

SUBJECT:	FINANCIAL PERFORMANCE – QUARTERLY MONITORING
REPORT BY:	CHIEF EXECUTIVE'S
LEAD OFFICER:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

1.1 To present to Performance Scrutiny Committee the third quarter's performance (up to 31st December 2018) 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 2018) the forecast financial position of the Council for 2018/19 is:

	2018/19		
	Revised Budget £'000	Forecast at Q3 £'000	Variance at Q3 £'000
Revenue Accounts			
General Fund –Contribution to/(from) balances	288	82	206
Housing Revenue Account (HRA) (Surplus)/Deficit in year	0	(5)	(5)
Housing Repairs Service	0	(146)	(146)
Capital Programmes			
General Fund Investment Programme	16,867	16,635	(232)
Housing Investment Programme	33,048	31,458	(1,590)
Capital Receipts			

	2018/19		
	Revised Budget £'000	Forecast at Q3 £'000	Variance at Q3 £'000
General Fund	3,555	2,191	(1,364)
HRA	1,719	1,719	0
Reserves & Balances			
General Fund Balances	1,898	1,692	(206)
HRA Balances	1,023	1,028	5
HRS Balances	89	89	0
General Fund Earmarked Reserves	6,238	6,081	157
HRA Earmarked Reserves	1,374	1,374	0

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

3. General Fund Revenue Account

3.1 For 2018/19 the Council's net General Fund revenue budget was set at £14,276,460, including a planned contribution to balances of £288,360 (resulting in an estimated level of general balances at the year-end of £1,897,724).

3.2 The General Fund Summary is currently projecting a forecast budget shortfall of £206,302 (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:

- Car Parking - Reduced Income/Reduced Expenditure £908,090
- Christmas Market – Increased Expenditure/Reduced Income £85,950
- Housing Benefit Overpayments – Reduced Income £225,280
- Homelessness Bed & Breakfast – Increased Cost £157,990
- Development Management - Increased Income £(114,190)
- HIMO Fees Increased Income - £(65,930)
- Borrowing Costs/Contingency - Reduced Cost £(272,050)
- Balance Sheet Review - Increased Income £(70,170)
- Earmarked Reserves - Released Increased Income £(280,220)
- Contingencies Released - Reduced Cost £(175,930)

3.3 Given the scale of the shortfall in car parking income targets, as identified in previous quarterly reports, CMT have accelerated the implementation of the car parking income generation strategy. This strategy focuses on 5 key strands, as follows:

- Car park improvements – focussing on making our car parks the preferred choice including enhanced ticket machines to improve connectivity and to offer contactless payment and improved security arrangements.
- Promotion of the City as a destination – focussing on maximising the linkages between visitor numbers into the City and an improving offer in the City with the utilisation of the Council’s parking stock.
- Maximisation of car parking stock – focussing on ensuring that the Council’s car parks are in the correct location and condition, in line with the Car Parking Strategy, and considering alternative income generation opportunities for some sites.
- Permit parking – focussing on increasing the number of permit parking arrangements with major employers in the city.
- Residents parking – focussing on responding to residents’ concerns and encouraging commuters to modal shift or to move into city centre car parks.

3.4 Longer term, there is forecasted to be an increase in the demand for City Centre parking through developments such as the Cornhill Quarter, further expansion in the University and direct Lincoln to London trains with consequent increased passenger numbers. These future changes and growth over the next few years are set to increase utilisation of the Council’s car parks, reducing the shortfall against income targets.

3.5 This action taken to date has had a positive effect in terms of the forecast shortfalls against the car parking income targets which have improved from a forecasted shortfall of £1.141m at quarter 1 to £1.011m at quarter 3. It is anticipated that this positive trend will continue, however reflective of the significant shortfall in achieving the income targets the MTFs 2019-24 has been revised with a significant reduction in income targets to be set in the early years of the MTFs, increasing over time as per paragraph 3.4.

3.6 Although a mitigation strategy for car parking income is being implemented, officers have also undertaken other appropriate action in order to address the forecast budget shortfall. This has included a full review of earmarked reserves, contingencies budgets and balance sheet items, which has released a significant amount of one off resources. Despite this release of resources, the forecast overspend still remains significant and will continue to be closely monitored during the final quarter, it is however anticipated that there will be a reduction in the planned contribution to general balances, an allowance for which will be made in the MTFs 2019-24.

3.7 Included within the forecast budget shortfall of £206,302 are a number of proposed transfers to earmarked reserves, as follows:

- Planning Delivery Fund – Transfer of £95,000 grant income received to fund additional post to support large scale applications in 2019/20.

- Overachievement of Crematorium Income – Transfer £100,000 of surplus income (net of increased cost) to an income equalisation reserve to mitigate against future fluctuations in income levels.
- Revenues and Benefits Shared Service – Transfer £100,000 of New Burdens funding to a reserve to be utilised in 2019/20, as determined by Joint Committee.

