West Lindsey District Council
The Entrepreneurial Council

Corporate Policy and Resources Committee
9th February 2017

Subject: Budget and Treasury Management Monitoring – Period 3 2016/17 and Treasury Management Mid-Year Report.

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 December 2016.

RECOMMENDATION(S):

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

b) Members accept the use of Earmarked Reserves approved by the Director of Resources using Delegated powers (2.1)

c) 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.

d) Members approve the Capital budget carry forwards of £1,879k (14.3) and Revised Capital Budget of £9,707k.

e) Members accept the Commercial Income position.

f) That Members accept the Treasury Management Report and Treasury position to 31 December 2016.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN/115/17

The revenue forecast out-turn position for 2016/17 is estimated to be a surplus of £798k as at 31 December 2016, After taking account of carry forwards and slippage on projects funded from Earmarked Reserves, it is expected that £560k will be returned to the General Fund Balance.

The carry forward requests currently identified are based on the forecast outturn position and the actual amounts may change to reflect the year end actual position. A review of further carry forwards will be undertaken throughout the remainder of the financial year prior to financing the final outturn position.

The capital forecast out-turn position for 2016/17 is estimated to be £9,429k with outturn surplus variance against the capital programme revised budget of £2,156k. Of this balance £1,879k has been requested as capital budget carry forwards into next year, and the remaining £277k identified as in year savings.

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 £798k as at Period 3 (31 December 2016).

Included in the balance above is £238k which has been identified as carry forward requests which will be subject to approval in the Period 4 report when the final balances are confirmed.

Subject to carry forward approval the forecast Revenue Budget out-turn is a surplus position of £560k.

Previous forecast as at Period 2 (30 September 2016) was a surplus of £575k.

1.2 The significant variances are;

EXPENDITURE	£000	Direction of Travel
BUDGET UNDERSPENDS		
Salary savings.	-£157	↓
Reduction in Pension Deficit payable to Pension fund due to overpayment during 2015/16.	-£171	↔
Housing Strategy - no further payments to other agencies due.	-£15	↔
Legal Services - shared service costs lower than anticipated as external legal advice utilised by Business Units.	-£29	**new**
Postage cost saving based on usage to date.	-£10	**new**
Trinity Arts Centre - savings on the way shows are booked.	-£10	**new**
Base budget review after actual outturn savings.	-£53	↔
Corporate Governance - reduced cost of renewal contracts.	-£18	**new**
Corporate Governance - software support & maintenance saving.	-£18	↔
PRESSURES		
HMRC underpayment relating to 2013/2014	£34	↔
Local Tax Collection - summons and committal forecast costs based on activity to date.	£15	↑
Housing Strategy - S106 fees income not achieved.	£15	**new**
Windfarm appeal costs - offset by costs recovered to date.	£53	**new**
Various forecast outturn variances <£10k	-£54	↑
	-£418	

INCOME	£000	Direction of Travel
BUDGETED INCOME EXCEEDED		
Planning Application fees projected to exceed budget for year - to offset increased staffing costs to meet demand.	-£210	↓
Guildhall commercial - One off in 16/17 - receipt of backdated rent owed (£37k). Increased service charge and NNDR contributions (£49k).	-£86	**new**
Commercial Development - provision of structural reviews.	-£20	**new**
Housing Renewal Activity - enforcement costs reclaimed.	-£16	**new**
Trade Waste income increased demand for service.	-£27	↔
Investment Interest receivable.	-£46	↑
BUDGETED INCOME NOT ACHIEVED		
Licence income reduced due to anticipated reduction in applications (Hackney Carriage licences £8k).	£10	↔
Housing Benefits - pressure attributable to rent allowance recovery offset by DHP Discretionary Payments Grant and FERIS Grant	£45	↑
Local Land Charges - Law Society change - no longer charge for CON290	£15	↑
Street Cleansing for private clients - slow down in demand for service.	£15	↔
Corporate Fraud - no definite external work confirmed at this point.	£30	↑
Projected rental income from purchase of investment properties not yet realised.	£75	↑
Car Park income pressure due to loss of income from Market Rasen, offset by increased income in Gainsborough.	£61	↑
Market stallage income not expected to meet budgeted target based on current take up-review of market service in progress.	£12	↔
	-£142	

TOTAL VARIANCE	-£560

1.3 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 committee agreed to this one-off surplus being returned to the General Fund balance at its meeting on 28 July 2016.

1.4 Also included within the forecast surplus are Base Budget Review savings of £52.7k.

Following the closure of accounts 2015/16 a review of 2016/17 controllable Base Budgets compared to previous 3 years spend is carried out by Budget Managers with their Finance Business Partners to identify budget savings or opportunities to increase income targets. Whilst in year savings total £52.7k, the ongoing impact is £147.5k across all services and will be built into the Medium Term Financial Plan 2017-18, thus reducing the Council's saving target.

The savings identified in year 2016/17 of £52.7k have been removed from service budgets.

2. Use and Contribution to Reserves 2016/2017

2.1 The Director of Resources has used delegated powers to approve the use of earmarked reserves under £50k, new delegated decisions totalled £26.8k;

- £17.4k from Unapplied Grants earmarked reserve. HCA (Home and Communities Agency) Grant received in 2015/16 used to fund staff resources to support the Local Development Order.

- £9.4k from Local Development Framework reserve. To meet the contribution to the Joint Planning Unit (JPU) payable in 2016/17.

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

- £8.9k – WREN funding for vestry refurbishment and kitchen at Trinity Arts Centre.

- DCLG Entrenched Rough Sleeping Social Impact Bond – a successful countywide bid was led by our Homes Choices Manager. LCC will act as commissioner and will receive funds of £1.25m to pass to the provider upon completion of successful outcomes. The project will enable us to intensively support 120 of the most vulnerable and entrenched rough sleepers and those in a cycle of repeat homelessness across Lincolnshire. It is the first social impact bond in Lincolnshire and a genuine collaboration between districts, county council, health, social care and criminal justice organisations. The success of this bid is an excellent example of partnership working across the County.

4. Other Items for information

4.1 Planning Appeals

In period 3 2016/17 there were 8 appeals determined, as follows;
October 2016: 5 appeals – 4 dismissed, 1 allowed
November 2016: 2 appeals – 1 dismissed, 1 allowed
December 2016: 1 appeal – 1 dismissed

The appeal allowed during November is expected to incur costs. Negotiations are ongoing.

4.2 Cashflow loans to WLDC Loan to WLDC Staffing Services Ltd.

Our trading company, WLDC Staffing Services Ltd will begin trading operationally in early February, and will require a cash flow loan of up to £15k (capital expenditure) in the early stages of their operations, to support the costs of setting up financial systems, management expenses etc. This company provides resources for our seasonal operational services and temporary administrative roles throughout the organisation. Similarly, due to the transition, Surestaff Lincs Ltd, may require cash flow support upto a similar value to support the transition period. Loans will be set at a commercial rate and repayable within 6 months.

4.3 Settlement of Caistor Townscape Heritage Initiative (THI) Project

Following discussion with Heritage Lottery Fund (HLF), we have agreed to close the Caistor THI project with all outstanding works on site now completed to the satisfaction of the project officer. A project evaluation is underway and these costs will amount to circa £7k which will be claimed from HLF. No further amount will be claimed and the project is considered to be closed. A further bid for a £1.7m THI project in Lord Street Gainsborough has been submitted.

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 3 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 £9,429k, which is a surplus variance against revised budget of (£2,156k).

Of this £2,156k, £1,879k is requested to be carried forward and represents slippage and multi-year spend on approved schemes. The details of the capital carry forward requests are detailed at (14.3).

6.2 Capital Programme 2016/17 - Update

Cashflow Loan support to subsidiary companies – up to £30k as detailed at 4.2 above. This Committee previously approved upto £100k for cash flow loan funding. The Surestaff Lincs Ltd were initially advanced £8k and this was fully repaid within 6 months.

6.3 Approval to incur Capital Expenditure

There have been no requests for approval to incur Capital Expenditure.

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 (0.23%) with an average yield of 1.17%.

8. REVENUE BUDGET MONITORING - INTRODUCTION

8.1 This is the third 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.

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

8.3 Compared to the approved budget for 2016/17 the Council's forecast outturn revenue position as at 31 March 2017 is a surplus of £798k.

Of this balance £238k has been identified as carry forward requests, £61k of which will be subject to future approval. The remaining £177k relates to the use of Earmarked Reserves or budgets for specific projects where an element of spend will be incurred in 2017/18.

Subject to carry forward approval the forecast Revenue Budget out-turn is a surplus position of £560k.

