

## East Lindsey District Council – Q1 Finance Report 2024/25

### Section 1 - Finance Summary

- The revenue forecast shows an underspend position of £660k as of 30<sup>th</sup> June 2024.
- Capital spend at the end of Quarter 1 was £7.966m against a full year budget of £33.279m.
- The Council holds investments (including property funds and instant access accounts) of £85.180m as of 30<sup>th</sup> June 2024.

### Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 1 of 2024/25
Section 2.2	Revenue Budget
Section 2.3	Reserves and Capital Budget
Section 2.4	Treasury Update
Section 2.5	Debt Collection
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#### Section 2.1 – Key Financial Issues in Quarter 1 of 2024/25

- Income pressures within Planning (£84k), Building Control (£32k) and Land Charges (£30k) in Q1 is forecast as a combined pressure of £146k influenced primarily by the housing market.
- Neighbourhoods is forecast to overspend by £140k for the year due to staffing pressures within the Recycling and Refuse services.
- Wellbeing & Community Leadership is forecast to overspend by £229k for the year due to staffing pressures within the service primarily due to the Salary Efficiency Target of £157k.
- The Council's 2024/25 net budget for investment income is £2.745m. The forecasted outturn for investment income as at Q1 is £3.758m, contributing to an overachievement of £1.013m.
- The Government have announced it will provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies, East Lindsey has been awarded £834k for 2024/25 which has been included within the Q1 forecast and efficiencies table.

#### Inflation Table

Inflation	April (%)	May (%)	June (%)
CPI	2.3	2.0	2.0
RPI	3.3	3.0	2.9

## Section 2.2 – Revenue Budget

**Table 1** details the forecast outturn by Assistant Director. This is based on the Quarter 1 forecast position as of 30 June 2024 and is based on officers' projections for the remainder of the financial year.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2024/25	Forecast Outturn 2024/25	Variance (under)/over	Comments on main variances
Corporate Services	1,586	1,587	1	
Economic Growth	729	683	(45)	Staffing savings.
Finance	15,408	15,505	97	Increase in pension costs resulting in a forecast pressure of £59k and debt write-off £32k.
General Fund Assets	(566)	(558)	8	Minor variances.
Governance	1,366	1,333	(33)	Staffing vacancies, offset by some additional legal costs.
Leisure & Culture	2,134	2,132	(2)	
Neighbourhoods	5,857	5,997	140	Additional staffing costs £20k in respect of weekend/bank holiday working and long-term sickness, there is a forecast assumption that the salary efficiency target attributed to Neighbourhoods (not including Waste Services) of £106k will not be met.  Reduction in markets income due to poor weather in Q1 £15k.
Planning & Strategic Infrastructure	931	902	(29)	Staffing £130k favourable due to vacancies across the department predominantly in Development Control. Agency is being utilised where required notably within Planning Policy and Development Control.  Planning Income is forecast to be £83k adverse to budget. Improvement in Caravan Licencing anticipated at £5k.  Legal Fees are anticipated to impact on the service, which will be funded from Reserve.
Regulatory	1,567	1,547	(20)	Staffing savings in Building Control £116k and Land Charges £20k Licencing £58k due to vacancies and staffing changes, these savings offset the salary efficiency target within the service of £96k.  Income pressures in Building Control £32k and Land Charges £30k following slowdown in the housing market. Increased Emergency Planning costs £11k in line with agreement with LCC.