3.8 At the quarter 3 stage it is usual for a list of initial carry forward requests to be proposed, subject to final outturn. Given the forecasted shortfall against the budget it was agreed at quarter 2 that any budget carry forwards would be limited to contractually committed obligations at year end. As at quarter 3 there have been no such requests received, this will be reviewed again during the closedown period.

3.9 In addition to the key variances and mitigating action being taken, as set out above, the following other key areas of monitoring of the General Fund Revenue Account set out below.

3.10 **Towards Financial Sustainability Programme** - The savings target included in the MTFS for 2018/19 is £3,850,000. Progress against this target, based on quarter 3 performance shows that secured and confident projections total £3,828,050. This results in a current forecast under achievement of the target in 2018/19 of £21,950. A summary of the current position is shown in the table below.

	£ General Fund
<u>Review/Business Case Approved/Delegated Decision Taken</u>	
Shared Services/Savings/Managing Demand	2,547,890
Commercialisation	833,680
Asset Rationalisation	408,980
Total Savings – Secured	<u>3,790,550</u>
<u>Subject to Review/Business Case</u>	
Shared Services/Savings/Managing Demand	37,500
Commercialisation	0
Asset Rationalisation	0
Total Savings - Subject to Review/Business Case	<u>37,500</u>
Overall Savings	<u><u>3,828,050</u></u>
MTFS savings target	(3,850,000)
(Under)/ over achievement	(21,950)

3.11 **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, crematorium, 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 received 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 second quarter of the financial year is provided below:

	<u>Budget</u> <u>Q3</u> <u>£'000</u>	<u>Actual</u> <u>Q3</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>	<u>Forecast</u> <u>Variance</u> <u>Q3</u> <u>£'000</u>
Car Parks	(4,715)	(3,878)	837	1,011
Crematorium	(929)	(1,079)	(150)	(170)
Development Management	(334)	(475)	(140)	(114)
Building Regulations	(149)	(121)	28	9
Total	(3,516)	(2,883)	634	804

4. Housing Revenue Account

4.1 For 2018/19 the Council's Housing Revenue Account (HRA) net revenue budget was set at break even, 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 £4,849, which would increase General Balances to £1,027,950 at the end of 2018/19 (Appendix C provides a forecast HRA Summary). The assessed prudent minimum balance for the HRA is currently £1,000,000. The level of forecast HRA balances will be monitored closely during the coming quarter and will be subject to a fundamental review as part of the MTFs 2018-23 process which is currently underway.

4.3 The components of this overspend are detailed in Appendix D and a summary of the key variances are provided below:

- Staff Vacancies - Reduced Spending £(90,000)
- Council Tax Payable on Void Properties – Increased Spending £74,000
- Repairs & Maintenance (void properties) – Increased Spending £208,000
- Rental Income – Additional Income £(80,000)
- HRS Surplus – Additional Income £(145,570)

5. Housing Repairs Service

5.1 For 2018/19 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 £145,570 in 2018/19 (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 2019 are attached in Appendix G. In summary:

	Opening Balance	Contributions	Withdrawals	Forecast Balance
	01/04/18			31/03/19
	£'000	£'000	£'000	£'000
General Fund	4,559	3,055	(1,532)	6,081
HRA	1,572	3	(202)	1,374
Capital Resources	22,579	15,788	(28,374)	9,994

7. Capital Programme

7.1 General Investment Programme

7.2 The last quarterly report approved a General Fund Investment Programme for 2018/19 of £16,867,296. Movements in the programme during the third quarter have decreased overall planned expenditure in 2018/19 to £16,635,318. A summary of the overall changes to the programme is shown below:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q2 Report	16,867	846	500	500	500
Budget Changes by CFO approval Q3	-270	351	0	0	0
Budget Changes requiring Executive approval	38	0	0	0	0
Budget Changes by Executive approval	6,900	1,853	0	0	0
Revised Budget	23,535	3,050	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 changes approved by the Chief Finance Officer during the third quarter are detailed at Appendix I under the heading of "Approved by Chief Finance Officer".

- Skate Park - £183,021 re-profiled into 2019/20
- Land and Property Acquisition - £168,037 Travelodge retention re-profiled into 2019/20
- Disabled Facility Grant - £81,530 additional grant funding received in 2018/19.

- Planned Capitalised Works – various movements within 2018/19 from central budget to specific projects – refer to Appendix I for a detailed split of movements.

7.4 The budget changes this quarter that require Executive approval for the third quarter are provided below:

- Non-Disabled Facility Grant - £26,026. Current scheme completed, re-profile into contingencies pending new grant scheme.
- Diving Boards YLC - £37,550. New scheme to improve the existing 3 diving boards at Yarborough Leisure Centre funded from DRF.

The budget changes this quarter which have already been approved by Executive are provided below:

- Transformation of Birchwood Leisure Centre - £300,000 re-profiled into new Artificial Grass Pitches scheme. Executives 29/5/18 Item 11.

7.5 New projects agreed at Capital Programme Group are then subject to Executive Approval. There are no new projects to be presented to the Executive for the third quarter.

