

FIRST QUARTER PERFORMANCE MANAGEMENT REPORT

1ST APRIL 2020 TO 30TH JUNE 2020

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Purpose of the report

The Council normally provides a report to demonstrate the performance of the Council at the end of the first quarter in relation to our Annual Plan which sets out key activities and measures to check our performance against the priorities of the Corporate Strategy 2020-24. Due to the Covid-19 pandemic, the Annual Plan for 2020/21 was amended to ensure it was able to reflect the support required to help our residents, communities and businesses recover.

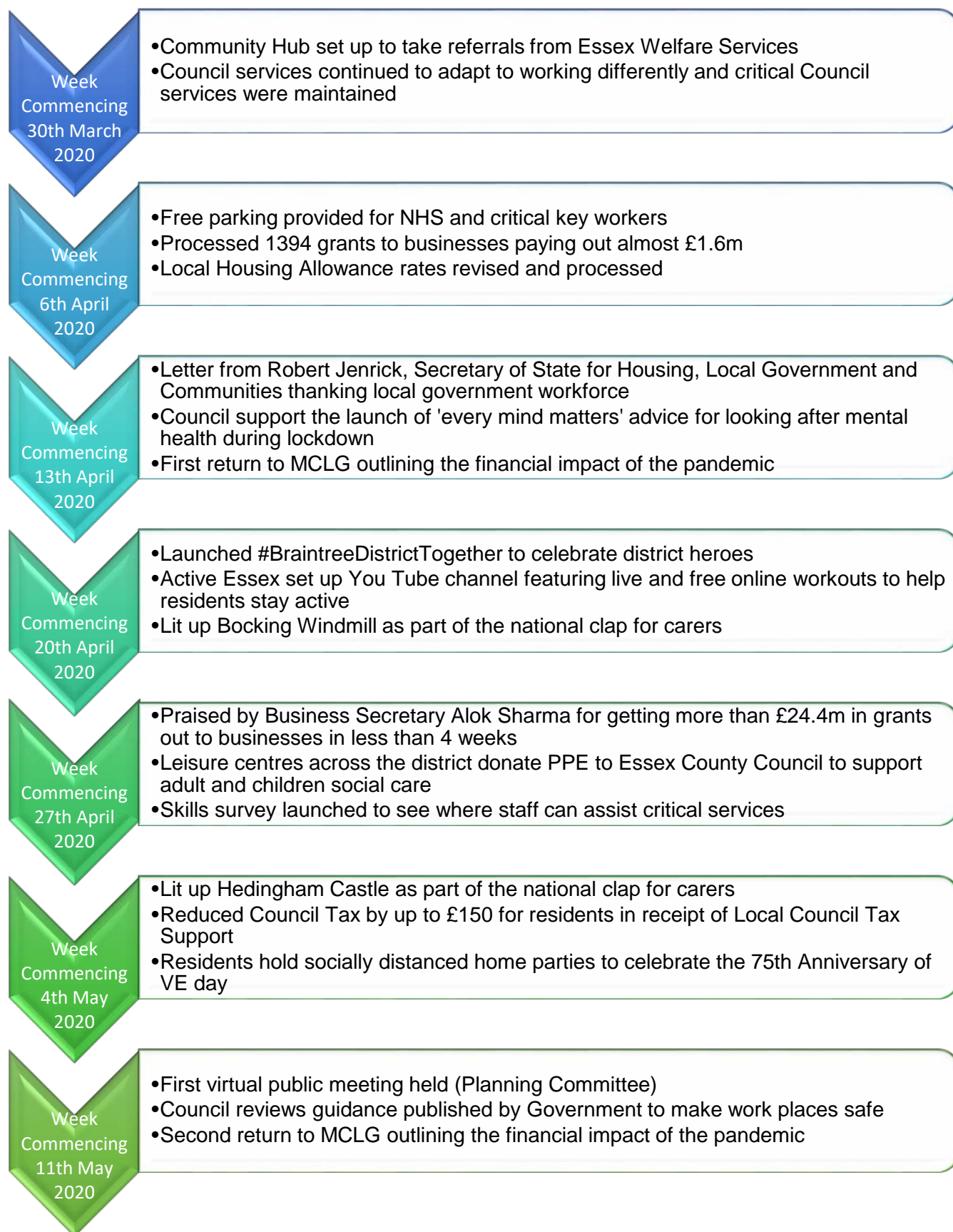
The Annual Plan 2020/21 was presented to Cabinet in July and progress against the activities will commence from the second quarter. Rather than not providing a report, the first quarter will be reported differently, focusing on how the Council has dealt with the unprecedented challenge brought by Covid-19. Updates are still included for any projects that have continued in the first quarter of the year. Further detail is also provided in relation to complaints, our people, health and safety and our finances.

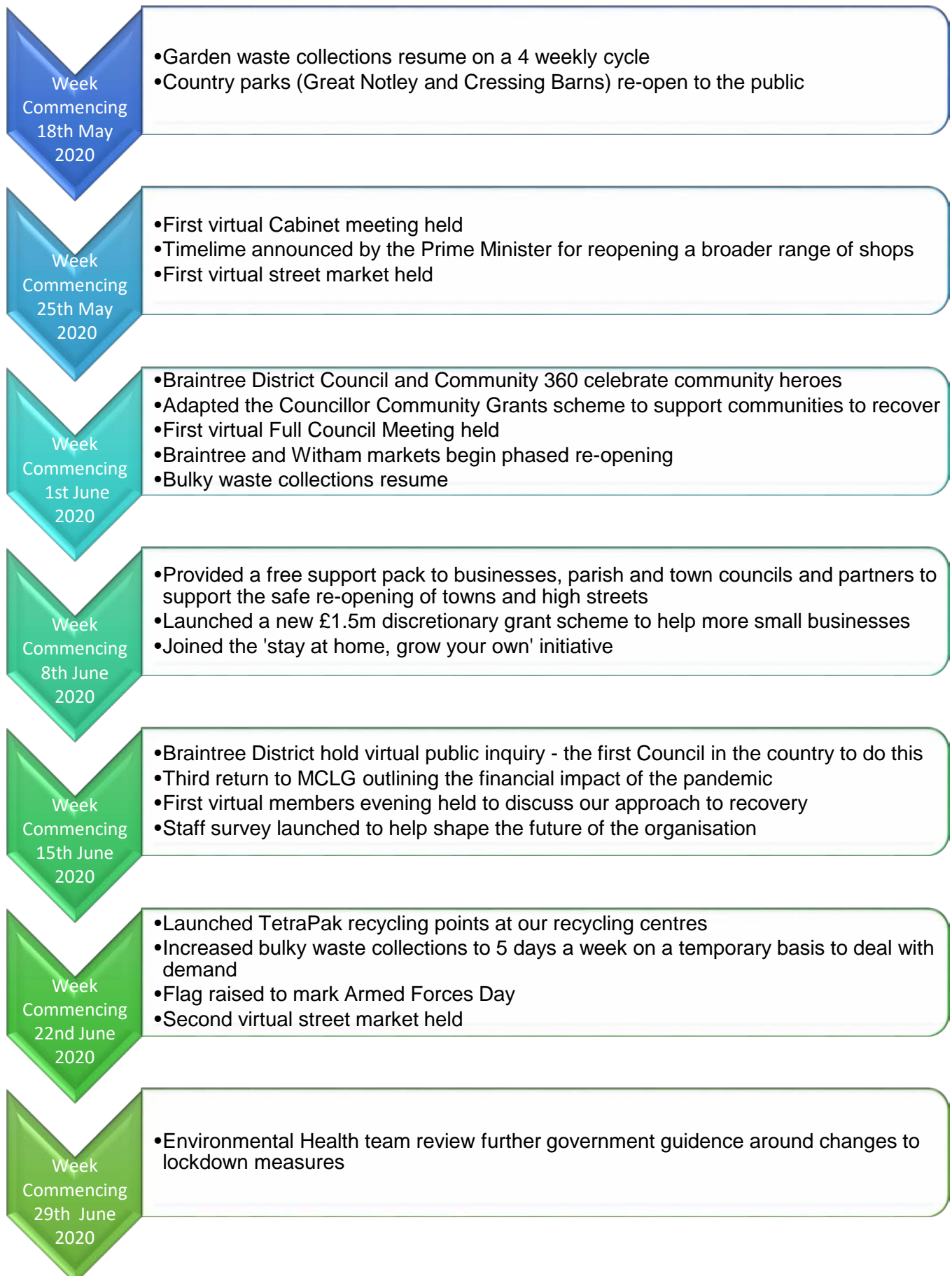
Like many councils across the UK, Braintree District Council has been working to address the challenges brought by Covid-19. From the onset, we have responded as quickly as possible to support local businesses, the voluntary and community sector and local residents. The Council needed to change the way it delivered services and has dealt with the response whilst keeping services running as much as possible.

Throughout this report, there are examples of how the Council have reviewed the way in which they work to ensure continuation of services. Cross departmental working has been the key to the success of responding to the needs of residents, communities and businesses as well as embracing change and new technology to drive the transformation of the organisation so that we can effectively respond to events and plan for the future.

In April, The council agreed our new Corporate Strategy for 2020 -2024. This performance report will address what has been achieved in the first three months of the financial year under our new Corporate Strategy themes and also looks at what we need to do to assist in the recovery of our district.

Summary Timeline of District response





CONNECTING PEOPLE AND PLACES



Local Plan

In May 2020, the Planning Inspector followed up his examination with a letter on the joint section one of the Local Plan shared by Braintree District Council, Tendring District Council and Colchester Borough Council advising that to take the plan forward, there are two options:

1. To propose and consult on main modifications to remove the Colchester/Braintree borders and west of Braintree Garden Community proposals for the plan or,
2. Withdraw the plan from examination

Despite the Planning Inspector finding that two of the proposed Garden Communities are not currently deliverable, he has said that the Plan can be made sound subject to modifications.

