



Dear Councillor

**OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND GROWTH) -
WEDNESDAY, 2 JUNE 2021**

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

- 6. TREASURY MANAGEMENT ANNUAL REPORT 2020/21** (Pages 3 - 26)
To receive the Treasury Management Annual Report 2020/21.

- 8. FINANCIAL PERFORMANCE REPORT 2020/21 (QUARTER 4)** (Pages 27 - 66)
The Financial Performance Report 2020/21, Quarter 4 is to be presented to the Panel.

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Agenda Item 6

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Half year Treasury Performance Report

Meeting/Date: Overview & Scrutiny (Performance & Growth)
– 2nd June 2021

Executive Portfolio: Executive Councillor for Strategic Resources (JG)

Report by: Chief Finance Officer (CE)

Ward affected: All

Executive Summary

This report sets out the Council's Half Year Treasury Performance Report for 2020/21.

RECOMMENDATION

The Overview and Scrutiny Panel is invited to comment on Treasury Performance Report from the Cabinet report attached.

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**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Treasury Management 6 Month Performance Review

Meeting/Date: Cabinet – 17th June 2021

Executive Portfolio: Strategic Resources: Councillor J A Gray
(Executive Councillor for Strategic Resources)

Report by: Chief Finance Officer

Ward(s) affected: All Wards

Executive Summary:

Best practice and prescribed treasury management guidance requires Members to be kept up to date in respect of treasury management activity for the first half of the year, including investment and borrowing activity and treasury performance.

The Council's 2020/21 Treasury Management Strategy was approved by the Council on the 26th February 2020 and this report sets out the Treasury Performance for period between 1st October 2020 and 31st March 2021.

The main purpose of Treasury Management is to.

- Ensure the Council has sufficient cash to meet its day to day obligations.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are low.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The key market Treasury Management issues through the second half of 2020/21 influencing the Council's decision-making were.

- After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1

(Jan-Mar) 2021 are expected to show a decline given the national lockdown.

- The Bank of England Bank Rate at 0.01%.
- Market rates as a whole are very low, due to the Bank Rate remaining historically low, reducing the Council's ability to earn a return on investments without increasing the risk of the investments. The Council's average investing rate was 0.25% (average interest rates obtained from Bank Deposits and Money Market Funds).

The Council's responses to the key issues were.

- When the Council has surplus funds, these will primarily be invested on a short-term basis, in bank deposit accounts and money market funds.
- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing, based on gilt yields over a long period.
- Where economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating, and credit default swap rates (the cost to insure lending). This information is provided by the Council's treasury adviser - Arlingclose.

The Council's Commercial Investment Strategy (CIS)

The Commercial Investment Strategy commenced in 2015/16. Indicators relating to the investments are shown in **Appendix A section 3.4**.

These investments generated £1.3m of investment income for the Council in 2020/21 after taking account of direct costs. The breakdown of the property's portfolio is shown in **Table 6** and the proportion of the investment income in relation to gross service expenditure, in **Table 7** of **Appendix A**.

Recommendation(s):

The Cabinet is recommended to

- Note the treasury management performance for the second 6 months of 2020/21 and to recommend the report to Council for consideration.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update Members on the Council's treasury management activity for the second 6 months of the year, including investment and borrowing activity and treasury performance.

2. BACKGROUND

- 2.1 It is regarded as best practice and prescribed treasury management practice, that Members are kept up to date with treasury management activity.
- 2.2 The Council approved the 2020/21 Treasury Management Strategy at its meeting on 26th February 2020.
- 2.3 All treasury management activity undertaken during the second half of 2020/21 complied with the CIPFA Code of Practice and relevant legislative provisions.
- 2.4 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

3. ANALYSIS

Economic Review

- 3.1 An economic review of the year has been provided by our Treasury Management advisors, Arlingclose and is attached with an analysis of the local context implications in **Appendix A section 2.0**.

Performance of Council Funds

- 3.2 The treasury management transactions undertaken during the second 6 months of 2020/21 financial year and the details of the investments and loans held as at 31st March 2021 are shown in detail in **Appendix A section 3.0 to 3.2**.

Risk Management

- 3.3 The Council's primary objectives for the management of its investment are to give priority to the security and liquidity (how quickly cash can be accessed) of its funds before seeking the best rate of return. For more details see **Appendix A section 3.3**.

Non-Treasury Investments

- 3.5 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. The full details of these investments can be found on **Section 3.4 of Appendix A**.

Compliance

- 4.0 Compliance with specific investment and debt limits are indicated in **table 8 and 9 of Appendix A**.

Treasury Management Indicators

- 5.0 The Council measures and manages its exposure to treasury management risks using indicators which are details in the **Appendix A section 5.0**.

6.0 COMMENTS OF OVERVIEW & SCRUTINY

Please see below the O&S comments for the Treasury Management Six Month Performance Report review.

List of Appendices Included

Appendix A

- Economic review (source: Arlingclose)
- Borrowing and Investment as at 31st March 2021
- Risk Management
- Non-treasury Investments
- Treasury Management Indicators
- Outlook for the remainder of 2021

Appendix B


- Capital Prudential Indicators

Appendix C

- Glossary

CONTACT OFFICER

Claire Edwards, Chief Finance Officer

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Treasury Management 6 Month Performance Review

1.0 Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

The Council's treasury management strategy for 2020/21 was approved at a meeting on 26th February 2020. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 26th February 2020.

2.0 External Context

2.1 Economic background

The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme

until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have helped protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

Credit review: After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard

Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Interest Rates Forecast

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

The historical low level of interest rates has made it difficult to achieve a higher rates returns on investment.

2.2 Financial markets

Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost

to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

3.0 Local Context

On 31st March 2021, the Council had net borrowing of £21.37m arising from its revenue income and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Actual £m
General Fund CFR	74.8
Less: *Other debt liabilities	0.5
Total CFR	75.3
External borrowing	39.4

Internal borrowing	35.9
Less: Usable reserves	66.3
Less: Working capital	22.8
Net (Investing) or New Borrowing	(53.2)

The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low.

The treasury management position as at 31st March 2021 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	30.9.20 Balance £m	Movement £m	31.3.21 Balance £m	31.3.21 Rate %
Long-term borrowing	39.69	-0.26	39.43	0.65
Short-term borrowing	0.00	0	0.00	0.00
Total borrowing	39.69	-0.26	39.43	
Long-term investments	9.63	0.33	9.96	3.43
Short-term investments	4.00	-4.00	0.00	
Cash and cash equivalents	18.56	9.78	28.34	53.0
Total investments	32.18		38.30	
Net borrowing	7.51		1.13	

The movement in the cash and cash equivalent has been as result of council tax and NNDR receipts and Government cash funding for Covid 19 (temporary holding of business grants from Central Government and increased S31 Grant income); these funds were invested in bank deposits and Money Market Funds for easy access and liquidity reasons.

3.1 Borrowing Strategy during the period

At 31st March 2021, the Council held £39.43m of loans, a decrease of £0.26m from 30 September 2020. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	30.9.20 Balance £m	Net Movement £m	31.3.21 Balance £m	31.3.21 Weighted Average Rate %	31.3.21 Weighted Average Maturity (years)
Public Works Loan Board	39.69	-0.26	39.43	2.76%	22.6
Local authorities (short-term)	0.00	0.00	0.00	0.00%	0.0
Total borrowing	39.69	-0.26	39.69		22.6

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Council considered it to be more cost effective in the near term to use internal resources or short-term loans instead. The Council had not used short-term loans facility so far in this financial year.

Although it was anticipated that the Council's CFR would increase due to the capital programme, delays in the capital programme due to the pandemic no new loans have been taken out.

Long-dated Loans borrowed	PWLB Reference	Amount £	Rate %	Period (Years)
PWLB 1	495152	5,000,000	3.91	37.7
PWLB 2	495153	5,000,000	3.90	36.7
PWLB 3	502463	406,883	2.24	2.4
PWLB 4	504487	673,930	3.28	25.7
PWLB 5	504598	895,763	3.10	25.8
PWLB 6	504810	458,870	2.91	26.0
PWLB 7	504922	362,768	3.10	26.1
PWLB 8	504993	294,007	2.92	26.2
PWLB 9	505255	581,820	2.31	26.3
PWLB 10	505372	446,305	2.18	26.5
PWLB 11	505649	798,522	2.67	26.8
PWLB 12	506436	5,000,000	2.78	16.5
PWLB 13	508696	7,280,439	2.49	18.0
PWLB 14	508931	266,666	1.48	1.0
PWLB 15	509389	11,963,000	2.18	18.2
Total borrowing		39,428,973	2.76	22.6

The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

3.2 Treasury Investment Activity

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

The weighted average rate for the investment portfolio up to 31.03.2021 was 0.9%.

	30.9.20 Balance £	Net Movement £m	31.3.21 Balance £m	31.3.21 Income Return %	31.3.21 Weighted Average Maturity days
Banks & building societies (unsecured)	7,355,000	7,338,000	14,693,000	0.01%	1
Government (incl. local authorities)	4,000,000	-4,000,000	0	0.00%	-
Money Market Funds	11,200,000	2,450,000	13,650,000	0.01%	1
Loans to other organisation	5,805,996	156,769	5,962,765	3.21%	>365
Other Pooled Funds. - <i>Property funds</i>	3,823,829	-27,282	3,796,547	4.25%	>365
Total investments	32,184,825	5,917,487	38,102,312		

3.3 Risk Management

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Given the increasing risk and low returns from short-term unsecured bank investments, the Council has maintained a diversified portfolio of asset classes as shown in table 4 above.