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

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

Revenue Budget Monitoring December 2016	2016/17 Original Budget £	2016/17 Revised Budget £	2016/17 Budget Profile to 31 December £	2016/17 Actual to 31 December £	2016/17 Variance to Budget £	2016/17 Forecast Outturn £	2016/17 Outturn Variance £
Income							
Government Grants	0	0	0	(85,848)	(85,848)	0	0
Service Specific Government Grants	(23,429,100)	(23,503,283)	(17,483,816)	(17,509,723)	(25,907)	(22,648,597)	854,686
Other Grants and Contributions	(622,200)	(3,000)	0	(7,628)	(7,628)	(2,926)	74
Customer and Client Receipts	(2,985,400)	(4,238,520)	(2,505,029)	(2,934,413)	(429,384)	(4,068,197)	170,323
Total Income	**(27,036,700)**	**(27,744,803)**	**(19,988,845)**	**(20,537,612)**	**(548,767)**	**(26,719,720)**	**1,025,083**
Expenditure							
Employees	9,666,100	9,760,450	7,339,472	7,303,711	(35,761)	9,574,987	(185,463)
Premises	1,010,100	1,026,300	730,021	613,795	(116,226)	739,298	(287,002)
Transport	919,100	904,000	633,588	607,305	(26,283)	899,107	(4,893)
Supplies and Services	1,857,900	2,828,130	1,578,760	2,167,156	588,396	2,722,396	(105,734)
Third Party Payments	1,595,000	2,118,794	1,209,126	1,907,418	698,292	1,857,181	(261,613)
Transfer Payments	23,213,400	23,410,600	17,559,464	17,193,711	(365,753)	22,692,097	(718,503)
Total Expenditure	**38,261,600**	**40,048,274**	**29,050,431**	**29,793,096**	**742,665**	**38,485,066**	**(1,563,208)**
Business Units Controllable Total	**11,224,900**	**12,303,471**	**9,061,586**	**9,255,483**	**193,897**	**11,765,346**	**(538,125)**
Corporate Accounting							
Interest and Investment Income	(214,500)	(214,500)	(124,854)	(124,854)	0	(260,500)	(46,000)
Interest Payable	192,500	192,500	19,066	19,066	0	14,400	(178,100)
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	338,300	338,902	602	338,300	0
Statutory Accounting							
Capital Expenditure Charged to General Fund	2,888,700	5,026,800	0	0	0	5,026,800	0
Support Services	5,689,600	5,279,300	65,500	0	(65,500)	5,279,300	0
Recharges	(5,689,600)	(5,279,300)	(65,500)	0	65,500	(5,279,300)	0
Movement in Reserves							
Transfer To / From General Fund	(109,615)	(145,992)	0	242,000	242,000	(394,592)	(248,600)
Transfer To / From Specific Reserves	(706,100)	(3,863,194)	0	0	0	(3,649,794)	213,400
Net Revenue Expenditure	**15,224,235**	**15,247,435**	**10,904,147**	**11,340,647**	**436,499**	**14,450,010**	**(797,425)**
Funded By							
Revenue Support Grant	(1,387,300)	(1,387,300)	(457,824)	(457,824)	0	(1,387,300)	0
Capital Grants and Contributions	0	(23,200)	0	(41,145)	(41,145)	(23,200)	0
Other Government Grants	(565,900)	(565,900)	(424,483)	(361,048)	63,435	(565,900)	0
Retained NNDR	(3,309,700)	(3,309,700)	963,508	963,508	0	(3,309,700)	0
New Homes Bonus	(2,480,600)	(2,480,600)	(1,866,783)	(1,866,783)	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
Council Tax Freeze Grant	0	0	0	0	0	0	0
Share of Council Tax Surplus	(202,083)	(202,083)	0	0	0	(202,083)	0
Total Funded By	**(15,224,235)**	**(15,247,435)**	**(1,785,582)**	**(1,763,292)**	**22,290**	**(15,247,435)**	**0**
(Surplus) / Deficit for the Year	**0**	**0**	**9,118,566**	**9,577,355**	**458,789**	**(797,425)**	**(797,425)**

9.2 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.

Forecast Outturn Data by Cluster

CLUSTER	2016/17 up to 31st December 2016 Revised Budget £	2016/17 up to 31st December 2016 Forecast Outturn £	2016/17 up to 31st December 2016 Forecast Outurn Variance £
Chief Executive / Directors	530,300	487,300	(43,000)
Commercial	2,378,000	2,492,080	114,080
Customer First	1,684,100	1,678,832	(5,268)
Democratic and Member Support	2,865,400	2,674,426	(190,974)
Economic Development and Neighbourhoods	2,153,071	1,972,107	(180,964)
Housing and Regeneration	1,437,200	1,366,401	(70,799)
Organisational Transformation	1,255,400	1,094,200	(161,200)
Controllable Total	12,303,471	11,765,346	(538,125)
Corporate Accounting Total	1,926,350	1,702,250	(224,100)
Statutory Accounting Total	5,026,800	5,026,800	0
Movement in Reserves Total	(4,009,186)	(4,044,386)	(35,200)
Net Revenue Expenditure	15,247,435	14,450,010	(797,425)
Funding Total	(15,247,435)	(15,247,435)	0
(SURPLUS)/DEFICIT FOR THE YEAR	0	(797,425)	(797,425)

9.3 The major variances of note are detailed below.

a) Purchase of Investment Properties – completion of purchase of investment properties was estimated at July 2016/17 , compared to budgeted forecast this results in a net pressure of £75k during 2016/17. Work continues to identify appropriate investment opportunities with a acceptable level of return.

b) Commercial projects – budgeted income and expenditure built into the MTFP are not anticipated to be utilised during 2016/17. The forecast shortfall was to be met from reserves, therefore this has resulted in an increase in forecast reserves balance of £228.4k, with no impact on the overall budget position of the Council.

c) Included within the forecast surplus are Base Budget Review savings of £52.7k, across several budget lines.

INCOME

Service Specific Government Grants - £855k deficit

Pressure attributable to rent allowance recovery has been offset by DHP Discretionary Payments grant. Net pressure of £45k across Housing Benefits is forecast.

The cessation of the Health Initiative schemes has resulted in a pressure of grant income receivable of £136k, which is offset by savings on expenditure lines within these business areas. The net impact on the Council is nil.

Customer and Client Receipts – £170k deficit

Planning Application fees – projected to exceed budget for year by (£210k) due to a rise in the number of major applications.

Guildhall commercial income – rental income is forecast to be (£86k) above budget, due to backdated rent paid in year plus increased services charges and NNDR contributions.

Trade Waste – increased income of (£27k) is forecast for the year, due to increased demand for the service.

Commercial Development – commercial income of (£20k) achieved by the Business Improvement Unit who will be providing services to assist another District Council to undertake structural reviews.

Trinity Arts Centre – has achieved savings of (£10k) as a result of a change in the way shows are booked.

Housing Renewal – surplus of (£41k) on the recovery of enforcement costs incurred is offset by increased costs within the premises expenditure line. Net position of (£8k) forecast for the year.

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 £10k. 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 £12k. A review of the market service is in progress.

Car Park Income – deficit of £61k of which £36k is due to the decision to support the local businesses over the festive season by delaying the charging at Market Rasen, £50k relates to a number of factors, Beaumont Street remaining open, delay in implementing new charges and free after 3 impact, this is offset also by increased income from sale of season tickets (£25k). It must be noted that the budget was modelled on estimates and assumptions as no data was available at the time.

Corporate Fraud – pressure of £30k against commercial income budgets. The intention to “sell” a corporate fraud service to other Local Authorities is being developed, some work has been commissioned via the Corporate Fraud Partnership.

Street Cleansing – there is a forecast pressure of £15k due to a slowdown in demand for the service.

Local Land Charges – due to a Law Society change there is no longer a charge for CON290 work, resulting in a £15k pressure.

Investment Properties – deficit of £206.8k – see note at 9.3 above for net impact on budget position.

Commercial projects – deficit of £175.8k – see note at 9.3 above for net impact on budget position.

EXPENDITURE

Employees – (£185k) surplus

Salary costs are (£157k) less than revised budget. This variance is due to a reduction in costs arising from vacancies pending the outcome of proposed restructures and future recruitment to vacant posts.

£34k has been paid to HMRC in year relating to an underpayment in 2013/14.

The remaining variance of (£62k) is offset by a reduction in grants received (£24k), and carry forward requests of (£38k).

Premises – (£287k) surplus

Commercial Projects – surplus of (£276.5k) borrowing costs – see note 9.3 above for net impact on budget position.

Investment Properties – surplus of (£2.5k) borrowing costs – see note 9.3 above for net impact on budget position.

Housing Renewal – additional enforcement costs of £33k are offset by an increase in the recovery of enforcement costs of (£41k). Net position of (£8k) forecast for the year.

Supplies and Services – (£106k) surplus

Corporate Governance – savings of (£18k) have been identified for software support and maintenance as there are no major updates anticipated for the remainder of the financial year. A further (£18k) saving has been achieved on contract renewal negotiations.

Council Tax collection – increased costs of £15k due to summons and committal forecast costs based on activity to date.

Health Initiatives surplus of (£26k) offset by a reduction in grant receivable. The net impact on the Council is nil.

Postage cost savings of (£10k) are forecast based on usage to date.

Third Party Payments – (£262k) surplus

The in-year savings of (£52.7k) identified through the Base Budget Review process have been removed from Business Unit budgets and held within a corporate business unit as a forecast out-turn saving for 2016/17.

Legal Services shared costs are forecast to be (£29k) less than budget as shared service costs have reduced as external legal advice has been sought by Business Units.

Housing Strategy – no further payments to other agencies are due this financial year, resulting in a saving of (£15k).

Forecast surplus of (£168k) have been put forward as carry forward requests (154k) of which are use of Earmarked Reserves or Board budgets.

Transfer Payments – (£718k) surplus

Pressure attributable to rent allowance recovery has been offset by DHP Discretionary Payments grant. Net surplus of (£21k) across Housing Benefits is forecast.

Interest and Investment Income – (£46k) surplus

Investment interest receivable for the year is forecast to be (£46k) above budget, reflective of higher than anticipated cash, due to capital programme slippage.

Interest Payable – (£178k) surplus

Investment Properties – surplus of (£79.3k) – see note above for net impact on budget position.

Commercial Projects – surplus of (£99.9k) borrowing costs – see note above for net impact on budget position.

Transfer to/from General Reserves – (£248.6k) surplus

Overpaid Employer Contributions – (£170.8k) which relates to overpaid employer contributions during 2015/16 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 1 2016/17 report on 28 July 2016, where it was agreed that this one-off surplus in 2016/17 be returned to General Fund balances.

