

SUBJECT:	FINANCIAL PERFORMANCE – QUARTERLY MONITORING
DIRECTORATE:	CHIEF EXECUTIVE & TOWN CLERK
REPORT BY:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

1.1 To present to Executive the third quarter's performance (up to 31st December), 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. Whilst quarterly performance reporting for the third quarter has been paused in light of the Covid19 pandemic response, due to the challenging financial circumstances the Council currently faces it has been necessary to continue work on reporting the latest financial position.

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 and Q2, in order to maintain a balanced budget for 2020/21. Many of the applied budget changes are temporary changes for this financial year; with the impact on future years budgets and the MTFs 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 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£3.048m 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. These measures, approved at Q1, will allow the Council to be able to continue to deliver its critical services 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 second quarter (up to 31st December), the forecast financial position of the Council for 2020/21 is:

	2020/21		
	Budget £'000	Forecast @ Q3 £'000	Variance @ Q3 £'000
Revenue Accounts			
General Fund – Contribution to/(from) balances	286	409	(123)
Housing Revenue Account (HRA) (Surplus)/Deficit in year	75	(697)	(772)
Housing Repairs Service	0	(205)	(205)

Capital Programmes			
General Investment Programme	16,430	5,117	(11,313)
Housing Investment Programme	28,505	19,690	(8,815)
Reserves & Balances			
General Fund Balances	2,522	2,645	(123)

HRA Balances	921	1,693	(772)
HRS Balances	0	(205)	(205)
General Fund Earmarked Reserves	6,513	11,586	18,099
HRA Earmarked Reserves	1,403	(33)	1,370

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 underspend of £122,723 (appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,645,911 (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 Covid19 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	610
Income losses as a result of Covid19	6,305
Income Compensation Scheme	(3,048)
Government Grants (Covid19, Rough Sleeping, New Burdens, Test & Trace support and Compliance & Enforcement).	(2,283)
Measures approved at Q1 (budget review, furlough, review of capital, increased TFS)	(1,898)
Coronavirus Job Retention Scheme (in addition to Q1)	(84)
2020/21 national pay award implications	110
Covid19 Grant - Contribution to reserves for use in future years (approved at Q2)	622
Net other variances	(458)
Overall forecast budget shortfall/(surplus)	(123)

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 pandemic, 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** – During the first national lockdown 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. Although some of these cells have not been required during subsequent tiers restrictions and lockdowns the support to businesses and distribution of central government grants is still an ongoing area of work.
- **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** – Whilst the majority of Council officers are 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 has to ensure that sufficient measures are in place to protect both the officers as well as service users. The Council must ensure that it's offices and buildings meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc. and that the officers and service users are sufficiently protected through the use of PPE and other measures whilst services are being delivered.
- **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 initial 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 and ensuing compliance and assurance monitoring during the latest restrictions.
- **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, additional investment in IT capabilities.

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 £0.610m 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 the further national lockdown and tier systems have resulted in income levels being still significantly below budgeted levels, with losses of a further £1.881m in June - December. With a current national lockdown now in place until at least early March this has further exacerbated losses. Based on a range of assumptions it is anticipated that further income losses of £1.136m can be expected during the final quarter of the year, taking total forecasted losses to £4.054m.

- **Development Management, Land Charges & Building Control** – income levels for these service areas have fallen by 40% over the first two quarters, and whilst quarter three saw a significant improvement with income at almost 90% of normal levels, the new lockdown measures introduced in January are expected to impact on this with income estimated to remain at around 60% of normal levels for the final quarter 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 third 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 brief 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 £602,840, a net loss of £48,360.
- **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 have now faced further closures with the latest national lockdown. 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 £568k are predicated over the year, a total loss of income of approx. 23% 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 for the majority of the year the Council has been unable to progress on Council Tax and Business Rate arrears through the court system as usual and has subsequently generated significantly less 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, 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 for the first three quarters of 2020/21 along with estimates for the final quarter, based on a 'most likely scenario' of what the income losses are forecasted to be over the remainder of the year. Actual income continues to be closely monitored alongside performance/usage information.

Income Area	2020/21 Budget £'000	2020/21 Income Loss Q1-Q3 £'000	2020/21 Forecast Income Loss Q4 £'000	2020/21 Total Forecast Income Loss £'000
Car Parks	5,996	2,918	1,136	4,054
Hartsholme Country Park	75	49	0	49
Leisure Services	85	64	21	85
Community Centres & Rec Grounds	81	61	20	81
Visitor Information Centre	146	80	37	117
Development Management	420	85	45	130
Land Charges	127	24	10	34
Building Control	211	63	24	87
Licensing	126	15	3	18
Hackney Carriages & Private Hire	122	23	15	38
Enforcement Officer	25	18	6	24
Public Conveniences	32	11	4	15
Fairs & Circuses	18	13	2	15
Christmas Market	651	651	0	651
Bus Station	133	33	13	46
Markets	219	34	11	45
Lincoln Properties	1,988	459	109	568
The Terrace	272	34	11	45
Court Cost Income - CT	310	114	38	152
Treasury Investment Income	89	0	50	50
Total Income at risk	11,127	4,749	1,555	6,305

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£3.052m of lost income will be compensated for.
- Targeted grants to cover specific costs pressures and new burdens arising during Covid19, for the Council these include:
 - New Burdens: Business Support Grants - £188,500
 - New Burdens: Business Rate Reliefs - £25,739
 - Rough Sleepers - £82,276 (offsets direct expenditure)
 - Test & Trace Outbreak Prevention (ringfenced) - £22,693 (offsets direct expenditure)
 - Compliance and Enforcement (ringfenced) - £58,022 offsets direct expenditure)
 - Test & Trace Support Payments Administration - £29,142

The total of this package of financial support is currently estimated to be £5.331m which still leaves the General Fund facing a budget shortfall of £1.584m, 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. Further to these measures being approved additional income through continued access to the CRJS has resulted in income of £84k.

