

East Lindsey District Council – Q4 Outturn Finance Report 2023/24

Section 1 - Finance Summary

- The outturn at the end 2023/24 shows an underspend of £914k as at 31st March 2024 and it is recommended this is transferred to the Investment Volatility Reserve.
- Specific and general reserves of the Council are £35.884m as at 31st March 2024 the growth experienced is due to significant contributions from prior year Business Rate Surplus a large NNDR Hereditament.
- Capital spend at the end of Quarter 4 was £27.207m against a full year budget of £48.081m.
- The Council holds investments (including property funds and instant access accounts) of £84.237m as at 31st March 2024.

Section 2 – Finance

- Section 2.1 Key Financial Issues in Quarter 4 of 2023/24
- Section 2.2 Revenue Budget
- Section 2.3 Reserves and Capital Budget
- Section 2.4 Treasury Update
- Section 2.5 Debt Collection
- Section 2.6 Business Rates and Council Tax Collection

Section 2.1 – Key Financial Issues in Quarter 4 of 2023/24

- Car Park income improved by £50k against the Q3 forecast with an outturn £229k under budget.
- Planning Income in Q4 saw an improvement of £110k against Q3 forecast, primarily due to large application fees being received in Q4.
- The Council's 2023/24 net budget for investment income was £3.071m. The outturn for investment income for 2023/24 is £4.917m, contributing to a net overachievement of £1.846m before adjustments.
- Proceeds of £662k were received from the liquidation of M&G Property Funds of which £624k was used to fund MRP and £38k put to the Property Funds reserve recognising the gain.
- The discount received from the premature repayment of borrowing provides an annual benefit (credited to revenue over the next 10 years), saw an improvement of £436k from the Q3 report due to a full year being recognised in year one, rather than a part year from date of repayment.
- Voluntary Revenue Provision charge associated with the reduction in Property Fund values during 23/24 of £970k was charged in Q4 and funded through reserves detailed in Table 3 and associated narrative.
- A 22/23 new hereditament back-payment in respect of Renewables of £5.691m was moved from the Collection Fund Adjustment Account to a Reserve.

Inflation Table

Inflation	January (%)	February (%)	March (%)
CPI	4.0	3.4	3.2
RPI	4.9	4.5	4.3

Section 2.2 – Revenue Budget

Table 1 details outturn by Assistant Director at 31 March 2024 and reports an overspend of £1,468k before corporate adjustments and funding arrangements including investment reduced that to a £914k surplus.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24	Outturn 2023/24	Variance (under)/over	Comments on main variances
Corporate Services	2,445	2,406	(39)	Variance driven by shared staffing costs £117k. IT additional income recharges to partner authorities and PSPS of (£116k) covering Ring Central, McAfee and Desktops, with Microsoft licence temporary reduction of (£25k) against budget.
Economic Growth	700	712	12	Additional supplies and services spend on Tourism in respect of project delivery and legal costs.
Finance	13,556	13,661	105	(£37k) largely due to centralised income of S113 posts/staffing offset by unmet salary efficiency. Duplication of budget in 23/24 offset by net benefit of (£78k) linked to Council Tax Support funding and the Council Tax Reduction Scheme charge. Housing Benefit pressure of £35k after benefit of Bad Debt improvement offset by Overpayments, DHP and Rent Allowance pressures. Additional income (£129k). PSPS CCNs £265k offset by budget overstatement on main contract. External Audit pressure of £81k due to 151% national increase in fees and some prior year work undertaken in 23/24.
General Fund Assets	(1,484)	(1,341)	143	Variance largely due to economic and seasonal effects on Car Parking and Public Convenience income £299k. Increased Utility costs £104k and increased staffing cost of £170k due to pay award and the impact of the salary efficiency budget and additional asset related costs. Those increased costs noted above are offset by increased Service Charges (£302k), Q4 improvement linked to Hub, revalued Business Rates (£14k), Kingfisher Income (£100k) due to increase in occupied pitches and Invest EL charges for rental units.

Assistant Director	Revised Budget 2023/24	Outturn 2023/24	Variance (under)/over	Comments on main variances
Governance	1,213	1,262	49	<p>Forecast underspend primarily relates to a number of vacancies carried throughout the year (£93k)</p> <p>Increased costs of postage incurred in respect of Electoral Register of £16k.</p> <p>District Elections Payroll £125k.</p>
Leisure & Culture	2,149	2,265	116	<p>Building Maintenance £67k offset by underspends at Embassy Pool and Embassy Centre</p> <p>Premises Insurance £20k overspend.</p> <p>Embassy Centre Unit Service Charges £15k under recovered – Lease surrendered in respect of Units 1&2</p>
Neighbourhoods	5,584	5,700	116	<p>Additional employee costs overall of £397k, due to higher than estimated pay award and salary efficiency, offset by vacancies resourced predominantly through agency £346k/overtime £121k costs incurred as a requirement to cover sickness and vacancies.</p> <p>Partnership costs linked to additional employee and transport related expenditure of £65k.</p> <p>Additional vehicle costs of £75k due to additional maintenance requirements of an aging fleet within the Neighbourhoods team.</p> <p>Additional costs above, are offset by an over achievement of income relating to Green Waste (£251k), Bulky Waste Collections (£43k) and External Works within the in-house Vehicle Maintenance unit (£43k).</p> <p>Further premises related savings in the Vehicle Maintenance unit have been identified of (£80k).</p>

