

## 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

|             |  |
|-------------|--|
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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.<br><br>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.<br><br>Planning Income is forecast to be £83k adverse to budget. Improvement in Caravan Licencing anticipated at £5k.<br><br>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.<br><br>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.<br><br>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><br>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><br>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><br>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<br>£ | Premium/ (Discount) on Purchase<br>£ | Premium/ (Discount) on Purchase<br>% | Total Cost<br>£  |
|----------------------------|------------------|--|--------------------------------------|--------------------------------------|------------------|
| 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<br>£ | Premium/ (Discount) on Purchase<br>£ | Premium/ (Discount) on Purchase<br>% | Total Cost<br>£   |
|---|------------------|--|--------------------------------------|--------------------------------------|-------------------|
| 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<br>4.00%                         | 48,323<br>4.85%                  | 159,998<br>4.00%                             | 168,431<br>4.21%                              | 3,770,431           | (229,521)<br>(5.74%)                     | 5,642<br>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<br>4.00%                         | 45,770<br>3.82%                  | 192,002<br>4.00%                             | 189,902<br>3.96%                              | 4,277,758           | (522,279)<br>(10.88%)                    | (37,179)<br>(0.86%)                        | 3.10%                              |
| Threadneedle Property Unit Trust                               | 4,798,987         | 47,858<br>4.00%                         | 37,118<br>3.10%                  | 191,960<br>4.00%                             | 181,219<br>3.78%                              | 4,012,599           | (786,388)<br>(16.39%)                    | 55,995<br>1.42%                            | 5.20%                              |
| BlackRock UK Property Fund                                     | 4,800,032         | 47,869<br>4.00%                         | 41,765<br>3.49%                  | 192,001<br>4.00%                             | 185,898<br>3.87%                              | 4,192,149           | (607,883)<br>(12.66%)                    | 14,919<br>0.36%                            | 3.85%                              |
| M&G Investments UK Property Fund (after distribution payments) | 403,531           | 4,024<br>4.00%                          | 4,024<br>4.00%                   | 16,141<br>4.00%                              | 16,141<br>4.00%                               | 564,117             | 160,586<br>N/A                           | (14,854)<br>N/A                            | N/A                                |
| AEW UK Core Property Fund                                      | 4,800,000         | 47,869<br>4.00%                         | 47,868<br>4.00%                  | 192,000<br>4.00%                             | 192,000<br>4.00%                              | 4,176,654           | (623,346)<br>(12.99%)                    | 57,938<br>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)<br>(4.898%)               | (891,369)<br>(5.539%)                 | (447,713)<br>(0.641%)               | (1,779,498)        | (2,827,662)        | (1,048,164)        |
| 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)<br>(4.000%)               | (200,456)<br>(3.867%)                 | 34,923<br>0.133%                    | (944,102)          | (909,179)          | 34,923             |
| 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><br><b>(4.547%)</b> | <b>(1,091,825)</b><br><b>(5.030%)</b> | <b>(412,790)</b><br><b>(0.483%)</b> | <b>(2,723,600)</b> | <b>(3,736,841)</b> | <b>(1,013,241)</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<br>Budget<br>Quarter 1 | 2024/25<br>Actual<br>Quarter 1 | 2024/25<br>Variance<br>Quarter 1 | 2024/25<br>Annual<br>Budget | 2024/25<br>Forecast<br>Outturn | 2024/25<br>Forecast<br>Variance |
|--|--------------------------------|--------------------------------|----------------------------------|-----------------------------|--------------------------------|---------------------------------|
| Net Investment Income<br>(Table 11)                                  | (679,035)                      | (1,091,825)                    | (412,790)                        | (2,723,600)                 | (3,736,841)                    | (1,013,241)                     |
| Premature Repayment of<br>Borrowing Discount<br>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>              |

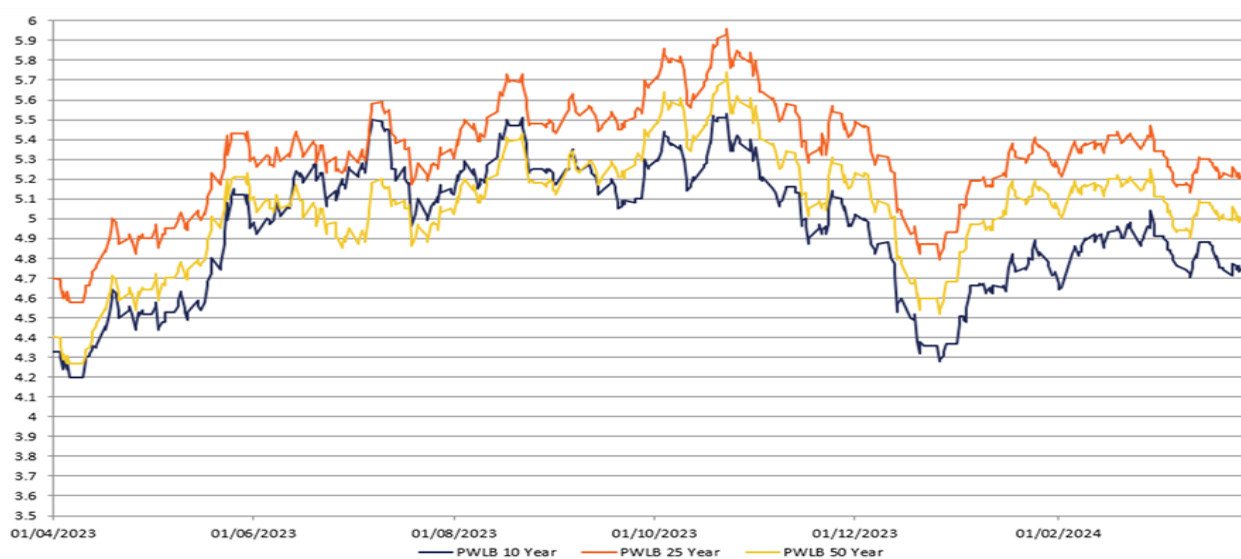
On 30 June 2024 it can be seen from the table that the overall net position is £1,013,241 above budget.

## 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:

| 0-30 days<br>£ | 31-60 days<br>£ | 61-90 days<br>£ | 91-120 days<br>£ | 121-183 days<br>£ | 184-365 days<br>£ | Over 365 days<br>£ | Total<br>£ |
|----------------|-----------------|-----------------|------------------|-------------------|-------------------|--------------------|------------|
| 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).