

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Executive
Date:	04 July 2017
Subject:	Review of Financial Performance 2016/17
Decision Reference:	I011792
Key decision?	Yes

Summary:

This report:

- describes the Council's financial performance in 2016/17;
- identifies and explains variances from the Council's revenue and capital budgets;
- reports the use made of flexible capital receipts to fund revenue expenditure on transformation during 2016/17;
- makes proposals on the carry forward of over and under spendings into the current financial year; and
- reports Prudential and Financial Performance Indicators for 2016/17.

Recommendation(s):

That the Executive:

- (1) Note the carry forwards set out in paragraph 1.83 of the report, which are made in line with the Council's Financial Regulations;
- (2) Recommends to full Council that the proposals in paragraph 1.84 of the report relating to the treatment of underspends in excess of 1.0% be approved;
- (3) Note the transfers to and from reserves carried out in 2016/17 as set out in Table D; and
- (4) Note financial performance in 2016/17 including Flexible Use of Capital Receipts and the Prudential Indicators.

Alternatives Considered:

1. This report describes the actual position for the 2016/17 financial year and is factual in content and follows current Council policy. No alternatives are being considered in relation to this aspect.

In relation to the treatment of overspends and underspends above 1.0% as set out in paragraph 1.84, there are a number of different ways these could be used. The proposed is a mix of funding service expenditure and transfers to reserves. This is considered to be the most prudent and appropriate approach for the Council in the current financial climate.

Reasons for Recommendation:

Financial governance requires that the Executive reviews the financial performance of each year. This report facilitates this.

The treatment of underspends and overspends are considered appropriate and prudent for managing the financial challenges facing the Council.

1. Background

1.1 The County Council set its spending plans for 2016/17 against a backdrop of continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care, waste disposal and the Council's responsibility to pay the National Living Wage. In developing its financial plan the Council considered all areas of current spending to identify cost pressures which must be funded and savings which could be made, through efficiencies and by reducing the level of service provided. The budget proposals also included an increase in Council Tax levels of 3.95% (1.95% general increase, plus 2.00% for Adult Social Care Services) and one off use of reserves.

Revenue spending

1.2 The Council spent £910.237m in 2016/17 on providing public services – £1,244.34 for every person in Lincolnshire.

1.3 The Council has had to deal with a number of unavoidable cost pressures, amounting to £31.158m in budgetary terms. These include: increasing population (in particular, the impact on the Council's adult care budgets of increasing numbers of older people) and general inflationary pressures. Some of these were accommodated within existing budgets but some external pressures have added to the Council's costs and required additional savings to be delivered. These cost pressures in 2016/17 were balanced against a savings target of £41.559m from service reductions across the whole Council including: improved contract arrangements in areas such as Home to School Transport and Health Improvement Activities. The Council also planned to use £4.500m of capital receipts to fund revenue transformation projects.

1.4 In addition to saving targets, when the Council set its budget for 2016/17 the financial strategy included the use of £20.965m from reserves to bridge the gap between funding and expenditure levels (£20.165m from the Council's Financial Volatility Reserve and £0.800m released from the General Fund balance). Use of reserves only offers a one off contribution towards the budget shortfall, but, it is expected that the reduction in funding levels will be permanent. The Council continues to explore further opportunities to bridge the gap between the funding values to the Council and levels of expenditure.

1.5 The general level of expenditure in 2016/17 indicates that during the year the Council has been able to secure the cash efficiency savings required in the budget and deliver an underspend against the budget.

Revenue Income

1.6 Revenue spending, excluding the use of reserves, was funded by:

• Local council tax payers	£253.8m	27.9%
• Business Rates	£104.7m	11.6%
• Revenue Support Grant	£70.3m	7.7%
• Dedicated Schools Grant	£247.7m	27.2%
• Other grants and contributions	£162.4m	17.8%
• Charges and other income	£71.3m	7.8%

1.7 In 2016/17 the Council increased Council Tax by 3.95% and also saw growth of 2.34% on the number of band D equivalent properties in Lincolnshire. This in total generated an additional income for the Council of £14.886m. The Council Tax collection funds in Lincolnshire also generated a surplus in 2016/17, of a further £5.609m to the County Council.

1.8 Business Rates generated £104.710m. This is made up of a number of elements, £18.693m collected from businesses in Lincolnshire, £82.427m received as a top up from central government, £2.458m as section 31 compensation grants for relief's offered by central government to businesses and an estimated £1.132m from the County Council pooling with six of the Lincolnshire District Councils.

1.9 Funding from Revenue Support Grant (RSG) in 2016/17 has provided the County Council with £70.351m. The value of this grant continues to fall. On a like for like basis this has decreased by £27.578m or 28.2% from the grant received in 2015/16.

1.10 In addition to RSG the Council also receives specific government grants. The most significant of these was £247.695m of Dedicated Schools Grant which is used for funding education in Lincolnshire and £31.371m for Public Health Grant.

Capital spending and funding

1.11 The Council spent £102.337m on the county's assets, in particular on:

- Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals;
- Integrated Transport Schemes across the Council including: minor capital improvements, rights of way, road safety, public transport and town/village enhancements;
- Construction of three new road schemes, two in Lincoln and another in Grantham;
- A programme to integrate new technology into Street Lighting; and
- Programme of modernisation to meet the statutory responsibility for provision of educational places and a programme to improve the condition of school buildings.

1.12 This investment was funded through:

- | | | |
|--|--------|-------|
| • Government Grants and other external contributions | £83.6m | 81.8% |
| • Borrowing | £15.7m | 15.3% |
| • Revenue Funding and Use of Earmarked Reserves | £3.0m | 2.9% |

1.13 The Council used grants from central government to fund: maintenance work on roads; modernisation and improvement of condition of school buildings; and provision of education places.

