

**Open Report on behalf of on behalf of Andrew Crookham
Executive Director - Resources**

Report to:	Executive
Date:	02 September 2020
Subject:	Revenue Budget Monitoring Report 2020/21 - Quarter 1 to 30 June 2020
Decision Reference:	I020057
Key decision?	No

Summary:

- This report provides an update on revenue spending compared with budgets for the financial year which started on 1 April 2020.
- The tables in this report show the actual income and expenditure for the first three months of this financial year to 30 June 2020, along with the forecasts for spending and a comparison of the forecasts against the approved budgets.
- The report gives an overview of the financial position, with more detailed information on each budget area provided in Appendices A to M. The financial impacts of Covid-19 and other variances arising from our "business as usual" activity are considered separately in this report, with the combined position summarised in the Overall Financial Position section.
- The overall revenue position is that we are forecasting an overspend this year of **£3.555m** (excluding schools). There is a forecast underspend on capital financing charges of £6.948m but this is not reported and not included within this forecast position at this stage. This is because the Review of Financial Performance 2019/20 report, which will be considered by Council on 18 September 2020, includes a recommendation that a capital financing earmarked reserve be created to help manage future fluctuations in the annual capital financing charges budget. This will entail transferring any underspends on this budget into the earmarked reserve.
- We are assuming that our forecasted Covid-19 position will be contained within the government emergency grant because although we are currently forecasting a deficit of **£3.157m**, there is an additional grant of around £4.200m which can be claimed to cover losses of income as well as the potential for the government to provide further grant support as the year progresses.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%, but if we do not manage to turn around the current revenue forecast then we will need to use our Financial Volatility Reserve to support the budgetary position.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience has weakened due to the financial impacts of the Covid-19 pandemic both in

this year and looking forward to next year, as well as the current forecast revenue budget overspend. We have healthy reserves balances and will aim to strengthen our financial resilience as set out in paragraph 1.22.

Recommendation(s):

That the Executive notes the current position on the revenue budget.

Alternatives Considered:

This report shows the actual revenue expenditure to 30 June 2020, and projected outturns for 2020/21, therefore no alternatives have been considered.

Reasons for Recommendations:

To consider the Council's revenue budget monitoring position and decide on any corrective action necessary.

1. Background

Overall Financial Position

1.1 Table of Summary Position as at 30 June 2020.

	Current Budget	Forecast Outturn	Forecast (Under) / Overspend	Previous Forecast (Under) / Overspend
	£'000	£'000	£'000	£'000
Children's Services	113,750	117,012	3,262	0
Adult Care and Community Wellbeing	148,888	148,647	-240	0
Place	72,987	75,159	2,172	0
Fire and Rescue & Public Protection	25,252	24,263	-989	0
Resources	22,547	22,154	-393	0
Commercial	37,152	37,105	-47	0
Corporate Services	2,491	2,456	-35	0
School Budgets	-2,676	-4,151	-1,475	0
Other Budgets	69,503	69,328	-175	0
Transfer to / from Earmarked Reserves	2,722	2,722	0	0
Total Excluding schools	495,292	498,847	3,555	0
Income	-492,616	-492,617	-1	0
Total Including Schools	495,292	500,926	2,079	0

1.2 Appendix A shows an expanded version of this summary table.

1.3 This position assumes that the financial impacts of Covid-19 will be contained within the emergency grant funding we receive this year. Further detail on this is provided in the "Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic" section of this report.

Key Issues Highlighted – "Business As Usual"

1.4 The overall revenue position is that we are forecasting an overspend of £3.555m. Within this figure the most significant variances are:

1.5 Children's Services (Children's Social Care): a forecast overspend of £1.841m due to an increased requirement for looked after children requiring specialist placements. Contributing factors include: an increase in looked after children numbers; a shift of placement composition from internal foster carer arrangements to more specialist external placements that have a significantly greater unit cost, and market forces within the external looked after children sector, which result in expensive placement costs (see Appendix B for further detail).

1.6 Children's Services (Children's Education): a forecast overspend of £1.744m due mainly to the higher cost per day transport delivery costs using the current academic year costs (pre-Covid-19) and applied to the September 2020 to March 2021 period. This higher cost per day transport costs are as a result of higher unit costs for contracted mainstream pupils transport, and an increase in the number of pupils eligible with special educational needs and disability (see Appendix B for further detail).

1.7 Place (Communities): a forecast overspend of £1.690m on waste services, due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract. The price paid for the processing of MDR waste fluctuates depending on market conditions with the present expectation being that the rate payable during 2020/21 will be more than double that paid under the previous contract (see Appendix D for further detail).

1.8 Fire and Rescue & Public Protection (Fire and Rescue and Emergency Planning): a forecast underspend of £1.437m. The fire pension schemes' employer contribution rates increased significantly from April 2019. In 2019/20 a grant was received to cover 90% of this increased cost, with no guarantee that further grant would be received in future years. The resultant cost pressure was therefore built into the 2020/21 base budget however a grant to help cover the 2020/21 cost of the pension increase has been now been received, creating an underspend of £1.437m (see Appendix E for further detail).

1.9 Excluded from the overall forecast overspend is Other Budgets (Capital Financing Charges): a forecast underspend of £6.948m. This underspend has not been reported because the Review of Financial Performance 2019/20 report, which will be considered by Council on 18 September 2020, includes a recommendation that a capital financing earmarked reserve be created to help manage future fluctuations in the annual capital financing charges budget. This will entail transferring any underspends on this budget into the earmarked reserve, and using the earmarked reserve in future to fund any overspends on this budget. Although the precedent of transferring an underspend into the earmarked reserve was set at the end of 2019/20, this proposed policy could

be reviewed in the context of the overall financial position as it emerges during this year, including the impacts of Covid-19. The explanation of the underspend is that the current budget for Minimum Revenue Provision (MRP) was calculated in 2019 before the 2019/20 capital outturn position had been reported. The 2019/20 borrowing outturn was significantly lower than estimated due to re-phasing, underspend carry forward and the level of internal borrowing taken. Also a large proportion of the borrowing outturn (£39.755m) used to calculate MRP was also allocated to Infrastructure Under Construction Assets that are not due to start for a couple of years and hence the MRP calculated for this area was allocated forward to future years MRP. All this has resulted in MRP showing a £4.600m underspend in the current budget period. The budget for interest on borrowing was calculated based on a borrowing requirement of £137.9m during 2020/21 at a cost of 3.375%. This level has now been reduced to £79.077m due to re-phasing and an assumed level of underspend of £24.000m and internal borrowing of £17.000m. The cost of this borrowing has now been reduced to 2.325%, as rates fall due to the current economic climate and Covid measures. This has resulted in interest costs forecasting an underspend of £2.748m, which is partially offset by interest receipts from cashflow balances being lower by £0.900m, due to market interest rates tumbling to levels of 0.10% due the current economic climate and Covid measures.

