

## East Lindsey District Council – Q3 Finance Report 2023/24

### Section 1 - Finance Summary

- The forecast at the end of Quarter 3 shows a forecast underspend of £522k as at 31<sup>st</sup> December 2023.
- Specific and general reserves of the Council are £24.700m as at 31<sup>st</sup> December 2023.
- Capital spend at the end of Quarter 3 was £16.110m against a full year budget of £48.058m.
- The Council holds investments (including property funds and instant access accounts) of £94.607m as at 31<sup>st</sup> December 2023.

### Section 2 – Finance

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#### Section 2.1 – Key Financial Issues in Quarter 3 of 2023/24

- The process of identifying efficiencies is underway and monitoring will continue throughout the year.
- Car Parks income is currently £274k underachieved against budget.
- The Council's 2023/24 budget for investment income is £3.271m. The outturn for investment income for 2023/24 is forecast to be £4.827m, a forecast overachievement of £1.556m. This will be reviewed throughout the year. An overall summary of the treasury position is detailed in table 13 showing a net surplus of £2.36m.
- There is additional income from the Garden Waste Service of £252k due to an increased uptake in the service.
- A revised forecast for Planning Income has seen a reduction in income against budget of £367.5k due to reduced planning applications for both individuals and property developers in 23/24.
- Since Quarter 2 forecasts were completed the final pay award has been agreed, being a rise of up to 9.42% for the lowest paid through to 3.88% for those on the highest bands. The impact of the increase in the pay award is reflected in the forecasts for Quarter 3 at c£475k, reflecting the difference between assumed pay award versus actual agreed pay award.
- Salary Efficiencies have been allocated to services budgets during Quarter 3 with £660k distributed accordingly.

#### Inflation Table

Inflation	October (%)	November (%)	December (%)
CPI	4.6	3.9	4.0
RPI	6.1	5.3	5.2

#### Section 2.2 – Revenue Budget

**Table 1** details outturn by Assistant Director at 31 December 2023 and forecasts an overspend of £1.182k.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24	Forecast Outturn Q3 2023/24	Variance (under spend)/ overspend	Comments on main variances
Corporate Services	352	160	(192)	<p>Variance driven by underspends across staff costs (£107k) due to vacancies and the benefit of salary recharges to partnering authorities.</p> <p>IT additional income recharges to partner authorities and PSPS of (£55k) covering Ring Central, McAfee and Desktop works combined with Microsoft licence temporary reduction of (£25k) against budget.</p>
Economic Growth	852	849	(3)	Underspend on forecast employee costs.
Finance	5,050	5,203	153	<p>Variance predominantly linked to the Council Tax Support Admin Grant and Family Annex Grant being included in the Revenue Support Grant, resulting in £173k pressure due to duplication of budget 23/24.</p> <p>Reduction in Housing Benefit Overpayment income of £70k and a net pressure of £36k relating to court related income.</p> <p>£46k of PSPS CCN costs to ELDC predominantly linked to Procurement Service in 23/24 plus an adjustment to budget of (£95k) to bring in line with overall PSPS contract.</p> <p>1% Contingency forecast not to be spent in 23/24 (£150k) offsets £66k Salary Efficiency allocated to Corporate Management.</p> <p>External Audit fee increase of £20k.</p>
General Fund Assets	351	793	442	<p>Variance largely due to economic and seasonal effects on Car Parking and Public Convenience income £340k.</p> <p>Increased Utility costs £166k and increased staffing cost of £104k due to pay award and the impact of the salary efficiency budget.</p> <p>Those increased costs noted above are offset by increased Service Charges (£109k) and revalued Business Rates (£35k).</p>

Assistant Director	Revised Budget 2023/24	Forecast Outturn Q3 2023/24	Variance (under spend)/overspend	Comments on main variances
Governance	1,500	1,411	(89)	<p>Forecast underspend primarily relates to a number of Vacancies carried throughout the year (£91k)</p> <p>Increased costs of postage incurred in respect of Electoral Register of £14k</p> <p>Additional grant received in respect of New Election Act (£18k) – any balance will transfer to reserves.</p>
Leisure & Culture	2,563	2,551	(12)	Lincs Legal £6k underspend
Neighbourhoods	4,960	5,076	116	<p>Additional employee costs overall of £407k, being impact of (higher than estimated) pay award and salary efficiency, offset by vacancies resourced predominantly through agency £375k/overtime £98k costs incurred as a requirement to cover sickness and vacancies.</p> <p>Other pressures above budgets include increased partnership costs linked to additional employee and transport related expenditure of £50k. Materials and Consumables have increased by £22k.</p> <p>Additional vehicle costs of £17k are forecast which include road tax on vehicles no longer covered by warranty and vehicle hire.</p> <p>Additional costs noted, are offset by an over achievement of income relating to Green Waste (£252k), Bulky Waste Collections (£23k) and External Works within the in-house Vehicle Maintenance unit (£32k).</p> <p>Further premises related savings in the Vehicle Maintenance unit have been identified of (£75k).</p>

