

SUBJECT:	FINANCIAL PERFORMANCE – QUARTERLY MONITORING
DIRECTORATE:	CHIEF EXECUTIVE
LEAD OFFICER:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

1.1 To present to the Executive the second quarter's performance (up to 30th September), specifically including the financial impact of the Covid19 pandemic, 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 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 following the application of the budget revisions, approved at Q1, in order to maintain a balanced budget for 2020/21. The applied budget changes are temporary changes for this financial year; the impact on future years budgets and the MTFS are considered in a separate report.

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 £4.6bn of general purpose 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 £1.877m for COVID19 related pressures and is forecasting to receive c£2.980m 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 having to take some measures to reduce some areas of expenditure. This decisive action taken by the Council, approved at Q1, has allowed the Council to be able to continue to deliver its critical services in 2020/21 and to ensure it's 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 second quarter (up to 30th September), the forecast financial position of the Council for 2020/21 is:

	2020/21		
	Budget £'000	Forecast @ Q2 £'000	Variance @ Q2 £'000
Revenue Accounts			
General Fund – Contribution to/(from) balances	286	102	184
Housing Revenue Account (HRA) (Surplus)/Deficit in year	75	(404)	(479)
Housing Repairs Service	0	(169)	(169)

Capital Programmes				
General Investment Programme		16,430	11,104	(5,326)
Housing Investment Programme		28,505	22,286	(7,038)

Reserves & Balances				
General Fund Balances		2,522	2,338	184

HRA Balances	921	1,400	(479)
HRS Balances	127	127	0
General Fund Earmarked Reserves	6,513	6,342	171
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 budget shortfall of £183,968 (appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,338,220 (subject to any final contributions to earmarked reserves). 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	615
Income losses as a result of Covid19	6,341
Income Compensation Scheme	(2,980)
Government Grants (Covid19, Rough Sleeping, New Burdens, Test & Trace support. Re-Opening High Street & Compliance & Enforcement).	(2,276)
Measures approved at Q1 (budget review, furlough, review of capital, increased TFS)	(1,898)
Contribution to earmarked reserves of Tranche 4 of Covid funding	622
Coronavirus Job Retention Scheme (in addition to Q1)	(50)
2020/21 national pay award implications	110
Net other variances	(300)
Overall forecast budget shortfall	184

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 £0.609m 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 £1.038m. 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 losses of a further £1.073m in June - September. A further national lockdown will further exacerbate the losses, and beyond this income levels cannot be forecasted to return to normal levels, 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 further income losses of £1.739m can be expected during the second half of the year, taking total forecasted losses to £3.850m
- **Development Management, Land Charges & Building Control** – income levels for these service areas have fallen by 40% over the first two quarters 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, as well as the length and impact of the second national lockdown.

- **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 re-opened for a period of time, 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 income 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 initially required to close, had then re-opened and begun adapted to a new operating environment and now face prospect of further closures. 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 £0.698m are predicated over the year, a total loss of income of approx. 28% of the 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 and Business Rate arrears through the court system and has subsequently not generated fees payable by the taxpayer 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 quarter one and two 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 (this figures are gross income losses prior to compensation through MHCLG).

Income Area	2020/21 Budget	Income Loss Q2	Forecast Income Loss Q3-Q4	2020/21 Total Forecast Income Loss
	£'000	£'000	£'000	£'000
Car Parks	5,996	2,111	1,739	3,850
Hartsholme Country Park	75	36	13	49
Leisure Services	85	35	35	70
Community Centres & Rec Grounds	81	41	41	81
Visitor Information Centre	146	58	57	115
Development Management	420	86	124	210
Land Charges	127	26	16	42
Building Control	211	38	34	71
Licensing	126	10	1	11
Hackney Carriages & Private Hire	122	19	4	23
Enforcement Officer	25	12	12	24
Public Conveniences	32	10	6	16
Fairs & Circuses	18	9	9	18
Events	651	0	651	651
Bus Station	133	28	26	54
Markets	219	21	26	47
Lincoln Properties	1,988	287	309	596
The Terrace	272	27	28	55
Court Cost Income - CT	310	155	155	310
Treasury Investment Income	89	0	49	49
Total Income at risk	11,127	3,006	3,335	6,341

3.9 MHCLG Financial Support

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

- £4.6bn of un-ringfenced funding to respond to spending pressures – from this allocation of funding the Council has received three allocations totalling £1,876,803.
- 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£2.980m 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 - £82,276
 - Test & Trace (ringfenced) - £41,383 (currently allocated in line with expenditure, total available £100k).
 - Re-Opening High Streets Safely (ringfenced) - £87,816
 - Compliance and Enforcement (ringfenced) - £58,022

The total of this package of financial support is currently estimated to be £5.256m which still leaves the General Fund facing a budget shortfall of £1.7m, prior to the offset of any expenditure savings arising as a result of Covid19.

