

REVENUE BUDGET MONITORING REPORT 2021/22 - QUARTER 1 TO 30 JUNE 2021

COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At its meeting on 26 August 2021, the Overview and Scrutiny Management Board considered the report and unanimously agreed to support the recommendation to the Executive.

The following points were confirmed:

- The forecasted overspend of £5.897m in relation to Covid-19 was mainly in the capital programme and was due to the increased costs arising from the supply and demand of materials and labour. This cost pressure would be kept under review and consideration would be given to deferring other capital schemes to keep within the allocated budget.
- A number of the capital projects and programmes were in Corporate Property and Place where construction was a key element. There were several issues affecting these schemes, including inflationary costs of between 7% and 10% for some raw materials and supply issues. It was unclear as to whether the supply issues were a temporary blip due to a combination of the Covid-19 pandemic, Brexit, and the Suez Canal blockage, or would continue for some time. In addition, there was a huge growth in construction in the US which was impacting on the availability of materials. A report on the supply issues and the significant impact on the delivery of the capital programme would be produced shortly.
- Insurance premium costs were increasing rapidly, as there was a lot of uncertainty in the industry and it had been noted that many of the Council's Adult Social Care providers were experiencing increased premiums. The Council was due to re-procure its insurance contract in 2021 but had extended the current contract by two years to let the insurance market settle back down. The Insurance Officer would be looking at options for keeping the premium increase as low as possible and the Council would consider the whole market to ensure it was receiving the best value premium.
- The forecast overspend arising in Lincolnshire Fire and Rescue (LFR) was due to the cost of covering long term sickness. Sickness rates in LFR were higher than other areas of the Council due to increased emotional wellbeing and musculoskeletal health issues. As a result, staff in LFR were provided with an enhanced emotional wellbeing offer. The Chief Executive agreed to provide a briefing paper to the Board on the sickness figures in LFR.
- The Covid Winter Grant Support for Families was in relation to the free school meals funding received for families following the campaign by the footballer Marcus Rashford. The funding was distributed to schools so that they could identify which

families should receive the vouchers, and also to the district councils to provide grants to vulnerable people. In addition, schemes were set up through the voluntary sector for people to purchase white goods.

- The underspend within Special Educational Needs & Disabilities (SEND) was due to staffing vacancies in the team which process Education, Health and Care Plans (EHCP). The Council was facing cost pressures in relation to the High Needs Block, but not as severe as other councils. Work was being undertaken to lessen this pressure by reducing the number of out of county placements. In addition, the Building Communities of Specialist Provision Strategy and the High Needs Transformation Programme would help to address the pressure on the High Needs Block. One strand of the High Needs Transformation Programme was to ensure that early access to specialist advice was provided so that the child's needs were appropriately catered for. The Chairman of the Children and Young People Scrutiny Committee highlighted that the Committee had been pleased to see the progress made with the Building Communities of Specialist Provision Strategy since 2018 and that the work was being recognised nationally. The Board was pleased to hear that the Council had been shortlisted for a national award.
- The planned budgetary savings were forecast to be achieved, and had been identified due to necessity. Some of the savings were income related, namely due to annual increases in charges. In relation to the adult charging planned saving of £1.8m, this was due to the service being provided to more people which generated more income. The charge would also increase to reflect any rising costs to provide services, such as from the national living wage. The Council had worked with Serco to improve the time taken to conduct assessments for financial contributions.
- The revenue spend on Highways was to address issues such as road safety, potholes and verges. Highway improvements were part of the capital programme. An extra £12m had already been added to the revenue budget and the financial outturn 2020/21 report to the County Council in September 2021 would be recommending that additional funding should be set aside for highways schemes. The Council's spending on highways was in excess of the Government's suggested spend.
- The cost of disposing fly tipping waste would be borne by the County Council, whereas the district councils would be responsible for collecting it.

CAPITAL BUDGET MONITORING REPORT 2021/22 - QUARTER 1 TO 30 JUNE 2021

COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At its meeting on 26 August 2021, the Overview and Scrutiny Management Board considered the report and unanimously agreed to support the recommendation to the Executive.

The following points were confirmed:

- The capital programme was at risk of either overspends or delays causing underspends. Some schemes were delayed because of availability and supply issues with raw materials due to a combination of the Covid-19 pandemic, Brexit, and the Suez Canal blockage, and also due to a shortage of labour. In addition, there was an increase in global demand for construction material, particularly in the US where there was a huge growth in construction which was impacting on the availability of raw materials. A report on the supply issues and the significant impact on the delivery of the capital programme would be produced shortly.
- The forecast underspend for 2021/22 of £13.513m in the project schemes was mainly due to two projects relating to the Spalding Western Relief Road which were forecasted to underspend in year by over £18m in total.
- The funding for the two Spalding Western Relief Road schemes that were currently underspending was committed and could not be diverted elsewhere otherwise the schemes would not be able to be completed. Instead, consideration would be given to bringing forward other schemes to reduce the level of underspend. However given the current issues with supply and availability of raw materials and labour, then these schemes could face similar challenges and increased costs, and it was currently unclear whether this was a short or long term issue. In addition, bringing forward other schemes in the current financial year would be challenging due to the short timeframe. There was a need for caution about making any dramatic changes to the capital programme.
- There was a forecast overspend on Highways Asset Protection of £4.145m. Approval would be sought from the County Council in September 2021 for an additional £10m of funding to be added to the capital programme budget for Highways.
- The A16/A1073 Spalding to Eye Road Improvement scheme was completed but still listed to account for any new or on-going compensation claims. Officers agreed to review how this scheme was reported in future.
- The £1.468m funding allocated for the fire station projects in Grantham and Leverton was previously contingency funding held for the property scheme. This

would now be separated out from the block funding of around £3m for property maintenance.

- It was currently budgeted that the whole life cost of the Grantham Southern Relief Road scheme would be £104m, including grant funding from the Government, but this was still subject to considerable change due to supply and labour issues.
- The funding allocated for the Linelands –Extra Care Housing scheme, which was no longer going ahead, would now be used for the Welton - Extra Care Housing scheme instead.
- For the North Hykeham Relief Road scheme, £48m had been allocated in the capital programme to help fund the scheme. In addition, there would be an additional £110m of funding from the Department of Transport, subject to a highways business case for the earmarked funding. It was proposed to start the scheme in 2025, subject to receiving the earmarked funding.