

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
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<b>SUBJECT:</b>	<b>BUDGET AND FINANCIAL MONITORING 2016/17</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendation**

- 1.1 That the latest budget and financial position for 2016/17 is considered and approved.

## **2.0 Purpose of the Report**

- 2.1 To provide progress on performance against budgets for the financial year 2016/17, together with an update on the Council's treasury management activities for the year.
- 2.2 Where appropriate, the effects upon the Medium-Term Financial Plan are also noted.
- 2.3 The report details performance up to 30th June 2016, i.e. the first full quarter of the financial year.

## **3.0 Detail**

### **GENERAL FUND REVENUE ACCOUNT**

- 3.1 Apart from Council Housing, day-to-day revenue income and expenditure on Council services is accounted for through the General Fund. The Net Expenditure is financed from the Council's Core Spending Power which is mixture of:
- General Government Grant
  - Retained Business Rates
  - New Homes Bonus
  - Council Tax

- 3.2 The Budget for 2016/17, which was approved by the Council in February 2016, estimated a budget surplus of £856,917 for 2016/17. The large surplus reflects an anticipated increase in core funding between 2015/16 and 2016/17 of approximately £450,000 and in particular New Homes Bonus, Retained Business Rates and Council Tax income.
- 3.3 In addition, the base budget for income from Planning Fees was increased by £150,000 to reflect current volumes. Gross expenditure, overall, is estimated to remain fairly static between 2015/16 and 2016/17.
- 3.4 Since the Budget was approved, the Committee agreed to a budgetary provision of £28,944 towards the set-up and year 1 running costs of Midway Community Centre. This has reduced the estimated surplus to £827,973.
- 3.5 The Budget includes contingent sums set-aside for inflation and growth. The updated Budget is summarised in the following table.

<b>Net Expenditure on Services</b>	<b>£10,921,518</b>
Less - Depreciation and Capital Charges	-£718,739
Add - Minimum / Voluntary Revenue Provisions	£333,133
Add - Contingent Sums	£586,970
Add - Council Tax Support Grant paid to Parish Councils	£43,627
<b>Total Estimated Spending</b>	<b>£11,166,509</b>
Less - Financing	-£11,994,482
<b>Estimated General Fund Surplus 2016/17</b>	<b>-£827,973</b>

### Position as at June 2016

- 3.6 A summary of the position to date and the projected position for the year for each Policy Committee is shown in the following table.

#### Projected Net Expenditure 2016/17

Budget Monitoring - June					
Summary by Policy Committee					
COMMITTEE	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Environmental and Development	3,533,517	3,588,465	54,947	(51,550)	106,498
Housing & Community	2,435,374	2,339,436	(95,938)	(31,511)	(64,428)
Finance & Management	4,952,572	5,227,033	274,460	290,550	(16,090)
<b>TOTAL</b>	<b>10,921,464</b>	<b>11,154,933</b>	<b>233,470</b>	<b>207,489</b>	<b>25,980</b>

- 3.7 The above table shows that based on current spending and after adjusting for transfers between earmarked reserves, there is a small projected increase in net expenditure of £25,980 compared to the Budget for the year.

3.8 An analysis by main service area is shown in the following table.

Budget Monitoring - June					
Summary by Main Service Area					
Performance against Budget 2016/17 as at June 2016 (by Service)					
MAIN SERVICE AREA	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Economic Development	240,852	230,539	(10,313)	0	(10,313)
Environmental Services	494,704	474,990	(19,714)	0	(19,714)
Highways	27,150	28,061	910	0	910
Licensing and Land Charges	(34,168)	(37,175)	(3,008)	0	(3,008)
Planning	184,058	232,500	48,442	10,500	37,942
Town Centre	66,780	73,749	6,970	0	6,970
Waste Collection & Street Cleansing	1,630,062	1,730,605	100,543	0	100,543
Environmental Education	69,104	7,054	(62,050)	(62,050)	0
Transport (Vehicles and Plant)	854,975	848,142	(6,832)	0	(6,832)
Community Development and Support	668,044	683,872	15,828	17,179	(1,351)
Leisure and Recreational Activities	178,842	185,712	6,870	(1,774)	8,644
Leisure Centres and Community Facilities	529,430	408,713	(120,717)	(73,678)	(47,040)
Parks and Open Spaces	682,086	656,928	(25,158)	0	(25,158)
Private Sector Housing	376,972	404,211	27,239	26,762	477
Central and Departmental Accounts	3,378,833	3,376,453	(2,380)	18,371	(20,751)
Revenues and Benefits	400,384	389,561	(10,823)	0	(10,823)
Electoral Registration	154,250	150,508	(3,742)	0	(3,742)
Corporate and Democratic Costs	654,192	645,646	(8,546)	0	(8,546)
Payments to Parish Councils	342,446	349,296	6,850	6,850	0
Concessionary Travel	0	(220)	(220)	0	(220)
Property and Estates	(149,567)	(153,650)	(4,083)	0	(4,083)
Pensions, Grants Interest, S106	172,034	469,437	297,404	265,329	32,074
<b>TOTAL</b>	<b>10,921,464</b>	<b>11,154,933</b>	<b>233,470</b>	<b>207,489</b>	<b>25,980</b>

