

**SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING**

**REPORT BY: CHIEF FINANCE OFFICER**

**LEAD OFFICER: ROBERT BAXTER, INTERIM CHIEF FINANCE OFFICER**

## 1. Purpose of Report

- 1.1 To present to the Executive the third quarter's performance (up to 31st December) 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 third quarter (up to 31st December) the forecast financial position of the Council for 2017/18 is:

	<b>2017/18</b>		
	<b>Budget £'000</b>	<b>Forecast at Q3 £'000</b>	<b>Variance at Q3 £'000</b>
<b>Revenue Accounts</b>			
General Fund –Contribution to/(from) balances	(702)	(244)	458
Housing Revenue Account (HRA) (Surplus)/Deficit in year	64	(148)	(212)
Housing Repairs Service	0	(101)	(101)
<b>Capital Programmes</b>			
General Fund Investment Programme	23,676	31,419	0
Housing Investment Programme	24,340	15,204	0

	2017/18		
	Budget £'000	Forecast at Q3 £'000	Variance at Q3 £'000
<b>Capital Receipts</b>			
General Fund	1,197	1,689	0
HRA	2,419	1,519	0
<b>Reserves &amp; Balances</b>			
General Fund Balances	1,609	2,067	458
HRA Balances	1,023	1,235	212
HRS Balances	88	88	0
General Fund Earmarked Reserves	4,153	3,389	(764)
HRA Earmarked Reserves	1,695	1,485	(210)

- 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 £457,856 (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:
- Interest Payable – Reduced Expenditure £(79,650)
  - Christmas Market – Increased Expenditure £79,880
  - City Hall Car Park – Increased Expenditure £110,830
  - Lincoln Properties – Increased Income £(56,000)
  - City Hall – Reduced Expenditure £(132,440)
  - New Homes Bonus Contingency – Reduced Expenditure £(102,640)
- 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 3 performance shows that secured and confident projections total £3,530,390. This results in a current forecast over achievement of the target in 2017/18 of £30,390. 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	289,667
<b>Total Savings – Secured</b>	<b>3,530,390</b>
<b><u>Subject to Review/Business Case</u></b>	
Shared Services/Savings/Managing Demand	0
Commercialisation	0
Asset Rationalisation	0
<b>Total Savings - Subject to Review/Business Case</b>	<b>0</b>
<b>Overall Savings</b>	<b>3,530,390</b>
<b>MTFS savings target</b>	<b>(3,500,000)</b>
<b>(Under)/ over achievement</b>	<b>30,390</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 Q3 £'000</u></b>	<b><u>Actual Q3 £'000</u></b>	<b><u>Variance £'000</u></b>	<b><u>Forecast Variance Q3 £'000</u></b>
Car Parks	(3,004)	(3,084)	(80)	100
Development Management	(325)	(323)	2	43
Building Regulations	(165)	(129)	36	55
<b>Total</b>	<b>(3,494)</b>	<b>(3,536)</b>	<b>(42)</b>	<b>198</b>

- 3.5 The Executive should be aware that the forecast outturn for the General Fund of a £457,856 underspend does not take account requested carry forwards. Assistant Directors have requested a number of items to be transferred to an earmarked reserve and spent in future years. These requests total £125,110, which if approved would reduce the forecast outturn to £332,746 underspend. At this stage the Corporate Management Team are not presenting any carry forward requests to

the Executive for approval. Following confirmation of the final outturn position the Corporate Management Team will undertake a review of all carry forwards requests alongside a review of the resources available to support the delivery of the Council's Vision 2020 programme. These will be presented to the Executive for approval as part of the Financial Outturn report in June 2018.

- 3.6 In addition to the carry forward requests above, there has been significant New Burdens Grants received in the Revenues and Benefits Shared Service during the year. Many of these are to cover work already being undertaken by the shared service and therefore it is proposed to transfer £50,000 to the Revenues and Benefits shared service reserve to cover anticipated future reductions to the DWP administration grant the Authority receives.
- 3.7 With the increasing focus on the commercialisation agenda it is proposed that a further £100,000 is transferred into the Invest to Save Reserve for Directorates to bid against for monies to assist in marketing services in order to protect and grow the Council's key income generating areas.
- 3.8 The forecast outturn for the General Fund therefore would be £182,746 if all carry forwards and both earmarked reserve requests were to be agreed.
- 3.9 It is proposed, subject to outturn, that if this underspend is realised then it should be used to offset any potential volatility in income from the Council's main income streams in future years.