The progression of risk and return metrics are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return
			%		%
30.09.2020	4.49	AA-	100	1	1.35
31.03.2021	4.54	A+	82	3	0.63
Similar LAs	4.15	AA-	65	51	1.83
All LAs	4.16	AA-	64	18	0.9

*Weighted average maturity

£3.79m of the Council’s investments are held in externally managed strategic pooled property funds – CCLA Property Fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fund generated an average total return of £76,422 (4.25%), for period of 1st April to 31st March which is used to support services in year.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council’s investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates. In light of their performance over the medium-term and the Council’s latest cash flow forecasts, investment in these funds has been maintained.

3.4 Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Authority also held £55.04m of such investments in:

- directly owned property £54.9m
- shareholding in subsidiaries £0.1m

Table 6: Property held for investment purposes in £'000

Property	Actual	31.3.2021 actual	
	Purchase cost	Gains or (losses)	Value in accounts
Existing Portfolio	19,644	1,581	21,225
2 Stonehill	1,400	400	1,800
80 Wilbury Way	2,200	(330)	1,870
Shawlands Retail Park	6,500	(2,000)	4,500
1400 & 1500 Parkway	5,425	(1,025)	4,400
Units 21a, 21b,23a,b,c Little End Road, St Neots	3,200	(300)	2,900
Rowley Centre, St Neots	7,600	(1,850)	5,750
Tri-link, Wakefield	13,750	(1,250)	12,500
TOTAL	59,719	(4,774)	54,945

These investments generated £4.1m of investment income for the Authority for 20/21, generating a yield of 7.46%.

The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Current outturn is showing a

shortfall of expected net investment income of 732k due to the impact of the Covid 19 pandemic. Therefore, the Authority's contingency plans for continuing to provide these services, are to use reserves where necessary to offset any negative variances in the final outturn. Unallocated general fund balances and budget surplus reserve can be used in case of a downturn in investment income to meet any detrimental effect.

Table 7: Proportionality of Investments in £'000

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Budget	2022/23 Budget
Gross service expenditure	75,729	77,760	76,143	69,710	58,836
Investment income	2,753	3,283	4,125	5,290	5,345
Proportion	3.6%	4.22%	5.42%	7.59%	9.1%

4.0 Compliance

The Chief Finance Officer (s151 officer) reports that all treasury management activities undertaken during the first half year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 9 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below.

Table 8: Debt Limits

	31.3.21 Actual £m	2020/21 Operational Boundary £m	2020/21 Authorised Limit £m	Complied?
General	10.00	70.00	80.00	Yes
Loans	5.18	15.00	20.00	Yes
CIS	24.25	30.00	30.00	Yes
Total debt	43	115.00	130.00	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was below the operational boundary all through the quarter.

Table 9: Investment Limits

	31.3.21 Actual £m	2020/21 Limit £m	Complied?
Deposit Accounts			
NatWest	10.7	unlimited	Yes
Debt Management Office (DMO)	-	unlimited	Yes
Barclays	4.00	4.00	Yes
Money Market Funds			
Aberdeen Liquidity Fund	3.00	5.00	Yes
BlackRock Institutional sterling liquidity Fund	1.10	5.00	Yes
CCLA Public Sector Deposit Fund	3.20	5.00	Yes
Federated Short Term Prime Fund	3.00	5.00	Yes
Insight Liquidity Funds	0.65	5.00	Yes
Invesco	2.00	5.00	Yes
Legal & General Sterling Liquidity Fund	0.70	5.00	Yes

5.0 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.21 Actual	2020/21 Target	Complied?
Portfolio average credit rating	A+	A-	Yes

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.9.20 Actual £m	2020/21 Target £m	Complied?
Total cash available within 3 months	28.34	2	Yes

Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	31.3.21 Actual	2020/21 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	0*	£128,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	0*	£128,000	Yes

*no impact as borrowing is fixed rate

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.21 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	0%	80%	0%	Yes
12 months and within 24 months	0.67%	80%	0%	Yes
24 months and within 5 years	1.03%	80%	0%	Yes
5 years and within 10 years	0%	100%	0%	Yes
10 years and above	98.3%	100%	0%	Yes

Capital Prudential Indicators

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

The summary of the capital expenditure is shown in the Table 1 below.

Table 1: Summary of Capital Expenditure in £m

	2020/21 Budget	2020/21 Outturn
General Fund Services	11.92	7.10
Capital investments	8.60	0.00
Total	20.52	7.10

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing).

Table 2: The summary of Capital financing in £m

	2020/21 Budget	2020/21 Outturn
External sources	3.5	3.4
Own resources	1.0	0.2
Debt	16.02	3.5
Total	20.52	7.10

Debt is only temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP).

Table 3: The summary of capital Financing Requirement in £m

	2020/21 Budget	2020/21 Outturn
General Fund Services	50.1	48.5
Capital investments	34.0	26.8
Total CFR	84.1	75.3

When a capital asset is no longer needed, it may be sold so that the proceeds known as capital receipts can be spent on new asset s or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loan and investments also generate capital receipts.

The summary of the capital receipt is show in Table 4 below in £m.

	2020/21 Budget	2020/21 Outturn
Asset sales	0.50	0.18
Loans repaid	0.32	0.31
Total	0.82	0.49

GLOSSARY

Bail in Risk

Bail in risk arises from the failure of a bank. Bond-holders or investors in the bank would be expected to suffer losses on their investments, as opposed to the bank being bailed out by government.

Bank Equity Buffer

The mandatory capital that financial institutions are required to hold, in order to provide a cushion against financial downturns, to ensure the institution can continue to meet its liquidity requirements.

Bank Stress Tests

Tests carried out by the European Central Bank on 51 banks across the EU. The tests put banks under a number of scenarios and analyse how the bank's capital holds up under each of the scenarios. The scenarios include, a sharp rise in bond yields, a low growth environment, rising debt, and adverse action in the unregulated financial sector.

Bonds

A bond is a form of loan, the holder of the bond is entitled to a fixed rate of interest (coupon) at fixed intervals. The bond has a fixed life and can be traded.

Call Account

A bank account that offers a rate of return and the funds are available to withdraw on a daily basis.

Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure incurred historically, but has yet to be financed; by for example capital receipts or grants funding.

Collar (Money Market Fund)

The fund "collar" forms part of the valuation mechanism for the fund. LVNAV funds allow investors to purchase and redeem shares at a constant NAV calculated to 2 decimal places, i.e. £1.00. This is achieved by the fund using amortised cost for valuation purposes, subject to the variation against the marked-to-market NAV being no greater than 20 basis points (0.2%). (This compares to current Prime CNAV funds which round to 50 basis points, or 0.5%, of the NAV.)

Counterparty

Another organisation with which the Council has entered into a financial transaction with, for example, invested with or borrowed from.

Credit Default Swaps (CDS)

A financial agreement that the seller of the CDS will compensate the buyer in the event of a loan default. The seller insures the buyer against a loan defaulting.

Credit Ratings

A credit rating is the evaluation of a credit risk of a debtor, and predicting their ability to pay back the debt. The rating represents an evaluation of a credit rating agency of the qualitative and quantitative information, this result in a score, denoted usually by the letters A to D and including +/-.

Gilts

Bonds issued by the Government.

LIBOR

London Interbank Offered Rate is the rate at which banks are willing to lend to each other.

LIBID

London Interbank Bid Rate is the rate at which a bank is willing to borrow from other banks.

Liquidity

The degree to which an asset can be bought or sold quickly.

LVNAV Money Market Fund

Low volatility net asset value. The fund will have at least 10% of its assets maturing on a daily basis and at least 30% of assets maturing on a weekly basis.

Minimum Revenue Provision (MRP)

An amount set aside to repay debt.

Money Market Funds

An open ended mutual fund that invests in short-term debt securities. A deposit will earn a rate of interest, whilst maintaining the net asset value of the investment. Deposits are generally available for withdrawal on the day.

Public Works Loans Board (PWLB)

The PWLB is an agency of the Treasury, it lends to public bodies at fixed rates for periods up to 50 years. Interest rates are determined by gilt yields.

Transactional Banking

Use of a bank for day to day banking requirement, e.g. provision of current accounts, deposit accounts and on-line banking.

Agenda Item 8

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Financial Performance Report – Q4

Meeting/Date: Overview & Scrutiny (Performance & Growth)
– 2nd June 2021

Executive Portfolio: Executive Councillor for Strategic Resources (JG)

Report by: Chief Finance Officer (CE)

Ward affected: All

Executive Summary

This report sets out the Council's forecast Financial Performance Report (Q4) for 2020/21.

RECOMMENDATION

The Overview and Scrutiny Panel is invited to comment on Finance Performance Report (Q4) from the Cabinet report attached at **Appendix A**.

