



Corporate Policy and Resources
Committee

11 April 2019

**Subject: Budget and Treasury Management Monitoring – Period 4 2018/19
Capital Update and Fees and Charges update.**

Report by:

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Purpose / Summary:

This report sets out the revenue, capital and treasury management activity from 1 April 2018 to 31 March 2019. In addition it provides an update on 2019/20 Capital Budget requests and a new fee rate proposal.

RECOMMENDATION(S):

- a) That Members accept the forecast out-turn position of a £634k net contribution to reserves as at 31 March 2019, as at section 2 and approve the final out-turn surplus be transferred to the General Fund Balance.
- b) Members accept the Revenue budget carry forwards of £919k approved in year (Appendix A).
- c) Members approve a new Car Park fee of £6.50 (incl. VAT) for 24 hours, specifically for users of the Travelodge (2.4.3)
- d) Members accept the use of Earmarked Reserves during the quarter approved by the Executive Director of Resources using Delegated powers (2.5.1)
- e) Members accept the Commercial Income position (2.3)
- f) Members approve the Capital budget carry forwards of £8,939k (3.1.4) and they accept the final Capital out-turn position of £21,079k.
- g) Members approve new Capital Budgets for 2019/20 (Income Management System £82k and £100k for Market Rasen Leisure Centre construction contingency). (3.3)
- h) That Members accept the Treasury Management and Prudential Indicators to 31 March 2019.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial: FIN/1/20

The draft revenue forecast out-turn position for 2018/2019 is currently reflecting a net contribution to reserves of £634k as at 31 March 2019 (£379k as at 31 December 2019).

This is after taking account of approved carry forwards of £919k, detailed at Appendix A.

£263k of the forecast contribution to reserves relates to the net Treasury Management activity on investment and borrowing interest. To ensure sustainability any capital investments funded from borrowing are assumed to require PWLB borrowing to finance the expenditure. This committee have previously approved that any net surplus be set aside at the year end to the Valuation Risk Reserve.

Summary of Out-turn Position 2018/19		
	£ 000	
FORECAST OUTTURN AS AT 01.04.19	(1,553)	BEFORE CARRY FORWARDS
CARRY FORWARDS:		
BASE BUDGET-APPROVED IN YEAR	242	ALREADY APPROVED
USE OF EARMARKED RESERVES	342	ALREADY APPROVED
SUB-TOTAL:	(969)	
SERVICE CARRY FORWARD REQUESTS	335	APPROVED BY MANAGEMENT TEAM 18.03.19
NET CONTRIBUTION TO RESERVES:	(634)	
TO VALUATION VOLATILITY RESERVE	263	
NET CONTRIBUTION TO GENERAL FUND BALANCES	(371)	

The items with significant variances are contained within this report at 2.1.

The capital out-turn position for 2018/19 is £21,079k, carry forwards of £8,893k are requested for approval.

The 2019/20 update for Capital schemes requests approval of up to £82k for the 3 year extension and enhancement to the Income Management System, this will be funded from the Project Investment Reserve.

The Treasury Management activities during the reporting period are disclosed in the body of this report. In February 2019 the Council externally borrowed £2,500k for 25 years from the PWLB at an interest rate of 2.53%. Taking our external borrowing level to £11,000k

There have been no breaches of Treasury or Prudential Indicators within the period of this report. Average investments for the Quarter (Jan-Mar) was £15.493m which achieved an average rate of interest of 1.592% in Quarter 4 (1.757% Oct-Dec).

Staffing: None arising as a result of this report.

Equality and Diversity including Human Rights: None arising as a result of this report.

Risk Assessment: This is a monitoring report only.

Climate Related Risks and Opportunities: This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1. Executive Summary

This report provides the oversight of financial performance for;

- Revenue Forecast Out-Turn - Surplus £634k (4.11% of Net Revenue Expenditure)
- Capital Forecast Out-Turn - £21,314k (Budget £30,267k)
- Treasury Management Report and Q4 monitoring
 - Average investment Interest rate 1.581%
 - Total Investments at end Q4 £14,265k (incl. £65k bank account)
 - New external borrowing £2.5m Public Works Loans Board (PWLB) @ 2.53% over 25 years

The tables below reflect investment movements and prudential borrowing analysis.

	Q3 £'000	Q4 £'000
Investment Movements		
Investments B/fwd (at 31.3.2018 incl bank)	15,316	15,316
Less Capital expenditure funded from borrowing	-16,757	-18,448
Add PWLB Borrowing in year	8,500	11,000
Less Net Revenue Expenditure	-11,219	-14,793
Add Net Collection Fund Movement (Council Tax/NNDR)	15,611	16,234
Add Working Capital Movement	2,122	4,956
Investments c/fwd (at 31.3.2019 incl bank)	13,573	14,265

	Q3 £'000	Q4 £'000
Prudential Borrowing		
Total External Borrowing (PWLB)	8,500	11,000
Total Internal Borrowing	11,867	11,058
Total Prudential Borrowing	20,367	22,058

REVENUE BUDGET MONITORING PERIOD 4 (Forecast out turn for 2018/19)

2. The Revenue Budget forecast out-turn currently stands at a net contribution to reserves of £634k as detailed in the table below, this is after taking account of £919k of budget carry forwards, the details of which are provided at Appendix A.