Assistant Director	Revised Budget 2024/25	Forecast Outturn 2024/25	Variance (under)/over	Comments on main variances
Strategic Growth & Development	2	2	-	
Wellbeing & Community Leadership	1,298	1,527	229	CCTV £29k following increase in shared costs and increased costs within the Telecare Service £38.5k following change in agreement. Assumes salary efficiency target of £157k not met.
<b>Sub Total – Assistant Directors Net Costs</b>	<b>30,310</b>	<b>30,657</b>	<b>347</b>	
Internal Drainage Boards & Parish Precepts	9,051	9,051	-	
Investment Income	(2,745)	(3,758)	(1,013)	Increased Investment Income linked to increased interest rates and cashflow surplus.
10-year Discount Factor of Early Debt Repayment	(834)	(834)	-	
Cost of Borrowing	3	10	7	Base rate impact
Minimum Revenue Provision	41	41	-	
Impairment Allowance	50	50	-	
Capital Expenditure Charged In Year	8,293	8,293	-	
Transfers to/(from) Earmarked Reserves	7,859	7,859	-	
Efficiencies Requirement	(1,106)	(1,106)	-	Additional IDB support of £834k has been confirmed from Central Government 24/25.  Increase of £125k linked to Members Allowances report submitted at same time as 24/25 Budget Setting paper.
<b>Other Income and Expenditure</b>	<b>4,893</b>	<b>3,886</b>	<b>(1,007)</b>	
<b>General Fund Budget net costs</b>	<b>35,203</b>	<b>34,543</b>	<b>(660)</b>	
Council Tax	(11,740)	(11,740)	-	
Government Grants	(12,681)	(12,681)	-	
Business Rates	(10,782)	(10,782)	-	
<b>Total Budget - (Surplus)/Deficit</b>	<b>-</b>	<b>(660)</b>	<b>(660)</b>	

**Recommendation:**

That Executive Board notes the forecast revenue position of a £660k underspend for 2024/25 as detailed in Table 1.

### General Fund Revenue Budget Movement

Full Council approved the general fund revenue budget of £35.202m in February 2024. Table 1b summarises the in-year budget movements, total of £528k additional budgets in Q1. As the Council is required to set a balanced budget, each movement has corresponding approval to utilise grant allocations or reserve balances to ensure the net budget position is unchanged.

**Table 1a - General Fund Revenue Budget Movement**

Description	AD	Approval	Funding	£'000
Climate Change - Grantscape	Regulatory	Decision Notice	Grant / Reserves	26
Household Support Fund	Wellbeing & Community	Decision Notice	Grant	446
Leisure Contract	Leisure & Culture	Decision Notice	Reserves	80
Members Allowances	Governance	Full Council	Corporate Efficiency	126
London Road - LED Lighting	Leisure & Culture	S151 Proforma B	Reserves	18
London Road - Improvement Works	Leisure & Culture	S151 Proforma B	Reserves	24
LCVS Core Funding Grant	Wellbeing & Community	S151 Proforma B	Reserves	31
Communities Health and Wellbeing Contract	Wellbeing & Community	S151 Proforma B	Reserves	12
Social Isolation Grant	Wellbeing & Community	S151 Proforma B	Reserves	60
Planning Service Review – Consultancy Contract	Planning	S151 Proforma B	Reserves	16
Neighbourhoods Support	Neighbourhoods	S151 Proforma B	Reserves	27
Climate Change apportionment of funds Boston	Regulatory	S151 Proforma B	Reserves	55
Climate Change apportionment of funds SHDC	Regulatory	S151 Proforma B	Reserves	65
Live and Local Contribution	Economic Growth	S151 Proforma B	Reserves	10
<b>Total movement as at 30 June 2024</b>				<b>996</b>

The 2024/25 budget includes an efficiency target of £1.496m, efficiencies outturn so far are:

Table 1b – Efficiency	Amount £'000	Comments
<b>Original Budget</b>	<b>(1,370)</b>	
Members Allowances	(126)	Agreed at Full Council offset by efficiencies
<b>Revised Budget</b>	<b>(1,496)</b>	
Solar PV	171	Income budget created in 24/25 offset against efficiencies
HPG	219	Top up HPG released budgeted base costs in 24/25 offset to efficiencies
<b>Subtotal after budget virements</b>	<b>(1,106)</b>	
IT	158	Forecasted within service not vired to efficiency until year end
Additional IDB Support	834	Confirmed by Local Government Minister, Jim McMahon MP
24/25 Q1 Forecast Surplus	114	Table 1 £660k surplus adjusted to meet efficiency target
<b>Efficiency Gap</b>	<b>-</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 Outturn 2024/25</b>	<b>Variance (above)/ below budget</b>	<b>Comments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Car Parking	(3,208)	(3,208)	0	Forecast to be in line with budget at Q1, impact of summer season will be key during Q2.
Kingfisher Caravan Park	(1,118)	(1,077)	42	Income raised in advance of summer season, forecasted pressure linked to empty plots and early payment discount impact of £15k
Planning	(1,374)	(1,290)	84	Reduction in activity linked to slow down in housing market.
Licensing	(315)	(315)	0	Income is broadly in line with expected levels for Q1
Markets	(100)	(85)	15	Impact by poor weather during Q1
Land Charges	(101)	(71)	30	Reduction in income during Q1 due to slow down in housing market
Building Control	(445)	(414)	32	Reduction in activity linked to slow down in housing market.
Commercial Rents	(2,321)	(2,318)	3	Anticipated to be in line with budget for 2024/25
Green Waste	(1,560)	(1,560)	0	Income received in Q1 in line with expectations.
<b>TOTAL</b>	<b>(10,543)</b>	<b>(10,338)</b>	<b>205</b>	

