



2020/21

**Third Quarter
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 third such report for 2020/21.

1.2. The report summarises overall financial performance for 2020/21 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*)	2020/21 Budget	Expected Outturn 2020/21	Variance	Contribution to / (Use of) Earmarked Reserves	Net Variance
	£	£	£	£	£
Alliance Leadership Team	58,290	41,680	(16,610)	-	(16,610)
Audit	10,240	1,230	(9,010)	-	(9,010)
ICT	565,210	590,210	25,000	(25,000)	-
Human Resources	69,480	47,070	(22,410)	-	(22,410)
Member Services	195,220	148,970	(46,250)	-	(46,250)
Property Services	150,680	650,510	499,830	-	499,830
Benefits	(178,470)	(185,470)	(7,000)	(14,700)	(21,700)
Planning Applications	(410,680)	(312,110)	98,570	4,200	102,770
Building Control	56,140	5,740	(50,400)	-	(50,400)
Customer Services	144,390	89,930	(54,460)	-	(54,460)
Legal Services	30,510	28,510	(2,000)	-	(2,000)
Electoral Services	59,470	21,770	(37,700)	-	(37,700)
Licensing and Land Charges	(317,480)	(246,680)	70,800	-	70,800
Regeneration	249,480	343,910	94,430	(73,000)	21,430
Communities and Cultural	293,030	269,690	(23,340)	(17,430)	(40,770)
Housing Strategy**	67,930	(70)	(68,000)	57,000	(11,000)
Transformation	21,250	19,140	(2,110)	-	(2,110)
Community Safety and Enforcement	109,580	76,580	(33,000)	-	(33,000)
Finance Income & Procurement	(131,430)	80,720	212,150	-	212,150
Corporate Finance*	5,457,020	5,560,760	103,740	(200,000)	(96,260)
Waste Collection	1,937,780	1,959,380	21,600	-	21,600
Street Scene	382,770	409,000	26,230	(60)	26,170
Leisure Services	146,770	1,260,310	1,113,540	20,630	1,134,170
Horticulture	310,060	281,030	(29,030)	(780)	(29,810)
Environmental Health	(30,710)	6,510	37,220	-	37,220
Net Total of Services	9,248,530	11,148,320	1,901,790	-	1,652,650
Net Interest	1,677,940	1,634,380	(45,560)		(45,560)
	10,926,470	12,782,700	1,856,230	(249,140)	1,607,090
Funding:					
- external	(10,951,820)	(14,334,060)	(3,382,240)	3,360,640	(21,600)
- reserves contribution to/(from)					
general contingency	138,290	138,290	-	-	-
use of carry forward from 19/20	(24,000)	(24,000)	-	-	-
earmarked	(88,940)	(249,140)	(160,200)	249,140	88,940
- covid 19 support		(2,293,820)	(2,293,820)		(2,293,820)
Projected (Surplus)/Deficit	-	(3,980,030)	(3,980,030)	3,360,640	(619,390)

* Staff budgets are currently budgeted within Corporate Finance (except for the staff budget of the Carelink service within Housing Strategy which for operational reasons are included within the Service).

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

2.2. A revenue budget of £10,902,470 was set for 2020/21. In accordance with Financial Procedure Rules, the roll forward of £24,000 in unused budgets from 2019/20 has been authorised.

Corporate Finance (£6,000): relating to completion of risk management work around the safeguarding of the Buxton Spring Water source.

Assets (£18,000): in respect of works to Whaley Bridge War Memorial.

This brings the 2020/21 budget to £10,926,470.

2.3. The table above shows how this budget has been allocated to services.

2.4. The Q3 projected outturn on the General Fund Revenue Account for 2020/21 is £10,307,080. This represents a projected surplus for the year of £619,390.

