

SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING

REPORT BY: CHIEF EXECUTIVE & TOWN CLERK

LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 To present to PSC the third quarter’s performance (up to 31 December) on the Council’s:
- General Fund
 - Housing Revenue Account
 - Housing Repairs Service
 - Capital Programmes
- 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 31 December) the forecast financial position of the Council for 2019/20 is:

	MTFS Budget £'000	2019/20 Forecast at Q3 £'000	Variance at Q3 £'000
Revenue Accounts			
General Fund –Contribution to/(from) balances	554	332	(222)
Housing Revenue Account (HRA) (Surplus)/Deficit in year	(52)	(131)	(79)
Housing Repairs Service	0	(117)	(117)
Capital Programmes			
General Fund Investment Programme	14,756	12,510	(2,246)
Housing Investment Programme	20,629	14,906	(5,723)
Capital Receipts			
General Fund	(1,650)	0	(1,650)
HRA	(845)	(862)	17
Reserves & Balances			

	MTFS Budget £'000	2019/20 Forecast at Q3 £'000	Variance at Q3 £'000
General Fund Balances	2,452	2,184	(268)*
HRA Balances	1,075	1,158	79*
HRS Balances	89	89	0
General Fund Earmarked Reserves	6,674	5,910	(764)
HRA Earmarked Reserves	1,321	1,195	(126)

* includes underspend on 2018/19 outturn

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

3. General Fund Revenue Account

3.1 For 2019/20 the Council's net General Fund revenue budget was set at £13,655,090, including a planned contribution from balances of £554,410 (resulting in an estimated level of general balances at the year-end of £2,452,134).

3.2 The General Fund Summary is currently projecting a forecast over spend of £222,080 (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:

- Homeless B&B – increased expenditure: £107,800
- Savings Target – shortfall in delivery: £201,750
- Housing Benefit Overpayment – reduced income: £318,000
- HIMO - reduced income: £74,260
- City Bus Station – reduced expenditure (£104,800)
- External Interest payable – reduced expenditure: (£225,945)
- City Hall, Industrial Estates & Lincoln Prop. – increased income: (£159,360)
- Car Parking - increased income: (£162,000)
- Car Parking – increased expenditure: £135,000
- Bereavement Services - increased income: (£124,150)
- Bereavement Services – increased expenditure: £88,020

3.3 The most significant of the forecast variances is the reduction in the level of housing benefit overpayment being raised. Whilst this is positive in that the number of overpayments are reducing it in turn creates a budgetary pressure. This is a continuation of a trend from 2017/18 and 2018/19 with the transition of benefits customers to universal credit and the use of 'real time' information the level of overpayments raised as drastically reduced. This has led to the budget pressure due to reduced income from the reclaiming over the overpayment from the claimant. This reduction in overpayments raised is uncontrollable and as such the budget has been realigned as part of the 2020-25 MTFS process. In order to inform this

requirement an assessment of the implications, encompassing the impact of the reduction in overpayments along with the transition to universal credit and its impact on historic overpayment debt has been undertaken.

- 3.4 Although forecast outturn for the General Fund is a shortfall of £222,080 at this stage, the forecast outturn remains difficult to predict due to volatility, e.g. car parking income, and uncertainty.
- 3.5 Included in the forecast outturn position in para 3.2 are additional contributions (to)/from earmarked reserves that the Chief Finance Officer (in accordance with Financial Procedure Rules) has identified as being required:

Directorate Reserve		Amount £
Contributions to Reserves		
DMD	Townsfund Grant – expenditure to be incurred in 20/21	(173,030)
DCE	Transport Hub – maintenance underspend to be moved to a sinking fund for future repairs	(60,000)
Contributions from Reserves		
HSG	Controlling Migration – drawdown for grant expenditure	109,180
HSG	Homelessness Grants – drawdown for grant expenditure	84,950
HSG	Rough Sleeping Strategy – drawdown for grant expenditure	18,050
HSG	Pocket Parks Plus Scheme – drawdown of grant expenditure	25,500
Total additional reserve movements:		4,650

- 3.6 The Executive should be aware that the forecast over spend of £222,080 does not take into account any requested carry forwards. Assistant Directors have requested a number of items to be transferred to an earmarked reserve and spent in future years. Each approved carry forward will increase the forecast over spend. These requests are detailed below;

Directorate	Reason for Carry Forward	£
CX Human Resources	Training Budget earmarked but expenditure likely to be in 2020/21	30,000
CX Twinning	To support 50 th Anniversary Twinning with Neaustadt in 2020/21	9,210
Total		39,210

- 3.7 The forecast outturn for the General Fund therefore would be £261,290 overspent if the above carry forwards and the earmarked reserve request were to be agreed.

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

3.9 **Towards Financial Sustainability Programme** - The savings target included in the MTFS for 2019/20 is £4,650,000. Progress against this target, based on quarter 3 performance shows that secured and confident projections total £4,448,250. This results in a current forecast under achievement of the target in 2019/20 of £201,750. Although there are still a number of reviews in progress these are not expected to deliver savings in this financial year. The current year target is therefore unlikely to be achieved in full. A summary of the current position is shown in the table below.