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**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Finance Performance Report (Q4)
Meeting/Date: Cabinet – 17th June 2021
Executive Portfolio: Executive Councillor for Strategic Resources (JG)
Report by: Chief Finance Officer (CE)
Ward affected: All

Executive Summary:

The Covid-19 pandemic has had a considerable impact on the Council. The Government's lockdown, announced on 20th March 2020, has meant that many of the businesses in Huntingdonshire have been forced to close – significantly impacting on the local economy, which in turn impacts on the Council's commercial income. Furthermore, the Council has had to put considerable resources into ensuring that rough sleepers are safe during this period and that the most vulnerable in our community are cared for. This comes with additional cost pressures.

Financial Impact

These additional costs have had a significant impact on the financial outturn for 2020/21 as we now entry into the 3rd national lockdown during this financial year. However, the true scale of its impact on the Council's finances in 2020/21 will not be truly known until March 2021. The Council is showing substantial losses across many of its largest streams of commercial income. These include rental income, Leisure income, parking, commercial waste, licensing fees and planning fees. As with any recession, investment income is anticipated to reduce which will create further pressures on the Council's finances.

On the expenditure front some of the key areas of additional pressure will include accommodation and support for rough sleepers, additional costs in supporting our most vulnerable with food parcels and assistance in accessing medical provisions – some of whom may not have required our support previously.

There has been significant Government funding, £2.2m of emergency Covid 19 funding to cover the Council's response to the pandemic and the Income Compensation Scheme covering losses within Leisure and Parking; claimed so far £5.398m. However, it is difficult to quantify the impact of Covid-19 with any certainty. Due to the Council's reliance on commercial income and fees and charges and consequently its exposure to the economic cycle, the Council has sought in recent years to build up the general fund balance to ensure the Council is financially resilient in a recession. The Council is therefore able to draw upon its general fund reserve balances if required to

balance its budget.

Moving forward, the Council will reset its Medium-Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to review what its most critical services areas and which are required to still be operational even during a global pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that needs to change going forward.

Recommendation(s):

It is recommended that:

- The Cabinet is invited to consider and comment on the financial performance at the end of March, as detailed in Appendix 1, and the register of reviews of Commercial Investment Strategy propositions at Appendix 2.
- The Cabinet is invited to consider and approve the proposed budget carry forwards for the revenue outturn as detailed in Appendix 3.
- The Cabinet is invited to consider and approve the proposed budget carry forwards for the capital outturn as detailed in Appendix 1.

PURPOSE OF THE REPORT

1.1 To present details of the Council's projected financial performance for 20/21.

- Revenue outturn estimated underspend of £0.053m.
- Capital outturn estimated underspend of £13.415m

The impact of the Covid 19 pandemic, as far as possible, has been reflected within the Council's financial position. This now includes the Governments Income Compensation Scheme of £4.372m, of which £2.816m has already been received. Together with furlough recovery of £1.301m (received £1.125m; due £0.176m)

BACKGROUND

2.1 The budget and MTFS for 2020/21 approved in February 2020, assumed a net expenditure budget of £17.688m, together with an increase in Council Tax of 2.6%. At the time of setting this budget it was not foreseen that a global pandemic was imminent, causing unprecedented actions to be taken within the UK and the rest of the world, in trying to restrict the spread of this pandemic.

Impact assessments were initially undertaken to estimate the impact on the council's budget and due to government support via emergency funding and the anticipated income compensation scheme, together with the ability to support the anticipated deficit with reserves, a revised budget for 20/21 was not produced.

2.2 The detailed analysis of the Q4 outturn as at 31st March is attached at **Appendix 1**.

FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year and the impact of variations will be incorporated within the MTFS.

Revenue The approved Budget is £17.688m with the forecast outturn being £17.634m which is an underspend of £0.053m, a decrease of £0.853m compared to Q3 forecast. The main reason for this is a net increase in one off grant funding; £110k income compensation scheme; £186k furlough recovery and £492k of clinically vulnerable grant funding not reflected in Q3 outturn.

MTFS The MTFS was updated as part of the 2020/21 Budget setting process and will again be updated as part of the 2021/22 Budget setting process which is now under way. The revision of the MTFS will include 2019/20 outturn variations and others occurring or foreseen in 2020/21 that have an impact on future years.

Capital The approved Budget is £16.611m plus the re-phasing of £3.909m giving a revised total Capital Programme of £20.520m. The forecast outturn is £7.105m giving an underspend of £13.415m.

3.2 Summary Revenue Variances by Service

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

Head of Service	Budget £'000s	Actual £'000s	Variance £'000s	Comments
AD Corporate Resources	5,899	5,238	(661)	Emergency funding for Covid 19 - £2.226m; offset by increased costs of £1.168m; reduction in CIS rental income +£0.732m due to no CIS acquisitions as planned, increase voids and expected lower rental growth across the whole portfolio
AD Transformation	401	178	(230)	Combination of delays in projects and recruitment to vacant posts due to focusing and support the response to Covid 19
Chief Operating Officer	4,425	4,061	(356)	Increase costs for customer portal licences; emergency planning and enforcement, offset by; -£110k adjustment on Housing Benefit, One of Government Funding for Clinically vulnerable of -£497k off set by various salary and efficiency across the whole service
Corporate Leadership	603	684	81	Increase costs due to supporting response to Covid 19
Head of ICT	2,139	2,007	(132)	Reduced activity for HDC
Head of Leisure & Health	(215)	361	576	Loss of income due to closure of Leisure Facilities, off set by more furlough compensation than expected
Head of Operations	3,347	4,082	735	Loss of income due to car park charges being suspended during lock down.
Housing Manager	177	154	(23)	
Growth Manager	842	811	(31)	Salary savings and reduced costs due to delay in projects due to Covid 19.
Programme Delivery Manager	70	58	(12)	
Total	17,688	17,634	(53)	

Further analysis of the revenue variance and service commentary are in **Appendix 1**. This provides the variances by service and where the variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Services. Where there are adverse variances the budget managers have provided details of the actions they are undertaking and where possible indicated if this will have an ongoing impact on the MTFs.

3.3 Capital Programme

The approved gross capital programme for 2020/21 is £16.11m plus the re-phasing of the £3.909m giving a revised total Capital Programme for 2020/21 of £20.520m.

The actual net expenditure outturn is £7.105m, an underspend of £13.444m.

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

	Budget £000	Actual £000	(underspend) / overspend £000	Main reasons for variance
AD Resources	12,371	1,440	-10,931	Delay's in projects in relation to Bridge Place Car Park; Oak Tree Remedial work Projects impacted by Covid 19 are Alms Close and Huntingdon Redevelopment which is being rephased within the current budget cycle for 21/22
AD Transformation	207	0	-207	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Chief Operating Officer	2,306	1,542	-764	Reduction in disabled adaptations
Head of ICT	62	51	-11	
Head of Leisure & Health	1,149	290	-859	Additional spend to be funded from CIL and grant income
Head of Operations	3,819	1,911	-1,908	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Housing Manager	0	0	0	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Planning Policy Manager	606	1,863	1,257	Additional spend is CIL funded projects not shown within the budget.
Covid 19 Accelerated projects	0	8	8	
Total	20,520	7,105	-13,415	

3.4 Finance Dashboard

The Outturn for Q4 also looks at the collection rates for Council Tax and NDR, together with the working ages caseload for Council Tax Support Scheme. The details are shown in Appendix 1.

In summary, Council Tax collection rates are holding in line with 19/20 rates, however NDR is showing a decline compared to 19/20. This is mainly due to the impact of Covid 19 pandemic and the lock down of the economy, together with Government initiatives to support the hospitality sector with additional reliefs of £20.8m compared to 19/20. The

Council will be compensated for these reliefs via the normal grant income received via the business rates retention scheme.

Council Tax Support Scheme has seen a significant increase in caseload within the working age group of 11% compared to 19/20.

UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY

4.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget.

4.2 At the end of Quarter 3, the financial projections for the CIS are:

CIS Investments	Budget (£'000)	Outturn (£'000)	Variance (£'000)
Cash Investments			
CCLA Property Fund	(162)	(162)	0
Total Cash Investments	(162)	(162)	0
Property Rental Income	(5,880)	(4,637)	1,243
MRP	879	512	(367)
Net Direct Property Income	(5,001)	(4,125)	876
Management Charge	144	0	(144)
Total Property Investments	(4,857)	(4,125)	732
TOTAL	(5,019)	(4,287)	732

4.3 Investments

The property investment market remains subdued, although there remains demand for investment properties, relatively few are coming to the open market. A number of retail parks and shopping centres have sold at high yields, some to owner occupiers capitalising on the soft pricing and some with an eye on repurposing or redevelopment or residential use. The industrial and distribution investment market continues to be buoyant with low yields but there is talk of the bubble bursting at some point, however rents are anticipated to show growth this year. No local opportunities arose in Q4 and a summary of opportunities is included within **Appendix 2**. The majority of opportunities being introduced to us are development/residential schemes nationwide. The main team focus at present is on maintaining income from existing investments and looking at asset management opportunities to secure income for the longer term.

Returns from the CCLA property fund have decreased in 2020/21. Other investment vehicles such as bank deposits and money market funds interest rates have also decreased significantly since the Covid-19 pandemic.

