

South Holland District Council

Financial report for the Period ended 30 September 2020

This report has five sections

- Section 1 – General Fund Revenue budget
- Section 2 - HRA Budget
- Section 3 – Reserves
- Section 4 - Capital budget
- Section 5 – Treasury update

Section 1 – General Fund

The full year outturn based on current projections and assumptions is a forecast net service overspend in the General Fund of £1.394m, (11.1%) against the approved budget for 2020/21 of £12.552m. This is comprised as follows:

	Forecast Outturn Q2 £000	Forecast Outturn Q1 £000	Adverse/ (Favourable) Movement £000
Net Service Overspend	2,552	2,828	(276)
Additional Grant Income	(1,158)	(1,158)	-
Net Overspend	1,394	1,670	(276)

Table 1 – General Fund Revenue Outturn

Directorate	Note	Revised Budget at Q2 £000	Forecast Outturn at Q2 £000	Forecast Variance at Q2 £000	Forecast Variance at Q1 £000	Movement Q1 to Q2 £000
Commercialisation						
Commercialisation	1	377	436	59	59	-
Economic Development	2	114	129	15	15	-
Finance		1,215	1,215	-	-	-
Revenues and Benefits	3	379	670	291	291	-
Commercialisation Total		2,085	2,450	365	365	-
Place						
Asset and Property	4	284	230	(54)	(60)	6
Building Control	5	(24)	96	120	174	(54)
Communities	6	996	1,454	458	467	(9)
Housing		510	510	-	-	-
Environmental Services	7	3,807	4,203	396	493	(97)
Planning	8	2	88	86	145	(59)

Directorate	Note	Revised Budget at Q2 £000	Forecast Outturn at Q2 £000	Forecast Variance at Q2 £000	Forecast Variance at Q1 £000	Movement Q1 to Q2 £000
Spalding Special Expenses		62	62	-	-	-
Investment Properties	9	(187)	(159)	28	28	-
Public Protection	10	437	485	48	48	-
Town Centre Improvement Programme		-	-	-	-	-
Place Total		5,887	6,969	1,082	1,295	(213)
Strategy & Governance						
Corporate Improvement and Performance		153	153	-	-	-
Communications	11	146	167	21	21	-
Corporate Management		628	628	-	-	-
Democratic and Legal Services	12	1,014	1,021	7	7	-
HR		348	348	-	-	-
ICT and Customer Services		1,276	1,279	3	3	-
Environmental Health Consultancy	13	39	43	4	4	-
Strategy & Governance Total		3,604	3,639	35	35	-
Statutory recharge to the HRA for support services		(1,964)	(1,964)	-	-	-
Internal Drainage Boards and Parish Precepts		3,457	3,457	-	-	-
Investment Income	14	(383)	(244)	139	140	(1)
Increase/(Decrease) in impairment allowance		86	86	-	-	-
Transfer to/from earmarked reserves		773	773	-	-	-
Savings Requirement	15	(993)	(62)	931	993	(62)
Total Cost of Services		12,552	15,104	2,552	2,828	(276)
Financing						
Government Grants		(2,754)	(2,754)	-	-	-
Council Tax		(6,305)	(6,305)	-	-	-
Retained Business Rates		(3,493)	(3,493)	-	-	-
Local Authority COVID Support Grant	16	-	(1,158)	(1,158)	(1,158)	-
Total Financing		(12,552)	(13,710)	(1,158)	(1,158)	-
Net Variance		-	1,394	1,394	1,670	(276)

Notes to Table 1:

Significant variances are detailed in the notes below.

Commercialisation and Growth

1. Commercialisation £59k pressure (Nil Movement).

- Saving for shared planning policy service with Boston Borough Council (£27k).
- Delivery Unit £30k pressure for spend on external supply of property management services offset by forecast for vacant post in Asset and Property services.
- Delivery Unit, forecast income pressure of £55k.

2. Economic Development £15k pressure (Nil Movement).

Staff resources diverted to Business Support grant away from Grants for Growth work which would be funded by grant.