3.10 Measures to address budget shortfall

As the General Fund could not absorb this level of budget shortfall a range of measures aimed at reducing expenditure in the current financial year were approved at Q1, these included:

- **Budget Review** – A review of all of the Council’s revenue budgets undertaken to identify one off budget reductions.
- **Coronavirus Job Retention Scheme** – a range of staff from primarily income generating areas were placed on furlough.
- **Towards Financial Sustainability** – in the year savings programme target was increased.
- **Direct Revenue Finance (DRF)** – a review of capital financing was undertaken.
- **Covid19 Reserve** – monies allocated as part of the 19/20 closedown process and held in an earmarked reserve.

The total of these measures amounted to £2.194m, although as a result of further government grant allocations the use of the Covid19 reserve is not currently required in 2020/21, resulting in measures totalling £1.898m.

- 3.11 As a result of the decisive action taken by the Council during the initial response to the pandemic, these effect of these measures now currently exceed the forecasted in-year shortfall of Covid income losses/expenditure pressures of £1.7m. In addition, the General Fund is forecasting further overspends in a number of services due to the pro-longed recovery period and further lockdowns. It is therefore proposed that the latest tranche of MHCLG Covid19 un-ringfenced grant support is allocated to the Covid Recovery Reserve to support the financial pressures in future years that will arise from the legacy of Covid. However, as the forecast budget shortfalls are based on a number of planning assumptions which

will no doubt change over the course of the next 6 months dependent on national or local lockdowns and subsequent recovery periods, this proposed allocation to reserves will still be subject to the final outturn position.

3.12 Although the measures taken were primarily one-off opportunities and not ongoing reductions in services they will still, in some circumstances, reduce service standards and performance during 2020/21 as recruitment activity has been restricted, expenditure budgets have been reduced and staff were placed on furlough for period of time.

3.13 Contributions from Earmarked Reserves

Included in the forecast outturn of £0.184m are a number of proposed additional contributions to and from earmarked reserves that are required, as follows:

Directorate	Reserve	Amount £
CX	Invest to Save Reserve – Travelodge Valuation Fees	5,000
CX	Vision 2025 – The Harlequin – Steep Hill & Michaelgate	6,440
DCE	2019/20 Cfwd Reserve – Housing Regeneration Agency funding	15,000
DCE	Invest to Save Reserve – Drill Hall SLA (as per Executive 15.10.20)	68,774
	Total additional reserve contribution required:	95,214

Further details of the General Fund earmarked reserves are set out in paragraph 6 and Appendix G.

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 £479,378 underspend, which would increase the General Balances to £1,400,449 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	117
Income losses as a result of Covid19	446
Earmarked reserve to fund new Rent Hardship Fund	(100)
Reduced repairs and maintenance expenditure	(229)
Measures approved at Q1 (budget review, furlough)	(370)
Coronavirus Job Retention Scheme (in addition to Q1)	(52)
2020/21 national pay award implications	46
Increased rental income arising from Buy-Backs	(181)
HRS Repatriation	(66)
Net other variances	(90)
Overall forecast budget surplus	(479)

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

4.6 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 in a positive position. 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 to around £1.2m-£1.5m by the end of March 2021 (from £0.825m at March 2020). Whilst a provision for bad debts is maintained this increase in arrears will require additional contributions to the provision of approx. £375,000. 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.

4.7 As per the General Fund, the HRA could not absorb this level of budget shortfall without a range of measures aimed at reducing expenditure in the current year. The measures taken to ensure the HRA maintains a balanced budget for 2020/21 were similar to those in the General Fund and are summarised as follows:

- **Budget Review** – A review of all of the Council's revenue budgets undertaken to identify one off budget reductions.
- **Coronavirus Job Retention Scheme** – a range of staff from primarily income generating areas were placed on furlough.
- **Savings through Repairs and Maintenance** – further savings in addition to the budget review.
- **Earmarked Reserves** - When announcing the Rent Hardship Fund, as set out above, funding for the initiative was agreed from a specific earmarked reserve.

4.8 As a result of the decisive action taken by the Council at the start of the pandemic the total of these measures along with other income and expenditure variances in year have resulted in the HRA currently forecasting a budget underspend at the year end. As with the General Fund there are a number of financial assumptions which may change during the course of the next 6 months and could reduce the current forecast position. At this point it is therefore proposed that the use of the earmarked reserve to resource the Rent Hardship is reviewed following

the final outturn position and in addition that the underspend on repairs and maintenance is considered for allocation, subject to the final outturn position.

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 2 HRS are forecasting a surplus of £169,909 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 2021 are attached in Appendix G. In summary:

	Opening Balance	Contribution	Actuals Q1-Q2	Forecast Q3-Q4	Forecast Balance
	01/04/20				31/03/21
	£'000	£'000	£'000	£'000	£'000
General Fund	6,513	(460)	(300)	589	6,342
HRA	1,403	(34)	-	(100)	1,270
Capital Resources	19,490	(8,372)	1,385	(8,372)	11,118

7. Capital Programme

7.1 General Investment Programme

- 7.2 The original General Investment Programme for 2020/21 in the MTF5 2020-25 amounted to £15.586m. This was increased to £16.430m following quarter 4 approvals and year end re-profiles from 2019/20. There were no changes to the programme at quarter 1. At quarter 2 the programme has been reduced by £5.326m to £11.104m, as shown below.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	16,430	3,699	740	508	500
Budget changes Approved by CFO Q2	(6,625)	6,821	0	0	0
Budget Changes for Approval by Exec Q2	1,299	450	420	440	0
Revised Budget	11,104	10,970	1,160	948	500

7.3 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive.

