

COMMITTEE: **AUDIT & GOVERNANCE** **REF NO: AG/17/30**

DATE: **27 FEBRUARY 2018**

SUBJECT: **FINANCIAL MANAGEMENT AND CONTROL 2017/18**
CORPORATE BUDGET MONITORING – THIRD
QUARTER

PORTFOLIO HOLDER: **COUNCILLOR M COOK**

HEAD OF SERVICE: **JOHN CHANCE**

This report gives details of the forecast outturn position for 2017/18 on:

1. The General Fund Revenue Budget, General Balances, and the Council's Reserves;
2. The Housing Revenue Account; and
3. The Shared Revenues Partnership;
4. The Capital Programme, for this and future years, together with the resources to fund it, for the General Fund and Housing Revenue Account.

Ward(s) affected: All

List of Appendices included in this report:

1. 2017/18 General Fund budget analysed by Service Area (A) and by Subjective (B)
2. Analysis of General Fund Budget Changes: Q2 (A) and Q3 (B)
3. General Fund Savings Delivery Year-to-Date
4. General Fund changes to projected outturn: Q2 (A) and Q3 (B)
5. Housing Revenue Account changes to projected outturn: Q3
6. Capital Programme Gateways
7. Capital Programme for 2017/18 and future years
8. Funding of Housing Revenue Account/General Fund capital programme
9. Treasury Management
10. Payment Performance
11. Debt Collection: Aged Debt (A) and Debt Raised and Paid (B)
12. Risk Management Summary

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This report was prepared after consultation with:

Corporate Management Team

The following policies form a context to this report:

Building a Better Ipswich

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

None

OTHER HELPFUL PAPERS

(papers which the report author considers might be helpful – this might include published material)

1. Executive Terms of Reference
2. Overview and Scrutiny Terms of Reference
3. Review of Constitution (Cttee Ref E/13/86)
4. Financial Strategies & Medium Term Financial Plan 2017/18 onwards (including Budget 2017/18) (Cttee Ref E/16/52)
5. Financial Out-turn Report 2016-17 (Cttee Ref E/17/06)
6. Financial Management and Control 2017/18 Corporate Budget Monitoring – First Quarter (Cttee Ref E/17/34)
7. Financial Management and Control 2017/18 Corporate Budget Monitoring – Second Quarter (Cttee Ref E/17/51)

Executive summary

On 22 February 2017, the Council agreed its revenue and capital budgets for the General Fund, the Housing Revenue Account, and the revenue budget for the Shared Revenues Partnership.

At the end of each month, officers prepare financial forecasts for each service showing forecast income and expenditure and the impact this will have on reserves and balances; this report is produced each quarter to ensure that Executive can participate fully in the financial management of the Council's budgets.

This is the Quarter 3 (Q3) report and is summarised below:

Revenue:

1. General Fund:

a. The Executive notes;

- i. the forecast break-even position of a £0.072m adverse variance on a gross budget of approx. £100m (net £21.062m), after movements to reserves;
- ii. that General Balances are forecast to be £7.187m at 31 March 2018, after taking into account the forecast General Fund position;
- iii. that the underlying under-spend position has allowed the invest-to-save and contingency reserves to be increased back to their opening balances.

2. Housing Revenue Account:

- a. The Executive notes the forecast surplus of £1.683m, an increase of £0.678m against the net £1.005m budgeted surplus;

3. Shared Revenues Partnership:

- a. That Executive notes the forecast underspend of £320k against a net £320k budgeted spend, resulting in no charge to the SRP reserve;

Capital:

4. That Executive notes the position on the 2017/18 and future years' Capital Programme and financing resources, with for 2017/18 an increase of £42m to £88m in Q3, of which £61m relates to arms-length companies.

Executive will consider this report on 6 March 2017.

1. Introduction

- 1.1 This report summarises the Council's projected 2017/18 outturn financial position at Quarter Three (Q3), the end of December 2017.

2. Background

- 2.1 Underpinning the planning framework is the Council's aim of setting a good and balanced budget:

- 2.2 A good budget means that:

- It has a medium term focus, supporting the Ipswich Corporate Plan;
- Resources are focused on the Corporate Plan and our priority outcomes;
- It is not driven by short term fixes;
- It demonstrates how the Council has listened to consultation with local people, employees and our partners;
- It is transparent and well scrutinised;
- It is integrated with the capital programme; and
- It maintains financial stability.

- 2.3 A balanced budget means that:

- Income equals expenditure;
- Cost reduction targets and investment proposals are credible and achievable;
- Key assumptions are "stress tested".

3 2017/18 General Fund – Summary of forecast financial monitoring position

- 3.1 Through careful budget management, the General Fund is forecast to be within budget at the end of Q3 – on a gross budget of approx. £100m, there is a predicted break-even position of a 0.072%, or £0.072m variance to budget (i.e. less than a 1% variance). This is in line with the position report at the end of Q2.

- 3.2 Service budgets are forecast to deliver a total £0.059m underspend despite challenging conditions.

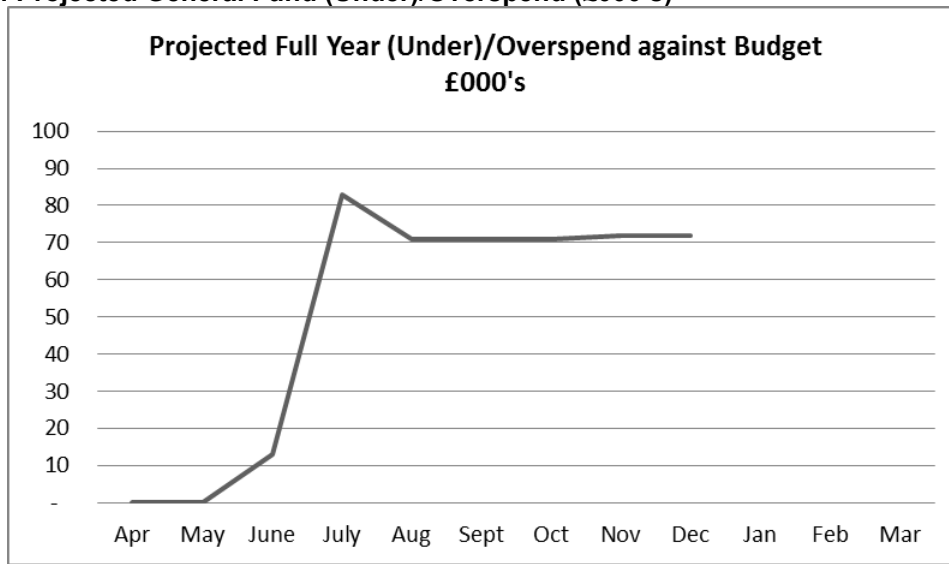
- 3.3 This break-even position is after a total £1.894m has been taken to reserves to;

- increase the Invest-to-Save reserve back to its opening balance of £1.000m (£1.094m has been used for this, with some of the balance use to fund in-year pressures arising in Q3)
- increase the General Service Contingency reserve back to its opening balance of £0.800m

- 3.4 This is in line with the Medium Term Financial Plan for 2018/19 which proposes that balances generated through one-off savings are transferred to these reserves to prepare the council to ensure that there are adequate reserves available to deliver planned investments and savings in 2018/19.

- 3.5 In particular, the non-recurrent savings have been delivered through Transitional Vacancies and the return generated through financing Ipswich Borough Assets, both of which are budgeted for in the 2018/19 MTFP.
- 3.6 Further detail of where this full year variation lies can be found in Section Four below.
- 3.7 Chart One shows the projected year-end position for the General Fund in 2017/18, and how the forecast outturn has changed each month.

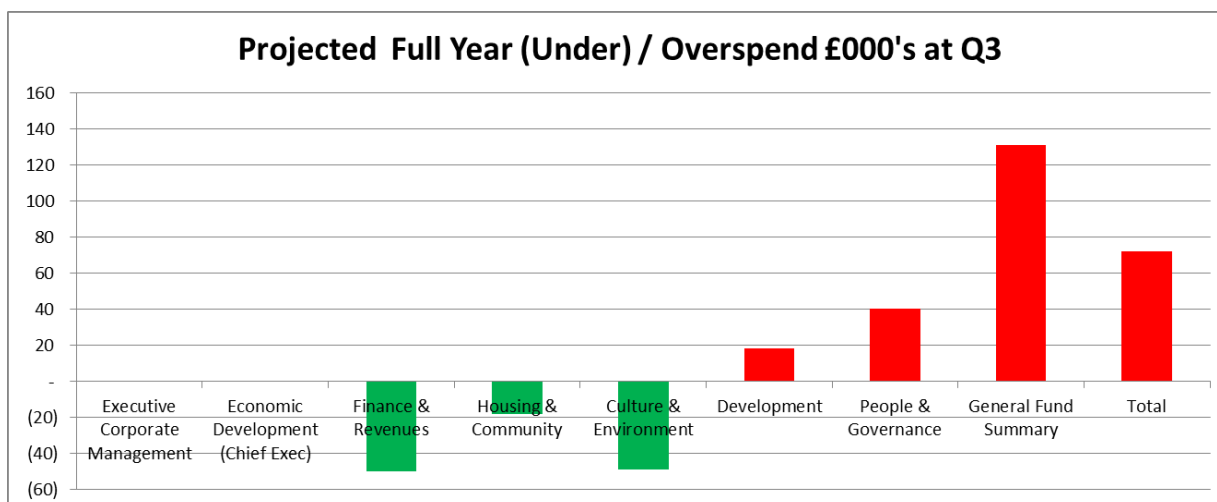
Chart One: Projected General Fund (Under)/Overspend (£000's)



4. 2017/18 General Fund – revenue outturn: forecast over/underspends

- 4.1 Heads of Service have responsibility for managing their budgets within the amounts approved by the Council. They have been charged with reviewing all of their cost centres to ensure that where an overspend is identified action is taken to ensure that a balanced budget is achieved for the year.
- 4.2 The latest projection for the 2017/18 revenue outturn shows a net projected overall break-even position (i.e. less than a 1% variance) for the General Fund of £0.072m after addressing known pressures, approved transfer to (and use of) reserves and transfers to contingencies. This is in line with the forecast £0.071m overspend reported at the end of Quarter Two.

