



2019/20

**Fourth Quarter
(Provisional
Outturn)
Financial Review**

1. Background and Introduction

- 1.1. In accordance with the Council's Financial Procedure Rules and recommended good practice, a quarterly financial report is presented to members. This is the fourth (and final) such report for 2019/20.
- 1.2. The report summarises overall financial performance for 2019/20 with particular emphasis on the key sources of financial risk to the Council. Specific considerations are as follows:
 - **General Fund Revenue Account (Section 2)** – considers budgetary performance on the General Account by looking at variations in income and expenditure and the funding received by the Council.
 - **Alliance Environmental Services (Section 3)** – highlights the performance of the Council's Joint Venture Company providing Waste and Fleet services.
 - **Efficiency and Rationalisation Programme (Section 4)** – considers progress in achieving the efficiency and rationalisation savings forecast.
 - **Housing Revenue Account (Section 5)** – highlights the budgetary position in respect of the operation of the Council's housing stock.
 - **General Fund Capital Programme (Section 6)** – provides an update to Members on progress against the Council's General Fund capital plans.
 - **HRA Capital Programme (Section 7)** – provides an update to Members on progress against the Council's HRA capital plans.
 - **Treasury Management (Section 8)** – sets out the key statistics in terms of investments and borrowings.
 - **Revenue Collection (Section 9)** – considers progress-to-date in collecting the Council Tax, Business Rates and Sundry Debts.

2. General Fund Revenue Account

2.1. This section of the report considers the financial performance of the General Fund Revenue Account against budget by looking at variations in income and expenditure and funding received by the Council.

Service (with staff*)	2019/20 Budget	Provisional Outturn 2019/20	Variance	Contribution to / (Use of) Earmarked Reserves	Net Variance
	£	£	£	£	£
Alliance Leadership Team	412,770	411,188	(1,582)	-	(1,582)
Audit	96,320	90,778	(5,542)	-	(5,542)
ICT	581,980	485,830	(96,150)	-	(96,150)
Human Resources	72,480	49,210	(23,270)	-	(23,270)
Member Services	195,220	159,299	(35,921)	-	(35,921)
Property Services	256,560	505,550	248,990	(51,240)	197,750
Benefits	128,280	231,306	103,026	-	103,026
Planning Applications	68,590	5,924	(62,666)	13,975	(48,691)
Building Control	38,270	13,658	(24,612)	-	(24,612)
Customer Services	492,830	443,126	(49,704)	-	(49,704)
Legal Services	195,010	214,349	19,339	-	19,339
Electoral Services	81,470	139,458	57,988	(93,012)	(35,024)
Licensing and Land Charges	(317,480)	(298,577)	18,903	-	18,903
Regeneration	275,480	320,269	44,789	26,924	71,713
Communities and Cultural	492,470	513,774	21,304	-	21,304
Housing Strategy**	67,930	(50,556)	(118,486)	10,268	(108,218)
Transformation	207,420	199,345	(8,075)	-	(8,075)
Community Safety and Enforcement	118,080	90,655	(27,425)	(1,000)	(28,425)
Finance Income & Procurement	299,640	313,202	13,562	-	13,562
Corporate Finance*	1,413,940	773,365	(640,575)	174,968	(465,607)
Waste Collection	2,503,460	2,557,906	54,446	(1,999)	52,447
Street Scene	291,350	330,425	39,075	(12,000)	27,075
Leisure Services	206,200	286,279	80,079	32,880	112,959
Horticulture	89,340	44,145	(45,195)	(840)	(46,035)
Environmental Health	416,070	401,727	(14,343)	-	(14,343)
Net Total of Services	8,683,680	8,231,635	(452,045)	98,925	(353,120)
Net Interest	1,569,370	1,457,291	(112,079)		(112,079)
	10,253,050	9,688,926	(564,124)	98,925	(465,199)
Funding:					
- external	(10,248,040)	(10,084,832)	163,208	-	163,208
- reserves contribution to/(from)					
general contingency	1,540	1,540	-		
earmarked	(6,550)	98,925	105,475	(98,925)	6,550
Projected (Surplus)/Deficit	-	(295,441)	(295,441)	-	(295,441)

* In previous quarters Staff costs were budgeted and recorded in Finance & Procurement. They were considered a corporate resource to be the main source of savings realised by the Authority's Efficiency and Rationalisation Programme, However to show the true use of resources by individual services it is necessary to include the actual staff costs incurred. Therefore the Quarter Four provisional outturn position includes the actual staff costs (and matching budgets) at the service level.