### Overview of Spending to date

3.9 The main reasons for the projected variance at this stage (Quarter 1) are shown in the following table.

	£'000
Leisure Management Contract Renewal Savings	-52
Salary savings (vacancies, maternity etc.) - E&D	-45
Direct Services Restructure Saving	-43
Salary savings (vacancies, maternity etc.) - F&M	-43
Waste Less Save More Project - Contribution to Staffing Costs	-20
Food Safety Licensing Income	-15

Reduced Bank Charges	-7
Cemetery Fees	-7
Salary savings (vacancies, maternity etc.) - H&C	-6
Elected Members Savings (training and expenses, etc.)	-5
Increased Interest Income	-3
R&M Melbourne Leisure Centre	5
Approved Voluntary Redundancy costs (in connection with the DSO Restructure)	6
Deficit on Parking Enforcement	7
HMRC Tax Charge Unbudgeted	9
Agency Staff	36
Pension Deficit	36
Building Control Reduced Income	50
Vehicle Hire	55
Cost of Temporary Waste & Transport Manager	63
Other Variances (net)	5
<b>TOTAL - OVERALL PROJECTED VARIANCE</b>	<b>26</b>

- 3.10 The main variances relate firstly to the reduced annual contract payment for the extension of the Leisure Management Contract. The Contract now includes the addition of the Extreme Sports Facility in the Grove Hall.
- 3.11 The preceding table shows that budget savings are currently being made from vacant posts, although these are generally being covered through temporary contracts and agency workers.
- 3.12 The saving from the Direct Services Restructure is that approved by the Committee in February 2016. However, this saving will be absorbed by the additional costs of a temporary Waste and Transport Manager who is providing cover for a secondment to the Waste Less, Save More Project.
- 3.13 Although this was not a resolution at the February Committee, it was minuted that *"in order to cover the work of a member of staff involved with the Sainsbury's project, some of the predicted savings will be diverted to temporarily back-fill this post for up to a year. There will be an opportunity to apply for Funding on a project by project basis to offset the costs."*
- 3.14 A sum of £20,000 was subsequently secured. Given the cost of the temporary manager (£63,000) the restructure savings (£43,000) together with the £20,000 contribution, will be utilised by December 2016.

## Income

- 3.15 Income from Planning Fees is currently on budget, although as stated earlier, the base budget was increased by £150,000 in 2016/17. Income from Building Control is currently less than budget.

## Vehicles

- 3.16 The other major cost is additional vehicle hire. The temporary Transport Manager is currently reviewing the management, maintenance and replacement of the fleet and proposals are anticipated later in the year.

## Contingent Sums

- 3.17 The Budget includes the following contingent sums:

	£
Pay inflation	104,100
Price / Contract Indexation	168,520
Income increases (inflation on fees and charges)	-50,650
Growth	100,000
Waste Collection and Recycling	100,000
Pay and Grading	165,000
	<b>586,970</b>

## Pay Inflation

- 3.18 The figure on pay inflation was based on an increase of 1.5%. The national settlement for local government employees was agreed earlier in the year at 1% effective from 1<sup>st</sup> April 2016 and a further 1% from 1<sup>st</sup> April 2017. The settlement included higher increases for lower grades.
- 3.19 Therefore, the overall increase is estimated to cost the Council around 2.5% over the two years – 1.25% in 2016/17. Consequently, compared to the budget of 1.5%, this will provide a saving of approximately £17,500 in 2016/17.

