

Appendix A – Prudential Indicators 2017/18

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2017/2018			
Original Estimate	2017/18 £000	Actuals	2017/18 £000
Capital Expenditure Net	49,444	Actual Capital Expenditure (Excl Sch RCCO & Leasing)	17,775
Capital Financing Requirement 31/3/2018	621,849	Actual Capital Financing Requirement 31/3/2018	554,638
Capital Financing Requirement Estimate at 31/3/2020	666,599	Capital Financing Requirement Estimate 31/3/2020	599,388
Gross External Borrowing	508,057	Actual Gross External Borrowing	462,657
Borrowing in Advance of Need Limit	11,188	Actual Borrowing in Advance of Need Taken	0
Incremental Impact of Borrowing Plans on Council Tax '-Band D	£14.51	Actual Incremental Impact of Borrowing Plans on 'Council Tax -Band D	£2.78
MRP & Interest Repayments not to exceed 10% of Net Revenue Stream Estimate	5.76%	MRP & Interest Repayments not to exceed 10% of Net Revenue Stream Actual	5.26%
Ratio of Financing Costs To Net Revenue Stream	5.75%	Actual Ratio of Financing Costs To Net Revenue Stream	5.19%
External Debt:			
<u>Authorised limit for external debt -</u>		Actual external debt at 31/3/18	
borrowing	583,007	Borrowing	462,657
other long term liabilities	13,701	Other long term liabilities(Credit Arrangements)	11,033
TOTAL	596,708	TOTAL	473,690
<u>Operational boundary -</u>			
borrowing	559,007		
other long term liabilities	11,701		
TOTAL	570,708		
Treasury Management:			
<u>Upper limit for fixed interest rate exposure</u>		Actual exposure fixed interest	
Net principal re fixed rate borrowing less investments	666,599	Net Principal	262,804
<u>Upper limit for variable rate exposure</u>		Actual exposure variable interest	
Net principal re variable rate borrowing less investments	199,980	Net Principal	-42,910
<u>Upper limit for total principal sums invested for over 364 days</u> (per maturity date)	40,000	Actual sums invested > 364 Day	15,014
<u>Maturity structure of fixed rate borrowing during 2017/18</u>	upper limit	Actual maturity structure as at 31 March 2018	
under 12 months	25%	under 12 months	7.70%
12 months and within 24 months	25%	12 months and within 24 months	3.10%
24 months and within 5 years	50%	24 months and within 5 years	9.50%
5 years and within 10 years	75%	5 years and within 10 years	13.60%
10 years and above	100%	10 years and above	66.00%

Appendix B – Flexible Use of Capital Receipts Outcomes for 2017/18

	2017/18 Actual £'m	
Service changes and reductions (including redundancies)	0.556	The Council tracks the payback period for redundancy costs. It is estimated that for every £1 spent on redundancy costs within a 9 month period the Council saves £1.25. This year the Council incurred £0.556m of costs.
Property rationalisation and collaboration	1.713	The Council has an ongoing programme analysing the property portfolio to identify and maximise the use of Council assets. Savings relate to reductions in rent and associated property costs. This programme of work also contributes to the generation of capital receipts. This work released £4.030m capital receipts to fund transformation work in 2017-18. Work is ongoing on the new shared accommodation for Blue Light Services in Lincolnshire. This will transform the service delivery of the three emergency services and will provide more integrated service provision and create efficiency through accommodation sharing.
Efficiencies through contracting and procurement	1.771	Savings relate to reducing and maintaining current and future contract costs as low as possible (i.e. ensuring that growth in costs is kept to a minimum). Efficiencies through contracting include the new Best Start Lincolnshire Early Years service model which started in July 2017 with an expected ongoing saving of £0.783m per year. Also included is the new model for Children's 0-19 Health Services which is the result of the decommissioning of the Family Nurse Partnership.
Transforming information technology	1.173	Improvements and efficiencies in this category do not easily convert directly into a reduction in spending, however, they will increase capacity and allow other savings to be delivered across other areas of the Council. During 2017-18 work has been undertaken on several schemes including: the design and installation of an IT network and security at Lancaster House; development of the Enterprise Data Warehouse to relocate key LCC datasets in a central database; projects to migrate the IMP platform to Open Text Cloud and the legacy Achieve Forms software to the new Firmstep replacement as both the current versions are coming to the end of their life.
Preventing and detecting fraud	0.228	The Council is developing ways to benchmark against the six strategy themes tackling fraud and corruption in local government for 2016-2018. This will provide strong, harder hitting deterrents and fraud awareness, reduced levels of fraud in key service areas will help mitigate the impact of reducing budgets, and a maintained anti-fraud culture reduces fraud to an absolute minimum.
TOTAL	5.440	