Assistant Director	Revised Budget 2023/24	Outturn 2023/24	Variance (under)/over	Comments on main variances
Planning & Strategic Infrastructure	345	742	397	<p>Income pressures from a reduction in Planning Income Application fees £256k, an improvement from Q3 due to a large application of 600 dwellings.</p> <p>Legal costs £19k increase in decision appeals of which a higher percentage of challenger fees are now paid by Authorities.</p> <p>Pay Award impact of £38k, offset by vacancies combined with S113 posts impact of £84k, being £30k linked to Enforcement (income centralised) and a £54k budget error.</p>
Regulatory	1,121	1,486	365	<p>Additional employee costs of £151k due to pay award and agency/consultancy costs covering roles in Building Control and Environmental Health.</p> <p>Additional costs incurred in respect of Emergency Planning - Storm Babet £26k and Street Naming of £24k above budgets.</p> <p>Income pressures on the service include Land Charges income of £61k and Building Control income, £138k, linked to the impact of the housing market and cost of living. Offset by an improvement in income of (£35k) within licensing.</p>
Wellbeing & Community Leadership	2,081	2,285	204	<p>Additional staffing costs of £100k, partly due to the impact of the pay award and temporary staffing within Homelessness which is funded from additional Homelessness Prevention Grant.</p> <p>Additional CCTV/Community Safety costs of £136k</p> <p>Costs in respect of Homeless Person Crisis payments following change in policy £23k. DFG repayments in 23/24 (£61k) benefit.</p>
Sub Total – Assistant Directors – Net Costs	27,710	29,178	1,468	

Assistant Director	Revised Budget 2023/24	Outturn Q4 2023/24	Variance (under)/over	Comments on main variances
Internal Drainage Boards and Parish Precepts	8,327	8,420	93	Budget mis-statement.
Investment Income	(3,071)	(4,735)	(1,664)	Increased return on investment income due to an improvement in interest rates from recent historic lows.
M&G Property Fund Liquidation Proceeds;	-	(662)	(662)	£624k MRP, £37.5k to Property Fund Reserve
Minimum Revenue Provision	-	624	624	MRP: £624k charge M&G Property – see above for offset. VRP: Being reduction in FV of Property Funds excluding M&G (liquidation) and Hermes (Revenue) this has been charged to revenue and met from Reserves in 23/24.
10-year Discount Factor of Early Debt Repayment	-	(834)	(834)	Premature repayment of borrowing, annual benefit to be received over the next 10 years.
Cost of Borrowing	495	314	(181)	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	50	80	30	Council Tax provision £50k offset by Sundry reduction £20k as full £265.9k improvement moved to reserve.
Capital Expenditure Charged In Year	10,565	4,985	(5,580)	Capital Financing detailed in Section 2.3
Transfers to/(from) Earmarked Reserves	(10,187)	(4,563)	5,624	Capital Financing detailed in Section 2.3
Efficiencies Requirement	(303)	-	303	Efficiency requirement
Other Income and Expenditure	5,876	3,629	(2,247)	
General Fund Budget net costs	33,586	32,807	(779)	
Funding:				
Council Tax	(11,005)	(11,005)	-	
Government Grants	(3,604)	(3,612)	(8)	
Business Rates	(18,977)	(19,104)	(127)	
Total Budget - (Surplus)/Deficit	-	(914)	(914)	

Recommendation 1 - That Council notes the General Fund outturn position for 2023/24 being an underspend of £914k as detailed in Table 1 of Appendix A and approve the transfer of the surplus to the Investment Volatility Reserve.