The following budget changes/re-profiles were approved by the Chief Finance Officer during the second quarter:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Flood alleviation scheme - Hartsholme Park	(10)	10	0	0	0
Central Markets	(263)	263	0	0	0
Western Growth Corridor (Phase 1 Development)	(6,313)	6,313	0	0	0
Deacon Road	(12)	0	0	0	0
Capital Contingencies	(27)	0	0	0	0
Compulsory Purchase orders (from 19/20)	0	235	0	0	0
	(6,625)	6,821	0	0	0

7.4 There are no changes that require Executive approval for the second quarter

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

During the second quarter the following were considered and approved by Executive:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Heritage Action Zone (Exec approval 27/07/20)	260	450	420	440	0
Town's Fund (Exec approval 26/10/20)	1,000	0	0	0	0
Brayford Viewing Platform (Delegate approval 6/10/20)	39	0	0	0	0
	1,299	450	420	440	0

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

	2020-21 Budget following Q1 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Investment	50	50	50	0
Communities & Environment	2,657	2,907	2,907	0
Chief Executive	709	736	736	0
Major Developments	7,577	2,000	2,000	0
Total Active Schemes	10,993	5,693	5,693	0
Schemes on Hold/Contingencies	5,437	5,411	5,411	0
Total Capital Programme	16,430	11,104	11,104	0

7.7 The overall spending on the General Investment Programme for the first and second quarter is £0.58m, which is 5.2% of the 2020/21 programme and 10% 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. During quarter 2 the majority of schemes 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 that budgets will have to be re-profiled further.

7.8 Housing Investment Programme

7.9 The original Housing Investment Programme for 2020/21 in the MTF5 2020-25 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 was been further adjusted to £29.324m during the first quarter of 2020/21 and adjusted to £22.286m during quarter 2. 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 Q1 Report	29,324	17,638	14,537	10,567	10,769
Budget changes Approved by CFO Q2	(6,660)	0	0	0	0
Budget Changes to be Approved by Exec Q2	(377)	3,824	350	815	0
Revised Budget	22,286	21,462	14,887	11,382	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 approved by the Chief Finance Officer during the second quarter were:

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
	£'000	£'000	£'000	£'000
New Build Programme 70% Match funding	0	0	0	(273)
New Build Programme (141 eligible)	0	0	0	(117)
New Build- De Wint Court	9,326	(4,344)	4,983	4,344
Western Growth Corridor	1,260	(1,250)	10	1,250
Property Acquisitions	4,377	390	4,767	0
New Build Programme	14,963	(5,203)	9,760	5,203
<u>Decent Homes</u>				
Bathrooms & WC's	456	(190)	266	190
Thermal Comfort Works	100	(70)	30	70
Structural Defects	102	(50)	52	50
Door Replacement	808	(200)	608	200
New services	38	(10)	288	0
Total Decent Homes	1,505	(520)	985	510
<u>Lincoln Standard</u>				
Over bath showers (10 year programme)	292	(92)	200	92
Total Lincoln Standard	292	(91)	200	92
<u>Health & Safety</u>				
Replacement Door Entry Systems	106	(50)	56	50
Renew stair structure	43	(43)	0	43
Total Health & Safety	149	(93)	56	93
<u>Other</u>				
Environmental new works	1,193	(693)	500	693
Garages	139	(50)	89	50
Communal TV Aerials	31	(10)	21	10
Total Other	1,362	(753)	609	753

Total budget movements approved by CFO	18,270	(6,660)	11,609	6,650
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*Indicates budget has been reduced and returned to available resources

7.11 The following changes require Executive approval for the second quarter:

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
	£'000	£'000	£'000	£'000
<u>Decent Homes</u>				
*Kitchen Improvements	661	(200)	461	0
*Re-roofing	296	(100)	196	0
*Lincoln Standard Windows Replacement	677	(77)	600	0
Total budget movements to be approved by Executive	1,635	(377)	1,258	0

*Indicates budget has been reduced and returned to available resources

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

There were no new projects approved by the Executive during the second quarter.

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

	20/21 Budget following Q1 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	6,802	5,813	5,813	0
Health and Safety	562	470	470	0
Contingent Major Repairs/ Works	500	500	500	0
New Build Programme	19,328	14,124	14,124	0
Land Acquisition Fund	95	95	95	0
Other Schemes	1,516	763	763	0
Computer Fund	521	521	521	0
Total Capital Programme	29,324	22,286	22,286	0

- 7.14 Expenditure against the HIP budget during the second quarter was £6.69m, which is 30% of the revised programme. A further £1.051m has been spent as at the end of October 2020. The expenditure is detailed further at Appendix L.

