CPR.16 16/17
Corporate Policy and Resources Committee
28 July 2016

Subject: Budget and Treasury Management Monitoring – Period 1 2016/17 (and Final Out-turn Position 2015/16)

Report by:	Financial Services Manager (Deputy S151) Tracey Bircumshaw
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Purpose / Summary:	This report sets out the revenue, capital and treasury management activity from 1 April 2016 to 31 May 2016.

RECOMMENDATION(S):

a) **That Members accept the forecast out-turn position as at 31 May 2016. (1.1)**

b) **Members accept the use of Earmarked Reserves approved by the Director of Resources using Delegated powers (2.3)**

c) **Members approve the use of Earmarked Reserves of £230k (£93.5k in 2016/17) (2.1 & 2.2)**

d) **Members approve the reduced Pension Deficit payment of £170.8k be returned to General Fund balances. (1.2)**

e) **Members grant approval to incur Capital expenditure. (7.2)**

f) **Members approve the amendments to the Capital and Revenue budget, including creating budgets for projects funded by grants and not included in the original Capital Programme.**

g) **That Members accept the Treasury Management Report and Treasury position to 31 May 2016.**

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN/12/17

The current forecast surplus totals £177k as at 31 May 2016, work will continue throughout the year to monitor the situation and to identify ongoing impacts on the Medium Term Financial Plan as part of the Budget Process.

The capital forecast out-turn position for 2016/17 is estimated to be £16,870k with an out-turn variance against the capital programme revised budget of £24k saving.

The Treasury Management activities during the reporting period are disclosed in the body of this report.

There have been no breaches of Treasury or Prudential Indicators to report and we again out-perform our benchmark in relation to investment yields.

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**	x

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**		**No**	x

Executive Summary

1. REVENUE BUDGET MONITORING – Forecast out turn for 2016/17

1.1 The forecast Revenue Budget out-turn for the 2016/17 financial year is a surplus position of £177k as at Period 1 (31 May 2016). The significant variances are;

EXPENDITURE	£000	Direction of Travel
BUDGET UNDERSPENDS		
Salary savings.	-£62	**NEW**
Reduction in Pension Deficit payable to Pension fund due to overpayment during 2015/16.	-£171	**NEW**
PRESSURES		
Various forecast outturn variances <£10k	£36	**NEW**
	-£197	

INCOME	£000	Direction of Travel
BUDGETED INCOME NOT ACHIEVED		
Licence income reduced due to anticipated reduction in applications (Hackney Carriage licences £8k).	£10	**NEW**
Market stallage income not expected to meet budgeted target based on current take up-review of market service in progress.	£10	**NEW**
	£20	

TOTAL VARIANCE	-£177

1.2 Included within the forecast surplus is £170.8k which relates to overpaid employer contributions during 2015/16 which have been treated as an early payment of the Pension Deficit due in 2016/17, as agreed with the Lincolnshire Pension Fund.

This was reported to Members within the Budget and Treasury Management Monitoring – Quarter 4 2015/16 report on 12 May 2016.
It is proposed that this one-off surplus in 2016/17 be returned to General Fund balances.

2. Use and Contribution to Reserves 2016/2017

2.1 Investment for Growth reserve - £100k budget provision for the Hemswell Cliff Masterplan implementation – salary and revenue costs. £50k required in 16/17.

2.2 Carbon Reduction Reserve - £130k budget provision, over 5 years for the implementation of the Carbon Management Plan, as detailed elsewhere on this agenda. £43.5k required in 16/17 (£20k capital investment, £23.5k revenue investment).

2.3 The Director of Resources has used delegated powers to approve the use of earmarked reserves in 2016/17 under £50k, totalling £145.9k;

- £11k - Investment for Growth Fund. This is a 25% contribution towards road improvements at the Newtoft Business Park to ensure fit for purpose to serve the business park situated there. This project was approved in 2013/14 to be released annually.

- £19.5k - Business Improvement & Transformation Reserve. Business Plan Investment proposals – small value investments.

- £20.4k - Invest to Save Reserve to support additional resources for the development of the Leisure contract renewal specification.

- £30k - Supporting Vulnerable Communities Reserve, a grant funding agreement over 2 years.

- £25k - Invest to Save Reserve. To extend the post Volunteer and Employability Lead up to 31 March 2017.

- £40k - Invest to Earn Reserve. Leisure projects – funding for associated costs to support the project plan.

- £37k p.a. – General Fund Balances – funding for a 2 year fixed term contract for a Health Manager to support the Healthy Living programme

3. Grants

As at 1st April 2016 we had an amount of £420k 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.

3.1 Successful Grant Bids

FERIS (Fraud and Error Reduction Incentive Scheme) Grant – £14,525 received from the DWP to be used to support this initiative for Housing Benefit.

FCC WREN Grant - £42,316 awarded for site access and improvements at Mercer Wood, Gainsborough. Funding to be used for site clearance, footpaths, steps, ramps, entrance gates, benches and a notice board.

4. Other Items for information

4.1 Planning Appeals

In period 1 2016/17 there were 12 appeals determined, as follows;
April 2016 – 6 appeals, 1 was allowed
May 2016 – 6 appeals, 2 were allowed
None of these appeals resulted in an award of costs against the Council.

5. Fees and Charges

Members were presented with the 2016/17 Fees and Charges report on 17 December 2015. It was agreed that in future, budget monitoring would incorporate monitoring income reporting on volume and price variances.

The data for Period 1 is included in this report at Appendix B.

6. CAPITAL BUDGET MONITORING - Forecast out turn for 2016/17

6.1 The capital programme spend for the year is £16,870k, which is a variance against revised budget of £24k.

6.2 Capital Programme 2016/17 - Update

6.3 During the past few months a number of new schemes have come forward and members are asked to approve the budget, financing and the expenditure as detailed below:

6.4 **Approval to incur Capital Expenditure**

Within the capital programme there is £1,200k for the acquisition of a property to facilitate to support the regeneration of Gainsborough. Members are requested to approve upto £1,200k for the acquisition of the site

The site is valued at up to £1,200k for investment purposes and has been optioned to a private individual. This individual has approached the Council to buy the existing building and part of the carpark, with the intention that the remaining carpark area be retained and promoted for restaurant development.

There is currently a restrictive covenant on the site which is under negotiation.

Valuation advice has been taken by Lambert Smith Hampton who will act on our behalf to acquire this site for between £800k up to a maximum of £1,200k. Vacant possession of the site is expected by mid-2017. This site would then form part of the Competitive Dialogue process to select a WLDC Development partner Officers advise that the acquisition of this site is warranted on the following basis:

- Strategic acquisition to assist in the creation of a “western anchor” along with sites already in the Council’s ownership within Gainsborough town centre
- Provision of an alternative unit to enable the redevelopment of this site to and to support the development of the former Guildhall
- Provision of contingency car parking to enable the development the former Guildhall and Bridge Street car park and maintain a satisfactory level of car parking throughout the development period
- Medium to long term (circa 5-10 years) to enable redevelopment of this prominent riverside site.

Resurfacing car park at Bridge Street – £50k, as included within the Car Parking Strategy, this will also create additional spaces in the town centre

7. TREASURY MANAGEMENT UPDATE – Forecast Out Turn for 2016/17

There have been no breaches of Prudential Indicators.

Interest received has been in excess of the 7 day libid benchmark (0.36%) with an average yield of 1.30%

8. FINAL REVENUE OUT-TURN 2015/2016

8.1 Members will recall the Q4 position being reported to this Committee on 12 May 2016. The table below reflects the final revenue out-turn 2015/2016, for information. The difference to the Q4 report related to the year end accounting entries for NNDR retention and final accounting adjustments, which resulted in an amount of £350k being transferred to the Business Rate Volatility Reserve. This statement is stated within the Narrative Report to the Statement of Accounts 2015/16.

