

Agenda Item No: 11
Report To: Cabinet
Date of Meeting: 26 November 2020
Report Title: Quarter Two Financial Monitoring to 30 September 2020
Report Author & Job Title: Lee Foreman
Accountancy Manager
Portfolio Holder Cllr. Neil Bell
Portfolio Holder for: Finance & IT



Summary:

This report presents the quarter two budget monitoring position for 2020/21 up to 30 September 2020; the previous report was up to 31 July 2020 (P2) was presented to Cabinet in September. It should be noted that the detailed monitoring in this report is up to 30 September 2020, however some information will reflect changes after this date due to the uncertain environment we are currently operating in.

Since P2 the forecast deficit for the General Fund has reduced by £836,000 as further Government Funding and the Sales Fees and Charges (SFC) support scheme has been added to the forecast.

The General Fund is now forecasting a year-end deficit of £491,000 which is within the reserves allocated to manage pressures arising from the Covid19 Pandemic.

The Housing Revenue Account (HRA) has remained fairly static between budget reports and is forecasting an overspend against budget of £306,000 for the year.

The Collection Fund, for both Council Tax and Business Rates is maintaining collection levels below previous years and currently indicates a loss of £791,000 to the Council which will impact next year's budget. This area is constantly under review and could see further reduction in business rates as the Covid19 pandemic elongates and Government support schemes come to an end.

This report also includes updates of the Capital Programme, Treasury Management activity and movements from reserves.

Additional reports on a Decarbonisation Scheme and Leisure Centre support are shown at **Appendix C** and **Exempt Appendix D** respectively.

Key Decision: Yes

Significantly Affected Wards: None

Recommendations: The Cabinet is asked to:-

- I. Note the forecast outturn position for the General Fund and the Housing Revenue Account.
- II. Note the Collection fund Position
- III. Note contribution from reserves
- IV. Note the Capital Programme position
- V. Note the Treasury Management position
- VI. Note the grant application made for Decarbonisation Scheme (Appendix C).
- VII. Subject to a positive outcome of the Council's application, to approve the Head of Corporate Property and Projects be granted delegations to expedite the capital expenditure in line with the conditions set out in the grant conditions.
- VIII. To expedite the procurement in line with the requirement to spend the grant funding by the 30th June 2021.
- IX. Given the tight timescales for application, that the Head of Corporate Property and Projects used his delegated powers to procure the consultancy services of Leisure Energy to assess and submit further schemes for Tenterden Leisure Centre and the Civic Centre through the Single Source Supplier procurement process for the next bidding round in January 2021.
- X. To note the use of the Chief Executives Urgency Powers for the Leisure Services Support Scheme at Exempt Appendix D.
- XI. To note the extended procurement exercise timetable for Tenterden Leisure Centre and revised funding arrangement with Tenterden Leisure Centre Trust (Appendix D)

Policy Overview: The Budget is a key element supporting the delivery of the Council's wider policy objectives.

Financial Implications:

The General Fund is reporting an overall deficit of £491,000 for 2020/21 with a further £791,000 shortfall in the collection fund that will need to be repaid in 2021/22 resulting from the reduction in Business Rates and Council Tax receipts.

The General Fund pressure is significantly less than initially anticipated and can be contained within the Council's reserves which were earmarked at the May Cabinet Committee meeting to support the Covid19 pressure.

The HRA is forecasting an overspend of £306,000 due to a reduction in forecast rent.

Legal Implications	N/A
Equalities Impact Assessment	As part of Budget Setting 2020/21 a full assessment was undertaken.
Exempt from Publication:	YES (<i>Appendix D</i>) Not For Publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 - the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
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Report Title: Quarter 2 Financial Monitoring to 30 September 2020

Introduction and Background

1. This report presents the forecast outturn position for 2020/21 based on information available as at 30 September 2020. This report is the third budget monitoring report of the year as additional monitoring was introduced to report on the impact of the Covid19 Pandemic.
2. At the start of the Covid19 Pandemic, it was anticipated that an in year pressure of £4.5m was likely for the General Fund in 2020/21. This was based on the information available that included minimum support from Central Government, with the first tranche of Government Support being £50,680, A full list of Government Grants received to date can be seen at **Appendix A**.
3. As can be seen from **Appendix A**, Government grants have, been better than anticipated at just over £2m received to date. In addition to direct grant funding, the Government has also set up a Sales Fees and Charges (SFC) () support scheme which will compensate Council's 75p in the pound for losses to 31 March 2021, subject to a 5% volatility deduction. Notably though the SFC scheme does not permit lost rental or investment income losses to be claimed.
4. In addition to government funding, significant savings have been made in year by Services, especially in direct staffing costs which have generated savings of circa £1m through freezing recruitment into vacant posts. While this measure would not be sustainable long term, it reflects the work officers have done in mitigating the pressures as a result of the Covid19 pandemic.
5. This report does not factor in further reductions for the second lockdown period, the next budget reporting period will close at the end of December and will capture any further pressures, which will then be reported to Cabinet accordingly.
6. The report considers each of the following areas of the Council in more detail including the; General Fund, Housing Revenue Account, Council Tax and Business Rates, Capital, and Treasury Management positions.
7. The report also has a number of Exempt items for member's consideration.