Commercial Projects slippage – reduction in use of General Reserves of (£27.8k) – see note 9.3 above for net impact on budget position.

Investment Properties – reduction in use of General Reserves of (£50k) – see note 9.3 above for net impact on budget position

Transfer to/from Specific Reserves – 213.4k deficit

Commercial Projects slippage – increase in reserve of £228.4k – see note above for net impact on budget position.

(£15k) forecast movement in earmarked reserves.

10. Aged Debt Summary

<u>Aged Debt Summary Period 3 Monitoring Report</u>

At the end of December 2016 there was a total of £385k outstanding debt in the system over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

Property and Assets £178,139
Housing £58,157
Trade Waste of £58,151
Housing Benefits £29,220
Waste £24,405

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
June	63,058	5,127	207,263	275,448
July	11,711	58,543	202,426	272,680
August	21,777	10,225	254,105	286,108
September	56,795	19,005	264,068	339,869
October	105,298	53,701	244,184	304,183
November	17,199	100,104	248,346	365,649
December	64,688	15,387	304,836	384,911

12. CHANGES TO THE ORGANISATION STRUCTURE

There have been no changes to the establishment made under Corporate Delegation by the Chief Executive and S151 Officer during this period.

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. Approval is sought for the revised budget as at 31 December

2016 £9,706k, this takes into account previously approved carry forwards and new carry forwards of £1,879k.

13.2 The forecast capital programme spend for the year is £9,429k and therefore this committee are asked to approve this as a revised Capital Budget 2016/17. Significant schemes are planned over the medium term and continue to be developed, and will therefore be re-profiled over the Medium Term. A variance of £2,156k is therefore expected, with £277k being surpluses again.

13.3 The carry forwards of £1,879k represents slippage and multi-year spend on the following schemes. Further narrative is included in the capital monitoring table below;

Capital Scheme	£	Corporate Priority
Disabled Facilities Grants	146,400	People First
Strategic Housing - Empty Homes	39,000	Partnerships
Gainsborough Growth	172,700	Open for Business
Acquisitions	995,000	Partnerships
Gainsborough Growth Fund	200,000	Partnerships
Food Enterprise Zone Infrastructure	175,000	Partnerships
Civic Services Investment	51,000	Excellent VFM Services
Commercial Investment Other	100,000	Asset Management

Total	**1,879,100**

13.4 Property Acquisitions to Period 3

There have been no property acquisitions during period 3.

13.5 Capital Receipts to Period 3

There has been a £20k capital receipt during period 3, for the sale of a plot of land.

13.6 New Capital Schemes

There are no proposed new schemes.

However there is a requirement to approve budget provision for the loans to our subsidiary companies for cash flow purposes of upto £30k.

14.7 The forecast capital out-turn as detailed below assumes that the new carry forward requests are approved by this Committee, the Revised Budget therefore reflects these adjustments. The variances are detailed in the table below;

Capital Investment Programme 2016/17

Corporate Priority / Scheme	Actuals to 31/12/2016	Original Budget	Revised Budget 2016/17	Forecast Outturn	Over/(Underspend)	New Carry Forward Requests	Comments
		£	£	£	£	£	
Open for Business							
WLDC Business Loans via crowd funding	0	500,000	0	0	0	0	Carried forward to 2017/18
Company Purchase	75,000	0	75,000	75,000	0	0	Company purchased
Broadband	0	0	555,000	444,000	(111,000)	0	Currently in negotiations with LCC regarding final contract price
People First							
Disabled Facilities Grants	318,062	472,500	472,500	472,500	0	(146,400)	All budget not spent in 2016/17 will be allocated to cases and spent in 2017/18
Prosperous & Enterprising							
Independent Living	38,142	0	34,300	38,142	3,842	0	
Strategic Housing - Empty homes	84,238	0	85,100	84,238	(862)	(39,000)	Potential for remaining budget to be used for CPO work within this financial year. Any remaining budget to be carried forward for CPO work in 17/18.
Asset Management							
Capital Enhancements to Council Owned Assets	303,369	655,000	574,300	490,300	(84,000)	0	
Carbon Management Plan	0	0	20,000	20,000	0	0	
Market Place	0	150,000	50,000	50,000	0		
Hemswell Masterplan	0	250,000	20,000	20,000	0		Scheme under development
Commercial Investment - Property Portfolio	0	5,000,000	5,000,000	5,000,000	0	0	Potential properties currently being evaluated
Commercial Investment - Other	0	2,165,000	420,000	420,000	0	(100,000)	Business case approved, scheme under development but unlikely to commence this financial year capital budget slipped to 2017/18. Loan advance of £20k to be drawn down by end of January
Central Lincolnshire Local Plan							
Gainsborough Growth	900	3,225,000	400,000	400,000	0	(172,700)	Significant regeneration programme, schemes under development
Acquisitions	0	1,200,000	155,000	0	(155,000)	(995,000)	Approval given for property acquisition
Gainsborough Growth Fund	234,137	125,000	192,000	292,000	100,000	(200,000)	Five live projects, due to be completed end of Dec, residual budget to be carried forward to 2017/18
Food Enterprise Zone infrastructure	14,941	250,000	75,000	75,000	0	(175,000)	EIA works completed end of Dec, residual budget to be carried forward to 2017/18
Excellent, VFM Services							
Replacement Refuse Freighters	965,459	930,000	1,069,100	1,059,100	(10,000)	0	
Desktop Refresh/SAN and SQL replacement	0	10,000	10,000	10,191	191	0	
Update Job Evaluation System	0	10,000	10,000	10,000	0	0	System is currently being scoped
Replace IDOX Scanner	0	10,000	0	0	0	0	Carried forward 2017/18
Meeting Room management software	0	15,000	15,000	0	(15,000)	0	No longer progressing
CRM System	0	50,000	10,000	10,000	0	0	
Refurbishment Interior Trinity Arts Centre	10,037	40,000	40,000	37,591	(2,409)	0	Seats to be installed and invoiced January 2017
Website Replacement	8,310	0	38,300	38,300	0	0	Ongoing costs of website development
Replacement Building Control/Land Charges/Planning System	37,611	0	153,000	153,000	0	0	Project underway and incremental invoices due 2016/17, further payments in 2017/18
CCTV System upgrade	142,244	0	180,000	180,000	0	0	Phase 1 complete. Scheme on track to be completed this financial year
Replacement Financial Ledger suite	10,395	0	10,400	10,400	0	0	Scheme completed
Civic Services Investment	29,224	51,000	42,500	39,724	(2,776)	(51,000)	Considerations ongoing
Total Capital Programme Gross Expenditure	**2,272,069**	**15,108,500**	**9,706,500**	**9,429,486**	**(277,014)**	**(1,879,100)**	

Treasury Management report Quarter 3 April – December 2016 monitoring

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.

15.1 Economic update

UK GDP growth rate in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth has been fairly robust at +0.6% q/q, +2.2% y/y in quarter 3 of 2016 to confound the pessimistic forecasts by the Bank of England in August and by other forecasters, which expected to see near zero growth during 2016 after the referendum. Prior to the referendum, the UK economy had been facing headwinds for exporters from the appreciation of sterling against the Euro plus weak growth in the EU, China and emerging markets, and the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, there was then a sharp recovery in confidence and business surveys and the fall in the value of sterling has had a positive effect in boosting manufacturing in the UK due to improved competitiveness in world markets.

The Bank of England meeting on 4th August addressed its forecast of a slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report cut the forecast for growth in 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had 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. While the MPC was prepared to cut Bank Rate again by the end of 2016, Carney also warned that the Bank could not do all the heavy lifting and suggested that the Government would need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on November 23 and which he duly delivered.

The robust growth in quarter 3 of +0.6%, plus forward indicating business surveys also being very positive on growth, caused the MPC in November to pull back from another cut in Bank Rate. The November Inflation Report also included a forecast for inflation to rise to around 2.7% in 2018 and 2019, well above its 2% target, due to a sharp rise in the cost of imports as a result of the sharp fall in the value of sterling after the referendum. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Growth in quarter 1 of 2016 of +0.8% on an annualised basis, and quarter 2 at +1.4%, was disappointing.

However, quarter 3 came in very strongly at +3.5% and forward indicators are pointing towards robust growth in 2017, especially if Trump's expansionary plans are put into effect.

The Fed embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, caused a delay in the timing of the second increase of +0.25% until this December's meeting. Three or four further increases are now expected in both 2017 and 2018.

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December 2015 and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March 2006 meeting, it also increased its monthly asset purchases to €80bn. In December 2016, it extended its QE programme; monthly purchases at €80bn will continue to March 2017 and then continue at €60bn until December 2017. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 3 2016 (1.7% y/y) but forward surveys are, at last, positive about a modest upturn to growth while inflation has also started to increase significantly. There have been many comments from forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

Japan has struggled for many years to boost anaemic growth despite massive fiscal and monetary stimulus, but quarter 3 came in at +2.7% y/y.   Chinese economic growth has been weakening and medium term risks have been increasing.

15.2 Interest Rate Forecasts

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

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling after early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

15.3 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.