Chart Two: Projected Service year-end, under/overspend (£000's)



- 4.3 Details of all projected under and overspends are shown in Appendix Four, and are summarised below:

Table One: Projected (Under)/Overspend by Service Area (£'000)

	Budget		Variance	Full Year	Full Year	Full year	Change
	YTD	Actual YTD	(Under) /	Budget	Forecast	(Under) /	in Q3
	£000's	£000's	Over	£000's	£000's	£000's	£000's
Executive Corporate Management	835	888	53	1,129	1,129	-	-
Economic Development (Chief Exec)	128	47	(81)	663	663	-	-
Finance & Revenues	4,921	4,845	(76)	4,168	4,118	(50)	(50)
Housing & Community	1,432	1,238	(194)	2,981	2,963	(18)	(10)
Culture & Environment	6,215	6,205	(10)	8,569	8,520	(49)	(69)
Development	(66)	(329)	(263)	55	73	18	(10)
People & Governance	2,944	2,837	(107)	3,995	4,035	40	9
General Fund Summary	9,190	9,190	-	(19,781)	(19,650)	131	131
Total	25,599	24,921	(678)	1,779	1,851	72	1

- 4.4 The forecast outturn in service areas has improved by a total £130k in Q3. This improvement has been seen across almost all service areas and is due to sound budget management and the earlier identification of pressures allowing remedial action to be taken.
- 4.5 In particular, a non-recurrent £0.050m benefit from Housing Benefit Subsidy surplus has been identified in the Finance & Revenues budget, and a £0.069m benefit has been delivered in the Parks & Bereavement budget (shown within the Culture & Environment totals above) through managing vehicle leasing costs.
- 4.6 Income within Sport reflects the changing nature of the Sports & Leisure market in Ipswich, so whilst the number of members to our subscription schemes remains acceptable, income is below expectations. A number of incentives are being offered to new customers and following the recent restructure, the service is now concentrating on driving income growth by developing a number of different opportunities.
- 4.7 Pressures identified in the centrally held General Fund Summary budget has reduced this to a net £0.001m change in Q3 from the position reported in Q2.
- 4.8 This £0.001m movement is after an assessment has also been undertaken of the recommended levels of the General Service and Invest-to-Save contingencies to support service groups and the future delivery of the Big Ticket savings programme.
- 4.9 In particular, delivery of £0.937k of Transitional Vacancy and £0.786k of net benefit achieved through financing Ipswich Borough Assets has enabled the Invest-to-Save and General Service contingency reserves to be topped up to their start-year balances prior to the start of the 2018/19 financial year (£1.000m and £0.800m respectively). This will support revenue investments and delivery of the Big Ticket programme in 2018/19.
- 4.10 Additionally, the Big Ticket Savings programme is forecast to overachieve its 2017/18 target (see Section Six below).

5. 2017/18 General Fund - agreed budget, changes and variations

5.1 The 2017/18 budget was agreed by Council on 22 February 2017 is summarised in Appendix One and is made up of:

- a Net Services Expenditure budget of £21.062m, taking account of service expenditure and income such as Fees & Charges and specific grants;
- Non-Service Income – a General Fund Summary of £18.597m, mainly Government's general grants, such as RSG and Business Rates, Council Tax and a small central spend (mainly debt charges);

5.2 Any difference between the two is either an addition to Balances (when income is greater than expenditure), or a use of balances (where expenditure is greater than income). There was a budgeted £2.465m use of balances.

5.3 Since the budget was agreed by Council there have been the following changes:

Table Two: 2017/18 original and revised net service budget (£000's)

	Original Budget	Q1 Movement	Q2 Movement	Q3 Movement	Budget at end Q3
Executive Corporate Management	745	44	108	173	1,070
Economic Development (Chief Exec)	435	234	(6)	-	663
Finance & Revenues	5,732	(665)	(905)	6	4,168
Housing & Community	2,149	83	689	60	2,981
Culture & Environment	8,402	105	(60)	123	8,570
Development	330	79	(138)	(217)	54
People & Governance	3,269	263	298	165	3,995
Services Total	21,062	143	(14)	310	21,501
General Fund Summary	(18,597)	(829)	14	(310)	(19,722)
Use of/(Transfer to) Balances	2,465	(686)	-	-	1,779

5.4 Since the budget was originally set, the Q1 movements have reduced the projected use of balances as a consequence of successful delivery of an underspend in 2016/17.

5.5 The Q3 budget changes are detailed in full in Appendix Two. In the quarter there has been one budget change with an individual value above £100k – a drawdown from the Invest-to-Save contingency);

Table Three: Budget changes with a value over £100k

Description	Service Area	Value £000's
Drawdown of Invest to Save Contingency to fund redundancy costs	Housing & Community	131

note - there have been multiple other changes with smaller individual values

6. 2017/18 General Fund - savings

- 6.1 In Quarter Three significant progress has been made against the overall Big Ticket target in 2017/18, which has resulted in the 2017/18 target being forecast to overachieve by £0.051m, this is summarised in Table Four below:

Table Four: Progress on delivering the Big Ticket savings 2017/18 £000's

Progress against Big Ticket savings targets 2017/18 (£'000)					
	Opening Target	Q1 Savings	Q2 Savings	Q3 Savings	Outstanding Target
Customer Access Strategy	21	(12)	(26)	(9)	(26)
Procurement	340	-	-	-	340
Property Investments & Rental Income	75	-	-	-	75
Vol Severance & Vol Redundancy	35	(12)	(37)	-	(14)
Investment Strategy	100	-	-	(786)	(686)
Zero Based Budgeting	186	(23)	(208)	(2)	(47)
Income Generation	329	(22)	-	-	307
	1,086	(69)	(271)	(797)	(51)

- 6.2 The savings delivered against the current Big Ticket targets from 2017/18 to 2020/21 are detailed at Appendix Three.
- 6.3 The Q3 Savings comprise:
- Customer Access Strategy - £9k from the Communications budget
 - Investment Strategy - £786k representing the net investment income from Ipswich Borough Assets
 - Zero Based Budgeting - £2k from the reviewing the Corporate Management Team budget
- 6.4 It is anticipated that further savings will be delivered in the coming months as work continues to take place to enable savings and additional income to be achieved.
- 6.5 The Financial Strategies and Medium Term 2018/19 Onwards report, considered by Executive 6th February 2018 (E/17/64), revised the Big Ticket savings programme which is also shown at Appendix Three for information.
- 6.6 The revised targets take into account the complexities in identifying and recording savings relating to procurement efficiencies and improved income generation. Work is underway reviewing the current finance system and looking at ways in which an improved system can support identifying and delivering savings opportunities in these areas.

7. 2017/18 General Fund – General Balances and Reserves

General Balances

- 7.1 On 22 February 2017, Council agreed the recommendation from the Section `151 Officer that a minimum level of General Balances of £2.000m be held in 2017/18. The following table sets out the plan agreed at Council for this year:

Table Five: General balances agreed by Council

	£m
General Balances 22 Feb 2017 – Budget Assumption	9.038
Planned use 2017/18	(2.465)
Forecast General Balances at 31 March 2018	6.573

The 2016/17 financial out-turn report (E/17/06) identified a net £0.686m increase in the General Balance, together with the projected £0.072m overspend reported in Section Four:

Table Six: Forecast General balances

	£m	
Forecast General Balances at Feb 2017		6.573
Added to General Balances from 2016/17 underspend	3.004	
Balance carried forward to be spent in 2017/18	(2.318)	
Net increase in General Balances	0.686	
Revised forecast General Balances at 31 March 2018		7.259
Projected overspend in year 2017/18		0.072
Current forecast General Balances at 31 March 2018		7.187

General Service Contingency

- 7.2 The General Service Contingency provides potential funding for budget pressures outside the service groups' control and reduces the pressure on the Additional Commitments Contingency and is administered by CMT.
- 7.3 It is considered prudent to increase the level of the General Service Contingency to support service groups for the remainder of this and next financial year. The level has been re-set to £800k (made up of £750k for next year, the same level as the opening 2017/18 balance, with an additional £50k for any current year pressures).
- 7.4 Table Seven below shows the opening balance together with the transfers to/(from) the contingency in the first three quarters:

Table Seven: General Service Contingency balance

2017/18 Opening Balance £'000	Net Transfers to/(from) Reserve (£'000)			Cumulative Balance at Q3 £'000
	Q1	Q2	Q3	
750	(11)	(353)	414	800

- 7.5 The Q3 movements consist of:

Transfers Out:

- £90k Re-design costs
- £33k for improved security at Christchurch Park
- £30k for consultancy in Housing & Community
- £60k senior management costs

- £7k for public transport consultancy
- £14k for additional HR capacity
- £11k for Rest Centre training
- £110k to cover shortfall resulting from incorrect estimate of costs carried forward from 2016/17
- £50k for finance system review
- £24k for additional Finance capacity

Transfers In:

- £843k Contribution

Earmarked reserves levels and forecasts

7.6 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The General Fund reserves are detailed in Table Eight below. The plan for 2017/18 deliberately minimises usage in the light of heightened future uncertainty, with a review of reserves identifying some that were no longer required.