Summary of General fund Position

8. The current General Fund position is forecasting an outturn deficit of £491,000 for 2020/21 which is a reduction of £836,000 on the previous forecast. This is largely due to the forecasting of new Government Grant and the SFC Scheme income. Reductions in Business Rates and Council Tax income relating to this year (2020/21) and changes in reliefs to business will impact on the Council's financial position next year and this deficit is forecast to be in the region of £791,000. The Council holds a Business Rate Income reserve to manage these pressures.
9. As can be seen at **Table 1** below, the significant movements since the previous report are for non-service specific items (grants and SFC income as previously mentioned) £1.8m, and a pressure of £1.123m in the Directorate of Place and Space. Included in this total is a pressure of £900,000 reported

under Culture and represents the Council's support to leisure centre operators during the Covid19 Pandemic, the details of which can be found in the **Exempt Appendix D**.

10. Planning are also reporting a pressure of £278,000 which includes additional consultancy spend of £167,000 and reduction in planning fee income of £111,000, despite early resilience to Covid19, fees in this area have now started to reduce.
11. There are still significant risks to the forecast including the impact of the second lockdown on the Council income streams, but more significantly the economic impact which will likely bring pressures in future years throughout the Borough. The other emerging risk is from the Natural England report around Stodmarsh, and the impact this will have on planning fee income and expenditure if further additional resources are necessary to explore solutions to the issue.
12. There is considerable uncertainty as to how the Ashford economy will be impacted from the risks above and the resulting impact on the Council. The true extent of the economic damage will not be fully felt until later in the year once government support schemes come to an end, and the appetite of consumers to return to previous habits is determined.
13. **Table 1** shows variances at a Directorate level, with further breakdown at **Table 2** to a service level.

Table 1 – General Fund Quarter 2 Outturn Forecast as at 30 September 2020 – Directorate Level

*	Directorate	Current Budget (net) £'000	Forecast Outturn (net) at 30/09/20 £'000	2020/21 Variance £'000	Variance P2 to Q2 £'000
a	Chief Executive	1,416	1,454	38	23
b	Director Of Finance & Economy	2,765	3,961	1,196	(22)
c	Director Of Law & Governance	2,026	3,456	1,430	(73)
d	Director Of Place & Space	10,922	12,557	1,636	1,057
	Net Service Expenditure	17,129	21,428	4,300	984
e	Non service specific items	(1,161)	(4,969)	(3,809)	(1,821)
	Budget Requirement	15,968	16,459	491	(836)
f	Financing:	(15,968)	(15,968)	0	0
	Total movement	0	491	491	(836)

Table 2 - General Fund Quarter 2 Outturn Forecast as at 30 September 2020 – Service Level

*	Service	Current Budget (net) £'000	Forecast Outturn (net) at 30/09/20 £'000	2020/21 Variance £'000	Variance P2 to Q2 £'000
a	Corporate Policy, Economic Development, Communications and CMO	1,416	1,454	38	23
b	Corporate Property & Projects	(1,753)	(764)	989	13
b	Finance & Ict	3,658	3,498	(160)	(52)
b	Housing Services	860	1,227	367	16
c	Community Safety and Wellbeing	428	2,003	1,575	(21)
c	Hr & Customer Services	172	112	(60)	(29)
c	Legal & Democratic Services	1,426	1,340	(86)	(23)
d	Culture	3,342	4,378	1,036	900
d	Environmental & Land Management	5,453	5,287	(166)	(120)
d	Planning	2,127	2,893	767	278
	Net Service Expenditure	17,129	21,428	4,300	984
e	Capital Charges and net interest	(2,587)	(3,182)	(596)	(1)
e	Government Grant (Covid19 related)	0	(3,066)	(3,066)	(1,707)
e	Levies, Grants and Precepts	271	271	0	0
e	Contribution (from)/to reserves	1,155	1,008	(147)	(112)
	Budget Requirement	15,968	16,459	491	(836)
	Financing:				
f	Retained Business Rates	(4,992)	(4,992)	0	0
f	Council Tax	(7,923)	(7,923)	0	0
f	New Homes Bonus	(3,053)	(3,053)	0	0
	Total movement	0	491	491	(836)

* Cross referencing of Directorate Table to Service table

14. The following section provides explanations of the material movements between Period 2 (P2) forecasts (as previously reported) and the forecast outturn as at 30 September 2020 identified in the table above, reported by directorate headings.

