

**SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING**

**REPORT BY: CORPORATE MANAGEMENT TEAM**

**REPORT AUTHOR: ROBERT BAXTER, INTERIM CHIEF FINANCE OFFICER**

## 1. Purpose of Report

1.1 To present to the Performance Scrutiny Committee the second quarter's performance (up to 30th September) on the Council's:

- General Fund
- Housing Revenue Account
- Housing Repairs Service
- Capital Programmes

And, to provide a review of the key budget risk assessments.

1.2 Financial Procedure Rules require members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report is designed to meet this requirement.

## 2. Executive Summary

2.1 As at the end of the second quarter (up to 30<sup>th</sup> September) the forecast financial position of the Council for 2017/18 is:

	<b>2017/18</b>		
	<b>Budget £'000</b>	<b>Forecast at Q2 £'000</b>	<b>Variance at Q2 £'000</b>
<b>Revenue Accounts</b>			
General Fund –Contribution to/(from) balances	(702)	(561)	141
Housing Revenue Account (HRA) (Surplus)/Deficit in year	64	14	(50)
Housing Repairs Service	0	0	0
<b>Capital Programmes</b>			
General Fund Investment Programme	23,676	30,889	0
Housing Investment Programme	24,340	24,330	0
<b>Capital Receipts</b>			

	2017/18		
	Budget £'000	Forecast at Q2 £'000	Variance at Q2 £'000
General Fund	1,197	1,947	0
HRA	2,419	2,419	0
<b>Reserves &amp; Balances</b>			
General Fund Balances	1,609	1,750	141
HRA Balances	1,023	1,073	50
HRS Balances	88	88	0
General Fund Earmarked Reserves	4,153	3,887	(266)
HRA Earmarked Reserves	1,695	1,387	(308)

- 2.2 The detailed financial position is shown in sections 3-7 and accompanying appendices.

### 3. General Fund Revenue Account

- 3.1 For 2017/18 the Council's net General Fund revenue budget was set at £10,435,620, including a planned contribution from balances of £702,440 (resulting in an estimated level of general balances at the year-end of £1,609,364).

- 3.2 The General Fund Summary is currently projecting a forecast under spend of £141,404 (appendix A provides a forecast General Fund Summary). This forecast variance is the result of a number of forecast year-end variations in income and expenditure against the approved budget. Full details of the main variances are provided in appendix B while the key variances are summarised below:

- ToFS savings target under-achievement £58,300
- Interest Payable – Reduced Expenditure £(74,390)
- Bus Station – Increased Expenditure £40,000
- City Hall Car Park – Increased Expenditure £110,830
- Lincoln Properties – Increased Income £(49,820)
- City Hall – Reduced Expenditure £(92,320)

- 3.3 **Towards Financial Sustainability Programme** - The savings target included in the MTFs for 2017/18 is £3,500,000. Progress against this target, based on quarter 2 performance shows that secured and confident projections total £3,441,700. This results in a current forecast under achievement of the target in 2017/18 of £58,300. In respect of this outstanding target work is currently

underway through the ToFS Programme Board to accelerate existing projects in the programme and to develop further new projects. A summary of the current position is shown in the table below.

	£ General Fund
<b><u>Review/Business Case Approved/Delegated Decision Taken</u></b>	
Shared Services/Savings/Managing Demand	2,502,063
Commercialisation	738,660
Asset Rationalisation	103,280
<b>Total Savings – Secured</b>	<b><u>3,344,003</u></b>
<b><u>Subject to Review/Business Case</u></b>	
Shared Services/Savings/Managing Demand	33,310
Commercialisation	0
Asset Rationalisation	64,387
<b>Total Savings - Subject to Review/Business Case</b>	<b><u>97,697</u></b>
<b>Overall Savings</b>	<b><u>3,441,700</u></b>
<b>MTFS savings target</b>	<b>(3,500,000)</b>
<b>(Under)/ over achievement</b>	<b>(58,300)</b>

- 3.4 **Fees and charges income** – Income from fees and charges represents a significant proportion of income to the Council, with the primary sources being from car parking, development management and building regulations. Due to the importance of these income streams to the Council's financial position and the impact external factors can have on the levels of income receive they are monitored regularly by the Corporate Management Team. A summary of the progress of these key income streams against the approved budget, together with the forecast variance for the first quarter of the financial year is provided below:

	<b><u>Budget Q2 £'000</u></b>	<b><u>Actual Q2 £'000</u></b>	<b><u>Variance £'000</u></b>	<b><u>Forecast Variance Q2 £'000</u></b>
Car Parks	(2,009)	(2,047)	(38)	28
Development Management	(216)	(151)	65	83
Building Regulations	(110)	(98)	12	0
<b>Total</b>	<b>(2,335)</b>	<b>(2,296)</b>	<b>39</b>	<b>111</b>

- 3.5 As the forecast outturn for General Fund is showing a forecast underspend of £141,404, Performance Scrutiny Committee, are asked to note in principle, subject to outturn, a carry forward request of £8,000 for the 'Charter Project' at the Guildhall. This amount is being spent on restoring the historic charters at the Guildhall to enable them to be displayed to the public. The work however may

cross into 2018/19 and therefore if it is not complete by the end of the financial year this money will be needed in 2018/19.

- 3.6 The forecast outturn for the General Fund therefore would be £133,404. At this stage in the financial year, forecast outturns are difficult to predict and often subject to volatility, e.g. the receipt of one significant planning application during the year would negate the forecast underachievement of planning income.

#### **4. Housing Revenue Account**

- 4.1 For 2017/18 the Council's Housing Revenue Account (HRA) net revenue budget was set as a deficit of £64,170, resulting in an estimated level of general balances at the year-end of £1,023,099.
- 4.2 The HRA is currently projecting an in-year underspend of £50,051, which would increase General Balances to £1,073,150 at the end of 2017/18 (appendix C provides a forecast HRA Summary). The assessed prudent minimum balance for the HRA is currently £1,000,000.
- 4.3 The components of this underspend are detailed in Appendix D and a summary of the key variances are provided below:
- Vacancy Savings – reduced expenditure £(123,000)
  - Reduced requirement for in year DRF - £(200,000)
  - Rents - reduced income £213,000
  - Repairs – amendment of accounting policies on capital spend £(838,000)
  - Depreciation – Revaluation of Housing Stock £1,211,000
- 4.4 The billing process for repairs from HRS has not fully concluded. As a result the forecast for HRA repairs is to budget. This position will be closely monitored through the remainder of the year as billing is updated and a better understanding gained of the HRA repairs position. An updated position will be provided at quarter 3.

#### **5. Housing Repairs Service**

- 5.1 For 2017/18 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2 At quarter 2 HRS are forecasting a break-even position in 2017/18 (appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F. It should however be noted that this prediction of break-even has been made on the basis that the billing process for the 2nd quarter has not yet fully concluded.

#### **6. Earmarked Reserves**

- 6.1 The details of all the earmarked reserves and their forecast balance as at 31st March 2018 are attached in Appendix G. In summary:

	<b>Opening Balance</b>	<b>Contributions</b>	<b>Actuals Q2</b>	<b>Forecast Q3-Q4</b>	<b>Forecast Balance</b>
	<b>01/04/17</b>				<b>31/03/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	5,463	596		(2,173)	3,887
HRA	1,555	89		(258)	1,387
Capital Resources	21,322	18,700	(30,741)	9,281	18,700

## 7. Capital Programme

### 7.1 General Investment Programme

- 7.2 The last quarterly report approved a General Fund Investment Programme for 2017/18 of £23,675,983. Movements in the programme since have increased overall planned expenditure in 2017/18 to £30,889,090. A summary of the changes is shown below:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revised Budget following Q1 Report	23,676	406	305	305	305
Budget changes for Executive approval at Q2	7,213	934	195	195	195
<b>Revised Budget</b>	<b>30,889</b>	<b>1,340</b>	<b>500</b>	<b>500</b>	<b>500</b>

- 7.3 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive.

The following budget reprofiles were approved by the Chief Finance Officer during the second quarter:-

- Compulsory Purchase Orders –£155,833 reprofiled into 2018/19
- Skate Park –£183,021 reprofiled into 2018/19
- Transformation of Birchwood Leisure Centre –£300,000 reprofiled into 2018/19

In addition to this Greetwell Place Refurbishment (£4,739) and Yarborough Leisure Centre Capital Improvements (£5,487) had small increases in their budgets identified towards the end of the projects.

- 7.4 Changes that require Executive approval for the second quarter are:

- **Disabled Facilities Grants** – The City Councils allocation through the Better Care Fund has now been confirmed by Lincolnshire County Council

therefore the 2017/18 budget is to be increased by £179,222 as a result of the funding received.

- **Non-Disabled Facilities Grants** – Additional funding of £30,000 has been generated towards delivery of the residual elements of the old scheme. This has been added to the 2017/18 budget and is funded through Direct Revenue Financing.