Although this is a lower percentage than would be expected 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, some schemes have been reprofiled into future years however it is likely further schemes will need re-profiling at quarter 3.

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 ear-marked 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 actioned to mitigate the budget shortfalls, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges, as they are currently assessed, 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.

A report updating the financial planning assumptions for the Budget 2021/22 and MTF5 2021-2026 will be presented to the Executive on 23rd November 2020. Work also continues on 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 MTF5.

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 As set out in the report the measures actioned to maintain a balanced budget position in 2020/21 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 has been restricted, expenditure budgets have been reduced and staff were 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 July to 30th September 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 contribution to earmarked reserves as set out in paragraph 3.11.
- 11.4 Approve the proposed contributions from earmarked reserves as set out in paragraph 3.13.

11.5 Review the changes to the General Fund Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraph 7.3 and 7.10 respectively.

11.6 Approve the changes to the Housing Investment Programme as detailed in paragraphs 7.11.

11.7 Consider any specific recommendations to be referred to the Executive when considering this report.

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? Eleven

List of Background Papers: MTFS 2020-2025

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

GENERAL FUND SUMMARY - AS AT 30 SEPTEMBER 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Strategic Development	A	1,653	1,754	101
Chief Finance Officer (S. 151)	B	(698)	373	1,071
City Solicitor	C	1,450	1,399	(51)
Housing	D	902	929	27
Growth & Regeneration	E	0	0	0
Director of Major Developments	F	480	486	6
Communities and Street Scene	G	3,538	7,487	3,949
Health & Environmental Services	H	5	430	425
Planning	I	890	1,137	247
		8,220	13,975	5,755
Corporate Expenditure	J	1,817	1,737	(80)
TOTAL SERVICE EXPENDITURE		10,037	15,702	5,665
Capital Accounting Adjustment	K	3,038	3,045	7
Specific Grants	L	(771)	(2,648)	(1,877)
Contingencies	M	1,313	(2,950)	(4,264)
Savings Targets	N	(193)	(193)	0
Earmarked Reserves	O	(793)	(171)	622
Insurance Reserve	P	45	45	0
TOTAL EXPENDITURE		12,677	12,861	184
CONTRIBUTION TO BALANCES		286	102	(184)
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 2

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	49,860	Additional costs of enhanced cleaning regimes and other Covid secure buildings measures.
B	Property Management	60,910	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
D	Rough Sleeping	97,140	Costs incurred in ensuring all rough sleepers are provided accommodation as part of Covid-19 measures (net cost after offset of housing benefit).
D	Control Centre	32,170	Additional costs due to supplying digital equipment rather than analogue as a result of Covid restrictions.
H	Service Contracts	75,000	Contingency for any future claims arising from contractors in event of 2 nd wave/local lockdown.
H	Health & Safety	41,380	Additional staffing requirements to support testing, tracing, outbreak planning and support to businesses (offset by funding from Government)
H	Health & Safety	58,020	Additional costs incurred relation to compliance and enforcement (Covid marshalls) ((offset by Government grant).
G	City Services	87,820	Additional costs incurred in supporting the re-opening of the High Street and City Centre (offset by Government grant)
I	Corporate Services	35,000	Anticipated share of LGR Consultancy Fees and Investor Membership in Lincoln Business Improvement Group
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	72,680	Vacancy savings target, offset by vacancies within service areas.
	<u>Reduced Income</u>		
A	Land Charges	41,840	Anticipated shortfall in income due reduced demand during lockdown.

Ref		£	Reason for variance
B	The Terrace	54,830	Reduction in Rental & Fees & Charges income as a result of Covid-19 and lower occupancy levels (offset by reduced expenditure below).
B	Lincoln Properties	596,345	Reduction in rental income as a result of Covid, including impact of CVA for Travelodge.
B	Council Tax	310,200	Expected reduction in court cost income due to closure of courts as a result of Covid.
B	Treasury Investment Income	48,630	Expected reduction in interest received due to lower base rate.
F	Car Parks	3,849,920	Anticipated loss of income following Covid lockdown and ongoing impact of local economic recovery.
F	Bus Station	54,320	Reduction in departure fees due to reduction in the service levels during Covid and recovery period (offset by reduced expenditure below).
F	Hartsholme Country Park	49,160	Reduction of income due to park and camp site being closed during lockdown periods.
G	Enforcement Officer	24,420	Anticipated shortfall of income following Covid disruption.
G	Visitor Information Centre	114,500	Loss of income at VIC due to Covid closure and impact on footfall and tourism during recovery (see reduced expenditure below).
G	Markets	47,320	Reduction in stall licence fee income as a result of Covid 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	70,030	Loss of swimming and pitch income due to closure of centres during to lockdown and ongoing impact of social distancing.
G	Community Centre & Recreational Grounds	81,030	Loss of income due to ongoing closure of centres and reduction in demand at recreational grounds (see reduced expenditure below).
H	Building Control	71,060	Fees and charges losses anticipated following Covid and subsequent impact on local economy and market conditions.
H	Development Control	210,000	Fees and charges losses anticipated following Covid and subsequent impact on local economy and local development.