Director of Finance & Economy

15. **Corporate Property & Projects** – Since P2 there has been an overall reduction in forecast of £78,000 due to an increase in garage rents of £70,000 and £50,000 for industrial estate rents which are proving more resilient than anticipated, and salary savings of £120,000.
16. These savings have supported a £123,000 increase in Business Rates costs on void properties, and £26,000 of consultancy costs. This budget also has a pressure of £15,000 for the removal of town centre phone boxes which is being funded from reserves.
17. **Finance and ICT** – Further savings of £52,000 are forecast, £40,000 coming from further salary savings and £10,000 following a reduction in click charges and material costs from printers at the Civic Centre.
18. **General Fund Housing Services** – Additional costs of £16,000 since P2 are reported for furniture and fitting costs at Christchurch Lodge.

Director of Law & Governance

19. **Community Safety and Wellbeing** – Salary savings of £42,000 and £19,000 of savings from the One You shop have contributes to an overall reduction in forecast of £20,000.
20. £40,000 of expenditure is also included which is being funded from reserves and previous years grants for the Ashford Partnership against Crime, and Violence Reduction Unit funding.

Director of Place & Space

21. **Culture** – Cultural services is reporting a pressure of £900,000 of which £860,000 relates to Leisure Centre support and is covered in the **Exempt Appendix D** which is an Exempt item.
22. The remaining pressure comprises of £24,000 for legal fees for Leisure Procurement and £23,000 for a new Hammer Cage at the Julie Rose Stadium which is to be funded from reserves and reflected in the reserves section.
23. **Environment and Land Management** – Further savings of £54,000 have been forecast at Q2 following a £10,000 reduction in the dog warden charges, £37,000 increase on bulky waste collection income.
24. **Planning**– Planning is adding a forecast pressure of £278,000 at quarter 2. £68,000 is a forecasted reduction in planning fee income, this income stream performed better than expected in the early months of the Covid19 pandemic, however income levels are now reducing and the forecast reflects this position.
25. The service is also forecasting additional consultancy spend of £92,000 to support the day job as the new structure is still being recruited to.
26. Additional specialist consultancy advice of £75,000 has also been added to help with the issues identified in the Natural England report around Stodmarsh.

Housing Revenue Account (HRA)

27. The Housing Revenue Account is showing a overspend of £306,000 for the year. This has marginally reduced since the previous quarter.
28. Overall the HRA reserves will be £1.5m in surplus due to the slowing of decent homes work, this is balanced off in the table below and although there has been a reduction in works this year there could be an increase in works in following years.
29. A breakdown of this variance is shown in Table 4 below:

Table 4 – 2020/21 Housing Revenue Account Forecast Outturn Position

HRA	Current Budget (net)	Forecast Outturn (net) at 30/09/20	2020/21 Variance	Variance P2 to Q2
Income	(25,369)	(24,678)	692	0
Supervision and Management	6,051	5,959	(92)	(10)
Repairs and Maintenance	3,758	3,702	(56)	(6)
Other	16,190	15,952	(237)	(4)
Net Revenue Expenditure	630	936	306	(20)
Capital Works - Decent Homes	4,435	3,118	1,317	187
Financed By:				
Contribution To/(From) Major Repairs Reserve	(4,435)	(3,118)	1,317	(187)
Net Capital Expenditure	0	0	0	0
Total Net Expenditure	630	936	306	(20)

Commentary on HRA Movement

30. **Capital Works (Decent Homes)** – There has been an increase in bathroom and kitchen works since previous forecast, this was due to the lifting of the first lockdown.
31. The reduction in the above is reflected in the contribution to/from the major repairs reserve.

Collection fund Monitoring

Business Rates

33. Collection rates for NNDR are being regularly monitored to gauge the potential impact of the Covid19 Pandemic within the Borough. Currently collection rates are 4% lower than in previous years, although this figure has stabilised, showing a positive position it should be noted that there is substantial Government financial support which could be building pressure for the future should the pandemic continue into 2021/22.
34. The original increase in the bad debts provision of 1% (following the outbreak) is still considered sufficient, but this will be updated if the collection rates start to drop further, and any future local restrictions that could impact on businesses further.
35. There has been a decrease in the amount billed as the successful appeals for doctor's surgeries and automated teller machines are processed. A provision for these appeals had been created when it was clear rate payers were looking to appeal and the costs will be written off against this provision.
36. The reduction in amounts billed is therefore matched by a corresponding reduction in the appeals line. The deficit remains in the same region as previously reported at £1.663m, with Ashford's share of the deficit being £665,000. It should be noted that the Council has to fund the full deficit before it can be passed to preceptors in 2021/22 for recovery.

