



**Corporate Policy and
Resources**

Thursday, 17 June 2021

Subject: Budget and Treasury Monitoring Final Outturn 2020/2021

Report by:	Section 151 Officer
Contact Officer:	Sue Leversedge Business Support Team Leader sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	This report sets out the final budget outturn position for revenue and capital 2020/2021, and requests approval for transfer to General Fund working balances.

RECOMMENDATION(S):

- a) Members accept the out-turn position of £2.783m gross contribution to reserves against the revised budget for 2020/2021 (£3.240m against the original budget).
- b) Members approve £1.369m be transferred to the General Fund Working Balance.
- c) Members accept the use of Earmarked Reserves approved by the Chief Finance Officer using Delegated powers (Section 5).
- d) Members' accept the final capital outturn position of £9.034m (Section 3).
- e) Members' accept the final treasury management indicators (Section 6).

IMPLICATIONS

Legal: None arising as a result of this report

Financial : FIN/12/22/SL

The Council approved a revenue budget, including Council Tax charges, for 2020/2021 of £14.357m at its meeting in March 2020 (£14.783m 2019/2020). There was no requirement to utilise the General Fund Balance to provide a balanced budget. The budget was revised in November 2020 to £20.525m to reflect the significant impact Covid-19 was having on both our income and expenditure. The actual outturn has realised a surplus of £2.783m, £1.414m of which relates to one off budget provision for the delivery of projects which span financial years and will therefore be carried forward. This leaves a remaining surplus budget of £1.369m (7% of the Revised Revenue Budget) to be transferred to the General Fund Working Balance which now stands at £7.338m. The total amount of the General Fund Reserves is £26.546m (£20.020m 2019/2020).

The forecast outturn position for 2020/2021 was presented to this Committee on 15 April 2021 as part of the Budget and Treasury Management Monitoring report for Quarter 4 2020/2021.

The forecast outturn position at that time, for Business as Usual activity, was a net contribution to reserves of £0.540m.

The purpose of this report is to present to Members the final outturn position for the year, following the closure of accounts. The final outturn position is a net contribution to reserves of £1.389m, an increase of £0.849m from the previous forecast, as detailed at 2.2.

Appendix 3 Summary Outturn Position, includes:

1. Table to show the summary outturn position including the figures approved for the revised budget in November 2020 (Mid-Year Review), and the final movements against the revised budget.
2. Table to show the forecast outturn position presented at Quarter 4, and the movement to the final outturn position for 2020/2021.

CAPITAL

The capital outturn position for 2020/2021 has moved since the Quarter 4 reporting. The outturn is £9.034m variance against revised budget of £14.113m. Final net carry forwards total £4.955m (£5.442m Quarter 4). The main scheme variation relates to the Depot, due to the pace of construction being faster than anticipated, therefore Work in Progress accruals were higher than forecast.

£0.124m is the final net underspend position on scheme budgets.

Staffing :

Salary budgets for 2020/2021 were set based on an estimated 2% pay award. The actual pay award for the year is 2.75%.

There is a 2.33% surplus of £0.295m (£0.061m at mid-year review plus £0.234m final outturn.) for the year against original salary budgets as a result of staff turnover. This is comparable to the 2% (£0.184m) Vacancy Factor included within the 2021/2022 Budget.

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

Data Protection Implications : None arising as a result of this report.

Climate Related Risks and Opportunities: None arising as a result of this report.

Section 17 Crime and Disorder Considerations: None arising as a result of this report.

Health Implications: None arising as a result of this report.

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

Risk Assessment: This is a monitoring report only.

Call in and Urgency:

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

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

Yes

No

Key Decision:

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

Yes

No

1. EXECUTIVE SUMMARY

This report provides the oversight of financial performance for:

REVENUE

The Council set a budget of £14.357m at its meeting in March 2020. Due to the significant financial impacts of the Covid-19 response and recovery, the Budget was revised by the Corporate Policy and Resources Committee at its meeting in November 2020 to £20.525m. The final outturn position has realised a surplus of £2.783m.