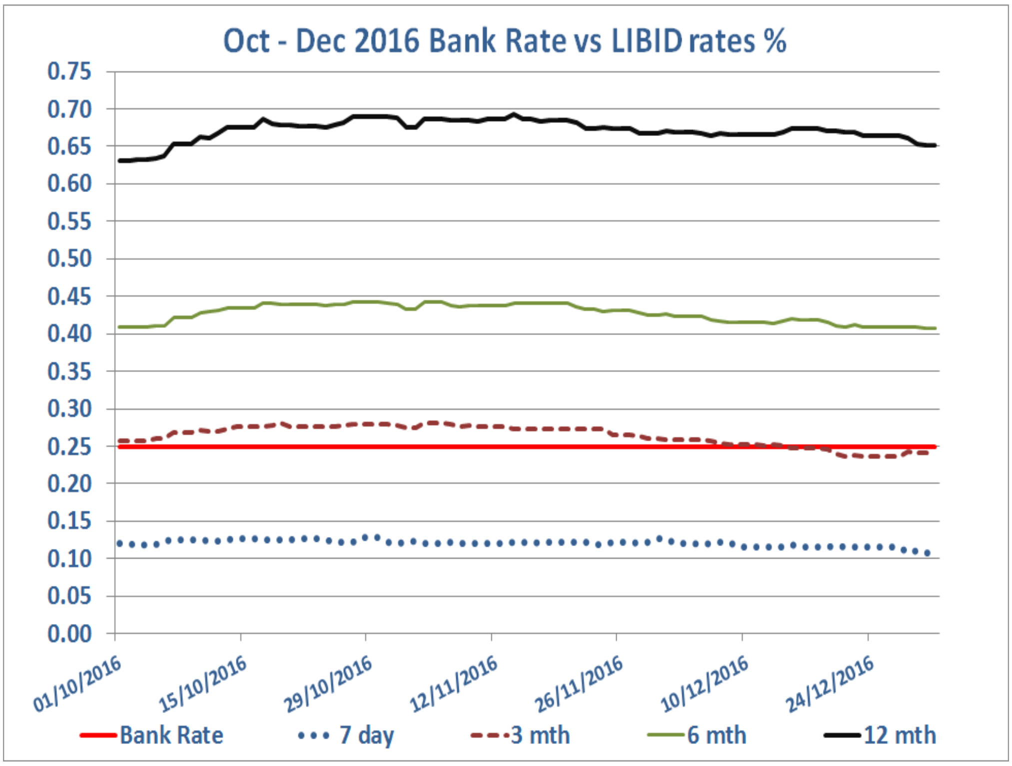
Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31 December 2016.

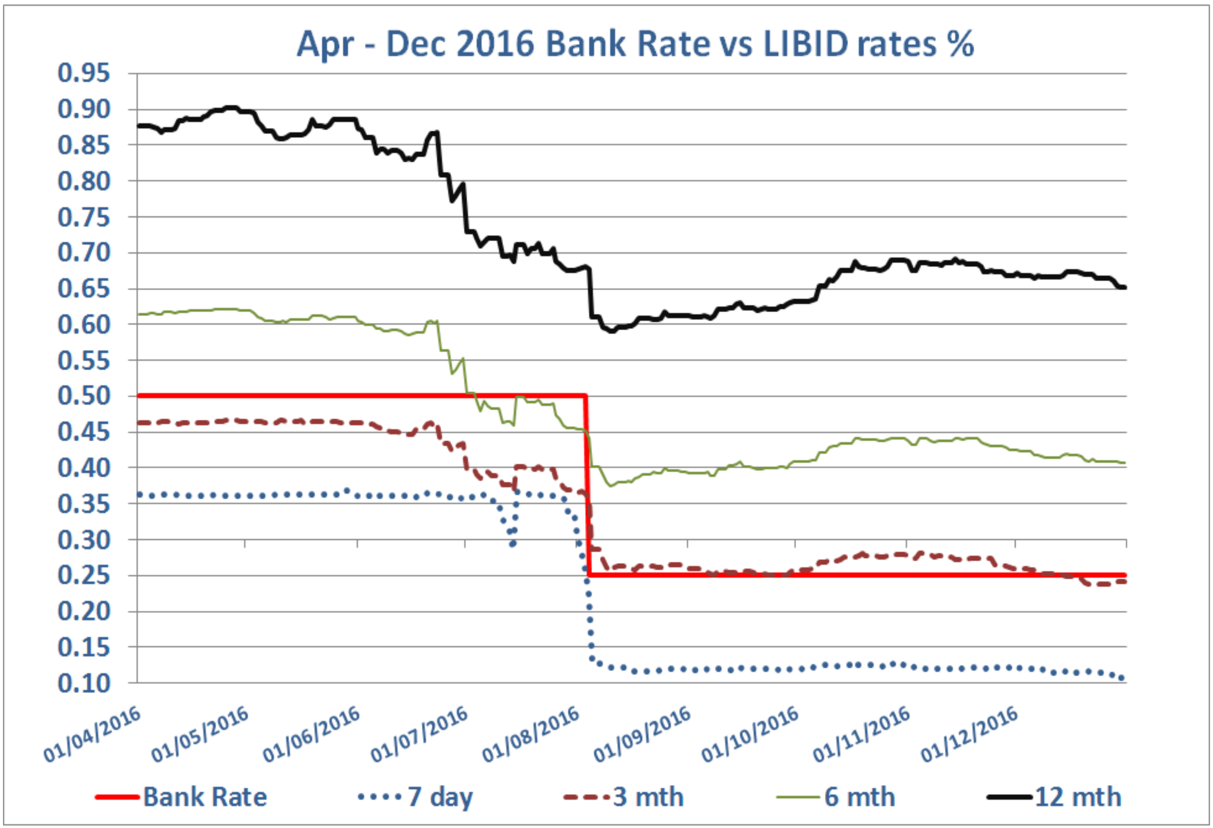
Investment rates available in the market were broadly stable during the first half of the quarter but then took a slight downward path in the second half concluding with a significant drop after the referendum on a sharp rise in expectations of an imminent cut in Bank Rate and “lower for longer” expectations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

The average level of funds available for investment purposes during the quarter was £23.3m**,** (£23.1m Qtr 2 and £22.5m P1). 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). The annualised investment rate for the first nine months of year is 1.17% against a benchmark 7 day libid of 0.23%.

Investment performance for period ended 31 December 2016

Benchmark	Benchmark Q1	Actual Q1	Interest Earned Q1 £	Benchmark Q2	Actual Q2	Interest Earned Q2 £	Benchmark Q3	Actual Q3	Interest Earned Q3 £
Overnight	0.36%	0.47%	5,973	0.28%	0.31%	5,933	0.10%	0.26%	3,755
7 day	0.36%	0.75%	5,728	0.28%	0.65%	5,171	0.12%	0.69%	4,600
1 month	0.38%	-	-	0.30%	-	-	0.14%	-	-
3 months	0.46%	0.55%	3,793	0.38%	0.44%	2,299	0.26%	0.58%	1,065
6 months	0.60%	0.75%	11,765	0.52%	0.88%	9,096	0.43%	0.70%	8,217
9 months	-	0.84%	4,188	-	0.84%	4,235	-	0.80%	3,180
12 months	0.87%	1.12%	10,347	0.76%	1.09%	15,596	0.67%	1.07%	17,518
Other	-	5.85%	29,141	-	5.56%	28,024	-	4.85%	24,473
Total			**70,935**			**70,353**			**62,809**
Accumalative									**204,097**





As illustrated, the Council outperformed the benchmark. The Council's budgeted investment return for 2016/17 is £0.196m, and performance for the year to date is £8.09k above budget.

Investment in Local Authority Property Fund

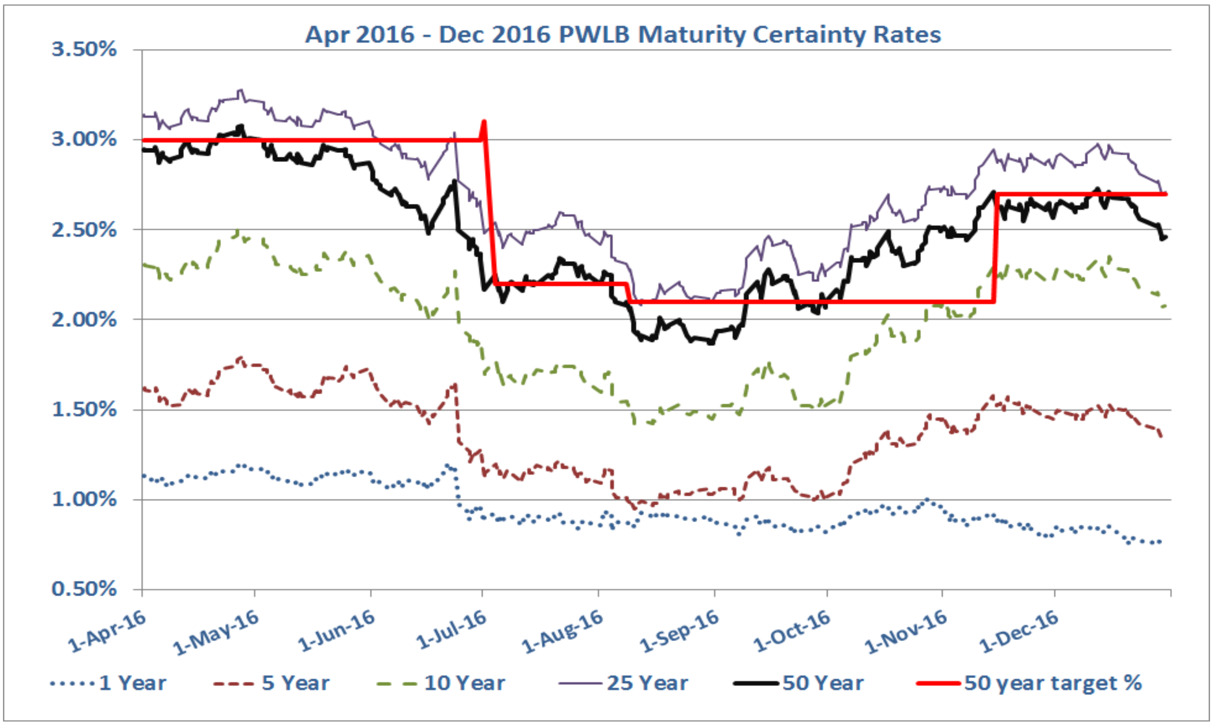
The Council has £2m invested in the CCLA Property Fund. Interest is receivable on a quarterly basis. Interest received can be seen in the table above in the section marked 'other'.