Table 5 – Business Rate Summary

	Original Budget 2020/21	Outturn (net) 2020/21
	£'000	£'000
Opening (Surplus)/Deficit		168
Surplus paid to Major Preceptors NNDR 1 Estimate		1635
2020/21		
Amount of Business Rates to be paid to Major Preceptors	52,960	52,960
Amount of Business Rates Billed	(54,819)	(27,524)
Retail/Nursery S31 discounts 2020/21		(27,136)
Other Items Charged to the Collection Fund	82	82
Bad Debts/Appeals	1,777	1478
In year (Surplus)/Deficit	0	1,495
Overall (Surplus)/Deficit	0	1,663
Ashford Share of the (Surplus)/Deficit		665

Council Tax

37. The collection rate continues to track 0.75% down against previous years. The provision for bad debts was previously increased by 1.25% and will be kept under review and adjusted accordingly if collection rates falls further. As with business rates the extension of Government support schemes, such as furlough are potentially delaying pressures for when these support schemes end.
38. The Council has received £968,568 in government hardship grants funding. To date £834,534 has been claimed, the remainder will be distributed to appropriate council tax payers who are experiencing hardship.
39. The overall deficit of £1.263m remains in line with the previous forecast, with Ashford's share of the deficit being £126,000. Again it should be noted that the Council has to fund the full deficit before it can be passed to preceptors in 2021/22 for recovery.

Table 6 Council Tax Summary

	Outturn (net) to 31/03/21
Opening Surplus	(537)
Surplus distributed to Major Preceptors 2020/21	536
Amount of Council Tax to be paid to Major Preceptors	87,431
Amount of Council Tax billed	(87,257)
In Year Write Off's and Bad Debt Provision increase	1,091
In year (Surplus)/Deficit	1,264
Overall (Surplus)/Deficit	1,263
Ashford Share of the (Surplus)/Deficit	126

Contributions to and from Reserves

Quarter 2 budget monitoring includes a number of movement from reserves totalling £112,113 to support the following activities:-

Table 7 – Breakdown of Reserve Movements

Purpose	Reserve	Amount (£)
Ashford Partnership Against Crime funding	Project fund reserve	29,000
Violence reduction unit funding	Project fund reserve	25,000
Consultancy cost for Tenterden Leisure procurement	Project fund Reserve	7,300
Reduction in contribution to repairs and renewals reserve	Repairs and Renewals Reserve	2,457
New Fund Hammer Cage at Julie Rose Stadium	Stour Centre Reserve	22,920
Removal of Town Centre Phone Boxes	NNDR Reserve	15,436
Coach Works Artist in Residence	Revenue Grants Reserve	10,000
Total		112,113

Capital Monitoring

General Fund Capital Monitoring

40. **Vicarage Lane** – Various options are being worked through with the appointed architect and will be presented to the Town Centre Advisory Committee in due course.
41. **Amenity Lighting** – The final surveys are being undertaken and any remedial work will be carried out in January 2021, before the handover to Kent County Council of Phase 1 in March 2021. This project is expected to be within budget at £1,000,000 and will generate an ongoing saving in electricity and maintenance costs.
42. **Victoria Park Regeneration** – This project was originally due for completion during mid 2023 it has been re-phased to summer 2024 as the pandemic has delayed progress during 2020. There has been a review of works to ensure project costs fit within the budget envelop.

HRA Capital Monitoring

43. The effect of the social distancing measures, a result of the pandemic, have had an impact on many of the projects within the HRA, both in terms of contractor's ability to progress work on site and also Council officers being directed to other works during the emergency response stage.
44. **Street Properties** – There have been a further 27 properties purchased to date, at a cost of £5,288,500, these properties will reduce costs in the General Fund as well offering valuable Housing within the HRA.
45. **Poplars** - The construction of 31 units is due for completion in October 2021. The structure is now complete and the overall project is still on budget at a final cost of £6,933,000. Officers are currently applying for Homes England grant to part fund this project, which is success could reduce the Council's costs which could be invested in further Housing projects.
46. **East Stour Court** - This project whilst on budget has a 10 week delay mainly due to difficult ground conditions in February/March 2020, when excessive wet weather made progress slow. Construction also fell behind during the lockdown period. The project is aimed at independent living for older residents and consists of one and two bedroom units. Completion is now expected in March 2021, and officers have secured Homes England grant in the region of £45,000 per unit.
47. **Halstow Way** - A number of preliminary works are being resolved before construction can begin on this project and hoardings are being erected in anticipation and for protection of the site.
48. **Oakleigh House** - This project currently has a significant delay in the consultation process due to the Covid19 pandemic and the effects of the lockdown. There will be a South East Design Panel Member presentation in November, with the possibility of a planning application in early December.
49. **Tile Kiln** - This project is currently focused on ecology matters on site, in the form of bats and reptiles, which will need to be addressed. The pre-application design has been completed and planning advice is now being considered. A mix of houses and bungalows is being considered for the site, approximately 14 units in total.