** The Council's Housing management costs are charged to the Housing Revenue Account

2.2. A revenue budget of £10,253,050 was set for 2019/20. The table above shows how this budget has been allocated to services.

2.3. The projected outturn on the General Fund Revenue Account for 2019/20 is £9,957,609. This represents a projected surplus for the year of £295,441.

2.4. There are five service areas with a projected significant overspend (>£50,000):

- **Property Services (£197,750 overspend);** the cost of operating the Council's buildings came in £194,000 over budget. This included £50,000 in additional payments to DCC regarding dilapidations; £50,000 arising out of Leisure centre works and repairs to Buxton Opera House roof and boiler; £65,000 in additional Public Convenience maintenance costs; and £25,000 in additional utility costs. Part of this overspend is offset by the use of £51,240 of earmarked reserves set aside to support remedial works on a number of the Council's leisure sites (see section 2.7 below). Car parking income ended the year with a £56,000 shortfall against budget mainly arising out of reduced activity in Buxton town centre car parks.
- **Leisure Services (£112,959 overspend);** much of this overspend (£107,000) relates to support given to the Pavilion Gardens and Leisure Centre management contractors in response to the Covid-19 outbreak and loss of profit claims. £28,720 of refunded contributions from Active Derbyshire could not be utilised in year and has consequently been placed into a reserve earmarked for future leisure provision. Other underspends on programmed leisure activities make up the balance on the net overspend.
- **Regeneration Services (£71,713);** this relates to the fall in income following the disruption to Glossop markets
- **Housing Benefits (£103,026 overspend);** this is a technical overspend relating to the uplift in the bad debts provision at year end reflecting anticipated future impact of Covid-19 on the Benefits Service.
- **Waste Collection (£52,447 overspend);** this relates to various over and under spends including the impact of Covid-19 on AES, a shortfall in recycling credits and additional Trade Waste income.

2.5. There are three services with a projected significant underspend:

- **ICT (£96,150 underspend);** this is made up of savings of £35,000 on applications and support contract costs; savings of £35,000 on delayed projects; and a technical saving of £25,000 relating to the over -accrual of Microsoft licence costs in 2018/19 giving rise to a one-of underspend in 2019/20.
- **Housing Strategy (£108,218 underspend);** operational savings (£53,000) in the newly revamped Carelink service have arisen out of better than anticipated income levels and lower than expected running costs. In year receipt of unbudgeted DCC Second Homes funding have led to an underspend (£65,000) in the Housing Needs service.

- **Corporate Finance (£465,607 underspend)**

- £6,000 of the Corporate Finance underspend is subject to a carry forward request (section 2.13) relating to risk management work around the safeguarding of the Buxton Spring Water source. This work, which was signed off by the Risk Management Group, was due to be carried out in 2018 funded by a corporate risk management budget. The work will now be completed in 2020.
- Overachievement against the savings budgeted in the Efficiency Plan have generated an in year underspend of £206,000.
- An underspend of £254,000 (net of agency and other costs) was recorded against the employee budget due to vacancy savings.
- Savings against the corporate inflation budget amounted to £90,000 at the year-end
- An overspend of £20,000 resulted from the Toddbrook Dam emergency; equating to the Council's expenditure threshold under the Bellwin Scheme
- A shortfall on income relating to the Buxton Spring Water concession resulted in a £86,000 'overspend', largely arising out of the impact of the single use plastics issue.

2.6. The £112,079 underspend on net interest costs is detailed in section 8.

2.7. The level of funding anticipated for the year is £169,758 below that budgeted due to the following:

External Funding (£163,208):

Business Rates Retention (£163,208):

- *Additional retention* of £188,100: After the 100% pilot ended, the 2019/20 budget included a conservative estimate of levy payment savings anticipated from the Council's membership of the Derbyshire business rates pool based on the previous pool arrangements – this is estimated to be exceeded.

Note: the levy payment savings are dependent on the performance of all members of the Derbyshire Business Rates Pool. Due to the pressures following the Covid-19 outbreak, not all members have been able to complete their business rates income draft outturns; the reporting deadline to MHCLG has been extended to 31st July 2020. Therefore the levy payment savings in the Council's draft outturn are based on the latest estimate available and is subject to change. An updated draft outturn position on the levy payment savings and its effect on the Council's funding is anticipated in August 2020 and any material difference arising from this will be considered.