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

Table 1a – Efficiency	Amount £'000	Comments
IDB Funding	927	Additional grant funding from Government
Budget Adjustment	150	Budget saving on Pension Strain
Total	1,077	
Target	(1,380)	
Efficiency Gap	303	

Income

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

Table 2 – Trading Income Budgets				
Income Area	Revised Budget	Actual	Variance (above)/ below budget	Comments
	£'000	£'000	£'000	
Car Parking	(3,490)	(3,261)	229	Underachievement of income due to seasonal variances and reduced visitor numbers.
Kingfisher Caravan Park	(1,086)	(1,264)	(178)	Grounds rents increased raised to Invest EL for their rental units during 23/24.
Planning	(1,571)	(1,313)	258	Reduction in activity across year however major applications received in Q4.
Licensing	(333)	(351)	(18)	Additional Hackney Carriage income offset by underachievement of animal welfare licence income.
Markets	(100)	(84)	16	Small reduction in income over winter period.
Land Charges	(121)	(55)	66	Underachievement following downturn in housing market.
Building Control	(445)	(307)	138	Income below profile despite fees increase mid-year, linked to slow down in housing market.
Commercial Rents	(1,997)	(2,156)	(159)	Variance is partly attributable to service charges and rent in respect of the Hub £197k, offset by Embassy Centre Units 1 & 2 being empty £38k.
Green Waste	(1,311)	(1,563)	(252)	Subscriptions dropped by 158 compared to 22/23 but were 5,032 up on budgeted subscriptions.
TOTAL	(10,455)	(10,354)	(101)	

Section 2.3 – Reserves and Capital Budget

2.3.1 - Specific and General Reserves

As of 31 March 2024, specific reserves are reported to be £34.062m, after a net transfer to reserves of £12.385m to cover planned revenue and capital expenditure. **Table 3** reflects the outturn position.

Table 3 - Specific and General Reserves Balance Forecast Outturn

Reserve	Balances at 1st April 2023	Contributions To Reserves	Use of Reserves	Balances at 31st March 2024
	£'000	£'000	£'000	£'000
Investments Volatility Reserve	-	1,786	776	1,010
Economic Growth Reserve	7,531	2,300	4,294	5,537
Business Rates Volatility Reserve	1,901	4,086	193	5,794
Property Fund Reserve	138	38	-	176
Housing Reserve	2,244	625	270	2,599
Repairs and Maintenance Reserve	1,035	354	593	796
Carbon Reduction Reserve	398	1,085	70	1,413
Insurance Reserve	827	116	75	868
Capital Reserve	4,822	378	467	4,733
Service Transformation Reserve	1,025	-	381	644
Legal and Appeals Reserve	520	310	89	741
Technology Reserve	402	68	33	437
New Initiatives / Contingency Reserve	-	8,623	75	8,548
Wellbeing Reserve	463	-	5	458
COVID-19 Budget Pressures Smoothing Reserve	371	-	63	308
Specific Reserves Total	21,677	19,769	7,384	34,062
General Fund	1,822			1,822
Total	23,499	19,769	7,384	35,884

Please note the following reserve movements during this financial year:

- Investment Volatility Reserve
 - **Additions to** – budgeted contribution in 23/24 £871k, 23/24 surplus of £914k to replenish after funding of VRP which will be reviewed following new MRP regulations.
 - **Use of Reserve** – Financing of Property Fund VRP 23/24 £776k
- Economic Growth Reserve
 - **Additions to** – Business Rates Pooling Benefit £1.32m, Leisure investment payback £113k, National Portfolio Organisation (NPO) £515.6k, Towns Fund £129.3k, Vital & Viable Market Town £104.7k, Long Term Plan £50k, Invest Loan Payback £29k, Levelling Up £35.9k.
 - **Use of Reserve** - Economic Development spend where grant received in previous years £14.1k, Horncastle Sports Project £8k, Flood Risk Assessment Consultancy Fees £148.5k, Budgeted Capital Financing £4.1m.
- Business Rates Volatility Reserve
 - **Additions to** – NNDR 23/24 hereditament £4.086m
 - **Use of Reserve** – Financing of Property Fund VRP 23/24 £193k

- Property Fund
 - **Additions to** – Gain on Municipal & General Investments UK Property Fund £37.5k

- Housing Reserve
 - **Additions to** – Domestic Abuse Funding £59k, Full Dispersal Grant £118.5k, Homeless Prevention Grant Ukraine element £198.7k, Lincolnshire Emergency Assistance Scheme £181.8k, Ukraine Support Funding £66.6k.
 - **Use of Reserve** – Rough Sleeper Initiative £150.8k (ELDC/BBC), LCVS Grant £31.0k, Household Support £82.0k, Capital Financing £5.8k

- Repairs and Replacement
 - **Additions to** – contributions from services paying back into the reserve where savings have been made £354k
 - **Use of Reserve** - vehicle maintenance costs due to extending the life of the vehicles beyond warranty £253.1k, Works ahead of transfer of London Rd to Sports Partnership £27.4k, Capital Financing £312.6k

- Carbon Reduction Reserve
 - **Additions to** – Climate Change projects (Home Upgrade Grant (HUG) 1 £306.9k, HUG2 £278.4k, Business Energy & Industrial Strategy £83.0k, MEH £340.6k, Local Energy Advice Demonstrator (LEAD) £128.7k, Biodiversity Net Gain £35.2k)
 - **Use of Reserve** – HUG2 £48.1k, LEAD £39.4k, LED lighting at London Rd Pavilion £24.0k, Decarbonisation Studies £46.0k

