

East Lindsey District Council – Q1 Finance Report 2023/24

Section 1 - Finance Summary

- The forecast at the end of Quarter 1 shows an underspend of £1.525m (Table 1).
- Specific and general reserves of the Council are £25.619m as at 30 June 2023 (Table 3).
- Capital spend at the end of Quarter 1 was £4.634m against a full year budget of £66.401m (Table 4).
- The Council holds investments (including property funds and instant access accounts) of £104.359m as at 30 June 2023 (Table 10).
- The Council held borrowing of £20m as at 30 June 2023 (Table 12).

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 1 of 2023/24
Section 2.2	Revenue Budget
Section 2.3	Reserves and Capital Budget
Section 2.4	Treasury Update
Section 2.5	Debt Collection
Section 2.6	Business Rates and Council Tax Collection

Section 2.1 – Key Financial Issues in Quarter 1 of 2023/24

- The process of identifying efficiencies is underway and monitoring will continue throughout the year.
- Additional investment income was received due to an increase in available investments and an increase in interest rates.
- A legal cost provision for Kingfisher Caravan Park has been made of £50K.
- Additional income from the Garden Waste Service due to an uptake in the service.

Inflation Table

Inflation	April (%)	May (%)	June (%)
CPI	8.7	8.7	7.9
RPI	11.4	11.3	10.7

Section 2.2 – Revenue Budget

Table 1 details the outturn by Assistant Director as at 30 June 2023 and shows a service underspend of £104k. Investment income is exceeding expected levels due to continued increases in interest levels currently forecasting £1.421m in excess of budget. To buffer the Councils budget against sharp

increases or decreases in investment income levels an investment volatility reserve was established (Table 3) and consideration will be given to transferring excess income to this reserve as the year progresses.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24	Forecast Outturn Q1 2023/24	Variance (underspend)/overspend	Comments on main variances
	£'000	£'000	£'000	
Corporate Services	274	245	(29)	Salary vacancies
Economic Growth	(11,528)	(11,528)	0	No major variance
Finance	9,321	9,321	0	No major variance
General Fund Assets	(9,265)	(9,161)	104	£50K Legal Fees and Agency costs
Governance	1,487	1,474	(13)	Salary vacancies
Leisure & Culture	2,447	2,447	0	No major variance
Neighbourhoods	7,362	7,171	(191)	Green Waste income overachieved
Planning & Strategic Infrastructure	669	677	8	No major variance
Regulatory	3,639	3,647	8	No major variance
Wellbeing & Community Leadership	1,305	1,315	10	No major variance
Sub Total – Assistant Directors – Net Costs	5,711	5,607	(104)	
Internal Drainage Boards and Parish Precepts	8,327	8,327	0	
Investment Income	(3,071)	(4,492)	(1,421)	Increased income due to an increase in available investment and an increase in interest rates
Cost of Borrowing	495	495	0	
Impairment Allowance	100	100	0	
DRF	10,007	10,007	0	
Capital Expenditure Charged In Year	14,477	14,477	0	

Table 1 – Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24	Forecast Outturn Q1 2023/24	Variance (underspend)/overspend	Comments on main variances
	£'000	£'000	£'000	
Transfers to/(from) Earmarked Reserves	(852)	(852)	0	
Efficiencies Requirement	(1,608)	(1,608)	0	See Table 1a below
Other Income and Expenditure	27,875	26,455	(1,421)	
General Fund Budget net costs	33,586	32,062	(1,525)	
Funding:				
Council Tax	(11,005)	(11,005)	0	
Government Grants	(3,604)	(3,604)	0	
Business Rates	(18,977)	(18,977)	0	
Total Budget - (Surplus)/Deficit	0	(1,525)	(1,525)	

The 2023/24 budget included an efficiency target of £1608K; efficiencies met are:

Table 1a – Efficiency	Amount £'000	Comments
Budget Adjustment	228	Saving from capitalisation of salaries
IDB Funding	927	
Total	1,155	
Target	(1,608)	
Efficiencies still to be Identified	453	

Income

The Council has several demand-led budget areas which are reliant on income for services provided. These are shown in **Table 2** below.