- *Offset by reduced retention* of £351,308: Section 31 grants due to the authority are lower than at budget setting, this relates particularly to Retail discount which was estimated on the basis of government criteria for the relief at budget setting, but awards are lower in practice due to State Aid implications. The shortfall on the general fund from the reduced grant will be offset over time by a larger surplus on the collection fund from the reduced relief awarded, which will be distributed in future years.

Use of Reserves (£105,475 contribution)

- The original budget for 2019/20 assumed a contribution of £1,540 in to general fund contingency and a £6,550 use of earmarked reserves (Net use of £5,010 in the year).
- The £105,475 variance in reserve usage reported in table 2.1 reflects that instead of using the £6,550 in earmarked reserves the Borough was actually able to contribute £98,925 in to them.

Earmarked:-

- Electoral Services £93,012 net use: this is the drawdown to help cover the costs of the Borough election held in May. It is the mechanism that spreads the cost of the Borough's elections over the term of a Council.
- Corporate Finance £174,968 contribution: this is the payment into reserves of Government grants in respect of costs associated with exiting the European Union (£29,968); and Toddbrook Dam recovery funding (£145,000); both to be carried forward for use in 2020/21
- Property Services £51,240 use: this represents the use of funds set aside to support remedial works on a number of the Council's leisure sites.
- Communities & Culture £1,000 use; this represents use of funds from Derbyshire County Council locality grant
- Planning £13,975 contribution; £15,000 in New Burdens funding was received in respect of servicing the demand for custom housebuilding. This is to be placed into an earmarked reserve for use in future years. £1,025 of S106 funds were drawn down during the year to fund activity.
- Regeneration £26,924 contribution: this represents the balance on the Future High Streets funding received, but not spent during the year. This is to be placed in an earmarked reserve for use in future years.
- Waste Collection £1,999 use: this represents the drawdown of the balance on the Doorstepping reserve which was used to offset service costs during the year.
- Streetscene £12,000 use: This is the application of the Street Scene reserve to fund in-year activities
- Housing Strategy £10,268 contribution: this is the payment into reserve of Flexible Homeless Support grant received, but not spent during the year.
- Leisure Services £32,280 contribution: this represents the payment into reserves the monies refunded by Active Derbyshire in year (£28,720); and the unspent balance on Leisure Development funding received in the year. These amounts to be used to fund activities in future years.

- Horticulture £840 use; Works on Parks and Open Spaces are part funded each year by drawing down on Section 106 monies previously received from Developers as part of their planning obligations.

General Fund Revenue Reserves:-

- 2.8. The provisional outturn for the year on the General Fund Revenue Account was a £295,441 surplus.
- 2.9. The surplus generated is calculated inclusive of the £1,540 contribution to general reserves budgeted for 2019/20. Therefore, the Authority's contingency reserves have increased overall by £296,981.
- 2.10. The Authority's calculated minimum for its contingency reserve is £1,332,000 for 2020/21. A review of the Authority's reserves has been performed to identify areas where earmarking for future projects was considered prudent while maintaining a satisfactory level for contingency. As a result the following moves into earmarked reserves are proposed;
- £60,000 from the Contingency reserve has been added to an earmarked reserve set aside to fund capital expenditure and reduce the overall cost of borrowing. A further £40,000 has been moved to this reserve from the Insurance Reserve.
 - £200,000 from the Contingency Reserve has been used to create a new reserve to fund future costs of the Covid-19 recovery programme
 - £25,000 moved from the Insurance reserve to create a Future High Streets reserve to help fund consultancy support.
 - £20,000 moved from the Insurance reserve to create a new Future Leisure Provision reserve to fund options appraisal works.
 - £25,000 moved from the Insurance reserve to create a reserve to support with the delivery of Climate Change related projects.
- 2.11. In addition a balance of £800,000 has been moved from the Business Grant Incentive reserve to Contingency in line with the 2019/20 Medium Term Financial Plan.
- 2.12. The effect of these changes results in a balance on general fund reserves as at 31st March 2020 of £2.841million – which is £1.5million above minimum contingency. The current Medium Term Financial Plan expects to contribute a net £17,910 to general contingency reserves over the next four years 2020/21 – 2023/24. This is however dependent on the realisation of the Efficiency Plan and the impact of Covid-19.

Carry Forward Request:-

2.13. The following requests for carry forward of underspend have been received:

- Corporate Finance (£6,000): carry forward of unused budget in the General Fund Account, relating to completion of risk management work around the safeguarding of the Buxton Spring Water source. This work, which was signed off by the Risk Management Group, was due to be carried out in 2019 funded by a corporate risk management budget. The work will now be completed in 2020.
- Assets (£18,000): carry forward of balance on budget provided in 2019/20 MTFP in respect of works to Whaley Bridge War Memorial to be completed in 2020/21.