To date the majority of the Council's investments have been funded from earmarked reserves or cash balances. Recent acquisition such as Fareham, Rowley Centre and Tri-Link have required loans from PWLB to fund their purchases; part of the purchase price and acquisition costs were met from earmarked reserves.

5 COMMENTS OF OVERVIEW & SCRUTINY

Please see below the O&S comments from the Financial Performance Report 2020/21, Quarter 4 for review and comment.

6. RECOMMENDATIONS

- 6.1 The Cabinet are invited to consider and comment on financial performance at the end of March, as detailed in section 3 and in **Appendix 1**, and the register of reviews of Commercial Investment Strategy propositions at **Appendix 2**.

The Cabinet are invited to consider and approve the budget carry forwards proposed for capital in **Appendix 1** and for revenue in **Appendix 3**.

7. LIST OF APPENDICIES INCLUDED


Appendix 1 – Financial Performance Monitoring Q4

Appendix 2 – Register of reviews of CIS investment propositions, Q4

Appendix 3 – Revenue budget carry forwards

CONTACT OFFICER

Claire Edwards, Chief Finance Officer

 01480 388822

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Financial Performance Monitoring Suite March 2021 – Quarter 4

Executive summary

This report sets out the financial forecast for March, for revenue and capital. The headlines are:

Revenue - the forecast outturn is an estimated underspend of £0.053 when compared to the approved budget and an improvement to Q3 of £853k. The underspend is due to additional one of funding from Central Government for Income compensation scheme of £110k; furlough recovery £186k and Clinically Vulnerable funding of £492k, not included in the Q3 forecast.

Capital Programme – the forecast outturn is an estimated underspend of £13.415m.

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Service Commentary

The following table provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the overspend.

Head of Service	Budget £'000s	Q3 Forecast £'000s	Provisional Outturn £'000	Contribution to/(from) reserves £'000	Proposed Budget C/fwd £'000s	Revised Provisional Outturn £'000s	Variance to Budget		Variance to Forecast		Actual Spend £'000s	Actual Income £'000s
							£'000	%	£'000	%		
AD Corporate Resources	5,899	5,390	5,216	0	22	5,238	(661)	-11.2	(152)	-2.8	13,483	(8,266)
AD Transformation	408	303	130	0	48	178	(230)	-56.4	(125)	-41.3	304	(174)
Chief Operating Officer	4,417	4,330	4,061	0	0	4,061	(356)	-8.1	(269)	-6.2	37,531	(33,470)
Corporate Leadership	603	731	684	0	0	684	81	+13.4	(47)	-6.4	709	(25)
Head of ICT	2,139	2,128	2,007	0	0	2,007	(132)	-6.2	(121)	-5.7	8,032	(6,025)
Head of Leisure & Health	(215)	579	326	0	35	361	576	+267.9	(218)	-37.7	5,587	(5,261)
Head of Operations	3,347	4,037	4,082	0	0	4,082	735	+22.0	45	+1.1	9,017	(4,935)
Housing Manager	177	208	199	(45)	0	154	(23)	-12.8	(54)	-25.8	199	0
Growth Manager	842	745	709	102	0	811	(31)	-3.7	66	+8.9	1,223	(514)
Programme Delivery Manager	70	36	58	0	0	58	(12)	-17.1	22	+61.1	58	0
Total	17,687	18,487	17,472	57	105	17,634	(53)	-0.3	(853)	-4.6	76,143	(58,670)

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
AD Corporate Resources	Commercial Estates	(3,586,787)	(2,903,253)	(3,341,944)	0	0	(3,341,944)	244,843	+6.8	<p>Income forecast down due to not purchasing investments this year +£200k, Bad debt +£228k and delayed income and increase in void units.</p> <p>Expenditure on buildings up by £36k due to increased costs of empty buildings (rates and service charges), offset in part by reductions in maintenance where possible.</p> <p>Expenditure on supplies and services reflects lower interest payable -£367k and no voluntary MRP provision - £111k</p>
AD Corporate Resources	Corporate Finance	5,135,547	5,351,973	5,355,284	0	0	5,355,284	219,737	+4.3	<p>+£110k additional costs for bad debt provision for potential increase on write off's. +£24k reduction in interest receivable due to interest rate reduction on surplus cash balances. +£86k additional MRP</p>

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
AD Corporate Resources	Democratic & Elections	831,404	728,742	708,905	0	0	708,905	(122,499)	-14.7	<p>Staffing £4k District elections – none scheduled £9.7k electoral registration – canvassers fees £11.5k less than previous year £7.3k land charges – vacant post not recruited to yet</p> <p>Income European elections – remittance advice received for £57.2k reimbursement, YTD actual £40k Land charges – difficult to quantify but increase in search volumes, official and personal searches</p> <p>Supplies & Services Bulk (£65k) unspent in for District elections not scheduled (£19.5k) Members Allowances and Support – saving against SRAs. Lower than budget allocated.</p>
AD Corporate Resources	Environmental & Energy Management	218,640	201,564	191,320	0	0	191,320	(27,320)	-12.5	<p>16k saving due to restructure to form Property Services Team</p> <p>14k underspend on consultancy fees due to Energy Officer & Sustainability Officer leaving the Council and the permanent Energy & Sustainability Officer replacement not being in position until November.</p>

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
AD Corporate Resources	Facilities Management	865,276	897,704	843,048	0	22,350	865,398	122	+0.0	
AD Corporate Resources	Finance	794,948	811,288	854,485	0	0	854,485	59,537	+7.5	Increase salary costs to support implementation of Payroll/HR system
AD Corporate Resources	Head of Resources	106,242	(1,363,811)	(959,754)	0	0	(959,754)	(1,065,996)	-1,003.4	Within this are the Covid 19 additional costs +£737k and emergency funding (£2,201k)
AD Corporate Resources	Human Resources	588,867	688,084	653,373	0	0	653,373	64,506	+11.0	<p>Employee costs is due to 3 factors:</p> <ul style="list-style-type: none"> *2 staff on maternity leave, so maternity pay in addition to backfill costs (somewhat mitigated by backfilling one post at more junior at less hours) * 1 backfill to maternity was recruited at more senior (Experienced), and higher salary, this was agreed value for money proposal, to pilot new approach to recruitment, spend to be offset by saving across organisation on recruitment agencies * Kickstart placement officer hired in HR team, hired to support implementation and set up, will be funded by scheme once placements start <p>Overspend on Supplies and Services:</p> <ul style="list-style-type: none"> * New HR and Payroll system overspend in year 1, due to rapid implementation approach, to avoid 3 year contract costs with legacy

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
										supplier. *Investment in recruitment sites and platforms to support new approach to recruitment. Budget bid in for future years. this is to tools used across the whole of the council
AD Corporate Resources	Legal	223,940	217,653	193,446	0	0	193,446	(30,494)	-13.6	Recharges now based on hours consumed, rather than fixed fee
AD Corporate Resources	Procurement	62,132	20,133	21,732	0	0	21,732	(40,400)	-65.0	Salary saving due to vacant post – now being recruited.
AD Corporate Resources	Public Conveniences	6,400	5,010	24,882	0	0	24,882	18,482	+288.8	Additional cost due to increase cleaning and service charges
AD Corporate Resources	Risk Management	652,742	735,267	671,655	0	0	671,655	18,913	+2.9	Additional cost due to increase in insurance premiums
Chief Operating Officer	Building Control	152,540	152,540	109,435	0	0	109,435	(43,105)	-28.3	Reduce costs due to reduced activity during the year
Chief Operating Officer	Business Team	278,018	276,539	226,371	0	0	226,371	(51,647)	-18.6	Salary saving due to vacant post -£96k; used to offset additional costs for temporary staff £59k
Chief Operating Officer	Chief Operating Officer	96,038	113,629	207,891	0	0	207,891	111,853	+116.5	Overspend due to Customer Portal Licence
Chief Operating Officer	Closed Churchyards	(13,000)	961	612	0	0	612	13,612	+104.7	Income shortfall arising from previous savings item inserted with no clear delivery plan.
Chief Operating Officer	Community Team	540,710	546,085	48,703	0	0	48,703	(492,007)	-91.0	One off grant funding for Clinically and Extremely Vulnerable -£532k

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
Chief Operating Officer	Corporate Health & Safety	64,706	64,531	52,983	0	0	52,983	(11,723)	-18.1	Underspend on supplies & services -£11.7k
Chief Operating Officer	Council Tax Support	(121,896)	(120,702)	(119,925)	0	0	(119,925)	1,971	+1.6	
Chief Operating Officer	Customer Services	887,625	836,671	857,119	0	0	857,119	(30,506)	-3.4	Underspend in Employees is mainly due to delays in recruitment. The delay was mainly due to limitations in how we train and support new team members due to covid.
Chief Operating Officer	Development Management	(425,985)	(430,407)	(403,513)	0	0	(403,513)	22,472	+5.3	Increase salary costs +£40k, temporary staff +£19k; offset by savings on supplies and services -£26k and increased application fees -£7k
Chief Operating Officer	Document Centre	175,580	219,922	261,159	0	0	261,159	85,579	+48.7	There is little in-house printing and no printing work being carried out for external customers therefore there is no external income. Reduced staffing costs and printing costs offsetting the overspend created by not having any external income.
Chief Operating Officer	Emergency Planning	11,575	11,575	61,643	0	0	61,643	50,068	+432.6	Additional costs for major flooding incident over winter; floodsax, clean up
Chief Operating Officer	Environmental Health Admin	143,794	123,018	113,211	0	0	113,211	(30,583)	-21.3	Positions have not been fully recruited following the departure of staff in the early part of this FY to provide an underspend that can assist with the increased costs of the Tascomi project.