2.5. There are three service areas with a projected significant underspend (>£50,000):

- **Building Control (£50,400 underspend);** service overbudgeted for the existing delivery model and level of activity.
- **Customer Services (£54,460 underspend);** Changes in working practices brought on by the pandemic have built on existing initiatives to reduce spend across a number of budget heads including post and print.
- **Corporate Finance (£96,260 underspend);** The underlying performance of this service would be a £103,740 overspend were it not for the use of a £200,000 earmarked reserve as set out in section 2.8. The service has been designated to record the proposed application of the Council's Covid 19 earmarked reserve as this is being applied towards meeting an authority wide shortfall between the costs of Covid 19 and any compensation payable by Central Government. The underlying overspend reflects the negative impact of Covid 19 on corporate activities offset by a windfall of Business Rates income. A £103,000 windfall arose through an over-accrual against the 19/20 Pool. Covid 19 has impacted negatively, by some £130,000, income earned from the bottled water franchise and by £70,000 the Council's ability to achieve its efficiency target.

2.6. There are five service areas with projected significant overspends (>£50,000).

- **Property (£499,830 overspend);** Covid-19 has impacted this service significantly in two areas. Car parking where a £442,000 reduction in net income is forecast and Public Conveniences with additional cleaning costs resulting in a £28,000 overspend. Additional costs of some £48,000 are being incurred to facilitate Glossop market activities while the building remedial work progresses. The protracted negotiation of a replacement contract for property maintenance is further adding to budgetary pressures while some savings are accruing from the reduced use of accommodation.
- **Planning (£102,770 overspend);** underspends across a number of budget heads are partially offsetting a predicted £117,000 shortfall in income from planning applications.

- **Licensing and Land Charges (£70,800 overspend);** Covid-19 has reduced demand for both land searches and activity licensing adding a further £55,000 to an underlying £20,000 shortfall in anticipated income based on historic demand.
- **Finance Income and Procurement (£212,150 overspend);** Covid-19 has significantly impacted the Recovery service with income generated from summons activity predicted to be some £170,000 below original expectations due to stalled recovery action. Further budget pressure in the region of £60,000 is predicted in Revenues from the level of spending on external services to support billing processes. This has been exacerbated to a degree by the heavy involvement of staff in administering the payment of Covid 19 business grants – which Government funding has contributed towards. Savings against a small number of other budgets have helped reduce the overall overspend.
- **Leisure (£1,134,170 overspend);** The pandemic has seen the closure and curtailment of leisure facilities and activities significantly impacting the council's leisure contractor. At present, subject to the council continuing to provide cost plus support to the contractor, the Council is anticipating overspends in the region of £779,000 for leisure centre provision and £379,000 in regard to Pavilion Gardens.

2.7. The £45,560 underspend on net interest costs is detailed in section 8.

2.8. The level of funding anticipated for the year is currently forecast £2,476,620 above that budgeted due to the following:

Business Rates (£3,382,240):

- The Council expects to receive £3,437,820 in additional S31 grants in the year following the announcement and award of Extended Retail Relief of 100% (33% was forecast in the budget based on the best knowledge at the time); and Nursery Discount (which was not anticipated in the budget). Both of these increases to relief were announced by the government in response to the Covid-19 situation. Accounting practice dictates that these grants are treated as general fund revenue in the year. However, the extended reliefs impact the Collection Fund by increasing the deficit in the year, which will need to be distributed in future years, therefore this additional funding needs to be earmarked to accommodate this and cannot be used to support other services.
- This increase in Business Rates Funding is forecast to be offset in part by an increase in net levy payable on growth to the Derbyshire Business Rates Pool of £55,580 compared to the budgeted amount. After taking into account the additional reliefs awarded, the remaining net business rates income forecast for the end of the year is improved compared to budget setting due to smaller than anticipated amount to be provided for future appeals against rateable values. This is calculated on a percentage basis of Business Rates income therefore the resulting provision required is smaller due to additional reliefs awarded during the year. As a result, the growth calculation is improved and a greater is levy payable.

Contribution to Reserves £3,200,440:

- Earmarked Reserves (£160,200 additional usage):
 - Earmarked reserves are created to match available funding with future projects and activities. Often it is not possible to anticipate when eligible spend will occur and so as the year progresses services will identify projects and schemes where earmarked reserves can be applied.
At the beginning of the year a £88,940 use of reserves was anticipated but this is now expected to be £249,140. This change is primarily down to movement on a corporate earmarked reserve;
 - The proposed use of the £200,000 Covid 19 earmarked reserve set up at the end of 2019/20. At this time the shortfall accruing to the pandemic in 2020/21 is anticipated to be £227,000. Application of the reserve will reduce this shortfall to £27,000.
 - Business Rates earmarked reserve of £3,360,640 created to match S31 grant income received to the future needs of the Collection Fund.