7.5 New projects agreed at the Strategic Plan Implementation Team (SPIT) are then subject to Executive Approval. The following projects have been initially agreed by SPIT or the Chief Finance Officer during the second quarter. These are presented to the Executive for approval for inclusion within the Council's capital programme:-

- **Allotment Capital Improvements** – This project is to enhance 17 existing allotment sites and to establish up to two new allotment sites in the Birchwood area of the city. The budget for this scheme is £750,000 (£650,000 in 2017/18 and £100,000 in 2018/19) and funded through capital receipts generated from the sale of the former allotment site at Ermine.
- **Crematorium Lighting** – This project is to improve the lighting in the newly created car parking area. The budget for this scheme is £40,000 in 2017/18 and funded through Direct Revenue Financing.

The following project has been agreed by SPIT or Chief Finance Officer during the second quarter and has previously been approved at Executive.

- **Purchase of New Car Parks** – This project is to purchase Brayford Street Car Park and St Rumbold Street Car Park. Approved by Executive on 30<sup>th</sup> August 2017 (Minute no.50).

7.6 The table below provides a summary of the projected outturn position for the General Investment Programme:

	<b>MTFS 2017-22 Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Active Programme</b>				
Communities & Environment	1,625	4,086	4,086	0
Chief Executives Department	400	7,882	7,882	0
"Mega Projects"	15,837	18,327	18,327	0
<b>Total Active Schemes</b>	<b>17,861</b>	<b>30,295</b>	<b>30,295</b>	<b>0</b>
Schemes On Hold/Contingencies	822	594	594	0
<b>Total Capital</b>	<b>18,684</b>	<b>30,889</b>	<b>30,889</b>	<b>0</b>

<b>Programme</b>				
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- 7.7 The overall spending on the General Fund Investment Programme for the second quarter is £17,443,157, which is 56.47% of the agreed programme and 57.58% of the active programme.

## 7.8 Housing Investment Programme

- 7.9 The last quarterly report approved a Housing Investment Programme for 2017/18 of £24,340,053. There have been no amendments to the programme during the second quarter. A summary of the programme is shown below:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 report	24,340	15,167	11,951	9,404	11,395
Budget changes approved by Executive	0	0	0	0	0
Budget changes for Executive approval at Q2	0	0	0	0	0
<b>Revised Budget</b>	<b>24,340</b>	<b>15,167</b>	<b>11,951</b>	<b>9,404</b>	<b>11,395</b>

- 7.10 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive. There were no changes approved by the Chief Finance Officer for the second quarter.
- 7.11 New projects agreed at SPIT are then subject to Executive Approval. There are no new projects to be presented to the Executive for the second quarter.
- 7.12 The table below provides a summary of the projected outturn position:

	MTFS 2017-22 Budget	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	6,381	6,686	6,686	0
Health and Safety	708	813	813	0
Contingent Major Repairs/ Works	448	609	609	0
New Build Programme	11,242	11,248	11,248	0
Land Acquisition Fund	4,040	4,040	4,040	0
Other Schemes	693	752	752	0
Computer Fund	109	193	193	0

<b>Total Capital Programme</b>	<b>23,621</b>	<b>24,340</b>	<b>24,340</b>	<b>0</b>
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- 7.13 Expenditure against HIP budget at the end of the second quarter was £3,100,255 which is 12.7% of the approved programme. A further £253k has been spent as at the end of October 2017.

Although this would appear to be low at this stage of the financial year, the following points should be taken into consideration:-

- The budget includes £11.3m for the 2017/18 New Build Programme. Discussions are currently on-going with third parties to determine the potential purchase of new build properties and other new build developments commencing during the current financial year and the outcome of this will inform a detailed review of the New Build Programme resulting in re-profiling of budget into 2018/19.
- The budget includes £4.04m for Land Acquisitions. A non-allocated fund of £1.5m is budgeted and a further £1.75m is budgeted for the potential purchase of land off Queen Elizabeth Road. Ermine School was purchased during the second quarter for £769k and re sold for £700k.
- The budget includes a contingency budget of £0.6m, which has not yet been committed.

## **8. Resource Implications**

- 8.1 The financial implications are contained throughout the report.
- 8.2 There are no legal implications arising from this report.
- 8.3 There are no equality and diversity implications as a direct result of this report.

## **9.0 Risk Implications**

- 9.1 A full financial risk assessment is included in the Medium Term Financial Strategy 2017-22.

