

SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING

REPORT BY: CHIEF EXECUTIVE & TOWN CLERK

LEAD OFFICER: JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

1.1 To present to the Executive the first quarter's performance (up to 30th June), specifically including the financial impact of the Covid19 pandemic, on the Council's:

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

And to seek approval for changes to both the revenue and 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 This report covers the General Fund Revenue, Housing Revenue Account budgets and Investment Programmes for the current financial year. It sets out the estimated impact on the budget of the COVID19 pandemic and puts forward proposed budget revisions, for approval, in order to maintain a balanced budget for 2020/21. The proposed budget changes are temporary changes for this financial year; the impact on future years budgets and the MTFS will be considered separately as will any subsequent savings programme required to underpin the MTFS.

2.2 COVID19 has taken its toll on the financial resilience of the Council as income streams have plummeted and there has been a requirement to incur costs to ensure services are being provided throughout this difficult period and to respond to consequences of the pandemic. The impacts of this are not simply restricted to the current financial year but will have a significant impact over the period of the current MTFS and possibly beyond. In terms of the current financial year, 2020/21, the key challenges faced are in respect of:

- Exceptional costs of dealing with Covid19 and increased service demand
- Loss of income

The cumulative impact of these challenges has resulted in significant shortfalls on the General Fund and on the Housing Revenue Account prior to the offset of any Government funding.

- 2.3 In response to calls from the sector the Government have allocated a total of £3.7bn of grant funding to support local authorities to cover expenditure related pressures and announced an income compensation scheme to recompense councils for approx. 75p in every £1 of lost sales, fees and charges income. To date the Council has received funding support of £1.254m for COVID19 related pressures and is forecasting to receive c£2.6m through the income compensation scheme. There has however been no additional financial support provided to the Housing Revenue Account.
- 2.4 Despite this financial support package announced by the Government the General Fund and HRA cannot absorb the level of budget shortfalls without some measures to reduce some areas of expenditure. This will allow the Council to be able to continue to deliver its critical services in the recovery phase and to ensure its balances remain at an adequate level to provide resilience for future years.
- 2.5 Based on a significant number of planning variables, and after offsetting the government funding support package and measures taken to address the budget pressures, as at the end of the first quarter (up to 30th June), the forecast financial position of the Council for 2020/21 is:

	2020/21		
	Budget £'000	Forecast @ Q1 £'000	Variance @ Q1 £'000
Revenue Accounts			
General Fund – Contribution to/(from) balances	286	207	79
Housing Revenue Account (HRA) (Surplus)/Deficit in year	75	(107)	(182)
Housing Repairs Service	0	(45)	(45)

Capital Programmes			
General Investment Programme	16,430	16,430	0
Housing Investment Programme	28,505	29,324	819

Reserves & Balances			
General Fund Balances	2,522	2,443	79
HRA Balances	921	1,103	(182)
HRS Balances	127	127	0
General Fund Earmarked Reserves	6,513	5,401	1,112
HRA Earmarked Reserves	1,403	1,270	133

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

3. General Fund Revenue Account

3.1 For 2020/21 the Council's net General Fund revenue budget was set at £12,963,220, including a planned contribution from balances of £286,310 (resulting in an estimated level of general balances at the year-end of £2,522,188, after allowing for the 2019/20 outturn position).

3.2 The General Fund Summary is currently projecting a forecast over spend of £78,802 (Appendix A provides a forecast General Fund Summary). Although this is a relatively minor overspend in comparison to the net budget there are a significant number of forecast year-end variations in income and expenditure against the approved budget, primarily as a result of Covid-19 along with variances arising from measures taken to address the budget pressures and the financial support provided by Government. Full details of the main variances are provided in Appendix B while the table below sets out the key variances:

	Forecast £'000
Increased expenditure arising as a result of Covid19	518
Income losses as a result of Covid19	5,722
Income Compensation Scheme	(2,600)
Government Grants (Covid19, Rough Sleeping, New Burdens, Test & Trace support).	(1,446)
Budget Review savings/Reduced operating costs due to Covid19	(1,408)
Coronavirus Job Retention Scheme	(138)
Review of capital programme	(307)
Covid19 Reserve (set asides for 19/20)	(291)
Anticipated overachievement of TFS target	(50)
Overall Impact of Covid19 and measures to mitigate	0
2020/21 national pay award implications	110
Net other variances	(31)
Overall forecast budget shortfall	79

3.3 The following paragraphs, 3.4 – 3.8 set out further detail on the key financial challenges arising as result of Covid19 that the Council is facing in 2020/21.

3.4 Exceptional costs of dealing with Covid19 and increased service demand

In response to the emergency situation arising in March 2020, the Council has had to adjust its service provision to meet the needs of its users and residents as well as establish new services/responses cells and meet increased costs through contractual arrangements. This has increased costs across of a range of services including:

- **Setting up the Civic Society (including the befriending service) and Business Support Cells** – these support cells saw; the establishment of a

community help phone line to provide signposting support e.g. to community support and referrals to foodbanks; the establishment of a befriending service to prevent feelings of loneliness; and the provision of supporting to businesses impacted by COVID19 by awarding grant funding to all eligible businesses in accordance with the Government schemes.

- **Moving rough sleepers into temporary accommodation** – early on in the pandemic all local authorities were asked to house all rough sleepers in appropriate temporary accommodation. Although an element of these costs are reclaimable through Housing Benefit there is still a cost to the Council of providing the accommodation as well as the provision of furniture, food and cleaning services.
- **Provision of PPE and COVID secure status for Council services and buildings** – during the national lockdown, although the significant majority of Council officers were able to continue to deliver services from their homes there were still a number of service areas where this was not possible, in these such circumstances the Council had to ensure that sufficient measures were in place to protect both the officers as well as service users. In addition as services recover and Council buildings are re-opened the Council must ensure that these meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc.
- **Requirements under existing contracts for services** – in some cases the Council has contractual arrangements in place which allow for a profit share with its partners, these agreements also provide for the sharing of any losses incurred, e.g. the Council is required to share in losses of income of its leisure provider.
- **Increased demand on the Revenues and Benefits Service** – the service has seen a significant increase in the number of both new and change in circumstances claims for Housing Benefits as well as a large increase in the number of new Local Council Tax Support scheme claims.
- **Increased demand on Licensing and Health & Safety Teams** – both service areas have supported the recovery phase including the re-opening of retail, hospitality and leisure services as well as providing support to local test and trace and outbreak planning services.
- **Other costs** – in addition to the key areas of increased costs set out above there have also been a number of other costs incurred in order to keep services running and respond to service pressures e.g. increased fly tipping.

3.5 In total the estimated cost in supporting the response to the emergency situation and recovery phase, as well as meeting rising demand for some services is currently estimated to be £0.518m in the General Fund.

3.6 Income losses

The most significant impact of Covid19 has been on the Council's income streams with monthly income levels plummeting across a range of discretionary services as well as through investments and rental streams, as a result of the shutdown of the economy and its likely phased path to recovery. The Council's reliance on local income streams has increased significantly in recent years as Government funding has reduced through austerity measures and new funding mechanisms have been introduced resulting in the Council having to be more self-sufficient and secure its own funding sources. Prior to the implement of new funding mechanisms in 2013 less than 20% of the Council's funding sources were subject to any level of volatility, for 2020/21 90% is now subject to volatility and emphasises the financial risk that the Council faces from its income streams.

3.7 The most significant of income losses has been:

- **Car Parking** – as a result of the lockdown measures that were imposed in March people were staying at home except for essential journeys, and key workers who have had to use their cars have been given free parking. This has had a profound effect on carpark usage with income down by 97% in April and May resulting in a loss of income against budget of £1,028,870. Although the retail sector re-opened mid-June with the hospitality and leisure sectors following in July and August income levels are still significantly below budgeted levels with estimated losses of a further £979,000 in June - August. Beyond this income levels are not forecasted to return to normal levels during the rest of the financial year, as a result of both ongoing changes in peoples habits and their concerns about 'going out'; and changing business operations e.g. a number of large local employers are advising their workforces to work at home for the foreseeable future. Based on a range of assumptions it is anticipated that income levels could be at 40% less than budgeted levels from September through to March 2021.
- **Development Management, Land Charges & Building Control** – income levels for these service areas have fallen by 64% over the first quarter and are estimated to remain at around 60% of normal levels for the remainder of the year. The recovery of this income source will be dependent on the local economy and how it responds to the current financial climate and whether the housing and development market is able to return to its pre-COVID levels or whether the impending recession will dampen growth.
- **Leisure, Recreation & Tourism** – as a result of lockdown measures the majority of our facilities in this area were closed at the end of March. This covers our recreation grounds, Hartsholme Country Park campsite and activities programme, our community centres and Tourist Information Centres. Whilst some of these services have now re-opened others remain closed for now.
- **Christmas Market** – Following the decision to not hold a Christmas Market in 2020 the Council will suffer income losses of £651,200, however these

losses are offset by a reduction in costs incurred of £603,930, a net loss of £47,270.