## Pay and Grading

- 3.20 Following approval by the Committee of the new pay model arising out of the Job Evaluation Exercise in 2015/16, this amount will now be included in the base budget on an on-going basis.
- 3.21 All other sums remain in the contingent reserve at this stage.

## Provisions

- 3.22 The following provisions were made in the Council's accounts in 2015/16 for liabilities due in 2016/17.

Provision For	£
Refund of Personal Searches	42,000
Planning Appeals	127,000
Early Termination Costs (Voluntary Redundancy)	9,000

**TOTAL PROVISIONS****178,000**

3.23 It is still expected that these amounts will be utilised in 2016/17.

**Core Grants and Funding**

3.24 The following grants have been confirmed for the year.

Core Grants and Funding 2016/17	Estimate £'000	Actual £'000	Variance £'000
New Homes Bonus (NHB)	2,855	2,855	0
NHB – Additional Funding	0	5	5
Revenue Support Grant (Fixed)	1,199	1,199	0
Transitional Grant	3	3	0
Retained Business Rates (see below)	3,171	3,174	3
<b>Total Core Grants</b>	<b>7,228</b>	<b>7,236</b>	<b>8</b>

**Retained Business Rates**

3.25 Overall, income from business rates is currently forecast on budget as shown in the following table.

Business Rates Income 2016/17	Estimate £'000	Forecast £'000	Variance £'000
Approved Precept 2016/17 (Fixed)	9,414	9,414	0
Surplus / Deficit (-) 2015/16	220	-130	-350
Less Tariff paid to the Government (Fixed)	-6,252	-6,252	0
Section 31 Grants - Business Rate Reliefs	0	353	353
Payment of Levy to Derbyshire Business Rates Pool	-577	-577	0
Share of growth returned from the Pool	366	366	0
<b>Net amount received in Retention System</b>	<b>3,171</b>	<b>3,174</b>	<b>3</b>

3.26 The main differences are that the anticipated surplus in the Collection Fund of £220k in 2015/16 was replaced by an actual deficit. As reported to the Committee in June, this was due to the large increase in the provision for appeals during the final part of the 2015/16 financial year.

3.27 This has effectively been offset by the continuation of Section 31 grants. This is a separate Government Grant to reimburse a reduction in income from support provided to small businesses and to cap the inflationary increase in the actual national Business Rate in 2016/17.

3.28 These grants are not budgeted for as it is never fully known whether the national schemes and associated Government financing will continue when the Budget is set.

**Overall General Fund Position**

- 3.29 After allowing for all variances and adjustments, the projected overall position on the General Fund for 2016/17, compared to the Budget, is fairly neutral as shown in the following table.

	£'000
Higher Net Expenditure	26
Use of Contingent Sums Lower (Pay Award)	-17
Additional Core Grants and Funding	-8
Additional Business Rates Income	-3
<b>Projected Reduction in Net Expenditure 2016/17</b>	<b>-2</b>

## THE COLLECTION FUND

- 3.30 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and Preceptors on the Fund, including this Council.
- 3.31 Any surplus or deficit on the Fund is transferred to the General Funds of the Preceptors, in proportion to precepts levied each year. The projected position on the Fund for 2016/17, based on transactions up to 30th June 2016, is detailed in **Appendix 1**.
- 3.32 This shows that the projected position on the Fund as at 31<sup>st</sup> March 2017 is currently £579,000 for Council Tax and £388,000 for Business Rates. In both instances, this is greater than estimated.

### Council Tax

- 3.33 The projected balance is approximately £130,000 greater than estimated. This is mainly due to an increase in the tax base, which is likely to exceed that budgeted in January 2016. The Council's share, if declared in the 2017/18 Budget Round, would be approximately £14,000.
- 3.34 The number of live properties has grown from 41,377 to 41,815 between October 2015 and June 2016. This is increasing the tax base (equivalent Band D properties) which was 33,696 as at June 2016; this is already marginally above the estimate for the year of 33,693.
- 3.35 As approved, the surplus declared on Council Tax for 2015/16 is being paid to Preceptors including £20,000 to the Council's General Fund in 2016/17.

### Local Council Tax Support Scheme

- 3.36 For information, the cost of the Local Council Tax Support Scheme (LCTSS) which is charged to and financed from with Collection Fund is shown in the following table.

2012/13	£4.95m
2013/14	£4.65m

2014/15	£4.51m
2015/16	£4.38m
2016/17 (projected)	£4.46m

- 3.37 The Government have recently consulted and reviewed the operation of LCTSS across the country. Any matters arising from the consultation will be considered in proposals for the Council's Scheme for 2017/18.

