

SUBJECT:	FINANCIAL PERFORMANCE – OUTTURN 2017/18
REPORT BY:	CORPORATE MANAGEMENT TEAM
LEAD OFFICER:	ROBERT BAXTER, FINANCIAL SERVICES MANAGER

1. Purpose of Report

1.1 To present to members the provisional 2017/18 financial outturn position on the Council's revenue and capital budgets, including:

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

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

1.2 This report will provide members with a summary of actual income and expenditure compared to the revised budget and how any surpluses have been allocated to reserves.

1.3 Members should note that the financial outturn is still subject to audit by KPMG, the Council's external auditors.

2. Executive Summary

2.1 This section of the report provides a summary briefing on the financial position of the Council for the financial year 2017/18.

	2017/18		
	Budget £'000	Actual £'000	Variance £'000
Revenue Accounts			
General Fund – Contribution to/(from balances)	(702)	(114)	588
Housing Revenue Account (HRA) (Surplus)/Deficit in year	64	(552)	(616)
Housing Repairs Service (surplus)/deficit	0	(253)	(253)
Capital Programmes			
General Fund Investment Programme	31,419	29,098	(2,321)
Housing Investment Programme	15,204	10,707	(4,497)

	2017/18		
	Budget £'000	Actual £'000	Variance £'000
Capital Receipts			
General Fund	1,197	1,370	(173)
HRA	1,519	3,301	(1,782)
Reserves & Balances			
General Fund Balances	1,609	2,197	588
HRA Balances	1,023	1,639	616
HRS Balances	88	88	0
General Fund Earmarked Reserves	3,608	3,972	364
HRA Earmarked Reserves	1,387	1,394	7

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 financial performance quarterly monitoring report for the 3rd quarter predicted an underspend against the revised budget (exclusive of approved carry forwards) of £457,856. The provisional outturn for 2017/18 now indicates that an increase in that underspend of £129,682 has occurred, resulting in an overall variance of £587,538 provisional underspend. This represents a variance against the revised budget of 5.6%.

3.3 The current provisional General Fund under spend of £587,538 is prior to any carry forward. Full details of the main variances are provided in appendix B whilst the key variances are summarised below:

- Car Parking – Reduced Income £290,000
- Waste Collection/Street Cleansing – increased expenditure £69,990
- Crematorium – increased income £(152,360)
- Christmas Market – increased expenditure £56,180
- City Hall – reduced expenditure £(177,280)
- Business Rates – increased income £(279,710)
- Revenues and Benefits (net of bad debt provision) – reduced income and expenditure £73,400
- Interest Payable – reduced expenditure £(137,960)

- New Homes Bonus Contingency – reduced expenditure £(102,640)

3.4 **Towards Financial Sustainability Programme** - The savings target included in the MTFS for 2017/18 is £3,500,000. Progress against this target, based on the outturn position shows a secured total £3,530,390. A summary of the provisional outturn position is shown in the following table:

	£
	General Fund
Review/Business Case Approved/Delegated Decision Taken	
Shared Services/Savings/Managing Demand	2,502,060
Commercialisation	738,660
Asset Rationalisation	289,670
Total	3,530,390
MTFS savings target	(3,500,000)
(Under)/ over achievement	30,390

3.5 **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 for the financial year is provided below:

	Budget 2017/18	Actual 2017/18	Variance 2017/18
	£'000	£'000	£'000
Car Parks	(4,353)	(4,063)	290
Development Management	(433)	(443)	(10)
Building Control	(220)	(171)	49
Total	(5,006)	(4,677)	329

3.6 At quarter three Executive agreed that, subject to outturn, the following contributions to earmarked reserves be actioned: -

- New Burdens Grants Received in year £50,000 – transfer to revenues and benefits shared service reserve, to offset future year's admin subsidy grant reductions.
- Transfer £100,000 to the Invest to Save reserve for Directorates to bid against to assist in marketing services in order to protect and grow the Council's key income generating areas.

Following the final outturn being known it is therefore proposed that the £50,000 is transferred into the revenues and benefits shared service reserve. However given the forecast unutilised balance on the Invest to Save Reserve of £444,000 it is deemed that there is sufficient resources to fund the marketing of services, without a further contribution. However it is proposed that the £100,000 is instead transferred into the Strategic Growth reserve to continue to bring forward the Western Growth Corridor project. Following these specific reserve contributions the revised underspend is reduced to £437,538.

- 3.7 Financial Procedure Rules state that Assistant Directors are able to carry forward any budget provision not utilised during the financial year, subject to their Directorate as a whole not being overspent. A provisional list of proposed carry forwards was reported to CMT as part of the 3rd quarters monitoring (totalling £125,110). At that time CMT chose not to report the list to the Executive for provisional approval but chose to review the final list alongside the provisional outturn and alongside consideration of both the resources available to support the delivery of the Council's strategic projects and resources available to mitigate the volatility of business rate income. That list has subsequently been revised following the confirmation of the final cash limit outturns for each Directorate for 2017/18.
- 3.8 The list of carry forward requests has been revised following confirmation of the final cash limited outturn for each Directorate in 2017/18. The final list of requests (which if approved would be transferred from the surplus to earmarked reserves for drawdown in future years) is shown below totalling £223,410: -