Covid 19 funding (£2,293,820)

In response to the financial strain placed on local authorities by the pandemic the Government is providing financial support in the form of grants towards exceptional costs and compensation for loss of income. It is anticipated that this support will amount to £2,293,820 made up of the amounts below.

Exceptional Costs Support: (£1,777,070)

- General Support (£1,256,990 funding):
The Council has received these monies to support its general activities as impacted by the pandemic.
- Business Grants Administration (£246,500 funding):
This additional grant relates to the costs incurred administering the allocation of grants to Covid impacted businesses in the District.
- Enforcement Grant (£38,818 funding):
This funding relates to the costs incurred enforcing lock down requirements in the District.
- Isolation Grants Administration (£24,762 funding):
This funding relates to the costs incurred administering the allocation of Isolation grants to Covid impacted individuals in the District.
- Track and Trace (£50,000 funding):
This funding from the County Council is towards the Council's responsibilities for local track and trace.
- National Leisure Recovery (£160,000)
This is the maximum amount that would currently be claimable under this Government initiative to support recovery of the Leisure Sector (award to be confirmed).

Compensation for loss of income: (£516,750)

- Loss of Income (£516,750 funding):
Councils have been promised the facility to claim for up to 75% of net losses against budget for income streams that satisfy set criteria. Based on a prudent interpretation of the guidance, £516,750 is currently anticipated in funding.

3. Alliance Environmental Services

- 3.1. Alliance Environmental Services Ltd (AES) delivers waste, fleet, street cleansing and grounds maintenance services to both High Peak Borough and Staffordshire Moorlands District Councils. The Councils are shareholders of the company along with Ansa, which is a wholly owned subsidiary of Cheshire East Council.
- 3.2. AES's financial performance and impact on this Council's budget is summarised below:

2020-21	General Fund	HRA	Total
	£	£	£
AES Contract budget	4,155,710	200,800	4,356,510
Management fee	4,357,160	209,370	4,566,530
Allocation of AES efficiency	(115,620)	(4,920)	(120,540)
Contract pressures	48,050	8,030	56,080
Covid-19 costs	94,870	630	95,500
Total management fee payable	4,384,460	213,110	4,597,570
Allocation of Joint Operation Profit	(85,820)	(3,650)	(89,470)
Net total	4,298,640	209,460	4,508,100
Variance to budget	142,930	8,660	151,590

- 3.3. The AES business plan for all services delivered to the Council during 2020/21 includes a budgeted management fee of £4,566,530. The Council's share of the total AES revised efficiency target for 2020/21 of £120,540 is repayable to the Council and is allocated against the management fee costs.
- 3.4. Contract pressures totalling £56,080 are forecast at quarter 3 which relate to the closure of the Melandra depot. Additional costs of £95,500 are also anticipated as a result of the Covid-19 outbreak; these relate to provision of cleaning products, PPE and additional agency costs.
- 3.5. 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 budgeted resources from each department. The Council's share of the forecast profit at the end of quarter 3 is £89,470 and is offset against the management fee costs.

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 2020/21.
- 4.2. The Council's Medium-Term Financial Plan (approved in February 2017) included the four-year (2017/18 – 2020/21) Efficiency and Rationalisation Strategy targeting savings of £2.1 million.