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

	MTFS 2018-23 Budget Qtr1&2	Revised Budget Qtr3	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Regeneration	415	415	415	0
Communities & Environment	2,524	2,123	2,123	0
Chief Executives Department	12,293	19,062	19,062	0
"Mega Projects"	1,393	1,393	1,393	0
Total Active Schemes	16,624	22,992	22,992	0
Schemes On Hold/Contingencies	243	543	543	0
Total Capital Programme	16,867	23,535	23,535	0

7.7 The overall spending on the General Fund Investment Programme for the third quarter is £12,430,196, which is 74.72% of the agreed programme and 83.8% 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 2018/19 of £33,047,788. Movements in the programme since have reduced overall planned expenditure in 2018/19 to £31,457,789. A summary of the changes are shown below:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Revised budget following 2018/19 Qtr1&2 Report	33,048	11,425	11,667	12,704	12,338
Budget Changes by CFO approval Q3	-1,120	849	39	157	
Budget Changes requiring Executive approval	-470	544	1,000	(1,550)	550
Budget Changes by Executive approval	0				
Revised Budget	31,458	12,818	12,706	11,311	12,888

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. The following changes approved by the Chief Finance Officer in the third quarter are summarised below:

- Kitchen Improvements re-profile £73,901 to 19/20 Central Heating Upgrades.
- Thermal Comfort Works £306,210 rephrase to 21/22.
- Rewiring £16,486 rephrase to Communal Electrics Budget.
- Re-roofing £300,000 21/22 rephrase to 19/20 budget.
- Door Replacement £437,025 rephrase to 19/20 budget.
- Landscaping & Boundaries £20,251 re-profile into Communal Hardstanding.
- Over bath Showers £150,974 rephrase to 21/22 budget.
- Safety flooring £32,746 rephrase into 20/21 budget.
- Replacement Door Entry System £52,034 rephrase into 19/20 budget.
- Renew stair structure £23,133 rephrase into 19/20 budget.
- Garages £37,345 rephrase into 19/20 budget.
- CCTV £6,685 rephrase into 20/21 budget.

7.11 Executive approval was granted on the 17th of December to allocate £543,500 towards pre-construction at De Wint from the new build programme within the 2018/19 programme.

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

- Bathrooms & WC's £255,937 and Kitchen Improvements £214,009 re-profile to the Central Heating Upgrades 19/20 budget due to budget pressure.
- Landscaping & Boundaries £2,000,000 21/22, re-profile to the Central Heating Upgrades programme due to budget pressure on current scheme roll out £1,000,000 20/21, £450,000 21/22, £550,000 22/23.
- Movements from the land acquisition fund of £115,000 with regards to Lillicrap Court.
- Movements into the contingency reserve of £105,000 due to completion of the De Wint alteration programme.

7.12 New projects agreed at Capital Programme Group are then subject to Executive Approval.

There are no new projects that require Executive approval for the third quarter.

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

	MTFS 2018-23 Budget Qtr1&2 Report	Revised Budget Qtr3	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	8,678	7,065	7,065	0
Health and Safety	675	600	600	0
Contingent Major Repairs/ Works	1,319	1,424	1,424	0
New Build Programme	18,329	18,329	18,329	0
Land Acquisition Fund	3,015	3,015	3,015	0
Other Schemes	920	912	912	0
Computer Fund	111	111	111	0
Total Capital Programme	33,048	31,458	31,458	0

7.14 Expenditure against the HIP budget during the third quarter was £15,681,670, which is 49.85% of the approved programme. 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:-

- A large element of the programme in 2018/19 is the new build programme, which is planned to be delivered during quarter four of 2018/19.

8. Strategic Priorities

- 8.1 Let's drive economic growth; Let's reduce inequality; Let's deliver quality housing; Let's enhance our remarkable place – As this report is purely concerned with financial performance there are no direct impacts on Strategic Priorities, although the use of the Council's financial resources is the primary way in which it seeks to deliver its priorities.

9. Organisational Impacts

- 9.1 Finance (including whole life costs where applicable) - The financial implications are contained throughout the report.
- 9.2 Legal Implications including Procurement - There are no legal implications arising from this report.
- 9.3 Equality, Diversity and Human Rights - There are no equality and diversity implications as a direct result of this report.

10. Risk Implications

- 10.1 A full financial risk assessment is included in the Medium Financial Strategy 2018-23.

11. Recommendations

Members are recommended to:

- 11.1 Note the progress on the financial performance for the period 1st April to 31st December 2018 and the projected outturns for 2018/19.
- 11.2 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)
- 11.3 Note the changes to the General Investment Programme and Housing Investment Programme as detailed in paragraphs 7.4 and 7.10.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules apply?

No

How many appendices does the report contain?

