Concurrent Meeting of the Prosperous Communities and Corporate Policy and Resources Committees

Thursday, 23rd April 2020

Subject: Budget and Treasury Monitoring – Period 4 2019/20

Report by:	Tracey Bircumshaw Strategic Finance and Business Support Manager
Contact Officer:	Sue Leversedge Business Support Team Leader 01427 676541 Sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	This report sets out the revenue, capital and treasury management activity from 1 April 2019 to 31st March 2020. (Final out-turn will be reported to the next meeting)

RECOMMENDATION(S):

a) To accept the forecast out-turn position of a £1,380k net contribution to reserves as at 31st March 2020 (see Section 2).
b) To accept the Revenue budget carry forwards of £815k approved in year (Appendix 4)
c) To approve the future use of General Fund Balances up to £100k to support any financial impact of the depot once operational, if required (2.2.4)
d) To accept the use of Earmarked Reserves during the quarter approved by the Chief Finance Officer using Delegated powers (2.5.1)
e) To approve the use of Earmarked Reserves of £126.9k (2.5.2)
f) To approve a contribution of £419k to the Valuation Volatility Reserve as per the non-treasury investment strategy (2.5.3).
g) To approve the other contributions to Earmarked Reserves during the quarter totaling £234k (2.5.3)
h) To approve the amendment to the fees and charges schedule for the Crematorium (2.4.4), to be effective immediately.
i) To approve the amendment to the fees and charges schedule for Civil Penalties (2.4.5), to be effective from 1st June 2020.
j) To approve the capital budget carry forwards of £4.654m Appendix 4).
k) To accept the Delegated Decisions implemented in response to the Covid-19 pandemic (2.6).
l) To accept the Treasury Management and Prudential Indicators.

Public Interest Test

The Proper Officer has determined in preparing this report that under Section 100 (A)(4) of the Local Government Act 1972, paragraph 3 of Part 1 of Schedule 12A of the Act should apply to Appendix 5 of this report. The view on the public interest test was that while he was mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, disclosure of the information would give an unfair advantage to tenderers for commercial contracts.

This information is not affected by any other statutory provision which requires the information to be publicly registered.

On that basis it was felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information in that Appendix. Members are asked to consider this factor when excluding the public from the meeting.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial: FIN/1/21/SL

The draft revenue forecast out-turn position for 2019/2020 is currently reflecting a net contribution to reserves of £1,380k as at 31st March 2020 (£914k as at 31st December 2019).

This is after taking account of approved carry forwards of £815k, as detailed at Appendix 4.

£419k of the forecast contribution to reserves relates to the saving on borrowing interest costs as a consequence of utilizing our cash balances (internal borrowing). To ensure sustainability, capital investments funded from borrowing are assumed to require PWLB borrowing and therefore the base budget includes the cost of interest at 100% of prudential borrowing. This committee have previously approved that any net surplus, generated through Treasury activity be set aside at the year-end to the Valuation Risk Reserve.

£149k of the forecast contribution to reserves relates to the Commercial Contingency budget. £200k was built into the 2019/20 base budget to mitigate a number of commercial risks, including investment properties, and demand led service generated income. It is proposed that £51k is utilised to offset the forecast pressure on crematorium income and the balance be set aside to the Valuation Risk reserve.

Summary of Out-turn Position 2019/20

Summary of Out-turn Position 2019/20		
	£ 000	
FORECAST OUTTURN AS AT 31.03.20	(2,196)	BEFORE CARRY FORWARDS
CARRY FORWARDS:		
BASE BUDGET-APPROVED IN YEAR	223	ALREADY APPROVED
USE OF EARMARKED RESERVES	290	ALREADY APPROVED
SUB-TOTAL:	**(1,683)**	
SERVICE CARRY FORWARD REQUESTS	303	APPROVED BY MANAGEMENT TEAM 30.03.20
NET CONTRIBUTION TO RESERVES:	**(1,380)**	
TO VALUATION VOLATILITY RESERVE - COMMERCIAL CONTINGENCY	149	
TO VALUATION VOLATILITY RESERVE - TREASURY MANAGEMENT	419	
NET CONTRIBUTION TO GENERAL FUND BALANCES:	**(812)**	

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

The capital out-turn position for 2019/20 is £18.029m, this is a 20.64% reduction on the current revised budget (original budget + carry forwards + approvals in year). The slippage on capital schemes is detailed in 3.1.2.

The Treasury Management activities during the reporting period are disclosed in the body of this report (Section 4).

There have been no breaches of Treasury or Prudential Indicators. The overall weighted average interest rate on all treasury investments for the year is 1.655% and has generated circa £0.267m in investment interest.

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: n/a

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**

1. Executive Summary

This report provides the oversight of financial performance for;

- Revenue Forecast Out-Turn - Surplus £1,380k (10.29% of Forecast Net Revenue Expenditure).

- Capital Forecast Out-Turn - £18.029m, a variance of £4.690m against current budget £22.719m, this is made up of:
  - **Anticipated Slippage of £4.654m to 2020/21**
    - See 3.1.2 for details of which schemes this relates
  - **Overspend on one scheme of £0.035m**
    - This is in relation to the Crematorium where compensation events have resulted in variations to contract price. This is within the 10% tolerance originally approved by committee.
  - **£0.071m underspend on various schemes which are now complete.**
    - See table at 3.1.3 for details

- Treasury Management Report and monitoring
  - Average investment interest rate for the financial year 1.655%
  - Total Investments at end Q4 £11.670m

The tables below reflect investment movements and prudential borrowing analysis:

Investment Movements	**Q4 £'000**
Investments B/fwd (at 31.3.2019 incl. bank)	**14,265**
Less Capital expenditure	(18,029)
Add PWLB/Other LA Borrowing in year	9,000
Less Net Revenue Expenditure	(13,418)
Add Net Collection Fund Movement (Ctax/NNDR)	16,681
Add Working Capital Movement	3,171
Investments c/fwd (at 31.03.2020)	**11,670**

Our prudential borrowing position reflects actual borrowing undertaken from the Public Works Loans Board/Other Local Authorities and the amount of internal borrowing required to meet the actual costs of borrowing up to the 31.03.2020

Prudential Borrowing at 31.03.2020	**Q4 £'000**
Total External Borrowing (PWLB) and Other Local Authorities	20,000
Internal Borrowing	13,381
Total Prudential Borrowing at 31.03.20	**33,381**

REVENUE BUDGET MONITORING PERIOD 4
(Forecast outturn for 2019/2020)

2. The Revenue Budget forecast out-turn currently stands at a net contribution to reserves of £1,380k as detailed in the table below, this is after taking account of £815k of budget carry forwards, the details of which are provided at Appendix 4.