- **Commercial Rents** – COVID19 has had a significant impact on many of the businesses in premises owned by the Council. The majority of them were required to close and are only now starting to tentatively re-open. Whilst the Government has provided a package of financial support for businesses, through NNDR reliefs, grants for small business and effected industries, loans and the Coronavirus Job Retention Scheme, it is likely that some businesses will be unable to pay their rent in full this year. The Council has been supporting its tenants who are experiencing financial difficulties and signposting them to the relevant Government support however in some circumstances it has been agreed that rental payments can be deferred and repaid over the course of the financial year. Despite all of this support it is inevitable that some businesses will look to terminate their leases, some may fall into administration and others will look to use options such as Company Voluntary Agreements. Total losses of £0.686m are predicated over the year, a total loss of income of approx. 25% of the overall rental yield.
- **Treasury Management** – following the drop in interest rates on 19th March 2020 to 0.1% the level of investment interest earned by the Council is set to reduce. Although a number of fixed term deposits are currently in place as these expire during the course of the year the level of interest earned on new investments will fall away.
- **Court Cost Charges** – as a result of the closure of the Court service the Council has been unable to progress on Council Tax arrears through the court system and has subsequently not generated fees payable by the tax payer in addition to the arrears.
- **Other Income Areas** – in addition to the key income areas set out above the Council is also experiencing income losses through licensing fees, public conveniences which are either closed or being offered free of charge, bus station departure charges due to a reduction in bus services and the non-issuing for enforcement fines in the City Centre.

3.8 The table below set out the losses incurred during the first quarter of 2020/21 along with estimates, based on a 'most likely scenario' of what the income losses are forecasted to be over the remainder of the year. Although based on a set of planning assumptions the accuracy of these estimates will ultimately be impacted by the length of the phased recovery period and the local and national economies ability to recover. It is expected that some of this lost income will be impaired permanently and will never recover to previous levels. Actual income continues to be closely monitored alongside performance/usage information.

Income Area	2020/21 Budget	Income Loss Q1	Forecast Income Loss Q2-Q4	2020/21 Total Forecast Income Loss
	£'000	£'000	£'000	£'000
Car Parks	5,996	1,443	1,902	3,345
Hartsholme Country Park	75	30	7	37
Leisure Services	85	21	36	58
Community Centres & Rec Grounds	81	21	56	76
Visitor Information Centre	146	36	60	96
Development Management	420	69	183	252
Land Charges	127	19	18	37
Building Control	211	33	38	71
Licensing	126	10	4	14
Hackney Carriages & Private Hire	122	17	10	26
Enforcement Officer	25	6	19	24
Public Conveniences	32	9	11	20
Fairs & Circuses	18	5	14	18
Christmas Market	651	0	651	651
Bus Station	133	27	44	71
Markets	219	9	41	50
Lincoln Properties	1,988	170	417	587
The Terrace	272	15	36	50
Court Cost Income - CT	310	78	109	186
Treasury Investment Income	89	0	53	53
Total Income at risk	11,127	2,015	3,707	5,722

3.9 MHCLG Financial Support

Financial support received from the Government has been provided through a package of measures:

- £3.7bn of un-ringfenced funding to respond to spending pressures – from this allocation of funding the Council has received three allocations totalling £1,254,696.
- An income compensation scheme recognising the unprecedented impact the pandemic has had on councils' income the government is introducing a scheme to compensate them for these losses. The new income loss scheme will involve a 5% deductible rate, whereby councils will pay the first 5% of all lost planned sales, fees and charges income, with the government compensating them for 75p in every pound of net loss (after deducting expenditure saving and other funding e.g. CRJS) thereafter. Although commercial and investment income is specifically excluded from the scheme the Council estimates that c£2.6m of lost income will be compensated for.
- Targeted grants in relation to specific costs pressures and new burdens arising during Covid19, for the Council these include:

- New Burdens: Business Support Grants - £130,000
- Rough Sleepers - £20,250
- Test & Trace - £41,383 (currently allocated in line with expenditure).

The total of this package of financial support is currently estimated to be £4.046m which still leaves the General Fund facing a budget shortfall of £2.194m, prior to the offset of any expenditure savings arising as a result of Covid19.

3.10 **Measures to address budget shortfall**

The General Fund cannot absorb this level of budget shortfall without a range of measures aimed at reducing expenditure in the current financial year. This will allow the Council to be able to continue to deliver its critical services in the recovery phase and to have maintain a sufficient level of balances to provide a cushion for any future threats e.g. local lockdown, national 2nd wave.

- 3.11 As the forecast budget shortfalls are based on a number of planning assumptions the Council may need to take further action if this forecast changes. In order to respond flexibly to this, it is proposed that the regular quarterly financial performance monitoring reports provided to the Executive will provide the opportunity to make propose further budget amendments if the forecast financial position has changed significantly.
- 3.12 The measures proposed below are primarily one-off opportunities aimed at meeting the budget shortfall in 2020/21. Although they are not, at this stage, ongoing reductions in services they will still, in some circumstances, reduce service standards and performance during 2020/21 as recruitment activity is restricted, expenditure budgets are reduced and staff have been placed on furlough, these measures are not all 'easy wins'. The proposed interventions can be summarised in the following paragraphs.
- 3.13 **Budget Review** – A review of all of the Council's revenue budgets has been undertaken to identify one off budget reductions. These relate to primarily supplies and services and premises budgets and have been released either as a consequence of; not being required during the lockdown period, a change in service operation; or where officers have identified budgets that could be withdrawn for a short period of time. In addition, there are a number of vacancies on the current establishment that are proposed to be held vacant during the current financial year. The outcome of this review has identified savings of £1,480,765 for the General Fund. However, as the 2020/21 budget allows for a vacancy factor of £145,390 it would be deemed prudent to offset half of this target, £72,695 against the budget savings given that a number of posts are being held vacant in order to deliver the savings. The net saving to the General Fund is therefore £1,408,070, a summary of the budget reductions is shown in Appendix M. The most significant of the savings is £603,930 in relation to costs which will not be incurred due to the cancellation of the 2020 Christmas Market. It must be recognised though that by taking this amount of resource out of budgets in year there will be some negative impact in service standards and performance.