	£ General Fund
<u>Review/Business Case Approved/Delegated Decision Taken</u>	
One Council	33,290
Asset Acquisition	661,790
Commercialisation	889,800
Managing Demand (Withdrawal/Service Reduction)	2,863,370
Total Savings – Secured	<u>4,448,250</u>
<u>Subject to Review/Business Case</u>	
One Council	0
Asset Acquisition	0
Commercialisation	0
Managing Demand (Withdrawal/Service Reduction)	0
Total Savings - Subject to Review/Business Case	<u>0</u>
Overall Savings	<u>4,448,250</u>
MTFS savings target	(4,650,000)
(Under)/ over achievement	(201,750)

3.10 **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 actual variance to the third quarter of the financial year to date is provided below:

	<u>Budget Q3</u> <u>£'000</u>	<u>Actual Q3</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>
Car Parks	(4,230)	(4,403)	(173)
Crematorium	(1,007)	(1,087)	(80)
HIMO	(183)	(136)	47
Development Management	(465)	(442)	23
Building Regulations	(154)	(128)	26
Total	(6,039)	(6,196)	(157)

4. **Housing Revenue Account**

4.1 For 2019/20 the Council’s Housing Revenue Account (HRA) net revenue budget was set at £52,040, resulting in an estimated level of general balances at the year-end of £1,078,609.

4.2 The HRA is currently projecting an in-year forecast underspend of £79,582 (appendix C provides a forecast HRA 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 D while the key variances are summarised below:

- Staff Vacancies – reduced expenditure: (£177,000)
- Repairs Costs – increased expenditure (Offset from HRS Surplus): £62,400
- Council Tax – increased expenditure: £67,000
- Depreciation: increased expenditure: £375,000
- Interest Payable – increased expenditure: £129,000
- DRF Contribution – reduced expenditure: (£429,000)
- HRS Surplus – increased income: (£117,000)

5. **Housing Repairs Service**

5.1 For 2019/20 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 £117,075 in 2019/20 (appendix E provides a forecast HRS Summary), with full details of the main variances provided.

6. **Earmarked Reserves**

6.1 The details of all the earmarked reserves and their forecast balance as at 31st March 2020 are attached in Appendix F. In summary:

	Opening Balance	Contributions	Actuals Q3	Forecast Q4	Forecast Balance
	01/04/19				31/03/20
	£'000	£'000	£'000	£'000	£'000
General Fund	6,674	156	(954)	34	5,910
HRA	1,321	0	(62)	(64)	1,195
Capital Resources	10,701	16,220	0	(14,127)	12,794

7. Capital Programme

7.1 General Investment Programme

7.2 The last quarterly report approved a General Fund Investment Programme for 2019/20 of £14,755,906. Movements in the programme during the third quarter have decreased overall planned expenditure in 2019/20 to £12,509,748. A summary of the overall changes to the programme is shown below:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Revised following budget changes at Q2	14,756	8,586	2,839	695	500
Budget changes for Executive approval at Q3	(2,246)	7,000	8	8	8
Revised Budget	12,510	15,586	2,847	703	508

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 amendments approved by the Chief Finance Officer during the third quarter are detailed at Appendix H under the heading of "Approved by Chief Finance Officer".

- Planned capital works - allocation of £5,257 to the following 19/20 schemes for additional expenditure requirements;
 - £4,637 into Grandstand Fire Exit Improvements,
 - £620 into Guildhall Works.
- Planned capital works – allocation back into 19/20 unallocated works of £10,341 relating to:
 - £5,117 High Bridge Café,
 - £1,855 Temple Gardens Roman Wall,
 - £238 Stamp End Demolition,
 - £3,131 Birchwood Leisure Centre Roof.

- Re-profile of expenditure relating to 19/20 planned capital works into 20/21 future years:
 - £5,000 Stamp End Demolition,
 - £42,550 Yarborough Leisure Centre Diving Boards,
 - £3,267 Birchwood Leisure Centre Roof.
- Additional funding from revenue towards existing schemes:
 - £2,420 Birchwood Leisure Centre Roof,
 - £379 Car Park Improvement ticket machines.
- Boutham Tennis Court Fencing Improvements - £798 contribution from S106 funding for scheme delivery.
- Re-profiled 19/20 budgets into future years:
 - New telephony system £32,132 profiled over next 4 years,
 - Compulsory Purchase Orders £234,954 into 20/21,
 - Housing Renewal Areas £370,152 into 20/21,
 - Western Growth Corridor £1,561,700 into 20/21.

7.4 There are no changes that require Executive approval for quarter 3.

7.5 New projects agreed at Capital Programme Group are then subject to Executive approval, there is one new project that requires Executive approval for the third quarter.

- Stamp End Depot demolition works: £134,440 funded from the unallocated capital contingency budget, relating to 50% recharge of capital works undertaken in agreement with a third party.

The following projects have been previously been approved at Executive and added to the GIP in quarter 3:

- Crematorium remodelling - £4.7m towards crematorium enhancements at Washingborough Road commencing in 20/21 approved by Exec 25th November 2019.
- Swift Gardens Play Area – £74,200 for new play area scheme approved by executive 30th August 2017. £14,000 from grant funding in relation to the MUGA refurbishment, and £60,200 funded by S106.

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

	MTFS 2019-20 Budget following Qtr2 Report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000

Active Programme				
Housing & Regeneration	389	19	19	0
Communities & Environment	3,795	3,561	3,561	0
Chief Executives Department	7,754	7,809	7,809	0
Major Developments	1,902	340	340	0
Total Active Schemes	13,840	11,728	11,728	0
Schemes On Hold/Contingencies	916	782	782	0
Total Capital Programme	14,756	12,510	12,510	0

7.7 The overall spending on the General Fund Investment Programme for the third quarter is £8.847m, which is 70.7% of the 2019/20 programme and 75.4% of the active programme. This is detailed further at Appendix I.