It is recommended that these requests be approved.

3. Alliance Environmental Services

- 3.1. Alliance Environmental Services Ltd (AES) is a company created with a vision to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. The company has three shareholders: High Peak Borough Council, Staffordshire Moorlands District Council and Ansa, which is a wholly owned subsidiary of Cheshire East Council. This section of the report considers the financial performance of the company and contribution to the Council's Efficiency and Rationalisation Programme in 2019/20.
- 3.2. Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. This followed the end of the previous contract with Veolia Environmental Services. Phase 2 began on 1st July 2018 to deliver waste services to Staffordshire Moorlands District Council and fleet management services to the Alliance as a whole.

Alliance Environmental Service Ltd Financial performance

- 3.3. The AES business plan for all services delivered to both Councils included an anticipated operating profit of £125,271. The draft outturn provided at 31st March 2020 shows that a profit of £31,537 was achieved during the year; showing a shortfall of £93,734 against the budget. The outturn includes both the crystallised risk items payable by the Councils (£509,752); the reimbursement of the financing element of Vehicles following procurement of Council owned vehicles (£53,077); and additional costs incurred as a result of the Covid-19 outbreak (£31,594).

2019-20	Budget	Draft outturn	Variance
	£	£	£
Turnover	(7,676,264)	(8,019,644)	(343,380)
Cost of sales	6,873,072	7,098,047	224,975
Gross profit	(803,192)	(921,597)	(118,405)
Administrative & Other Expenses	677,921	890,060	212,139
(Profit)/ Loss	(125,271)	(31,537)	93,734

Impact on the Council's budgets

- 3.4. This table shows in more detail the outturn on the AES contract included in the General Fund Revenue Account and HRA:

2019-20	General Fund	HRA	Total
	£	£	£
AES Contract budget	2,828,140	106,510	2,934,650
Former vehicle contract hire budget	22,130	-	22,130
Available budget	2,850,270	106,510	2,956,780
Management fee (incl. vehicle premium)	2,880,409	108,768	2,989,177
In-year risk items	140,638	19,638	160,276
Refund of Vehicle Financing	(53,077)	-	(53,077)
HSE notice of change	23,712	-	23,712
Covid-19 costs	12,626	-	12,626
Total management fee payable	3,004,308	128,406	3,132,714
Allocation of Joint Operation Profit	(1,114)	(42)	(1,156)
Net total	3,003,194	128,364	3,131,558
Net Variance to budget	152,924	21,854	174,778
Other waste savings	(108,944)	-	(108,944)
Total variance to budget	43,980	21,854	65,834

- 3.5. In addition to the service budgets for the management fee (contract budget), it has been recognised that savings on former contract hire vehicle budgets have been achieved as a direct result of the change in vehicle provision upon cessation of the SFS contract (the Council's former provider of contract hire vehicles). Therefore, savings of £22,130 have been utilised to support the forecast waste vehicle and other fleet 'risk items'.

- 3.6. The AES Business Plan also includes forecast expenditure recognised initially as 'risk items' which may or may not crystallise into actual costs/ payments or may be absorbed into the existing management fee paid on account. The draft outturn shows that £160,276 (£140,638 general fund, £19,638 HRA) of these risk items have crystallised. £69,763 of these risk items relates to fleet costs including grounds maintenance equipment which falls under the 'Fleet' group. The remaining £90,514 relates to contract pressures due to the increasing costs of waste disposal and reducing income on recycle. The company continues to work towards to negotiation on prices in the future.
- 3.7. Following the procurement of new waste vehicles, a refund of £53,077 against the management fee has been received relating to the cessation of lease financing costs of hire vehicles.
- 3.8. A Health & Safety Executive (HSE) enforcement notice has required a change in the operational way in which AES collect bulky items. This was not anticipated at the time of budget setting, therefore has resulted in additional costs. The draft outturn includes costs of £23,712, made up of £6,569 for vehicle hire costs and £17,143 for agency costs. The company is establishing new ways of working in order to eradicate these additional costs from 2020/21 onwards.
- 3.9. Additional costs of £12,626 were incurred by the company as a result of the Covid-19 outbreak. These are included in the draft outturn and include provision of cleaning products, PPE and additional agency costs.
- 3.10. Under accounting standards, AES's financial performance is incorporated in to the Councils' single entity statements as a 'Joint Operation' as opposed to separate group accounts being reported. The profit is therefore apportioned between the two Councils and the respective services in line with the input of original budgeted resources from each department. After applying adjustments relating to late changes to the 2018/19 AES accounts following the audit, the Council's share of the draft outturn for 2019/20 is £1,156 (£1,114 general fund, £42 HRA) and is offset against the management fee costs.
- 3.11. The remaining overspend resulting from crystallised risk items is further offset by savings anticipated in the wider waste service of £108,944 not related to AES, which relate largely to improved trade waste income.