- 3.14 **Coronavirus Job Retention Scheme** – Whilst initial clarity around local authorities being able to access the CJRS was vague it did become much clearer that the Council was able to furlough under certain circumstances and other local authorities across the country had already done so. This clarity came at a time when the Council was in a more informed position to make decisions on which staff could be furloughed because; the consequences of lockdown on services was a lot clearer; staff had been redeployed as needed, interim service level demand had been established, and the Council knew what we would be unable to reinstate until later on in the summer whilst still having some capacity to respond to any increase in those service demands whilst furloughing. The decision was therefore taken to furlough 132 officers, with their agreement, across a range of services (General Fund and HRA), predominately income generating areas. Even though the CJRS scheme provides for 80% of employees pay, up to a maximum of £2,500 per month, the Council has paid the remaining 20% so that the officers were at no detriment. The estimated value of the claim through the CJRS to the General Fund is £138,000 for June and July, this amount will increase for claims are submitted for August and September.
- 3.15 **Towards Financial Sustainability** – The TFS programme remains the mechanism for delivering the required reductions in the net budget as per the existing MTFS. The 2020/21 budget was predicated on the delivery of a £500,000 savings target. Based on confident projections of what can be delivered during the year savings of £550,000, an overachievement against the target of £50,000, are set to be achieved. The reviews that make up this saving primarily consist of; the removal of vacant posts/hours from the structure; savings achieved through contract renewal and other supplies and services under delegated budget authority. Any reviews that do require Executive approval will be submitted in due course, as per usual. In addition to this forecast overachievement further reviews totalling £69,000 have been identified which would further contribute to the overall budget shortfall if these are deliverable in year. A further update of the progress against the in year target will be provided in the quarter 2 monitoring report.
- 3.16 **Direct Revenue Finance (DRF)** – As a method of funding capital expenditure Councils can transfer revenue funding to capital via direct revenue finance (DRF). As an alternative to DRF the capital schemes that have been funded in this way could instead be funded in other ways including prudential borrowing. In doing this it would release the resource back to revenue in the year that it was incurred. The consequent impact though is an annual MRP charge (to write off the cost of the asset to revenue over its useful life) and interest costs on the borrowing. Effectively this option is taking the cost of capital investment and spreading it over a number of year and releasing the revenue resource upfront in the year of acquisition/construction. Having reviewed the DRF contributions for 2020/21 it has identified £307,070 of schemes that could instead be financed through borrowing. The ongoing revenue impact of MRP and interest charges would on these be minimal and could be funded from existing treasury management budgets.
- 3.17 **COVID19 Earmarked Reserve** – as part of the closedown of the 2019/20 financial year, and conscious of the financial pressures in 2020/21, resources were identified through a review of DRF as per 3.15 as well as reviewing the Council's MRP provision. This identified available resources totalling £353,654 which was approved by the Executive on 27.07.20 to be transferred to an earmarked reserve

to contribute towards Covid19 pressures in 2020/21. Although £353,654 is held within the reserve only £290,535 is required at this point in order to mitigate the forecasted Covid19 financial impacts. The final amount to be drawdown from the reserve will be subject to the final outturn position.

3.18 The total of these measures amounts to £2,193,675 and, along with the financial package of support provided by the Government, will ensure the General Fund maintains a balanced budget for 2020/21 without the need to call upon earmarked reserves and balances. It is proposed that budget revisions are made to reflect these measures and that these resources are held in contingencies, offsetting the budget shortfall in the service areas. This is as opposed to allocating the resource to specific services at this stage, as current forecasts are likely to fluctuate during the financial year. However, there is a need to allocate £127,050 to the leisure services budget in order to meet additional costs above officer delegated approval limits. The required budget revisions are therefore:

- A reduction in service area budgets of £1,408,070
- A new income budget for CRJS of £138,000
- An increase in the TFS target of £50,000
- A reduction in DRF charges of £307,070
- An increase in the leisure services budget of £127,050.

The balance on the Covid19 earmarked reserve will be held and allocated following the final outturn position for the financial year.

3.19 In addition to the proposed budget revisions set out above there are a number of additional contributions from earmarked reserves that are required, subject to outturn, as follows:

Directorate	Reserve	Amount £
DCE	Strategic Priority Reserve - Intervention Team Funding re-profiled from 2019/20	2,500
DCE	Invest to Save Reserve – VIC Start Up Funding re-profiled from 2019/20	7,270
	Total additional reserve contribution required:	9,770

4. Housing Revenue Account

4.1 For 2020/21 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £75,000 use of balances, resulting in an estimated level of general balances at the year-end of £921,071, after allowing for the 2019/20 outturn position.

4.2 The HRA is currently projecting an in-year variance of a £182,615 underspend, which would increase the General Balances to £1,103,686 at the end of 2020/21.

4.3 Although the forecast position is an underspend there are a number of forecast year-end variations in income and expenditure as a result of Covid19 along with variances arising from measures taken to address the budget pressures. Full details of the main variances are provided in Appendix D while the table below sets out the key variances:

	Forecast £'000
Increased expenditure arising as a result of Covid19	129
Income losses as a result of Covid19	566
Budget Review savings/Reduced operating costs due to Covid19	(240)
Coronavirus Job Retention Scheme	(124)
Earmarked reserve to fund new Rent Hardship Fund	(100)
Reduced repairs and maintenance expenditure	(230)
Overall Impact of Covid19 and measures to mitigate	1
2020/21 national pay award implications	46
Increased rental income arising from Buy-Backs	(148)
Net other variances	(81)
Overall forecast budget surplus	(182)

4.4 The following paragraphs, 4.5 – 4.6 set out further detail on the key financial challenges arising as result of Covid19 that the Council is facing in 2020/21.

4.5 **Exceptional costs of dealing with Covid19**

In response to the emergency situation arising in March 2020, the Council has had to adjust its service provision in order to meet the needs of its tenants. This has increased costs as follows:

- **Establishment of Housing Rent Hardship Fund** – in support of the existing Discretionary Housing Payments scheme the Council established an additional hardship fund specifically for Council tenants who were experiencing problems with meeting their housing rent payments.
- **Provision of PPE and COVID secure status for HRA services and buildings** – during the national lockdown, although the significant majority of Council officers were able to continue to deliver services from their homes there were still a number of service areas where this was not possible, in these such circumstances the Council had to ensure that sufficient measures were in place to protect both the officers as well as service users. In addition as services recover and Council buildings are re-opened the Council must ensure that these meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc

The more significant pressure facing the HRA is in relation to its income streams, primarily it's housing rent income, as follows:

- **Housing Rents** – in order to provide assistance to the Council's housing rent payers the Council undertook a number of positive actions by moving the 2-week rent free period usually awarded in December to the beginning of April as well as establishing a specific hardship fund. These positive actions helped in keeping rent arrears at a consistent level. However, as the impact of these measures has already been applied and as the financial impacts in the economy begin to take effect it is estimated that the level of rent arrears will increase from 2.87% at the end of March 20 to around 4.17% c£1.2m. Whilst a provision for bad debts is maintained this increase in arrears will require additional contributions to the provision of approx. £374,000. The Council will though continue to support its housing tenants with the aim of keeping arrears as low as possible.
- **Housing Voids** – during the period of lockdown it was not possible to re-let a number of void properties in the Council's housing stock resulting in a loss of rental income. As the restrictions of lockdown are reducing the Council is still experiencing a higher than average level of voids just to social distance measures in place increasing the amount of time that it takes for newly void properties to be prepared for re-letting.
- **Treasury Management** – following the drop in interest rates on 19th March 2020 to 0.1% the level of investment interest earned by the Council is set to reduce. Although a number of fixed term deposits are currently in place as these expire during the course of the year the level of interest earned on new investments will fall away.
- **Court Cost charges** – as a result of the closure of the Court service the Council has been unable to progress on Housing Rent arrears through the court system and has subsequently not generated fees payable by the rent payer in addition to the arrears.

4.6 As per the General Fund, the HRA cannot absorb this level of budget shortfall without a range of measures aimed at reducing expenditure in the current year. The measures proposed to ensure the HRA maintains a balanced budget for 2020/21 are similar to those in the General Fund and are summarised in the following paragraphs.

- 4.7 **Budget Review** – As part of the review of all of the Council’s revenue budgets to identify one off budget reductions savings for the HRA of £218,890 have been identified, after allowing for an adjustment to the vacancy savings target of £17,770. In addition a further £21,300 of savings were identified in the HRS which will result in a great surplus being repatriated to the HRA. These savings to primarily supplies and services and premises budgets and have been released either as a consequence of; not being required during the lockdown period, a change in service operation; or where officers have identified budgets that could be withdrawn for a short period of time. In addition, there are a number of vacancies on the current establishment that are proposed to be held vacant during the current financial year. The net saving to the HRA is therefore £240,190, a summary of the budget reductions is shown in Appendix M. It must be recognised though that by taking this amount of resource out of budgets in year there will be some negative impact in service standards and performance.
- 4.8 **Coronavirus Job Retention Scheme** – as per the General Fund a number of officers working in the HRA have been placed on furlough. The estimated value of the claim through the CJRS to the HRA is £124,000 for June and July, this amount will increase for claims are submitted for August and September.
- 4.9 **Savings through Repairs and Maintenance** – although a budget review was undertaken to identify one-off savings from supplies & services, staffing and premises budgets, further savings through a reduction in repairs and maintenance work undertaken during the year, and not expected to now be requested has resulted in savings of £229,898. These are primarily arising from external decoration and painting works.
- 4.10 **Earmarked Reserves** – When announcing the Rent Hardship Fund, as set out above, funding for the initiative was agreed from a specific earmarked reserve. The estimated cost of the scheme, capped at £100,000, will therefore be funded from the Housing Strategic Priority Reserve.
- 4.11 The total of these measures amounts to £694,088 and will ensure the HRA maintains a balanced budget for 2020/21 without the need to call upon earmarked reserves and balances. It is proposed that budget revisions are made to reflect these measures and that these resources are held in contingencies, offsetting the budget shortfall in the service areas. This is as opposed to allocating the resource to specific services at this stage, as current forecasts are likely to fluctuate during the financial year. The required budget revisions are therefore:
- A reduction in service area budgets of £218,890
 - A budgeted surplus from HRS of £21,300
 - A new income budget for CRJS of £124,000

The use of the earmarked reserve to resource the Rent Hardship and the underspend on repairs and maintenance will be held and allocated following the final outturn position for the financial year.