- 4.3. The Efficiency and Rationalisation Strategy is premised on the need to both reduce expenditure and increase income. The need to grow income is now more of a priority as the Council moves more towards being self-financing. The strategy has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in Corporate Plan.
- 4.4. The 2020/21 budget was set in February 2020 with the assumption of £410,000 of savings in the year. This figure comprised £810,000 from the original strategy reduced by £305,000 in re-profiled savings and £95,000 income generation savings deferred into 2021/22. A further £153,000 of savings were realised in quarter 4 of 2019/20 (after the MTFP was presented), reducing the amount to be achieved in 2020/21 to £257,000. The major focus of the savings programme in 2020/21 being on growth and income generation.
- 4.5. At the end of Quarter Three, £210,000 savings have been taken against the 20/21 efficiency target.
- 4.6. 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 2019/20; particularly those relating to the Leisure Services contract. There is also a risk that the current year savings will not be fully achieved, particularly those relating to growing fees and charges and income generation. At this stage it is assumed that there will be a shortfall in savings of £47,000.
- 4.7. 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 2020/21 Housing Revenue Account budget was originally set to produce a deficit of £814,870 supported by reserves. The Chief Financial Officer has, in accordance with Financial Procedure Rules, authorised the roll forward of £120,000 in unused budgets from 2019/20 to facilitate completion of capital component works (bathrooms; kitchens; electrical works and wet rooms) halted during the Covid 19 pandemic lockdown period in March 20. This brought the 2020/21 budget to a deficit of £934,870.

- 5.3. Provisional outturn expenditure on the Housing Revenue Account at the third quarter stage is £14,535,568 with estimated income of £15,089,546. This represents a surplus for the year of £562,978 (i.e. £1,497,848 below budget – therefore no reserves are required to fund HRA activities in year).

Housing Revenue Account	2020-21 Approved Budget £	Q3 Changes £	2020-21 Revised Budget £	2020-21 Expected Outturn £	Variance £
INCOME					
Dwellings Rents	(14,370,910)	-	(14,370,910)	(14,345,659)	25,251
Non - Dwelling Rents Etc	(671,660)	-	(671,660)	(752,887)	(81,227)
Sub-total income	(15,042,570)	-	(15,042,570)	(15,098,546)	(55,976)
EXPENDITURE					
Repairs & Maintenance	4,341,520	-	4,341,520	4,406,370	64,850
Supervision & Management	2,618,150	-	2,618,150	2,534,530	(83,620)
Rents, rates, taxes Etc.	113,030	-	113,030	117,030	4,000
Other Operating Expenditure	761,310	-	761,310	759,060	(2,250)
Depreciation & Impairment	2,099,030	-	2,099,030	2,099,030	-
Interest & Debt Management	2,746,340	-	2,746,340	2,746,645	305
Contribution to Capital	3,298,060	-	3,298,060	1,872,903	(1,425,157)
Sub-total expenditure	15,977,440	-	15,977,440	14,535,568	(1,441,872)
Surplus(-)/Deficit	934,870	-	934,870	(562,978)	(1,497,848)
Use of Reserves	(934,870)	-	(934,870)	562,978	1,497,848
Balance	-	-	-	-	-

- 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 credit balance predicted by the Council at this third quarter stage will be transferred to reserves within the Housing Revenue Account.
- 5.5. There is just one significant (>£50,000) overspend on the HRA:
- Repairs and Maintenance £64,850 – There are a number of variances contributing to this overspend; the most significant relate to the use of sub-contractors and agency staff (£120,000); the increased costs associated with asbestos surveys (£40,000); the increased costs of materials (£30,000) offset by less trade waste disposal costs (£70,000) and general underspends within compliance (-£50,000)
- 5.6. There are three significant (>£50,000) underspends to be noted at this stage.
- Income - Non-Dwelling Rents (£81,227) – increased income from service charges has been responsible for the majority of this positive variance.

- Supervision and Management (£83,620) – There are numerous small variance contributing to this underspend, however two significant variances include firstly, the reduction in employee costs (£40,000) and the second reflects stalled spend within communities and tenant participation budgets (£40,000)
- Contribution to Capital (£1,425,157) – This underspend 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 7 below.

6. General Fund Capital Programme

6.1. This section of the report provides an update to Members on the Council's General Fund Programme.

6.2. The table below shows a high level (service) summary of the General Fund Capital Programme position at 31st December 2020. Further detail on a scheme by scheme basis is contained in Annex A.

