

SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING

REPORT BY: CHIEF EXECUTIVE & TOWN CLERK

LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

1.1 To present to the Executive the first quarter's performance (up to 30th June), on the Council's:

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

And to seek approval for changes to both the revenue and capital programmes.

1.2 Financial Procedure Rules require members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report is designed to meet this requirement.

2. Executive Summary

2.1 This report covers the General Fund Revenue, Housing Revenue Account budgets and Investment Programmes for the current financial year.

2.2 Following the unprecedented impact of Covid19 on the Council's finances in 2020/21, budgets for 2021/22 were revised as part of the MTFS 2021-26 based on a number of assumptions around the speed and extent of the national and local recoveries. Whilst in many cases these assumptions reflect the actual position to date, there are still some areas where the rate of recovery is impacting adversely on the Council's finances. Close monitoring of the position and implementation of mitigating actions over quarters 2-4 will be key to ensuring the Council maintains a balanced budget position for 2021/22.

2.3 Based on a significant number of planning variables, as at the end of the first quarter (up to 30th June), the forecast financial position of the Council for 2021/22 is:

	2021/22		
	Budget following outturn report £'000	Forecast @ Q1 £'000	Variance @ Q1 £'000
Revenue Accounts			
General Fund – Contribution to/(from) balances	(477)	(677)	199
Housing Revenue Account (HRA) (Surplus)/Deficit in year	15	(210)	(225)
Housing Repairs Service	0	719	719

Capital Programmes			
General Investment Programme	16,941	17,451	510
Housing Investment Programme	25,839	29,041	3,202

Reserves & Balances			
General Fund Balances	(2,193)	(1,994)	199
HRA Balances	(1,059)	(1,284)	(225)
HRS Balances	0	0	0
General Fund Earmarked Reserves	(12,088)	(12,171)	(83)
HRA Earmarked Reserves	(2,617)	(2,560)	57

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

3. General Fund Revenue Account

3.1 For 2021/22 the Council's net General Fund revenue budget was set at £978,410 including a planned contribution from balances of £477,240 (resulting in an estimated level of general balances at the year-end of £2,193,359, after allowing for the 2020/21 outturn position).

3.2 The General Fund Summary is currently projecting a forecast overspend of £199,432 (appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £1,993,927.

- 3.3 There are a number of forecast year-end variations in income and expenditure against the approved budget, full details of the main variances are provided in Appendix B while the table below sets out the key variances:

	Forecast £'000
Potential pay award	150
Covid pressures mitigation contingency	(200)
Income losses as a result of Covid19	286
Additional SFC income compensation	(70)
Government Grants (New Burdens, Test & Trace support)	(84)
Council Tax reduction in court cost income	64
Housing benefit under recovery of overpayments	50
Net other variances	3
Overall forecast budget shortfall/(surplus)	199

- 3.4 The most significant of these forecast variations is in relation to car parking income (included within the income losses above) which is currently forecasting a reduction in income of £219,305. This shortfall has mainly arisen during the first quarter due to the extended national restrictions. This budget along with all key income budgets are monitored closely and reported to Corporate Management Team on a monthly basis. Officers are responding to, and will continue to do so through quarters 2-4, to identify and implement appropriate mitigations to ensure the budget remains balanced in 2021/22.
- 3.5 Although the forecast outturn for the General Fund is a shortfall of £199,432 at this stage, the forecast outturn remains difficult to predict due to volatility, and uncertainty.
- 3.6 **Contributions to/from Earmarked Reserves**

Included in the forecast outturn overspend of £199,432 is the following proposed additional contribution (to)/from earmarked reserves:

Directorate	Reserve	Amount £
DMD	Direct Revenue Finance Carry Forward – drawdown of funding for Cornhill works	170,590
DMD	20/21 Carry Forward – drawdown to contribute to 1 year TFS savings target	35,000
CORP	Invest to Save Reserve – drawdown to resource MARS redundancy costs	25,320
CORP	Vision 2025 – drawdown to fund Brayford Bio-Havens	2,000
	Total Contribution from Reserves	232,910

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

3.8 Towards Financial Sustainability Programme

The savings target included in the MTFS for 2021/22 was £850,000. Progress against this target, based on quarter 1 performance shows that secured savings total £427,040. A summary of the specific reviews that have contributed to this target are shown in Appendix N.

4. Housing Revenue Account

- 4.1 For 2021/22 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £14,910 use of balances, resulting in an estimated level of general balances at the year-end of £1,059,743, after allowing for the 2020/21 outturn position.
- 4.2 The HRA is currently projecting an in-year variance of a £209,737 underspend, which would increase the General Balances to £1,284,390 at the end of 2021/22.
- 4.3 There are a number of forecast year-end variations in income and expenditure against the approved budget, full details of the main variances are provided in Appendix D while the table below sets out the key variances:

	Forecast £'000
Additional dwelling rent income	(57)
Reduced repairs and maintenance expenditure	(1,490)
HRS deficit forecast	719
Additional DRF contribution	500
Net other variances	103
Overall forecast budget surplus	(225)

- 4.4 The HRA is currently forecasting an underspend at the end of the financial year. The largest variance for HRA is the current forecast underspend on Repairs and Maintenance. This is mainly due to the ongoing impact of COVID19 affecting the ability to carry out repairs, the current reduction in charge from HRS (detailed below) and the lack of tradespeople to carry out the repairs required. HRA and HRS are working hard to address these issues and so this underspend may be reduced over the remainder of the year. In part this is offset by large overspend forecast by HRS due to a reduction in rechargeable works (details of which are contained in section 5.2).