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

Actual Outturn by Cluster

SERVICE CLUSTER	2019/20		
	Budget £	Actual Outturn £	Outturn Variance £
Our People	5,110,600	4,732,242	(378,358)
Our Place	1,289,100	1,025,921	(263,179)
Our Council	5,623,300	4,844,585	(778,715)
Controllable Total	**12,023,000**	**10,602,749**	**(1,420,251)**
Corporate Accounting:			
Interest Receivable	(242,100)	(321,536)	(79,436)
Interest Payable	773,900	368,584	(405,316)
Investment Income	(1,103,500)	(1,267,647)	(164,147)
Precepts and Levies	2,379,200	2,382,257	3,057
Statutory Accounting:			
Capital Expenditure Charged to General Fund	3,463,800	2,638,555	(825,245)
Movement in Reserves:			
To / (From) General Fund	(1,026,200)	(1,247,671)	(221,471)
Use of Specific Reserves	(4,996,400)	(4,133,582)	862,818
Contribution to Specific Reserves	3,517,100	3,538,156	21,056
Repayment of Borrowing	10,000	91,440	81,440
Net Revenue Expenditure	**14,798,800**	**12,651,303**	**(2,147,497)**
Funding Total	(14,798,800)	(14,846,903)	(48,103)
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	**0**	**(2,195,600)**	**(2,195,600)**

Carry Forwards - approved in year	222,700
Carry Forwards - approved at year end	302,800
Carry Forwards - use of Earmaked Reserves	289,600
Net Contribution (To) / From Reserves	**(1,380,500)**
Surplus-to Valuation Volatility Reserve	568,000
(Surplus)/Deficit-to General Fund	**(812,500)**

2.1 The significant movements being;

Cluster	EXPENDITURE	Total £000	Direction of Travel
	BUDGET UNDERSPENDS		
	Salary savings.	(£347)	↑
Funding	Government Grant income received.	(£47)	↑
Investment Income	Net impact of investment property acquisitions.	(£159)	↔
Interest Payable & Receivable	Treasury management activities.	(£419)	↑
Interest Payable & Receivable	Interest Receivable.	(£80)	↑
Our Council	Insurance Premium savings.	(£17)	↔
Our Council	Commercial Contingency budget surplus.	(£149)	**New**
Our Council	Systems Development - Renegotiated contracts (£5k), budget not required (£12k), income from street naming & numbering (£17k), plus additional income achieved (£18k). Balance of (£26k) relates to aligning subscriptions to financial year.	(£78)	↑
Our Council	Audit plan savings.	(£18)	↑
Our People	Park Spring Community Centre - reduced contributions towards maintenance of centre. Contingency fund of £20k held in reserves.	(£15)	↔
	PRESSURES		
Interest Payable & Receivable	Increase in bad debt provision.	£7	↑
Our People	Customer Services - increased software licences costs.	£22	↑
	Various forecast outturn variances <£10k.	£11	↑
		(£1,289)	

Cluster	INCOME	Total £000	Direction of Travel
	BUDGETED INCOME EXCEEDED		
Our People	Green Waste service income target exceeded (£96k) plus operational savings of (£6k).	(£102)	↔
Our People	Shopping Trolley reclaim income.	(£29)	↑
Our Place	Planning fee income £12k below target, offset by increased pre-application income (£15k), refunds and reimbursements in (£19k), (£7k) viability assessment work charged for, and reduced hearing costs (£10k). Savings across operational expenditure (£14k).	(£52)	↑
	BUDGETED INCOME NOT ACHIEVED		
Our People	Land Charges income target not met - £33k, offset by reduced search fees (£20k)	£13	↑
Our People	Housing Benefits - net subsidy position.	£35	New
Our People	Crematorium income target not achieved.	£51	New
Our Council	Commercial Contingency - to offset crematorium fee income pressure.	-£51	New
Our Place	Impact of property not leased out until 15 July 19 at reduced rate - total pressure £73k (loss of rental income-£56k, plus NNDR-£17k). Loss of rental income at other properties £27k. (£66k) was allocated for preparation works at the Depot site which was carried forward from 18/19. This is to be returned to General Fund balances pending future review of requirements.	£34	↑
Our Place	Car park income - pay & display income target not achieved.	£10	↑
		(£91)	

TOTAL VARIANCE	**(£1,380)**

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

2.2.1 Interest & Investment Income

- £419k of the forecast contribution relates to interest payable on borrowing. We provide a base budget estimated on the capital financing of schemes from prudential borrowing and assume that this borrowing will be from the Public Works Loans Board. This ensures we have a sustainable base budget which provides for future interest and mitigates minimum revenue provision costs.

  In reality, we manage our actual borrowing through our Treasury Management function, utilising any surplus cash balances as internal borrowing, rather than taking on costly additional debt.

  This committee have previously approved that any net surplus be set aside at the year end to the Valuation Volatility Reserve should it be required to meet the policy requirement of a minimum 5% of our investment portfolio purchase price.

- A Commercial Contingency budget of £200k is a base budget to mitigate a number of commercial risks, including investment properties, demand led service income etc. It is proposed that £51k is utilised to offset the forecast pressure on crematorium income, and the remaining balance of £149k be transferred to the Valuation Risk Reserve.

- With the contribution of £568k (£419k Treasury Management activities + £149k Commercial Contingency surplus), the balance of the Valuation Volatility Reserve will be £1.767m (8.16% of our investment portfolio purchase price.)

  Approval to spend up to £30m on investment property (with £7m budgeted this financial year which was carried forward from 2018/19). The 2019/20 base budget assumed a net contribution of £563k in 2019/20 raising to £728k by 2020/21.

  A property has been purchased during this financial year and income generated for investment properties is forecast to be £159k above target.

  The Council continues to assess its options with regards to purchasing commercial investment properties.

- Other interest receivable has exceeded the budgeted target by £80k.

- Bad debt provision – over the past 2 years the contribution towards our bad debt provision has been; 2017/18 £89k and 2018/19 £105k. The actual contribution to our bad debt provision for 2019/20 is £7k, based on the level of outstanding debt as at 31st March 2020.

2.2.2 Our Council

- Systems Development has generated a net contribution to reserves of £78k, due to various in year adjustments. Renegotiated contracts £5k, budget not required £12k, income from street naming and numbering £17k, plus additional income achieved £18k and £26k relating to aligning subscriptions to the financial year.