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
Chief Operating Officer	Environmental Protection Team	375,054	256,033	342,849	0	0	342,849	(32,205)	-8.6	Additional income and expenditure related to Government grants supporting Covid-19. Staffing underspend related to half post vacancy.
Chief Operating Officer	Housing Benefits	1,371,355	1,512,366	1,471,784	0	0	1,471,784	100,429	+7.3	Employees - adjusted to absorb cost of Financial Investigator post into budget plus cost of contractor (offset by grant income) Income & Fees and Benefit & Transfer Payments - adjusted to reflect current position on benefit expenditure and subsidy, together with a benefit of -£110k adjustment from 19/20 delayed Housing Subsidy audit Supplies & Services - adjustments to various elements of the budget, e.g. reduced legal fees due to no court work and reduced pool car costs as minimal visits are being made
Chief Operating Officer	Housing Miscellaneous	25,735	25,462	89,695	0	0	89,695	63,960	+248.5	

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
					to/(from) reserves £			£	%	
Chief Operating Officer	Housing Needs	1,145,981	1,046,865	1,015,099	0	0	1,015,099	(130,882)	-11.4	£40k in-year saving declared as no joint commissioning of Housing Related Support Services (HRS) this financial year. Additional MHCLG grant income also made available during third lockdown phase (Jan-Mar) of £26k £30k in-in year saving relating to mainstreaming of Homelessness Trailblazer work. £18k in-year saving due to end of Private Sector Lease scheme.
Chief Operating Officer	Licencing	(62,710)	(88,108)	(53,700)	0	0	(53,700)	9,010	+14.4	
Chief Operating Officer	Local Tax Collection	(227,770)	(221,929)	(220,500)	0	0	(220,500)	7,270	+3.2	
Programme Delivery Manager	Programme Delivery	69,549	36,476	57,890	0	0	57,890	(11,659)	-16.8	The staff vacancy has resulted in an underspend.
Growth Manager	Economic Development	185,434	289,346	300,448	0	0	300,448	115,014	+62.0	Overspend is due to market town programme managers costs, funding by underspends within service area

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
					to/(from) reserves £			£	%	
Growth Manager	Planning Policy	633,058	434,755	386,826	102,000	0	488,826	(144,232)	-22.8	Covid-19 has delayed Local Plan preparation work reducing expenditure by £100k. Members have agreed to pause the CIL/S106 review, reducing expenditure by £25k. Additional income of £62k has been received for priority service on a strategic site, this wasn't budgeted for.
Growth Manager	Public Transport	24,000	20,414	22,214	0	0	22,214	(1,786)	-7.4	
Housing Manager	Housing Strategy	177,006	208,337	198,767	(44,700)	0	154,067	(22,939)	-13.0	Employees: Salary savings due to vacancy Supplies & Services: Consultants cost to be funded from reserves
Corporate Leadership	Directors	508,300	608,301	608,835	0	0	608,835	100,535	+19.8	Additional staff costs incurred because cover for sickness leave was required to maintain HDC response to the impact of Covid-19 on the District.
Corporate Leadership	Executive Support & Business Planning	95,014	122,567	74,738	0	0	74,738	(20,276)	-21.3	£25k one off outbreak management grant
AD Transformation	Transformation	408,328	303,207	129,909	0	47,741	177,650	(230,678)	-56.5	Transformation has worked with finance to ensure all costs are correctly coded to COVID related costs based on supporting the organization. This and wider grant income means we have reduced our draw on reserves. Though this means some planned work has been

Service Grouping Summary

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Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
										paused to support this as we have not brought in additional resources but instead reprioritised
Head of Operations	Car Park - On Street	(131,724)	356	1,158	0	0	1,158	132,882	+100.9	income - CCC locations managed by HDC. income low due to decreased to centre usage, in addition CCC have implemented schemes in St Neots (to reduce dramatically the number of Paid for parking spaces) & St Ives (removing all paid for parking in favour of disabled and loading bays).

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution	Proposed	Revised	Variance to Budget		Comment on Variance to Budget
					to/(from) reserves £	Budget C/fwd £	Provisional Outturn £	£	%	
Head of Operations	Car Parks - Off Street	(1,445,010)	(1,169,635)	(1,084,329)	0	0	(1,084,329)	360,681	+25.0	<p>Employees - vacancies not recruited to due to ongoing pandemic.</p> <p>Income - reduced town centre footfall due to ongoing pandemic with political decision made to suspend charges for 6 months which has mostly been reclaimed through compensation scheme.</p> <p>buildings - due to lower income, service has reduced maintenance spends further sweating assets.</p> <p>Supplies & services - this is lost income, however sits against wrong account headings in Tech1.</p> <p>Benefit & Transfer - payments back of income under contract to CCC & supermarkets for managed sites. due to reduced income, the share to be paid back is lower.</p>
Head of Operations	CCTV	(89,496)	(59,253)	(53,143)	0	0	(53,143)	36,353	+40.6	+£27k tech consultancy costs, +£16k BT costs. -£11k recover additional income.

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
Head of Operations	CCTV Shared Service	233,251	299,976	335,200	0	0	335,200	101,949	+43.7	+£21k relates to trading company income which will not occur in 20/21. +£26.6k relates to a forecasted reduction in recharge from City due to spending less on City only maintenance/equipment in 20/21. +£22k forecasted to spend on new BT fibre circuit to replace last MLL circuit and annual maintenance contract with QSG. Salary savings due to vacant posts -£26k off set by increase in overtime of +£43k
Head of Operations	Countryside	255,023	280,678	313,734	0	0	313,734	58,711	+23.0	Employees- vacancy at HCP - Countryside Support Worker left in July. Not being replaced due to COVID impact Income and fees Cafe income down. Countryside Centre Bookings down due to COVID impact Buildings less usage, expecting electricity to be lower Supplies and services. £50,000 Grant received to build hides at Paxton. Materials being bought out of original codes £20,000 contribution from Friends of PPNR towards purchase of side arm flail mower

Service Grouping Summary

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Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
										Transport - less use of machinery and movement to other sites
Head of Operations	Fleet Management	300,234	314,894	289,212	0	0	289,212	(11,022)	-3.7	(18k) employee-staff leaving and recruiting produced a surplus 9k income from pool cars have under recovered due to Covid and no site visits etc. there is no financial benefit in selling the pool cars, it would also leave HDC operationally restricted especially in the current climate(food deliveries etc) (12k) supplies and services-slight underspend although this could change due to unforeseen vehicle breakdowns or issues 19k transport-unexpected repairs, servicing and upgrades to fuel tank and fuel system.
Head of Operations	Green Spaces	499,366	505,970	622,250	0	0	622,250	122,884	+24.6	+£112k reduction in charges for third party fee income
Head of Operations	Head of Operations	83,342	107,910	90,687	0	0	90,687	7,345	+8.8	

Service Grouping Summary

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Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
Head of Operations	Markets	(34,550)	106,471	107,013	0	0	107,013	141,563	+409.7	<p>Employees - variance due to Green Book enhancements required to be paid to staff. Previous budget pack manager did not make appropriate adjusts for this financial year to accommodate this.</p> <p>Income - Political decision made to suspend market traders rents due to pandemic as part of covid support measures.</p> <p>Supplies and services - due to reduced income, service expenditure has been halted as much as possible.</p>
Head of Operations	Parks and Open Spaces	353,667	348,924	328,269	0	0	328,269	(25,398)	-7.2	£26k reduced costs for sewer and watercourses during the year
Head of Operations	Street Cleansing	804,390	800,564	893,301	0	0	893,301	88,911	+11.1	+£47k additional income not achieved in year: +£27k increased cost for vehicle maintenance
Head of Operations	Waste Management	2,518,306	2,499,910	2,238,735	0	0	2,238,735	(279,571)	-11.1	-£69k salary savings mainly from green waste collection; -£163k additional income (£105k bulky waste); -£122k saving on fuel and vehicle repairs; +£75k additional costs on waste disposal (£71k Trade Refuse)
Head of Leisure & Health	Head of Leisure & Health	85,100	83,670	83,681	0	0	83,681	(1,419)	-1.7	

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
					to/(from) reserves £			£	%	
Head of Leisure & Health	One Leisure Active Lifestyles	155,819	286,298	301,586	0	35,000	336,586	180,767	+116.0	<p>OLAL has had to stop delivering activities due to the three national lockdowns. It is assumed that this current lockdown will extend to the end of March in some form with the ability to deliver activities severely restricted.</p> <ul style="list-style-type: none"> • Income has been significantly affected (forecast to be £137K below budget) by Covid, three national lockdowns and the challenges incurred with activities prohibited by law. • In mitigation, the service has reduced controllable expenditure by £39.1k • Unavoidable Growth: As per Q2 unavoidable growth £45k <ul style="list-style-type: none"> o £35K bid for Playing pitch strategy - presumption that this would be CIL funded. o £10K The Children and families project. • Furloughing of Staff: The majority of the team were furloughed in November for 3 and a half weeks and again from January. Variables were furloughed during the first lockdown. For accounting purposes all funds for furloughed staff OLAL and OLF is recorded in OLF accounts. • Income Compensation Scheme: Currently all income paid as part of the government scheme is