	2015/16 Original Budget £	2015/16 Revised Budget £	2015/16 Actual To 31 March £	2015/16 Variance to Budget £
INCOME				
Government Grants		0	0	0
Service Specific Government Grants	(23,735,000)	(23,969,700)	(24,375,552)	(405,852)
Other Grants and Contributions	(7,000)	(7,000)	(164,304)	(157,304)
Customer and Client Receipts	(2,483,600)	(2,971,270)	(3,429,885)	(458,615)
Total Income	**(26,225,600)**	**(26,947,970)**	**(27,969,741)**	**(1,021,771)**
EXPENDITURE				
Employees	9,202,400	9,565,770	9,501,540	(64,230)
Premises	803,000	876,100	793,427	(82,673)
Transport	917,100	902,500	849,405	(53,095)
Supplies and Services	1,812,900	2,280,250	2,275,839	(4,411)
Third Party Payments	1,810,200	2,006,820	1,641,578	(365,242)
Transfer Payments	22,843,100	23,049,600	23,396,311	346,711
Total Expenditure	**37,388,700**	**38,681,040**	**38,458,101**	**(222,939)**
BUSINESS UNITS TOTAL (Surplus)/Deficit	**11,163,100**	**11,733,070**	**10,488,360**	**(1,244,710)**
CORPORATE ACCOUNTING				
Interest and Investment Income	(210,600)	(210,600)	(387,140)	(176,540)
Interest Payable	37,400	41,100	47,187	6,087
Parish Precepts	1,551,200	1,551,200	1,551,438	238
Drainage Board Precept	331,700	331,700	334,736	3,036
STATUTORY ACCOUNTING				
Capital Expenditure Charged to General Fund	2,947,300	4,933,130	46,389	(4,886,741)
Support Services	5,292,600	5,423,700	125,496	(5,298,204)
Recharges	(5,292,600)	(5,423,300)	(125,496)	5,297,804
MOVEMENT IN RESERVES				
Transfer To / (From) General Fund	712,900	(2,834,900)	171,219	3,006,119
Transfer To / (From) Specific Reserves	(1,518,800)	(337,900)	1,704,000	2,041,900
NET REVENUE EXPENDITURE	**15,014,200**	**15,207,200**	**13,956,189**	**(1,251,011)**
FUNDED BY				
Revenue Support Grant	(2,198,100)	(2,198,100)	(2,198,141)	(41)
Capital Grants and Contributions	(62,000)	(178,800)	(98,213)	80,587
Other Government Grants	(178,600)	(254,800)	(301,324)	(46,524)
Business Rate Retention Scheme	(3,460,600)	(3,460,600)	(3,460,600)	0
New Homes Bonus	(1,986,000)	(1,986,000)	(1,995,298)	(9,298)
Council Tax	(5,400,400)	(5,400,400)	(5,400,401)	(1)
Parish Council Tax Requirement	(1,551,200)	(1,551,200)	(1,551,228)	(28)
Council Tax Freeze Grant	(61,600)	(61,600)	(60,875)	725
Collection Fund Surplus-Council Tax	(115,700)	(115,700)	(115,726)	(26)
TOTAL FUNDED BY	**(15,014,200)**	**(15,207,200)**	**(15,181,806)**	**25,395**
				0
(SURPLUS) / DEFICIT FOR THE YEAR	**0**	**0**	**(1,225,617)**	**(1,225,617)**
Carry forwards approved by GCLT				287,800
Less grants not fully expended in year				139,854
CIES Outturn position				**(797,963)**
New Earmarked Reserves: Members Grants,				108,000
Carry Forward approved by Governance and Corporate Leadership team				176,300
Movement to/from reserves				176,463
Returned to General Fund Balance				337,200
				0

9. INTRODUCTION

9.1 This is the first in a series of reports for the financial year 2016/17 that gives Members information on differences between the approved budgets and forecast outturn income and expenditure for the year ended 31 March 2017. The financial information has been presented in an income and expenditure layout.

9.2 The capital programme is presented within the body of the report.

9.3 Compared to the approved budget for 2016/17 the Council's forecast outturn revenue position as at 31st March 2017 is a surplus of £177k.

10. REVENUE FORECAST OUT-TURN (April 2016 to March 2017)

10.1 The forecast revenue out-turn as at 31 March 2017 income and expenditure variances are shown in the table below.

Revenue Budget Monitoring May 2016	2016/17 Original Budget £	2016/17 Revised Budget £	2016/17 Budget Profile to 31 May £	2016/17 Actual to 31 May £	2016/17 Variance to Budget £	2016/17 Forecast Outturn £	2016/17 Outturn Variance £
Income							
Service Specific Government Grants	(23,429,100)	(23,519,560)	(3,897,186)	(4,163,329)	(266,143)	(23,519,560)	0
Other Grants and Contributions	(622,200)	0	0	(2,671)	(2,671)	0	0
Customer and Client Receipts	(2,985,400)	(3,599,820)	(724,239)	(566,668)	157,571	(3,584,462)	15,358
Total Income	**(27,036,700)**	**(27,119,380)**	**(4,621,425)**	**(4,732,667)**	**(111,242)**	**(27,104,022)**	**15,358**
Expenditure							
Employees	9,666,100	9,865,250	1,649,743	1,675,097	25,354	9,635,073	(230,177)
Premises	1,010,100	1,021,800	142,412	155,564	13,152	1,029,782	7,982
Transport	919,100	926,000	145,641	286,410	140,769	927,374	1,374
Supplies and Services	1,857,900	2,177,530	554,226	1,005,314	451,088	2,189,475	11,945
Third Party Payments	1,595,000	2,027,900	315,639	514,271	198,632	2,045,550	17,650
Transfer Payments	23,213,400	23,362,900	4,028,174	3,868,256	(159,918)	23,361,900	(1,000)
Total Expenditure	**38,261,600**	**39,381,380**	**6,835,835**	**7,504,912**	**669,077**	**39,189,154**	**(192,226)**
Business Units Controllable Total	**11,224,900**	**12,262,000**	**2,214,410**	**2,772,244**	**557,834**	**12,085,132**	**(176,868)**
Corporate Accounting							
Interest and Investment Income	(214,500)	(214,500)	14,764	14,764	0	(214,500)	0
Interest Payable	192,500	192,500	0	0	0	192,500	0
Parish Council Tax Requirement	1,610,050	1,610,050	1,610,050	1,610,050	0	1,610,050	0
Drainage Board Precept	338,300	338,300	169,150	169,451	301	338,300	0
Statutory Accounting							
Capital Expenditure Charged to General Fund	2,888,700	2,888,700	0	0	0	2,888,700	0
Support Services	5,689,600	5,689,600	0	0	0	5,643,400	0
Recharges	(5,689,600)	(5,689,600)	0	0	0	(5,689,600)	0
Movement in Reserves							
Transfer To / From General Fund	(109,615)	(315,015)	42,900	42,593	0	2,219,685	0
Transfer To / From Specific Reserves	(706,100)	(1,541,600)	0	0	0	(4,030,100)	0
Net Revenue Expenditure	**15,224,235**	**15,220,435**	**4,051,274**	**4,609,103**	**558,136**	**15,043,567**	**(176,868)**
Funded By							
Revenue Support Grant	(1,387,300)	(1,387,300)	(124,861)	(124,861)	0	(1,387,300)	0
Capital Grants and Contributions	0	3,800	0	0	0	3,800	0
Other Government Grants	(565,900)	(565,900)	0	0	0	(565,900)	0
Retained NNDR	(3,309,700)	(3,309,700)	646,752	646,752	0	(3,309,700)	0
New Homes Bonus	(2,480,600)	(2,480,600)	(620,146)	(620,146)	0	(2,480,600)	0
Council Tax	(5,668,602)	(5,668,602)	0	0	0	(5,668,602)	0
Parish Council Tax requirement	(1,610,050)	(1,610,050)	0	0	0	(1,610,050)	0
Share of Council Tax Surplus	(202,083)	(202,083)	0	0	0	(202,083)	0
Total Funded By	**(15,224,235)**	**(15,220,435)**	**(98,255)**	**(98,255)**	**0**	**(15,220,435)**	**0**
(Surplus) / Deficit for the Year	**0**	**0**	**3,953,019**	**4,510,848**	**558,136**	**(176,868)**	**(176,868)**

10.2 The forecast revenue out-turn as at 31 March 2017 variances by Strategic Clusters of Services are shown in the table below. Further analysis by Business Unit is included in this report at Appendix A.

CLUSTER	2016/17 Revised Budget £	2016/17 Forecast Outturn £	2016/17 Forecast Outurn Variance £
Chief Executive / Directors	562,400	562,400	0
Commercial Development	2,382,600	2,382,600	0
Customer First	1,479,300	1,423,995	(55,305)
Democratic and Business Support	3,467,400	3,283,690	(183,710)
Economic Development and Neighbourhoods	1,967,000	1,977,000	10,000
Housing and Regeneration	1,227,600	1,270,847	43,247
Organisational Transformation	1,175,700	1,184,600	8,900
Controllable Total	12,262,000	12,085,132	(176,868)
Corporate Accounting Total	1,926,350	1,926,350	0
Statutory Accounting Total	2,888,700	2,888,700	0
Movement in Reserves Total	(1,856,615)	(1,856,615)	0
Net Revenue Expenditure	15,220,435	15,043,567	(176,868)
Funding Total	(15,220,435)	(15,220,435)	0
(SURPLUS)/DEFICIT FOR THE YEAR	0	(176,868)	(176,868)

10.3 The major variances of note are detailed below.

INCOME

Customer and Client Receipts - £15k deficit

Taxi Licence Income – a reduction in the number of applications, partly due to recent policy changes, and the impact of a change in Government policy to issue licences for 3 years rather than annually has resulted in a forecast reduction in income of £8k. The profiled budget implications of the policy changes will be built into the MTFP for future years.

Market Stallage Fees – cancelled markets and lower stall numbers has resulted in a forecast reduction in income of £10k. A review of the market service is in progress.

EXPENDITURE

Employees - £230k surplus

Salary costs are (£62k) less than revised budget. This variance is due to a reduction in costs arising from vacancies and future recruitment to vacant posts.

(£171k) relates to overpaid employer contributions during 2015/16 which have been treated as an early payment of the Pension Deficit due in 2016/17, as detailed in this report at 1.2.