The council has asked the Planning Inspector for the full list of modifications so we can consider the proposed changes and what it means for our district. A future meeting of Full Council will be arranged to discuss the options and decide on the next stage of the process which could include consultation on the Inspectors proposed changes to the Plan.

Pedestrianisation of Braintree Town Centre

The pedestrianisation of Braintree Town Centre has seen the first phase of construction works completed increasing the disabled parking spaces to 17 for people to use when visiting the town centre. The next phase of works in Fairfield Road have also started which include resurfacing of the footways and carriageways, as well as a new bus gate incorporating a new cycle route for cyclists. Other works include street lighting, drainage and traffic signal improvements. The works started in June and are expected to take up to 11 weeks to complete. The Council continues to work behind the scenes on the final design for the main High Street area which will be shared with the public when finalised.

Victoria Square redevelopment

The Victoria Square redevelopment in Manor Street has also commenced. Early access to the government operating standards ensured the site was Covid-19 safe and compliant to allow works to continue in line with the programme.

Street Markets

Whilst some areas such as street markets were forced to stop to tackle Covid-19, it didn't mean that the council had forgotten the vital role street markets have played in bringing communities together and increasing footfall in our town centres. To ensure the success of the street markets continued, a new venture was launched and at the end of May, the council hosted their first virtual street market providing traders with a new online outlet to showcase their goods and interact with customers. This new venture is hosted through Facebook connecting residents with local small independent traders to keep the district's street market community spirit alive. Two virtual street markets have been held in the first quarter and these are set to continue.

Weekly Markets

The outdoor weekly markets continued to provide access to essential goods throughout lockdown and the wider market re-opened in a phased approach with changes to layouts to allow space around individual stalls for the safety of traders and customers.

Support to Town Centres

When the Government announced that non-essential retail could re-open from the 15th June, the council worked with local retail businesses, parish and town councils as well as partners to help support the re-opening of town centres. Measures were put in place to help people shop safely including floor markings and signage to remind people of how to shop safely and responsibly. Local businesses were provided with a support pack on the government guidance to ensure a safe re-opening of their business including posters to display, indoor and outdoor floor stickers have also been provided free of charge. The council will continue to work with everyone and monitor the impacts on our town centres and high streets to identify any other measures that may need to be put in place.



ENHANCING OUR ENVIRONMENT



Parks and Open Spaces

At the beginning of lockdown, the Council closed all play areas and outdoor gyms in line with government guidance. Parks and open spaces remained open and the horticultural team worked hard to maintain these areas ensuring they were kept clean and tidy to allow residents to use their local area and stay active. The country parks at Cressing Temple and Great Notley were closed by Essex County Council but re-opened in line with government guidance in May, however, play equipment remained out of use. Great Notley continued with their annual maintenance programme to parts of the play trail whilst the play areas were not in use.

Recycling

It has always been difficult to recycle food and beverage drinks cartons as they are made of a mixture of materials and with there being no mechanical way to separate these items from our recycling, it was becoming less cost effective to selectively remove these items by hand. In June, the Council agreed arrangements to install and maintain food and drink carton recycling bins at a number of recycling sites across the district allowing residents to continue recycling food and beverage drink cartons.

Waste collection services

A number of waste services were suspended and brought back in when safe to do so. Braintree District Council worked hard to ensure that refuse, clear sacks and food waste collections could continue but due to social distancing measures put in place, a decision was made to temporarily suspend garden waste and bulky waste collections. Both services started reinstatement in June with garden waste being collected on a monthly basis to begin with. Due to the increase in demand for bulky waste collections, this service has been temporarily increased from three days a week to five days.

With the closure of council owned buildings, customers were no longer able to collect recycling sacks and the service saw a significant increase in requests for clear sacks dealing with up to 1000 requests a week. The Council responded well to this by redeploying staff to ensure all requests were dealt with as quickly as possible. The annual clear sack deliveries commenced in June and will continue through to early October.

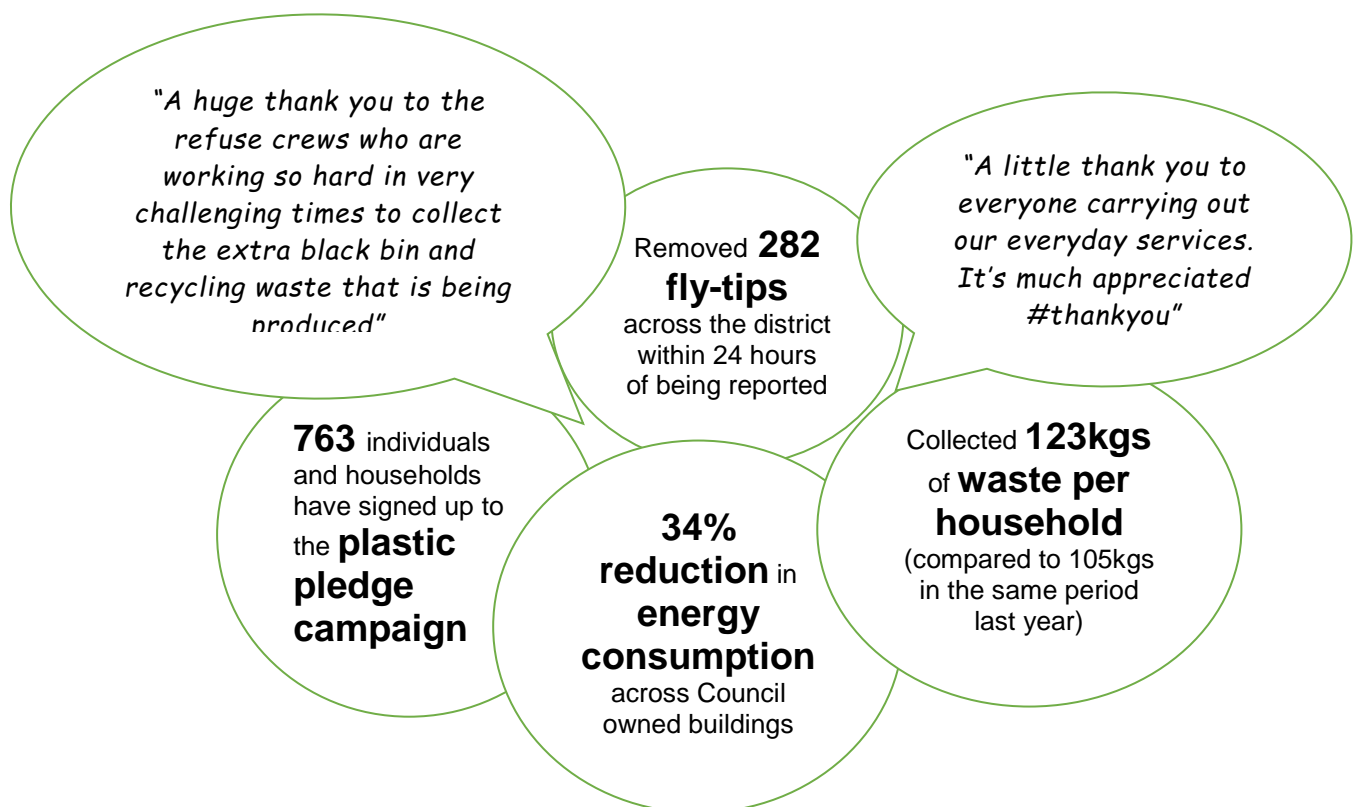
The Operations team also saw an increase in the number of fly tips across the district due

to local recycling centres being closed and dealt with 282 fly tips in the first quarter of the year, an increase of 35% compared to the same period last year. The Council's enforcement team carry out investigations of each fly tip and will issue a fixed penalty notice and proceed to prosecution if evidence is found of who committed the offence. There are currently 10 fly-tipping prosecution cases being progressed.

Climate change

Work has continued on reviewing the Climate Change Local Strategy although the climate change action group suspended meetings at the beginning of lockdown. Like everywhere else, there has been a positive impact on pollution levels across the district due to the reduction in the number of vehicles on the road during the lockdown period and we will look to embed some of the changes and new approaches introduced during these times in the strategy.

The Council have also continued to promote the Essex plastic pledge campaign to reduce plastic waste by making a few simple changes. Across all authorities in Essex, Braintree has received the highest number of individual pledges and the second highest number of household pledges. The campaign will now run until March 2021 rather than to the original end date of December 2020.



SUPPORTING OUR COMMUNITIES



Community Hub

In the first few weeks of lockdown, Braintree District Council set up the Community Hub dealing with referrals from the Essex Welfare Service for people who were vulnerable and shielding and required assistance with shopping and prescriptions because they did not have any nearby friends or family available. The Community Services team (including Community Transport, Health and Wellbeing and Braintree Town Hall staff) supported the virtual Community Hub and in the first quarter, they have dealt with 323 referrals and contacted a further 1,117 individuals deemed extremely vulnerable.

The hub referred residents to local community groups or the Community Transport team to help carry out tasks and provide residents with access to vital food and medicine supplies. The Community Hub also made befriending calls to check on people's welfare and alleviate feelings of loneliness and isolation as well as signposting and offering support where required. For those unable to be contacted via phone, doorstep welfare checks were carried out.

The Community Transport team also distributed 182 food parcels from the foodbank for those that needed them and collected 88 unwanted Government food parcels from those who did not require them – to donate to the foodbank as well as collecting and delivering shopping and prescriptions. The Community Transport team also transported 124 people to medical appointments.

Councillors' Community Grant Scheme

In supporting communities to recover from the pandemic, the council has adapted the Councillors' Community Grant scheme to focus on recovery from coronavirus. The scheme has also been changed to allow grants to be awarded to some of the newly formed groups that may not have a governing document or formal structure in place allowing community groups to continue to support their communities throughout the next stages of COVID response.

Stay at Home, Grow Your Own

To support the health and wellbeing of residents in the Braintree District, a new community project, funded under the Livewell campaign, was launched to encourage people to 'Stay at Home, Grow Your Own'. In partnership with Abberton Rural Training, 150 free planting starter kits were given away containing everything needed to start growing small food items

at home.