15.4 New Borrowing

No borrowing was undertaken during this quarter.

PWLB certainty rates for the financial year to date as at 31 December 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.76%	0.95%	1.42%	2.08%	1.87%
Date	20/12/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.96%	1.36%	1.97%	2.71%	2.48%



Borrowing in advance of need

This Council has not borrowed in advance of need during the quarter ended 31 December 2016.

15.5 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing. 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
Treasury Indicators				
Authorised limit for external debt	22,931	22,931	22,931	23,801
Operational boundary for external debt	10,411	10,411	10,411	5,696
External Debt	10,290	10,290	0	5,5,75
Long term Leases	342	342	342	342
Investments	-16,882	-22,584	-23,155	-23,336
Net Borrowing	**-6,250**	**-22,242**	**-22,813**	**-17419**
Prudential Indicators				
Capital Expenditure	15,109	16,970	10,928	9,706

Capital Financing Requirement (CFR)*	11,476	11,476	7,181	6,762
Annual change in CFR*	10,069	10,069	5,774	5,355
In year borrowing requirement	10,290	10,290	5,995	0.122
Under/(over)borrowing	3,960	3,960	2,056	6,640
Ratio of financing costs to net revenue stream*	0.49%	0.51%	0.0%	1.44%
Incremental impact of capital investment decisions:				
Increase/Reduction (-) in Council Tax (band change per annum)	£0.99	£1.02	-£0.16	-£1.44

15.6 Changes in credit rating methodology

In the light of the recent changes in the UK sovereign rating, officers will propose that the UK is excluded from its sovereign rating criteria overlay. However, at the individual level, investment counterparties will still need to meet stringent criteria as laid out in the current investment strategy.

CAPITA

Treasury solutions

Asset Services

West Lindsey District Council

Monthly Investment Analysis Review

December 2016

West Lindsey District Council

Monthly Economic Summary

General Economy

As announced earlier this month, tax cuts, increased government spending and deregulation are a few economic tools that President-elect, Donald Trump, will look to use in order to boost US economic growth. Therefore, the unanimous decision by the Federal Reserve to raise interest rates for the first time since December 2015, to 0.5% - 0.75% was universally expected. This rate hike was just the second since the onset of the Financial Crisis, which saw the Federal Reserve cut rates to almost zero in order to stabilise the economy. The accompanying economic forecasts from the central bank were altered to reflect a faster pace of tightening in the coming year. These now suggest three rate hikes in 2017, up from two previously anticipated. Fed Chair, Janet Yellen, announced that the rate hike was in response to the "expected labour market conditions and inflation", as the unemployment rate fell to a 9-year low in November at 4.6% and non-farm payrolls rose 156,000 from the revised figure of 135,000 in October. Moreover, Q3 GDP was finalised at its best rate in two years, at 3.5% annually, as consumer expenditure continued to perform strongly. Both pieces of data supported the decision to increase interest rates. Meanwhile, the potential impact of "Trumponomics" bolstered the view on a more aggressive rate outlook, despite an uncertain global economic outlook.

Moving on to the UK economy, the Purchasing Managers' Index (PMI) figures released for November all revealed how the slump in Sterling after the Brexit vote has variously affected the Services, Construction and Manufacturing sectors. Unexpectedly, manufacturing activity cooled, with the headline reading falling to 53.4 from 54.2 in October. The survey revealed that higher input prices for factories and a fall in export orders took its toll on the index. In contrast, the construction PMI reading hit an 8-month high of 52.8 from 52.6 in October. The improvement was as a result of stronger productivity in commercial and civil engineering, as well as robust growth in house building. Likewise, the services sector PMI remained upbeat, rising to 55.2 from 54.5 in October, as Britain's dominant sector grew at its fastest pace since January. Despite this strength in current conditions, the continued rise in inflation forecasted over the coming months is likely to raise input prices, which will be fed through to consumers in the form of higher prices. This saw most respondents to the survey having a negative outlook about the year ahead.

Consumer-level inflation figures hit a 2-year high of 1.2% in November, with rising prices for clothing and technology goods being key components of the increase. At the wholesale level, core prices (which exclude volatile elements such as food, drink and petrol) increased by 2.2% on the year, the highest annual increase since February. Looking ahead, the cost of imports will continue to upwardly impact on prices, with the Bank of England (BoE) forecasting consumer level prices to rise to 2.8% by mid-2018. Nevertheless, Mark Carney has previously stated that the Bank will tolerate some overshoot of its inflation target, hence why the MPC stuck to the status quo in its December meeting. In terms of growth, the final reading of Q3 GDP came in higher than the forecasted 0.5%, at 0.6%, while the annual rate was lowered due to revisions to growth figures in the first half of the year. Overall, while growth may have moderated from the first half of the year, it has not been as negatively affected by Brexit as some had feared.

Elsewhere, figures showed that the number of people in the labour force fell for the first time in more than a year. The drop of 6,000 came despite the unemployment rate falling to 4.8% in the three months to October, from 4.9% previously. Average weekly earnings excluding bonuses rose by 2.5% on an annual basis, from 2.4% in the three months to September. This rise was the joint strongest in more than a year. However, as Britain's relationship with the EU creates uncertainty, it is widely expected that the unemployment rate will rise over the coming months as companies hold off from hiring until solid foundations about Britain's future outside the EU have been made.

Discounts on 'Black Friday' saw the majority of consumer expenditure occurring in the last week of November, damaging sales for retailers such as clothing stores who did not take part as much as department stores. Higher fuel prices also impacted last month as the annual rate of retail sales fell to 5.9% in November from 7.2% in October. Nevertheless, the October rate was always seen as unsustainable. Furthermore, the BoE has warned that despite retail sales growth being relatively robust even after the Brexit vote, the depreciation in Sterling will increasingly feed through into the economy in the form of higher prices next year, causing growth to slow.

Public Finances seemed to be on track, when compared with the new deficit reduction goals set out by Chancellor Philip Hammond last month. The deficit for November was the lowest for a month since 2007 coming in at £12.6 billion, 4.4% lower than the deficit for the same month in 2015. The Office for Budget Responsibility (OBR) stated that the recent deterioration in public finances is a reflection of weaker tax revenue for this financial year as tax revenue growth for November of 3.6%, was some way below the average 4.4% seen so far in 2016.

Meanwhile, the European Central Bank (ECB) altered its policy during their monthly meeting. While it left the Asset Purchase Programme at its current monthly pace of €80 billion until the end of March 2017, new policy purchases thereafter will be at €60 billion per month until the end of December 2017, or beyond, if necessary. While ECB President Draghi insisted this was not policy tapering, market participants were not convinced, pushing up bond yields across the currency bloc. Elsewhere, data for the Eurozone showed growth had remained steady in the third quarter at 0.3%, with the year-on-year growth figure being revised to 1.7% from 1.6%. The latter figure matched that recorded in the second quarter. The unemployment rate for October was the lowest rate recorded in the Euro area since July 2009, as it fell to 9.8% from 9.9% in September.

Over the coming months the economic outlook for Britain remains unclear as plans for Brexit have yet to be finalised. While the threat of this and higher prices via Sterling depreciation weighed in, the GfK consumer confidence index registered a modest increase in December. In addition to Brexit progress, the spotlight will focus on the inauguration of Donald Trump on the 20th January as the effect of his administration on the US economy and that of its major trading partners in the coming years will become clearer.

Housing

House price growth sped up in November for the first time since March, according to Halifax. However, looking ahead, it is suggested that price increases may slow. On the month, prices increased by 0.2%, with the three month annual figure increasing by 6.0%, up from the 5.2% growth recorded in the three months to October. Nationwide reported that house prices continued to rise in December with annual house prices growth up 4.5%, from 4.4% in November. However, economic uncertainty is likely to slow the pace of growth in 2017 with Nationwide currently forecasting house prices to rise by just 2% in 2017.

Forecast

Capita Asset Services (CAS) did not alter their forecasts this month with a rate hike to 0.50% forecast in Q3 2019. Capital Economics now expect the bank rate to remain at 0.25% from Q4 2016 to Q2 2019 when it will increase to 0.50% and then increase again to 0.75% in Q4 2019.