#### **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 £211,970, which would increase General Balances to £1,235,030 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 £(76,000)
  - HRS trading surplus £(101,070)
- 4.4 In addition there are variances on individual lines (specifically depreciation and repairs and maintenance) which have a net nil impact overall. These are related to changes in the financing of the capital programme in year. The budgets for 2018/19 onwards have been re-aligned within the MTFS 2018-23 and therefore these will not show as variances in the future.

## 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 3 HRS are forecasting a surplus of £101,070 in 2017/18 (appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F.

## 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 Q1- Q3</b>	<b>Forecast 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	1,311	0	(3,385)	3,389
HRA	1,555	89		(159)	1,485
Capital Resources	21,322	18,281	0	(21,894)	17,709

## 7. Capital Programme

### 7.1 General Investment Programme

- 7.2 The last quarterly report approved a General Fund Investment Programme for 2017/18 of £30,889,090. Movements in the programme since have increased overall planned expenditure in 2017/18 to £31,418,986. 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 Q2 Report	30,889	1,340	500	500	500
Budget changes for Executive approval at Q3	530	12,869	0	0	0
<b>Revised Budget</b>	<b>31,419</b>	<b>14,209</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 budget reprofiles approved by the Chief Finance Officer during the third quarter are detailed at Appendix I under the heading of "Approved by Chief Finance Officer".

7.4 Changes that require Executive approval for the third quarter (further details in Appendix I) are:

- **CCTV** – additional budget of £85,000 allocated to the scheme in 2017/18, funded through £75,000 reallocation of capital contingency and £10,000 from the Invest to Save reserve.
- **Allotments** – additional budget of £250,000 allocated to the scheme in 2018/19 funded through capital receipts.
- **Disabled Facilities Grants** – additional funding of £66,612 allocated in 2017/18 from DCLG and £252,126 of Better Care Funding reallocated to revenue.

7.5 New projects agreed at the Strategic Plan Implementation Team (SPIT) are then subject to Executive Approval.

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

- **Land and Property Acquisition** – This project relates to the acquisition of Land and Property within the city. Approved by Executive on 8<sup>th</sup> January 2018 (Minute no.112).

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	3,822	3,822	0
Chief Executives Department	400	9,223	9,223	0
"Mega Projects"	15,837	18,327	18,327	0
<b>Total Active Schemes</b>	<b>17,861</b>	<b>31,372</b>	<b>31,372</b>	<b>0</b>
Schemes On Hold/Contingencies	822	47	47	0
<b>Total Capital Programme</b>	<b>18,684</b>	<b>31,419</b>	<b>31,419</b>	<b>0</b>

7.7 The overall spending on the General Fund Investment Programme for the third quarter is £23,444,276, which is 74.62% of the agreed programme and 74.73% of the active programme. This is detailed further at Appendix J.

## 7.8 Housing Investment Programme

- 7.9 The last quarterly report approved a Housing Investment Programme for 2017/18 of £24,340,053. Movements in the programme since have decreased overall planned expenditure in 2017/18 to £15,204,221. A summary of the changes is shown below:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q2 report	24,340	15,167	11,951	9,404	11,395
Budget changes for Executive approval at Q3	(9,136)	10,638	2,578	1,982	1,243
<b>Revised Budget</b>	<b>15,204</b>	<b>25,805</b>	<b>14,529</b>	<b>11,386</b>	<b>12,638</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 third quarter.

The changes requiring approval from the Executive are detailed in Appendix K and summarised below:

- Movements back to available resources column
- The movements within the financial year column
- Various reprofiles to and from future financial years column

- 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 third quarter.

7.12 The table below provides a summary of the projected outturn position:

	<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>
Decent Homes/ Lincoln Standard	6,381	5,700	5,700	0
Health and Safety	708	449	449	0
Contingent Major Repairs/ Works	448	105	105	0
New Build Programme	11,242	5,261	5,261	0
Land Acquisition Fund	4,040	2,520	2,520	0
Other Schemes	693	976	976	0
Computer Fund	109	193	193	0
<b>Total Capital Programme</b>	<b>23,621</b>	<b>15,204</b>	<b>15,204</b>	<b>0</b>

7.13 Expenditure against HIP budget at the end of the third quarter was £5,750,087 which is 37.82% of the approved programme. A further £845k has been spent as at the end of January 2018. The expenditure is detailed further at Appendix L.