Table 2 – Trading Income Budgets				
Income Area	Revised Budget Q1	Actual Income Q1	Variance (above)/ below budget	Comments
	£'000	£'000	£'000	
Car Parking	(873)	(759)	114	Variance due to seasonal timings, budgets have now been reprofiled to reflect. Forecast is to budget.
Kingfisher Caravan Park	(272)	(822)	(550)	Variance is due to the timing of the invoices raised, budget to be reprofiled to reflect. Forecast outturn to budget
Planning	(393)	(354)	38	Reduction in planning applications but expected to pick up over the year. Further monitoring will be carried out throughout the year.
Licensing	(83)	(101)	(18)	Licences span across more than one financial year, forecast is to budget.
Markets	(25)	(24)	1	Market income on target, weather

Table 2 – Trading Income Budgets				
Income Area	Revised Budget Q1	Actual Income Q1	Variance (above)/ below budget	Comments
	£'000	£'000	£'000	
				conditions may affect future income.
Land Charges	(30)	(15)	15	Underachievement of income, expected to increase in line with Planning
Building Control	(111)	(125)	(14)	Additional income, will continue to monitor throughout the year
Commercial Rents	(799)	(1653)	(855)	Variance due to the timing of the invoices raised versus the budget profile. Outturn is expected to be in line with budget.
Green Waste	(1,311)	(1,528)	(217)	Additional income from an increase in take up of the service
TOTAL	(3,896)	(5,382)	(1,416)	

Section 2.3 – Reserves and Capital Budget

2.3.1 - Specific and General Reserves

At 30 June 2023, specific reserves are £25.619m, after a net transfer from reserves of £852K to cover future revenue and capital expenditure. **Table 3** reflects the forecast position.

Table 3 - Specific and General Reserves Balance Forecast Outturn					
Reserves	Balances at 1st April 2023 £'000	Forecast Contributions To Reserves £'000	Forecast Use of Reserves £'000	Other Adjustments £'000	Forecast Balances at 31 March 2024 £'000
	£'000	£'000	£'000	£'000	£'000
Investments Volatility	-	871	-	-	871
Housing	2,244	-	-	-	2,244

Table 3 - Specific and General Reserves Balance Forecast Outturn					
Reserves	Balances at 1st April 2023 £'000	Forecast Contributions To Reserves £'000	Forecast Use of Reserves £'000	Other Adjustments £'000	Forecast Balances at 31 March 2024 £'000
Repair and Replacement	1,315	415	82	-	1,648
Carbon Reduction	398	-	-	-	398
Insurance	827	-	60	-	767
Capital	6,095	378	225	(1,500)	4,748
Economic Growth	5,923	1,465	8,100	1,500	788
Service Transformation	1,025	-	-	-	1,025
Business Rates Volatility	1,402	4,086	-	-	5,488
Legal and Appeals	3,692	-	-	-	3,692
Technology	528	68	100	-	496
Wellbeing	463	-	-	-	463
COVID-19 Budget Pressures Smoothing	737	-	-	-	737
Climate Change	-	-	-	-	-
New Initiatives/Contingency	-	2,932	2,500	-	432
Specific Reserves Total	24,649	10,215	11,067	-	23,797
General Fund	1,822	-	-	-	1,822
Total	26,471	10,215	11,067	-	25,619

Please note the following reserve movements expected to take place this financial year:

- Repairs and Replacement
 - Additions to – contributions from services paying back into the reserve where savings have been made and Solar PV FIT income.
 - Use of reserve – funding for capital project in relation to Waste Vehicle replacement
- Capital Reserve
 - Additions to – New Homes Bonus
 - Use of reserve – for the capital projects: Towns Fund Mablethorpe High Street and Skegness Foreshore.
- Technology Reserve
 - Additions to – from previous savings in IT budget (5 years at £68k) and other service contributions.
 - Use of Reserve – IT projects in the Capital Programme.

- Economic Growth
 - Additions to– benefit of Business Rates pooling and leisure investment payback.
 - Use of Reserve– Economic Development spend where grant received in previous years, Towns Fund Leisure and Learning, Council contribution to the HUB and Towns Fund contingency.
- Business Rates Volatility reserve
 - Large business rate hereditament added to listing late in budget setting process.

