

Agenda Item No: 6
Report To: Cabinet
Date of Meeting: 30 September 2021



Report Title: First Four Months - Financial Monitoring to 31 July 2021
Report Author & Job Title: Lee Foreman
Accountancy Manager
Portfolio Holder Cllr. Neil Shorter
Portfolio Holder for: Finance & IT

Summary:

This report presents the first budget monitoring position for 2021/22, up to 31 July 2021.

Towards the end of the first quarter the UK eased Covid restrictions and entered the recovery phase of the pandemic, although it will take some time for a 'new normal' to be established and risks to forecasts reduced.

This first update reports the General Fund (GF) as having a small surplus of £42,000. However, this includes a pressure of £954,000 in services which is supported by additional investment income of £515,000 and £481,000 being transferred from reserves.

The Housing Revenue Account (HRA) is forecasting an underspend of £2.468m against budget, this is due to slippages in planned maintenance works as a result of supply chain issues and continued delays from the Covid19 Pandemic.

This first quarter report also provides an update on the Collection Fund, Capital expenditure, Treasury Management and Reserve movements.

The Rough Sleepers Accommodation Programme (RSAP), Courtside and Pitchside fees and charges, and Council write offs are also included within the report.

Key Decision: No

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. Approve and note the proposed contributions from reserves
- IV. Note the overspend on the capital programme for the Populars and how this can be funded from programme underspends Paragraph 47.
- V. Note the Treasury Management position
- VI. Cabinet is asked to note receipt of £764,235 of grant monies from round 1 funding and recommend to Council to approve capital spend of £1.7m for the purchase of 10 General Fund properties.
- VII. Cabinet is asked to approve a further application to the RSAP which will lead to a request for approval to Council for capital expenditure
- VIII. Note the fees and charges for Courtside and Pitchside as shown at Appendix C
- IX. Note the HRA write offs totalling £239,583.22 which have been processed under delegated authority
- X. Note the general fund housing write offs made under delegated authority and approve the amounts over £1,000 as detailed in Exempt 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 surplus of £42,000 for 2021/22 having contributed an additional £481,000 from reserves.

The HRA is forecasting an overall underspend of £2.468m in year (against a budgeted spend of £8.5m).

To approve general fund borrowing of up to £2,252,765 to support the Rough Sleepers Accommodation Programme in conjunction with the Grant Funding received from MHCLG.

Write offs totalling £267,518.45 for the General Fund and £239,583.22 for the HRA have been approved where permissible under delegated authority and seek approval for amounts over £1,000.

Legal Implications N/A

Equalities Impact Assessment As part of 2021/22 Final Budget Report a full assessment was undertaken.

Exempt from Publication: **Appendix D** Not For Publication by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972. As the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Contact: Lee.Foreman@ashford.gov.uk – Tel: (01233) 330509

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Introduction and Background

1. This report presents the forecast outturn position for 2021/22 based on information available as at 31 July 2021. This report is the first budget monitoring report of the year.
2. The 2021/22 budget was set during the Covid19 pandemic and a number of budgets were revised to allow for changes in consumer habits. Although these revised budgets were susceptible to scrutiny, it is only now that we are starting the recovery phase of the pandemic that the accuracy of those assumptions will be measurable and future trends/habits will start to be understood.
3. This report considers each of the following areas of the Council in more detail including the General Fund, Housing Revenue Account, Collection Fund (Council Tax and Business Rates), Capital Expenditure, Treasury Management, reserves movements, and introduces a number of other reports for consideration including RSAP and Write off schedules.

Summary of General Fund Position

4. The current General Fund position is forecasting a surplus of £42,000, although this comprises of expenditure in services above budget of £954,000. This is being funded from additional investment income of £515,000 (Treasury Management) and contributions from reserves of £481,000.
5. Pressures in Services' largely relates to £300,000 in Cultural Services to allow the Leisure contract at Tenterden to be extended by another year and £335,000 in planning, £120,000 for additional staff costs as there is still a reliance on consultants whilst vacancies are filled, and £175,000 has been added for Counsel fees to defend Planning appeals.
6. **Table 1** shows the movement between budget and projected outturn at a Head of Service Level, narrative providing supporting information on material movements then follows.

7.

Table 1 - General Fund Quarter 1 Outturn Forecast as at 31 July 2021 – Service Level

