

South Holland District Council
Financial report for the Period ended 31 March 2021

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

Outturn Summary:

The total General Fund (GF) budget requirement for the year was £12,552k as approved by Council on 26 February 2020.

The final GF outturn position is an underspend of (£125k) (Table 1). This position required some support from reserves for unplanned expenditure. The use of reserves to support the budget is detailed at **Table 4**. The significant variances from budget that have contributed to the GF outturn position are detailed in the notes to **Table 1** below.

Table 1 – General Fund Revenue Outturn

Directorate	Note	Budget £'000	Actual £'000	Variance Pressure / (Favourable) £'000
Commercialisation				
Commercialisation	1	389	300	(89)
Economic Development	2	114	181	67
Finance	3	1,215	1,269	54
Revenues and Benefits	4	379	686	307
Commercialisation Total		2,097	2,436	339
Place				
Asset and Property	5	284	242	(42)
Building Control	6	(24)	11	35
Communities	7	996	1,379	383
Housing	8	510	267	(243)
Environmental Services	9	3,803	4,134	331
Planning	10	2	(288)	(290)
Spalding Special Expenses		64	64	0
Investment Properties	11	(186)	(155)	31
Public Protection	12	441	434	(7)
Town Centre Improvement Programme		0	0	0

Appendix A – Outturn Detail as at Quarter 4 2020/21

Place Total		5,890	6,088	198
Strategy & Governance				
Corporate Improvement and Performance	13	165	173	8
Communications	14	146	182	36
Corporate Management	15	583	662	79
Democratic Services	16	1,025	1,078	53
HR	17	348	323	(25)
ICT and Customer Services	18	1,281	1,216	(65)
Environmental Health Consultancy UK	19	39	60	21
Strategy & Governance Total		3,587	3,694	107
Statutory recharge to the HRA for support services				
		(1,962)	(1,967)	(5)
Internal Drainage Boards and Parish Precepts		3,457	3,457	0
Interest Payable and Similar Charges		0	0	0
Interest Receivable and Similar Income	20	(383)	(246)	137
Increase/(Decrease) in impairment allowance	21	86	60	(26)
Transfer to/from earmarked reserves		773	773	0
Efficiencies Requirement	22	(993)	(76)	917
Total Cost of Services		12,552	14,219	1,667
Financing				
Government Grants	23	(2,754)	(2,762)	(8)
Council Tax		(6,305)	(6,318)	(13)
Retained Business Rates	24	(3,493)	(3,517)	(24)
Local Authority COVID Support Grant			(1,747)	(1,747)
Total Financing		(12,552)	(14,344)	(1,792)
Underspend transferred to reserves			(125)	(125)

Notes to Table 1:

Significant variances are detailed in the notes below.

Commercialisation and Growth

1. Commercialisation (£89k) favourable.

- Saving for shared planning policy service with Boston Borough Council (£41k).
- Favourable saving of (£129k) for employment costs arising from vacant posts in Planning Policy.

Appendix A – Outturn Detail as at Quarter 4 2020/21

- Delivery Unit has an income pressure of £55k for additional Industrial Units, works which have been reprofiled to future years. £13k spend of Covid compliance activity.
- Additional spend on professional services to support responsive maintenance of assets and property £13k.

2. **Economic Development £67k pressure.**

Staff resources have diverted away from Grants for Growth work towards Covid-19 Business Support grant. This resource was budgeted to be funded by Grants for Growth grant £34k. Additional resource was needed to provide support for business covid grants £33k.

3. **Finance £54k pressure.**

- Additional costs for administering the distribution of business support grants by the PSPS Revenues and Finance Services £66k.
- Reduction in additional pension costs (£16k)
- Additional External Audit costs Covid-19 related £8k adverse.
- Overspend on Insurance and Asset Valuation services £13k.
- Internal audit fees over accrued from 2019/20 (£14k)

4. **Revenues and Benefits £307k pressure.**

- Council Tax Collection - Court income was nil whilst lockdown was in effect and courts were not sitting. Courts have since been held, achieving income of £142k an adverse variance of £96k.
- Housing Benefit Overpayments recovery income was budgeted to be £350k, increasingly benefits are being administered by the Department for Work and Pensions under Universal Credit and as a result the income forecast from overpayments has reduced to £113k, an adverse variance of £236k.
- Actual subsidy received was (£25k) more than that which had been budgeted.

Place

5. **Assets and Property (£42k) favourable.**

- Estimated utility savings for vacant premises during pandemic (£12k).
- Rent income pressure £16k, in respect of garage income.
- Priory Road Covid Secure installations £2k. (£10k) saving on furniture and equipment budget.
- (£22k) underspend on programmed and responsive maintenance budget.
- Vacant posts (16k)

6. **Building Control £35k pressure.**

- Building Control Fee and Consultancy income an adverse impact on income of £6k.
- Land charges – reduction in income of £29k and due to a change in service demand an increase in professional fees £5k.
- Salary efficiency target adverse £13k.
- Mileage savings (£3k).
- Building maintenance savings (£4k)
- Other various supplies and service savings (£10k).

7. **Communities £383k pressure.**

Appendix A – Outturn Detail as at Quarter 4 2020/21

- Grant from the Arts Council for England has resulted in achievement of budget for the South Holland Centre with variances of £16k reported for unachieved salary efficiency savings and £4k for Covid compliance costs.
- Leisure management support costs have resulted in an adverse variance of £451k as a result of temporary closure in compliance with pandemic guidelines, which has been funded from support grant and Covid-19 grant, this also includes costs for implementing safer opening measures.
- Net saving of (£44k) from temporary closure to the public of Ayscoughfee Museum and Gardens.
- Community Cohesion has an adverse outturn of £17k as a result of spend on Street marshals for safer high streets £8, funded from Covid-19 grant, reduced court cost income £5k and £4k for legal costs.
- Due to non-delivery of cultural and sports events a favourable movement of (£58k) is forecast.