Reduced Expenditure

Ref		£	Reason for variance
L	Contingencies – Budget measures taken Q1	(1,168,170)	A combination of all the budgets measures approved at Q1 to offset the income and expenditure pressures as a result of the national lockdown and subsequent recovery period.
B	The Terrace	(44,040)	Underspend on Direct Business Rates and Utilities as a result of lower occupancy levels due to the ongoing impact of covid restrictions (offsets income losses above, net effect £10,790).
C	Civic	(25,110)	Underspend due to a reduction in Civic activities as a result of ongoing Covid restrictions.
C	Municipal Elections	(30,000)	Underspend due to the postponement of the Elections until May 2021 as a result of Covid restrictions.
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	(601,730)	Savings arising from non-delivery of 2020 Christmas Market (offsets income losses above, net effect £49,470).
G	Community Centre & Recreational Grounds	(26,990)	Underspend on utilities & cleaning costs due to ongoing closure of centres and reduction in demand at recreational grounds (offsets income losses above, net effect £52,250).
G	Visitor Information Centre	(23,420)	Reduced costs at VIC due to Covid closure and impact on footfall and tourism during recovery (offsets income losses above, net effect £82,580).
H	Development Control	(28,470)	Vacancy savings, not identified during budget review (will offset against vacancy savings target)
<u>Additional Income</u>			
H	Health & Safety	(58,020)	Ring fenced Government grant for Local Authority Compliance and Enforcement.
G	City Services	(87,820)	Ring fenced Government grant for Reopening High Streets Safely Fund.
G	Health & Safety	(41,380)	Additional funding to resource staffing requirements to support testing, tracing, outbreak planning and support to businesses.

Ref		£	Reason for variance
I	Corporate Services	(130,000)	New Burdens funding to compensate for work associated with administering the business support grants.
L	Contingencies – Income	(38,630)	No asset sales anticipated in year with income losses.
L	Contingencies – Job Retention Scheme	(50,440)	Anticipated funding through access to Job Retention Scheme, income relates to August and September claims (previous months included in Q1 measures).
L	Contingencies – Income Compensation Scheme	(2,980,000)	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	(1,876,800) 622,107	Government funding to offset local authority expenditure pressures arising due to Covid-19. (Tranche 4 £622,107 to be contributed to earmarked reserves).
L	Government Grant	(82,276)	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 SEPTEMBER 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Gross Rental Income	A	(28,666)	(28,699)	(32)
Charges for Services & Facilities	B	(306)	(298)	7
Contribn towards Expenditure	C	(50)	(40)	10
Repairs & Maintenance	D	8,959	8,731	(229)
Supervision & Management:	E	6,860	6,899	38
Rents, Rates and Other Premises	F	95	94	(1)
Increase in Bad Debt Provisions	G	297	672	375
Insurance Claims Contingency	H	106	106	0
Contingencies	I	452	(56)	(504)
Depreciation	J	6,637	6,637	0
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	(104)	(170)	(66)
Net Cost of Service	M	(5,707)	(6,109)	(402)
Loan Charges Interest	N	2,530	2,530	0
Investment/Mortgage Interest	O	(43)	(20)	23
Net Operating Inc/Exp		(3,219)	(3,599)	(379)
Major Repairs Reserve Adjustment	P	3,184	3,184	0
Transfers to/from reserves	Q	111	11	(100)
(Surplus)/Deficit in Year		75	(404)	(479)

Housing Revenue Account Variances - Quarter 2

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>		
I	Contingencies – Budget Measures taken Q1	(369,835)	A combination of all the budgets measures approved at Q1 to offset the income and expenditure pressures as a result of the national lockdown and subsequent recovery period.
I	Towards Financial Sustainability Programme	(43,050)	Savings attributable to the HRA and HRS arising from savings reviews undertaken in the General Fund as part of the TFS programme.
I	Contingencies – Job Retention Scheme	(52,490)	Anticipated funding through access to Job Retention Scheme, income relates to August and September claims (previous months included in Q1 measures).
D	Repairs & Maintenance	(228,610)	External decoration & painting and asbestos survey savings incurred during lockdown and recovery period.
	<u>Increased Expenditure</u>		
O	Investment Interest	22,550	Expected reduction in interest received due to lower base rate.
H	Bad Debt Provision	374,460	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	(66,000)	Estimated surplus as at Q2 from trading activities, see HRS variances for further detail.
A	Gross Rental Income	(202,000)	Additional affordable and social rental income arising due to an increased number of property buybacks.
	<u>Reduced Income</u>		

Ref		£	Reason for variance
A	Dwelling Rents	49,000	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 SEPTEMBER 2020

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Employees	3,222	3,055	(167)
Premises	40	40	0
Transport	760	782	22
Materials	1,415	1,415	0
Sub-Contractors	1,916	1,916	0
Supplies & Services	218	298	80
Central Support Charges	(137)	(241)	(104)
Capital Charges	0	0	0
Total Expenditure	7,434	7,265	(169)
Income	(7,434)	(7,434)	0
(Surplus)/Deficit	0	(169)	(169)

Housing Repairs Service Variances - Quarter 2

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>		
Towards Financial Sustainability Programme	(3,390)	Savings attributable to the HRS arising from savings reviews undertaken in the General Fund as part of the TFS programme.
Contingencies	(52,740)	Funding though access to the Job Retention Scheme for the period June – September.
Budget Review	(47,720)	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. This includes any attributable savings arising in General Fund and HRA support services.
Employee Costs	(167,120)	Operative/labourer vacancies
<u>Increased Spending</u>		
Supplies & Services	79,195	Additional equipment hire costs.
Transport	21,865	Hire of additional truck and increased repairs.