## Section 2.3 – Q1 Capital budget report

This section covers:

- Revisions to the Capital Programme
- Progress against the 2024/25 approved capital programme and the outturn
- Funding of the Capital Programme

Table 4 – 2024/25 Capital Programme and Outturn

Scheme	Approved Budget 2024/25	2023/24 Slippage/ (accelerated spend)	Changes to approved budget	Revised Budget 2024/25	Actual June 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000	£000
Capitalised Planned Enhancements	377	47	102	526	18	526	-
Car Park Resurfacing	250	(63)	-	187	-	187	-
Disabled Facilities Grants	2,734	(82)	-	2,652	557	2,652	-
Community Housing Fund	646	1	-	647	-	647	-
Kingfisher Enhancements	60	(18)	75	117	26	117	-
3G Football Pitch	121	39	-	160	-	160	-
Changing Places	75	(43)	-	32	-	32	-
IT Investment	270	(27)	27	270	26	270	-
Neighbourhoods Vehicles	720	431	-	1,151	406	1,151	-
Green Homes Grant	-	676	-	676	-	676	-
Sustainable Warmth	8,400	6,678	-	15,078	918	14,978	(100)
Decarbonisation of Assets	1,591	-	-	1,591	-	1,591	-
CDF – Phase 2	2,539	(2)	-	2,537	139	2,537	-
CDF – Pier Transformation	3,597	440	-	4,037	-	4,037	-
Horncastle Industrial Estate	400	-	-	400	-	400	-
Neighbourhoods Growth	100	-	-	100	-	100	-
Environmental Health	66	-	-	66	1	66	-
Sutton on Sea Paddling Pool	400	-	-	400	-	400	-
District EV Charging Point	-	71	-	71	-	71	-
Local Authority Housing Fund	-	1,832	-	1,832	742	1,832	-
PSPS Investment	-	181	-	181	-	181	-
Bin Lift Safety Upgrade	-	-	14	14	-	14	-
Pool Car Renewal	-	-	49	49	-	49	-
Regional Skills Pilot	-	-	44	44	-	44	-
Community Building Decarbonisation Pilot	-	-	125	125	-	125	-
Swimming Pool Support Fund	-	-	336	336	-	336	-
<b>Total Projects (Excl Towns Funds, UKSPF &amp; LW:C&amp;HP)</b>	<b>22,346</b>	<b>10,161</b>	<b>772</b>	<b>33,279</b>	<b>2,833</b>	<b>33,179</b>	<b>(100)</b>