50. **Piper Joinery** - Demolition and clearance of contamination on the site has been completed. A design is being considered with a mind to mitigate the Stodmarsh nutrients issue. The site is expected to accommodate 20 units.

Treasury Management

51. The breakdown of the Capital Charges and Net Interest line is shown below at **Table 8**. This table shows the borrowing and investment budget, Minimum Revenue Provision (MRP) and depreciation. The MRP is a statutory payment the Council has to make to offset the costs of capital borrowing over the life of the associated asset.

Table 8 – Net Interest Summary

	Current Budget (net)	Forecast Outturn (net) at 30/09/20	2020/21 Variance	Variance P2 to Q2
	£'000	£'000	£'000	£'000
Interest payable	1,531	630	(901)	1
Interest receivable	(3,188)	(2,874)	315	0
Minimum revenue provision	1,020	1,011	(9)	0
Depreciation	(1,950)	(1,950)	0	0
Total Net Interest	(2,587)	(3,182)	(595)	1

52. **Interest payable** – Interest rates are settling in the borrowing market and therefore forecast have remained static since P2. Rates are starting to rise slightly for periods that extend past year end, this is an annual fluctuation as the amount of money in the local to local market reduces over this period.
53. **Interest receivable** – The impact of Covid is still being felt within the markets and interest receivable is still in line with previous reductions. As dividend data builds we will get a clearer picture as to where dividend rates will settle before they start increasing again as the global economy recovers.
54. **Investment Capital Values** – As at 30 September the capital value of the Council's strategic investment portfolio was £28.664m.
55. A graph showing the impact of Covid19 on the Council's strategic portfolio, the current overall investment balances, and borrowing portfolio is shown at **Appendix B**.

Stour Centre – Decarbonisation Grant Scheme application

56. The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund energy efficiency and heat decarbonisation measures.
57. The £1 billion scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment to support the UK's economic recovery from COVID-19, supporting up to 30,000 skilled jobs in the low carbon and energy efficiency sectors. The scheme also supports the government's net zero and clean growth goals. It will reduce non-traded carbon emissions from the public sector by up to 0.1 MtCO₂e/year and up to 0.5 MtCO₂e over each of Carbon Budgets 4 and 5. This is equivalent to taking nearly 45,000 cars off the road.
58. The Council has made an application to this scheme which is detailed at **Appendix C** with a number of recommendations should the application be successful.

Portfolio Holder's Views

59. This is the third budget report of the year and continues to show an improving picture as Government Grants come forward, including the Sales Fees and Charges Compensation Scheme, which has significantly support the Council's budget pressure reported in the early Financial Monitoring reports.
60. However, the Covid19 Pandemic is still very prevalent, and with the second lockdown and potentially more localised restrictions, this forecast has significant risks that will need to be monitored and reported throughout the remainder of the year, and indeed going into the 2021/22 budget cycle.

Contact and Email

61. Lee Foreman - Lee.Foreman@ashford.gov.uk
62. Maria Hadfield – maria.hadfield@ashford.gov.uk (Capital and Collection Fund)

Government Grants received and forecast to support pressures arising from Covid19 Pandemic – As at October 2020

General Grant Received	£
First Tranche of Covid-19 Funding	50,680
Second Tranche of Covid-19 Funding	1,308,321
Third Tranche of Covid-19 Funding	224,470
Fourth Tranche of Covid-19 Funding	482,954
Total Covid-19 Additional Funding	2,066,425
Sales Fees and Charges Forecast	1,000,000
Total General grants to support budget	3,066,425

Specific Grants Received	£
Hardship Fund	969,000
Covid Enforcement Funding	64,000
Homelessness Funding	19,000
Total Specific Funding	1,052,000