EARMARKED RESERVES – Q2 MONITORING 2020/21

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q2 £'000	Forecast Q3-Q4 £'000	Forecast Balance 31/03/2021 £'000
General Fund					
Grants & Contributions	987	(140)	0	(80)	766
Budget Carry Forwards	90	0	(15)	(24)	52
Active Nation Bond	0	0	0	83	83
Air Quality Initiatives	5	6	0	0	11
Asset Improvement	4	0	0	0	4
Backdated Rent Review	0	0	0	0	0
Birchwood Leisure Centre	26	0	0	20	46
Boston Audit Contract	0	0	0	0	0
Business Rates Volatility	1,959	27	0	0	1,987
Christmas Decorations	14	0	0	0	14
City Hall Sinking Fund	60	0	0	0	60
Commons Parking	27	0	0	0	27
Corporate Training	45	0	0	0	45
Covid-19 Recovery	425	0	0	0	425
Covid-19 Response	354	0	0	622	1,047
Crem Income	0	0	0	0	0
DRF Unused	199	(167)	113	0	145
Electric Van replacement	15	4	0	0	19
Funding for Strategic Priorities	721	(276)	(272)	0	174
Income Volatility Reserve	0	0	0	0	0
Invest to Save (GF)	336	7	(83)	0	260
IT Reserve	94	29	0	0	124
Mayoral Car	27	0	0	0	27
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	15	12	0	0	27
Property Searches	0	0	0	0	0
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	131	(120)	(11)	0	0
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	106	20	0	(33)	93
Vision 2025	220	191	(6)	0	404
WGC Planning	100	0	0	0	100
Yarborough Leisure Centre	0	0	0	0	0
	6,513	(460)	(300)	589	6,342

Appendix G

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q2 £'000	Forecast Q3-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	(100)	0	151
HRA Survey Works	54	(54)	0	0	0
Invest to Save (HRA)	133	0	0	0	133
Rent Hardship Fund (New)	0	0	100	(100)	0
Stock Retention Strategy	22	(22)	0	0	0
Strategic Growth Reserve	101	0	0	0	101
	1,403	(33)	0	(100)	1,270
Total Earmarked Reserves	7,916	(493)	(300)	489	7,612

CAPITAL RESOURCES – Q2 MONITORING 2020/21

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2020
	£'000	£'000	£'000	£'000
Capital Grants/Contributions	5,225	3,081	(8,164)	142
Capital receipts General Fund	801	0	(273)	528
Capital receipts HRA	1,065	400	(1,303)	162
Capital receipts 1-4-1	3,280		(1,757)	1,523
Major Repairs Reserve	5,061	6,750	(7,568)	4,243
HRA DRF	4,058	3,184	(2,722)	4,520
Total Capital Resources	19,490	13,415	(21,787)	11,118

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 2 there was £2,594k of 1:4:1 eligible spend 30% of which will be funded by 1-4-1 receipts. The Covid 19 pandemic has impacted on the RTB sales during 20/21 resulting in lower than projected capital receipts being forecast for the year.

General Investment Programme – Summary of Financial Changes

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	16,430	3,699	740	508	500
Budget changes for Executive approval at Q2	-5,326	7,271	420	440	0
Revised Budget	11,104	10,970	1,160	948	500
Approved by Chief Finance Officer					
Flood alleviation scheme - Hartsholme Park	-10	10	0	0	0
Central Markets	-263	263	0	0	0
Western Growth Corridor (Phase 1 Development)	-6,313	6,313	0	0	0
Deacon Road	-12	0	0	0	0
Capital Contingencies	-27	0	0	0	0
Compulsory Purchase orders	0	235	0	0	0
	-6,625	6,821	0	0	0
Approved by Executive					
Heritage Action Zone	260	450	420	440	0
Town's Fund	1,000	0	0	0	0
Brayford Viewing Platform	39	0	0	0	0
	1,299	450	420	440	0
Total Changes	-5,326	7,271	420	440	0