	2020/21 Approved Budget £	Q3 Changes £	2020/21 Revised Budget £	Expected Outturn 2020/21 £	Expected Variance 2020/21 £
Housing	667,000	-	667,000	170,000	(497,000)
Housing Standards	550,290	-	550,290	330,000	(220,290)
Property Services	2,538,870	-	2,538,870	1,557,060	(981,810)
ICT	135,210	-	135,210	198,360	63,150
Fleet /CCTV	982,760	-	982,760	222,540	(760,220)
Leisure Services	60,000	-	60,000	70,000	10,000
Regeneration	13,250	-	13,250	63,250	50,000
Horticulture	99,040	-	99,040	90,000	(9,040)
Total	5,046,420	-	5,046,420	2,701,210	(2,345,210)
<u>Funding:-</u>					
External Contributions	550,290	-	550,290	523,070	(27,220)
Planning Obligations	43,000	-	43,000	43,000	-
Capital Receipts(Land)	725,000	-	725,000	57,180	(667,820)
Capital Receipts(one for one)	667,000	-	667,000	170,000	(497,000)
Capital Receipts(vehicles)	32,500	-	32,500	-	(32,500)
Capital Reserves	100,000	-	100,000	100,000	-
Earmarked Reserves	64,450	-	64,450	64,450	-
Borrowing	2,864,180	-	2,864,180	1,743,510	(1,120,670)
Total	5,046,420	-	5,046,420	2,701,210	(2,345,210)

6.3. The 2020/21 General Fund Capital Budget was approved by Members in February as part of the Medium Term Financial Plan £4,650,750. An increase to the programme of £385,670 was then approved by Executive in July as part of the Provisional Outturn report and reflected the carry forward of budget from 2019/20. A new project budget of £10,000 has also been added during Quarter 1. The overall approved budget now stands at £5,046,420.

6.4. The changes made to the capital programme since approval in February are as follows:-

- (£385,670 increase) The carry forward of 2019/20 capital budget variances as a result of projects which were either behind schedule or had progressed quicker than expected in the year.
- (£10,000 increase) Individual Executive Decision 27th June 2017 approved the use of Section 106 planning obligation funds towards football projects; a contribution has now been paid to support a planned project to develop Cemetery Road Football Club and Community Hub in Glossop.

6.5 The General fund capital programme is currently forecast to record an overall net underspend position of £2,345,210 made up of the following variances:-

- (£2,295,210 underspend) - The Covid-19 out-break has contributed to delays in delivery of the Capital Programme. Slippage against a number of projects has been re-profiled in the latest Medium Term Financial Plan Review to reflect a more realistic timing of when capital expenditure will be incurred in the current circumstances.
- (£50,000 overspend) - Buxton Crescent Hotel & Spa - The Buxton Crescent Hotel and Thermal Spa construction stage has completed. The Hotel opened for one month in October before being closed due to national Coronavirus restrictions. Additional professional fees including project management costs are included in the anticipated overspend up until the formal transfer, signing of the main lease of the building in February

6.6 The significant change to the funding requirements are set out below:-

- Capital Receipts – £667,820 land sales originally forecast are not now anticipated to be completed by the end of this financial year
- Overall capital funding which will be applied to the 2020/21 Capital Programme is lower than forecast, reflecting the revised timing of capital spend, hence a reduced borrowing requirement of £1,120,670 against the revised budget.

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

Scheme	2020-21 Approved Budget	Q3 Changes	2020-21 Revised Budget	2020-21 Expected Outturn	2020-21 Variance
	£	£	£	£	£
Asset Management Works	4,759,590	-	4,759,590	3,577,090	(1,182,497)
Repairs Team Capital Works	295,000	-	295,000	204,840	(90,160)
Commissioning Fees	100,000	-	100,000	100,000	-
Vehicle Purchasing	242,500	-	242,500	90,000	(152,500)
Total	5,397,090	-	5,397,090	3,971,930	(1,425,160)
Funding:					
Major Repairs Reserve	2,099,030	-	2,099,030	2,099,030	-
HRA Contribution	3,298,060	-	3,298,060	1,872,900	(1,425,160)
	5,397,090	-	5,397,090	3,971,930	(1,425,160)

7.3. The 2020/21 HRA Capital budget of £5,277,090 was approved by members in February 2020 as part of the MTFP.

7.4. The Chief Financial Officer has, in accordance with Financial Procedure Rules, authorised the roll forward of £120,000 in unused budgets from 2019/20 to facilitate completion of capital component works (bathrooms; kitchens; electrical works and wet rooms) halted during the Covid 19 pandemic lockdown period in March 20. This brings the total HRA Capital Programme to £5,397,090.