- 1.10 The Public Health grant received in this year is £1.205m higher than budgeted for and plans for using this to fund services is described in Appendices B and C.

Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic

- 1.11 Appendix K is a table showing the latest forecast expenditure and losses of income arising from the impacts of the coronavirus (Covid-19) pandemic.
- 1.12 Actual expenditure and losses to 30 June is £6.778m, and forecast expenditure and losses is currently £43.077m. This latter figure includes £11.934m of expenditure and losses which may be incurred depending on the behaviour of the virus during the remainder of this year, and on the national and local response to this. There was also some Covid-19 related expenditure in the last financial year, to the tune of £0.378m.
- 1.13 We have received £40.299m of emergency Covid-19 grant from the government to date to fund both last year's and this year's costs, so Appendix K is showing a forecast deficit of £3.157m between the expected expenditure and losses and this grant. However we are currently assuming that our forecasted Covid-19 position will be contained within the emergency grant because there is an additional grant which can be claimed to cover losses of income. The detailed guidance on how this grant will be applied has not yet been published, but we expect to be able to claim in the region of a further £4.200m of grant income based on an outline communication from the government.
- 1.14 In addition we have received some ring-fenced grants for Covid-19 which are to be spent on supporting specific services or activities. Examples of these are: Infection Control grant for adult social care (£10.458m); Test and Trace grant (£3.069m); Emergency Supplies grant (£0.824m). These grants and their usage are not included in this report. We are also able to reclaim monies from

Clinical Commissioning Groups to cover the additional cost of new or extended out of hospital health and social care support packages for people being discharged from hospital. These additional costs and the related funding are not included in this report.

- 1.15 The most significant area of Covid-19 related expenditure is in Adult Care and Community Wellbeing, representing 49% of our total forecast. The Children's Services forecast for Covid-19 represents 19% of our total forecast. Where there are financial impacts of Covid-19, appendices B to I provide further detail.
- 1.16 The financial impacts of Covid-19 are evolving as the year progresses and are being monitored and reported to the Corporate Leadership Team as well as to the government on a monthly basis. As the situation evolves we will update our reporting and start to consider any longer term impacts on the medium term financial plan for 2021/22 onwards.

Progress on Achievement of Budget Savings

- 1.17 Appendix L shows the savings built into the 2020/21 budget as part of the last budget process and indicates, for each saving, whether or not it is expected to be achieved this year. There are a number of savings which will now not be achieved, but these are almost all due to the impacts of Covid-19. We are therefore treating these overspends as Covid-19 related costs and using the Covid-19 emergency grant to cover these. Appendix L gives more detail on the reasons for the non-achievements of savings.

Progress on Development Fund Initiatives

- 1.18 Appendix M shows a list of initiatives where the revenue costs are to be funded by the Development Fund earmarked reserve. Progress on each of these is reported in the appendix.

Assessment of Impact on Financial Resilience

- 1.19 The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience has weakened due to the financial impacts of the Covid-19 pandemic. The pandemic has resulted in additional costs, losses of income and the non-achievement of budget savings built into this year's base budget, and these impacts have been felt across the whole of the local government sector. The pandemic has also had some indirect effects e.g. the reduction in the base rate at the start of the pandemic will reduce our levels of investment income on treasury management deposits. Our revenue budget position excluding the impacts of Covid-19 is also a forecast overspend, and although this is relatively low at less than 1% of the total budget, it still needs to be managed and reduced.
- 1.20 Looking forward, there is uncertainty about the impact of Covid-19 on next year's council tax and business rates income. We anticipate that the government's Spending Review announcement expected in September 2020 will aim to address this issue.
- 1.21 We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%. If the overall financial position remains within budget to the end of the year then there will be no requirement to draw down

our Financial Volatility Reserve to support the budgetary position, however if the current forecast overspend position continues then this reserve will need to be used. The balance on this reserve currently stands at £52.683m. A possible alternative would be to review the use of the forecast capital financing charges underspend and preserve it within the revenue budget to help cover the forecast overspends reported to date, rather than being transferred to the capital financing earmarked reserve.

- 1.22 We will aim to strengthen our financial resilience by: continued monitoring of the financial position and undertaking work to address issues as they arise; continued reporting of the Covid-19 impacts to government alongside working with the Society of County Treasurers to ensure that the government understands the particular issues faced by County Councils; refreshing and updating the Medium Term Financial Plan and Strategy; focusing on transformation work to reduce cost pressures and create budget savings; we have already asked all budget holders to preserve any budgetary savings incurred this year to help support the overall position.

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.

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

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 and Wellbeing Strategy (JHWS) in coming to a decision.

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

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.

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

3. Conclusion

- 3.1 The Council's overall forecast revenue position is an overspend of £3.555m (excluding the schools position and excluding the capital financing charges underspend). This variance is relatively low at less than 1% of the total budget, but still needs to be managed and reduced. We are assuming that Covid-19 costs and losses of income can be contained with the government's emergency grant but note that it is difficult to predict how the coronavirus will continue to impact, so whether or not this is feasible will emerge as the year progresses.
- 3.2 The financial impacts of Covid-19 have weakened our financial resilience and we will focus on addressing this and mitigating the impacts.

4. Legal Comments:

This report sets out an update on spending, including spending relating to Covid-19, as at 30 June 2020 compared with the revenue budget for the financial year starting on 1 April 2020 to assist the Executive in monitoring the financial performance of the Council.

5. Resource Comments:

This report indicates that the current year revenue budget is projected to be overspent and, unless this position can be turned around, we may need to use our Financial Volatility earmarked reserve to support the budgetary position. The balance on this reserve is £52.683m so it is sufficient to cover the forecast overspend, however if it is used this will reduce the balance available to support the medium term budgetary position.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The report is due to be considered by the Overview and Scrutiny Management Board on 27 August 2020. Any comments of the Board will be reported to the Executive.

d) Have Risks and Impact Analysis been carried out?

The impact of this reported financial position on the Council's overall financial resilience has been assessed and is reported on within this report.

e) Risks and Impact Analysis

See d) above.