For this financial year it is proposed that a one off additional DRF contribution to capital will be made to reduce the use of capital receipts and borrowing within the Housing Investment Programme. This is currently estimated to be £500,000, however the actual amount will be dependent on the final outturn position.

5. Housing Repairs Service

- 5.1 For 2021/22 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2 At quarter 1 HRS are forecasting a deficit of £718,835 in 2021/22 (Appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F.
- 5.3 The main contributory factor for this deficit is the ongoing impact of COVID19. The loss of one of our main sub-contractors locally and the inability to recruit (mentioned above) is causing problems with repairs scheduling and void turnarounds. Repairs numbers are down, at a time of high demand, as a result and therefore lower recharges are being made to the HRA. The use of more expensive subcontractors to keep on top have work has increased costs which at this stage has not been reflected in the service hourly rate and therefore also contributes to the forecast overspend.

The forecast overspend reflects the national position in relation the construction industry. A significant number of companies are going into liquidation for many reasons. This is putting huge pressure on the those remaining in the sector, contract prices are increasing significantly reflecting increasing material and labour costs. Qualified and skilled labour is becoming increasingly hard to recruit. Recent campaigns run by HRS for a number of vacancies have resulted in only one job offer. Locally, as evidenced in recruitment, were not immune from this environment and HRS are in a difficult "trading position". The service is looking at all manner of potential short term solutions, this includes bringing in local contractors to support but noted above they are equally stretched and we in danger of "fishing in the same pool". It is fair to say that the Pandemic has had huge impact across the board, not just on people's health.

- 5.4 It should be noted that consequential costs in the HRA are also greatly reduced (as noted earlier in the report) and therefore financial picture for the directorate is not unhealthy. Surpluses from HRS have been repatriated to the HRA over the last few years and as such healthy reserves remain in the HRA. These reserves were increased at the end of last financial year to allow for HRS to catch up with any back log of repairs that had built up due to COVID19 restrictions.

6. Earmarked Reserves

- 6.1 The details of all the earmarked reserves and their forecast balance as at 31st March 2022 are attached in Appendix G. In summary:

	Opening Balance	Budgeted Contribution	Actuals Q1	Forecast Q2-Q4	Forecast Balance
	01/04/21				31/03/22
	£'000	£'000	£'000	£'000	£'000
General Fund	(19,563)	12,088	0	83	(7,392)
HRA	(2,617)	57	0	57	(2,560)
Capital Resources	22,708	(9,245)	0	(9,245)	13,464

7. Capital Programme

7.1 General Investment Programme

- 7.2 The original General Investment Programme for 2021/22 in the MTFS 2021-26 amounted to £14.393m which was increased to £16.941m following quarter 4 approvals and year end re-profiles from 2020/21. At quarter 1 the programme has been increased by £0.510m to £17.451m, as shown below:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Revised budget Outturn Report	16,941	1,160	970	683	500
Budget changes for approval	510	0	0	0	0
Revised Budget	17,451	1,160	970	683	500

- 7.3 All changes over the approved limit require approval by the Executive. There are no changes that require Executive approval for the first quarter.
- 7.4 All new projects are subject to Executive approval. During the first quarter the following scheme was added to the GIP, having been considered by the Executive during the first quarter.

	2021/22
	£'000
Green Homes Grant Local Authority Delivery Scheme – approved by Executive on 26 th June 2021, fully funded by external grant.	480
	480

In addition, there is one further new project that requires the approval of the Executive;

	2021/22
	£'000
Hartsholme Country Park security/deterrents – funding for improved features to deter and reduce the impact of illegal encampments. Funded through prudential borrowing.	30
Total delegated approvals	30

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

	2021-22 Budget following Outturn report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Investment	360	360	360	0
Communities & Environment	5,462	5,972	5,972	0
Chief Executive	1,041	1,041	1,041	0
Major Developments	9,772	9,772	9,772	0
Total Active Schemes	16,635	17,451	17,451	0
Schemes on Hold/Contingencies	306	306	306	0
Total Capital Programme	16,941	17,451	17,451	0

- 7.6 The overall spending on the General Investment Programme for the first quarter of 21/22 is £1.415m, which is 8% of the 2021/22 programme and 8.25% 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, further expenditure is expected in quarter 2 on Disabled Facilities Grants, Boutham Park Lake, the Crematorium, HAZ Scheme and various capitalised maintenance schemes.