7.5. £1,914,849 has been incurred on HRA Capital Schemes principally on Roofing schemes, kitchens, window and door replacements. This is lower than expected and reflects the accessibility issues during lockdown due to the coronavirus.

7.6. Consequently, some of the HRA spend has been delayed until 2021/22 or were originally re-profiled to commence late autumn 2020, however further lockdown measures have resulted in further restricted access to a number of sites, thereby increasing the anticipated underspend to £1,425,157 mainly in the following project areas:

- Boiler Replacement – Queens Court (£200,000) - Due to the inability to access all areas of this sheltered block during the early part of the year, this scheme has been put on hold until 21/22.
- Radiator Replacements – Milton Court & Eccles Fold (£130,000) – The lack of access to individual flats during the early part of the year has resulted in this scheme also being put on hold until 21/22.
- Lift Replacement Scheme – (£182,000) – Problems with access have resulted in necessary engineer and survey reports being delayed. It is anticipated that the tender will be issued in February 2021. Some spend (approximately £18,000) is expected to take place towards the end of the financial year however the majority of spend will take place in 21/22.
- Electrical Works – (£260,000) – Problems with access to properties and then contractor availability to deliver the required volume of electrical testing has resulted in a late start to the contract resulting in slippage into 21/22.

- Bathroom Replacements – (£220,000) – This scheme began in October, much later than expected and has begun to gain momentum, however, despite this there will be some slippage into 21/22.
 - Aids and Adaptations – (£183,000) – The nature of this schemes means that the tenants who receive adaptations or wet room installations tend to be either vulnerable and/or shielding thereby preventing safe access to the properties.
 - Vehicle Replacement programme – (£152,500) – Procurement for the replacement of existing repairs vehicles is due to commence soon, thereby delaying anticipated fleet costs of £242,500 until early 21/22. Offsetting this, there is anticipated spend to provide four additional new vehicles for an electrician and estate caretaker posts.
- 7.7. Capital funding expected to be applied during 2020/21 is lower than forecast due to the variances noted above.

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 December 2020 totalled £38.5million. The average level of funds available for investment up to the end of the quarter totalled £32.1million and £74,130 interest was earned.
- 8.3. The Council has budgeted to receive £160,000 in investment income in 2020/21. A shortfall of £54,220 is anticipated against this budget due to falling interest rates following the reduction of the Bank of England base rate to 0.10% in March 2020.
- 8.4. At the end of July the Council received an unexpected 16th dividend payment from the former Icelandic investment with Heritable Bank of £10,518.59. This will be treated as windfall income in the year and offsets some of the investment income shortfall against the budget.

Borrowing

- 8.5. Outstanding borrowing at 31st December 2020 totalled £66.8 million. The Council's general fund and HRA budgeted to incur £1,837,940 and £1,746,340 respectively in interest charges and other financing costs in 2020/21. This was based on existing external debt and new external debt to be taken during quarter 4 to fund the borrowing requirements arising from general fund capital programmes.
- 8.6. No 'new' borrowing or refinancing activity is now forecast during the year. In addition the Minimum Revenue Provision (MRP) charge for the year is smaller than anticipated relating to the smaller borrowing requirement on the 2019-20 capital programme. Therefore an underspend of £89,260 is forecast on overall borrowing costs.

9. Revenue Collection

9.1. The collection rate outturn for Quarter 3 2020/21 was as follows:

- **Council Tax** – 83.54% of Council Tax was collected by 31st December 2020, compared to 84.63% for the same period last year.
 - The effects of Covid-19 on collection rates are being monitored. The variance in the collection of Council Tax appears to be largely due to the delay in the commencement of recovery action and/ or inability to pay as opposed to deferred payment plans;
- **Business Rates** – 79.12% of Business Rates was collected by 31st December 2020, compared with 82.89% for the same period last year.
 - An analysis of the 15 NNDR accounts with the highest Rateable Values indicates that deferred payment plans account for majority of the variance in collection rates and this will unwind over the year assuming businesses can maintain their deferred plans when they commence.
- **Sundry Debts** - The value of sundry debts over 60 days old at the end of Quarter 3 was £236,580 which compares with £152,220 at 31st December 2019. The level of arrears has been impacted by a delay in recovery action following onset of the pandemic.