SERVICE CLUSTER	2018/19 Budget £	2018/19 Actual £	2018/19 Variance £
People	4,376,700	3,631,769	(744,931)
Places	1,071,100	1,225,536	154,436
Policy and Resources	4,924,900	4,552,984	(371,916)
Controllable Total	10,372,700	9,410,290	(962,410)
Corporate Accounting:			
Interest Receivable	(282,300)	(272,239)	10,061
Interest Payable	371,800	108,673	(263,127)
Investment Income	(570,600)	(672,034)	(101,434)
Precepts and Levies	2,260,749	2,260,715	(34)
Statutory Accounting:			
Capital Expenditure Charged to General Fund	6,024,300	1,976,551	(4,047,749)
Movement in Reserves:			
To / (From) General Fund	(877,200)	(927,629)	(50,429)
Use of Specific Reserves	(6,827,200)	(2,779,451)	4,047,749
Contribution to Specific Reserves	6,016,293	5,040,602	(975,691)
Repayment of Borrowing	32,400	32,373	(27)
Net Revenue Expenditure	16,520,942	14,177,850	(2,343,092)
Funding Total	(16,520,942)	(15,731,161)	789,781
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	0	(1,553,311)	(1,553,311)

Carry Forwards - approved in year	241,700
Carry Forwards - approved at year end	335,100
Carry Forwards - use of Earmarked Reserves	342,400
(Surplus)-to Valuation Volatility Reserve	262,700
(Surplus)/Deficit-to General Fund	(371,411)

Details of headline variances by Cluster can be found below at 2.1.

2.1 The significant movements being;

Cluster	EXPENDITURE	Total £000	Direction of Travel
	BUDGET UNDERSPENDS		
	Salary savings.	(£268)	↑
Interest & Investment Income	Net impact of investment property acquisitions, and forecast acquisitions.	(£90)	↑
Interest & Investment Income	Treasury management activities.	(£263)	↑
Policy & Resources	Audit Fees - reduced contract price with current Auditors (£10k). Reduction in amount payable in current year (£15k).	(£25)	new
	PRESSURES		
People	Fuel - forecast pressure on fuel due to average prices being greater than budgeted.	£19	↓
People	Legal costs settlement.	£19	↔
Places	Leisure - final invoice plus annual retention fee for previous financial year.	£26	↑
Places	Property Services costs - net pressure across all properties (service charges/utilities/NNDR).	£26	↑
Policy & Resources	IT Shared Services - pressure of £43k offset by savings within the service.	£13	↑
	Various forecast outturn variances <£10k	(£41)	↑
		(£584)	

Cluster	INCOME	Total £000	Direction of Travel
BUDGETED INCOME EXCEEDED			
People	Green Waste service income target exceeded.	(£289)	↑
Places	Trinity Arts Centre - increased performances, film showing & additional hire.	(£17)	↓
Policy & Resources	Share of Legal Services surplus (£22k) - payable by LCC for previous financial year.	(£22)	↔
Funding	NNDR - additional income renewables and S31 Grant.	(£96)	↓
Funding	LCTS Admin Grant higher than anticipated (£31k), Autumn budget statement-distribution of levy surplus (£46k) & other grant income (£29k).	(£106)	↑
BUDGETED INCOME NOT ACHIEVED			
People	Trade Waste income target not due to be achieved - average income per customer below target set for budget.	£31	↓
People	Housing Benefits - forecast net subsidy position.	£7	↑
Places	Rental income lost due to sale of assets and voids.	£52	↓
Places	Car park income - not achieving target based on actuals to date, offset by surplus on car park permits (£6k)	£95	↓
Places	Planning fee income.	£162	↓
Places	Impact of acquisition not expected to be leased out until April 19 - loss of rental income and NNDR.	£133	↑
		(£50)	
TOTAL VARIANCE		(£634)	

2.2 Significant items (>£10k) of note by Cluster:

2.2.1 Interest & Investment Income

Approval to spend up to £30m on investment property (with £16m budgeted this financial year). The 2018/19 base budget assumed £20m of expenditure to provide a net contribution of £270k in 2018/19 raising to £600k by 2020/21. Acquisitions totaling £16m have been made to date and this will achieve a £360k contribution (after borrowing costs) to the savings target in 2018/19 and ongoing net income of £563k. We continue to identify suitable properties which meet our Policy criteria however we are not forecasting further income to be generated in this financial year. A carry forward of £7m has been proposed within the Capital Monitoring report.