3.11 As previously reported, although the measures taken were primarily one-off opportunities and not ongoing reductions in services they have, in some circumstances, led to reduced service standards and performance during 2020/21 as recruitment activity was restricted, expenditure budgets reduced and staff were placed on furlough for period of time.

3.12 These measures taken now exceed the current forecast shortfall of £1.584m, arising due to Covid. This allowed, at quarter 2, the recommendation that the 4th tranche of Covid19 funding from Central Government of £622k to be contributed to an earmarked reserve to be used to offset budget pressures in future years arising from the legacy impacts of Covid (subject to the final outturn position). At this stage, after allowing for this proposed transfer to reserves, the forecast position on the General Fund is an underspend, however this is based on a number of assumptions which may change over the course of the next 3 months dependent on continued impact of the current national restrictions. At this stage no further measures are yet required, and subject to the final outturn position it will be recommended that any budget underspend be allocated to the Covid19 earmarked reserve to provide further resilience against future fluctuations in income and expenditure.

3.13 **Contributions to/from Earmarked Reserves**

Included in the forecast outturn underspend of £157,723 is the following proposed additional contribution to earmarked reserves:

Directorate	Reserve	Amount £
DCE	Active Nation Bond Reserve – contribution to a new reserve fund	(83,000)
	Total additional reserve contribution required:	(83,000)

3.14 In addition to the above, the forecast outturn also includes the following carry forwards, requested to be transferred into an earmarked reserve to offset expenditure next financial year, as follows:

Directorate	Reason for Carry Forward	Amount £
CX City Solicitor	Municipal Elections – roll over of budget associated with the election now deferred to 21/22	(49,000)
CORP	New Burdens Grant – carry forward funding to support ongoing administration costs in 21/22	(35,000)
	Total additional reserve contribution required:	(84,000)

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

3.15 Towards Financial Sustainability Programme

The savings target included in the MTFs for 2020/21 was originally £500,000, this was increased by £50,000 as part of the budget measures approved at quarter one. Progress against this target, based on quarter 3 performance shows that secured savings total £559,070. This results in an over achievement of the increased target in 2019/20 by £9,070. A summary of the specific reviews that have contributed to this target are shown in Appendix N.

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 £772,391 underspend, which would increase the General Balances to £1,693,462 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	77
Income losses as a result of Covid19	458
Reduced repairs and maintenance expenditure	(605)
Measures approved at Q1 (budget review, furlough)	(369)
ToFS Savings	(44)
Coronavirus Job Retention Scheme (in addition to Q1)	(61)
2020/21 national pay award implications	46

Increased rental income arising from Buy-Backs	(130)
HRS Repatriation	(69)
Net other variances	(76)
Overall forecast budget surplus	(772)

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 pandemic, 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** – Whilst the majority of Council officers are 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 has to ensure that sufficient measures are in place to protect both the officers as well as service users. The Council must ensure that it's offices and buildings meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc. and that the officers and service users are sufficiently protected through the use of PPE and other measures whilst services are being delivered.

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), as at the end of December arrears are £1.131m. 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 the initial 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. Although the restrictions of the first lockdown have reduced the Council is still experiencing a higher than average level of voids due to social distancing 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 initial closure of the Court service and limited court time since reopening, 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 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 3 months and could alter 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 3 HRS are forecasting a surplus of £204,670 in 2020/21 (appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F. However, as with the General Fund and HRA this forecast is based on a number of assumptions which, due to uncertainties related to Covid19, may change during the next three months. In addition, there has been a delay in undertaking the internal billing process which provides a further level of uncertainty to the forecast position.

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	Budgeted Contribution	Actuals Q1-Q3	Forecast Q4	Forecast Balance
	01/04/20				31/03/21
	£'000	£'000	£'000	£'000	£'000
General Fund	6,513	(460)	(133)	12,179	18,099
HRA	1,403	(34)	0	0	1,370
Capital Resources	19,490	14,148	0	(19,210)	14,428

6.2 In addition to the proposed transfers to General Fund earmarked reserves, as set out in paragraphs 3.13 and 3.14 it is also proposed that there is a transfer between existing earmarked reserves. It is proposed that £200,000 is transferred from the Vision 2025 reserve into the Invest to Save reserve in order to resource upfront costs required to the deliver the Towards Financial Sustainability target. Delivery of the target is a key element of Vision 2025 and this resource will allow upfront, one-off costs to be funded enabling ongoing reductions in the Council's net cost base to be achieved.