Assistant Director	Revised Budget 2023/24	Forecast Outturn Q3 2023/24	Variance (under spend)/overspend	Comments on main variances
Planning & Strategic Infrastructure	1,085	1,379	294	<p>The reduction in Planning Income forecast is estimated at £367.5k. Partially offset by Referendum monies of (£78k).</p> <p><i>Assumes £282k Proforma B approvals as detailed section 2.3.1 page 9 concerning FRA and Planning Enforcement.</i></p>
Regulatory	1,797	2,029	232	<p>Additional employee costs of £145k due to the impact of the Local Government pay award and agency/consultancy costs £166k covering roles in Building Control and Environmental Health.</p> <p>Other pressures on the service include underachieved Land Charges income of £30k and Building Control income, £55k, linked to the impact of the housing market and cost of living.</p>
Wellbeing & Community Leadership	2,650	2,891	241	<p>Additional staffing costs of £155k, this is partly due to the impact of the pay award and temporary staffing within Homelessness which is funded from additional Homelessness Prevention Grant.</p> <p>Staffing costs have exceeded budgets for ELDC and partnering authorities within the Wellbeing service. As this service is externally funded, discussions are in place with the provider in regard to additional funding which <u>could</u> reduce this forecast overspend.</p> <p>Additional CCTV/Community Safety costs of £56k are forecast to be recharged from partners following increases in their staffing costs.</p> <p>Additional costs of supporting LCVS, £31k are included within forecast figures.</p>
<b>Sub Total – Assistant Directors – Net Costs</b>	<b>21,159</b>	<b>22,341</b>	<b>1,182</b>	

Assistant Director	Revised Budget 2023/24	Forecast Outturn Q3 2023/24	Variance (under spend)/overspend	Comments on main variances
Internal Drainage Boards and Parish Precepts	8,327	8,420	93	Budget error
Investment Income	(3,271)	(4,827)	(1,556)	Increased return on investment income due to an improvement in interest rates from recent historic lows, £1.556k benefit against budget forecast for 23/24.
10 year Discount Factor of Early Debt Repayment	-	(398)	(398)	Premature repayment of borrowing is forecast to improve the position by £398k being a pro rata value (Oct-Mar) of 1/10 <sup>th</sup> of the annual benefit to be received over the next 10 years.
Cost of Borrowing	495	287	(208)	The Council repaid its £20m of external borrowing with the PWLB on 9 October 2023 and all temporary borrowing for cash flow purposes has been repaid.
Impairment Allowance	100	12	(88)	Variance is due to a decrease in Housing Benefit Overpayment bad debt which is offset against the increase in Council Tax Costs debt and Sundry debt.
Capital Expenditure Charged In Year	10,007	10,007	-	
Transfers to/(from) Earmarked Reserves	(1,851)	(1,851)	-	See Table 3
Efficiencies Requirement	(1,380)	(927)	453	Further efficiencies still to be identified
<b>Other Income and Expenditure</b>	<b>12,426</b>	<b>10,723</b>	<b>(1,703)</b>	
<b>General Fund Budget net costs</b>	<b>33,586</b>	<b>33,064</b>	<b>(522)</b>	
Funding:				
Council Tax	(11,005)	(11,005)	-	
Government Grants	(3,604)	(3,604)	-	
Business Rates	(18,977)	(18,977)	-	
<b>Total Budget - (Surplus)/Deficit</b>	<b>-</b>	<b>(522)</b>	<b>(522)</b>	

The 2023/24 budget included an efficiency target of £1.380m, efficiencies outturn so far are:

<b>Table 1a – Efficiency</b>	<b>Amount £'000</b>	<b>Comments</b>
IDB Funding	927	Additional grant funding from Government
<b>Total</b>	<b>927</b>	
<b>Target</b>	<b>(1,380)</b>	
<b>Efficiencies still to be Identified</b>	<b>453</b>	