General Fund Capital Programme Update 31st December 2020

Scheme	2020/21 Approved Budget	Q3 Changes	2020/21 Revised Budget	Expected Outturn 2020/21	Expected Variance 2020/21
	£	£	£	£	£
Housing & Housing Standards					
Affordable Housing Project	667,000	-	667,000	170,000	(497,000)
Disabled Facilities Grants	489,110	-	489,110	300,000	(189,110)
Landlord Accreditation	61,180	-	61,180	30,000	(31,180)
	1,217,290	-	1,217,290	500,000	(717,290)
Property Services					
Asset Management Programme	2,538,870	-	2,538,870	1,557,060	(981,810)
	2,538,870	-	2,538,870	1,557,060	(981,810)
ICT	135,210	-	135,210	198,360	63,150
	135,210	-	135,210	198,360	63,150
Fleet Management					
Vehicle/Plant Acquisitions	932,760	-	932,760	162,750	(770,010)
CCTV	50,000	-	50,000	59,790	9,790
	982,760	-	982,760	222,540	(760,220)
Leisure Services					
Outdoor Sports Facilities Fund	50,000	-	50,000	60,000	10,000
Football Development	10,000	-	10,000	10,000	-
	60,000	-	60,000	70,000	10,000
Regeneration					
Buxton Crescent & Spa	13,250	-	13,250	63,250	50,000
	13,250	-	13,250	63,250	50,000
Horticulture					
Play Facilities	99,040	-	99,040	90,000	(9,040)
	99,040	-	99,040	90,000	(9,040)
Total General Fund	5,046,420	-	5,046,420	2,701,210	(2,345,210)

Housing Revenue Account Capital Programme Update 31st December 2020

Scheme	Approved Budget 2020/21	Q3 Changes	2020/21 Revised Budget	2020/21 Expected Outturn	Over / (Under) Spend
ASSET MANAGEMENT WORKS:	£	£	£	£	
Roofing & External Works	460,000	-	460,000	536,000	76,000
Gamesley Cladding Works	200,000	-	200,000	125,000	(75,000)
Bathroom Programme	420,000	-	420,000	200,000	(220,000)
Kitchen Programme	974,170	-	974,170	1,074,170	100,000
Electrical Works	429,430	-	429,430	169,430	(260,000)
Central Heating Works	224,630	-	224,630	-	(224,630)
Queens Court Boiler Replacement	200,000	-	200,000	-	(200,000)
Windows and Doors Programme	1,193,360	-	1,193,360	1,126,930	(66,430)
Aids & Adaptations	345,000	-	345,000	162,000	(183,000)
Structural Works (Various)	93,000	-	93,000	136,467	43,467
Lift Replacements	200,000	-	200,000	18,000	(182,000)
Queens Court Lightning Protection	20,000	-	20,000	29,096	9,096
	4,759,590	-	4,759,590	3,577,093	(1,182,497)
REPAIRS TEAM CAPITAL WORKS					
Void Rewires	70,000	-	70,000	48,890	(21,110)
Void Kitchens	155,000	-	155,000	96,450	(58,550)
Void Bathrooms	70,000	-	70,000	59,500	(10,500)
	295,000	-	295,000	204,840	(90,160)
STAFFING & PROFESSIONAL FEES					
Staffing Recharges/ Commissioning Costs	100,000	-	100,000	100,000	-
	100,000	-	100,000	100,000	-
VEHICLE PURCHASING					
Vehicle Purchases	242,500	-	242,500	90,000	(152,500)
	242,500	-	242,500	90,000	(152,500)
TOTAL SPEND	5,397,090	-	5,397,090	3,971,933	(1,425,157)