Appendix C – Proposed Directorate Use of 1% Underspend

Directorate

Children's Services

Up to 1% Carry Forward

994,089

Rank (please rank in order of priority)	Service Area	Planned use of Carry Forward (please provide a short explanation)	Required for one off scheme/pressure, on-going pressure.	For on-going budget pressures how does the service plan on resolving these beyond this funding?	Amount (£)
1	Mosaic	The recent Ofsted inspection highlighted significant challenges with performance reporting in Children's Social Care, demonstrating that the data is not to the required standard. The current reporting mechanism on Mosaic needs a fundamental review that will require system changes and additional training for staff. The existing team is unable to manage the additional volume of work required to ensure that all safeguarding activity is recorded in line with Ofsted requirements. This is seen as a priority for Children's Services.	One off	N/A	199,089
2	People Management	<p>This funding will provide targeted resources to deliver innovative recruitment and retention strategies, and will also support effective succession planning. Over the past 18 months, Children's Services have introduced a range of strategies to support Social Work recruitment, which has seen a considerable reduction in agency costs. This is not only more cost effective but also provides a higher quality workforce. Such funding is intended to sustain these practices and to apply them to other hard to recruit posts across the Council.</p> <p>In addition, the Council needs to recruit into a number of senior posts. Whilst the skills required for this work are available, the additional funding will enable the use of psychometric testing, as well as providing temporary additional capacity to support recruitment.</p>	One off	N/A	150,000
3	Supported Accommodation	The development of supported housing is a strategic priority for Children's Services. Work is being undertaken with Corporate Property to release available houses in key locations to enable the Local Authority to offer an in-house approach for supported accommodation for care leavers and young people who are homeless (16 - 18 years old). This will provide higher quality provision with intervention support, and be a more cost effective provision than the current external placements. Funding is required to provide for dual running costs to allow the houses to be resourced with staffing and to facilitate the transition of the young people from external placements and into the new accommodation. Due to the nature of the challenges with this particular client group transition arrangements will need to be managed carefully.	One off	N/A	135,000
4	Supported Employment	Children's Services are committed to working with young people with learning disabilities to support them into employment as this is key to independence in adulthood. A supported employment project would seek to involve local businesses, schools and colleges to offer work based training and internships for young people with a disability. It is hoped that this will reduce the pressure on adult social care through better transition to adulthood.	One off	N/A	120,000

5	School Improvement	<p>The Council is proud of its schools and especially its small schools which represent the unique characteristics of our county. However, teaching in a small school can be highly challenging, particularly for teachers who are required to teach across a number of Key Stages. In small schools, classes comprise of children with varying levels of ability and needs, and across a number of Key Stages. This requires a very different approach compared to teaching a single Key Stage. Children's Services are currently working with North Yorkshire County Council to support professional development across teachers in 60 small schools to help overcome this challenge. This funding would provide this professional development to a further 120 schools and will enhance the Key Stage 2 performance which is a critical challenge for the county.</p>	One off	N/A	120,000
6	School Improvement	<p>Leading and teaching in a small school has many challenges including successfully recruiting to leadership posts. This funding will allow the development of a project to build capacity through talent spotting potential leaders and providing intensive training and mentoring to enable them to be head teacher ready. As potential head teachers often lack confidence to take on the leadership of schools particularly in a federation then this development will help to address this challenge.</p>	One off	N/A	100,000
7	School Improvement	<p>This funding will seek to work with the schools in two localities to develop, through a pilot, a sustainable solution to address barriers to learning for vulnerable pupils based on recommendations from a National Government Commission. Talking to Head Teachers, they want to work in collaboration with each other in a locality to share best practice, jointly undertake research and professional development and share expertise for the benefit of vulnerable pupils. Through partnership, they believe that they can support each other to develop a locality model of working which addresses the specific demographic pressures within their locality.</p> <p>However, schools are looking to the Local Authority to provide a leadership role, bringing schools and LA children's services together to truly understand the unique pressures in their community so we can work in collaboration to address these pressures and challenges.</p> <p>This project proposes to be jointly funded with schools, who will fund the school to school support and professional development, with the Local Authority providing leadership and needs analysis capacity. Its intended impact is:</p> <ul style="list-style-type: none"> * A reduction in the number of schools requiring improvement and an improvement in outcomes for our most disadvantaged pupils * Educational performance in the area will be transformed over time * Joint ownership and accountability for the system * More young people participating in resulting in less anti social behaviours 	One off	N/A	80,000