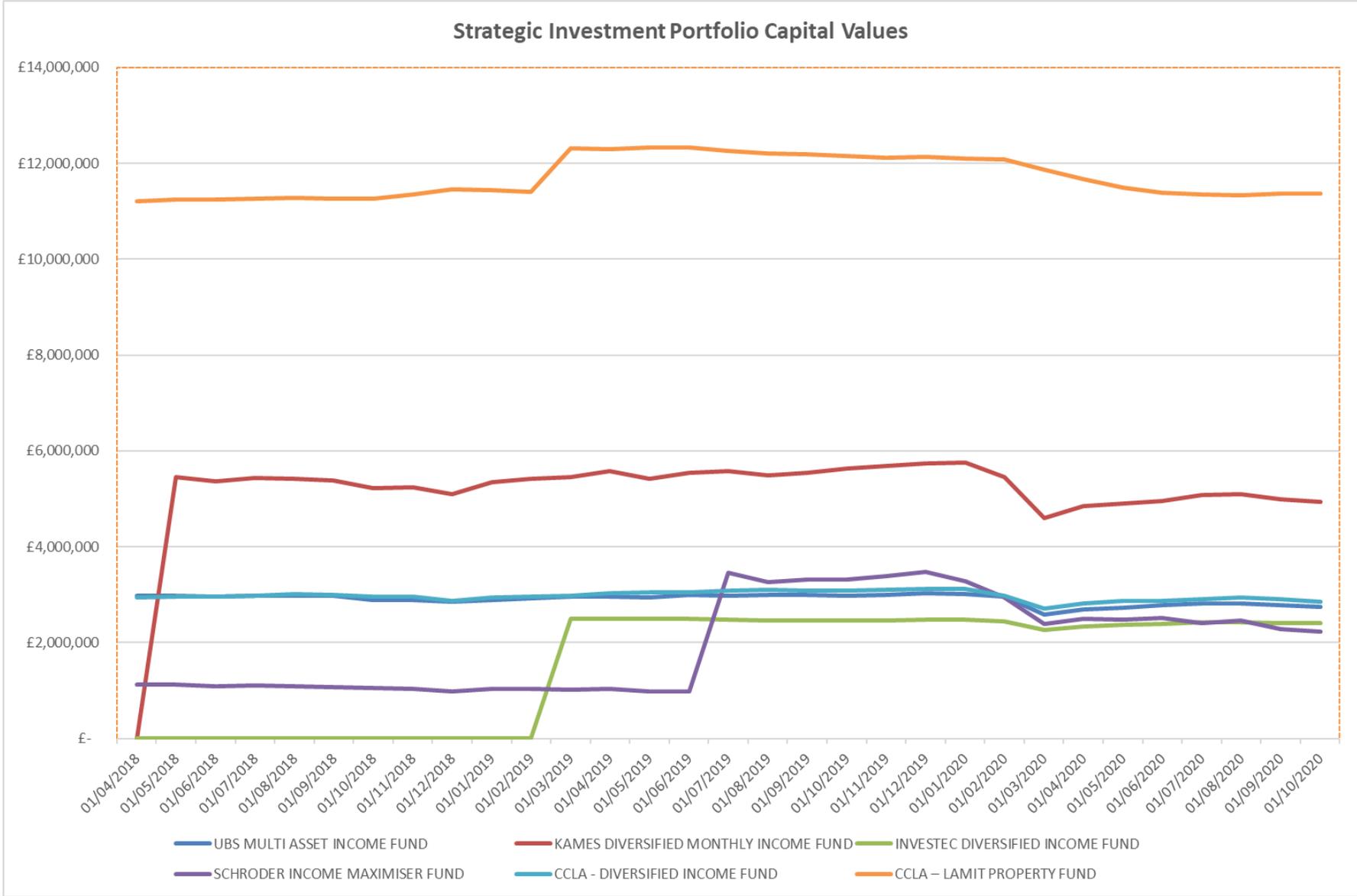
Treasury Management Positions as at 30 September 2020

Counter Party	Deal Date	Amount £	Fair Value £
Investment Accounts			
Goldman Sachs	Various	50,000	52,389
ICD Portal - Invesco	Various	9,481,000	9,481,000
Payden Global MMF	Various	3,000,000	3,005,236
Total Investment Accounts		12,531,000	12,538,625
Long Term Investments			
Property Investment			
A Better Choice of Property Ltd.***	Various	475,001	400,413
CCLA Local Authority Property Fund	Various	11,000,000	11,370,881
Equity Funds**			
CCLA Diversified Income Fund	Various	3,000,000	2,899,550
Investec Diversified Income Fund	28/03/2019	2,500,000	2,411,500
Kames Diversified Income Fund	13/05/2019	5,500,000	4,989,535
Schroder Income Maximiser	Various	3,500,000	2,293,588
UBS Multi Asset Income Fund	Various	3,000,000	2,791,541
UBS Global Income Equity Fund	29/07/2019	1,500,000	1,507,950
Total Long Term Investments		30,475,001	28,664,958
Total Investment Portfolio		43,006,001	41,203,583