7.8 Housing Investment Programme

7.9 The last quarterly report approved a Housing Investment Programme for 19/20 of £20,629,324. Movements in the programme since have decreased overall planned expenditure in 2019/20 to £14,906,247. A summary of the changes are shown below:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Revised budget following 2019/20 Qtr2 Report	20,629	23,707	17,421	15,866	10,823
Budget changes for Executive approval at Q3	(5,723)	1,933	(813)	(2,105)	(376)
Revised Budget	14,906	25,640	16,608	13,761	10,447

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. Changes were approved by the Chief Finance Officer for the third quarter are shown in Appendix J and K summarised below:

- Within the new build programme Property Acquisitions have been agreed under delegated authority utilising £70,975 1-4-1 receipts and £675,579 borrowing totalling additional budget of £1,238,482 relating to 11 new acquisitions, 1 withdrawn offer, and 3 initial capital repairs not previously allocated.
- Re-profiling:

- £194,171 from the 20/21 New build programme re-profiled into 19/20.
 - £297,757 from the 20/21 New Build programme 141 eligible re-profiled into 19/20.
 - New build scheme re-profile 19/20 into 20/21 budgets in relation to:
 - £1,600,000 for the De Wint Court scheme, and;
 - £691,985 in relation to the Western Growth Corridor scheme.
 - Re-profile budgets from 19/20 into 20/21 in relation to:
 - £109,796 Garages,
 - £235,682 Door replacement programme,
 - £44,397 Structural Defects,
 - £45,501 Re-roofing.
 - Re-profile budgets from 19/20 split over future 4 years.
 - £386,093 Environmental New Works,
 - £23,550 Renew Stair Structure,
 - £221,120 Lincoln Standard Windows Replacement,
 - £268,772 Bathrooms & WC's,
 - Re-profile £27,055 from 20/21 and £3,013 from 21/22 into the 19/20 Operation ROSE programme.
- Re-allocation of £238,680 from 19/20 Kitchen improvements into the 20/21 fire door project.
 - Reallocation into a larger Environmental work budget going forward from:
 - Communal Hardstanding Areas 19/20 £596,878, 20/21 £587,595, 21/22 £391,970, 22/23 £390,750, 23/24 £145,114 and;
 - Landscaping & Boundaries budgets 19/20 £464,215, 20/21 £353,555, 21/22 £364,370, 22/23 £350,000, 23/24 £350,000.
 - Re-allocation from the contingency reserve into unallocated resources for future scheme developments 19/20 £2,327,516, 20/21 £738,537, 21/22 £1,034,829, 22/23 £2,330,360, 23/24 £601,049
 - Movements back to available resources from:
 - Hermit Street regeneration 19/20 £18,725.
 - New Services 19/20 £51,828,
 - Over bath showers 19/20 £300,000
 - Safety Flooring 19/20 £10,169
 - Movements from available resources into
 - Fire Compartment Works 19/20 £40,000

7.11 There are no changes that require Executive approval for quarter 3.

7.12 New projects agreed at Capital Programme Group are subject to Executive Approval, there are no new projects to be presented to the Executive for the third quarter.

7.13 The table below provides a summary of the 2019/20 projected outturn position:

	MTFS 19/20 Budget following Qtr2 Report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	7,206	5,830	5,830	0
Health and Safety	370	347	347	0
Contingent Major Repairs/ Works	2,809	770	770	0
New Build Programme	8,126	6,326	6,326	0
Land Acquisition Fund	95	95	95	0
Other Schemes	1,824	1,339	1,339	0
Computer Fund	199	199	199	0
Total Capital Programme	20,629	14,906	14,906	0

7.14 Expenditure against the HIP budget during the first three quarters was £8.025m, which is 53.84% of the programme. The expenditure is detailed further at Appendix K.

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

- An element of the programme in 2019/20 is the De Wint new build scheme and Markham House, construction of which is yet to commence.
- 11 Property acquisitions are yet to complete.

8. Organisational Impacts

8.1 Finance

The financial implications are contained throughout the report.

8.2 Legal including Procurement Rules

There are no legal implications arising from this report.

8.3 Equality, Diversity and Human Rights

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 2019-24.

10. Recommendations

Executive are recommended to:

- 10.1 Note the progress on the financial performance for the period 1st April to 31st December 2019 and the projected outturns for 2019/20.
- 10.2 Assess the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and appendix B), 4.2 (and appendix D), and 5.2 (and appendix F).
- 10.3 Review the proposed contributions to and from reserves in paragraph 3.5 and the carry forward requests detailed in paragraph 3.6.
- 10.4 Review the changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer and detailed in paragraphs 7.3 and 7.10
- 10.5 Review the changes to the General Investment Programme as detailed in paragraph 7.5

Key Decision Yes

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 2019-24

Lead Officer: Collen Warren, Financial Services Manager
Telephone 873361

APPENDIX A

GENERAL FUND SUMMARY - AS AT 31 DECEMBER 2019

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	1,908	1,883	(25)
Chief Finance Officer (S. 151)	B	(537)	(384)	153
City Solicitor	C	1,517	1,465	(52)
Housing	D	796	825	29
Director of Major Developments	E	282	281	(1)
Communities and Street Scene	F	2,207	2,244	37
Health & Environmental Services	G	2,311	2,314	3
Planning	H	802	783	(19)
		9,287	9,411	124
Corporate Expenditure	I	1,756	1,751	(4)
TOTAL SERVICE EXPENDITURE		11,043	11,162	120
Capital Accounting Adjustment	J	3,547	3,486	(61)
Specific Grants	K	(778)	(721)	58
Contingencies	L	158	28	(130)
Savings Targets	M	(202)	0	(202)
Earmarked Reserves	N	(798)	(765)	34
Insurance Reserve	O	131	131	0
TOTAL EXPENDITURE		13,101	13,323	222
CONTRIBUTION FROM BALANCES		554	332	(222)
NET REQUIREMENT		13,655	13,655	0
Retained Business Rates Income	P	5,366	5,366	0
Collection Fund surplus/ (deficit)	Q	1,546	1,546	0
Revenue Support Grant	R	22	22	0
Council Tax	S	6,679	6,679	0
Council Tax Surplus	S	42	42	0
TOTAL RESOURCES		13,655	13,655	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.