Rough Sleeping

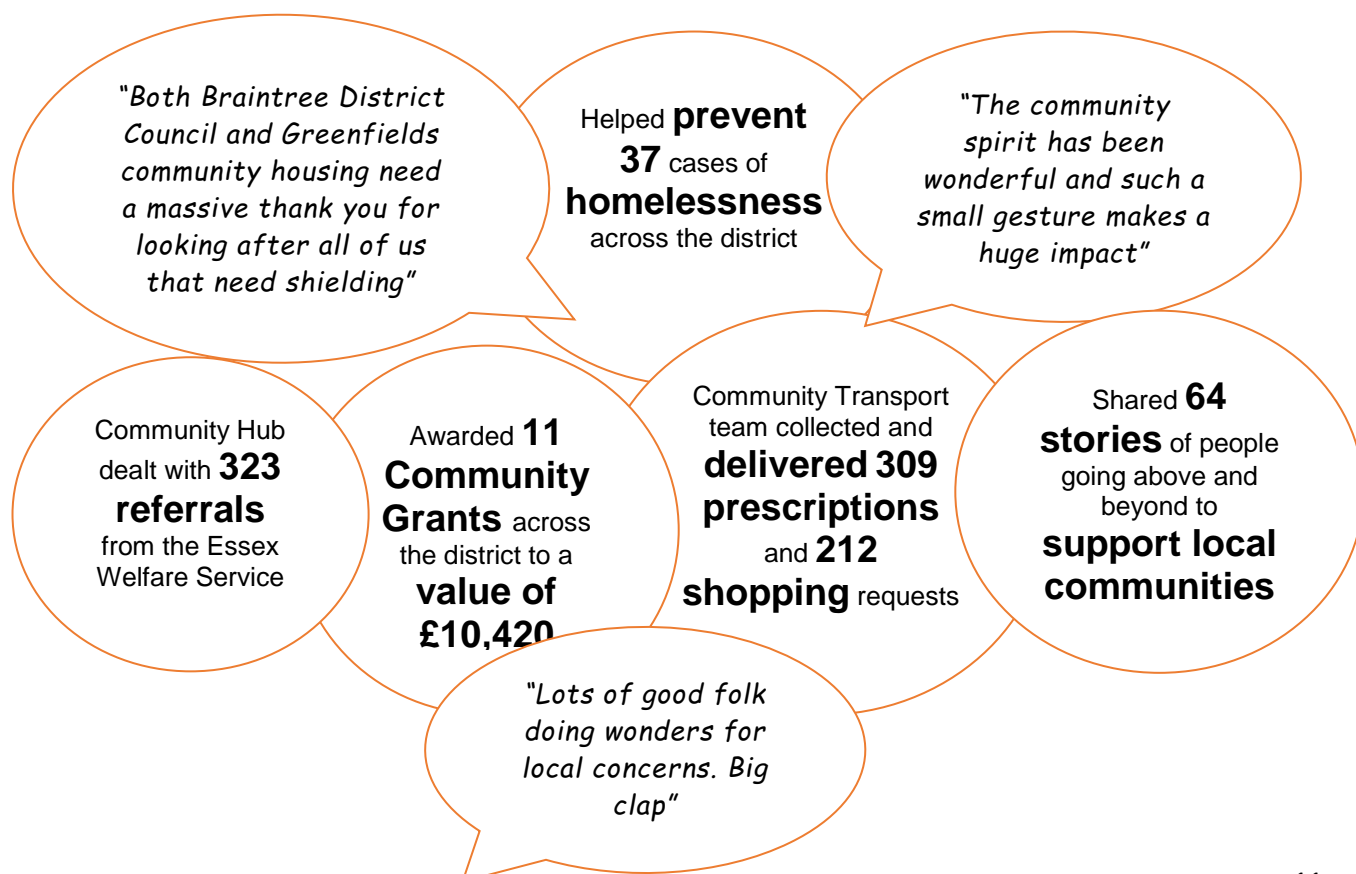
At the beginning of lockdown, local authorities were asked to urgently accommodate all rough sleepers and the Council responded to this quickly providing accommodation to people who were rough sleeping in the district. In total, 20 people who were or would have been sleeping rough have been accommodated. The Housing service have been working to meet the support needed and look at more permanent accommodation and opportunities to access support to help with retention of tenancies.

#BraintreeDistrictTogether

In April, the Council launched a campaign using the hashtag #BraintreeDistrictTogether to celebrate and say thank you to residents, community groups and local businesses who were going above and beyond carrying out fantastic acts of kindness to support their local community during the pandemic. The campaign has been recognised as good practice by the LGA for celebrating the valuable contribution people are making across the district. #BraintreeDistrictTogether has been widely shared across our social media platforms and the stories have been seen by over 349,370 people.

Livewell

Following the closure of leisure centres across the district, the Livewell website has been updated to assist people in continuing with exercise programmes and introduced home based exercise videos for people who were shielding to allow them to stay active and keep fit. As well as providing details on physical health, information and advice on mental health is being provided to support people to look after their emotional health and wellbeing whilst at home during the pandemic including signposting to a number of support services available.



PROMOTING PROSPERITY



Horizon 120

Construction works on the roads at the new Horizon 120 Business and Innovation Park in Great Notley is underway with Balfour Beatty taking the lead on the build of two access roads and a central spine road on the business park site. The planning for an entrance off the Cuckoo Way roundabout, a second access point from the A131 to the south and a central spine road was agreed at a meeting of the Planning Committee in February 2020. Horizon 120 is already attracting the attention of well-established companies keen to relocate their growing businesses to the future-proofed site.

I-Construct

The Council has secured the European Regional Development funding to progress the delivery of the construction phase of the project. The new Innovation Centre will provide a focal point for business support, job creation and product development in the construction sector. A paper will be presented to Cabinet in the coming months to award the construction contract enabling the project to proceed with in line with project timescales.

Tourism

We never thought we would be encouraging people not to visit the Braintree district, but that is how the first quarter of the year started. A promotional video was created encouraging people to stay at home and the new Visit Braintree District website was used to provide updates and supported businesses by running promotions and hosting events on their facebook pages. Residents were asked to share their photos of the district to virtually reflect on all the things people love and miss about the district. When places started to re-open, information on changes and guidance on re-openings to keep everyone safe was published on the Visit Braintree District website and social media.

Business Engagement

Business engagement has been a priority for Braintree District Council for some time and it has prioritised establishing the right channels to reach its audience. One of their primary communications channels is a closed Facebook Group for businesses in the district. During the pandemic, the facebook group has seen an increase of 193% in the number of members. The group is used to share information from central government, the council and advise of training and funding opportunities available locally. It also provided a place where local business people could seek support from other local business people,

many dealing with the same sorts of issues as they struggled with the challenges posed by the pandemic on their business.

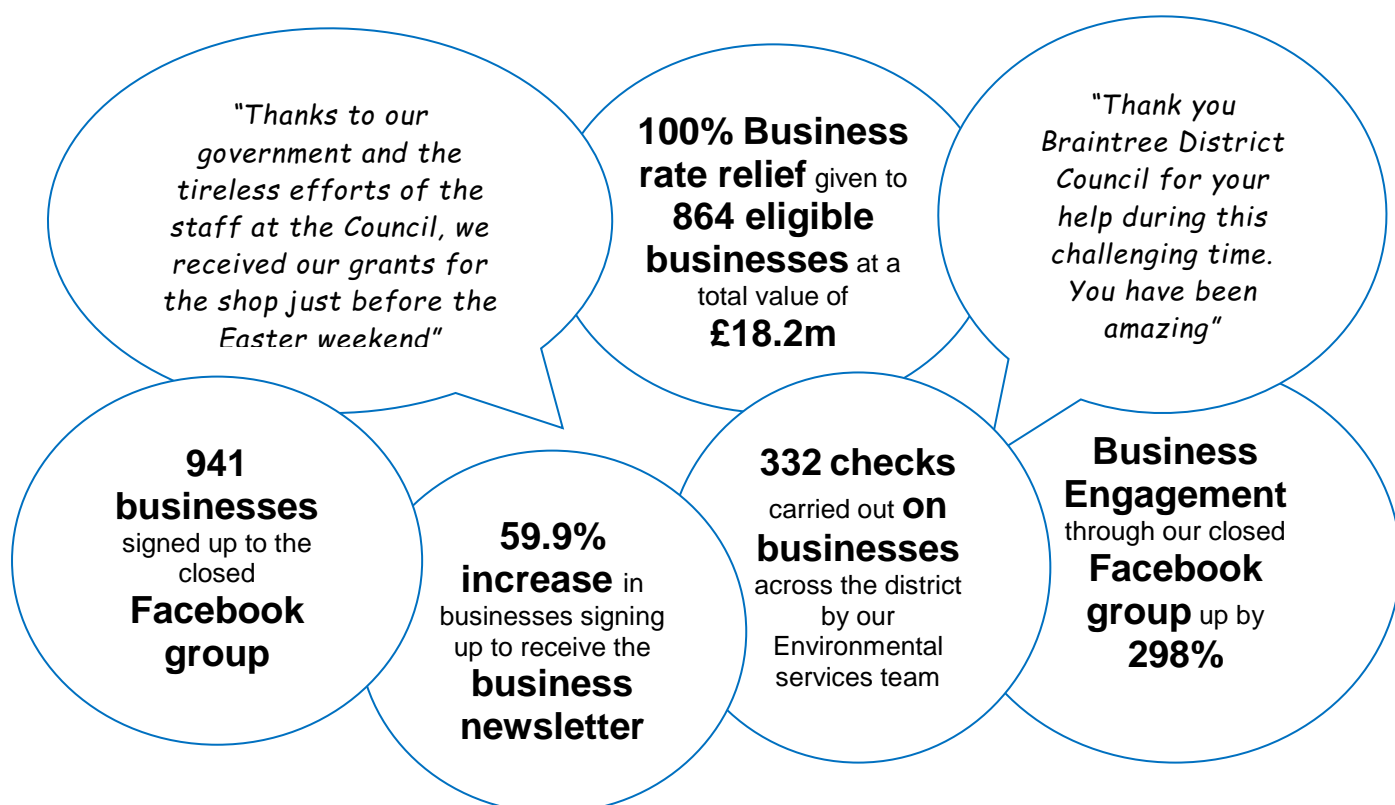
Our Economic Development team have also provided additional business support to over 400 businesses across the district by referring them to the Best Growth Hub who have been running diagnostic checks with businesses to identify other programmes of support for them.