**Income**

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

<b>Table 2 – Trading Income Budgets</b>				
<b>Income Area</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>Variance (above)/ below budget</b>	<b>Comments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Car Parking	(3,481)	(3,207)	274	Underachievement of income due to seasonal variances and reduced visitor numbers. Rest of the year expected to match profiled project.
Kingfisher Caravan Park	(1,078)	(1,110)	(32)	Variance due to increased service charge income recharged to tenants on site. This offsets increasing cost pressures for electricity and local rates.
Planning	(1,571)	(1,203)	367	Reduction in planning applications due to external economic factors. Reduced planning applications is expected for the next 18 months.
Licensing	(333)	(339)	17	Underachievement of animal welfare licence income, offset by additional Hackney Carriage income.
Markets	(100)	(94)	(6)	Market income is broadly on target however slight reduction in income over winter period.
Land Charges	(121)	(91)	30	Forecast based on 22/23 levels, currently underachieving following downturn in Housing market.
Building Control	(445)	(390)	55	Income slightly below profile despite fee increase implemented mid-year.
Commercial Rents	(1,909)	(2,018)	(109)	Due to increased cost pressures, service charges for commercial properties have increased, offsetting increasing cost pressures for electricity and salaries.
Green Waste	(1,311)	(1,563)	(252)	Fee increase from £40 to £50 introduced April 2023 resulted in minimal reduction in subscriptions.
<b>TOTAL</b>	<b>(10,348)</b>	<b>(10,015)</b>	<b>333</b>	

## Section 2.3 – Reserves and Capital Budget

### 2.3.1 - Specific and General Reserves

As of 31 December 2023, specific reserves are forecast to be £24.288m as of 31<sup>st</sup> March 2024, after a net transfer from reserves of £1.852m to cover future revenue and capital expenditure. **Table 3** reflects the forecast position.

Table 3 - Specific and General Reserves Balance Forecast Outturn				
Reserve	Balances at 1st April 2023	Forecast Contributions To Reserves	Forecast Use of Reserves	Forecast Balances at 31st March 2024
	£'000	£'000	£'000	£'000
Investments Volatility Reserve	0	871		871
Housing Reserve	2,244			2,244
Repair and Replacement Reserve	1,035	354	387	1,002
Carbon Reduction Reserve	398		42	356
Insurance Reserve	827		75	751
Capital Reserve	4,817	378	225	4,970
Economic Growth	7,293	1,465	8,257	502
Service Transformation Reserve	1,025		340	685
Business Rates Volatility Reserve	1,402	4,086	1,000	4,488
Legal and Appeals Reserve	3,692		60	3,632
Technology Reserve	404	68	115	334
Wellbeing Reserve	463		5	458
COVID-19 Budget Pressures Smoothing Reserve	742			742
New Initiatives/Contingency Reserves		2,932	1,500	1,432
<b>Specific Reserves Total</b>	<b>24,341</b>	<b>10,154</b>	<b>12,006</b>	<b>22,466</b>
General Fund	1,822			1,822
<b>Total</b>	<b>26,163</b>	<b>10,154</b>	<b>12,006</b>	<b>24,288</b>

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

- Investment Volatility Reserve
  - Additions to – contribution from interest earned on investments to create a reserve that can protect against years where earned interest on investment may reduce.
- 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 and some additional one-off expenditure items.
  - Use of Reserve - vehicle maintenance costs due to extending the life of the vehicles beyond warranty
  - Use of Reserve – works required ahead of transfer of London Rd to Sports Partnership



- 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 with revenue implications too.
- Economic Growth Reserve
  - 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, Towns Fund contingency and Horncastle Sports Project.
- Business Rates Volatility Reserve
  - Additions to - large business rate hereditament added to listing late in budget setting process.
- Legal and Appeals Reserve
  - Use of Reserve - Kingfisher Park and Planning legal costs.
- Service Transformation reserve
  - Use of Reserve - Election costs.
  - Use of Reserve - Hub relocation costs.
  - Use of Reserve - Shared Officer Job Evaluation Scheme
  - Use of Reserve - Council Tax Single Person Discount Review
  - Use of Reserve - Royal Mail redirection
  - Use of Reserve - Spilsby Playing Fields
- Wellbeing Reserve
  - Use of Reserve – Flooding & Drainage Works – Stable View
- Carbon Reduction Reserve
  - Use of Reserve – London Rd LED lighting & 2G pitch netting extension