Efficiencies

- 3.12. The AES related efficiency targets are being reprofiled as part of the Council's medium term financial planning process owing to the later than anticipated start of Phase 3 of the company. The revised efficiency programme will be reported when it has been concluded.

Pensions

- 3.13. AES is continuing the process of confirming admitted body status in the Derbyshire Pension Fund (DPF). The employees transferred to AES have been 'pooled' with the remaining Council employees in the High Peak portion of the DPF. This effectively removes pension risk from the company, whilst at the same time offering greater budget certainty and putting the Council in the same risk position that it would have been if services were delivered in-house. With the completion of the final phase of staff transfers the Admission Agreement can be finalised.

4. Efficiency and Rationalisation Programme

- 4.1. This section of the report considers the financial performance of the Council's Efficiency and Rationalisation Programme in 2019/20.
- 4.2. The Council's Medium-Term Financial Plan (approved in February 2019) included a new four-year (2017/18 – 2020/21) Efficiency and Rationalisation Strategy targeting savings of £2.1 million.
- 4.3. The Strategy has five main areas of focus:
- Major Procurements – including waste collection and leisure
 - Asset Management Plan
 - Growth
 - Income Generation
 - Rationalisation
- 4.4. The 2019/20 budget provided for the achievement of £657,000 of new savings in year (being £430,000 from the original strategy plus £227,000 of reprofiled savings from 2021/22). In addition to this a further £132,000 of savings were brought forward as a result of anticipated shortfalls in 2018/19 (assumed as at the point the Budget was being proposed) – bringing the target to £789,000. However, £75,000 of these savings was actually achieved by the end of 2018/19, making the savings requirement for 2019/20 a total of £714,000. The major focus of the savings programme in 2019/20 being on growth, income generation and procurement.
- 4.5. At the end of Quarter Four, £867,000 has been taken against the overall efficiency programme, which includes sizeable savings arising out of the retendering of the Council's contract for insurance services; the AES joint arrangement; the changed Pavilion Gardens arrangements; and the procurement of a new leisure management contract. The saving from the last of these has been realised 12 months earlier than anticipated in the original Efficiency Programme (where it was expected to be realised in 2020/21). A further £144,000 of growth related savings were also delivered at budget-setting time, arising out of New Homes Bonus and Business Rates.

- 4.6. This represents a £206,000 savings surplus against the target originally set for the year. However, the current situation, regarding the on-going effect of the Covid-19 pandemic, places into doubt some of the savings taken out of the budget during the year; particularly those relating to the Leisure Services contract. A review of the Efficiency Programme will be incorporated into the planned revision of the 2020/21 Medium Term Financial Plan. This may well require the reversal of some savings already taken, at least in the short term, and require alternative savings to be identified to make up any shortfall
- 4.7. 2019/20 represented the end of year 3 of the current Efficiency Programme with £505,000 still to be achieved in the final year. Some of this amount has been already identified through the commissioning arrangements with Alliance Environmental Services (AES). However, it is important that the focus over the next year is shifted to some of the income-related savings, included in the early years of the Efficiency Programme, which have not been fully realised.
- 4.8. The Authority carries a longstanding reserve earmarked to support the Efficiency Strategy which can be drawn on to offset one-off costs of delivering the efficiency programme, such as redundancy costs. The reserve currently stands at £200,000. It has not been necessary to draw on this reserve in previous years so it remains intact to underwrite performance against future savings targets in the Efficiency Programme.

5. Housing Revenue Account (HRA)

- 5.1. This section of the report considers the financial performance of the Council's Housing Revenue Account and highlights the budgetary position in respect of the operation of the Council's housing stock.
- 5.2. The 2019/20 Housing Revenue Account original budget was originally set to produce a surplus of £261,660. Following various updates, approved by the Chief Finance Officer and then the Executive in August 2019, it was revised and set at a deficit position of £59,510.
- 5.3. Provisional outturn expenditure on the Housing Revenue Account for 2019/20 is £13,076,646 with provisional outturn income of £15,131,586. This represents a surplus for the year of £2,054,940 (i.e. £2,114,450 below budget).