### **Business Rates**

- 3.38 As previously reported, the Business Rates Account incurred a deficit in 2015/16 of £326k due to a large increase in the provision for appeals. This will be shared amongst the Preceptors and charged to their General Funds in 2016/17, with the Council's proportion being £130k as shown earlier in the report.
- 3.39 However, due to an increase in 2016/17, it is projected that Business Rates will revert back into surplus leading to a positive balance of approximately £388,000 as at March 2017. The Council's proportion of this, at 40%, is estimated at approximately £155,000. This would be transferred to the General Fund in 2017/18.

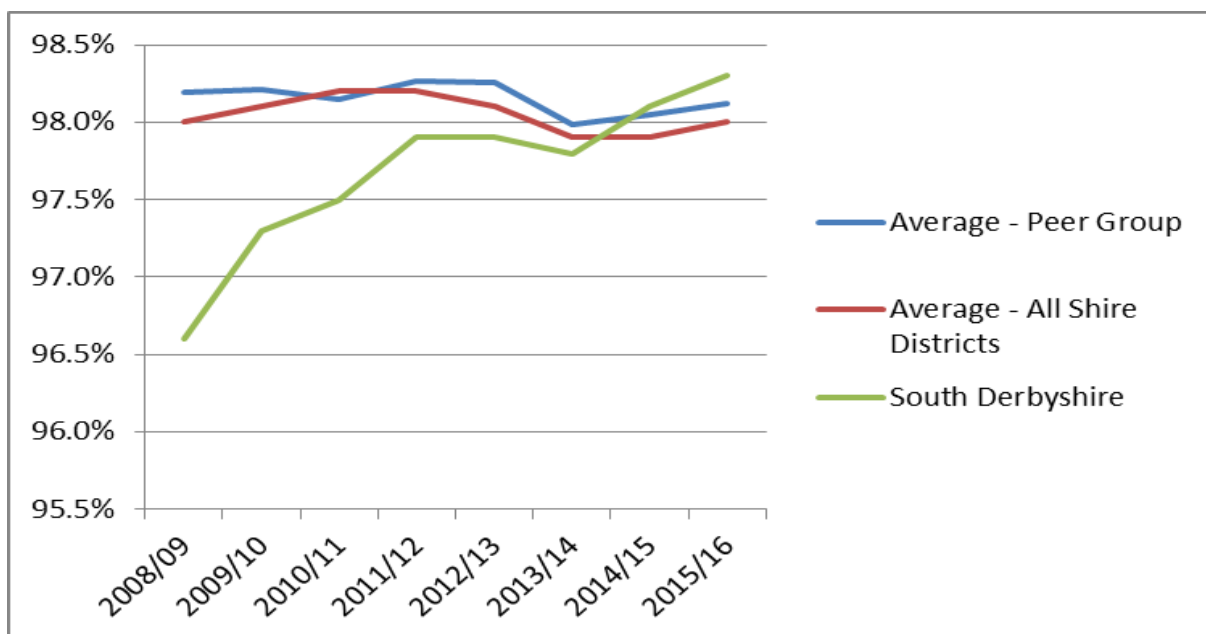
### **Derbyshire Business Rates Pool**

- 3.40 The half-yearly performance of the Pool is due to be reported at the end of September 2016.

### **Collection Rates**

- 3.41 The Council's performance in collecting Council Tax and Business Rates in 2015/16 was reported to the Committee in June. This included how collection rates compared to targets and key performance indicators in the Contract with Northgate Public Services. The overall target was achieved.
- 3.42 National performance has since been published and the following charts show the Council's performance compared with other councils over the last several years up to and including 2015/16.