1.14 The Council sets itself a limit on its total borrowing to ensure that it remains prudent and affordable. The Council's target is to ensure that annual minimum revenue provision (MRP) plus interest are no more than 10.0% of the Council's annual income. The figure for 2016/17 is 5.27%. MRP is the amount required to be set aside as a provision for debt repayment, and in accordance with Regulation, this amount should be prudent to ensure debt is repaid over a period reasonably commensurate with the period over which the capital expenditure funded by borrowing provides benefits.

1.15 The Council's current policy is to apply the asset life method for calculating MRP and use the MRP in full to repay debt annually.

The Council's financial standing

1.16 The Council's revenue budget remains under pressure from reduced funding and service cost pressures. For 2017/18 the Council has again only set a one year budget, rather than the normal three year plans. Further work is required for the Council to develop long term sustainable budget plans.

1.17 In developing the financial plan for 2017/18, the Council has considered all areas of current spending, levels of income and council tax plus use of one off funding to set a balanced budget. The Council continues to plan to use a mixed approach, funding unavoidable cost pressures and reducing service spending where savings were identified. The Council has also set a Council Tax increase in 2017/18 of 3.95%, 1.95% general increase plus a further 2.00% for Adult Care responsibilities (including demographic pressure and the impact of the national living wage) and using £17.970m from reserves (£17.870m from the Financial Volatility Reserve and £0.100m which can be released from the general fund).

1.18 The Council also maintains a general reserve as a contingency against unexpected events or emergencies. The Council sets itself a target, based on a financial risk assessment, of maintaining these reserves within a range of 2.5% to 3.5% of its total budget. The Council's general reserves at 31 March 2017, as proposed in this report, would be £15.300m or 3.5% of the Council's total budget.

1.19 In addition to the general reserve and Financial Volatility Reserve the Council maintains a number of other reserves earmarked for specific purposes (details of these are set out in **TABLE D**).

1.20 The mixed approach to meeting the current financial challenges will ensure the Council can withstand the immediate pressures in local government funding, whilst implementing the arrangements for delivering services at the reduced level of government funding.

Key Financial Performance Measures: Financial Health and Performance

1.21 The County Council has identified a number of key indicators to monitor its Financial Health and Performance. **TABLE A** reports the actual position for 2016/17 on these key indicators.

TABLE A – Key Financial Performance Measures: Financial Health and Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2016/17 Estimate	2016/17 Actual
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 27 county councils)	Yes	Yes 23rd
2	Government grants	Lobby for annual increases in general government grants to be above the county average	Yes	Yes
3	Capital receipts	At least £2.0m per annum from 2015/16	£7.615m	£3.601m
4	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	6.69%	5.27%
5	Accounting	Unqualified external audit opinion	Yes	Not yet Available
6	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
7	Internal control	None of the processes audited receive a low assurance" opinion from internal audit	Yes	One key financial system has a 'Low/No ' Assurance Opinion
8	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90.00%	86.70%
9	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark 0.65%

Revenue Budget Outturn

1.22 The revenue budget outturn for 2016/17 is summarised below:

- Total service revenue spending, excluding schools, was under spent by £7.006m or 1.7%.
- Schools were underspent by £12.683m or 5.1% of the schools budget.
- Other Budgets underspent by £24.681m or 35.9%.
- The Council received £1.574m or 0.4% more general funding income than originally budgeted for.
- This gives the Council an overall underspend of £45.944m.

1.23 The revenue outturn position for 2016/17 is shown in **TABLE B** (over page).

TABLE B – Revenue Budget Final Outturn 2016/17

	Revised Net Revenue Budget	Expenditure	Under or Over Spending	Percentage Under or Over
	£'000	£'000	£'000	%
COMMISSIONING STRATEGIES				
Readiness for School	5,308	5,090	(218)	-4.1%
Learn & Achieve	34,237	35,205	968	2.8%
Readiness for Adult Life	4,367	5,081	714	16.4%
Children are Safe and Healthy	65,635	63,866	(1,769)	-2.7%
Adult Safeguarding	2,295	2,571	276	12.0%
Adult Frailty & Long Term Conditions	95,249	94,097	(1,152)	-1.2%
Carers	2,247	2,225	(21)	-1.0%
Adult Specialities	51,099	51,478	379	0.7%
Wellbeing	30,744	30,764	20	0.1%
Community Resilience & Assets	11,907	11,567	(340)	-2.9%
Sustaining & Developing Prosperity Through Infrastructure	45,226	44,584	(642)	-1.4%
Protecting & Sustaining the Environment	23,103	22,869	(234)	-1.0%
Sustaining & Growing Business & the Economy	1,462	1,211	(251)	-17.2%
Protecting The Public	23,240	23,034	(205)	-0.9%
How We Do Our Business	8,409	7,803	(606)	-7.2%
Enablers & Support To Council's Outcomes	37,184	33,260	(3,924)	-10.6%
Public Health Grant Income	(34,371)	(34,371)	0	0.0%
Enablers & Support To Key Relationships (Devolution)	20	20	(0)	0.0%
TOTAL COMMISSIONING STRATEGIES	407,362	400,355	(7,006)	-1.7%
OTHER BUDGETS				
Capital Financing Charges	54,860	38,851	(16,009)	-29.2%
Contingency	1,840	0	(1,840)	-100.0%
Other Budgets	12,011	5,179	(6,832)	-56.9%
TOTAL OTHER BUDGETS	68,711	44,030	(24,681)	-35.9%
SCHOOL BUDGETS				
Schools (DSB)	235,612	225,043	(10,569)	-4.5%
Schools Related Expenditure (DSB)	26,021	24,014	(2,006)	-7.7%
Dedicated Schools Grant	(247,695)	(247,695)	0	0.0%
Schools Budgets (Other Funding)	(3,697)	(3,805)	(107)	2.9%
TOTAL SCHOOL BUDGETS	10,240	(2,443)	(12,683)	-123.9%
TOTAL EXPENDITURE	486,312	441,942	(44,370)	-9.1%
INCOME				
Revenue Support Grant	(70,351)	(70,351)	(0)	0.0%
Business Rates	(103,528)	(104,710)	(1,182)	1.1%
Council Tax	(253,801)	(253,801)	(0)	0.0%
Other Non Specific Grants	(20,760)	(21,152)	(392)	1.9%
TOTAL INCOME	(448,440)	(450,014)	(1,574)	0.4%
USE OF BALANCES				
Use of Balances - Earmarked Reserves	(37,072)	(37,072)	0	0.0%
Use of Balances - General Reserves	(800)	(800)	0	0.0%
TOTAL USE OF RESERVES	(37,872)	(37,872)	0	0.0%
TOTAL	(0)	(45,944)	(45,944)	

Children's Services – (£0.305m under budget)

1.24 Over the four commissioning strategies, Children's Services under spent by £0.305m (or 0.28%).

Readiness for School commissioning strategy under spent by £0.218m (or 4.1%).