2.2.2 People

- Green Waste Charging commenced in 2018/19 and with the Budget reflecting a net contribution of £502k. With actual income at £884k from subscriptions achieved during this period the forecast net contribution is £791k, £289k above the prudent original forecast. (£277k additional income, plus £12k additional savings across transport and administration).
- Trade waste is reporting a £31k pressure for the year. The customer base has not increased to reflect the estimates on which the income target was based due to factors including;
 - Long term staff absence and temporary staff redeployment affecting the resources available to promote and sell the service in 2018.
 - A more competitive market place, as existing suppliers have reacted to WLDC winning a greater market share.

The business case has been revised during the year and the amended income target has been built into the MTFP for future years. Recruitment has taken place and the team are once again operating at optimal staffing levels. Pipeline sales and payoff from business development activities undertaken give confidence for the year ahead.

- Included in the significant variances at 1.1 is a £19k legal costs settlement.

The Magistrates Court deemed that the Council had, on the balance of probability, committed an abuse of process in relation to the serving of a Section 16 notice, for which the Court felt there was no justification. As a result the Council was liable for the defendants' legal costs, after negotiation the amount of £19k was the final settlement. A review of the process followed in relation to this notice has been undertaken as a result. The court also recognised that due to the circumstance the case was an exceptional one.

2.2.2 Places

- The acquisition of the former Lidl building was anticipated to generate a full years lease income and additional car parking income. Whilst the property remains on the market, we have not been able to secure a tenancy to

commence in the current financial year, resulting in a £133k pressure (void rent, repairs and maintenance and Business Rates costs).

- New industrial units at Saxilby were budgeted to be leased for a full year, whilst in Q3 it was reported that the units would be operational from February 2019, the contractor has advised that there is a problem with electricity supply and this will now take some time to resolve.

The agreement to acquire these units will therefore be delayed and tenancies cannot be formalised. This has resulted in a pressure of £18k in the current year.

- Property rental income is reporting a pressure of £52k due to sale of assets during the year and voids levels. There is also a pressure of £26k across all property expenditure budgets relating to service charges, utilities and NNDR.
- Car park income is £95k under the budgeted target. This is due to a number of factors, closure of Roseway Car Park for improvement works, Riverside not achieving the levels of ticket sales estimated and below target levels across all car parks. It is anticipated this position will improve with the re-opening of Roseway. The situation will continue to be monitored.
- Planning fee income is reporting a £162k pressure for the year. We have benefitted from significant levels of planning fee income over the past 3 years. A variety of economic factors and the adoption of the Local Plan is now impacting above the reductions projected, reflected by less applications to date and no complex or large cases being anticipated over the remainder of the current year.
- Trinity Arts Centre has achieved additional income of £17k, with the appointment of a new Centre Manager and the improvement to the programme offer and marketing, has resulted in increased performances and film showings which are proving to be very popular.

2.2.3 Policy & Resources

- LCC legal services are distribute surplus balances to WLDC of £22k above the budgeted amount.
- The ICT shared services costs are forecast to be £43k above budget. This has been offset by savings across the service of £30k.

Anticipated costs for the shared services contract this financial year are estimated to be £45k. This is made up of Net Staff costs of £11k and incidental costs of £33k. This would result in an over spend against budget of £32k. The balance of the remaining overspend is due to contract dispute at the end of 17-18 which is now resolved but lead to us not accruing sufficiently for 17-18 outstanding commitments.

We have worked with NK to resolve issues and the budgets have been set more appropriately based on an agreed 5 year plan within the MTFP.

2.2.4 Establishment

- Current vacancy levels after costs of interim staffing resources has achieved a £268k budget underspend this represents 2.47% of the overall employee budget. This is broken down by cluster as follows;

Cluster	Actual £
People	(150,939)
Places	(26,168)
Policy and Resources	(90,902)
Grand Total	(268,009)

2.3 Commercial Projects and Income Target

2.3.1 The Commercial Plan 2015/16 – 2019/20 was intended to be a proactive response in contributing to future financial sustainability. This was to be achieved through charging, trading and investment in order to reduce the net subsidy on services. A target contribution of £1m was set.

2.3.2 Progress against this target has delivered £1,355k of ongoing additional income.

2.3.3 For 2018/19 the net contribution is detailed below;

- £356k Investment in Commercial Property (Target £600k by 2020/21)
- £172k Trade Waste Income
- £790k Green Waste
- £ 3k Building Control Complimentary Services
- £ 50k Pre-Application Planning Advice
- £ 12k Surestaff Lincs Ltd (Recruitment Agency)
- £ 30k Commercial Loan income

2.4 Fees and Charges

2.4.1 £1,850k has been received in Fees and Charges up to the end of the period against a budget for the period of £2,175k, a pressure to date of £325k. The significant variances are included in the table at 1.1.

2.4.2 The most significant pressures being Planning Fee income, and Car Park income as previously mentioned at 2.2.2 above.

