

South Holland District Council Financial Report for the Year Ending 31 March 2020
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General Fund Revenue Outturn

The total General Fund (GF) budget requirement for the year was £13,688k as approved by Council on 27 February 2019.

The final GF outturn position is an overspend of £218k (Table 1), this variance is after the approval in quarter 3 to fund planning fee income shortfall and additional homelessness costs of £600k from the Council Tax Reserve. This position required some further support from reserves for unplanned expenditure, the use of reserves to support the budget is detailed at **Table 3**. The significant variances from budget that have contributed to the GF outturn position are detailed in the notes to **Table 1** below.

	Actual Outturn Q4 £000	Forecast Outturn Q3 £000	Adverse/ (Favourable) Movement £000
Net Service Overspend	361	804	(443)
Additional Financing Income	(143)	(131)	(12)
Net Overspend	218	673	(455)

Table 1 – General Fund Revenue Outturn –

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Commercialisation				
Commercialisation	1	437	293	(144)
Economic Development	2	106	146	40
Finance	3	756	1,080	324
Revenues and Benefits	4	436	480	44
Total – Commercialisation		1,735	1,999	264
Place				
Assets and Property	5	205	237	32
Building Control	6	(45)	(51)	(6)
Community Development	7	965	993	28
Housing	8	248	241	(7)
Environmental Services		3,609	3,610	1
Planning	9	(275)	(215)	60
Spalding Special Expenses		55	56	1
Town Centre Improvement Programme		0	1	1
Investment properties		(153)	(155)	(2)
Total - Place		4,609	4,717	108

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Strategy and Governance				
Corporate Improvement and Performance	10	(24)	114	138
Communications	11	120	139	19
Corporate Management	12	549	599	50
Democratic Services	13	916	1,025	108
HR		338	334	(4)
IT and Customer Services		1,226	1,223	(3)
Public Protection		445	454	9
Total - Strategy and Governance		3,570	3,887	317
Statutory recharge to the HRA for support services (*)	14	(1,721)	(1,782)	(61)
Internal Drainage Boards & Parish Precepts		3,294	3,294	-
Investment Income		(358)	(356)	2
Transfers to Reserves	15	2,443	2,307	(136)
Increase/ (Decrease) in Impairment Allowance	16	116	(17)	(133)
Total Cost of Services		13,688	14,049	361
Financing				
Government Grants	17	(2,526)	(2,706)	(180)
Council Tax		(6,046)	(6,046)	-
Retained Business Rates	18	(5,116)	(5,079)	37
Total Financing		(13,688)	(13,831)	(143)
Funding Shortfall Drawn from Council Tax Reserve		-	218	218

Support service recharges are a non-controllable cost to budget holders, and are therefore not reported as part of the service analysis above.

(*) An adjusting line has been added to show the value of recharges to the HRA, for support services and corporate management (including the debt management recharge); a corresponding debit entry is showing in the HRA table below.

Notes to Table 1:

1. Commercialisation (£144k) underspent

- Planning Policy is underspent by (£90k) due to lower than anticipated activity in relation to the Local Development Framework.
- Housing Development and Strategy and Enabling are underspent by (£98k) as a result of a vacant post in year (£22k), project support costs that have been capitalised (£82k), this has been slightly offset by unbudgeted spend for Legal and Professional costs £6k.
- Income from commercial projects not achieved £63k due to re-profiling of Delivery Unit project timescales, this is offset by a saving from staff vacancies (£19k).

2. Economic Development £40k Overspent

- Lower than anticipated rechargeable costs against Grants4Growth grant claims.

3. **Finance £324k Overspent**

- £231k of targeted savings reprofiled to 2020/21. Transformation savings of £50k for joint owned Public Sector Partnership Services reprofiled to 2020/21.
- Banking charges over budget by £16k as a result of higher volume of transactions.
- Actual pension costs under budget (£12k).
- In year Internal Audit fees are over budget by £15k and there are costs from 18/19 of £24k.

4. **Revenues and Benefits £44k Overspent**

- Net increase in court income over court collection costs (£4k).
- Council tax and Council Tax Benefit administration costs are (£8k) and (£13k) lower than budget.
- Housing Benefits overpayment income lower than budgeted £100k. Increasingly benefits are administered through Universal Credit lessening the need to recover HB overpayments.
- A net overspend of £104k on Rent Allowance payments of and subsidy is offset by an underspend of (£135k) on Rent Rebate payments and subsidy.
- A budgeted provision for Bad Debts of (£96k) was not required following a review at year end. This is reflected within the favourable variance at note 16 below.