## **10. Recommendations**

Members are recommended to:

- 10.1 Note the progress on the financial performance for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2017 and the projected outturns for 2017/18.
- 10.2 Note the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and appendix B), 4.3 (and appendix D), and 5.2 (and appendix F)
- 10.3 Note, in principle, the carry forward request detailed at paragraph 3.5



10.4 Note the changes to the General Investment Programme as detailed in paragraphs 7.5.

**Key Decision** No

**Key Decision Reference No.** N/A

**Do the Exempt Information Categories Apply** No

**Call in and Urgency:** Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

**Does the report contain Appendices?** Yes

**List of Background Papers:** Medium Term Financial Strategy 2017-22  
Minutes of Strategic Plan Implementation Team.

**Lead Officer:** Robert Baxter, Interim Chief Finance Officer  
Telephone 873361

**GENERAL FUND SUMMARY - AS AT 30 SEPTEMBER 2017**

<b>Service Area</b>	<b>Ref</b>	<b>Revised Budget £'000</b>	<b>Projected Outturn £'000</b>	<b>Variance £'000</b>
Strategic Development	A	1,867	1,856	(11)
Chief Finance Officer (S. 151)	B	981	852	(130)
City Solicitor	C	1,378	1,327	(51)
Housing	D	472	485	13
Growth & Regeneration	E	132	158	26
Director of Major Developments	F	409	837	428
Communities and Street Scene	G	3,140	3,234	94
Health & Environmental Services	H	2,640	2,519	(121)
Planning	I	910	946	37
		<b>11,929</b>	<b>12,214</b>	<b>285</b>
Corporate Expenditure	J	1,589	1,460	(130)
<b>TOTAL SERVICE EXPENDITURE</b>		<b>13,519</b>	<b>13,674</b>	<b>155</b>
Capital Accounting Adjustment	K	3,887	3,916	29
Specific Grants	L	(5,252)	(5,252)	0
Contingencies	M	179	293	113
Savings Targets	N	(218)	(159)	58
Earmarked Reserves	O	(1,004)	(1,577)	(573)
Insurance Reserve	P	27	27	0
<b>TOTAL EXPENDITURE</b>		<b>11,138</b>	<b>10,922</b>	<b>(217)</b>
<b>CONTRIBUTION TO/ (FROM) BALANCES</b>		<b>(702)</b>	<b>(561)</b>	<b>141</b>
<b>NET REQUIREMENT</b>		<b>10,436</b>	<b>10,361</b>	<b>(75)</b>
Retained Business Rates Income	Q	17,083	17,083	0
Tariff	R	(12,397)	(12,397)	0
Section 31 grant	S	0	85	85
Levy	T	(184)	(344)	(160)
Collection Fund surplus/ (deficit)	U	(1,191)	(1,191)	0
Revenue Support Grant	V	981	981	0
Council Tax	W	6,145	6,145	0
<b>TOTAL RESOURCES</b>		<b>10,436</b>	<b>10,361</b>	<b>(75)</b>

### **General Fund Forecast Variances - Quarter 2**

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

<b>Ref</b>		<b>£</b>	<b>Reason for variance</b>
	<b><u>Additional Spending</u></b>		
N	TOFS Saving	58,300	Forecast underachievement of target of £3.5m for 2017/18.
G	New Bus Station <i>(ongoing – to be reviewed in MTFS)</i>	40,000	Revenue costs of running the new bus station not previously identified. Work is ongoing to establish the additional cost of operating the new bus station and Executive approved the worst case scenario forecast budget on 30 October. This will continue to be refined as part of the MTFS 2018/23.
G	City Hall Car Park NNDR <i>(ongoing – to be reviewed in MTFS)</i>	110,830	Due to a revaluation of the City Hall Pay and Display car park by the valuation office rates payable have increased. In addition this has been backdated to 2015.
	<b><u>Reduced Income</u></b>		
B	Interest Receivable	37,430	Due to prolonged low interest rates and the use of internal cash balances in lieu of borrowing for major projects, investments returns are down against the budget.
I	Development Management	83,000	The Western Growth Corridor planning application is unlikely to be received in 2017/18 and therefore a reduction in income is projected.
	<b><u>Reduced Spending</u></b>		
B	City Hall <i>(Solar Panel savings ongoing)</i>	(92,320)	Savings as a result of the installation of Solar Panels on City Hall. In addition revised Business Rates invoices have now been issued for the last two financial years (15/16 and 16/17) and this has led to a one off refund payable in 17/18.
B	Insurance Premiums <i>(Ongoing, addressed in revised MTFS)</i>	(27,190)	Savings realised on the re-tender of corporate insurance policies.