## Section 2.3 – Q3 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 Q3 Forecast Outturn							
Scheme	Approved Budget 2023/24 £000	Changes to approved budget £000	Slippage to Future Years £000	Revised 23/24 £000	Actual December 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
<b>Non-Towns Fund Projects</b>							
Disabled Facilities Grants	2,039	-	(217)	1,822	1,253	1,822	-
Community Housing Fund	653	-	(646)	7	-	7	-
Capitalised Planned Enhancements	352	(252)	-	100	6	100	-
Car Park Resurfacing	430	(180)	-	250	49	250	-
Public Sector Hub	100	(25)	-	75	75	75	-
Kingfisher Enhancement	104	-	(60)	44	44	44	-
3G Football Pitch Project	171	-	(121)	171	11	50	-
Changing Places Toilets	300	(183)	(75)	42	42	42	-
Environmental Services: Vehicle Requirements	719	-	-	719	288	719	-
PSPS Investment	181	-	-	181	-	181	-
Case Management System	78	-	(72)	6	6	6	-
IT for Hub	122	(22)	-	100	82	100	-
IT Investment	235	(156)	-	79	69	79	-
IT Infrastructure Refresh Projects (Laptop, mobile etc)	209	(73)	-	136	105	136	-
Green Homes Grant	1,791	-	-	1,791	162	1,791	-
Climate Change Projects	11,071	-	-	11,071	3,163	11,071	-
Decarbonisation of Assets	1,500	-	(1,500)	-	-	-	-
Local Energy Advice Demonstrator <sup>1</sup>	145	-	-	145	80	145	-
District EV Charging Points	153	-	-	153	-	153	-
Cultural Development Fund – Phase 2	94	-	-	94	-	94	-
Cultural Development Fund – Pier Transformation	440	-	-	440	-	440	-
<b>Total Non-Towns Fund Projects</b>	<b>20,899</b>	<b>2,225</b>	<b>(2,691)</b>	<b>20,433</b>	<b>5,435</b>	<b>20,433</b>	<b>-</b>

Table 4 – 2023/24 Capital Programme and Q3 Forecast Outturn							
Scheme	Approved Budget 2023/24 £000	Changes to approved budget £000	Slippage to Future Years £000	Revised 23/24 £000	Actual December 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
<b>Towns Fund Projects</b>							
Towns Fund - Mablethorpe Leisure and Learning Hub	10,481	1,920	-	12,401	6,525	12,401	-
Towns Fund - Sutton on Sea Colonnade	6,474	1,300	(5,797)	1,977	402	1,977	-
Towns Fund - Skegness Foreshore	2,964	-	(2,654)	310	30	310	-
Towns Fund - Skegness Railway Station	2,686	-	(2,586)	100	68	100	-
Towns Fund - Skegness Town Centre Transformation	643	-	-	643	231	643	-
Towns Fund - Skegness Learning Campus	8,072	-	(6,758)	1,314	-	1,314	-
Towns Fund - Skegness Cultural	1,226	280	-	1,506	-	1,506	-
Towns Fund - Skegness Multi-User Trail	223	-	-	223	-	223	-
Towns Fund - Mablethorpe Campus for Future Living	4,871	-	-	4,871	3,098	4,871	-
Towns Fund - Mablethorpe Sandilands	1,980	-	-	1,980	59	100	(1,880)
Towns Fund - Mablethorpe Mobi hub	275	573	(798)	50	21	50	-
Towns Fund - Mablethorpe High Street	464	(573)	434	325	21	325	-
Town Fund – Contingency this has been allocated	3,500	(3,500)	-	-	-	-	-
<b>Total Towns Fund</b>	<b>43,859</b>	<b>-</b>	<b>(18,159)</b>	<b>25,700</b>	<b>10,455</b>	<b>23,820</b>	<b>(1,880)</b>
<b>UKSPF &amp; LUF</b>							
UKSPF	727	-	(376)	351	136	351	-
UKSPF - RP	800	-	(96)	704	22	704	-
<b>Total UKSPF</b>	<b>1,527</b>	<b>-</b>	<b>(472)</b>	<b>1,055</b>	<b>158</b>	<b>1,055</b>	<b>-</b>
LUF : Spilsby Sessions House	1,337	-	(1,007)	1,337	62	330	-
LUF : Alford Manor House	1,092	-	(823)	269	-	269	-
LUF : Alford Windmill	1,098	-	(827)	271	-	271	-
<b>Total LUF</b>	<b>3,527</b>	<b>-</b>	<b>(2,657)</b>	<b>870</b>	<b>62</b>	<b>870</b>	<b>-</b>
<b>Grand Total – All Projects</b>	<b>69,812</b>	<b>2,225</b>	<b>(23,979)</b>	<b>48,058</b>	<b>16,110</b>	<b>46,178</b>	<b>(1,880)</b>

The revised capital budget as at Q3 is £48.052m, derived from the combination of the 2023/24 approved budget of £69.812m, slippage into future years of £23.979m, and other changes to approved budgets of £2.225m shown in Table 4a.