Business Grants

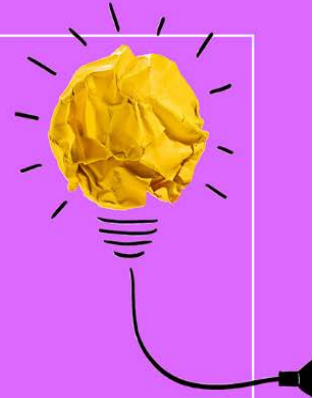
When the government announced the support package for businesses, the council sent out 2,557 application forms to eligible businesses and almost 1600 were received in the first couple of weeks. Of these, the Council processed 1394 grants to business with the council paying out almost £16m before Easter.

Further discretionary grant schemes were launched to help more small businesses impacted by Covid-19. The additional funding supported small businesses, micro businesses and charities with ongoing fixed property-related costs such as rental costs allowing them to apply for grants between £2,000 and £10,000. As at the end of the first quarter, the Council has processed grants to 2,392 businesses paying out £27.955m.

Further support is being provided to businesses by working closely with the Economic Development team to ensure all businesses are aware of what they are entitled to.



DELIVERING AND INNOVATING



Asset Management Strategy

The Council have continued to develop the new Asset Management Strategy to support our investments in property. The Strategy will link closely to our Corporate Strategy and Medium Term Financial Strategy.

Home working

The significant changes and measures needed for managing our workforce through the pandemic has driven culture change across the organisation including supporting staff to work easily from home. This was a transformation that seemed impossible at the start and which happened almost overnight due to the hard work of our IT team in mobilising MS Teams, the provision of laptops, phones, webcams and support in setting everyone up to stay in contact easily.

Safe accommodation was provided for any staff unable to work from home. All guidance for staff regarding home working has been updated and our learning and development team have promoted our e-learning platform and provided access to training to assist staff and managers.

Council decision making

Despite the pandemic, Braintree District Council still needed to make decisions and ensure that local democracy continued. The government removed the legal requirement for local authorities to hold public meetings in person during the pandemic and brought in regulations allowing local authorities to hold virtual meetings and Braintree District Council were one of the first councils to do this.

The IT team and Governance team were crucial in providing the support to the meetings to ensure everything was tested thoroughly beforehand and not forgetting to address meeting etiquette. The council used MS Teams to host its first meeting of the Planning Committee which took place on the 12th May. Since then, the Council has used both MS teams and Zoom to host meetings and in the first quarter, a total of 15 meetings have been held including Cabinet and Full Council. There have also been two licensing hearings. The next stage of this process will be public participation which again will require thorough testing before being introduced.

Keeping everyone informed

Good and regular communication has been critical throughout the first quarter of the year. Things were changing at a rapid pace and there was an increased demand for communications. Our web advice was placed online within days and a new area of our website created to provide advice and guidance for residents, communities and businesses all in one place.

Social media has content focussed on help and advice, how our services have changed and showcasing the fantastic work of our volunteer community.

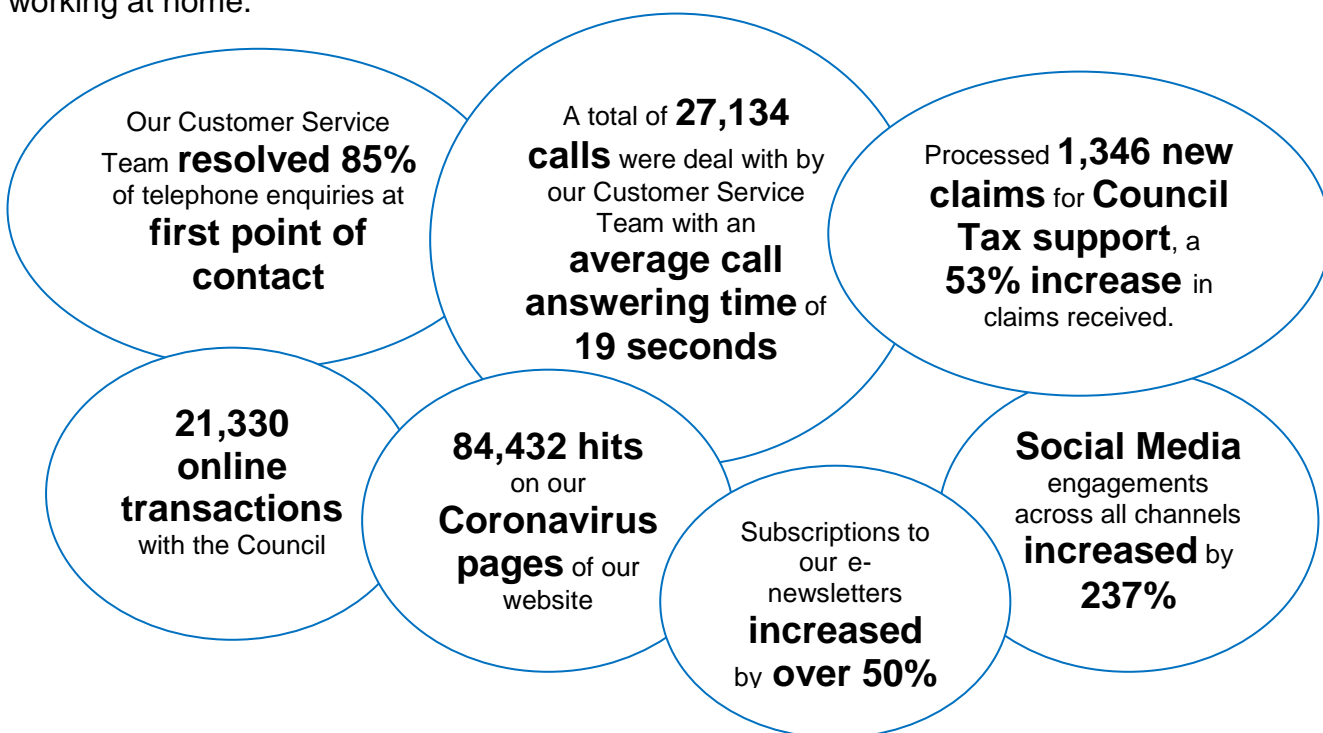
Our customer service phone lines have remained open throughout and we increased the number of people taking calls to deal with the high volume of contact. The customer service team also supported a number of services by dealing with their calls enabling them to prioritise their workloads in supporting our residents and businesses.

MP's, Councillors, Town and Parish Councils, partner organisations and neighbouring authorities were provided with a regular briefings to keep everyone updated with the latest information from the council regarding how we continued to support residents, communities and businesses as well as providing details as to how we were responding to the pandemic including changes to our services.

Staff were also kept well informed and were able to contribute any issues or concerns to senior managers through daily updates ensuring that we were able to respond to the needs of our residents and businesses in a timely manner. Weekly blogs by the Chief Executive provided detailed updates and information to staff.

Health and wellbeing

Our greatest asset is our people and keeping them safe whilst they deliver key services has been crucial. Our Procurement team were quick to purchase PPE early on to support our front line staff to continue to work safely and our HR team launched a health and wellbeing programme for all staff and managers to look after emotional health and wellbeing whilst working at home.



Complaints

The quarterly complaints analysis for the first quarter of 2020/21 is detailed below. This is compared with 2019/20 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2020/21	Q2 2020/21	Q3 2020/21	Q4 2020/21	TOTAL
Justified	43 (45)	(52)	(51)	(44)	(192)
Not Justified	55 (54)	(69)	(49)	(49)	(221)
Partially Justified	19 (23)	(24)	(14)	(29)	(89)
Not known	0 (0)	(0)	(0)	(2)	(2)
Total	117 (121)	(145)	(114)	(124)	(504)

Comments

The majority of complaints are in relation to the Operations service, in particular, complaints around missed waste collections. The reasons for missed collections vary with the majority being due to having difficulty accessing roads due to either road closures or more parked vehicles in roads due to lockdown.

Crews were also changed around to accommodate the new ways of working to adhere to social distancing guidelines meaning crews had to familiarise themselves with new routes and collection points. To follow social distancing guidelines, the number of crew members needed for a collection was reduced to a maximum of two in a vehicle at any one time. The third crew member joined the collection vehicle using a separate, smaller council vehicle or in some cases, two collection vehicles were used at the same time. The waste crews endeavour to return to collect any missed waste within 48 hours of being reported.

The Council received a few complaints in respect of the decision to suspend the garden waste collection and reinstate this on a four weekly cycle. This was due to prioritising the waste collections and ensuring our crews were supported and protected whilst out and about in the district collecting waste. All complaints are reviewed on a regular basis to help identify improvements to processes and the service provided.

In the first quarter of 2020/21, of the 117 complaints received:

- 113 are stage one complaints
- 2 are stage two complaints
- 2 are stage three complaints

A summary of Local Government Ombudsman (LGO) cases:

The LGO suspended their services in March due to the pandemic. They resumed services from the 22nd May but were initially only looking at existing cases of which there are none for Braintree. The LGO have commenced investigations of new complaints with effect from the 29th June 2020.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Change on previous period	Yearly Target
Total headcount	487				- 5	-
Number of temporary staff	25				- 2	-
Total staff FTE	436.74				- 4.94	-
Level of employee turnover	1.44%				+ 0.42	-
Number of leavers	7				+ 2	-
Number of starters	2				- 14	-
Working days lost to sickness per employee	0.68 days				-1.16 days	8.0 days
Percentage of staff with nil sickness	94%				Cumulative	-
Number of learning hours	1693.5				- 260.5	-
Number of delegates	58				- 4	-
Number of apprentices **	19				-	-

Year on Year Headcount Analysis	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	472	470	464	466	481	492

** BDC's apprenticeship programme runs from September each year. The figures reflect level 2 and level 3 apprenticeships.

