

SUBJECT: FINANCIAL PERFORMANCE – QUARTERLY MONITORING

REPORT BY: CHIEF EXECUTIVE & TOWN CLERK

LEAD OFFICER: LAURA SHIPLEY, 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 the 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. While there are still a number of variables, which are subject to a level of uncertainty, based on the latest set of assumptions as at the end of the first quarter (up to 30 June) the forecast financial position of the Council for 2024/25 is:

Revenue Accounts	2024/25		
	Budget	Forecast @	Variance @
	£'000	Q1 £'000	Q1 £'000
General Fund – Contribution (to)/from balances	(147)	(151)	(4)
Housing Revenue Account – Contribution (to)/from balances	101	(506)	(608)
Housing Repairs Service – (surplus)/deficit	0	355	355*

*any HRS variance is repatriated to the HRA and as such included within the HRA balances above

Capital Programmes	2024/25		
	Opening Budget £'000	Revised Budget @ Q1 £'000	Movement @ Q1 £'000
General Investment Programme	23,151	23,455	304
Housing Investment Programme	22,763	17,650	(5,112)

Balances	2024/25		
	Budgeted Balance @ 31/03/25 £'000	Forecast Balance @ 31/03/25 £'000	Forecast Movement £'000
General Fund Balances	(2,392)	(2,396)	(4)
Housing Revenue Account Balances	(1,030)	(1,638)	(608)

Reserves	2024/25		
	Opening Balance @ 01/04/24 £'000	Forecast Balance @ 31/03/25 £'000	Forecast Movement £'000
General Fund Earmarked Reserves	(8,234)	(7,085)	1,149
HRA Earmarked Reserves	(4,507)	(4,289)	218

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

3. General Fund Revenue Account

- 3.1. For 2024/25 the Council's net General Fund revenue budget was set at £15,427,670 including a planned contribution to balances of £146,820 resulting in an estimated level of general balances at the year-end of £2,391,979 (after allowing for the 2023/24 outturn position).
- 3.2. The General Fund Summary is currently projecting a forecast underspend of £3,530 (Appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,395,509. This position maintains balances above the prudent minimum of c.£1.5-£2m.
- 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:

General Fund	Forecast
Forecast year-end key variances:	£'000
National proposed pay award settlement	184
Increased non recoverable supported accommodation and other housing benefit costs, reduction in DWP grant funding and unbudgeted Discretionary Housing Payment	292
Trend in reducing crematorium income shortfall plus additional interim management & administration costs	250
Less:	
Release of Inflation Volatility reserve	(184)
Reduced Borrowing Costs	(310)
Increased Investment Interest	(97)
Net other variances	(139)
Overall forecast budget deficit/(surplus)	(4)

3.4. A number of the key forecast variances have arisen as a result of external variables e.g. economic factors, service demands etc, which differ from the budgeted assumptions. These main variances, both positive and negative cover:

- Proposed pay award inflation pressure - the impact of the proposed national pay award is in excess of the assumptions included within the MTFS. The 2024/25 pay offer, made by the National Employers for Local Government Services earlier this year, is yet to be accepted by the Trade Unions. The current pay deal offers either a flat rate increase of £1,290 (prorate) or a 2.5% increase to all staff dependant on pay spinal point, equivalent to a 5.7% increase for the lowest paid members of staff. Until an agreement with the National Unions is reached, the Q1 forecast has been based on the current offer, and as such is subject to change. In order to mitigate this cost pressure, an equivalent drawdown from the inflation volatility reserve will be released.
- Unrecoverable Housing Benefit – the number of housing benefit claims in relation to supported accommodation, which does not attract 100% subsidy, continues to be at elevated levels, in addition other areas of housing benefit expenditure which do not attract 100% subsidy are also above budgeted levels. Grant funding from the Department of Works and Pensions is also lower than previous years and budgeted for.
- Borrowing costs – as a result of a delay in the anticipated reduction of the Bank of England Base Rate, which was maintained at 5.25% during quarter one (but has now subsequently reduced to 5%), the Council have benefitted from reduced borrowing costs due to the continued strategy to review the reprofiling of loans and maintain adequate resource to reduce the level of budgeted borrowing while interest rates are still high.
- Investment income – in addition to savings on interest payable, the ongoing high base rate has increased the level of interest earned on the Council's cash balances over and above the levels anticipated within the MTFS.

3.5. Alongside the above variances, a significant variance against the Council's crematorium budget is also forecasted, resulting from a continuation of the reduction

in income from cremations seen last financial year, driven by increasing competition from neighbouring Crematoriums. This position is being carefully monitored and an action plan developed.

- 3.6. In addition, the service is currently being supported by external industry professionals, increasing the management and administration costs, this is being carefully monitored and will only remain in place for as long as required.
- 3.7. In response to the key cost pressures anticipated in 2024/25; the additional staff costs arising as a result of the proposed pay award are unavoidable and will require the resetting of budgets for 2025/26 onwards within the upcoming MTFS. However, in relation to the increasing cost of housing benefits, a range of mitigating actions are being taken, e.g. lobbying against current subsidy rules and Local Housing Allowance rates, focusing on actions to manage the supply of and demand for affordable/social housing and temporary accommodation, review of all supported accommodation claims is in place to ensure the appropriate levels of housing benefit are awarded, supporting housing providers to attain social registered landlord status etc. These actions are not likely to reduce costs in the short term, but are part of a longer term solution.
- 3.8. While the forecast outturn for the General Fund is a small budget underspend, there still remains uncertainty in terms of service demands and income forecasts. As such the final outturn position for the year is still subject to further change and will continue to be carefully monitored. While mitigating actions are underway as set out above, strong budgetary control should continue to be a focus to ensure expenditure and income remain balanced within the budget, resulting in a positive contribution to reserves at outturn.