1.25 This relates to general underspends taking place in the running of children centres across the county and their commissioned activities (£0.144m). Further underspends have arisen from supporting out of school childcare placements as part of a holistic family support plan and other early years support activities (£0.074m).

Learn and Achieve commissioning strategy over spent by £0.968m (or 2.8%).

1.26 The main area of variance relates to Home to School / College Transport delivery (£1.196m). Children's Services had five additional transport days in excess of the budget in 2016/17 due to the school holiday periods in the financial year (£0.659m), a reduction in post-16 transport income from pupils (£0.163m), an increase in pupil needs and numbers in special schools and the interim costs of moving to a new transport delivery model for special schools (£0.374m) contributed towards the overspend in this strategy. In addition the Lincolnshire Music Service has underspent by £0.234m. It has been agreed that the service will be set up as a separate trading unit within the County Council and it is proposed that under or overspends will be carried forward to provide flexibility to manage internally unexpected or planned events.

Readiness for Adult Life commissioning strategy over spent by £0.714m (or 16.4%).

1.27 The main area of variance relates to the Leaving Care service (£0.801m) where the Local Authority has a legal duty to provide supported accommodation for homeless 16-17 year olds and care leavers. The complexity of individual's needs and an increase in demand has contributed towards this pressure. The County Council supported an increase to this budget of £0.600m for 2017/18 at its meeting in February 2017. The Local Authority is also exploring options of meeting these growing demands more cost effectively in future.

Children are Safe and Healthy commissioning strategy under spent by £1.769m (or 2.7%).

1.28 An area of financial variance relates to the underspend of £0.609m parked ready for the Beacon development. The Beacon capital development which is increasing the number of children with disability beds from 7 to 11 is being phased in during 2017/18. The Directorate Management Team agreed to use this one-off underspend to offset the one-off cost pressure of additional transport days in the Learn and Achieve commissioning strategy to address the overall Children's Services financial position. Other areas of variance relate to the planned early delivery of the 2017/18 savings relating to the family support structure implemented (£0.218m); the release of one-off funding from the Legal Shared Service (£0.200m); a fall in insurance premiums that is based on historical activity (£0.166m), and the remainder from staffing vacancies particularly in the early help teams during the first part of the financial year.

1.29 The Local Authority has a statutory duty to protect children and take action when thresholds are met. Demand levels and complexity of children continue to rise within the service and this cost pressure was met in-year from Corporate Contingency Budget (£1.544m). This planned growth was incorporated into the budget for 2017/18 following Council approval in February 2017 (£1.882m). The previously reported overspend for the costs of young people on remand compared to the low government grant provided was funded from the Corporate Contingency Budget in-year (£0.406m) due to the unpredictable nature of such instances.

Adult Care – (£0.518m under budget)

1.30 The Adult Care outturn is £150.372m, an underspend of £0.518m (0.34%) against a budget of £150.890m. This is set against an environment of increasing placement costs in all service areas following the introduction of the National Living Wage and increasing numbers of older age and working age adults.

1.31 The service produced savings of £7.194m in 2016/17 from a number of successful projects including:

- The ongoing impact of staffing reviews across Adult Care; and
- Increases in service user contributions following the implementation of the new charging policy.

Adult Safeguarding commissioning strategy over spent by £0.276m (or 12.0%)

1.32 The service continues to see continuing significant pressures due to the Cheshire West ruling in Deprivation of Liberty Safeguards (DOLs). Assessment activity in this area continues to increase with substantial work ongoing to reduce the backlog of assessments and reviews to ensure the Council's statutory obligations around DOLs are met.

Adult Frailty, Long Term Conditions and Physical Disability commissioning strategy under spent by £1.152m (or 1.2%).

1.33 Changes to the provision of homecare service in the previous year continued to have an impact on the service in 2016/17 with the number of hours provided continuing to be below historical levels. However there continues to be a corresponding increase in the number of service users choosing to take their care in the form of a Direct Payment.

1.34 The number of new service users placed in long term residential and nursing care increased in 2016/17, partly due to a review of those that had been short term care for over 8 weeks to ensure they were in the correct care type, but also as a result of increasing service user growth.

1.35 Budgets relating to Infrastructure costs for senior management and back office staff were also underspent as a result of vacancies in Performance, Brokerage and Quality Assurance teams.

1.36 The service continues to see an increase in income received, primarily as a result of changes to the non-residential service user contributions policy, increases in direct payment refunds and increases in property debtors.

Carers commissioning strategy under spent by £0.021m (or 1.0%).

1.37 Carer's activity continues to be below historic levels due to changes in the eligibility criteria set out in the Care Act 2014, however following the implementation of the new carers contract the strategy saw an increased uptake of personal budgets in the last quarter for the first time since March 2014.

Adult Specialities commissioning strategy over spent by £0.379m (or 0.7%).

1.38 Services for Learning Disabilities are administered via a Section 75 agreement between the Council and NHS commissioners in Lincolnshire in addition to a small in-house element that sits outside the Section 75. The Mental Health service is run on behalf of the Council by the Lincolnshire Partnership Foundation Trust, also by way of a Section 75 agreement.