* Money Market Fund (MMF) are AAA rated deposit facilities which have variable

** Equity funds and the Property fund have variable rates of interest and also have

*** A Better Choice Of Property Ltd. is a solely owned subsidiary of ABC



Debt Portfolio as at 30 September 2020			
Counter Party	Deal Date	Rate	Amount
		%	£
Temporary Borrowing			
Erewash Borough Council	23/06/2020	0.30%	2,000,000
Crawley Borough Council	15/07/2020	0.30%	5,000,000
West Yorkshire Combined Authority	20/07/2020	0.50%	15,000,000
North West Leicestershire DC	20/07/2020	0.15%	5,000,000
Wandsworth Borough Council	21/07/2020	0.50%	10,000,000
Warwickshire Council	05/08/2020	0.15%	10,000,000
Ribble Valley Borough Council	07/08/2020	0.38%	2,500,000
Doncaster Met Borough Council	19/08/2020	0.15%	5,000,000
South Yorkshire Pensions Authority	20/08/2020	0.10%	10,000,000
PCC for Lancashire	20/08/2020	0.10%	5,000,000
East Suffolk Council	24/08/2020	0.10%	5,000,000
Tendering District Council	24/08/2020	0.10%	2,000,000
South Lakeland DC	24/08/2020	0.10%	2,000,000
Chesterfield Borough Council	24/08/2020	0.10%	3,000,000
Derbyshire Dales District Council	26/08/2020	0.10%	1,500,000
Middlesbrough Council B	26/08/2020	0.11%	3,000,000
Essex Police, Fire & Crime	26/08/2020	0.10%	2,000,000
PCC for Warwickshire	28/08/2020	0.10%	1,500,000
London Borough of Islington	21/09/2020	0.04%	5,000,000
Total Temporary Borrowing			94,500,000
Long Term Borrowing			
Public Works Loan Board***	various	various	108,664,150
Total Long Term Borrowing			108,664,150
Grand Total Borrowing			203,164,150

*** HRA borrowing

Detail of PWLB Loans outstanding

All these loans are as a result of the HRA Buyout. This is a breakdown of the £108.7m referenced above.

Detail of PWLB Loans Outstanding at 30 September 2020

Date of Advance	Loan Ref Number	Date of Repayment	Amount Outstanding	Rate
			£	%
28/03/2012	499501	28/03/2021	2,000,000	2.21%
28/03/2012	499500	28/03/2022	7,000,000	0.90%
28/03/2012	499516	28/03/2022	2,000,000	2.40%
28/03/2012	499514	28/03/2023	2,000,000	2.56%
28/03/2012	499507	28/03/2024	3,000,000	2.70%
28/03/2012	499503	28/03/2025	3,000,000	2.82%
28/03/2012	499505	28/03/2026	1,000,000	2.92%
28/03/2012	499496	28/03/2027	1,000,000	3.01%
28/03/2012	499509	28/03/2028	2,000,000	3.08%
28/03/2012	499497	28/03/2029	2,000,000	3.15%
28/03/2012	499510	28/03/2030	2,000,000	3.21%
28/03/2012	499498	28/03/2031	8,000,000	3.26%
28/03/2012	499511	28/03/2032	9,000,000	3.30%
28/03/2012	499499	28/03/2033	10,000,000	3.34%
28/03/2012	499512	28/03/2034	11,000,000	3.37%
28/03/2012	499506	28/03/2035	12,000,000	3.40%
28/03/2012	499513	28/03/2036	9,000,000	3.42%
28/03/2012	499515	28/02/2037	16,713,000	3.44%
29/03/2011	498502	29/03/2061	5,951,150	5.26%
		Total	108,664,150	

* Variable Rate Loan, the others are fixed rate

A Better Choice for Property Loans as at 30 September 2020

Loans	Deal Date	Rate %	Amount £	Principal Repaid £	Balance Outstanding £
Loan 3	12/02/2015	2.83%	400,000	59,820	340,180
Loan 9	22/07/2017	3.04%	1,445,000	39,453	1,405,547
Loan 12	25/03/2018	3.06%	240,000	4,275	235,725
Loan 13	04/05/2018	3.13%	2,490,000	43,534	2,446,466
Loan 14	05/06/2018	3.06%	1,196,311	21,297	1,175,014
Loan 15	05/07/2018	3.10%	113,000	1,990	111,010
Loan 16	25/09/2018	3.19%	823,000	10,501	812,499
Loan 17*	17/10/2018	3.45%	659,000	7,797	651,203
Loan 18	02/11/2018	3.31%	820,000	10,117	809,883
Loan 19	09/11/2018	3.29%	6,517,425	80,769	6,436,656
Loan 20*	01/02/2019	3.10%	93,890	814	93,076
Loan 21*	04/02/2019	3.10%	7,103,180	61,629	7,041,551
Loan 22	22/02/2019	3.03%	809,240	7,165	802,075
Loan 23*	04/03/2019	3.10%	941,360	8,176	933,184
Loan 24	17/06/2019	2.80%	160,000	1,516	158,484
Loan 25	01/07/2019	2.81%	91,776	867	90,909
Loan 26	06/09/2019	2.24%	568,400	3,173	565,227
Loan 27	08/09/2019	2.24%	3,821,595	13,265	3,808,330
Loan 28*	16/04/2020	3.57%	1,208,000	0	1,208,000
Total loans to A Better Choice For Property Ltd			29,501,177	376,158	29,125,019

* These loans have been subsequently loaned to the companies subsidiary A Better Choice for Property Development Ltd.