7.7 Housing Investment Programme

- 7.8 The original Housing Investment Programme for 2021/22 in the MTFS 2021-26 amounted to £22.491m. This was increased to £25.839m following approvals and year end re-profiles as part of the 2020/21 outturn. This has been further adjusted to £29.047m during the first quarter of 2021/22. A summary of the changes are shown below:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Revised budget following 20/21 Outturn Report	25,839	14,954	12,918	10,802	11,328
Budget changes to be approved during Q1	3,208	3,609	0	0	0
Revised Budget	29,047	15,563	12,918	10,802	11,328

- 7.9 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. There were no changes approved by the Chief Finance Officer during this quarter.

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

Project Name	2021/22 Budget following Outturn	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Decent Homes				
Bathrooms & WC's	653	(553)	100	0
Thermal Comfort Works	99	(99)	0	0
Kitchen Improvements	967	(767)	200	0
Rewiring	194	(144)	50	0
Re-roofing	766	(716)	50	0
Lincoln Standard Windows Replacement	695	(400)	295	0
Structural Defects	54	(44)	10	0
Void Capitalised Works	2,158	(658)	1,500	0
Lincoln Standard				
Lincoln Standard	276	(250)	26	0
Health & Safety				
Renew stair structure	46	(36)	10	0
Other				
Communal TV Aerials	54	(44)	10	0
Contingency Schemes				
Contingency Reserve	211	3,712	3,922	0
Housing New Build				
New Build 70% match funding	1,057	(168)	889	0
New Build 141 Eligible	453	(72)	381	0
Property Acquisitions	268	240	508	0
Total budget movements to be approved by Executive	7,951	0	7,951	0

- 7.11 All new projects are subject to Executive approval. During the first quarter the following scheme was added to the HIP, having been considered by the Executive during the quarter;

	2021/22
	£'000
Housing Delivery Programme Rookery Lane – Approved by Executive on 17 th March 2021 with external funding agreed during quarter 1. Scheme is funded through external grant funding and prudential borrowing.	3,208
	3,208

7.12 The table below provides a summary of the 2021/22 projected outturn position:

	2021/22 Budget Following 2020/21 Outturn	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	9,010	5,378	5,378	0
Health and Safety	543	507	507	0
Contingent Major Repairs/ Works	211	3,922	3,922	0
New Build Programme	14,274	17,481	17,481	0
Land Acquisition Fund	95	95	95	0
Other Schemes	1,194	1,150	1,150	0
Computer Fund	513	513	513	0
Total Capital Programme	25,839	29,047	29,047	0

7.13 Expenditure against the HIP budget to the first quarter was £2.328m, which is 8.01% of the revised programme. A further £1.02m has been spent as at the end of July 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 ongoing issues arising during the COVID19 pandemic. Further work during quarter 2 and 3 will be undertaken to consider appropriate reprofiles required.

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 2021/22 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 2021/22 will be maintained within these ranges.

Although the primary focus of this report has been to set out the financial variances being faced in the current financial year, beyond 2021/22 the Council still faces significant financial challenges. Ongoing reductions in resources and increased service costs from the legacy of impacts of Covid19 require ongoing reductions in the net cost base if the Council is to live within a significantly reduced resources envelope. The MTFS 2021-2026 approved by Full Council in March 2021 sets out the financial challenges the Council faces.

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

Due to the nature of this report there are no direct equality, diversity or human rights implications,

10. Risk Implications

- 10.1 A full financial risk assessment is included in the Medium Financial Strategy 2021-26.

11. Recommendations

Executive is recommended to:

- 11.1 Note the financial performance for the period 1st April to 30th June 2021, and the projected outturns for 2021/22.
- 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 contributions from earmarked reserves as set out in paragraph 3.5.

- 11.4 Review the changes to the General Investment Programme and the Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraphs 7.4, 7.10 and 7.11.
- 11.5 Approve the changes to the General Investment programme as detailed in paragraph 7.4.

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 2021-2026

Lead Officer:

Colleen Warren, Financial Services Manager
Telephone (01522) 873361

GENERAL FUND SUMMARY - AS AT 30 JUNE 2021

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Strategic Development	A	2,042	2,055	13
Chief Finance Officer (S. 151)	B	(467)	(347)	120
City Solicitor	C	1,595	1,540	(55)
Housing	D	857	822	(35)
Growth & Regeneration	E	0	0	0
Director of Major Developments	F	406	417	11
Communities and Street Scene	G	4,783	4,823	40
Health & Environmental Services	H	383	507	124
Planning	I	873	885	12
		10,472	10,702	230
Corporate Expenditure	J	2,057	2,039	(18)
TOTAL SERVICE EXPENDITURE		12,529	12,741	212
Capital Accounting Adjustment	K	3,293	3,293	0
Specific Grants	L	(1,320)	(1,320)	0
Contingencies	M	26	14	(12)
Savings Targets	N	(423)	(423)	0
Earmarked Reserves	O	(12,171)	(12,171)	0
Insurance Reserve	P	(478)	(478)	0
TOTAL EXPENDITURE		1,456	1,655	199
CONTRIBUTION TO BALANCES		(477)	(676)	(199)
NET REQUIREMENT		979	979	0
Retained Business Rates Income	Q	5,143	5,143	0
Tariff	R	0	0	0
Section 31 grant	S	0	0	0
Levy	T	0	0	0
Collection Fund surplus/ (deficit)	U	(11,143)	(11,143)	0
Revenue Support Grant	V	23	23	0
Council Tax	W	6,956	6,956	0
TOTAL RESOURCES		979	979	0