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 £5.26m for the 2017/18 New Build Programme. Works have commenced on the Monks Road development (expected completion during 2018/19) and 12 properties at Blankney Crescent are due to be handed over during February 2018.
- The budget includes £2.51m for Land Acquisitions. £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.

## **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

The Executive are recommended to:

- 10.1 Note the progress on the financial performance for the period 1<sup>st</sup> April to 31st December 2017 and the projected outturns for 2017/18.
- 10.2 Assess 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 Approve the proposed contribution of £50,000 to the Revenues and Benefits Shared Service Reserve detailed in paragraph 3.6.
- 10.4 Approve the proposed contribution of £100,000 to the Invest to Save Reserve for Marketing Services across the authority detailed in paragraph 3.7.
- 10.5 Approve the changes to the General Investment Programme as detailed in paragraphs 7.5.

<b>Key Decision</b>	No
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<b>Key Decision Reference No.</b>	N/A
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<b>Do the Exempt Information Categories Apply</b>	No
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<b>Call in and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
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<b>Does the report contain Appendices?</b>	Yes
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<b>List of Background Papers:</b>	Medium Term Financial Strategy 2017-22 Minutes of Strategic Plan Implementation Team.
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<b>Lead Officer:</b>	Robert Baxter, Interim Chief Finance Officer Telephone 873361
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**GENERAL FUND SUMMARY - AS AT 31 DECEMBER 2017**

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	1,766	1,770	4
Chief Finance Officer (S. 151)	B	622	382	(240)
City Solicitor	C	1,368	1,278	(90)
Housing	D	748	633	(115)
Director of Major Developments	E	1,090	1,087	(3)
Communities and Street Scene	F	2,406	2,562	156
Health & Environmental Services	G	2,087	2,011	(76)
Planning	H	910	951	42
		<b>10,997</b>	<b>10,675</b>	<b>(322)</b>
Corporate Expenditure	I	1,472	1,490	19
<b>TOTAL SERVICE EXPENDITURE</b>		<b>12,468</b>	<b>12,165</b>	<b>(303)</b>
Capital Accounting Adjustment	J	1,922	1,874	(49)
Specific Grants	K	(1,647)	(1,647)	0
Contingencies	L	226	122	(104)
Savings Targets	M	30	0	(30)
Earmarked Reserves	N	(1,889)	(1,936)	(46)
Insurance Reserve	O	27	27	0
<b>TOTAL EXPENDITURE</b>		<b>11,138</b>	<b>10,605</b>	<b>(533)</b>
<b>CONTRIBUTION TO/ (FROM) BALANCES</b>		<b>(702)</b>	<b>(245)</b>	<b>458</b>
<b>NET REQUIREMENT</b>		<b>10,436</b>	<b>10,361</b>	<b>(75)</b>
Retained Business Rates Income	P	17,084	17,084	0
Tariff	Q	(12,397)	(12,397)	0
Section 31 grant	R	0	85	85
Levy	S	(184)	(344)	(160)
Collection Fund surplus/ (deficit)	T	(1,191)	(1,191)	0
Revenue Support Grant	U	981	981	0
Council Tax	V	6,145	6,145	0
<b>TOTAL RESOURCES</b>		<b>10,436</b>	<b>10,361</b>	<b>(75)</b>

Please note the above is now shown on an Expenditure Funding Analysis (EFA) basis. This means all charges which are reversed out under statute are now **not** shown in the above figures. Examples of this are depreciation and capital grants. This means the above only includes items which are a call on the general fund balance.

### **General Fund Forecast Variances - Quarter 3**

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>		
G	Christmas Market	79,880	Forecast outturn shows impact on Sunday closure of the Market
F	New Bus Station <i>(ongoing – to be reviewed in MTFS)</i>	31,300	Revenue costs of running the new bus station not previously identified. The additional cost of operating the new bus station has been included within the MTFS 2018/23.
F	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>		
F	Car Parking Income	100,000	Projected shortfall of income on the new Lincoln Central Car Park.
B	Council Tax Court Cost Income	78,020	Projected court cost income will be significantly less than budgeted, the budget for which has been adjusted in the MTFS going forward.
	<b><u>Reduced Spending</u></b>		
B	City Hall <i>(Solar Panel savings ongoing)</i>	(132,440)	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>	(29,840)	Savings realised on the re-tender of corporate insurance policies.
J	Interest Payable	(79,650)	Due to no borrowing being taken until quarter four there is an underspend on interest payable. In lieu of borrowing internal cash balances have been used to fund major expenditure made in the year so far.
F	Car Parking Expenditure	(96,000)	This comprises of underspends on Overtime, Utilities, R&M and other supplies & services budgets.