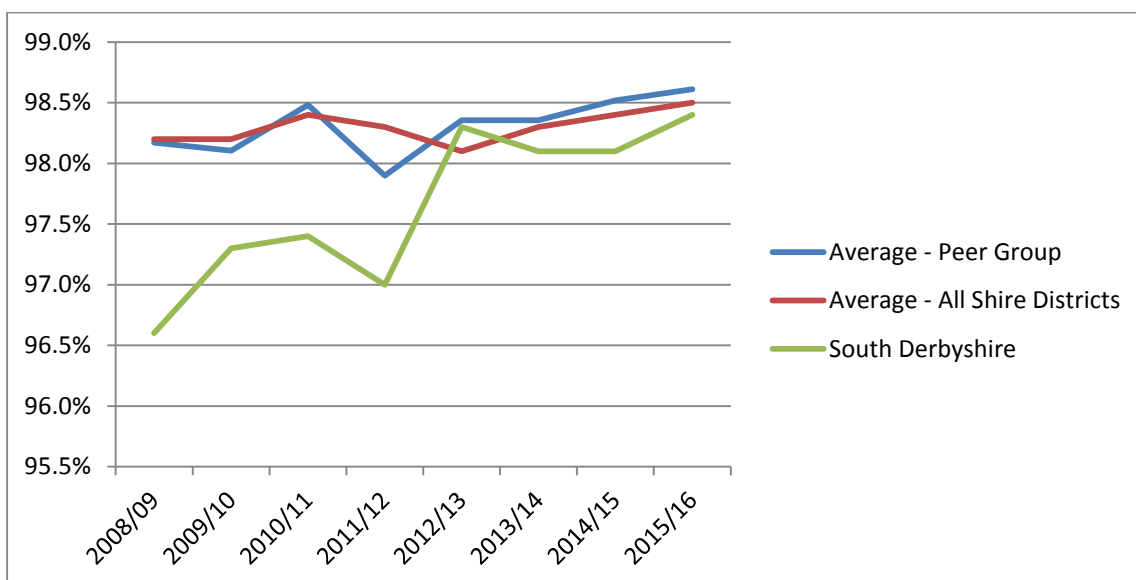
### ***Council Tax Collection Rates***



3.43 The above chart shows in-year collection rates, with the Council's performance compared with all shire districts in England, together with its peer group. The peer group consists of 16 shire districts with demographics considered fairly similar relative to each other.

3.44 The chart shows that the Council's performance in Council Tax collection has improved since 2008/09 and in the last 2 years has exceeded the average for shire districts and the peer group.

### ***Business Rates Collection***



3.45 The Council's performance on business rates collection has also improved although by 2015/16 it was still slightly below both averages.

### **Redistribution of Business Rates – National Consultation**

3.46 In July, the Government published a consultation paper "*Self-sufficient local government: 100% Business Rates Retention*." The paper is seeking views regarding the implementation of 100% Business Rates Retention for local

government as outlined in the Government's 2016 Budget. The consultation periods ends on 26<sup>th</sup> September.

- 3.47 The Government's intention is for a new system to be implemented in 2019/20 or 2020/21. The exact year will depend on the outcome of pilot exercises that will commence in April 2017 in Greater Manchester, the Liverpool City Region and London. Other authorities can apply to become a pilot where there is an agreed devolution deal in place covering their area.
- 3.48 The Government have indicated that they wish to retain the current system of top ups and tariffs in the new system to ensure that every council retains enough resources to operate at their assessed baseline need. A discussion paper was also published alongside the consultation on updating the needs assessment. This paper has also invited comments on the data to be used in assessing future need.
- 3.49 It is likely that there will be no levy in the new system as all business rates and growth in receipts will stay directly within local government. Therefore, no payment will be made to the Government. However, the distribution will need to be determined between different tier authorities.
- 3.50 The Government favour the continuation of a safety net mechanism to protect, in particular, smaller councils who may have a large business that pays a disproportionate amount of rates compared to all other businesses. However, the consultation is inviting comments on whether this safety net should be applied regionally rather than at individual authority level.
- 3.51 On the regional issue, the Government is seeking views on the role and responsibilities of combined authorities in the new system. The Government has reiterated that the new system must be fiscally neutral at a national level – the return of the 50% of business rates currently paid over centrally is not new money.
- 3.52 Therefore, the Government are proposing to devolve certain responsibilities (to be determined through this consultation) to local councils and to transfer the funding with those responsibilities. They propose to do this by ending the funding for a set of responsibilities, currently financed centrally at the national level.
- 3.53 The paper suggests what those responsibilities should be, but is seeking views from councils, through the consultation, on what could be devolved and who to. The main ones suggested in the consultation cover the following services:
- Transport
  - Public Health
  - Better Care / Independent Living
  - Early years support
  - Youth justice
  - Investment / Infrastructure Boards
  - Adult Education
  - Sport