Twelve

List of Background Papers:

Medium Term Financial Strategy 2018-23

Lead Officer:

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GENERAL FUND SUMMARY - AS AT 31 DECEMBER 2018

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	1,869	1,836	(33)
Chief Finance Officer (S. 151)	B	912	784	(128)
City Solicitor	C	1,489	1,456	(34)
Housing	D	657	850	193
Director of Major Developments	E	567	558	(9)
Communities and Street Scene	F	2,688	3,718	1,030
Health & Environmental Services	G	3,574	3,429	(144)
Planning	H	886	681	(205)
		12,642	13,312	670
Corporate Expenditure	I	1,645	1,623	(23)
TOTAL SERVICE EXPENDITURE		14,287	14,934	647
Capital Accounting Adjustment	J	193	121	(72)
Specific Grants	K	(2,574)	(2,574)	0
Contingencies	L	334	99	(235)
Savings Targets	M	(59)	0	59
Earmarked Reserves	N	1,679	1,522	(157)
Insurance Reserve	O	128	92	(36)
TOTAL EXPENDITURE		13,988	14,194	206
CONTRIBUTION TO BALANCES		288	82	206
NET REQUIREMENT		14,276	14,276	0
Retained Business Rates Income	P	28,041	28,041	0
Tariff	Q	(20,620)	(20,620)	0
Collection Fund surplus/ (deficit)	R	462	462	0
Council Tax	S	6,393	6,393	0
TOTAL RESOURCES		14,276	14,276	0

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.

Ref		£	Reason for variance
	<u>Additional Spending</u>		
D	Control Centre	48,080	Purchases of new equipment for Ageing Lifelines plus increased maintenance costs.
F	Waste/Street Cleansing	56,430	Overspend projected on the Waste Contract due to increasing property number and historic inflationary pressures
F	CCTV	36,170	Staffing costs are in excess of budgeted levels as well as additional charges for relocation of equipment which is not rechargeable.
G	Christmas Market	85,950	Increased costs for security and waste collection were incurred. In addition a reduction in park and ride numbers and coach number visiting resulted in a shortfall against income targets. A detailed report will be submitted in PSC in March 2019.
	<u>Reduced Income</u>		
B	Housing Benefits	225,280	Expected 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	908,090	The budget for the new Lincoln Central Car Park is projected to underachieve due to it not being fully operational or at the demand level budgeted. Income shortfalls offset by reduction in costs, primarily contractual payments.
D	Homelessness Bed & Breakfast	157,990	Increased demand for Bed & Breakfast accommodation due to rising numbers of presentations. In addition the level of costs incurred to be offset by Housing Benefit payments has not reached the targeted levels.
	<u>Reduced Spending</u>		
L/J	Borrowing Costs	(272,050)	Through proactive management of cash balances, anticipated level of external borrowing has not been required during the first three quarters.

Ref		£	Reason for variance
L	Pay Contingency	(82,600)	At the time of the setting the MTFs the Local Government Pay award was still pending therefore additional amounts were set aside to fund any increases and this amount is no longer required.
L	Other Contingencies	(93,330)	Release of one off contingency budgets no longer required.
F	City Bus Station	(48,240)	A number of variances in relation to both income and expenditure have arisen as the services operates within its business plan. The most significant of these is an underspend of £48,500 in relation to repairs and maintenance.
	<u>Additional Income</u>		
N	Income Volatility Reserve	(178,010)	Earmarked Reserve previously set aside to mitigate the peaks and troughs in income levels. Reserve to be released.
N	Release of Earmarked Reserves	(102,150)	Following mitigation undertaken, as agreed at quarter 2, a number of earmarked reserves which are no longer required will be released.
H	Development Management	(114,190)	Overachievement of income projected in the year due to an increase in larger applications.
I	Release of Balance Sheet Items	(70,170)	A review of the Balance Sheet at outturn 2017/18 has led to the identification of amounts set aside which are no longer required.
G	HIMO Fees	(65,930)	Increased income due to new fees and charges coming into force.

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 31 DECEMBER 2018

	Ref	Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(27,767)	(27,847)	(80)
Charges for Services & Facilities	B	(339)	(314)	25
Contribs towards Expenditure	C	(45)	(80)	(35)
Repairs & Maintenance	D	8,298	8,506	208
Supervision & Management:	E	6,693	6,652	(41)
Rents, Rates and Other Premises	F	34	108	74
Increase in Bad Debt Provisions	G	290	283	(7)
Insurance Claims Contingency	H	253	253	0
Contingencies	I	3	0	(3)
Depreciation	J	10,697	10,697	0
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	0	(146)	(146)
Net Cost of Service	M	(1,870)	(1,875)	(5)
Loan Charges Interest	N	2,352	2,352	0
Investment/Mortgage Interest	O	(31)	(31)	0
Net Operating Inc/Exp		451	446	(5)
Major Repairs Reserve Adjustment	P	0	0	0
Transfers to/from reserves	Q	(451)	(451)	0
(Surplus)/Deficit in Year		0	(5)	(5)
Balances b/f @ 1st April		(1,023)	(1,023)	0
(Increase)/Decrease in Balances		0	(5)	(5)
Balances c/f @ 31st March		(1,023)	(1,028)	(5)

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
	<u>Reduced Spending</u>		
E	Staff vacancies	(90,000)	Supervision & Management Vacancies Q3 - under review.
	<u>Additional Income</u>		
A	Rental Income	(80,000)	Effect of Revised New Build Phasing
C	Court Fee Income	(35,000)	Court Fee Income Expected to be higher than budget at Q3.
L	HRS Trading Surplus	(145,570)	Forecast HRS Repatriation
	<u>Increased Spending</u>		
F	Rents Rates & Other Premises	74,000	Council Tax on voids.
D	Repairs & Maintenance	208,000	Increased spending projected on void properties as a result of the new build programme.
E	Supervision & Management	£92,000	Internal Recharges to capital schemes re capitalisation of new build staff removed from the forecast. Staff are no longer HRA moved to General Fund.