7. Appendices

These are listed below and attached at the back of the report

Appendix A	Revenue Budget Monitoring Report 2020/21 as at 30 June 2020
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue & Public Protection

Appendix F	Resources
Appendix G	Commercial
Appendix H	Corporate Services
Appendix I	Schools
Appendix J	Other Budgets
Appendix K	Summary of Financial Impact of Covid-19 2020/21 as at 30 June 2020
Appendix L	Monitoring of Planned Savings 2020/21
Appendix M	Monitoring of Development Fund Initiatives 2020/21

8. Background Papers

Document title	Where the document can be viewed
Council Budget 2020/21	https://lincolnshire.moderngov.co.uk/documents/s31682/County%20Council%20Budget%202020_21.pdf
Budget Book 2020/21	https://lincolnshire.moderngov.co.uk/documents/s31685/Budget%20Book%202020-21.pdf

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Revenue Executive Budget Monitoring Report 2020/21

	Revised Net Revenue Budget £'000	Net Expenditure £'000	Year End Forecast £'000	Forecast Variance £'000	Forecast Variance %
SERVICE DELIVERY					
Children's Social Care	73,452	25,069	75,630	2,178	3.0
Children's Education	40,298	11,338	41,382	1,084	2.7
Children's Services	113,750	36,408	117,012	3,262	2.9
Adult Frailty & Long Term Conditions	118,816	18,998	118,565	-251	-0.2
Adult Specialities	80,497	29,771	80,775	278	0.3
Public Health and Community Wellbeing	29,518	6,577	29,251	-267	-0.9
Public Health Grant Income	-32,921	-16,773	-32,921	0	0.0
Better Care Funding	-47,023	-11,083	-47,023	0	0.0
Adult Care and Community Wellbeing	148,888	27,490	148,647	-240	-0.2
Communities	46,532	11,378	48,347	1,815	3.9
Lincolnshire Local Enterprise Partnership	398	-12,756	398	0	0.0
Growth	3,524	2,975	3,410	-114	-3.2
Highways	22,534	10,088	23,004	470	2.1
Place	72,987	11,684	75,159	2,172	3.0
Fire and Rescue and Emergency Planning	21,794	5,097	20,357	-1,437	-6.6
Public Protection	3,459	1,259	3,906	447	12.9
Fire and Rescue & Public Protection	25,252	6,356	24,263	-989	-3.9
Resources	22,547	8,632	22,154	-393	-1.7
Resources	22,547	8,632	22,154	-393	-1.7
Commercial	37,152	15,905	37,105	-47	-0.1
Commercial	37,152	15,905	37,105	-47	-0.1
Corporate Services	2,491	691	2,456	-35	-1.4
Corporate Services	2,491	691	2,456	-35	-1.4
TOTAL SERVICE DELIVERY	423,067	107,165	426,796	3,729	0.9
SCHOOL BUDGETS					
Schools Block	134,591	33,570	134,592	0	0.0
High Needs Block	75,865	24,548	75,165	-700	-0.9
Central School Services Block	3,728	114	3,125	-604	-16.2
Early Years Block	42,132	15,836	41,960	-172	-0.4
Dedicated Schools Grant	-258,992	-92,683	-258,992	0	0.0
Schools Budget (Other Funding)	0	-4,137	0	0	NO BUDGET
TOTAL SCHOOLS BUDGETS	-2,676	-22,751	-4,151	-1,475	55.1
OTHER BUDGETS					
Contingency	3,000	0	3,000	0	0.0
Capital Financing Charges	45,694	69	45,694	0	0.0
Other	20,809	-9,694	20,634	-175	-0.8
TOTAL OTHER BUDGETS	69,503	-9,626	69,328	-175	-0.3
TOTAL NET EXPENDITURE	489,894	74,788	491,974	2,080	0.4
Transfer to/from Earmarked Reserves	2,722	0	2,722	0	0.0
BUDGET REQUIREMENT	2,722	0	2,722	0	0.0
MET FROM:					
Business Rates local Retention	-123,271	-35,738	-123,271	0	0.0
Revenue Support Grant	-20,467	-3,684	-20,467	0	0.0
Other Non Specific Grants	-34,016	-5,926	-34,017	-1	0.0
County Precept	-314,862	-62,972	-314,862	0	0.0
TOTAL MET FROM	-492,616	-108,320	-492,617	-1	0
TOTAL	0	-33,532	2,079	2,079	

Children's Services

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Children's Services

This report details the key changes in position and/or risk faced within Children's Services. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Services	£113.750	£117.012	£3.262	£0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Social Care	£73.452	£75.630	£2.178	£0.000

The financial position is driven by :-

- An increased requirement for looked after children requiring specialist placements has identified a material forecast overspend (£1.841m or 33.9%). Contributing factors include: an increase in looked after children numbers (655 at the end of July 2020); a shift of placement composition from internal foster carer arrangements to more specialist external placements that have a significantly greater unit cost, and market forces within the external looked after children sector, which result in expensive placement costs, which can cause fluctuations in the financial position due to demand-led nature of the statutory service. The forecasted spend for 2020/21 is £7.273m (allowing for Covid-19 related costs to the grant) – this is in comparison to 2019/20 final cost of £7.044m. This budget is determined as high risk, and placements and expenditure will continue to be reviewed monthly including undertaking financial forecasts to the end of the financial year.
- Social care legal costs is forecasting an overspend (£0.787m or 30.0%). Spend for the first three months is £0.854m (or 32% of the budget), and disbursement fees represent 58% of the cost. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings. Contributing factors include: more proceedings being issued; there is an increase in the length of proceedings as a result of court availability and the circumstances of the cases; complexity of proceedings and an increase in the requirement for expert assessments, such as counsel, which represent the high disbursement costs to date. It remains that once the case has issued care proceedings, the costs can be dictated by the court. The management team continue to review the position, and a Children's Services review with engagement with Legal services is currently underway in this area.
- The financial position includes new expenditure budgets to cover costs of £0.465m which have been funded from the available 2020/21 Public Health grant funding that is higher than the budgeted allocation.
 - The Department of Health & Social Care increase in the employer contribution rate to 20.6% for the NHS Pension Scheme. This was a 6.3% increase to the current employer contribution rate resulting in additional costs of £0.383m for the 0-19 service.
 - Following the conclusion of the deep dive review of children's centres, the support infrastructure of the children centre buildings cost pressure for the 48 sites has been reduced from £0.200m to £0.082m. This was achieved through a re-alignment of building related budgets; establishing a central fund for property related repairs; agreed staffing establishments, and creation of income budgets for room use. The shortfall is proposed to be met from the increased grant allocation ensuring the continuation of early childhood services across Lincolnshire.

The movement in position relates to :-

- A rise in costs due to an increase in looked after children and a change to the placement composition to more specialist placements which are high cost.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 –
Looked after
children*

- Looked after children services are demand-led in nature and can be volatile. The financial risk is recognised within the Council's financial plan. The impact can be significant financially, due to the cost of requiring externally commissioned specialist placements. There has been a rise in looked after children numbers, however Lincolnshire's benchmarked looked after children numbers per 10,000 of the population is at 43 per 10,000, compared to nationally in the prior year of 65 (over 50% more). Steps continue to be in place to mitigate and manage escalation of needs.

Increased costs come from the changing composition of looked after placements from internal foster carer arrangements to more specialist external placements. This is caused by the complex nature of family life, added with market forces in the sector.

Recognising the rising cost of placements, which is considered not only to be a national issue, but CIPFA LAC benchmarking for Local Authority participants showed Lincolnshire's average looked after child placement costs (2019) to be £41,555 p.a. compared to the average of other Local Authorities of £53,287.