Service and General Fund Summary	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Forecast Outturn at Q1	Variance £'000
		A £'000	B £'000	
Ashford Port Health	0	0	0	0
Corporate Core	691	729	801	72
Corporate Policy, Economic Development, Communications and CMO	1,173	1,168	1,192	24
Community Safety and Wellbeing	712	709	632	(77)
Hr & Customer Services	155	144	144	(0)
Legal & Democratic Services	1,234	1,271	1,268	(3)
Corporate Property & Projects	(1,275)	(1,292)	(1,274)	17
Finance & Ict	2,579	2,579	2,534	(45)
Housing Services	914	914	1,004	90
Culture	3,208	3,208	3,610	402
Environmental & Land Management	4,745	4,727	4,845	118
Planning	2,168	2,146	2,502	356
Net Service Expenditure	16,303	16,303	17,257	954
Capital Charges and net interest	(2,188)	(2,188)	(2,703)	(515)
Government Grant (Covid19 related)	(859)	(859)	(859)	0
Levies, Grants and Precepts	276	276	276	0
Contribution (from)/to reserves	349	349	(132)	(481)
Budget Requirement	13,881	13,881	13,839	(42)
Financing:				
Retained Business Rates	(4,093)	(4,093)	(4,093)	0
Council Tax	(7,792)	(7,792)	(7,792)	0
New Homes Bonus	(1,908)	(1,908)	(1,908)	0
Rural Service Delivery Grant	(87)	(87)	(87)	0
Total movement	0	0	(42)	(42)

Summary of General Fund Movements

Corporate core

8. The pressure of £72,000 largely relates to an ongoing legal works where the Council needs to secure appropriate representation.

Community Safety and Wellbeing

9. The £77,000 relates to salary savings due to vacancies within the service.
10. Community Safety and Wellbeing is also responsible for parking income budget which was reduced by 15% for 2021/22. Based on current usage figures and extrapolating increases as confidence returns following the pandemic, we expect this budget to be achieved. Parking usage will continue to be monitored as the recovery gathers momentum.

Finance and IT

11. This service is showing an overall saving of £45,000. The service currently has £50,000 of savings relating to employee costs and an additional £70,000 of new burdens grants for Council Tax and Business Rates.

12. The Service has spent £71,800 of cyber security measures which is to be funded from a cyber-security grant which is held for these purposes in reserves.

Housing Services

13. Housing service is seeing a slight pressure in Temporary Accommodation as the need for more expensive temporary accommodation is necessary and anticipated new properties, such as the Henwood Development have been delayed.

Culture

14. Cultural Services is showing an early pressure of circa £402,000 although this is largely due to be supported through reserves. £300,000 of the deficit relates to the contract extension at Tenterden Leisure centre which needed to be extended at the height of the pandemic. This was necessary due to adverse market conditions where a full tender exercise would not have been possible, although this is now being progressed. £50,000 relates to the lease surrender for Ashford Leisure Trust and £20,000 relates to the Parish Council Support Scheme which was supported by Cabinet when the 2021/22 budget was set following a recommendation from the Overview and Scrutiny Budget Task Group.

Environment and Land Management

15. There is an overall pressure of £118,000 within this area, £70,000 of pressure relates to increased refuse collection contract costs where the annual contract uplift was higher than expected due to emerging inflationary pressures.
16. The service has also resourced the new Environmental Enforcement Team adding £59,000 pressure, this is to be funded from reserves and is expected to be cost neutral going forward.

Planning

17. The Planning Service is reporting a pressure of £356,000 at quarter 1. £120,000 relates to additional staff costs where it is necessary to appoint consultants to support the caseload whilst vacancies within the service are filled.
18. £175,000 has been added to the outturn position to cover anticipated costs for defending planning appeals, with an additional £39,000 of agency resource being used within the Planning Enforcement Team.

Financing and Other General Fund Movements

19. This heading covers a number of central finance costs/incomes and is reporting a surplus of £996,000 after the first four months. £515,000 relates to Treasury Management activity where it is anticipated that interest receivable will be stronger than anticipated. The remaining £481,000 reflects reserve movement and is covered further on within the report.

Housing Revenue Account (HRA)

20. The Housing Revenue Account is showing an overall overspend of £6,000 for the year however, there has been a significant movement in capital works and a movement in reserves has offset this. Without the reserve movement the HRA would be reporting a positive variance of £2.27m.
21. A breakdown of this variance is shown in Table 4 below:

Table 2 – 2021/22 Housing Revenue Account Forecast Outturn Position

Housing Revenue Account	2021/22 Original Budget	2021/22 Revised Budget A £'000	2021/22 Forecast Outturn at Q1 B £'000	Variance
Income	(27,187)	(27,187)	(27,187)	0
Supervision and Management	4,469	4,469	4,475	6
Repairs and Maintenance	4,024	4,024	4,024	0
Other	21,343	21,343	21,343	0
Net Revenue Expenditure	2,650	2,650	2,656	6
Capital Works - Decent Homes	5,914	5,914	3,439	(2,475)
Financed By:				
Contribution To/(From) Major Repairs Reserve	(5,914)	(5,914)	(3,439)	2,475
Net Capital Expenditure	0	0	0	0
Total Net Expenditure	2,650	2,650	2,656	6

Commentary on HRA Movement

22. **Capital Works (Decent Homes)** – Current forecasts suggest there will be a saving in this area of around £2.5m. This saving is largely the result of the COVID19 pandemic and the EU exit impacting the availability of materials. There also still a reduced amount of work in connection to accessing properties of vulnerable groups that continue to shield against Covid19.
23. There is a risk to the forecast with the possibility of material shortages driving up prices that could affect tender costs later in the year. The forecast outturn is the current best estimate; officers will continue to monitor these works throughout the year as the full impact of market forces continues to unfold.