2.4.3 New Car Park Fee

During the construction of the new Gainsborough Travelodge, the developer requested that the council provide free parking in Roseway car park for guests between the hours of 5pm and 10am the following day. The council have an interest in the success of the hotel for a number of reasons, demonstrated by the gap funding grant that was awarded to enable the development to proceed. Consequently it was decided to grant free parking to hotel guests in line with the Travelodge request.

Roseway car park is considered to be the prime town centre car park for

shoppers and short stay town centre visits and is therefore important in terms of town centre viability. Consequently members had previously decided to make the car park 4 hour maximum stay and bar its use by permit holders. When the decision was made to provide free parking to hotel guests it was necessary to find a solution that worked operationally, i.e. that would work for hotel guests but also enable enforcement of the car park for all users i.e. hotel guests and the public. The arrangement was implemented by WLDC and Travelodge but it has proved unpopular with guests, and Travelodge local and area management have now requested that a single, all-day charging tariff be implemented by WLDC as they feel this will be an offer that guests will be happier with.

This offers the opportunity for WLDC to receive car park income from hotel users, but does come with some one-off costs, i.e. software changes to the ticket machines and a change to the legal order with associated advertising costs. These costs are estimated to total around £2,000. Subject to approval by members, it is proposed to set a 24 hour tariff of £6.50 (incl. VAT) to be agreed with Travelodge. This income will contribute to the overall car parking strategy.

This request was received too late to be considered by Prosperous Communities committee but the Chair has given her support for the proposal providing that it doesn't impact on the availability of spaces for other users, and has said that in the circumstances (i.e. the lengthy period before the next round of committees) that she is happy for CP&R to consider this request.

Officers have informally monitored levels of usage since the hotel opened and have not observed a significant decrease in availability of parking spaces. Furthermore there has not been any feedback to indicate that the public are struggling to find spaces. Travelodge have provided information on usage which suggests that the majority of stays are for one night, which is likely to leave greater availability of spaces during the daytime, i.e. guests arrive late afternoon to evening and leave early to mid-morning.

In order to preserve the 4 hour max stay limit for non-hotel guests, that is, to prevent other car park users buying a "hotel" tariff ticket and staying all day, arrangements will be put in place with Travelodge to ensure that hotel guests cars can be identified by enforcement officers and non-entitled users of the 24 hour tariff would be subject to a penalty notice being issued

Members are therefore requested to support the request to implement a 24 hour charging tariff for hotel guests only in Roseway car park at a rate of £6.50 per 24 hours stay.

2.5 Use and Contribution to Reserves

2.5.1 2018/19 Use of Reserves – Delegated Decisions

The Executive Director of Resources has used delegated powers to approve the use of earmarked reserves up to £50k, new delegated decisions totalled £91.3k;

- £9.5k from Vehicle Replacement reserve. To replace tractor (D702 TFE) for car park gritting.

- £24.3k from Unapplied Grant (Social Impact Bond-DCLG) – grant now payable to City of Lincoln as they have taken control of the post the funding was for (Homelessness Prevention Manager)
- £6.2k from Elections Reserve. To cover the cost of District Elections 2019/20 incurred during 2018/19.
- £24.3k from Unapplied Grants to cover deficit in Housing Benefits subsidy due to Universal Credit claim errors by WLDC.
- £7.3k from Maintenance of Facilities reserve (RE01). Property condition surveys.
- £3k from Investment for Growth reserve (RE83). Contribution towards CCTV service at Hemswell Cliff for 18/19 (£100k approved by CP&R (fin/12/17) FOR Hemswell Cliff Masterplan. Balance remaining £64.8k).
- £16.7k from Unapplied Grants (RE13). Repossessions Prevention Fund grant to offset pressure on the Frontline Homelessness Service in 18/19.

2.6 Grants

As at 1st April 2018 we had an amount of £564k relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms.

2.6.1 Successful Grant Bids and New Grant determinations

The following grants have been awarded during this period:

Grant Issued By	Name of Grant	Revenue/ Capital	£
Office for Low Emission Vehicles	On-street Residential Chargepoint scheme	Revenue	5,490
DWP	Adhoc	Revenue	11,550
DCLG	Local Authority Parks Improvement Funding	Revenue	14,808
DCLG	EU Exit Funding	Revenue	17,484
DCLG	High Street Clean Clean Grant	Revenue	16,538
DCLG	New Burdens - Brownfield Register & PIP LA	Revenue	3,687
		TOTAL:	69,557

Other Items for information

2.7 Planning Appeals

In period 4 2018/19 there were 4 appeals determined, as follows;

Period	Number of Appeals	Allowed	Dismissed
January 2019	2	1	1
February 2019	1	0	1
March 2019	1	0	1
Total for Period 4	4	1	3

There are two live applications for costs.

There has been one partial award of costs during the period totaling £2.9k

2.8 Aged Debt Summary – Sundry Debtors

Aged Debt Summary Period 3 Monitoring Report

At the end of March 2019 there was a total of £177k outstanding debt in the system over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

Housing Benefits overpayments £69k the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.