2.2.3 Our People

- The 2019/20 budget for Green Waste Charging reflects a net contribution of £752k. With actual income at £919k from subscriptions for the year, and operational savings the forecast net contribution is £854k, £102k above the prudent original forecast. (£96k additional income and £6k net operational savings).

- Crematorium – The income target has been underachieved by £51k, partly due to the delay in opening. As the crematorium is a demand led service, the commercial contingency budget will be utilised to offset the underachievement on fee income of £51k.

2.2.4 Our Place

- A tenancy of a previously vacant property has been secured during the year, with effect from 15th July 2019. A reduced rent has been agreed for 2 years to secure this lease, resulting in a forecast loss of rental income of £56k for the year, plus NNDR costs incurred by the Council up to the commencement of the lease of £17k. This is a total pressure against the budget of £73k.

- £60k budget for works to get the sites ready prior to vacating at the current operational services depot site was carried forward from 2018/19 and has not been required for spend during 2019/20. Rather than carry forward into 2020/21 the surplus will be transferred to General Fund Balances (GFB). Members are asked to approve the use of up to £60k from GFB if required.

- There is a potential requirement to utilise up to £40k of the contribution to reserves to support any financial impact of the depot once operational, should it be required. This is a saving generated by Waste Collection services during 19/20 (included in the overall net contribution to reserves figure reported). Members are asked to approve the use of up to £40k from GFB if required.

- Planning Services have generated a £52k surplus for the year. Planning fee income is £12k below target, offset by increased pre-application income £15k, refunds and reimbursements in £19k, £7k viability assessment work charged for, and a £10k reduction in hearing costs. Savings across other operational expenditure £13k.

2.2.5 Establishment

Current vacancy levels after costs of interim staffing resources has achieved a £347k budget underspend this represents 3.03% of the overall employee budget. This is broken down by cluster as follows;

Cluster	Forecast Outturn £
Our Council	(206,094)
Our People	8,714
Our Place	(149,128)
Grand Total	**(346,508)**

2.2.6 Financial Implications of Covid-19

We are monitoring the ongoing financial implications of the Covid-19 pandemic and will update Members regularly. The financial impact on the 2019/20 outturn position, included in the net contribution to surplus figure of £1,380k, was a pressure of £16k in loss of income, £12k in relation to the Trinity Arts Centre.

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 The actual performance has achieved well above target and £1,700k of ongoing additional income which had been built into the Medium Term Financial Plan 2019/20-2023/24.

2.3.3 For 2019/20 the forecast net contribution total of £2,006k is detailed below;

3 £715k Investment in Commercial Property (Target £600k by 2020/21)
4 £156k Trade Waste Income
5 £854k Green Waste
6 £ 74k Pre-Application Planning Advice
7 £ 14k Surestaff Lincs Ltd (Recruitment Agency)
8 £ 59k Commercial Loan income
9 £ 134k Leisure contract

2.4 Fees and Charges

2.4.1 £3,595k has been received in Fees and Charges for the year 2019/20 against a budget of £3,504k, additional income to date of £91k. The significant variances are included in the table at 2.1.

2.4.2 The most significant areas of additional income being:

- Garden Waste (£98k) - see 2.2.3
- Trinity Arts Centre (£21k) – however the additional income generated was offset by increased operational costs resulting in a net controllable cost of £18k.
- and House Naming, and Street Naming and (£17k) see 2.2.2

2.4.3 The significant areas of under achieved income against target being Crematorium income £51k as detailed at 2.2.3 above.

2.4.4 Amendment to Fees and Charges Schedule – Crematorium

Members are asked to approve two additions to the fees and charges schedule approved by Council in March 2020, relating to Crematorium charges, to be effective immediately;

Prosperous Communities Committee	Crematorium			
	2020/21	VAT Amount	2020/21 Charge Inc. VAT	VAT Rate
	£	£	£	
Visual tribute (for additional 25 photos)	£25.83	£5.17	£31.00	S
Sanctum 2000 vault (leased for 10 years) including upto 80 letters **	£791.67	£158.33	£950.00	S
Sanctum 2000 vault - per letter above 80	£1.75	£0.35	£2.10	S

Visual Tribute – the original fees and charges schedule contains a charge for visual tributes to include up to 25 photographs (£48 incl VAT). However, there have been requests for tributes to include photographs in excess of 25. The supplier charges for additional batches of up to 25 photographs, and it is proposed to add a line to the schedule for up to an additional 25 photographs at £31 incl VAT.

Sanctum 2000 Vault - A Sanctum 2000 vault can hold up to 2 sets of cremated remains or other personal tributes. Each vault is adorned with a polished granite plaque personalised memorial option that will be beautifully inscribed with words and bespoke artwork of choice. The sanctum vault is an individual memorial.

When selling a Sanctum vault, the first 80 letters on the plaque are included. Additional letters cost WLDC £1.50 per letter (net of VAT). It is proposed to charge for additional letters at £1.75 per letter (net of VAT).

A benchmarking exercise has shown that this is the average amount charged per letter. A charge is advisable to prevent large amounts of narrative being requested.

The narrative of the first line of the fees & charges schedule above has been amended, and a new line added for the additional letters.

2.4.5 Amendment to Fees and Charges Schedule – Civil Penalties

Members are asked to approve an addition to the fees and charges schedule approved by Council in March 2020, to be effective from 1st June 2020;

Prosperous Communities Committee	
Housing and Planning Act - Civil Penalties	up to £30,000

As of June 1st 2020 the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 will apply to all private rented properties. These regulations place additional duties on landlords in relation to the electrical installations within their properties. If these duties are not met, there is provision for the Council to serve notices, carry out remedial action and issue a financial penalty to the offending landlord. This penalty will be determined by a local policy (which will be submitted to the Prosperous Communities Committee in due course) and will enable the Council to issue financial penalties of up to £30,000.

It is therefore requested that this charge be added to enable the Council to enact this power as soon as practically possible, subject to the relevant policy being agreed.

2.5 Use and Contribution to Reserves

2.5.1 2019/20 Use of Reserves – Delegated Decisions

The Chief Finance Officer has used delegated powers to approve the use of earmarked reserves up to £50k, new delegated decisions totalled £94.1k;

- **FROM MAINTENANCE OF FACILITIES RESERVE**
  - £11k - LED Lighting to various car parks.
  - £21k - Revenue works carried out in response to condition surveys.
  - £1.5k - Asbestos survey and disconnection of power supply at Sandsfield Lane Pavilion, as a precursor to demolition.
  - £8k - Guildhall kitchen refurbishment costs.
  - £3k - to complete LED lighting works at TAC.
- **FROM IT RESERVE**
  - £6.5k - Revenue spend relating to Desktop Refresh – equipment costs.
  - £4.2k - Revenue spend related to desktop refresh – staff costs to install.