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 £15.6m which was increased to £16.4m following quarter 4 approvals and year end re-profiles from 2019/20. At quarter 2 the programme was reduced to £11.1m and at quarter 3 the programme has been reduced by a further £5.987m to £5.117m, as shown below:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget Q2 Report	11,104	10,971	1,160	948	500
Budget changes for approval	(5,987)	3,423	0	0	0
Revised Budget	5,117	14,394	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. The following budget changes/re-profiles were approved by the Chief Finance Officer during the third quarter:

Approved by Chief Finance Officer	2020/21	2021/22
	£'000	£'000
Planned Capitalised Works (reallocate to schemes)	(56)	0
Play Area Surfacing Works	12	0
Monks Abbey Bowls Pavilions External works	9	0
Guildhall Walkway/ Access Improvements.	11	0
Grandstand Terracing Improvements	13	0
West Common External Rendering Improvements	5	0
City Hall Lightning Protection	6	0
Allotments Asbestos Sheds	(34)	34
City Hall Improvements	(1)	1
Guildhall Works	(18)	18
Stamp End Demolition	(139)	139
Greyfriars Roof Improvements	(4)	4
City Hall 3rd Floor Fire Works	(5)	5
Housing Renewal Area		(10)
Western Growth Corridor	(600)	600
	(801)	791

7.4 All changes over the approved limit require approval by the Executive. There was one change requiring Executive approval for the third quarter resulting from notification of additional grant funding.

	2020/21
	£'000
Disabled Facilities Grant	101
	101

In addition a report appears elsewhere on the Executive agenda to consider changes to the Crematorium Scheme, which will result in the following changes which have been reflected in the General Investment Project above:

	2020/21	2021/22
	£'000	£'000
Crematorium	(4,700)	2,500
Capital Contingencies	(640)	0
	5,340	2,500

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

During the third quarter the following scheme was added to the GIP, having been previously considered by the Executive pending confirmation of external grant funding:

	2020/21	2021/22
	£'000	£'000
Re-imaging Greyfriars: Development Phase (approved Exec 28/10/19)	53	132
	53	132

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

	2020-21 Budget following Q2 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Investment	50	50	50	0
Communities & Environment	2,657	3,008	3,008	0
Chief Executive	709	588	588	0
Major Developments	7,577	1,400	1,400	0
Total Active Schemes	10,993	5,046	5,046	0
Schemes on Hold/Contingencies	5,437	71	71	0
Total Capital Programme	16,430	5,117	5,117	0

7.7 The overall spending on the General Investment Programme for the first three quarters of 20/21 is £0.885m, which is 17.5% of the 2020/21 programme and 17% of the active programme. This is detailed further at Appendix J.

Although this is low percentage of expenditure at this stage of the financial year, works have been constrained by the national lockdowns as well as the diversion of internal resources to focus on the Covid19. The majority of schemes have recommenced either on site or in terms of their development stages; a further £384k has been spent since the end of quarter 3. Further expenditure is expected in quarter 4 on Disabled Facilities Grants, Car Park Ticket Machines, Boultham Park Lake, the Towns Fund, Western Growth Corridor, HAZ Scheme and various capitalised maintenance schemes.

7.8 Housing Investment Programme

7.9 The original Housing Investment Programme for 2020/21 in the MTFS 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. As at quarter 2 the budget was revised to £22.3m and has been further adjusted by £2.6m to £19.7m at quarter 3. 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 Q2 Report	22,286	21,462	14,887	11,382	10,769
Budget changes to be approved during Q3	(2,596)	1,029	72	122	33
Revised Budget	19,690	22,491	14,959	11,504	10,802

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. Changes approved by the Chief Finance Officer during the third quarter were:

Budget movements approved by Chief Finance Officer	2020/21 Budget Following Q2 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Decent Homes	£'000	£'000	£'000	£'000
DH Central Heating Upgrades	1,729	(104)	1,625	104
Thermal Comfort Works	30	(25)	5	25
Rewiring	29	(10)	19	10
Re-roofing	196	(136)	60	136

Lincoln Std Windows Replacement	600	(450)	150	450
Structural Defects	52	(47)	5	47
Door Replacement	608	(528)	80	528
New services	28	(20)	8	20
Fire doors	239	(189)	50	189
Fire compartment works	40	(20)	20	20
Total Decent Homes	4,886	(1,530)	3,356	1,530
Lincoln Standard				
Over bath showers (10 year programme)	200	(100)	100	100
Total Lincoln Standard	200	(100)	100	100
Health & Safety				
Asbestos Surveys	190	(100)	90	100
Replacement Door Entry Systems	56	(56)	0	56
Total Health & Safety	246	(156)	90	156
Other				
Environmental new works	500	(350)	150	350
HRA Assets (Shops/Buildings)	43	(23)	20	23
Communal TV Aerials	20	(20)	0	20
Total Other	563	(393)	170	393
Other Schemes				
Housing Sup Serv Computer Fund	231	(231)	0	231
Total Other Schemes	231	(231)	0	231
Land Acquisition				
Land Acquisition fund	95	(95)	0	95
New Build Programme				
New Build (Markham House)	510	17	527	0
Unallocated new build budget	1,330	(1,330)	0	1,330
	510	(1,314)	527	1,330
Total budget movements approved by Chief Finance Officer	6,731	(3,818)	4,243	3,835

7.11 All changes over the approved limit require approval by the Executive. The following changes require Executive approval for the second quarter:

Project Name	2020/21 Budget Following Q2 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Decent Homes				
Bathrooms & WC's*	266	134	400	0
Kitchen Improvements*	461	89	550	0
Contingency Schemes				
Contingency Reserve	500	(500)	0	(277)
Total budget movements to be approved by Executive	1,227	(277)	950	(277)

*Indicates budget taken from contingency reserve with balance re-profiled into future years

- 7.12 New projects agreed at Capital Programme Group are subject to Executive Approval. The following project was approved by Executive in quarter 3.