The Revised Budget 2020/2021 report on the 5th November 2020 approved a net movement to General Fund Balances of £0.457m. Final movements against the revised budget are:

- 'Business as Usual' Revenue Forecast Out-Turn (after carry forwards) - Surplus £1.389m. However, a further £0.157m of carry forwards has been approved by the Management Team from the overall surplus position, therefore £1.232m will be the contribution to the General Fund Working Balance (7.78% of Net Revenue Budget – see 2.1 for details of significant variances).
- Final pressure above Covid-19 LA Support Grants £0.311m. This is a reduction of £0.137m against the pressure forecast for the revised budget at the mid-year point (see 2.4 for details).
- Carry forwards approved during the year of £1.414m.
- Remaining net surplus of £1.369m to be transferred to the General Fund Balance, this is in addition to the £0.457m approved for the Revised Budget 2020/2021 (total of £1.826m) – This will result in a General Fund balance as at 31 March 2021 of £7.338m.
- In 2021/2022, excluding carry forwards and other approved use of the General Fund Balance, the remaining balance is £3.885m, £1.385m above the Minimum Working Balance of £2.500m.

CAPITAL

- Capital Actual Out-Turn – Final outturn £9.034m (Budget £14.113m), variance of £5.079m, of which a net £4.955m is requested for carry forward/claw back and £0.124m being net underspends on scheme budgets. The main variation to that previously reported is the Depot scheme with construction being faster than anticipated resulting in higher Work in Progress accruals than forecast.

2. FINAL REVENUE BUDGET OUTTURN 2020/2021

The final Revenue outturn for 2020/2021 is a net contribution to reserves of £1.369m as detailed in the table below. This is after taking account of £1.414m of budget carry forwards.

SERVICE CLUSTER	2020/2021			
	Original Budget	Revised Budget	Actual Outturn	Outturn Variance
		£	£	£
Our People	1,513,200	2,196,700	1,479,077	(717,623)
Our Place	3,870,100	4,503,164	3,862,250	(640,914)
Our Council	5,851,600	6,116,800	5,100,474	(1,016,326)
Controllable Total	11,234,900	12,816,664	10,441,801	(2,374,863)
Corporate Accounting:				
Interest Receivable	(250,300)	(214,000)	(259,747)	(45,747)
Interest Payable	983,000	465,600	224,076	(241,524)
Investment Income	(1,624,700)	(1,258,600)	(1,289,097)	(30,497)
Precepts and Levies	2,505,000	2,508,400	2,508,389	(11)
Statutory Accounting:				
Capital Expenditure Charged to General Fund	5,737,200	5,737,200	1,575,608	(4,161,592)
Movement in Reserves:				
To / (From) General Fund	445,500	653,000	646,784	(6,216)
Use of Specific Reserves	(6,395,300)	(7,585,535)	(3,318,698)	4,266,837
Contribution to Specific Reserves	1,478,000	7,158,971	4,600,308	(2,558,663)
Repayment of Borrowing	243,700	243,700	258,635	14,935
Net Revenue Expenditure	14,357,000	20,525,400	15,388,058	(5,137,342)
Funding Total	(14,357,000)	(20,525,400)	(18,171,137)	2,354,263
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	0	0	(2,783,079)	(2,783,079)

Carry Forwards - approved Mid-Year Review	325,700
Carry Forwards - approved in year	294,200
Carry Forwards - approved at year end	623,500
Carry Forwards - use of Earmarked Reserves	169,900
Net Contribution	(1,369,779)

2.1 The significant movements since Quarter 4 reporting being;

Cluster	EXPENDITURE	Total £000	Direction of Travel
BUDGET UNDERSPENDS			
	Salary (<i>savings</i>) / pressure.	(£234)	↑
Interest Payable & Receivable	Reduction in the credit loss provision for Housing Benefit debt.	(£237)	New
Our Council	Crematorium - savings on operational costs i.e. promotional and marketing project postponed to 21/22.	(£38)	↑
Our Council	Property Services - underspends across properties on repairs and maintenance and utilities.	(£28)	New
Our People	Grant Funding to support Community Centre deficit.	(£31)	New
Our Place	Development Management - service expenditure savings including appeal costs and legal services.	(£55)	New
Our Place	Fuel - impact of low fuel prices.	(£21)	↓
PRESSURES			
Movement in Reserves-MRP	Voluntary Revenue Provision of £707.2k - £683k from Valuation Volatility Reserve and £24.2k from in year surplus.	£24	↔
Our People	Installation of barriers at the 2 leisure centre sites.	£14	↑
	Various forecast outturn variances <£10k	(£159)	↑
		(£765)	