- £26.4k from Unapplied Grants reserve. To cover the costs of approved grant funded post – Planning & Housing Monitoring Officer.

- £2.2k from Supporting Vulnerable Communities Reserve. CCTV expansion revenue spend.

- £10.3k from Project Investment Reserve. Revenue spend related to CRM project.

2.5.2 2019/20 Use of Reserves – Member Approval Required

The following use of earmarked reserves is greater than £50k and requires the approval of Corporate Policy and Resources committee;

- £126.9k from Investment for Growth
  In accordance with the terms of the GLLEP grant funding agreement in relation to the discontinued Food Enterprise Zone project, grant funding received has to be repaid. The funding had covered the revenue feasibility costs of the scheme, which the Council will now have to fund from its own resources.

2.5.3 2019/20 Contributions to Reserves

The following contributions to earmarked reserves total £653k;

- £419k to the Valuation Volatility reserve (RE26). Net surplus on interest payable on borrowing, contribution to reserves as per the non-treasury investment strategy.
- £149k to the Valuation Volatility reserve (RE26) being the remaining balance of the Commercial Contingency budget of £200k.
- £34.7k to Neighbourhood Planning Grant reserve (RE94). This is grant received during the year in excess of costs incurred.
- £35k to Civil Penalties and Enforcement reserve (RE05). The income obtained via Civil Penalties under the Housing Act is required to be retained for work related to Private Sector Housing Enforcement. Any surplus generated is therefore transferred to the reserve for future service requirements.
- £11.9k to Trinity Arts Centre (RE97), to provide resources for future service investment in accordance with approved business plans.
- £3.4k to Maintenance of Facilities reserve (RE01). FiTS income received during 2019/20 to be transferred into reserves. £17k contribution to reserves is budgeted for during the year, £20.4k income was actually achieved requiring a further transfer of £3.4k, these funds are utilised for carbon reduction initiatives within our own properties.

2.6 Delegated Decisions

The following Delegated Decisions have been implemented in response to the Covid-19 pandemic.

These decisions would have been taken by the Corporate Policy and Resources Committee but all Committee meetings have been suspended due to the Covid-19 situation. Whilst additional costs will need to be met in the first instance from the General Fund balances, the Council will be making representations to Government for additional financial support.

Delegated Decisions implemented:

- **Suspend car parking permit direct debits for 3 months (April – June 2020).** It has been agreed to suspend DD's for 3 months on the basis that anyone continuing to use the car parks will be minimal essential key workers. The cost of this decision will be in the region of £24k and will be met from General Fund Balances.

- **Suspend car park tickets for 3 months** . In respect of health and safety and to ensure there is no risk of contamination through the use of parking meters, a decision was made that the need for a car park ticket be suspended for a period of 3 months. The cost of this decision is likely to be negligible in light of the current situation as car parking income would have been significantly affected by the measures put in place by the Government. However, there will be a budget pressure of circa £33k which will be met from General Fund Balances.

- **Closure of public toilets for 3 months**. In respect of health and safety and to ensure there is no risk of contamination through the use of public toilets, a decision was made to close these facilities for an initial period of 3 months and subject to ongoing review. There is no cost of this decision, however there may be small savings on running costs.

- **Crematorium reduction in webcasting fee for 3 months**. Due to the restrictions being placed on attendance at funerals it is proposed that the charge for webcasting be reduced from £48 to £20 per webcast (excluding VAT). The financial impact is expected to be minimal.

- **Treasury Management indicators increased.** That all Treasury Management indicators are, for the time being, to be increased to any value required to ensure the effective management of the Council's cash flows.

  Counter party limit increases;

  Upper investment limits with AAA rated Money Market Funds be raised to £7.5m from £5m.
  Lloyds Bank, our bankers, raised to £2m current account, £7.5m deposit account (increased from £1m and £5m respectively).

  There will be an impact of these measures on our investment and borrowing budgets, and this will continue to be monitored.

2.7 Grants

2.7.1 Successful Grant Bids and New Grant determinations

The following grants have been awarded during this period: (Covid-19 grants were received in April 2020);

Grant Issued By	Name of Grant	£
DWP	Rent Rebates	189
DWP	Admin Grant	59,274
DWP	Rent Allowances	4,130,244
HCLG	Brownfield Register New Burdens Grant	2,446
HCLG	Transparency Code New Burdens	8,103
HCLG	Retail Discount New Burdens Grant	9,225
HCLG	Cold Weather Fund Grant	9,970
HCLG	Council tax family annexe	11,116
HCLG	Pocket Parks	12,000
HCLG	Self & Custom Build	15,000
HCLG	Property Flood resilience grant	50,000
HCLG	Covid-19 Support to Small Business Grant Fund	53,235
HCLG	Neighbourhood Planning Grant	60,000
HCLG	New Homes Bonus Scheme	230,954
HCLG	Covid-19 Hardship Fund Grant	793,388
HCLG	Covid-19 Business Support Grant	18,664,000
LCC	GLEPP SLGF Claim Q4 1b 19/20	16,673
LCC	Contribution to Mayflower Salaries	17,000
LCC	GLEPP SLGF Claim Q3 1b 19/20	25,000
LCC	Scampton OPE Feasibility Works Grant	30,571
	TOTAL:	24,198,388

Other Items for information

2.7 Planning Appeals

In period 4 2019/20 there were 11 appeals determined, as follows;

Period	Number of Appeals	Allowed	Dismissed
January	3	0	3
February	4	1	3
March	4	1	3
Total for Period 3	**11**	**2**	**9**

Costs of £5k have been awarded against us in relation to one appeal.

There is one live application for costs.

2.8 Aged Debt Summary – Sundry Debtors Aged Debt Summary Period 4 Monitoring Report

At the end of March 2020, there was a total of £181k 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 £65k the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.

- Environmental Protection & Licensing £70k

Month	90 – 119 days £	120 – 149 days £	150+ days £	Total £
Qtr 1 - May 19	13,566	1,371	174,136	189,073
Qtr 2 - September 19	19,388	109,463	53,029	181,880
Qtr 3 - December 19	3,078	2,127	183,851	189,056
Qtr 4 - March 20	5,399	15,906	159,526	180,831

2.9 Changes to the Organisation Structure

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

Commercial Development – delete permanent Leisure & Cultural Services Team Manager, and create permanent Commercial Services Manager. Net impact on MTFP saving of £9k pa.