HOUSING REPAIRS SERVICE SUMMARY - AS AT 31 DECEMBER 2018

	Forecast Outturn		
	Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	2,539	2,467	(73)
Premises	28	31	3
Transport	450	450	0
Materials	1,329	1,309	(20)
Sub-Contractors	2,229	2,226	(3)
Supplies & Services	113	170	55
Central Support Charges	753	753	0
Capital Charges	0	0	0
Total Expenditure	7,443	7,405	(38)
Income	(7,443)	(7,551)	(107)
(Surplus)/Deficit	0	(146)	(146)

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.

	£	Reason for Variance
<u>Reduced Spending</u>		
Employees	(72,680)	YTD vacancy savings, ongoing.
Materials	(20,197)	Less Responsive expenditure work versus budget.
Sub Contractors	(3,319)	Reduced savings from Q2 regarding additional sub-contractor work re void properties for new build allocations.
<u>Reduced Income</u>		
Recharges	(107,534)	Increased Voids income to the HRS for more subcontractor costs re additional voids to fill the new builds.
<u>Increased Spending</u>		
Overheads	55,390	Increased spending on Equipment Hire and Purchases. Under Review hire should be costed to jobs.

EARMARKED RESERVES – Q3 MONITORING 2018/19

	Opening Balance 01/04/2018 £'000	Contributions £'000	Withdrawals £'000	Forecast Balance 31/03/2019 £'000
General Fund				
Grants & Contributions	787	95	(44)	838
Business Rates Volatility	539	917	0	1,456
Strategic Projects - Revenue Costs	496	0	(193)	303
Mercury Abatement	378	94	(58)	414
Budget Carry Forwards	324	47	(195)	175
Invest to Save (GF)	307	137	(69)	375
Unused DRF	221	0	(84)	137
Backdated rent review	220	0	0	220
IT Reserve	217	100	(317)	0
Income Volatility	178	0	(178)	0
Revenues & Benefits shared service	163	100	(45)	218
Tree Risk Assessment	106	20	(15)	110
Strategic Growth Reserve	100	0	(100)	0
Asset Improvement	72	0	(13)	58
Private Sector Stock Condition Survey	63	12	(35)	40
MA Reserve	51	0	(41)	10
Mayoral car	47	0	0	47
Property Searches	36	0	0	36
City Hall Sinking Fund	36	0	0	36
Managed Workspace	35	0	(30)	5
Section 106 interest	32	0	0	32
Funding for Strategic Priorities	28	1,342	(91)	1,278
Commons Parking	27	5	0	32
Electric Van replacement	22	4	0	26
Air Quality Initiatives	22	6	(18)	10
Christmas Decorations	17	0	(4)	14
Boston Audit Contract	14	0	0	14
Tank Memorial	10	0	0	10
Organisational Development	8	76	0	84
Yarborough Leisure Centre	2	0	0	2
Crematorium Income Equalisation	0	100	0	100
	4,559	3,055	(1,532)	6,081
HRA Repairs Account	624	0	0	624
Capital Fees Equalisation Reserve	238	0	(24)	214
HRA Strategic Priority Reserve	240	0	0	240
Invest to Save (HRA)	140	0	0	140
Western Growth Corridor	178	0	(178)	0
De Wint Court Reserve	73	0	0	73
HRA Survey Works	57	3	0	60
Stock Retention Strategy	22	0	0	22
	1,572	3	(202)	1,374
Total Earmarked Reserves	6,131	3,058	(1,734)	7,455

CAPITAL RESOURCES – Q3 MONITORING 2018/19

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2019
	£'000	£'000	£'000	£'000
Capital Grants	385	1,110	(1,495)	0
Capital receipts General Fund	41	2,191	(1,195)	1,037
Capital receipts HRA	7,334	819	(8,153)	0
Capital receipts 1-4-1	1,958	900	(262)	2,596
Major Repairs Reserve	12,640	10,710	(16,989)	6,361
DRF	221	58	(280)	0
Total Capital Resources	22,579	15,788	(28,374)	9,994