Housing £29k

Property Services £26k

Environmental Protection & Licensing £23k

Month	90 – 119 days £	120 – 149 days £	150+ days £	Total £
April	4,249	12,747	179,284	196,280
May	3,719	3,904	186,931	194,554
June	25,602	3,390	189,349	218,341
July	18,497	25,242	186,602	230,342
August	22,510	4,266	205,409	232,184
September	32,070	995	204,840	237,906
October	3,756	20,727	195,897	220,380
November	32,925	3,292	201,919	238,135
December	5,538	32,323	199,559	237,421
January	1,329	4,171	206,236	211,736
February	3,832	1,125	193,622	198,579
March	14,486	12,470	149,581	176,537

2.9 CHANGES TO THE ORGANISATION STRUCTURE

There have been the following changes to the organisation structure during period 4;

- 1) Delete Team Manager post in Land Charges and use this to fund increase in hours from 18.5 to 37 for Support Assistant in Licensing - £nil effect on MTFP.
- 2) Garden Waste Coordinator – temporary post made permanent. Impact is £25k increase on MTFP, funded from garden waste income.
- 3) Housing Re-structure– new post x 1 and increase/decrease in grades. Impact is an increase in budget of £42k in 19/20. Approved through MTFP.
- 4) Delete 18.5hr Support Officer post in Civic and increase part time Support Officer post in elections from 18.5hrs to 37hrs – £nil effect on MTFP.

- 5) Localism – new post, Community Broadband Officer – impact on MTFP £24.8k.
- 6) New post of Food Safety officer has been approved. Net impact of £35k pa on the MTFP.
- 7) New post – Community Support Officer has been approved. Net impact of £31k pa on the MTFP.

3.1 CAPITAL BUDGET MONITORING – Quarter 4

3.1.1 The Capital Budget out-turn for schemes approved for spend (Stage 3 and Business as Usual) totals £21,079k against a revised budget of £3,267k, resulting in a variance of £9,188k, of which a net £8,939k is requested for carry forward and £0,249k being underspends on scheme budgets.

3.1.2 Approvals to Carry Forward £8,939k, are requested as detailed in the table below, with the most significant being;

- £7,015k for investment properties – no further bids were made prior to the year end, however, we continue to assess opportunities.
- £607k as the acquisition of the Saxilby Units has not taken place prior to the year end, as envisaged and is now likely early in the new financial year.
- £500k Food Enterprise Zone (FEZ) Grant funding agreements recently signed to enable scheme to progress.
- £210k Desktop refresh – anticipated roll out commencing in May.

3.1.3 There is £249k of net underspending recorded which will enable the respective financing to be utilised for future investment schemes.

3.1.4 The out-turn position for capital schemes is provided in the table below;

Capital Investment Programme 2018/19

Corporate Priority / Scheme	Actuals 2018/19	Original Budget	Revised Budget 2018/19	Final Outturn	Over/ (Underspend)	Carry Forward Requests/ Drawbacks
	£	£	£	£	£	£
People First						
Disabled Facilities Grants	554,341	555,200	698,172	554,341	0	(143,831)
Independent Living	(2,071)	0	0	(2,071)	(2,071)	0
Telephony	80,440	150,000	107,400	80,440	0	(26,960)
CCTV	22,735	0	50,000	22,735	0	(27,265)
Asset Management						
Capital Enhancements to Council Owned Assets	0	36,000	51,100	0	0	(51,100)
Carbon Efficiency Project	79,714	225,000	85,000	79,714	(5,286)	0
Development Loan	24,026	0	24,026	24,026	0	0
Commercial Investment - Crematorium	2,476,757	2,900,000	2,201,757	2,476,757	0	275,000
Car Park Strategy Investment	460,744	700,000	450,000	460,744	10,744	0
Leisure Facilities - Gainsborough	1,417,923	1,397,500	1,417,000	1,417,923	923	0
Leisure Facilities - Market Rasen	441,041	0	240,200	441,041	0	200,841
Commercial Investment - Property Portfolio	13,494,356	10,000,000	20,509,645	13,494,356	0	(7,015,289)
Central Lincolnshire Local Plan						
Gainsborough Growth Fund	12,144	139,000	195,754	12,144	(183,610)	0
Saxilby Industrial Units	63,000	0	670,000	63,000	0	(607,000)
Unlocking Housing living over the shop	65,000	150,000	130,000	65,000	0	(65,000)
Gainsborough Regeneration		2,450,000	0	0	0	0
Gainsborough Shop Front Improvement Scheme	25,000	45,000	45,000	25,000	0	(20,000)
Viability Funding - Capital Grant	957,342	700,000	1,235,952	957,342	0	(278,610)
Rural Transport	0	0	40,000	0	0	(40,000)
Food Enterprise Zone	0	1,900,000	500,000	0	0	(500,000)
Private Sector Renewal	36,453	500,000	150,000	36,453	0	(113,547)
Excellent, VFM Services						
Vehicle Replacement Programme	565,765	628,000	602,081	565,765	0	(36,316)
Desktop Refresh and experience	29,177	29,000	239,000	29,177	0	(209,823)
Commercial Loans	133,332	0	200,000	133,332	0	(66,668)
IT Infrastructure Refresh and Software	91,613	154,000	105,000	91,613	0	(13,387)
Upgrade Council Chamber Technology	50,311	10,000	50,000	50,311	311	0
Total Capital Programme Gross Expenditure - Stage 3 and BAU	21,079,144	22,668,700	29,997,087	21,079,144	(178,988)	(8,738,955)
Stage 2	0	945,310	120,000	0	(70,000)	(50,000)
Stage 1	0	1,842,560	150,000	0	0	(150,000)
Pre-Stage 1	0	0	0	0	0	0
Total Capital Programme Gross Expenditure	21,079,144	25,456,570	30,267,087	21,079,144	(248,988)	(8,938,955)