Collection fund Monitoring

Business Rates

25. Collection rates for NNDR are continuing to be regularly monitored to gauge the potential impact of the Covid19 Pandemic within the Borough. At the end of August 38.99% of rates billed for the year had been collected, this compares to 43.08% in 2020/21 and 47.50% in 2019/20. This clearly shows the continued pressures on businesses impacting their ability to pay.
26. At the start of the year there was continued support for the leisure and hospitality sector with 100% relief being given for the period 1 April to 30 June 2021, and then at 66% for the remainder of the year although financial caps to limit the support given were introduced.
27. As the forecasting shows, as a result of the reliefs reported above, the amount of business rates billed is £9.8m less than expected. These specific reliefs will be fully compensated by way of additional S31 Grants from Government, leaving £nil net effect on the collection fund. However, as S31 grants are not accounted for in the collection fund this will create a significant deficit at year end although this will be funded from the S31 grant which will need to be held in reserves through year end.
28. Including a prior year deficit of £2.601m, the overall deficit on the collection fund for business rates is forecast at £12.955m with Ashford share being circa £5.182m, although as mentioned this will be funded from S31 Grant.

Table 3 – Business Rate Summary

	Original Budget	Outturn (net)	Variance - Adverse/ (Favourable)
	2021/22	2021/22	2021/22
	£'000	£'000	£'000
Opening (Surplus)/Deficit	31,313	31,911	598
(Deficit) contributed by/Surplus distributed to Major Preceptors	(29,310)	(29,310)	0
Remaining Deficit/(Surplus) to be Contributed/(Distributed)	2,003	2,601	598
2021/22			
Amount of Business Rates to be paid to Major Preceptors	52,458	52,458	0
Amount of Business Rates Billed	(54,974)	(45,135)	9,839
Transitional Relief (Recovered)/Payable	(62)	(54)	8
Other Items Charged to the Collection Fund:			
Appeals and Rateable Value Reductions	1,483	1,930	447
Bad and Doubtful Debts	800	867	67
Renewable Energy	99	92	(7)
Cost of Collection	196	196	0
In year (Surplus)/Deficit	0	10,354	10,354
Overall (Surplus)/Deficit on Collection Fund	2,003	12,955	10,952

Council Tax

29. The value of Council Tax receipts collected at the end of August was 48.22% (44.953m), this compares to previous rates of 48.35% in 2020/21 and 49.03% in 2019/20. While these figures are still strong, it is a clear indicator that the impacts of the pandemic are still prevalent. Access to the Courts to raise liability orders also remains limited although the Council has recently managed to secure a hearing.
30. With the current economic climate showing generally high inflation, increases in energy prices and the end of the universal credit £20 a week top up, this could add additional pressure to households' ability to pay Council Tax through the remainder of the year. The collection rates will be closely monitored and an additional bad debt provision of £909,000 has been allowed for.
31. The collection fund for Council Tax is indicating a year end surplus of £3.536m. There are a number of contributing factors that have added to the surplus not least the uncertain economic conditions at the time the budget was set.
32. Property growth above expectations has increased the gross Council Tax receivable by £950,000, equally lower than forecast CTRS (Council Tax Reduction Scheme) and discounts and exemptions have resulted in favourable movements of £750,000 and £1.6m respectively.
33. Ashford's share of the Council Tax surplus would be £406,000 based on current forecasts.

Table 4 Council Tax Summary

	Outturn (net) to 31/03/22
	£'000
Opening Deficit/(Surplus)	501
Deficit contributed by Major Preceptors	(319)
2021/22	
Amount of Council Tax to be paid to Major Preceptors	87,670
Amount of Council Tax billed	(92,297)
In Year Write Off's and Bad Debt Provision increase	909
In year (Surplus)/Deficit	(3,718)
Overall (Surplus)/Deficit	(3,536)

Reserves

34. Contribution to and from reserves that were not identified as part of the budget setting process are required to be reported as part of the budget monitoring process. During the first four months of the year a number of movements from reserves are recommended to support service pressures and utilise funding previously set aside, such as grant income.
35. **Table 5** below identifies the reserve movements and request that Cabinet approve the allocations, the second table highlights other reserve movements that are not yet within the reporting figures.

Table 5a – Breakdown of Reserve Movements

Purpose	Suggested Reserve	Amount £
Support Tenterden Leisure Centre contract extension	Economic Growth and Risk Fund	300,000
Fund ALT as per lease surrender agreement	Economic Growth and Risk Fund	50,000
Funding Cyber Resilience work	Fund Future Expenditure (Revenue Grants)	71,800
Funding of Corporate Enforcement Costs	Repairs and Renewal Reserve (sub fund)	59,120
Total		480,920

Table 5b - Head of Service Approvals (in consultation with the relevant Portfolio Holder and the Head of Finance & IT)