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

Scheme	Revised Budget following Q1 report	Budget to be approved	Actuals as at Q2	Variance	Spend	
	£	£	£	£	%	
ACTIVE SCHEMES						
DCE - Communities & Environment						
Disabled Facilities Grant	1,504,472	1,504,472	281,312	-1,223,160	19%	
Transformation of Birchwood Leisure Centre	30,000	30,000	0	-30,000	0%	
Artificial Grass Pitches (AGP)	188,301	188,301	95,405	-92,896	51%	
New Software- Crematorium	11,375	11,375	0	-11,375	0%	
Swift Gardens Play Area	74,200	74,200	74,200	0	100%	
	1,808,348	1,808,348	450,917	-1,357,431		
DCE - Community Services						
Flood alleviation scheme - Hartsholme Park	10,000	0	0	0	0%	Re-profiled to 21/22
Boultham Park Masterplan	49,700	49,700	0	-49,700	0%	
Boultham Park Lake	695,026	695,026	60,371	-634,655	5%	
Allotment Capital Improvement Programme	679	679	0	-679	0%	
Car Park Improvements - ticket machines	87,360	87,360	0	-87,360	0%	
Car Park Improvements - CCTV in MSCPs	6,142	6,142	0	-6,142	0%	
	848,907	838,907	60,371	-778,536		
DCE - Planning						
Heritage Action Zone	0	260,000	0	-260,000	0%	
	0	260,000	0	-260,000	0	
DCE Total	2,657,255	2,907,255	511,288	-2,395,967	0	

Appendix J

General Fund Housing						
Housing Renewal Area Unallocated	50,000	50,000	9,985	-40,015	20%	
	50,000	50,000	9,985	-40,015		
Major Developments						
Lincoln Transport HUB	0	0	-104,202	-104,202	0%	Retention Payment
Central Markets	263,383	0		0	0%	Re-profiled into 21/22
Western Growth Corridor (Phase 1 Devt)	7,313,010	1,000,000	517	-999,483	0%	Re-profiled into 21/22
Towns Fund	0	1,000,000	48,217	-951,783	5%	New grant funding
	7,576,393	2,000,000	-55,468	-2,055,468		
Chief Executives - Corporate Policy						
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%	
	22,078	22,078	0	-22,078		
Chief Executives - Chief Finance Officer						
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 3rd Floor Fire Works	5,001	5,001	0	-5,001	0%	
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	116,106	-20,899	85%	
YLC Diving Boards	42,550	42,550	0	-42,550	0%	
BLC Roof	3,267	3,267	0	-3,267	0%	

Appendix J

The Terrace	0	0	-2,712	-2,712	0%	Retention Payment
Greetwell Hollow	150,000	150,000	0	-150,000	0%	
Deacon Road	12,287	20	20	0	0%	Retention Payment
Brayford Viewing Platform	0	38,900	0	-38,900	0%	
	687,005	713,638	113,414	-600,224		
TOTAL BUDGET FOR ACTIVE SCHEMES	10,992,731	5,692,971	579,219	-5,113,752		
Schemes Currently Under Review						
Capital Contingencies	666,910	640,277	0	-640,277	0%	
IT Reserve	70,562	70,562	0	-70,562	0%	
Crematorium - remodelling	4,700,000	4,700,000	0	-4,700,000	0%	
	5,437,472	5,410,839	0	-5,410,839		
TOTAL GENERAL INVESTMENT PROGRAMME	16,430,203	11,103,810	579,219	-10,524,591		

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

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Unallocated new build budget	1,330,282	0	1,330,282	0
New Build Programme 70% Match funding	0	0	0	-273,210
New Build Programme (141 eligible)	0	0	0	-117,090
New Build Capital Salaries	40,560	0	40,560	0
New Build- De Wint Court	9,326,313	-4,343,759	4,982,554	4,343,759
New Build - Markham House	510,118	0	510,118	0
New Build – Searby Road	62,497	0	62,497	0
Western Growth Corridor	1,259,766	-1,250,000	9,766	1,250,000
New Build - QER	195,051	0	195,051	0
Rookery Lane	446,935	0	446,935	0
Property Acquisitions	4,376,933	390,300	4,767,233	0
New Build Acquisition - Riseholme Road	1,779,149	0	1,779,149	0
New Build Programme	19,327,604	-5,203,459	14,124,145	5,203,459
Land Acquisition				
Land Acquisition fund	94,689	0	94,689	0
Land Acquisition	94,689	0	94,689	0
Total New Build/Acquisitions	19,422,293	-5,203,459	14,218,834	5,203,459

Housing Investment Programme – Decent Homes– Summary of Financial Changes

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from)future years
	£	£	£	£
<u>Decent Homes</u>				
Bathrooms & WC's	456,011	-190,000	266,011	190,000
DH Central Heating Upgrades	1,728,972	0	1,728,972	0
Thermal Comfort Works	100,000	-70,000	30,000	70,000
*Kitchen Improvements	661,147	-200,000	461,147	0
Rewiring	28,791	0	28,791	0
*Re-roofing	296,442	-100,000	196,442	0
*Lincoln Standard Windows Replacement	677,233	-77,233	600,000	0
Structural Defects	102,361	-50,000	52,361	50,000
Door Replacement	808,378	-200,000	608,378	200,000
*New services	37,964	-10,000	27,964	0
Void Capitalised Works	1,334,628	0	1,334,628	0
Fire doors	238,680	0	238,680	0
Fire compartment works	40,000	0	40,000	0
Total Decent Homes	6,510,607	-897,233	5,613,374	510,000
<u>Lincoln Standard</u>				
Over bath showers (10 year programme)	291,653	-91653	200,000	91,653
Total Lincoln Standard	291,653	-91,653	200,000	91,653
<u>Health & Safety</u>				
Asbestos Removal	183,816	0	183,816	0
Asbestos Surveys	189,885	0	189,885	0
Replacement Door Entry Systems	105,890	-50,000	55,890	50,000