3. Revenues and Benefits £291k pressure (Nil Movement).

- Council Tax Collection - Court income is nil since the lockdown came into effect. Courts have not been held. A forecast pressure of £150k, against a budget of £240k, based on courts re-opening to progress recovery action.
- Housing Benefit Overpayments recovery income is forecast to reduce by £150k. Increasingly benefits are administered through Universal Credit, as a result, the budgeted income from recovery of overpayments is now forecast to be £200k against the original budget of £350k.
- Other favourable budget variations for Admin costs (£9k)

Place

4. Assets and Property (£53k) favourable (Adverse Movement of £7k).

- Savings forecast in respect not filling a vacant post (£43k). A proportion of this has been forecast for use towards external property management support.
- Estimated utility savings for vacant premises during pandemic (£19k).
- Movement this quarter for Rent income pressure £7k.
- Priory Road Covid Secure installations £2k.

5. Building Control £120k pressure (Favourable movement of £54k).

- Building Control Fee and Consultancy income – a revised pressure of £75k revising the income forecast to £321k resulting from impact of pandemic on income from services, a favourable movement this quarter of £54k based on actual income to date.
- Land charges – a revised pressure of £46k revising the income forecast to £105k, which is a favourable movement this quarter of (£15k).

6. Communities £458k pressure (Favourable movement of £9k).

- As previously reported the South Holland Centre had identified an additional pressure of £171k as a result of temporary closure in compliance with pandemic guidelines. The Arts Council for England have awarded a grant in support of the cost, which needs to be formally accepted to agree the terms and conditions of the grant offer.
- Leisure management cost pressure of £297k forecast as a result of temporary closure in compliance with pandemic guidelines. This also includes forecast costs for implementing safer opening measures.

- Net saving of (£24k) from temporary closure to the public of Ayscoughfee Museum and Gardens, as a result of reduced spend on administration of now cancelled events, a favourable movement this quarter of (£9k) as a result of revised forecast savings from temporary closure.
- Street marshals for safer high streets support cost £10k.

7. Environmental Services £396k pressure (Favourable movement £97k).

- Cost of additional freighters £59k and crew £50k to provide COVID-19 safe operating environment for waste collection service plus £9k for protective equipment. A favourable movement this quarter of (£2k)
- Cleaning materials £17k and cleaning staff £29k for Council facilities. No movement this quarter.
- In quarter 1 a reduction in car parking income of £279k was forecast as a result of charge free period & reduction in ticket purchases due to COVID-19. This has been revised in quarter 2 to a forecast of £228k, a favourable movement of (£51k).
- Reduction in car park income processing fees of (£11k) due to reduced car park income.
- A pressure of £75k has been forecast for Market operations as a result of the free market period and revision to fees 1st April - 30th September. This is an adverse movement of £5k from quarter 1.
- Environmental Service operations having benefited from a reduction in fuel price resulting in a favourable movement in forecast of (£30k), this is a favourable movement of (£17k) from quarter 1.
- Reduction in other income of £5k during the pandemic.
- Bus Station income reduction of £5k as a result of reduced service levels during the pandemic
- Additional spend pressure forecast this quarter of £5k for garden waste purple sacks for full year.
- Additional income forecast this quarter for bulky waste collection (£19k) for the year.
- Forecast savings from vehicle maintenance operations (£12k).

8. Planning £86k pressure (Favourable movement £59k)

- Planning Application Fees have slightly improved since last reported and are now forecasting a pressure of £127k, which is a favourable movement (£50k) based on actuals to date.
- Staff posts held vacant forecast (£25k) saving, a favourable movement of (£9k) this quarter.
- Forecast agency staff saving (£5k) and a (£8k) reduction in supplier charges.

9. Investment Properties £28k pressure (Nil Movement).

- Reduction of £28k in forecast income from Industrial units as a result of pause on lease renewals during Pandemic.

10. Public Protection £48k pressure (Nil Movement).

- A 20% reduction in year for licencing income has been forecast creating a pressure of £24k. Licensing Act income collection has been paused to be recovered later in year. County Council have paused the issuing of any new Taxi Licences, income has therefore been profiled for receipt from September 2020.
- £27k saving target pressure from delay in pre-planned Service Review.

Strategy and Governance.