Purpose	Suggested Reserve	Amount £
Review of Call Centre Volumes to identify streamlining opportunities	Fund Future Expenditure – Transformation Fund	1,700
Contribution to Kent Invicta Chamber of Commerce event to Promote employment in agriculture and horticulture sector	Recovery Project Reserve	2,000
Total		3,700

Recommendation – Cabinet is asked to approve reserve movements in Table 5a and note the reserve movements in Table 5b above

Capital Monitoring

General Fund Capital Monitoring

36. **Solar PV (various sites)** - Various environmental site surveys are still underway to support the planning application which is currently being developed. Progress is being made at Carlton Road Depot with a tender expected to go out within 3 months.
37. **Victoria Park Rejuvenation** - This project is now due for completion in summer 2024. There has been no revision of the current expenditure plans.
38. **Amenity Lighting Replacement** - Phase 1 is nearly complete and expected to be handed over to Kent County Council by the end of Q2. Phase 2 was approved by Management Team in April 2021 and a budget of £100,000 was allocated. Both phases will generate ongoing saving in electricity and maintenance costs.
39. **Stour Centre & Julie Rose Renovations** - These renovations are ongoing and expected to cost £7.5m, plus the additional £1.4m in decarbonisation works funded from external grant. £41,948 of this had to be funded by the Council due to works not being complete by 31st March 2021.
40. **Tenterden Leisure Centre** - The re-roofing of the centre was due to commence mid-April but has been delayed due to birds nesting within the roof void. Several reports have now been received by the ecologist confirming that works can commence from the end of August. The contractor has submitted a revised programme with a suggested start date of early September with a construction duration of 20 weeks, weather permitting. The contract value is £742,000.
41. **Rough Sleepers Accommodation Programme (RSAP)** – this is covered separately within this report.
42. **Henwood Temporary Accommodation** - Pre-planning application advice has been sought. Some design changes are being made before a formal planning application is made.

HRA Projects

43. **Street Purchases** - 13 properties have been purchased to date, at a cost of £2.46m, with another 10, costing £2.085m, awaiting completion. Due to the low Right to Buy sales in the past year the council does not have any available 1-4-1 money, therefore the purchase of street properties will reduce, however officers are continuing to look for large properties that are in short supply within our existing stock.
44. **East Stour Court** - Completion on site is now expected is expected this month, consisting of 29 units of older person accommodation (twenty four 1 bed and five 2 bed apartments). Officers secured £1.1m Homes England grant funding.. This project is expected to have an underspend of around £780,000, which will offset the overspend on The Poplars.
45. **Halstow Way** – Works have commenced on this site of 17 units of general needs accommodation consisting of six 1 bed, seven 2 bed and four 3 bed apartments. Completion is expected in January 2022 and officers have secured £1m Homes England grant. The contracted sum for this project is around £2.8m than the original estimate.

46. **Piper Joinery** - Demolition and clearance of contamination on the site has been completed. A design is being considered which will mitigate the Stodmarsh nutrients issue. The site is expected to accommodate 20 units and is now in the planning system.
47. **Poplars** - The construction of 31 units of independent living, consisting of 15 one bed and 16 two bed apartments is due for completion in November 2021. Officers have secured Homes England grant funding of £1.4m. This project is expected to overspend by around £700,000 however, this can be covered by the underspend on East Stour Court (paragraph 44).
48. **Oakleigh House Redevelopment** - This project has had significant delays in the consultation process due to COVID and the effects of lockdown however, the Planning application went to committee in July 2021 and the scheme was approved. This project is expected to cost around £15m and will be zero carbon when completed.
49. **Tile Kiln Road** - This project has not progressed to final costing stage. There are currently 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, which includes a mix of houses and bungalows for the site, and will include around 14 units in total.
50. **New Build Programme Phase 6** - This brings together a number of infill and brown field sites and the team are currently conducting surveys, commissioning initial designs and seeking pre-planning application advice.
51. **New Quarter** – The purchase of the remaining 65 units (Stour Heights) is now complete, costing £10.5m, once the Homes England grant of £975,000 has been taken into account, the total cost of the New Quarter was in line with the approved budget.

Treasury Management

52. The breakdown of the Capital Charges and Net Interest line is shown below at **Table 6**. 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 6 – Net Interest Summary

	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Forecast Outturn at Q1	Variance
	£'000	£'000	£'000	£'000
Interest payable	548	548	548	0
Interest receivable	(1,975)	(1,975)	(2,491)	(515)
Minimum revenue provision	1,179	1,179	1,179	0
Depreciation	(1,939)	(1,939)	(1,939)	0
Total Net Interest	(2,188)	(2,188)	(2,703)	(515)

53. **Interest payable** – The current budget for interest payable as the strategy commenced with more weighting to short term borrowing than in previous years. The Council has also recently secured £15m of PWLB borrowing to reduce the Council's interest rate exposure but this has locked in more expensive debt in the short term.
54. In relation to short term borrowing, the Council continues to access the Local Authority to Local Authority market where headline rates for 3 month borrowing are in the region of 0.05%.
55. There is upside risk to the forecast if interest rates are increased but this is not expected or forecast for the remainder of the year.
56. **Interest receivable** – The budgets for 21/22 were set at a time when significant reduction in investment income were expected, especially for equity backed placements. However, having reviewed the Outturn position for 20/21 and interest receipts, an additional £515,000 of income is expected. Clearly there is risk around this forecast and the position will be monitored and adjusted accordingly.
57. **Investment Capital Values** – the capital values on investment significantly increased in May before slightly coming off in June. However it is good to see that the capital losses have now reversed and the current portfolio is collectively valued above cost, although some of the individual funds are still down. These positions continue to be monitored to ensure that they are in line with the Council's investment strategy and risk appetite which is supported by our Treasury Management Advisors Arlingclose.
58. Current investment balances, and borrowing portfolios are shown at **Appendix A**.