The Council recognises the financial risk of this due to the demand-led nature and complexity of support required for these young people in care. The Local Authority has agreed to support an increase in its internal residential estate to meet these growing needs, to deliver improved outcomes and achieve better use of resources. Corporate assistance is being provided to support Children's Services in undertaking a review of the whole process from early help services to regulated services.
- Social care legal costs have continued to rise annually, and in 2019/20 a material overspend of £1.014m was incurred due to the complexity and length of cases, the need for expert opinions and the use of counsel. The trajectory of spending remains the case in 2020/21. It is expected that legal costs will continue to rise based on current trends, added with delays in cases being concluded due to the Covid-19 restrictions and also because of the impact of deprivation on some of the children and families. Further work is being undertaken to consider measures to bring spending down both internally and with Legal services.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Education	£40.298	£41.382	£1.084	£0.000

The financial position is driven by :-

- Home to School and College transport is forecasting an overspend (£1.744m or 6.4%). Although the net overspend is £1.744m, the periods April to August 2020 and September 2020 to March 2021 have been impacted differently in its service delivery by the pandemic causing different financial impacts. An overspend (£2.353m) on business as usual is mainly attributable to the higher cost per day transport delivery costs (c.£0.156m versus the budgeted cost per day of c.£0.144m) using the current academic year costs (pre-Covid-19) and applied to the September 2020 to March 2021 period. This higher cost per day transport costs are as a result of higher unit costs for contracted mainstream pupils transport, and an increase in the number of pupils eligible with special educational needs and disability. All known financial commitments have been built into the forecast.

The forecast for Home to School and College Transport at this stage in the financial year is always difficult to predict for the new academic year with a new cohort but the position will become clearer when eligible pupil numbers are agreed. A decision has been made to delay the procurement of a number of transport contracts due to end in response to Covid-19 and extend current agreements into the new academic year to ensure this critical services of transporting pupils to schools is maintained. This cost has been assigned to the Covid-19 grant.

The Council agreed to provide financial support to school transport providers in accordance with Procurement Policy Note (PPN) issued by the Cabinet Office. It advised on the role of Local Authorities in providing payment of their suppliers to ensure service continuity during and after the Covid-19 outbreak. The payment for suspended transport services for the April to July 2020 period were below the 100% contracted amount, which has resulted in a revised cost per day of c.£0.135m. The cost avoidance is £0.021m per day or the physical cost reduction compared to the budget c.£0.010m per day. The overall cost reduction is £0.609m across this period, which is netted off against the £2.353m forecast overspend for the period September 2020 to March 2021 to determine a net overspend of £1.744m across the 2020/21 financial year.

The financial position assumes an increase in the budget to reflect the additional cost of the National Living Wage (£0.147m) from that previously budgeted for, and the government announcement of addition grant for Extended Rights to Free Travel (£0.334m).

Financial risks associated with home to school and college delivery from September 2020 (£0.500m) due to Covid-19 has been disclosed within a later section of the report including other costs / income impacted covering the period April 2020 to March 2021 (£0.988m).

- An underspend within Special Educational Needs and Disabilities (£0.257m) is largely as a result of the reduction in the number of Education, Health and Care plan Needs Assessments during the Covid-19 lockdown period and the delay in progressing the potential new Psychology service contract with an external provider. Other smaller underspends are being reported.

The movement in position relates to :-

- Increased costs forecast for Home to School and College transport delivery.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :
Home to
School/College
Transport*

- The Home to School and College Transport is always difficult to predict and it is recognised that this particular budget is volatile with many external factors that will influence the final year-end spend. Officers will continue to meet monthly to review both the expenditure and forecasts due to its high risk category, and operational discussions continue to take place amongst Transport Services Group that procure transport on behalf of Children's Services.

An Executive paper is to consider the re-basing of the Home to School and College Transport budget to current spending levels per day. This area was identified as a deep dive. The output of this review categorised Lincolnshire's current policy between statutory and discretionary.
- A request is to be made to CLT that a detailed review of Education Transport in Lincolnshire is undertaken to identify any improvements or changes that could be made.
- The One School One Operator financial model for special schools transport is being reviewed as a result of Covid-19. This is acknowledged as a potential financial risk at this stage.
- Home to school and college transport spending can be impacted by school reorganisations. When such instances occur, the financial impact is considered.

Revenue Budget Monitoring Report - Children's Services Covid-19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Services	£1.405m	£5.153m	£2.974m	£8.127m

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Social Care	£0.699m	£3.476m	£2.316m	£5.792m

The financial position is driven by :-

- An additional payment of £400 per carer household per month for period of 3 months (May to July 2020) was made to support foster carers and children in their care during this challenging period to continue securing placements and support of carers (£0.328m).
- Additional costs for specialist placements including out county, fostering and supported accommodation (£2.588m). The impact of the Covid-19 restrictions has resulted in a number of foster carers unable to accept new children into their homes due to self-isolating and therefore children have had to be placed in specialist placements out county. The criteria are continuing to be reviewed and refined.
- There has been a delay in implementing the new Youth Housing contract that was intending to accommodate more complex individuals by offering smaller units of accommodation for those young people of 16 and 17 years at risk of homelessness and looked after children and care leavers up to the age of 21 years. Children's Services had put forward a saving of £0.438m in 2020/21 following the transformation work and the new contract award; however circumstances have led to this to be only being part-delivered resulting in an additional cost of £0.271m.
- Additional financial risks of £2.316m have been identified for the recovery period that involve increased looked after children placement costs due to an escalation of need from lockdown; additional residential care capacity required to support the internal residential estate; a change to the employment position of carers and adopters that could lead to an increase to allowances, and continued support to foster carers.

Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 – Foster Carers</i>	<ul style="list-style-type: none"> • A number of assumptions have been made for the recovery period, but as lockdown eases, family circumstances will become clearer.
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Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Education	£0.706m	£1.677m	£0.658m	£2.335m

The financial position is driven by :-

- Loss of income from parents for post 16 transport for the Summer term and anticipated impact on the next academic year (£0.700m). Holiday transport costs relating to Easter and May half-term (£0.123m), and delayed procurement activities (£0.165m) are earmarked against the Covid-19 grant.
- In July 2020, the government published its guidance for the full opening of schools from September 2020. The Local Authority is working through the guidance, and will put in place solutions locally. Support to providers is likely to include signage, cleaning of vehicles, staff protection etc. These financial costs including support for extremely vulnerable children who cannot be transported in a mixed bubble has been identified as £0.500m. This position will be reviewed and monitored, and have been identified as a financial risk at this stage.
- Loss of income from parents for the Music Service in the Summer term, and an anticipated 20% income reduction for the new academic year (£0.576m).
- Reduction in income from fines for children not attending school (e.g. absent from school due to going away on holiday). It has been assumed that no fines will be issued until Jan 2021 (£0.113m).
- The Local Authority may be required to respond to a higher number of Educational Health Care plan requests during the autumn term, therefore a financial risk has been identified (£0.158m).

Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 – Home to School/College Transport</i>	<ul style="list-style-type: none"> • The Local Authority will continue to work through the government guidance for the full opening of schools from September 2020. Local solutions for transporting pupils to schools will be provided in accordance with the guidance, and the financial impact will be understood at the point of decision-making.
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Adult Care & Community Wellbeing

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report

This report details the key changes in position and/or risk faced within Adult Care and Community wellbeing. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Care & Community Wellbeing (ACCW)	228.831	228.591	(0.240)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Frailty & Long Term Conditions (AF<C)	118.816	118.566	(0.250)	0.000

The financial position is driven by :-

- AF & LTC forecast an equivalent to 24wte (6%) vacancies and built a vacancy factor into the 2020-21 budget. This vacancy factor will be delivered. With the slowdown in recruitment resulting from Covid-19, AF & LTC are forecasting an equivalent to 41wte (10%), 17wte higher than forecast. The £0.410m resulting from the higher level of vacancies will be utilised to reduce the waiting list developed during Covid19 due to constrained capacity.
- Direct payment (DP) refunds continue to recoup income higher than the planned 2020-21 levels. The DP audit team are reviewing all DP service users to ensure they have an audit within the last 12months. The team have 371 audits still to do which is forecast to recoup £0.250m-£0.470m above the income budget set.

The movement in position relates to :-

- The £0.250m underspend is driven by a higher than planned direct payment refund level. AF & LTC are not forecasting an underspend resulting from the vacancy position as this is needed to reduce the number of service users waiting for care.

Key Financial Risks to Delivery and Mitigating Actions

<p><i>Key Risk 1 – Potential non delivery of £1.0m additional income recurrently.</i></p>	<ul style="list-style-type: none"> • A debt review programme is underway which will continue to resolve ACCW debt older than 1 year and implement alternative ways of working learning from the programme so far. Due to the age of the debt, the bulk of 2020-21 additional income forecast will be delivered from DP audit refunds. The risk is that this is non-recurrent and therefore additional focus is in place via the debt review programme to deliver a more efficient debt recovery process from 1st April 2021.
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Specialties	80.498	80.775	0.278	0.000

The financial position is driven by :-

- 1st April saw the transfer of financial monitoring from LPFT to LCC. Based upon current service users, forecast forward for the full year, the forecast spend is £10.190m against an allocation of £9.585m. A strengthened process is being established which monitors packages of care by service user and any financial implications of a change to the package or a new service user highlighted at the point the care is agreed. With this in place, the forecast over spend in mental health by the end of year is £0.305m.
- A few minor underspends result in the forecast £0.278m.

The movement in position relates to :-

- A higher than planned cost for mental health community care

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :
Higher demand
than planned*

- There continues to be a risk of additional costs resulting from increased demand however we are minimising this through strengthening the governance arrangements in place.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Health & Community Wellbeing	29.518	29.251	(0.267)	0.000

The financial position is driven by :-

- The 2020/21 Public Health grant is higher than the budgetary assumption by an additional £1.205m. This funding will be used to support the costs arising from:
 - i. The Department of Health & Social Care increase in the employer contribution rate to 20.6% for the NHS Pension Scheme. This was a 6.3% increase to the current employer contribution rate resulting in additional costs of £0.403m (£0.383m children's and £0.020m adults)
 - ii. £0.580m Integrated Lifestyle Service (ILS) contract within adult's public health. The ILS support is non-recurrent support whilst other contracts come to their end.
 - iii. £0.082m cost pressure arising from the children's centres should the Children's Services Directorate Leadership Team (DLT) paper be agreed by the Director of Public Health.
 - iv. £0.130m cost pressure arising from the increase in unit cost of buprenorphine, a substance misuse drug.
 - v. The balance of additional funding of £0.010m will remain within Adult Public Health for now.

The movement in position relates to :-

- Increase in Public Health Grant above the budgeted amount, which has been allocated to support increased costs.

Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 :</i>	None to highlight at this time
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Health Grant	(32.921)	(32.921)	0.000	0.000

The 2020/21 Public Health Grant allocation for Lincolnshire is confirmed as £33.546m. This announcement is £1.205m higher than included in the 2020-21 budget. The Public Health section of this report above includes adjustments to both income and expenditure budgets to reflect the increase in allocation and the cost pressures that the grant will cover.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Better Care Fund (BCF) Grant	(47.023)	(47.023)	0.000	0.000

Improved BCF (iBCF) rolled over from 2019-20 into 2020-21 at the same value however the allocation previously ring fenced for winter pressures has been added to the iBCF baseline, no longer ring fenced for winter pressures.

Revenue Budget Monitoring Report - Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Care & Community Wellbeing	2.483	16.963	4.150	21.113

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Frailty & Long Term Conditions	1.389	7.500		7.500

The financial position is driven by :-

- The Sustainability Fund which provides financial support to all commissioned providers across ACCW. ACCW has adopted an open book approach to providing financial support to providers. Key triggers driving this reliance are Personal Protective Equipment (PPE) usage, the social care workforce and the adult social care (ASC) environment.
- Following confirm and challenge we have paid £1.843m relating to the period 23rd March – 30th June covering approx. 320 claims from 128 providers, 44.1% of commissioned providers.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 – the grant received by LCC is not sufficient to continue with this level of funding

- We are forecasting a continuation of financial support through to 31Mar21 however these costs alongside all Lincolnshire County Council (LCC) Covid19 forecasts costs exceed the governments covid19 funding received. We have built into the fund criteria with providers that we must remain within the funding allocation. We have also committed to a 4week notice period should the fund be withdrawn.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Specialties	0.812	1.228		1.228

The financial position is driven by :-

- Service users have been unable to access some services due to closure/shielding etc. Following individual needs assessments, 28 service users received changes to packages of care initially in place for 12wks. Each individual is regularly reviewed to understand on going need. The key trigger to reduce this forecast is providers being able to re-open services safely and service users feeling confident to attend.
- Welfare checks with service users in receipt of a direct payment are now complete. Service users are supported through the DP mechanism. A few small, local providers have escalated financial hardship to the council as a result of non-payment of service user contributions. Whilst all providers were signposted to government schemes and, working together, redeploy staff where appropriate, approx. 10 have been paid £0.039m as one-off financial support. Key trigger to reducing providers need for support is the reopening of services for this cohort of service users.
- During the emergency phase of the pandemic, LCC sent out communications that confirmed that where service users across all areas of ASC paid in full for their care yet didn't receive care, they would not be expected to pay their contributions. For those who pay a contribution we would contact them as part of their annual review. Given the length of time of both lockdown, DLT have agreed to refund service users where they haven't received any care. The current forecast of this impact is a loss of income of £0.230m for the initially agreed period. Key trigger to reduce the need to support is the reopening of services.