Bank Rate	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%

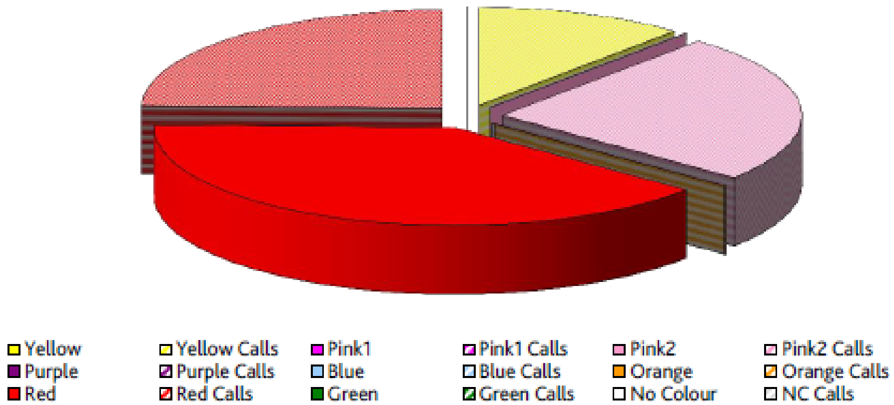
West Lindsey District Council

Current Investment List

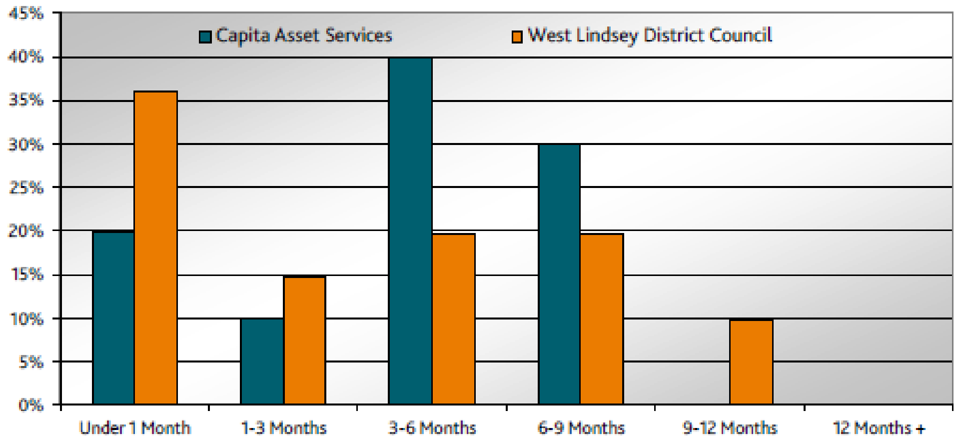
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF LGIM	2,300,000	0.32%		MMF	AAA	0.000%
ECF Insight Liquidity Plus	5,000,000	0.42%		ECF	AAA	0.000%
Lloyds Bank Plc	1,000,000	1.05%	10/02/2016	08/02/2017	A	0.007%
Goldman Sachs International Bank	1,000,000	0.63%	01/09/2016	01/03/2017	A	0.011%
Goldman Sachs International Bank	1,000,000	0.35%	15/12/2016	15/03/2017	A	0.014%
Goldman Sachs International Bank	1,000,000	0.46%	05/12/2016	05/04/2017	A	0.017%
Santander UK Plc	2,000,000	0.80%		Call120	A	0.022%
Santander UK Plc	1,000,000	0.90%		Call180	A	0.033%
Lloyds Bank Plc	1,000,000	1.25%	15/07/2016	14/07/2017	A	0.036%
Lloyds Bank Plc	500,000	0.80%	17/10/2016	17/07/2017	A	0.036%
Lloyds Bank Plc	1,000,000	1.05%	03/08/2016	03/08/2017	A	0.039%
Lloyds Bank Plc	1,000,000	1.00%	18/08/2016	18/08/2017	A	0.042%
Lloyds Bank Plc	500,000	1.00%	12/09/2016	11/09/2017	A	0.047%
Santander UK Plc	2,000,000	1.05%		Call365	A	0.067%
Borrower - Funds	**Principal (£)**	**Interest Rate**	**Start Date**	**Maturity Date**		
CCLA Property Fund	2,000,000					
Total Investments	**£22,300,000**	**0.63%**				
Total Investments - excluding Funds	£20,300,000	0.70%				0.021%
Total Investments - Funds Only	£2,000,000	0.00%				

West Lindsey District Council

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



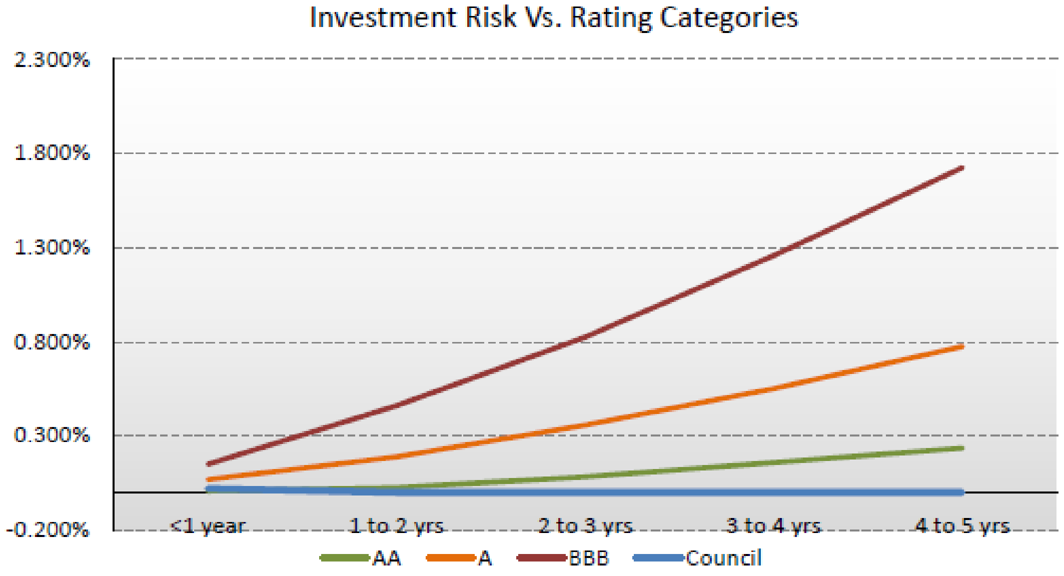
Portfolios weighted average risk number = 3.68

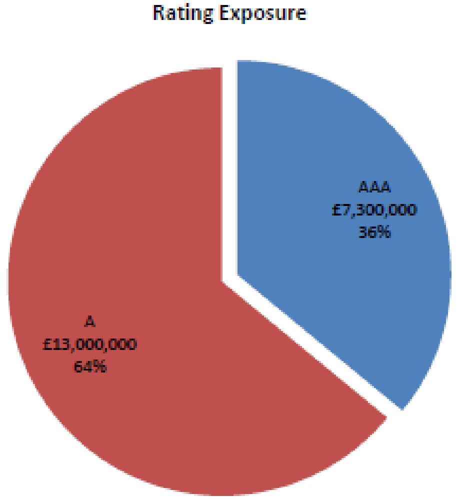
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/ECFs WAM	Excluding Calls/MMFs/ECFs WAM at Execution
Yellow	11.33%	£2,300,000	100.00%	£2,300,000	11.33%	0.32%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	24.63%	£5,000,000	100.00%	£5,000,000	24.63%	0.42%	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	64.04%	£13,000,000	38.46%	£5,000,000	24.63%	0.87%	176	255	142	271
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%	**£20,300,000**	**60.59%**	**£12,300,000**	**60.59%**	**0.70%**	**113**	**163**	**142**	**271**

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	0.021%	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.

Monthly Credit Rating Changes

FITCH

Date	Update Number	Institution	Country	Rating Action
14/12/2016	1491	Goldman Sachs International Bank	U.K	Long Term Rating affirmed at 'A', Outlook changed to Stable from Positive. Short Term Rating affirmed at 'F1'.
28/12/2016	1495	Belgium Sovereign Rating	Belgium	Sovereign Rating downgraded to 'AA-' from 'AA', Outlook changed to Stable from Negative.

Monthly Credit Rating Changes

MOODY'S

Date	Update Number	Institution	Country	Rating Action
08/12/2016	1489	Italy Sovereign Rating	Italy	Sovereign Rating affirmed at 'Baa2', Outlook changed to Negative from Stable
13/12/2016	1490	Barclays Bank Plc	U.K	Long Term Rating upgraded to 'A1' from 'A2', Negative Outlook. Short Term Rating affirmed at 'P-1'.
14/12/2016	1492	DBS Bank Ltd.	Singapore	Long Term Rating affirmed at 'Aa1', Outlook changed to Stable from Negative. Short Term Rating affirmed at 'P-1'.
14/12/2016	1492	Oversea-Chinese Banking Corporation Ltd.	Singapore	Long Term Rating affirmed at 'Aa1', Outlook changed to Stable from Negative. Short Term Rating affirmed at 'P-1'.
14/12/2016	1492	United Overseas Bank Ltd.	Singapore	Long Term Rating affirmed at 'Aa1', Outlook changed to Stable from Negative. Short Term Rating affirmed at 'P-1'.

West Lindsey District Council

Monthly Credit Rating Changes

S&P

Date	Update Number	Institution	Country	Rating Action
16/12/2016	1493	Commerzbank AG	Germany	Long Term Rating affirmed at 'BBB+', removed from Stable Outlook and placed on Positive Watch. Short Term affirmed at 'A-2'.
16/12/2016	1493	Deutsche Bank AG	Germany	Long Term Rating affirmed at 'BBB+', removed from Negative Outlook and placed on Positive Watch. Short Term affirmed at 'A-2'.
19/12/2016	1494	Goldman Sachs International Bank	U.K	Long Term Rating upgraded to 'A+' from 'A', removed from Positive Watch and placed on Stable Outlook. Short Term Rating affirmed at 'A-1'.
19/12/2016	1494	Bank of America, N.A.	U.S.A	Long Term Rating upgraded to 'A+' from 'A', removed from Positive Watch and placed on Stable Outlook. Short Term Rating affirmed at 'A-1'.
19/12/2016	1494	Citibank, N.A.	U.S.A	Long Term Rating upgraded to 'A+' from 'A', removed from Positive Watch and placed on Stable Outlook. Short Term Rating affirmed at 'A-1'.