Other Reports

Rough Sleepers Accommodation Programme (RSAP)

59. Rough sleeping came to the fore during the pandemic and the Council adhered to the national “everyone in” directive of accommodating all rough sleepers in temporary accommodation.
60. Following the “everyone in” directive MHCLG are now further looking to support rough sleepers and aim to eliminate rough sleeping from 2027. To support this ambition the RSAP has been launched by MHCLG and provides Councils with the opportunity to bid for grant funding to purchase self-contained units which can act as a move on accommodation for rough sleepers.
61. The grant funding also provides revenue funding to enable Specialist Support Officers to be put in place to support the client’s individual needs.
62. The Council was successful in the first round of funding and secured £764,235 toward the acquisition of 10 units (Circa 40% of capital costs) which are forecast to be cost in the region of £1.7m, the Cabinet is therefore asked to note the grant funding received and approve to the spend of £1.7m with £1,011,765 likely to be required from borrowing to support the project. It is important to note that due to the high level of grant funding and transfer of tenants from expensive temporary accommodation, the RSAP will not add any financial burden to the General Fund over a 40 year model.

Recommendation – Cabinet is asked to note receipt of £764,235 of grant monies from round 1 funding and recommend to Council to approve capital spend of £1.7m for the purchase of 10 General Fund properties.

63. The council is now in a position to make a further bid in the final round of the scheme. The new bid will be applied for on the same basis as the initial bid although early indications are that the level of funding per property could be reduced to 30% of capital costs. However, modelling of the scheme based on a reduced grant receipts still shows it to be viable over a 40 year period and adds no additional pressure to the General Fund.
64. Cabinet is therefore asked to support the Council in its bid for further grant funding under the RSAP and approve spend of up to £1.6m to purchase a further 10 properties. It is expected that borrowing of up to £1.136m will be required to support the acquisition of the further units.

Recommendation – Cabinet is asked to approve a further application to the RSAP which will lead to a request for approval to Council for capital expenditure..

65. A combined financial model for the two funding cycles is shown at **Appendix B**

Fees and Charges at Courtside and Pitchside

66. Following on from budget setting process it was identified that fees and Charges for Courtside and Pitchside were not reported for approval.
67. The following charges are now therefore reported and Cabinet are asked to approve the proposed fees and charges as shown at **Appendix C**.

General Fund and HRA Write Offs

68. The Housing Income and Arrears Lead Specialist has recently conducted a comprehensive review of historical debt within the Housing System. From the review it is recommended that debt relating to the General Fund totalling £267,518.45, and debt due to the HRA totalling £239,583.22 be written off.
69. This is the first major review that has been taken for a number of years and has focused on debt greater than 6 years old and below £30.00, but also for HRA tenant's accounts where tenants are deceased or lost their homes through lack of Capacity.
70. Under financial procedures the Corporate Director (Finance and Economy) now Deputy Chief Executive has delegated authority in consultation with the Head of Service to write off any amounts which he is satisfied cannot be collected provided that they do not total more than £1,000 for any one debtor. Equally the same guidance applies to HRA debt although the £1,000 limit is not applied. The Deputy Chief Executive in Conjunction with the Head of Housing has exercised his delegated authority in relation to HRA and General fund Debt and the amounts written off are reported accordingly.
71. General fund debt above £1,000 needs to be approved by Cabinet and the Head of Housing, the Head of Housing is satisfied that all appropriate recovery action has been exhausted and request cabinet to approve the schedule at **Appendix D** for write off.
72. A summary of the general fund write offs is tabled below:

Debt Type	Amount	No. of Records	Comments
Garages Former Tenant Arrears < £1,000	£505.27	40	Delegated Authority
ABC Lettings < £1,000	£10,606.02	35	Delegated Authority
ABC Lettings > £1,000	£28,390.71	9	As per Appendix E
B&B Former Tenant Arrears > £1,000	£42,953.93	489	As per Appendix E
B&B Former Tenant Arrears < £1,000	£3,620.37	3	Delegated Authority
Christchurch House Former Tenant Arrears < £1,000	3,766.53	51	Delegated Authority
Private Sector Letting Former Tenant Arrears < £1,000	£27,916.25	96	Delegated Authority
Private Sector Letting Former Tenant Arrears > £1,000	£149,759.37	42	As per Appendix E
	£267,518.45		

Portfolio Holder's Views

73. It is positive at this early stage to be forecasting a small surplus although there is a significant pressure of nearly £1m in services. Some of the pressures, such as in Culture are a legacy from the Covid19 Pandemic and rightly funded from reserves, but we need to be mindful of adding any further pressures to the budget, especially in the current varying economic conditions.
74. The Rough Sleepers Accommodation Programme is also covered in this report and brings forward a long term solution to helping rough sleepers. Most importantly this programme will help those in need of support, but with Government supporting this scheme through grant funding, it is not adding any additional pressure to the Council budget.