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2019/20 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (11)	(4)	(14)	(11)	
<i>Accidents/ incidents to employees</i>	8 (9)	(3)	(14)	(10)	<i>The majority of incidents relate to the waste service in respect of slips and strains whilst collecting waste</i>
<i>Accidents/ incidents to contractors</i>	2 (1)	(0)	(0)	(0)	
<i>Accidents/ incidents to non-employees</i>	0 (1)	(1)	(0)	(1)	
Time lost in days due to employee accidents/ incidents	0 (6)	(4)	(7)	(0)	
Number of reported verbal/ physical incidents to employees	2 (1)	(0)	(1)	(4)	<i>Verbal abuse to a member of our staff who was strimming a communal area and verbal abuse to a Housing advisor</i>
Number of near miss incidents	0 (1)	(0)	(0)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	(1)	(0)	(1)	
Number of claims settled	1 (1)	(0)	(0)	(1)	

Financial Performance

This part of the report provides an updated review of the financial position for the year. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital projects.

Background

Full Council approved a net budget of £15.226 million for the 2020/21 financial year. This included planned spending across all services totalling £13.888 million; corporate items amounting to £1.638 million; and an overall efficiency target to be achieved in-year of £300,000.

Financing of the budget was to be from a combination of: general government grants (£22,000); business rates (£5.192 million); and Council Tax (£10.012 million).

During the year individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which quarterly performance is monitored.

Following a delegated decision to approve a capital contribution towards expenditure on facilities used by the operator that processes the Council's household recycling material, a budget adjustment of £151,460 has been made between the waste management service (reflecting savings to be made on processing costs) and treasury management (to reflect annual repayments of principal and the opportunity cost of interest foregone).

Summary Financial Position

The following summarises the financial position for the year as projected at this first quarter (Q1):

- An overall adverse variance is projected for the year of £919,000 (+6%) against budget.
- Across all services staffing budgets are forecast to be underspent by £425,000; however, after allowance for the corporate efficiency target of £300,000 and provision for a higher than anticipated pay award, this results in a net projected overspend of £10,000.
- Other expenditure is projected to be over budget by £396,000.
- Income is projected to be under achieved by £513,000.
- Within this overall variance the estimated impact of the COVID-19 pandemic on the revenue account is a net shortfall of £3.348 million, against which the Council has received funding from Government of £1.894 million, leaving a net shortfall due to COVID-19 of £1.454 million.

Revenue Spending

The following statement shows the overall budget variances projected for the year incorporating the impact of the COVID-19 pandemic and other variances:

Service	Updated Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(2,473)	(2,433)	(3)	19	24	40	A
Community Services	393	455	(4)	(17)	83	62	R
Corporate Management	1,451	1,470	14	-	5	19	A
Economic Development	198	198	-	-	-	-	G
Environment & Leisure	982	1,246	(125)	(49)	438	264	R

Finance	1,458	1,828	(155)	(56)	581	370	R
Governance	1,171	1,196	(13)	(41)	79	25	A
Housing Services	924	828	(29)	(25)	(42)	(96)	G
Human Resources	360	376	19	(3)	-	16	A
ICT & Facilities	1,645	1,656	12	(1)	-	11	A
Marketing and Communications	557	595	6	(23)	55	38	A
Operations	6,121	6,456	33	(354)	656	335	R
Strategic Investment	21	21	-	-	-	-	G
Sustainable Development	955	1,174	(180)	(8)	407	219	R
Service Total	13,763	15,066	(425)	(558)	2,286	1,303	R
Corporate Financing	1,763	2,009	135	(10)	121	246	R
COVID-19 central fund	-	964	-	964	-	964	R
Efficiency target	(300)	-	300	-	-	300	
Total before COVID-19 grants	15,226	18,039	10	396	2,407	2,813	R
COVID-19 government grants	-	(1,894)	-	-	(1,894)	(1,894)	G
Net Total General Fund	15,226	16,145	10	396	513	919	R

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Analysis of the Projected Budget Full-Year Variances

It is difficult to be precise about the extent to which projected variances arise due solely to the COVID-19 pandemic, particularly with regards income as under normal circumstances there would inevitably be some level of budget variance. A level of judgement has therefore had to be applied in making this assessment. The following table shows how the projected full year variance has been attributed in terms of COVID-19 impact or for other reasons:

Reason for variance:	Adverse (Positive) variance against budget			
	Staffing	Other Expenditure	Income	Total
	£'000	£'000	£'000	£'000
COVID-19	47	899	2,402	3,348
Other ¹	(37)	(503)	5	(535)
Total before COVID-19 grants	10	396	2,407	2,813

¹ Staffing variances shown net of the £300k corporate efficiency target

COVID-19 Pandemic and impact on the Council's Finances

The Covid-19 pandemic has had a considerable impact on the Council's finances. Following the lockdown announced on 23 March 2020, the Council had to adapt quickly, putting considerable additional resource into ensuring rough sleepers are safe, providing temporary accommodation for those in need, administering business rate reliefs and other grants, and supporting the most vulnerable residents, including operating a virtual community hub. Staff had to quickly adapt to working from home supported with the necessary ICT equipment. During the crisis the Council has worked with key partners providing immediate financial assistance during lockdown and working together to bring back services as restrictions are being lifted.

The Council is currently forecasting losses in income from across many of its services totalling £2.402 million, with the main areas affected being car parking, planning fees, leisure management, local tax and benefit recoveries, waste management, and the council tax sharing arrangement. Reductions in investment income are also anticipated as a consequence of very low interest rates and a fall in dividends paid by the corporate sector. Forecast reductions in council tax and business rate income will initially manifest in higher arrears; however, write-offs may increase as the economic impact persists and businesses in particular struggle to recover. Any amounts written off will initially impact the Collection Fund (rather than the General Fund account), but will then impact on the Council's finances in future years through its share of the Collection Fund balance. A reduction in the financial gain from the Essex business rate pool is expected due to reduced business growth and increases in irrecoverable debts.

Additional unbudgeted expenditure has been incurred and is expected to continue over the remainder of the year with a current forecast total of £946,000 for this central fund. The Council is also reporting other expenditure budget variances within individual services.

The Council's District Investment programme remains susceptible to the general economic climate through potentially reduced market values on capital receipts and additional capital costs due to contract delays following lockdown and the introduction of additional measures by contractors in line with government guidance.

To date the Government has provided grants totalling £1.894 million for the 2020/21 financial year (including £170,000 of New Burdens funding for administering business grants). This is in addition to the £61,411 provided in 2019/20 and which was used to partially fund additional ICT equipment.

It is still difficult to quantify with any certainty the longer-term financial effects of the pandemic. In addition, the Council awaits further details from the Government on an income support scheme whereby any shortfall in fees and charges greater than 5% of what was originally budgeted will be supported by government at a level of 75p in the £. At this time, however, the net shortfall due to COVID-19 of £1.454 million is being partially offset by service underspends due to other reasons (£535,000), leaving the remaining £919,000 to be met from a combination of the Treasury Management earmarked reserve (£306,000) and unallocated General Fund balances (£613,000).

Further Commentary on Budget Variances

Staffing

Staffing budgets include both directly employed staff, and bought-in/ agency staff, the latter being used where additional resources are required to meet increased service demands and/ or the need for specialist skills; to provide cover in cases of absence (e.g. vacancies, holidays, sickness, maternity etc.); or where in-house staff are assigned to work on other projects and priorities.

Further detail of the projected staffing budget variances is provided in the following table:

Service – Staffing Budgets	Updated Budget	Projected Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	330	327	(3)	G
Community Services	433	429	(4)	G
Corporate Management	1,435	1,449	14	A
Economic Development	206	206	-	G
Environment & Leisure	1,732	1,607	(125)	G
Finance	2,893	2,738	(155)	G
Governance	717	704	(13)	G
Housing Services	1,032	1,003	(29)	G
Human Resources	280	299	19	A
ICT & Facilities	839	851	12	A
Marketing & Communications	445	451	6	A
Operations	6,034	6,067	33	A
Strategic Investment	429	429	-	G
Sustainable Development	1,904	1,724	(180)	G
Service Total	18,709	18,284	(425)	G
Corporate Financing	10	145	135	R
Efficiency	(300)	-	300	
Total	18,419	18,429	10	A

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Commentary on staffing variations:

Based on the information known at the end of Q1 there is a projected underspend across all services of £425,000.

COVID-19 related Staffing Variances

Overall net additional staffing costs within service budgets due to COVID-19 are forecast to be £47,000 for the year. This includes measures introduced for operational staff to help maintain social distancing. Additional payments have also been required to ensure daily office coverage of Gold Command. Partially offsetting these costs are savings anticipated where services can flex staffing hours in response to reduced customer demands.

Other Staffing Variances

The largest service area with a projected underspend is **Sustainable Development** (-£180,000). This is mainly due to vacancies with three posts in **Development Management** currently vacant: a planner due to be filled in October; an administrative officer, and a senior enforcement role both of which are expected to be filled by December. In total the estimated budget saving is £163,000, although this is partially offset by increased spending on agency staff (£60,000). **Landscape Services** has one post vacant with another becoming vacant from mid-August, both of which are not expected to be filled until at least December. There are also reduced hours being worked in this service area, making a total forecast underspend of £77,000.

Projected underspends in **Finance** (including the Customer Service Centre) total £155,000, due mainly to 4 posts being vacant and which, subject to any unplanned changes in pressure on services, are expected to remain so for the rest of the financial year. Other savings have been generated from a flexible retirement which was approved after the original budget was set, and reductions in staff hours.