11. Aged Debt Summary

Aged Debt Summary Period 1 Monitoring Report

At the end of May 2016 there was a total of £227,067 outstanding debt over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

Trade Waste of £7,421
Waste £5,758
Licencing of £8,282
Public Protection of £35,406 which is currently in dispute
Housing Benefits £48,103
Housing of £45,862
Property and Assets of £50,964

Month	90 – 119 days	120 – 149 days	150+ days	Total
April	4,746	5,319	211,130	221,196
May	5,566	5,354	216,147	227,067

12. CHANGES TO THE ORGANISATION STRUCTURE

Changes to the establishment are made under Corporate Delegation by the Chief Executive and S151 Officer.

12.1 Spatial and Development Management Team

The Spatial Development Team Manager post was deleted from the structure in April in tandem with a revision to the Economic Development cluster to include Development Management. The existing growth programme has been expanded to include the Housing Zone activity with the benefit of £165k capacity funding from HCA which pays the salary of a Housing Zone Programme Manager and a proportion of the Strategic Leads salary over 3 years.

12.2 Electoral Registration

Electoral Registration team is a small team and this can have an impact in terms of resilience. This has been demonstrated during the ill health of the senior Elections officer in recent months. This affect has been mitigated by a long standing succession plan involving the training of the Assistant Elections officer.

The revised structure will provide 2 senior roles to mitigate the risk of single point of failure in staffing terms, plus a reduction in support officers from 1 FTE to 0.5FTE to reflect the work on individual electoral *registration.*

13. Capital Programme Forecast Out turn

13.1 The Capital Programme 2016/17 was approved at Council on 3 March 2016 and totalled £15,109k, and carry forwards of £1,785k approved at its meeting in 12 May 2016 giving a revised budget of £16,894k.

13.2 The forecast capital programme spend for the year is £16,870k, with significant schemes planned over the medium term, which is a variance against revised budget of £24k.

13.3 **Property Acquisitions to Period 1**

There have been no property acquisitions during period 1.

13.4 **Capital Receipts to Period 1**

There has been one capital receipt during period 1.

£119k has been received from ACIS in accordance with our housing stock transfer agreement.

The capital out-turn as at 31st March 2017 and capital programme variances are shown in the table below.

Capital Investment Programme 2016/17

Corporate Priority / Scheme	Actuals to 31/05/2016	Original Budget	Revised Budget 2016/17	Forecast Outturn	Forecast Variance	Comments
		£	£	£	£	
Open for Business						
WLDC Business Loans	0	500,000	500,000	500,000	0	Business case currently being developed
Broadband	0	0	555,000	555,000	0	Negotiations continue with LCC
People First						
Disabled Facilities Grants	51,760	472,500	629,000	629,000	0	Demand suggests budget will be fully expended
Prosperous & Enterprising						
Independent Living	30,551	0	24,200	24,200	0	Demand suggests budget will be fully expended
Strategic Housing - Empty homes	0	0	74,100	74,100	0	Budget is for works to purchased houses, work ongoing
Asset Management						
Capital Enhancements to Council Owned Assets	916	655,000	774,300	774,300	0	Carparking Machines £30k
Market Street	0	150,000	150,000	150,000	0	Scheme under development
Hemswell Masterplan	0	250,000	250,000	250,000	0	Proposals to be subject to approval in June Committee cycle
Commercial Investment - Property Portfolio	0	5,000,000	5,000,000	5,000,000	0	Potential properties currently being evaluated
Commercial Investment - Other	0	2,165,000	2,165,000	2,165,000	0	Business case approved and project ongoing
Central Lincolnshire Local Plan						
Gainsborough Growth	0	3,225,000	3,225,000	3,225,000	0	Significant regeneration programme - work ongoing to procure development partner
Acquisitions	0	1,200,000	1,200,000	1,200,000	0	Approval for a property acquisition included in this paper
Gainsborough Growth Fund	105,459	125,000	392,000	392,000	0	Awarded grant monies expected to be claimed by August. Three applications are currently being developed and scheduled to be discussed at the June Panel.
Food Enterprise Zone infrastructure	0	250,000	250,000	250,000	0	Proposals to be subject to approval in June Committee cycle

Capital Investment Programme 2016/17						
Corporate Priority / Scheme	**Actuals to 31/05/2016**	**Original Budget**	**Revised Budget 2016/17**	**Forecast Outturn**	**Forecast Variance**	**Comments**
Excellent, VFM Services						
Replacement Refuse Freighters	0	930,000	1,069,100	1,069,100	0	Vehicles will be replaced throughout the year as leases expire
Desktop Refrsh/SAN and SQL replacment	0	10,000	10,000	10,000	0	Hardware replacement/upgrades required for 2016/17 will be expended during year
Update Job Evaluation System	0	10,000	10,000	10,000	0	Systems being identified for evaluation
Replace IDOX Scanner	0	10,000	10,000	10,000	0	Considering supplier options
Meeting Room management software	0	15,000	15,000	0	-15,000	Not to be progressed
CRM System	0	50,000	50,000	50,000	0	Systems being identified for evaluation
Refurbishment Interior Trinity Arts Centre	0	40,000	40,000	40,000	0	Quotes received for new screen and curtains, to be procured June
Meeting Room Chairs	0	0	22,000	15,000	-7,000	Chairs have been received at below original quote from an alternative supplier
Website Replacement	0	0	38,300	38,300	0	Ongoing costs of website development
Replacement Building Control/Land Charges/Planning System	0	0	200,000	198,000	-2,000	Procurement ongoing
CCTV System upgrade	0	0	180,000	180,000	0	Contract awarded, phase 1 upgrades completed, should be fully implemented by July
Replacement Financial Ledger suite	10,395	0	10,395	10,395	0	Intelligent scanning system now fully implemented
Civic Services Investment	0	51,000	51,000	51,000	0	Considerations ongoing
Total Capital Programme Gross Expenditure	**199,081**	**15,108,500**	**16,894,395**	**16,870,395**	**-24,000**	

14. Treasury Management Quarter 1 April – May 2017

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.

14.1 Economic Background

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country. However, the 2015 growth rate finally came in at a disappointing 1.8% so this shows that growth had slowed down, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back again to +0.4% (2.0% y/y) in quarter 1 of 2016. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum. However, since the peak in November 2015, sterling has fallen against the Euro by 14% which will help to make British goods and services much more competitive and will increase the value of overseas earnings by multinational companies based in the UK. In addition, the Chancellor has announced that the target of achieving a budget surplus in 2020 will have to be eased in order to help the economy recover from the expected slowing of growth during the second half of 2016.

The Bank of England May Inflation Report included a forecast for growth for 2016 of 2.0% and 2.3% for 2017 on the assumption that the referendum result was a vote to remain. The Governor of the Bank of England, Mark Carney, warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. In his 30 June and 1 July speeches, Carney indicated that the Monetary Policy Committee (MPC), would be likely to cut the Bank Rate and would consider doing further quantitative easing purchasing of gilts, in order to support growth. However, he did also warn that the Bank cannot do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation).

The May Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, the falls in the price of oil and food twelve months ago will be falling out of the calculation of CPI during 2016 and in addition, the recent 10% fall in the value of sterling is likely to result in a 3% increase in CPI over a time period of 3-4 years. There is therefore likely to be an acceleration in the pace of increase in inflation which could make life interesting for an MPC which wants to help promote growth in the economy by keeping Bank Rate low.

14.2 Interest Rate Forecast

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

Capita Asset Services undertook a quarterly review of its interest rate forecasts on 4 July 2016 after letting markets settle down somewhat after the Brexit result of the referendum on 23 June. It is generally agreed that this outcome will result in a slowing in growth in the second half of 2016 at a time when the Bank of England has only limited ammunition in its armoury to promote growth by using monetary policy. We therefore expect that Bank Rate will be cut by 0.25%, probably at the 14 July MPC meeting but possibly at its quarterly Inflation Report meeting on 4 August when it has a greater opportunity to report in depth on its research and findings. Bank Rate could even be cut to 0% or 0.10% over this period. Thereafter, we do not expect the MPC to take any further action on Bank Rate in 2016 or 2017 as we expect the pace of recovery of growth to be weak during a period of great uncertainty as to the final agreement between the UK and the EU on arrangements after Brexit. However, the MPC may also consider renewing a programme of quantitative easing; the prospect of further purchases of gilts in this way has already resulted in 10 year gilt yields falling below 1% for the first time ever. We do not expect Bank Rate to start rising until quarter 2 2018 and for further increases then to be at a slower pace than before. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and for some consumers, who have had no increases in pay, could be non-existent (other than through some falls in prices).

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	1.00%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%
10yr PWLB rate	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.90%
25yr PWLB rate	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%
50yr PWLB rate	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%

14.3 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 3 March 2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st May 2016.