3.9. **Earmarked Reserves**

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

3.10. **Towards Financial Sustainability Programme**

The savings target included in the MTFS for 2024/25 was £125,000.

Progress against this target, based on quarter one performance, shows identified savings totalling £128,460 for the General Fund, resulting in a forecast over-achievement of £3,460 in year.

4. **Housing Revenue Account**

- 4.1. For 2024/25 the Council's Housing Revenue Account (HRA) net revenue budget was set with a planned contribution from balances of £101,220, resulting in an estimated level of general balances at the year-end of £1,030,024, after allowing for the 2023/24 outturn position.
- 4.2. The HRA is currently projecting a forecast underspend of £607,544 (Appendix C provides a forecast HRA Summary), which would result in HRA balances of

£1,637,568 as at the end of 2024/25. This position maintains balances above the prudent minimum of c.£1m.

- 4.3. Although the forecast position is an underspend there are a number of significant variations in income and expenditure. Full details of the main variances are provided in the Appendix D, while the table below sets out the key variances:

Housing Revenue Account Forecast year-end key variances:	Forecast £'000
National proposed pay award settlement	119
Less:	
Increased Investment Interest	(227)
Reduced Borrowing Costs	(68)
Additional Rental Income	(188)
<u>HRS Recharges:</u>	
Housing Repairs Service Overall Deficit Repatriation	355
HRS Repairs – increased Responsive jobs	498
HRS Repairs – reduced level of Voids, Aids & Adaptations and Cleansing jobs (see Appendix D for breakdown)	(1,096)
Net Other Variances	(1)
Overall forecast deficit/(surplus)	(608)

- 4.4. In line with the General Fund, some of the key variances have arisen as a result of external variables e.g. economic factors, service demands etc, which differ from the budgeted assumptions. However, in addition, the HRA and HRS continue to experience a number of other variances due to demand pressures and the ongoing recruitment and retention challenges. These main variances, both positive and negative, cover:

- Proposed pay award inflation pressure – as per the General Fund the proposed the national pay award is in excess of the assumptions included within the MTFS.
- Investment income – as per the General Fund as a result interest rates and the Council's borrowing strategy, the level of borrowing and reprofiling of loans is being carefully managed, reducing overall borrowing costs.
- Rental income – income levels are higher than anticipated due to a higher than budgeted opening Housing stock at the start of the financial year.

- 4.5. Alongside these variances the Housing Repairs Services (HRS) is currently reporting a forecast deficit, which is consequentially repatriated to the HRA, as a result of the issues set out in Section 5 below. This is however subsequently offset by a net reduction in repairs recharges from the HRS to the HRA, resulting from a switch in the nature of HRS rechargeable works anticipated this year with a significant increase in demand for responsive repairs, wholly offset by a reduction in the level of voids repairs, aids and adapts and cleansing works.

- 4.6. In response to the key cost pressures forecast in 2024/25; the additional staff costs arising as a result of the proposed pay award are unavoidable and will require the resetting of budgets for 2025/26 within the upcoming MTFS. In relation to the additional costs transferred from the HRS, the Housing Directorate Management Team continue work on the individual repairs service areas, i.e. Aids & Adaptations, Voids, Responsive Repairs etc, in order to review and manage demand and cost drivers. Work also continues within the HRS to address the recruitment and retention challenges, (this also forms part of a wider scope of work developing the Council's Workforce Development Strategy), which is already seeing some success with a reduction in level of vacancies at the end of the last financial year.
- 4.7. As outlined throughout this report, there still remains a number of variables in the forecast assumptions, and as such the final outturn position for the year is still subject to further change. At this stage no additional mitigations, other than those currently being implemented in response to the issues faced by the HRS are recommended. Strong budgetary control should continue to be a focus to ensure expenditure and income remain balanced within budget.

4.8. **HRA Earmarked Reserves**

Details of the HRA Earmarked Reserves are set out in paragraph 6 and Appendix G.

5. **Housing Repairs Service**

- 5.1. For 2024/25 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2. At Quarter 1 the HRS are forecasting a deficit of £355,311 in 2024/25, which has been repatriated to the HRA, Appendix E provides a forecast HRS Summary. Full details of the main variances are provided within Appendix F of this report, while the key variances are summarised below:

Housing Repairs Service Forecast year-end key variances:	Forecast £'000
Increase in sub-contractors usage and prices	342
Income shortfall as a result of a lower level of voids, aids & adapts and cleansing jobs	1,016
Increase in materials usage and prices	105
National proposed pay award settlement	47
Less:	
Staff vacancies due to recruitment and retention challenges	(485)
Income surplus as a result of increase in responsive repairs, quoted jobs & other works	(735)
Net other variances	65
Overall forecast deficit/(surplus)	355