Systems Development – delete permanent Enabling Technology Project Officer and create 2 new permanent posts – Senior Enabling Technology Officer and Business Intelligence & System Analyst. Net impact on MTFP pressure of £39.5k pa.

Closer to the Customer – 2 new fixed term posts (2 + 1 years), Enabling Technology Officer and Data Migration Technical Officer. The posts are funded from the IT Earmarked Reserve.

Housing and Environmental Enforcement – a restructure of the service has resulted in the following permanent amendments to the establishment;

- Delete Post - Housing Standards & Enforcement Officer
- Delete Post - Principal Enforcement & Compliance Officer
- Delete Post - Principal Enforcement & Compliance Officer
- New Post - Senior Housing Standards Officer
- New Post - Support Officer

The net impact on the MTFP of £6.5k pa has been met from an increase in income target for the service.

3.1 CAPITAL BUDGET MONITORING – Quarter 4

3.1.1 The Capital Budget out-turn for schemes totals £18.029m against a revised budget of £22.719m, resulting in a variance of £4.690m, of which a net £4.654m is requested for carry forward and £0.036m being net underspends on scheme budgets.

3.1.2 Approvals to Carry Forward £4.654m, are requested as detailed in the table below, with the most significant being;

- £1.334m for investment properties – no further bids were made prior to the year end, however, we continue to assess opportunities.
- £1.024m Market Rasen Leisure Centre – the scheme is due to complete in July 2020
- £0.250m Trinity Arts Refurbishment, the address system completed in 2019/20, however other equipment purchases and refurbishment works

will commence in the new financial year.

- £0.219m Depot Review, preliminary works were undertaken in 2019/20, the scheme is due to commence in 2020/21.
- £0.210m Carbon Efficiency – Parish Street Lighting. The scheme is currently under review and is now likely to go out for tender in 2020/21.

Included in the net carry forward request is a claw back of £0.078m Disabled Facilities Grants (DFG) from 2020/21, due to a high number of DFG claims being completed in the final quarter of 2019/20.

Included in the position of net underspend of £0.036m is one scheme which overspent;

- £0.035m Crematorium due to compensation events, this has been financed from borrowing

This overspend is offset by minor underspends on several schemes totalling £0.071m which will enable the respective financing to be utilised for future investment schemes.

3.1.3 The out-turn position for capital schemes is provided at Appendix 5.

Commercial Investment Properties 2019/20

3.1.4 The Council has invested in one commercial property during the year which totalled £5.681m (including costs) bringing our total portfolio of properties to 6 and a property yield of 6.53%

3.1.5

Property	Acquisition Price	Total Capital Costs
Nissan Peugeot Garage, Wheatley Road, Doncaster	£5,350,000	£5,681,438
Total	**£5,350,000**	**£5,681,438**
Portfolio Gross Yield		**6.53%**

3.2 Acquisitions, Disposals and Capital Receipts

3.2.1 The Council has made no acquisitions in Quarter 4.

3.2.2 The Council has made three asset disposals during Quarter 4.

- Land at Japan Road, Gainsborough
- Land at Wilson Street, Gainsborough
- Heapham Road, Gainsborough

3.2.3 Capital Receipts - The total value of capital receipts for the year total £0.478m relating to;

- £0.130m from the Housing Stock Transfer Agreement share of Right to Buy receipts,
- £0.023m loan repayments
- £0.325m asset sale proceeds

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. However, on the 30 March 2020 an urgent Delegated Decision was signed off to increase our Treasury Counterparty limits:

- Upper investment limits with AAA rated Money Market Funds to be raised, £7.5m from £5m
- Lloyds Bank, our bankers, raised to £2m current account, £7.5m deposit account (increased from £1m and £5m respectively)

These changes were required for effective cash management due to receiving circa £20m in Grants from Government in relation to Covid-19 initiatives.

4.2 Economic Background (Appendix 1)

4.3 Interest Rate Forecasts (Further Detail Appendix 2)

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

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

4.4 Interest received has been in excess of the 7 day average libid benchmark at the end of March (0.53%) with an average yield of 1.713% (including CCLA) and 0.753 (excluding CCLA) for Quarter 4.

4.5 The overall weighted average interest rate on all treasury investments for the year is 1.655% and has generated circa £0.267m in investment interest.

4.6 **Investments**

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

Investment Movements	**Q3 £'000**	**Q4 £'000**
Investments B/fwd (at 31.3.2019 incl bank)	14,265	**14,265**
Less Capital expenditure	-14,241	-18,029
Add Borrowing in year	5,500	9,000
Less Net Revenue Expenditure	-8,319	-13,418
Add Net Collection Fund Movement (Council Tax/NNDR)	12,042	16,681
Add Working Capital Movement	2,370	3,171
Investments c/fwd (at 31.3.2020 incl bank)	11,617	**11,670**

The Council held investments of £11.600m in addition to a bank balance of £0.070m. The table below details where these investments were held as at Q4:

Investments at Q4	**Q3 £'000**	**Q4 £'000**
Lloyds Deposit Account	0	0
Lloyds (32 Day Notice Account)	3,000	800
Lloyds (95 Day Notice Account)	1,000	1,000
Lloyds Bank Account	87	70
LGIM Money Market Fund	2,530	2,800
CCLA Property Fund	3,000	3,000
Santander (365 day Notice Account)	2,000	0
Thurrock Council	0	1,000
Cheshire East Council	0	1,000
Kirklees Council	0	2,000
Total	**11,617**	**11,670**

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 £0.159m.

In recent weeks, the effects of Covid-19 (coronavirus) have resulted in a sharp fall in economic activity and in significant declines in the value of many assets.

These changes will be reflected in property valuations, however, at present, the sheer pace of change in the investment environment and the relative infrequency of transactions in the sector means that it is not possible for valuers to be confident that their valuations truly reflect prevailing conditions.

CCLA asset managers have a duty to ensure that all transactions in the property funds are conducted at prices which are accurate and fair to both holders and those wishing to purchase or sell units/shares.

In circumstances where that is not possible and where there is therefore a material risk of disadvantage to either party, CCLA are obliged to suspend transactions until the required level of certainty is re-established. No further investments or redemptions will be allowed until further notice.

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 £3.5m from the Kettering Borough Council on 24/01/2020. The borrowing has been taken for a period of 1 year at a rate of 1.02%. This brings the total external borrowing to £20m, PWLB £16.5m and other Local Authorities £3.5m.