- 3.54 The paper asks a series of technical questions regarding how often the system should be reset, together with how revaluations and reliefs should be treated.
- 3.55 The paper is also seeking views on whether Combined Authority Mayors will be able to levy a supplement on business rates, whilst multi-tier areas could be given the flexibility to reduce the rate (in the pound) payable in their area. Currently, these rates are set nationally.
- 3.56 In general, there are no definitive proposals within the paper, the matters under consideration are broad and the Government is seeking views. There will be a subsequent consultation on the technical details later in the process.
- 3.57 However, it is clear that the proposals, alongside the review of the needs formula, could herald a significant change. This is why a lead in time of at least 3 years is planned.
- 3.58 The Local Government Association is working direct with the DCLG on the proposals. The Council will be formulating a response jointly with other district councils, including the District Councils Network.
- 3.59 Derbyshire authorities are also currently working on and considering a joint response. This is focusing on the principle of additional resources and future growth in a new system being shared across the County with the associated risk also being shared. This would look to build on the success to date of the current Derbyshire Pool.

### **New Homes Bonus**

- 3.60 The Government has indicated that they will be issuing a formal response later in September, to matters raised during its consultation on proposals to amend the distribution of the New Homes Bonus. As previously reported, the Council submitted a specific response in March 2016.
- 3.61 In particular, the Council requested that the DCLG should treat South Derbyshire as an exceptional case under the proposals, given the growth of the area and the potential impact that the funding proposals will have on the Council's financial position.

### **HOUSING REVENUE ACCOUNT (HRA)**

- 3.62 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.63 The approved HRA Budget for 2016/17 was set with an in-year surplus projected at £968,000. This was increased to a surplus of £1.46 in June 2016, following a reprofiling of capital expenditure covering 2015/16 and 2016/17 as previously reported to the Committee, together with the latest estimates for the letting of new properties.

3.64 Performance on the HRA as at June 2016 is summarised in the following table.

<b>Summary HRA 2016/17</b>	<b>BUDGET</b>	<b>PROJECTED ACTUAL</b>	<b>PROJECTED VARIANCE</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total Income	-12,989	-12,969	20
Contribution to Capital & New Build	3,795	3,795	0
Responsive & Planned Maintenance	3,218	3,234	16
Interest on Debt	1,690	1,690	0
Supervision & Management	1,765	1,757	-8
Supported Housing & Careline Services	798	788	-10
Provision for Bad Debts	44	44	0
Contingent Sums	215	215	0
<b>Surplus</b>	<b>-1,464</b>	<b>-1,446</b>	<b>18</b>

3.65 The table shows that overall the HRA is fairly neutral with a projected increase in net expenditure of approximately £18,000. This would not in itself, significantly affect the overall HRA in the longer-term.

3.66 The main variance is the projected reduction in Supporting People grant of £20,000. This was anticipated and further reductions in future years have previously been highlighted as a risk in the HRA's longer-term financial projection.

## **CAPITAL EXPENDITURE and FINANCING 2016/17**

3.67 The Capital Programme was approved by the Committee in February 2016. It has been updated following the budget out-turn in 2015/16 and in particular, to reflect expenditure and funding held over from 2015/16 due to slippage.

3.68 Progress in 2016/17 across the main projects and schemes is shown in the following table.

<b>Capital Spending 2016/17 (as at June 2016)</b>	<b>Approved Budget £</b>	<b>Actual £</b>
Council House Capital Works	2,795,000	731,878
New Build Schemes - Phase 1	1,180,000	571,438
New Build - Phase 2 Acquisitions	2,700,000	0
Private Sector Housing Works	697,739	4,501
Environmental and Heritage Schemes	177,097	62
Swadlincote Woodlands Nature Reserve	37,000	0
Rosliston Forestry Centre - Play Project	130,000	0
Grove Active Zone/Cycling/Tennis	48,000	15,466
Community Partnership Scheme	177,211	5,560
Melbourne Leisure Centre	75,000	0
Melbourne Sports Partnership	1,112,603	684,496
Open Space Development Project	0	21,954
Waste Less , Save More Project	0	35,483

Vehicle Replacements	1,226,496	0
Property Maintenance, Development and Refurbishment	274,198	28,756
<b>Total</b>	<b>10,630,344</b>	<b>2,099,593</b>

### **New Build – Phase 1**

- 3.69 The 3 approved schemes are now complete and the final contract payments are now due to be paid.

### **New Build – Phase 2 Acquisitions**

- 3.70 The payments to purchase properties at Rowley Court and in Alexandra Road have now been made and these will be reflected in the ½ year figures.