Commercial Investment Properties 2018/19

3.1.5 The Council has invested in 4 commercial properties during the year which totalled £13,494k (including costs) bringing our total portfolio of properties to 5 and our total Gross Yield to 7.27%.

3.1.6

Property	Acquisition Price	Total Capital Costs
Bradford Road, Keighley	£2,350,000	£2,490,354
43 Penistone Road Sheffield	£2,550,000	£2,699,466
Unit 7 Drake House Sheffield	£3,000,000	£3,174,913
5 Sandars Road, Heapham Road, Gainsborough	£6,105,000	£6,470,070
Heaton Street Gainsborough	£1,100,000	£1,149,644
Total	£15,105,000	£15,984,447
Portfolio Gross Yield		7.27%

3.2 Acquisitions, Disposals and Capital Receipts

3.2.1 The Council has made no asset acquisitions during Quarter 4, but have paid deposits for land at Saxilby Industrial Units and Market Rasen Leisure Centre land.

3.2.2 The Council has made no asset disposals during Quarter 4.

3.2.3 Capital Receipts - The total value of capital receipts for the year total £346k relating to;

- £234k from the Housing Stock Transfer Agreement share of Right to Buy receipts,
- £11k loan repayments
- £92k asset sale proceeds
- £12k insurance payout for refuse freighter.

3.3 Capital Programme Update 2019/20

3.3.1 Approval of a capital budget and expenditure of up to £82k is required for the 3 year extension of contract and enhancement to the Income Management system to facilitate digital payments in line with our Customer First Programme.

3.3.2 We are currently projecting that the Market Rasen Leisure Centre build will come in on budget at £6.4 million. However this does not allow for any contingency for unknown events during construction. Therefore a request of £100k additional funding to be ring fenced and spent only if any unknown issues occur.

It has been difficult to get the scheme to budget as there have been several site abnormalities:

- 4 The cost of the site
- 5 There has been asbestos buried on site which has to be removed
- 6 Enhanced foundations due to poor ground conditions
- 7 There is a high water table which has resulted in an expensive drainage strategy
- 8 We have had to re-route a BT phone line
- 9 The proposed footpath has added in additional cost

4. TREASURY Q4 REPORT INCL MONITORING – Quarter 4 (April - March)

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

4.1 There have been no breaches of Prudential Indicators as detailed at 3.7 below.

4.2 Economic Background (Appendix B)

4.3 Interest Rate Forecasts

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Interest Rate Forecasts								
Bank Rate	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%
Cap Econ	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.50%	-
5Y PWLB RATE								
Link	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%
Cap Econ	1.70%	1.80%	1.90%	1.90%	2.10%	2.30%	2.40%	-
10Y PWLB RATE								
Link	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%
Cap Econ	2.00%	2.10%	2.20%	2.20%	2.30%	2.50%	2.60%	-
25Y PWLB RATE								
Link	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%
Cap Econ	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	-
50Y PWLB RATE								
Link	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%
Cap Econ	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	-

4.4 Interest received has been in excess of the 7 day average libid benchmark at the end of March (0.570%) with an average yield of 1.581% (including CCLA) and 0.79 (0.65% Q3) (excluding CCLA).

4.5 The overall weighted average interest rate on all treasury investments for the year is 1.563% and has generated circa £0.244m in investment interest.

4.6 Investments

The table below details cash movements affecting total amounts invested, including the Councils bank balance.