Section 2.3 – Q1 Capital budget report

This section covers:

- Revisions to the Capital Programme
- Progress against the 2023/24 approved capital programme and the anticipated outturn
- Funding of the Capital Programme

Table 4 – 2023/24 Capital Programme and Q1 Forecast Outturn

Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Changes to approved budget £000	Revised 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
Non-Towns Fund Projects							
Disabled Facilities Grants ¹	1,562	-	477	2,039	370	2,039	-
Community Housing Fund	-	653	-	653	-	5	(648)
Capitalised Planned Enhancements	200	62	-	262	-	262	-
Car Park Resurfacing	250	50	-	300	47	300	-
Public Sector Hub	-	186	-	186	71	186	-
Kingfisher Enhancement	-	104	-	104	7	104	-
3g Football Pitch Project	-	171	-	171	-	171	-
Pride in East Lindsey	-	46	-	46	-	46	-
Changing Places Toilets	-	300	-	300	34	300	-
Environmental Services: Vehicle Requirements ²	82	27	610	719	-	719	-
PSPS Investment	-	181	-	181	-	181	-
Case Management System	-	78	-	78	-	78	-
IT for Hub	-	22	100	122	11	122	-
IT Investment	100	135	-	235	-	235	-
IT Infrastructure Refresh Projects (Laptop, mobile etc)	209	-	-	209	61	183	(25)
Storage and Servers	-	12	-	12	12	12	-
Green Homes Grant	-	1791	-	1791	23	1791	-
Climate Change Projects	-	4,471	6,600	11,071	901	11,071	-
Decarbonisation of Assets	1,500	-	-	1,500	-	1,500	-
District EV Charging Points	-	-	153	153	-	153	-
Cultural Development Fund – Phase 2	-	-	94	94	-	94	-
Cultural Development Fund – Pier Transformation	-	-	440	440	-	440	-
Total Non-Towns Fund Projects	3,903	8,289	8,474	20,666	1,537	19,992	(673)

Table 4 – 2023/24 Capital Programme and Q1 Forecast Outturn

Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Changes to approved budget £000	Revised 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
Towns Fund Projects							
Towns Fund - Mablethorpe Leisure and Learning Hub	10,725	(244)	-	10,481	2,050	3,928	(6,554)
Towns Fund - Sutton on Sea Colonnade	3,579	2,295	600	6,474	9	1,600	(4,874)
Towns Fund - Skegness Foreshore	200	(113)	-	87	-	87	-
Towns Fund - Skegness Railway Station	2,317	369	-	2,686	25	1,774	(912)
Towns Fund - Skegness Town Centre Transformation	1,050	(407)	-	643	215	600	(43)
Towns Fund - Skegness Learning Campus	8,170	(98)	-	8,072	-	2,628	(5,444)
Towns Fund - Skegness Cultural	1,137	89	-	1,226	-	178	(1,048)
Towns Fund - Skegness Multi-User Trail	-	223	-	223	-	-	(223)
Towns Fund - Skegness Police Training Centre	-	-	-	-	-	-	-
Towns Fund - Mablethorpe Campus for Future Living	5,137	(162)	-	4,975	777	4,527	(448)
Towns Fund - Mablethorpe Sandilands	1,980	-	-	1,980	-	792	(1,188)
Towns Fund - Mablethorpe Mobi hub	277	(2)	-	275	13	161	(114)
Towns Fund - Mablethorpe High Street	471	(7)	-	464	8	464	-
Town Fund – Contingency this has been allocated	3,500	-	-	3,500	-	3,500	-
Total Towns Fund	38,543	1,943	600	41,086	3,097	20,239	(20,848)
UKSPF & LUF							
UKSPF	215	108	-	323	-	323	-
UKSPF - RP	800	-	-	800	-	800	-
Total UKSPF	1,015	108	-	1,123	-	1,123	-
LUF : Spilsby Sessions House	1,337	-	-	1,337	-	1,337	-
LUF : Alford Manor House	1,092	-	-	1,092	-	1,092	-
LUF : Alford Windmill	1,098	-	-	1,098	-	1,098	-
Total LUF	3,527	-	-	3,527	-	3,527	-
Grand Total – All Projects	46,988	10,340	9,074	66,402	4,634	44,881	(21,521)

NOTES

New 2023/24 capital projects to be approved (included in figures in Table 4)

¹Adjustment of the DFG budget £477k

²Neighbourhood Capital Bids – Vehicles £430k

The revised capital budget as at Q1 was £65.867m, derived from the combination of the 2023/24 approved budget of £46.987m, 2022/23 slippage and accelerated spend of £10.340m, and other changes to approved budgets of £8.540m, shown in Table 4.