8. Housing (£243k) Favourable.

- Unbudgeted recovery of fees for administering Disabled Facilities Grants (£43k) favourable movement.
- Unplanned income from enforcement of improvement orders (£11k), licence fees (£3k) and other court income (£3k).
- Unbudgeted repairs to homelessness accommodation £43k.
- Employee savings (£27k).
- Net saving on Homelessness budget (£165k).
- Additional Homelessness grant received (£64k).
- Additional private sector housing maintenance costs £20k.
- Additional Covid response cost for travellers sites £3k.

9. Environmental Services £331k pressure.

- As reported at quarter 3 there has been a cost of additional freighters £59k and crew £50k to provide COVID-19 safe operating environment for waste collection service plus £13k for protective equipment.
- Employee costs are (£82k) less than budgeted. In quarter 1 the pandemic impacted Environmental Services through lockdown and shielding. Crews have responded to ensure delivery of vital services. There has been a reduction in non-Covid related sickness and a reduction in the holiday taken in 2020/21. This along with the new Covid safe working patterns has meant that the budgeted spend to cover holiday and sickness for this financial year has been less than expected.
- Cleaning materials and cleaning staff £18k for Council facilities as a result of the extended pandemic lockdown.
- A reduction in car parking income of £309k has occurred as a result of the charge free period in quarter 1 and potential reduction in ticket purchases due to COVID-19.
- Reduction in car park income processing fees of (£8k) due to reduced car parking fees paid by cash.
- The outturn for Market operations has resulted in an adverse variance of £83k as a result of the free market period and revision to fees 1st April - 30th September.
- Environmental Service operations have benefited from a reduction in fuel price resulting in a favourable outturn of (£49k). Vehicle maintenance costs offset this benefit by £35k and Insurance excess is an adverse cost of £7k.

Appendix A – Outturn Detail as at Quarter 4 2020/21

- Additional income has been achieved for Garden waste of (£36k) and Special collections (£31k). Garden waste additional staffing costs are £11k and Pride in South Holland spend on agency staff rose by £31k to ensure continuity of service whilst complying with Covid Lockdown and isolation requirements throughout the year.
- Bus Station income reduction of £3k as a result of reduced service levels during the pandemic
- Other supplies and Professional service saving of (£52k) in Grounds maintenance were achieved.
- Refuse Collection reduced spend by (£9k) on professional fees and Street Cleansing achieved a further (£9k) of charges to other organisations.

10. Planning (£290k) favourable.

- Planning Application Fees have improved since last reported following an increase in the number of applications and the receipt in December of a major application, the service has achieved a favourable variance of (£190k) after transferring £100k to reserves.
- Staff posts held vacant achieved a (£60k) saving.
- Spend on agency and professional fees are favourable by (£29k).
- Forecast agency staff saving (£5k) and a (£23k) reduction in supplier charges. A favourable movement of (£15k).
- Other savings include (£9k) of legal fees and (£4k) of officer travel costs.

11. Investment Properties £31k pressure.

- Reduction of £31k income from Industrial units as a result of pause on lease renewals during Pandemic and void premises.

12. Public Protection (£7k) favourable.

- Licensing Act income collection has been paused to be recovered later in year. The County Council paused the issuing of any new Taxi Licences in the year and collection of other licensing income was also paused during the year resulting in an adverse impact on budgeted income of £14k.
- The service has been diverted to supporting Covid-19 enforcement and much of its activities have been funded by support grant. This has resulted in other budget underspends amounting to (£7k)
- Savings of (£14k) from reduced travel costs and other reduced spend.

13. Corporate Improvement and Performance £8k pressure.

- Unbudgeted employee costs of £8k.

Strategy and Governance.

14. Communications £36k pressure.

- £27k for leaflet drop and COVID awareness measures, funded from Covid-19 grant
- Unachieved Salary Efficiency target £5k.

15. Corporate Management £79k pressure.

- Local Government Re-organisation cost of opportunity development £24k.
- Additional communication costs as a result of Covid-19 compliance and maintaining continuity £15k.
- Employee costs to support Covid-19 response activity £40k.

16. Democratic and Legal Services £53k pressure.

- Covid related legal advice £12k.
- Unbudgeted legal fee income (£20k)
- Savings from digital Electoral registration (£30k).
- Savings from vacant posts (£26k).
- Savings from Councillor travel restrictions (£10k) and reduced Chairman's costs (£10k).
- Software related costs to support remote meetings £4k adverse movement.
- Other Democratic Representation savings £2k
- Unachieved Procurement savings £128k

17. HR (£25k) favourable.

- Apprentice posts not recruited during the year.

18. ICT and Customer Services (£65k) favourable.

- (£36k) saving on software licences.
- Savings on server maintenance £27k and unspent professional fees budget £45k
- Overspend on employee training costs £5k.
- Unbudgeted costs of new Payroll system £30k and extension of Internet Management Solution contract £11k.

19. Environmental Health Consultancy £21k pressure.

- £21k Reduction in income & associated costs, as a result of no live course delivery.

Corporate Financing

20. Investment Income £137k pressure - Markets rates have reduced since budget setting as result of external economic factors.

21. Decrease in Impairment allowance (£26k) reduced provision - The provision for bad debt has been reviewed on the basis of better than anticipated performance of historic overpaid housing benefits. The review has resulted in removing the need for the budgeted (£26k) contribution to bad debt provision.

22. Savings Requirement £0.931m pressure - As a result of the economic impact of COVID-19 there has been a delay to our efficiencies programme, revised plans and options have been developed for 2021/22. Savings achieved include Environmental Services operations £62k and Business Rates Rebate on Public Conveniences (£14k).

23. Government Grants £8k favourable - The Council has received grant in continued support of the corporate wide requirement to meet the requirements of transparency new burdens.