5. **Assets and Property £32k overspent**

- A £40k pressure arising from Priory Road Rents due to the rental agreement commencing later than budgeted. Tenancy has since commenced.
- Utility charges were higher than estimated across various sites £17k and Priory Road £5k.
- Additional spend on replacement of footway lighting, as a result of delivering next phase earlier than planned £12k.
- Underspend of programmed maintenance budget (£58k) favourable.
- Adhoc savings (£6k).
- Leisure asset costs recoverable at end of contract (£78k) favourable.
- Additional costs of asset upgrade for Leisure assets £87k.
- Additional staff resource costs £11k adverse incurred to manage Leisure Assets upgrade.
- Other adhoc costs £2k.

6. **Building Control (£6k) underspent**

- Building control fees favourable (£32k).
- Lower than budgeted Land Charge inspection fees £29k.
- Other savings on service costs (£3k).

7. **Community Development £28k overspent**

- South Holland Centre net favourable income from shows (£43k).
- South Holland Centre has additional staff costs £2k and unachieved salary efficiencies £12k.
- South Holland Centre £4k overspend on utilities.
- An additional cost of £20k is for maintaining service levels during staff absences at Ayscoughfee Museum.
- Utility costs £16k over budget across Ayscoughfee site, which are a result of prolonged period of estimated charges. Other adhoc costs £2k.
- Christmas lights expenditure £7k adverse, funding to be arranged from S106.

- Leisure Management budget, the actuals are as per the contract, however, at the time of budget setting the full terms of the agreement were not known resulting in a variation between the estimated budget and the final contract. And other Strategic Leisure Management variations amounting to £10k.
- As previously reported Business Rates are being charged on the dry side leisure centre. In the previous year the leisure centre was eligible for 100% exemption, for 2019/20 the exemption has been determined at 50% creating a pressure for the full year of £51k, this has been paid for from General Fund Reserves.

8. Housing (£7k) underspent

- Homelessness B & B Accommodation up significantly £434k, due to the implications of the Homelessness Reduction Act, £34k overspend after net £400k contribution from Council Tax Reserve (approved by Council 26th February 2020).
- Homelessness grant received and transferred to earmarked reserves £32k adverse, but remains in reserves for use in 2020/21.
- Increased income (£49k) from recoverable costs for Disabled Facilities Grants.
- Additional income from Houses in Multiple Occupation Licences above budget of (£10k).
- Other adhoc savings on supplies (£14k).

9. Planning £60k overspent

- Underachieved Planning income of £352k offset by contribution from Council Tax Reserve (£200k) approved by Council on 26th February 2020.
- Lower than anticipated spend on employees and professional fees (£108k) due to in-house provision and lower than budgeted demand.
- Additional costs on staff travel £4k, Computer hardware £5k, other adhoc £7k.

10. Corporate Improvement and Performance £138k overspent

- Savings target reprofiled to 2020/21 £135k.
- Other £3k staff and computer hardware costs.

11. Communications £19k overspent

- Staff costs overspend £19k, including apprentice costs, salary efficiency unachieved, this is offset in the HRA recharge line (£7k)

12. Corporate Management £50k overspent

- Correction payment to HMRC £25k.
- Shared staff costs in relation to pay increase £18k after partial recharge to HRA.
- Other adhoc variations £7k.

13. Democratic Services £145k overspent.

Democratic Representation overspend of £37k includes: - ,

- Members National Insurance costs £20k,
- Elections VAT liability £26k
- Below budget spend on Parish elections (£4k)
- Electoral register grant higher than budgeted (£5k)

Right To Buy costs £7k recovered from Statutory Recharge to HRA.

Legal Services budget underspend and additional income from lease renewal work (£10k).

Procurement - insurance saving of (£37k) achieved, unrealised general fund savings £74k as a result of high demand from Housing Revenue Account procurement needs.

14. Statutory Recharge to HRA (£61k) increased income

- In addition to budgeted recharge of corporate management and support service costs to the HRA, additional recharges were incurred for Project support, Right to buy administration costs and communication staff costs.

15. Transfer to Reserves (£136k) underspent.

- The budgeted contribution to Reserves to support future spend on Repairs and Refurbishment used to support relevant in year expenditure (£136k)

16. Decrease in Impairment allowance (£133k) reduced provision.

- The provision for bad debt has been reviewed on the basis of better than anticipated performance of overpaid housing benefits with lower than anticipated impact of changes from Universal Credit at this time. The review has resulted in a reduction from the budgeted contribution to bad debt provision from £116k to (£17k). The provision for 2020/21 has been reduced to £86k from £116k in 19/20.

17. Government Grants (£180k) increased income.

- Gains on S31 grants as a result of multiplier calculation change (£180k), additional grant regarding discretionary relief not budgeted for.

18. Retained Business Rates £37k overspent.

- £23k overspend on levy payment due to changes in appeals provision at year end. £14k relating to reduced renewable energy income in 18/19 released in 19/20 due to Collection Fund accounting.

Housing Revenue Account

Table 2 – HRA Revenue Outturn –

The outturn for the HRA shows a favourable position of (£541k) underspend.