- 5.3. The main contributory factor to the forecast deficit is the ongoing recruitment and retention challenges, which are being felt not just by the Council but across the construction industry as a whole. This inability to attract and retain staff results in a greater reliance on the use of sub-contractors to ensure that service demands are met. The cost of using subcontractors is however more expensive than the HRS's own workforce, due to the ongoing impact of inflationary factors.
- 5.4. Additionally, the HRS are seeing increased levels of work in relation to regulatory compliance, such as damp and mould remediation and installation of fire doors, this is increasingly affecting the capacity to carry out routine works, further compounding the reliance on sub-contractors.
- 5.5. As the increased subcontractor costs are not reflected in the service hourly rate and overhead recovery is not recouped on sub-contractors this results in an under recovery of full costs from the HRA.
- 5.6. The ongoing impact of higher than anticipated material prices, coupled with a forecast increase in repairs jobs has resulted in an overspend on materials further compounding the HRS forecast position.
- 5.7. The forecast deficit also includes the impact of the proposed national pay award, which is in excess of the assumptions included within the MTFS as outlined in both the General Fund and HRA variances.
- 5.8. It should be noted that due to the interconnection of the HRS and HRA the consequential costs in the HRA have reduced, and therefore offset the repatriated deficit. Whilst this was not the case last year due to increasing costs of sub-contractors and materials, measures were taken at budget setting to reflect the anticipated impact of this. It is essential however, that the tight controls implemented to monitor premium sub-contractor spend are maintained to minimise the projected deficit and mitigate against the potential for the current net underspend in the HRA, as outlined in section 4 above, to deteriorate.

6. Earmarked Reserves

- 6.1. The Council holds a number of earmarked revenue reserves over both the General Fund and HRA. These reserves are sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. Key reserves include income volatility, business rates volatility, IT investment fund, asset sinking funds for future refurbishment, etc. A number of these reserves are budgeted for use over the period of the MTFS.
- 6.2. The details of all the earmarked reserves and their forecast balance as at 31st March 2025 are attached in Appendix G, with further details in the MTFS 2024-2029. In summary:

Earmarked Reserves	Opening Balance 01/04/24 £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/25 £'000
General Fund	8,234	684	(1,833)	7,085
Housing Revenue Account	4,507	363	(581)	4,289

7. Capital Programme

7.1. General Investment Programme

- 7.2. The original General Investment Programme for 2024/25 in the MTFS 2024-29 amounted to £17.5m which increased to £23.2m following the quarter 4 approvals and year end re-profiles from 2023/24. At quarter 1 the programme has been increased by £0.3m to £23.5m, as shown below:

General Investment Programme	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Revised Budget at 2023/24 Outturn	23,151	7,563	1,052	1,052	1,052
Budget changes for approval – Quarter 1	304	0	0	0	0
Revised Budget	23,455	7,563	1,052	1,052	1,052

- 7.3. All changes over delegated limits require approval by the Executive. The following scheme has been changed and requires approval by the Executive.

Changes requiring approval by the Executive	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Re-Imagining Greyfriars - Additional grant funding received from NHLF to fund increased build costs.	127	0	0	0	0

- 7.4. New schemes over an approved limit, are subject to Executive approval. There have been no new schemes in quarter 1 requiring Executive approval.

- 7.5. The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit, or to reprofile the budget, as set out under Financial Procedure Rules. The following changes and reprofiles were approved during Quarter 1:

GIP Movements Approved by the Chief Finance Officer:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Transfers between schemes					
WGC Phase 1a Shared Infrastructure - budget movement to WGC Wider 1b Site Costs	(21)	0	0	0	0
WGC Wider 1b Site Costs - budget movement from WGC Phase 1a Shared Infrastructure	21	0	0	0	0
Shared Prosperity Fund (UKSPF) funds allocated to agreed schemes	(423)	0	0	0	0
UKSPF Moorland Community Hub	70	0	0	0	0
UKSPF Sudbrooke Drive Hub	223	0	0	0	0
UKSPF Our Community Bakery	130	0	0	0	0
Towns Deal Tentercroft Street – reallocated to Store of Stories	(28)	0	0	0	0
Towns Deal Store of Stories – reallocated from Tentercroft Street	28	0	0	0	0
Increased budget allocations					
DFG's – additional Better Care Fund grant received	77	0	0	0	0
Yarborough Leisure Centre Energy Efficiency scheme – budget increase to cover project management costs, funded by a revenue contribution from reserves	20	0	0	0	0
Yarborough Leisure Centre Equipment – acquisition of fitness equipment, funded by a revenue contribution from reserves	80	0	0	0	0
Total GIP Movements Approved by the CFO	177	0	0	0	0
Total GIP Delegated Approvals and Approvals by/for Executive	304	0	0	0	0

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

General Investment Programme - Projected Outturn	2024/25			
	Budget – Reported at Outturn May 2024	Revised Budget Q1	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing and Investment	298	298	298	0
Communities and Environment	2,734	2,911	2,911	0
Chief Executive	3,290	3,417	3,417	0
Major Developments	10,964	10,936	10,936	0
Total Active Schemes	17,286	17,562	17,562	0
Schemes on Hold/ Contingencies	308	308	308	0
Externally Delivered Town Deal Schemes	5,557	5,585	5,585	0
Total Capital Programme	23,151	23,455	23,455	0

7.7. The overall spending on the General Investment Programme active schemes (excluding externally delivered schemes), for the first quarter of 24/25 is £1.9m, which is 10.58% of the budget. This is detailed further at Appendix I.