General Fund Forecast Variances - Quarter 1

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

Ref		£	Reason for variance
	<u>Additional Expenditure</u>		
A	Call Monitoring	44,300	Additional telephone systems resulting from current working from home arrangements.
B	Property Management	42,997	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
B	Benefits	37,572	Additional overtime costs for Test and Trace and New Burdens (offset by additional grant).
D	Control Centre	47,090	Additional costs due to supplying digital equipment rather than analogue as a result of Covid restrictions.
H	Development Control	25,000	Court fees incurred as a result of a planning challenge, less compensation received.
M	Pay Award	150,000	The 2021/22 assumed an in year pay freeze in line with the Government Autumn Statement that public sector pay would face a pay freeze. Although the local government pay award has not been agreed a pay increase is now currently forecasted.
	<u>Reduced Income</u>		
B	Council Tax	63,906	Expected reduction in court cost income due to closure of courts as a result of Covid.
B	Housing Benefits	50,000	Anticipated reduction in overpayments funded through housing subsidy due to overall reduction in overpayments raised and improved collection of arrears.
C	CX Work Based Learning	33,530	Reduced income through national scheme due to lower apprentice numbers during Covid19
F	Car Parks	219,305	Anticipated loss of income following Covid lockdown and ongoing impact of local economic recovery.
G	Markets	27,871	Reduction in stall licence fee income as a result of Covid and expectation of lower occupancy levels during quarter 4 ahead of redevelopment works.

Ref		£	Reason for variance
G	Community Centre & Recreational Grounds	39,054	Loss of income due to closure of centres until quarter 2 and reduction in demand at recreational grounds.
<u>Reduced Expenditure</u>			
A	Business Dev & IT Manager	(49,258)	Vacancy savings offset against corporate vacancy savings target.
B	Financial Services	(25,310)	Vacancy savings, offset against corporate vacancy savings target.
C	Civic	(28,240)	Underspend due to a reduction in civic activities as a result of Covid restrictions.
C	CoLC Apprentices	(35,340)	Underspend due to a reduced number of Apprentices in year due to ongoing impact of Covid19.
D	Housing Development & Strategy	(23,535)	Vacancy savings offset against corporate vacancy savings target.
F	Car Parks	(36,810)	Underspends on repairs and maintenance and cleaning requirements due to reduced car park usage.
M	Covid Mitigation	(200,000)	Contingency budget set aside to mitigate in year pressures resulting from in-year impacts of Covid19 on the local recovery.
M	Vacancy Savings Target	37,875	Q1 vacancy savings target, offset by savings in service areas
<u>Additional Income</u>			
B	Test & Trace Support	(49,230)	New Burdens funding to compensate for work associated with administering the Test & Trace Support Payment grants.
B	Benefits	(35,180)	Additional New Burdens funding for HBAA, VEP and Welfare Reform.
D	Development & Strategy	(28,000)	Additional fee income from the purchase of RSAP and P&R properties.
F	Car Parks	(70,450)	SFC Income Compensation Scheme in excess of budget assumptions, partially offsets loss of income above

Appendix C

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 30 JUNE 2021

	Ref	Revised Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(29,434)	(29,360)	74
Charges for Services & Facilities	B	(312)	(315)	(3)
Contribn towards Expenditure	C	(50)	(40)	10
Supervision & Management Income	D	(912)	(968)	(56)
Repairs & Maintenance	E	9,101	7,611	(1,490)
Supervision & Management: Expenditure	F	7,944	7,927	(17)
Rents, Rates and Other Premises	G	334	374	40
Increase in Bad Debt Provisions	H	305	305	0
Insurance Claims Contingency	I	63	63	0
Contingencies	J	(47)	(47)	0
Depreciation	K	7,186	7,186	0
Debt Management Expenses	L	12	12	0
HRS Trading (Surplus) / Deficit	M	0	719	719
Net Cost of Service	M	(5,809)	(6,534)	(725)
Loan Charges Interest	O	2,530	2,530	0
Investment/Mortgage Interest	P	(20)	(20)	0
Net Operating Inc/Exp		(3,299)	(4,024)	(725)
Major Repairs Reserve Adjustment	Q	3,184	3,684	500
Transfers to/from reserves	R	130	130	0
(Surplus)/Deficit in Year		15	(210)	(225)

Housing Revenue Account Variances - Quarter 1

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

Ref		£	Reason for variance
<u>Reduced Expenditure</u>			
F	Supervision & Management	(17,147)	Staff vacancies across HRA.
D	Repairs & Maintenance	(1,490,051)	Reduced expenditure on Minor Works, Responsive Repairs, voids and external decoration due to Covid19.
<u>Increased Expenditure</u>			
L	HRS Trading Deficit	718,835	Estimated deficit position for HRS (refer to HRS vacancies).
G	Rent, Rates and Other Premises	39,590	Increased costs for Amenity and Footpath lighting.
A	Gross Rental Income	30,000	Discretionary Housing payments for the COVID Hardship Fund.
T	Major Repairs Adjustment	500,000	DRF additional contribution to reduce the use of capital receipts and borrowing.
<u>Increased Income</u>			
D	Supervision & Management	(56,150)	Additional income from RSAP, P&R properties and Garden Voids income.
A	Gross Rental Income	(17,761)	Additional income from garage rental due to a change in VAT regime.