## Appendix B

Ref		£	Reason for variance
L	New Homes Bonus Contingency	(102,640)	Forecast underspend on contingency funded through unallocated new homes bonus funding
B	Lincoln Properties	(56,000)	Overachievement of income due to rent reviews and also lower void rates than budgeted.
G	Crematorium Income	(80,000)	Increased demand for the service over and above the budgeted amount
M	TOFS Overachievement (one-off)	(30,390)	Overachievement of the £3.5m savings target in 2017/18.

## HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 31 DECEMBER 2017

	Ref	Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(28,136)	(28,094)	42
Charges for Services & Facilities	B	(378)	(381)	(2)
Contribs towards Expenditure	C	(43)	(70)	(27)
Repairs & Maintenance	D	7,498	8,260	762
Supervision & Management:	E	6,364	6,288	(76)
Rents, Rates and Other Premises	F	41	99	58
Increase in Bad Debt Provisions	G	187	287	100
Insurance Claims Contingency	H	240	240	0
Contingencies	I	7	0	(7)
Depreciation	J	12,112	10,852	(1,260)
Debt Management Expenses	K	12	12	0
HRS Trading Deficit/(Surplus)	L	0	(101)	(101)
<b>Net Cost of Service</b>		<b>(2,096)</b>	<b>(2,606)</b>	<b>(511)</b>
Loan Charges Interest	M	2,352	2,352	0
Investment/Mortgage Interest	N	(33)	(33)	0
<b>Net Operating Inc/Exp</b>		<b>223</b>	<b>(288)</b>	<b>(511)</b>
Major Repairs Reserve Adjustment	O	0	200	200
Transfers to/from reserves	P	(159)	(60)	98
<b>(Surplus)/Deficit in Year</b>		<b>64</b>	<b>(148)</b>	<b>(212)</b>
<b>Balances b/f @ 1st April</b>		<b>(1,087)</b>	<b>(1,087)</b>	<b>0</b>
(Increase)/Decrease in Balances		64	(148)	(212)
<b>Balances c/f @ 31st March</b>		<b>(1,023)</b>	<b>(1,235)</b>	<b>(212)</b>

### **Housing Revenue Account Variances - Quarter 3**

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	42,000	Currently Voids Higher than budgeted on dwellings and garages.
	<b><u>Reduced Spending</u></b>		
E	Supervision & Management	(76,000)	Supervision & Management Vacancies – currently under review. Vacancy Savings contingency (£33k) met in quarter one.
J	Depreciation	(1,260,000)	Revaluation of housing stock re-visited resulting in lower depreciation.
	<b><u>Additional Income</u></b>		
A	Rental Income	(23,000)	Hamilton House Rental Income Contribution not budgeted.
C	Court Fee Income	(27,000)	Court Fee income expected to be higher than budget at Q3.
L	HRS Trading Surplus	(101,070)	Forecast surplus on the HRS Trading Account re-patriated into the HRA.
	<b><u>Increased Spending</u></b>		
F	Rents, Rates and Other Premises	58,000	Council Tax on voids backdated charges from 2016-17.
D	Repairs & Maintenance	762,000	Amendment to capitalised spend reversion as no longer required re the depreciation adjustment.
O	Major Repairs Reserve Adjustment.	200,000	Revenue Resources available to fund the HIP
G	Bad Debt Provision	100,000	Provision set to 1% of income which it is anticipated will cover a potential increase in bad debts in the future relating to the rollout of Universal Credit.
P	Transfers to/(from) Reserves	98,000	Contribution from the Repairs account no longer needed.