24. Local Authority COVID Support Grant £1.746m favourable - The Council has received COVID support grant of £1.340m in order to support additional costs associated with the COVID response. Sales, Fees and Charges income compensation has been received of £0.407m

Section 2 – Housing Revenue Account

Table 2 – Forecast Revenue Outturn

Service Area	Note	Budget £'000	Actual £'000	Variance Pressure / (Favourable) £'000
Rent Income – Dwellings		(15,049)	(15,066)	(17)
Charges for Services and Facilities	1	(1,176)	(1,203)	(27)
Contributions to Expenditure	2	(27)	(6)	21
Total Income		(16,252)	(16,275)	(23)
Repairs and Maintenance	3	2,894	2,255	(639)
Supervision and Management	4	3,079	2,871	(208)
Rents, rates, taxes and other charges	5	76	61	(15)
Depreciation	6	3,236	3,816	580
Movement in the allowance for bad debts	7	271	18	(253)
Statutory recharge to the HRA for support services	8	1,962	1,967	5
Total Expenditure		11,518	10,988	(530)
Contribution from Operations		(4,734)	(5,287)	(553)
Investment Income	8	(161)	(79)	82
Interest Payable on £67.456m		2,347	2,347	-
Capital expenditure charged in year		-	-	-
Transfer to MRR & Other Adjustments		-	-	-
Net (Surplus)/Deficit		(2,548)	(3,019)	(471)

Notes to Table 2:**1. Charges for Services and Facilities (£27k) favourable**

- Service Charge income favourable variance of (£24k), mainly Sheltered Housing Charges which are under review in 2021/22
- Guest Rooms income (£3k) following usage for homeless during Covid crisis.
- Two Land Easements income (£16k) not known at time of budget
- Reduction in Lifeline service income of £15k in line with year to date actuals and prior year outturn.

2. Contributions to Expenditure £21k pressure

- Court Income £27k did not materialise due to limitations on taking tenants to court during Covid, but is offset by a reduction in legal costs in Supervision and management

3. Repairs and Maintenance (£639k) favourable

Appendix A – Outturn Detail as at Quarter 4 2020/21

- General Maintenance spend is significantly down on budget (£346k), there have been a number of factors impacting the spend within the Housing Repairs service during 2020/21. New contracts have continued to deliver savings on both materials and from contractors. There have also been additional savings from reduced reliance on vehicle hire, following the delivery of the new fleet of housing repairs vehicles. In addition, there has been some periods where only emergency repairs have been attended in order to comply with lockdown requirements.
- Other contractor fees have not been incurred as a result of limiting activity to emergency repairs (£46k)
- Savings on Staff Travel due to Covid (£12k)
- Vehicle costs (Fuel and Repairs) are (£11k) less than budget due to lower mileage during Covid lockdown.
- Further savings have been achieved on council Tax (£3k) (included in Operational buildings apportionment), Telephones (£13k), Cleaning (£2k) Stationery (£2k) Clothing (£3k).
- £153k of Renewable Heat Incentive Grant income.

4. Supervision and Management £208k favourable

- Overspends on:
 - i. Covid safety measures and cleaning for Sheltered Housing communal areas £20k, Covid Security Costs for Sheltered Housing £38k, printing and distribution costs of Covid notices £4k.
 - ii. Language Line translation services £13k,
 - iii. Pooling Audit £5k
 - iv. Employee Costs £75k – Housing Enabling team growth £12k and Salary Efficiencies not achieved £15k
 - v. Insurance Costs £19k
 - vi. Sewage Treatment works repairs £10k
 - vii. Year End Valuation Fees £10k
 - viii. Spend of Covid Hardship Fund to support Housing Services Tenancy Sustainability Policy £4k
 - ix. Accommodation Costs for tenants £16k
 - x. PSPS IT Transformation £31k one off revenue expenditure.
 - xi. Manpower Costs £14k Housing Enabling, £11k Salary efficiency targets not met
 - xii. Right to Buy admin Fee income less than expected due to lower than anticipated R-T-B Sales £8k
- Underspends on:
 - i. Tenant Participation Costs (£12k)
 - ii. Repairs (£85k) - £54k works completed within HRT budget and therefore budget not needed in 2020/21. Savings on Community Facilities (£25k) as a result of only essential work being performed during lockdown periods. Footpath works delayed for further review (£14k).
 - iii. Alarm Monitoring Costs (£36k) – later than anticipated contract increase and conservative cost budget
 - iv. Legal Fees £22k see income in 2 above.
 - v. Reduced staff travel costs (£15k)
 - vi. Reduced spend on subscriptions (£12k)

Appendix A – Outturn Detail as at Quarter 4 2020/21

- vii. Reduced spend on staff training (£58k) as a result of cancellations due to Covid restrictions.
- viii. Utilities – Forecast in line with last year and actuals to date (£33k)
- ix. Project Management Income, slightly higher than anticipate due to rephasing of spend on capital projects £6k
- x. Bank Charges £4k
- xi. Contingency budget for Professional fees £104k not required in 2020/21.

5. Rents Rates Taxes and Other Charges (£15k) favourable

- Spend contained within Operational Building Budget and therefore budget not required in 2020/21

6. Depreciation £580k pressure – Calculated annually based upon latest Revaluations.

7. Movement in Allowance for Bad Debts £253k favourable – Revised calculations based upon outstanding Debt as at 31st March 2021

8. Interest and Investment Income £81k reduction in Income

- Markets rates have reduced since budget setting as result of external economic factors.