Environment and Leisure is projecting underspends (-£125,000), with two posts vacant, one in Building Control and the other in Health Development.

The **Strategic Investment Team** continues to operate with a mix of permanent and interim staffing which is being flexed according to project priorities and workloads. Over the last few months a senior project manager has been recruited along with a part-time administrator. It is currently expected that resources will need to be increased during the year by the addition of an interim project director and project manager. The forecast spend for the year on staffing for the team is now £760,000, which is £331,000 higher than originally planned for 2020/21, and reflects the increase in projects in progress and in development. This increased cost will be borne partially by an increase in recharges by the team to capital projects (£125,000), with the balance met from reserves. The budget for the team is currently funded from a mixture of revenue and capital resources which were originally allocated over an estimated four-year period. The level of spending to date remains within the overall resources allocated.

Under **Corporate Financing** an additional cost of £135,000 is shown. This relates to an expected increase in the annual pay award with effect from April 2020 that is yet to be confirmed. The original budget provided for an increase of 2%; however, after consulting employers, an offer was made to the unions for an increase of 2.75%. At the current time the unions are consulting with their members.

The budget provided for a **Corporate Efficiency Target** which in previous years has been achieved from in-year staffing variances. The amount included in this year's budget was increased by £100,000 to £300,000 based on past experience. The projected variances across all services currently exceeds this target by £125,000, and after taking into account the potential increase in the pay award, this leaves a net staffing variance of £10,000 projected for the year.

Other Service Expenditure

Other expenditure is forecast to be overspent by a net £396,000 by the end of the year. This includes estimated additional spending due to COVID-19 of £899,000, which is partially offset by reductions in spending due to other reasons of £503,000.

COVID-19 related Other Service Expenditure Variances

At the outbreak of the COVID-19 pandemic the Council established a central fund to account for the additional expenditure incurred. The forecast spend in this central fund for the year is £964,000. This is largely made up of financial support provided to the Council's leisure operator for the initial period of the lockdown, with further funding set aside to be used as the Council works closely with the operator to remobilise and open up leisure facilities to the public in a safe manner following the lifting of restrictions. To support this, Full Council approved on 27 July 2020, to create a provision of up to £700,000 to be drawn from unallocated General Fund balances. Other areas of spending due to COVID-19 include:

- Costs incurred in providing accommodation for rough sleepers and those vulnerable to homelessness (£70,000 net of housing benefit).
- Communications including mail-outs on changes to green waste services (£58,000).
- ICT equipment to support remote working and virtual meetings (£63,000), along with system changes to allow for administration of business grants and hardship reliefs (£15,000).
- Additional staffing costs and operational equipment and supplies (£68,000).

Other budget variances which are attributed to COVID-19 include:

- **Operations - Waste Management** – a net saving of £7,000, which comprises: additional costs on vehicles due to social distancing measures (+£40,000); higher payments for mixed dry waste as lockdown increased household recycling tonnages (+£39,000); and extra costs due to increased demand for recycling sacks (+£7,000); with these being offset by savings on transport and disposal costs for street cleansing, trade waste, and green waste collections as these services were either suspended or produced lower tonnages (-£93,000).
- **Asset Management:** Additional holding costs of £14,000 incurred on one of the Council's investment properties due to a prospective tenant pulling out from a lease completion when lockdown measures were introduced. The property has since been re-let to another tenant from August.
- Across **Various Services** savings are projected as a consequence of lower expenditure being incurred where this is directly related to income activity which has also reduced (-£60,000).

Non COVID-19 related Other Expenditure Variances

Projected underspends for other reasons total £503,000. The main service areas contributing to these variances are:

- **Operations** (-£337,000): mainly in relation to **Waste Management**, where costs are forecast to be lower for vehicles due primarily to the sharp fall in diesel prices (-£102,000) and fleet maintenance and spot hire costs are also expected to be lower (-£32,000). Savings are being made on the processing costs of recycling materials as a result of the Council's capital investment towards improved facilities (-£57,000). New arrangements for the collection of bulky waste are incurring lower operating costs (-£28,000) than budgeted, partly due to suspension of the service for a period of time. Vehicle options for running the service are under review to manage weight restrictions and which may lead to some increase in costs in future. Reductions in market pricing means the cost of black and clear sacks is estimated to be lower (-£22,000).
- **Finance** (-£33,000): Mainly in relation to bank and credit card transaction costs, along with savings on the replacement system used for making BACS payments/ collections.
- **Governance** (-£30,000): Lower expenditure is forecast on Member's allowances and expenses, including those relating to the Chair and Vice-Chair and other Civic hospitality.
- **Environment and Leisure** (-£26,000): a lower than anticipated service charge from the landlord at the Braintree Retail Village – this relates to the land lease for the Braintree swimming centre and includes a prior year adjustment – and a reduction in building insurances.
- **Housing Services** (-£24,000): mainly due to an anticipated lower recharge from Eastlight Community Housing in respect of maintained temporary properties, as government legislation preventing evictions appears to have led to reduced demand for non-covid related housing needs.

External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, originally totalling around £30million.

The amount of business rates ultimately retained by the Council depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). Variances are accounted for via the Collection Fund and taken into account when determining future budgets and council tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the Business Rate Retention reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to an additional share of income from business rate growth. The final determination and receipt of the actual amount will be made after year-end returns have been collated by the County Council from each of the participating authorities. Sums received from this arrangement are initially held in the Business Rate Retention reserve pending decisions on how the money is to be utilised. The budget assumed an amount of £560,000 would be generated and added to this reserve. However, this is likely to change due to the impact of COVID-19 on business rate growth across the county and deterioration in recoverability of arrears. It is difficult to be precise about the knock-on impacts to the Pool from these factors and how this translates to the amount received by the Council, but at the present time a reduction of £276,000 is being estimated and which would result in a lower amount being transferred to reserve.

Other external income for which the Council has budgeted £15.573 million comes from a variety of sources that are subject to external demands and other influences, meaning these are more

susceptible to variations against budget. It is currently forecast that services will under achieve against their income budgets by a net £2.407 million and almost totally attributable to COVID-19, both as a result of the lockdown and assumptions about the rate of recovery over the coming months.

Service	Updated Budget	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents & Service Charges	Other Income	Total	RAG status
		4,436	6,153	3,161	1,823	15,573	
	£000	<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	3,358	-	20	4	-	24	A
Community Services	201	-	71	-	12	83	R
Corporate Management Plan	10	5	-	-	-	5	A
Economic Development	-	-	-	-	-	-	G
Environment & Leisure	1,218	21	384	-	33	438	R
Finance	2,458	284	-	-	297	581	R
Governance	198	-	66	-	13	79	R
Housing	38	-	(42)	-	-	(42)	G
Human Resources	-	-	-	-	-	-	G
ICT & Facilities	2	-	-	-	-	-	G
Marketing & Communications	139	32	39	-	(16)	55	R
Operations	5,395	-	616	46	(6)	656	R
Strategic Investment	300	-	-	-	-	-	G
Sustainable Development	1,696	-	407	-	-	407	R
Service Total	15,013	342	1,561	50	333	2,286	R
Corporate Financing	560	121	-	-	-	121	R
Total before COVID-19 grants	15,573	463	1,561	50	333	2,407	R
COVID-19 government grants		-	-	-	(1,894)	(1,894)	G
Net Total	15,573	463	1,561	50	(1,561)	513	A

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £4.436 million, the main sources of which are: Essex County Council contributions towards service costs (£2.417 million); the Council Tax Sharing and Investment Agreement with the major precepting bodies (£559,000); Housing Benefit (HB) overpayment recoveries and Local Tax costs recovered (£725,000); subscriptions to the Procurement Hub (£195,000); business rate collection allowance (£187,000); planning performance agreements (£85,000); and sponsorship income (£67,000).

Commentary on Joint Financing & Other Reimbursements

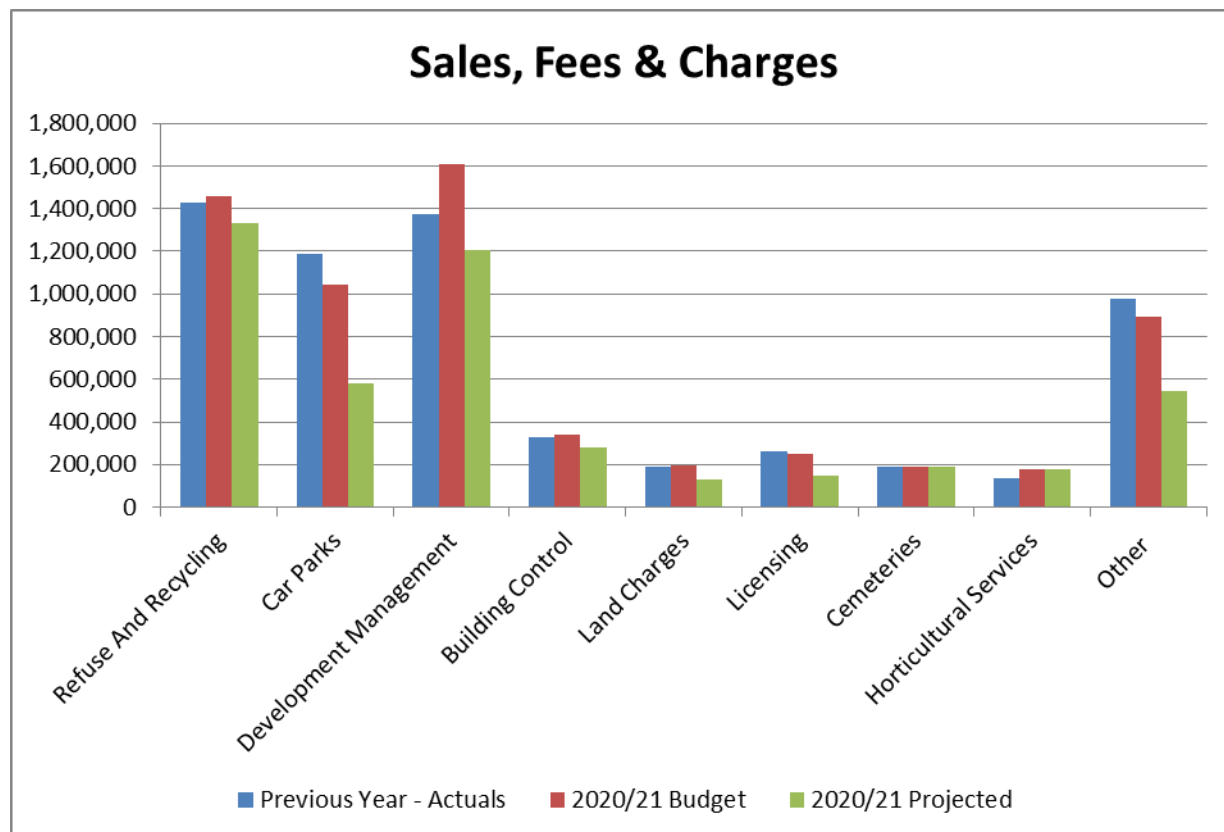
At Q1 an adverse variance for the year is predicted of £463,000 across all services, mainly comprising:

Finance: A projected reduction in HB overpayment recoveries (-£133,000) and Local Tax cost recoveries (-£117,000). This was due to the suspension of recovery action whilst resources were prioritised towards administering the new business rate reliefs and grants, and the extra hardship support to local council tax support recipients, including rebilling of accounts. Recovery procedures resumed during June which triggered an upturn in amounts being collected. However, progress on recovering amounts due will depend on the capacity of the courts to deal with cases. Amounts outstanding at the end of year will continue to be subject to the Council's normal recovery procedures for the collection of outstanding debts.

Corporate Financing: the anticipated reduction in the in-year council tax collection rate will impact on the amount the Council is able to receive under the sharing agreement with major preceptors. At present this reduction is estimated at £121,000 for the year.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £6.153 million against which it is projected that there will be a net underachievement of £1.561 million. The following chart shows the position for the main income streams:



Commentary on Fees and Charges:

- **Refuse and Recycling:** An overall projected shortfall of £124,000, the majority of which has arisen from the suspension and cancellation of accounts by commercial customers during lockdown (-£95,000).
- **Car Parks:** A substantial reduction in car park income from pay and display and season ticket/permit income arising from much lower usage during lockdown. Furthermore, the North Essex Parking Partnership ceased enforcement during this period resulting in a lower level of Penalty Charge Notice income than would normally be expected over this period. The current projection is an overall under achievement against budget of £462,000, with some recovery anticipated within this amount over the remainder of the year. Consumer confidence, the extent of home working and the overall general economy will obviously have an impact.
- **Development Management:** In the period April-June income was £196,000 compared to a budget profile of £362,000, although June saw a small spike compared to the first two months which has been repeated again in July. Income is subject to both overall demand for the service and also the extent of major applications being received from developers. It is possible that applications that were not submitted at the start of the year will now come through with some catch up effect later in the year. However sites have only recently re-opened and so it is still too early to gauge trends. At this stage the forecast is

for income for the year to be £1.068 million against a budget of £1.450 million, a shortfall of £382,000. In 2019/20 actual income was £1.239 million. Pre-application income is also expected to be down against budget for the year by £30,000.

- **Building Control:** Income from fee-earning activities in the first quarter of the year, including work-in-progress brought forward, was around 3% down against the same period for the previous year. The service anticipates full-year income to be around £280,000, compared to a budget of £336,000 (£332,000 achieved in 2019/20) and which is £56,000 lower than budget. However, compensating against this reduction in income, the service continues to carry a vacant post meaning there are savings on staff costs.
- **Local Land Charges:** The forecast reflects actual loss of income in the first quarter (£27,000) and income for July until the end of the financial year at 25% lower than the previous year. This results in projected income for the year of £128,000 which is £66,000 lower than budget. With the recent government announcement on scrapping stamp duty on house purchases of up to £500,000 until 31 March 2021, this may lead to a flurry of activity in the housing market which could lead to an improved income position.
- **Other Income –** The total budget is £892,000 across a wide range of differing services, including: Community Transport; the Town Hall Centre; Braintree Enterprise Centre conference income; non-commercial property service charges; graphics and marketing income; and fees received from the leisure management operator. Overall it is currently projected that income will be lower for the year by £347,000. The most significant element within this shortfall relates the waiver of the leisure management fee for the year which forms part of the overall package of support aimed at getting the Council's leisure facilities back available for public use safely. A fall in demand for the Community Transport service means a shortfall in income is predicted of £71,000 for the year. However, during this time staff and volunteers from this service have been involved in the setting-up and operation of a virtual community hub, providing support to vulnerable residents, including assistance with shopping. With the Town Hall Centre closed during lockdown and with new social distancing measures in place, this has reduced the forecast income from bookings for the year by £35,000.

Rental Income & Commercial Property Service Charges

The budget for rental income from land & property is £3.161 million – comprising the investment and commercial property portfolio, markets, housing properties, and other let properties. The overall projected outturn for the year is a shortfall of £50,000.

Commentary on Rental Income:

- **Operations – Markets:** There was a 70% drop in income in the first quarter, and whilst this has now picked up in July, the level is still around 33% lower than the monthly average for last year, leading to a projected shortfall for the year of £40,000. **Parks & Open Spaces:** minor rental income from land is projected to be lower by £6,000.
- **Asset Management:** Not a significant variance at this stage. To support tenants during the current crisis the service has been granting some three month rent deferrals with repayment plans in place to collect rents over an extended period. The current estimate is that £17,780 of 2020/21 income will be collected in 2021/22.

Other Service & Corporate Income

Total budgeted Other Income is £1.823 million of which £615,220 is internal recharges including staffing costs that are expected to be charged against capital projects (£483,000). Other external income is projected to be underachieved by £333,000.

Other external income includes the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £1.061 million, against which it is projected to be under achieved by £306,000, of which £244,000 is from an estimated reduction in dividend income from pooled fund investments. The balance of the shortfall of £62,000 is mainly due to the drop in short-term interest rates after the Bank of England cut the UK Base Rate in March 2020, from 0.75% to 0.10%. Whilst the level of cash balances has been increased due to government funding towards COVID-19 measures, including business grants, these additional balances have been placed with the Debt Management Account facility (UK Government) to ensure the highest level of security but which has been paying interest of between 0.01% and 0.075%. A treasury management reserve is maintained against which it is planned to offset this shortfall in income rather than reducing the unallocated General Fund balances.
- **Carbon Management: Solar Panel Feed-in-Tariffs** the budget of £92,450 is currently anticipated to be achieved for the year, whereas **external work** for another local authority is anticipated to be lower by £15,000 as programmes of work were halted by the contracting authority due to the COVID-19 situation.

COVID-19 Grants

The Government has provided three tranches of COVID-19 grant to the authority totalling £1.785 million, with £61,411 being accounted for in 2019/20, and the balance of £1.724 million being credited to the 2020//21 financial year. In addition, £170,000 has been received as New Burdens funding towards costs associated with administering business grants.

A grant of £50,000 has been received from Essex County Council to fund expenditure incurred by the Council on contact tracing activities. As the amount to be spent has yet to be determined this grant has not been reflected in the Q1 position, as any underspend would have to be returned.

Treasury Management

The Council's treasury management activity to the end of the quarter is summarised in the table below:

Amount Invested at start of the year	Activity to the end June		Amount Invested at end of the quarter
	New Investments	Investments Matured	
£53.11m	£428.08m	£412.50m	£68.69m
Average amount invested for the period			£72.28m
Highest amount invested			£94.72m

There was a significant increase in the amount of cash to be managed during the first quarter due primarily to funding received from central government to pay grants and hardship relief to businesses and to residents in receipt of council tax support. In addition, the Council received a further tranche of COVID-19 grant, along with changes to the cash flow profile for certain transactions between the Council and government. This additional cash flow has been managed through the Debt Management Office Account Facility (UK Government).

Investments totalling £19m continued to be held in long-term pooled funds across a range of property, equity and diversified funds.

The remaining balance of investments were held in short-term instruments including Lloyds bank account (for immediate liquidity); Money Market Funds; and loans to other local authorities.

Interest and dividends earned to the end of the quarter total £230,318, which is equivalent to an annualised rate of return of 1.28%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£19.00m	£173,224	3.66%
Short-Term	£53.28m	£57,094	0.43%
Total	£72.28m	£230,318	1.28%

Whilst investment returns were bolstered by the dividend income from long-term pooled funds; nevertheless this was around 25% lower than the income received for the same period last year. Short-term investment rates have fallen due to the Base Rate reductions made in March 2020. Loans to other local authorities secured in the final quarter of previous financial year provided some upturn in yield.

Following on from the dramatic reductions in the value of pooled funds at the end of the last financial year, much of this downturn has been recovered during this first quarter, with valuations at the end of June totalling £18.06m; representing an unrealised loss of £940,000.

It is currently projected that investment returns will be £306,000 lower than budget due to the current economic downturn. This shortfall will be met by drawing down on the Treasury Management reserve, leaving a balance in this reserve of £968,000.