The slippage from 2022/23 is yet to be approved by Cabinet for onward approval by Full Council. For the purposes of this paper, the assumption is that all slippages from 2022/23 have been approved.

The Town's Fund projects represent most of the total revised capital budget for 2023-24 at £41.086m (62%). The other projects make up £24.781m (38%) of total revised capital budget.

The overall expenditure forecast as at Q1 is showing a slippage of £21.520m.

Changes to approved capital budget – Table 4a

The changes to approved budget totalled £8.540m, detailed below:

Project Description	Amount £'000	Approval
IT for Hub project budget increased by £100k	100	Approved by Executive Board: Decision notice dated 23/03/2022
District EV Charging Points	153	Leader's Decision approved on 12/01/2023.
Refuse Cleansing Vehicle (RCV) total budget has been reprofiled from 2027-28 to 2023-24, this is in response to an urgent need to replace a damaged vehicle.	180	Approved by Executive Board: Decision notice dated 28/04/2023
Neighbourhood Capital Bids – Vehicles Total £1,184k (£430k in 2023-24, £720k in 2024-25 & £34k in 2025-26). Only approval of 2023-24 budget is required at this stage.	430	This was a budget error/omission and is recommended for approval by Executive Board and then Full Council (See note 2 above).
Adjustment of the DFG budget to bring in line with the funding received for the year. New total £2,039k.	477	This was a budget error/omission and is recommended for approval by Executive Board and then Full Council. (See note 1 above)

Project Description	Amount £'000	Approval
Recommend to Full Council an addition to the Capital Programme and the use of reserves for up to £600k to fund additional enhanced works on the Colonnade.	600	Approved by Executive Board on 5/07/2023 to be recommended to Full Council
Adjustment to the S&ELCP LAD3 programme an additional 100 properties for all Districts. (1,00k)	1,000	Approved by Council on 23/05/2023
Amend the capital programme to include next phase of Sustainable Warmth delivery, known as Home Upgrade Grant 2 (HUG2), across the three Partnership Councils of East Lindsey, Boston and South Holland via the Midlands Net Zero Hub. (2023-24: Capital £5,600k)	5,600	Approved by Council on 23/05/2023
Towns Fund Contingency draft allocation as follows: 1. Mablethorpe Leisure & Learning - £1,920k 2. Sutton on Sea Colonnade - £1,300k 3. Skegness Culture House - £0,280k	3,500	Delegated decision to s151 to finalise this allocation when final details are available.
Cultural Development Fund Round 3, split between two projects: 1. Phase 2 - £94k 2. Pier Transformation - £440k	534	Approved by Council 28/06/2023

Projects to be removed from the capital programme

Pumping Works on Foreshore project to be removed from the capital programme and plan to look to make a fresh bid if there is an emerging need to undertake any works going forward.	146	N/A
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Progress against approved budgets

- **Towns Fund - Mablethorpe Leisure and Learning Hub** (£6.553m slippage) – Project delayed in starting. However, the Hub will see a new 3,000 sqm centre replacing the existing Station Sports Centre with a swimming pool, gymnasium, and other facilities available. Works are progressing well.