Key Financial Risks to Delivery and Mitigating Actions	
<p><i>Key Risk 1 – the grant received by LCC is not sufficient to continue with this level of funding</i></p>	<ul style="list-style-type: none"> • ACCW are liaising with providers and service users to encourage and/or support the safe reopening of services. This will in turn reduce the need for the higher cost 1:1 packages of care. The additional risks factors in payments to providers may also be required for July and Aug if they haven't been able to fully reopen and/or their clients remain shielded. • The additional risks include the cohort of service users whose contributions have not yet been reviewed in relation to the care they have received. This is underway and is expected by the end of Aug20.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Public Health & Wellbeing	0.282	8.234		8.234

The financial position is driven by :-

- PPE current forecast spend assumes £0.161m cost per week through to 31st March. The trigger to increasing / reducing this cost is the evolving national and local guidance. Full details behind the £161,000 can be found in the CLT paper embedded below. This forecast doesn't take into account the mobilisation of clipper (NHS PPE system).
- We have suspended the increases to telecare charges for the time being to encourage continued use of this service during lockdown. The full year loss of income is £0.32m.

Key Financial Risks to Delivery and Mitigating Actions	
<p><i>Key Risk 1 – changing guidance / demand for PPE has the potential to increase current forecast</i></p>	<ul style="list-style-type: none"> • PPE guidance is continuously changing and will impact upon the spend forecast accordingly. LCC are in the process of setting up a framework and as an interim have in place a supplier list to purchase all internal requirements from ensuring value for money.

2020-21 Emerging Risks

£3m of the £4.15m additional risks relate to

- uncertainty within the adult social care market. For example the potential increase to insurance costs currently raised on a national level and the impact of reduced self-funded service users. The latter for Lincolnshire looks to be approx 8% which indicates more of a focussed support for a small number of homes rather than a blanket sustainability approach.
- The potential for an increase in demand from the shielding cohort in Lincolnshire. Current forecast suggest an increase in demand of 291 service users across adult social care services.

The following areas are funded through specific ring fenced grants or monies not held by LCC

Discharge to Assess Model funded by the NHS £1.3bn

	Residential		Home Care		Total
	Packages	£m	Packages	£m	£m
Apr-Jun	362	1.643	1,128	0.979	2.622

The Government confirmed an additional £1.3bn to fully fund the cost of new or extended out-of-hospital health and social care support packages for people being discharged from hospital or who would otherwise be admitted into it. This money is in addition to the £35,467,578m received into LCC.

Within Lincolnshire we have agreed that the local authority will lead on the commissioning of both routine health and social care residential beds and homecare packages for social care needs. The CCG, via the CHC team, will commission homecare packages for health care needs.

Feedback through national conferences is that this is expected to continue through to 31st December 2020. Monitoring in place is by service user. LCC move all service users off NHS funding and onto the traditional ASC financial assessment based funding as soon as their longer term needs are confirmed, maximum 6weeks.

£600m Care Home Funding, ring-fenced grant.

	Number of Providers	Grant paid
Residential	274	3.840
Homecare	71	1.116
	345	4.956
Balance (grant declined/to pay)	26	0.273
	371	5.229

On the 13th May, the government announced a new care homes support package backed by a £600 million adult social care infection control fund. This has been introduced to help tackle the spread of COVID-19 in care homes. The fund has been provided to support adult social care providers to reduce the rate of transmission in and between care homes and support wider workforce resilience.

The funding is paid to councils in two equal instalments with the government requesting 75% of the first tranche is passed directly to care homes. The remaining 25% councils can allocate based on need, including to domiciliary care. The Council received the first 50% 22nd May 2020 £5.229m.

Grant agreements are into place prior to payment being made given the strict conditions of the grant including fully spent by 23rd September, claw back of any unspent funds and two national reporting timescales to be met.

Second tranche is expected July 2020. The £0.273m balance will be distributed as part of tranche 2.

Place

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Place

This report details the key changes in position and/or risk faced within Place. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Place	72.987	75.158	2.171	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Communities	46.532	48.347	1.815	0.000

Explanations for the main variances are set out below:-

- The most significant variance is an overspend of £1.69m related to Waste due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract. The price paid for the processing of MDR waste fluctuates depending on market conditions with present expectation being that the rate payable during 2020/21 will be more than double that paid under the previous contract.
- Planning fee income is forecast to be £0.195m below the ambitious target set for the year.
- Staff vacancies within Transport contribute an underspend of £0.07m

The movement in position relates to :-

As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

<i>Higher contract costs than planned</i>	Waste is a demand driven service and as such is exposed to the risk of increased cost due to activity levels being higher than planned. This risk is exacerbated by the fluctuating market prices causing variation in the cost of processing.
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Lincolnshire Local Enterprise Partnership	0.398	0.398	0.000	0.000

- This budget, which mainly relates to staffing costs is forecast to be in line with budget for the year.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Growth	3.524	3.410	(0.114)	0.000

<p>Explanations for the main variances are set out below:-</p> <ul style="list-style-type: none"> A forecast underspend of £0.114m is due to staffing vacancies from the early part of the year that are now not expected to be filled until the second half. 	
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection 	
<p>Key Financial Risks to Delivery and Mitigating Actions</p>	
<p>None to highlight at this time</p>	

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Highways	22.534	23.004	0.470	0.000

<p>Explanations for the main variances are set out below:-</p> <ul style="list-style-type: none"> A forecast over spend of £0.6m relates to a shortfall in the expected level of Section 38 income based on the current level of income projected for the full financial year. This is income received in advance where a developer proposes to construct a new estate road for residential, industrial or general purpose traffic that may be offered to the Highway Authority for adoption as a public highway. Any shortfall during the financial year could potentially be drawn down from the S38 reserve. However, the reserve is made up from developers contributions for works to be carried out in the future and on many occasions it will be 5+ years when the works will be completed. The S38 reserve should therefore be viewed as representing the future liability and the implication of utilising it in the short-term could create unfunded liabilities in future years. This will continue to be monitored on a monthly basis and revised if income levels increase. A forecast overspend of £1.125m relates to "pain" on the term maintenance contract but this is currently not included in the overall forecast variance as it is expected that the majority, if not all, will be chargeable to capital when it arises. This position will be monitored on a monthly basis. Underspends in staffing costs due to unfilled vacancies contribute £0.130m to offsetting the above overspend 				
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<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection 				
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<p>Key Financial Risks to Delivery and Mitigating Actions</p>				
<p>None to highlight at this time</p>				

Revenue Budget Monitoring Report - Place Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Place	1.227	7.146	1.760	8.906

The costs and losses arising from Covid-19 are detailed below.

The current forecast does not include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Communities	0.106	2.093	0.250	2.343
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> Loss of income from sales, fees and charges due to closure of services as well as reduction in clients when services reopen; The cost of working in a covid-safe environment. 				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> Loss of income from cultural and heritage sites due to closure and social distancing measures £1.750m. Household Waste Recycling Centres – additional staffing costs and loss of income from recyclable sales £0.087m. 				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –		<ul style="list-style-type: none"> A second wave of the virus causing cultural and heritage sites to close for longer. 		