Market Commentary

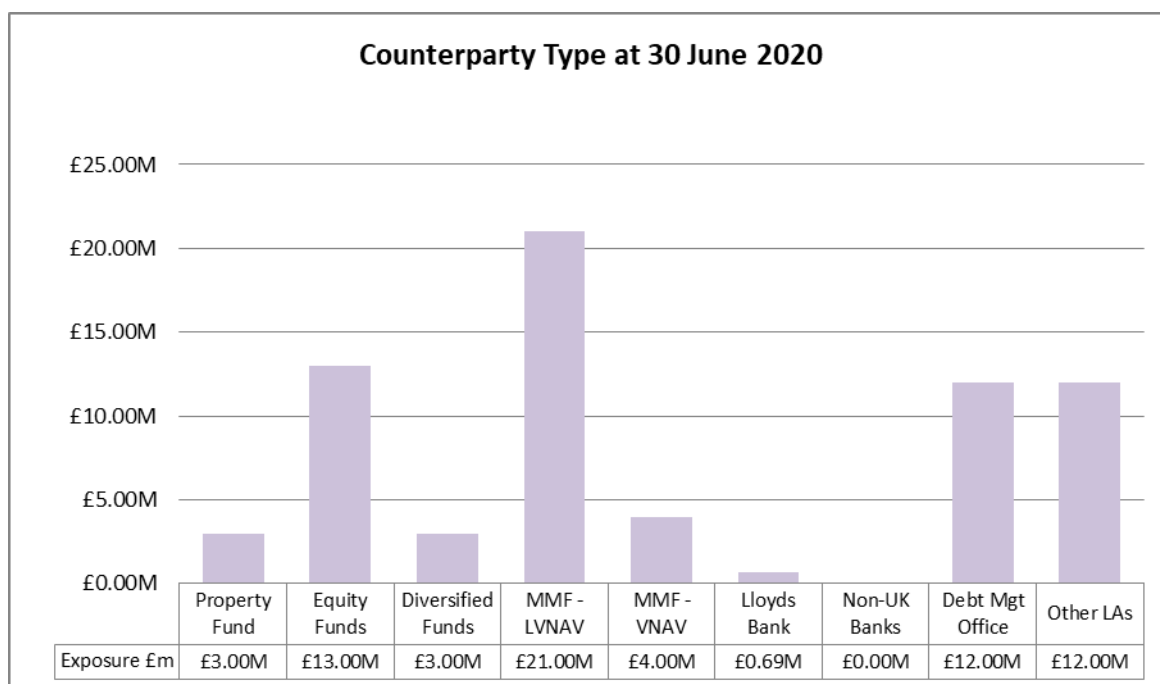
The UK's exit from the European Union took a back seat during the first quarter as the global economic impact from coronavirus took centre stage. Part of the measures taken to stop the spread of the pandemic included the government implementing a nationwide lockdown in late March which effectively shut down almost the entire UK economy. These measures continued throughout most of the quarter with only some easing of restrictions at the end of May and into June.

After selling off sharply in March, equity markets started recovering in April and while still down on their pre-crisis levels, the Dow Jones and FTSE 100 and 250 have made up around half of the losses. Measures implemented by central banks and governments continue to maintain some degree of general investor confidence, however volatility remains.

Ultra-low interest rates and the flight to quality continued to keep gilts yields low over the period with the yield on some short-dated government bonds turning negative. 1-month, 3-month and 12-month bid rates averaged 0.04%, 0.28% and 0.44% respectively over the quarter.

The extent of losses that banks and building societies may suffer due to the impact from the coronavirus epidemic remains uncertain but is expected to be substantial. Consequently, in early June, a number of UK banks and building societies were suspended from the Council's counterparty list for unsecured deposits. Whilst better capitalised than before the 2007-09 financial crisis, under the current economic circumstances these entities were suspended for reasons of prudence. For those remaining on the list, the investment duration advice from Arlingclose remains at up to 35 days.

At the end of the quarter the Council's investment portfolio comprised the following:



LVNAV = Low Volatility Net Asset Value i.e. the Fund value is expected to remain fairly constant

VNAV = Variable Net Asset Value i.e. the Fund value can fluctuate meaning that investors may receive back more or less than invested

General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the projected outturn set out above, the anticipated movements on the General Fund balances are:

	£'000
Balance at 1 April 2020	6,882
Addition/(deductions):	
Budgeted addition	222
Funding for one-off investment	(136)
Pension Fund triennial payment	(1,645)
Projected budget variance at Q1	(919)
Transfer from Treasury Management reserve	306
Estimated Balance at 31 March 2020	4,710

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council included an anticipated addition to balances of £222,269, reflecting savings anticipated being made in advance of future years' budget shortfalls.
- An allocation from General Fund balances was approved by Full Council in February 2020, to meet one-off budget requirements: £14,000 in total for upgrading the CCTV at the Town Hall Centre and funding a Legal Services case management system; and a total of £122,000 provision for loss of income during the redevelopment of the Manor Street area.

- In 2020/21 the Council is making a one-off payment to the Essex Pension Fund covering the period April 2020 to March 2023, which is being part funded from General Fund balances. A repayment back into balances will be made in 2021/22 and 2022/23.
- The projected outturn variance for the year would mean a withdrawal from balances of £919,000, which includes the provision for remobilisation of leisure services approved by Full Council at the meeting held on 27 July 2020.
- A transfer from the Treasury Management reserve of £306,000 to reflect the shortfall in investment and interest income reflected in the Q1 projected variance.

Risks and Assumptions

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. Whilst the previous year outturn and trends in-year have been considered; the position is uncertain due to the longer term impact arising from the coronavirus pandemic. Consequently assumptions have had to be made regarding the extent and pace at which the Council is able to return to business as usual, accepting however, that activities remain restricted as a result of social distancing. There is also the risk that future spikes of reported coronavirus cases could impact either locally and/ or nationally.

Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy. External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

Planning application fee projections are based on the best information available regarding when developers are likely to submit planning applications for growth locations within the district - this could change and income could be significantly higher or lower than projected. Income will be influenced by both the number and type of planning applications received.

Investment income is influenced by the overall level of cash balances held, which in turn are dependent upon the progress of the strategic investment programme and other capital projects, and the level of capital receipts generated. Market sentiment will impact on the value of the Council's long-term pooled fund investments; whereas general economic conditions in both the UK and globally will influence the dividend returns. Interest rates will impact on short-term investments.

The income which is offset from costs incurred for the processing of recycling material collected from households is subject to regular review of the composition of material collected assessed across the whole of the Suffolk Waste Partnership contract, which the Council is party, and market indices for the sale of materials.

The original budget assumed that £483,000 of staffing costs can be recharged to capital projects, which has now increased by a further £125,000 due to the higher staffing expenditure expected in the Strategic Investment Team (SIT). The actual amount recharged will depend on the extent to which projects progress and staff are working on activities that can properly be treated as capital under accounting rules, with any shortfall impacting the General Fund (and/ or quickening the pace at which allocated reserves are used for SIT staffing costs).

The nature of the UK's exit from the European Union after the current transition period ends on 31 December 2020, remains a critical issue. Consequently, there still remains a high level of uncertainty about the economic implications which might manifest in activities undertaken by the Council in the run up to exit and beyond leading to a differing outcome from position currently projected, for example:

- Income generating activities, particularly those which could be influenced by the level of business confidence and future plans, e.g. planning, building control, commercial property rents, etc.
- Income and total returns from financial investments through changes in interest rates, volatility in financial markets, and general market sentiment over negotiations on future trading arrangements.
- Business, housing and other community support services which provide advice, guidance and direct support to those that will be affected by the UK's exit.

Capital Investment

Taking into account projects which were in progress and carried forward from earlier years, new projects approved as part of the Budget agreed in February 2020, and the subsequent decisions taken in-year by Council, the overall capital programme currently totals £58.250m. Delivery of significant projects will span a number of years, therefore, the amount expected to be spent in the current year is £40.303m. The following table shows how much has been spent at the end of Q1.

	Profiled Spend 2020/21 £000	Actual Spend at Quarter 1 £000	Actual Spend at Quarter 1 % of Profile
Commercial and investment property	267	-	0%
Horizon 120	12,466	494	4%
Manor Steet regeneration	17,579	1,440	8%
I-Construct	2,224	1	0%
Town Centre improvements	2,776	50	2%
Springwood Drive business units and parking	113	-	0%
Planned maintenance to Council premises	638	41	6%
Replacement vehicles and plant	137	-	0%
Information technology systems & equipment	527	19	4%
Play areas, parks and open spaces	328	13	4%
Environmental improvements	23	1	4%
Paths, cycleways, and other infrastructure	222	-	0%
Operational equipment	144	-	0%
Sports and leisure facilities improvements	15	-	0%
Waste Management	1,228	1,228	100%
Grants to registered social landlords	1	-	0%
Disabled facilities grants	674	78	12%
Capitalised interest	368	-	0%
Capital salaries	573	157	27%
Total	40,303	3,522	9%

Actual spend to the end of Q1 is relatively low at 9%. This is partly due to the impact of Covid-19 restrictions during this period which caused a general slowdown in project progress and reduced demand in some areas, e.g. disabled facility grants. A number of projects have now been deferred until 2021/22, particularly at leisure facilities as the focus has switched to supporting remobilisation of services.

At this stage, projected variances to budget total a net additional capital spend of £102,000, mainly due to an overall increase in the estimated recharges of staff time to capital projects, reflecting the current priorities of the Strategic Investment team.

Major projects allow for potential capitalised development interest, the total of which is shown in the above table. However, at present any borrowing requirement relating to these projects is likely to be internalised in the short-medium term using the Council's own cash balances. On this basis the capital programme would underspend against this allowance, with the opportunity cost reflected in the Council's treasury management position.

Capital resources

The original estimate was to generate £12.520m of capital resources from the sale of council-owned assets, including serviced land at Horizon 120 and residential sales at Manor Street. At present arrangements are progressing towards finalising agreements and land transfers.

Other estimated resources to be generated in the year included £1.5million from preserved right-to-buy (RTB) receipts. Eastlight (previously Greenfields) has reported that 3 RTB sales have been completed up to the end of Q1 generating approximately £234,000 for the Council. Eastlight have also advised that a further 28 applications are in progress. Based on the timing and likelihood of progression to completion, experience suggests an estimated total of 16 sales may complete this year generating circa £1.532m for the Council. This position compares to 15 sales completed last year which generated £1.878 million for the Council.

VAT shelter monies due to the Council at the end of Q1 were £44,310, which suggest that this is on track to achieving the estimate for the year of £150,000.

The Council has received £931,000 from the Better Care Fund, which is used to meet expenditure incurred under the Council's disabled facilities grant scheme.