- **Towns Fund - Skegness Learning Campus** (£5.444m slippage) - Project delayed, initial tenders were over budget, value engineering was necessary. Out to tender September 2023; planned start on site 8 January 2024
 - **Towns Fund - Sutton on Sea Colonnade** (£4.874m slippage) - Project delayed, initial tenders were over budget, value engineering was necessary. Start on site expected September 2023.
 - **Towns Fund - Skegness Cultural** (£1.328m slippage) - Project delayed. Project to run in conjunction with Cultural Development Funding. Works will take place in 2 phases.
 - **Towns Fund - Mablethorpe Sandilands** (£1.048m slippage) - Project delayed, initial tenders were over budget, value engineering necessary. Delays also due to nesting birds has delayed the landscaping part.
 - **Towns Fund - Skegness Railway Station** (£0.912m slippage) - A delay in the proposed contract programme with start on site now October 2023. Completes October 2024.
 - **Towns Fund - Mablethorpe Campus for Future Living** (£0.448m slippage) - Project start delayed with Value Engineering required.
 - **Towns Fund - Skegness Multiuser Trail** (£0.223m slippage) - Complete - Under spend TF Grant £223,040.
 - **Towns Fund - Mablethorpe Mobi hub** (£0.114m slippage) - Project delayed due to insufficient available funding. Decision due September 2023 as to what can be delivered.
 - **Towns Fund - Skegness Town Centre Transformation** (£0.043m slippage) - Project expenditure greater than original TF Profile due to good progress on the Tower Gardens element. Expenditure profile to balance in subsequent years.
 - **Towns Fund - Skegness Police Training Centre** - Complete - within budget.
 - **Members Kit refresh** – Current forecast is an underspend of £25k.
- All other projects are forecast to spend within the 23-24 budgets.

Funding

All Projects	Original Budget	Revised Budget Plus Slippage 2023/24	Full year forecast	Variance
	£000	£000	£000	£000
Capital Reserve	(225)	(930)	(930)	-
External Grants	(36,323)	(53,953)	(35,268)	18,685
Other Reserve - Economic Growth	(8,100)	(8,100)	(5,289)	2,811
Other Reserve - Technology	(100)	(325)	(300)	25
Other Reserve - Repair & Replacement	(82)	(936)	(936)	-
Other Reserve - New Initiative/Contingency Reserve	(1,500)	(1,500)	(1,500)	-
Internal Borrowing	(658)	(658)	(658)	-
Totals	(46,988)	(66,401)	(44,481)	21,521

Capital Financing

The current Capital Programme is financed from reserves and external borrowing in line with the Capital Strategy.

Table 5 indicates the forecast capital resources available to the Council at the end of 2023/24. The estimated position for the following year is also provided.

Please note that table 5 is based on a provisional outturn position for 2022/23.

Table 5 – Capital Resources			
	2022/23	2023/24	2024/25
	£'000	£'000	£'000
Capital Resources available at start of each year	9,769	11,767	11,290
Capital Investment (estimate in future years)	(16,666)	(44,346)	(19,474)
Additional Sources of Finance			
- New Capital Receipts (estimate in future years)	1,250	-	-
- Funding from other reserves and internal borrowing	2,521	4,948	500
- External Grants	11,547	36,485	17,595
- Revenue Contributions	-	-	-
- Internal borrowing	-	1,836	548
- Budgeted contributions to capital reserve	4,693	1,672	831
- Transfer from Capital Reserve to support ongoing projects	(1,347)	(1,072)	(831)
Estimated Capital Resources at end of each year	11,767	11,290	10,459

Section 2.4 – Treasury Update

Investments on 30 June 2023

During the financial year, the Council has made investments in line with the agreed Treasury Management Strategy.

Table 6 details the cash investments held by the Council on 30 June 2023 (excluding accrued interest). The peaks and troughs in cash flow are managed daily. The Council collects money on behalf of other organisations which are paid out at future dates (e.g., Council Tax and Business Rates). The value of investments held at any point includes money held on behalf of these other organisations and does not represent the value of ELDC's own resources alone.