11. Communications £21k pressure (Nil Movement).

- £21k for leaflet drop and COVID awareness measures.

12. Democratic and Legal Services £7k pressure (Nil Movement).

- Legal advice.

13. Environmental Health Consultancy £4k pressure (Nil Movement).

- £4k Reduction in income & associated costs, as a result of no live course delivery.

Corporate and Financing

14. Investment Income £140k pressure (Nil Movement).

- Markets rates have reduced since budget setting, forecast assumes the existing low rates continue for reinvesting maturing deposits.

15. Savings Requirement £931k pressure (Favourable Movement £62k).

- As a result of the economic impact of COVID-19 there has been a delay to our efficiencies programme, this remains an area of concern. Savings achieved to date as a result of revisions in Environmental Services operations are forecast to be £62k.

16. Government Grants – Local Authority COVID Support Grant (£1.158m) favourable

- The Council has received COVID support grant of £1.158m in order to support additional costs associated with the COVID response.

Section 2 – Housing Revenue Account

Table 2 – Forecast Revenue Outturn

Service Area	Note	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Rent Income – Dwellings		(15,049)	(15,055)	(6)
Charges for Services and Facilities	1	(1,176)	(1,209)	(33)
Contributions to Expenditure	2	(27)	(68)	(41)
Total Income		(16,252)	(16,332)	(80)
Repairs and Maintenance	3	2,894	2,772	(122)
Supervision and Management	4	2,871	3,019	148
Rents, rates, taxes and other charges	5	76	66	(10)
Depreciation		3,236	3,236	-
Movement in the allowance for bad debts		271	271	-
Statutory recharge to the HRA for support services		2,170	2,170	-
Total Expenditure		11,518	11,534	16
Contribution from Operations		(4,734)	(4,798)	(64)
Investment Income	6	(161)	(81)	80
Interest Payable on £67.456m		2,347	2,347	-
Capital expenditure charged in year		-	-	-
Other Adjustments		-	-	-
Net (Surplus)/Deficit		(2,548)	(2,532)	16

Notes to Table 2:

- 1. Charges for Services and Facilities (£33k) favourable**
 - Service Charge income forecasted increase of (£36k) to align to last year's outturn and current year actuals.
 - Guest Rooms income is forecast to increase (£7k) following usage for homeless during Covid crisis.
 - Reduction in Lifeline service income of £9k in line with year to date actuals and prior year outturn.
- 2. Contributions to Expenditure (£41k) favourable**
 - Housing Grant of £50k received last year, £41k has been carried forward to this year, which is available for use towards strategic housing solutions, by the Housing Enabling service.
- 3. Repairs and Maintenance (£122k) underspend**
 - In compliance with Covid lockdown requirement only emergency works were performed on occupied properties, as a result, an underspend on repairs of (£157k) is forecast. The reduction in spend, also results in a reduction in rechargeable works of £19k, reducing the net saving to (£138k).

- Employee costs are forecast to be £16k higher, arising from the pay award being 0.75% higher than budgeted and the net cost of vacancies and agency support in Property Services.
- Additional spend forecast to deliver £27k asset management services for current year only.
- Savings on Staff Travel due to Covid (£11k)
- Vehicle costs (Fuel and Repairs) are (£14k) less than budget due to lower mileage during Covid lockdown.
- Further savings are forecast on council Tax (£3k) (included in Operational buildings apportionment), Telephones (£7k), Cleaning (£2k).

4. Supervision and Management £148k overspend

- Overspends on:
 - i. Covid safety measures and cleaning for Sheltered Housing communal areas £14k, Covid Security Costs for Sheltered Housing £32k, printing and distribution costs of Covid notices £14k.
 - ii. Language Line translation services £13k, Year End Valuation Fees 15k,
 - iii. Covid Hardship Fund to support Housing Services Tenancy Sustainability Policy £50k.
 - iv. Accommodation Costs for tenants £12k
 - v. PSPS IT Transformation £96k one off revenue expenditure.
 - vi. Reduced project management income in year as a result of revised development timescale for Small Drove Weston £19k.
- Underspends on:
 - i. Tenant Participation Costs (£17k)
 - ii. Alarm Monitoring Costs (£37k) – later than anticipated contract increase
 - iii. Reduced staff travel costs (£10k)
 - iv. Reduced spend on subscriptions (£6k)
 - v. Reduced spend on staff training (£21k) as a result of cancellations due to Covid restrictions.
 - vi. Utilities – Forecast in line with last year and actuals to date (£29k)

5. Rents Rates Taxes and Other Charges (£10k) underspend

- Business Rates, Council Tax and rents forecasts revised to reflect current year actuals to date and prior year outturn (£10k).