APPENDIX B

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 under spend of expenditure or additional income.

Ref	£	Reason for variance	
<u>Additional Expenditure</u>			
B	City Hall	36,000	Overspend on staffing and security, offset by additional income from tenants.
B	City Square & Cornhill Markets	47,570	Business Rates on unoccupied Kiosk and loss of rental income. (awaiting demolition)
B	Banking	30,870	Increased transactional costs due to increased fees and volumes.
D	Homeless Bed & Breakfast	107,800	Net cost of increased B&B requirements, based on ineligible for HB and under-recovered costs.
F	Car Parking	92,000	Additional NNDR charges following assessment by the Valuation office
F	Car Parking	43,000	Overspend on specialist equipment
F	Street Cleansing & Waste	31,120	Contractual Inflationary pressures.
G	Bereavement Services	88,020	Business case, preparation costs, Plotbox purchase & Overtime/Agency
M	Savings Targets	201,750	Shortfall in delivery against target.
<u>Reduced Income</u>			
B	Housing Benefits	318,000	Expected reduction in the level of Housing Benefits Overpayments raised compared to the budgeted amount £450k, offset by a contribution from reserves of £132K.
C	CX Workbased Learning & CoLC Apprentices	18,700	Net overspend after loss of contractual income less staff vacancies and savings on the apprentice levy payable.
G	HIMO	74,260	HIMO Licensable premises applications have not been as forecast in the business case in year (now expected in future years).
K	Specific Grants	57,000	Government grant announced and budgeted for in 19/20, however was received in 18/19 and not carried forward.

Ref		£	Reason for variance
	<u>Reduced Expenditure</u>		
B	City Hall	(26,000)	Gas & Electricity underspends/efficiencies
B	CX Business Management	(29,570)	Vacancy Savings
B	Revs & Bens Shared Services	(27,560)	Staffing savings and additional New Burdens Grant
B	Insurance	(30,905)	Underspend on planned premiums
F	City Bus Station	(104,800)	Savings on Staffing, Repairs & Maintenance, Cleaning Services & Utilities
F	Garden Waste	(35,000)	Underspend on Supplies & Services
G	Housing Regeneration	(38,030)	Vacancy savings and use of DFG admin fee to finance staffing costs incurred.
L	External Interest	(225,945)	Contingency for additional borrowing costs not required and lower than average cost of new borrowing taken in year.
L	Vacancy Savings	(107,660)	1% vacancy savings target assumed, offset by actual vacancies achieved.
L	Loss of GF rent through asset sales	(37,500)	Provision not expected to be utilised.
	<u>Additional Income</u>		
B	Interest Receivable	(37,280)	Additional interest received due to increased average cash balances
B	City Hall	(95,000)	Income budgets not reflective of current lease arrangements and additional income in respect of weekend working.
B	Industrial Estates & Lincoln Properties	(64,360)	Increase in rental income following rent reviews.
C	Legal Services	(45,550)	Increased income from property acquisitions and increase in fees & charges in year.
F	Car Parking Income	(162,000)	Additional car parking income.
G	Bereavement Services	(124,150)	Over achievement of income due to increased number of Cremations & Burials.

APPENDIX C**HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 31 DECEMBER 2019**

	Ref	Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(28,221)	(28,208)	12
Charges for Services & Facilities	B	(322)	(292)	30
Contribn towards Expenditure	C	(50)	(56)	(6)
Repairs & Maintenance	D	8,660	8,722	62
Supervision & Management:	E	7,148	6,935	(213)
Rents, Rates and Other Premises	F	95	162	67
Increase in Bad Debt Provisions	G	288	288	0
Insurance Claims Contingency	H	339	339	0
Contingencies	I	(84)	0	84
Depreciation	J	6,262	6,637	375
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	0	(117)	(117)
Net Cost of Service	M	(5,873)	(5,577)	295
Loan Charges Interest	N	2,352	2,425	73
Investment/Mortgage Interest	O	(37)	(55)	(18)
Net Operating Inc/Exp		(3,557)	(3,207)	350
Major Repairs Reserve Adjustment	P	4,077	3,713	(364)
Transfers to/from reserves	Q	(572)	(637)	(65)
(Surplus)/Deficit in Year		(52)	(131)	(79)

APPENDIX D

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 Expenditure</u>		
E	Staff vacancies	(213,121)	Supervision & Management vacancies & General Savings.
	<u>Reduced Income</u>		
B	Charges for Services & Facilities	30,041	Lifeline Alarms income moved from the HRA to General Fund Control Centre
	<u>Increased Expenditure</u>		
D	Repairs & Maintenance	62,400	Increased expenditure (offset from HRS Surplus)
G	Council Tax	67,000	Council Tax on Voids & De-Wint Court @ 150%
K	Depreciation	375,000	Revaluation of Dwellings
P	Loan Charges Interest	73,000	Increased Interest on borrowings due to asset acquisition programme
	<u>Increased Income</u>		
L	HRS Trading Surplus	(117,000)	Forecast HRS Repatriation
Q	Transfers to/from Reserves	(65,000)	DRF Contribution from Reserves
T	Major Repairs Reserve	(364,000)	DRF Contribution Reduced re Revaluations of Dwelling

APPENDIX E

HOUSING REPAIRS SERVICE SUMMARY - AS AT 31 DECEMBER 2019

	Forecast Outturn		
	Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	2,928	2,974	46
Premises	40	48	8
Transport	501	462	(39)
Materials	1,356	1,173	(183)
Sub-Contractors	2,273	2,002	(270)
Supplies & Services	134	169	35
Central Support Charges	320	320	0
Capital Charges	0	0	0
Total Expenditure	7,552	7,148	(404)
Income	(7,552)	(7,265)	287
(Surplus)/Deficit	0	(117)	(117)

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>		
Sub-Contractors	(270,464)	Continual reduction of sub-contractor works. Plus in year reduction with Meddo.
Materials	(183,085)	Continual reduction of sub-contractor works. Plus in year reduction with Meddo.
<u>Reduced Income</u>		
Income (Billing)	286,616	Continual reduction of sub-contractor works. Plus in year reduction with Meddo has resulted in lower forecast billing in year to the HRA.