Directorate	Reason for Carry Forward	£	Requested At Q3?
CX Directorate Wide	To fund Staff Wellbeing and Training Initiatives	50,000	Y
CX Guildhall	To fund works by the University of Lincoln to restore the Charters held at the Guildhall so they can be displayed in the future. This was agreed in principle at quarter two	8,000	Y
DCE Sports & Leisure	For the feasibility costs of the delivery of two new all-weather pitches at Yarbrough and Birchwood Leisure Centres	22,760	Y
DCE Crematorium	Crematorium Concept Design Fees	15,000	N
DCE Birchwood Leisure Centre	R&M Works not completed by 31 st March 2018	8,000	N
DCE	To fund the potential shortfall of Residents Parking Income in 2018/19, pending the extension of the scheme in future years	15,700	Y
DCE Community Centres	Additional Rollout of Paxton Access Control System which will leads to	10,000	N

	efficiency savings of officer time and added security around community centres		
DCE Caroline Bird	To roll forward monies received from LCC to fund admin post within Community Services	9,000	Y
CX Policy Unit	To purchase a CFO Insights License	15,450	N
CX City Hall	City Hall Improvement Works	60,000	N
CX Policy Unit	To purchase a Place Analytics License	9,500	N
		223,410	

- 3.9 In addition to the carry forward requests above, it has also been requested that a new earmarked reserve be created in respect of a sinking fund for future repairs and maintenance works specifically for tenanted areas of City Hall. The value to be contributed to the reserve each year will be equal to the annual contribution made by tenants, to be held until actual works are required. For 2017/18 the value of this contribution is £36,060.
- 3.10 By approving all of the proposed carry forwards and the reserve transfer in 3.9 there will be a surplus on the General Fund of £178,068.
- 3.11 CMT proposed to the Executive at Q3 that any additional under spend should be transferred into a new earmarked reserve, which can be used to offset any potential volatility in income from the Council's main income streams in future years. CMT have confirmed this proposal and therefore it is proposed that the residual surplus of £178,068 be transferred into a new earmarked reserve, following this the use of General Fund balances in 2017/18 will be £702,440 resulting in General balances of £1,609,364 as at 31 March 2018, in line with the Medium Term Financial Strategy.
- 3.12 The level of each of the current earmarked reserves, as at 31st March 2018 is attached at Appendix G. The appendix takes account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure. It does not reflect any proposed transfer to reserves for the items mentioned in paragraphs 3.6, 3.8, 3.9 and 3.11.

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 financial performance quarterly monitoring report for the 3rd quarter predicted an underspend of £211,970. The provisional outturn for 2017/18 now indicates an underspend of £616,377. This would result in HRA balances at 31 March 2018 of £1,639,476. The main reason for the additional resources over and above the position forecast at quarter 3 is an increased trading surplus repatriated from HRS

and an increased underspend on supervision and management relating the Kier profit share and additional vacancies. The main over and underspends included within the provisional outturn are detailed in Appendix D, while the key variances are summarised below:

- Trading surplus on Housing Repairs Service repatriated to the HRA – additional income of £(253,209) (see section 5 for further details)
- Kiers profit share contribution £(126,000)
- Supervision and Management £(154,000)

4.3 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.

4.4 It is proposed that the underspend for the year of £616,377 be transferred into the following reserves:

- Transfer £177,780 as the HRA proportionate share (64%) into the Strategic Growth reserve to continue to bring forward the Western Growth Corridor project.
- Transfer £438,597 into the Direct Revenue Financing (DRF) reserve to provide further resource for the HRA new build aspirations in the Medium Term Financial Strategy.

Following these transfers, HRA general balances will be £1,023,099, in line with the Medium Term Financial Strategy.

4.5 The level of each of the current earmarked reserves, as at 31st March 2018 is attached at Appendix G. The appendix takes account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure.

5. Housing Repairs Service

5.1 For 2017/18 the Council's Housing Repairs Service (HRS) net revenue budget was set at zero, reflecting its full cost recovery nature.

5.2 The financial performance quarterly monitoring report for the 3rd quarter predicted a £101,070 surplus outturn for 2017/18. The provisional outturn for 2017/18 shows a trading surplus of £253,209.

5.3 The net trading surplus of £253,209 is the result of a number of year-end variations in income and expenditure against the approved budget. The fluctuation between the forecast at Quarter 3 and the final outturn is mainly down to the performance of the Voids function. When reporting at Quarter 3, the job costings were

incomplete and therefore reflected a much lower recovery position. Full details of the main variances are provided in Appendix F.

- 5.4 The surplus of £253,209 has been repatriated to the HRA, which is the major service user. This is reflected in the HRA outturn within this report.

6. Earmarked Reserves

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

	Opening Balance	Increase	Decrease	Closing Balance
	01/04/17			31/03/18
	£'000	£'000	£'000	£'000
General Fund	5,464	1,548	(3,040)	3,972
HRA	1,555	8,429	(8,590)	1,394
Capital Resources	21,322	18,591	(17,294)	22,619

7. Capital Programme

7.1 General Investment Programme

- 7.2 The revised General Fund Investment Programme for 2017/18 as approved in the MTFS 2018-23 amounted to £31,418,986. Movements in the programme since the approval of the revised budget decreased actual capital expenditure in 2017/18 to £29,098,005. A summary of the changes is shown below:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Budget MTFS 2018-23	31,419	14,209	500	500	500
Budget changes approved under CFO delegated authority	(2,574)	2,584	0	0	0
Budget changes for Executive approval at Outturn	253	240	0	0	0
Revised Budget	29,098	17,033	500	500	500

- 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 re-profiles approved by the Chief Finance Officer during the final quarter are detailed at Appendix I under the heading of "Approved by Chief Finance Officer".