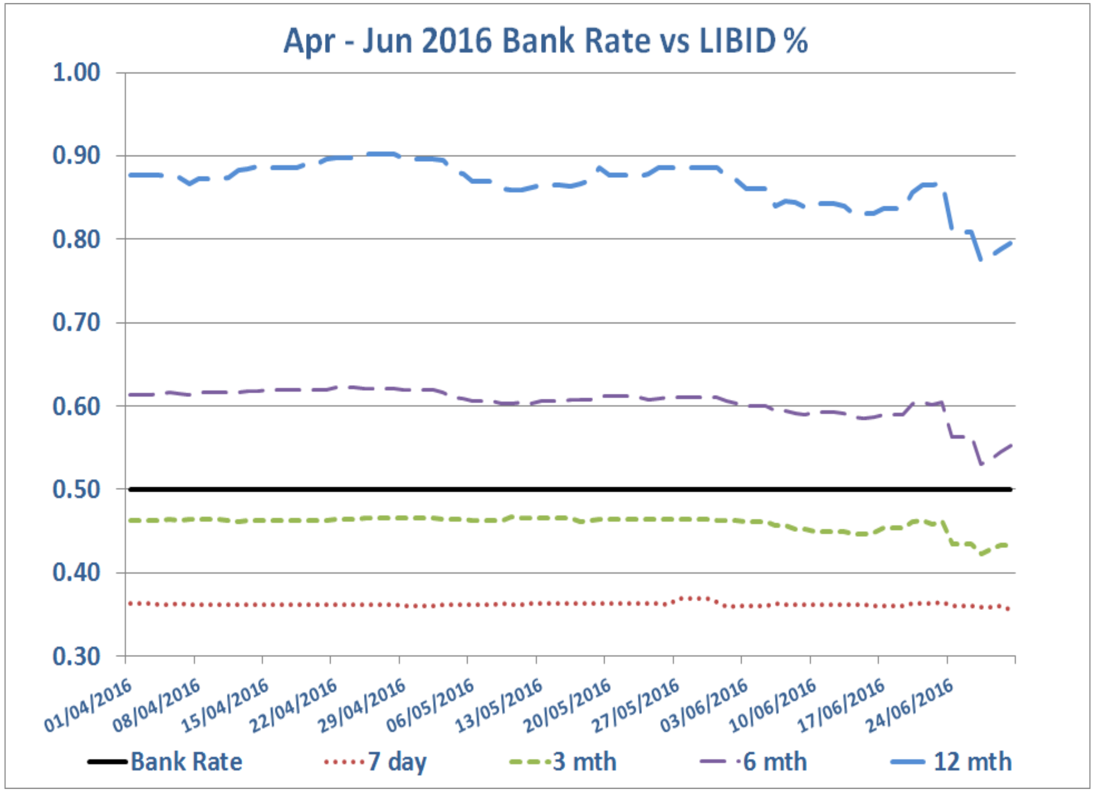
Whilst the result of the EU Referendum was not during this reporting period, there has been a subsequent downgrading of the UK rating to AA from AAA and a number of UK banks have also seen a reduction. We are keeping a close review on the situation, all our current investments are still held in approved counterparties.

Investment rates available in the market were broadly stable during the first half of the quarter but then took a slight downward path in the second half concluding with a significant drop after the referendum on a sharp rise in expectations of an imminent cut in Bank Rate and lower for longer expectations thereafter.

The average level of funds available for investment purposes during the quarter was £22.5m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council holds £21m core cash balances for investment purposes (i.e. funds available for more than one year).

Investment performance for period ended 31 May 2016

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
Overnight	0.36%	0.47%	3,487
7 day	0.36%	0.73%	7,576
1 month	0.38%	-	-
3 month	0.46%	0.55%	2,190
6 month	0.60%	0.75%	8,477
9 month	-	0.84%	2,808
12 month	0.87%	1.12%	6,936
Other	-	5.29%	17,680
Total			**49,154**



As illustrated, the Council continues to outperform the benchmark. The Council's budgeted investment return for 2016/17 is £0.196m, and performance for the year to date is in line with the budget.

The Council held £19.1m of investments as at 31st May 2016 and the investment portfolio yield for the period is 1.30%, the improvement reflects the investment in the Local Authority Property Fund.

The annualised weighted average rate of interest for P1 is 1.30% has been achieved and compares to the benchmark 7 day libid of 0.36%.

Investment in Local Authority Property Fund

The Council has £2m invested in the CCLA Property Fund. Interest is receivable on a quarterly basis. Interest received can be seen in the table above in the section marked 'other'.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the financial year 2015/16.

Treasury Officers continue to mitigate investment risk in accordance with Treasury Management Practices.

14.4 Borrowing

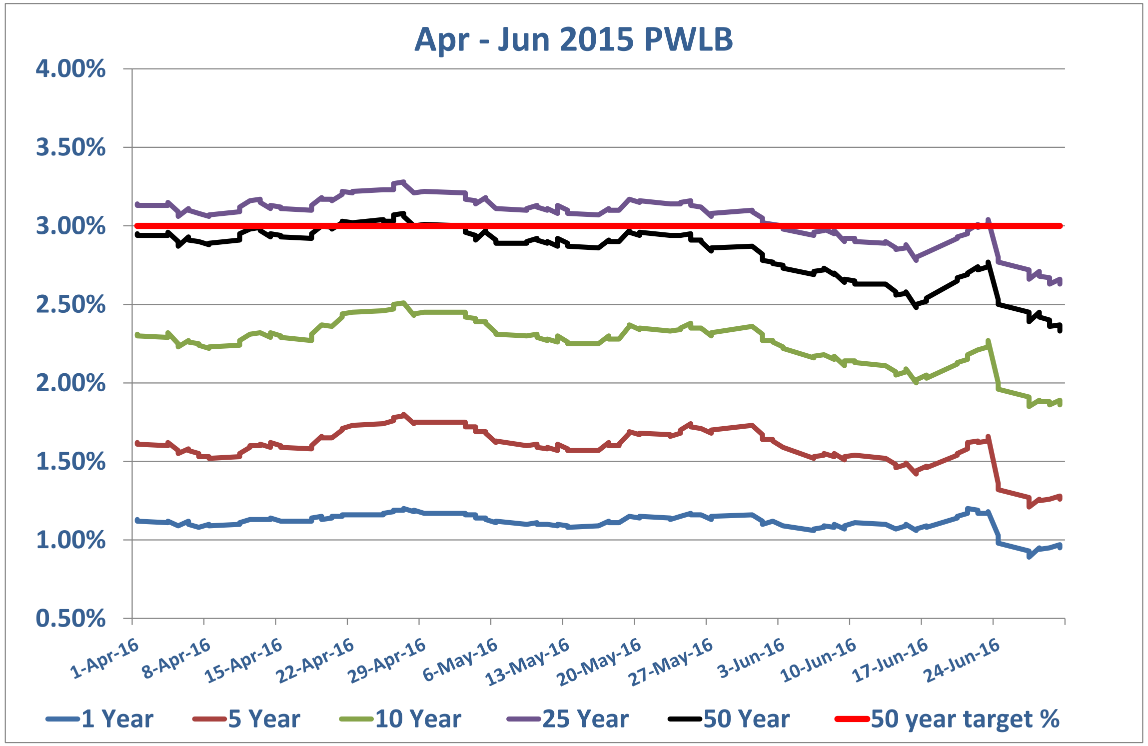
As depicted in the graph(s) below, there has been significant volatility in PWLB rates during quarter 1 culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an 'IN' result for the referendum, followed by a sharp rise in the run up to the referendum day as the polls swung the other way, followed by a sharp fall to the end of the month in anticipation that there is likely to be further quantitative easing purchases of gilts in the coming months.

During the quarter ended 30 June 2016, the 50 year PWLB target (certainty) rate for new long term borrowing remained at 3%. *(However, the target rate was cut to 2.20% on 4 July 2016 due to the sharp fall in gilt yields after the referendum.)*

During the first financial period to 31 May, no borrowing was undertaken. However, credit arrangements such as finance leases are classified as borrowing under the capital control arrangements for local authorities. The Council procures replacement vehicles and certain other assets (telephone system, fuel tanks) through finance lease arrangements which count as credit other long term liabilities in the Council's accounts. The operational limit that has been approved for 2016/17 is £10.411m.

PWLB certainty rates quarter ended 30 June 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.89%	1.21%	1.85%	2.63%	2.33%
Date	27/6/16	27/6/16	27/6/16	29/6/16	30/6/16
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/4/16	27/4/16	27/4/16	27/4/16	27/4/16
Average	1.11%	1.59%	2.25%	3.05%	2.83%



Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31 May 2016.

14.5 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.

The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget and draws together the main strategy elements of the capital expenditure plans (above), highlighting the original capital programme, and the expected financing arrangements of this capital expenditure. Any borrowing need increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

Capital Expenditure	2016/17 Original Estimate £'000	2016/17 Actual £'000
Total Unsupported spend	15,109	16,870
Financed by:		
Capital receipts	806	1,364
Capital grants	898	1,370
Revenue	3,115	3,846
S106	0	0
Leases	0	0
Total financing	4,819	6,680
Borrowing need	10,290	10,290

There have been no changes to the Treasury or Prudential Indicators.

The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with prudential indicators.