Towns Fund - Mablethorpe Leisure and Learning Hub	895	2,455	304	3,654	1,808	3,654	-
Towns Fund - Sutton on Sea Colonnade	5,197	724	181	6,102	935	6,102	-
Towns Fund - Sutton on Sea Colonnade Further Works	600	-	-	600	-	600	-
Towns Fund - Skegness Foreshore	2,654	278	(600)	2,332	-	2,332	-
Towns Fund - Skegness Railway Station	2,624	(54)	(6)	2,564	136	2,564	-
Towns Fund - Skegness Town Centre Transformation	812	362	(6)	1,168	25	1,168	-
Towns Fund - Skegness Learning Campus	7,600	811	713	9,124	1,327	9,124	-
Towns Fund - Mablethorpe Campus for Future Living	2,124	357	39	2,520	539	2,520	-
Towns Fund - Mablethorpe Mobi hub	798	24	1,029	1,851	-	1,851	-
Towns Fund - Mablethorpe High Street	346	5	(246)	105	11	105	-
Towns Fund - Mablethorpe Sandilands	-	1,921	(6)	1,915	-	1,915	-
Towns Fund – Skegness Multi-User Trail	-	223	(6)	217	2	217	-
Towns Fund – Skegness Cultural	-	1,453	(6)	1,447	103	1,447	-
<b>Total Towns Funds</b>	<b>23,650</b>	<b>8,559</b>	<b>1,390</b>	<b>33,599</b>	<b>4,886</b>	<b>33,599</b>	<b>-</b>
UKSPF	941	210	(400)	751	63	751	-
UKSP – Rural	996	354	-	1,350	43	1,350	-
<b>Total UKSPF</b>	<b>1,937</b>	<b>564</b>	<b>(400)</b>	<b>2,101</b>	<b>106</b>	<b>2,101</b>	<b>-</b>
Spilsby Sessions House	4,599	272	-	4,871	83	1,500	(3,371)
Alford Manor House	1,736	226	-	1,962	40	600	(1,362)
Alford Windmill	842	228	-	1,070	18	600	(470)
<b>Total Lincolnshire Wolds: Culture &amp; Heritage Programme</b>	<b>7,177</b>	<b>726</b>	<b>-</b>	<b>7,903</b>	<b>141</b>	<b>2,700</b>	<b>(5,203)</b>
<b>Grand Total – All Projects</b>	<b>55,110</b>	<b>20,010</b>	<b>1,762</b>	<b>76,882</b>	<b>7,966</b>	<b>71,579</b>	<b>(5,303)</b>

The revised capital budget as at Q1 is £76.882m, with an outturn at £71.579m.

Grant Funded projects represent most of the total revised capital budget for 2024-25 at £59.849m (78%). The other projects make up £17.033m (22%) of total revised capital budget.

The overall expenditure as at Q1 is showing spend of £7.966m, this will continue to be closely monitored as the year progresses.

**Changes to approved capital budget – Table 4b**

The changes to the approved budget total £1.762m as detailed below:

Project Description	Amount £'000	Approval
Capitalised Planned Enhancements	102	Accelerated expenditure at Embassy Theatre to coincide with Culture House works, item previously included within the Capital Programme approved at Council 28 February 2024 within 2028/29.
Kingfisher Enhancements	75	Proforma approved by S151 for continued enhancement works at Kingfisher Caravan Park.
IT Investment	27	Proforma approved by S151 for Income Management Single Solution.
Bin Lift Safety Upgrade	14	Proforma approved by S151 for Bin Lift Safety Upgrade.
Pool Car Renewal	49	Approved by Executive Board 9 July 2024.
Regional Skills Plan Pilot	44	Approved by Decision Notice 24 July 2024.
Community Building Decarbonisation Pilot	125	Approved by Executive Board 20 March 2024.
Swimming Pool Support Fund	336	Approved by Executive Board 20 March 2024.
Towns Fund - Mablethorpe Leisure and Learning Hub	304	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Sutton on Sea Colonnade	181	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Skegness Foreshore	(600)	Transfer of grant to CDF - Pier Transformation. Approved by Executive 9 July 2024.
Towns Fund - Skegness Railway Station	(6)	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Skegness Town Centre Transformation	(6)	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Skegness Learning Campus	713	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Mablethorpe Campus for Future Living	39	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Mablethorpe Mobi hub	1,029	£800k increase to Mobihub project approved by Council 17 July 2024. Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Mablethorpe High Street	(246)	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund - Mablethorpe Sandilands	(6)	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund – Skegness Multi-User Trail	(6)	Adjustment to budget to reflect timing issues and grant figures.
Towns Fund – Skegness Cultural	(6)	Adjustment to budget to reflect timing issues and grant figures.
UKSPF	(400)	Grant to CDF - Pier Transformation. Approved by Executive 9 July 2024.
<b>Total</b>	<b>1,762</b>	



## Progress against approved budgets

- **Spilsby Sessions House** – Now on site, team working towards project delivery. Complex site, forecast on the pessimistic side, may see acceleration within quarters 2 and 3.
- **Alford Manor House** – Forecast to start on site in January 2025, team working hard around procurement to accelerate delivery of the project.
- **Alford Windmill** – Forecast to start on site in January 2025, team working hard around procurement to accelerate delivery of the project.