1.39 During the year there has been an increase in the number of complex cases entering the service for both Supported Living and Residential placements. Whilst growth within these areas was built into this year's budget, these additional costly packages have meant that there has been some additional pressure within 2016/17.

1.40 Income continues to increase especially in respect of direct payment refunds and increases in residential service contributions. There was also a number of one off receipts from other local authorities that related to old disputed debts that were settled this financial year.

1.41 The Mental Health service delivered a balanced budget.

Community Wellbeing and Public Health – (under budget by £0.320m)

Wellbeing was over spent by £0.020m (or 0.1%).

1.42 The service produced savings of £6.045m in 2016/17 from a number of successful projects including:

- Reduction in costs across the Wellbeing Commissioning strategy following the re-procurement of number of contracts; and
- The closure of a number of discretionary schemes within the Wellbeing Strategy.

1.43 A number of services are delivered as part of the Council's statutory obligation to improve the public health of local populations as per the conditions of the Public Health Grant. This part of the service ended 2016/17 with an underspend of £0.126m against a budget of £29.336m. The underspend was due to a

combination of staffing vacancies and contracting efficiencies brought forward and some reductions in demand led services.

1.44 Registration and Coroners over spent by (£0.146m), this is mainly due to an overspend on Coroners costs for mortuary facilities, conveyance of bodies and long inquests (£0.277m) being partly offset by additional Registrars income (£0.131m).

Community Resilience and Assets was under spent by £0.340m (or 2.9%).

1.45 The Customer Service Centre underspend (£0.246m) is reflective of one off support provided from the 2015/16 Public Health underspend and a reduction in the total cost of contacts (£0.140m) offset by an increase in the provision of potential costs for outbound calls (£0.175m) and Mosaic costs (£0.050m).

1.46 There are also small underspends for the library service (£0.078m) and Lincolnshire Archives (£0.031m).

Environment and Economy (under budget by £1.127m)

Sustaining and Developing Prosperity Through Infrastructure – commissioning strategy under spent by £0.642m (or 1.4%).

1.47 This commissioning strategy has underspent by £0.642m in 2016/17. The key variances to report include:

- Saving on the winter maintenance budget of £1.100m due to another mild winter;
- The remaining highways maintenance revenue budget was generally on target with a final outturn of a £0.150m overspend representing 0.67% of the gross budget;
- High staff utilisation on the design trading account provided a saving of £0.377m;
- Approval was granted to progress with a new Greater Lincoln Transport Model but there was a technical delay that needed some legal guidance. This led to a budget underspend of £0.250m;
- A further area of overspend of £0.158m was due to staffing costs being realigned during the year following a restructure; and
- The Heritage service is showing an overspend which predominantly relates to the operation of Lincoln Castle. This is due to a combination of higher than anticipated grounds maintenance costs and one off operational costs following the departure of a third party operator. Also, whilst the activities at the Castle during the year have been instrumental in visitor numbers exceeding those forecast, the level of income received during the year is, as

anticipated, lower than the previous year during the Castle Revealed events. This year of operation will help to inform the move to a more sustainable business model for the service in future years.

Protecting and Sustaining the Environment – commissioning strategy under spent by £0.234m (or 1.0%).

1.48 The underspend on this commissioning strategy in 2016/17 (£0.234m) mainly relates to waste management due to contractual savings which have led to an underspend of £0.385m.

Sustaining and Growing Business and the Economy – commissioning strategy under spent by £0.251m (or 17.20%).

1.49 This commissioning strategy has underspent by £0.251m in 2016/17 and is attributable to one off income from the closure of a loan fund (£0.170m) together with additional income to offset Lincolnshire Enterprise Partnership (LEP) accountable body costs.

Finance and Public Protection (under budget by £4.735m)

Protecting the Public – commissioning strategy under spent by £0.205m (or 0.9%).

1.50 The service ended 2016/17 with an underspend of £0.205m. This is due to the increase in commercial income for Fire and Rescue.

How We Do Our Business – commissioning strategy under spent by £0.606m (or 7.2%).

1.51 Finance and Audit have underspends on the finance element of the Serco contract (£0.321m). This is due to lower volumes of transactions than originally budgeted for (this relates to social care finance where the budgeted volumes assumed implementation of the Care Act). An underspend on costs associated with the schools finance service (£0.117m) are offset by additional staffing costs from agency workers and business support recharges (£0.132m).

1.52 There are also small underspends in Corporate Standards (£0.057m) and Decision making including democratic processes (£0.057m).

Enablers and Support to Council Outcomes – commissioning strategy under spent by £3.925m (or 10.6%).

1.53 County Farms have secured additional rental income resulting in an underspend of £0.218m.

1.54 Business Support have underspent by £0.422m as a result of holds being placed on filling vacant posts across the service in the final quarter of 2016/17 in

preparation for further savings targets and through additional funding being received against increased numbers of commissioned posts.

1.55 Legal has achieved a surplus over and above target by £0.781m. This reflects an underspend on staffing of £0.170m due to vacant posts with no associated locum expenditure and overachievement of income against budgeted forecasts. Legal Management Board will take a decision in June as to the treatment of the surplus but in recent years it has been redistributed in full to partner authorities in proportion to their use of the service.

1.56 Small underspends have been incurred in ICT (£0.108m) and Strategic Communications (£0.092m) as a result of vacancy management in advance of budgetary reductions in 2017/18.

1.57 People Management budgets underspent by £0.764m (19.09%). The main areas of underspend relate to the activity based contract for HR services (such as HR Administration; HR Professional Advice; Service Strategy) (£0.698m), and Occupational Health (£0.080m) where the budget for additional activity for physiotherapy has not been required this year. The activity based budgets will be reviewed during 2017/18 due to the underspends being realised.

1.58 Commissioning underspent by £1.900m, this is made up of £1.107m Serco abatement contract performance penalties, plus an underspend on staffing costs due to vacancies and a devolution costs contribution during the year (£0.623m).