Contact and Email

75. Lee Foreman - Lee.Foreman@ashford.gov.uk

Treasury Management Positions as at 30 June 2021

Counter Party	Deal Date	Rate %	Amount £	Fair Value £
Investment Accounts				
Goldman Sachs	Various	0.53%	50,000	52,391
ICD Portal - Blackrock	Various	0.01%	3,892,000	3,892,000
ICD Portal - BNP	Various	0.03%	3,919,000	3,919,000
ICD Portal - CCLA	Various	0.03%	3,919,000	3,919,000
ICD - Invesco	Various	0.01%	3,388,000	3,388,000
Payden Global MMF	Various	0.91%	3,000,000	3,006,685
Total Investment Accounts			18,168,000	18,177,076
Long Term Investments				
Property Investment				
A Better Choice of Property Ltd.***	Various		605,001	1,142,785
CCLA Local Authority Property Fund	Various	4.66%	11,000,000	11,780,010
Equity Funds**				
CCLA Diversified Income Fund	Various	3.51%	3,000,000	2,941,074
Investec Diversified Income Fund	28/03/2019	3.88%	2,500,000	2,490,328
Kames Diversified Income Fund	13/05/2019	4.30%	5,500,000	5,489,207
Schroder Income Maximiser	Various	5.64%	3,500,000	2,943,789
UBS Multi Asset Income Fund	Various	5.81%	3,000,000	2,823,698
UBS Global Income Equity Fund	29/07/2019	2.44%	1,500,000	1,429,082
Total Long Term Investments			30,605,001	31,039,972
Total Investment Portfolio			48,773,001	49,217,048
* Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant net asset values. Interest rates are shown at the time of producing this report.				
** Equity funds and the Property fund have variable rates of interest and also have fluctuating capital values, the amount stated is the current fair value.				
*** A Better Choice Of Property Ltd. is a solely owned subsidiary of ABC				

Debt Portfolio as at 30 June 2021			
Counter Party	Deal Date	Rate	Amount
		%	£
Temporary Borrowing			
Lichfield District Council	19/01/2021	0.10%	2,000,000
Trafford Council	19/01/2021	0.10%	2,500,000
Shropshire Council	20/01/2021	0.08%	5,000,000
Wigan Metropolitan Borough Council	20/01/2021	0.08%	5,000,000
London Borough of Redbridge	20/01/2021	0.08%	5,000,000
Middlesbrough Council	21/01/2021	0.10%	5,000,000
Cambridge City Council	22/01/2021	0.05%	5,000,000
Tendering District Council	22/01/2021	0.05%	4,000,000
Warwickshire County Council	05/02/2021	0.06%	10,000,000
Middlesbrough Teeside PF	19/02/2021	0.06%	7,000,000
Bridgend County Borough Council	24/02/2021	0.10%	5,000,000
North Somerset Council	25/02/2021	0.07%	2,000,000
Mid Devon District Council	25/02/2021	0.08%	2,000,000
Broxbourne Borough Council	26/02/2021	0.06%	2,000,000
Craven District Council	26/02/2021	0.06%	1,000,000
South Northamptonshire Council	26/02/2021	0.06%	1,000,000
South Northamptonshire Council	11/03/2021	0.06%	3,000,000
West of England Combined Authority	17/03/2021	0.06%	5,000,000
Northern Ireland Housing Executive	26/03/2021	0.06%	2,000,000
Northern Ireland Housing Executive	01/04/2021	0.06%	5,000,000
West Midlands Combined Authority	19/04/2021	0.06%	5,000,000
London Borough of Tower Hamlets	21/04/2021	0.05%	5,000,000
West Midlands Combined Authority	22/04/2021	0.06%	5,000,000
West of England Combined Authority	17/05/2021	0.04%	6,000,000
Uttlesford District Council	21/05/2021	0.04%	3,000,000
Hampshire County Council	24/05/2021	0.06%	3,000,000
North Hertfordshire District Council	24/05/2021	0.04%	3,000,000
Erewash Borough Council	24/05/2021	0.02%	1,500,000
Wokingham Borough Council	21/06/2021	0.05%	10,000,000
London Borough of Sutton	22/06/2021	0.05%	3,000,000
Total Temporary Borrowing			123,000,000
Long Term Borrowing			
Public Works Loan Board***	various	various	106,664,150
Total Long Term Borrowing			106,664,150
Grand Total Borrowing			229,664,150

*** HRA borrowing

Detail of PWLB Loans outstanding

All these loans are as a result of the HRA Buyout. This is a breakdown of the £106.7m referenced above.