## 2024/25 Funding

All Projects	Approved Budget 2024/25	Revised Budget 2024/25	Forecast Outturn 2024/25	Variance
	£000	£000	£000	£000
Capital Reserve	(3,688)	(4,012)	(4,012)	-
Other Reserve - Economic Growth	(2,200)	(8,384)	(8,384)	-
Other Reserve - Housing	(646)	(647)	(647)	-
Other Reserve - Repair & Replacement	(287)	(757)	(757)	-
Other Reserve - Technology	(72)	(72)	(72)	-
Other Reserve – Carbon Reduction	(1,000)	(1,000)	(1,000)	-
Other Reserve – Corporate Priorities	(400)	(400)	(400)	-
External Grants	(45,372)	(59,849)	(54,546)	5,303
Internal Borrowing	(1,445)	(1,541)	(1,541)	-
<b>Totals</b>	<b>(55,110)</b>	<b>(76,882)</b>	<b>(71,573)</b>	<b>5,303</b>

## Capital Resources

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

**Table 5** indicates the forecast capital resources available to the Council at the end of 2024/25. The estimated position for the following year is also provided.

Please note that table 5 is based on a forecast outturn position for 2024/25.

Table 5 – Capital Resources			
	2023/24	2024/25	2025/26
	£'000	£'000	£'000
Capital Resources available at start of each year	11,767	11,678	8,157
Capital Investment (estimate in future years)	(27,207)	(76,882)	(7,545)
Additional Sources of Finance			
- New Capital Receipts (estimate in future years)	-	100	100
- Funding from other reserves	4,488	11,480	175
- External Grants	21,926	59,849	6,723
- Revenue Contributions	-	-	-
- Internal borrowing	283	1,541	647
- Budgeted contributions to capital reserve	378	434	434
- Transfer from Capital Reserve to support ongoing projects	-	-	-
<b>Estimated Capital Resources at end of each year</b>	<b>11,678</b>	<b>8,157</b>	<b>8,691</b>

### Recommendation:

That Executive Board approves the amendments to the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

## Section 2.4 – Treasury Update

### Investments on 30 June 2024

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 2024 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 2024**

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed / Variable	Yield
Barclays Current Account	UK	489,081	N/A	Instant Access	N/A	0.00%
Barclays Bank	UK	800,000	N/A	Instant Access	Variable	4.45%
Handelsbanken Plc	Sweden	6,692	N/A	Instant Access	Variable	4.45%
CCLA Money Market Fund	Various	5,890,000	N/A	Instant Access	Variable	5.21%
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%
Uttlesford District Council	UK	3,000,000	07/05/24	07/11/24	Fixed	5.35%
North Ayrshire Council	UK	3,000,000	10/05/24	11/11/24	Fixed	5.30%
Goldman Sachs Bank	UK	3,000,000	17/05/24	18/11/24	Fixed	5.275%
Aberdeen City Council	UK	3,000,000	05/02/24	05/12/24	Fixed	5.55%
London Borough of Barking & Dagenham	UK	3,000,000	19/06/24	19/12/24	Fixed	5.25%
City of Stoke-on-Trent Council	UK	3,000,000	21/12/23	20/12/24	Fixed	5.60%
Great Yarmouth Council	UK	2,500,000	16/02/24	14/02/25	Fixed	6.00%
ANZ Bank	Australia	3,000,000	03/06/24	03/03/25	Fixed	5.38%
PCC for Merseyside	UK	3,000,000	03/05/24	02/05/25	Fixed	5.30%
Rushmoor Borough Council	UK	3,000,000	14/05/24	14/05/25	Fixed	5.30%
South Cambridgeshire District Council	UK	3,000,000	20/05/24	19/05/25	Fixed	5.25%
Canterbury City Council	UK	3,000,000	21/05/24	21/05/25	Fixed	5.25%
CIC Bank	France	5,000,000	03/06/24	02/06/25	Fixed	5.36%
<b>TOTAL</b>		<b>57,685,773</b>				