7.8. Housing Investment Programme

7.9. The revised Housing Investment Programme for 2024/25 amounted to £22.763m following the 2023/24 Outturn position. At quarter 1 the programme has been decreased by £5.112m to £17.650m, as shown below:

Housing Investment Programme	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Revised Budget at 2023/24 Outturn	22,763	16,478	14,718	14,734	13,324
Budget changes for approval – Quarter 1	(5,112)	1,305	1,249	424	0
Revised Budget	17,650	17,783	15,968	15,159	13,324

7.10. All changes over the approved limit require approval by the Executive. The following changes require Executive approval for Quarter 1:

Changes requiring Executive Approval:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Budget Under/Overspends returned to available resources (MRR - Major Repairs Reserve)					
Kitchen Improvements	(1,000)	0	0	0	0
Rewiring	(588)	0	0	0	0
Over bath showers	(250)	0	0	0	0
Landscaping & Boundaries	(1,153)	0	0	0	0
Increased budget allocations					
Communal Electrics (funded from MRR)	150	0	0	0	0
Property Acquisitions – this includes individual purchase and repair acquisitions approved under officer delegations (funded from 1-4-1 receipts with borrowing as match element).	300	0	0	0	0
Total changes requiring Executive Approval	(2,541)	0	0	0	0

- 7.11. The following schemes have also been added to the HIP, having been approved at Executive during Quarter 1, (or in previous quarters):

Approved by the Executive:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Increased budget allocations					
WGC Wider 1b Site Costs (18/03/24).	79	0	0	0	0
Total changes approved by Executive	79	0	0	0	0

- 7.12. 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 changes were approved during Quarter 1:

Changes approved by the Chief Finance Officer:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Reprofiled Expenditure					
Thermal Comfort Works	(120)	120	0	0	0
Re-roofing	(829)	0	424	424	0
Lifts	(1,050)	525	525	0	0
Fire Compartment works	(160)	160	0	0	0
Environmental Works	(500)	500	0	0	0
Increased budget allocations					
Hiab and Mule (Funded though DRF)	8	0	0	0	0

Total Changes Approved by the Chief Finance Officer	(2,651)	1,305	949	424	0
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Total HIP Delegated Approvals and Approvals by/for Executive	(5,112)	1,305	949	424	0
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- 7.13. The £5.112m reduction in forecast expenditure is primarily due to the capital programme budgets initially being driven by stock condition surveys and not current available labour resource. Amounts in the programme have been reprofiled to future years or removed to better reflect availability of Council operatives and sub-contractors.
- 7.14. The table below provides a summary of the projected outturn position for the Housing Investment Programme:

Housing Investment Programme - Projected Outturn	2024/25			
	Budget following 2023/24 Outturn £'000	Revised Budget Q1 £'000	Forecast Outturn £'000	Variance £'000
Decent Homes / Lincoln Standard	13,638	9,642	9,642	0
Health and Safety	646	646	646	0
Contingent Major Repairs / Works	0	0	0	0
New Build Programme	5,414	5,793	5,793	0
Other Schemes	2,752	1,257	1,257	0
Computer Fund / IT Schemes	312	312	312	0
Total Capital Programme	22,763	17,650	17,650	0

- 7.15. The overall expenditure on the Housing Investment Programme at the end of Q1 was £2.517m, which is 14.26% of the 2024/25 revised programme. This excludes expenditure relating to Western Growth Corridor, which is currently shown on the GIP, to be apportioned at year end (current forecast outturn £0.984m). This is detailed further at Appendix J.
- 7.16. A further £1.082m has been spent as at the end of July 2024, although this is still a low percentage of expenditure at this stage of the financial year, works have been constrained by the availability of contractors and materials however new contracts are in place and spend is expected to increase in by the end of the financial year.

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 2024/25 in order that it 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 forecasts, based on the information to date on income and expenditure, both the General Fund and HRA are forecasted to maintain balanced budget positions in the current financial year.

General Balances, on both the General Fund and HRA, are the only resource not earmarked to a particular future need. The prudent minimum level of balance that should be maintained on the General Fund is between £1.5m-£2m and £1m-£1.5m on the HRA. Based on the latest forecasts of income and expenditure the level of balances in 2024/25 are estimated to be maintained above these ranges. The close monitoring of the Council's overall financial position will remain critical over the course of this financial year, and as ever strong budgetary control will be required.

Although the primary focus of this report has been to set out the financial variances being faced in the current financial year, beyond 2024/25 the Council continues to face ongoing pressures as a result of increasing baseline costs due to inflationary impacts, escalating service demands and income pressures. The Council will continue to face further financial challenges as it responds to the impact of these issues and an increased need to deliver ongoing reductions in the net cost base, as set out in the MTFS 2024-2029.

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 the report, there are no direct equality, diversity, or human rights implications.

10. Risk Implications

A full financial risk assessment is included in the MTFS, this is continually reviewed in light of changes in the underlying financial assumptions. There are currently a significant number of critical risk factors to the budget and MTFS, with further details provided within the MTFS 2024-29.

11. Recommendations

Executive are recommended to:

- 11.1. Note the financial performance for the period 1st April to 30th June 2024.
- 11.2. Assess the underlying impact of the pressures and underspends identified in paragraphs 3.3 (and Appendix B), 4.3 (and Appendix D), and 5.2 (and Appendix F).
- 11.3. Review the changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraphs 7.5 and 7.12.
- 11.4. Approve the changes to the General Investment programme and the Housing Investment programme approved, or to be approved, by the Executive as detailed in paragraphs 7.3, 7.10 and 7.11.