Cluster	INCOME	Total £000	Direction of Travel
BUDGETED INCOME EXCEEDED			
Funding - Government Grants	Grant income received in year from Government.	(£85)	New
Interest Received	Interest Receivable.	(£34)	↓
Investment Income	Investment Property - additional income of £20k plus savings on expenditure £17k	(£37)	New
Our Council	Increase in bulky waste collections, and sale of new/replacement bins.	(£39)	↑
Our Council	Local Tax Collection - Summons & Committal Costs Recovered.	(£25)	New
Our Council	Property Services - £28k additional income due to alignment of property rental income to financial accounting years. £9k other income.	(£37)	New
Our People	Housing Benefits - forecast net subsidy position.	(£62)	↑
Our People	Trinity Arts Centre - Cultural Recovery Fund.	(£111)	↑
Our Place	Street naming and Numbering income.	(£13)	↔
Our Place	Planning Fee income - large planning applications received earlier than anticipated.	(£92)	↓
Our Place	Recharge to Outbreak and Prevention grant for officer time.	(£63)	↑
Our Place	Shopping Trolley reclaimed income.	(£26)	↔
		(£624)	
TOTAL VARIANCE		(£1,389)	

2.2 The movement of (£0.849m) from the Net Contribution to General Fund Balances of (£0.540m) reported on 15 April 2021 (Quarter 4) to this Committee is due to;

Expenditure:		£ 000
Reduction in the credit loss provision for Housing Benefit debt		(237)
various forecast outturn variances <£10k		(105)
Increase in salary savings		(85)
Development Management - service expenditure savings incl. legal and appeal costs		(55)
Grant funding to support Community Centre deficit		(31)
Property Services - underspends on service costs incl. repairs and maintenance and utilities		(28)
Crematorium operational savings		(6)
Installation of barriers at 2 leisure centre sites		(3)
Fuel		5
		(545)
Income:		£ 000
Housing Benefits - final net subsidy position		(131)
Grant income received from Government (windfall income)		(85)
Investment Property income		(37)
Property Services - additional rental income due to alignment of rent to accounting years		(37)
Recharge to Outbreak and Prevention grant for officer time, and project expenditure		(28)
Local tax collection - summons & committal costs recovered		(25)
Increase in bulky waste collections		(5)
Trinity Arts Centre - Cultural Recovery Fund (contribution to base budgets)		(5)
Interest receivable		7
Planning fee income		18
Building Control income		24
		(304)
		(849)

2.3 On the 5th November 2020, this Committee approved the revised budget for 2020/2021, which resulted in a net transfer of £0.457m to the General Fund Balance.

The total movement to General Fund Balances (including carry forwards) is:

TOTAL CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES FOR YEAR 2020/2021	
Business as Usual (less cfwd request from in-year surplus)	(2,091)
Will Bequest - set aside for agreed purpose	(46)
Covid Implications	311
Carry Forwards	(1,414)
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(3,240)
(Increase) / Decrease from Mid-Year Review Revised Budget 2020/2021	(2,457)

2.4 Financial Implications of Covid-19

The tables below present the financial impacts of Covid-19 on the Council during 2020/2021.

The final impact on the General Fund Balances of £0.311m relates, in the main, to income losses which are not eligible to be reclaimed through the Governments Compensation for Loss of Sales, Fees and Charges scheme i.e. investment property income, property rental income and market stallage fee income. These losses were offset by £0.2m from the Commercial Contingency fund following the mid-year review.

We were able to claim £0.452m compensation for lost sales fees and charges during the year. This was against actual losses of £0.798m. We are required to stand the first 5% of our original budget for the areas where the income loss has occurred (£0.196m), and then compensation is based on 75% of the remaining balance. The impact on our General Fund Balances is £0.346m.

Full Year 2020/21 Financial Summary		£000
Total Covid-19 pressure to date		1,825
LA Covid Support Grant		(1,496)
Unallocated LA Covid Support Grant to Earmarked Reserves		434
Additional grant for loss of income		(452)
Net Unfunded Covid-19 Shortfall		311

Covid-19 Pressures	2020/21 Actuals £000
Loss of income due to service closures / changes - services covered by Sales, Fees and Charges Grant	798
Loss of Income - other service closures / changes	251
Loss of Income - bad debt provision	70
Loss of Income - dividends and investment returns	57
Cost Pressures - Covid costs funded from Support Grant	1,062
Cost Pressures - Impact on Projects	133
Other Income Received to Support Services	(249)
Savings	(297)
Total Pressures	1,825

Our achievements over the pandemic are illustrated below:

Coronavirus



How has the council supported our communities over the last year?



Other Items for Information

2.5 Planning Appeals

Period	Number of Appeals	Allowed	Dismissed
March	4	1	3

There is one live application for costs.