	Original £'000	**P1 £'000**
Treasury Indicators		
Authorised limit for external debt	22,931	22,931
Operational boundary for external debt	10,411	10,411
External Debt	10,290	0
Long term Leases	342	342
Investments	-16,882	-22,584
Net Borrowing	**-6,250**	**-22,242**
Prudential Indicators		
Capital Expenditure	15,109	16,970
Capital Financing Requirement (CFR)*	11,476	11,476
Annual change in CFR*	10,069	10,069
In year borrowing requirement	10,290	10,290
Under/(over)borrowing	3,960	3,960

Ratio of financing costs to net revenue stream*	0.49%	0.51%
Incremental impact of capital investment decisions:		
Increase in Council Tax (band change per annum)	£0.99	£1.02

West Lindsey District Council

Monthly Economic Summary

General Economy

With less than a month to go until the UK's European Union membership referendum, a raft of data released through May showed signs of the impact brought about by the uncertainty. This was corroborated by the Bank of England stating there were growing signs that the referendum is weighing on the British economy. These comments came at the press conference for the Bank's May Inflation Report, in which it tweaked some of its forecasts.

The Purchasing Manager's Index (PMI) activity surveys disappointed, as all three indicators showed a slowdown in the pace of expansion or a shift into contraction in April. Manufacturing dropped below the 50 mark, which separates expansion from contraction, to 49.2 in April. This was a three-year low, resulting from an ailing global economy and a slowdown in the oil and gas industry in particular. Construction PMI slowed to 52 in April, from 54.2 in March, well below forecasts as activity in commercial property plummeted. Services PMI added to the gloom as it fell to 52.3 on the month in April, its lowest rate in more than three years. This suggested that the new quarter had got off to a sluggish start. Meanwhile, other data confirmed that first quarter growth in the UK had registered a slowdown to 0.4% on the quarter and 2% on the year. Business investment, a key driver of UK growth, fell drastically, with many commentators citing the uncertainty surrounding the upcoming referendum as a key reason behind the fall.

April's public sector borrowing for the UK furthered the run of disappointing economic news. It came in higher than expected, at £7.2bn as corporation tax revenues fell by 5.1% compared with April 2015 along with weaker than expected national insurance contributions. Revisions to previous figures also showed that George Osborne, the Chancellor of Exchequer, missed his target for the budget deficit by more than initially believed in 2015-16. The trade deficit continued the downbeat tone to UK data releases, as it widened to levels last seen in the financial crisis in the first quarter of the year as exports fell by 0.1%and imports rose by 1.5%. Nevertheless, figures for March alone showed some improvement, as the deficit narrowed to £11.204bn.

It was not all bad news for the UK as the number of unemployed people fell by 2,000 in three months to March despite the general sluggishness of the economy. Though the number of unemployed fell, the unemployment rate held steady at 5.1% in the three months to March. On an annual basis, total earnings including bonuses rose by 2% whilst earnings excluding bonuses rose by 2.1%. Inflation did not follow the same course as earnings as the Consumer Price Index (CPI) dropped to 0.1% in April from 0.4% in March as the Easter air fare rise dissipated and clothing prices weakened in light of unexpected weather. Headline CPI also slowed on the year to 0.3% from 0.5% in the previous month, while Core CPI, which excludes food and energy, dropped to 1.2%, from 1.5% in March.

At its May policy meeting, all nine members of the Monetary Policy Committee voted to keep policy unchanged, as expected. At the same time, the Bank released its latest Inflation Report. In this, the Bank lowered its forecast for economic growth due to weaker productivity and higher household savings due to global economic weakness rather. It kept its inflation forecasts unchanged from the February Report, with inflation expected to reach its 2% target in two years' time.

Elsewhere, Eurozone GDP grew by 0.5% in the first quarter, revised down from its initial estimate, and by 1.5% on annual basis. GDP grew in all Eurozone countries apart from Greece and Latvia whilst the larger economies such as Germany, France and Italy grew by 0.7%, 0.8% and 0.3% respectively. Eurozone unemployment held steady at 10.2% in April for the second consecutive month, the lowest level since August 2011 with Germany (4.2%) at one end of the spectrum, while Spain was the highest at 20.1%.

Across the pond, US Non-Farm Payrolls made their smallest gain in seven months rising by 160,000 in April, a sharp slowdown for March's figure of 208,000. While construction employment rose a touch, the retail sector saw jobs cut. Unemployment however, held steady at 5% as people dropped out of the labour force. The lacklustre jobs report was seen by some commentators as enough to hold the Federal Reserve back from any policy tightening at its June meeting.

These comments also took account of the minutes of the Fed's April meeting, which suggested that an interest rate hike could be justified if there are improvements in US GDP in the second quarter along with employment and solid inflation. Growth in the second quarter will have to impress as GDP growth in the first quarter slowed, though not as sharply as expected, rising by 0.8% year-on-year as a result of greater spending on home building as well as steady growth in business investment and inventories.

Housing

Mortgage lender Halifax reported a fall in house prices in April of 0.8% as the introduction of a new tax on the purchase of rental properties took its toll. However, house prices rose by 9.2% in the three months to April as purchasers rushed to beat the new tax. Nationwide house prices showed much of the same rising by a mere 0.2% in May and by 4.7% year-on-year, slowing from April's figure of 4.9%.

Forecast

Capita Asset Services did not alter its forecast this month. Capita Asset Services expects the first rate hike to come in the first quarter of 2017. Capital Economics left their forecast unchanged in May. They expect the first Bank Rate increase to come in Q4 2016.

Bank Rate	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%

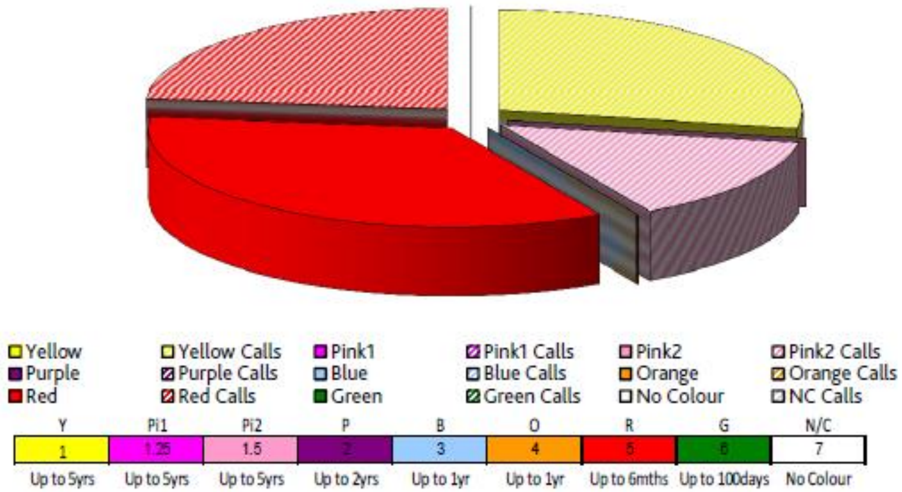
West Lindsey District Council

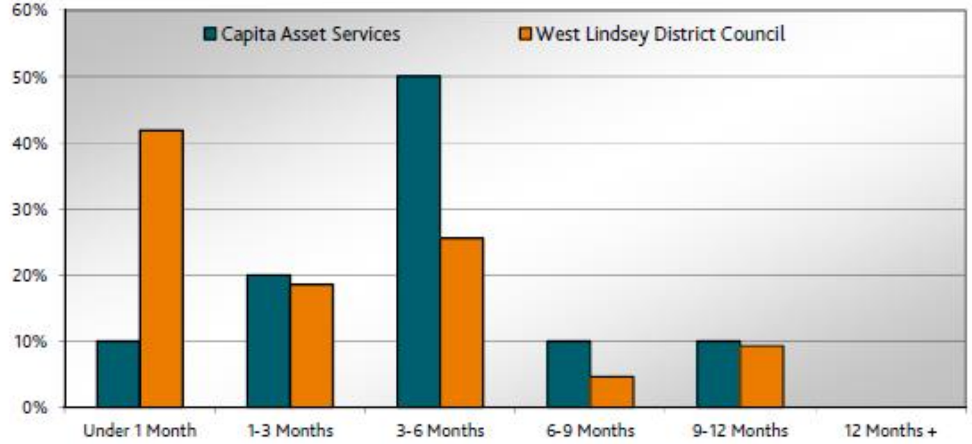
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Insight	4,000,000	0.51%		MMF	AAA	0.000%
EMMF Insight Liquidity Plus	3,000,000	0.73%		EMMF	AAA	0.000%
MMF CCLA	2,000,000	0.47%		MMF	AAA	0.000%
Lloyds Bank Plc	2,000,000	0.65%	15/04/2016	15/07/2016	A	0.008%
Lloyds Bank Plc	1,000,000	0.65%	03/05/2016	03/08/2016	A	0.011%
Lloyds Bank Plc	1,000,000	0.75%	19/02/2016	19/08/2016	A	0.014%
Lloyds Bank Plc	500,000	1.00%	10/09/2015	12/09/2016	A	0.018%
Santander UK Plc	2,000,000	1.05%		Call120	A	0.020%
Nationwide Building Society	2,000,000	0.84%	19/02/2016	21/11/2016	A	0.030%
Santander UK Plc	1,000,000	1.15%		Call180	A	0.031%
Lloyds Bank Plc	1,000,000	1.05%	10/02/2016	08/02/2017	A	0.043%
Santander UK Plc	2,000,000	1.30%		Call365	A	0.062%
Total Investments	**£21,500,000**	**0.79%**				0.016%