Section 3 – Reserves

Table 3 - General Fund Reserves

The below table has been updated from quarter 2 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 31/03/2020 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Contra movement between Reserves (Revenue) £'000	Balance 31/03/2021 £'000	Transfer details
Transformation	(141)	0	26	44	0	(71)	<p><u>Capital Spend</u> £22k Office 365; £4k Shared Public Protection Software</p> <p><u>Revenue Spend</u> £5k EHC Apprentice; £23k Interim O365 Programme Manager; £16k Shared National Graduate Trainee</p>
Investment and Growth	(5,263)	(1,195)	1,283	597	89	(4,489)	<p><u>Contributions</u> (£52k) Garden Waste; (£4k) Fleet Maintenance; (£29k) Leisure Management Return; (£1,067k) New Homes Bonus; (£43k) Food Enterprise Zone.</p> <p><u>Capital Spend</u> £9k Leisure Sports Hall Boiler; £31k Environmental Services Asset Replacement Program; £38k Green Waste Bins; £9k Industrial Unit repairs – Crease Drove; £51k Priors Road Air Conditioning Works; £47k PSPS Transformation Investment, £1,099k Food Enterprise Zone.</p> <p><u>Revenue Spend</u></p>

Reserve	Balance 31/03/2020 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Contra movement between Reserves (Revenue) £'000	Balance 31/03/2021 £'000	Transfer details
							<p>£23k Temporary Housing Resource; £15k Refuse Collection Efficiency Programme; £20k Leisure Centre Maintenance; £14k Moulton Park; £56k Delivery Unit Project Management; £120k Delivery Unit Contribution; £78k Holbeach Asset Feasibility; £173k Digital Strategy; £20k Holbeach Electricity Infrastructure; £1k Kings Road; £5k Programme Management Resource; £22k External Grants Officer; £2k Priors Road Accommodation; £17k Next Steps Accommodation Program. £31k Town Centre Improvement Plan employee funding.</p> <p>Contra Movement £89k Planning Development Management.</p>
Earmarked Grants	(453)	(4,558)	122	57	(233)	(5,065)	<p>Contributions (£54k) Members Budgets; (£189k) New Burdens Income; (£86k) Brexit administration Grant; (£4,005k) Tax Income Guarantee; (£100k) Planning fee; (£8k) Earmarked S106 income; (£60k) Covid Support Grant Public Protection; (£55k) Employee Training Budget.</p> <p>Capital Spend £122k Next Steps Accommodation Acquisitions.</p>

Reserve	Balance 31/03/2020 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Contra movement between Reserves (Revenue) £'000	Balance 31/03/2021 £'000	Transfer details
							<p><u>Revenue Spend</u> £2k Spalding Special Asset Works; £4k Planning Employee Training; £51k Planning HCA Resource.</p> <p><u>Contra Movement</u> Transfers to earmarked reserves (£129k) Spalding Special; (£90k) Planning: (£5k) Public Protection Equipment Replacement: (£10k) NDR Leisure saving.</p>

Reserve	Balance 31/03/2020 £'000	Transfer to Reserve (Contributions) £'000	Transfer from Reserve (Capital) £'000	Transfer from Reserve (Revenue) £'000	Contra movement between Reserves (Revenue) £'000	Balance 31/03/2021 £'000	Transfer details
Council Tax	(2,060)	(173)	40	445	129	(1,619)	<p><u>Contributions</u> (£40k) District Elections; (£9k) Equipment Replacement Programme; (£125k) 2020/21 GF Surplus.</p> <p><u>Capital Spend</u> £40k Pride – Gladiator.</p> <p><u>Revenue Spend</u> £10k Public Protection Monitoring Equipment; £430k NNDR Deficit Funding; £5k Income Management Software Upgrade.</p> <p><u>Contra Movement</u> £129k Spalding Special.</p>
Replacement and Refurbishment	(95)	(136)	0	45	15	(171)	<p><u>Contributions</u> (£136k) Revenue Contribution - Programmed Property Maintenance.</p> <p><u>Revenue Spend</u> £38k Programmed Property Maintenance; £7k Condition Surveys.</p> <p><u>Contra movement</u> £5k Public Protection Equipment Replacement; £10k NDR Leisure Savings.</p>
Total Specific GF Reserves	(8,012)	(6,062)	1,471	1,188	0	(11,415)	
General Reserve	(2,078)	0	0	0	0	(2,078)	
Total Reserves	(10,090)	(6,062)	1,471	1,188	0	(13,493)	

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)	(3,017)	-	(22,826)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	-	-	(200)	
Major Repairs Reserve	(3,586)	(3,816)	3,046	(4,356)	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 2020/21 capital programme spend
	(23,595)	(6,833)	3,046	(27,382)	

Section 4 – Capital

The Q3 Outturn presented at February 2021 Cabinet showed budgeted expenditure of £4,307m, 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 31st December 2020	4,307
Movements from previous forecast	
NSAP Homeless Accommodation – Grant Funded	289
NSAP Homeless Accommodation – Matched Funding	400
NSAP Homeless Accommodation – Capital Acquisition re Growth and Commercialisation – Budget Virement	(400)
Office 365 Additional Spend – Budget Virement	20
ICT Infrastructure – Budget Virement	(20)
Crease Drove – Reprofiled from 2022/23	9
Garden Waste – Reprofile Budget from 2021/22	28
Housing Infrastructure Funding (SWRR)	3,863
Welland Homes – Reprofile Budget from 2021/22	725
TOTAL	4,914
2020/21 Revised Capital Programme as at 31st March 2021	9,221

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

Scheme	Notes	2020/21 Revised Budget £000's	Actual Outturn £000's	(Under) / Over Spend £000's
<u>ICT</u>				
ICT Infrastructure		101	-	(101)
Shared Public Protection Software		21	9	(12)
Office 365 Additional Spend		22	22	-
PSPS Transformation Investment 60% GF		144	46	(98)
AIM Upgrade		20	-	(20)
<u>Total ICT</u>	1	308	77	(231)
<u>Assets and Property</u>				
Priory Road - Central Heating		68	51	(17)
Priory Road Ventilation Project		83	79	(4)
Priory Road - Fire Doors and Access		17	-	(17)
South Holland Centre		16	-	(16)
South Holland Centre Emergency Lighting		43	-	(43)
Castle Sports Boiler - Wetside		50	9	(41)
Industrial Units - Roof replacement		7	-	(7)
<u>Total Assets & Property</u>	2	284	139	(145)
<u>Commercialisation</u>				