	Q3	Q4
Investment Movements	£'000	£'000
Investments B/fwd (at 31.3.2018 incl bank)	15,316	15,316
Less Capital expenditure funded from borrowing	-16,757	-18,448
Add PWLB Borrowing in year	8,500	11,000
Less Net Revenue Expenditure	-11,219	-14,793
Add Net Collection Fund Movement (Council Tax/NNDR)	15,611	16,234
Add Working Capital Movement	2,122	4,956
Investments c/fwd (at 31.3.2019 incl bank)	13,573	14,265

The Council held investments of £14.265m in addition to a bank balance of £0.65m. The table below details where these investments were held as at Q4

	Q3	Q4
Investments at Q4	£'000	£'000
Lloyds Deposit Account	2,700	1,200
Lloyds Bank Account	173	65
LGIM Money Market Fund	700	1,750
CCLA Money Market Fund	5,000	3,250
CCLA Property Fund	3,000	3,000
Santander (365 day Notice Account)	2,000	0
Santander (95 day Notice Account)	0	3,000
Thurrock Council	0	2,000
Total Prudential Borrowing	13,573	14,265

4.7 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £3m. Interest is receivable on a quarterly basis with Q4 due in April. We estimate that the total interest on investment for the year will be circa £0.154m.

4.8 New External Borrowing

Due to the overall financial position and the underlying need to borrow for capital purposes, the Council borrowed a further £2.5m from the PWLB on 13/2/2019. The borrowing has been taken for a period of 25 years at a rate of 2.53%. This brings the total external borrowing from PWLB to £11m.

4.9 Total Prudential Borrowing at Q4.

	Q3	Q4
Prudential Borrowing	£'000	£'000
Total External Borrowing	8,500	11,000
Total Internal Borrowing	11,867	11,058
Total Prudential Borrowing	20,367	22,058

4.10 Borrowing in advance of need

The Council has not borrowed in advance of need.

4.11 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

The prudential and treasury Indicators are shown below.

	Original £'000	P1 £'000	Q2 £'000	Q3 £'000	Q4 £'000
Treasury Indicators					
Authorised limit for external debt	42,202	42,202	42,202	42,202	42,202
Operational boundary for external debt	22,916	26,666	28,653	28,653	23,170
External Debt	21,298	18,412	24,369	24,128	11,000
Long term Leases	27	27	27	27	0
Investments	(13,403)	(17,076)	(12,629)	(14,334)	(14,200)
Net Borrowing	7,922	1,363	11,767	9,821	(3,200)
Prudential Indicators					
Capital Expenditure	25,456	27,822	30,088	29,967	21,079
Capital Financing Requirement (CFR)*	23,821	24,103	29,700	29,700	23,170
<i>Of Which Commercial Property</i>	<i>12,400</i>	<i>15,910</i>	<i>22,910</i>	<i>22,910</i>	<i>15,921</i>
Annual change in CFR*	15,048	19,387	24,983	24,983	18,456

In year borrowing requirement	22,756	19,446	25,043	25,043	18,488
Under/(over)borrowing	2,524	5,692	5,332	5,572	12,170
Ratio of financing costs to net revenue stream*	1.39%	0.28%	0.08%	0.08%	-0.91%
Incremental impact of capital investment decisions:					
Increase/Reduction (-) in Council Tax (band change per annum)	(£6.77)	£0.76	(£7.85)	(£15.46)	(£15.68)

4.12 Due to the timing of this report the Monthly Investment Review report for March has yet to be published.

REVENUE CARRY FORWARDS – BASE BUDGET ALREADY APPROVED

Budget underspends to be carried forward into 2019/20 which have been approved during the year are provided below for information only.

BASE BUDGET C/FWDS APPROVED IN YEAR			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	People	Housing Strategy	40	Selective Licensing - to fund fixed term posts to 31.08.18
PC	People	Food Safety	35	Appointment of Food Safety Officer - to be funded from cfwd in 19/20, and built into the MTFP as a pressure thereafter.
PC	Places	Economic Development	31	Development Partnership - delay in project spend, legal fees (FIN/134/17)
CP&R	Policy and Resources	Corporate Management - Finance	136	Any Board Budget savings (business case development) will be carried forward. Original funding from Earmarked Reserves
TOTAL			242	

APPENDIX A

REVENUE CARRY FORWARDS – USE OF EARMARKED RESERVES ALREADY APPROVED

Budget underspends to be carried forward into 2019/20 which have been approved during the year are provided below for information only.

USE OF EARMARKED RESERVES			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	People	Community Action & Community Safety	3	Community Rail Partnership Post Funded from EMR Connectivity Fund - balance of WLDC contribution to be carried forward
PC	People	General Grants etc	48	Remaining balance of Supporting Vulnerable Communities reserve allocation. Further report to be presented to Committee to allocate remaining balance
PC	People	General Grants etc	133	Balance on Community Grants budget. Grants to be issued early 19/20
PC	People	General Grants etc	37	Community Transport scheme - carry forward balance on project spend
PC	People	Waste Management	5	Enhancements to dustcart due to take place early 19/20 (camera, weighing machine)
PC	People	Waste Management	6	Replacement of manager van - due April 19
CP&R	Places	Commercial Properties	12	To carry out agreed works on the former Lidl building prior to new tenant occupancy.
PC	Places	Development Management	14	New Burdens funding from reserves - Planning & Monitoring Officer Post
PC	Places	Economic Development	17	Released from Invest for Growth in 18/19 but development phase slipped by 3 months into 19/20

REVENUE CARRY FORWARDS – USE OF EARMARKED RESERVES ALREADY APPROVED

Budget underspends to be carried forward into 2019/20 which have been approved during the year are provided below for information only.