### 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> 1,100,000	07/02/22	07/02/42	4.00%
Housing Development Loan	500,000	30/06/21	31/03/25	4.00%
	<u>500,000</u> 1,000,000	16/11/21	31/03/25	4.00%
Cash Flow Loans	500,000	20/01/22	31/03/25	4.00%
	200,000	19/05/22	31/03/25	4.00%
	300,000	12/07/22	31/03/25	4.00%
	<u>250,000</u> 1,250,000	20/09/22	31/03/25	4.00%
<b>TOTAL</b>	<b>3,891,552</b>			

Interest earned on these loans in the first quarter of 2024/25 is £38,809.

### 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>	<b>3,999,951</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>Sub Total</b>		<b>4,819,418</b>	<b>(19,381)</b>	<b>(0.40)</b>	<b>4,800,037</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>Sub 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	<b>4,734,550</b>	<b>65,482</b>	<b>1.38</b>	<b>4,800,032</b>
M&G Investments UK Property Fund (after repayments)	14/09/18	<b>297,824</b>	<b>105,707</b>	<b>2.25</b>	<b>403,531</b>
AEW UK Core Property Fund	31/10/18	<b>4,505,538</b>	<b>294,462</b>	<b>6.54</b>	<b>4,800,000</b>
<b>TOTAL</b>		<b>19,010,774</b>	<b>591,813</b>		<b>19,602,587</b>

Table 8a and 8b below provides the fair value and performance information of the property fund investments on 30 June 2024 and projected outturns.

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

Financial Institution	Purchase Cost (£)	Q1 Budgeted Net Revenue 2024/25 (£ / %)	Q1 Estimated Net Revenue (£ / %)	2024/25 Budgeted Net Revenue 2024/25 (£ / %)	2024/25 Estimated Outturn Net Revenue (£ / %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ / %)	Capital Gain/(Loss) Since 31/03/24 (£ / %)	2024/25 Combined Annual Return (%)
Federated Hermes Property Unit Trust	3,999,951	39,890 4.00%	48,323 4.85%	159,998 4.00%	168,431 4.21%	3,770,431	(229,521) (5.74%)	5,642 0.15%	5.00%

**Table 8b - Property Funds (Capital Expenditure)**

Financial Institution	Purchase Cost (£)	Q1 Budgeted Net Revenue 2024/25 (£ / %)	Q1 Estimated Net Revenue (£ / %)	2024/25 Budgeted Net Revenue 2024/25 (£ / %)	2024/25 Estimated Outturn Net Revenue (£ / %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ / %)	Capital Gain/(Loss) Since 31/03/24 (£ / %)	2024/25 Combined Annual Return (%)
Schroder UK Real Estate Fund	4,800,037	47,869 4.00%	45,770 3.82%	192,002 4.00%	189,902 3.96%	4,277,758	(522,279) (10.88%)	(37,179) (0.86%)	3.10%
Threadneedle Property Unit Trust	4,798,987	47,858 4.00%	37,118 3.10%	191,960 4.00%	181,219 3.78%	4,012,599	(786,388) (16.39%)	55,995 1.42%	5.20%
BlackRock UK Property Fund	4,800,032	47,869 4.00%	41,765 3.49%	192,001 4.00%	185,898 3.87%	4,192,149	(607,883) (12.66%)	14,919 0.36%	3.85%
M&G Investments UK Property Fund (after distribution payments)	403,531	4,024 4.00%	4,024 4.00%	16,141 4.00%	16,141 4.00%	564,117	160,586 N/A	(14,854) N/A	N/A
AEW UK Core Property Fund	4,800,000	47,869 4.00%	47,868 4.00%	192,000 4.00%	192,000 4.00%	4,176,654	(623,346) (12.99%)	57,938 1.41%	5.41%
<b>TOTAL</b>	<b>19,602,587</b>	<b>195,489</b>	<b>176,545</b>	<b>784,104</b>	<b>765,160</b>	<b>17,223,277</b>	<b>(2,379,310)</b>	<b>76,819</b>	
Adjustment for 2023/24 Accrual			(24,412)		(24,412)				
<b>GRAND TOTAL</b>	<b>19,602,587</b>	<b>195,489</b>	<b>152,133</b>	<b>784,104</b>	<b>740,748</b>	<b>17,223,277</b>	<b>(2,379,310)</b>	<b>76,819</b>	

At the year end the movement in fair value of the Revenue 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. The movement in fair value of the Capital 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 30 June 2024 can be found in **Table 9** below.