5. Housing Repairs Service

- 5.1 For 2020/21 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2 At quarter 1 HRS are forecasting a surplus of £44,853 in 2020/21 (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 2020 are attached in Appendix G. In summary:

	Opening Balance	Contributions	Actuals Q1	Forecast Q2-Q4	Forecast Balance
	01/04/20				31/03/21
	£'000	£'000	£'000	£'000	£'000
General Fund	6,513	(460)	(630)	(22)	5,401
HRA	1,403	(33)	0	(100)	1,271
Capital Resources	19,449	14,941	0	(26,587)	7,803

7. Capital Programme

7.1 General Investment Programme

- 7.2 The original General Investment Programme for 2020/21 in the MTFS 2020-25 amounted to £15.586m. This was increased to £16.430m following quarter 4 approvals and year end re-profiles from 2019/20.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following 19/20 Outturn Report	16,430	3,699	740	508	500
Budget changes for Executive approval at Q1	0	0	0	0	0
Revised Budget	16,430	3,699	740	508	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.

There are no budget changes approved by the Chief Finance Officer during the first quarter.

- 7.4 There are no changes that require Executive approval for the first quarter.
- 7.5 New projects agreed at Capital Programme Group are then subject to Executive approval.

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

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

	MTFS 2020-21 Budget following 19/20 Outturn	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Regeneration	50	50	50	0
Communities & Environment	2,657	2,657	2,657	0
Chief Executive	709	709	709	0
Major Developments	7,577	7,577	7,577	0
Total Active Schemes	10,993	15,693	15,693	0
Schemes on Hold/Contingencies	5,437	5,437	5,437	0
Total Capital Programme	16,430	16,430	16,430	0

7.7 The overall spending on the General Investment Programme for the first quarter is £0.12m, which is 0.73% of the 2020/21 programme and 1.01% of the active programme. This is detailed further at Appendix J.

Although this appears to be a relatively low percentage of expenditure at this stage of the financial year, quarter 1 was constrained by the national lockdown as well as the diversion of internal resources to focus on the Covid19. The majority of schemes have now recommenced either on site or in terms of their development stages, however it is likely that a number of schemes will not be complete by their original targets and the budgets will need re-profiling accordingly.

7.8 Housing Investment Programme

7.9 The original Housing Investment Programme for 20/21 in the MTFS 2019-24 amounted to £25.640m. This was increased to £28.505m following approvals and year end re-profiles as part of the 2019/20 outturn. This has been further adjusted to £29.324 during the first quarter of 2020/21. A summary of the changes are shown below:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following 19/20 Outturn Report	28,505	16,653	14,537	10,567	10,769
Budget changes approved during Q1	(960)	985	0	0	0
New Projects approved during Q1	1,779				
Revised Budget	29,324	17,638	14,537	10,567	10,769

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 first quarter are shown in Appendix K and Ki summarised below:

- Within the new build programme 21 Property Acquisitions have been agreed under delegated authority utilising 1-4-1 receipts and borrowing totalling £3.041m.
- £0.585m to be re-profiled from 21/22 to 20/21 within the new build programme relating to the property acquisitions above.
- Within the new build programme £25,000 in respect of additional costs relating to the development at Markham House
- £1.570m to be re-profiled from Decent Homes 20/21 into contingency 21/22

7.11 There are no changes that require Executive approval for the first quarter

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

There was one new project, approved under delegated authority during the first quarter:

- The purchase of social housing units at Riseholme Road - £1.779m.

7.13 The table below provides a summary of the 2020/21 projected outturn position:

	MTFS 20/21 Budget following 19/20 Outturn	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	8,342	6,802	6,802	(1,540)
Health and Safety	562	562	562	0
Contingent Major Repairs/ Works	500	500	500	0
New Build Programme	16,939	19,328	19,328	2,389
Land Acquisition Fund	95	95	95	0
Other Schemes	1,546	1,516	1,516	(30)
Computer Fund	521	521	521	0
Total Capital Programme	28,505	29,324	29,324	819

7.14 Expenditure against the HIP budget during the first quarter was £1.407m, which is 4.8% of the programme. A further £2.559m has been spent as at the end of July 2020. The expenditure is detailed further at Appendix L.

Although this appears to be a relatively low percentage of expenditure at this stage of the financial year, quarter 1 was constrained by the national lockdown as well as the

diversion of internal resources to focus on the Covid19. The majority of schemes have now recommenced either on site or in terms of their development stages, however it is likely that a number of schemes will not be complete by their original targets and the budgets will need re-profiling accordingly.

8. Strategic Priorities

- 8.1 The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. Vision 2025 identifies the Council's strategic priorities, setting the vision and direction for the council and the city for the next five years. The proposals in this report allow the Council to maintain a balanced budget position in 2020/21 in order that we can continue to deliver services in support of Vision 2025.

9. Resource Implications

- 9.1 The financial implications are contained throughout the report.

Under the Local Government Act 2003 the Chief Finance Officer (S151 Officer) is required to give Council an opinion on the robustness of the budget estimates and the adequacy of reserves. Although there remains some uncertainty around the latest budget estimates based on the information to date on income and expenditure it is evident that without a number of measures being taken the Council would face a significant budget shortfall, even after Government funding.

General Balances, on both the General Fund and HRA, are the only resource not earmarked to a particular future need. The prudent minimum level of balance that should be maintained on the General Fund is between £1.5m-£2m and £1m-£1,5m on the HRA. Based on the latest forecasts of income and expenditure and measures to be applied the level of balances in 2020/21 will be maintained within these ranges.

Although the primary focus of this report has been to set out the financial challenges being faced in the current financial year and the measures proposed to mitigate the budget shortfall, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges have been addressed. Beyond 2020/21 the Council is set to face ongoing reductions in resources and increased service costs from the legacy of impacts of Covid19. The combined potential impact in future is possibly greater than that experienced in 2020/21 and will require ongoing reductions in the net cost base in order to live within a significantly reduced resources envelope.

Further work is now underway to assess the ongoing impacts on the Council's resources and to analyse any further Government announcements on local government finance. A report updating the financial planning assumptions for the Budget 2021/22 and MTFS 2021-2026 will be presented in early Autumn. Work will also continue to develop a TFS Phase 7 programme aimed at delivering a significantly higher savings target which will be required to ensure the longer term sustainability of the MTFS.

9.2 Legal Implications including Procurement Rules

There are no legal implications arising from this report.

9.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

10. Risk Implications

10.1 (i) Options Explored

As an alternative to the measures set out in this report, the Executive could decide to take no action at this point and wait until later in the year to make any required changes to the budget. However, as the S151 Officer who has a responsibility to ensure that the Council maintains a balanced budget, I would have to offer caution with this approach, and the likelihood of an unbalanced budget that will arise.

10.2 (ii) Key Risks Associated with the Preferred Approach

As set out in the report the measures proposed are primarily one-off opportunities and not ongoing reductions in services. However, they will still, in some circumstances limit service standards and performance during 2020/21 as recruitment is restricted, expenditure budgets are reduced and staff have been furloughed. These interventions are not all 'easy wins' and will have implications for the Council both now and in future years.