Detail of PWLB Loans Outstanding at 30 June 2021

Date of Advance	Loan Ref Number	Date of Repayment	Amount Outstanding	Rate
			£	%
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	106,664,150	

* Variable Rate Loan, the others are fixed rate

A Better Choice for Property Loans as at 30 June 2021

Loans	Deal Date	Rate %	Amount £	Principal Repaid £	Balance Outstanding £
Loan 3	12/02/2015	2.83%	400,000	72,826	327,174
Loan 9	22/07/2017	3.04%	1,445,000	46,383	1,398,617
Loan 12	25/03/2018	3.06%	240,000	6,513	233,487
Loan 13	04/05/2018	3.13%	2,490,000	66,335	2,423,665
Loan 14	05/06/2018	3.06%	1,196,311	32,440	1,163,871
Loan 15	05/07/2018	3.10%	113,000	2,507	110,493
Loan 16	25/09/2018	3.19%	823,000	17,784	805,216
Loan 17*	17/10/2018	3.45%	659,000	13,220	645,780
Loan 18	02/11/2018	3.31%	820,000	17,144	802,856
Loan 19	09/11/2018	3.29%	6,517,425	136,855	6,380,570
Loan 20*	01/02/2019	3.10%	93,890	1,654	92,236
Loan 21*	04/02/2019	3.10%	7,103,180	125,182	6,977,998
Loan 22	22/02/2019	3.03%	809,240	14,549	794,691
Loan 23*	04/03/2019	3.10%	941,360	16,608	924,752
Loan 24	17/06/2019	2.80%	160,000	3,075	156,925
Loan 25	01/07/2019	2.81%	91,776	1,310	90,466
Loan 26	06/09/2019	2.24%	568,400	9,625	558,775
Loan 27	08/09/2019	2.24%	3,821,595	40,559	3,781,036
Loan 28*	16/04/2020	3.57%	1,208,000	9,108	1,198,892
Loan 29*	16/10/2020	3.84%	1,029,820	3,543	1,026,277
Loan 30	20/11/2020	3.61%	2,175,000	8,078	2,166,922
Total loans to A Better Choice For Property Ltd			32,705,997	645,298	32,060,699
* These loans have been subsequently loaned to the companies subsidiary A Better Choice for Property Development Ltd.					

Appendix B

Financial Model - RSAP Homeless people Scheme - Joint Funded from Government Grant				2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Year				11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Cost				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Purchases															
			Grant Funding															
Total Capital Cost				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Life (years)			40															
Interest Rate		Facility D	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Staffing Increase			1.00%															
Outgoings																		
Maintenance allowance	10%		of Rental Income (initially scaled up)	(21,368)	(21,581)	(21,797)	(22,015)	(22,235)	(22,458)	(22,682)	(22,909)	(23,138)	(23,370)	(23,603)	(23,839)	(24,078)	(24,319)	(24,562)
Capital Works	15.0%		of Rental Income	(32,052)	(32,372)	(32,696)	(33,023)	(33,353)	(33,687)	(34,024)	(34,364)	(34,707)	(35,054)	(35,405)	(35,759)	(36,117)	(36,478)	(36,843)
Bad Debt and Voids	5%		of Rental Income only (not office)	(10,684)	(10,791)	(10,899)	(11,008)	(11,118)	(11,229)	(11,341)	(11,455)	(11,569)	(11,685)	(11,802)	(11,920)	(12,039)	(12,159)	(12,281)
Other Exp.				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staffing				(76,557)	(77,323)	(78,096)	(78,877)	(79,666)	(80,463)	(81,268)	(82,081)	(82,902)	(83,731)	(84,568)	(85,414)	(86,268)	(87,131)	(88,002)
Sub total				(140,660)	(142,067)	(143,488)	(144,923)	(146,372)	(147,836)	(149,315)	(150,809)	(152,317)	(153,840)	(155,378)	(156,932)	(158,501)	(160,087)	(161,687)
Income for ABC	Site	Bedrooms	Type of Property															
	Residential	N/a	Rent Claimable from Benefit Revenue Grant	213,678	215,815	217,973	220,153	222,354	224,578	226,824	229,092	231,383	233,697	236,034	238,394	240,778	243,186	245,617
			Total Rental Income	213,678	215,815	217,973	220,153	222,354	224,578	226,824	229,092	231,383	233,697	236,034	238,394	240,778	243,186	245,617
			Financing costs capitalised															
			Total	213,678	215,815	217,973	220,153	222,354	224,578	226,824	229,092	231,383	233,697	236,034	238,394	240,778	243,186	245,617
			Net Revenue before financing	73,018	73,747	74,485	75,230	75,982	76,741	77,509	78,283	79,066	79,857	80,655	81,462	82,276	83,099	83,930
Financing Costs																		
Interest and capital - 40 year annuity				(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)
Net Revenue			Net Revenue after financing	(9,334)	(8,604)	(7,866)	(7,122)	(6,370)	(5,610)	(4,843)	(4,068)	(3,286)	(2,495)	(1,696)	(890)	(75)	747	1,579