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Rent Income - Dwellings	1	(14,646)	(14,696)	(50)
Charges for Services and Facilities	2	(1,169)	(1,243)	(74)
Contributions to Expenditure		(27)	(23)	4
Total Income		(15,842)	(15,962)	(120)
Repairs and Maintenance	3	2,857	2,731	(126)
Supervision and Management	4	2,961	2,897	(64)
Rents, rates, taxes and other charges	5	79	56	(23)
Depreciation	6	3,124	3,259	135
Statutory recharge to the HRA for support services		1,721	1,782	61
Total Expenditure		10,742	10,725	(17)
Contribution from Operations		(5,100)	(5,237)	(137)
Movement in the allowance for bad debts	7	221	81	(140)
Investment Income		(161)	(161)	-
Interest Payable on £67.456m		2,347	2,347	-
Capital expenditure charged in year		-	-	-
Transfer to MRR and Other Adjustments	8	-	(264)	(264)
Net (Surplus)/Deficit		(2,693)	(3,234)	(541)

Notes to Table 2:

- Rent Income Dwellings (£50k) additional income** – This variance is circa 0.3% of total income, Right to Buy sales and increased income from increased property stock have had an impact on the overall position.
- Charges for Services and Facilities (£74k) underspent** – Income from room and premise hire has benefited from increased demand (£31k). Service charges on Sheltered Housing (£16k) and Community Facilities (£13k) above budget but in line with last year's actuals. Sewerage charges income (£1k) higher than last year, no increase budgeted, but charges rose in line with Anglian Water increases. Lifeline charges (£9k) below budget. This is demand driven and fewer individuals are taking up the service. Other adhoc costs incurred amounting to £5k.
- Repairs and Maintenance (£126k) underspent** – There are underspends on materials and consumables (£95k) for void and responsive repairs. Additional lease costs and van rental of £49k. Slippage of the award of footpaths and roadways contract resulted in a (£134k) in year underspend. Contractors are only used when the skills are not available in house for specialised projects. There has been reduced demand for these services in year, resulting in an underspend of (£61k). Expected work on Asbestos removal has not been required (£121k). There was unbudgeted spend £124k on responsive roof repairs and an £124k overspend on Planned Maintenance solid fuel servicing and gas repairs. There are other adhoc savings amounting to (£13k).

4. ***Supervision and Management (£72k) underspent*** – Underspend on Maintenance in Sheltered Housing and Community Facilities is (£39k), this is partly demand driven, in addition to completion of programmed works. The Furniture and Equipment budget for both Sheltered Housing and Community Facilities is (£43k) underspent as it is demand driven. Actual utility expenditure is less than budgeted (£41k). The underspend was reduced by recharges for project management of £60k.
5. ***Rents Rates Taxes and Other Charges (£23k) underspent*** – Council tax and rent on void properties is less than budgeted but comparable with 2018/19 levels.
6. ***Depreciation £135k overspent*** - Effect of revaluations last year and amortisation of Intangible assets.
7. ***Movement in the allowance for bad debts (£140k) underspent*** – Budget was set high due to emerging impact of universal credit, position will continue to be monitored.
8. ***Transfer to MRR and Other Adjustments (£264k)*** – These are year-end Statutory Adjustments, which include, Pension fund adjustments, revaluation adjustments and gains on sale of property.

RESERVES

Table 3 – General Fund Reserves

Reserve	Balance 31 March 2019 £'000	Contributions to Reserve £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Balance 31 March 2020 £'000	Comments
Transformation	(299)	-	54	104	(141)	<p>Revenue spend: £36k National Graduate Trainee; £5k EHC Apprentice; £23k Interim Programme Manager; £23k Office 365; £17k Safeguarding Officer</p> <p>Capital spend: £6k Shared Public Protection Software; £48k Office 365</p>
Investment and Growth	(5,489)	(1,148)	794	579	(5,264)	<p>Contributions: (£52k) Green Waste Revenue; (£1,002k) New Homes Bonus; (£29k) Leisure Management return; (£65k) HIF</p> <p>Capital spend: £127k PSPS Transformation; £43k Grounds maintenance equipment; £143k Leisure Management mobilisation; £247k Priors Road Works; £65k ICT infrastructure; £45k Office 365; £101k Fleet Maintenance Vehicles; £6k Electric Vehicle Charging; £15k Castle Sports boiler; £2k Asset Feasibility</p> <p>Revenue spend: £80k Digital Strategy; £120k Delivery Unit resourcing; £7k Priors Road Accommodation; £23k Strategic leisure; £4k Planning - Course fee; £20k Planning - Ocella; £27k Temporary resource - Housing; £3k Temporary Fleet Admin post; £1k Future Towns; £12k Asset feasibility; £39k FEZ; £77k Asset review programme; £166k Asset Works</p>