6. Interest and Investment Income £80k reduction in Income

- Markets rates have reduced since budget setting, forecast assumes the existing low rates continue for reinvesting maturing deposits.

Section 3 – Reserves

Table 3 - General Fund Reserves

The below table has been updated from quarter 1 to adopt the decision by Council at its meeting 23rd September 2020 to re-assign £234k to earmarked reserves from other specific reserves.

Reserve	Balance 31/03/2019 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Balance 31/03/2020 £'000	Transfer details
Transformation	(141)	-	30	43	(68)	<p><u>Capital Spend</u> £2k Office 365; £28k Shared Public Protection Software</p> <p><u>Revenue Spend</u> £5k EHC Apprentice; £23k Interim Programme Manager; £15k National Graduate Trainee</p>
Investment and Growth	(5,174)	(1,152)	3,172	1,783	(1,371)	<p><u>Contributions</u> (£52k) Garden Waste; (£4k) Fleet Maintenance; (£29k) Leisure Management Return; (£1,067) New Homes Bonus</p> <p><u>Capital Spend</u> £40k Ayscoughfee Hall; £1,000k Capital Investment Purchases; £2k Commercial Acquisition - Surveys; £425k Crease Drove; £5k Electric Vehicle Charging; £57k Environmental Services; £1,061k Food Enterprise Zone; £10k Green Waste; £141k ICT Infrastructure; £69k Fleet Maintenance Vehicles;</p>

Reserve	Balance 31/03/2019 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Balance 31/03/2020 £'000	Transfer details
						£50k Industrial Units - Railway Lane; £168k Priors Road Works; £144k PSPS Transformation Investment <u>Revenue Spend</u> £440k Future Towns; £23k Temporary Housing Resource; £15k Efficiency Programme; £500k Community Investment Fund; £120k Delivery Unit Contribution; £38k Asset Feasibility; £247k Digital Strategy; £20k Holbeach Electricity Infrastructure; £74k Homelessness; £11k Kings Road; £58k Asset Works; £95k Northern Spalding SUE; £20k Office 365; £23k Priors Road - Accommodation; £49k Programme Management Resource; £13k Windows Servers; £22k Shared External Grants Officer; £15k Strategic Leisure
Earmarked Grants	(687)	(5)	-	35	(657)	<u>Contributions</u> (£5k) Revenue Contribution - equipment replacement <u>Revenue Spend</u> £29k Spalding Special Asset Works; £6k Planning

Reserve	Balance 31/03/2019 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Balance 31/03/2020 £'000	Transfer details
Council Tax	(1,931)	(49)	56	477	(1,447)	<u>Contributions</u> (£40k) District Elections; (£9k) Equipment Replacement Programme <u>Capital Spend</u> £40k Pride - Gladiator; £16k South Holland Centre <u>Revenue Spend</u> £3k South Holland Centre; £10k Noise Monitoring Equipment; £430k NNDR Deficit Funding; £29k Information Governance Officer; £5k IT Software Upgrade
Replacement and Refurbishment	(80)	(136)	-	100	(116)	<u>Contributions</u> (£136) Revenue Contribution - programmed maintenance <u>Revenue Spend</u> £77k Assets Programmed Maintenance; £23k Condition Surveys
Total Specific General Fund Reserves	(8,013)	(1,342)	3,259	2,437	(3,659)	
General Reserve	(2,078)	-	-	-	(2,078)	
Total Reserves	(10,090)	(1,342)	3,259	2,437	(5,736)	