- Insurance Reserve
 - **Additions to** – Insurance payout for RCV accident £115.7k
 - **Use of Reserve** – Annual drawdown £60k for small insurance claims, Storm Babet £15.2k

- Capital Reserve
 - **Additions to** – New Homes Bonus Scheme 23/24 £378k
 - **Use of Reserve** – Capital Financing £467k

- Service Transformation Reserve
 - **Use of Reserve** - Election costs £102.9k, Hub relocation costs £10.8k, Shared Officer Job Evaluation Scheme £10.6k, Council Tax Single Person Discount Review £5.1k, Royal Mail redirection £3.4k, Spilsby Playing Fields £10.0k, Councillor Community Grants £46k, Kingfisher Legal £26.6k, Hub Elevated Stage £7.7k, Assets Transfer £26.9k Enforcement Consultancy £133k, Kennelling and Vet Fees £25k.

- Legal and Appeals Reserve
 - **Additions to** – Planning Referendum income £44.1k, Improvement in Bad Debt Impairment £265.8k

- **Use of Reserve** – Flood Alleviation £10k, Direct Action Costs (Planning) £52.2k, Kingfisher Caravan Park Legal Fees £26.6k

- Technology Reserve
 - **Additions to** – from previous savings in IT budget (5 years at £68k).
 - **Use of Reserve** – Capital Financing £33.2k.

- New Initiatives/Contingency Reserves
 - **Additions to** – Decarbonisation £1.5m, Cost of Living £1.432m (both related to NNDR surplus in prior year), 22/23 NNDR Hereditament £5.692m
 - **Use of Reserve** – Cost of Living 23/24 £74.8k

- Wellbeing Reserve
 - **Use of Reserve** – Flooding & Drainage Works – Stable View £5k

- COVID-19 Budget Pressure Smoothing Reserve
 - **Use of Reserve** - Contain Outbreak Management Fund £62.6k

Recommendation 2 - That Council approve the reserves transactions and balances as set out in Appendix A - Table 3 for 23/24.

Section 2.3 – Q4 Capital budget report

This section covers:

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

See 4c below and queries regarding reconciliation.

Table 4a – 2023/24 Capital Programme and Outturn			
Scheme	Approved Budget 2023/24	Actual 2023/24	Variance (under)/over
	£000	£000	£000
Disabled Facilities Grants	1,822	1,947	125
Community Housing Fund	7	6	(1)
Capitalised Planned Enhancements	100	194	94
Car Park Resurfacing	250	313	63
Public Sector Hub	75	71	(4)
Kingfisher Enhancement	44	62	18
3G Football Pitch Project	50	11	(39)
Changing Places Toilets	42	85	43
Environmental Services: Vehicle Requirements	719	288	(431)
PSPS Investment	181		(181)
Case Management System	6	6	-
IT for Hub	100	83	(17)
IT Investment	79	87	8
IT Infrastructure Refresh Projects (Laptop, mobile etc)	171	193	22
Green Homes Grant	1,791	150	(1,641)
Climate Change Projects	11,071	4,393	(6,678)
Local Energy Advice Demonstrator	145	102	(43)
District EV Charging Points	153	82	(71)
Cultural Development Fund – Phase 2	94	96	2
Cultural Development Fund – Pier Transformation	440		(440)
Gas Water Heater – London Road Pavilion	13	13	-
Skegness Foreshore Masterplan	20	-	(20)
Parking Enforcement Hardware	13	12	(1)
Local Authority Housing Fund	3,070	1,238	(1,832)
Total Non-Towns Fund Projects	20,456	9,432	(11,024)

Table 4a – 2023/24 Capital Programme and Outturn			
Scheme	Approved Budget 2023/24	Actual 2023/24	Variance (under)/over
	£000	£000	£000
Towns Fund - Mablethorpe Leisure and Learning Hub	12,401	9,946	(2,455)
Towns Fund - Sutton on Sea Colonnade	1,977	1,253	(724)
Towns Fund - Skegness Foreshore	310	32	(278)
Towns Fund - Skegness Railway Station	100	154	54
Towns Fund - Skegness Town Centre Transformation	643	281	(362)
Towns Fund - Skegness Learning Campus	1,314	503	(811)
Towns Fund - Skegness Cultural	1,506	53	(1,453)
Towns Fund - Skegness Multi-User Trail	223		(223)
Towns Fund - Mablethorpe Campus for Future Living	4,871	4,514	(357)
Towns Fund - Mablethorpe Sandilands	1,980	59	(1,921)
Towns Fund - Mablethorpe Mobi hub	50	26	(24)
Towns Fund - Mablethorpe High Street	325	320	(5)
Total Towns Fund	25,700	17,141	(8,559)
UKSPF	351	140	(211)
UKSPF - RP	704	350	(354)
Total UKSPF	1,055	490	(565)
LUF : Spilsby Sessions House	330	58	(272)
LUF : Alford Manor House	269	43	(226)
LUF : Alford Windmill	271	43	(228)
Total LUF	870	144	(726)
Grand Total – All Projects	48,081	27,207	(20,874)
Capital Reserve	(718)	(467)	251
External Grants	(37,295)	(21,926)	15,369
Other Reserve - Economic Growth	(9,029)	(4,122)	4,907
Other Reserve – Technology	(45)	(33)	12
Other Reserve - Repair & Replacement	(789)	(312)	477
Other Reserve – Housing	-	(6)	(6)
Internal Borrowing	(205)	(298)	(93)
Revenue	-	(43)	(43)
Total Financing 2023/24	(48,081)	(27,207)	20,874