West Lindsey District Council

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria





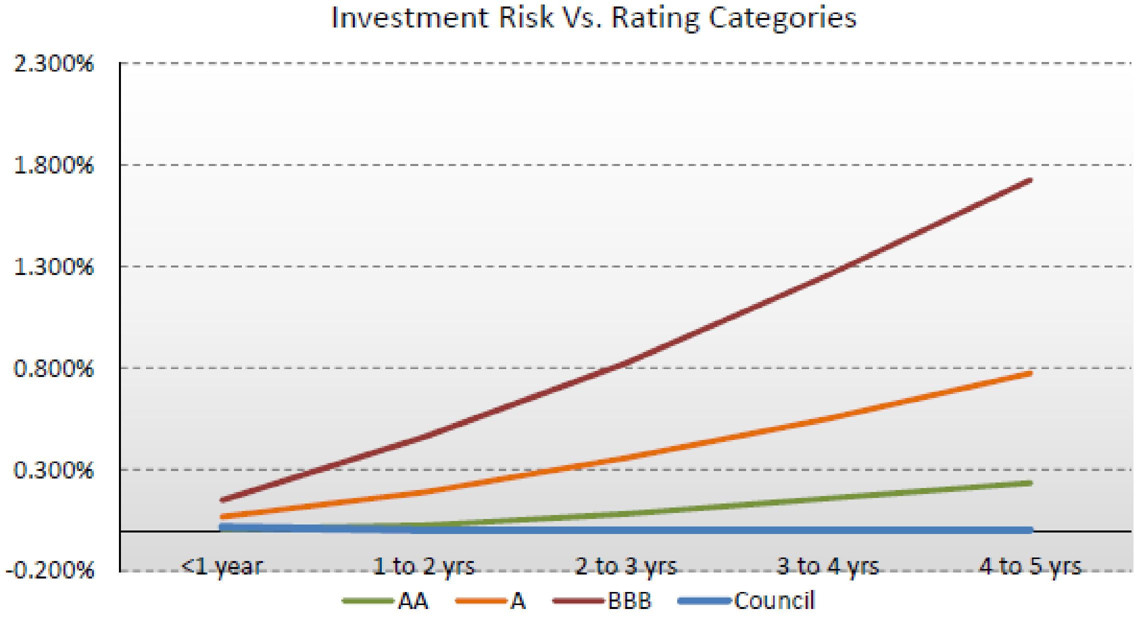
Portfolios weighted average risk number = 3.40

WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/EMMFs WAM	Excluding Calls/MMFs/EMMFs WAM at Execution
Yellow	27.91%	£6,000,000	100.00%	£6,000,000	27.91%	0.49%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	13.95%	£3,000,000	100.00%	£3,000,000	13.95%	0.73%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	58.14%	£12,500,000	40.00%	£5,000,000	23.26%	0.94%	163	216	118	207
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£21,500,000**	**65.12%**	**£14,000,000**	**65.12%**	**0.79%**	**95**	**126**	**118**	**207**

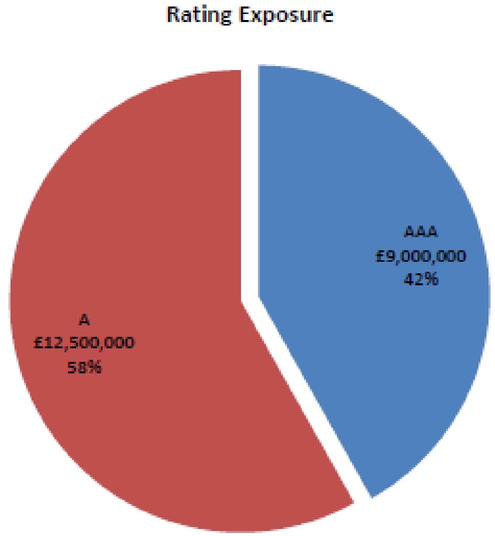
West Lindsey District Council

Investment Risk and Rating Exposure



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.024%	0.081%	0.158%	0.234%
A	0.067%	0.189%	0.356%	0.551%	0.775%
BBB	0.150%	0.460%	0.824%	1.257%	1.726%
Council	0.016%	0.000%	0.000%	0.000%	0.000%



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

West Lindsey District Council

Monthly Credit Rating Changes

FITCH

Date	Update Number	Institution	Country	Rating Action
13/05/2016	1440	BayernLB	Germany	Long Term Rating affirmed at 'A-', Short Term Rating affirmed at 'F1', Viability rating upgraded to 'bbb' from 'bb+' and Support Rating affirmed at '1'.
13/05/2016	1440	Landesbank Baden Wuerttemberg	Germany	Long Term Rating affirmed at 'A-', Short Term Rating affirmed at 'F1', Viability rating upgraded to 'bbb'+ from 'bbb' and Support Rating affirmed at '1'.
25/05/2016	1445	Credit Suisse AG	Switzerland	Long Term Rating affirmed at 'A', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'F1', Viability Rating downgraded to 'a-' from 'a' and Support Rating affirmed at '5'.
25/05/2016	1445	Credit Suisse International	U.K.	Long Term Rating downgraded to 'A-' from 'A', Short Term Rating affirmed at 'F1' and Support Rating affirmed at '1'.
25/05/2016	1446	Nationwide Building Society	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Positive' from 'Stable'. Short Term Rating affirmed at 'F1', Viability Rating affirmed at 'a' and Support Rating affirmed at '5'
26/05/2016	1447	Skandinaviska Enskilda Banken AB	Sweden	Long Term Rating upgraded to 'AA-' from 'A+', Outlook changed to 'Stable' from 'Positive Short Term Rating upgraded to 'F1+' from 'F1', Viability Rating upgraded to 'aa-' from 'a+ and Support Rating affirmed at '2'.
26/05/2016	1447	Swedbank AB	Sweden	Long Term Rating upgraded to 'AA-' from 'A+', Outlook changed to 'Stable' from 'Positive Short Term Rating upgraded to 'F1+' from 'F1', Viability Rating upgraded to 'aa-' from 'a+ and Support Rating affirmed at '2'.
26/05/2016	1447	Svenska Handelsbanken AB	Sweden	Long Term Rating upgraded to 'AA' from 'AA-', Short Term Rating affirmed at 'F1+', Viability Rating upgraded to 'aa' from 'aa-' and Support Rating affirmed at '2'.
27/05/2016	1448	Skipton Building Society	U.K.	Long Term Rating upgraded to 'A-' from 'BBB+', Short Term Rating upgraded to 'F1' from 'F2', Viability Rating upgraded to 'a-' from 'bbb+' and Support Rating affirmed at '5'.

West Lindsey District Council

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
09/05/2016	1438	Coventry Building Society	U.K.	Long Term Rating affirmed at 'A2', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-1'.
10/05/2016	1439	Yorkshire Building Society	U.K.	Long Term Rating affirmed at 'A3', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-2'.
16/05/2016	1441	Abu Dhabi Sovereign Rating	Abu Dhabi	Sovereign Rating affirmed at 'Aa2', removed from 'Negative Watch' and placed on 'Negative Outlook'
16/05/2016	1441	Qatar Sovereign Rating	Qatar	Sovereign Rating affirmed at 'Aa2', removed from 'Negative Watch' and placed on 'Negative Outlook'
17/05/2016	1442	National Bank of Abu Dhabi	Abu Dhabi	Long Term Rating affirmed at 'Aa3' removed from 'Negative Watch' and placed on 'Negative Outlook'
17/05/2016	1442	Qatar National Bank	Qatar	Long Term Rating affirmed at 'Aa3' removed from 'Negative Watch' and placed on 'Negative Outlook'
20/05/2016	1443	ABN AMRO Bank N.V.	Netherlands	Long Term Rating upgraded to 'A1' from 'A2' and the Short Term Rating was affirmed at 'P-1'
24/05/2016	1444	Deutsche Bank AG	Germany	Long Term Rating downgraded to 'A3' from 'A2', removed from 'Negative Watch' and placed on 'Stable Outlook'. Short Term Rating downgraded to 'P-2' from 'P-1' and removed from 'Negative Watch'

West Lindsey District Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
No Changes		No Changes	No Changes	No Changes