Reserve	Balance 31 March 2019 £'000	Contributions to Reserve £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Balance 31 March 2020 £'000	Comments
Earmarked Grants	(393)	(174)	-	116	(451)	Contributions: (£41k) Councillors' Budgets; (£53k) Brexit Funding; (£59k) COVID-19 LA Support Grant; (£15k) MHCLG - Custom Build Grants; (£6k) MHCLG - New Burdens Brownfield Revenue spend: £96k Homelessness reduction; £18k S106 - Donington; £2k Public Protection - Brexit
Council Tax	(2,348)	(1,284)	29	1,542	(2,061)	Contributions: (£1,276k) NNDR Surplus on collection fund; (£8k) Spalding Special budget underspend Capital spend: £10k Members ICT refresh; £19k Priory Road Works Revenue spend: £17k 18/19 Reserve Reallocation; £36k Asset works; £51k Sports Hall - Business Rates contribution; £218k GF Overspend; £400k Homelessness; £200k Planning Income; £112k District Election; £318k Grants 4 Growth; £27k Shared Data Protection Officer (IGO); £3k DCB contribution - Johnson's Portraits; £5k Noise Monitoring Equipment; £148k Pride; £7k South Holland Centre
Replacement and Refurbishment	(173)	-	-	77	(96)	Revenue spend: £77k Assets programmed maintenance
Total Specific Reserves	(8,702)	(2,606)	877	2,418	(8,013)	
General Reserve	(2,078)	-	-	-	(2,078)	
Total Reserves	(10,780)	(2,606)	877	2,418	(10,090)	

Table 4 – Proposed Earmarked reserves

It is recommended to Council that the following amounts currently retained in the Council's General Fund Reserves detailed, £234k, are re-assigned to an Earmarked reserves fund to ensure that those funds are clearly designated to the purpose listed.

Current Reserve	Amount £	Scheme
Council Tax Reserve	(129,310)	Spalding Special Account Reserve
Replacement and Refurbishment Reserve	(5,000)	Equipment replacement-Power Station
Replacement and Refurbishment Reserve	(10,269)	NNDR leisure connection savings for Leisure investment
Investment and Growth Reserve	(89,438)	Planning 20% re-investment reserve
Total	(234,017)	

Table 5 – Housing Revenue Account Reserves

	Balance 31 March 2019 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2020 £'000	Comments
HRA Working Balance	(16,575)	(3,234)	-	(19,809)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	-	-	(200)	
Major Repairs Reserve	(4,684)	(3,260)	4,358	(3,586)	HRA depreciation contribution to MRR is used to fund the capital programme in future years. The transfer from MRR in-year was used to fund 19/20 capital programme spend.
	(21,459)	(6,494)	4,358	(23,595)	

CAPITAL PROGRAMME

Table 6 – General Fund Capital Outturn

Project	Note	Budget 2019/20 £'000	Actual Outturn 2019/20 £'000	Variance (under)/ overspend £'000
ICT Infrastructure		82	82	-
Shared Public Protection Software	1	67	13	(54)
Office 365 Additional Spend		94	92	(2)
PSPS Transformation Investment	2	146	127	(19)
Members ICT Equipment Refresh		10	10	-
Priory Road Central Heating	3	92	77	(15)
Priory Road Fire Doors & Access	3	36	19	(17)
Priory Road Toilets	3	30	27	(3)
Priory Road Lift	3	42	41	(1)
Priory Road LCC Registrars		83	83	-
South Holland Centre	4	46	-	(46)
Castle Sports – Boiler		15	15	-
Operational Acquisition	5	2,500	-	(2,500)
Temp. Accommodation Central Heating	6	-	19	19
Capital Acquisitions re Growth and Commercialisation	7	1,225	-	(1,225)
Purchase of Property for Temp. accom. for Homelessness		4	2	(2)
Electric Vehicle Charging	8	52	22	(30)
Crease Drove		21	21	-
Grants for Growth	9	377	479	102
Food Enterprise Zone	10	1,100	-	(1,100)
Housing Infrastructure Funding (HIF)	11	1,000	707	(293)
Garden Waste (bins and vehicle)	12	21	-	(21)
Grounds Maintenance		37	43	6
Playground Equipment (S106)	13	-	17	17
Fleet Maintenance (3 Vehicles)	14	170	101	(69)
Pavement Cleaning Machine	15	34	-	(34)
Disabled Facilities Grants	16	585	608	23
Decent Homes Unfit and Disrepair	17	75	39	(36)
Welland Homes	18	1,966	1,115	(851)
Asset Investment		143	143	-
Total Approved Schemes		10,053	3,902	(6,151)
Financed By:				
Capital Receipts		(38)	(38)	-
Capital Grants and Contributions		(1,110)	(1,872)	(762)
Internal Borrowing		(4,466)	(1,115)	3,351
Revenue Resources		(4,439)	(877)	3,562
		(10,053)	(3,902)	6,151