Service Grouping Summary

This list only includes service groups with a variance exceeding +/- £10,000

Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
										accounted for in OLF accounts and not split out. • Other mitigations when operable include, rationalisation of classes, brand new type of classes introduced based upon new demand, delays in recruitment or cover.
Head of Leisure & Health	Huntingdon Leisure Centre	(124,849)	768,298	772,646	0	0	772,646	897,495	+718.9	OLF has had to stop delivering activities due to the third national lockdown. As reported when the facilities were allowed to re-open there was a 71% return of memberships and whilst there were restriction in place that reduced capacity by circa 50% for all activities, these were well attended and at times at capacity. The current forecast includes a number of assumptions:- • We will receive a total of £3m as part of the Income Compensation Scheme (this includes OLAL income) • We will receive £1.26m income as part of the Job Retention Scheme – Furlough (which will include OLAL payments) • All non-essential building maintenance has been deferred whilst the buildings remain predominantly shut.
Head of Leisure & Health	Leisure Centres Corporate	379,380	226,687	233,392	0	0	233,392	(145,988)	-38.5	
Head of Leisure & Health	One Leisure Management Team	149,731	(3,514,640)	(3,775,629)	0	0	(3,775,629)	(3,925,360)	-2,621.6	
Head of Leisure & Health	Ramsey Leisure Centre	(3,893)	378,145	371,405	0	0	371,405	375,298	+9,640.3	
Head of Leisure & Health	Sawtry Leisure Centre	0	(464)	0	0	0	0	0	#DIV/0!	
Head of Leisure & Health	St Ives Leisure Centre	(544,878)	1,161,763	1,208,704	0	0	1,208,704	1,753,582	+321.8	
Head of Leisure & Health	St Ives Outdoor Centre	19,159	291,429	249,105	0	0	249,105	229,946	+1,200.2	

Service Grouping Summary

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Head of Service	Service Grouping	Budget £	Q3 Forecast £	Provisional Outturn £	Contribution to/(from) reserves £	Proposed Budget C/fwd £	Revised Provisional Outturn £	Variance to Budget		Comment on Variance to Budget
								£	%	
Head of Leisure & Health	St Neots Leisure Centre	(330,590)	898,093	880,976	0	0	880,976	1,211,566	+366.5	
Head of 3C ICT	ICT Shared Service	2,139,047	2,127,890	2,007,165	0	0	2,007,165	(131,882)	-6.2	Overall increase in costs recharged to City and South Cams

CAPITAL PROGRAMME

The approved gross Capital Programme 2020/21 is £16.611m. Schemes totalling £3.909m from 2019/20 have been rephased to 2020/21, to give the total gross capital programme for 2020/21 of £20.520m.

The Capital Programme is forecast to have an underspend of £13.415m, this includes underspends, overspends and growth.

The table below shows the capital programme by scheme with proposed rephasing, expenditure to date and forecast outturn.

Due to the Covid 19 pandemic, this has and may continue to affect delivery of some projects in terms of capacity of internal resources and the uncertainty within economical landscape for investments into property.

Capital Project Expenditure Summary

CAPITAL PROGRAMME SUMMARY

Department	Description	Lead Officer	Original Budget	Latest Budget*	Actual Spend	Year end forecast Variance	Budget C/Fwd	Comment on Variance
3CICT	3CICT EFH Fire Insurance Settlement	Sam Smith	0	0	3,695	3,695		
3CICT	Generator - 3CICT Backup	Sam Smith	27,000	27,000	28,785	1,785		
3CICT	Data Centre Storage	Sam Smith	23,000	23,000	18,315	(4,685)		
3CICT	Wi-Fi Access Points	Sam Smith	12,000	12,000	0	(12,000)	12,000	
Chief Operating Officer	Environmental Health Software	Finlay Flett	0	40,000	134,904	94,904		
Chief Operating Officer	Traveller Security Improvements	Finlay Flett	0	0	30,490	30,490		Project originally for 19-20. Elements delayed until current year
Chief Operating Officer	Disabled Facilities Grants	Housing Strategy Manager	2,250,000	2,250,000	1,247,189	(1,002,811)		The budget spend is currently around 20% lower than 2019/20 at this point. Committed and Pipeline are down nearly 50% compared with last year. We may recover but this depends on referrals from OT's and contractors ability to carry out works.
Chief Operating Officer	Printing Equipment	Andy Lusha	0	16,000	0	(16,000)	16,000	
Chief Operating Officer	Huntingdon On-Street WiFi	John Taylor	0	0	129,400	129,400		Part of the Covid 19 Recovery plan funded by CPCA
Corporate Resources	Bridge Place Car Park Const	Claire Edwards	0	377,642	32,050	(345,592)	345,592	Dependant on the sale of bridge place car park which has been delayed.
Corporate Resources	HTC Grant	Claire Edwards	0	0	0	0		
Corporate Resources	VAT Exempt Capital	Claire Edwards	59,000	59,000	0	(59,000)		Will be impacted by the reduction in expenditure on capital schemes
Corporate Resources	Company Share Investment	Claire Edwards	0	100,000	0	(100,000)	100,000	Assuming the company will remain dormant in 20/21
Corporate Resources	Huntingdon Redevelopment	Claire Edwards	8,500,000	8,500,000	0	(8,500,000)	8,500,000	Will be delayed due to the pandemic and refocusing on prospectus for growth agenda.

Capital Project Expenditure Summary

Department	Description	Lead Officer	Original Budget	Latest Budget*	Actual Spend	Year end forecast Variance	Budget C/Fwd	Comment on Variance
Corporate Resources	Bldg Efficiency - Salix Funding	Mark Houston	0	0	66,358	66,358		Salix Pot Total we're expected to spend is £60,179
Corporate Resources	Retro-Fit Buildings	Mark Houston	0	227,501	0	(227,501)	227,501	Project has not progressed due to staff turnover, Budget still required in 2021/22
Corporate Resources	Lighting - Loves Farm Footpath	Mark Houston	16,000	16,000	0	(16,000)		Tenders received have come in more cost effective than originally estimated.
Corporate Resources	Oak Tree Remedial Work	Jackie Golby	1,000,000	1,911,811	124,563	(1,787,248)	1,787,248	Decanting of the premises to modular units has begun. Main building work to start in February and this will run until July.
Corporate Resources	Alms Close	Jackie Golby	665,000	1,094,229	1,180,431	86,202		£135k overspend previously agreed with S151 Officer/PFH
Corporate Resources	Health and Safety Works on Commercial Properties	Jackie Golby	0	15,499	0	(15,499)	15,499	costs being re-tendered due to Covid access
Corporate Resources	Energy Efficiency Works at Commercial Properties	Jackie Golby	25,000	69,000	2,949	(66,051)	66,051	Delay due to pandemic
Corporate Resources	Oak Tree Centre Car Park Redevelopment	Jackie Golby	0	0	12,187	12,187		Following SLT, this project has been shelved until further notice
Growth	A14 Upgrade	Growth Manager	200,000	400,000	0	(400,000)	400,000	May be spent in this year. we are due to pay 200k per year for 5 years when the Cambridgeshire County council ask for it. They haven't yet. Unsure when they will ask for it. If unspent by year end - This will need to be slipped into 21/22.
Growth	Housing Company	Growth Manager	0	206,000	0	(206,000)	206,000	It is unlikely the Company will be set up this year but until a final decision on viability is made the budget will need to be slipped.
Growth	Community Infrastructure	Claire Burton	0	0	1,863,109	1,863,109		This expenditure is funded from CIL receipts
Leisure & Health	Hunt Leis C - Gen Improve (Cs)	Phil Lisseman	0	0	2,183	2,183		Decision made to stop condition survey work for the time being.
Leisure & Health	Leisure Cents - Future Improve	Phil Lisseman	306,000	306,000	0	(306,000)	190,000	