1.59 The further £0.170m relates to Procurement which is required to be added to reserves as this fund is a shared resource alongside our partner bodies.

Schools – (£12.683m under budget)

1.60 Under government regulations, schools carry forward automatically their under and over spendings to the next financial year. Budgets held centrally within the ring-fenced 2016/17 Dedicated Schools Grant (DSG) were once again set prudently due to the demand led and volatile nature of the services demands. In line with the DfE regulations any under or overspends will automatically be carried forward to the next financial year and the Local Authority will consult the Schools Forum on its use.

Other Budgets – (£24.681m under budget)

Capital Financing Charges – under spent by £16.009m (or 29.2%)

1.61 The Council's capital financing charges were £16.009m under budget. This has resulted from savings in Minimum Revenue Provision (the repayment of debt at a prudent level) and borrowing interest payable in 2016/17. The Council revised its Minimum Revenue Policy in 2016/17 to bring it up to date with current funding circumstances and capital expenditure plans resulting in a reduction in MRP of £4.395m payable in 2016/17. There has also been slippage of the capital

programme during 2016/17 which reduced the need to borrow. This has had an effect on the interest payable on borrowing and the amount required to be set aside to finance borrowing costs in the future, both being lower than budgeted. Savings were also made due to the Council using a mix of external borrowing and utilising internal balances to finance the capital programme. Slippage in both capital and revenue budget underspends has also led to excess balances being available for investment over 2016/17 so interest generated from investments was also in excess of budget by £0.194m.

Contingency – under spent by £1.840m (or 100.0%).

1.62 The Council has a contingency budget set aside for emerging pressures which may arise during the financial year. At the year-end £1.840m remained, and was not required in 2016/17.

Other Budgets – under spent by £6.832m (or 56.9%)

1.63 Other Budgets were under budget by £6.832m. This comprises a number of under and over spends, the most significant being:

- The budget for the expected increase for National Living Wage at £4.681m is held centrally within Other Budgets. Additional costs associated with the increase in the National Living Wage have been accommodated within existing service budgets during 2017/18 without calling on this funding;
- Corporate and Service Redundancy is underspent by £2.805m. The Corporate Redundancy budget funds the costs associated with the staffing restructuring changes that had been approved through the 2016/17 Council's Budget. These planned changes support the Council to bring down expenditure in line with its current levels of planned income;
- Funding of £0.200m was set aside in case Lincolnshire District Councils required additional funding in administering the new Council Tax Schemes. There was no call on this funding during 2016/17, therefore it was proposed within the budget plans for 2017/18 for this budget to be removed in future years;
- A dividend of £0.483m was received from Eastern Shires Purchasing Organisation (ESPO). The council is a member of the ESPO joint committee and as such is entitled to receive a share of the dividend generated by the organisation;
- The Council had planned to use £4.598m of flexible capital receipts in 2016/17 to fund transformation projects which will generate ongoing revenue savings to the authority. However, the Council generated £0.997m less receipts than expected. This was mainly due to the challenges faced when seeking for consent to dispose former playing fields and school land under Section 77 of the School Standards and Framework Act 1998 from the Education Funding Authority which resulted in delay in marketing these

properties. Nevertheless, it is still anticipated that the Council will meet its plan of £20.000m flexible capital receipts covering the three year period, 2016/17 to 2018/19; and

- The Council's insurance budget shows a deficit of £0.408m. The insurance fund is designed to enable the Council to 'self-insure' its insurable risks over the long term. The operating deficit this year has arisen mainly due to the increase in claim payments during the year. The deficit will be covered by the Council's Insurance earmarked reserve. The balance in the reserve before meeting these costs was £4.895m.

Council's General Funding – £1.574m more than the income budget (or 0.4%)

1.64 The Council's general funding was £1.574m more than the revenue budget approved at full Council in February 2016. The most significant reasons for this increase in funding are as follows:

- Business Rates Pooling - £1.085m (more than was budgeted for). This income from business rates pooling was not budgeted for and is a significant increase from the £0.104m received in 2015/16;
- New Homes Bonus Returned Funding - £0.235m (more than was budgeted for). At the time of budget setting, the Council had not been notified that we would be receiving this funding in 2016/17. This is funding that was originally allocated from the Local Government Finance Settlement to fund New Homes Bonus with a commitment from the Government that any unused funding would be returned to local authorities; and
- Education Services Grant - £0.108m (more than was budgeted for). The grant is adjusted throughout the financial year as schools convert to Academies. The amount budgeted for was based on a reduced funding rate allocated per pupil with an estimated number of pupils. The council was able to retain more income than originally anticipated in the latter part of the year due to a drop in schools converting to Academies.

Capital Programme Outturn

1.65 The capital outturn for 2016/17 is summarised below:

- Net capital expenditure was £38.320m; and
- There was an under budget of £37.990m or 49.8%.

1.66 The capital budget outturn is shown in **TABLE C** over page. The reasons for significant capital budget over or underspendings are explained in the following paragraphs.