Notes to Table 6:

1. **Shared Public Protection System (£54k)** – This project continues delivery into 2020/21.
2. **PSPS Transformation Investment (£19K)** – Current Programme budget continues into 2020/21 funded from revenue.
3. **Priory Road Schemes (£36k)** – delay in works will result in Central Heating and Fire Doors and Access to be carried forward to 2021/22. Toilets and Lift projects are complete with small underspend.
4. **South Holland Centre (£46k)** – Budget carried over from 2018/19 not spent and no longer required.
5. **Operational Acquisition (£2.5m)** – Project removed from programme.
6. **Temporary Accommodation Central Heating (£19k)** – Heating systems replaced on temporary accommodation properties as part of Decent Homes program.
7. **Capital Acquisitions re Growth and Commercialisation (£1.225m)** – Programme made no in year commitments, budget rolled forward to 2020/21.
8. **Electric Vehicle Charging (£30k)** – Program continues into 2020/21 with a revised budget of £21k.
9. **Grants for Growth (£291k)** - Additional spend supported by grant income
10. **Food Enterprise Zone (£1.1m)** – Project delayed, carried forward to 2020/21
11. **Housing Infrastructure Fund (£293k)** – Funding from Lincolnshire County Council Partnership, budget rolled forward to 2020/21.
12. **Garden Waste bins and vehicles (£21k)** - In year spend less than budgeted, amount carried forward to 2020/21 and reduced from £21k to £10k.
13. **Playground Equipment £17k** – Installation funded by S106 monies.
14. **Fleet Maintenance (£69k)** – Equipment acquisition timescales delayed so balance carried forward to 2020/21.
15. **Pavement Cleaning Machine (£34k)** – Delay in delivery due to Covid 19, delivered early in 2020/21 year so carried forward
16. **Disabled Facilities Grants (£23k)** – Forecast expenditure is based upon current scheme referrals from LCC and was lower than budgeted.
17. **Decent Homes, Unfit and Disrepair (£36k)** – Demand driven, and referrals less than expected.
18. **Welland Homes (£851k)** – Five (Bentley Court) of the 10 properties programmed to be purchased were purchased. The balance for the remaining five properties will be carried forward into the 2020/21 program.

As a result of the above project activity to the 31 March 2020, it is proposed that the Capital Programme for 2020/21 is updated as follows in Table 7 and is recommended for approval by Full Council.

A full review of the Capital Programme is currently underway due to the impact of Covid-19 and other priorities, a revised programme will be presented in a future report.

Table 7 – General Fund Capital Programme Revised 2020/21

Project	Original Budget 2020/21 £'000	Budget c/f 2019/20 £'000	Revised Budget 2020/21 £'000
ICT Infrastructure	121	-	121
Shared Public Protection Software	-	55	55
Office 365 Additional Spend	-	2	2
PSPS Transformation Investment 60% GF	124	20	144
Priory Road - Air Conditioning / Cent Heating	53	15	68
Priory Road – Hardwood Sash Windows	83	-	83
Priory Road – Fire Doors & Access	-	17	17
South Holland Centre	16	-	16
Ayscoughfee Hall Lighting	40	-	40
Industrial Units Roof Replacement	100	-	100
Industrial Units Development of Compound	50	-	50
Capital Acquisitions re Growth & Commercialisation	500	500	1,000
Purchase of Property for Homelessness	-	2	2
Electric Vehicle Charging	-	21	21
Crease Drove Industrial Units	1,174	-	1,174
Grants for Growth	581	-	581
Food Enterprise Zone	-	1,061	1,061
HIF Funding	-	1,000	1,000
Garden Waste	184	10	194
Grounds Maintenance	36	-	36
Environmental Services Operational Facilities	552	-	552
	21	-	21
Fleet Maintenance Vehicles (3)	-	69	69
Gladiator Pavement Cleaning Machine	-	34	34
Disabled Facilities Grants – Private sector	585	-	585
Decent Homes Unfit and Disrepair	75	-	75
Welland Homes	2,434	851	3,285
Total Approved Schemes	6,729	3,657	10,386
Financed By:			
Capital Receipts	(749)	-	(749)
Capital Grants and Contributions	(1,241)	(1,043)	(2,284)
Internal Borrowing	(3,170)	(851)	(4,021)
Revenue Resources	(1,569)	(1,763)	(3,332)
	(6,729)	(3,657)	(10,386)