APPENDIX A

REVENUE FORECAST OUTTURN AS AT 31ST MARCH 2017

FORECAST OUTTURN DATA BY CLUSTER AND BUSINESS UNIT

Cluster	Business Unit	2016/17 up to 31st December 2016 Revised Budget £	2016/17 up to 31st December 2016 Forecast Outturn £	2016/17 up to 31st December 2016 Forecast Outurn Variance £
Chief Executive / Directors	Chief Executive	153,000	151,200	(1,800)
	Chief Operating Officer	109,300	109,900	600
	Commercial Director	157,400	114,200	(43,200)
	Director of Resources	110,600	112,000	1,400
Chief Executive / Directors Total		530,300	487,300	(43,000)
Commercial	Public Conveniences	72,500	67,380	(5,120)
	Street Cleansing	509,200	519,400	10,200
	Trade Waste	6,100	(26,900)	(33,000)
	Waste Management	1,790,200	1,932,200	142,000
Commercial Total		2,378,000	2,492,080	114,080
Customer First	Building Control	142,200	167,600	25,400
	Corporate Management - Apprentices	59,800	52,300	(7,500)
	Customer Services	575,400	545,122	(30,278)
	Debtors	22,800	20,835	(1,965)
	Emergency Planning	16,000	16,000	0
	Food Safety	134,500	130,566	(3,934)
	Fraud	15,750	44,533	28,783
	Health and Safety	74,600	75,052	452
	Housing Benefits Admin	246,750	150,773	(95,977)
	Housing Benefits Payments	(195,300)	(116,889)	78,411
	Housing Benefits Projects	75,800	80,185	4,385
	Land Charges	48,500	42,000	(6,500)
	Licences - Community	(26,700)	(13,600)	13,100
	Local Tax Collection	272,000	280,551	8,551
	Parish Lighting	56,700	56,700	0
	Pest and Dog Control	23,700	26,200	2,500
	Pollution Control	112,800	111,845	(955)
	Support Services - Admin	28,800	9,059	(19,741)
Customer First Total		1,684,100	1,678,832	(5,268)
Democratic and Member Support	Communications	121,600	87,900	(33,700)
	Corporate Management - Finance	882,100	800,000	(82,100)
	Democratic Representation	527,100	506,400	(20,700)
	Elections	0	7,000	7,000
	Financial Services	566,200	592,200	26,000
	Human Resources	261,800	257,900	(3,900)
	Legal Services	(200)	(34,100)	(33,900)
	Precepts	177,000	177,000	0
	Register of Electors	142,000	134,626	(7,374)
	Support Services - Corporate	187,800	145,500	(42,300)
Democratic & Member Support Total		2,865,400	2,674,426	(190,974)
Economic Development and Neighbourhoods	Community Action & Community Safety	469,500	467,636	(1,864)
	Development Management	(180,300)	(311,500)	(131,200)
	Economic Development	763,271	699,571	(63,700)
	Environmental Initiatives	110,000	110,800	800
	General Grants etc	528,700	517,900	(10,800)
	Parks & Open Spaces	272,500	282,300	9,800
	Planning Policy - Forward Planning	71,700	75,700	4,000
	Tourism	45,700	45,700	0
	Town Centre Markets	72,000	84,000	12,000
Economic Development and Neighbourhoods Total		2,153,071	1,972,107	(180,964)
Housing & Regeneration	Admin Buildings	258,500	262,213	3,713
	Car Parks	(132,700)	(98,280)	34,420
	Cemeteries and Churchyards	62,800	51,300	(11,500)
	Commercial Properties	(371,400)	(360,961)	10,439
	Culture, Heritage & Leisure	618,600	586,900	(31,700)
	Homelessness/ Housing Advice	327,900	326,408	(1,492)
	Housing Strategy	313,000	241,490	(71,510)
	Other Council Properties	(12,800)	(16,900)	(4,100)
	Private Sector Housing Renewal	153,500	170,691	17,191
	Property Services	219,800	203,540	(16,260)
Housing & Regeneration Total		1,437,200	1,366,401	(70,799)
Organisational Transformation	Business Improvement & Commercial Development	512,500	403,600	(108,900)
	ICT Services	234,400	232,700	(1,700)
	Systems Development	508,500	457,900	(50,600)
Organisational Transformation Total		1,255,400	1,094,200	(161,200)
BUSINESS UNIT CONTROLLABLE GRAND TOTAL		12,303,471	11,765,346	(538,125)

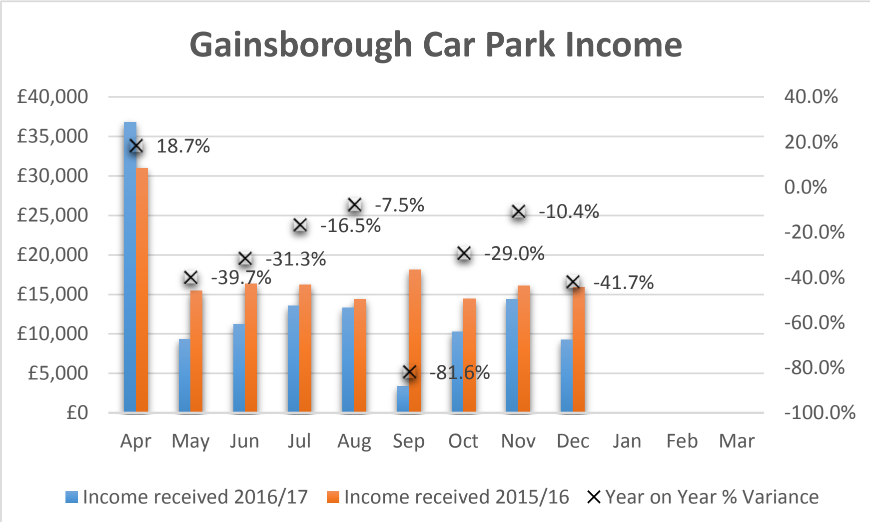
Corporate Accounting Total	1,926,350	1,702,250	(224,100)
Statutory Accounting Total	5,026,800	5,026,800	0
Movement in Reserves Total	(4,009,186)	(4,044,386)	(35,200)
Net Revenue Expenditure	2,943,964	2,684,664	(259,300)

Funding Total	(15,247,435)	(15,247,435)	0

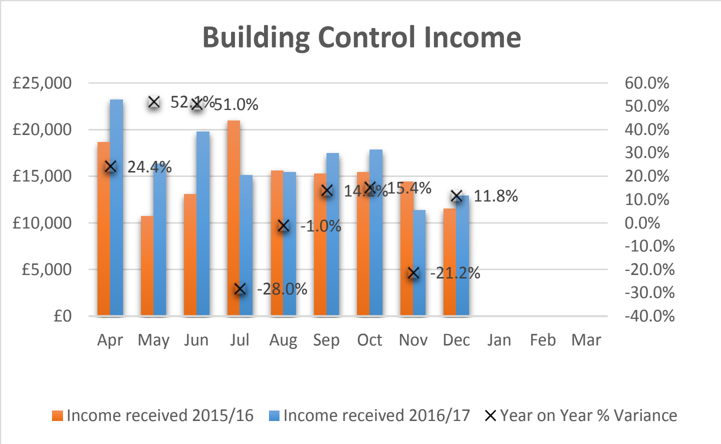
(SURPLUS)/DEFICIT FOR THE YEAR	0	(797,425)	(797,425)

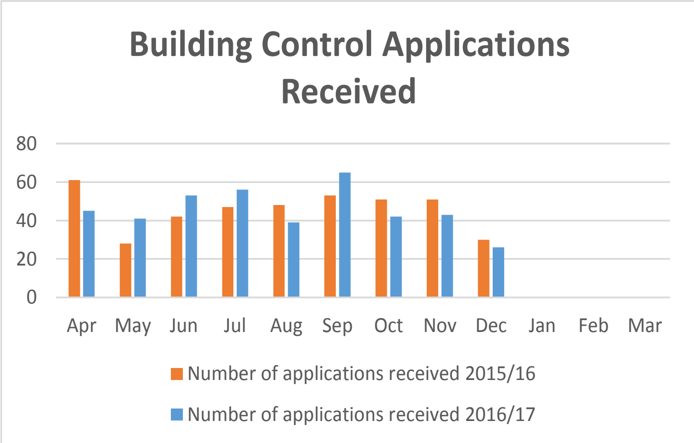
APPENDIX B

FEES AND CHARGES ANALYSIS – BY INCOME & VOLUME PER MONTH

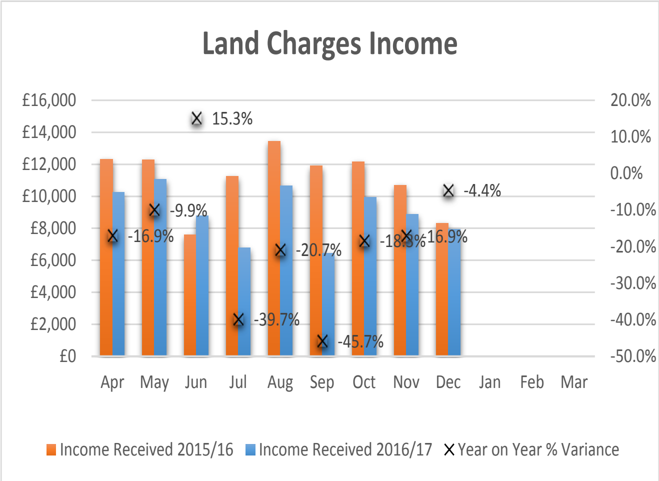


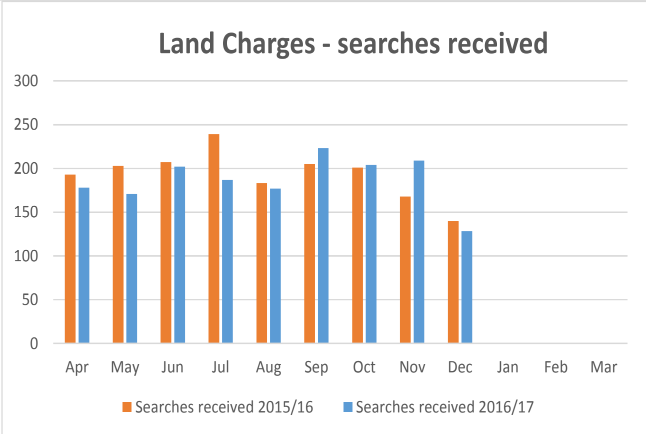
The figures at the start of each year are typically affected by when we receive the first payments for permits, particularly those paid for on a quarterly basis. This drives much of the variance. Overall we would expect the income to be less than 2015/16 as up to July we still had the multi storey car park. Whilst income has reduced across the two years it is actually exceeding the budget indicating that we retained more of the customers than we expected. Further reductions are reflected due to our charging policy change in August this year.