8	Regulated Services	'Mocking Bird' is a peer support programme aimed at foster carers to establish support networks within a locality. Evidence of such practices enables foster carers to be provided with more highly effective peer support and respite, enabling them to manage challenging young people, and to maintain placement stability. This funding would enable the piloting of this project in two localities.	One off	N/A	50,000
9	People Management	It is acknowledged that progress to recoup the apprenticeship levy has been slower than anticipated due, in part, to the delay in the government implementing the standards. Children's Services wish to undertake a radical review of its staffing structure to explore where apprenticeships could be introduced within its staffing establishment. This will include training for staff to act as mentor and assessors. It is anticipated that this will improve apprenticeship take up across Children's Services. This will require considerable capacity to map opportunities, cross reference with existing standards, work with providers to create more training programmes and develop job descriptions.	One off	N/A	40,000
		TOTAL			994,089

Rank (please rank in order of priority)	Service Area	Planned use of Carry Forward (please provide a short explanation)	Required for one off scheme/pressure, on-going pressure.	For on-going budget pressures how does the service plan on resolving these beyond this funding?	Amount (£)
1	Safeguarding Adult Care	To continue to reduce the current backlog of DOLS Assessment and Reviews still in the system, and also additional budget for the increased number of Reviews that will be required in 18/19 due to the extra number of Assessments that came through in 17/18 over and above budgeted expectations. Whilst this is currently seen as an ongoing pressure at the time of budget setting it wasn't known how many new assessments would be raised in year, or how many would still be in the backlog at the end of the year. Due to the fact that there were an additional 880 new assessments submitted in 2017/18 which will all require reviews in 18/19 this will put additional pressure on the DOLS team that are already working to their full capacity. Therefore this bid is also requesting that we employ 2 additional Business support staff to help maintain the workflow both at the start of the process as they come in and also after the Best Interest Assessments have been completed to ensure backlogs do not increase in the year.	Whilst this is currently seen as an ongoing pressure, at the time of budget setting it wasn't known how many new assessments would be raised in year, or how many would still be in the backlog at the end of the year.	Element is on going pressure but we anticipate future years should see a reduction in new assessments. It is also anticipated that there may be further reviews of the legislation by the Government and that either the Cheshire West case will be revoked or that the criteria for submitting assessments will be changed accordingly. Any short term additional costs could possibly be met through Adult Care reserves for 19/20.	750,000
2	Wellbeing	Falls pathway co-ordinator and prevention pilot programme. Creation of a dedicated Falls lead in LCC to develop and implement a falls pathway across health and social care. As part of this work, pilot postural stability instruction (strength and balance training) for falls prevention in high risk groups to avoid falls, avoidable hospital admissions and social care costs	Ongoing	If proven to be successful will be mainstreamed through PH grant	185,000
3	Wellbeing	Funding to support a range of workshops to support the Council's Domestic Abuse programme	One off	n/a	20,000
4	Specialist Adult Services	Demand Management - This initiative would require a one off contribution of £50,000 towards the cost of a fixed term 2 year project manager. The remainder of the funding would be found from within existing budgets. This would allow the project manager to expand the work beyond the initial re-focusing of the in-house Day Services to take on the wider co-ordination of employment support services whilst also co-ordinating related community capacity and network activities. The initiative would also require a £200,000 investment to expand the manage care network and to invest in the voluntary sector to fund community capacity builders.	One off	n/a	250,000
		TOTAL			1,205,000