APPENDIX F**EARMARKED RESERVES – Q3 MONITORING 2019/20**

	Opening Balance 01/04/2019 £'000	Contributions £'000	Actuals Q3 £'000	Forecast Q4 £'000	Forecast Balance 31/03/2020 £'000
General Fund					
Budget Carry Forwards	172	0	(53)	(20)	99
Air Quality Initiatives	10	5	0	0	15
Asset Improvement	55	0	(46)	0	9
Backdated rent review	220	0	(50)	0	170
Birchwood Leisure Centre	0	0	26	0	26
Boston Audit Contract	14	0	0	0	14
Business Rates Volatility	1,456	745	0	0	2,201
Christmas Decorations	14	0	0	2	16
City Hall Sinking Fund	60	0	0	0	60
Commons Parking	25	0	0	9	34
Crematorium Income	100	0	(100)	0	0
DRF Unused	203	(133)	87	38	195
Electric Van replacement	11	4	0	0	15
Funding for Strategic Priorities	1,219	(310)	(279)	0	630
Grants & Contributions	1,465	(77)	(303)	(33)	1,052
Income Volatility	0	0	0	0	0
Invest to Save (GF)	427	32	(125)	(10)	324
IT Reserve	0	65	0	0	65
Managed Workspace	0	0	0	0	0
Mayoral car	47	0	0	0	47
Mercury Abatement	414	(42)	0	0	371
MSCP and Bus Station SF	0	0	0	60	60
Organisational Development	85	(76)	(8)	0	0
Private Sector Stock Condition					
Survey	45	(48)	48	0	45
Property Searches	4	0	0	0	4
Revenues & Benefits shared service	163	(30)	(132)	0	0
Section 106 interest	32	0	0	0	32
Strategic Growth Reserve	14	0	0	0	14
Strategic Projects - Revenue Costs	303	0	(168)	0	135
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	108	20	0	(13)	115
WGC Planning	0	0	150	0	150
Yarborough Leisure Centre	2	0	0	0	2
	6,674	156	(954)	34	5,910
HRA Repairs Account	579	0	0	0	579
Capital Fees Equalisation Reserve	182	0	(41)	0	140
HRA Strategic Priority Reserve	240	0	0	(64)	176
Invest to Save (HRA)	140	0	(15)	0	125
Western Growth Corridor	25	0	0	0	25
De Wint Court Reserve	73	0	0	0	73
HRA Survey Works	60	0	(6)	0	54
Stock Retention Strategy	22	0	0	0	22
	1,321	0	(62)	(64)	1,195
Total Earmarked Reserves	7,995	156	(1,016)	(30)	7,105

APPENDIX G

CAPITAL RESOURCES – Q3 MONITORING 2019/20

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2020
	£'000	£'000	£'000	£'000
Capital Grants/Contributions GF	482	2,070	(2,539)	13
Capital receipts GF	1,166	0	(542)	624
Capital receipts HRA	0	862	(233)	629
Capital Grants/Contributions HRA	82	3,010	(968)	2,124
Capital receipts 1-4-1	3,296	0	(1,261)	2,035
Major Repairs Reserve	5,675	6,640	(6,761)	5,554
HRA DRF	0	3,638	(1,823)	1,815
Total Capital Resources	10,701	16,220	(14,127)	12,794

As the contributions for 1:4:1 receipts depend upon levels of RTB sales no budget is set for these receipts. The opening capital receipts 1-4-1 figure has been adjusted following completion of the pooling audit. As shown above the amount of 1:4:1 receipts which require spend on eligible developments creating new social housing units is £1.26m, to avoid repayment to MHCLG. The amount shown above represents 30% of eligible spend (therefore £2.94m of funding is required to support eligible spend). At quarter 3 there was sufficient anticipated eligible spend to avoid repayment of 1:4:1 receipts.

APPENDIX H

General Investment Programme – Summary of Financial Changes

	2019/20	2020/21	2021/22	2022/23	2023/24	Notes
	£'000	£'000	£'000	£'000	£'000	
2019/20 MTFs Budget as at Q2	14,756	8,586	2,839	695	500	
Budget for approval	12,510	15,586	2,847	703	508	
Total changes for Q3	(2,246)	7,000	8	8	8	
Approved by Chief Finance Officer	£	£	£	£	£	
Planned Capitalised Works	5,084	(4,068)				Re-profile to below schemes
High Bridge Cafe Improvements	(5,117)					Re-profiled from planned works
Grandstand fire exit Improvements	4,637					Re-profiled from planned works
Temple Gardens Roman Wall	(1,855)					Re-profiled from planned works
Stamp End Demolition	(5,238)	5,000				Spend re-profiled
YLC Diving Boards	(42,550)	42,550				Spend re-profiled
BLC Roof	(3,978)	3,267				Spend re-profiled
Guildhall	620					Re-profiled from planned works
Boultham Tennis Courts	798					Re-profiled from planned works
Car Park Improvements	379					Re-profiled from planned works
Lucy Tower Lifts		4,068				Re-profiled from planned works
New Telephony System	(32,132)	8,033	8,033	8,033	8,033	Spend re-profiled
Housing Renewal Area	(370,152)	370,152				Spend re-profiled
Compulsory Purchase Orders	(234,954)	234,954				Spend re-profiled
Western Growth Corridor	(1,561,700)	1,561,700				Spend re-profiled
Approved by Executive	£	£	£	£	£	
Crem - remodelling		4,700,000				Approved Exec
Swift Gardens Play Area		74,200				Approved Exec
Stamp End Demolition	134,400					New Scheme
Capital Contingency	(134,400)					New Scheme
Total of changes	(2,246,158)	6,999,856	8,033	8,033	8,033	