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

- **Play Equipment Queens Park** – new scheme in 2017/18 to purchase new play equipment at Queens Park play area. The budget for this is £22,509 and is funded through Section 106 (£8,734) and Direct Revenue Financing (£13,775).
- **Disabled Facilities Grants** –£216,788 of Better Care Funding reallocated from revenue in 2017/18 and then subsequently re-profiled into 2018/19.

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

The following projects have been agreed by SPIT or the Chief Finance Officer during the final quarter and therefore put forward to the Executive for inclusion in the capital programme.

- **Tree Memorial** – new scheme to purchase a metal memorial tree for the Crematorium. The budget for this is £20,000 in 2018/19 funded through Direct Revenue Financing.
- **Noise Reduction Equipment** – new scheme in 2017/18 to purchase new noise reduction equipment. The budget for this is £14,060 and is funded through Direct Revenue Financing.
- **Broadgate Lift Refurbishment** – new scheme starting in 2017/18 and being completed in 2018/19 for replacement lifts at Broadgate Car Park. This is being funded through Direct Revenue Financing (£220,000), existing budget from the Planned Capitalised Works budget of £10,000 and a further reallocation of the Planned Capitalised Works budget in 2018/19 (£8,498)

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

	MTFS 2018-23 Budget	Outturn	Variance	Re-profiles (to)/from 2018/19
	£'000	£'000	£'000	£'000
Active Programme				
Communities & Environment	3,822	3,136	686	(988)
Chief Executives Department	9,223	9,027	196	(209)
"Mega Projects"	18,327	16,934	1,393	(1,393)
Total Active Schemes	31,372	29,097	2,275	(2,590)
Schemes On Hold/Contingencies	47	1	46	(46)
Total Capital Programme	31,419	29,098	2,321	(2,636)

7.7 The overall spending on the General Investment Programme for 2017/18 was £29,098,005, which is 92.61% of the revised 2017/18 programme as per the MTFS 2018-23.

7.8 Housing Investment Programme

7.9 The revised Housing Investment Programme for 2017/18 as approved in the MTFS 2018-23 amounted to £15,204,221. Movements in the programme since the approval of the revised budget decreased actual capital expenditure to £10,706,618 in 2017/18.

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Budget MTFS 2018-23	15,204	25,805	14,529	11,386	12,638
Budget changes approved under CFO delegated authority	0	0	0	0	0
Budget changes for Executive approval at Outturn	(4,497)	3,801	280	215	0
Revised Budget	10,707	29,606	14,809	11,601	12,638

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 final 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 re-profiles 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 final quarter.

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

	MTFS 2018-23 Budget	Outturn	Variance	Re-profiles (to)/from 2018/19
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	5,700	4,969	(731)	(588)

Health and Safety Contingent Major Repairs/ Works	449	292	(157)	(124)
	105	0	(105)	0
New Build Programme	5,261	3,436	(1,825)	(1,833)
Land Acquisition Fund	2,520	825	(1,695)	(1,695)
Other Schemes	976	1,030	54	(56)
Computer Fund	193	155	(38)	0
Total Capital Programme	15,204	10,707	(4,497)	(4,296)

7.13 The overall spending on the Housing Investment Programme for 2017/18 was £10,706,618 which is 70.42% of the revised 2017/18 programme as per MTFS 2018-23.

Although this would appear to be low compared to previous financial years, the following points should be taken into consideration:-

- The budget included £5.26m for the 2017/18 New Build Programme. The 12 properties at Blankney Crescent were handed over during February 2018 however works have been delayed on the Monks Road development (still expected completion during 2018/19) and works on the Lytton Street development budgeted for 2017/18 will not be complete until 2018/19.
- The budget included £2.51m for Land Acquisitions, of which £1.75m was budgeted for the purchase of land which will now be completed in 2018/19.

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 Financial Strategy 2018-23.

10. Recommendations

Performance Scrutiny Committee are recommended to:

10.1 Note the provisional 2017/18 financial outturn for the General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programmes as set out in sections 3 – 7, and in particular the reasons for any variances.

10.2 Note the proposed transfer to General Fund earmarked reserves in paragraphs 3.6, 3.8, 3.9 and 3.11, prior to reporting to the Executive.

- 10.3 Note the proposed transfer to HRA earmarked reserves in paragraph 4.4.
- 10.4 Note the financial changes to both the General Investment Programme and the Housing Investment Programme (paragraphs 7.3, 7.4 and 7.10) that are above the 10% budget variance limit delegated to the Chief Finance Officer.

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 2018-23 Minutes of Strategic Plan Implementation Team.
Lead Officer:	Robert Baxter, Financial Services Manager Telephone 873361.