11. Recommendations

Executive are recommended to:

- 11.1 Note the financial performance for the period 1st April to 30th June 2020, the projected outturns for 2020/21, and the impact of Covid19 on the Council's financial position.
- 11.2 Assess the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and Appendix B), 4.3 (and Appendix D), and 5.2 (and Appendix F).
- 11.3 Approve the proposed budget revisions to the General Fund as summarised in paragraph 3.18 and to the HRA as summarised in paragraph 4.11.
- 11.4 Approve the proposed contributions from earmarked reserves as set out in paragraph 3.19.

11.5 Review the changes to the Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraph 7.10.

Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? Thirteen

List of Background Papers: MTFS 2020-2025

Lead Officer: Jaclyn Gibson, Chief Finance Officer
Telephone (01522) 873258

GENERAL FUND SUMMARY - AS AT 30 JUNE 2020

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.

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Strategic Development	A	1,799	1,751	(48)
Chief Finance Officer (S. 151)	B	(483)	369	852
City Solicitor	C	1,544	1,496	(48)
Housing	D	962	1,000	37
Growth & Regeneration	E	0	0	0
Director of Major Developments	F	436	455	19
Communities and Street Scene	G	3,636	6,989	3,353
Health & Environmental Services	H	380	567	188
Planning	I	932	1,218	286
		9,207	13,846	4,638
Corporate Expenditure	J	1,867	1,680	(186)
TOTAL SERVICE EXPENDITURE		11,074	15,526	4,452
Capital Accounting Adjustment	K	3,352	3,659	307
Specific Grants	L	(771)	(2,769)	(1,998)
Contingencies	M	141	(2,146)	(2,287)
Savings Targets	N	(500)	(550)	(50)
Earmarked Reserves	O	(665)	(1,010)	(345)
Insurance Reserve	P	45	45	0
TOTAL EXPENDITURE		12,677	12,756	79
CONTRIBUTION FROM BALANCES		286	208	(79)
NET REQUIREMENT		12,963	12,963	0
Retained Business Rates Income	Q	5,823	5,823	0
Tariff	R	0	0	0
Section 31 grant	S	0	0	0
Levy	T	0	0	0
Collection Fund surplus/ (deficit)	U	202	202	0
Revenue Support Grant	V	23	23	0
Council Tax	W	6,915	6,915	0
TOTAL RESOURCES		12,963	12,963	0

General Fund Forecast Variances - Quarter 1

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 Expenditure</u>			
B	Buildings Cleaning/City Hall	46,200	Additional costs of enhanced cleaning regimes and other Covid secure buildings measures.
B	Property Management	42,010	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
G	Yarborough/Birchwood Leisure Centres	127,050	Additional COVID expenditure claim due to closure during lockdown.
G	Service Contracts	75,000	Contingency for any future claims arising from contractors in event of 2 nd wave/local lockdown.
G	Health & Safety	41,380	Additional staffing requirements to support testing, tracing, outbreak planning and support to businesses (offset by funding from Government)
D	Rough Sleeping	172,490	Costs incurred in ensuring all rough sleepers are provided accommodation as part of Covid-19 measures (net cost after offset of housing benefit).
M	Staffing Costs	110,000	Estimated additional cost of national 2.75% pay award in excess of budget assumption of 2%.
M	Annual vacancy savings target	72,690	Quarterly vacancy savings target, offset by vacancies within service areas.
<u>Reduced Income</u>			
A	Land Charges	36,795	Anticipated shortfall in income due reduced demand during lockdown.
B	The Terrace	62,850	Reduction in Rental & Fees & Charges income as a result of Covid-19 and lower occupancy levels.
B	Lincoln Properties	587,100	Reduction in rental income as a result of Covid-19, including impact of CVA for Travelodge.
B	Interest Receivable	52,630	Expected reduction in interest received due to lower base rate.
B	Council Tax	186,130	Expected reduction in court cost income due to closure of courts as a result of Covid-19.

Ref		£	Reason for variance
F	Car Parks	3,344,900	Anticipated loss of income following Covid-19 lockdown and ongoing impact of local economic recovery.
F	Bus Station	70,730	Reduction in departure fees due to reduction in the service levels during Covid 19 and recovery period.
F	Hartsholme Country Park	37,080	Reduction of income due to Park and camp site being closed during lockdown.
G	Private Hire & Hackney Carriages	26,460	Anticipated shortfall of taxi income following Covid-19 disruption.
G	Visitor Information Centre	96,000	Loss of income at VIC due to Covid-19 closure and impact on footfall and tourism during recovery (see reduced expenditure below).
G	Markets	49,510	Reduction in stall licence fee income as a result of Covid-19 and lower occupancy levels.
G	Xmas Market	651,200	Loss of income from cancellation of 2020 Xmas Market (see reduced expenditure below).
G	Yarborough/Birchwood Leisure Centres	57,520	Loss of swimming and pitch income due to closure of centres during lockdown and ongoing impact of social distancing.
G	Community Centre & Recreational Grounds	76,390	Loss of income due to ongoing closure of centres and reduction in demand at recreational grounds.
H	Building Control	71,060	Fees and charges losses anticipated following Covid 19 and subsequent impact on local economy and market conditions.
H	Development Control	252,000	Fees and charges losses anticipated following Covid 19 and subsequent impact on local economy and local development.
<u>Reduced Expenditure</u>			
All	Budget Review	(804,140)	A review of all revenue budgets to identify one-off reductions arising either as a result of lockdown and subsequent recovery period or budgets were expenditure can be deferred during current financial year.
N	Towards Financial Sustainability	(50,000)	Anticipated overachievement of current year target of £500k as a result of expected delivery of reviews.

Ref		£	Reason for variance
D	Housing Solutions	(45,590)	Vacancy savings, not identified during budget review (will offset against vacancy savings target)
F	Bus Station	(50,750)	Underspend on repairs and maintenance requirements, potential to contribute to Bus Station Sinking Fund subject to year-end outturn.
G	Xmas Market	(603,930)	Savings arising from non-delivery of 2020 Christmas Market (offsets income losses above, net effect £47,270).
K	Capital Accounting Adjustment – Direct Revenue Financing	(307,060)	Review of capital schemes financed through revenue and identification of schemes to be financed through prudential borrowing with costs spread over the useful asset lives. Additional costs of borrowing can be financed within existing budgets.
<u>Additional Income</u>			
G	Health & Safety	(41,380)	Additional funding to resource staffing requirements to support testing, tracing, outbreak planning and support to businesses.
I	Corporate Services	(138,000)	Anticipated funding through access to Job Retention Scheme, income relates to June and July claims.
M	Contingencies – Income Compensation Scheme	(2,600,000)	Estimate of income losses arising as result of Covid to be compensated for through government scheme. Net income losses, after a 5% deductible and offset for savings arising during period, are compensated for a 75p for each £1 loss.
L	Government Grant	(1,254,700)	Government funding to offset local authority expenditure pressures arising due to Covid-19.
L	Government Grant	(130,000)	New Burdens funding to compensate for work associated with administering the business support grants.
L	Government Grant	(20,250)	Grant received in respect of increased rough sleeping costs as a result of Covid-19 measures (additional expenditure set out above)

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 30 JUNE 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Gross Rental Income	A	(28,666)	(28,540)	126
Charges for Services & Facilities	B	(306)	(299)	6
Contribn towards Expenditure	C	(50)	(37)	13
Repairs & Maintenance	D	8,959	(8,729)	(230)
Supervision & Management:	E	7,187	6,942	(245)
Rents, Rates and Other Premises	F	95	95	0
Increase in Bad Debt Provisions	G	297	672	375
Insurance Claims Contingency	H	106	106	0
Contingencies	I	21	(78)	(99)
Depreciation	J	6,637	6,637	0
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	0	(45)	(45)
Net Cost of Service	M	(5707)	(5,806)	(99)
Loan Charges Interest	N	2,530	2,530	0
Investment/Mortgage Interest	O	(43)	(26)	17
Net Operating Inc/Exp		(3,219)	(3,302)	(82)
Major Repairs Reserve Adjustment	P	3,184	3,184	0
Transfers to/from reserves	Q	111	11	(100)
(Surplus)/Deficit in Year		75	(107)	(182)

Housing Revenue Account Variances - Quarter 1

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	Budget Review	(218,890)	A review of all revenue budgets to identify one-off reductions arising as a result of lockdown and subsequent recovery period or budgets were expenditure can be deferred during the year.
I	Contingencies	(124,000)	Anticipated funding though access to the Job Retention Scheme. Income relates to June and July claims.
D	Repairs & Maintenance	(229,898)	External decoration & painting and asbestos survey savings incurred during lockdown and recovery period.
<u>Increased Expenditure</u>			
O	Investment Interest	16,550	Expected reduction in interest received due to lower base rate.
H	Bad Debt Provision	374,462	Additional year end contribution forecasted due to anticipated increase in level of housing rent arising due to Covid19.
I	Staffing Costs	46,000	Estimated additional cost of national 2.75% pay award in excess of budget assumptions of 2%.
<u>Increased Income</u>			
L	HRS Trading Surplus	(44,853)	Estimated surplus as at Q1 including £21,300 budget review savings identified.
A	Gross Rental Income	(148,000)	Additional affordable and social rental income arising due to an increased number of property buybacks.
<u>Reduced Income</u>			
A	Dwelling Rents	174,960	Increase in void numbers during lockdown and increased length of time voids being re-let due to social distancing requirements resulting in lost rental income.