2.6 Grants – Successful Grant Bids and New Grant Determinations

The following grants have been received/awarded during this period:

Department for Work and Pensions	Name of Grant	£
Greater Lincolnshire Local Enterprise Partnership	Gainsborough Growth Project 1b - GLLEP	2,749,347
Ministry of Housing, Communities & Local Government	Covid - Local Restrictions Support Grant (Addendum Lockdown)	2,089,239
Ministry of Housing, Communities & Local Government	Covid - Income compensation for lost sales, fees & charges income	428,884
Sports and leisure Management Ltd	Contribution to capital works at Leisure Centre	133,790
Ministry of Housing, Communities & Local Government	Test & Trace - Parent & Guardian	79,000
Ministry of Housing, Communities & Local Government	Neighbourhood Planning Grant	40,000
Education and Skills Funding Agency	Apprenticeship Levy	22,661
Department for Work and Pensions	HB Admin Grant	19,192
Ministry of Housing, Communities & Local Government	DCLG CTAX Family Annex	12,811
Ministry of Housing, Communities & Local Government	Test & Trace Support Grant - Main Scheme Top Up	12,500
Ministry of Housing, Communities & Local Government	Test & Trace Support Grant - Discretionary Scheme Top Up	9,500
Ministry of Housing, Communities & Local Government	DCLG Transparency New Burdens	8,103
Lincolnshire County Council	Test & Trace - Winter Grant Payment Scheme	8,000
Ministry of Housing, Communities & Local Government	Test & Trace - Parent & Guardian Admin grant	7,126
Misc Developers	CIL - WLDC Admin	3,069
Ministry of Housing, Communities & Local Government	Protective Plus Fund	1,203
		5,624,425

3. CAPITAL UPDATE 2020/2021

3.1.1 There has been some movement on the Capital Outturn since the forecast presented in the quarter 4 monitoring report. The Capital out-turn for schemes totals £9.034m against a revised budget of £14.113m. This has resulted in a variance of £5.079m, of which a net £4.955m is requested for carry forward/claw back and £0.124m being net underspends on scheme budgets.

3.1.2 Carry Forward of £5.064m (£5.442m approved at Quarter 4), is detailed in the table below, with the most significant being;

- £0.170m Gainsborough Heritage Regeneration – THI delays on scheme due to Covid-19.
- £0.610m Gainsborough Growth –Grant for development (Cinema) – delays with the purchase of land.
- £0.415m Riverside Walkway Acquisition – construction works to commence in 2021/2022
- £0.814m Depot – due to be operational November 2021.
- £0.199m CCTV Expansion – expenditure to be incurred in 2021/2022
- £0.175m Living Over the Shop – applications received but spend anticipated 2021/2022.
- £1.975m Housing Infrastructure (Southern SUE) – Work is on track but payment expected 2021/2022
- £0.207m Customer Relationship Management System
- £0.210m Carbon Efficiency – Parish Street Lighting. Due to Covid-19

delaying the procurement process this will now be carried out in 2021/2022

The above carry forwards total £4.775m - the remaining £0.289m is made up of several small carry forward requests.

Included in the net carry forward amount in the monitoring table at 3.1.3 are claw backs totaling £0.109m. This funding will be brought forward from 2021/2022 for the following schemes:

- £0.054m Disabled Facilities Grant
- £0.055m Private Sector Renewal

There is a net underspend position of £0.123m across a number of schemes.

The Capital Outturn position is detailed in the tables below:

Capital Investment Programme 2020/21 (Page 1 of 2)