APPENDIX I

General Investment Programme – Summary of Expenditure as at 31st December 2019

Scheme	2019/20 MTFS Budget as at Qtr2 Report	Budget to be Approved	Actuals as at Q3	Variance	Spend	
ACTIVE SCHEMES	£	£	£	£	%	
DCE - Communities & Environment						
Skate Park	0	0	0	0	0.00%	Budget in 20/21
Compulsory Purchase Orders	234,954	0	0	0	0.00%	Budget in 20/21
Disabled Facilities Grant	1,218,568	1,218,568	201,720	1,016,848	17%	
Transformation of Birchwood Leisure Centre	30,000	30,000	0	30,000	0.00%	
Artificial Grass Pitches (AGP)	1,856,964	1,856,964	1,648,263	208,701	88.76%	
New Software- Crem	20,000	20,000	8,625	11,375	43.13%	
	3,360,486	3,125,532	1,858,608	1,266,924		
DCE - Community Services						
Flood alleviation scheme - Hartsholme Park	28,130	28,130	13,880	14,250	49.34%	
Boultham Park Masterplan	84,460	84,460	34,760	49,700	41.16%	
Boultham Park Lake	0	0	0	0	0.00%	Budget in 20/21
CCTV Upgrade	0	0	0	0	0.00%	
Allotment Capital Improvement Programme	102,158	102,158	30,206	71,952	29.57%	
Car Park Improvements - ticket machines	120,000	120,379	115,441	4,938	95.90%	
Car Park Improvements - CCTV in MSCPs	100,000	100,000	31,797	68,203	31.80%	
	434,748	435,127	226,084	209,043		
General Fund Housing						
Housing Renewal Area Unallocated	388,877	18,725	0	18,725	0.00%	Re-profiled to 20/21
	388,877	18,725	0	18,725		

Major Developments						
Lincoln Transport HUB	0	0	(110,361)	110,361	0.00%	
Central Markets	300,000	300,000	24,271	275,729	8.09%	
Western Growth Corridor (Phase 1 Devt)	1,601,700	40,000	16,339	23,661	40.85%	
	1,901,700	340,000	(69,751)	409,751		
Chief Executives - Corporate Policy						
New Telephony System	40,165	8,033	0	8,033	0.00%	
New Website	49,200	49,200	45,160	4,040	91.79%	
Infrastructure Upgrade	195,118	195,118	0	195,118	0.00%	
	284,483	252,351	45,160	207,191		
Chief Executives - Chief Finance Officer						
Planned Capitalised Works	19,318	24,402	0	24,402	0.00%	
Allotments Asbestos Sheds	33,795	33,795	0	33,795	0.00%	
City Hall Improvements	13,788	13,788	7,926	5,862	57.48%	
Guildhall Works	17,630	17,630	0	17,630	0.00%	
Stamp End Demolition	5,238	134,400	0	134,400	0.00%	
Fire Stopping Works	0	0	(12,544)	12,544	0.00%	
Grandstand CC Stairs Improvements	2,119	2,119	2,119	0	100.00%	
Greyfriars Roof Improvements	5,000	5,000	0	5,000	0.00%	
City Hall 3rd Floor Fire Works	5,001	5,001	0	5,001	0.00%	
YLC Pipework/Water Quality	0	0	0	0	0.00%	
High Bridge Cafe Improvements	5,117	0	0	0	0.00%	
Guildhall	15,000	15,620	3,424	12,196	21.92%	
Play Area Surfacing Works	22,859	22,859	22,859	0	100.00%	
Long Leys Road Drainage	10,438	10,438	0	10,438	0.00%	
High Bridge Canopy's	0	0	0	0	0.00%	
Broadgate Dist. Board/Emergency Lighting	10,487	10,487	4,824	5,663	46.00%	
Lucy Tower Lifts	4,215	4,215	0	4,215	0.00%	
YLC Diving Boards	42,550	0	0	0	0.00%	Budget in 2021
Hartsholme Country Park Play Area Imps	2,018	2,018	2,018	0	100.00%	

Boultham Tennis Court Fencing Improvements	16,234	17,032	0	17,032	0.00%	
BLC Roof	131,554	127,576	20,521	107,055	16.09%	
City Hall Toilets	10,838	10,838	5,043	5,795	46.53%	
Michaelgate Boundary Wall	5,140	5,140	5,140	0	100.00%	
Central Market Heating	15,441	15,441	15,440	1	99.99%	
YLC Fire Escape Stairs	8,750	8,750	8,750	0	100.00%	
Hartsholme Fire Escape Stairs	3,850	3,850	3,850	0	100.00%	
Temple Gardens Roman Wall	4,000	2,145	2,145	0	100.00%	
Broadgate Carpark asbestos /Dryriser	20,000	20,000	10,521	9,479	52.61%	
Bridge in West Common	8,000	8,000	0	8,000	0.00%	
Michaelgate Structural works	10,000	10,000	0	10,000	0.00%	
YLC Teaching Pool Pipework	17,300	17,300	17,300	0	100.00%	
Hartsholme Park Drainage Improvements	10,000	10,000	0	10,000	0.00%	
Grandstand Fire Exit Improvements	0	4,637	0	4,637	0.00%	
Land and Property Acquisition	96,063	96,063	(165,287)	261,350	-172.06%	
The Terrace	0	0	(2,712)	2,712	0.00%	
The Terrace Heat Mitigation Works	0	0	0	0	0.00%	Moved into 20/21
Deacon Road	6,897,950	6,897,950	6,835,663	62,287	99.10%	
	7,469,693	7,556,494	6,787,000	769,494		
TOTAL BUDGET FOR ACTIVE SCHEMES	13,839,987	11,728,229	8,847,101	2,881,128		
Schemes Currently Under Review						
Capital Contingencies	845,357	710,957	0	710,957	0.00%	
IT Reserve	70,562	70,562	0	70,562	0.00%	
	915,919	781,519	0	781,519		
TOTAL GENERAL INVESTMENT PROGRAMME	14,755,906	12,509,748	8,847,100	3,662,648		