The revised capital budget as at Q4 is £48.081m, with an outturn at £27.207m.

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 £22.381m (47%) of total revised capital budget.

The overall expenditure variance as at Q4 is showing an underspend of £20.874m.

Changes to approved capital budget – Table 4b

The changes to the approved budget total £0.023m as detailed below:

Project Description	Amount £'000	Approval
IT Infrastructure	23	Mobile phone signal booster for the Hub approved via proforma.
Total	23	

Capital Slippage

As a result of the variances shown in **Table 4a** and **Table 4b**, changes are required to the 2024/25 Capital Programme. These are reflected in the Capital Programme carry forwards shown in **Table 4c**. The slippage of expenditure into future years will be funded in line with the approval already obtained for the relevant project. See comment below please check whole schedule to reconcile between table 4a, 4b and 4c.

Table 4c – Capital Programme Revised 2024/25	
Scheme	Budget c/f 2023/24 £'000
Capitalised Planned Enhancements	47
Car Park Resurfacing	(63)
Disabled Facilities Grants	(82)
Community Housing Fund	1
Kingfisher Enhancements	(18)
3G Football Pitch	39
Changing Places	(43)
IT Investment	(27)
Neighbourhoods Vehicles	431
Green Homes Grant	676
Sustainable Warmth	6,678
CDF – Phase 2	(2)
CDF – Pier Transformation	440
District EV Charging Point	71
Local Authority Housing Fund	1,832
PSPS Investment	181
Total Projects (Excl. Towns Funds, UKSPF & LUF)	896
Towns Fund – Mablethorpe Leisure and Learning	2,455
Towns Fund – Sutton on Sea Colonnade	724
Towns Fund – Skegness Foreshore	278
Towns Fund – Skegness Railway Station	(54)
Towns Fund – Skegness Town Centre Transformation	362
Towns Fund – Skegness Learning Campus	811
Towns Fund – Mablethorpe Campus for Future Living	357
Towns Fund – Mablethorpe Mobihub	24
Towns Fund – Mablethorpe High Street	5
Towns Fund – Mablethorpe Sandilands	1,921

Table 4c – Capital Programme Revised 2024/25	
Scheme	Budget c/f 2023/24 £'000
Towns Fund – Skegness Multi-User Trail	223
Towns Fund – Skegness Cultural	1,453
Total Towns Fund	8,559
UKSPF	210
UKSPF – Rural	354
Total UKSPF	564
LUF: Spilsby Sessions House	272
LUF: Alford Manor House	226
LUF: Alford Windmill	228
Total LUF	726
Total (including new items)	20,010
Capital Reserve	(235)
Other Reserve – Economic Growth	(4,984)
Other Reserve – Housing	(1)
Other Reserve – Repair & Replacement	(470)
External Grants	(14,402)
Internal Borrowing	82
Total Financing	(20,010)

Recommendation 3 - That Council approves Capital Programme carry forwards from 2023/24 as set out in Appendix A – Table 4c.