General Investment Programme – Summary of Financial Changes

Project Name	2018/19	2019/20	2020/21	2021/22	2022/23	Notes
	£	£	£	£	£	
2018/19 MTFS Budget as at Q2	16,867,296	846,258	500,000	500,000	500,000	
Budget for approval	23,535,318	3,050,546	500,000	500,000	500,000	
Total changes for Q3	6,668,022	2,204,288	0	0	0	
Approved by Chief Finance Officer						
Skate Park	(183,021)	183,021				re-profiled into 19/20
Planned Capitalised Works (32 Schemes below)	(175,886)					
City Hall Improvement Works- Phase 2	(2,590)					Scheme Completed
High Bridge Improvements	(4,115)					Scheme Completed
Asbestos Removals following survey outcomes	(17,480)					Scheme Completed
Land and Property Acquisition	(168,037)	168,037				re-profiled into 19/20
Disabled Facilities Grant	81,530					Additional grant
Yarborough Leisure Centre Capital Improvements	(15,807)					Scheme Completed
Broadgate Lift Refurbishment	26,000					Additional funding required to deliver scheme
City Square Lighting	(5,000)					Scheme Completed
Hartsholme Play Area	(15,000)					Scheme Completed
Hartsholme Water Mains	109					Additional funding required to deliver scheme
Hartsholme Kitchen Improvements	(3,000)					Scheme Completed
Greetwell Hollow	(29,579)					Scheme Completed

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Fixed Wire Remedial Works	(5,513)					Scheme Completed
Fire Stopping Works	10,767					Additional funding required to deliver scheme
20/22 Steep Hill improvements	8,000					New planned works
Grandstand CC Stairs Improvements	2,119					New planned works
Hartsholme Park Barrier Improvements	14,000					New planned works
Greyfriars Roof Improvements	5,000					New planned works
City Hall Stairwell Improvements	5,123					New planned works
City Hall 3rd Floor Fire Works	27,835					New planned works
City Hall CP Resurfacing	9,783					New planned works
YLC Surfacing	4,827					New planned works
YLC Control Centre	8,765					New planned works
YLC Pipework	10,000					New planned works
YLC New Heating System Phase 1	20,000					New planned works
YLC New Heating System Phase 2	14,000					New planned works
High Bridge Cafe Improvements	5,117					New planned works
Guildhall	11,000					New planned works
Guildhall Boiler Upgrade	6,525					New planned works
Play Area Surfacing Works	15,000					New planned works
Long Leys Road Drainage	20,000					New planned works
High Bridge Canopy's	10,000					New planned works
Broadgate Distribution Board/Emergency Lighting	20,000					New planned works
Lucy Tower Lifts	20,000					New planned works
Approved by Executive						
Car Park Improvements - ticket machines (MTFS)		100,000				New Scheme to commence 19/20

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Car Park Improvements - CCTV in MSCPs (MTFS)		100,000				New Scheme to commence 19/20
Central Markets (MTFS)		300,000				New Scheme to commence 19/20
Transformation of Birchwood Leisure Centre (Execs 29.5.18)	(300,000)					Reallocation to AGP Scheme 18/19
AGP (Execs 29.5.18)	300,000	1,353,230				New Scheme 18/19 funding from BLC scheme
Purchase of Deacon Road	6,900,000					Purchase of property
To be approved by the Executive						
Non Disabled Facilities	(26,026)					Reallocation due to scheme completion
Capital Contingencies	26,026					Reallocation
Diving Boards YLC	37,550					DRF
Diving Boards YLC	5,000					Balance funded from Planned Capitalised Works
Planned Capitalised Works	(5,000)					

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

Scheme	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
<u>ACTIVE SCHEMES</u>					
<u>DCE - Communities & Environment</u>					
Skate Park	183,021	0	0	0	0.00%
Compulsory Purchase Orders	83,700	83,700	0	83,700	0.00%
Disabled Facilities Grant	1,080,980	1,162,510	419,690	742,820	36.10%
Transformation of Birchwood Leisure Centre	401,364	101,364	116,144	(14,780)	114.58%
Bereavement Services Lighting	24,290	24,290	24,482	(192)	100.79%
Memorial Tree	20,000	20,000	24,200	(4,200)	121.00%
Verso	25,000	25,000	25,000	0	100.00%
	1,818,355	1,416,864	609,516	807,348	
<u>DCE - Community Services</u>					
Flood alleviation scheme - Hartsholme Park	0	0	0	0	0.00%
Boultham Park Masterplan	134,413	134,413	31,078	103,335	23.12%
CCTV Upgrade	7,135	7,135	32,344	(25,209)	453.31%
Allotment Capital Improvement Programme	564,224	564,224	262,782	301,442	46.57%
	705,772	705,772	326,204	379,568	
<u>General Fund Housing</u>					

Scheme	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
Housing Renewal Area	414,545	414,545	21,657	392,888	5.22%
	414,545	414,545	21,657	392,888	
<u>CX - Corporate Policy</u>					
New Telephony System	40,165	40,165	0	40,165	0.00%
	40,165	40,165	0	40,165	
<u>CX - Chief Finance Officer</u>					
The Terrace	0	0	(2,712)	2,712	0.00%
The Terrace Heat Mitigation Works	0	0	0	0	0.00%
Planned Capitalised Works	685,401	722,951	326,640	396,311	45.18%
Land and Property Acquisition	11,567,232	11,399,195	11,037,452	361,743	96.83%
Purchase of Deacon Road	0	6,900,000	0	6,900,000	0.00%
	12,252,633	19,022,146	11,361,380	7,660,766	
Lincoln Transport HUB	1,392,840	1,392,840	93,733	1,299,107	6.73%
TOTAL BUDGET FOR ACTIVE SCHEMES	16,624,310	22,992,332	12,412,490	10,579,842	77.13%
<u>Schemes Currently Non Active</u>					
Compulsory Purchase Orders	154,504	154,504	3,250	151,254	2.10%
Non Disabled Facilities Grants	26,026	0	0	26,026	0.00%
Capital Contingencies	46,380	72,406	0	72,406	0.00%
Electric Vehicle Replacement	16,076	16,076	14,456	1,620	89.92%
Artificial Grass Pitches	0	300,000	0	300,000	0.00%