Table 6 - Cash Investments on 30 June 2023

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield (%)
Barclays Current A/C Current Account	UK	54,214	N/A	Instant Access	N/A	0.00%
Barclays Bank	UK	642,288	N/A	Instant Access	Variable	4.25%
Handelsbanken Plc	Sweden	6,373	N/A	Instant Access	Variable	4.45%
CCLA Money Market Fund	Various	3,000,000	N/A	Instant Access	Variable	4.78%
Standard Chartered Bank	UK	5,000,000	13/01/23	13/07/23	Fixed	4.24%
First Abu Dhabi Bank	Abu Dhabi	2,500,000	28/07/22	28/07/23	Fixed	2.93%
DNB Bank ASA	Norway	5,000,000	31/08/22	31/08/23	Fixed	3.90%
Lloyds Bank	UK	5,000,000	25/04/23	25/10/23	Fixed	4.92%
National Westminster Bank	UK	5,000,000	09/11/22	09/11/23	Fixed	4.40%
Close Brothers	UK	5,000,000	24/05/23	24/11/23	Fixed	5.00%
Toronto Dominion Bank	Canada	5,000,000	22/12/22	21/12/23	Fixed	4.85%
Credit Agricole	France	5,000,000	11/05/23	12/02/24	Fixed	5.11%
Australia & New Zealand Bank	Australia	5,000,000	16/05/23	16/02/24	Fixed	5.02%
Skandinaviska Enskilda Banken	Sweden	5,000,000	14/04/23	12/04/24	Fixed	5.04%

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield (%)
Credit Industriel et Commercial	France	5,000,000	26/04/23	25/04/24	Fixed	5.30%
DZ Bank	Germany	5,000,000	16/05/23	14/05/24	Fixed	5.12%
National Australia Bank	Australia	5,000,000	27/06/23	24/05/24	Fixed	6.35%
Rabobank	Netherlands	5,000,000	02/06/23	31/05/24	Fixed	5.63%
Bank of Montreal	Canada	5,000,000	09/06/23	07/06/24	Fixed	5.72%
TOTAL		76,202,875				

Invest EL Loans

In addition to the above loans the Council has issued loans to Invest EL as follows:

Loan	Amount	Start Date	Maturity Date	Yield
Caravan Sales Loan	272,600	01/07/20	In Perpetuity	4.00%
Caravan Hire Fleet Loan	268,952	01/07/20	01/07/30	4.00%
Caravan Hire Fleet Expansion Loan	720,000	15/02/21	14/02/41	4.00%
	<u>380,000</u>	07/02/22	07/02/42	4.00%
	1,100,000			
Housing Development Loan	500,000	30/06/21	30/06/23	4.00%
	<u>500,000</u>	16/11/21	16/11/23	4.00%
	1,000,000			
Cash Flow Loans	500,000	20/01/22	20/11/24	4.00%
	200,000	19/05/22	19/05/24	4.00%
	300,000	12/07/22	12/07/24	4.00%
	<u>250,000</u>	20/09/22	20/09/24	4.00%
	1,250,000			
TOTAL	3,891,552			

Interest earned on these loans in the current financial year to 30 June 2023 was £39,548.63.

Property Fund Investments

The Council has purchased property fund units. **Table 7a** and **7b** below provides a breakdown in relation to the purchase of these units.

Table 7a - Pooled Investment Fund (Revenue Expenditure)

Fund	Date of Purchase	Net Asset Value at Date of Purchase £	Premium/ (Discount) on Purchase £	Premium/ (Discount) on Purchase %	Total Cost £
Hermes Property Unit Trust	24/06/16	1,621,443	48,643	3.00	1,670,086
	30/09/16	234,555	5,435	2.32	239,990
	26/01/17	556,376	33,547	6.03	589,923
	02/10/17	344,460	9,087	2.64	353,547
	28/11/17	248,899	5,686	2.28	254,585
	26/12/17	192,410	3,517	1.83	195,927
	26/04/19	<u>694,860</u>	<u>1,033</u>	<u>0.15</u>	<u>695,893</u>
	TOTAL		3,893,003	106,948	2.75

Table 7b - Property Funds (Capital Expenditure)

Fund	Date of Purchase	Net Asset Value at Date of Purchase £	Premium/ (Discount) on Purchase £	Premium/ (Discount) on Purchase %	Total Cost £
Schroder UK Real Estate Fund	07/07/16	2,021,637	(25,629)	(1.27)	1,996,008
	07/10/16	505,375	(6,373)	(1.26)	499,002
	01/12/17	1,478,726	18,280	1.24	1,497,006
	07/09/18	<u>813,680</u>	<u>(5,659)</u>	<u>(0.70)</u>	<u>808,021</u>
	TOTAL		4,819,418	(19,381)	(0.40)
Threadneedle Property Unit Trust	31/08/18	2,902,441	86,572	2.98	2,989,013
	28/09/18	483,966	16,116	3.33	500,082
	31/10/18	<u>1,267,037</u>	<u>42,855</u>	<u>3.38</u>	<u>1,309,892</u>
	TOTAL		4,653,444	145,543	3.13
BlackRock UK Property Fund	28/09/18	4,734,550	65,482	1.38	4,800,032
M&G Investments UK Property Fund (after repayments)	14/09/18	795,827	105,707	2.25	901,534
AEW UK Core Property Fund	31/10/18	4,505,538	294,462	6.54	4,800,000
TOTAL		19,508,777	591,813		20,100,590