The Town's Fund projects represent most of the total revised capital budget for 2023-24 at £25.700m (53%). The other projects make up £22.358m (47%) of total revised capital budget.

The overall expenditure forecast as at Q3 is showing an underspend of £1.880m.

#### Changes to approved capital budget – Table 4a

The changes to the approved budget total £2.225m as detailed below:

Project Description	Amount £'000	Approval
Capitalised Planned Enhancements	(252)	Decommitment of budget no longer required, reduced budget and approved Capital Programme sufficient for current schedule of works.
Car Park Resurfacing	(180)	Decommitment of budget no longer required, reduced budget and approved Capital Programme sufficient for current schedule of works.
Public Sector Hub	(25)	Decommitment of remaining budget as the scheme has been completed.
Changing Places Toilets	(183)	Decommitment, all sites completed. Not all previously agreed sites being delivered.
IT for Hub	(22)	Decommitment of previously approved schemes, future bids for schemes to be brought forward as they are required.
IT Investment	(156)	Decommitment of previously approved schemes, future bids for schemes to be brought forward as they are required.
IT Infrastructure	(73)	Decommitment of previously approved schemes, future bids for schemes to be brought forward as they are required.

Project Description	Amount £'000	Approval
Gas Water Heater – London Road Pavilion	13	Delegated decision by S151, approval provided by Executive Board March 20 <sup>th</sup> 2024.
Skegness Foreshore Masterplan	20	Delegated decision by S151, approval provided by Executive Board March 20 <sup>th</sup> 2024.
Parking Enforcement Hardware	13	Delegated decision by S151, approval provided by Executive Board March 20 <sup>th</sup> 2024.
Local Authority Housing Fund	3,070	Approved by Council October 11 2023
Towns Fund Contingency – Previously agreed allocation of contingency funding has now been updated.	-	
<b>Total</b>	<b>2,225</b>	

#### Recommendation

That Council agrees to:

1. Amend the Capital Programme to take into account the changes set out in this report at Appendix A - Table 4a.

#### Progress against approved budgets

- **Towns Fund - Mablethorpe Leisure and Learning Hub** – Project now well underway 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.
- **Towns Fund - Skegness Learning Campus** - Project delayed, initial tenders were over budget, value engineering was necessary.
- **Towns Fund - Sutton on Sea Colonnade** - Project delayed, initial tenders were over budget, value engineering was necessary.
- **Towns Fund - Skegness Cultural** - Project delayed. Project to run in conjunction with Cultural Development Funding. Works will take place in 2 phases.
- **Towns Fund - Mablethorpe Sandilands** - Project delayed, initial tenders were over budget, value engineering necessary. Delays also due to nesting birds has delayed the landscaping part. National Trust have initiated public consultation for views on the development of the site. Works to begin on site summer 2024.
- **Towns Fund - Skegness Railway Station** – Project delayed with works to be slipped into 2024/25.
- **Towns Fund - Mablethorpe Campus for Future Living** – Handover of the building to the Council expected within March 2024.
- **Towns Fund - Mablethorpe Mobi hub** - Project delayed, ongoing negotiations with related parties.

- **Towns Fund - Skegness Town Centre Transformation** - 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	Approved Budget 2023/24	Revised Budget 2023/24	Full year forecast	Variance
	£000	£000	£000	£000
Capital Reserve	(1,064)	(718)	(718)	-
External Grants	(57,275)	(37,295)	(35,415)	1,880
Other Reserve - Economic Growth	(8,100)	(9,029)	(9,029)	-
Other Reserve - Technology	(325)	(22)	(22)	-
Other Reserve - Repair & Replacement	(890)	(789)	(789)	-
Other Reserve - New Initiative/Contingency Reserve	(1,500)	-	-	-
Internal Borrowing	(658)	(205)	(205)	-
<b>Totals</b>	<b>(69,812)</b>	<b>(48,058)</b>	<b>(46,178)</b>	<b>1,880</b>

### 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	11,527
Capital Investment (estimate in future years)	(16,666)	(46,178)	(55,110)
Additional Sources of Finance			
- New Capital Receipts (estimate in future years)	1,250	-	100
- Funding from other reserves and internal borrowing	2,521	9,840	4,605
- External Grants	11,547	35,415	45,372
- Revenue Contributions	-	-	-
- Internal borrowing	-	205	1,445
- Budgeted contributions to capital reserve	4,693	378	434
- Transfer from Capital Reserve to support ongoing projects	(1,347)	-	-
<b>Estimated Capital Resources at end of each year</b>	<b>11,767</b>	<b>11,527</b>	<b>8,373</b>