	2020/21 £'000
Next Steps Accommodation Project (approved Executive 26/10/2020)	1,499
	1,499

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

	2020/21 Budget Following Q2 report £'000	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Decent Homes/ Lincoln Standard	5,813	4,406	4,406	0
Health and Safety	470	314	314	0
Contingent Major Repairs/ Works	500	0	0	0
New Build Programme	14,124	14,310	14,310	0
Land Acquisition Fund	95	0	0	0
Other Schemes	763	370	370	0
Computer Fund	521	290	290	0
Total Capital Programme	22,286	19,690	19,690	0

- 7.14 Expenditure against the HIP budget to the third quarter was £10.206m, which is 52% of the revised programme. A further £1.8m has been spent as at the end of January 2021. 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, works have been constrained by the national lockdowns 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 re-profiled into future years 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.

The Budget 2021/22 and MTFS 2021-2026 will be presented to the Executive on 22nd February 2021 for referral to Full Council. 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 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

10.0 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 Review the financial performance for the period 1st October to 31st December 2020, the projected outturns for 2020/21, and the impact of Covid19 on the Council's financial position.
- 11.2 Note the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and appendix B), 4.3 (and appendix D), and 5.2 (and appendix F).
- 11.3 Review the proposed contributions to earmarked reserves as set out in paragraph 3.13 and 3.14.
- 11.4 Review the proposed transfer between earmarked reserves as set out in paragraph 6.2.
- 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 Review the changes made to the Housing Investment Programme as detailed in paragraphs 7.11.

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?

Fourteen

List of Background Papers:

MTFS 2020-2025

Lead Officer:

Jaclyn Gibson, Chief Finance Officer
Telephone (01522) 873258

GENERAL FUND SUMMARY - AS AT 31 DECEMBER 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Strategic Development	A	1,643	1,745	102
Chief Finance Officer (S. 151)	B	(703)	41	744
City Solicitor	C	1,374	1,295	(79)
Housing	D	902	889	(13)
Growth & Regeneration	E	0	0	0
Director of Major Developments	F	480	486	6
Communities and Street Scene	G	3,354	4,680	1,326
Health & Environmental Services	H	(12)	384	396
Planning	I	844	921	77
		7,883	10,441	2,558
Corporate Expenditure	J	1,782	1,674	(108)
TOTAL SERVICE EXPENDITURE		9,665	12,115	2,451
Capital Accounting Adjustment	K	3,038	3,045	7
Specific Grants	L	(1,393)	(2,648)	(1,255)
Contingencies	M	1,385	69	(1,317)
Savings Targets	N	9	0	(9)
Earmarked Reserves	O	(73)	11,586	11,659
Insurance Reserve	P	45	45	0
TOTAL EXPENDITURE		12,677	24,213	11,536
CONTRIBUTION TO BALANCES		286	409	123
NET REQUIREMENT		12,963	24,622	11,659
Retained Business Rates Income	Q	5,823	17,383	11,559
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	7,015	100
TOTAL RESOURCES		24,622	24,622	11,659

General Fund Forecast Variances - Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref	Additional Expenditure	£	Reason for variance
B	Buildings Cleaning/City Hall	45,501	Additional costs of enhanced cleaning regimes and other Covid secure buildings measures (offset by reduced expenditure below).
B	Property Management	68,680	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
B	Financial Services	30,420	Agency costs incurred covering vacant posts.
C	Representation of the People Act	33,910	Increased postage/printing costs as a result of Covid restrictions.
D	Rough Sleeping	93,690	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.
D	Control Centre	26,330	Additional costs due to overtime cover for sickness/holiday/Covid.
D	Housing Solutions	27,140	Agency costs incurred covering vacant posts.
G	Service Contracts	191,640	Potential further claims arising from contractors following new lockdown closures and impact on profit/loss sharing agreements.
G	Health & Safety	30,771	Additional staffing requirements to support testing, tracing, outbreak planning and support to businesses (partially offset by funding from Government)
G	Health & Safety	58,020	Additional costs incurred relation to compliance and enforcement (Covid marshalls) (offset by Government grant).
I	Corporate Services	23,740	Anticipated share of LGR Consultancy Fees
M	Annual vacancy savings target	72,680	Vacancy savings target, offset by vacancies within service areas.

Ref		£	Reason for variance
	<u>Reduced Income</u>		
A	Land Charges	33,858	Anticipated shortfall in income due reduced demand during lockdown (offset by £10,858 SFC Income Compensation below).
B	The Terrace	60,820	Reduction in Rental & Fees & Charges income as a result of Covid-19 and lower occupancy levels (offset by reduced expenditure below).
B	Lincoln Properties	593,610	Reduction in rental income as a result of Covid, including impact of CVA for Travelodge.
B	Council Tax	152,350	Expected reduction in court cost income due to closure of courts as a result of Covid.
B	Treasury Investment Income	49,990	Expected reduction in interest received due to lower base rate.
F	Car Parks	4,053,960	Anticipated loss of income following Covid lockdown and ongoing impact of local economic recovery (offset by £2,713,000 SFC Income Compensation detailed below).
F	Bus Station	75,470	Reduction in departure fees due to reduced service levels during Covid and recovery period and a reduction in Rental income due to unoccupied office space (offset by £29,500 SFC Income Compensation detailed below).
F	Hartsholme Country Park	49,220	Reduction of income due to park and camp site being closed during lockdown periods (offset by £30,565 SFC Income Compensation detailed below).
G	Enforcement Officer	23,880	Anticipated shortfall of income following Covid disruption (offset by £8,460 SFC Income Compensation detailed below).
G	Visitor Information Centre	106,000	Loss of income at VIC due to Covid closure and impact on footfall and tourism during periods open (offset by £14,560 SFC Income Compensation detailed below).
G	Markets	44,290	Reduction in stall licence fee income as a result of Covid and lower occupancy levels (offset by £23,830 SFC Income Compensation detailed below).
G	Xmas Market	651,200	Loss of income from cancellation of 2020 Xmas Market (offset by reduced expenditure below).