HOUSING REPAIRS SERVICE SUMMARY - AS AT 30 JUNE 2021

	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	3,351	2,949	(401)
Premises	55	109	55
Transport	333	333	0
Materials	1,415	870	(545)
Sub(Contractors	1,969	2,683	713
Supplies & Services	272	312	40
Central Support Charges	99	99	0
Capital Charges	0	0	0
Total Expenditure	7,495	7,356	(138)
Income	(7,492)	(6,635)	857
(Surplus)/Deficit	3	721	719

Housing Repairs Service Variances - Quarter 1

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

	£	Reason for Variance
<u>Reduced Expenditure</u>		
Employee Costs	(401,440)	Operative/labourer vacancies, due to current market conditions recruitment to posts has been difficult.
Supplies & Services	(545,246)	Reduction in use of direct materials due to fewer jobs being carried out.
<u>Increased Expenditure</u>		
Supplies & Services	713,432	Additional use of sub-contractors due to current vacancies and the conclusion of the Planned Maintenance contract.
Supplies & Services	35,801	Additional IT costs for remote working equipment.
<u>Reduced Income</u>		
Premises	57,489	Reduced rental income for Hamilton House due to the conclusion of Planned Maintenance contract.
Income	857,299	Reduction in income due to a reduction in responsive jobs and a backlog of jobs due to contractor going into administration.

EARMARKED RESERVES – Q1 MONITORING 2021/22

	Revised Opening Balance	Budgeted Contribution	Actuals Q1	Forecast Q2-4	Forecast Balance
	01/04/2021 £'000	£'000	£'000	£'000	31/03/2022 £'000
General Fund					
Grants & Contributions	1,385	(71)	0	(85)	1,229
Budget Carry Forwards	482	(84)	0	0	398
Active Nation Bond	180	0	0	0	180
AGP Sinking Fund	3	0	0	0	3
Air Quality Initiatives	11	6	0	0	17
Asset Improvement	0	0	0	0	0
Birchwood Leisure Centre	46	0	0	20	66
Business Rates Volatility	13,376	(11,666)	0	0	1,710
Christmas Decorations	14	0	0	0	14
City Hall Sinking Fund	60	0	0	0	60
Commons Parking	20	0	0	0	20
Corporate Training	60	0	0	0	60
Council Tax Hardship Fund	531	0	0	0	531
Covid19 Recovery	1,047	0	0	0	1,047
Covid19 Response	354	0	0	0	354
DRF Unused	341	(308)	0	0	33
Electric Van replacement	19	5	0	0	24
Funding for Strategic Priorities	174	(85)	0	0	89
Income Volatility Reserve	0	0	0	0	0
Invest to Save (GF)	453	(187)	0	0	466
IT Reserve	124	28	0	0	152
Lincoln Lottery	10	0	0	0	10
Mayoral Car	27	0	0	0	27
Mercury Abatement	317	(317)	0	0	0
MSCP & Bus Station Sinking Fund	60	44	0	0	104
Private Sector Stock Condition Survey	27	12	0	0	39
Revenues & Benefits Share Service	0	0	0	0	0
Section 106 Interest	32	0	0	0	32
Strategic Growth Reserve	17	0	0	0	17
Strategic Projects – Revenue Costs	2	(2)	0	0	0
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	97	20	0	(15)	102
Vision 2025	204	517	0	0	521
WGC Planning	80	0	0	(3)	77
	19,563	(12,088)	0	(83)	7,392

Appendix G

HRA

Capital Fees Equalisation	110	0	0	0	110
De Wint Court	73	0	0	0	73
Housing Business Plan	77	0	0	0	77
Housing Repairs Service	126	0	0	0	126
HRA Repairs Account	1,351	0	0	0	1,351
Housing Strategic Priority	722	(57)	0	0	665
Invest to Save (HRA)	133	0	0	0	133
Strategic Growth Reserve	26	0	0	0	26
	2,618	(57)	0	0	2,561
Total Earmarked Reserves	22,181	(12,127)	0	0	10,054

CAPITAL RESOURCES – Q1 MONITORING 2021/22

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/22
	£'000	£'000	£'000	£'000
Capital Grants/Contributions	3,773	7,815	(11,588)	0
Capital receipts General Fund	623	7,210	(6,184)	1,649
Capital receipts HRA	1,674	500	(1,092)	1,082
Capital receipts 1-41	2,214	0	(546)	1,668
Major Repairs Reserve	7,763	6,698	(10,958)	3,503
HRA DRF	6,661	3,514	(4,614)	5,562
Total Capital Resources	22,708	25,737	(34,982)	13,464

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 schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 21/22.