Appendix A – Outturn Detail as at Quarter 4 2020/21

Scheme	Notes	2020/21 Revised Budget £000's	Actual Outturn £000's	(Under) / Over Spend £000's
Capital Acquisition (Growth & Commercialisation)		600	-	(600)
Electric Vehicle Charging		21	-	(21)
NSAP Homeless Accommodation		689	315	(374)
Total Commercialisation	3	1,310	315	(995)
Economic Development				
Crease Drove Industrial Units		9	9	-
Grants for Growth		581	580	(1)
Food Enterprise Zone		1,100	1,098	(2)
Housing Infrastructure Fund (SWRR)		3,863	3,863	-
Total Economic Development		5,553	5,550	(3)
Environmental Services				
Garden Waste		38	38	-
Grounds Maintenance		36	31	(5)
Environmental Services Operational		225	142	(83)
Fleet Maintenance Vehicles		7	-	(7)
Gladiator Pavement Cleaning Machine		40	40	-
Total Environmental Services	4	346	251	(95)
Housing				
Disabled Facilities Grants - Private Sector Housing		585	541	(44)
Decent Homes Unfit And Disrepair - Housing		75	-	(75)
Welland Homes		760	760	-
Total Housing	5	1,420	1,301	(119)
Total		9,221	7,633	1,588
Financing of Approved Schemes				
Internal Borrowing		(1,585)	(901)	684
Capital Receipts		-	-	-
Grants & Contributions		(5,423)	(5,261)	162
Direct Revenue Financing		(2,213)	(1,471)	742
Total Financing of Approved Schemes		(9,221)	(7,633)	1,588

Notes to Table 6:

- ICT (£231k)** - Delays to ICT Infrastructure and PSPS Transformation, resources and focus were diverted to business continuity during lockdown. Balance to be carried forward to 2021/22.
- Assets & Property (£145k)** – Works postponed on Priory Road and South Holland Centre, whilst premises predominantly vacant. Both to be reviewed and carried forward into 2021/22.

Appendix A – Outturn Detail as at Quarter 4 2020/21

3. **Commercialisation (£995k)** – £600k capital acquisition budget rolled forward to 2020/21. Two of the three Next Steps Accommodation Program properties purchased in the year. The third one was purchased early 2021/22, and all of the conversion work of these properties will also fall into 2021/22.
4. **Environmental Services (£95k)** – Funding to be rolled forward for vehicles due in 2021/22 (£95k).
5. **Housing (£119k)** – Small Underspend on Disabled Facilities grants (£44k) and no demand for Unfit or Disrepair Homes (£75k). £725k budget re-profile for Welland Homes Loan is due to units at Tony Worth Close Holbeach being completed on 30th March, but budgeted for 2021/22

As a result of the 2020/21 project activity to the 31 March 2021, it is proposed that the Capital Programme for 2021/22 is updated as follows in Table 7 and is recommended for approval by Full Council.

Table 7 – General Fund Capital Programme Revised 2021/22

Project	Original Budget 2021/22 £'000	Budget c/f 2020/21 £'000	Revised Budget 2021/22 £'000
ICT Infrastructure	84	101	185
Shared Public Protection Software	34	12	46
PSPS Transformation Investment 60% GF	15	98	113
AIM Upgrade	-	20	20
Priory Road – Atrium Heating	30	-	30
Priory Road - Air Conditioning / Cent Heating	-	17	17
Priory Road – Ventilation Project	-	4	4
Priory Road – Hardwood Sash Windows	87	-	87
Priory Road – Fire Doors & Access	-	17	17
South Holland Centre	12	16	28
South Holland Centre Emerg. Lighting	-	43	43
Castle sports Boiler - Dryside	50	-	50
Castle Sports Boiler - Wetside	50	41	91
Ayscoughfee Hall Lighting	53	-	53
Ayscoughfee Hall – Cat 1 and 2 Elec. Works	75	-	75
Ayscoughfee Hall – Emergency Lighting	18	-	18
Temp. Accom. Replace Major Components	29	-	29
Industrial Units Roof Replacement	93	7	100
Industrial Units Development of Compound	50	-	50
Capital Acquisitions re Growth & Commercialisation	500	600	1,100
NSAP Homelessness Properties	-	374	374
Electric Vehicle Charging	-	21	21
Food Enterprise Zone	-	2	2
Grants for Growth	565	-	565
HIF Funding	1,000	-	1,000
Garden Waste Equipment	29	(28)	1
Garden Waste Vehicles	184	-	184
Grounds Maintenance	37	5	42
Environmental Services Operational	1,091	83	1,174

Appendix A – Outturn Detail as at Quarter 4 2020/21

Project	Original Budget 2021/22 £'000	Budget c/f 2020/21 £'000	Revised Budget 2021/22 £'000
Fleet Maintenance Vehicles	62	7	69
Street Cleaning Vehicle	35	-	35
Disabled Facilities Grants – Private sector	681	44	725
Decent Homes Unfit and Disrepair	75	-	75
Welland Homes	1,912	(725)	1,187
Total Approved Schemes	6,851	759	7,610
Financed By:			
Capital Receipts	-	-	-
Capital Grants and Contributions	(1,338)	(166)	(1,601)
Internal Borrowing	(4,687)	42	(4,645)
Revenue Resources	(826)	(635)	(1,364)
	(6,851)	(759)	(7,610)

HRA Progress against 2020/21 approved capital programme

The Q3 Outturn presented at February Cabinet showed budgeted expenditure of £6,371m. There have been changes to items in the program.

As a result of the 2020/21 project activity to the 31 March 2021, it is proposed that the Capital Programme for 2021/22 is updated as follows in Table 9 and is recommended for approval by Full Council.