## HOUSING REPAIRS SERVICE SUMMARY - AS AT 31 DECEMBER 2017

	Forecast Outturn		
	Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	2,475	2,404	(71)
Premises	39	42	3
Transport	451	456	5
Materials	1,303	1,178	(125)
Sub-Contractors	2,185	1,668	(517)
Supplies & Services	115	143	28
Central Support Charges	713	713	0
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>7,281</b>	<b>6,604</b>	<b>(677)</b>
Income	7,281	6,705	576
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(101)</b>	<b>(101)</b>

### **Housing Repairs Service Variances - Quarter 3**

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	576,000	Reduced spend on sub-contractors and materials costs has subsequently led to a reduced charge to the HRA.
<b><u>Reduced Spending</u></b>		
Employees	(71,000)	There have been a number of Operative vacancies, these are expected to be filled in the coming months. There was also an £11k underspend on Overtime
Materials	(125,000)	Product prices are constantly reviewed and re-negotiated dependant on usage and market conditions. HRS contracts team are also being more pro-active in dictating to the supplier what they feel is a fair price compared to the quoted items.
Sub-Contractors	(517,000)	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 three quarters, there continues to be less reliance on external companies.
<b><u>Increased Spending</u></b>		
Supplies & Services	29,000	Increase in Equipment Purchases (New Tool Kits) and consultants Fees.



**EARMARKED RESERVES – Q3 MONITORING 2017/18**

	<b>Opening Balance 01/04/2017 £'000</b>	<b>Contributions £'000</b>	<b>Actuals Q1-Q3 £'000</b>	<b>Forecast Q4 £'000</b>	<b>Forecast Balance 31/03/2018 £'000</b>
<b>General Fund</b>					
Strategic Projects - Revenue					
Costs	1,371	0	0	(875)	496
Business Rates Volatility	710	450	0	(696)	464
Growth Strategy Delivery	423	0	0	(423)	0
Grants & Contributions	363	109	0	(44)	428
Mercury Abatement	347	91	0	(60)	378
Budget Carry Forwards	341	30	0	(237)	134
Unused DRF	276	207	0	(483)	1
IT Reserve	221	100	0	(158)	163
Backdated rent review	220	0	0	0	220
Invest to Save (GF)	194	275	0	(55)	415
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	(18)	98
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	0	47
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	(34)	0
Christmas Market	25	0	0	(25)	0
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	6	0	0	20
Tank Memorial	10	0	0	0	10
Yarborough Leisure Centre	2	0	0	0	2
Greetwell Place	1	0	0	(1)	0
	<b>5,463</b>	<b>1,311</b>	<b>0</b>	<b>(3,385)</b>	<b>3,389</b>
HRA Repairs Account	611	0	0	0	611
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>(159)</b>	<b>1,485</b>
<b>Total Earmarked Reserves</b>	<b>7,018</b>	<b>1,400</b>	<b>0</b>	<b>(3,544)</b>	<b>4,874</b>

**CAPITAL RESOURCES – Q3 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	3,044	(3,284)	158
Capital Receipts	3,039	1,689	(3,839)	889
Capital Receipts (HRA)	6,359	1,519	(544)	7,334
Major Repairs Reserve	10,680	12,209	(13,957)	8,752
Section 106	846	0	(270)	576
<b>Total Capital Resources</b>	<b>21,322</b>	<b>18,281</b>	<b>(21,894)</b>	<b>17,709</b>

General Investment Programme – Summary of Financial Changes

Project Name	2017/18	2018/19	2019/20	2020/21	2021/12	Comments
	£	£	£	£	£	
Budget as at Q2	30,889,090	1,340,081	500,000	500,000	500,000	
Budget for approval	31,418,986	14,208,836	500,000	500,000	500,000	
<b>Total Changes for Q3</b>	<b>529,896</b>	<b>12,868,755</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Approved by Chief Finance Officer:</b>						
Hartsholme Flood Alleviation	7,934	(7,934)	0	0	0	Re-profile from 2018/19.
New Telephony	(140,512)	140,512	0	0	0	Re-profile to 2018/19.
Purchase of Car Parks	17,415	0	0	0	0	Additional professional fees incurred.
CPO – 83 Albany Terrace	(83,700)	83,700	0	0	0	Re-profile to 2018/19.
BLC Transformation	22,000	(22,000)	0	0	0	Re-profile from 2018/19.
Non-Disabled Facilities Grants	5,000	0	0	0	0	Additional funding in 2017/18 from DRF
Non-Disabled Facilities Grants	(23,132)	23,132	0	0	0	Re-profile to 2018/19
Capital Contingency	(46,380)	46,380	0	0	0	Re-profile to 2018/19
Housing Renewal Area	(367,000)	367,000	0	0	0	Re-profile to 2018/19
Disabled Facilities Grants	(150,000)	150,000	0	0	0	Re-profile to 2018/19
Heat Mitigation Terrace	(257,965)	257,965	0	0	0	Re-profile to 2018/19
<b>To Be Approved by the Executive</b>						
Land and Property Acquisition	1,721,750	11,580,000	0	0	0	New scheme for acquisition of land and property within the city. Approved at Executive 08/01/18 Min.112
CCTV Upgrade	85,000	0	0	0	0	Additional funding required to deliver the
Capital Contingency	(75,000)	0	0	0	0	scheme. Reallocated from Capital Contingency and £10k from Invest to Save.
Allotments	0	250,000	0	0	0	Additional budget allocated from Capital Receipts
Disabled Facilities Grants	(185,514)	0	0	0	0	Additional funding received from DCLG. (£66,612) and £252,126 reallocation of Better Care Fund to revenue.