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Lincolnshire Local Enterprise Partnership	0	0	0	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> Nothing to report to date. 				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> Nothing to report to date 				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –				

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Growth	0.006	0.382	0.250	0.632
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> Loss of income from sales, fees and charges due to closure of services; Support to businesses to promote economic recovery. 				

The movement in position relates to :-

- Cost of economic recovery plan, additional staffing costs and loss of rental income within Growth £0.522m.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Highways	1.594	4.671	1.260	5.931

The financial position is driven by :-

- The cost of working in a covid-safe environment;
- Loss of income from sales, fees and charges due to closure of services as well as reduction in clients when services reopen;
- Supporting the supplier market to preserve continuity of supply.

The movement in position relates to :-

- Implementation of covid-safe ways of working on capital schemes £1.388m.
- Concessionary travel payments maintained at 2019/20 trip volumes to support supplier – budgeted saving now cannot be achieved £0.425m.
- Loss of income from suspension of parking enforcement and reduction in permitting activity £2.182m.
- Loss of income from road works and fines £0.325m.
- Lincs Laboratory loss of income £0.300m.
- Loss of income from course fees for National Driver Offender Retraining Scheme £1.490m.
- Covid compensation relating to highways contracts £0.228m.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

- A second wave of the virus.

Fire and Rescue & Public Protection

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Fire and Rescue & Public Protection

This report details the key changes in position and/or risk faced within Fire and Rescue & Public Protection. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Fire and Rescue & Public Protection	25.252	24.262	(0.990)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Fire and Rescue and Emergency Planning	21.794	20.357	(1.437)	0.000

Explanations for the main variances are set out below:-

- The fire pension schemes' employer contribution rates increased significantly from April 2019. In 2019/20 a grant was received to cover 90% of this increased cost, with no guarantee that further grant would be received in future years. The resultant cost pressure was therefore built into the 2020/21 base budget. However, a grant to help cover the 2020/21 cost of the pension increase has been now been received creating a positive variance (underspend) of £1.437m. There is still no indication that the grant will continue in future so it appears the longer-term cost pressure remains.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

None to report at present.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Protection	3.459	3.906	0.447	0.000

Explanations for the main variances are set out below:-

The overspend is made up of two key elements from within the Coroner's service.

- A budget shortfall of £0.215m consists of £0.100m of prior year savings that are not yet achievable, with the service supported in 2019/20 by an allocation of legal surplus and underspends from within Fire & Public Protection. There is also an additional £0.115m budget shortfall relating to the cost of mortuary and post-mortem services for Lincolnshire as identified during the budget setting process and which is being addressed through a "deep dive" review.
- A further pressure of £0.232m has arisen from price increases following the direct award of a one year contract for mortuary and post-mortem services as the market is not yet in a position to tender for longer term contracts which are now planned for September 2021.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

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Revenue Budget Monitoring Report - Fire and Rescue & Public Protection Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Fire and Rescue & Public Protection	0.784	2.949	0	2.949

The costs and losses of income included in the table above are explained below.

The current forecast doesn't include any costs associated with the potential for a second wave of the coronavirus.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Fire and Rescue and Emergency Planning	0.094	0.339	0	0.339

The financial position is driven by :-

- Additional staffing costs to respond to the pandemic
- The cost of personal protective equipment to allow staff to interact with our communities

The movement in position relates to :-

- Additional costs relating to Retained Duty System staff supporting the East Midlands Ambulance Service (£0.028m)
- Additional costs for staff to attend Local Resilience Forum / Silver Command (£0.072m)
- The cost of personal protective equipment (£0.176m)
- The loss of income from commercial training (£0.040)

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Public Protection	0.690	2.610	0	2.610

The financial position is driven by :-

- The potential need to deal with excess deaths arising from the coronavirus
- Loss of income from celebratory ceremonies and Trading Standards work

The movement in position relates to :-

- The construction of a temporary mortuary facility (£2.306m)
- Loss of income re Trading Standards food hygiene work (£0.047m)
- Loss of income from celebratory ceremonies which have had to be cancelled (£0.236m)

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

- Further waves of the virus –
○ may result in an increase in the running costs of the temporary mortuary may result in further restrictions being placed on ceremonies

Resources

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Resources

This report details the key changes in position and/or risk faced within Resources. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Resources	22.547	22.154	(0.393)	0

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Resources	22.547	22.154	(0.393)	0

Explanations for the main variances are set out below:-

- Higher than budgeted contract indexation on out-sourced Exchequer services (£0.032m) and increased activity volumes (£0.136m) combine to give an overspend of £0.168m.
- Reduced corporate spend on postage/print and stationery provides a projected saving of £0.080m.
- The deployment of Business Support staff to the CEC funded by Covid grant provides an underspend in business as usual activity of £0.355m.
- Delayed recruitment to a number of Business Support vacancies has resulted in a forecast underspend of £0.062m
- Reduced staff travel provides an underspend of £0.036m.
- Savings due to a councillor vacancy, by-election contingency (as no elections can be held before May 2021) and Members' travel expenses give a forecast underspend of £0.050m
- Other minor variances across a number of expenditure headings create a further net overspend of £0.022m.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

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Revenue Budget Monitoring Report - Resources Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Resources	0.051	0.301	0.301	0

The Covid-19 costs and income losses are detailed below.

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Resources	0.051	0.301	0.301	0
The financial position is driven by :- <ul style="list-style-type: none"> • The additional costs of Business Support staff covering additional Covid-19 related work. • The potential increase in insurance claims resulting from Covid-19. 				
The movement in position relates to :- <ul style="list-style-type: none"> • The potential for the council to receive additional insurance claims arising from the pandemic. An estimate of an additional £0.250m is included. • The additional costs of Business Support staff covering additional Covid-19 related work (£0.046m). 				
Key Financial Risks to Delivery and Mitigating Actions				
<i>Key Risk 1 –</i>	<ul style="list-style-type: none"> • The potential of a second wave of virus may lead to further increased costs in these areas. 			