Table 8 – Housing Revenue Account Capital Outturn

Project	Note	Budget 2019/20 £'000	Actual Outturn £'000	Variance (under)/ overspend £'000
Central Heating Upgrade	1	1,054	1,067	13
Kitchen and Bathroom Replacement	1	1,192	1,288	96
Electrical Upgrade	1	75	74	(1)
Gutters		150	146	(4)
Re-Roofing	1	425	269	(156)
Doors & Windows		-	4	4
Flat Entrance Doors Sheltered Schemes	1	150	-	(150)
Replacement Fire Doors Lansdowne Court		75	74	(1)
Chimneys	1	177	27	(150)
Paths & Drives		36	35	(1)
Boundary Walls	1	75	-	(75)
Fees		206	206	-
Decent Homes		3,615	3,190	(425)
Sewerage Treatment Plant		204	195	(9)
The Square	2	338	24	(314)
Car Parks	2	65	-	(65)
Major Area Schemes		607	219	(388)
ICT Strategy	3	86	25	(61)
Housing IT System	3	359	257	(102)
PSPS Transformation Investment	3	98	-	(98)
IT/System		543	282	(261)
Major Adaptions	4	481	389	92
Aids & Adaptions		481	389	92
CSU Vehicle Replacement		269	263	(6)
CSU Vehicle Replacement		269	263	(6)
Grounds Maintenance		13	15	2
Environmental Services		13	15	2
Weston Redevelopment – Small Drove	5	3,716	2,280	(1,436)
Purchase of Units – Ashwood Homes	6	783	1,127	344
Purchase of Open Market Properties	7	1,157	1,120	(37)
Wignals Gate S106 Acquisition	8	-	3	3
Total Affordable Housing		5,656	4,530	1,126
Total Approved Schemes		11,184	8,888	(2,296)
Financed By:				
Capital Receipts		(709)	(3,620)	(2,911)
Direct Revenue Funding		(1,611)	-	1,611
Major Repairs Reserve		(7,764)	(4,358)	3,406
Grants and Contributions		(1,100)	(910)	190
		(11,184)	(8,888)	2,296

Notes to Table 8:

1. **Decent Homes (£425k)** – Overspend on Central Heating (£13k) and Kitchen and Bathrooms (£96k) were due to essential replacements and acceleration of work due to Covid restrictions on property access. Underspend on Re-roofing (£156k) due to delay in awarding contract. Flat Entrance Doors for Sheltered Schemes (£150k) was delayed due to additional advice sought on necessity of work, and budget will be carried forward. Boundary Walls Contract not in Place (£75k), so spend delayed. Contracts also delayed in respect of Chimneys, and Paths and Drives, so Budget will be carried forward.
2. **Major Area Schemes (£388k)** – Delays with English Heritage and Planning regarding works on the Square (£314k). Contract for Car Parks (£65k) was not in place for the majority of the year. All underspends to be carried forward
3. **ICT / System (£261k)** - ICT Strategy (£61k) and Northgate Housing IT System (£102k) behind program, underspend carried forward to 2021/22. PSPS Transformation Investment (£98k) was unable to be capitalised in SHDC as assets are owned by PSPS. Funded by revenue.
4. **Aids & Adaptations (£92k)** – Programme is demand-led due to the nature of the works which relate to the health and ability of funding applicants and suitability of property.
5. **Weston Development (£1,436k)** – Small Drove Weston Project Delayed due to contamination issues with site. Underspend carried forward to 2020/21
6. **Purchase of Units (£344k) overspend** – Project Complete with only minimal spend left. Overspend due to early delivery of units not originally due for delivery until October and December 2020
7. **Purchase of Open Market Properties (£37k)** - Project Complete with only minimal spend left.
8. **Wignals Gate S106 Acquisition (£3k overspend)** – Pre Approval work. Project due for delivery in 2020/21, 2021/22 and 2022/23

As a result of the above project activity to the 31 March 2020, it is proposed that the Capital Programme for 2020/21 is updated as follows in Table 8 and is recommended for approval by Full Council.

Table 9 – Housing Revenue Account Capital Programme Revised 2020/21

Project	Original Budget 2020/21 £'000	Budget c/f 2019/20 £'000	Revised Budget 2020/21 £'000
Central Heating Upgrade	604	-	604
Kitchen and Bathroom Replacement	1,295	-	1,295
Decent Homes components	318	-	318
Gutters	-	-	-
Smoke Alarms	106	-	106
Roofs & Gutters	656	134	790
Doors & Windows	2	-	2
Flat Entrance Doors Sheltered Schemes	159	150	309
Chimneys	199	150	349
Paths & Drives	37	-	37
Boundary Walls	107	75	182
Fees	210	-	210
Decent Homes	3,693	509	4,202
Sewerage Treatment Plant	216	9	225
The Square	358	315	673
Car Parks	27	65	92
Major Area Schemes	601	389	990
ICT Strategy	62	61	123
Housing IT Systems Upgrade	100	102	202
CPBS Transformation Investment 40% HRA	82	14	96
ICT Infrastructure	6	-	6
IT/System	250	177	427
Major Adaptions	390	-	390
Aids & Adaptions	390	-	390
Grounds Maintenance	13	-	13
South Holland Maintenance	65	-	65
Environmental Services	78	-	78
Weston Redevelopment – Small Drove	177	1,436	1,613
Purchase of Open Market Properties	-	37	37
Purchase of Units	280	-	280
Wignals Gate S106	1,860	-	1,860
Schemes Subject to Detailed Approval	2,200	-	2,200
Affordable Housing	4,517	1,473	5,990
Total Approved Schemes	9,529	2,548	12,077