Stour Centre – Decarbonisation Grant Scheme application

Recommendations

The Cabinet is asked to:

- VI. Note the grant application made for Decarbonisation Scheme.
- VII. Subject to a positive outcome of the Council's application, to approve the Head of Corporate Property and Projects be granted delegations to expedite the capital expenditure in line with the conditions set out in the grant conditions.
- VIII. To expedite the procurement in line with the requirement to spend the grant funding by the 30th June 2021
- IX. Given the tight timescales for application, that the Head of Corporate Property and Projects used his delegated powers to procure the consultancy services of Leisure Energy to assess and submit further schemes for Tenterden Leisure Centre and the Civic Centre through the Single Source Supplier procurement process for the next bidding round in January 2021.

Overview

1. The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund energy efficiency and heat decarbonisation measures.
2. The £1 billion scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment to support the UK's economic recovery from COVID-19, supporting up to 30,000 skilled jobs in the low carbon and energy efficiency sectors. The scheme also supports the government's net zero and clean growth goals. It will reduce non-traded carbon emissions from the public sector by up to 0.1 MtCO₂e/year and up to 0.5 MtCO₂e over each of Carbon Budgets 4 and 5. This is equivalent to taking nearly 45,000 cars off the road.

ABC grant application

3. The Council applied for a £1,534,430 grant through Salix Finance who are managing the Government scheme. Prior to the submission, the Council had agreed to fund £341,056 of plant replacement/repair works as part of the Stour Centre refurbishment. This will not be required and the full amount was going to be returned to ABC. However, there was a £25,000 figure included in the grant application for a pool cover, which was rejected by Salix – therefore the £25,000 will be required to undertake this work, leaving a £316,056 saving to the Council.
4. Salix finance also rejected the installation of PV battery storage, so the total application amount now sits at £1,449,513 ex VAT. **The announcement of the grant allocation is expected to be made on the 20th November, it is proposed to update members at the Cabinet at its meeting on the 26th of the outcome of the Council's application.**
5. Projects are to be completed by 31st March 2021 where possible, these works will run alongside the capital works for the Stour Centre and will be

completed by the end of June at the latest. Where this is not possible, completion must be no later than 30th September 2021.

6. Below are the details of the scheme:-

Project Line	Design	Equipment/ Material costs	Installation/ Labour costs	Delivery to site	Site Supervision/ Project Management	Subtotal	Inc. VAT
3x300kW ASHP	22,545	828,189	60,298	3,125	15,000	929,157	1,114,988
165kWe PV Panels	5,500	134,632	29,551	2,500	4,500	176,683	212,019
370 New Light fittings + controls	12,548	94,107	39,316	1,250	10,000	157,221	188,666
Chiller upgrade into ASHP system	3,073	44,861	13,520	0	0	61,454	73,745
5 Fan motors and controllers	0	23,868	3,125	0	1,000	27,992	33,591
BEMS	2,250	15,752	2,250	0	1,000	21,252	25,502
Pool Pump motor controls	2,250	26,754	8,250	0	1,000	38,254	45,905
Metering Heat	500	3,500	500	0	0	4,500	5,400
Metering Elec	500	7,000	500	0	0	8,000	9,600
Electrical Upgrades	2,250	20,000	2,250	500	0	25,000	30,000
Sub total	51,416	1,198,662	159,560	7,375	32,500	1,449,513	1,739,416

7. The scheme details have been modelled and calculated by Leisure-Energy, who are specialist energy management consultants within the leisure sector. This has been completed as part of their partnership work with Freedom Leisure, the new operators of the Stour Centre, Julie Rose Stadium and Spearpoint Pavilion.
8. The main element of the work is the removal of gas fired heating plant, being replaced with air to water heat pumps. Air source heat pumps have a co-efficiency of performance (COP) of 3.2 to 4.5 – **in basic terms for every kw of energy consumed by the heat pump, 3.2 – 4.5 kw of heating is produced.** A typical gas fired boiler has a COP of 0.93.
9. As a result of an air source heat pump using the vapour compression cycle to produce heat into the building (the reverse of air conditioning), the external side of the system then has a cooled circuit. This will be connected into the existing central chiller circuit which provides cooling for the air conditioning units in the gym, and within the air handling systems, further reducing energy consumption and costs.
10. As air source heating is electrically powered, the generation of electricity on site supports this method of heating, which is why a Solar PV installation is also included in the scheme.
11. Further efficiencies will be achieved by the installation of more energy efficient pumps and motors, and upgrades to the building management system software and controls.
12. These works will reduce the Centre's annual carbon emission total by 657 tonnes – (the equivalent to the Co2 emissions from the annual heating of 243 average UK homes), **a reduction of 45%** with an **energy saving of 40%.**
13. The Council applied for the grant in line with its 100% Carbon Neutral Strategy target for 2030, with an 80% reduction target for 2025.
14. The decarbonisation scheme is open to applications until 11th January 2021, and approval to work with Leisure-Energy on further schemes for the Civic Centre and Tenterden Leisure Centre will be sought in the near future.