**Table 9 – Property Fund Dividend Information**

Financial Institution	Actual Net Dividend Distributions Received Pre 2024/25	Net Dividend Distributions Received 2024/25	Adjustment For 2023/24 Accrual	Total Net Distributions Received Since Purchase
Federated Hermes Property Unit Trust	1,003,936	48,323	2,165	1,054,424
Schroder UK Real Estate Fund	1,175,284	45,770	(1,406)	1,219,648
Threadneedle Property Unit Trust	1,121,628	37,118	(3,650)	1,155,096
BlackRock UK Property Fund	818,458	41,765	714	860,937
M&G Investments UK Property Fund (excluding liquidation distributions)	679,584	4,024	0	683,608
AEW UK Core Property Fund	1,062,580	47,868	(22,235)	1,088,213
<b>Total Revenue</b>	<b>5,861,470</b>	<b>224,868</b>	<b>(24,412)</b>	<b>6,061,926</b>

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. Of the £4.8m originally invested, M&G have now paid East Lindsey DC distribution payments totalling £4,396,469 as of 30 June 2024, from the asset sale proceeds leaving a book value of £403,531 outstanding.

### **Maturity Structure of Investments**

An analysis of the maturity structure of investments on 30 June 2024 can be found in **Table 10**.

**Table 10 - Maturity Structure of Investments on 30 June 2024.**

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,185,773	8%
Less than one month	5,000,000	6%
One to three months	5,000,000	6%
Three to six months	18,000,000	21%
Six to nine months	5,500,000	6%
Nine months to a year	17,000,000	20%
InvestEL	3,891,552	5%
>12 Months	23,602,538	28%
<b>TOTAL</b>	<b>85,179,863</b>	<b>100%</b>

### Summary of Investment Income Received Against Budget and Forecast Outturn

Table 11 below provides a comparison of investment income received against budget at Quarter 1 and a forecast outturn position for the year.

**Table 11 - Investment Income Received Against Budget and Outturn**

Investment Type	2024/25 Budget	2024/25 Actual	2024/25 Variance	2024/25	2024/25	2024/25
	Quarter 1	Quarter 1	Quarter 1	Annual Budget	Forecast Outturn	Forecast Variance
Treasury Investments						
Gross Interest	(448,642)	(895,516)	(446,874)	(1,799,498)	(2,847,662)	(1,048,164)
Brokers Fees	4,986	4,147	(839)	20,000	20,000	0
Net Position	(443,656)	(891,369)	(447,713)	(1,779,498)	(2,827,662)	(1,048,164)
	(4.898%)	(5.539%)	(0.641%)			
Property Funds						
Gross Distributions	(285,242)	(242,921)	42,321	(1,144,102)	(1,101,781)	42,321
Less Management Fees	49,863	42,465	(7,398)	200,000	192,602	(7,398)
Net Distributions	(235,379)	(200,456)	34,923	(944,102)	(909,179)	34,923
	(4.000%)	(3.867%)	0.133%			
M&G Property Fund Liquidation Distributions ( <i>to be used for Minimum Revenue Provision Contributions as the original capital purchase was unfinanced capital expenditure</i> )	0	0	0	0	0	0
<b>Total Net Income</b>	<b>(679,035)</b>	<b>(1,091,825)</b>	<b>(412,790)</b>	<b>(2,723,600)</b>	<b>(3,736,841)</b>	<b>(1,013,241)</b>
	<b>(4.547%)</b>	<b>(5.030%)</b>	<b>(0.483%)</b>			

Treasury investments achieved an average rate of 5.539% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.167%, InvestEL loans 4% and property fund investments an average rate of 3.867%. The combined rate achieved on all investments was 5.030%.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from capital expenditure slippage and higher interest rates on investments. These rates are likely to fall below the average budget rate later in the financial year.