## Appendix B

Ref		£	Reason for variance
K	Interest Payable	(74,390)	Due to no borrowing being taken in the first six months of the year. In lieu of borrowing internal cash balances have been used to fund major expenditure made in the year so far (see interest receivable line above). The 17/18 borrowing requirement will be reviewed further during Q3.
	<b><u>Additional Income</u></b>		
B	Lincoln Properties	(49,820)	Overachievement of income due to rent reviews and also lower void rates than budgeted.

## HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 30 SEPTEMBER 2017

	Ref	Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(28,328)	(28,115)	213
Charges for Services & Facilities	B	(378)	(383)	(5)
Contribs towards Expenditure	C	(43)	(60)	(17)
Repairs & Maintenance	D	8,475	7,637	(838)
Supervision & Management:	E	6,354	6,231	(123)
Rents, Rates and Other Premises	F	34	76	42
Increase in Bad Debt Provisions	G	287	187	(100)
Insurance Claims Contingency	H	240	240	0
Contingencies	I	(45)	0	45
Depreciation	J	10,818	12,029	1,211
Debt Management Expenses	K	42	12	(30)
<b>Net Cost of Service</b>		<b>(2,545)</b>	<b>(2,146)</b>	<b>399</b>
Loan Charges Interest	L	2,352	2,352	0
Investment/Mortgage Interest	M	(33)	(33)	0
<b>Net Operating Inc/Exp</b>		<b>(226)</b>	<b>173</b>	<b>399</b>
Major Repairs Reserve Adjustment	N	200	0	(200)
Transfers to/from reserves	O	90	(159)	(249)
<b>(Surplus)/Deficit in Year</b>		<b>64</b>	<b>14</b>	<b>(50)</b>
<b>Balances b/f @ 1st April</b>		<b>(1,087)</b>	<b>(1,087)</b>	<b>0</b>
(Increase)/Decrease in Balances		64	14	(50)
<b>Balances c/f @ 31st March</b>		<b>(1,023)</b>	<b>(1,073)</b>	<b>(50)</b>

### **Housing Revenue Account Variances - Quarter 2**

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref		£	Reason for variance
	<b><u>Reduced Income</u></b>		
A	Rental Income	213,000	Right to Buy sales in 2016-17 were higher than budgeted therefore the amount of rental income due in 2017/18 is less than budgeted. Currently Voids Higher than budgeted.
	<b><u>Reduced Spending</u></b>		
E	Supervision & Management	(102,000)	Supervision & Management Vacancies – currently under review. Vacancy Savings contingency (£33k) met in quarter one.
D	Repairs & Maintenance	(838,000)	Amendment to accounting policies regarding capitalised spend.
N	Major Repairs Reserve Adjustment	(200,000)	Direct Revenue Financing (DRF) not required due to other resources being available to fund the HIP.
E	Supervision & Management	(54,000)	Capitalisation of Employee Costs in relation to the New Build programme.
G	Bad Debt Provison	(100,000)	Reduction of the debt provision from 1% of revenue to 0.6% following a review of the year end position at 31 March 2017.
	<b><u>Additional Income</u></b>		
A	Rental Income	(23,000)	Hamilton House Rental Income Contribution not budgeted.
C	Court Fee Income	(17,000)	Court Fee income expected to be higher than budget at Q2.
O	Transfers to/from Reserves	(98,000)	Release from the repairs account reserve at Q2.

### **Increased Spending**

## Appendix D

Ref			Reason for variance
		£	
F	Rents, Rates and Other Premises	45,000	Council Tax on voids backdated charges from 2016-17.
J	Depreciation	1,211,000	Revaluation at 1 <sup>st</sup> April of housing stock has resulted in an uplift in value thus increasing the depreciation charge and resources available to fund the HIP.