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Scheme	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
TOTAL BUDGET FOR SCHEMES NON ACTIVE	242,986	542,986	17,706	551,306	
TOTAL GENERAL INVESTMENT PROGRAMME	16,867,296	23,535,318	12,430,196	11,131,148	

Housing Investment Programme – Summary of Financial Changes

Project Name	2018/19 MTFS Budget as at Qtr2 Report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years	Notes
	£	£	£	£	
<u>Decent Homes</u>					
Bathrooms & WC's	625,938	(255,937)	370,001	0	19/20 Central Heating
DH Central Heating Upgrades	1,433,837		1,433,837	2,543,847	Future year requirement
Responsive Capitalised Heating Replacements	346,122	(73,901)	272,221	0	19/20 Central Heating
Thermal Comfort Works	408,831	(306,210)	102,621	306,210	21/22
Kitchen Improvements	570,276	(214,009)	356,267	0	19/20 Central Heating
Rewiring	33,911	(16,486)	17,425	0	Communal Electrics
Re-roofing	756,776		756,776	0	
Lincoln Standard Windows Replacement	600,000		600,000	0	
Structural Defects	105,015		105,015	0	
Wall Structure Repairs	6,951		6,951	0	
Door Replacement	1,426,799	(437,025)	989,774	437,025	Slippage to 19/20
Decent Homes Decoration Allowance	13,371	0	13,371	0	
CO Detector Installation	40,058		40,058	0	
New services	47,046		47,046	0	
Void Capitalised Works	1,282,797		1,282,797	0	
Landscaping and Boundaries	419,410	(20,251)	399,159	(2,000,000)	18/19 Communal. Future year to Central Heating

Appendix L

Project Name	2018/19 MTFS Budget as at Qtr2 Report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years	Notes
	£	£	£	£	
Alterations to De Wint Court	105,010	(105,010)	0	0	Scheme completion
Decent Homes	8,222,148	(1,428,829)	6,793,319	1,287,082	
<u>Lincoln Standard</u>					
Over bath showers (10 year programme)	400,110	(150,974)	249,136	150,974	Reprofile to 21/22
Safety flooring - Supported Housing	55,369	(32,746)	22,623	32,746	Reprofile to 20/21
Lincoln Standard	455,479	(183,720)	271,759	183,720	
<u>Health & Safety</u>					
Asbestos Removal	117,424	0	117,424	0	
Asbestos Surveys	230,583		230,583	0	
Replacement Door Entry Systems	81,034	(52,034)	29,000	52,034	Reprofile to 19/20
Renew stair structure	23,133	(23,133)	0	23,133	Reprofile to 19/20
Plastering (HHSRS)	222,854		222,854	0	
Health & Safety	675,028	(75,167)	599,861	75,167	
<u>New Build Programme</u>					
New Build Programme	4,111,649	(543,500)	3,568,149	0	
New Build Partnership - Waterloo Housing	4,483,680		4,483,680	0	
New Build Partnership - Westleigh	1,502,054		1,502,054	0	
New Build Partnership - Lytton Street	700,000		700,000	0	
New Build Site - 1	74,767		74,767	0	
New Build Site - 2	20,027		20,027	0	
New Build Site - 3	38,769		38,769	0	
Blankney Crescent New Build Scheme		0	5,298	5,298	

Appendix L

Project Name	2018/19 MTFS Budget as at Qtr2 Report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years	Notes
	£	£	£	£	
New Build Site - Queen Elizabeth Road	0	0	11,557	11,557	
Ingleby Crescent New Build Scheme	7,198,399		7,198,399	0	
Land Acquisition - 93 Rookery Lane	200,000		200,000	200,000	
New Build - De Wint Court	0	543,500	543,500	0	
New Build Programme	18,329,345	0	18,329,345	0	
<u>Land Acquisition</u>					
Land Acquisition Fund	1,185,213	(115,000)	1,070,213	0	
Land Acquisition – site 1	1,695,000	0	1,695,000	0	
Land Acquisition – site 2	135,000	0	135,000	0	
Land Acquisition – site 3	0	115,000	115,000	0	
Land Acquisition	3,015,213	0	3,015,213	0	
Other	919,755	(7,293)	912,462	237,202	
<u>Contingency Schemes</u>					
Contingency Reserve	1,319,393	105,010	1,424,403	(193,172)	
Contingency Schemes	1,319,393	105,010	1,424,403	(193,172)	
<u>Other Schemes</u>					
Housing Support Services Computer Fund	111,427	0	111,427	0	
Other Schemes	111,427	0	111,427	0	
GRAND TOTALS	33,047,788	(1,589,999)	31,457,789	1,589,999	