	Original Budget 2019/20 £'000	Budget c/f 2018/19 £'000	Revised Budget 2019/20 £'000
Financed By:			
Capital Receipts	(3,257)	-	(3,257)
Shared Ownership Sale Proceeds	(409)	-	(409)
Direct Revenue Funding	(2,628)	(177)	(2,805)
Major Repairs Reserve	(3,235)	(2,181)	(5,416)
Grants and Contributions	-	(190)	(190)
	(12,532)	(2,548)	(12,077)

Capital Receipts

There were 28 right-to-buy sales during 2019/20, resulting in total net receipts for the year of £1.992m, before administration costs and pooling payments. There was a further £195k of Shared ownership sales during 2019/20.

Capital Receipts	£'000
RTB Sales	(1,992)
Shared Ownership Sales	(195)
Grants repaid	(41)
Total	(2,228)

The Capital Receipts Balance in the HRA as at 31st March 2020 is £2.423m. In the General Fund there were receipts of £41k relating to repayment of Grants and the balance at 31 March 2020 is £638k.

Capital Financing Requirement (CFR)

Table 10 below shows the CFR which is a prudential indicator and shows the underlying need to borrow, based on the actual position at the end of 2019/20. Where the CFR is positive it denotes the need to borrow.

The 20/21 budgeted CFR movement increases over previous years due to the rollover of programmes relating to Welland Homes (£0.851 rollover from 2019/20) and funding to be programmed for Growth and Commercialisation (£0.5m additional over 2019/20)

Table 10 – Capital Financing Requirement

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21
CFR – Non HRA	3,847	5,453	6,568	9,738
CFR – HRA	68,439	68,439	68,439	68,439
Total	72,286	73,892	75,007	78,177
Movement in CFR	1,120	1,606	1,115	3,170

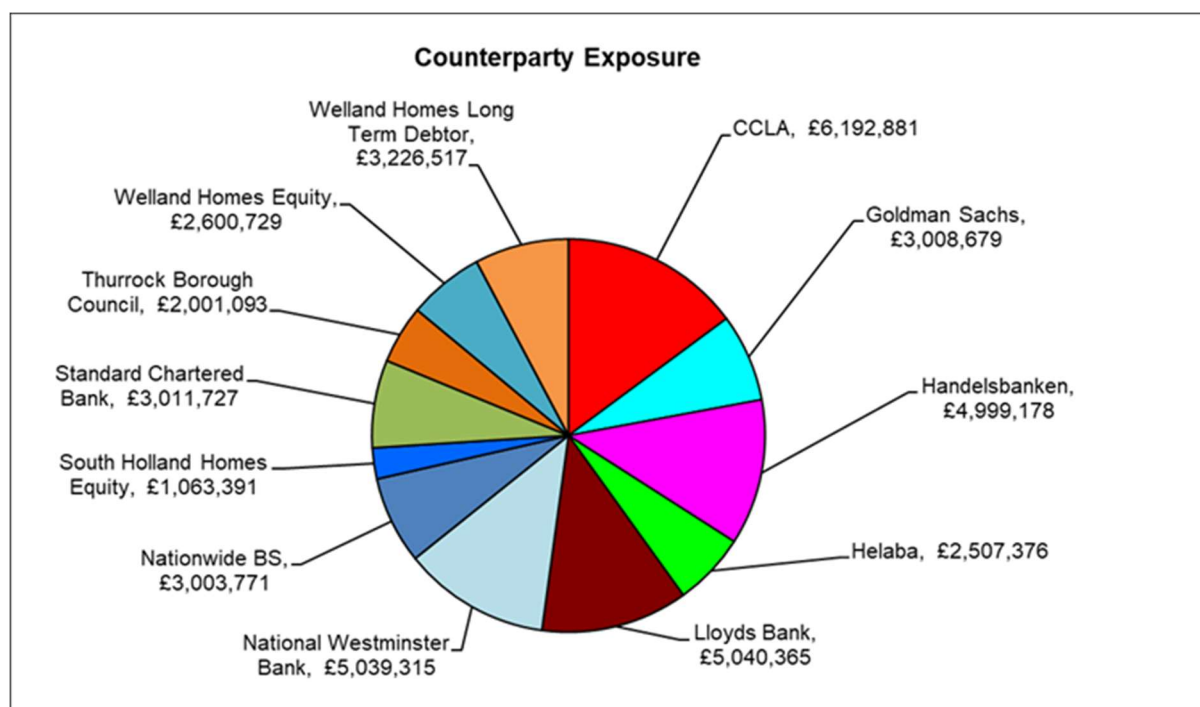
Treasury

Security

The Council has not adopted any formal benchmarks for the management of risk as Officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend positions and amend the operational strategy to manage risk as conditions change. The Council uses the creditworthiness service provided by Link Asset Services which provides a maximum duration for investments depending on the colour rating calculated for each financial institution.