## Section 2.4 – Treasury Update

### Investments on 31 December 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 31 December 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 31 December 2023

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed / Variable	Yield
Barclays Current A/C Current Account	UK	40,023	N/A	Instant Access	N/A	0.00%
Barclays Bank	UK	795,702	N/A	Instant Access	Variable	4.45%
Handelsbanken Plc	Sweden	6,581	N/A	Instant Access	Variable	4.45%
CCLA Money Market Fund	Various	5,100,000	N/A	Instant Access	Variable	5.29%
UK Debt Management Office	UK	2,700,000	27/12/23	02/01/24	Fixed	5.19%
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%
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%
Close Brothers	UK	5,000,000	24/11/23	24/05/24	Fixed	5.60%
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%
UBS	Switzerland	5,000,000	13/07/23	12/07/24	Fixed	6.69%
DNB Bank ASA	Norway	5,000,000	31/08/23	30/08/24	Fixed	6.18%
City of Stoke-on-Trent Council	UK	3,000,000	21/12/23	20/12/24	Fixed	5.60%
<b>TOTAL</b>		<b>66,642,306</b>				



**Invest EL Loans**

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

<b>Loan</b>	<b>Amount</b>	<b>Start Date</b>	<b>Maturity Date</b>	<b>Yield</b>
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	31/03/24	4.00%
	<u>500,000</u>	16/11/21	31/03/24	4.00%
	1,000,000			
Cash Flow Loans	500,000	20/01/22	31/03/24	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			
<b>TOTAL</b>	<b>3,891,552</b>			

Interest earned on these loans in the current financial year to 31 December 2023 is £118,019.

## 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	694,860	1,033	0.15	695,893
	<b>TOTAL</b>		<b>3,893,003</b>	<b>106,948</b>	<b>2.75</b>

**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	813,680	(5,659)	(0.70)	808,021
	<b>TOTAL</b>		<b>4,819,418</b>	<b>(19,381)</b>	<b>(0.40)</b>
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	1,267,037	42,855	3.38	1,309,892
	<b>TOTAL</b>	<b>4,653,444</b>	<b>145,543</b>	<b>3.13</b>	<b>4,798,987</b>
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	768,871	105,707	2.25	874,578
AEW UK Core Property Fund	31/10/18	4,505,538	294,462	6.54	4,800,000
<b>TOTAL</b>		<b>19,481,821</b>	<b>591,813</b>		<b>20,073,634</b>

**Table 8a and 8b** below provides the fair value information on the property fund investments on 31 December 2023 and performance information for the 2023/24 financial year.

**Table 8a - Pooled Investment Fund (Revenue Expenditure)**

Financial Institution	Purchase Cost (£)	Estimated Net 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	121,943	3.90%	3,783,594	(216,357)	(5.41%)	(236,945)	(5.89%)	(1.99%)

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 Net 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	141,908	4.19%	4,347,742	(452,295)	(9.42%)	(406,781)	(8.56%)	(4.37%)
Threadneedle Property Unit Trust	4,798,987	159,808	4.62%	3,989,671	(809,316)	(16.86%)	(167,984)	(4.04%)	0.58%
BlackRock UK Property Fund	4,800,032	115,523	3.05%	4,223,052	(576,980)	(12.02%)	(248,289)	(5.55%)	(2.50%)
M&G Investments UK Property Fund (after distribution payments)	874,578	47,177	N/A	1,069,162	194,584	N/A	56,677	N/A	N/A
AEW UK Core Property Fund	4,800,000	142,586	4.48%	4,116,671	(683,329)	(14.24%)	(36,808)	(0.89%)	3.59%
<b>TOTAL</b>	<b>20,073,634</b>	<b>607,002</b>		<b>17,747,226</b>	<b>(2,327,336)</b>		<b>(803,185)</b>		

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 revenue distributions received since the purchase of the property funds to 31 December 2023 can be found in **Table 9** below.