Table 8 – HRA Capital Programme movements

	Movement £'000
2020/21 Capital Programme Budget as at 31st December 2020	6,371
Movements from previous forecast	
Grounds Maintenance Equipment – Reprofile Budget 2021/22	6
Electrical Upgrade – Budget Virement	23
Flat Entrance Doors – Budget Virement	7
Paths and Driveways – Budget Virement	26
Roofs & Gutters – Budget Virement	(56)
TOTAL	6
2020/21 Revised Capital Programme as at 31st March 2021	6,377

Table 9 – HRA Progress against 2020/21 approved capital programme

Scheme	Notes	Revised Budget £000's	Forecast Outturn £000's	(under) / Over Spend £000's
Decent Homes				
Central Heating		870	864	(6)
Kitchen / Bathroom		1,000	975	(25)

Appendix A – Outturn Detail as at Quarter 4 2020/21

Scheme	Notes	Revised Budget	Forecast Outturn	(under) / Over Spend
		£000's	£000's	£000's
Electrical Upgrade		98	98	-
Smoke Alarms		75	-	(75)
Roofs and Gutters		444	309	(135)
Flat Entrance Doors Sheltered Schemes		7	7	-
Chimneys		150	9	(141)
Paths and Drives		56	56	-
Boundary Walls		95	-	(95)
Fees		210	210	-
Total Decent Homes	1	3,005	2,528	(477)
Major Area schemes				
Sewage Treatment Refurbishment		225	-	(225)
The Square		200	-	(200)
Car Parks		50	-	(50)
Total Major Area schemes	2	475	-	(475)
IT / System				
ICT Strategy		123	-	(123)
Housing IT Systems		87	59	(28)
ICT Infrastructure		6	-	(6)
Total IT / System	3	216	59	(157)
Aids & Adaptations				
Major Adaptations		486	441	(45)
Total Aids & Adaptations	4	486	441	(45)
Grounds Maintenance				
Grounds Maintenance Equipment		19	19	-
Total Grounds Maintenance		19	19	-
Affordable Housing				
Weston Redevelopment Scheme		1,526	1,258	(268)
Purchase of units		15	-	(15)
Purchase of Open Market Properties		10	-	(10)
Wignals Gate S106 Acquisitions		610	607	(3)
Schemes Subject to Detailed Approval		15	-	(15)
Total Affordable Housing	5	2,176	1,865	(311)
Total		6,377	4,912	(1,465)
Financing of Approved Schemes				
1-4-1 Receipts		(33)	(32)	1
Capital Receipts		(1,210)	(1,210)	-
Shared Ownership Sales Proceeds		(587)	(434)	153

Appendix A – Outturn Detail as at Quarter 4 2020/21

Scheme	Notes	Revised Budget	Forecast Outturn	(under) / Over Spend
		£000's	£000's	£000's
Grants & Contributions		(190)	(190)	-
Major Repairs Reserve		(4,357)	(3,046)	1,311
Direct Revenue Financing		-	-	-
Total Financing of Approved Schemes		(6,377)	(4,912)	1,465

Notes to Table 9:

1. Decent Homes All Elements (£477k)

Work was paused during period of Covid lockdown and emergency works undertaken only during those periods.

2. Major Area Schemes (£475k) – Similar to Decent Homes above, the covid lockdowns had a severe impact and no work was completed on these projects, as resource was diverted to more critical items

3. IT Systems (£157k) - Delays to ICT Infrastructure and PSPS Transformation, resources and focus were diverted to business continuity during lockdown. The Northgate Housing project is on track, but stage payments are later than expected. Balance to be carried forward to 2021/22.

4. Aids and Adaptations (£45k) – Resources refocussed on emergency works during periods of lockdown.

5. Affordable Housing (£311k).

a. **Weston Redevelopment Scheme (£268k)** – This project has been completed, with only retentions and minor contingency items due in 2021/22. Balance to be carried forward to 2021/22.

b. **Purchase of Units (£15k)** – This is specific to purchase of units which were completed in 2019/20, with only Clerk of Work fees to pay. This will be carried forward into schemes subject to approval.

c. **Purchase of Open Market Properties (£10k)** - This to the purchase of open market properties completed in 2019/20, with only Clerk of Works fees to pay. This will be carried forward into schemes subject to approval.

d. **Wignals Gate S106 Acquisition** – The first tranche was completed during the year, with further tranches expected in 2021/22 and 2022/23.

As a result of the 2020/21 project activity to the 31 March 2021, it is proposed that the Capital Programme for 2021/22 is updated as follows in Table 10 and is recommended for approval by Full Council.

Table 9 - HRA Capital Programme Revised 2021/22

Project	Original Budget 2021/22 £'000	Budget c/f 2020/21 £'000	Revised Budget 2021/22 £'000
Central Heating Upgrade	936	6	942
Kitchen and Bathroom Replacement	1,466	25	1,491
Decent Homes components	-	-	-