TABLE C – Net Capital Programme Outturn 2016/17

Capital Programme	Net Expenditure			
	Revised budget	Actuals	Variance	Variance
	£'000	£'000	£'000	%
Other Readiness for School	294	278	(16)	-5.4%
Readiness for School	294	278	(16)	-5.4%
Devolved Capital	1,152	1,152	0	0.0%
Provision of School Places (Basic Need)	11,159	11,159	0	0.0%
School Condition & Modernisation / Maintenance Capital	5,291	5,291	0	0.0%
Other Academies	447	307	(140)	-31.3%
Other Learn & Achieve	400	282	(118)	-29.5%
Learn & Achieve	18,449	18,191	(258)	-1.4%
Other Readiness for Adult Life	0	(3)	(3)	-100.0%
Readiness for Adult Life	0	(3)	(3)	-100.0%
Universal Infant Free School Meals Capital	652	652	0	0.0%
Other Children are Safe & Healthy	988	291	(697)	-70.5%
Children are Safe & Healthy	1,640	943	(697)	-42.5%
Childrens Services - Commissioning	20,383	19,409	(974)	-4.8%
Adult Care	411	411	0	0.0%
Better Care Fund - Disabled Facility Grants	0	0	0	0.0%
Adult Frailty & Long Term Conditions	411	411	0	0.0%
Adult Care - Commissioning	411	411	0	0.0%
Libraries	635	232	(403)	-63.5%
Other Wellbeing	269	269	0	0.0%
Community Wellbeing & Public Health - Commissioning	904	501	(403)	-44.6%
Highways Asset Protection	759	0	(759)	-100.0%
Integrated Transport	191	214	23	12.0%
Lincoln Eastern Bypass	0	416	416	100.0%
Lincoln East-West Link	6,241	3,360	(2,881)	-46.2%
Grantham Southern Relief Road	3,060	162	(2,898)	-94.7%
Lincolnshire Waterways	696	839	143	20.5%
Skegness Countryside Business Park	1,055	231	(824)	-78.1%
Historic Lincoln	(1,607)	(165)	1,442	-89.7%
Other Sustaining & Developing Prosperity	14,544	446	(14,098)	-96.9%
Sustaining & Developing Prosperity Through Infrastructure	24,939	5,503	(19,436)	-77.9%
Flood Defence	2,200	0	(2,200)	-100.0%
Energy from Waste	301	189	(112)	-37.2%
Other Protecting & Sustaining the Environment	1,552	1,117	(435)	-28.0%
Protecting & Sustaining the Environment	4,053	1,306	(2,747)	-67.8%
Other Sustaining and Growing Business & the Economy	262	(19)	(281)	-107.3%
Sustaining & Growing Business & the Economy	262	(19)	(281)	-107.3%
Environment & Economy - Commissioning	29,254	6,790	(22,464)	-76.8%
Youth Offending	3	0	(3)	-100.0%
Fire & Rescue and Emergency Planning	2,533	1,719	(814)	-32.1%
Fire Fleet Vehicles and Associated Equipment	649	206	(443)	-68.3%
Protecting The Public	3,185	1,925	(1,260)	-39.6%
Broadband	711	711	0	0.0%
Infrastructure and Refresh Programme	2,264	867	(1,397)	-61.7%
Replacement ERP Finance System	2,227	508	(1,719)	-77.2%
Care Management System (CMPP)	918	846	(72)	-7.8%
Property	4,401	3,393	(1,008)	-22.9%
Property Rationalisation Programme	3,937	2,959	(978)	-24.8%
Enablers & Support To Council's Outcomes	14,458	9,284	(5,174)	-35.8%
Finance & Public Protection - Commissioning	17,643	11,209	(6,434)	-36.5%
New Developments Capital Contingency Fund	7,715	0	(7,715)	-100.0%
Other Capital Programmes	7,715	0	(7,715)	-100.0%
Other Programmes	7,715	0	(7,715)	-100.0%
Total Capital Programme 2016/17	76,310	38,320	(37,990)	-49.8%

1.67 The capital programme comprises a series of schemes/projects which often span a number of years. Hence over/underspends cannot be related to time periods such as this financial year. Where a scheme/project is known to be exhibiting a material variance to its spending profile this will be described in the narrative associated with that commissioning area.

1.68 Schemes can receive funding from both the County Council and from external bodies (through grants and contributions). The timing of this external funding may also have an impact on the spending profile of schemes annually within the capital programme.

Children's Services (£0.972m under budget)

1.69 The net underspend of Children's capital is due to the slippage of some costs in particular a number of projects for foster carers. These projects will not now start construction until the new financial year and it is anticipated that the underspend will be carried forward to fund these delayed projects.

Adult Care (Balanced budget)

1.70 A total of £0.411m was utilised in 2016/17, expenditure includes ongoing pre-development costs for the Council's Extra Care Housing Scheme, additional investment in Lincolnshire Telecare services and costs associated with the modernisation of the Council's remaining in-house day care provision.

Community Wellbeing and Public Health (£0.403m under budget)

1.71 The Libraries budget includes allocations for community libraries hubs (£0.015m each) and the underspend reflects those amounts which remain unspent at year end. This will be carried forward into 2017/18 in order to honour these legal agreements held with each Hub.

Environment and Economy (£22.464m under budget)

1.72 The capital programme for the Sustaining and Developing Prosperity Through Infrastructure commissioning strategy was under budget by £19.436m at the end of 2016/17. This is due to the utilisation of external grants and other sources of funding in 2016/17, not originally planned when this budget was set. Spending of the Council's contribution to schemes in this Commissioning Strategy will now take place in 2017/18 and future years.

1.73 The slippage in Protecting and Sustaining the Environment of £2.747m mainly relates to delays in delivering projects for flood defence.

Finance and Public Protection (£6.434m under budget)

1.74 Fire and Rescue and Fire fleet programmes are £1.257m below budget due to delays in delivering the station improvement programme, ICT costs relating to the East Coast (Control) Consortium and the timing of purchase of emergency vehicles.

1.75 Enablers and Support to Council's Outcomes was under budget by £5.174m. This was made up of:

- Infrastructure Refresh is £1.396m under due to delays in delivering the refresh programme which will be spent in future years;
- Replacement ERP (Agresso) is £1.719m under as milestone payments have yet to be agreed and paid resulting in an under spend in the current year; and
- Property and Property rationalisation programmes are £1.996m below budget due to delays in projects including Louth Eastgate (£1.136m) where spend will now be incurred during 17/18.

New Developments Capital Contingency Fund (£7.715m under budget)

1.76 For 2016/17 the Council set aside £7.500m in a New Development Capital Contingency Fund, plus the carried forward underspend from 2015/16 of £1.650m. During the financial year £1.435m was allocated from this budget. This has been utilised to fund the following schemes:

- Foster Care Capital (£0.600m);
- Property – Replacement Air Conditioning Units (£0.030m);
- County Farms Road Improvement Schemes (£0.072m);
- County Farms – Minimum Energy Efficiency Standards (MEES) (£0.048m);
- A1073 – Part One Compensation Claims (£0.215m); and
- Blue Light Collaboration Contribution (£0.470m).