## Appendix I

Project Name	2017/18	2018/19	2019/20	2020/21	2021/12	Comments
	£	£	£	£	£	
Total Changes	529,896	12,868,755	0	0	0	

## Appendix J

### General Investment Programme – Summary of Expenditure as at 31<sup>st</sup> December 2017

	MTFS 2017/18	2017/18 Revised Budget	2017/18 Actual Q1-Q3	2017/18 Variance	Spend
	£	£	£	£	%
<b>CX – Chief Finance Officer</b>					
The Terrace	0	0	(2,712)	2,712	0.00%
Terrace Heat Mitigation	200,000	2,350	2,350	0	100.00%
Greetwell Place Refurbishment	0	4,739	5,120	(381)	108.03%
Planned Capitalised Works	200,000	500,637	169,832	330,805	33.92%
Land and Property Acquisition	0	1,721,750	0	1,721,750	0.00%
Purchase of Car Parks	0	6,965,415	6,965,415	0	100.00%
<b>DCE – Communities &amp; Environment</b>					
Skate Park	183,021	0	0	0	0.00%
CPO (13 Albany Terrace)	83,700	0	0	0	0.00%
Non-Disabled Facilities Grants	0	70,000	66,572	3,428	95.10%
Disabled Facilities Grants	286,768	375,000	232,039	142,961	61.88%
Yarborough LC Capital Works	0	5,487	5,487	0	100.00%
Birchwood LC Transformation	0	1,522,000	730,156	791,844	47.98%
Bereavement Services Lighting	0	40,000	0	40,000	0.00%
<b>DCE – Community Services</b>					
Flood Alleviation – Hartsholme	0	7,934	7,934	0	0.00%
Boultham Park Masterplan	480,967	836,713	309,233	527,480	36.96%
CCTV Upgrade	235,803	314,706	230,255	84,451	73.17%
Allotments Improvement Programme	0	650,000	10,223	639,777	1.57%
<b>CX – Corporate Policy</b>					
New Telephony System	0	24,000	24,000	0	100.00%
Disaster Recovery & Back Up	0	4,083	0	4,083	0.00%
<b>“Mega Projects”</b>					
Lincoln Transport HUB	15,836,950	18,326,627	14,688,372	3,638,255	80.15%
<b>Schemes Under Review</b>					
Housing Renewal Area	414,545	47,545	0	47,545	0.00%
Compulsory Purchase Orders	155,833	0	0	0	0.00%
Non-Disabled Facilities Grants	90,000	0	0	0	0.00%
Capital Contingencies	162,015	0	0	0	0.00%
<b>Total Programme</b>	<b>18,329,602</b>	<b>31,418,986</b>	<b>23,444,276</b>	<b>7,974,710</b>	<b>74.62%</b>