Capital Project Expenditure Summary

Department	Description	Lead Officer	Original Budget	Latest Budget*	Actual Spend	Year end forecast Variance	Budget C/Fwd	Comment on Variance
Leisure & Health	Ramsey L C - Gen Improve (Cs)	Phil Lisseman	0	0	304	304		
Leisure & Health	Sn Leis C - Gen Improve (Cs)	Phil Lisseman	0	0	21,214	21,214		
Leisure & Health	St Ivo - General Improve (Cs)	Phil Lisseman	0	0	7,117	7,117		
Leisure & Health	St Ivo L C - Outdoor Gen Mtce (Cs)	Phil Lisseman	0	0	51,893	51,893		
Leisure & Health	One Leisure St Ives New Fitness Offering	Paul France	0	0	25,880	25,880		
Leisure & Health	OL St Ives Changing Rooms	Chris Keeble	0	250,000	145,397	(104,603)	104,603	Retention to be paid in 21/22 - therefore needs slipping. Project expected/planned to be completed in 2021.
Leisure & Health	One Leisure Ramsey 3G	Martin Grey	0	593,512	31,382	(562,130)	562,130	Scheme expenditure is now expected to slip to 2021/22
Leisure & Health	OL St Neots Synthetic Pitch	Jonathon Clarke	0	0	4,514	4,514		
Leisure & Health	OL St Neots Pool Building	Jonathon Clarke	0	0	191	191		
Operations	Wheeled Bins	Andrew Rogan	238,000	238,000	194,071	(43,929)		More being spent on commercial waste bins but this is more than offset by reduced expenditure on household bins
Operations	Vehicles & Plant	Andrew Rogan	1,199,000	1,254,746	1,207,692	(47,054)	47,054	Current fleet replacement is planned, small cost overrun
Operations	Godmanchester Mill Weir Improvements	Andrew Rogan	0	0	13,802	13,802		This will be funded from CIL
Operations	Parking Strategy	George McDowell	37,000	127,094	135,568	8,474		
Operations	Civil Parking Enforcement	George McDowell	217,000	217,000	0	(217,000)	217,000	Project under review, budget will need to be slipped to 2021/22 if project proceeds
Operations	Secure Cycle Storage	George McDowell	58,000	58,400	0	(58,400)	58,400	Delay due to pandemic
Operations	Lone Worker Software	Eddy Gardener	0	20,000	0	(20,000)	20,000	Delay due to pandemic
Operations	Cctv PFH Resilience	Eddy Gardner	0	20,000	10,195	(9,805)		

Capital Project Expenditure Summary

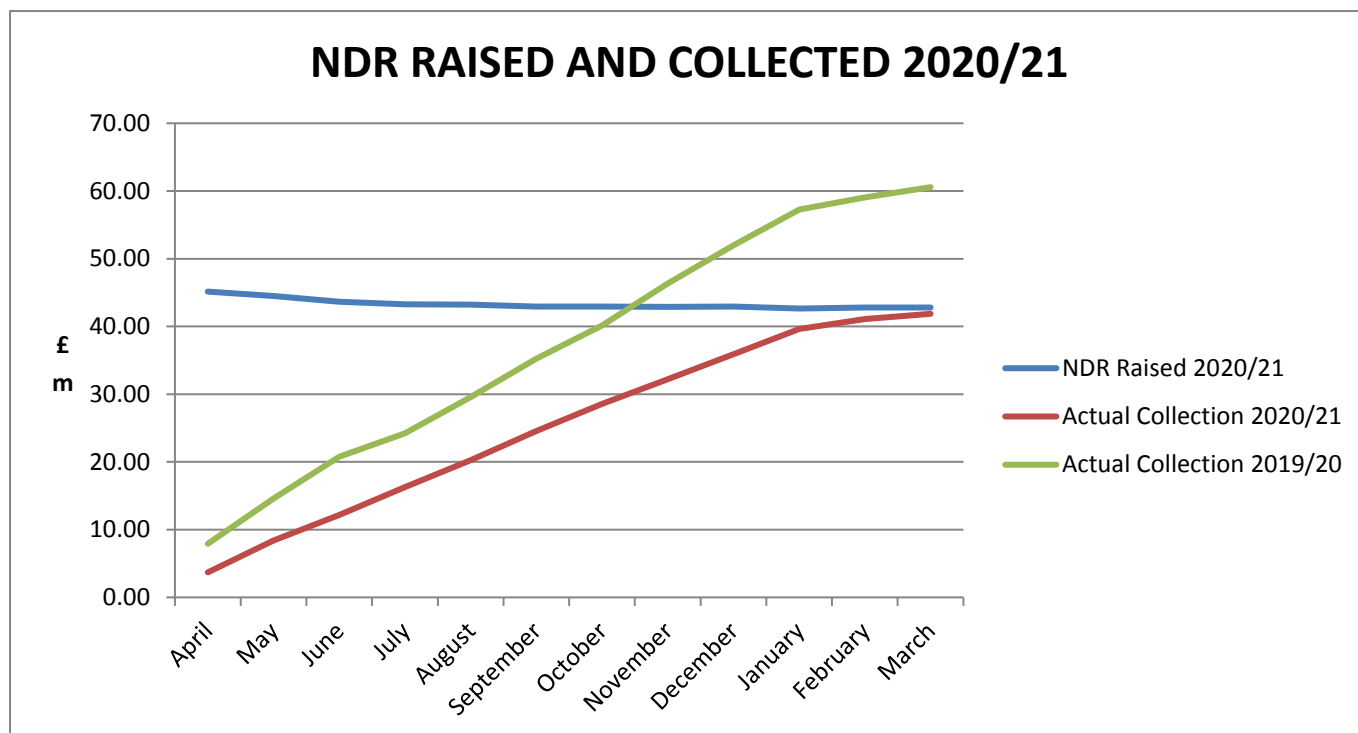
Department	Description	Lead Officer	Original Budget	Latest Budget*	Actual Spend	Year end forecast Variance	Budget C/Fwd	Comment on Variance
Operations	Cctv - Camera Replacements	Eddy Gardner	0	0	183,747	183,747		Capital project tender was for £504,196.00 (both wireless and CCTV elements) due to BT and Virgin framework contract issues and control room changes previous HOS authorised Variation orders to £80,556.91. total project is then £586, 976 to QSG. there is application payment 4 V1 of £55,419 applied for covering all works less retention sum of £30,246 pending technical audit of the whole City and HDC systems. there are a lot of commitments and PO being closed down as QSG accept they have been paid. The final retention sum set aside pending full technical audit by specialist consultants being undertaken October/November 2020
Operations	Cctv - Wireless	Eddy Gardner	0	0	7,409	7,409		
Operations	Play Equipment	Helen Lack	53,000	53,000	31,744	(21,256)	21,256	Slipped to 2021/22 due to Covid restricting projects
Operations	Operations Back Office	Helen Lack	0	198,392	91,714	(106,678)	106,678	
Operations	Park Fencing	Helen Lack	12,000	12,000	11,882	(118)		
Operations	Hinchingbrooke Country Park	Judith Arnold	1,550,000	1,550,000	3,951	(1,546,049)	1,546,049	only small amount of interpretation likely, due to Covid and floods causing waterlogged grounds
Operations	HCP Wooden Bridge	Matthew Chudley	0	0	0	0		
Operations	Districtwide Signage	Matthew Chudley	70,000	70,000	0	(70,000)	70,000	Delay due to pandemic
Operations	St Neots Riverside Park Path/Cycle Imps	Matthew Chudley	0	0	19,551	19,551		
Transformation	CrM Replacement	Tony Evans	0	63,396	0	(63,396)		

Capital Project Expenditure Summary

Department	Description	Lead Officer	Original Budget	Latest Budget*	Actual Spend	Year end forecast Variance	Budget C/Fwd	Comment on Variance
Transformation	Robotics	Tony Evans	0	50,000	0	(50,000)	50,000	This project has put on hold in FY 19/20 due to lacking foundational capability awaiting other projects delivering key pre-requisites before looking to deliver a SaaS based robotics platform. The project will progress in 2021/22.
Transformation	Audio Visual Equipment	Tony Evans	30,000	30,000	0	(30,000)	30,000	Project not commenced, will now start in 2021/22
Transformation	Customer Portal and Call Centre Software	Tony Evans	30,000	30,000	0	(30,000)		Project not commenced, will now start in 2021/22
Transformation	Voice Bots	Tony Evans	34,000	34,000	0	(34,000)	34,000	Project not commenced, will now start in 2021/22
	Telephony Replacement				3,667	3,667		Part of the Covid 19 Accelerated plan funded by CPCA
					1,355	1,355		
Operations	Parklets				903	903		
Operations	Solar Benches				903	903		
Operations	Covered Benches				903	903		
Operations	Town Walks				903	903		
Corporate Resources	Decarbonisation Projects				20,948	20,948		Funded from Salix Grant Funding
			16,611,000	20,520,222	7,105,409	(13,414,813)	14,733,061	