Appendix A – Outturn Detail as at Quarter 4 2020/21

Project	Original Budget 2021/22 £'000	Budget c/f 2020/21 £'000	Revised Budget 2021/22 £'000
Gutters	-	-	-
Smoke Alarms	133	75	208
Roofs & Gutters	825	135	960
Doors & Windows	7	-	7
Flat Entrance Doors - Sheltered Schemes	530	-	530
Chimneys	391	141	532
Paths & Drives	43	-	43
Boundary Walls	174	95	269
Fees	233	-	233
Decent Homes	4,738	477	5,215
Sewerage Treatment Plant	208	225	433
The Square	811	200	1,011
Car Parks	67	50	117
Major Area Schemes	1,086	475	1,561
ICT Strategy	25	123	148
Housing IT Systems Upgrade	152	28	180
CPBS Transformation Investment 40% HRA	-	6	6
ICT Infrastructure	-	-	-
IT/System	177	157	334
Major Adaptions	398	-	398
Aids & Adaptions	398	-	398
Sheltered Alarm Upgrade	690	-	690
Sheltered Alarm Upgrade	690	-	690
HRT Vehicle Replacement	50	-	50
HRT Vehicle Replacement	50	-	50
Grounds Maintenance	13	(6)	7
South Holland Maintenance	65	-	65
Environmental Services	78	(6)	72
Weston Redevelopment – Small Drove	87	268	355
Wignals Gate S106	552	3	555
Schemes Subject to Detailed Approval	4,067	40	4,107
Affordable Housing	4,706	311	5,017
Total Approved Schemes	11,923	1,414	13,337
Financed By:			
1-4-1 Receipts	(1,091)		(1,091)
Capital Receipts	(744)	-	(744)
Shared Ownership Sale Proceeds	(891)	-	(891)
Grants and Contributions	-	-	-
Direct Revenue Funding	(3,403)	-	(3,403)
Major Repairs Reserve	(5,794)	(1,414)	(7,208)

Appendix A – Outturn Detail as at Quarter 4 2020/21

Project	Original Budget 2021/22 £'000	Budget c/f 2020/21 £'000	Revised Budget 2021/22 £'000
Total Financing of Approved Schemes	(11,923)	(1,414)	(13,337)

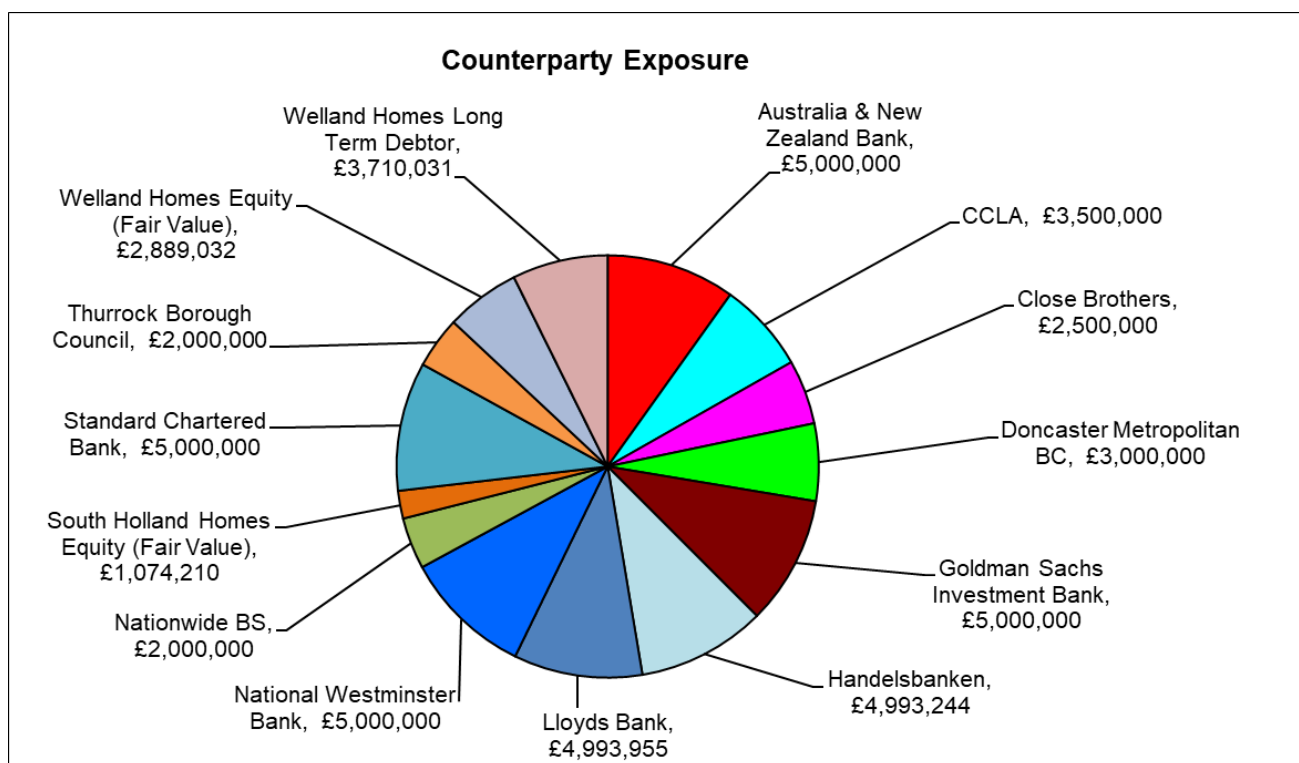
Section 5 – Treasury

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 Group 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