Ref		£	Reason for variance
G	Yarborough/Birchwood Leisure Centres	107,660	Loss of swimming and pitch income due to closure of centres during to lockdown and ongoing impact of social distancing (offset by £60,580 SFC Income Compensation detailed below).
G	Community Centre & Recreational Grounds	80,990	Loss of income due to ongoing closure of centres and reduction in demand at recreational grounds (offset by £7,210 SFC Income Compensation detailed below).
H	Building Control	83,740	Fees and charges losses anticipated following Covid and subsequent impact on local economy and market conditions (offset by £55,460 SFC Income Compensation detailed below).
H	Development Control	130,470	Fees and charges losses anticipated following Covid and subsequent impact on local economy and local development (offset by £62,120 SFC Income Compensation detailed below).
<u>Reduced Expenditure</u>			
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	City Hall	(30,370)	Reduced premises running costs as a result of lower occupancy during Covid restrictions.
B	The Terrace	(45,650)	Underspend on Direct Business Rates and Utilities as a result of lower occupancy levels due to the ongoing impact of covid restrictions.
C	Civic	(27,130)	Underspend due to a reduction in civic activities as a result of ongoing Covid restrictions.
C	CoLC Apprentices	(58,660)	Underspend due to a reduced number of Apprentices this year, average 11 out of 20 budgeted FTE.
D	Rough Sleepers	(60,009)	Salary savings due to vacant posts.
F	Bus Station	(50,750)	Underspend on repairs and maintenance requirements, potential to contribute to Bus Station Sinking Fund subject to year(end outturn.
F	Public Conveniences	(34,250)	Underspend due to vacant post and reduced overtime due to closure of toilets and reduced usage during Covid restrictions.

Ref		£	Reason for variance
G	Xmas Market	(602,840)	Savings arising from non-delivery of 2020 Christmas Market (offsets income losses above, net effect £48,360).
G	Community Centre & Recreational Grounds	(22,980)	Underspend on utilities & cleaning costs due to ongoing closure of centres and reduction in demand at recreational grounds (offsets income losses above).
G	Visitor Information Centre	(21,467)	Reduced costs at VIC due to Covid closure and impact on footfall and tourism during recovery (offsets income losses above).
G	Markets	(22,320)	Vacancy savings and reduced running costs (offsets income losses above).
H	Development Control	(28,470)	Vacancy savings.
	<u>Additional Income</u>		
B	City Hall	(81,650)	Increased rental and service charge income from existing tenants requirements for out of hours working .
B	Test & Trace Support	(29,140)	New Burdens funding to compensate for work associated with administering the Test & Trace Support Payment grants.
B	Industrial Estates	(25,960)	Increased rental income following in year rent reviews.
D	Rough Sleepers	(82,280)	Grant received in respect of increased rough sleeping costs as a result of Covid(19 measures (additional expenditure set out above)
G	Health & Safety	(58,020)	Ring fenced Government grant for Local Authority Compliance and Enforcement, offset by additional expenditure above.
G	Health & Safety	(22,693)	Additional funding to resource staffing requirements to support testing, tracing, outbreak planning and support to businesses, offset by additional expenditure above.
I	Corporate Services	(153,500)	New Burdens funding to compensate for work associated with administering the business support grants (total grant £188.5k less proposed £35k carry forward to 2021/22).
L	Contingencies – Income	(38,630)	No asset sales anticipated in year with income losses.

Ref		£	Reason for variance
L	Contingencies – Job Retention Scheme	(83,510)	Anticipated funding through access to Job Retention Scheme, income relates to August to February claims (previous months included in Q1 measures).
L	Contingencies – SFC Income Compensation Scheme	(3,047,700)	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 (offsets income losses detailed above).
L	Government Grant	(1,254,690)	Government funding to offset local authority expenditure pressures arising due to Covid(19 (total grant £1.877m less proposed £622.1k carry forward to 2021/22).

Appendix C

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 31 DECEMBER 2020

	Ref	Revised Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(28,666)	(28,688)	(22)
Charges for Services & Facilities	B	(306)	(299)	7
Contribn towards Expenditure	C	(50)	(30)	20
Repairs & Maintenance	D	8,959	8,354	(605)
Supervision & Management:	E	6,831	6,884	53
Rents, Rates and Other Premises	F	95	54	(41)
Increase in Bad Debt Provisions	G	297	672	375
Insurance Claims Contingency	H	106	106	0
Contingencies	I	514	0	(514)
Depreciation	J	6,637	6,637	0
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	(136)	(205)	(69)
Net Cost of Service	M	(5,707)	(6,503)	(796)
Loan Charges Interest	N	2,530	2,530	0
Investment/Mortgage Interest	O	(43)	(19)	24
Net Operating Inc/Exp		(3,220)	(3,992)	(772)
Major Repairs Reserve Adjustment	P	3,184	3,184	0
Transfers to/from reserves	Q	111	111	0
(Surplus)/Deficit in Year		75	(697)	(772)

Housing Revenue Account Variances - Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref		£	Reason for variance
<u>Reduced Expenditure</u>			
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	(61,050)	Anticipated funding through access to Job Retention Scheme, income relates to August to February claims (previous months included in Q1 measures)
D	Repairs & Maintenance	(605,373)	External decoration & painting and asbestos survey savings incurred during lockdown and recovery period.
G	Rent, Rates and Other Premises	(40,771)	Reduction in Council Tax charges due to demolition of empty properties.
<u>Increased Expenditure</u>			
A	Supplies & Services	60,000	Discretionary housing rent payments due to hardship as a result of Covid-19.
O	Investment Interest	23,120	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 arrears arising due to Covid19.
E	Supervision Management	& 53,860	Additional staffing costs due to COVID19.
<u>Increased Income</u>			
L	HRS Trading Surplus	(68,680)	Estimated surplus as at Q3 from trading activities, see HRS variances for further detail.