Housing Revenue Account	2019-20 Revised Budget £	2019-20 Provisional Outturn £	Variance £
INCOME			
Dwellings Rents	(14,325,340)	(14,379,127)	(53,787)
Non - Dwelling Rents Etc	(622,090)	(752,459)	(130,369)
Sub-total income	(14,947,430)	(15,131,586)	(184,156)
EXPENDITURE			
Repairs & Maintenance	4,390,990	4,441,874	50,884
Supervision & Management	2,628,750	2,359,530	(269,220)
Rents, rates, taxes Etc	113,030	120,742	7,712
Other Operating Expenditure	736,450	785,932	49,482
Depreciation & Impairment	2,099,030	2,170,777	71,747
Interest & Debt Management	2,783,310	2,808,424	25,114
Contribution to Capital	2,255,380	389,367	(1,866,013)
Sub-total expenditure	15,006,940	13,076,646	(1,930,294)
Surplus(-)/Deficit	59,510	(2,054,940)	(2,114,450)

- 5.4. The Council has a duty, in accordance with Part VI (Section 74) of the Local Government and Housing Act 1989, to maintain a "Housing Revenue Account" (HRA). By "ring -fencing" the Housing Revenue Account, the Council ensures that the management and maintenance of the Council's housing stock is funded from the income generated by rents and other related sources. The Council is required under Part VI (Section 76) to prevent a debit balance each year on the HRA by setting the appropriate budget and monitoring progress against that budget throughout the financial year. The Council comfortably maintained a credit balance on the Housing Revenue Account in 2019/20. The surplus balance will be transferred to reserves within the Housing Revenue Account.
- 5.5. There is one significant (>£50,000) overspend on the HRA:
- Repairs and Maintenance (£50,884) – this overspend is the net result of numerous budget variances across a wide range of areas. Most significantly are the increased costs associated with materials and component repairs including doors and windows.
- 5.6. There are three significant (>£50,000) underspends to be noted at this stage.
- Income (£184,156) – improvements to void turnarounds and increased income from service charges have been responsible for this positive variance.
 - Supervision and Management (£269,220) – there are numerous underspends across a large number of budget areas contributing to this underspend however, a large proportion of this variance relates to savings in salary and corporate costs.
 - Contribution to Capital (£1,866,013) – The HRA capital programme was revised during the MTFP process in February 2020, lowering the expected contribution by £1,713,600 to just £541,780 and represents the largest proportion of this variance. The remainder relates to delays in commencement and completion of a number of Capital Schemes and is reflective of the changes to the Capital Programme detailed in Section 8.

6. General Fund Capital Programme

- 6.1. The General Fund Capital Programme approved by members in February 2020 was set at £5,328,520
- 6.2. The 2019/20 provisional outturn at 31st March 2020 is summarised in the table below, with further detail provided at Annex A

Service	2019/20 Approved Budget	Outturn 2019/20	Variance
	£	£	£
Housing	27,000	-	(27,000)
Housing Standards	495,660	285,080	(210,580)
Property Services	1,656,500	1,637,921	(18,579)
ICT	135,000	86,187	(48,813)
Fleet Management	2,467,010	2,225,748	(241,262)
Regeneration	352,140	364,458	12,318
Horticulture	195,210	105,218	(89,992)
Total	5,328,520	4,704,612	(623,908)
Planning Obligations	33,000	-	(33,000)
External Contributions	585,460	374,885	(210,575)
Capital Receipts	1,024,080	994,000	(30,080)
Capital Receipts(one for one)	27,000	-	(27,000)
Capital Reserves	500,000	500,000	-
Earmarked Reserves	14,450	-	(14,450)
Borrowing	3,144,530	2,835,728	(308,802)
Total	5,328,520	4,704,612	(623,908)

- 6.3. The Council incurred capital expenditure of £4,704,612 during the year against a revised budget of £5,328,520 - this represents underspend of £623,908. The underspend reflects the net impact of Capital Programme projects which are either behind schedule or have progressed quicker than expected with the most significant variances being:

- Housing Standards (£210,580 underspend) – main underspend resulted from less spending in the year than forecast against disabled facilities grants (DFGs), the actual value of grants processed was £211,830 below estimated at Quarter 3, although there was £274,748 of grant works carried out but not completed by the end of March,. At this stage the underspend will not be carried forward but ring-fenced and the 2020/21 budget reviewed to reflect the impact of Covid-19 on the delivery of the grants programme
- Fleet Management Vehicle & Plant Acquisitions (£241,262 underspend) - The underspend reflects the revised timing of acquisitions of further fleet vehicles which will now take place in 2020/21

- Property (£18,577 underspend) – various under and over spends on Asset Management Plan projects, including £46,000 overspend against final settlement agreed with the contractor who carried out the Pavilion Gardens Octagon refurbishment.
- ICT (£48,813 underspend) – delays to the implementation of Microsoft Office365 and Concerto Asset Management System has resulted in a carry forward into 2020/21 to cover final stage payments.
- Horticulture (£89,992 under spend) – Refurbishment of Whitfield Play Area was put on hold following the outbreak of COVID- 19 – the project budget of £90,000 will be carried forward to 2020/21 to reflect the revised works plan. Proposals are in place to commence on site in early July 2020 with an expected works programme of six weeks

6.4. Consequently, capital funding applied to the 2019/20 Capital Programme is lower than forecast, reflecting the incidence and timing of capital spend.

6.5. As a result of the variances detailed above, approval is sought to increase / decrease the Capital budgets for 2020/21 as shown in the table below:-

Capital Programme 'Carry Forwards' (2019/20 to 2020/21)			
Service	Variance	Carry Forward to 2019/20 Over/(Under) Spend	Over/ (Under) spend Completed Projects
	£	£	£
Housing	(27,000)	-	(27,000)
Housing Standards	(210,580)	-	(210,580)
Property	(18,579)	(18,577)	(2)
ICT	(48,813)	(48,156)	(657)
Fleet Management	(241,262)	(241,262)	-
Regeneration	12,318	12,318	-
Horticulture - Play Facilities	(89,992)	(90,000)	8
Total	(623,908)	(385,677)	(238,231)

7. Housing Revenue Account Capital Programme

7.1. This section of the report provides an update to Members on the Council's HRA capital spending.

7.2. The HRA Capital Programme approved by members in February 2020 was set at £2,701,810.

7.3. The table below shows a high level summary of the HRA Capital Programme provisional outturn at 31st March 2020. Further detail on a scheme by scheme basis is contained in Annex B.

Scheme	2019-20 Revised Budget	2019-20 Provisional Outturn	2019-20 Variance	Carry Forward 2020/21	2019-20 Over/ (Under) Spend
	£	£	£	£	£
Asset Management Works	2,351,910	2,231,282	(120,628)	120,000	(628)
Repairs Team Capital Works	249,900	217,603	(32,297)	0	(32,297)
Commissioning Fees	100,000	100,512	512	0	512
Vehicle Purchasing	0	0	0	0	0
Total	2,701,810	2,549,397	(152,413)	120,000	(32,413)
Funding:					
Major Repairs Reserve	2,099,030	2,099,030	0	0	0
Capital Receipts Applied	61,000	61,000	0	0	0
HRA Contribution	541,780	389,367	(152,413)	120,000	(32,413)
	2,701,810	2,549,397	(152,413)	120,000	(32,413)

7.4. The Council incurred capital expenditure of £2,549,397 during the year against a revised budget of £2,701,810; this represents an under spend of £152,413. Of this underspend, a request to carry forward £120,000 is made to continue the works affected by Covid 19 restrictions during March 2020 and include the following projects:

- Disabled Adaptations – wet room conversions – (£50,000).
- Component Replacements – kitchens; bathrooms; electrical works (£60,000)
- Lift Replacement Programme - survey works – (£10,000)

The remaining variances are small and reflect the net impact of the Capital Programme projects which are either behind schedule or have progressed quicker than expected.

7.5. The HRA Capital programme outturn is lower than anticipated and this is reflected in the reduced funding direct from the HRA and associated capital reserves.

8. Treasury Management

8.1. This section of the report sets out the key Treasury Management statistics in relation to the Council's investments and borrowings. This report comprises a high level Treasury Management summary. The Audit and Regulatory Committee receives detailed operational updates on Treasury Management.

Investments

8.2. Cash Investments held on the 31st March 2020 totalled £20.5million. The average level of funds available for investment during the year totalled £21.4million and £174,397 interest was earned.

- 8.3. The Council has budgeted to receive £225,260 in investment income in 2019/20. The budget was set with the potential for two Bank of England base rate rises to 1.00% then 1.25% during 2019/20. These did not take place and the base rate remained at 0.75% for majority of the year with cuts to 0.25% and 0.10% during March 2020, therefore there was a shortfall on interest income of £36,513.