General Investment Programme – Summary of Financial Changes

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Revised budget following Outturn Report	16,941	1,160	970	683	500
Budget changes at Q1	510	0	0	0	0
Revised Budget	17,451	1,160	970	683	500
Approved During the quarter by Executive					
LAD 2 Green Homes	480	0	0	0	0
For approval by Executive					
HCP Security/Deterrents	30	0	0	0	0

General Investment Programme – Summary of Expenditure as at 30th June 2021

Scheme	Revised Budget following outturn report	Budget to be approved	Actuals as at Q1	Variance	Spend
	£	£	£	£	%
ACTIVE SCHEMES					
DCE (Communities & Environment)					
Disabled Facilities Grant	1,849,085	1,849,085	117,210	(1,731,875)	6%
Artificial Grass Pitches (AGP)	88,307	88,307	-	(88,307)	0%
New Software (Crem)	2,250	2,250	-	(2,250)	0%
Crematorium	2,487,550	2,487,550	627,712	(1,859,838)	25%
Whittons Park Play Area	130,000	130,000	-	(130,000)	0%
	4,557,192	4,557,192	744,922	(3,812,270)	16%
DCE (Community Services)					
Flood alleviation scheme (Hartsholme Park)	55,415	55,415	650	(54,765)	1%
Boultham Park Masterplan	49,700	49,700	-	(49,700)	0%
Boultham Park Lake	181,893	181,893	218,876	36,983	120%
Car Park Improvements (ticket machines)	-	-	(6,200)	(6,200)	0%
Car Park Improvements (CCTV in MSCPs)	6,142	6,142	-	(6,142)	0%
EV Charging Points	43,982	43,982	13,000	(30,982)	30%
Traveller deterrent	-	30,000	-	-	0%
LAD 2 Green Homes	-	479,600	-	-	0%
	337,132	846,732	226,326	(110,806)	27%
DCE (Planning)					
Heritage Action Zone	568,038	568,038	10,553	(557,485)	2%

Appendix J

	568,038	568,038	10,553	(557,485)	2%
DCE Total	5,462,362	5,971,962	981,801	(4,480,561)	16%
General Fund Housing					
Housing Renewal Area Unallocated	360,152	360,152	-	(360,152)	0%
	360,152	360,152	-	(360,152)	0%
Major Developments					
Lincoln Transport HUB	-	-	(59,202)	(59,202)	0%
Central Markets	263,383	263,383	88,374	(175,009)	34%
Western Growth Corridor (Phase 1 Devt)	9,339,303	9,339,303	-	(9,339,303)	0%
Towns Fund	169,010	169,010	363,583	194,573	215%
	9,771,696	9,771,696	392,755	(9,378,941)	6%
Chief Executives (Corporate Policy)					
New Telephony System	24,099	24,099	-	(24,099)	0%
Infrastructure Upgrade	3,772	3,772	-	(3,772)	0%
	27,871	27,871	-	(27,871)	0%
Chief Executives (Chief Finance Officer)					
Planned Capitalised Works	273,944	273,944	-	(273,944)	0%
Allotments Asbestos Sheds	33,795	33,795	-	(33,795)	0%
City Hall Improvements	931	931	-	(931)	0%
Guildhall Works	17,630	17,630	-	(17,630)	0%
Stamp End Demolition	139,400	139,400	-	(139,400)	0%
Greyfriars Roof Improvements	4,050	4,050	-	(4,050)	0%
City Hall 3rd Floor Fire Works	5,001	5,001	-	(5,001)	0%
Guildhall	609	609	-	(609)	0%
Michaelgate Structural Works	2,283	2,283	-	(2,283)	0%
Play Area Surfacing Works	11,639	11,639	-	(11,639)	0%

Appendix J

Long Leys Road Drainage	10,438	10,438	7,163	(3,275)	69%
YLC Diving Boards	39,825	39,825	-	(39,825)	0%
The Terrace	-	-	(2,712)	(2,712)	0%
The Terrace Heat Mitigation Works	246,547	246,547	-	(246,547)	0%
Brayford Viewing Platform	8,246	8,246	-	(8,246)	0%
Greyfriars	174,317	174,317	35,937	(138,380)	21%
Monks Abbey Bowls Pavilions External Works	9,061	9,061	-	(9,061)	0%
Guildhall Walkway/ Access Improvements.	11,219	11,219	-	(11,219)	0%
Grandstand Terracing Improvements	12,837	12,837	-	(12,837)	0%
West Common External Rendering Improvements	4,980	4,980	-	(4,980)	0%
City Hall Lightning Protection	6,104	6,104	-	(6,104)	0%
	1,012,856	1,012,856	40,388	(972,468)	4%
TOTAL BUDGET FOR ACTIVE SCHEMES	16,634,937	17,144,537	1,414,944	(15,219,993)	8%
Schemes Currently Under Review					
Capital Contingencies	2,424	2,424	-	(2,424)	0%
IT Reserve	70,562	70,562	-	(70,562)	0%
Compulsory Purchase Orders	233,481	233,481	-	(233,481)	0%
	306,467	306,467	-	(306,467)	0%
TOTAL GENERAL INVESTMENT PROGRAMME	16,941,404	17,451,004	1,414,944	(15,526,460)	8%