Progress against approved budgets

- **Capitalised Planned Enhancements** – External grant received from Police & Crime Commissioner to Safer Streets works, £135k of works delivered as part of this grant award.
- **Car Park Resurfacing** – Works accelerated for seasonal car parks to meet demand ahead of Easter holiday, reduction required in 2024/25 allocation to compensate.
- **Disabled Facilities Grants** – Q3 report slipped £217k into 2024/25, delivery within Q4 ahead of expectations where £82k overspend will reduce 2024/25 budget.
- **Kingfisher Enhancements** – Q3 report slipped £60k into 2024/25, delivery within Q4 ahead of the Easter holiday was ahead of schedule, £18k overspend will be set against 24/25 budget.
- **Neighbourhoods Vehicles** – Delay in delivery of vehicles has led to further slippage being required into 2024/25. 12 new vehicles delivered within the first two months of 2024/25.
- **Green Homes Grants** – Scheme ongoing to support local homes. Slippage required.
- **Sustainable Warmth** – Schemes ongoing with delivery partners. Slippage required.
- **CDF – Pier Transformation** – Works not yet started; slippage required.
- **Local Authority Housing Fund** – Scheme delivery ongoing, further purchases to follow within 2024/25, slippage required.
- **Towns Fund - Mablethorpe Leisure and Learning Hub** – Project completed in 2024/25 Slippage required.
- **Towns Fund - Skegness Learning Campus** - Project delayed, initial tenders were over budget, value engineering was necessary. Slippage required.
- **Towns Fund - Sutton on Sea Colonnade** - Project delayed, initial tenders were over budget, value engineering was necessary. Works now underway, slippage required.
- **Towns Fund - Skegness Cultural** - Project delayed. Project to run in conjunction with Cultural Development Funding. Works will take place in 2 phases. Slippage required.
- **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. Slippage required.
- **Towns Fund - Skegness Railway Station** – Project delayed with works to be slipped into 2024/25. Works within Q4 ahead of initial expectations after slippage into 2024/25 as part of the Q3 report, reduction of budget in 2024/25 required in light of this change.
- **Towns Fund - Mablethorpe Campus for Future Living** – Handover of the building to the Council happened in March 2024. Slippage required for fitout of the building.
- **Towns Fund - Mablethorpe Mobi hub** - Project delayed, ongoing negotiations with related parties. Slippage required.
- **Towns Fund - Skegness Town Centre Transformation** - Project delayed with works to be slipped into 2024/25.
- **UKSPF and UKSPF - Rural** – Grant schemes continuing into the new year, slippage required.
- **LUF: Spilsby Session House** – Underspend due to the programmes of the recipient sites being at early-stage design and the programmes being delayed. Slippage required.
- **LUF: Alford Manor House** – Underspend due to the programmes of the recipient sites being at early-stage design and the programmes being delayed. Slippage required.
- **LUF: Alford Windmill** – Underspend due to the programmes of the recipient sites being at early-stage design and the programmes being delayed. Slippage required.

Capital Resources

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 the outturn position for 2023/24.

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	11,678
Capital Investment (estimate in future years)	(16,666)	(27,207)	(75,120)
Additional Sources of Finance			
- New Capital Receipts (estimate in future years)	1,250	-	100
- Funding from other reserves and internal borrowing	2,521	4,473	10,060
- External Grants	11,547	21,926	59,774
- Revenue Contributions	-	-	-
- Internal borrowing	-	298	1,363
- Budgeted contributions to capital reserve	4,693	378	434
- Transfer from Capital Reserve to support ongoing projects	(1,347)	-	-
Capital Resources at end of each year	11,767	11,678	8,289

Section 2.4 – Treasury Update

Investments on 31 March 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 31 March 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 31 March 2024

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/Var.	Yield
Barclays Current A/C Current Account	UK	86,541	N/A	Instant Access	N/A	0.00%
Barclays Bank	UK	1,400,200	N/A	Instant Access	Variable	4.45%
Handelsbanken Plc	Sweden	6,654	N/A	Instant Access	Variable	4.45%
CCLA Money Market Fund	Various	1,750,000	N/A	Instant Access	Variable	5.26%
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%
Aberdeen City Council	UK	3,000,000	05/02/24	05/12/24	Fixed	5.55%
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%
TOTAL		56,743,395				

Invest EL Loans

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

Loan	Amount	Start Date	Maturity Date	Yield
Caravan Sales Loan	272,600	01/07/20	In Perpetuity	4.00%
Caravan Hire Fleet Loan	268,952	01/07/20	01/07/30	4.00%
Caravan Hire Fleet Expansion Loan	720,000	15/02/21	14/02/41	4.00%
	<u>380,000</u>	07/02/22	07/02/42	4.00%
	1,100,000			
Housing Development Loan	500,000	30/06/21	31/03/25	4.00%
	<u>500,000</u>	16/11/21	31/03/25	4.00%
	1,000,000			
Cash Flow Loans	500,000	20/01/22	31/03/25	4.00%
	200,000	19/05/22	19/05/24	4.00%
	300,000	12/07/22	12/07/24	4.00%
	<u>250,000</u>	20/09/22	20/09/24	4.00%
	1,250,000			
TOTAL	3,891,552			

Interest earned on these loans in the 2023/24 financial year is £156,883, with a loan repayment of £250k received by the Council on 28th April 2023.

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
Total		3,893,003	106,948	2.75	3,999,951

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
Sub Total		4,819,418	(19,381)	(0.40)	4,800,037
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
Sub Total		4,653,444	145,543	3.13	4,798,987
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	297,824	105,707	2.25	403,531
AEW UK Core Property Fund	31/10/18	4,505,538	294,462	6.54	4,800,000
TOTAL		19,010,774	591,813		19,602,587

Table 8a and 8b below provides the fair value information on the property fund investments on 31 March 2024 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	147,489	3.49%	3,764,789	(235,162)	(5.88%)	(255,750)	(6.36%)	(2.87%)

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. Should this override be removed there will be a financial impact in future years.