4.9 **Total Prudential Borrowing at Q4.**

	Q3	Q4
Prudential Borrowing	**£'000**	**£'000**
Total External Borrowing	16,500	20,000
Total Internal Borrowing	18,094	13,381
Total Prudential Borrowing	34,594	**33,381**

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	48,519	48,519	48,519	48,519	48,519
Operational boundary for external debt	43,184	42,809	40,588	39,165	37,906
External Debt Long term Leases Investments	33,863 0 (9,527)	30,292 0 (9,528)	28,189 0 (13,706)	23,198 0 (12,866)	20,000 0 (11,670)
Net Borrowing	**24,336**	**21,034**	**14,483**	**10,312**	**8,330**
Prudential Indicators					
Capital Expenditure	21,698	32,062	22,655	22,263	18,029
Capital Financing Requirement (CFR)*	43,184	42,810	40,589	39,165	37,906
Of Which Commercial Property	*22,999*	*22,999*	*22,999*	*22,999*	*21,602*
Annual change in CFR*	13,672	19,726	17,505	16,082	14,824
In year borrowing requirement	33,863	30,292	28,189	23,198	20,000
Under/(over)borrowing	9,321	12,518	12,400	15,967	17,906
Ratio of financing costs to net revenue stream*	4.00%	1.69%	1.89%	1.49%	1.46%
Incremental impact of capital investment decisions:					
Increase/Reduction (-) in Council Tax (band change per annum)	(£0.31)	(£3.30)	(£6.33)	(£7.20)	(£7.26)

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

APPENDIX 1: Detailed economic commentary on developments during quarter ended 31 March 2020

During the quarter ended 31 March 2020 *(quarter 1 of 2020):*

- Lockdowns were put in place across much of the world to counteract the spread of the coronavirus;
- The UK government announced a fiscal package two-and-a-half times the size of that seen in 2008/09;
- Bank Rate was cut from 0.75% to 0.10% and the Bank of England restarted quantitative easing (QE);
- There was a significant tightening in financial conditions;
- Equity prices and sterling plunged;
- Unemployment benefit claims shot up;
- Disinflationary pressures intensified.

The policy response unveiled in response to the coronavirus crisis has been unprecedented in both its speed and scale. We estimate the UK government's fiscal package is now worth £119bn (5.3% of GDP), two-and-a-half times the size of that seen after the financial crisis in 2008/09.

The Bank of England has shown too that it is willing to do whatever it takes to support demand and to keep the financial markets functioning smoothly. In the space of a few weeks, it has slashed Bank Rate from 0.75% to its estimate of the effective lower bound of 0.10%, announced an increase in QE of £200bn, at least as large as the QE packages announced after the 2008 financial crisis. It has also unveiled three new measures to help firms struggling with cash flow problems. First, it launched a Term Funding Scheme with incentives for Small and Medium-sized Enterprises. Second, the Bank has reduced the so-called countercyclical capital buffer from 1% to 0% until at least March 2022. And third, it has set up a new Covid Corporate Financing Facility (CCFF), to provide unlimited liquidity for banks.

Taken together, this spectacular fiscal and monetary support gives us more confidence that the economy will recover reasonably quickly once the virus has been brought under control and that this economic and health crisis will not morph into a full-blown financial and banking crisis. Indeed, the actions of central banks around the world has helped to steady the mood in the markets this week, with the FTSE 100 – which was down by 34% between 31st December 2019 and 20th March – and other risky assets rallying. In the UK, banks have already borrowed a record £11bn for three months from the Bank of England via its Contingent Term Repo Facility. In addition, the Bank of England is expected to start providing loans directly to businesses soon via the new CCFF. Its plan to start buying corporate bonds again (as part of the £200bn of asset purchases it has already pledged) should help narrow credit spreads too.

Even so, policymakers' work may not yet be done. The Government has already effectively nationalised the rail network for six months. It may eventually be forced to bail out the UK's airlines, large tracts of the bus network may be temporarily nationalised for six months, and more help may be on the way for UK charities. What's more, although LIBOR and corporate bonds spreads have not risen further in recent days, they have not fallen back much either and remain at levels not seen since the financial crisis, raising the risk of a drying up in the supply of credit. Should these spreads widen further, or gilt yields spike again like they did two weeks ago when the 10-year gilt yield reached 1.00%, then we expect the Bank to do more by providing more liquidity and/or increasing its asset purchases.

More powerful options would be to follow the US Federal Reserve and announce open-ended QE or copy the Bank of Japan and implement yield curve control. The latter would require the Bank to pledge as much QE as needed to keep gilt yields below a certain rate. Bank of England Governor Andrew Bailey is against the nuclear option of helicopter money. But with the government's budget deficit set to blow out by around £190bn this year and the Bank due to buy £200bn of assets, the lines between monetary and fiscal policy are already very blurred.

But for all the firepower they have deployed, neither the Chancellor nor the Bank of England can prevent the coming recession. So far, we have little evidence of the size of the likely slump in economic activity. But with the economy stagnating in Q4 and in January, we know that the economy headed into the crisis on a weak footing. The 0.0% m/m change in GDP in January was particularly worrying as we had expected the year to start on a strong note before the hits from the floods and coronavirus began to be felt.

And households' balance sheets looked fragile even before the coronavirus. The household saving ratio of 6.2% in Q4 2019 was still a long way below its average since 1997 of around 8%. Meanwhile, the underlying current account deficit, (excluding the non-monetary gold component), was still about 3% of GDP in Q4, which partly explains why the pound has been hit so hard recently, with the sterling trade-weighted index having fallen by 9.4% between the end of last year and March 20th. At least the 2.4% rise in profits in the year to Q4 suggests that businesses were reasonably healthy going into the crisis.

Meanwhile, the scale of the declines in the timelier indicators that we track means it's all but certain the economy is now contracting. The plunge in the composite PMI, from 53.0 in February to 37.1 in March, left the index at its lowest level since the series began in 1998. And this survey was conducted between 12th-20th March, even before the UK entered into a full lockdown on 23rd March. High frequency indicators such as restaurant bookings and cinema visits have since dropped to zero now that dine-in restaurants and cinemas have closed. And traffic volumes at peak time are just a fraction of their normal levels.

Following the enforced closure of almost all non-food stores, we now expect an eye-watering fall in retail sales in the region of 30% m/m in April. **And we have pencilled in a total fall in output of 15% q/q in GDP in Q2, which would be unprecedented in size and pace. This is well in excess of the 6% fall in the financial crisis and the 8% drop in the Great Depression. And it could be much bigger.**

As the economy heads into recession, disinflationary pressure is also likely to be rife. The collapse in economic activity, spike in unemployment and slump in oil prices look set to push CPI inflation down from 1.7% now to around 0.5% in August, with the risk that inflation falls to, or below zero. The initial fall will mostly be due to the more immediate energy effects linked to the plunge in oil prices. But as the hit to demand feeds through later in the year, core inflation (exc. energy, food, alcohol and tobacco) looks set to drop from 1.6% in February to about 1.0% by the start of 2021. **This means that even by 2021, there may be little pressure on the Bank of England to raise interest rates from the current all-time low of 0.10%.**

Of course, activity should rebound once the containment measures are lifted. In particular, the real estate sector and big-ticket durable goods producers should regain some lost ground, as those people who didn't lose their jobs and income during the recession make delayed purchases.