Ref		£	Reason for variance
A	Gross Rental Income	(130,000)	Additional affordable and social rental income arising due to an increased number of property buybacks.

Reduced Income

A	Dwelling Rents	60,000	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.
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HOUSING REPAIRS SERVICE SUMMARY - AS AT 31 DECEMBER 2020

	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	3,222	2,968	(254)
Premises	40	40	0
Transport	760	761	1
Materials	1,415	1,415	0
Sub(Contractors	1,916	1,916	0
Supplies & Services	218	316	98
Central Support Charges	(137)	(137)	0
Capital Charges	0	0	0
Total Expenditure	7,434	7,279	(155)
Income	(7,434)	(7,484)	(50)
(Surplus)/Deficit	0	(205)	(205)

Housing Repairs Service Variances - Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

	£	Reason for Variance
<u>Reduced Spending</u>		
Employee Costs	(264,150)	Operative/labourer vacancies.
<u>Increased Spending</u>		
Supplies & Services	59,305	Additional equipment hire costs.

EARMARKED RESERVES – Q3 MONITORING 2020/21

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q3 £'000	Forecast Q4 £'000	Forecast Balance 31/03/2021 £'000
General Fund					
Grants & Contributions	987	(140)	0	(80)	766
Budget Carry Forwards	90	0	69	(9)	150
Active Nation Bond	0	0	83	0	83
Air Quality Initiatives	5	6	0	0	11
Asset Improvement	0	0	0	0	0
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	0	0	11,659	13,646
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	622	1,047
Covid(19 Response	354	0	0	0	354
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)	(133)	12,179	18,099

Appendix G

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q3 £'000	Forecast 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	0	251
HRA Survey Works	54	(54)	0	0	0
Invest to Save (HRA)	133	0	0	0	133
Stock Retention Strategy	22	(22)	0	0	0
Strategic Growth Reserve	101	0	0	0	101
	1,403	(33)	0	0	1,370
Total Earmarked Reserves	7,916	(493)	(133)	12,179	19,469

CAPITAL RESOURCES – Q3 MONITORING 2020/21

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/21
	£'000	£'000	£'000	£'000
Capital Grants/Contributions	5,225	3,714	(8,570)	369
Capital receipts General Fund	801	100	(266)	635
Capital receipts HRA	1,065	400	(908)	557
Capital receipts 1(4)1	3,280		(1,564)	1,716
Major Repairs Reserve	5,061	6,750	(5,380)	6,431
HRA DRF	4,058	3,184	(2,522)	4,720
Total Capital Resources	19,490	14,148	(19,210)	14,428

As the contributions for 1:4:1 receipts depend upon levels of RTB sales, no budget is set for these receipts. Currently the HIP has firm schemes to facilitate use of all 1:4:1 receipts with no repayment required in 20/21. 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 Q2 Report	11,104	10,971	1,160	948	500
Budget changes at Q3	(5,987)	3,423	0	0	0
Revised Budget	5,117	14,394	1,160	948	500
Approved by Chief Finance Officer					
Planned Capitalised Works	(56)	0	0	0	0
Play Area Surfacing Works	12	0	0	0	0
Monks Abbey Bowls Pavilion External Impments.	9	0	0	0	0
Guildhall Walkway/ Access Improvements.	11	0	0	0	0
Grandstand Terracing Improvements	13	0	0	0	0
West Common External Rendering Improvements	5	0	0	0	0
City Hall Lightning Protection	6	0	0	0	0
Allotments Asbestos Sheds	(34)	34	0	0	0
City Hall Improvements	(1)	1	0	0	0
Guildhall Works	(18)	18	0	0	0
Stamp End Demolition	(139)	139	0	0	0
Greyfriars Roof Improvements	(4)	4	0	0	0
City Hall 3rd Floor Fire Works	(5)	5	0	0	0
Western Growth Corridor (Phase 1 Development)	(600)	600			
Housing Renewal Area		(10)			
Approved During the quarter by Executive					
Greyfriars	53	132	0	0	0
For approval by Executive					
*Crematorium Project	(4,700)	2,500			
*Capital Contingencies	(640)				
Disabled Facilities Grant	101				
*subject to a separate report	5,987	3,423	0	0	0

General Investment Programme – Summary of Expenditure as at 31st DECEMBER 2020

Scheme	Revised Budget following Q2 report	Budget to be approved	Actuals as at Q3	Variance	Spend
	£	£	£	£	%
ACTIVE SCHEMES					
DCE (Communities & Environment					
Disabled Facilities Grant	1,504,472	1,605,581	373,100	(1,131,372)	23%
Transformation of Birchwood Leisure Centre	30,000	30,000	30,000	0	100%
Artificial Grass Pitches (AGP)	188,301	188,301	99,994	(88,307)	53%
New Software (Crem)	11,375	11,375	6,900	(4,475)	61%
Swift Gardens Play Area	74,200	74,200	74,200	0	100%
-	1,808,348	1,909,547	584,194	(1,224,154)	30.6%
DCE (Community Services)					
Flood alleviation scheme (Hartsholme Park)	0	0	0	0	0%
Boultham Park Masterplan	49,700	49,700	0	(49,700)	0%
Boultham Park Lake	695,026	695,026	75,081	(619,945)	11%
Allotment Capital Improvement Programme	679	1,059	1,059	0	100%
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%
	838,907	839,287	76,140	(763,147)	9.07%
DCE (Planning)					
Heritage Action Zone	260,000	260,000	0	(260,000)	0%
	260,000	260,000	0	(260,000)	0
DCE Total	2,907,255	3,008,744	660,333	(2,247,302)	22%
General Fund Housing					