HOUSING REPAIRS SERVICE SUMMARY - AS AT 30 JUNE 2020

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Employees	3,222	3,097	(125)
Premises	40	40	0
Transport	780	781	1
Materials	1,415	1,415	0
Sub-Contractors	1,916	1,916	0
Supplies & Services	218	295	77
Central Support Charges	474	474	0
Capital Charges	(631)	(631)	0
Total Expenditure	7,435	7,387	(47)
Income	(7,435)	(7,432)	2
(Surplus)/Deficit	0	(45)	(45)

Housing Repairs Service Variances - Quarter 1

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>		
Employee Costs	(£125,067)	Vacancies & savings.
<u>Increased Spending</u>		
Supplies & Services	76,801	Equipment Hire – budget to be reviewed.

EARMARKED RESERVES – Q1 MONITORING 2020/21

	Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1 £'000	Forecast Q2-Q4 £'000	Forecast Balance 31/03/2021 £'000
General Fund					
Grants & Contributions	1,106	(140)	0	(42)	923
Budget Carry Forwards	134	0	(13)	0	121
Air Quality Initiatives	15	6	0	0	21
Asset Improvement	4	0	0	0	4
Backdated Rent Review	170	0	0	0	170
Birchwood Leisure Centre	26	0	0	20	46
Boston Audit Contract	14	0	0	0	14
Business Rates Volatility	1,959	0	0	0	1,959
Christmas Decorations	14	0	0	0	14
City Hall Sinking Fund	60	27	0	0	88
Commons Parking	27	0	0	0	27
Covid-19 Response	354	0	(291)	0	63
Crem Income	0	0	0	0	0
DRF Unused	203	(167)	(8)	0	28
Electric Van replacement	15	4	0	0	19
Funding for Strategic Priorities	926	(276)	(272)	0	379
Income Volatility Reserve	0	0	0	0	0
Invest to Save (GF)	336	7	(10)	0	333
IT Reserve	94	29	0	0	124
Mayoral Car	47	0	0	0	47
Mercury Abatement	371	(54)	0	0	317
MSCP & Bus Station Sinking Fund	60	0	0	0	60
Organisational Development	0	0	0	0	0
Private Sector Stock Condition Survey	45	12	0	0	57
Property Searches	4	0	0	0	4
Revenues & Benefits Share Service	25	0	(25)	0	0
Section 106 Interest	32	0	0	0	32
Strategic Growth Reserve	57	0	0	0	57
Strategic Projects – Revenue Costs	146	(120)	(11)	0	15
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	106	20	0	0	126
Vision 2025	0	191	0	0	191
WGC Planning	150	0	0	0	150
Yarborough Leisure Centre	2	0	0	0	2
	6,513	(460)	(630)	(22)	5,401

Appendix G

	Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1 £'000	Forecast Q2-Q4 £'000	Forecast Balance 31/03/2021 £'000
HRA					
Capital Fees Equalisation	140	(30)	0	0	110
De Wint Court	73	0	0	0	73
Housing Business Plan (New)	0	77	0	0	77
Housing Repairs Service	126	0	0	0	126
HRA Repairs Account	579	(79)	0	0	500
Housing Strategic Priority	176	75	0	(100)	151
HRA Survey Works	54	(54)	0	0	0
Invest to Save (HRA)	133	0	0	0	133
Rent Hardship Fund (New)	0	0	0	0	0
Stock Retention Strategy	22	(22)	0	0	0
Strategic Growth Reserve	101	0	0	0	101
	1,403	(33)	0	(100)	1,271
Total Earmarked Reserves	7,916	(493)	(630)	(122)	6,671

CAPITAL RESOURCES – Q1 MONITORING 2020/21

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2020
	£'000	£'000	£'000	£'000
Capital Grants/Contributions	5,224	2,800	(7,913)	111
Capital receipts General Fund	761	1,500	(468)	1,793
Capital receipts HRA	1,065	820	(1,303)	582
Capital receipts 1-4-1	3,280		(1,470)	1,810
Major Repairs Reserve	5,061	6,637	(10,020)	1,678
HRA DRF	4,058	3,184	(5,413)	1,829
Total Capital Resources	19,449	14,941	(26,587)	7,803

As the contributions for 1:4:1 receipts depend upon levels of RTB sales no budget is set for these receipts. The amount of 1:4:1 receipts which require spend on eligible developments creating new social housing units is £1.3m in 19/20, to avoid repayment to MHCLG. Currently the HIP has firm schemes to facilitate this. The expected amount to be spent in 20/21 shown above represents 30% of eligible spend (therefore £3.43m of funding is required to support eligible planned spend). At quarter 1 there was £899k of 1:4:1 eligible spend 30% of which will be funded by 1-4-1 receipts.

General Investment Programme – Summary of Financial Changes

Project Name	2020/21	2021/22	2022/23	2023/24	2024/25	Notes
	£'000	£'000	£'000	£'000	£'000	
2020/21 MTFS Budget following 19/20 outturn report	16,430	3,699	740	508	500	
Budget for approval	16,430	3,699	740	508	500	
Total changes for Q1	0		0	0	0	

General Investment Programme – Summary of Expenditure as at 30th June 2020

Scheme	2020/21 MTFS Budget following 19/20 outturn report	Revised Budget	Actuals as at Q1	Variance	Spend
	£	£	£	£	%
<u>ACTIVE SCHEMES</u>					
<u>DCE - Communities & Environment</u>					
Disabled Facilities Grant	1,504,472	1,504,472	180,266	(1,324,206)	12%
Transformation of Birchwood LC	30,000	30,000	0	(30,000)	0%
Artificial Grass Pitches (AGP)	188,301	188,301	0	(188,301)	0%
New Software - Crem	11,375	11,375	0	(11,375)	0%
Swift Gardens Play Area	74,200	74,200	0	(74,200)	0%
<u>DCE - Community Services</u>					
Flood alleviation Hartsholme Park	10,000	10,000	0	(10,000)	0%
Boultham Park Masterplan	49,700	49,700	0	(49,700)	0%
Boultham Park Lake	695,026	695,026	47,795	(647,231)	0%
Allotment Capital Improvement Programme	679	679	0	(679)	0%

Appendix J

Scheme	2020/21 MTFS Budget following 19/20 outturn report	Revised Budget	Actuals as at Q1	Variance	Spend
	£	£	£	£	%
Car Park Improvements – ticket machines	87,360	87,360	0	(87,360)	0%
Car Park Improvements - CCTV	6,142	6,142	0	(6,142)	0%
<u>General Fund Housing</u>					
Housing Renewal Area	50,000	50,000	9,985	(40,415)	20%
<u>Major Developments</u>					
Lincoln Transport Hub	0	0	(104,202)	102,202	0%
Central Markets	263,383	263,383	0	(263,383)	0%
Western Growth Corridor	7,313,010	7,313,010	517	(7,312,493)	0%
<u>CX - Corporate Policy</u>					
New Telephony System	16,066	16,066	0	(16,066)	0%
New Website	2,240	2,240	0	(2,240)	0%
Infrastructure Upgrade	3,772	3,772	0	(3,772)	0%
<u>CX - Chief Finance Officer</u>					
Planned Capitalised Works	127,759	127,759	0	(127,759)	0%
Allotments Asbestos Sheds	33,795	33,795	0	(33,795)	0%
City Hall Improvements	931	931	0	(931)	0%
Guildhall Works	17,630	17,630	0	(17,630)	0%
Stamp End Demolition	139,400	139,400	0	(139,400)	0%
Greyfriars Roof Improvements	4,050	4,050	0	(4,050)	0%
City Hall 3 rd Floor Fire Works	5,001	5,001	0	(5,001)	0%