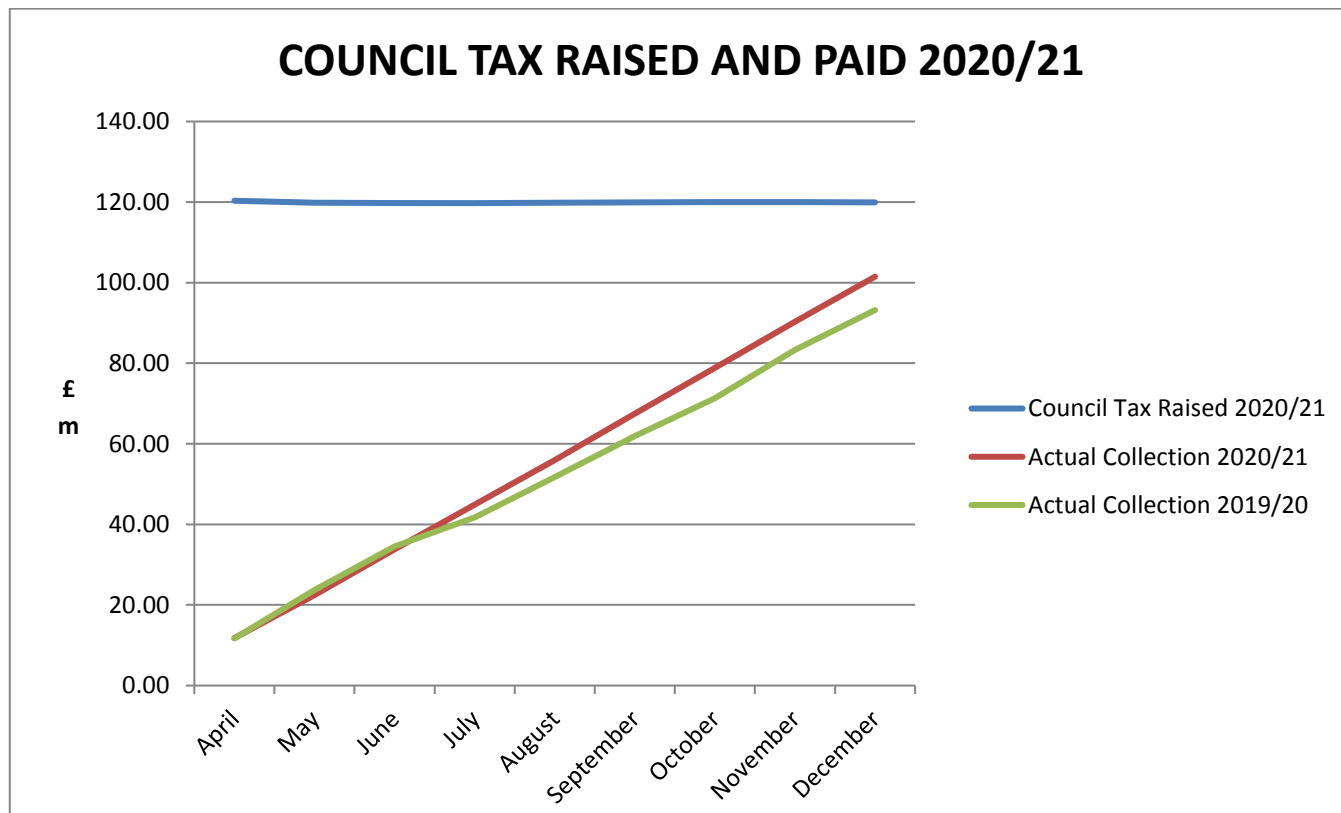
* Includes unspent budget slipped from 2019/20

Financial Dashboard



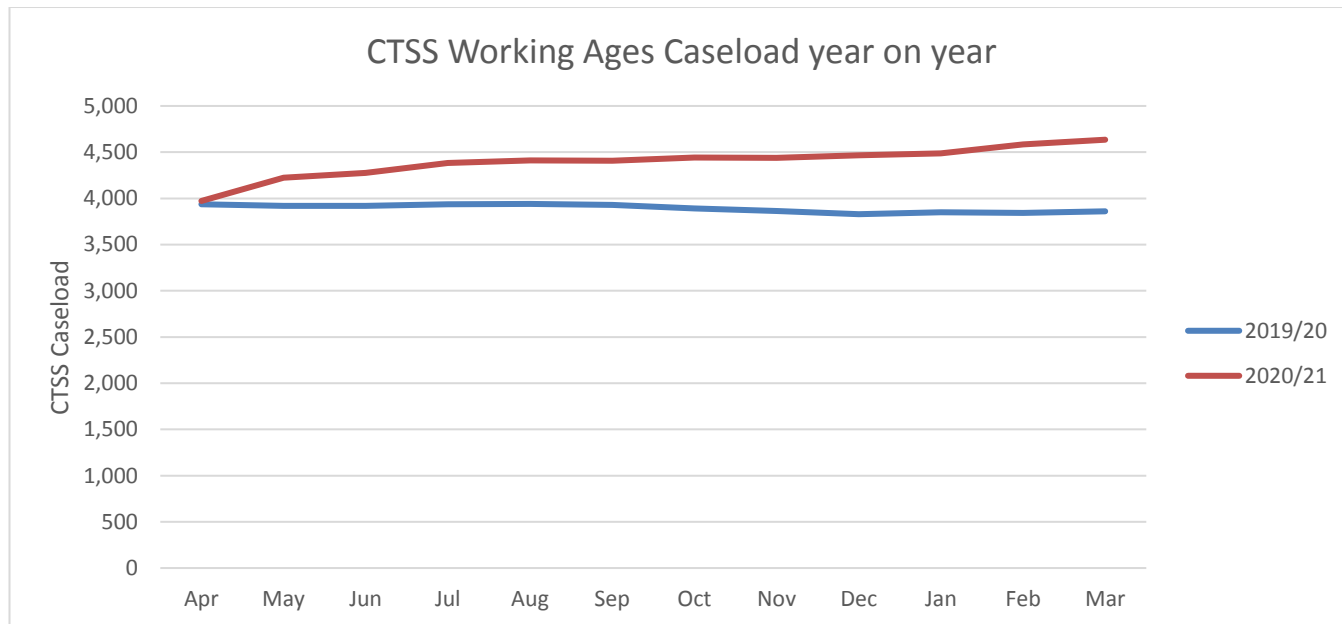
The NDR graph above shows the total amount of NDR bills raised in 2020/21 and the actual receipts received up to the end of March. For 2020/21 Central Government introduce significant reliefs for the retail and hospitality sector, which has reduced the annual billing by £21.151m. District Councils are being compensated for these reliefs in line with the normal grant income received via the Business Rate Retention Scheme. The Council tax graph below provides the same analysis.

Collection of Council Tax



Council tax collection rates during the initial phases of lockdown have not reduced significantly compared to 2019/20. However, into 21/22 the potential impact of the furlough scheme ending may have a significant impact on residence's ability to pay, if as anticipated, businesses are not able to continue to employ people at the pre-covid 19 levels.

Council Tax Support Scheme



The graph above shows the increase in Council Tax Support Scheme caseload, this is an increase of 15.3%.

Outstanding Miscellaneous Debt Overdue for Payment

Due to the Covid 19 pandemic the decision was taken to suspend debt recovery in support of the unusual circumstances of the whole economy in lock down, this has had a significant impact on the level of miscellaneous debt outstanding as at 31st March is £3.526m (December 2020, £2.166m).

Over 90% of the debt is made up as follows:

Department	Amount Owed £m
3C Share Services	0.775
Commercial Estates	1.490*
Housing	0.471
Operations	0.742

*£662k has since been paid for commercial estates in relation to the Oaktree Centre

Bad debt provision for commercial estates has been provided for of £228k to reflect what is at risk of non-payment in 21/22.

The process of considering CIS opportunities is as follows:

Step 1

Property investment opportunities are both introduced by agents and actively sourced by the Commercial Estates Team. An initial review is undertaken against the outline criteria of the CIS such as yield, length of lease, tenant strength etc. and if they are judged to be reasonable investments, further preliminary initial due diligence is undertaken to determine the quality of the leases and an initial financial appraisal is undertaken.

Step 2

If Step 1 is passed, more detailed due diligence is undertaken (including detailed tenant strength review, ownership title, property energy efficiency, market analysis of rents and yield etc), this may lead to a site visit and more robust financial appraisal/modelling and further market scrutiny.

Step 3

If Step 2 is passed, then approval is sought from the members of the Treasury & Capital Management Group, the Managing Director, Corporate Director (Services) and the Head of Resources to submit a formal initial bid, subject to contract and relevant building and condition surveys

Step 4

If the bid submitted at Step 3 is successful, then this progresses to consideration by Overview and Scrutiny and approval for Cabinet.

Step 5

Once approval is given, formal legal and building condition due diligence commences by instruction of lawyers and building/specialist surveys are undertaken. This may take several weeks during which all concerns raised on legal and lease title and building condition are satisfied. If any significant concerns are unsatisfied, these can either be negotiated on price or withdraw from the purchase.

Reviews Undertaken January – March 2021 (Q3)

Over the above period, 25 properties in total were considered, all to stage 1 only. By property type the investments considered in Q4 are as follows:

Offices	4	Distribution	1	Development sites	6
retail	5	Other	1	Residential	4
Industrial/warehouse	2	Mixed use	2		

Priority work is focussed on re-letting vacant space and managing existing tenants to maintain continuity of income. There are still tenants seeking to exit their premises due to Covid 19 trading conditions, although the letting market is active. The investment opportunities being presented to use are dominated by London and residential/development opportunities. We re seeing no investment opportunities within HDC district at present.

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Head Of Service	Service Area	Budget £'000	Reason
One Leisure	Active Lifestyle	35,000	Playing Pitch Strategy required for future funding
Transformation	Transformation Initiatives - Voice Bots	22,475	Projects paused during 20/21 to be restarted in 21/22 financial year
	Transformation Initiatives - Data Warehouse	25,266	Projects paused during 20/21 to be restarted in 21/22 financial year
Corporate Resources	Facilities Management - Path Finder House	11,500	Building maintenance - adaptations for staff in post pandemic working environment
	Facilities	3,850	Energy Management Software maintenance
	Facilities Management - East Field House	7,000	Building maintenance - adaptations for staff in post pandemic working environment
Total		105,091	

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