Appendix A

GENERAL FUND SUMMARY – OUTTURN 2017/18

	Ref	Revised Budget £'000	Actual £'000	Variance £'000
Strategic Development	A	1,766	1,694	(72)
Chief Finance Officer (S.151)	B	622	543	(79)
Major Developments	C	1,089	1,125	36
City Solicitor	D	1,368	1,227	(141)
Housing	E	748	736	(12)
Communities and Street Scene	F	2,406	2,727	321
Health & Environmental Services	G	2,087	1,823	(264)
Planning	H	910	858	(52)
		10,996	10,733	(263)
Corporate Expenditure	I	1,472	1,429	(43)
TOTAL SERVICE EXPENDITURE		12,468	12,162	(306)
Capital Accounting Adjustment	J	1,922	1,630	(292)
Specific Grants	K	(1,647)	(1,663)	(16)
Contingencies	L	226	0	(226)
Savings Targets	M	31	0	(31)
Earmarked Reserves	N	(1,889)	(1,493)	396
Insurance Reserve	O	27	193	166
TOTAL EXPENDITURE		11,138	10,829	(209)
CONTRIBUTION TO BALANCES		(702)	(114)	588
NET REQUIREMENT		10,436	10,715	279
Retained Business Rates Income	P	(17,084)	(16,294)	790
Tariff	Q	12,397	12,229	(168)
Section 31 Grant	R	0	(1,051)	(1,051)
Levy	S	184	336	152
Revenue Support Grant	T	(981)	(981)	0
Council Tax	U	(6,145)	(6,145)	0
Council Tax Surplus	V	(38)	(38)	0
NNDR Deficit	W	1,229	1,229	0
TOTAL RESOURCES		(10,436)	(10,715)	(279)
BALANCES B/F 1ST APRIL		(2,312)	(2,312)	0
(USE OF)/CONTRIBUTION TO BALANCES		702	114	(588)
BALANCES C/F 31ST MARCH 2018		(1,609)	(2,198)	(588)

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 - Outturn 2017/18

The variances analysed in the table below exclude any technical adjustments and only cover the true under or over spends. Figures in brackets indicate an under spend of expenditure or additional income.

Ref		£	Reason for variance
	<u>Additional Spending</u>		
E	Control Centre	49,270	Purchases of New Equipment for Ageing Lifelines plus increased maintenance costs – Service is under review to produce a zero variance revised budget.
B	Housing Benefits	97,300	Subsidy Grant qualification amount relating to the 2016/17 audit of housing benefits.
F	Waste/Street Cleansing	69,990	Increased cost of waste contract and purchase of wheeled bins. The MTFs has been adjusted for 2018/19 to incorporate the purchase of new wheeled bins.
F	City Hall Car Park NNDR	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.
G	Christmas Market	56,180	Net Impact of the Sunday closure of the Market
	<u>Reduced Income</u>		
B	Housing Benefits	225,280	Reduction in the level of Housing Benefits Overpayments raised compared to the budgeted amount which is based on the average amount for the last three years.
F	Car Parks	290,000	The budget for the new Lincoln Central Car Park has not been achieved due to it not being fully operational or at the demand level budgeted. Also reduced income from Tentercroft street due to less spaces and later opening than anticipated. The Lawn Car Park has also underachieved due to less events taking place in the uphill area in 2017/18.
H	Building Control	49,140	Reduced Income on Building Control.
D	Apprentice Scheme	27,030	Due to the minimum wage increase and more apprentices being used in the general fund rather than the HRA has resulted in an overspend in the general fund.

Reduced Spending

Appendix B

Ref		£	Reason for variance
B	The Lawn	(36,380)	Due to the sale of the Lawn the Business Rates Budget is no longer required, this has been removed in the MTFS.
B	Corporate Management	(34,590)	Underspends on Audit Fees and Debt Management Expenses. There is a potential ongoing saving on audit fees due to the reduction in the audit fee expected under the new contract from 2018/19 onwards.
I	Bad Debt Provision	(67,460)	Significant reduction in Housing Benefit Overpayments raised in 2017/18 has led to less being required in the provision.
B	Revenues & Benefits Shared Service	(110,210)	Underspend across the service due to staff career grades not being achieved and also bonus payments being received for reductions in fraud. A carry forward has been requested as detailed at paragraph 3.8.
M	TOFS Overachievement <i>(one-off)</i>	(30,390)	Overachievement of the £3.5m savings target in 2017/18.
F	Car Parking Expenditure	(90,380)	This comprises underspends on Overtime, Utilities, R&M and other supplies & services budgets.
F	Public Conveniences	(35,560)	This comprises underspends on Overtime, Utilities and Business Rates.
F	City Bus Station	(34,540)	Underspends on Business Rates & R&M due to the timing of the new facility opening.
J	Interest Payable	(137,960)	Due to no borrowing being taken until quarter four. In lieu of borrowing internal cash balances have been used to fund major expenditure made in the year.
G	Leisure Centres	(30,180)	Reduced expenditure on Repairs & Maintenance at Birchwood Leisure Centre due to redevelopment works.
B	City Hall	(177,280)	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. Additional to this is an underspend on repairs & maintenance on tenant occupied areas of City Hall.
L	New Homes Bonus Contingency	(102,640)	Underspend on contingency funded through unallocated new homes bonus funding.