Appendix J

Housing Renewal Area Unallocated	50,000	50,000	11,888	(38,112)	24%
	50,000	50,000	11,888	(38,112)	23.78%
Major Developments					
Lincoln Transport HUB	0	0	(59,202)	(59,202)	0%
Central Markets	0	0	0	0	0%
Western Growth Corridor (Phase 1 Devt)	1,000,000	400,000	3,820	(396,180)	1%
Towns Fund	1,000,000	1,000,000	136,244	(863,756)	14%
	2,000,000	1,400,000	80,862	(1,319,138)	5.78%
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)	0.00%
Chief Executives (Chief Finance Officer)					
Planned Capitalised Works	127,759	71,919	0	(71,919)	0%
Allotments Asbestos Sheds	33,795	0	0	0	0%
City Hall Improvements	931	0	0	0	0%
Guildhall Works	17,630	0	0	0	0%
Stamp End Demolition	139,400	0	0	0	0%
Greyfriars Roof Improvements	4,050	0	0	0	0%
City Hall 3rd Floor Fire Works	5,001	0	0	0	0%
Guildhall	609	609	0	(609)	0%
Michaelgate Structural Works	2,283	2,283	0	(2,283)	0%
Play Area Surfacing Works	0	11,639	0	(11,639)	0%
Long Leys Road Drainage	10,438	10,438	0	(10,438)	0%
Lucy Tower Lifts	137,005	137,005	134,980	(2,025)	99%
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%

Appendix J

Greetwell Hollow	150,000	150,000	0	(150,000)	0%
Deacon Road	20	20	0	(20)	0%
Brayford Viewing Platform	38,900	38,900	0	(38,900)	0%
Greyfriars	0	53,362	0	(53,362)	0%
Monks Abbey Bowls Pavilions External Works	0	9,061	0	(9,061)	0%
Guildhall Walkway/ Access Improvements.	0	11,219	0	(11,219)	0%
Grandstand Terracing Improvements	0	12,837	0	(12,837)	0%
West Common External Rendering Improvements	0	4,980	0	(4,980)	0%
City Hall Lightning Protection	0	6,104	0	(6,104)	0%
	713,638	566,193	132,268	(433,925)	23.36%
TOTAL BUDGET FOR ACTIVE SCHEMES	5,692,971	4,945,906	885,351	(4,060,554)	17.90%
Schemes Currently Under Review					
Capital Contingencies	640,277	0	0	0	0%
IT Reserve	70,562	70,562	0	(70,562)	0%
Crematorium (remodelling)	4,700,000	0	0	0	0%
	5,410,839	70,562	0	(70,562)	0.00%
TOTAL GENERAL INVESTMENT PROGRAMME	11,103,810	5,117,577	885,351	(4,131,116)	17.3%

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
*Reroofing	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	(91,653)	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

Appendix L

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

Housing Investment Programme – Summary of Expenditure as at 31st December 2020**Housing Investment**

Project Name	2020/21 Budget following Q2 report	Q3 Budget Changes	Revised Budget	Actual expenditure as at Q3	Variance	% Spend
Decent Homes						
Bathrooms & WC's	266,011	133,989	400,000	82,280	(317,720)	20.57%
DH Central Heating Upgrades	1,728,972	(103,972)	1,625,000	868,517	(756,483)	53.45%
Thermal Comfort Works	30,000	(25,000)	5,000	1,330	(3,670)	26.60%
Kitchen Improvements	461,147	88,853	550,000	121,086	(428,914)	22.02%
Rewiring	28,791	(10,000)	18,791	2,008	(16,783)	10.69%
Reroofing	196,442	(136,442)	60,000	0	(60,000)	0.00%
Lincoln Standard Windows Replacement	600,000	(450,000)	150,000	0	(150,000)	0.00%
Structural Defects	52,361	(47,361)	5,000	457	(4,543)	9.14%
Door Replacement	608,378	(528,378)	80,000	23,738	(56,262)	29.67%
New services	27,964	(20,000)	7,964	5,657	(2,307)	71.03%
Void Capitalised Works	1,334,628	0	1,334,628	0	(1,334,628)	0.00%
Fire Doors	238,680	(188,680)	50,000	0	(50,000)	0.00%
Fire Compartment Works	40,000	(20,000)	20,000	0	(20,000)	0.00%
<i>Prelim Costs & Exceptionals to be allocated</i>	0	0	0	30,669	30,669	0.00%
Total Decent Homes	5,613,374	(1,306,991)	4,306,383	1,135,742	(3,170,641)	26.37%

Appendix M

Lincoln Standard						
Over bath showers (10(year programme)	200,000	(100,000)	100,000	8,929	(91,071)	8.93%
Total Lincoln Standard	200,000	(100,000)	100,000	8,929	(91,071)	8.93%