Key Decision	No
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Key Decision Reference No.	N/A
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Do the exempt information categories apply?	No
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Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
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Does the report contain appendices?	Yes
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List of Background Papers:	Medium Term Financial Strategy 2024-2029
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GENERAL FUND SUMMARY – AS AT 30 JUNE 2024

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	2,228	2,220	(8)
Chief Finance Officer (S151)	B	(128)	(173)	(46)
City Solicitor	C	1,978	1,965	(12)
Revenues & Benefits	D	830	1,140	310
Housing	E	325	289	(36)
Director of Major Developments	F	(3,106)	(3,106)	0
Communities and Street Scene	G	8,879	8,831	(48)
Health and Environmental Services	H	350	558	208
Planning	I	(2,947)	(3,046)	(99)
		8,409	8,678	270
Corporate Expenditure	J	1,441	1,464	22
TOTAL SERVICE EXPENDITURE		9,850	10,142	292
Capital Accounting Adjustment	K	2,127	1,817	(310)
Specific Grants	L	4,452	4,452	0
Contingencies	M	(81)	121	202
Savings Targets	N	(125)	(128)	(3)
Earmarked Reserves	O	(965)	(1,149)	(184)
Insurance Reserve	P	23	23	0
TOTAL EXPENDITURE		15,281	15,277	(4)
CONTRIBUTION FROM BALANCES		147	151	4
NET REQUIREMENT		15,428	15,428	0
Retained Business Rates Income	Q	6,972	6,972	0
Collection Fund Surplus/(Deficit)	R	364	364	0
Revenue Support Grant	S	187	187	0
Council Tax	T	7,906	7,906	0
TOTAL RESOURCES		15,428	15,428	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		£	
	<u>Increased Expenditure</u>		
E	Housing Needs	39,610	Staffing costs increased due to additional Fixed Term Contracts covering temporary absences.
H	Crematorium	105,020	External industry professional support to the management and administration of the Crematorium.
H	Yarborough Leisure Centre	50,000	Anticipated contribution under profit/loss agreement.
I	Car Parks	66,410	Additional charges due to increased pay by phone transactions (cost & volume) (£26k) and forecast maintenance works (£40k), wholly offset by increased income below (net car parking surplus £60k).
M	National Proposed Pay Award	183,870	Impact of the proposed National Employers pay offer, in excess of budget assumptions.
M	Annual Vacancy Savings Target	58,900	YTD vacancy savings target, offset by savings in service areas.
	<u>Reduced Income</u>		
B	Internal Audit	38,430	Forecast underachievement of income due to reduction in externally contracted services.
D	Housing Benefits	292,190	Increased non recoverable supported accommodation and other housing benefit costs, reduction in DWP grant funding and unbudgeted Discretionary Housing Payment.
G	Garden Waste	36,830	Forecast shortfall in Green Waste income based on demand levels.
H	Crematorium	200,000	Forecast reduction in income as a result of YTD, and anticipated, cremation levels, partially offset by vacancy and utilities savings, (net pressure £145.5k).
H	Cemeteries	19,650	Forecast reduction in income as a result of YTD, and anticipated, burials.
I	Building Regulations	50,000	Anticipated reduction in income as a result of current economic conditions, wholly offset by

Ref		£	
			vacancy savings below above (net saving £59,380).
I	Land Charges	42,540	Anticipated reduction in income as a result of current economic conditions.
	<u>Reduced Expenditure</u>		
B	CX Business Management	(27,570)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.
C	CoLC Apprentices	(41,230)	Residual vacancy savings after TFS savings target met.
G	Street Cleansing	(54,750)	Reduction in contracted charges and underspend on amenity cleaning.
H	Housing Regeneration	(54,750)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.
H	Crematorium	(51,410)	Forecast underspend, predominantly utilities and vacancy savings, offset by reduced income above (net pressure £145.5k).
I	Building Regulations	(109,380)	Vacancy savings offset against anticipated reduction in income above (net saving £59,380).
I	Heritage	(29,650)	Vacancy savings offset against corporate vacancy savings target.
O	Earmarked Reserves	(183,870)	Release of Inflation Volatility reserve to offset increased expenditure as a result of proposed pay award.
	<u>Increased Income</u>		
B	Lincoln Properties & Industrial Estates	(40,400)	Increased income as a result of backdated rent reviews & lower level of void properties.
B	Other Interest	(97,040)	Increased investment income as a result of higher interest rates (£93k) and additional dividend income (£4k).
F	Major Developments Team	(51,640)	New Burdens grant funding for administration of UKSPF project.
H	Community Centres	(81,420)	Increased income levels, predominantly driven by ongoing contract at the Grandstand.
I	Car Parks	(137,170)	Increase in season ticket income & forecast increase in pay and display income (net car parking surplus £60k).

J	Capital Accounting Adjustment- Interest Payable	(310,000)	Reduction in interest payable as a result of reduced borrowing levels.
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HOUSING REVENUE ACCOUNT FUND SUMMARY – AS AT 30 JUNE 2024

	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Gross Rental Income	A	(35,213)	(35,401)	(188)
Charges for Services & Facilities	B	(665)	(666)	(1)
Contribution towards Expenditure	C	(50)	(10)	40
Repairs Account – Income	D1	(68)	(68)	0
Supervision & Management – General	D2	(808)	(868)	(60)
Supervision & Management – Special	D3	(75)	(188)	(112)
Repairs & Maintenance	E	11,729	11,177	(552)
Supervision & Management – General	F1	7,425	7,975	551
Supervision & Management – Special	F2	2,119	2,328	209
Rents, Rates and Other Premises	G	861	826	(35)
Increase in Bad Debt Provisions	H	251	251	0
Insurance Claims Contingency	I	439	439	0
Contingencies	J	312	353	41
Depreciation	K	8,198	8,198	0
Impairments	L	0	0	0
Debt Management Expenses	M	16	16	0
HRS Trading (Surplus) / Deficit	N	0	355	355
Net Cost of Service	O	(5,530)	(5,282)	248
Loan Charges Interest	P	2,331	2,264	(68)
Investment/Mortgage Interest	Q	(428)	(654)	(226)
Net Operating Inc/Exp	R	(3,626)	(3,672)	(46)
Major Repairs Reserve Adjustment	T	3,423	3,423	(0)
Transfers to/from reserves	U	304	(257)	(561)
(Surplus)/Deficit in Year	V	101	(506)	(608)