1.77 The £7.715m remaining at the end of 2016/17 will be transferred forward into 2017/18 to fund schemes in the new financial year. There are a number of commitments which already exist for use of this funding in 2017/18 and future years. These schemes include:

- A contribution to the Blue Light Collaboration with Lincolnshire Police and East Midlands Ambulance Service;
- A contribution to the road improvement scheme at Peppermint Junction;
- Replacement of part of the Winter Gritting Fleet; and
- Building works on Lancaster House in Lincoln.

Flexible Use of Capital Receipts

1.78 In September 2016 the County Council approved an Efficiency Plan and Flexible Use of Capital Receipts Strategy to fund transformation for the three year period from 2016/17 to 2018/19. For 2016/17 the Council planned to generate £4.500m from capital receipts which would be used to fund revenue transformation (during the year this target was increased by £0.098m to £4.598m). The actual capital receipts generated during 2016/17 were £3.601m (explanation for this variance is set out in paragraph 1.63 above). This income has been fully utilised in the financial year to fund revenue transformation projects.

1.79 The Strategy identified the following schemes which would be funded this way in 2016/17:

- Service changes and reductions (including redundancies);
- Property rationalisation;
- Efficiencies through contracting and procurement;
- Transforming technology; and
- Preventing and detecting fraud.

1.80 During the year the Council spent £4.432m on these transformation projects. Details of the Council's original plans and actual activity is set out at **APPENDIX A**.

Carry forward of over and under spendings

1.81 The Council's policy as set out in its Financial Strategy is that:

- All under and overspendings on service revenue budgets of up to 1.0% will be carried forward without exception.
- The use of all underspendings on service budgets in excess of 1.0% will be considered by the Executive and decided by the full Council.
- The means of funding all overspendings on service budgets in excess of 1.0% will be considered by the Executive and decided by the full Council.
- All under and overspendings on capital budgets, the dedicated schools budget and shared services will be carried forward.
- All under and overspendings on revenue budgets where the spend is of an uneven nature will be transferred to reserves.

Transfers to and from reserves

1.82 The Council has a number of reserves earmarked for specific purposes. Transfers are made to or from these earmarked reserves at each year end dependent on actual expenditure and income during the year. It is proposed that the transfers are made in the normal way.

1.83 The carry forward of over and underspendings relating to Executive Directors revenue spending is shown in the table below. This includes:

- Up to 1% carry forward on service budgets (£3.144m). Details of how the 1% carry forwards will be utilised is set out at **APPENDIX B**.

Directorate	Final Proposal £'000
Executive Director - Children's Services	1,028
Executive Director - Adult Care	644
Executive Director - Environment and Economy	956
Executive Director - Finance and Public Protection	486
Chief Executive	30
TOTAL	3,144

- The full carry forward of underspends relating to schools (£12.575m) and shared services (£0.952m).
- Transfers to earmarked reserves linked to revenue budgets where spend is of an uneven nature (£0.302m). Made up of:
 - A transfer to the Schools Sickness Fund for the underspend in revenue budgets (£0.108m);
 - A transfer of £0.408m from the Insurance Fund reserve to cover the overspend in year; and
 - A transfer of £0.002m from the reserve for an utilisation of the Museum Exhibits Reserve.

1.84 In addition to this other proposed allocations of amounts resulting from overspends and underspends above the 1.0% are:

- A year end transfer of £20.327m into the financial volatility reserves. £17.870m is required for the planned contribution to Council's revenue budgets in 2017/18. The balance of £32.339m will be available to fund future uncertainties in local government funding in 2018/19 and beyond;
- Additions to existing reserves for: Civil Parking Enforcement (£0.023m), Fixed Penalty Notices (£0.023m) and Health and Wellbeing (£0.007m).
- Creation of new reserves for:
 - Contract Development Reserve (£1.000m) to provide the Council with flexibility to develop and manage contract processes going forwards;
 - Environmental Improvement and Sustainability Reserve (£5.000m) to allow the Council to fund and contribute to a number of environmental

and highways schemes across the County for the life of the current Council;

- Highways Advanced Design Reserve (£2.000m) to invest in feasibility work which will keep the development of Lincolnshire's road network a priority and facilitate economic growth projects;
- Horncastle Salt Barn Reserve (£0.495m) for the construction of a permanent salt storage facility at Horncastle;
- Agresso Upgrade Staffing Costs Reserve (£0.100m) to cover additional resource requirements for the Agresso upgrade to Milestone 6; and
- Property Company Detailed Business Case Reserve (£0.100m) to assess the commercial potential of creating a separate entity.

1.85 A variety of other transfers to or from other earmarked reserves reflecting actual expenditure and income in 2016/17 are shown in **TABLE D** over the page.