### Housing Investment Programme – Summary of Financial Changes

Project Name	Approved Budget Q2	Budget to be Approved	Budget Increase/ (Reduction)	Movements (To)/from Available Resources	Movements Within Financial Year	Reprofile (To)/from Future Years	Notes
	£	£	£	£	£	£	
<b>Decent Homes</b>							
Bathrooms & WC's	378,005	128,815	(249,190)	0	(100,000)	(149,1900)	2018/19
Central Heating Upgrades	642,060	752,060	110,000	0	110,000	0	
Heating Replacements	319,597	319,597	0	0	0	0	
Thermal Comfort Works	303,534	117,557	(185,977)	0	0	(185,977)	2018/19
Kitchen Improvements	694,445	204,445	(490,000)	0	(200,000)	(290,000)	2020/21
Re-wiring	89,034	24,543	(64,491)	0	(64,491)	0	
Re-roofing	403,071	201,817	(201,254)	0	0	(201,254)	2020/21
Windows Replacement	822,905	550,215	(272,690)	0	0	(272,690)	2020/21
Structural Defects	54,621	54,621	0	0	0	0	
Wall Structure Repairs	6,577	6,577	0	0	0	0	
Door Replacement	669,150	371,731	(297,419)	0	(170,000)	(127,419)	2018/19
Decoration Allowance	12,109	12,109	0	0	0	0	
CO Detector Installations	132,559	132,599	0	0	0	0	
New Services	53,898	64,028	10,130	0	10,130	0	
St Botolphs Court alterations	77,766	67,636	(10,130)	0	(10,130)	0	
Void Capitalised Works	109,242	1,426,890	1,317,648	399,164	918,484	0	
Landscaping and Boundaries	335,963	258,545	(77,418)	0	0	(77,418)	2018/19
<b>Lincoln Standard</b>							
Over Bath Showers	1,181,974	999,876	(182,098)	0	(110,000)	(72,098)	2018/19
Safety Flooring Supported Housing	99,517	6,101	(93,416)	0	0	(93,416)	2019/20
<b>Health and Safety</b>							
Asbestos Removal	375,349	200,439	(175,000)	0	(175,000)	0	
Asbestos Surveys	149,950	199,950	50,000	0	50,000	0	
Door Entry Systems	45,795	25,795	(20,000)	0	0	(20,000)	2018/19
Stair Structures	23,133	23,133	0	0	0	0	
Plastering (HHSRS)	218,484	0	(218,484)	0	(218,484)	0	

# Appendix K

Project Name	Approved Budget Q2	Budget to be Approved	Budget Increase/ (Reduction)	Movements (To)/from Available Resources	Movements Within Financial Year	Reprofile (To)/from Future Years	Notes
	£	£	£	£	£	£	
<b>New Build Programme</b>							
New Build Programme	3,570,000	0	(3,570,000)	0	(700,000)	(2,870,000)	2018/19
Waterloo Housing Partnership	4,085,000	1,186,320	(2,898,680)	0	0	(2,898,680)	2018/19
Westleigh Homes Partnership	3,287,750	2,770,183	(517,567)	0	0	(517,567)	2018/19
Waterloo Housing Lytton Street	0	700,000	700,000	0	700,000	0	
De Wint Court Alterations	299,545	299,545	0	0	0	0	
Potential New Build Sites	305,360	305,360	0	0	0	0	
<b>Land Acquisition</b>							
Land Acquisitions Fund	1,520,213	0	(1,520,213)	0	0	(1,520,213)	2018/19
Ermine School	769,450	769,500	0	0	0	0	
Queen Elizabeth Road	1,750,000	1,750,000	0	0	0	0	
<b>Other</b>							
Environmental New Works	54,621	54,621	0	0	0	0	
84 Uffington Avenue	32,423	52,423	20,000	0	20,000	0	
12 Webster Close	50,000	10,000	(40,000)	0	0	(40,000)	2018/19
18 Garfield Close	21,000	10,000	(11,000)	0	24,000	(35,000)	2018/19
Communal Hardstanding Areas	412,087	412,087	0	0	0	0	
Communal Electrics	76,469	435,960	359,491	0	359,491	0	
Garages	54,086	0	(54,086)	0	0	(54,086)	2018/19
Shops/Buildings	28,354	0	(28,354)	0	0	(28,354)	2019/20
Fire Alarms	1,036	1,036	0	0	0	0	
Communal TV Aerials	21,634	0	(21,634)	0	0	(21,634)	2018/19
HSS Computer Fund	193,113	193,113	0	0	0	0	
Contingency Reserve	609,174	105,174	(504,000)	0	(444,000)	(60,000)	2018/19 (2 Gunby Ave)
<b>Total Programme</b>	<b>24,340,053</b>	<b>15,204,221</b>	<b>(9,135,832)</b>	<b>399,164</b>	<b>0</b>	<b>(9,534,996)</b>	