Appendix B

Ref		£	Reason for variance
	<u>Additional Income</u>		
B	Industrial Estates	(27,880)	Savings on Property Rental Costs, utility costs and there has been a lower void rate than budgeted.
B	Property Management	(35,740)	Due to increased property sales in the final quarter there has been an overachievement in the revenue income received.
P/Q/R /S	Business Rates	(279,710)	Additional income relating to a reduction in the tariff payment (relating to final VOA rateable values) an increase in S31 grants - offset by an increased levy payment.
G	Crematorium	(152,360)	Increased demand for the service over and above the budgeted amount.

HOUSING REVENUE ACCOUNT FUND SUMMARY – OUTTURN 2017/18

HRA PROVISIONAL OUTTURN - 2017/18				
		Revised Budget £'000	Outturn £'000	Variance £'000
Gross Rental Income	A	(28,136)	(28,141)	(5)
Charges for Services & Facilities	B	(378)	(340)	38
Contribs towards Expenditure	C	(43)	(79)	(36)
Repairs & Maintenance	D	7,498	8,465	967
Supervision & Management:	E	6,343	6,104	(239)
S&M IAS19 Pension Adjustment	F	0	0	0
Rents, Rates and Other Premises	G	62	129	67
Increase in Bad Debt Provisions	H	187	286	99
Contingencies	I	248	0	(248)
Depreciation	J	12,112	10,091	(2,021)
Impairments	K	0	(10,314)	(10,314)
Debt Management Expenses	L	12	0	(12)
Net Cost of Service		(2,096)	(13,799)	(11,703)
Loan Charges Interest	M	2,352	2,352	0
Investment/Mortgage Interest	N	(33)	(39)	(6)
Net Operating Inc/Exp		223	(11,486)	(11,709)
Capital Accounting Adjustments	O	0	10,813	10,813
Major Repairs Reserve Adjustment	P	0	325	325
CMS Repatriation				
- Trading (Surplus) Deficit	Q	0	(253)	(253)
- IAS19 only	R	0	502	502
Pension Reserve	S	0	(492)	(492)
Transfers to/from reserves	T	(159)	39	198
(Surplus)/Deficit in Year	U	64	(552)	(616)
Balances b/f @ 1st April		(1,087)	(1,087)	0
(Increase)/Decrease in Balances		64	(552)	(616)
Balances c/f @ 31st March		(1,023)	(1,639)	(616)

Housing Revenue Account Variances - Outturn 2017/18

The variances analysed in the table below exclude any technical adjustments and only cover the true under or over spends. Figures in brackets indicate an under spend of expenditure or additional income.

Ref		£	Reason for variance
<u>Increased Spending</u>			
D	Repairs & Maintenance	913,170	Amendment to capitalised spend reversion as no longer required re the depreciation adjustment.
G	Rent & Rates	66,940	Additional Council tax payable for empty properties including De-Wint Court.
H	Bad Debt Provision	98,830	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	Major Repairs Reserve	333,000	Revenue Resources available to fund the HIP
T	Transfers to Reserves.	197,530	Reduction to capital fees received in year has led to more being required from the equalisation reserve. Contribution from the Repairs account no longer required.
<u>Increased Income</u>			
Q	HRS Repatriation	(253,209)	HRS Surplus not budgeted.
<u>Reduced Spending</u>			
J	Depreciation.	(1,472,200)	Revaluation of housing stock re-visited resulting in lower depreciation.
E	Supervision & Managements	(280,000)	Vacancies & General Savings plus Kiers Profit Share Contribution (£126k).

HOUSING REPAIRS SERVICE SUMMARY - OUTTURN 2017/18

	Revised Budget £'000	Actual £'000	Variance £'000
Employees	2,474,760	2,382,307	(92,453)
Premises	39,380	40,409	1,029
Transport	451,710	421,982	(29,728)
Materials	1,302,850	1,302,524	(326)
Sub-Contractors	2,184,830	1,821,041	(363,789)
Supplies & Services	114,490	119,620	5,130
Central Support Costs	712,670	627,813	(84,857)
Capital Charges			
Total Expenditure	7,280,690	6,715,696	(564,994)
Income	(7,280,690)	(6,968,905)	311,785
(Surplus)/Deficit	0	(253,209)	(253,209)

Housing Repairs Service Variances - Outturn 2017/18

The table below provides a summary of the provisional outturn position.

Ref	£	Reason for Variance
<u>Reduced Income</u>		
Sub-Contractors	311,785	Lower than budgeted sub-contractor work.
<u>Reduced Spending</u>		
Employees	(94,250)	Three Vacant Posts held for most of the year
Sub Contractors	(358,980)	Reduced reliance on Sub contractors
Central Support Charges (General Fund)	(18,060)	Reduced central support charges from the General Fund.
Employees	(66,800)	Reduced costs of Administration at Hamilton House.
Fleet Costs	(29,730)	Savings on Fleet Costs most notably fuel.