Table Eight: budget and forecast reserves £000's

	Estimated position @ April 2017 (per MTFP Feb 2017) £000's	Actual position @ April 2017 £000's	Actual Transfers to / from(-) £000's	Further Planned Movement £000's	Forecast March 2018 £000's
Business Rates Reserve	1,668	1,971	0	-331	1,640
Revenue Grants Reserve	1,382	885	-57	-292	536
Service Based Reserves	1,056	1,874	0	-128	1,746
Repair & Renewal	496	525	-15	-76	434
Insurance Reserve	990	988	0	0	988
S106 Reserve	906	793	-153	0	640
Other Reserves	342	342	0	0	342
	6,840	7,378	-225	-827	6,326

7.7 The 'Further Planned Movement' above represents what was agreed as part of the Medium Term Financial Plan in February 2017, plus the review of reserves which has reduced them by a further £469k (£96k transfer to support Agile Working and £373k brought back into balances, which has been reported as part of the GF forecast position in Section 4 and detailed in Appendix Four).

Nb The table above only shows revenue reserves so does not include those elements of reserves shown in the MTFP relating to capital. Therefore, numbers will differ between the two documents.

8. Housing Revenue Account - Service Group Financial Performance

8.1 The anticipated year-end position for the Housing Revenue Account at Q3 is a £1.683m surplus, which represents an improvement in the quarter of £0.678m:

Table Nine: HRA projected year end £000's

	Current Budget YTD £000's	Actual YTD £000's	Variance (Under)/ Over £000's	Original Budget £000's	Forecast £000's	Full year (Under) / Overspend £000's	Change in Q3 £000's
Housing Revenue Account	(18,435)	(17,333)	1,102	(1,005)	(1,683)	(678)	(678)

8.2 Details of all projected under and overspends are shown in Appendix Five. The main elements were reported as part of the 2018/19 HRA forecast within the Medium Term Financial Plan considered by Executive on 6 February 2018 and consist of:

- A transfer to capital to fund the cost of the new sprinkler system at Cumberland Towers (£0.184m)
- Reduced capital financing costs and Improved Investment income (£0.218m)
- A transfer from the Welfare Reform Contingency to the working balance of £0.960m. This will be utilised in future years to help cover the anticipated increase in levels of 'bad debt' following the introduction of Universal Credit and other welfare reforms
- Reduced level of rent (£0.243m on a budget of £33.710m)
-

9. Shared Revenues Partnership - Service Group Financial Performance

9.1 The anticipated year-end position of the Shared Revenues Partnership at Q3 is a break-even, (no change during Quarter 3) which is favourable compared to the original budget of a £0.320m deficit.

Table Ten: SRP projected year end £000's

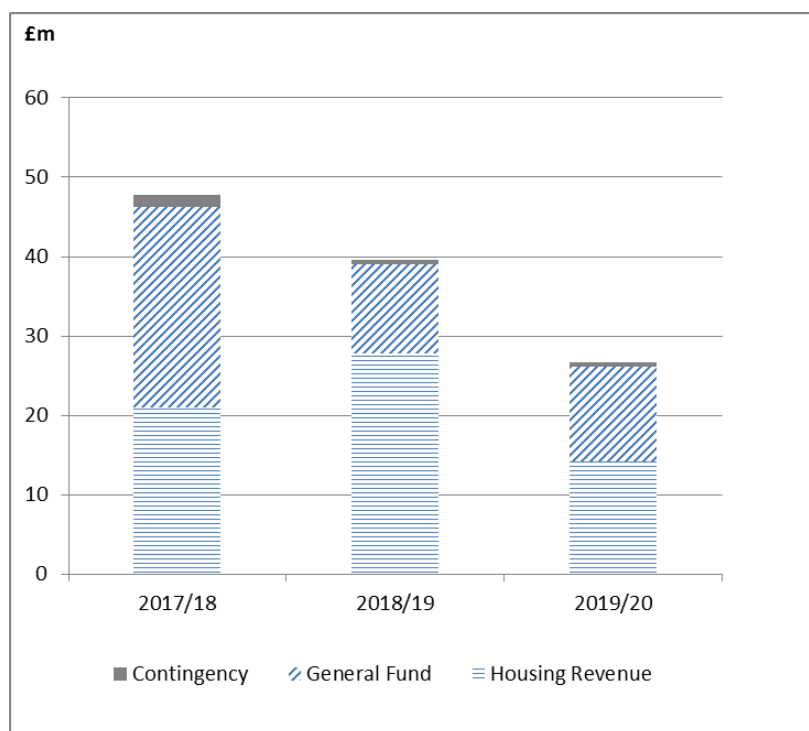
	Current Budget YTD £000's	Actual YTD £000's	Variance (Under)/ Over £000's	Original Budget £000's	Forecast £000's	Full year (Under) / Overspend £000's	Change in Q3 £000's
Shared Revenues Partnership	(1,217)	(1,529)	(312)	320	-	(320)	-

9.2 The future years' budgeted deficit was previously £0.365m and has now been reset to 'break-even' following completion of the ZBB exercise.

10. Capital Programme - Approved 2017/18 and future years

10.1 The Capital Programme for 2017/18 and future years forms part of the Medium Term Financial Plan which was approved by Council on 22nd February 2017. This is shown in Chart Three below:

Chart Three: Original Capital Programme 2017-20 (Feb'17)



10.2 Changes to the 2017/18 capital programme during Q3 result in a net c. £42.030m increase in forecast spend in 2017/18 compared to budget as shown in Table Eleven and Chart Four below:

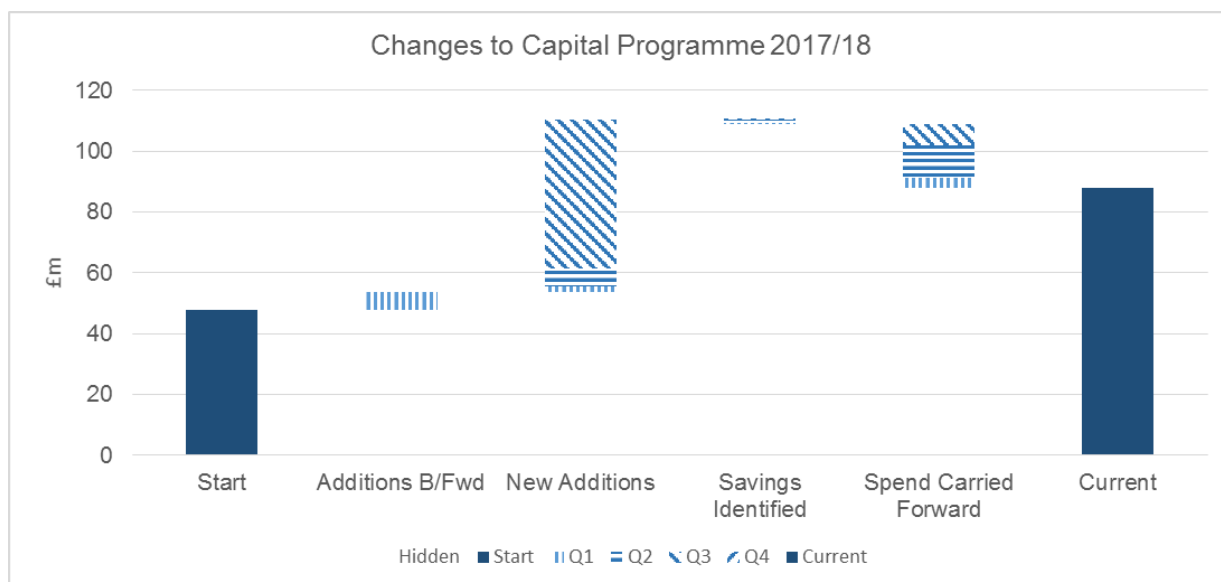
Table Eleven: Changes to 2017/18 Capital Programme at Q2

Changes to Capital Programme £m	Q1	Q2	Q3
Original Budget	47.85		
Plus B/Fwd	6.01		
	<u>53.86</u>		
New Additions	1.60	5.90	49.14
Less Savings Identified	-0.07	-1.19	-0.17
Less Spend C/Fwd	-3.32	-10.82	-6.95
Forecast Spend at end of Quarter	52.07	45.96	87.99

10.3 £47.242m was added to the capital programme in the form of loans made to Council Companies, in particular to Ipswich Borough Assets for the acquisition of Anglia Retail Park.