Health & Safety						
Asbestos Removal	183,816	0	183,816	89,873	(93,943)	48.89%
Asbestos Surveys	189,885	(100,000)	89,885	33,470	(56,415)	37.24%
Replacement Door Entry Systems	55,890	(55,890)	0	0	0	0.00%
Fire Alarms	40,000	0	40,000	0	(40,000)	0.00%
Total Health & Safety	469,591	(155,890)	313,701	123,343	(190,358)	39.32%

Other						
Environmental works	500,000	(350,000)	150,000	0	(150,000)	0%
2 Gunby Avenue	3,333	0	3,333	0	(3,333)	0%
Communal Electrics	81,150	0	81,150	0	(81,150)	0%
Garages	88,778	0	88,778	0	(88,778)	0%
HRA Assets (Shops/Buildings)	42,962	(22,962)	20,000	0	(20,000)	0%
CCTV	26,685	0	26,685	0	(26,685)	0%
Communal TV Aerials	20,376	(20,376)	0	0	0	0%
Total Other	763,284	(393,338)	369,946	0	(369,946)	0.00%

Contingency Schemes						
Contingency Reserve	500,000	(500,000)	0	0	0	0%
Total Contingency Schemes	500,000	(500,000)	0	0	0	0.00%

Other Schemes						
Housing Support Services Computer Fund	231,156	(231,156)	0	0	0	0%
Operation ROSE	38,611	0	38,611	0	(38,611)	0%
IT Infrastructure Upgrade	251,633	0	251,633	0	(251,633)	0%
Other Schemes	521,400	(231,156)	290,244	0	(290,244)	0.00%

Total Housing Investment	8,067,649	(2,687,375)	5,380,274	1,268,013	(4,112,261)	
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Housing Strategy

New Build Programme						
Unallocated New Build	1,330,282	(1,330,282)	0	0	0	0.00%
New Build Programme	3,044,076	16,731	3,060,807	2,486,852	(573,955)	81.25%
Purchase and repair	4,767,233		4,767,233	3,849,805	(917,428)	80.76%
NSAP Properties		1,499,250	1,499,250	80,327	(1,418,923)	5.36%
De Wint Court	4,982,554	0	4,982,554	2,521,460	(2,461,094)	50.61%
Total New Build Programme	14,124,145	185,699	14,309,844	8,938,444	(5,371,400)	62.46%

Land Acquisition						
Land Acquisition Fund	94,689	(94,689)	0	0	0	0%
Total Land Acquisition	94,689	(94,689)	0	0	0	0.00%

Total Housing Strategy	14,218,834	91,010	14,309,844	8,938,444	(5,371,400)	
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Total Housing Investment & Strategy	22,286,483	(2,596,365)	19,690,118	10,206,457	(9,483,661)	52%
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TFS Phase7 programme: progress at Q3 - 2020/2021

Service	Summary of project	Dir.	Total savings in 2020/21 £000's	GF savings in 2020/21 £000's	HRA savings in 2020/21 £000's	Comments
ACTIONS COMPLETED AS OF END Q3 2020/21						
Waste/Street Cleansing Collection Contract	Agree an extension to current contract	DCE	160	160	0	Approved Exec Feb 2020
Drill Hall Grant	Review payment of the current Drill Hall grant	DCE	0	0	0	Approved Exec Aug 2020 - savings from 2021/22 onwards
One Council review (Year one: 2020/21	Review the way in which the council works – how, where, who and when	CX	101	87	14	Part of a programme of reviews, further work to be undertaken in 2021/22
MFD/Post/Mobile Phones	Minimise use and maximise savings options within these service charges	DHI	31	25	6	Action Completed
Call Monitoring	Reduction in landline calling	DHI	10	7	3	Action Completed
Communities and Street scene (Waste	Remove annual contribution towards a countywide waste officer	DCE	7	7	0	Action Completed
Community Leadership & Sustainability	Replacement of community funds through social value element of contracts	DHI	5	5	0	Action Completed
Housing regeneration	Review of capital element of existing staffing costs	DCE	66	66	0	Action Completed
Property Management	Removal of vacant hours on this service (no longer required	CX	22	19	3	Action Completed

Appendix N

CX Work based Learning	Removal of vacant hours on this service (no longer required	CX	14	14	0	Action Completed
Human Resources & Payroll	Removal of vacant hours on this service (no longer required	CX	6	4	2	Action Completed
Development Control	Removal of vacant hours on this service (no longer required	DCE	33	33	0	Action Completed
City Hall	Income levels achieved (higher than budgeted	CX	11	10	1	Action Completed
Your Lincoln electronic	Replace printed copies of Your Lincoln with an electronic version	CX	8	6	2	Action Completed
Bus station reception desk provision	Temporary contracts not renewed	CX	20	11	9	Action Completed
Managed Workspace	Removal of vacant post as a temporary measure in advance of ongoing consideration.	CX	41	41	0	To be further reviewed in 2021/22 for ongoing saving potential
CoLC Apprentices	Reduction in apprentices as a temporary measure in advance of a wider review of the service.	CX	18	13	5	To be further reviewed in 2021/22 for ongoing saving potential
CX Business Management	Removal of vacant hours on this service (no longer required	CX	23	21	2	Action Completed
Democratic Support	Removal of vacant hours on this service (no longer required	CX	15	15	0	Action Completed
Post Office Payment Cards	Reduce usage over time of post office payment cards	CX	6	5	1	Action Completed

Appendix N

Internal Audit	Removal of vacant hours on this service (no longer required, reduction in audit programme days.	CX	9	7	2	Action Completed
DCE Administration	Removal of vacant hours on this service (no longer required	DCE	3	3	0	Action Completed
TOTAL SAVINGS			609	559	50	