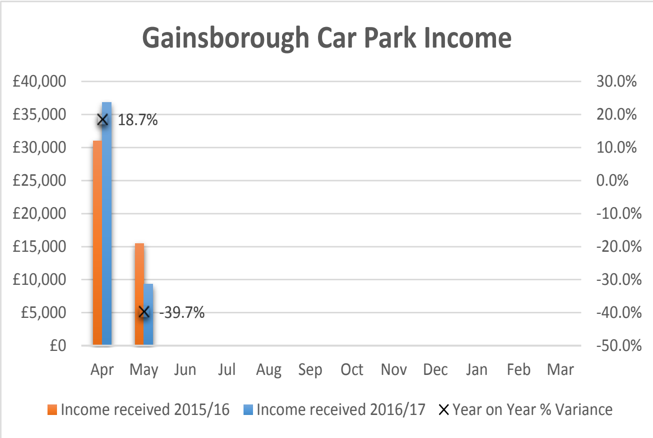
APPENDIX A

REVENUE FORECAST OUTTURN AS AT 31ST MARCH 2017

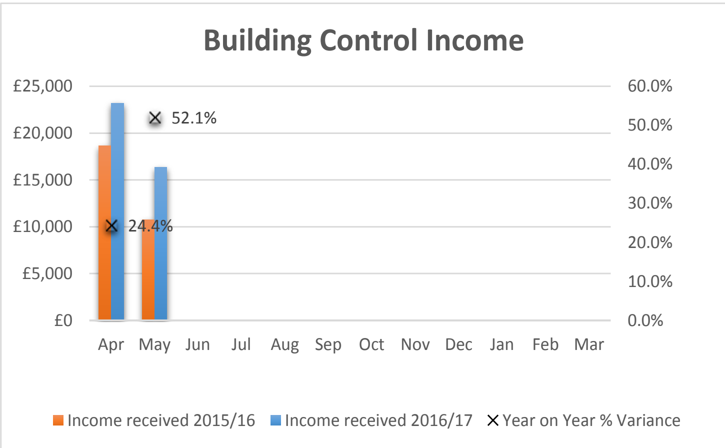
REPORT BY CLUSTER AND BUSINESS UNIT

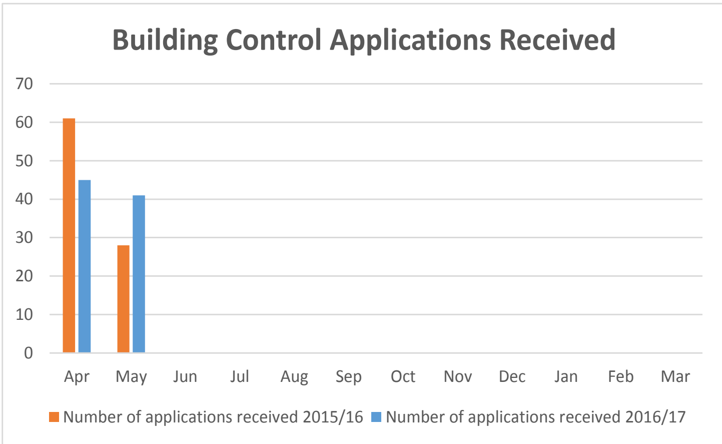
Cluster	Business Unit	2016/17 Revised Budget £	2016/17 Forecast Outturn £	2016/17 Forecast Outurn Variance £
Chief Executive / Directors	Chief Executive	153,500	153,500	0
	Chief Operating Officer	109,300	109,300	0
	Commercial Director	188,000	188,000	0
	Director of Resources	111,600	111,600	0
Chief Executive / Directors Total		562,400	562,400	0
Commercial Development	Public Conveniences	65,100	65,100	0
	Street Cleansing	438,400	438,400	0
	Trade Waste	(57,700)	(57,700)	0
	Waste Management	1,936,800	1,936,800	0
Commercial Development Total		2,382,600	2,382,600	0
Customer First	Building Control	66,100	66,100	0
	Corporate Management - Apprentices	44,600	44,600	0
	Customer Services	525,300	490,700	(34,600)
	Debtors	23,800	23,800	0
	Emergency Planning	19,000	19,000	0
	Food Safety	132,700	132,700	0
	Fraud	14,250	14,250	0
	Health and Safety	71,100	71,100	0
	Housing Benefits Admin	238,750	248,450	9,700
	Housing Benefits Payments	(195,300)	(195,300)	0
	Housing Benefits Projects	50,800	51,827	1,027
	Land Charges	5,400	12,400	7,000
	Licences - Community	(24,500)	(7,500)	17,000
	Local Tax Collection	247,700	229,368	(18,332)
	Parish Lighting	54,700	54,700	0
	Pest and Dog Control	26,700	26,700	0
	Pollution Control	112,600	112,600	0
	Support Services - Admin	65,600	28,500	(37,100)
Customer First Total		1,479,300	1,423,995	(55,305)
Democratic and Business Support	Communications	121,600	99,600	(22,000)
	Corporate Management - Finance	1,334,600	1,169,900	(164,700)
	Democratic Representation	529,300	529,300	0
	Financial Services	557,300	565,690	8,390
	Human Resources	288,700	279,000	(9,700)
	Legal Services	130,700	130,700	0
	Precepts	177,000	177,000	0
	Register of Electors	127,900	132,200	4,300
	Support Services - Corporate	200,300	200,300	0
Democratic & Business Support Total		3,467,400	3,283,690	(183,710)
Economic Development and Neighbourhoods	Community Action & Community Safety	470,500	470,500	0
	Development Management	(258,000)	(258,000)	0
	Economic Development	960,400	960,400	0
	Environmental Initiatives	91,000	91,000	0
	General Grants etc	501,800	501,800	0
	Parks & Open Spaces	62,000	62,000	0
	Planning Policy - Forward Planning	71,700	71,700	0
	Tourism	28,700	28,700	0
	Town Centre Markets	38,900	48,900	10,000
Economic Development Total		1,967,000	1,977,000	10,000
Housing and Regeneration	Admin Buildings	243,700	250,582	6,882
	Car Parks	(140,400)	(139,450)	950
	Cemeteries and Churchyards	59,900	59,900	0
	Commercial Properties	(371,700)	(370,900)	800
	Culture, Heritage & Leisure	542,400	552,015	9,615
	Homelessness/ Housing Advice	342,600	356,600	14,000
	Housing Strategy	185,600	185,600	0
	Other Council Properties	(13,200)	(11,200)	2,000
	Private Sector Housing Renewal	150,100	150,100	0
	Property Services	228,600	237,600	9,000
Housing Strategy Total		1,227,600	1,270,847	43,247
Organisational Transformation	Business Improvement & Commercial Development	434,900	443,800	8,900
	ICT Services	223,300	223,300	0
	Systems Development	517,500	517,500	0
Organisation for Transformation Total		1,175,700	1,184,600	8,900
BUSINESS UNIT CONTROLLABLE GRAND TOTAL		12,262,000	12,085,132	(176,868)
	Corporate Accounting Total	1,926,350	1,926,350	0
	Statutory Accounting Total	2,888,700	2,888,700	0
	Movement in Reserves Total	(1,856,615)	(1,856,615)	0
	Net Revenue Expenditure	2,958,435	2,958,435	0
	Funding Total	(15,220,435)	(15,220,435)	0
	(SURPLUS)/DEFICIT FOR THE YEAR	0	(176,868)	(176,868)

FEES AND CHARGES ANALYSIS – BY INCOME & VOLUME PER MONTH

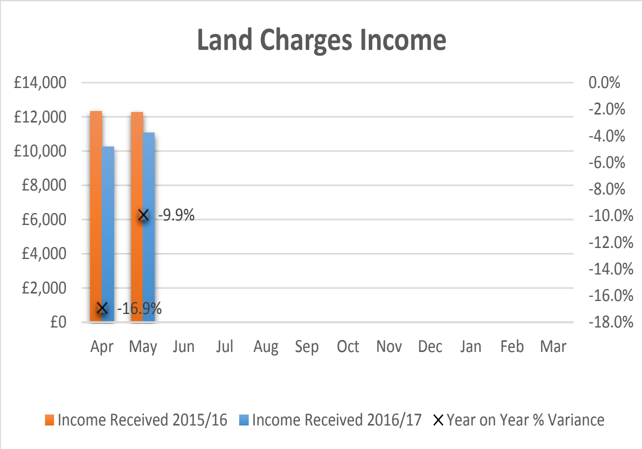


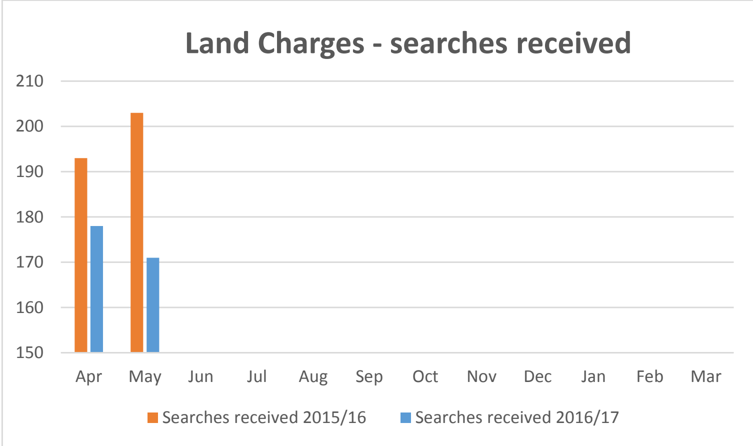
The figures at the start of each year are typically affected by when we receive the first payments for permits, particularly those paid for on a quarterly basis. This drives much of the variance. Overall we would expect the income to be down, as in 15/16 we still had the multi storey cp. Income is down across the two years it is actually exceeding the revised budget indicating that we retained more of the customers than we expected to do