APPENDIX J

Housing Investment Programme – New Build/Acquisitions Programme– Summary of Financial Changes

Project Name	2019/20 MTFS Budget as at Qtr2Report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years	Notes
New Build Programme	675,579	(675,579)	0	194,171	Increased budget for 70% requirement on housing programme
New Build Programme (141 eligible)	70,975	(70,975)	0	297,757	Budget reallocated to approved schemes
New Build Capital Salaries	38,760		38,760		
New Build- De Wint Court	2,568,250	(1,600,000)	968,250	(1,600,000)	Re-profiled in 20/21
New Build - Markham House	683,318	0	683,318	0	New Scheme 70% New Build, 30% 141 New Build
New Build – Searby Road	62,497		62,497		
Western Growth Corridor	691,985	(691,985)	0	(691,985)	Re-profiled in 20/21
Westleigh	10,000		10,000		
Rookery Lane	78,237		78,237		
Property Acquisitions	3,246,306	1,218,593	4,464,899	0	Allocation to property acquisitions
New Build Programme	8,125,907	(1,819,946)	6,305,961	(1,800,057)	
Land Acquisition					
Lillicrap Court	0	19,889	19,889	0	Budget reallocation
Land Acquisition fund	94,689				
Land Acquisition	94,689	19,889	19,889	0	
Total New Build/Acquisitions	8,220,596	(1,800,057)	6,325,850	(1,800,057)	

Housing Investment Programme - Summary of Financial Changes

Project Name	2019/20 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	518,772	(268,772)	250,000	(268,772)	Re-profiled across future years
DH Central Heating Upgrades	1,470,470	0	1,470,470	0	
Thermal Comfort Works	150,000	0	150,000	0	
Kitchen Improvements	658,680	(238,680)	420,000	(238,680)	Re-profiled to 20/21
Rewiring	20,826	0	20,826	0	
Re-roofing	695,501	(45,501)	650,000	(45,501)	Re-profiled to 20/21
Lincoln Standard Windows Replacement	841,120	(221,120)	620,000	(221,120)	Re-profiled across future years
Structural Defects	54,397	(44,397)	10,000	(44,397)	Re-profiled to 20/21
Wall Structure Repairs	0	0	0	0	
Door Replacement	905,682	(235,682)	670,000	(235,682)	Re-profiled to 20/21
Decent Homes Decoration Allowance	0	0	0	0	
Canopy & Porches	0	0	0	0	
New services	56,828	(51,828)	5,000	0	Moved to contingency reserve
Void Capitalised Works	1,308,455	0	1,308,455	0	
Fire compartment works	0	40,000	40,000	0	Moved to contingency reserve
Decent Homes	6,680,731	(1,065,980)	5,614,751	(1,054,152)	

Lincoln Standard					
Over bath showers (10 year programme)	500,000	(300,000)	200,000	0	Moved to contingency reserve
Safety flooring - Supported Housing	25,342	(10,170)	15,172	0	Moved to contingency reserve
Lincoln Standard	525,342	(310,170)	215,172	0	
Health & Safety					
Asbestos Removal	151,407	0	151,407	0	
Asbestos Surveys	145,479	0	145,479	0	
Replacement Door Entry Systems	10,060	0	10,060	0	
Renew stair structure	23,550	(23,550)	0	(23,550)	Re-profiled across future years
Fire Alarms	40,000	0	40,000	0	
Health & Safety	370,496	(23,550)	346,946	(23,550)	
Other					
Environmental new works	250,000	675,000	925,000	(386,093)*	*Re-profiled across future years
Landscaping and Boundaries	464,215	(464,215)	0	0	Re-allocated to Environmental new works
2 Gunby Avenue	56,928	0	56,928	0	
Communal Hardstanding Areas	596,878	(596,878)	0	0	Re-allocated to Environmental new works
Communal Electrics	149,559	0	149,559	0	
Garages	109,796	(109,796)	0	(109,796)	Re-profiled to 20/21
HRA Assets - Shops/Buildings	109,319	0	109,319	0	
Hermit Street Regeneration	18,725	(18,725)	0	0	To contingency reserve - GIP scheme
Communal TV Aerials	2,919	0	2,919	0	
Other	1,758,339	(514,614)	1,243,725	(495,889)	
Contingency Schemes					
Contingency Reserve	2,808,791	(2,038,774)	770,017	0	Re-allocated to available resources
Contingency Schemes	2,808,791	(2,038,774)	770,017	0	

Other Schemes					
Housing Support Services Computer Fund	115,740	0	115,740	0	
Infrastructure Upgrade	83,622	0	83,622	0	
Operation Rose	65,667	30,068	95,735	30,068	Re-profile to 19/20
Other Schemes	265,029	30,068	295,097	30,068	
Total Housing Investment	12,408,728	(3,923,030)	8,846,209	(1,543,523)	