Rank (please rank in order of priority)	Service Area	Planned use of Carry Forward (please provide a short explanation)	Required for one off scheme/pressure, on-going pressure.	For on-going budget pressures how does the service plan on resolving these beyond this funding?	Amount (£)
1	Infrastructure	Advance Design Block (ADB) replenish draw down of reserve in 2017/18. - ADB resource is essential to be able to prepare feasibility reports and to design schemes which support the growth agenda, fulfill manifesto commitments and provide vital highway network improvement. This drawdown in 2017/18 was as a result of progressing a number of schemes such as the Coastal Highway.	one off		250,000
2	Enterprise commissioning	Coastal Country Park - to improve access to the park with new park signage, renovation of Anderby Creek car park and marketing	one off		100,000
3	Enterprise commissioning	GLLEP - Continue with the consultancy support which enables us to establish a private sector led input to the LEP's water management plan. We expect this to lead to schemes which help businesses to save water resources or use water as a way of growing their business, potentially attracting ERDF support towards any initiatives.	one off		15,000
4	Enterprise commissioning	China - to provide capacity to pursue the Hunan links and develop effective delivery mechanism	one off		15,000
5	Environmental Services	Joint Municipal Waste Management Strategy (JMWMS) - to support finalisation of document and adoption process plus waste project board capacity funding	one off		75,000
6	Enterprise commissioning	Utilities work - continue with consultancy support to continue LEP utilities study and ensure effective delivery in place for addressing utilities capacity issues	one off		20,000
7	Infrastructure	A15 - part funding of route analysis to support the Midlands Connect work and NLC aspirations. Will ensure all key routes in Lincolnshire have been subject to same analysis	one off		25,000
8	Strategic Communications	Marketing and photography campaign for ' Lincolnshire, a place to grow'	one off		30,000
9	Democratic Services & Strategic Comms	Business Process Support to improve productivity	one off initially		30,000
10	All Environment & Economy	Balance of the 1% to be allocated during the year to deal with emerging pressures within the service area	one off		335,790
		TOTAL			895,790

Rank (please rank in order of priority)	Service Area	Planned use of Carry Forward (please provide a short explanation)	Required for one off scheme/pressure, on-going pressure.	For on-going budget pressures how does the service plan on resolving these beyond this funding?	Amount (£)
1	Financial Strategy	Apprenticeship standards are now in place which are suitable for finance enabling the draw down of the apprenticeship levy for training costs. To support the workforce development plan for the Financial Strategy Team we are looking to introduce an apprenticeship programme, to attract and grow our own talent enabling us to continue providing a professional service. We are initially seeking to support 2 apprentices at varying levels.	Initially one-off, would like this to be an on-going programme	<i>will consider the extension of the programme within the overall budget available for the team</i>	29,990
2	Financial Strategy	To support the workforce priorities of the Finance & Audit teams, we are planning to accommodate two internships for university undergraduates for 12 months from September 2018. This should introduce LCC as an employer of choice and give an insight into working in the Public Sector Finance sector	Initially one-off, would like this to be an on-going programme	<i>will consider the extension of the programme within the overall budget available for the team</i>	16,927
3	Corporate Property	Health & Safety : Property Health and Safety budget. As well as planned work, Corporate Property get involved in a lot of reactive health and safety work at properties. At the moment there is no dedicated budget to address these issues. There is also a need for a budget, to be able to react to changes in legislation and newly identified risks ie radon, external cladding (Grenfell Tower) etc. The HSE expect to see an H&S budget line	on going	As there is a requirement for Employers to make resources available to ensure safe working environments for staff an ongoing budget should be identified	50,000
4	Audit & Risk Mgt	Lincolnshire's contribution to the Lincolnshire Counter Fraud partnership.	on-going		26,000
5	Audit & Risk Mgt	Key to Audit and Risk workforce strategy is building capacity and capability through apprenticeships. Delayed implementation of the procurement process meant that we were unable to recruit and therefore carried forward an underspend in 2017/18. We would like to recruit three apprenticeships across the service areas (costs from Sept 2018).	on-going		40,800
6	Audit & Risk Mgt	We were unable to recruit to the Business Development Manager in 2017/18 and therefore had an equivalent underspend in the service. This role is key to the success of our business plan growth target - supporting sustainable delivery model and contributing to operating costs of the service through income generation.	on-going		26,000
7	Fire and Rescue	Due to a number of delays in the upgrade of the Vision mobilising system LFR have had to cover the cost of a post in support of its implementation for longer than anticipated. This post is critical to the successful implementation and is not funded and therefore is a budget pressure.	One off for 2018/19		20,000