Appendix G

EARMARKED RESERVES – OUTTURN 2017/18

	Opening Balance 01/04/2017 £'000	Movement £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/2018 £'000
General Fund					
Unused DRF	276	125	172	(352)	221
Invest to Save (GF)	194	(5)	171	(53)	307
Funding for Strategic Priorities	121	60		(153)	28
Business Rates Volatility	710		450	(621)	539
Section 106 interest	14		18		32
Mayoral car	47				47
Boston Audit Contract	14				14
MA Reserve	51				51
Yarborough Leisure Centre	2				2
Managed Workspace	35				35
Air Quality Initiatives	17		6		23
Private Sector Stock Condition Survey	51		12		63
Mercury Abatement	347		91	(60)	378
Christmas Decorations	17				17
RV Revaluation Greetwell Place	1	(1)			0
Property Searches	36				36
Strategic Growth Reserve	423			(423)	0
Strategic Projects - revenue costs	1,371			(875)	496
Transport Hub Risk Mitigation Reserve	124			(124)	0
Tank Memorial	10				10
IT Reserve	221	(64)	100	(39)	218
Revenues & Benefits shared service	134			(21)	113
County Wide Broadband Initiative	34			(34)	0
Organisational Development	47			(39)	8
Christmas Market	25			(25)	0
Commons Parking	14		13		27
Tree Risk Assessment	96		20	(11)	105
Backdated rent review	220				220
Electric Van replacement	18		4		22
Sinking Fund - MSCP & Bus station midlife refurb	0				0
Sinking Fund - Yarborough/Birchwood	0				0
Asset Improvement	90			(18)	72
Grants & Contributions	363		483	(59)	787
Carry Forwards	341	(115)	8	(133)	101
	5,464	0	1,548	(3,040)	3,972
HRA					
Growth Strategy (HRA)	150			(150)	0
HRA Invest to Save	164		2	(26)	140
Capital fees equalisation	241			(3)	238
HRA Repairs Account	611		8,424	(8,411)	624
HRA Survey Works	54		3		57
HRA Strategic Priorities	240				240

Appendix G

	Opening Balance 01/04/2017 £'000	Movement £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/2018 £'000
Stock Retention	22				22
De Wint Court	73				73
	1,555	0	8,429	(8,590)	1,394
Total Earmarked Reserves	7,019	0	9,977	(11,630)	5,366

CAPITAL RESOURCES – OUTTURN 2017/18

	Opening Balance 01/04/2017 £'000	Contributions £'000	Used in Financing £'000	Forecast Balance 31/03/2018 £'000
Capital Grants	398	3,002	(3,016)	384
Capital Receipts	3,039	1,370	(4,218)	191
Capital Receipts (HRA)	5,815	1,820	(390)	7,245
Capital Receipts (HRA 1-4-1 receipts)	544	1,480	(66)	1,958
Major Repairs Reserve	10,680	10,919	(9,316)	12,283
Section 106	846	0	(288)	558
Total Capital Resources	21,322	18,591	(17,294)	22,619

General Investment Programme – Summary of Financial Changes

Project Name	2017/18	2018/19	2019/20	2020/21	2021/12	Comments
	£	£	£	£	£	
Budget as at Q3	31,418,986	14,208,836	500,000	500,000	500,000	
Budget for approval	29,098,005	17,032,859	500,000	500,000	500,000	
Total Changes for Q4	(2,320,981)	2,824,023	0	0	0	
Approved by Chief Finance Officer:						
Non-Disabled Facilities Grants	(2,894)	2,894	0	0	0	Re-profile to 2018/19
Disabled Facilities Grants	(235,114)	235,114	0	0	0	Re-profile to 2018/19
Planned Capitalised Works	(205,401)	205,401	0	0	0	Re-profile to 2018/19
Boultham Park Masterplan	863	0	0	0	0	Additional funding in 2017/18 from DRF.
Boultham Park Masterplan	(345,313)	345,313	0	0	0	Re-profile to 2018/19.
Bereavement Services Lighting	(24,290)	24,290	0	0	0	Re-profile to 2018/19.
BLC Transformation	(123,364)	123,364	0	0	0	Re-profile to 2018/19.
Greetwell Place Refurbishment	381	0	0	0	0	Additional funding in 2017/18 from DRF (£690 – borrowing reduced by £309)
CCTV Upgrade	12,500	0	0	0	0	Additional external funding in 2017/18
CCTV Upgrade	(7,135)	7,135	0	0	0	Re-profile to 2018/19
Allotment Capital Programme	(214,224)	214,224	0	0	0	Re-profile to 2018/19
Disaster Recovery & Backup	(4,083)	0	0	0	0	Scheme completed with small underspend
Lincoln Transport HUB	(1,392,840)	1,392,840	0	0	0	Re-profile to 2018/19
Land and Property Acquisition	12,768	(12,768)	0	0	0	Re-profile from 2018/19
Housing Renewal Area	(47,545)	47,545	0	0	0	Re-profile to 2018/19
Compulsory Purchase Orders	1,329	(1,329)	0	0	0	Re-profile from 2018/19
Purchase of Car Parks	24	0	0	0	0	Additional budget funded through borrowing
To Be Approved by the Executive						
Tree Memorial	0	20,000	0	0	0	New scheme for the purchase of a Tree memorial at the Crematorium. Funded through DRF.
Play Equipment Queens Park	22,509	0	0	0	0	New scheme for Play Equipment at Queens Park. Funded through DRF & Section 106 monies.