Table 8a and 8b below provides the fair value information on the property fund investments on 30 June 2023 and performance information for the 2023/24 financial year.

Table 8a - Pooled Investment Fund (Revenue Expenditure)

Financial Institution	Purchase Cost (£)	Estimated Revenue Received 2023/24 (£)	Estimated Annual Distribution Yield 2023/24 (%)	Net Asset Value (£)	Total Gain/ (Loss) Since Purchase (£)	Total Gain/ (Loss) Since Purchase (%)	2023/24 Capital Gain/(Loss) Since 31/3/23 (£)	2023/24 Capital Gain/(Loss) Since 31/3/23 (%)	2023/24 Combined Annual Return (%)
Federated Hermes Property Unit Trust	3,999,951	43,625	3.60%	4,018,032	18,080	0.45%	(2,507)	(0.06%)	3.54%

At the year end the movement in fair value of the fund gets charged to the revenue account. There is currently a statutory override which has been extended to 31 March 2025 which allows for these movements in fair value on pooled investments funds to be reversed out through the MIRS so there is no bottom line impact.

Table 8b - Property Funds (Capital Expenditure)

Financial Institution	Purchase Cost (£)	Estimated Revenue Received 2023/24 (£)	Estimated Annualised Distribution Yield 2023/24 (%)	Net Asset Value (£)	Total Gain/ (Loss) Since Purchase (£)	Total Gain/ (Loss) Since Purchase (%)	2023/24 Capital Gain/(Loss) Since 31/3/23 (£)	2023/24 Capital Gain/(Loss) Since 31/3/23 (%)	2023/24 Combined Annual Return (%)
Schroder UK Real Estate Fund	4,800,037	43,602	3.80%	4,599,465	(200,572)	(4.18%)	(155,058)	(3.26%)	0.54%
Threadneedle Property Unit Trust	4,798,987	61,455	4.70%	4,164,206	(634,781)	(13.23%)	6,551	0.16%	4.86%
BlackRock UK Property Fund	4,800,032	38,525	2.98%	4,425,520	(374,512)	(7.80%)	(45,822)	(1.02%)	1.96%
M&G Investments UK Property Fund (after distribution payments)	901,534	26,953	N/A	1,021,835	120,301	N/A	(17,605)	N/A	N/A
AEW UK Core Property Fund	4,800,000	34,310	3.60%	4,189,946	(610,054)	(12.71%)	36,467	0.88%	4.48%
TOTAL	20,100,590	204,845		18,400,972	(1,699,618)		(175,467)		

The movement in fair value of the funds gets charged to the revenue account and reversed out through the MIRS to the capital adjustment account each year end so there is no bottom line impact.

Property Fund Dividends

An analysis of dividend distributions received since the purchase of the property funds to 30 June 2023 can be found in **Table 9** below.

Table 9 – Property Fund Dividend Information

Financial Institution	Actual Net Dividend Distributions Received Pre 2023/24	Original Budgeted Net Distribution 2023/24	Net Dividend Distributions Received 2023/24	Total Net Distributions Received Since Purchase
Federated Hermes Property Unit Trust	858,931	35,803	43,625	902,556
Schroder UK Real Estate Fund	974,564	42,964	43,602	1,018,166
Threadneedle Property Unit Trust	898,132	42,955	61,455	959,587
BlackRock UK Property Fund	666,885	42,964	38,525	705,410
M&G Investments UK Property Fund (excluding liquidation distributions)	619,017	9,502	26,953	645,970
AEW UK Core Property Fund	879,676	42,964	34,310	913,986
Total Revenue	4,897,205	217,152	248,470	5,145,675

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. M&G have now paid East Lindsey DC distribution payments totalling £3,898,466 as at 30 June 2023, from the asset sale proceeds.