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	201,659	4.23%	4,314,937	(485,100)	(10.11%)	(439,586)	(9.25%)	(5.02%)
Threadneedle Property Unit Trust	4,798,987	231,084	4.69%	3,956,604	(842,383)	(17.55%)	(201,051)	(4.84%)	(0.15%)
BlackRock UK Property Fund	4,800,032	152,767	3.12%	4,177,230	(622,802)	(12.97%)	(294,111)	(6.58%)	(3.46%)
M&G Investments UK Property Fund (after distribution payments)	403,531	54,602	N/A	578,971	175,440	N/A	37,534	N/A	N/A
AEW UK Core Property Fund	4,800,000	201,220	4.36%	4,118,716	(681,284)	(14.19%)	(34,763)	(0.84%)	3.52%
TOTAL	19,602,587	841,332		17,146,458	(2,456,129)		(931,977)		

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 March 2024 can be found in **Table 9** below.

Table 9 – Property Fund Dividend Information

Financial Institution	Actual Net Revenue Distributions Received Pre 2023/24	Original Budgeted Net Revenue Distribution 2023/24	Net Revenue Distributions Received 2023/24	Total Net Revenue Distributions Received Since Purchase
Federated Hermes Property Unit Trust	858,931	143,913	147,489	1,006,420
Schroder UK Real Estate Fund	974,564	172,700	201,659	1,176,223
Threadneedle Property Unit Trust	898,132	172,662	231,084	1,129,216
BlackRock UK Property Fund	666,885	172,699	152,767	819,652
M&G Investments UK Property Fund (excluding liquidation distributions)	619,017	38,328	54,602	673,619
AEW UK Core Property Fund	879,676	172,698	201,220	1,080,896
Total Revenue	4,897,205	873,000	988,821	5,886,026

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 31 March 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 31 March 2024 can be found in **Table 10**.

Table 10 - Maturity Structure of Investments on 31 March 2024.

Period to Maturity	Amount (£)	% of Portfolio
Less than one week	3,243,395	4%
Less than one month	10,000,000	12%
One to three months	25,000,000	30%
Three to six months	10,000,000	12%
Six to nine months	6,000,000	7%
Nine months to a year	2,500,000	3%
InvestEL	3,891,552	4%
>12 Months	23,602,538	28%
TOTAL	84,237,485	100%

Summary of Investment Income Received Against Budget and Outturn

Table 11 below provides a comparison of investment income received for the year against the original budget.

Table 11 - Investment Income Received Against Budget and Outturn

Investment Type	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Treasury Investments & Other Income	(2,000,000)	(3,771,990)	(1,771,990)
Invest East Lindsey	(197,620)	(156,883)	40,737
Property Funds			
Gross Distributions	(1,073,380)	(1,202,434)	(129,054)
Less Management Fees	<u>200,000</u>	<u>213,613</u>	<u>13,613</u>
Net Distributions	(873,380)	(988,821)	(115,441)
Net Investment Income	(3,071,000)	(4,917,694)	(1,846,694)
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	(661,758)	(661,758)
Subtotal Net Income	(3,071,000)	(5,579,452)	(2,508,452)
S106 Interest adjustment 23/24	0	182,513	182,513
Total Net Income	(3,071,000)	(5,396,939)	(2,325,939)

*Table 1 presents a figure of £1,664 for Investment Income which can be derived from £1,847k (Net Investment Income) less £183k (s106 Interest adjustment)

Treasury investments achieved an average rate of 5.16% (Q3 5.03%) compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.12% (Q3 5.10%). Invest East Lindsey loans achieved a rate of 4.00% and property fund investments achieved an average rate of 4.00% (Q3 4.00%). The combined rate achieved on all investments was 4.87% (Q3 4.76%).

The outturn for net investment income was £4.918m which was £1.847m above budget.

In addition to this income, the Council received liquidation distributions from the M&G Property Fund totalling £662k which is classified as a revenue receipt. As the purchase of this investment was unfinanced capital expenditure, these receipts will be used to finance the required Minimum Revenue Provision charge relating to this investment.

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

External Borrowing

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

The following table provides a comparison of budgeted borrowing costs and the outturn position for the year.

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

Borrowing Type	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Public Works Loan Board	493,000	258,215	(234,785)
Temporary Borrowing for Cash Flow Purposes	0	26,718	26,718
Other Interest Payments	1,500	29,401	27,901
Brokers Fees	0	504	504
Total Borrowing Costs	494,500	314,838	(179,662)

Following the premature repayment of PWLB borrowing, the outturn for interest payments and fees paid on all borrowing for 23/24 is £315k compared to the original budget of £495k, a budget saving of £180k.