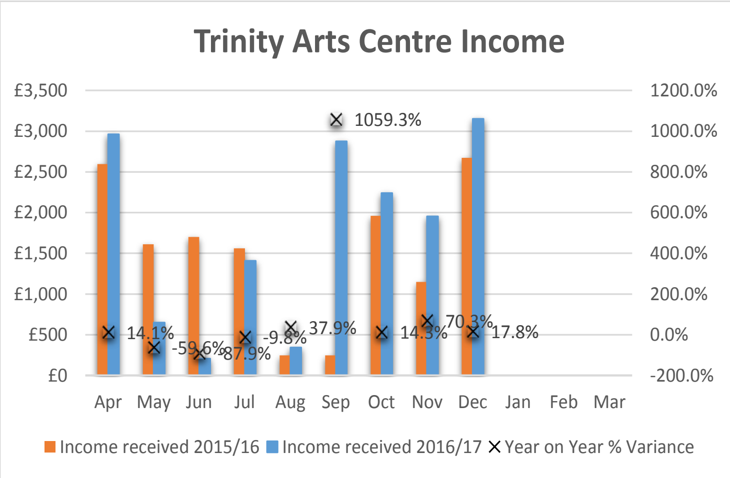


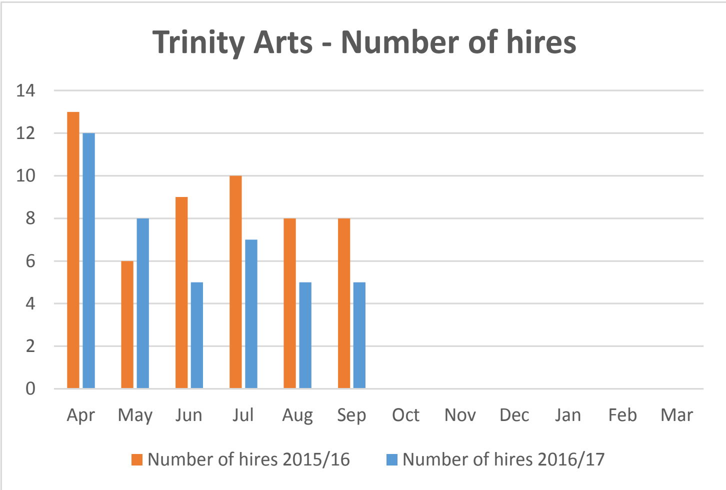
The Council is continuing to make significant investment in the Building Control service to equip the team so it may compete effectively in the wider market over the next 5 years, whereas for the past 3 years West Lindsey Building Control have been focusing on improving & developing its services, through building relationships, improving reputation & raising the profile of the team.



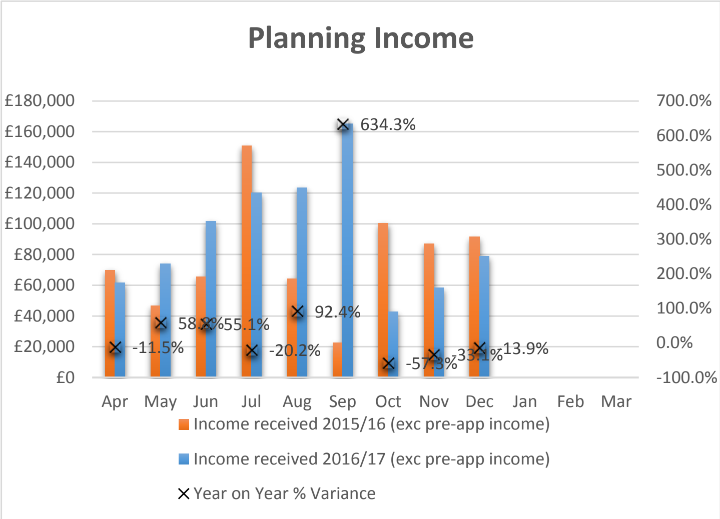


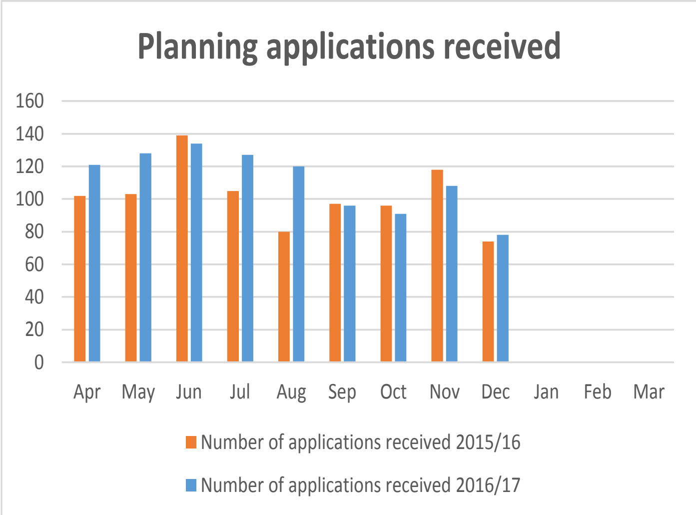
The land charges service is currently going through a major change in the way it delivers the service to customers by implementing an automated system. Transitional arrangements have been made for this process to take place, however whilst the new system is being purchased, the data transferred and the process tested, the time taken to complete searches will take longer due to staff having to focus on both the implementation of the new process whilst simultaneously processing searches on the current system.



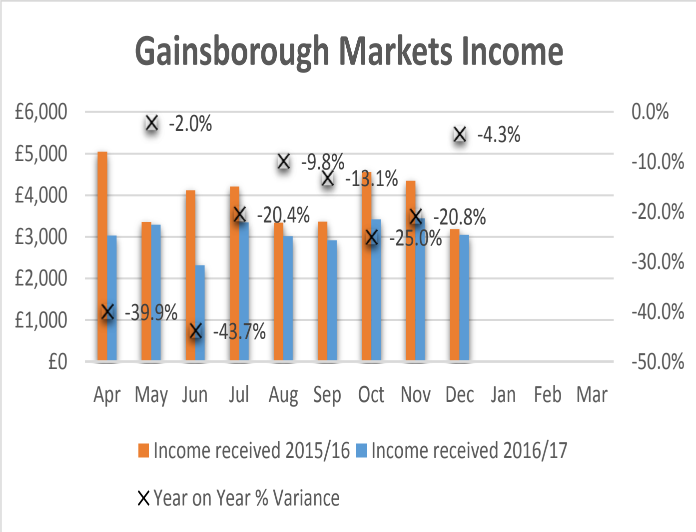


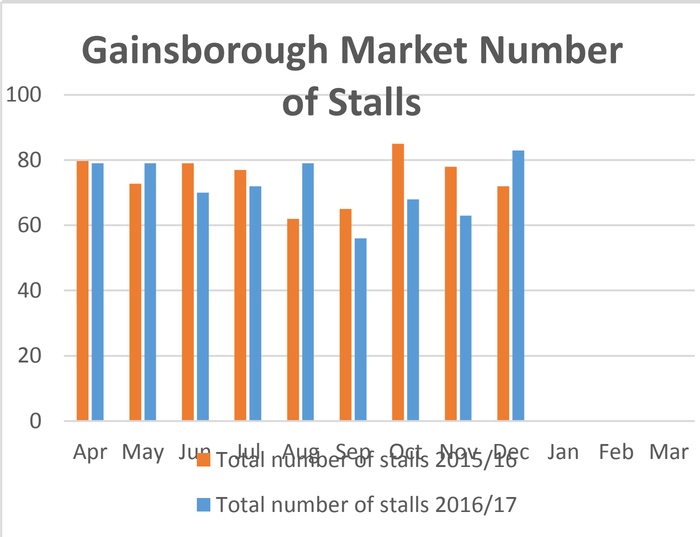
This is not a true reflection of the performance of Trinity Arts Centre as the fees and charges element relates to a small percentage of the overall business. Performances are booked on the most advantageous terms possible, sometimes this is on a hire basis and sometimes on a split of income. The programme 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.





The number of new applications has dipped slightly during quarter 3 but still remains above the longer term average. This is not unexpected as the development industry tends to contract during the winter months and during periods of relative economic uncertainty, such as was experienced in Q3 due to the Autumn Statement. As previously reported the section remains on track to exceed all budget targets and the quantum of new applications received at the start of quarter 4 confirms this trend continues.





Market income down compared with last year in line with trends of recent years. A business case for an in-house improvement plan was approved by Prosperous Communities Committee in September, further work is required before any planned changes made.