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 Income</u>		
C	Court Costs	40,000	Reduction in recovered income from court costs as less cases in year than anticipated.
	<u>Increased Income</u>		
U	Transfers to/(from) Reserves	(561,320)	Contributions from reserves to offset expenditure as outlined below (further detail in appendix G).
Q	Investment Interest	(226,290)	Increased investment income as a result of higher interest rates.
A	Gross Rental Income	(187,720)	Additional rental income as a result of higher than budgeted opening housing stock levels.
	<u>Reduced Expenditure</u>		
E	Repairs & Maintenance - HRS	(1,096,140)	Reduced HRS expenditure on Voids (£950k), Aids and Adapts (£129k) and Cleansing (£17k), wholly offsetting the increase on Responsive Repairs costs below (net underspend £598k).
F	Supervision & Management	(141,700)	Reduced expenditure on Employee Costs due to staff vacancies, offset by agency costs below.
P	Loan Charges Interest	(67,560)	Reprofiling of loans & adequate resources resulting in reduction in planned borrowing costs.
	<u>Increased Expenditure</u>		
F1	Supervision & Management – General	500,000	High rise review and remediation (£300k), Carbon reduction and home safety works (£100k) and Inspection costs (£100k) entirely funded from reserves as outlined above.
E	Repairs & Maintenance - HRS	498,070	Increased HRS expenditure on Responsive Repairs (£498k), offset by underspend above (net underspend £598k).
N	HRS Surplus/Deficit	355,310	Estimated HRS deficit position (refer to further detail in Section 5 and Appendix F).

Ref		£	Reason for variance
F1	Supervision & Management – General	137,480	Increased expenditure primarily due to additional Housing IT costs (partially offset by contribution from reserves above).
F1	Supervision & Management – General	101,450	Cost of agency staff to cover staff vacancies within Supervision & Management, offset by Vacancy savings above.
J	Contingencies	119,390	Impact of proposed National Employers pay award offer in excess of budgeted assumptions.

HOUSING REPAIRS SERVICE SUMMARY – AS AT 30 JUNE 2024

	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	4,107	3,669	(438)
Premises	193	160	(33)
Transport	440	444	4
Materials	1,561	1,666	105
Sub-Contractors	2,635	2,977	342
Supplies & Services	323	417	94
Central Support Charges	707	707	0
Capital Charges	0	0	0
Total Expenditure	9,965	10,039	75
Income	(9,965)	(9,684)	281
(Surplus)/Deficit	0	355	355

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	(437,792)	Vacancies within the Operative staff.
Premises	(33,226)	Reduction in utility forecasts due to delay in depot being in use.
<u>Increased Expenditure</u>		
Sub-Contractors	342,393	Increased use of sub-contractors to meet void turnaround targets and cover vacancies within the operative team.
Direct Materials	104,778	Increased usage and rising material prices.
Skip Hire	67,048	Increased usage of skips due to delay to the use of Hiab.
Proposed Pay Award	46,570	Impact of proposed National Employers pay award offer in excess of budgeted assumptions.
<u>Increased Income</u>		
Response Repairs, Quoted Jobs & Other Income	(815,368)	Higher level of responsive work carried out by HRS Operatives as a result of a switch in the nature of HRS works between voids and responsive repairs.
<u>Reduced Income</u>		
Voids, Aids & Adapts and Cleansing Works Income	1,096,144	Reduced income as a result of a reduction in number of jobs, the impact of sub-contractor costs on overhead recovery and old SOR rates used for billing (pending update). Predominantly voids works at £950k, Aids & Adapts £129k and Cleansing works (£17k).

EARMARKED RESERVES – Q1 MONITORING 2024/25

	Revised Opening Balance	In Year Increase	In Year Decrease	Forecast Closing Balance
	01/04/2024 £'000	£'000	£'000	31/03/2025 £'000
General Fund				
Budget Carry Forwards	569	-	(167)	402
Grants & Contributions	1,504	93	(434)	1,164
Active Nation Bond	180	-	(80)	100
AGP Sinking Fund	102	50	-	152
Air Quality Initiatives	22	-	-	22
Birchwood Leisure Centre	106	20	-	126
Business Rates Volatility	916	53	-	969
Christmas Decorations	14	-	-	14
City Centre Masterplan	75	-	-	75
City Hall Improvement Works	50	-	-	50
City Hall Sinking Fund	60	-	-	60
Commons Parking	28	15	-	43
Corporate Maintenance	100	-	-	100
Corporate Training	71	-	-	71
Council Tax Hardship Fund	-	-	-	-
Covid19 Recovery	1,047	-	(200)	847
Covid19 Response	354	-	-	354
CX Capacity	56	-	(56)	-
Electric Van replacement	31	4	-	35
HiMO CPN Appeals	110	1	-	111
Income Volatility Reserve	520	-	(170)	350
Inflation Volatility Reserve	466	-	(184)	282
Invest to Save (GF)	350	-	-	350
IT Reserve	393	65	-	458
Lincoln Lottery	9	-	-	9
Mayoral Car	7	-	-	7
MSCP & Bus Station Sinking Fund	195	47	-	242
Private Sector Stock Condition Survey	51	12	(51)	12
Professional Trainee Scheme	90	-	-	90
Residents Parking Scheme	-	5	-	5
Revenue & Benefits Community Fund	54	-	-	54
Section 106 Interest	32	-	-	32
Staff Wellbeing	28	-	-	28
Tank Memorial	10	-	-	10
Tree Risk Assessment	86	-	25	61
Unused DRF	161	100	(261)	-
Vision 2025/Vision 2030	386	319	(304)	400
	8,234	684	(1,833)	7,085