Table 4 – Housing Revenue Account Reserves

	Balance 31 March 2020 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2021 £'000	Comments
HRA Working Balance:	(19,809)	(2,508)	226	(22,091)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	-	-	(200)	
Major Repairs Reserve	(3,586)	(3,236)	5,146	(1,676)	
	(23,595)	(5,744)	5,372	(23,967)	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

Section 4 – Capital

The Q1 Outturn presented at September Cabinet showed expenditure of £10,386k, the following items have been revised since that report:

Table 5 – General Fund Capital Programme movements

	Movement £'000
2020/21 Capital Programme Budget as at 30th June 2020	10,386
AIM income System Upgrade	20
2020/21 Revised Capital Programme as at 30th September 2020	10,406

Table 6 – General Fund Progress against 2020/21 approved capital programme

Scheme	Note	Revised Budget £000's	Forecast Outturn £000's	Forecast (under) / Over Spend £000's
<u>ICT</u>				
ICT Infrastructure		121	121	-
Shared Public Protection Software		55	55	-
Office 365 Additional Spend		2	2	-
PSPS Transformation Investment 60% GF		144	144	-
<u>Total ICT</u>		322	322	-
<u>Assets and Property</u>				
Priory Road - Central Heating		68	68	-
Priory Road Hardwood Sash Windows		83	83	-
Priory Road - Fire Doors and Access		17	17	-
South Holland Centre		16	16	-
Ayscoughfee Hall - Replacement Lighting to LED		40	40	-
Industrial Units - Roof replacement	1	100	-	(100)
Industrial Units - Development of external compound		50	50	-
<u>Total Assets & Property</u>		374	274	(100)
<u>Commercialisation</u>				
Capital Acquisitions re Growth and Commercialisation		1,000	1,000	-
Purchase of Property for Homeless Scheme		2	3	1
Electric Vehicle Charging		21	21	-
<u>Total Assets & Property</u>		1,023	1,024	1
<u>Economic Development</u>				
Crease Drove Industrial Units		1,174	1,174	-
Grants for Growth		581	581	-
Food Enterprise Zone		1,061	1,061	-

HIF Funding (Housing Infrastructure Funding)		1,000	1,000	-
Total Economic Development		3,816	3,816	-
Environmental Services				
Garden Waste	2	194	10	(184)
Grounds Maintenance		36	36	-
Environmental services Operational	2	552	247	(305)
Facilities		21	21	-
Fleet Maintenance Vehicles (3 Vehicles)		69	69	-
Gladiator Pavement Cleaning Machine	2	34	40	6
Total Economic Development		906	423	(483)
Housing				
Disabled Facilities Grants - Private Sector Housing		585	585	-
Decent Homes Unfit And Disrepair - Housing		75	75	-
Welland Homes	3	3,285	2,203	(1,082)
Total Housing		3,945	2,863	(1,082)
Total		10,386	8,722	(1,664)
Financing of Approved Schemes				
Borrowing		(4,021)	(2,450)	1,571
Capital Receipts		(749)	(749)	-
Grants & Contributions		(2,284)	(2,284)	-
Direct Revenue Financing		(3,332)	(3,239)	93
Total Financing of Approved Schemes		(10,386)	(8,722)	1,664

Notes to Table 6:

- Assets & Property (£100k)** – Industrial Units Roof Replacement - Will not be part of this year's program, mainly due to Covid-19, but will form part of next year's program so will be carried forward into next year's capital program
- Environmental Services (£483k)** – Garden Waste Vehicle to be replaced in 2021/22 (£184k) together with LGV refuse (£154K). Sweeper to be rephased, possibly to 2024 (£151k).
- Housing (£1,082k)** – Current program of Build for Welland Homes is expected to be £2.2m for 15 properties, this balance to be carried forward into next year.

HRA Progress against 2020/21 approved capital programme

There are no further revisions proposed to this Housing Revenue Account budget at this time. The forecast detailed in table 7 shows a reduced in year use of this budget by £2.579m.