10.4 Chart Four shows the total change to the capital programme, broken down by quarter.

Chart Four: Changes to 2017/18 Capital Programme at Quarter Three



10.5 A summary of the 2017/18 position at Q3, is set out in Table Twelve below, with more detail at Appendix Seven:

Table Twelve: Split of 2017/18 Capital Programme (£m)

Scheme	Original Programme	Qtr Three Position
HRA Programme	21.039	12.486
GF Programme	18.347	14.124
Total	39.386	26.611
Loans to Companies	8.467	61.374
Total Programme	47.853	87.985

10.6 As illustrated at 10.2, £49.144m has been added to the 2017/18 capital programme during the last quarter as shown below:-

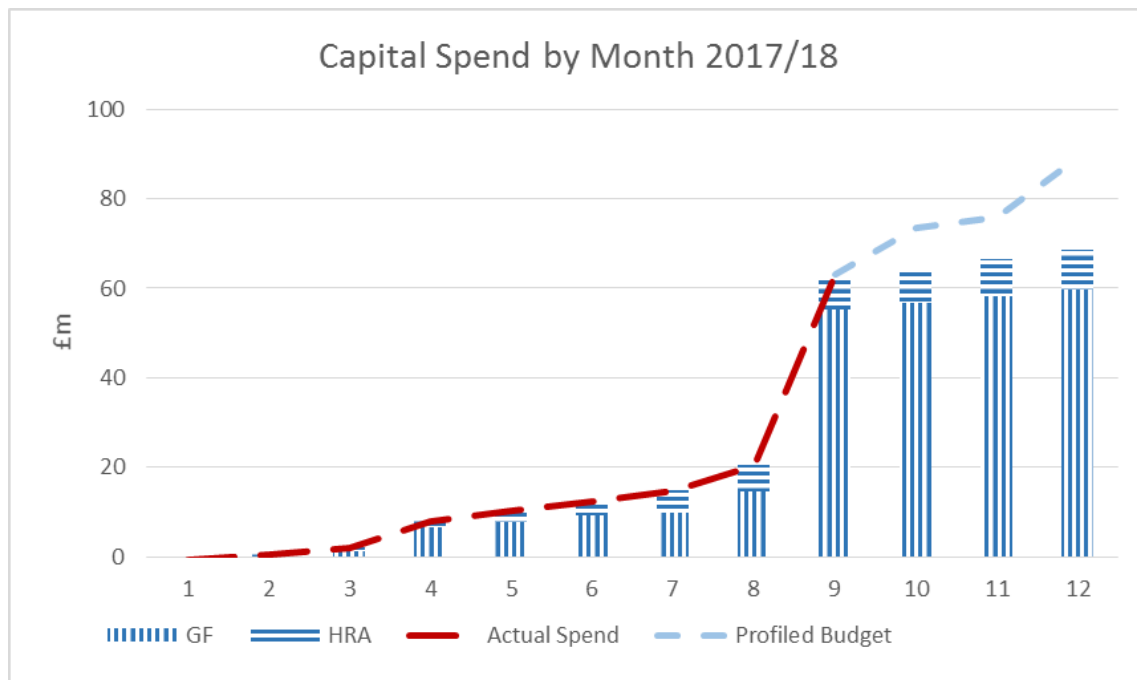
Table Thirteen: Increases in 2017/18 Capital Programme (£m)

Scheme	Type of addition	Amount £
Temporary Accommodation	Executive paper E/17/57: Purchase of Property for use as Temporary Accommodation	1.710
Ipswich Borough Assets	Loan to council companies	47.354
Leases funded by Loan	Capital spend funded by borrowing	80.205
Total		49.144

11. Capital Programme - Actual Spend and Progress

11.1 Progress on the overall 2017/18 capital programme is as follows:

Chart Five: Profiled Capital programme and cumulative actual expenditure 2017/18



- 11.2 Total expenditure on the 2017/18 capital programme to the end of September was £63.192m (of which £51.566m related to loans to council companies). By comparison, the Council had spent £14.664m by the end of December 2016.
- 11.3 Capital projects by their nature do not lend themselves to evenly profiled expenditure. A number of reasons may result in higher expenditure during certain parts of the year. In particular, major construction and infrastructure projects would expect to incur greater expenditure during the summer and autumn. There may be other reasons for delays in projects such as difficulties in obtaining planning permission.
- 11.4 The graph above suggests that there may still be a significant amount of re-profiling of expenditure into future year's programmes, in line with historical trends.

12. Capital Programme - Gateways

- 12.1 An important indicator of progress on the capital programme as a whole is the stage, or gateway, of the constituent projects. The certainty of a project being delivered on time and within budget increases as it moves through the gateways from feasibility to completion.
- 12.2 Gateways shown in Appendix Six will be applied to manage the Capital Programme.
- 12.3 The gateways identified are based on the progress measurements used by the Council's property function, and are consistent with the Royal Institute of British Architects (RIBA) industry standards for project management.

13. Capital Receipts and Resources

- 13.1 A summary of the capital resources used to fund the capital programme is shown in Appendix Eight.

14. 2017/18 Treasury management, payment performance, debt collection and VAT

- 14.1 Treasury management: the corporate treasury management function ensures the efficient management of all the authority's cash balances. A detailed treasury management update is included at [Appendix Nine](#).
- 14.2 Payment Performance – detailed at [Appendix Ten](#).
- 14.3 Debt Collection – detailed at [Appendix Eleven](#)
- 14.4 VAT rules and regulations are subject to revision by central government that could adversely affect the Council's partial exemption limit. For example, a recent VAT ruling on sports centres has led to a review of the calculation.

15. Risk Management

- 15.1 The table setting out the risks is at [Appendix Twelve](#). The overall level of risk is acceptable.

16. Environmental Impact Assessment

- 16.1 These are identified on a scheme-by-scheme basis.

17. Equalities and Diversity Implications

- 17.1 The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances. A screening of the proposed recommendations indicates that the recommendations are neutral in terms of their likely impact on people with protected characteristics.
- 17.2 Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goals and aims of "Building a Better Ipswich". Budgetary control is applied in a consistent manner across all budget heads, and individual decisions to be taken during the financial year are reviewed for impact on a case by case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.

18. Legal Considerations

- 18.1 Heads of Service are required by Financial Standing Orders to undertake a proper review of their Service Group's financial position in order to complete a Monthly Monitoring Return, which includes a certification that each Head of Service has reviewed their service group budgets and have identified any variances. These reports contribute to the Council's primary evidence of proper financial control.

- 18.2 This report has been based upon analysis of the month 6 monthly monitoring reports, completed by Heads of Service, in conjunction with Operational/Project Managers, advised by their Business Support/Capital Accountant.
- 18.3 As part of its terms of reference, Executive is responsible for the management of the Council's resources. Audit & Governance Committee assists with the process by also giving consideration to budget monitoring reports and identifying appropriate action.
- 18.4 The Local Government Act 2003 places duties on the Chief Financial Officer and the Council to carry out robust budget monitoring.
- 18.5 This report is presented to facilitate the discharge of these responsibilities.

19. Financial Considerations

- 19.1 There are no supplementary estimates to be considered this quarter.
- 19.2 Write-Offs:

**HS Fashion Ltd (in liquidation): Business Rates Account Reference 731086388
Re: 2-6 (inc. 1st and 2nd Floors), Cornhill, Ipswich, IP1 1DD**

HS Fashion Ltd occupied this property with effect from 6th June 2016 to 3 May 2017. The occupation of the premises by HS Fashion Ltd was noted by Rundles Enforcement Agents on a visit on 20th June 2016 to collect unpaid rates due from the previous occupier, Chamic Ltd (debt of £60,458.90 written off for that company). Copies of the lease were requested and provided by the landlord's agents. There is history at this property of companies trading, selling low cost goods and not paying any rates. Once the debt has been passed to the enforcement agents the property is then either closed, open at weekends only to avoid contact from the enforcement agents or sublet to another company.

A bill for the period 6th June 2016 – 31st March 2017 was issued to HS Fashion Ltd on 22nd June, a reminder on 23rd August, a final notice on 19th September and a summons on 17th October. A liability order was granted at the Magistrates' Court on 8th November and the debt referred to Rundles Enforcement Agents on the 10th November. We contacted Rundles on 21st November asking if a visit could be made as soon as possible and arranged a parking permit for the agent's van. We advised Rundles that even if the stock did not cover the value of the debt we would like the goods removed, to try to tackle this ongoing problem.

Rundles visited on 23rd November 2016 and were informed that the goods at the property were already under control by another enforcement agent (the landlord of a warehouse the company rented in Birmingham), and therefore Rundles would not be able to take control of these goods. We contacted these enforcement agents to ask when their control of goods would end, and diarised to send Rundles back at this point. Unfortunately by the time the control of goods agreement ended (8th May 2017) the property had been cleared of all stock.

Our legal department was instructed to send a letter of impending liquidation to the company on 13th December 2016, the company subsequently went into liquidation on 2nd May 2017.

The outstanding debt to the Council is £111,412.42

The loss is shared 40% Ipswich Borough Council, 10% Suffolk County Council and 50% Central Government i.e. this non-payment of Business Rates has cost the Council £44,565.

It is recommended that the above debt is written-off against the Business Rate bad debt provision.

This is the fifth time the Council have been unable to recover rates due from this assessment. A total of £394,336.19 (including the amount outstanding from H S Fashions Ltd) will have been written off, costing the Council £157,734.

It is anticipated that as the new occupants of the property have multiple outlets nationally, they will be more reliable in settling rate charges and therefore no further write-offs are anticipated relating to this assessment.

20. Conclusion

- 20.1 The content of this budget monitoring report is designed to enable Councillors and Senior Officers to see the financial position of the Council as a whole, as required by the Local Government Act 2003.