Renew stair structure	42,799	-42,799	0	42,799
Fire Alarms	40,000	0	40,000	0
Total Health & Safety	562,390	-92,799	469,591	92,799
Other				
Environmental new works	1,192,517	-692,517	500,000	692,517
Gunby Avenue	3,333	0	3,333	0
Communal Electrics	81,150	0	81,150	0
Garages	138,778	-50,000	88,778	50,000
HRA Assets - Shops/Buildings	42,962	0	42,962	0
CCTV	26,685	0	26,685	0
Communal TV Aerials	30,376	-10,000	20,376	10,000
Total Other	1,515,801	-752,517	763,284	752,517
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	9,901,851	-1,834,202	8,067,649	1,446,969

*Budgets returned to available resources

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

Project Name	2020/21 Budget following Q1 report	Revised Budget	Q2 Budget Change	Actuals as at Q2	Variance	Spend
	£	£	£	£	£	%
Decent Homes						
Bathrooms & WC's	456,011	266,011	-190,000	80,785	-185,226	30.37%
DH Central Heating Upgrades	1,728,972	1,728,972	0	493,068	-1,235,904	28.52%
Thermal Comfort Works	100,000	30,000	-70,000	1,330	-28,670	4.43%
Kitchen Improvements	661,147	461,147	-200,000	121,086	-340,061	26.26%
Rewiring	28,791	28,791	0	2,008	-26,783	6.97%
Re-roofing	296,442	196,442	-100,000	0	-196,442	0.00%
Lincoln Standard Windows Replacement	677,233	600,000	-77,233	0	-600,000	0.00%
Structural Defects	102,361	52,361	-50,000	0	-52,361	0.00%
Door Replacement	808,378	608,378	-200,000	23,738	-584,640	3.90%
New services	37,964	27,964	-10,000	5,657	-22,307	20.23%
Void Capitalised Works	1,334,628	1,334,628	0		-1,334,628	0.00%
Fire Doors	238,680	238,680	0		-238,680	0.00%
Fire Compartment Works	40,000	40,000	0		-40,000	0.00%
<i>Prelim Costs to be allocated</i>			0	30,669	30,669	
Decent Homes	6,510,607	5,613,374	-897,233	758,341	-4,855,033	
Lincoln Standard						
Over bath showers (10 year programme)	291,653	200,000	-91,653	8,929	-191,071	4.46%
Lincoln Standard	291,653	200,000	-91,653	8,929	-191,071	
Health & Safety						

Asbestos Removal	183,816	183,816	0	56,245	-127,571	30.60%
Asbestos Surveys	189,885	189,885	0	26,771	-163,115	14.10%
Replacement Door Entry Systems	105,890	55,890	-50,000	0	-55,890	0.00%
Renew stair structure	42,799	0	-42,799	0	0	0.00%
Fire Alarms	40,000	40,000	0	0	-40,000	0.00%
Health & Safety	562,390	469,591	-92,799	83,015	-386,576	
New Build Programme						
Unallocated New Build	1,330,282	1,330,282	0	0	-1,330,282	0.00%
New Build Programme	4,294,076	3,044,076	-1,250,000	2,186,962	-857,114	71.84%
Purchase and repair	4,376,933	4,767,233	390,300	2,455,438	-2,311,795	51.51%
De Wint Court	9,326,313	4,982,554	-4,343,759	1,197,689	-3,784,865	24.04%
New Build Programme	19,327,604	14,124,145	-5,203,459	5,840,089	-8,284,056	
Land Acquisition						
Land Acquisition Fund	94,689	94,689	0	0	-94,689	0%
Land Acquisition	94,689	94,689	0	0	-94,689	0
Other						
Environmental works	1,192,517	500,000	-692,517	0	-500,000	0%
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	88,778	-50,000	0	-88,778	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	30,376	20,376	-10,000	0	-20,376	0%
Other	1,515,801	763,284	-752,517	0	-763,284	
Contingency Schemes						

Contingency Reserve	500,000	500,000	0	0	-500,000	0%
Contingency Schemes	500,000	500,000	0	0	-500,000	-
<u>Other Schemes</u>						
Housing Support Services Computer Fund	231,156	231,156	0	0	-231,156	0%
Operation ROSE	38,611	38,611	0	0	-38,611	0%
IT Infrastructure Upgrade	251,633	251,633	0	0	-251,633	0%
Other Schemes	521,400	521,400	0	0	-521,400	
GRAND TOTALS	29,324,144	22,286,483	-7,037,661	6,690,374	-15,596,109	