Table 7 – HRA Progress against 2020/21 approved capital programme

Scheme	Note	Revised Budget £000's	Forecast Outturn £000's	Forecast (under) / Over Spend £000's
<u>Decent Homes</u>				
Central Heating	1a	604	870	266
Kitchen / Bathroom	1b	1,295	1,100	(195)
Decent Homes Component Replacements	1a	318	-	(318)
Smoke Alarms	1f	106	75	(31)
Roofs and Gutters	1c	790	500	(290)
Doors & Windows		2	-	(2)
Flat Entrance Doors Sheltered Schemes	1e	309	250	(59)
Chimneys	1d	349	150	(199)
Paths and Drives		37	30	(7)
Boundary Walls	1g	182	95	(87)
Fees		210	210	-
<u>Total Decent Homes</u>		4,202	3,280	(922)
<u>Major Area schemes</u>				
Sewage Treatment Refurbishment		225	225	-
The Square		673	673	-
Car Parks		92	92	-
<u>Total Major Area schemes</u>		990	990	-
<u>IT / System</u>				
ICT Strategy		123	123	-
Housing IT Systems		202	202	-
PSPS Transformation Investment 40% HRA	2	96	-	(96)
ICT Infrastructure		6	6	-
<u>Total IT / System</u>		427	331	(96)
<u>Aids & Adaptations</u>				
Major Adaptations		390	390	-
<u>Total Aids & Adaptations</u>		390	390	-
<u>Grounds Maintenance</u>				
Grounds Maintenance Equipment		13	13	-
South Holland Maintenance		65	65	-
<u>Total Grounds Maintenance</u>		78	78	-

Affordable Housing				
Weston Redevelopment Scheme	3a	1,613	1,600	(13)
Purchase of units	3b	280	2	(278)
Purchase of Open Market Properties	3c	37	2	(35)
Wignals Gate S106 Acquisitions	3d	1,860	625	(1,235)
Schemes Subject to Detailed Approval		2,200	2,200	-
Total Affordable Housing		5,990	4,429	(1,561)
Total		12,077	9,498	(2,579)
Financing of Approved Schemes				
1-4-1 Receipts		(482)	(482)	-
Capital Receipts		(2,775)	(2,775)	-
Shared Ownership Sales Proceeds		(409)	(409)	-
Grants & Contributions		(190)	(190)	-
Major Repairs Reserve		(5,416)	(5,416)	-
Direct Revenue Financing		(2,805)	(226)	2,579
Total Financing of Approved Schemes		(12,077)	(9,498)	2,579

Notes to Table 7:

1. Decent Homes All Elements (£922k)

- a. The Budget for Decent Homes Component Replacement related to replacing Solid Fuel Heating with Air Source Heat Pumps. As this comes within the Central Heating category, the forecast for this has been added to Central heating, giving a forecasted underspend of £52k. This is a prudent forecast and if not spend during 2020/21 will be carried forward and spent in 2021/22.
- b. **Kitchens and Bathrooms £195k underspend.** Due to Covid restrictions the time taken to complete a Bathroom replacement has gone from 10 to 12 Days, and Kitchens have gone from 14 to 20 days. This underspend will continue whilst the pandemic continues, and even into next year it may take some time to realign with the program.
- c. **Roofs & Gutters £290k underspend.** Delays due to Covid and the contract ending in August has resulted in delays and an underspend. Delays with lead times on materials have also contributed to the underspend, the programme will be rolled over and start to catch up next year.
- d. **Chimneys £199k underspend.** Delays due to Covid and the contract ending in August has resulted in delays and an underspend. Delays with lead times on materials have also contributed to the underspend. the programme will be rolled over and start to catch up next year.
- e. **Flat Entrance Doors £59k underspend.** Programme delays while taking advice on specification and regulations, any underspend will be utilised next year.
- f. **Smoke alarms £31k underspend.** Delays due to Covid, contractors have increased capacity but will not recover the backlog until next year.
- g. **Boundary Walls £87k underspend.** Delays due to Covid, balance will be carried forward.