All investments held by the Council were within the recommended maximum duration at the time the investment was made.

The chart below shows how the Council's funds are spread between differing counterparties excluding accrued interest.

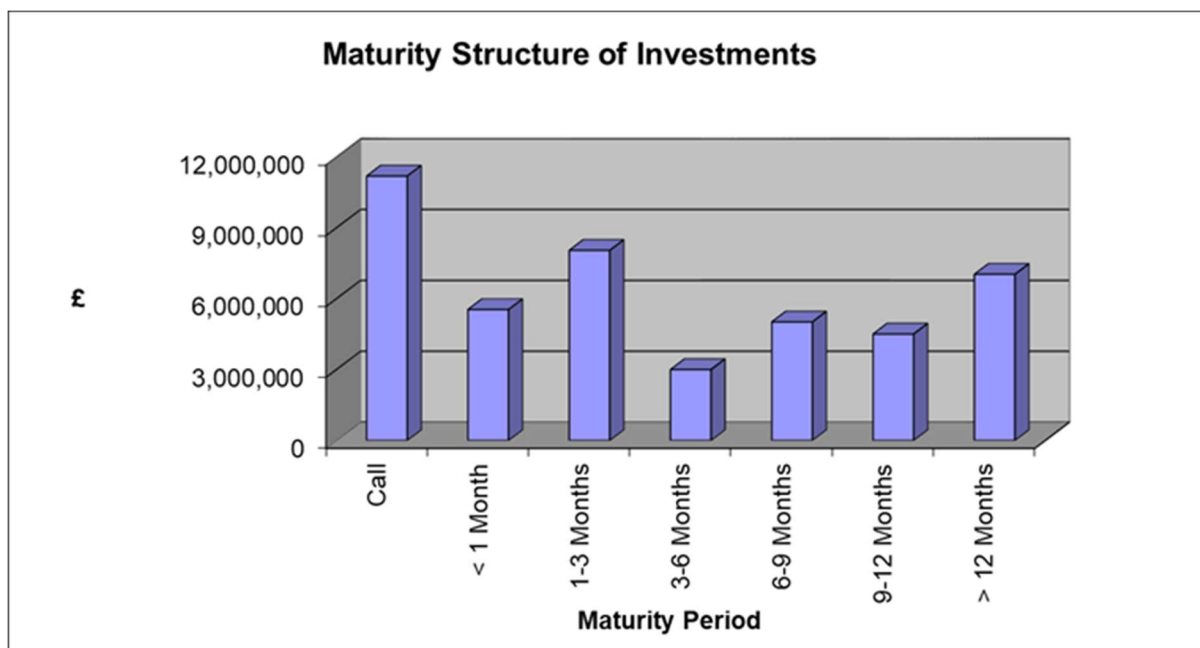


Cash

The Council's average level of treasury deposits during 2019/20 was £42.7m and non-treasury deposits was £3.0m. As at 31 March 2020 investments held were £44.3m of which £11.19m was instant access cash available to meet cash flow requirements. Other investments based on cost were made up of:

- £26.12m - short term investments up to 12 months
- £2.60m - Welland Homes equity
- £1.06m - Equity in South Holland Local Housing Community Interest Company
- £3.23m - Loans to Welland Homes
- £143k - Loan to Castle Sports Leisure

The following chart below shows the amounts held in relation to the remaining period to maturity.



Yield

Budgeted Interest 2019/20	£520k (£359k Gen.Fund and £161k HRA)
Actual Interest achieved 2019/20	£517k (£356k Gen.Fund and £161k HRA)
Target yield (Average 3 month LIBID)	0.634%
Actual Yield achieved for 2019/20	1.122%
Actual Yield achieved for 2018/19	0.956%

The level of interest achieved was broadly in line with the original budget.

External Borrowing

The Council borrowed £67.456m from the PWLB on 28th March 2012 to meet its obligations under the Housing Revenue Finance Reforms. This was borrowed for a period of 50 years on a maturity basis at a rate of 3.48%. No new borrowing has been undertaken during the financial year.

Year End Accounting

Following the introduction of IFRS9 Financial Instruments the Council is required to measure its equity investments at Fair Value. This has resulted in the Council's long term equity in Welland Homes increasing by £250k, South Holland Local Housing Community Interest Company equity decreasing by £29k and the UK Municipal Bond Agency equity decreasing by £50k on the balance sheet.