## Appendix L

### Housing Investment Programme – Summary of Expenditure as at 31<sup>st</sup> December 2017

	MTFS 2017/18	2017/18 Revised Budget	2017/18 Actual Q1-Q3	2017/18 Variance	Spend
	£	£	£	£	%
<b>Decent Homes</b>					
Bathrooms & WC's	388,689	128,815	118,116	10,699	91.69%
Central Heating Upgrades	646,455	752,060	369,408	382,652	49.12%
Heating Replacements	255,000	319,597	126,884	192,713	39.70%
Thermal Comfort Works	308,484	117,557	22,107	95,450	18.81%
Kitchen Improvements	665,538	204,445	169,113	35,332	82.72%
Re-wiring	89,034	24,543	12,511	12,032	50.98%
Re-roofing	627,428	201,817	167,623	34,194	83.06%
Windows Replacement	600,000	550,215	436,142	114,073	79.27%
Structural Defects	54,621	54,621	0	54,621	0.00%
Wall Structure Repairs	7,461	6,577	0	6,577	0.00%
Door Replacement	635,649	371,731	113,566	258,165	30.55%
Decoration Allowance	13,109	12,109	6,997	5,112	57.78%
CO Detector Installations	132,128	132,599	84,870	47,729	64.01%
New Services	54,621	64,028	0	64,028	0.00%
St Botolphs Court alterations	0	67,636	82,240	(14,604)	121.59%
Void Capitalised Works	109,242	1,426,890	589,871	837,019	41.34%
Landscaping and Boundaries	335,963	258,545	127,583	130,962	49.35%
<b>Lincoln Standard</b>					
Over Bath Showers	1,137,401	999,876	526,846	473,030	52.69%
Safety Flooring Supported Housing	70,251	6,101	0	6,101	0.00%
<b>Health and Safety</b>					
Asbestos Removal	273,105	200,439	54,677	145,762	27.28%
Asbestos Surveys	152,939	199,950	133,165	66,785	66.60%
Door Entry Systems	40,780	25,795	6,208	19,587	24.07%
Stair Structures	22,710	23,133	0	23,133	0.00%
Plastering (HHSRS)	218,484	0	0	0	0.00%
<b>New Build Programme</b>					
New Build Programme	3,570,000	0	0	0	0.00%
Waterloo Housing Partnership	4,085,000	1,186,320	0	1,186,320	0.00%
Westleigh Homes Partnership	3,543,750	2,770,183	922,976	1,847,207	33.32%
Waterloo Housing Lytton Street	0	700,000	0	700,000	0.00%
De Wint Court Alterations	250,000	299,545	3,108	296,437	1.04%
Potential New Build Sites	42,830	305,360	180,727	124,633	59.18%
<b>Land Acquisition</b>					
Land Acquisitions Fund	1,520,600	0	0	0	0.00%
Ermine School	769,450	769,500	769,500	0	100.00%
Queen Elizabeth Road	1,750,000	1,750,000	55,000	1,695,000	3.14%
<b>Other</b>					
Environmental New Works	54,621	54,621	0	54,621	0.00%
84 Uffington Avenue	32,094	52,423	50,414	2,009	96.17%
12 Webster Close	50,000	10,000	3,015	6,985	30.15%
18 Garfield Close	21,000	10,000	2,160	7,840	21.60%
Communal Hardstanding Areas	400,403	412,087	217,316	194,771	52.74%
Communal Electrics	76,469	435,960	316,072	119,888	72.50%



## Appendix L

	<b>MTFS 2017/18</b>	<b>2017/18 Revised Budget</b>	<b>2017/18 Actual Q1-Q3</b>	<b>2017/18 Variance</b>	<b>Spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Garages	27,311	0	0	0	0.00%
Shops/Buildings	19,882	0	0	0	0.00%
Fire Alarms	0	1,036	0	1,036	0.00%
Communal TV Aerials	10,924	0	0	0	0.00%
HSS Computer Fund	109,242	193,113	81,872	111,241	42.40%
Contingency Reserve	448,471	105,174	0	105,174	0.00%
<b>Total Programme</b>	<b>23,621,139</b>	<b>15,204,221</b>	<b>5,750,087</b>	<b>9,454,314</b>	<b>37.82%</b>