### **Private Sector Housing Works**

- 3.71 During the first quarter, there was a slight delay in committing works until funding was confirmed for Disabled Facility Grants from the County Council. This funding was confirmed and works have now been committed.

### **Environmental and Heritage Schemes**

- 3.72 This relates to the Swadlincote Town Centre Scheme following the award of funding earlier in the year. Detailed plans have recently been approved and it is expected that spending to deliver approved projects will be incurred over the remainder of the year.

### **Leisure and Community Schemes**

- 3.73 The schemes at Swadlincote Woodlands and at Rosliston Forestry Centre are still awaiting confirmation of external funding. The Community Group overseeing the management of Melbourne Leisure Centre is currently drawing up a schedule of works.
- 3.74 The Open Space Development Project relates to works and the provision of a skate park in Newhall. This is externally funded and the Council is solely acting as the Accountable Body for financial purposes. This principle also applies to the Waste Less Save More project.

### **Melbourne Sporting Partnership**

- 3.75 The scheme to deliver new recreational and sport facilities at Cockshut Lane is substantially complete. However, additional costs are likely to be incurred and this is subject to a separate report elsewhere on this Committee's Agenda (Item 8).

### **Vehicle Replacements**

- 3.76 No major replacements have been made to date. A vehicle management strategy, which includes future procurement, is due to be reported to the Environmental and Development Services Committee on 29<sup>th</sup> September.

## External Finance Outstanding

3.77 Two projects which were completed in 2015/16 are still subject to external finance being secured. These amounts were part of the approved funding package and were accrued in the Council's accounts for 2015/16. The schemes are:

- Hilton Village Hall Extension (Growth Point Funding) - £31,000
- Green Bank Leisure Centre (Partner Contribution) - £85,000

3.78 These amounts total £116,000. Confirmation has recently been received that these amounts are shortly to be paid over to the Council.

## Housing Capital Receipts

3.79 There were 3 council house sales in the first quarter of the financial year. These generated gross receipts of £183,030 of which £96,246 (52%) has been paid over to the national pool. The net amount retained of £86,784 has been transferred to the New Build Reserve.

3.80 *Just to note that a further 3 sales were due to be completed during August 2016.*

## TREASURY MANAGEMENT

3.81 An analysis of the Council's borrowing and bank deposits is summarised in the tables which follow below. These show the position at 30th June 2016.

3.82 Debt outstanding is split between the HRA and the General Fund and this represents the "two pool" approach adopted for debt management.

	01/04/16 £'000	30/06/16 £'000	Change £'000
<b>Housing Revenue Account</b>			
Debt Outstanding (Average Rate 2.7%)	57,423	57,423	0
Capital Financing Requirement (CFR)	61,584	61,584	0
Statutory Debt Cap	66,853	66,853	0
Borrowing Capacity (Statutory Cap Less Debt o/s)	9,430	9,430	0

<b>General Fund</b>			
Debt Outstanding	0	0	0
Capital Financing Requirement (CFR)	6,354	6,354	0
Borrowing Capacity (CFR Less Debt o/s)	6,354	6,354	0

<b>Temporary Deposits and Short Term Borrowing</b>			
Temporary Bank and other Deposits	11,000	14,000	3,000
Less Parish Council Deposits	-28	-28	0

**Total - Short-term Cash Position****10,972****13,972****3,000**

Average Interest Rate	0.32%	0.46%	0.14%
Average 7-Day Money Market Rate	0.50%	0.51%	0.01%

**Short-term Deposits**

3.83 The deposits of £14m were being invested as follows:

Debt Management Office (DMO)	£2.0m	0.25%
Other Local Authorities	£12.0m	0.50%

3.84 Money on deposit with other local authorities tends to be for longer periods of between 3 months and 364 days. Deposits with the DMO are for shorter periods to manage cash flow and to avoid the need for short-term borrowing.

3.85 In addition, “overnight” funds of £3.5m were held in instant access accounts with the Bank of Scotland, HSBC and Barclays. These funds are held pending payments due in the short-term - creditors, payroll, precepts, etc. These accounts generally pay between 0.2% and 0.4% in interest.

3.86 Total interest accrued to date on all deposits totals £15,200 and is projected to be £60,000 for the year. This compares with a budget estimate of £47,000.