## HOUSING REPAIRS SERVICE SUMMARY - AS AT 30 SEPTEMBER 2017

	Forecast Outturn		
	Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	2,475	2,410	(65)
Premises	41	41	0
Transport	456	446	(10)
Materials	1,303	1,250	(53)
Sub-Contractors	2,185	1,900	(285)
Supplies & Services	115	116	1
Central Support Charges	717	717	0
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>7,292</b>	<b>6,880</b>	<b>(412)</b>
Income	7,292	6,880	412
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>



### **Housing Repairs Service Variances - Quarter 2**

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

	<b>£</b>	<b>Reason for Variance</b>
<b><u>Reduced Income</u></b>		
Recharges	411,000	Reduced spend on sub-contractors has subsequently led to a reduced charge to the HRA and General Fund
<b><u>Reduced Spending</u></b>		
Employees	(65,000)	There have been a number of Operative vacancies, these are expected to be filled in the coming months. There was also a £10k underspend on Overtime
Transport	(10,000)	Underspends on Fuel.
Materials	(53,000)	Products prices are constantly reviewed and re-negotiated dependant on usage and market conditions. HRS contracts team continue to be pro-active in dictating to the supplier what they feel is a fair price compared to the quoted items.
Sub-Contractors	(285,000)	HRS had suffered with severe staff shortages over the last 3 years which meant an increase in the reliance of Sub Contractors. Although there have been issues over staff absences in the first quarter, there continues to be less reliance on external companies.

## Appendix G

### EARMARKED RESERVES – Q2 MONITORING 2017/18

	Opening Balance 01/04/2017 £'000	Contributions £'000	Actuals Q1-Q2 £'000	Forecast Q3-Q4 £'000	Forecast Balance 31/03/2018 £'000
<b>General Fund</b>					
Strategic Projects - Revenue	1,371	0	0	(875)	496
Costs					
Business Rates Volatility	710	0	0	(246)	464
Growth Strategy Delivery	423	0	0	(423)	0
Grants & Contributions	363	109	0	(52)	420
Mercury Abatement	347	91	0	(60)	378
Budget Carry Forwards	341	8	0	(181)	167
Unused DRF	276	0	0	0	276
IT Reserve	221	100	0	(39)	282
Backdated rent review	220	0	0	0	220
Invest to Save (GF)	194	246	0	0	441
Revenues & Benefits shared service	134	0	0	(21)	113
Transport Hub Risk Mitigation	124	0	0	(124)	0
Funding for Strategic Priorities	121	0	0	(93)	28
Tree Risk Assessment	96	20	0	(13)	103
Asset Improvement	90	0	0	0	90
Private Sector Stock Condition Survey	51	12	0	0	63
MA Reserve	51	0	0	0	51
Mayoral car	47	0	0	(7)	41
Organisational Development	47	0	0	(39)	8
Property Searches	36	0	0	0	36
Managed Workspace	35	0	0	0	35
County Wide Broadband Initiative	34	0	0	0	34
Christmas Market	25	0	0	0	25
Electric Van replacement	18	4	0	0	22
Christmas Decorations	17	0	0	0	17
Air Quality Initiatives	17	6	0	0	22
Section 106 interest	14	0	0	0	14
Boston Audit Contract	14	0	0	0	14
Commons Parking	14	0	0	0	14
Tank Memorial	10	0	0	0	10
Yarborough Leisure Centre	2	0	0	0	2
Greetwell Place	1	0	0	0	1
	<b>5,463</b>	<b>596</b>	<b>0</b>	<b>(2,173)</b>	<b>3,887</b>
HRA Repairs Account	611	0	0	(98)	512
Capital Fees Equalisation Reserve	241	86	0	0	327
HRA Strategic Priority Reserve	240	0	0	0	240
Invest to Save (HRA)	164	0	0	0	164
Western Growth Corridor	150	0	0	(150)	0
De Wint Court Reserve	73	0	0	0	73
HRA Survey Works	54	3	0	(9)	48
Stock Retention Strategy	22	0	0	0	22
	<b>1,555</b>	<b>89</b>	<b>0</b>	<b>(258)</b>	<b>1,387</b>
<b>Total Earmarked Reserves</b>	<b>7,018</b>	<b>685</b>	<b>0</b>	<b>(2,431)</b>	<b>5,274</b>

**CAPITAL RESOURCES – Q2 MONITORING 2017/18**

	<b>Opening Balance 01/04/2017 £'000</b>	<b>Contributions £'000</b>	<b>Used in Financing £'000</b>	<b>Forecast Balance 31/03/2018 £'000</b>
Capital Grants	398	2,983	(3,060)	321
Capital Receipts	3,039	1,947	(2,339)	2,647
Capital Receipts (HRA)	6,359	819	(5,732)	1,446
Major Repairs Reserve	10,680	11,951	(18,340)	4,291
Section 106	846	0	(270)	576
<b>Total Capital Resources</b>	<b>21,322</b>	<b>17,700</b>	<b>(29,741)</b>	<b>9,281</b>