2. IT Systems (96k) - PSPS Transformation now forms part of revenue budget.

3. Affordable Housing.

- a. **Weston Redevelopment Scheme (£13k)** – Project completion expected this financial year, with only minor items falling into next year.
- b. **Purchase of Units** – This was the original Ashwood project which was completed in 2019/20, with only minor items falling into this year. The £278k for 2020/21 and £590k for 2021/22, was originally for one location which was not part of the final deal, so will not be spent as part of the Ashwood project, but carried forward as schemes subject to approval.
- c. **Purchase of Open Market Properties.** This was the second Ashwood Project, and again this was completed in 2019/20, with only minor items falling into this year, so the £35k will be carried forward to 2021/22 as schemes subject to approval.
- d. **Wignals Gate S106 Acquisition** – The timing of the building of these properties has changed since the original plan, primarily due to the Covid pandemic, therefore a significant part of the spend will fall into 2021/22 and 2022/23.

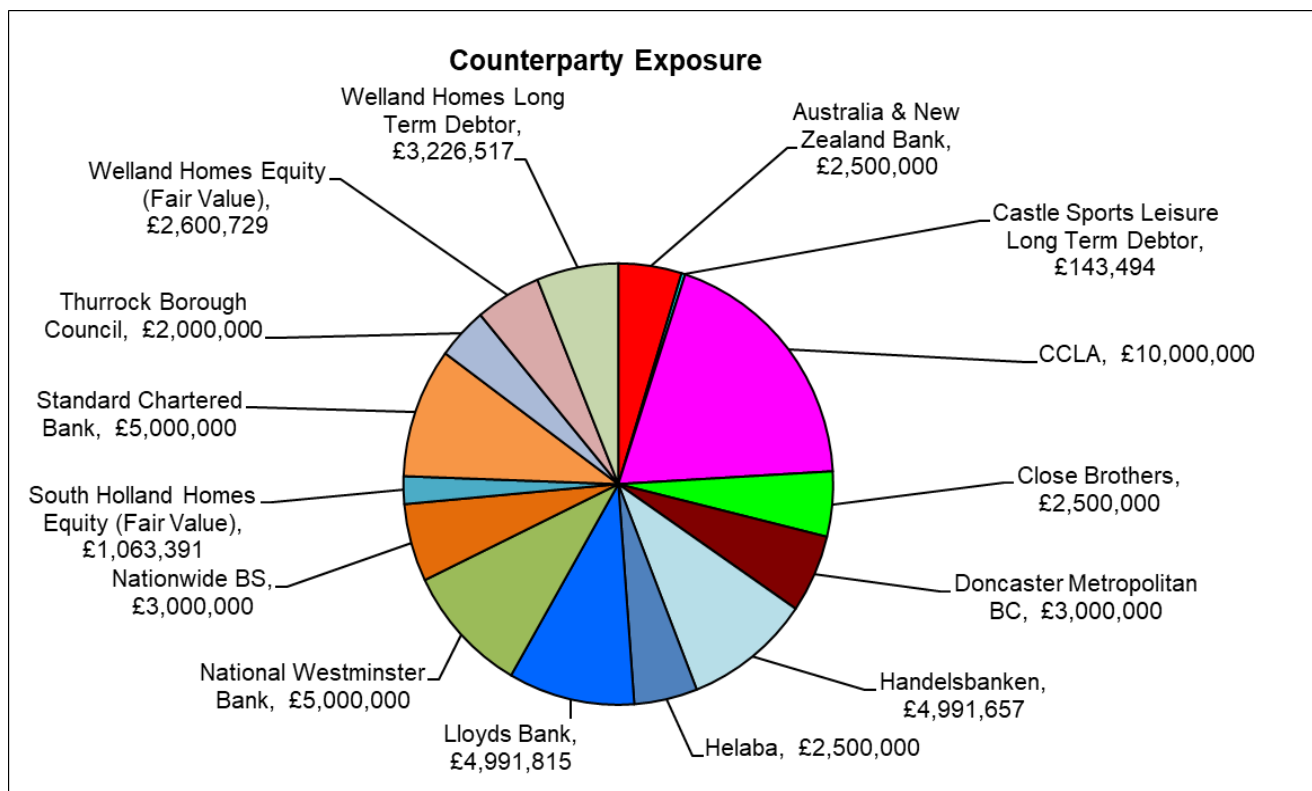
Section 5 – Treasury

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.