Appendix B

Financial Model - RSAP Homeless people Scheme - Joint Funded from Government Grant				2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060
			Year	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Capital Cost			Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Grant Funding															
Total Capital Cost				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Life (years)			40															
Interest Rate		Facility D	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Staffing Increase			1.00%															
Outgoings																		
Maintenance allowance	10%		of Rental Income (initially scaled up)	(24,807)	(25,055)	(25,306)	(25,559)	(25,815)	(26,073)	(26,334)	(26,597)	(26,863)	(27,131)	(27,403)	(27,677)	(27,954)	(28,233)	(28,515)
Capital Works	15.0%		of Rental Income	(37,211)	(37,583)	(37,959)	(38,339)	(38,722)	(39,109)	(39,500)	(39,895)	(40,294)	(40,697)	(41,104)	(41,515)	(41,930)	(42,350)	(42,773)
Bad Debt and Voids	5%		of Rental Income only (not office)	(12,404)	(12,528)	(12,653)	(12,780)	(12,907)	(13,036)	(13,167)	(13,298)	(13,431)	(13,566)	(13,701)	(13,838)	(13,977)	(14,117)	(14,258)
Other Exp.				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staffing				(88,882)	(89,771)	(90,669)	(91,576)	(92,492)	(93,417)	(94,351)	(95,295)	(96,248)	(97,210)	(98,182)	(99,164)	(100,156)	(101,158)	(102,170)
Sub total				(163,304)	(164,937)	(166,587)	(168,253)	(169,936)	(171,635)	(173,352)	(175,086)	(176,836)	(178,604)	(180,390)	(182,194)	(184,017)	(185,857)	(187,716)
Income for ABC	Site	Bedrooms	Type of Property															
	Residential	N/a	Rent Claimable from Benefit Revenue Grant	248,074	250,554	253,060	255,591	258,146	260,728	263,335	265,969	268,628	271,314	274,028	276,768	279,536	282,331	285,154
			Total Rental Income	248,074	250,554	253,060	255,591	258,146	260,728	263,335	265,969	268,628	271,314	274,028	276,768	279,536	282,331	285,154
			Financing costs capitalised															
			Total	248,074	250,554	253,060	255,591	258,146	260,728	263,335	265,969	268,628	271,314	274,028	276,768	279,536	282,331	285,154
			Net Revenue before financing	84,770	85,617	86,473	87,337	88,211	89,093	89,984	90,883	91,792	92,710	93,637	94,574	95,519	96,474	97,438
Financing Costs																		
Interest and capital - 40 year annuity				(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)	(82,352)
Net Revenue			Net Revenue after financing	2,418	3,266	4,121	4,986	5,859	6,741	7,632	8,531	9,440	10,359	11,286	12,222	13,167	14,122	15,086

Fees and Charges at Courtside and Pitchside effective from 1 April 2021

DISCRETIONARY & STATUTORY FEES 2021/22

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2019/20 £	Charge 2020/21 £	Proposed Charge 2021/22 Sept 2021 - March 2022 £	Increase / Decrease on 2020/21 %
Courtside and Pitchside						
	Tennis courts prices (per hour)					
	use of 1 court	VT	7.00	7.50	7.50	0.00%
	use of 2 courts	VT	14.00	15.00	15.00	0.00%
	use of 3 courts	VT	20.00	21.00	21.00	0.00%
	use of 4 courts	VT	29.00	30.00	30.00	0.00%
	use of 5 and 6 courts	VT	68.00	70.00	70.00	0.00%
	Netball prices (per hour)					
	use of 1 court	VT	15.00	17.00	19.00	12.00%
	use of 2 courts	VT	21.00	23.00	25.00	12.00%
	use of 1, 2 3 and 4 courts	VT	31.00	34.50	38.00	12.00%
	use of all courts	VT	67.00	70.00	79.00	12.00%
	Football prices (per hour)					
	Football (3g)					
	Football (3g) prices adult (full)	VT	80.00	100.00	108.00	8.00%
	Football (3g) prices junior (full)	VT	60.00	80.00	84.00	4.00%
	Football (3g) prices adult (half)	VT	60.00	50.00	54.00	8.00%
	Football (3g) prices junior (half)	VT	50.00	40.00	42.00	4.00%
	Football (grass) (per hour)					
	Football (grass) pitches prices adult	VT	55.00	60.00	66.00	10.00%
	Football (grass) pitches prices junior (full)	VT	45.00	50.00	55.00	10.00%
	Football (grass) pitches prices juniors (half)	VT	25.00	30.00	32.00	4.00%
	Season matches (10)	VT	500.00	600.00	660.00	10.00%
	Meeting Room prices (per hour)	VT	20.00	n/a	22.00	10.00%

Notes

VAT Indicator:

NB = Non Business no VAT

EX =

VT = Exclusive of VAT

* inc floodlight use added prices for Sept 2021