Appendix J

Scheme	2020/21 MTFS Budget following 19/20 outturn report	Revised Budget	Actuals as at Q1	Variance	Spend
	£	£	£	£	%
Guildhall	609	609	0	(609)	0%
Michaelgate Structural Works	2,283	2,283	0	(2,283)	0%
Long Leys Road Drainage	10,438	10,438	0	(10,438)	0%
Lucy Tower Lifts	137,005	137,005	38,702	(98,303)	28%
YLC Diving Boards	42,550	42,550	0	(42,550)	0%
BLC Roof	3,267	3,267	0	(3,267)	0%
The Terrace	0	0	(2,712)	(2,712)	0%
Greetwell hollow	150,000	150,000	0	(150,000)	0%
Deacon Road	12,287	12,287	(49,980)	(62,267)	0%
TOTAL BUDGET FOR ACTIVE SCHEMES	10,992,731	10,992,731	120,371	(10,872,360)	1.10%
<u>Schemes Currently Non Active</u>					
Crematorium - remodelling	4,700,000	4,700,000	0	(4,700,000)	0%
Capital Contingencies	666,910	666,910	0	(666,910)	0%
IT Reserve	70,562	70,562	0	(70,562)	0%
TOTAL BUDGET FOR SCHEMES NON ACTIVE	5,437,472	5,437,472	0	(5,437,472)	
TOTAL GENERAL INVESTMENT PROGRAMME	16,430,203	16,430,203	120,371	(16,101,428)	0.73%

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

Project Name	2020/21 MTFS Budget Following Outturn report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years
Unallocated new build budget	1,330,282	0	1,330,282	
New Build Programme 70% Match funding	1,719,465	(1,719,465)	0	
New Build Programme (141 eligible)	736,914	(736,914)	0	
New Build Capital Salaries	40,560	0	40,560	
New Build- De Wint Court	9,326,313	0	9,326,313	
New Build - Markham House	485,118	25,000	510,118	
New Build – Searby Road	62,497	0	62,497	
Western Growth Corridor	1,259,766	0	1,259,766	
New Build - QER	195,051	0	195,051	
Rookery Lane	446,935	0	446,935	
Property Acquisitions	1,335,588	3,041,345	4,376,933	(584,996)
New Build Acquisition - Riseholme Road	0	1,779,149	1,779,149	
New Build Programme	16,938,489	2,389,115	19,327,604	(584,996)
Land Acquisition				
Land Acquisition fund	94,689	0	94,689	0
Land Acquisition	94,689	0	94,689	0
Total New Build/Acquisitions	17,033,178	2,389,115	19,422,293	(584,996)

Housing Investment Programme – Decent Homes– Summary of Financial Changes

Project Name	2020/21 MTFS Budget Following Outturn report	Budget increase/ (reduction)	Budget to be Approved	Reprofile (to) from future years
	£	£	£	£
<u>Decent Homes</u>				
Bathrooms & WC's	656,011	(200,000)	456,011	200,000
DH Central Heating Upgrades	1,728,972		1,728,972	0
Thermal Comfort Works	100,000		100,000	0
Kitchen Improvements	1,361,147	(700,000)	661,147	700,000
Rewiring	198,791	(170,000)	28,791	170,000
Re-roofing	596,442	(300,000)	296,442	300,000
Lincoln Standard Windows Replacement	677,233		677,233	0
Structural Defects	102,361		102,361	0
Door Replacement	808,378		808,378	0
New services	57,964	(20,000)	37,964	20,000
Void Capitalised Works	1,334,628		1,334,628	0
Fire doors	238,680		238,680	0
Fire compartment works	40,000		40,000	0
Total Decent Homes	7,900,607	(1,390,000)	6,510,607	1,390,000
Lincoln Standard				
Over bath showers (10 year programme)	441,653	(150,000)	291,653	150,000
Total Lincoln Standard	441,653	(150,000)	291,653	150,000
Health & Safety				
Asbestos Removal	183,816	0	183,816	0
Asbestos Surveys	189,885	0	189,885	0

Appendix Ki

Replacement Door Entry Systems	105,890	0	105,890	0
Renew stair structure	42,799	0	42,799	0
Fire Alarms	40,000	0	40,000	0
Total Health & Safety	562,390	0	562,390	0
Other				
Environmental new works	1,192,517	0	1,192,517	0
2 Gunby Avenue	3,333	0	3,333	0
Communal Electrics	81,150	0	81,150	0
Garages	138,778	0	138,778	0
HRA Assets - Shops/Buildings	42,962	0	42,962	0
CCTV	26,685	0	26,685	0
Communal TV Aerials	60,376	(30,000)	30,376	30,000
Total Other	1,545,801	(30,000)	1,515,801	30,000
Contingency Schemes				
Contingency Reserve	500,000	0	500,000	0
Total Contingency Schemes	500,000	0	500,000	0
Other Schemes				
Housing Support Services Computer Fund	231,156	0	231,156	0
Infrastructure Upgrade	251,633	0	251,633	0
Operation Rose	38,611	0	38,611	0
Total Other Schemes	521,400	0	521,400	0
Total Housing Investment	11,471,851	(1,570,000)	9,901,851	1,570,000

Housing Investment Programme – Summary of Expenditure as at 30th June 2020

Project Name	2020/21 Budget following 2019/20 Outturn	Revised Budget	Q1 Budget Change	Actuals as at Q1	Variance	Spend
	£	£	£	£	£	%
Decent Homes						
Bathrooms & WC's	656,011	456,011	(200,000)	81,778	(374,233)	18%
DH Central Heating Upgrades	1,728,972	1,728,972	0	42,066	(1,686,906)	2%
Thermal Comfort Works	100,000	100,000	0		(100,000)	0%
Kitchen Improvements	1,361,147	661,147	(700,000)	96,736	(564,411)	15%
Rewiring	198,791	28,791	(170,000)		(28,791)	0%
Re-roofing	596,442	296,442	(300,000)		(296,442)	0%
Lincoln Standard Windows Replacement	677,233	677,233	0		(677,233)	0%
Structural Defects	102,361	102,361	0		(102,361)	0%
Door Replacement	808,378	808,378	0	23,738	(784,640)	3%
New services	57,964	37,964	(20,000)	5,657	(32,307)	15%
Void Capitalised Works	1,334,628	1,334,628	0		(1,334,628)	0%
Fire Doors	238,680	238,680	0		(238,680)	0%

Appendix L

Fire Compartment Works	40,000	40,000	0		(40,000)	0%
<i>Prelim Costs & Exceptionals to be allocated</i>			0		-	0%
Decent Homes	7,900,607	6,510,607	(1,390,000)	249,975	(6,260,632)	

Lincoln Standard						
Over bath showers (10 year programme)	441,653	291,653	(150,000)	10,086	(281,567)	3%
Lincoln Standard	441,653	291,653	(150,000)	10,086	(281,567)	

Health & Safety						
Asbestos Removal	183,816	183,816	0	37,301	(146,514)	20%
Asbestos Surveys	189,885	189,885	0	4,196	(185,689)	2%
Replacement Door Entry Systems	105,890	105,890	0		(105,890)	0%
Renew stair structure	42,799	42,799	0		(42,799)	0%
Fire Alarms	40,000	40,000	0		(40,000)	0%
Health & Safety	562,390	562,390	0	41,498	(520,892)	

New Build Programme						
Unallocated New Build	3,786,661	1,330,282	(2,456,379)	0	(1,330,282)	0%

Appendix L

New Build Programme	2,489,927	4,294,076	1,804,149	51,893	(4,242,183)	1%
Purchase and repair	1,335,588	4,376,933	3,041,345	895,854	(3,481,079)	20%
De Wint Court	9,326,313	9,326,313	0.00	157,270	(9,169,043)	2%
New Build Programme	16,938,489	19,327,604	2,389,115	1,105,017	(18,222,587)	6%