But even with these stimulus measures in place, we are sceptical we will see a perfect V-shaped recovery in the second half of the year for a few reasons. First, we can only guess at how long schools, shops, restaurants or factories will be closed. Each extra month of school closures could knock another 2.5% off quarterly GDP. And the longer the recession, the more likely there will be some lasting economic and psychological scars. Second, the lesson from China is that the recovery may be uneven, with production rebounding first and consumer spending being slower to recover.

And third, we are getting more concerned that when it comes to unemployment the horse may have already bolted. Before the government announced its Coronavirus Job Retention Scheme on 20th March, in which the government pays 80% of the salaries of furloughed works, in the 9 days to 16th March the number of applications for the Universal Credit scheme (which provides unemployment benefits) shot up from a normal rate of 50,000 a week to 477,000. So it appears that many people have already lost their jobs or expect to.

So a swift recovery is not guaranteed. Some businesses won't survive, some workers will lose jobs, and both may take a while to regain their willingness to spend. **Overall, while we assume that GDP will recover reasonably quickly in the second half of 2020, it may be a few years before the economy reaches the level it would have done had the coronavirus shock not happened.**

And there will of course be big economic and political questions that will need to be answered once the virus fades, including how the UK will tackle the increase in the debt burden and if it will embrace a further bout of austerity. We estimate that the budget deficit will soar, probably from 2% of GDP now to almost 11% of GDP, higher than the 10.2% peak seen after the financial crisis. The government debt to GDP ratio will probably jump from 77% to about 105%, the highest since the 1960s. This has led the ratings agency Fitch to downgrade UK government debt from AA to AA-.

This is not an immediate problem as the markets' ability to absorb this debt won't need to be tested. In fact, the Bank of England's huge QE programme means that it will hoover up these new bonds. Further down the line, though, the government will be faced with an unenviable choice of whether to let debt be eroded only very gradually by economic growth, to try to inflate it away or to resort to more austerity.

APPENDIX 2: Detailed commentary on interest rate forecasts

Our treasury management advisers, Link Asset Services provided us on 31 March with the following update to their interest rate forecasts.

Comparison of forecasts for Bank Rate today v. previous forecast								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
30.3.20	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
31.1.20	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
change	-0.65	-0.65	-0.65	-0.65	-0.90	-0.90	-0.90	-0.90

The world has changed considerably since we undertook our last interest rate forecasts and newsflash on 31 January. We are now in a completely different environment where interest rate forecasting is much more problematic and tentative than it is in normal circumstances. The scale of both Government and Central Bank intervention that we have recently seen is historic in its magnitude. What you find in this newsflash, therefore, is a set of forecasts that reflect the latest known situation with regard to coronavirus, and its likely impact on economies around the world given the unprecedented lock-downs now being put in place by many governments.

The new set of forecasts will be subject to change if materially new information/policies come to light. Pragmatically, we are also only going to give forecasts for two years ahead in view of the exceptional levels of uncertainty at the current time.

For now, we are making an assumption that the coronavirus will be "defeated" in the UK over a 6 to 12 months period, either through lock-downs and/or the invention and distribution to the general population of a vaccine. However, no one can be 100% confident that the virus will not return before a vaccine is available and widely used, and so there may be a requirement for further lock-downs despite all our best efforts. In addition,

- We can expect to see on-going market volatility, and therefore the potential for on-going Government and Central Bank intervention as required, for perhaps up to a year but also possibly longer;

- The MPC will aim for very loose monetary policy, primarily through the use of quantitative easing, in order to maintain low yields/funding costs to help support businesses and to also maintain appropriate levels of liquidity;

- We will, therefore, most likely have a very flat yield curve for at least a year before investors are sufficiently confident to push for higher yields in order to hold existing and additional debt incurred in putting measures in place to fight coronavirus.

- Bank Rate will stay at 0.1% for the next two years and any yield steepening will only arise after it is apparent that the end of the coronavirus epidemic is in sight;

- The measures recently introduced by Government to underpin the job security of both PAYE workers and the self-employed will be extended past 12 weeks if necessary;

- Inflation will stay below 2% and wage increases will be tepid in the face of economic uncertainty and a steady rise in unemployment;
- The economy is likely to take a considerable time to recover lost momentum;
- Brexit will still go ahead but the original timeframe may be impacted;
- There will be a recession in world growth in 2020; growth is unlikely to recover quickly.

LINK ASSET SERVICES' FORECASTS

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more "risky" assets i.e. equities, or the "safe haven" of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

Our forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU, (apart from the departure of the UK), within our forecasting time period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China, North Korea and Iran, which have a major impact on international trade and world GDP growth.

Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The table below is for PWLB Certainty Rates for non-HRA borrowing (currently gilts plus 180 basis points).

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

In addition, the following rates also apply:

- **PWLB Standard Rate** is gilts plus 200 basis points (G+200bps)
- **PWLB HRA Standard Rate** is gilts plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilts plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

Our target borrowing rates and the current PWLB Certainty Rates are set out below.

PWLB debt	Current borrowing rate as at 30.03.20	Target borrowing rate now (end of Q2 2020)	Target borrowing rate previous (end of Q2 2020)
5 year	1.91%	1.90%	2.30%
10 year	2.08%	2.10%	2.50%
25 year	2.56%	2.50%	3.00%
50 year	2.28%	2.30%	2.90%

Borrowing advice: As our long-term forecast for Bank Rate is now 2.00%, and all PWLB Certainty Rates (gilts plus 180bps), are close to or above 2.00%, there is reduced value in borrowing from the PWLB at present unless it is borrowing which would be eligible for the lower margins over gilts of 100, 80 or 60bps, or unless certainty against budgetary provision is required. (Please note the Government Consultation in respect of the future rates to be offered on General Fund PWLB borrowing closes on 4 June.).

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. Negative, (or positive), developments could significantly impact safe haven flows of investor money into UK, US and German bonds and produce shorter term movements away from our central forecasts.

Our interest rate forecast for Bank Rate is normally in steps of 25 bps whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps.