Corporate Priority / Scheme	Actuals to 31/03/2021	Original Budget 2020/21	Revised Budget 2020/21	Final Outturn 2020/21	Over / (Underspend)	Carry Forward Requests/ Drawbacks
	£	£	£	£	£	£
Vulnerable Groups & Communities						
Flooding Resilience	40,449	0	50,000	40,449	(9,551)	0
Health and Wellbeing						
Disabled Facilities Grants	554,707	840,631	500,000	554,707	0	54,707
Private Sector Renewal	196,345	100,000	141,640	196,345	0	54,705
Social Housing Scheme	1,000,000	300,000	1,000,000	1,000,000	0	0
Leisure Facilities - Market Rasen	1,052,530	0	1,104,182	1,052,530	(51,652)	0
Economy						
Crematorium	0	0	0	0	0	0
Gainsborough Shop Front Improvement Sch	12,287	40,000	15,000	12,287	0	(2,713)
Saxilby Industrial Units	0	0	0	0	0	0
Made in Gainsborough	60,041	0	60,000	60,041	41	0
The Sun Inn - Capital Grant	25,413	0	58,269	25,413	0	(32,856)
Riverside Walk Acquisition	51,791	0	493,500	51,791	(26,709)	(415,000)
Trinity Arts Centre Improvement Projects	63,191	250,000	102,800	63,191	(14,609)	(25,000)
Public Safety & Environment						
Vehicle Replacement Programme	79,000	0	89,000	79,000	(10,000)	0
Depot Review	2,455,282	4,600,000	3,269,527	2,455,282	0	(814,245)
CCTV Expansion	0	0	199,265	0	0	(199,265)
Housing Growth						
Unlocking Housing - Living over the Shop	0	100,000	175,000	0	0	(175,000)
Gainsborough Regeneration - Bowling Green Road (Refcus)	2,162,000	2,162,000	2,162,000	2,162,000	0	0

Capital Investment Programme 2020/21 (Page 2 of 2)

Corporate Priority / Scheme	Actuals to 31/03/2021	Original Budget 2020/21	Revised Budget 2020/21	Final Outturn 2020/21	Over / (Underspend)	Carry Forward Requests/ Drawbacks
	£	£	£	£	£	£
Finances						
Car Park Strategy Investment	0	0	0	0	0	0
Capital Enhancements to Council Owned Assets	13,580	110,000	15,000	13,580	(1,420)	0
Carbon Efficiency	0	0	0	0	0	0
Financial Management System	71,850	220,000	125,000	71,850	0	(53,150)
Customer						
Telephony (incl. Contact Centre)	0	19,400	19,400	0	(19,400)	0
Income Management	0	0	48,650	0	0	(48,650)
3D Secure	0	0	12,000	0	0	(12,000)
Staff & Members						
Public Sector Hub - Property	0	100,000	0	0	0	0
Firewall Update	36,789	17,000	36,789	36,789	(0)	0
Customer Relationship Management System	159,200	280,000	366,000	159,200	0	(206,800)
Storage Refresh	0	80,000	210,000	0	0	(210,000)
Investment						
Commercial Investment - Property Portfolio	0	7,000,000	0	0	0	0
Total Capital Programme Gross Expenditure - Stage 3 and BAU	8,034,454	16,219,031	10,253,022	8,034,454	(133,300)	(2,085,268)
Stage 2	1,000,000	4,042,775	3,815,000	1,000,000	10,000	(2,825,000)
Stage 1	0	352,300	45,000	0	0	(45,000)
Pre-Stage 1	0	3,503,513	0	0	0	0
Total Capital Programme Gross Expenditure	9,034,454	24,117,619	14,113,022	9,034,454	(123,300)	(4,955,268)

4. STATUTORY REQUIREMENTS TO PUBLISH;

SECTION 137 EXPENDITURE, BUILDING CONTROL ACCOUNT

We are required to publish the following data on our website as part of Statutory Requirements, annually each year. They are included in this report for information.

4.4 SECTION 137 EXPENDITURE

Section 137 of the 1972 Local Government Act (as amended) empowers local authorities to make contributions to certain charitable funds AND not for profit bodies providing a public service in the United Kingdom. For 2020/2021, the maximum amount allowable is £8.32 per head of population (94,869) which equates to £0.789m.

The Council's expenditure in 2020/2021 under this power was £0.268m (£0.389m in 2019/2020).

The data published on the website includes details of contributions paid during 2020/2021, and is included as **Appendix 1** to this report for information.

4.5 BUILDING CONTROL ACCOUNT

The Building Control Regulations 2010 requires authorities to publish a financial statement relating to the building regulations chargeable and non-chargeable account. The following statement shows the deficit for the chargeable and non-chargeable work for the year 2020/21.

	Chargeable 2020/21 £'000's	None Chargeable 2020/21 £'000's	Total 2020/21 £'000's
Expenditure for year	222	162	384
Income for year	(227)	0	(227)
(Surplus)/Deficit for year	(5)	162	157

4.6 Community Infrastructure Levy (CIL)

Following a change in the CIL Regulations 2010 (as amended). The Government have introduced a new reporting requirement called an Infrastructure Funding Statement (IFS), which includes Section 106 monitoring and must be published on or before the 31st December of that year. The IFS for 2019/2020 is now published on the Council's website and the IFS for 2020/2021 will be published on or before 31st December 2021.