**Table 9 – Property Fund Dividend Information**

<b>Financial Institution</b>	<b>Actual Net Revenue Distributions Received Pre 2023/24</b>	<b>Original Budgeted Net Revenue Distribution 2023/24</b>	<b>Estimated Net Revenue Distributions Received 2023/24</b>	<b>Total Net Revenue Distributions Received Since Purchase</b>
Federated Hermes Property Unit Trust	858,931	108,179	121,943	980,874
Schroder UK Real Estate Fund	974,564	129,817	141,908	1,116,472
Threadneedle Property Unit Trust	898,132	129,789	159,808	1,057,940
BlackRock UK Property Fund	666,885	129,817	115,523	782,408
M&G Investments UK Property Fund (excluding liquidation distributions)	619,017	28,811	47,177	666,194
AEW UK Core Property Fund	879,676	129,815	142,586	1,022,262
<b>Total Revenue</b>	<b>4,897,205</b>	<b>656,228</b>	<b>728,945</b>	<b>5,624,150</b>

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 £3,925,422 of the original £4.8m originally invested as of 31 December 2023, from the asset sale proceeds.

### **Maturity Structure of Investments**

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

**Table 10 - Maturity Structure of Investments on 31 December 2023.**

<b>Period to Maturity</b>	<b>Amount (£)</b>	<b>% of Portfolio</b>
Less than one week	8,642,306	9%
Less than one month	-	0%
One to three months	10,000,000	11%
Three to six months	35,000,000	37%
Six to nine months	10,000,000	11%
Nine months to a year	3,000,000	3%
InvestEL	3,891,552	4%
>12 Months	24,073,585	25%
<b>TOTAL</b>	<b>94,607,443</b>	<b>100%</b>

**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**

<b>Investment Type</b>	<b>2023/24 Profiled Q3 Budget</b>	<b>2023/24 Profiled Q3 Actual</b>	<b>2023/24 Annual Budget</b>	<b>2023/24 Forecast Outturn</b>
Treasury Investments	(1,502,732)	(2,838,123)	(2,000,000)	(3,724,167)
Invest East Lindsey	(148,485)	(118,019)	(197,620)	(156,828)
<u>Property Funds</u>				
Gross Distributions	(806,501)	(951,107)	(1,073,380)	(1,161,418)
Less Management Fees	<u>150,273</u>	<u>222,162</u>	<u>200,000</u>	<u>216,404</u>
Net Distributions	(656,228)	(728,945)	(873,380)	(945,014)
<b>Total Net Income</b>	<b>(2,307,445)</b>	<b>(3,685,087)</b>	<b>(3,071,000)</b>	<b>(4,826,009)</b>

Treasury investments achieved an average rate of 5.03% (previously 4.84%) compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.10% (previously 5.02%). Invest East Lindsey loans achieved a rate of 4.00% and property fund investments achieved an average rate of 4.03% (previously 3.96%). The combined rate achieved on all investments was 4.76% (previously 4.60%).

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.

The forecast outturn has decreased to £4.826m from £4.863m, a reduction of £37k since Quarter 2. This is due to the Council having lower investment balances during Q3 following the repayment of the £20m PWLB borrowing at a discount of £8.344m.

To compensate for the reduction in investment income resulting from the repayment of £20m of PWLB borrowing, the Council will allocate to revenue the discount received over a 10 year period. This will result in a credit to revenue in 2023/24 of £397,780.

### **External Borrowing**

The Council repaid its £20m of external borrowing with the PWLB on 9 October 2023 and all temporary borrowing for cash flow purposes has been repaid.

**Table 12 - Summary of Borrowing Costs Against Budget and Forecast Outturn**

<b>Borrowing Type</b>	<b>2023/24 Profiled Q3 Budget</b>	<b>2023/24 Quarter 3 Actual</b>	<b>2023/24 Annual Budget</b>	<b>2023/24 Forecast Outturn</b>
Public Works Loan Board	371,438	257,981	493,000	257,981
Temporary Borrowing for Cash Flow Purposes	0	26,718	0	26,718
Brokers Fees	0	419	0	504
<b>Total Borrowing Costs</b>	<b>371,438</b>	<b>285,118</b>	<b>493,000</b>	<b>285,203</b>

### **Summary of the Net Position Against Budget and Forecast Outturn**

The table below provides an analysis of the net position following the decision to repay the PWLB borrowing and takes account the discount which must be allocated to revenue over a ten-year period in accordance with proper accounting practice.