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

Project Name	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
<u>Decent Homes</u>					
Bathrooms & WC's	625,938	370,001	364,836	(5,165)	98.60%
DH Central Heating Upgrades	1,433,837	1,433,837	1,053,830	(380,007)	73.50%
Responsive Capitalised Heating Replacements	346,122	272,221	145,256	(126,965)	53.36%
Thermal Comfort Works	408,831	102,621	55,685	(46,936)	54.26%
Kitchen Improvements	570,276	356,267	346,637	(9,630)	97.30%
Rewiring	33,911	17,425	12,425	(5,000)	71.31%
Re-roofing	756,776	756,776	279,941	(476,835)	36.99%
Lincoln Standard Windows Replacement	600,000	600,000	139,644	(460,356)	23.27%
Structural Defects	105,015	105,015	6,083	(98,932)	5.79%
Wall Structure Repairs	6,951	6,951	0	(6,951)	0.00%
Door Replacement	1,426,799	989,774	147,868	(841,906)	14.94%
Decent Homes Decoration Allowance	13,371	13,371	13,712	341	102.55%
CO Detector Installation	40,058	40,058	64,458	24,400	160.91%
New services	47,046	47,046	4,562	(42,484)	9.70%
Void Capitalised Works	1,282,797	1,282,797	352,293	(930,504)	27.46%
Landscaping and Boundaries	419,410	399,159	14,981	(384,178)	3.75%
Alterations to De Wint Court	105,010	0	0	0	0.00%
<i>Prelim Costs & Exceptionals to be allocated</i>			0	0	0.00%
Decent Homes	8,222,148	6,793,319	3,002,211	(3,791,108)	

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Project Name	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
<u>Lincoln Standard</u>					
Over bath showers (10 year programme)	400,110	249,136	224,212	(24,924)	90.00%
Safety flooring - Supported Housing	55,369	22,623	0	(22,623)	0.00%
Lincoln Standard	455,479	271,759	224,212	(47,547)	
<u>Health & Safety</u>					
Asbestos Removal	117,424	117,424	109,776	(7,648)	93.49%
Asbestos Surveys	230,583	230,583	63,378	(167,205)	27.49%
Replacement Door Entry Systems	81,034	29,000	1,919	(27,081)	6.62%
Renew stair structure	23,133	0	0	0	0.00%
Plastering (HHSRS)	222,854	222,854	0	(222,854)	0.00%
Health & Safety	675,028	599,861	175,073	(424,788)	
<u>New Build Programme</u>					
New Build Programme	4,111,649	3,558,710	0	(3,558,710)	0.00%
New Build Partnership - Waterloo Housing	4,483,680	4,483,680	0	(4,483,680)	0.00%
New Build Partnership - Westleigh	1,502,054	1,502,054	1,527,506	25,452	101.69%
New Build Partnership - Lytton Street	700,000	700,000	693,043	(6,957)	99.01%
New Build Site - 1	74,767	74,767	0	(74,767)	0.00%
New Build Site - 2	20,027	20,027	0	(20,027)	0.00%
New Build Site - 3	38,769	38,769	11,782	(26,987)	30.39%
Blankney Crescent New Build Scheme		0	5,298	5,298	0.00%
New Build Site - Queen Elizabeth Road	0	0	11,557	11,557	0.00%
Ingleby Crescent New Build Scheme	7,198,399	7,198,399	6,855,161	(343,238)	95.23%
Land Acquisition - 93 Rookery Lane	200,000	200,000	186,621	(13,379)	93.31%

Project Name	2018/19 MTFS Budget	Revised Budget	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
New Build Capital Salaries	0	9,439	0	(9,439)	0.00%
New Build - De Wint Court	0	543,500	411,332	(132,168)	75.68%
New Build Programme	18,329,345	18,329,345	9,702,300	(8,627,045)	
<u>Land Acquisition</u>					
Land Acquisition Fund	1,185,213	1,070,213	0	(1,070,213)	0.00%
Land Acquisition – site 1	1,695,000	1,695,000	1,550,000	(145,000)	91.45%
Land Acquisition – site 2	135,000	135,000	129,000	(6,000)	95.56%
Land Acquisition – site 3	0	115,000	115,000	0	100.00%
Land Acquisition	3,015,213	3,015,213	1,794,000	(1,221,213)	
Other	919,755	912,462	756,888	(155,574)	82.95%
<u>Contingency Schemes</u>					
Contingency Reserve	1,319,393	1,424,403	0	1,424,403	0.00%
Contingency Schemes	1,319,393	1,424,403	0	1,424,403	
<u>Other Schemes</u>					
Housing Support Services Computer Fund	111,427	111,427	26,986	(84,441)	24.22%
Other Schemes	111,427	111,427	26,986	(84,441)	
GRAND TOTALS	33,047,788	31,457,789	15,681,670	(15,776,119)	