USE OF EARMARKED RESERVES			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	Places	Economic Development	19	Unapplied Grants - HCA grant - slipped Housing related projects spend
PC	Places	Neighbourhood Planning & Local Plans	11	Neighbourhood Planning - unspent grant to be carried forward into 19/20
PC	Places	Neighbourhood Planning & Local Plans	20	Neighbourhood Planning - 'Top Up' funding (£25k allocated per annum) - not used in 18/19 so needs rolling into 19/20
PC	Places	Visitor Economy	15	Invest to Earn reserve - approved to fund Visitor Economy Officer (FIN/VAC/16/19)
CP&R	Policy and Resources	Register of Electors	2	Was to support District Elections in May - estimated but struggled to appoint so delay has led to underspend
TOTAL			342	

APPENDIX A

REVENUE CARRY FORWARDS – APPROVED BY MANAGEMENT TEAM

Bids for budget underspends to be carried forward into 2019/20, approved by Management Team 18 March 2019, are as follows;

BASE BUDGET C/FWDS APPROVED BY MT 18.03.19			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	People	Building Control	2	Corporate Training budget - spans multiple years - Certificate in Building Control £3k. Delayed training (SAP) to occur 19/20 £1k
CP&R	People	Customer Services	8	Corporate Training budget - approx. half will be implemented 19/20
PC	People	Cemeteries and Churchyards	21	Delay in procurement for repairs to stone walls for churchyards
PC	People	Environmental Initiatives	14	C/fwd from 17/18 for footpath & refurb work at Ashcroft Road Park-slipped as didn't receive any tenders for 1st procurement exercise. Hope to complete by Easter 19
PC	People	Homelessness/ Housing Advice	0	Flexible Homelessness Support Grant received 18/19 was allocated for project spend. No spend has been incurred during the year but is proposed to carry forward the underspend as a contribution towards the development of a Housing Company in 19/20. Business Case to follow.
PC	People	Parish Lighting	10	Additional parish lighting repairs work anticipated 19/20 as lights continue to be upgraded to LED

APPENDIX A

REVENUE CARRY FORWARDS – APPROVED BY MANAGEMENT TEAM

Bids for budget underspends to be carried forward into 2019/20, approved by Management Team 18 March 2019, are as follows;

BASE BUDGET C/FWDS APPROVED BY MT 18.03.19			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	People	Private Sector Housing Renewal	22	Corporate Training budget - agreed for delivery of training across Housing service staff as identified through 18/19 Development Appraisals but not yet completed
PC	People	Town Centre Markets	7	Markets - promotional & marketing spend for events 2019/20
CP&R	Places	Admin Buildings	13	Board Budget allocation £30k. North Warren Road Depot Provision report to Portfolio Board - contamination works carried out Feb/Mar, remaining balance to be spent during 19/20
CP&R	Places	Admin Buildings	54	Was a one off budget to improve facilities at Market Rasen Depot. Slippage - awaiting final business case regarding future depot options.
PC	Places	Culture, Heritage & Leisure	13	Board Budget allocation. Options appraisal work for Trinity Arts Centre due to be completed 19/20
PC	Places	Culture, Heritage & Leisure	56	Mayflower project - project slippage to be spent in 19/20
PC	Places	Economic Development	2	Officer training approved but due to take place April/May 19

REVENUE CARRY FORWARDS – APPROVED BY MANAGEMENT TEAM

Bids for budget underspends to be carried forward into 2019/20, approved by Management Team 18 March 2019, are as follows;

BASE BUDGET C/FWDS APPROVED BY MT 18.03.19			FINAL	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
PC	Places	Economic Development	34	Delay in project spend. Economic Development projects - £6k Foxby lane, £15k Consultancy Support, £1k Employment & Skills and £12k Place Board.
PC	Places	Parks & Open Spaces	4	Memorial testing on a 5 year programme, to take place 19/20 (£3k). Garden seats - survey to be carried out 19/20 in conjunction with Gainsborough Town Council
CP&R	Policy and Resources	Business Improvement & Commercial Development	5	Request to roll forward into 19/20 for project works performance management and project software.
CP&R	Policy and Resources	Corporate Management - Finance	17	EU Exit Funding for Local Government grant received 18/19. Carry forward to support any costs resulting from Brexit
CP&R	Policy and Resources	Corporate Systems	9	Project costs for final training days on Telephony Project in 19/20
CP&R	Policy and Resources	Financial Services	10	Approved training delayed due to CIPFA not running anticipated course during 18/19
CP&R	Policy and Resources	Financial Services	34	Carry forward requested to cover transitional arrangements during restructure implementation period
TOTAL			335	