21. Recommendations

- 21.1 That Audit and Governance Committee notes the report and make any observations that they require to be made known to Executive.**

Appendices

Appendix One Approved 2017/18 budget analysed by Service Area (A) and by

Subjective (B) as agreed at Council 22 February 2017

A Net Budget by Service Area

<i>Analysis by service - Net Budget</i>	£
Executive Corporate Management	744,960
Economic Development (Chief Exec)	435,620
Finance & Revenues	5,731,660
Housing & Community	2,149,530
Culture & Environment	8,401,940
Development	330,320
People & Governance	3,268,910
Net Service expenditure	21,062,940

Contingencies	626,490
Savings	- 1,506,530
Capital Financing/Treasury Management	2,350,340
Net Expenditure	22,533,240

Funded by	
Council Tax/Collection Fund	13,308,990
Government Grants (RSG/BRates)	4,760,000
New Homes Bonus	1,491,000
Use of Reserves	507,770
Total	20,067,760

Use of General Fund Working Balance	2,465,480
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B Subjective

Subjective analysis - Gross Budget	£
Expenditure	
Employees	26,813,570
Premises	6,022,250
Transport	1,635,210
Supplies and services	10,057,643
Agency and contract services	864,880
Transfer Payments	53,684,150
Support Services	732,390
Net savings	- 1,506,530
Capital Financing	2,406,020
Additional Commitments	693,170
Total Expenditure	101,402,753

Income	
Government Grants General (RSG/BR)	4,760,000
Government Grants Specific	56,229,750
Other Grants, Reimbursements etc	6,064,483
Sales	646,450
Customer & Client Receipts	13,716,070
Rents	3,581,300
Interest Received	55,780
Use of Funds/Reserves	574,450
Council Tax/Collection Fund	13,308,990
Total Income	98,937,273

Use of General Fund Working Balance	2,465,480
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Appendix Two - General Fund Quarter 2 Budget Changes

	Savings Adj £000's	Service Tfrs ¹ £000's	Misc £000's	Reserves ² £000's	Total £000's
Executive Corporate Management	-	-	-	108	108
Economic Development (Chief Exec)	(6)	-	-	-	(6)
Finance & Revenues	(28)	(877)	-	-	(905)
Housing & Community	(172)	820	1	40	689
Culture & Environment	(163)	76	27	-	(60)
Development	(83)	(79)	24	-	(138)
People & Governance	(71)	60	17	292	298
Services Total	(523)	-	69	440	(14)
General Fund Summary	523	-	(69)	(440)	14
Use of/(Transfer To) Balances	-	-	-	-	-

1. Service Transfers

Customer Services from Finance to Housing (£877k)

Emergency Planning from Housing to People & Governance (£57k)

R&M re-allocation from Development to Culture (£21k)

Constantine Rd museum storage income budget from Culture to Development (£55k)

2. Reserve Drawdowns

Housing & Community £40k Revenue Grants Reserve for Customer Services & Env Health expenditure

People & Governance £250k Agile Working (Invest to Save Fund), £33k public transport consultancy and £9k HR Capacity (General Service Reserve)

Culture & Environment £62k consultancy, £46k Performance & Improvement Manager (General Service Reserve)

General Fund Quarter 3 Budget Changes

	Savings Adj £000's	Service Tfrs ¹ £000's	Misc £000's	Reserves ² £000's	Total £000's
Executive Corporate Management	-	45	-	128	173
Economic Development (Chief Exec)	-	-	-	-	-
Finance & Revenues	6	-	-	-	6
Housing & Community	(80)	(21)	-	161	60
Culture & Environment	-	89	-	34	123
Development	(128)	(89)	-	-	(217)
People & Governance	-	(24)	3	186	165
Services Total	(202)	-	3	509	310
General Fund Summary	202	-	(3)	(509)	(310)
Use of/(Transfer To) Balances	-	-	-	-	-

1. Service Transfers

Allocation of R&M contingencies

Head of People & Governance salary budget moved to CMT (from Legal Services)

Staff transfer from Community Safety to Corporate Support

2. Reserve Drawdowns

Executive Corporate Management

Housing & Community

Culture & Environment

People & Governance

Corporate Redesign (General Service Reserve)

£131k ERVRVS (Invest to Save) and £30k Private Sector

Rented Review (General Service Reserve)

Christchurch Park Security (General Service Reserve)

£77k HR Project Manager (E/17/22), £88k Corporate Redesign, £14k Additional HR capacity and £7k additional bus viability work (General Service Reserve)

Appendix Three - General Fund Savings

The detailed position on the current savings programme is as follows:

	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
Customer Access Strategy				
Target Saving	500	500	500	500
Actual Saving	526	552	552	552
Shortfall/Surplus(-)	-26	-52	-52	-52
Procurement Savings				
Target Saving	800	800	800	800
Actual Saving	460	460	460	460
Shortfall/Surplus(-)	340	340	340	340
Property Investments and Rental Income Increases				
Target Saving	600	600	600	600
Actual Saving	525	536	536	536
Shortfall/Surplus(-)	75	64	64	64
Voluntary Severance and Voluntary Redundancy				
Target Saving	500	500	500	500
Actual Saving	514	546	546	546
Shortfall/Surplus(-)	-14	-46	-46	-46
Investment Strategy				
Target Saving	200	200	200	200
Actual Saving	886	190	190	190
Shortfall/Surplus(-)	-686	10	10	10
Zero Based Budgeting				
Target Saving	565	565	565	565
Actual Saving	612	871	877	877
Shortfall/Surplus(-)	-47	-306	-312	-312
Income Generation				
Target Saving	664	701	723	745
Actual Saving	357	387	387	387
Shortfall/Surplus(-)	307	314	336	358
Service Reviews				
Target Saving	388	388	388	388
Actual Saving	388	388	388	388
Shortfall/Surplus(-)	0	0	0	0
Overall				
Target Saving	4,217	4,254	4,276	4,298
Actual Saving	4,268	3,930	3,936	3,936
Shortfall/Surplus(-)	-51	324	340	362

The Financial Strategies and Medium Term 2018/19 Onwards report, considered by Executive on 6th February 2018 (E/17/64), revised the Big Ticket savings programme which is shown below for information:

£m	2018/19	2019/20	2020/21	2021/22	Total
Customer Access	0.100	0.100	0.100	0.100	0.400
Procurement Savings	0.250	0.300	0.300	0.300	1.150
Property Investments & Rentals	0.050	0.100	0.100	0.100	0.350
Voluntary Severance/Redundancy	0.050	0.100	0.100	0.100	0.350
Investment Strategy (e.g. IBA)	0.000	0.200	0.400	0.600	1.200
Zero Based Budgeting	0.150	0.250	0.250	0.250	0.900
Income Generation	0.150	0.150	0.150	0.150	0.600
Total Savings	0.750	1.200	1.400	1.600	4.950

Appendix Four

A: General Fund changes to projected outturn – Q2

	£000's
Development	
Property Services Business Rates (Grafton House)	6 base
Property Services Business Rates (Grafton House)	34 one-off
Planning Advertising expenditure	6 one-off
Planning Planning Fee Income	<u>(18) one-off</u>
	<u>28</u>
People & Governance	
Legal Services - fees income budget not achievable	<u>31 base</u>
	<u>31</u>

B: General Fund changes to projected outturn – Q3

	£000's
Finance & Revenues	
Finance - Improved Housing Benefit Subsidy Grant	<u>(50) one-off</u>
	<u>(50)</u>
Housing & Community	
Customer Services - HEARS and CCTV minor underspends	<u>(10) one-off</u>
	<u>(10)</u>
Culture & Environment	
Commercial Development - visitor experience centre sales	10 one-off
Commercial Development - market stall rentals	10 one-off
Parks & Bereavement - vehicles borrowing/leasing costs	(69) one-off
Sport & Leisure - lcard income	105 one-off
Waste & Fleet - vehicles/bins borrowing/leasing costs	(100) one-off
Waste & Fleet - fees, charges and sales	<u>(25) one-off</u>
	<u>(69)</u>
Development	
Increased Planning Income	<u>(10) one-off</u>
	<u>(10)</u>
People & Governance	
Corporate Support - Health & Safety Training	<u>9 one-off</u>
	<u>9</u>
General Fund Summary	
Reserves Review: Revenue Grants Reserve	(292) one-off
Service Based Reserves	(100) one-off
Repair & Renewals Reserve	(4) one-off
Additional Commitments - Reprofitting (matches 18/19 MTFP)	(328) one-off
Contribution to Transformation Invest to Save Fund	1,000 one-off
Contribution to General Service Contingency	843 one-off
Big Ticket Savings Over achieved	(51) one-off
Staff Turnover Savings	<u>(937) one-off</u>
	<u>131</u>

- The reduced vehicles/bins borrowing/leasing savings in Culture & Environment can be matched against increased vehicle maintenance costs which were reported within the Q1 report.
- The reduced iCard income within Sport reflects the fact that iCard members continue to choose the more cost-effective membership options, so whilst the number of members remains acceptable income is below expectations. A number of incentives are being offered to new customers and following the recent restructure, the service is now concentrating on driving income growth by developing a number of different opportunities.