HRA

Capital Fees Equalisation	110	-	-	110
De Wint Court	73	-	-	73
De Wint Court Sinking Fund	113	19	-	132
Disrepairs Management	287	-	(31)	256
Housing Business Plan	842	-	(400)	442
Housing Repairs Service	76	-	-	76
HRA IT	170	335	-	505
HRA Repairs Account	1,351	-	-	1,351
Housing Strategic Priority	764	-	-	764
HRS Social Value	111	-	-	111
Invest to Save (HRA)	375	-	(40)	335
NSAP/RSAP Sinking Fund	18	9	-	27
Regulator of Social Housing	180	-	(100)	80
Strategic Growth Reserve	5	-	-	5
Tenant Satisfaction Survey	31	-	(10)	21
	4,507	363	(581)	4,289
Total Earmarked Reserves	12,741	1,047	(2,414)	11,374

CAPITAL RESOURCES – Q1 MONITORING 2024/25

	Opening balance 01/04/24	Contributions	Used in financing	Forecast balance 31/03/25
	£'000	£'000	£'000	£'000
Capital Grants/Contributions General Fund	0	3,712	(3,712)	0
Capital Grants/Contributions HRA	275	0	0	275
Capital receipts General Fund	1,663	1,112	(1,133)	1,642
Capital receipts HRA	2,560	1,059	(126)	3,493
Capital receipts 1-4-1	3,780	1,422	(2,141)	3,060
Major Repairs Reserve	23,735	11,622	(14,057)	21,300
GENF DRF	141	8,636	(8,777)	0
Total Capital Resources	32,154	27,563	(29,946)	2,970

Currently the HIP has schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 24/25.

General Investment Programme – Summary of Expenditure as at 30th June 2024

<u>GENERAL INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1 Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
<u>Housing and Investment</u>					
Housing Renewal Area Unallocated	298,152		298,152	0	0.00%
Housing and Investment Total	298,152		298,152	0	0.00%
<u>DCE - Health and Environmental Services</u>					
Better Care Fund (was Disabled Facilities Grant)	2,082,073	77,318	2,159,391	196,906	9.12%
Yarborough Leisure Centre - Energy Efficiency	614,350	20,000	634,350	0	0.00%
Yarborough Leisure Centre - Equipment	0	80,000	80,000	0	0.00%
DCE - Health and Environmental Services Total	2,696,423	177,318	2,873,741	196,906	6.85%
<u>DCE - Community Services</u>					
Traveller deterrent	6,200		6,200	0	0.00%
DCE - Community Services Total	6,200		6,200	0	0.00%
<u>DCE - Planning & City services</u>					
St Mary le Wigford (HAZ)	0		0	(45)	0.00%
St Mary's Guildhall (HAZ)	0		0	(90)	0.00%
Windmill View	16,475		16,475	(6,196)	-37.61%
Car Parking Software	14,337		14,337	8,663	60.42%
DCE - Planning & City services Total	30,812		30,812	2,331	7.56%
<u>CX - Strategic Development & Transformation</u>					
New Telephony System	5,558		5,558	(400)	-7.20%
CX Strategic Development & Transformation Total	5,558		5,558	(400)	-7.20%
<u>CX - Chief Finance Officer</u>					
Allotments Asbestos Sheds	33,795		33,795	0	0.00%
Greyfriars - Phase 2 Delivery	2,535,800	126,987	2,662,787	15,277	0.57%

<u>GENERAL INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
Lincoln Central Lifts	150,000		150,000	0	0.00%
Planned Capitalised Works	489,955		489,955	0	0.00%
Michaelgate	75,000		75,000	49,052	65.40%
CX - Chief Finance Officer Total	3,284,550	126,987	3,411,537	64,329	1.89%
<u>Major Developments</u>					
Central Markets	2,000		2,000	0	0.00%
Central Markets (All Funding Streams)	283,583		283,583	(98,400)	-34.70%
Lincoln Transport HUB	0		0	(56,196)	0.00%
TD Sincil Bank Gateway & Greening Project	555,028		555,028	7,609	1.37%
TD Tentercroft Street	340,000	(28,000)	312,000	0	0.00%
The Terrace Heat Mitigation Works	246,547		246,547	0	0.00%
Towns Deal Programme Management	75,970		75,970	3,610	4.75%
UKSPF (Shared Prosperity Fund)	430,288	(422,801)	7,487	0	0.00%
UKSPF Belmont Street Our Community Bakery	0	130,000	130,000	0	0.00%
UKSPF Moorland Community Hub	0	70,000	70,000	0	0.00%
UKSPF Sudbrooke Drive Hub	0	222,801	222,801	0	0.00%
WGC Housing Delivery	5,622,755		5,622,755	0	0.00%
WGC Phase 1b Bridges	2,355,359		2,355,359	236,729	10.05%
WGC Shared Infrastructure	1,032,645	(21,000)	1,011,645	1,478,747	146.17%
WGC Site Wide Costs	19,487		19,487	23,103	118.55%
WGC Wider 1b Site Costs	0	21,000	21,000	0	0.00%
Major Developments Total	10,963,662	(28,000)	10,935,662	1,595,202	14.59%
TOTAL ACTIVE SCHEMES	17,285,357	276,305	17,561,662	1,858,367	10.58%
<u>Schemes Currently Under Review</u>					
Compulsory Purchase Orders	233,481		233,481	0	0.00%
IT Reserve	74,334		74,334	0	0.00%
Schemes Currently Under Review Total	307,815		307,815	0	0.00%