A summary of the CIL receipts and expenditure for financial year 2020/2021 is included at **Appendix 2**.

5. Use of Reserves – Delegated Decision

5.1 The Chief Finance Officer has used delegated powers to approve the use of earmarked reserves up to £0.05m.

- £0.012m from Investment for Growth reserve. Townscape Heritage Initiative (THI) revenue spend.

5.2 Contributions to Reserves

• Contributions to Reserves

- (£0.028m) reduction in movement to Finance Budget Risks reserve. LA Covid Support grant unallocated at year end to be transferred to reserves to support costs of Covid-19 in 2021/2022 (£461.6k reported Quarter 4 , final outturn £434.3k)
- £0.001m to Community Grants reserve. Funds generated from the Community Lottery scheme. The application of these funds to be determined by Members (£0.017m reported Quarter 4, final outturn £2.2k)

To Unapplied Grants Reserve

- (£0.008m) reduction in movement to Unapplied Grants. Balance of Council Tax Hardship Grant, no requirement to repay (£226.7k reported Quarter 4, final outturn £219.2k)
- £0.126m balance of National Leisure Recovery Fund (NLRf)
- £0.020m Covid Test & Trace grant – discretionary.
- £0.001m Self Isolation Funding (Test & Trace) – admin grant
- £0.992m Additional Restrictions Grant (ARG)

To NNDR (Business Rates) Volatility Reserve

- £0.199m 75% NNDR Tax Income Guarantee scheme income to reserves
- £0.090m additional expanded retail/nursery discount NNDR

6 FINAL TREASURY MANAGEMENT POSITION

It is a statutory duty of the Council to determine and keep under review the affordable borrowing limits. The Councils' approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy (TMS).

As at 31 March the Council held treasury investments (principle only) of some £16.820m (£11.600m 2019/20), with the average daily investments for the year being £21.167m (£16.403m 2019/20). This increase reflects the significant grant income we

received from Government in advance of distributions to businesses, and the vulnerable in addition to supporting our own additional costs and income losses. Interest from investment totalled £0.185m (£0.268m) at a weighted average interest rate of 0.0896% (1.655% 2019/20) reflecting the reductions in interest rates over the financial year.

Borrowing remains at £20m (£20m 2019/20) with £16.5m being held with the PWLB and £3.5m held with Kettering Borough Council. The average interest rate of the portfolio is 1.96% and cost £0.391m during the year.

The maturity analysis of borrowing is detailed below;

Maturity analysis of financial liabilities	31 March 2021 £'000
Less than 1 year	3,500
Between 1 and 2 years	0
Between 2 and 5 years	2,500
Between 5 and 25 years	5,500
Between 25 and 50 years	8,500
Total	20,000

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

The final prudential and treasury Indicators are shown below and take into account the outturn of the Capital Programme as detailed in section 3 of this report.

	Original £'000	P1 £'000	Q2 £'000	Q3 £'000	Q4 £'000	Q4 £'000
Treasury Indicators						
Authorised limit for external debt	55,307	55,307	55,307	55,307	55,307	55,307
Operational boundary for external debt	38,189	28,229	25,004	23,074	21,235	21,608
External Debt Investments	38,189 (13,321)	24,220 (12,066)	23,004 (14,726)	20,000 (16,481)	20,000 (19,690)	20,000 (16,872)
Net Borrowing	24,868	12,154	8,278	3,519	310	3,128
Prudential Indicators						
Capital Expenditure	24,118	14,028	14,023	9,738	8,653	9,034
Capital Financing Requirement (CFR)	50,307	45,862	40,146	38,701	38,155	38,526
<i>Of which relates to Commercial Property</i>	30,000	21,666	21,666	21,666	21,666	20,959
Annual change in CFR	9,937	7,956	2,240	795	249	620
External Debt	38,189	24,220	23,004	20,000	20,000	20,000
Under / (Over) Borrowing	12,118	21,642	17,142	18,701	18,155	18,526
Ratio of financing costs to net revenue stream	8.89%	6.07%	4.78%	4.84%	3.63%	7.41%
Incremental impact of capital investment decisions:						
Increase / (Reduction) in Council Tax (band change per annum)	£1.25	£0.74	£0.13	£0.01	£0.01	£0.02

The Ratio of financing costs to net revenue stream has increased due to applying £0.707m voluntary revenue provision in respect of the Council's Investment Commercial Properties financed by borrowing. This has in turn reduced the Capital Financing Requirement (CFR).