Appendix I

Project Name	2017/18	2018/19	2019/20	2020/21	2021/12	Comments
	£	£	£	£	£	
Noise Reduction Equipment	14,060	0	0	0	0	New scheme for noise reduction equipment funded through DRF.
Broadgate Car Park Lift Replacement	10,000	228,498	0	0	0	New scheme identified for replacement lifts at Broadgate Car Park. Funded through
Planned Capitalised Works	(10,000)	(8,498)	0	0	0	DRF and existing capital resources.
Disabled Facilities Grants	216,788	0	0	0	0	£216,788 reallocation of Better Care Fund from revenue back to capital.
Total Changes	(2,320,981)	2,824,023	0	0	0	

Appendix J

General Investment Programme – Summary of Expenditure as at 31st March 2018

	MTFS 2017/18	2017/18 Approved Budget	2017/18 Actual	2017/18 Variance	Spend
	£	£	£	£	%
CX – Chief Finance Officer					
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	295,236	205,401	58.97%
Land and Property Acquisition	0	1,721,750	1,734,518	(12,768)	100.74%
Purchase of Car Parks	0	6,965,415	6,965,439	(24)	100.00%
DCE – Communities & Environment					
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	67,106	2,894	95.87%
Disabled Facilities Grants	286,768	375,000	356,674	18,326	95.11%
Yarborough LC Capital Works	0	5,487	5,487	0	100.00%
Birchwood LC Transformation	0	1,522,000	1,398,636	123,364	91.89%
Noise Reduction Equipment	0	0	14,060	(14,060)	100.00%
Bereavement Services Lighting	0	40,000	15,710	24,290	39.28%
DCE – Community Services					
Flood Alleviation – Hartsholme	0	7,934	7,934	0	100.00%
Boultham Park Masterplan	480,967	836,713	492,263	344,450	58.83%
CCTV Upgrade	235,803	314,706	320,071	(5,365)	101.70%
Play Equipment Queens Park	0	0	22,509	(22,509)	100.00%
Allotments Improvement Programme	0	650,000	435,776	214,224	67.04%
CX – Corporate Policy					
New Telephony System	0	24,000	24,000	0	100.00%
Disaster Recovery & Back Up	0	4,083	0	4,083	0.00%
“Mega Projects”					
Lincoln Transport HUB	15,836,950	18,326,627	16,933,787	1,392,840	92.40%
Schemes Under Review					
Housing Renewal Area	414,545	47,545	0	47,545	0.00%
Compulsory Purchase Orders	155,833	0	1,329	(1,329)	100.00%
Non-Disabled Facilities Grants	90,000	0	0	0	0.00%
Capital Contingencies	162,015	0	0	0	0.00%
Total Programme	18,329,602	31,418,986	29,098,005	2,320,981	92.61%

Housing Investment Programme – Summary of Financial Changes

Project Name	Approved Budget MTFS 18-23	Budget to be Approved	Budget Increase/ (Reduction)	Movements (To)/from Available Resources	Movements Within Financial Year	Reprofile (To)/from Future Years	Notes
	£	£	£	£	£	£	
Decent Homes							
Bathrooms & WC's	128,815	134,823	6,008	0	0	6,008	2018/19
Central Heating Upgrades	752,060	756,370	4,310	0	0	4,310	2018/19
Heating Replacements	319,597	228,475	(91,122)	0	0	(91,122)	2018/19
Thermal Comfort Works	117,557	65,570	(51,987)	0	0	(51,987)	2019/20
Kitchen Improvements	204,445	204,520	75	0	0	75	2018/19
Re-wiring	24,543	15,830	(8,713)	0	(8,713)	0	
Re-roofing	201,817	253,837	52,020	0	0	52,020	2018/19
Windows Replacement	550,215	443,701	(106,514)	0	0	(106,514)	2019/20
Structural Defects	54,621	5,319	(49,302)	0	0	(49,302)	2018/19
Wall Structure Repairs	6,577	0	(6,577)	0	0	(6,577)	2018/19
Door Replacement	371,731	156,545	(215,186)	0	0	(215,186)	2020/21
Decoration Allowance	12,109	11,595	(514)	0	(514)	0	
CO Detector Installations	132,599	144,427	11,868	0	11,868	0	
New Services	64,028	72,695	8,667	0	0	8,667	2018/19
St Botolphs Court alterations	67,636	67,022	(614)	0	(614)	0	
Void Capitalised Works	1,426,890	1,063,182	(363,708)	(41,578)	(322,130)	0	
Prelim Costs & Exceptionals	0	219,131	219,131	0	219,131	0	
Landscaping and Boundaries	258,545	136,835	(121,710)	0	0	(121,710)	2019/20
Lincoln Standard							
Over Bath Showers	999,876	987,213	(12,663)	0	0	(12,663)	2018/19
Safety Flooring Supported Housing	6,101	1,989	(4,112)	0	0	(4,112)	2018/19
Health and Safety							
Asbestos Removal	200,439	102,296	(98,053)	(33,053)	(65,000)	0	
Asbestos Surveys	199,950	183,679	(16,271)	0	65,000	(81,271)	2018/19
Door Entry Systems	25,795	6,357	(19,438)	0	0	(19,438)	2018/19
Stair Structures	23,133	0	(23,133)	0	0	(23,133)	2018/19