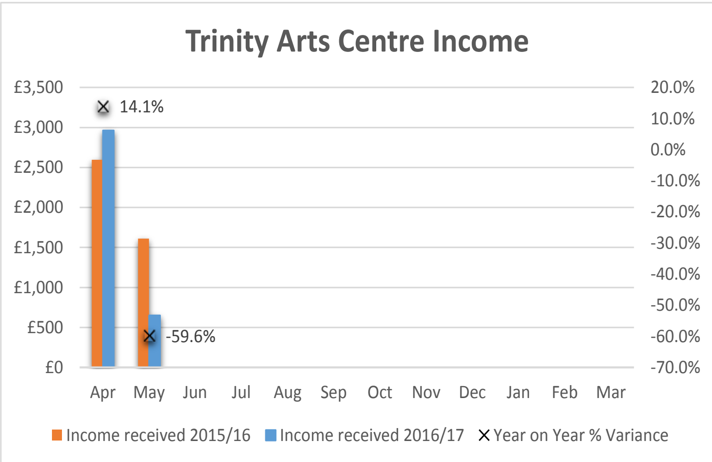


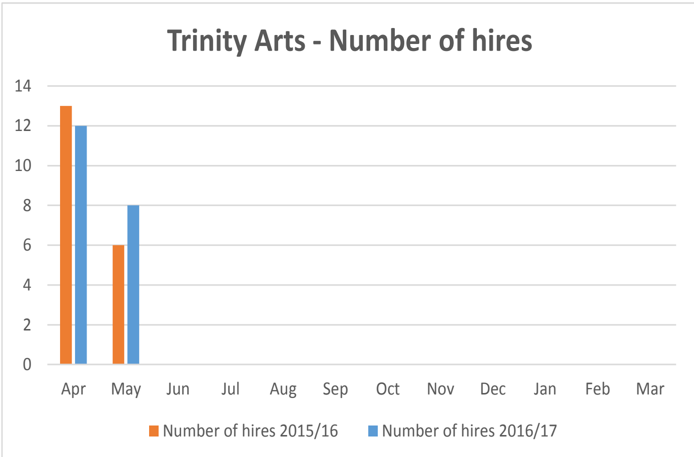
The Council have made significant investment in the Building Control service. For the past 3yrs West Lindsey Building Control have been focusing on improving & developing its services, through building relationships, improving reputation & raising the profile of the team. Whilst this is a slow process with many objectives still to be achieved, such as the provision of additional services, some small successes are starting to emerge. This can be seen in the comparison between income levels for this year & last. There must however be caution in this, whilst the team is exceeding last year's income levels the construction industry can be fickle & volatile & there is still much work to be done in ensuring this trend continues. Within the last month a new business plan for Building Control has been adopted by the Council. This provides the next steps in the team's development, giving a framework & an implementation plan for the provision of future additional services & income generation potential.



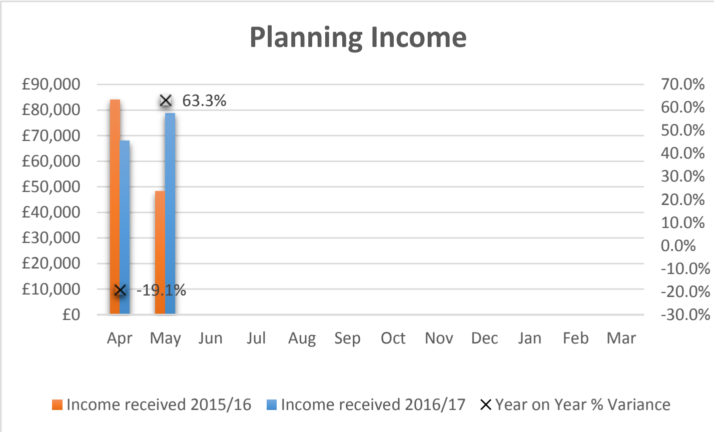


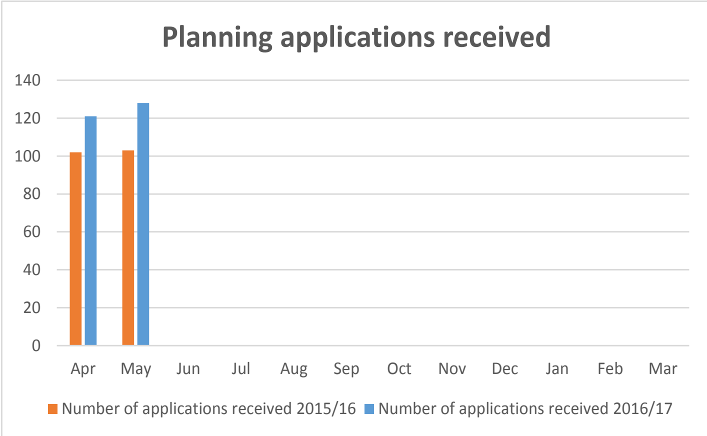
Local Land Charges continues to maintain average income levels of approximately £10k a month which has been consistent month on month for some time. The service still has a good reputation for quality and because of this preserves a core customer base. There are a number of service development challenges in Local Land Charges which means that growing the service cannot be a priority in the short term. A project for delivering a new system for Local Land Charges has been developed and is in the final stages of approval within the Authorities governance structure. It is anticipated that once this system is in place opportunities for growth and efficiencies in the service will be explored.



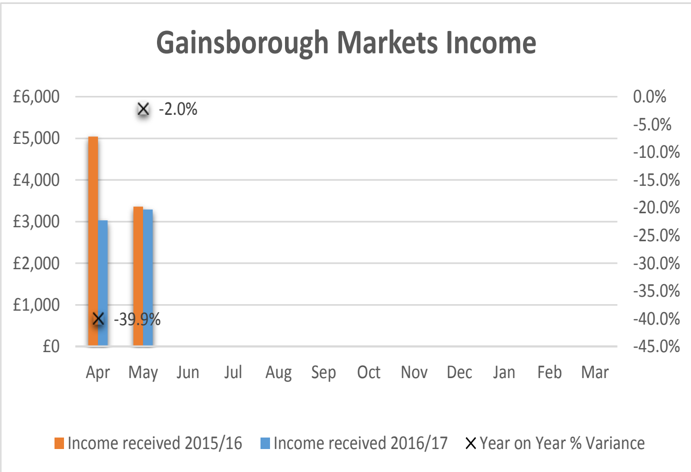


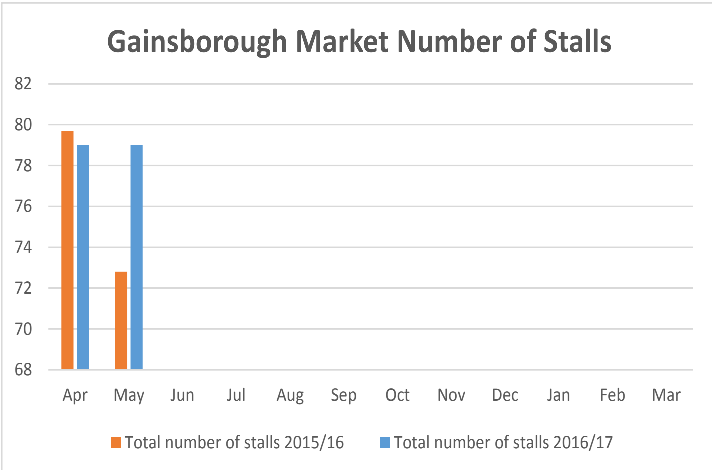
This is not a true reflection of the performance of Trinity Arts Centre as the fees and charges element relates to a small percentage of the overall business. Performances are booked on the most advantageous terms possible, sometimes this is on a hire basis and sometimes on a split of income. The programme is put together on the best offer at the time and the important information to collect and monitor is the surplus generated by the performances ensuring a positive effect on the bottom line rather than a loss.
Year to date cumulative income shows TAC ahead of budget for April and May with a performance of £23188 against a budget of £22868.





The overall number of applications received this year to date is higher than the number received during the same period in the last financial year, resulting in an overall increase in fee income. However, this is not an indicator that can be directly controlled by the council and monthly income from planning fees remains entirely subject to the type and scale of development applied for. At this stage it is anticipated that the volume of applications, and also income from fees, is likely to remain higher in 2016/17 than was the case in 2015/16.





The information shows a year on year reduction in income.
The reasons for the downturn are:

- Less traders this year
- Incentivised rentals meaning lower income
- One market was cancelled due to bad weather in April 2016

The market function is being reviewed with a paper due to go to Committee in September. Control of the market has recently moved to Operational Services and some immediate action has been taken to increase income-e.g. new Terms and Conditions are being implemented and there's new governance in place around the cancelling of markets due to bad weather.