<u>GENERAL INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
TOTAL CAPITAL PROGRAMME EXCLUDING EXTERNALLY DELIVERED SCHEMES	17,593,172	276,305	17,869,477	1,858,367	10.40%
<u>Externally Delivered Town's Deal Schemes</u>					
Store of Stories	0	28,000	28,000	0	0.00%
TD Barbican Production & Maker Hub	1,700,000		1,700,000	183,503	10.79%
TD Lincoln Connected	577,968		577,968	65,427	11.32%
TD LSIP	800,000		800,000	0	0.00%
TD Sincil Bank	2,234,696		2,234,696	0	0.00%
TD Wigford Way	244,708		244,708	0	0.00%
Externally Delivered Town's Deal Schemes Total	5,557,372	28,000	5,585,372	248,930	4.46%
Grand Total	23,150,544	304,305	23,454,849	2,107,297	8.98%

Housing Investment Programme – Summary of Expenditure as at 30th June 2024

<u>HOUSING INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1 Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
<u>Contingency Schemes</u>					
Contingency Reserve	0	0	0	0	0
Contingency Schemes Total	0	0	0	0	0
<u>Decent Homes</u>					
Bathrooms & WC's	734,550	0	734,550	104,185	14.18%
DH Central Heating Upgrades	2,016,960	0	2,016,960	457,437	22.68%
Door Replacement	1,634,266	0	1,634,266	276,416	16.91%
Fire Compartment works	210,000	(160,000)	50,000	2,675	5.35%
Fire Doors	500,000	0	500,000	28,600	5.72%
Kitchen Improvements	2,190,000	(1,000,000)	1,190,000	138,176	11.61%
Lincoln Standard Windows Replacement	907,672	0	907,672	239,416	26.38%
New services	50,000	0	50,000	0	0.00%
Re-roofing	1,328,800	(828,000)	500,000	0	0.00%
Rewiring	738,000	(588,000)	150,000	0	0.00%
Structural Defects	100,000	0	100,000	0	0.00%
Thermal Comfort Works	169,858	(119,858)	50,000	0	0.00%
Lifts	1,050,000	(1,050,000)	0	0	0.00%
Void Capitalised Works	1,721,860	0	1,721,860	0	0.00%
Decent Homes Total	13,351,966	(3,746,658)	9,605,307	1,246,906	12.98%
<u>Health and Safety</u>					
Asbestos Removal	198,702	0	198,702	12,051	6.06%
Asbestos Surveys	133,763	0	133,763	0	0.00%
Fire Alarms	0	0	0	0	0.00%

<u>HOUSING INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1 Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
Renew stair structure	25,000	0	25,000	0	0.00%
Replacement Door Entry Systems	288,846	0	288,846	0	0.00%
Health and Safety Total	646,311	0	646,311	12,051	1.86%
<u>IT/Infrastructure</u>					
Housing Support Services Computer Fund	306,441	0	306,441	21,050	6.87%
Telephony	5,558	0	5,558	0	0.00%
IT/Infrastructure Total	311,999	0	311,999	21,050	6.75%
<u>Lincoln Standard</u>					
Over bath showers (10 year programme)	286,450	(250,000)	36,450	0	0.00%
Lincoln Standard Total	286,450	(250,000)	36,450	0	0.00%
<u>Other Current Developments</u>					
CCTV	20,000	0	20,000	0	0.00%
Communal Electrics	10,000	150,000	160,000	54,999	34.37%
Communal TV Aerials	5,000	0	5,000	4,069	81.38%
Environmental works	1,000,000	(500,000)	500,000	50,242	10.05%
Garages	60,000	0	60,000	0	0.00%
Hiab and Mule	122,330	8,359	130,689	130,689	100.00%
HRA Buildings	81,639	0	81,639	0	0.00%
Landscaping & Boundaries	1,452,938	(1,152,938)	300,000	0	0.00%
Other Current Developments Total	2,751,907	(1,494,579)	1,257,327	239,999	19.09%
HOUSING INVESTMENT TOTAL	17,348,633	(5,491,238)	11,857,395	1,520,006	12.82%

<u>HOUSING INVESTMENT PROGRAMME</u>	Budget 2024/25 - Reported at 2023/24 Outturn	Q1 Budget Increase / Decrease	2024/25 Revised Budget	Actual Expenditure 30/06/24	2024/25 % Spend to Revised Budget
<u>HOUSING STRATEGY AND INVESTMENT</u>					
<u>New Build Programme</u>					
Property Acquisitions	2,091,534	300,000	2,391,534	436,025	18.23%
New Build Capital Salaries	46,953	0	46,953	0	0.00%
New Build- De Wint Court	0	0	0	0	0.00%
New Build Site – Hermit Street	1,891,443	0	1,891,443	560,618	29.64%
Jasmin Green	50,000	0	50,000	0	0.00%
Ermine Church Land	349,893	0	349,893	0	0.00%
Western Growth Corridor	984,281	79,000	1,063,281	0	0.00%
New Build Programme Total	5,414,104	379,000	5,793,104	996,643	17.20%
HOUSING STRATEGY AND INVESTMENT TOTAL	5,414,104	379,000	5,793,104	996,643	17.20%
TOTAL HOUSING INVESTMENT PROGRAMME	22,762,736	(5,112,238)	17,650,499	2,516,649	14.26%