Appendix Five – Housing Revenue Account changes to projected outturn – Quarter Three

	£000's
Housing Advice - Printing	(8) one-off
Mtce & Contracts - Debt Management Expenses	3 one-off
Tenancy Services - Increased provision for bad debts	50 one-off
Tenancy Services - Rent Review	243 one-off
HRA Summary - Welfare Reform Contingency Adj	(960) one-off
HRA Summary - Transfer to Incentive Schemes Contingency	40 one-off
HRA Summary - New Homes Bonus	(12) one-off
HRA Summary - Interest/Investment income	(101) one-off
HRA Summary - Additional contribution to capital	184 one-off
HRA Summary - Capital Financing Costs	<u>(117) one-off</u>
	<u>(678)</u>

Appendix Six - Capital Programme Gateways

Gateway project stages:

Project stage / Gateway	Description
Strategic Definition	Unallocated funding for which initial business cases and strategic briefs are still being developed
Preparation and Brief	Projects which have been identified and are undergoing options analysis and feasibility to identify the best route for delivery
Design and Project Planning	Projects where initial plans are being developed into a comprehensive project plan and design, through from the initial concept design to the technical design
Construction/Delivery	Construction, delivery & installation of the assets is underway
Handover & Closeout	Works on the assets are substantially complete and they have been handed over but are still undergoing a defects maintenance period prior to completion
In Use	Project is signed off, complete and in use
Other Schemes	Schemes below the deminimus for gatewaying

Appendix Seven - Capital Programme for 2017/18 and future years

	2017/18	2018/19	2019/20	2020/21
A. Housing Revenue Account	12,486,806	31,950,632	39,126,840	15,838,510
Maintaining Properties	9,879,085	8,867,661	7,499,290	7,932,210
House Building - Handford Homes	92,327	15,937,652	9,900,000	2,000,000
House Building - Other	2,515,394	7,145,319	21,727,550	5,906,300
General Fund - Annual Core Investments	3,795,530	5,035,538	3,850,000	3,850,000
Capitalised Repairs	524,250	500,000	500,000	500,000
Disabled Facilities Grants	600,000	1,314,804	750,000	750,000
Improvement Grants	73,129	200,000	200,000	200,000
IT	310,512	425,622	100,000	100,000
Play Areas	200,000	200,000	200,000	200,000
Property Purchases	1,987,639	2,295,112	1,000,000	1,000,000
Resurfacing Car Parks	100,000	100,000	100,000	100,000
Town Centre Public Realm Improvements	0	0	1,000,000	1,000,000
General Fund - Major Capital Projects	10,009,945	18,289,372	9,689,280	1,754,250
General Fund - Contingency and Other Items	318,647	2,007,654	500,000	500,000
Any Other items	318,647	1,007,654	0	0
Contingency	0	1,000,000	500,000	500,000
Total Programme (excluding Council Companies)	26,610,928	57,283,196	53,166,120	21,942,760
General Fund - Loans to Council Companies	61,374,094	0	0	0
Overall Total Capital Programme	87,985,022	57,283,196	53,166,120	21,942,760

Appendix Eight - Funding of Housing Revenue Account and General Fund capital programmes

A: Funding of Housing Revenue Account capital programme

	USABLE CAPITAL RECEIPTS	RESTRICTED CAPITAL RECEIPTS NEW BUILD ONLY	RESTRICTED CAPITAL RECEIPTS ALLOWABLE DEBT	TOTAL CAPITAL RECEIPTS	EXTERNAL FUNDING	BORROWING	MAJOR REPAIRS ALLOWANCE	REVENUE CONTRIBS TO CAPITAL OUTLAY	TOTAL
2018/19									
Resources at 31.03.2018	4,720,466	3,825,258	6,421,374	14,967,098	0	0	875,843	17,303,153	33,146,094
Capital Receipts forecast to be received during 2018/19	238,488	2,556,625	1,739,098	4,534,211	0	0	0	0	4,534,211
Resources in the year	0	0	0	0	164,668	0	8,810,921	5,303,249	14,278,838
Use of Resources	25,863	782,316	1,645,736	2,453,915	164,668	0	8,563,993	1,304,230	12,486,806
Balance at year end	4,933,091	5,599,566	6,514,736	17,047,394	0	0	1,122,771	21,302,172	39,472,337
2018/19									
Resources at 31.03.2018	4,933,091	5,599,566	6,514,736	17,047,394	0	0	1,122,771	21,302,172	39,472,337
Capital Receipts forecast to be received during 2018/19	228,498	2,556,625	1,739,098	4,524,221	0	0	0	0	4,524,221
Resources in the year	0	0	0	0	54,670	0	7,364,890	6,367,270	13,786,830
Use of Resources	4,103,288	7,167,381	8,253,835	19,524,505	54,670	0	8,737,661	3,633,796	31,950,632
Balance at year end	1,058,300	988,810	-0	2,047,110	0	0	-250,000	24,035,645	25,832,756
2019/20									
Resources at 31.03.2019	1,058,300	988,810	-0	2,047,110	0	0	-250,000	24,035,645	25,832,756
Capital Receipts forecast to be received during 2019/20	228,498	2,556,625	1,739,098	4,524,221	0	0	0	0	4,524,221
Resources in the year	0	0	0	0	0	0	7,499,290	6,762,640	14,261,930
Use of Resources	686,008	3,787,924	1,739,098	6,213,031	0	0	7,499,290	25,414,519	39,126,840
Balance at year end	600,790	-242,490	-0	358,300	0	0	-250,000	5,383,766	5,492,067
2020/21									
Resources at 31.03.2020	600,790	-242,490	-0	358,300	0	0	-250,000	5,633,766	5,742,067
Capital Receipts forecast to be received during 2020/21	228,498	2,556,625	1,739,098	4,524,221	0	0	0	0	4,524,221
Resources in the year	0	0	0	0	0	0	7,932,210	6,897,800	14,830,010
Use of Resources	228,498	2,371,890	1,739,098	4,339,486	0	0	7,932,210	3,566,814	15,838,510
Balance at year end	600,790	-57,755	-0	543,035	0	0	-250,000	8,964,752	9,257,788

B: Financing of General Fund Capital Programme

	CAPITAL RECEIPTS	EXTERNAL FUNDING	BORROWING	REVENUE CONTRIBS TO CAPITAL OUTLAY	TOTAL
2017/18					
Resources at 31.03.2017	3,990,808	0	0	89,387	4,080,195
Capital Receipts forecast to be received during 2017/18	1,206,975	0	0	0	1,206,975
Resources in the year	0	1,320,302	68,916,810	25,933	70,263,045
Use of Resources	5,197,784	1,320,302	68,916,810	63,320	75,498,216
Balance at year end	-0	0	0	52,000	52,000
2018/19					
Resources at 31.03.2018	-0	0	0	52,000	52,000
Capital Receipts forecast to be received during 2018/19	600,000	0	0	0	600,000
Resources in the year	0	3,985,992	20,676,042	18,530	24,680,564
Use of Resources	600,000	3,985,992	20,676,042	70,530	25,332,564
Balance at year end	-0	0	0	-0	-0
2019/20					
Resources at 31.03.2019	-0	0	0	-0	-0
Capital Receipts forecast to be received during 2019/20	0	0	0	0	0
Resources in the year	0	750,000	13,270,750	18,530	14,039,280
Use of Resources	0	750,000	13,270,750	18,530	14,039,280
Balance at year end	-0	0	0	-0	-0
2020/21					
Resources at 31.03.2020	-0	0	0	-0	-0
Capital Receipts forecast to be received during 2020/21	0	0	0	0	0
Resources in the year	0	750,000	5,335,750	18,500	6,104,250
Use of Resources	0	750,000	5,335,750	18,500	6,104,250
Balance at year end	-0	0	0	0	-0
2021/22					
Resources at 31.03.2021	-0	0	0	0	-0
Capital Receipts forecast to be received during 2021/22	0	0	0	0	0
Resources in the year	0	750,000	4,600,000	9,650	5,359,650
Use of Resources	0	750,000	4,600,000	9,650	5,359,650
Balance at year end	-0	0	0	0	-0

Appendix Nine - Treasury Management

- 9.1 The Council has continued with the risk reduction strategy it has had in place since the beginning of 2009, by repaying borrowing and thereby reducing investments. However, the opportunity to repay has been diminished by the changes in PWLB rules over the past few years.
- 9.2 In terms of budgetary provision it is expected that the Council will come in within budget in terms of the Capital Financing costs and achieve the Big Ticket Investment Income target. This is due to having higher balances than expected during 2017/18 and some slippage on the capital programme.
- 9.3 The Council repaid £2.311m of existing borrowing to 31 December 2017. The Council borrowed an additional £56.440m to fund its investments in the Council's wholly owned companies. An analysis of the Council debt movements between 1 April 2017 and 31 December 2017 is shown in the tables below:

EXTERNAL LOANS OUTSTANDING AS AT 31/12/2017

Loan No.	Interest Rate	Date Loan Taken Out	Date Loan Matures	Principal Outstanding as at 31/3/17	Loans Raised During Period	Loans Repaid During Period	Principal Outstanding as at 31/12/17
<u>PWLB Maturity</u>							
479528	7.375%	28/05/1997	28/05/2057	3,000,000	0	0	3,000,000
488921	4.950%	05/08/2004	30/09/2029	2,000,000	0	0	2,000,000
489703	4.700%	25/02/2005	31/03/2030	3,000,000	0	0	3,000,000
491461	4.350%	27/04/2006	31/03/2053	3,000,000	0	0	3,000,000
491462	4.350%	27/04/2006	31/03/2055	3,230,527	0	0	3,230,527
500168	3.500%	28/03/2012	01/04/2058	1,660,000	0	0	1,660,000
500158	3.500%	28/03/2012	01/08/2058	1,660,000	0	0	1,660,000
500163	3.500%	28/03/2012	01/12/2058	1,660,000	0	0	1,660,000
500149	3.500%	28/03/2012	01/05/2059	1,660,000	0	0	1,660,000
500167	3.500%	28/03/2012	01/09/2059	1,660,000	0	0	1,660,000
500148	3.490%	28/03/2012	01/01/2060	1,660,000	0	0	1,660,000
500151	3.490%	28/03/2012	01/06/2060	1,660,000	0	0	1,660,000
500159	3.490%	28/03/2012	01/10/2060	1,660,000	0	0	1,660,000
500146	3.490%	28/03/2012	01/02/2061	1,660,000	0	0	1,660,000
500133	3.480%	28/03/2012	01/07/2061	1,660,000	0	0	1,660,000
500152	3.480%	28/03/2012	01/11/2061	1,660,000	0	0	1,660,000
500128	3.480%	28/03/2012	01/03/2062	1,660,000	0	0	1,660,000
503548	2.070%	15/12/2014	15/12/2019	1,400,000	0	0	1,400,000
503549	2.230%	15/12/2014	15/12/2020	2,000,000	0	0	2,000,000
503550	2.490%	15/12/2014	15/12/2022	2,000,000	0	0	2,000,000
503551	2.590%	15/12/2014	15/12/2023	2,000,000	0	0	2,000,000
503552	2.690%	15/12/2014	15/12/2024	2,000,000	0	0	2,000,000
503553	2.770%	15/12/2014	15/12/2025	1,000,000	0	0	1,000,000
506561	2.670%	08/11/2017	08/11/2037	0	26,500,000	0	26,500,000
				44,550,527	26,500,000	0	71,050,527