## External Borrowing

The Council has no external borrowing.

## 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 12 - Net Position Against Budget and Forecast Outturn**

	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Net Investment Income (Table 11)	(679,035)	(1,091,825)	(412,790)	(2,723,600)	(3,736,841)	(1,013,241)
Premature Repayment of Borrowing Discount Allocated to Revenue	(208,035)	(208,035)	0	(834,425)	(834,425)	0
<b>Overall Net Position</b>	<b>(887,070)</b>	<b>(1,299,860)</b>	<b>(412,790)</b>	<b>(3,558,025)</b>	<b>(4,571,266)</b>	<b>(1,013,241)</b>

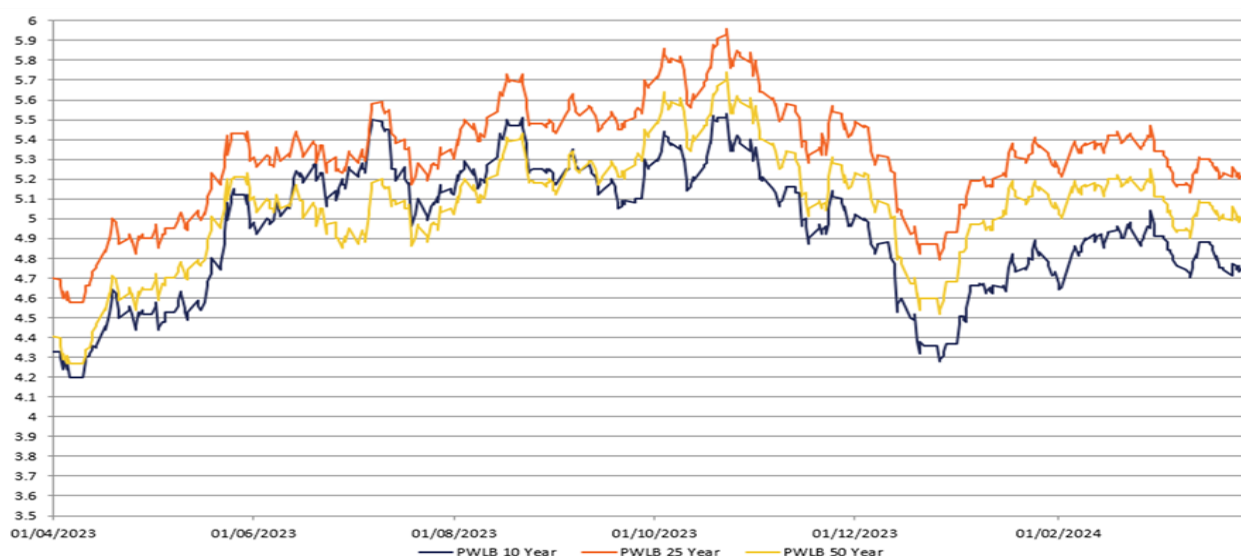
On 30 June 2024 it can be seen from the table that the overall net position is £1,013,241 above budget.

## Public Works Loan Board (PWLB) Borrowing Rates

The 50-year PWLB certainty rate was 5.18% on 30 June 2024.

The following graph shows the PWLB rates over the last 12 months.

**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 £75,000 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<sup>th</sup> June 2024 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 £
1,835,887	37,443	1,033,309	19,345	300,604	13,151	448,011	3,687,747

Note: This does not include details of invoice amounts £205,406 (that are not yet due).

## 2.6 Business Rates and Council Tax

There remains uncertainty over the longer-term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost-of-living challenges. 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 annual review during 2023/24, the 2024/25 scheme has remained unchanged from the previous year, allowing for national up-ratings. A more fundamental review of the scheme is underway in 2024/25.

### Council Tax – 2024/25 Quarter 1 In-Year Collection

The collectable debit for the year at 30 June 2024 was £102.4m with a net collection rate of 26.44% achieved (26.89% at 30 June 2023).

### Business Rates – 2024/25 Quarter 1 In-Year Collection

The collectable debit for the year at 30 June 2024 was £39.3m with a net collection rate of 36.43% achieved (36.54% at 30 June 2023).