

### REVENUE BUDGET MONITORING REPORT 2019/20

#### COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

On 30 January 2020, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

The following points were confirmed:

- The £1.303m overspend on insurance was largely due to increases in premiums which reflects insurance claims due to bad weather causing damage to the roads and claims for car damage from pot holes. Support was provided to services to manage insurance claims.
- £0.810m of the £1.097m underspend on Readiness for Adult Life was due to the new children's homes in Grantham and Gainsborough for 16 and 17 year old care leavers. These homes have avoided the Council placing these young people in more expensive out of county provision. The budget had allowed for a one year transition between the two but staff were able to cope with the demand more quickly than anticipated so the money was not needed for the out of county costs.
- The £0.104m underspend on the youth housing contract was due to not needing to draw on the additional funding earmarked from the 1% carry forward to support the contractor with temporary bed vacancies for young people at risk of homelessness and needing support. The additional funding was not required as occupancy levels had been between 95% and 100%.
- The £2.267m underspend in Enablers and Support to Council Outcomes was due to a number of factors as set out in the report (*pages 20 – 21 in the Executive agenda*), some of which were legacy issues. It was anticipated that the Legal underspend would not be there next year as Legal Services had now gone through a rebasing exercise.
- It was suggested that underspends could be re-used in-house by service areas rather than being allowed to accumulate. However, it was noted that if the underspends were moved to a new activity, then a political decision would be required. If the underspends were recurrent rather than a one-off, then the money could be used to fund other activities. Timely and accurate financial information would be required to enable virement in year, along with potential plans already in place to make a decision on. The new Development Fund would allow funding to be put into new activities.
- The Board agreed that there was a need to be prudent and not take risks with the underspends as it was better to have a small underspend than a large overspend.

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### CAPITAL BUDGET MONITORING REPORT 2019/20

#### COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

On 30 January 2020, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

The following points were confirmed:

- The large difference between the gross and net budgets for some blocks was due to how the blocks were funded. Some blocks were funded wholly or partially by grants and income from outside bodies. Additional funding such as from grants and income would be included in the gross budget.
- The delayed opening of the Lincoln Eastern Bypass from Spring 2020 to Autumn 2020 was not currently generating costs in excess of budget and the project was still forecast to be within the whole-life scheme budget. A delayed project would not always generate additional costs as it would depend on the reasons why it was delayed and the extent to which the cost of any additional work was borne by the contractor. It was also normal practice to include an allowance for risk in capital scheme budgets. It was requested that the Executive Director – Place provide a briefing note to the Board on the costings for the Lincoln Eastern Bypass and an explanation of how costs were being managed within budget despite the delays to the project.

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### CAPITAL STRATEGY 2020/21

#### COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

On 30 January 2020, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

The following points were confirmed in relation to questions raised by the Board:

- Developer contributions could be received in advance of a project starting to fund any infrastructure required before the project could commence, such as with the Lincoln Eastern Bypass. However, developer contributions were not always received in advance, so the Council would have to fund any capital expenditure required upfront and then offset the cost once the developer contributions for the project had been received.
- The Capital Strategy would be included in the Budget Book to Council in February 2020.
- Capital receipts would no longer be used to fund revenue expenditure on projects as capital receipts were hard to project and there was a risk that the expected capital receipts would not materialise. This temporary rule introduced by the government would end in March 2022.
- The TransportConnect fixed loan (Annex F) was considered high risk as it was provided to a start-up business. In contrast, the Police loan was considered low risk as it was provided to another public body.
- The Corporate Plan's priorities were only referred to in Annex A of the Capital Strategy for 2020/21 as the Corporate Plan had only been approved by the County Council in December 2019. The Capital Strategy would be linked to the Corporate Plan in future versions as capital and revenue expenditure would need to be realigned to meet the Corporate Plan's ambitions.
- Capital monitoring was an important role for scrutiny which had been identified previously by the Board.
- There was a need to identify whether capital appraisals should be scrutinised by the Overview and Scrutiny Management Board or by the relevant scrutiny committee.

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