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

Project Name	2021/22 MTFS Budget Following Outturn report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Unallocated new build budget	1,203,265	0	1,203,265	0
New Build Programme 70% Match funding	1,057,068	(167,860)	889,208	0
New Build Programme (141 eligible)	453,029	(71,940)	381,089	0
New Build Capital Salaries	42,416	0	42,416	0
New Build (De Wint Court)	9,126,588	0	9,126,588	0
New Build (Searby Road)	62,497	0	62,497	0
Western Growth Corridor	1,259,766	0	1,259,766	0
New Build (QER)	26,761	0	26,761	0
Rookery Lane	137,719	3,207,701	3,345,420	3,608,663
Next Steps Accommodation Project	636,723	0	636,723	0
Property Acquisitions	267,743	239,800	507,543	0
New Build Programme	14,273,575	3,207,701	17,481,276	3,608,663
Land Acquisition				
Land Acquisition fund	94,689	0	94,689	0
Land Acquisition	94,689	0	94,689	0
Total New Build/Acquisitions	14,368,264	3,207,701	17,575,965	3,608,663

Housing Investment Programme – Decent Homes– Summary of Financial Changes

Project Name	2021/22 MTFS Budget Following Outturn report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from)future years
	£	£	£	£
<u>Decent Homes</u>				
Bathrooms & WC's	653,008	(553,008)	100,000	0
DH Central Heating Upgrades	2,060,491	0	2,060,491	0
Thermal Comfort Works	99,364	(99,364)	0	0
*Kitchen Improvements	967,097	(767,097)	200,000	0
Rewiring	194,075	(144,075)	50,000	0
*Reroofing	765,977	(715,977)	50,000	0
*Lincoln Standard Windows Replacement	695,159	(400,000)	295,159	0
Structural Defects	54,027	(44,027)	10,000	0
Door Replacement	987,162	0	987,162	0
*New services	51,401	0	51,401	0
Void Capitalised Works	2,158,497	(658,497)	1,500,000	0
Fire doors	47,879	0	47,879	0
Fire compartment works	0	0	0	0
Total Decent Homes	8,734,137	(3,382,045)	5,352,092	0
Lincoln Standard				
Over bath showers (10(year programme)	275,785	(250,000)	25,785	0
Total Lincoln Standard	275,785	(250,000)	25,785	0
Health & Safety				
Asbestos Removal	195,850	0	195,850	0
Asbestos Surveys	167,640	0	167,640	0
Replacement Door Entry Systems	93,740	0	93,740	0

Appendix L

Renew stair structure	45,988	(35,988)	10,000	0
Fire Alarms	40,000	0	40,000	0
Total Health & Safety	543,218	(35,988)	507,230	0
Other				
Environmental new works	748,293	0	748,293	0
Gunby Avenue	3,333	0	3,333	0
Communal Electrics	137,469	0	137,469	0
Garages	164,409	0	164,409	0
HRA Assets (Shops/Buildings)	60,094	0	60,094	0
CCTV	26,685	0	26,685	0
Communal TV Aerials	53,550	(43,550)	10,000	0
Total Other	1,193,833	(43,550)	1,150,283	0
Contingency Schemes				
Contingency Reserve	210,794	3,711,583	3,922,377	0
Total Contingency Schemes	210,794	3,711,583	3,922,377	0
Other Schemes				
Housing Support Services Computer Fund	179,602	0	179,602	0
Infrastructure Upgrade	251,633	0	251,633	0
Operation Rose	81,769	0	81,769	0
Total Other Schemes	513,004	0	513,004	0
Total Housing Investment	11,470,770	0	11,470,770	0

Housing Investment Programme – Summary of Expenditure as at 30th June 2021**Housing Investment**

Project Name	2021/22 Budget following 20/21 Outturn report	Q1 Budget Changes	Revised Budget	Actual expenditure as at Q1	Variance	% Spend
Decent Homes						
Bathrooms & WC's	653,008	(553,008)	100,000	(4,447)	(104,447)	(4.45%)
DH Central Heating Upgrades	2,060,491	0	2,060,491	320,814	(1,739,677)	15.57%
Thermal Comfort Works	99,364	(99,364)	0	(822)	(822)	0.00%
Kitchen Improvements	967,097	(767,097)	200,000	(15,833)	(215,833)	(7.92%)
Rewiring	194,075	(144,075)	50,000	1,714	(48,286)	3.43%
Reroofing	765,977	(715,977)	50,000	(2,290)	(52,289)	(4.58%)
Lincoln Standard Windows Replacement	695,159	(400,000)	295,159	(1,846)	(297,005)	(0.63%)
Structural Defects	54,027	(44,027)	10,000	(177)	(10,178)	(1.77%)
Door Replacement	987,162	0	987,162	4,091	(983,071)	0.41%
New services	51,401	0	51,401	0	(51,401)	0.00%
Void Capitalised Works	2,158,497	(658,497)	1,500,000	0	(1,500,000)	0.00%
Fire Doors	47,879	0	47,879	(1,499)	(49,378)	(3.13%)
Fire Compartment Works	0	0	0	(1,915)	(1,915)	0.00%
Total Decent Homes	8,734,137	(3,382,045)	5,352,092	297,790	(5,054,302)	5.56%