APPENDIX K

Housing Investment Programme – Summary of Expenditure as at 31st December 2019

Project Name	2019/20 MTFS Budget at Qtr2 report	Budget to be Approved	Budget Change	Actuals as at Q3	Variance	Spend
	£	£	£	£	£	%
Decent Homes						
Bathrooms & WC's	518,772	250,000	(268,772)	49,872	(200,128)	19.95%
DH Central Heating Upgrades	1,470,470	1,470,470	0	851,730	(618,740)	57.92%
Thermal Comfort Works	150,000	150,000	0	136,472	(13,528)	90.98%
Kitchen Improvements	658,680	420,000	(238,680)	70,420	(349,580)	16.77%
Rewiring	20,826	20,826	0	2,289	(18,537)	10.99%
Re-roofing	695,501	650,000	(45,501)	504,452	(146,049)	77.55%
Lincoln Standard Windows Replacement	841,120	620,000	(221,120)	503,770	(116,230)	81.25%
Structural Defects	54,397	10,000	(44,397)	1,004	(8,996)	10.04%
Door Replacement	905,682	670,000	(235,682)	463,090	(206,910)	69.12%
New services	56,828	5,000	(51,828)	883	(4,117)	17.66%
Void Capitalised Works	1,308,455	1,308,455	0	962,420	(346,035)	73.55%
Fire compartment works	0	40,000	40,000		(40,000)	0.00%
Prelim Costs & Exceptionals to be allocated			0	86,170	86,170	0.00%
Total Decent Homes	6,680,731	5,614,751	(1,065,980)	3,632,572	(1,982,179)	
Lincoln Standard						
Over bath showers (10 year programme)	500,000	200,000	(300,000)	143,498	(56,502)	71.75%
Safety flooring - Supported Housing	25,342	15,172	(10,170)	15,172	0	100%
Total Lincoln Standard	525,342	215,172	(310,170)	158,670	(56,502)	
Health & Safety						
Asbestos Removal	151,407	151,407	0	74,693	-76,714	49.33%

Asbestos Surveys	145,479	145,479	0	78,076	-67,403	53.67%
Replacement Door Entry Systems	10,060	10,060	0	1,212	-8,848	12.05%
Renew stair structure	23,550	0	(23,550)	0	0	0.00%
Fire Alarms	40,000	40,000	0	0	-40,000	0.00%
Total Health & Safety	370,496	346,946	(23,550)	153,981	(192,965)	
Other						
Environmental new works	250,000	925,000	675,000	565,169	-359,831	61.10%
Landscaping and Boundaries	464,215	0	(464,215)	0	0	0
Gunby Avenue	56,928	56,928	0	53,595	-3,333	94.15%
Communal Hardstanding Areas	596,878	0	(596,878)	0	0	0
Communal Electrics	149,559	149,559	0	75,785	-73,774	50.67%
Garages	109,796	0	(109,796)	0	0	0.00%
HRA Assets - Shops/Buildings	109,319	109,319	0	0	-109,319	0.00%
Hermit Street Regeneration	18,725	0	(18,725)	0	0	0.00%
Communal TV Aerials	2,919	2,919	0	0	-2,919	0.00%
Total Other	1,758,339	1,243,725	(514,614)	694,549	(549,176)	23.66%
Contingency Schemes						
Contingency Reserve	2,808,791	770,017	(2,038,774)	0	(770,017)	0.00%
Total Contingency Schemes	2,808,791	770,017	(2,038,774)	0	(770,017)	
Other Schemes						
Housing Support Services Computer Fund	115,740	115,740	0	512	(115,228)	0.44%
Infrastructure Upgrade	83,622	83,622	0	0	(83,622)	0.00%
Operation Rose	65,667	95,735	30,068	47,475	(48,260)	49.59%
Total Other Schemes	265,029	295,097	30,068	47,987	(247,110)	
Total Housing Investment	12,408,728	8,485,708	(3,923,020)	4,687,756	(3,797,949)	55.25%

New Build Programme						
New Build Programme	675,579	0	(675,579)	0	0	0.00%
New Build Programme (141 eligible)	70,975	0	(70,975)	0	0	0.00%
New Build Partnership - Westleigh	10,000	10,000	0	10,000	0	100.00%
New Build Partnership - Lytton Street	0	0	0	0	0	0.00%
New Build Site - Searby Road	62,497	62,497	0	0	(62,497)	0.00%
New Build Site - Allotment Site	0	0	0	0	0	0.00%
New Build Site - Rookery Lane	78,237	78,237	0	0	(78,237)	0.00%
Blankney Crescent New Build Scheme			0	20	20	0.00%
New Build Site - Queen Elizabeth Road	0	0	0	72,478	72,478	0.00%
New Build Capital Salaries	38,760	38,760	0	0	(38,760)	0.00%
New Build- De Wint Court	2,568,250	968,250	(1,600,000)	163,394	(804,856)	16.88%
New Build - Trelawney Crescent	0	0	0	0	0	0.00%
New Build - Markham House	683,318	683,318	0	48,353	(634,965)	7.08%
Western Growth Corridor	691,985	0	(691,985)	0	0	0.00%
Property Acquisitions	3,246,306	4,464,899	1,218,593	3,023,575	(1,441,324)	67.72%
New Build Programme	8,125,907	6,305,961	(1,819,946)	3,317,820	(2,988,141)	
Land Acquisition						
Land Acquisition Fund	94,689	94,689	0	0	(94,689)	0.00%
Lillicrap Court	0	19,889	19,889	19,889	0	100.00%
Land Acquisition	94,689	114,578	19,889	19,889	(94,689)	
Total Housing Strategy & Investment	8,220,596	6,420,539	(1,800,057)	3,337,709	(3,082,830)	51.98%
GRAND TOTALS	20,629,324	14,906,247	5,723,077	8,025,464	(6,880,779)	53.84%