APPENDIX 3: Approved countries for investments as at 31 March 2020

Clients may wish to inform members of changes to their approved list of countries for investments.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France

AA-

- Belgium
- Qatar
- U.K.

Note that the UK has been downgraded from AA to AA- in the above list

APPENDIX 4

REVENUE - ALREADY APPROVED

Budget underspends to be carried forward into 2020/21 which have been approved during the year are provided below for information only.

BASE BUDGET C/FWDS APPROVED IN YEAR			Final 19/20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Corporate Policy & Resources	Our Council	Corporate Management - Finance	174	Any Board Budget savings (business case development) will be carried forward. Original funding from Earmarked Reserves.
Prosperous Communities	Our People	Community Action	10	Employment & Skills budget £10k - from CS04/4401. Balance to be cfwd approved by MT 25.11.19 FIN/126/20
Prosperous Communities	Our People	Housing Strategy	39	Selective Licensing - to fund fixed term posts.
		TOTAL	223	

USE OF EARMARKED RESERVES			Final 19/20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Corporate Policy & Resources	Our Council	Register of Electors	3	Spend on agency staff for 20/21.
Corporate Policy & Resources	Our People	Customer Services	20	Vacancy in year to carry forward to fund post in 2020/21.
Corporate Policy & Resources	Our Place	Admin Buildings	2	DD-4-20 approved £25k to refurbish Exec Office 1. This is the remaining budget that will be spent in 20/21 on chairs.
Prosperous Communities	Our People	General Grants etc	189	Balance on Community Grants budget. Grants to be issued early 20/21.
Prosperous Communities	Our People	General Grants etc	45	Rural Transport Programme (use of EMR 3 yrs up to 31st March 2020 approved by CPR 04.05.17).
Prosperous Communities	Our People	General Grants etc	13	Use of EMR approved by CPR 06.02.19 (FIN/138/18). Remaining balance of Community Payback budget to be cfwd pending further report .
Prosperous Communities	Our Place	Economic Development	18	Request c/fwd of unspent Invest Gainsborough 2 project budget (HCA grant received in 15/16).
		TOTAL	290	

APPENDIX 4

REVENUE - APPROVED BY MANAGEMENT TEAM **30.03.20 (FIN/194/20)**

Bids for budget underspends to be carried forward into 2020/21 which were approved by Management Team are as follows;

BASE BUDGET C/FWDS APPROVED BY MT			Final 19/20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Corporate Policy & Resources	Investment Income	Investment Properties	6	c/fwd budget for works at 5-7 Market Place as will continue into 20/21.
Corporate Policy & Resources	Our Council	Corporate Systems	26	Request to cfwd unspent telephony project budget for continued development during 20/21.
Corporate Policy & Resources	Our Council	ICT Services	7	Request c/fwd of unspent revenue budget due to timing of spend.
Corporate Policy & Resources	Our Council	Systems Development	5	Unspent Document Management budget c/fwd to cover extended period in 20/21 due to CRM delays.
Corporate Policy & Resources	Our People	Customer Services	8	Request to c/f full Alysium monies for CRM preparation.
Corporate Policy & Resources	Our People	Customer Services	5	c.fwd request for salary savings in year to cover additional CRM/Service Redesign resources in 20/21.
Prosperous Communities	Our People	Cemeteries and Churchyards	10	Memorial testing: this will all need slipping as the works are scheduled to take place Spring 2021.
Prosperous Communities	Our People	Cemeteries and Churchyards	28	Repairs and maintenance. The majority of this budget will need to be slipped as the major works cant be undertaken in the Winter. Will have costings/timings once Bruton Knowles provide their condition survey report.

APPENDIX 4

REVENUE - APPROVED BY MANAGEMENT TEAM **30.03.20 (FIN/194/20)**

Bids for budget underspends to be carried forward into 2020/21 which were approved by Management Team are as follows;

BASE BUDGET C/FWDS APPROVED BY MT			Final 19/20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our People	Commercial Waste Services	3	Officer approved training (MBA) deferred start from November 2019 until May 2020 for personal reasons. Officer is match funding the course. Steve has confirmed his acceptance and making payment shortly.
Prosperous Communities	Our People	Environmental Initiatives	24	Footpath & refurbishment work at Ashcroft Road Park-slipped as didn't receive any tenders for 1st procurement exercise. Hope to complete by Easter 19.
Prosperous Communities	Our People	Housing Strategy	20	Housing Stock Condition Survey - to be carried out 2020/21.
Prosperous Communities	Our People	Private Sector Housing Renewal	10	Approved corporate training deferred until 20/21.
Prosperous Communities	Our People	Waste Management	7	Supplier will not be able to supply the annual clothing order by 31/03/2020. This is due to the Corona virus, as our supplier is inundated with requests for other more priority items. Order will be fulfilled but this may be end of April/May.
Prosperous Communities	Our Place	Culture & Heritage	110	Mayflower project spend to be spent on 4 events in 2020/21.
Prosperous Communities	Our Place	Development Management	3	c/fwd unspent monies on Local Plan evidence base on sports provision (FIN-130-20).
Prosperous Communities	Our Place	Economic Development	19	Unspent Place Board budget c/fwd to 2020/21.
Prosperous Communities	Our Place	Economic Development	11	Unspent Gainsborough Regeneration Programme budget to be spent in 2020/21.
		TOTAL	302	

APPENDIX 4

CAPITAL - PENDING APPROVAL BY CORPORATE POLICY & RESOURCES COMMITTEE 23.04.20

Bids for budget underspends to be carried forward into 2020/21 which require Corporate Policy and Resources Committee approval are as follows;

Approval to Invest - Stage	Original Budget 2019/20 £	Revised Budget 2019/20 £	Final Outturn £	Over / (Underspend) £	Carry Forward Requests £
Stage 4 Projects	1,483,513	0	0	0	0
Stage 3 Projects	17,250,845	20,336,522	16,713,243	23,122	(3,646,401)
Business as Usual Projects	1,116,600	1,357,241	1,307,884	(58,968)	9,611
Approved to Invest	**19,850,958**	**21,693,763**	**18,021,127**	**(35,846)**	**(3,636,790)**
Stage 2	947,300	865,000	8,000	0	(857,000)
Stage 1	898,860	160,500	0	0	(160,500)
Pre-Stage 1	0	0	0	0	0
Total Pipeline Investment	**1,846,160**	**1,025,500**	**8,000**	**0**	**(1,017,500)**
Total Capital Programme Gross Expenditure	**21,697,118**	**22,719,263**	**18,029,127**	**(35,846)**	**(4,654,290)**