Lincoln Standard						
Over bath showers (10(year programme)	275,785	(250,000)	25,785	(556)	(26,341)	(2.16%)

Appendix M

Total Lincoln Standard	275,785	(250,000)	25,785	(556)	(26,341)	(2.16%)
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Health & Safety						
Asbestos Removal	195,850	0	195,850	22,644	(173,206)	11.56%
Asbestos Surveys	167,640	0	167,640	13,791	(153,849)	8.23%
Replacement Door Entry Systems	93,740	0	93,740	0	(93,740)	0.00%
Renew stair structure	45,988	(35,988)	10,000	0	(10,000)	0.00%
Fire Alarms	40,000	0	40,000	33,309	(6,691)	83.27%
Total Health & Safety	543,218	(35,988)	507,230	69,743	(437,487)	13.75%

Other						
Environmental works	748,293	0	748,293	(1,917)	(750,210)	(0.26%)
Landscaping & Boundaries	0	0	0	(6,052)	(6,052)	0.00%
2 Gunby Avenue	3,333	0	3,333	0	(3,333)	0.00%
Communal Electrics	137,469	0	137,469	(795)	(138,264)	(0.58%)
Garages	164,409	0	164,409	0	(164,409)	0.00%
HRA Assets (Shops/Buildings)	60,094	0	60,094	0	(60,094)	0.00%
CCTV	26,685	0	26,685	0	(26,685)	0.00%
Communal TV Aerials	53,550	(43,550)	10,000	0	(10,000)	0.00%
Total Other	1,193,833	(43,550)	1,150,283	(8,764)	(1,159,047)	(0.76%)

Contingency Schemes						
Contingency Reserve	210,794	3,711,583	3,922,377	0	(3,922,377)	0.00%
Total Contingency Schemes	210,794	3,711,583	3,922,377	0	(3,922,377)	0.00%

Appendix M

Other Schemes						
Housing Support Services Computer Fund	179,602	0	179,602	0	(179,602)	0.00%
Operation ROSE	81,769	0	81,769	7,335	(74,434)	8.97%
IT Infrastructure Upgrade	251,633	0	251,633	0	(251,633)	0.00%
Other Schemes	513,004	0	513,004	7,335	(505,669)	1.43%

Total Housing Investment	11,470,770	0	11,470,770	365,548	(11,105,222)	
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Housing Strategy

New Build Programme						
Unallocated New Build	1,203,265	0	1,203,265	0	(1,203,265)	0.00%
New Build Programme	1,641,771	(239,800)	1,401,971	0	(1,401,971)	0.00%
Purchase and repair	267,743	239,800	507,543	321,719	(185,824)	63.39%
Rookery Lane	137,719	3,207,701	3,345,420	8,700	(3,336,720)	0.26%
Western Growth Corner	1,259,766	0	1,259,766	0	(1,259,766)	0.00%
NSAP Properties	636,723	0	636,723	649,779	13,056	102.05%
De Wint Court	9,126,588	0	9,126,588	982,145	(8,144,443)	10.76%
Total New Build Programme	14,273,575	3,207,701	17,481,276	1,962,343	(15,518,933)	11.23%

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

Total Housing Strategy	14,368,264	3,207,701	17,575,965	1,962,343	(15,613,622)	
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Total Housing Investment & Strategy	25,839,034	3,207,701	29,046,735	2,327,891	(26,718,844)	8.01%
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TFS Phase7 programme: progress at Q3 - 2020/2021

Service	Summary of project	Dir.	Total savings in 2021/22 £000's	GF savings in 2021/22 £000's	HRA savings in 2021/22 £000's	Comments
ACTIONS COMPLETED AS OF END Q1 2021/22						
Major Developments	Carry forward of new burdens funding	DMD	35	35	0	Complete for 21/22 – future business case required
Revenues & Benefits Shared Service	Deletion of vacant hours/post	CX	35	35	0	Complete
Sports, Leisure & City Services	Review of Recreational Services	DCE	21	21	0	Executive 17.03.21
Development Control	Review of Development Control	DCE	32	32	0	Executive 17.03.21
Development Control	Reinstatement	DCE	(36)	(36)	0	Complete
Business Development & IT	Review of Systems & Info Team	CX	27	26	1	Executive 17.03.21
Council-Wise	Mutually Agreed Resignation Scheme	ALL	254	194	59	Executive 22.02.21
Property Services	Transfer of HRA shops to General Fund	CX	117	117	0	Executive 17.03.21
Corporate	Review of funding support to The Network	CORP	4	4	0	Complete
TOTAL			489	428	60	