Land Acquisition						
Land Acquisition Fund	94,689	94,689	-	0	(94,689)	0%
Land Acquisition	94,689	94,689	0	0	(94,689)	0%

Other						
Environmental works	1,192,517	1,192,517	0	0	(1,192,517)	0%
2 Gunby Avenue	3,333	3,333	0	0	(3,333)	0%
Communal Electrics	81,150	81,150	0	0	(81,150)	0%
Garages	138,778	138,778	0	0	(138,778)	0%
HRA Assets - Shops/Buildings	42,962	42,962	0	0	(42,962)	0%
CCTV	26,685	26,685	0	0	(26,685)	0%
Communal TV Aerials	60,376	30,376	(30,000)	0	(30,376)	0%
Other	1,545,801	1,515,801	(30,000)	-	(1,515,801)	-

Contingency Schemes						
Contingency Reserve	500,000	500,000	0	0	(500,000)	0%

Appendix L

Contingency Schemes	500,000	500,000	0	0	(500,000)	
----------------------------	----------------	----------------	----------	----------	------------------	--

<u>Other Schemes</u>						
Housing Support Services Computer Fund	231,156	231156	0	0	(231,156)	0%
Operation ROSE	38,611	38611	0	0	(38,611)	0%
IT Infrastructure Upgrade	251,633	251633	0	0	(251,633)	0%
Other Schemes	521,400	521,400	0	0	(521,400)	

GRAND TOTALS	28,505,029	29,324,144	819,115	1,406,577	(27,917,567)	
---------------------	-------------------	-------------------	----------------	------------------	---------------------	--

BUDGET REVIEW SAVINGS 2020/21**GENERAL FUND**

Cost Centre	Description	2020/21 Budget £	Proposed Reduction £
<u>AD COMMUNITIES & STREET SCENE</u>			
1737	Parking Services Admin	213,680	(2,000)
18**	Car Parks	(2,025,180)	(85,545)
113*	Conveniences	1,300	(7,750)
Total			(95,295)
<u>DCE MANAGEMENT</u>			
1780	DCE Management	321,890	(12,080)
1784	DCE Administration	68,860	(1,400)
Total			(13,480)
<u>AD PLANNING</u>			
1190	Building Regulations	22,970	(5,210)
1777	Planning & Regeneration Manager	80,860	(100)
1781	Development Control	198,580	(2,270)
1782	Heritage	97,040	(11,450)
Total			(19,030)
<u>AD HEALTH & ENVIRONMENTAL</u>			
1353	Tourism	52,900	(20,000)
1352	Christmas Market	(41,870)	(603,930)
1354	Visitor Information Centre	115,130	(60,970)
1778	Culture & Events Team	104,260	(590)
1103	Animal Warden	51,190	(560)
1117	Animal Activities Licensing	(220)	(500)
1702	Anti Social Behaviour	153,750	(34,825)
1715	Licensing	164,940	(1,350)
1727	Enforcement Officer	37,710	(1,410)
1750	PPASB & Licensing Manager	64,020	(150)
1754	Public Protection	71,530	(1,730)
1107	Pollution Control	(4,160)	(3,000)
1215	Housing Renewal	10,200	(10,200)
1230	Clearance Areas & CPO's	100	(100)
1714	Health and Safety	162,150	(8,290)
1764	Food Health & Safety	328,690	(37,870)
1765	Environmental Protection	80,960	(800)
1906	Housing Regeneration	406,130	(57,690)
1126	Crematorium	(1,146,170)	(112,000)
1127	Cemeteries	(128,550)	(7,000)
1326	Recreation Grounds	5,350	(2,150)
1345	Sport Development	14,260	(8,000)
1375	Fairs & Circuses	(17,780)	(220)
1650	Birchwood Leisure Centre	46,270	(3,000)
1740	Sports & Leisure Management	78,140	(5,930)
1769	Recreational Services	115,350	(9,730)

1776	Leisure Services	92,130	(800)
Total			(992,795)

AD MAJOR DEVELOPMENTS

1050	Director of Major Developments	204,890	(3,190)
1060	Major Developments Team	344,210	(11,520)
1030	Industrial Promotion	16,510	(16,510)
Total			(31,220)

AD CITY SOLICITOR

1006	Guildhall	14,860	(3,000)
1356	Twinning	8,240	(4,000)
1560	Civic	88,830	(17,550)
1716	Legal Services	274,740	(9,000)
1542	Municipal Elections	57,880	(7,410)
1546	Representation of the People Act	31,230	(3,500)
1549	Dem Rep & Management	271,000	(5,290)
1712	Democratic Support	204,360	(4,150)
1688	Procurement & Efficiency	60,450	(1,000)
Total			(54,900)

AD CHIEF FINANCIAL OFFICER

1693	Internal Audit	102,850	(2,370)
1570	Policy & Resources Other	156,760	(45,000)
1591	Retirement Benefits	1,177,550	(2,500)
1593	Emergency Planning	27,230	(2,230)
1670	CX Management	293,850	(30,290)
1704	Chief Executive	164,060	(1,900)
1718	CX Business Management	168,410	(16,870)
1674	Benefits	632,930	(10,750)
1678	Revenues Local Taxation	416,680	(32,750)
1003	City Hall	(453,590)	(10,000)
1007	Managed Workspace	(9,070)	(5,000)
1009	The Terrace	(51,850)	(5,000)
1565	Beaumont Manor	90	(90)
1771	Property Management	394,460	(2,080)
5663	Newland Street West Depot	(2,600)	(1,080)
1679	Banking	174,550	(3,890)
1696	Financial Services	498,030	(38,900)
Total			(210,700)

AD STRATEGIC DEVELOPMENT

1695	Business Dev & IT Manager	631,860	(68,180)
1723	CX Corporate Policy	245,950	(15,600)
Total			(83,780)

AD HOUSING INVESTMENT & STRATEGY

1701	Community Leadership & Sustainability	135,830	(15,650)
1772	Housing Strategy and Investment	150,830	(3,350)
Total			(19,000)

AD HOUSING

1260	Control Centre	(720)	(28,410)
1905	Housing Needs	461,970	(2,515)
1930	Housing Solutions Management	70,430	(9,460)
Total			(40,385)

TOTAL BUDGET REDUCTIONS **(1,560,585)**

Less: HRA CSS Recharge	57,940
Less: R&B Shared Service Recharge	21,880
Less: 50% of vacancy savings target	72,695

TOTAL GENERAL FUND SAVING **(1,408,070)**

HOUSING REVENUE ACCOUNT/HOUSING REPAIRS SERVICE

Cost Centre	Description	2020/21 Budget £	Possible Saving £
AD HOUSING			
1902	Housing Admin	299,790	(64,020)
1908	Housing Quality & Performance	91,950	(22,430)
1916	Housing Finance & Policy Team	82,940	(630)
2000	Housing Revenue Account Summary	359,300	(7,040)
2010	General - S & M	143,910	(6,780)
1909	Housing Tenant Participation	113,090	(6,950)
1915	Housing Management North	1,120	(1,530)
1932	Tenancy Services Team	887,960	(10,870)
2006	Housing Revenue Account Rents	85,310	(14,990)
2012	Lincoln Tenants Panel (LTP)	17,200	(9,160)
2035	Supported Housing	337,560	(1,100)
Vari	Sheltered Accommodation	144,800	(4,180)
1931	Voids Support Team	151,570	(1,110)
1900	Director of Housing & Investment	404,930	(1,750)
Total			(152,540)

AD HOUSING INVESTMENT

1931	Voids Support Team	151,570	(640)
5680	Fleet	412,580	(20,000)
9015	Maintenance & Construction	579,550	(300)
1921	Planned Maintenance Team	600,460	(360)
Total			(21,300)

AD HOUSING INVESTMENT & STRATEGY

1909	Housing Tenant Participation	113,090	(7,500)
2012	Lincoln Tenants Panel (LTP)	17,200	(11,180)
1928	DHCS Quality and Development	164,330	(7,500)
Total			(26,180)

TOTAL BUDGET REDUCTIONS **(200,020)**

**Add: HRA CSS Recharge from GF
Savings**

(57,940)

Less: 50% of vacancy savings target

17,770

TOTAL HRA SAVING

(240,190)