8	Emergency Planning & Business Continuity Service	In support of the Local Resilience Forum an upgrade to the IT in the CEC was planned for 2017/18. This was not completed but is still required and thereby brought back for reconsideration.	One off for 2018/19		22,000
9	Fire and Rescue	To complete development of the Service Learning Management System which is essential to delivering training to fire crews. This requires support from 2 additional staff at crew manager level for a period of 6 months.	One off for 2018/19		50,000
10	Business Support	Apprenticeship Employer Provider Centre. A paper on the provision of the employer provider centre was provided in February 2018 detailing that due to the evolving programme to support Apprenticeships, there would be a shortfall in funding (costs vs levy drawdown) of £31,085 in the first full year of operation, after which the centre should be come self funding. This is an initial cost to Business Support for 2018/19 only.	One off		31,085
11	Business Support	A project has been established to provide a traded service to Schools and Academies across Lincolnshire for clerking, secretarial and administrative support functions. This service is to be part of the EduLincs provision and will become self funding once fully established by March 2019. A FT team leader has been allocated to manage this project and build the required business case and market the provision. This project management is important to ensure a successful service provision is made into Lincolnshire Schools and Academies.	One off		39,850
12	Business Support	An audit report identifies the process and policies around fuel cards to be inadequate. A project is to be established to retender the fuel card contract, write a corporate policy and ensure future compliance on spend. A project officer is required for 6 months at G6 to be able to support this additional work.	One off		14,000
13	Commercial Team	To fund the second year of a Commercial Officer supporting and working on the Serco Contract.	One off	Second year of fixed term contract within 18/19	29,999
14	Finance and Public Protection	Balance of the 1% to be allocated during the year to deal with emerging pressures within the service area.	One off		84,000
		TOTAL			480,651

Appendix D – Proposed Use of 2017/18 Carry Forward and Reserves

	<u>£'000</u>
<u>Total Council Underspend for 2017/18 (Excluding Schools)</u>	27,669
<small>(This figure excludes the £17.058m Schools underspend for 2017/18)</small>	
The following amounts are allocated from the underspend in line with the Council's Financial Strategy	
Up to 1% carry forward of Commissioning Strategy underspends (details set out at Appendix D):	-3,576
Legal Shared Services and Procurement Lincolnshire to carry forward all of their surplus.	-787
	<u>23,306</u>
The following reserves are used to fund year end under/overspend in revenue budgets (in line with the Council's Financial Strategy):	
Insurance Reserve (surplus in revenue - add to reserve)	-230
Schools Sickness Insurance Reserve (deficit in revenue - drawdown from reserve)	584
Business As Usual Reserves (Fixed Penalty Notices, Flood and Water Risk Management)	-157
	<u>23,503</u>
Amount available after Financial Strategy allocations:	23,503
The following allocations are for consideration for the remaining underspend:	
Proposal to create new reserve:	
Highways Permitting Reserve	-477
Purchase of Employee Leave Scheme	-127
Specific Schools capital projects (S77 of the Schools Standards and Framework Act 1998)	-584
The Following are bids for funding in excess of 1% c/f	
Other Service Bids (Adverse Weather Reserve, Insurance Fund, Corporate Support Services Contract, New Heritage Services Fututure Operating model)	-3,650
Balance remaining after all proposals:	<u>18,665</u>