TABLE D – Transfers to and from reserves

EARMARKED RESERVES	Balance at		Additional in	Balance at
	31 March	Used in Year		Year
	2016	£'000	£'000	2017
	£'000	£'000	£'000	£'000
Schools Carryforward	-27,388	15,075	-12,575	-24,888
Prime Account Loan Reserve Adjustment	786	0	-293	493
Balances held by Schools under a scheme of delegation	-26,602	15,075	-12,868	-24,395
Other Services	-4,295	4,295	-3,144	-3,144
Earmarked Reserves Holding Code	0	0	0	0
Adverse Weather	-1,000	500	0	-500
Insurances	-6,395	1,908	0	-4,487
Schools Sickness Insurance Scheme	-1,143	148	-108	-1,103
Museum Exhibits	-135	2	0	-133
Development - Economic Development Reserve	-423	155	0	-268
Health and Wellbeing	-1,154	247	-7	-914
Development - Lincs Coastal Country Park	-367	10	0	-357
Legal	-1,407	537	-781	-1,651
Procurement	-789	0	-170	-959
Salix Carbon Management	-247	227	-213	-233
Safer Communities Development Fund	-833	0	0	-833
Co-Responders Services	-150	0	0	-150
Financial Volatility Reserve - Budget Shortfall	-20,165	20,165	-17,870	-17,870
Financial Volatility Reserve	-23,665	17,870	-26,544	-32,339
Teal Park	-50	0	0	-50
Youth Service Positive Activities Development Fund	-20	0	0	-20
Corby Glen/South Lincolnshire Sports Fund	-171	0	0	-171
Youth Offending Service	-512	0	0	-512
Domestic Homicide Reviews	-100	0	0	-100
Civil Parking Enforcement	-863	0	-46	-909
Support Service Contract Reserve (FDSS)	-1,709	909	0	-800
Roads Maintenance Reserve	-88	86	0	-2
Adoption Reform Reserve	-192	157	0	-35
Community Advisors Reserve	-156	0	0	-156
Local Welfare Provision Reserve	-541	526	0	-15
Property Management	-250	120	0	-130
Energy from Waste Lifecycles	-2,572	0	-1,096	-3,668
Broadband Project	-135	0	0	-135
Broadband Clawback	-157	0	0	-157
Flood and Water Risk Management	-558	32	0	-526
Young People in Lincolnshire	-334	108	0	-226
Members Big Society	-8	8	0	0
Lincoln Eastern Bypass (LEB)	-500	0	0	-500
Unsuitable Transport Routes	-100	100	0	0
Families Working Together	-599	0	0	-599
Enterprise Schemes	-191	83	0	-108
Asbestos Pressure	-50	0	0	-50
DAAT Pooled Budget	-248	0	0	-248
Street Lighting Earmarked Reserve	-100	0	0	-100
Heritage Services Earmarked Reserve	-880	0	0	-880
Horncastle Salt Barn	0	0	-495	-495
Corporate Property Business Case	0	0	-100	-100
Agresso Milestone 6 Finance Staffing	0	0	-100	-100
Contract Development	0	0	-1,000	-1,000
Highways Advanced Design	0	0	-2,000	-2,000
Environmental Improvement and Sustainability	0	0	-5,000	-5,000
Waste Management Earmarked Reserve	-1,000	1,000	0	0
Earmarked Reserves	-74,252	49,193	-58,674	-83,733
Revenue Grants and Contributions	-49,295	15,572	-16,975	-50,698
TOTAL RESERVES	-150,149	79,840	-88,517	-158,826

General Reserve

1.86 The Council's policy on general reserves is that they will be maintained within a range of 2.5% to 3.5% of its annual budget requirement. When setting its budget for 2016/17 the Council had planned to reduce the balance in the General Fund by £0.800m. After considering the impact of actual expenditure and income in 2016/17 and the proposals on the carry forward of over and under spendings it is proposed to make a contribution of £0.500m to the general fund at the year end. The general reserves at 31 March 2017 are £15.300m or 3.5% of annual budget requirement (TABLE E).

TABLE E – General Reserves

GENERAL RESERVES	Balance at 31 March 2017 £'000
Balance at 1 April 2016	-15,600
Planned contribution to / use in year	800
Proposed contribution to / use of reserves	-500
Balance as at 31 March 2017	-15,300
Balance as a percentage of total budget	3.50%

Prudential indicators

1.87 The Local Government Act 2003 gave authorities freedoms to borrow what they need to fund their capital programmes. The Act requires Local Authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code provides a framework to ensure that Local Authorities' capital programmes are affordable, prudent and sustainable and that treasury management decisions are taken to support this.

1.88 In complying with the Code the indicators for 2016/17 were approved by County Council on 19 February 2016 along with the budget and council tax for that year. In accordance with the Code, the Executive Director has been monitoring the actual performance against the targets set and would have reported any issues of concern to members had there been a need to. The County Council should also be informed of the actual position compared with that estimated for any given year after the year end. **APPENDIX C** provides details of this comparison for 2016/17. It shows that Prudential Indicators have not been exceeded during the year and there have been no breach of limits set by the Authority.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

* Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act

* Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2016 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The Joint Strategic Needs Analysis have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2016 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Section 17 of the Crime and Disorder Act 1998 have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2016 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

3. Conclusion

3.1 The report provides details of the council's financial performance for 2016/17. Net revenue spending amounted to £444.385m, excluding Schools Budgets. Net capital spending totalled £38.320m.

3.2 Existing policies allow all over and underspendings on capital, schools budgets and shared services to be automatically carried forward. The carry forwards and transfers to and from earmarked reserves have been proposed in accordance with existing policy. General reserves stand at £15.300m with a further £108.128m in earmarked reserves.

4. Legal Comments:

With regard to recommendation 1, the Council's Financial Regulations state that underspends up to 1% will be carried forward without exception.

With regard to recommendation 2, Council's Financial Regulations provide that the use of all underspending on service budgets in excess of 1% will be considered by the Executive and decided by the full Council. The means of funding all overspendings on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.

Under Section 3 of the Local Government Act 2003 the Authority must determine and keep under review how much money it can afford to borrow. Reporting on the Prudential Indicators assists the Council in discharging this function.

The recommendations are lawful in accordance with the Constitution and the Policy Framework and within the remit of the Executive.

5. Resource Comments:

The Council has a sound financial base from which to manage the challenges of a difficult medium to longer term outlook for public sector finances.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The Overview and Scrutiny Management Board will consider a report on the Review of Financial Performance 2016/17 at its meeting on 29 June 2017. Comments from the Board will be passed onto the Executive at its meeting.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

N/A

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Flexible Use of Capital Receipts Outcomes 2016/17
Appendix B	Use of Service 1% Carry Forwards
Appendix C	Prudential Indicators 2016/17

8. Background Papers

Document title	Where the document can be viewed
Financial Strategy	Executive Director Finance and Public Protection

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk .

This page is intentionally left blank