**Table 13 - Net Position Against Budget and Forecast Outturn**

	<b>2023/24 Profiled Q3 Budget</b>	<b>2023/24 Quarter 3 Actual</b>	<b>2023/24 Annual Budget</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Variance</b>
Net Investment Income	(2,307,445)	(3,685,087)	(3,071,000)	(4,826,009)	(1,755,009)
Premature Repayment of Borrowing Discount Allocated to Revenue	0	(192,032)	0	(397,780)	(397,780)
Less: Total Borrowing Costs	371,438	285,118	493,000	285,203	(207,797)
<b>Overall Net Position</b>	<b>(1,936,007)</b>	<b>(3,592,001)</b>	<b>(2,578,000)</b>	<b>(4,938,586)</b>	<b>(2,360,586)</b>

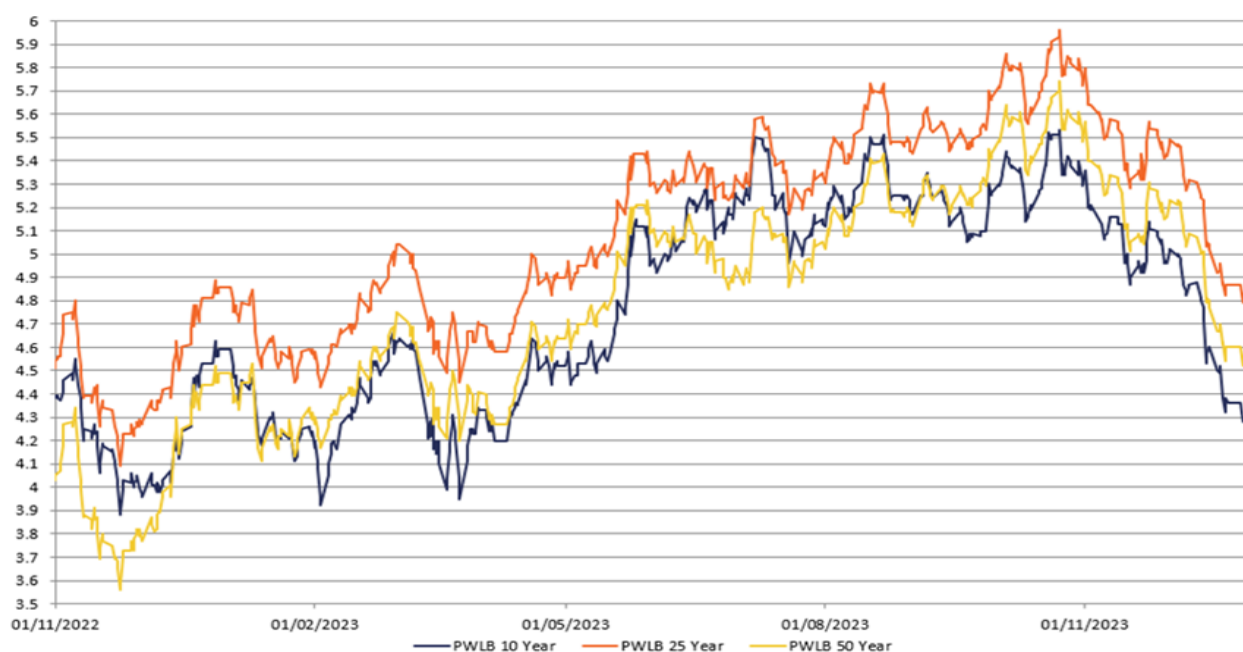
It can be seen from the table that as at Quarter 3 the overall net position after borrowing costs is £2,360,586 above budget based on current estimated outturns. This compares with £1,792,000 as at Quarter 2.

### **Public Works Loan Board (PWLB) Borrowing Rates**

During the financial year PWLB borrowing rates had been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. These rates stabilised during June and July 2023 when inflation levels slowly started falling but have increased again during September and October 2023 due to concerns over the US economy. These concerns have now abated and with the market expectation that base rates are likely to fall the PWLB rates have seen a sharp fall in November and December.

The 50 year PWLB certainty rate was 4.68% on 31 December 2023 (5.43% as at Quarter 2).

### **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 £500,000 requiring Full Council approval for write off.

An analysis of the sundry debts the Council held as at 31st December 2023 is shown in Table 8 below:

Table 8 – 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 £
393,667	57,122	21,458	335,787	802,150	665,955	398,582	2,674,721

Note: This does not include details of invoice amounts £503,943 (that are not yet due).

## 2.6 Business Rates and Council Tax

There is uncertainty over the ongoing impact on collection and recovery as a result of the current economic climate. 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 3 In-Year Collection

The annual collectable debit at 31 December 2023 was £96.5m with a net collection rate of 79.90% (80.74% at 31 December 2022).

### Business Rates – Quarter 3 In-Year Collection

The annual collectable debit at 31 December was £36.2m with a net collection rate of 83.68% (74.72% at 31 December 2022, however this is not a reliable performance comparison due to the differences between financial years, including revaluation and rate relief schemes).