Borrowing

- 8.4. Outstanding borrowing at 31st March 2020 totalled £66.8 million. The Council's general fund and HRA budgeted to incur £1,794,630 and £1,859,110 respectively in interest charges and other financing costs in 2019/20. This was based on existing external debt and new external debt to fund the borrowing requirements arising from the 2018/19 and 2019/20 general fund capital programmes.
- 8.5. None of this 'new' borrowing activity occurred during the year, therefore the budget is forecast to be £148,592 underspent overall: £123,480 to the general fund; and £25,112 to the HRA.

9. Revenue Collection

- 9.1. The collection rate outturn for Quarter 4 2018/19 was as follows:
- Council Tax – 98.41% of Council Tax was collected by 31st March 2020, compared to 98.43% for the same period last year.
 - Business Rates – 98.39% of Business Rates was collected by 31st March 2020, compared with 99.09% for the same period last year.
 - Sundry Debts - The value of sundry debts over 60 days old at the end of Quarter 4 was £162,981 which compares with £184,465 at 31st March 2019.

General Fund Capital Programme Update 31st March 2020

Capital Schemes	2019/20 Approved Budget	Out- Turn 2019/20	Variance	C/fwd to 2020/21	Over/ (Underspend) Completed Projects
	£	£	£	£	£
Housing & Housing Standards					
Affordable Housing Project	27,000	-	(27,000)	-	(27,000)
Disabled Facilities Grants	489,110	277,280	(211,830)	-	(211,830)
Landlord Accreditation Grants	6,550	7,800	1,250	-	1,250
	522,660	285,080	(237,580)	-	(237,580)
Property Services					
Asset Management Programme	1,656,500	1,637,921	(18,579)	(18,577)	(2)
	1,656,500	1,637,921	(18,579)	(18,577)	(2)
ICT	135,000	86,187	(48,813)	(48,156)	(657)
	135,000	86,187	(48,813)	(48,156)	(657)
Fleet Management/CCTV					
Vehicle Acquisition	2,467,010	2,225,748	(241,262)	(241,262)	-
	2,467,010	2,225,748	(241,262)	(241,262)	-
Regeneration					
Buxton Crescent & Spa	352,140	364,458	12,318	12,318	-
	352,140	364,458	12,318	12,318	-
Horticulture					
Play Facilities	195,210	105,218	(89,992)	(90,000)	8
	195,210	105,218	(89,992)	(90,000)	8
Total General Fund	5,328,520	4,704,612	(623,908)	(385,677)	(238,231)

Housing Revenue Account Capital Programme Update 31st March 2020

Scheme	Revised Budget 2019/20	19/20 Provisional Outturn	19/20 Variance	C/Fwd to 2020/21	Over / (Under) Spend
ASSET MANAGEMENT WORKS:	£	£	£	£	£
Roofing & External Works	75,000	114,220	39,220	-	39,220
Kitchens	554,170	489,848	(64,322)	20,000	(44,322)
Bathrooms	266,000	215,057	(50,943)	20,000	(30,943)
Central Heating	276,500	257,715	(18,785)	-	(18,785)
Electrical Works	424,000	387,337	(36,663)	20,000	(16,663)
Aids & Adaptations	391,740	440,392	48,652	50,000	98,652
Structural Works	164,500	163,082	(1,418)	-	(1,418)
Lift Replacements	10,000	-	(10,000)	10,000	-
Boiler Replacement	94,000	93,548	(452)	-	(452)
Works to Communal Areas	34,000	-	(34,000)	-	(34,000)
Window and Door Replacements	62,000	70,083	8,083	-	8083
	2,351,910	2,231,282	(120,628)	120,000	(628)
REPAIRS TEAM CAPITAL WORKS					
Void Rewires	41,000	45,163	4,163	-	4,163
Void Kitchens	115,500	94,183	(21,317)	-	(21,317)
Void Bathrooms	93,400	78,257	(15,143)	-	(15,143)
	249,900	217,603	(32,297)	0	(32,297)
STAFFING & PROFESSIONAL FEES					
Staffing Recharges/ Commissioning Costs	100,000	100,512	512	-	512
	100,000	100,512	512	0	512
VEHICLE PURCHASING					
Vehicle Purchases	-	-	-	-	-
	0	0	0	0	0
TOTAL SPEND	2,701,810	2,549,397	(152,413)	120,000	(32,413)