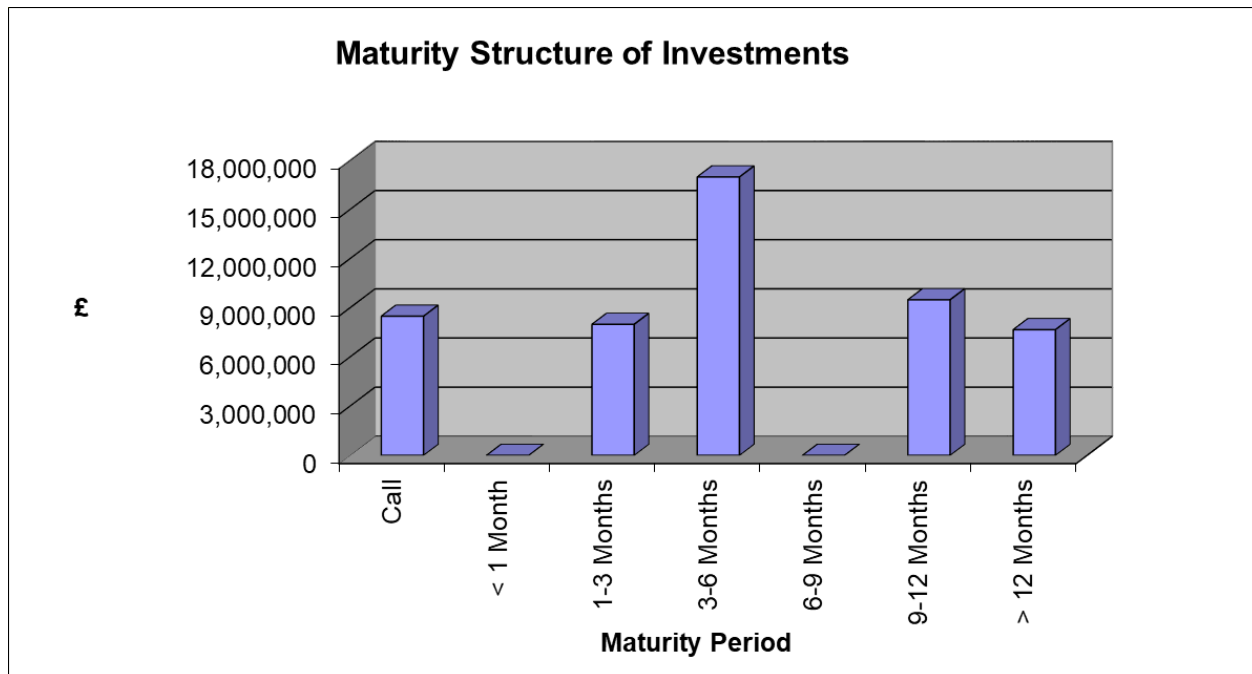
The Council’s average level of treasury deposits to 31st March 2021 was £50.66m and non-treasury deposits was £4.88m based on cost.

As at 31st March 2021 investments held were £50.7m of which £8.5m was instant access cash available to meet cash flow requirements. Other investments based on fair value were made up of:

Appendix A – Outturn Detail as at Quarter 4 2020/21

£29.5m - Short Term Investments up to 12 Months
 £5.0m – 95 Day Notice Account
 £2.9m - Welland Homes Equity
 £1.1m – South Holland Homes Equity
 £3.7m - 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 31/03/21	£325k (£246k GF and £79k HRA).
Target yield (Average 3 month LIBID)	0.015%
Actual Yield achieved for 2020/21	0.603%
Actual Yield achieved for 2019/20	1.122%

The COVID19 pandemic has seen interest rates in the market fall during the financial year due to financial institutions having access to cheap funds from the Bank of England. Also rates have been lower in the markets due to local authorities receiving large amounts of COVID grant funding which has supported their cash flow positions and resulted in a lower borrowing requirement.

Below is an indication of the levels achievable on new investments with financial institutions:

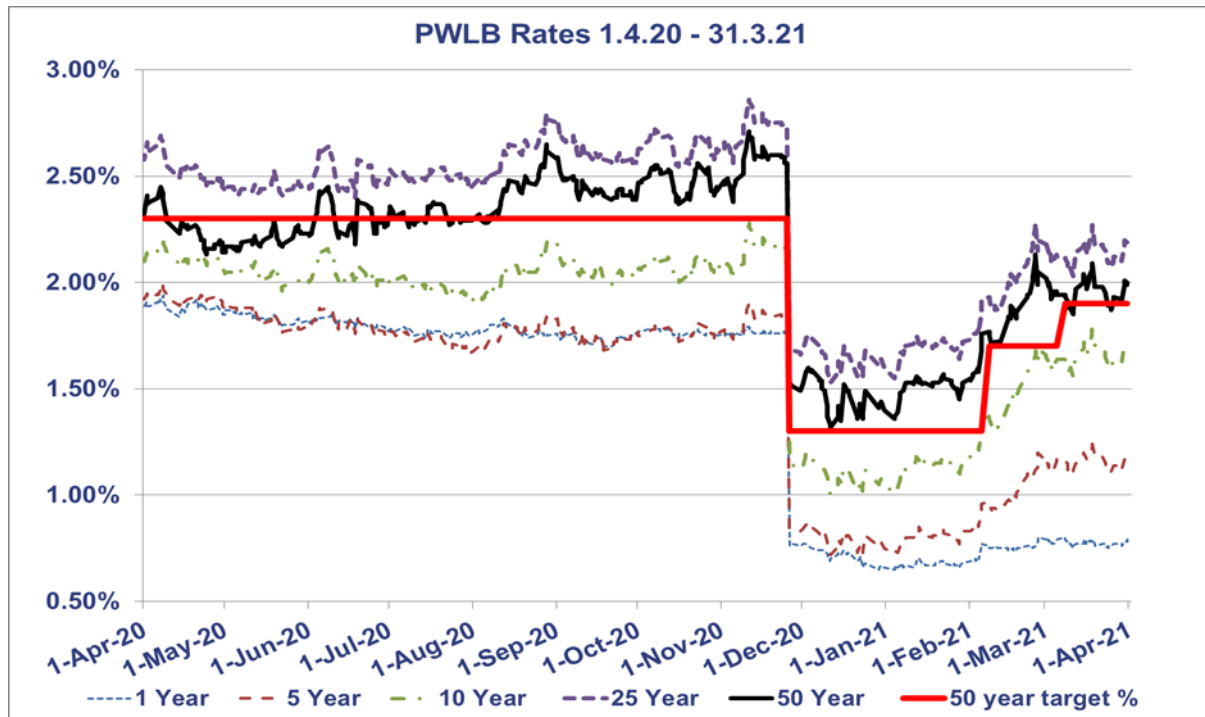
1 Month	0.05%
3 Month	0.09%
6 Month	0.12%
1 Year	0.15%

Appendix A – Outturn Detail as at Quarter 4 2020/21

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 during the financial year.



PWLB borrowing rates were reduced by 1% on 26 November 2020 following the consultation on PWLB borrowing.