Appendix K

New Build Programme

Waterloo Housing Partnership	1,186,320	1,228,118	41,798	0	0	41,798	2018/19
Westleigh Homes Partnership	2,770,183	1,785,696	(984,487)	0	0	(984,487)	2018/19
Waterloo Housing Lytton Street	700,000	0	(700,000)	0	0	(700,000)	2018/19
De Wint Court Alterations	299,545	194,535	(105,010)	0	0	(105,010)	2018/19
Potential New Build Sites	305,360	227,819	(77,541)	0	0	(77,541)	2018/19

Land Acquisition

Ermine School	769,500	769,500	0	0	0	0	
Queen Elizabeth Road	1,750,000	55,000	(1,695,000)	0	0	(1,695,000)	2018/19

Other

Environmental New Works	54,621	10,280	(44,341)	0	0	(44,341)	2018/19
84 Uffington Avenue	52,423	61,687	9,264	0	9,264	0	
12 Webster Close	10,000	4,568	(5,433)	0	0	(5,433)	2018/19
18 Garfield Close	10,000	3,465	(6,535)	0	0	(6,535)	2018/19
Communal Hardstanding Areas	412,087	455,012	42,925	0	42,925	0	
Communal Electrics	435,960	495,043	59,083	0	59,083	0	
Fire Alarms	1,036	0	(1,036)	0	(1,036)	0	
HSS Computer Fund	193,113	154,533	(38,580)	(38,580)	0	0	
Contingency Reserve	105,174	0	(105,174)	(95,910)	(9,264)	0	

Total Programme	15,204,221	10,706,618	(4,497,603)	(209,121)	0	(4,288,484)	
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Appendix L

Housing Investment Programme – Summary of Expenditure as at 31st March 2018

	MTFS 2017/18	2017/18 Approved Budget	2017/18 Actual	2017/18 Variance	Spend
	£	£	£	£	%
Decent Homes					
Bathrooms & WC's	388,689	128,815	134,823	6,008	104.66%
Central Heating Upgrades	646,455	752,060	756,370	4,310	100.57%
Heating Replacements	255,000	319,597	228,475	(91,122)	71.49%
Thermal Comfort Works	308,484	117,557	65,570	(51,987)	55.78%
Kitchen Improvements	665,538	204,445	204,520	75	100.04%
Re-wiring	89,034	24,543	15,830	(8,713)	64.50%
Re-roofing	627,428	201,817	253,837	52,020	125.78%
Windows Replacement	600,000	550,215	443,701	(106,514)	80.64%
Structural Defects	54,621	54,621	5,319	(49,302)	9.74%
Wall Structure Repairs	7,461	6,577	0	(6,577)	0.00%
Door Replacement	635,649	371,731	156,545	(215,186)	42.11%
Decoration Allowance	13,109	12,109	11,595	(514)	95.75%
CO Detector Installations	132,128	132,599	144,427	11,868	108.95%
New Services	54,621	64,028	72,695	8,667	113.54%
St Botolphs Court alterations	0	67,636	67,022	(614)	99.09%
Void Capitalised Works	109,242	1,426,890	1,063,182	(363,708)	74.51%
Prelim Costs & Exceptionals	0	0	219,131	219,131	100.00%
Landscaping and Boundaries	335,963	258,545	136,835	(121,710)	52.93%
Lincoln Standard					
Over Bath Showers	1,137,401	999,876	987,213	(12,663)	98.73%
Safety Flooring Supported Housing	70,251	6,101	1,989	(4,112)	32.60%
Health and Safety					
Asbestos Removal	273,105	200,439	102,296	(98,053)	51.06%
Asbestos Surveys	152,939	199,950	183,679	(16,271)	91.86%
Door Entry Systems	40,780	25,795	6,357	(19,438)	24.65%
Stair Structures	22,710	23,133	0	(23,133)	0.00%
Plastering (HHSRS)	218,484	0	0	0	0.00%
New Build Programme					
New Build Programme	3,570,000	0	0	0	0.00%
Waterloo Housing Partnership	4,085,000	1,186,320	1,228,118	41,798	103.52%
Westleigh Homes Partnership	3,543,750	2,770,183	1,785,696	(984,487)	64.46%
Waterloo Housing Lytton Street	0	700,000	0	(700,000)	0.00%
De Wint Court Alterations	250,000	299,545	194,535	(105,010)	64.94%
Potential New Build Sites	42,830	305,360	227,819	(77,541)	74.61%
Land Acquisition					
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%
Other					
Environmental New Works	54,621	54,621	10,280	(44,341)	18.82%
84 Uffington Avenue	32,094	52,423	61,687	9,264	117.67%
12 Webster Close	50,000	10,000	4,568	(5,433)	45.68%
18 Garfield Close	21,000	10,000	3,465	(6,535)	34.65%
Communal Hardstanding Areas	400,403	412,087	455,012	42,925	110.42%

Appendix L

	MTFS 2017/18	2017/18 Approved Budget	2017/18 Actual	2017/18 Variance	Spend
	£	£	£	£	%
Communal Electrics	76,469	435,960	495,043	59,083	113.55%
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	154,533	(38,580)	80.02%
Contingency Reserve	448,471	105,174	0	105,174	0.00%
Total Programme	23,621,139	15,204,221	10,706,618	(4,497,603)	70.42%