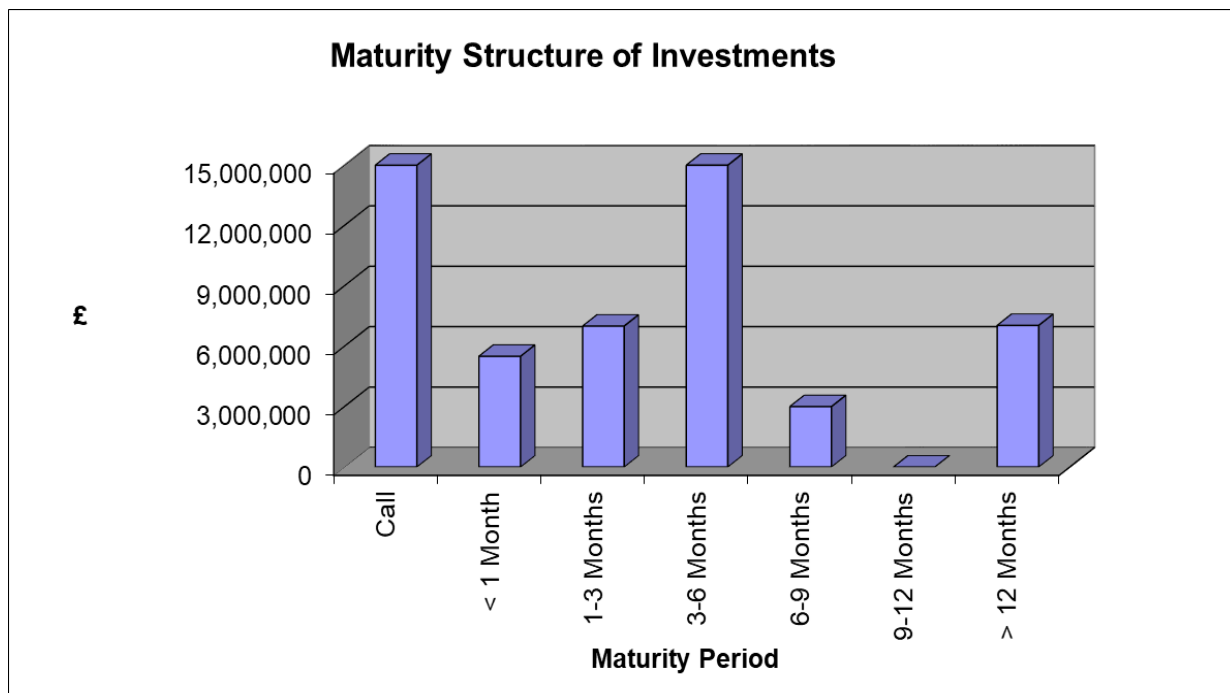
Cash

The Council's average level of treasury deposits to 30th September 2020 was £48.83m and non-treasury deposits was £7.03m.

As at 30th September 2020 investments held were £52.523m of which £15m was instant access cash available to meet cash flow requirements. Other investments based on fair value were made up of:

- £28.0m - Short Term Investments up to 12 Months
- £2.49m – 95 Day Notice Account
- £2.60m - Welland Homes Equity
- £1.06m – South Holland Homes Equity
- £143k – Castle Sports Leisure (Long Term Debtor)
- £3.23m - Welland Homes Loans (Long Term Debtor)

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



Yield

Budgeted Interest 2020/21	£544k (£383k GF and £161k HRA)
Actual Interest achieved to 30/09/20	£202k
Profiled budget to 30/09/20	£273k
Target yield (Average 3 month LIBID)	0.106%
Actual Yield achieved for 2020/21	0.756%
Actual Yield achieved for 2019/20	1.122%

As at 30th September 2020 investment interest was estimated to be £71k below the profiled budget. The COVID19 pandemic has seen interest rates in the market fall for new investments. Below is an indication of the levels achievable on new investments with financial institutions:

1 Month	0.04%
3 Month	0.05%
6 Month	0.07%
1 Year	0.12%

Estimated outturn for investment income currently stands at £325k (£244.4k GF and £80.6k HRA).

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.

For reference purposes, the following chart shows the PWLB borrowing rates for new loans over the last 13 months.