Maturity Structure of Investments

An analysis of the maturity structure of investments on 30 June 2023 can be found in **Table 10**.

Table 10 - Maturity Structure of Investments on 30 June 2023.

Period to Maturity	Amount (£)	% of Portfolio
Less than one week	3,702,875	3%
Less than one month	7,500,000	7%
One to three months	5,000,000	5%
Three to six months	20,000,000	19%
Six to nine months	10,000,000	10%
Nine months to a year	30,000,000	29%
InvestEL	3,891,552	4%
>12 Months	24,264,297	23%
TOTAL	104,358,724	100%

Summary of Investment Income Received Against Budget and Forecast Outturn

Table 11 below provides a comparison of investment income received and an estimate of the outturn position for the year against the original budget.

Table 11 - Investment Income Received Against Budget and Forecast Outturn

Investment Type	2023/24 Profiled Q1 Budget	2023/24 Profiled Q1 Actual	2023/24 Annual Budget	2023/24 Projected Outturn
Treasury Investments	497,268	773,534	2,000,000	3,427,985
InvestEL	49,135	39,549	197,620	156,828
<u>Property Funds</u>				
Gross Distributions	266,879	305,368	1,073,380	1,114,435
Less Management Fees	<u>(49,727)</u>	<u>(56,898)</u>	<u>(200,000)</u>	<u>(207,650)</u>
Net Distributions	217,152	248,470	873,380	906,785
Total Net Income	763,555	1,061,553	3,071,000	4,491,598

Treasury investments achieved an average rate of 4.42% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 4.65%. InvestEL loans achieved a rate of 4.00% and property fund investments achieved an average rate of 4.14%. The combined rate achieved on all investments was 4.34%.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from additional grant money being received and recent rises in interest rates on new investments.

External Borrowing

The Council has £20m of external borrowing for property funds as shown in **Table 12** below.

Table 12 – External Borrowing

Entity	Amount (£)	Start Date	Maturity Date	Rate
Public Works Loan Board	10,000,000	10/12/2018	10/12/2068	2.54%
Public Works Loan Board	10,000,000	13/12/2018	13/12/2068	2.39%
TOTAL	20,000,000			2.465% Average

Fixed interest costs for 2023/24 on this borrowing are £493K.

As at the 30 June 2023, the premature repayment discount on these loans was £6,653,330. Under accounting rules, this discount would need to be credited to revenue over a period of 10 years.

Public Works Loan Board (PWLB) Borrowing Rates

During the first quarter of the financial year PWLB borrowing rates have been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. The 50 year PWLB certainty rate was 4.95% on 30 June 2023.

Graph 1 – PWLB Borrowing Rates



Section 2.5 – Debt Collection

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the new financial procedure limits there are no debts in excess of £50,000 requiring Executive Board approval for write off. Debts below this level have been submitted to the s151 Officer and Portfolio Holder for write off.

An analysis of the sundry debts the Council held as at **30 June 2023** is show in **Table 13**.

Table 13 – Sundry Debt Analysis							
0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total n
£	£	£	£	£	£	£	£
1,578,195	113,681	374,890	4,275	35,136	445,903	104,489	2,656,569

Note: This does not include details of invoice amounts (£935,982) that are not yet due.

2.6 Business Rates and Council Tax Collection

There is uncertainty over the ongoing impact on collection and recovery as a result of the knock-on effect of the pandemic, and now the cost of living and energy cost crises. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity is in place throughout the year.

Council Tax Support Scheme (CTS)

Following the statutory annual review during 2022/23, the 2023/24 scheme remains unchanged from the previous year, allowing for national up-ratings.

Council Tax – Quarter 1 In-Year Collection

The annual collectable debit at 30 June 2023 was £96.1m with a net collection rate of 26.89% (26.86% at 30 June 2022).

Business Rates – Quarter 1 In-Year Collection

The annual collectable debit at 30 June was £36.7m with a net collection rate of 36.54% (35.61% % at 30 June 2022).