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

	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Net Investment Income (Table 11)	(3,071,000)	(4,917,694)	(1,846,694)
M&G Property Fund Liquidation Distributions	0	(661,758)	(661,758)
Premature Repayment of Borrowing Discount Allocated to Revenue	0	(834,425)	(834,425)
Less: Total Borrowing Costs (Table 12)	494,500	314,838	(179,662)
Overall Net Position	(2,576,500)	(6,099,039)	(3,522,539)

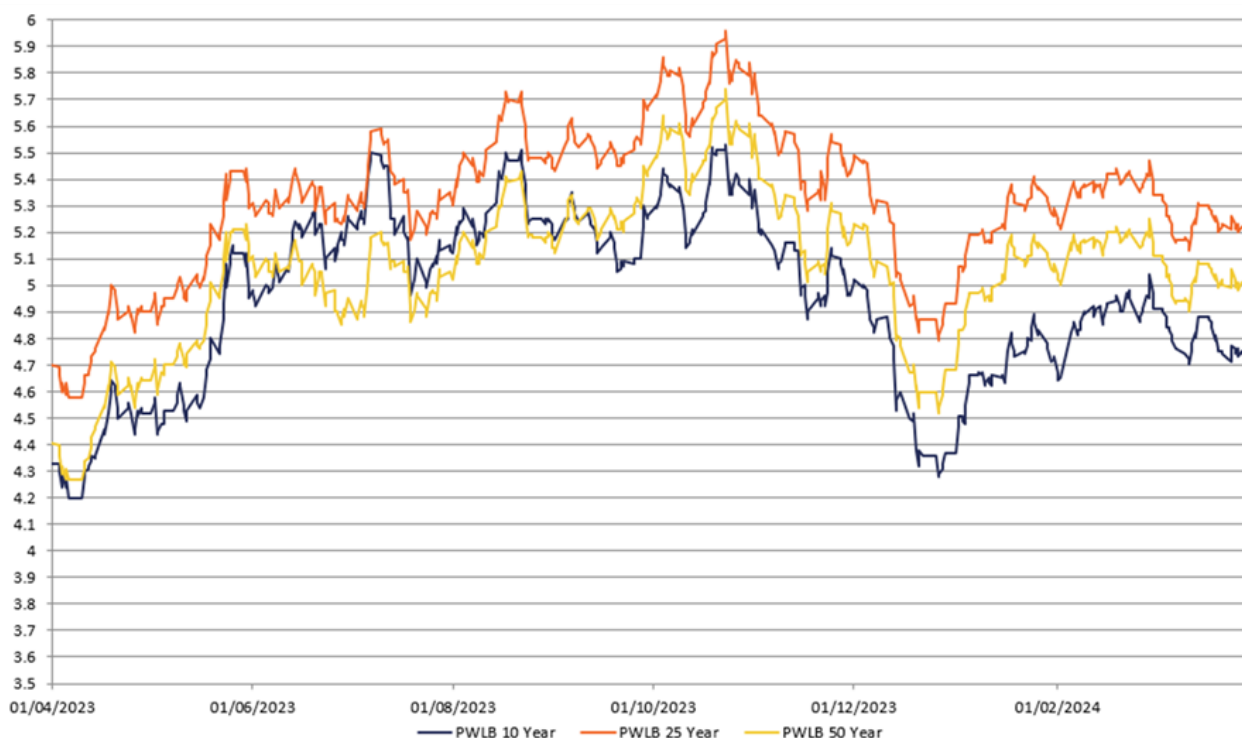
It can be seen from the table that the overall net position after borrowing costs is £3,522,539 above budget.

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 increased again during September and October 2023 due to concerns over the US economy. These concerns abated and with the market expectation that base rates were likely to fall the PWLB rates saw a sharp fall in November and December however some of these reductions have reversed during the final quarter of the financial year.

The 50 year PWLB certainty rate was 5.01% on 31 March 2024.

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 31st March 2024 is shown in Table 8 below:

0-30 days £	31-60 days £	61-90 days £	91-120 days £	121-183 days £	184-365 days £	Over 365 days £	Total £
1,257,145	225,897	595,888	6,718	12,369	476,298	407,051	2,981,366

Note: This does not include details of invoice amounts £649,773 (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 knock-on effect of the pandemic, and now the cost of living and energy cost crises. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

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

Council Tax Support Scheme (CTS)

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

Council Tax – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £96.6m with a net collection rate of 95.37% (95.92% at 31 March 2023).

Business Rates – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £36m with a net collection rate of 93.78% (86.59% at 31 March 2023). It should be noted that comparison between years is not reliable due to the differences between financial years, including revaluation and rate relief schemes, also the impact that large ratepayers have on overall performance at a point in time.