EXTERNAL LOANS OUTSTANDING AS AT 31/12/2017

Loan No.	Interest Rate	Date Loan Taken Out	Date Loan Matures	Principal Outstanding as at 31/3/17	Loans Raised During Period	Loans Repaid During Period	Principal Outstanding as at 31/12/17
<u>PWLB Annuity</u>							
140313	3.000%	19/11/1948	31/12/2027	323	0	0	323
500157	2.520%	28/03/2012	01/04/2031	1,309,878	0	75,872	1,234,006
500144	2.520%	28/03/2012	01/05/2031	1,308,301	0	75,780	1,232,521
500138	2.520%	28/03/2012	01/06/2031	1,308,301	0	75,780	1,232,521
500164	2.520%	28/03/2012	01/07/2031	1,308,301	0	37,653	1,270,649
500112	2.520%	28/03/2012	01/08/2031	1,308,301	0	37,653	1,270,649
500113	2.520%	28/03/2012	01/09/2031	1,308,301	0	37,653	1,270,649
500122	2.570%	28/03/2012	01/10/2031	1,320,800	0	73,194	1,247,606
500126	2.570%	28/03/2012	01/11/2031	1,320,800	0	73,194	1,247,606
500161	2.570%	28/03/2012	01/12/2031	1,320,800	0	73,194	1,247,606
500129	2.570%	28/03/2012	01/01/2032	1,320,800	0	36,363	1,284,437
500142	2.570%	28/03/2012	01/02/2032	1,320,800	0	36,363	1,284,437
500154	2.570%	28/03/2012	01/03/2032	1,320,800	0	36,363	1,284,437
500147	3.320%	28/03/2012	01/04/2046	1,519,487	0	30,987	1,488,501
500131	3.320%	28/03/2012	01/05/2046	1,519,487	0	30,987	1,488,501
500130	3.320%	28/03/2012	01/06/2046	1,519,487	0	30,987	1,488,501
500114	3.320%	28/03/2012	01/07/2046	1,519,487	0	15,366	1,504,122
500127	3.320%	28/03/2012	01/08/2046	1,519,487	0	15,366	1,504,122
500141	3.320%	28/03/2012	01/09/2046	1,519,487	0	15,366	1,504,122
500143	3.340%	28/03/2012	01/10/2046	1,523,332	0	30,156	1,493,176
500169	3.340%	28/03/2012	01/11/2046	1,523,332	0	30,156	1,493,176
500135	3.340%	28/03/2012	01/12/2046	1,523,332	0	30,156	1,493,176
500166	3.340%	28/03/2012	01/01/2047	1,523,332	0	14,953	1,508,379
500156	3.340%	28/03/2012	01/02/2047	1,523,332	0	14,953	1,508,379
500165	3.340%	28/03/2012	01/03/2047	1,523,332	0	14,953	1,508,379
503615	2.270%	08/01/2015	08/01/2030	7,871,208	0	261,966	7,609,242
506559	2.150%	08/11/2017	08/11/2037	0	12,440,000	0	12,440,000
506560	2.150%	08/11/2017	08/11/2037	0	17,500,000	0	17,500,000
				41,904,631	29,940,000	1,205,413	70,639,218

EXTERNAL LOANS OUTSTANDING AS AT 31/12/2017

Loan No.	Interest Rate	Date Loan Taken Out	Date Loan Matures	Principal Outstanding as at 31/3/17	Loans Raised During Period	Loans Repaid During Period	Principal Outstanding as at 31/12/17
<u>PWLB EIP</u>							
500137	2.760%	28/03/2012	01/04/2036	1,321,225	0	67,755	1,253,469
500153	2.760%	28/03/2012	01/05/2036	1,321,225	0	67,755	1,253,469
500155	2.760%	28/03/2012	01/06/2036	1,321,225	0	67,755	1,253,469
500136	2.760%	28/03/2012	01/07/2036	1,321,225	0	33,878	1,287,347
500120	2.760%	28/03/2012	01/08/2036	1,321,225	0	33,878	1,287,347
500134	2.760%	28/03/2012	01/09/2036	1,321,225	0	33,878	1,287,347
500160	2.790%	28/03/2012	01/10/2036	1,328,000	0	66,400	1,261,600
500123	2.790%	28/03/2012	01/11/2036	1,328,000	0	66,400	1,261,600
500132	2.790%	28/03/2012	01/12/2036	1,328,000	0	66,400	1,261,600
500115	2.790%	28/03/2012	01/01/2037	1,328,000	0	33,200	1,294,800
500145	2.790%	28/03/2012	01/02/2037	1,328,000	0	33,200	1,294,800
500125	2.790%	28/03/2012	01/03/2037	1,328,000	0	33,200	1,294,800
500117	3.010%	28/03/2012	01/04/2041	1,378,644	0	56,271	1,322,373
500119	3.010%	28/03/2012	01/05/2041	1,378,644	0	56,271	1,322,373
500116	3.010%	28/03/2012	01/06/2041	1,378,644	0	56,271	1,322,373
500170	3.010%	28/03/2012	01/07/2041	1,378,644	0	28,136	1,350,509
500121	3.010%	28/03/2012	01/08/2041	1,378,644	0	28,136	1,350,509
500139	3.010%	28/03/2012	01/09/2041	1,378,644	0	28,136	1,350,509
500162	3.030%	28/03/2012	01/10/2041	1,383,333	0	55,333	1,328,000
500150	3.030%	28/03/2012	01/11/2041	1,383,333	0	55,333	1,328,000
500124	3.030%	28/03/2012	01/12/2041	1,383,333	0	55,333	1,328,000
500118	3.030%	28/03/2012	01/01/2042	1,383,333	0	27,667	1,355,667
500111	3.030%	28/03/2012	01/02/2042	1,383,333	0	27,667	1,355,667
500140	3.030%	28/03/2012	01/03/2042	1,383,333	0	27,667	1,355,667
				32,467,211	0	1,105,918	31,361,293
<u>Market Loans</u>							
D26004	4.350%	05/02/2007	05/02/2077	3,700,000	0	0	3,700,000
D26005	4.790%	05/03/2007	05/03/2076	5,300,000	0	0	5,300,000
	1.400%	04/09/2015	31/03/2023	5,600,000	0	0	5,600,000
				14,600,000	0	0	14,600,000
Total Outstanding Debt				133,522,370	56,440,000	2,311,332	187,651,038

9.4 The Council continues to ensure we maximise our investment returns, without taking any undue risks. Full risk analysis will be considered before any investments are undertaken. An analysis of fixed term investments as at 31 December 2017 is shown below:

<u>FIXED TERM INVESTMENTS OUTSTANDING AS AT 31/12/17</u>				
<u>BORROWER</u>	INTEREST RATE	DATE INVESTMENT TAKEN OUT	DATE INVESTMENT MATURES	PRINCIPAL OUTSTANDING AS AT 31/12/17
	%			£
Lloyds Bank plc	0.6500	11/08/2017	10/08/2018	2,000,000.00
Goldman Sachs	0.9500	21/09/2017	20/09/2018	2,000,000.00
Lloyds Bank plc	0.6500	26/09/2017	25/09/2018	2,000,000.00
Barclays Bank	0.6580	26/09/2017	25/09/2018	2,000,000.00
Goldman Sachs	0.9700	20/10/2017	19/10/2018	2,000,000.00
Barclays Bank	0.6490	09/11/2017	08/11/2018	2,000,000.00
Goldman Sachs	0.9300	09/11/2017	08/11/2018	2,000,000.00
Lloyds Bank plc	0.9000	04/12/2017	03/12/2018	3,000,000.00
Goldman Sachs	0.9700	08/12/2017	07/12/2018	2,000,000.00
Debt Management Office	0.2500	15/12/2017	08/01/2018	7,000,000.00
TOTAL OUTSTANDING FIXED TERM INVESTMENTS				26,000,000.00

9.5 Due to the new rules governing financial institutions balance sheets, the instant access accounts, which require no notice to access funds, have become very unattractive. The Council anticipated this and over the last couple of years have opened a number of Money Market Funds, which require no notice to access funds and are now primarily using these for day to day working capital requirements. An analysis of the Council's Instant Access and Notice Accounts and Money Market Fund transactions between 1 April 2017 and 31 December 2017 is shown below:

INSTANT ACCESS, NOTICE ACCOUNTS AND MONEY MARKET FUNDS - ANALYSIS
01/04/2017 = 31/12/2017

Financial Institution	Current Interest Rate %	Highest Balance £	Lowest Balance £	Average Balance over period £	Principal Outstanding as at 31/3/2017 £	Amount Invested £	Amount Repaid £	Principal Outstanding as at 31/12/2017 £
<u>INSTANT ACCESS ACCOUNTS</u>								
Santander	0.15%	100,000	0	52,364	0	100,000	100,000	0
Lloyds	0.40%	5,000,000	0	1,459,055	0	34,350,000	30,990,000	3,360,000
				1,511,418	0	34,450,000	31,090,000	3,360,000
<u>NOTICE ACCOUNTS</u>								
Santander 180 day notice	0.55%	7,000,000	2,000,000	5,236,364	7,000,000	0	5,000,000	2,000,000
Goldman Sachs 370 day notice	1.12%	2,000,000	2,000,000	2,000,000	2,000,000	0	0	2,000,000
Goldman Sachs 370 day notice	0.90%	2,000,000	0	996,364	0	2,000,000	0	2,000,000
				5,236,364	7,000,000	0	5,000,000	2,000,000
<u>MONEY MARKET FUNDS</u>								
Insight Liquidity	Variable	5,000,000	470,000	4,393,709	1,690,000	14,230,000	14,780,000	1,140,000
Standard Life	Variable	5,000,000	0	4,712,618	0	14,680,000	9,680,000	5,000,000
Blackrock	Variable	5,000,000	0	1,966,436	0	35,010,000	35,010,000	0
Legal & General	Variable	5,000,000	0	1,400,782	0	28,810,000	26,720,000	2,090,000
				12,473,545	1,690,000	92,730,000	86,190,000	8,230,000

Note

The interest rates on Money Market Funds vary on a daily basis. The table below shows you the highest and lowest rates achieved this year:

	Highest	Lowest
Insight Liquidity	0.34867%	0.17067%
Standard Life	0.27506%	0.20284%
Blackrock	0.27075%	0.12428%
Legal & General	0.26982%	0.17143%

Appendix Ten - Payment performance

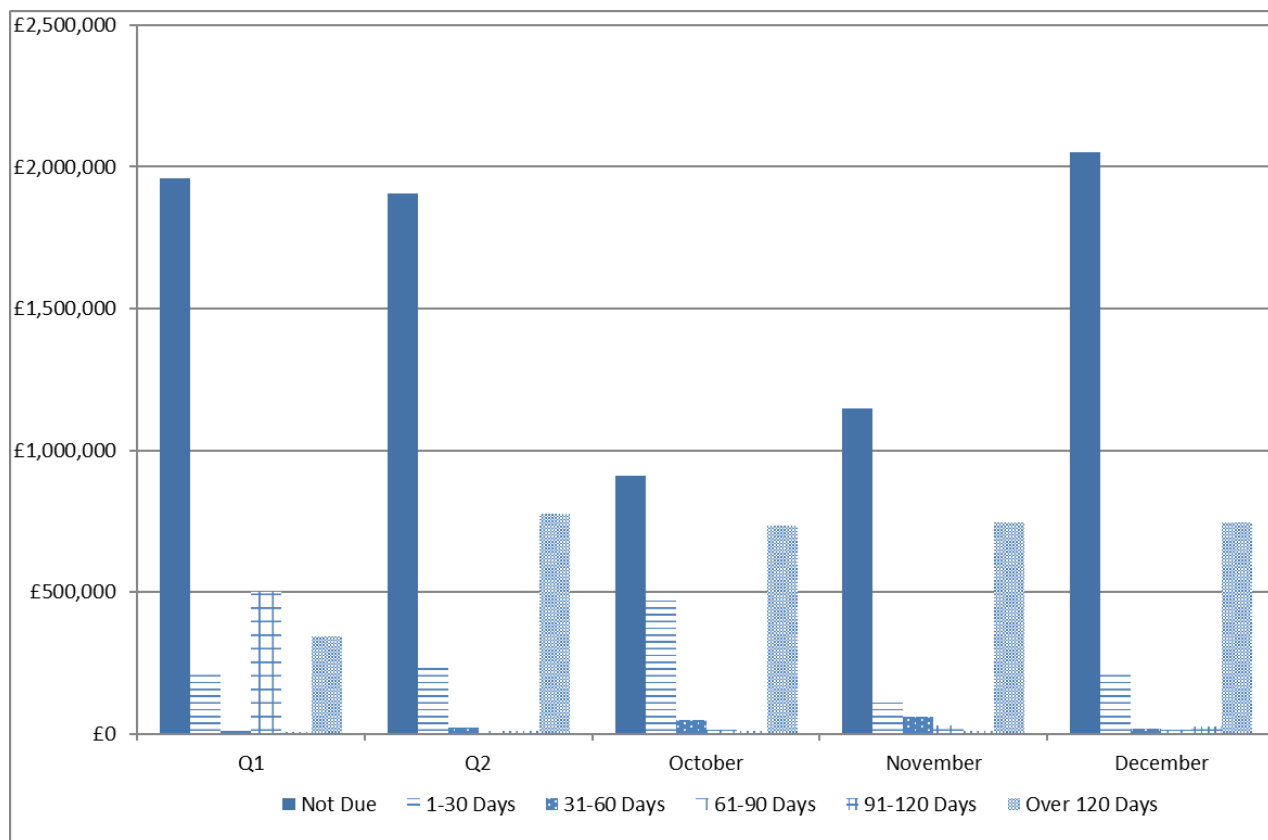
Undisputed invoices paid within 30 days of receipt

Qtr 2	94.9%
Qtr 3	96.7%
Year to Date	95.9%

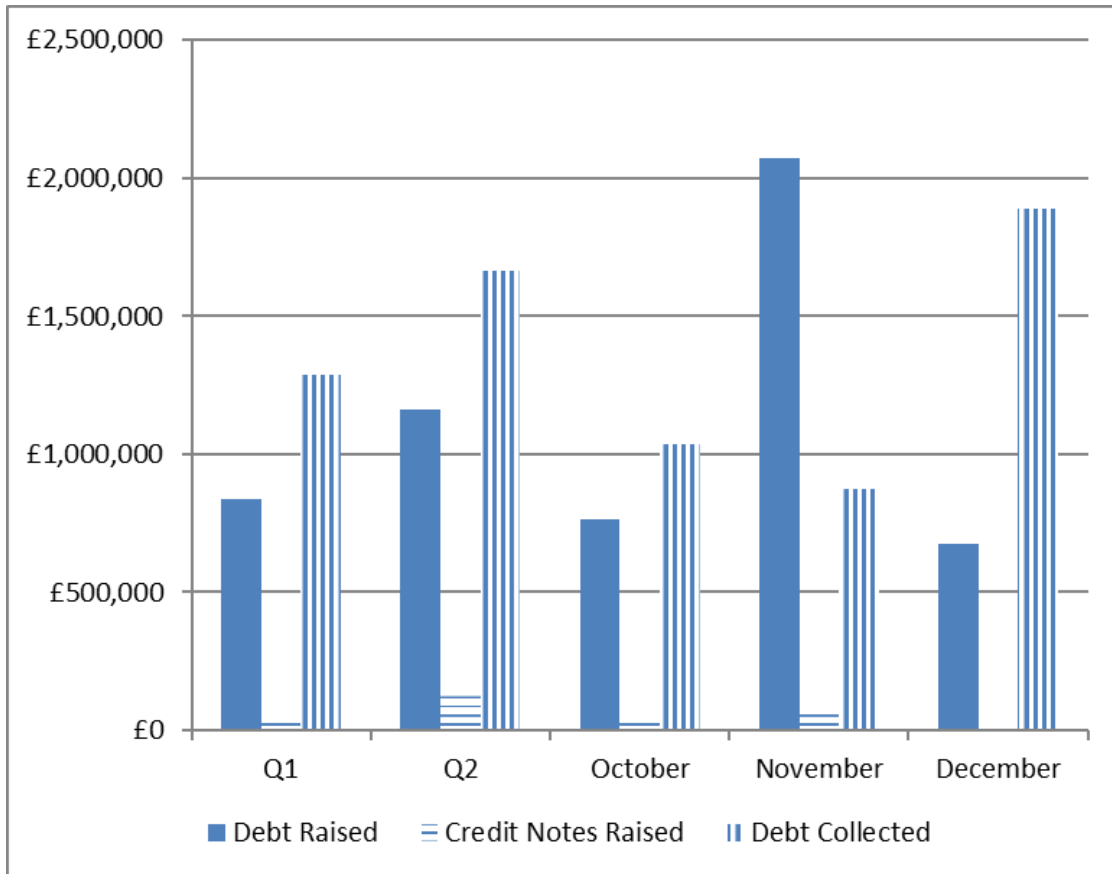
Note: it is not currently possible to accurately report on disputed invoices, the number is fixed at 1% of our total transactions for the purpose of producing these statistics.

Appendix Eleven - Debt collection

A: Aged Debt



B: Debt Raised and Paid



Appendix Twelve - Risk Management Summary

Risk Description	Consequence of risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1-6) 1 – almost impossible 6 – very high	Impact of risk, if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)	Actions to mitigate risk
1. Variances not reported	Lack of budgetary control	Monthly Monitoring Returns	2	3	Duty of Heads of Service to ensure that all budgets are monitored and variances reported promptly
2. Areas of concern not identified	Lack of budgetary control	Monthly Monitoring Returns	2	3	Major Budgets identified
3. Impact of legislative changes not identified	Financial implications unknown		4	2	Updates to legislation distributed quarterly
4. Limited availability of Capital Receipts	Increased borrowing requirement	Updated forecast from Property	3	2	As far as possible using only capital receipts in hand to fund the capital programme
5. Changes in availability of Capital Receipts	Change in borrowing requirement	Updated forecast from Property	3	2	Updated forecast four times a year
6. Capital schemes not being delivered due to lack of funding, planning problems, third party delays etc	Failure to deliver programme	Projects Team/Corporate Dashboard	3	2	Regular monitoring and if necessary rescheduling of the Capital Programme