**Lending Policy and Counterparty List**

3.87 No changes are considered necessary to the current list and lending policy approved in the Treasury Management Strategy.

3.88 Following the outcome of the EU Referendum in June, there was some volatility in financial markets, although this has since stabilised. The value of the pound against other major currencies and in particular the Euro, remains lower compared to its value before the Referendum.

3.89 Therefore, at its meeting in August, the Bank of England’s Monetary Policy Committee (MPC) voted unanimously to cut the Bank Base Rate to 0.25% from 0.5%, the first change since March 2009. In doing so, the MPC noted that following the United Kingdom’s vote to leave the European Union, the exchange rate had fallen and the outlook for growth in the short to medium term had weakened markedly.

3.90 It was also considered that the previous fall in sterling was likely to increase inflation in the short-term, through more expensive imports, above the Government’s 2% target for CPI.

3.91 The fall in the Base Rate will reduce the interest rate received on future Council deposits, although those currently fixed at higher rates, will remain until maturity.

**4.0 Financial Implications**

4.1 As detailed in the report

## **5.0 Corporate Implications**

5.1 None directly

## **6.0 Community Implications**

6.1 None directly

## **7.0 Background Papers**

7.1 None

## APPENDIX 1

### COLLECTION FUND MONITORING 2016/17

	Actual 2015/16 £'000	Estimated 2016/17 £'000	Projected 2016/17 £'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>				
<b>INCOME</b>				
Council Tax Collectable	47,471	49,702	49,835	Debit as at June 2016 per ct6140c
<b>EXPENDITURE</b>				
County Council Precept	34,295	36,109	36,109	Actual amount due as set in March 2016
Police and Crime Commissioner Precept	5,313	5,487	5,487	As above
Fire and Rescue Authority Precept	2,137	2,206	2,206	As above
SDDC Precept	4,599	4,747	4,747	As above
SDDC Parish Precepts	668	679	679	As above
Increase in Bad Debts Provision	248	258	259	0.52% of Council Tax Collectable
<b>Total Expenditure</b>	<b>47,260</b>	<b>49,486</b>	<b>49,487</b>	
<b>Surplus for the Year</b>	<b>211</b>	<b>216</b>	<b>348</b>	
<b>COUNCIL TAX BALANCE</b>				
Opening Balance 1st April	696	407	407	As per final accounts 2015/16
Share of Previous Surplus to County Council	-364	-128	-128	Approved by Committee in Jan 2016
Share of Previous Surplus to Police	-56	-20	-20	As above
Share of Previous Surplus to Fire Authority	-23	-8	-8	As above
Share of Previous Surplus to SDDC	-57	-20	-20	As above
Surplus for Year (as above)	211	216	348	As above
<b>Closing Balance as at 31st March</b>	<b>407</b>	<b>447</b>	<b>579</b>	
<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>				
<b>INCOME</b>				
Business Rates Collectable	23,351	23,534	24,284	Debit as at June 2016 per NR7050
<b>EXPENDITURE</b>				
Central Government Precept	10,990	11,767	11,767	As per NNDR1 2016/17
SDDC Precept	8,792	9,414	9,414	As above
Derbyshire County Council Precept	1,978	2,118	2,118	As above
Fire and Rescue Service Precept	220	235	235	As above
Cost of Collection	92	91	91	Fixed amount
Transitional Protection Payments	26	0	0	
Increase in Bad Debts Provision	90	94	97	0.4% of rates collectable
Provision for Appeals	1,489	100	100	One-off increase in 2015/16
<b>Total Expenditure</b>	<b>23,677</b>	<b>23,819</b>	<b>23,822</b>	
<b>Surplus / Deficit (-)</b>	<b>-326</b>	<b>-285</b>	<b>462</b>	

**BUSINESS RATES BALANCE**

Opening Balance 1st April	647	-400	-400
Transfer of Previous Year's Surplus (-) / Deficit	-361	-274	163
Transfer of Previous Year's Surplus (-) / Deficit	-288	-220	130
Transfer of Previous Year's Surplus (-) / Deficit	-65	-49	29
Transfer of Previous Year's Surplus (-) / Deficit	-7	-5	3
Surplus / Deficit (-) for the Year as above	-326	-285	462
<b>Closing Balance as at 31st March</b>	<b>-400</b>	<b>-1,233</b>	<b>388</b>

Government share at 50%

SDDC Share at 40%

County Council Share at 9%

Fire Authority Share at 1%