Commercial

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Commercial

This report details the key changes in position and/or risk faced within Commercial. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Commercial	37.152	37.105	(0.047)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Commercial	37.152	37.105	(0.047)	0.000

Explanations for the main variances are set out below:-

- Covid-19 has changed demand across the Customer Service Centre (CSC) displacing business as usual activity at Tier 0 and Tier 2, while adding additional volume at the Tier 1 level which has driven up cost a little overall. To date the total demand across all Tiers is similar to 2019/20 total volumes. The contract re-negotiation for the extension with the provider is likely to result in reduced CSC charges and the service is confident these rates will be secured and retrospectively applied from April 2020 onwards. This, combined with grant funding for Covid activity, results in a forecast underspend of £0.103m.
- Modest savings from Commercial staff vacancies in the earlier part of the year have contributed a further underspend of £0.019m.
- The Corporate Property service is forecast to overspend by £0.075m. This results from increased facilities management and centrally managed accommodation costs, most notably increased business rates for the South Park Blue Light Centre, offset by increased rental income and the reduction of rents payable to the Crown Estate following the surrender of County Farm holdings in December 2019.
- IMT is currently forecast to be on budget. However, beneath this there are a number of compensating variances emerging:
 - The need to continue to preserve access to data held in the SAP system has resulted in higher than budgeted licence costs with further costs being incurred in order to migrate this data in order to provide a longer-term solution (£0.287m)
 - Higher than budgeted contract indexation on out-sourced IT support services (£0.082m)
 - Delays to the migration of data storage from Sungard to Azure caused by Covid and the resultant shift in priorities has increased the time and therefore cost of dual running (£0.106m)
 - Savings in staffing costs, reduced training activity and a re-evaluation of Mosaic costs have enabled the service to manage these cost pressures at present but the increasing need to engage specialist resource to progress Corporate IMT projects makes this unsustainable in the medium-term (-£0.469m)
 - Work is ongoing on quantifying the additional systems, skills and resources required to support a more agile organisation
 - It will be critical to understand and capture the financial benefits of working in new ways that will accrue across a range of Council services as a result of enabling a smarter way of working

The movement in position relates to :-

As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions	
<i>Higher demand than planned</i>	The CSC is a demand driven service and as such is exposed to the risk of increased cost due to activity levels being higher than planned, which can be exacerbated by shifts in delivery models elsewhere in the Council stimulating higher call volumes. This is mitigated by the ongoing management of the provider contract.
<i>Increased pace of IMT transformation projects</i>	There is a risk that the increased pace of transformation of IMT services results in increased cost for more specialist resource or diverts existing resources causing delay and cost over-runs in existing activity. Further work in project design and identification of the accompanying budget requirement helps to mitigate this, together with identification and delivery of financial benefits across the Council from working in smarter ways.

Revenue Budget Monitoring Report - Commercial Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Commercial	0.327	1.460	1.460	0

The costs and losses arising from Covid-19 are described below.

The current forecast does not include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Commercial	0.327	1.460	1.460	0

The financial position is driven by :-

- Re-direction of the Customer Service Centre to deal with Covid-19 issues.
- Maintaining hygiene measures and purchasing hygiene consumables, and preparing for excess deaths.
- Enabling homeworking capability for workforce, and extending current software licences
- Loss of income from traded services to Schools.
- New post to oversee the Council's recovery from Covid-19.

The movement in position relates to :-

- The additional costs related to the Customer Service Centre (£0.794m);
- The additional cost of cleaning / deep cleaning premises and buying hygiene consumables such as hand sanitiser (£0.037m);
- Additional costs relating to preparation for excess deaths (£0.021m);
- Additional preliminary building works arising from lockdown measures (£0.039m);
- Overtime payments to staff dealing with Covid-19 issues (£0.013m);
- Cost of rolling out technologies to give staff the capability of working from home (£0.280m);
- Cost of extending current software licences due to delay in replacing system as a result of Covid-19 (£0.038m);
- Loss of income from traded services to Schools (£0.096m);
- Cost of new post to oversee the Council's recovery from Covid-19 (£0.118m).

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

- Risk of a second wave of virus which will prolong and increase some of the above costs and losses.

Corporate Services

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Corporate Services

This report details the key changes in position and/or risk faced within Corporate Services. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Corporate Services	2.491	2.456	(0.035)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Corporate Services	2.491	2.456	(0.035)	0.000

Explanations for the main variances are set out below:-

- The vast majority of this underspend relates to reduced direct and indirect staffing expenditure as a result of vacancies not being recruited to, compounded by delays in being able to progress recruitment and restructure consultation exercises, resulting from the impact of Covid19.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection.

Key Financial Risks to Delivery and Mitigating Actions

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Revenue Budget Monitoring Report - Corporate Services Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Corporate Services	0	0.222	0.222	0

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Corporate Services	0	0.222	0.222	0

The financial position is driven by :-

- This position is mainly driven by the local Member coronavirus grant scheme
- The need to communicate with the public on Covid-19 matters.

The movement in position relates to :-

- Of the total forecast of £0.222m, £0.210m is for the local Member coronavirus grant scheme. The remainder of the forecast relates to printing and advertising used to communicate messages and information about council services during the pandemic.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –

Schools Budgets

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Schools

This report details the key changes in position and/or risk faced within Schools. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Schools	(£2.676m)	(£4.151m)	(£1.475m)	0

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Schools Block	£134.591m	£134.591m	£0.000m	0

The financial position is driven by :-

- The Schools block covers funding delegated through the Council agreed funding formula for mainstream maintained schools, and funding recouped by the Educational Skills Funding Agency (ESFA) for academy schools. Schools delegated funding is classified as spent for reporting purposes in line with grant conditions. Schools are required to comply with the Local Authority's school carry forward policy for surplus and deficit balances.

The movement in position relates to :-

- No significant variance to report.

Key Financial Risks to Delivery and Mitigating Actions

Key Risks	<ul style="list-style-type: none"> No risks highlighted at this time.
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
High Needs Block	£75.865m	£75.165m	(£0.700m)	0

The financial position is driven by :-

- There are a number of budgets within the High Needs block that are large, demand-led, and can be difficult to estimate (e.g. SEND related budgets, including out of county placements, top up funding for Education Health Care (EHC) plans for mainstream schools, special school placements, and meeting the education needs for pupils through alternative provision arrangements). There continues to be a growing trend nationally, and this being seen in Lincolnshire, with more young people requiring specialist support which is having a material financial impact on the High Needs block. This remains a financial risk, particularly at a time of increasing demands. The Local Authority received an 8% increase in its funding from existing baseline funding in 2020/21 to respond to this challenge (£7.000m). It is expected that it will be a much tighter financial environment going forward for high needs services.
- The increasing level of Education and Healthcare Needs Assessment requests and ensuing EHC plans; demand for Special School places which, in turn, is increasing the length of time pupils are being home tutored; the increasing number of pupils in Independent Non-Maintained Schools (external specialist placements) and perceived complexity of need are all having a major impact of the affordability of the High Needs block (£1.665m).

- The SEND pressure above has been offset by the Alternative Provision (AP) free school place funding (£2.053m) funded by the department for 2020/21 only – this is therefore a temporary underspend.
- A few minor underspends on other High Needs budgets make up the remaining £0.312m underspend.
- An increasing number of Local Authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the High Needs block. Lincolnshire is currently not in this position; however the position needs to be carefully and prudently managed particularly in light of the growth in demands and complexities of young people.

The movement in position relates to :-

- An increasing number of EHC plans and the associated top up funding, which has been offset by one-off temporary savings due to government funded AP free school place funding.

Key Financial Risks to Delivery and Mitigating Actions

<p><i>Key Risk : Increasing number of EHC Plans</i></p>	<ul style="list-style-type: none"> • Lincolnshire’s inclusive ambition for children and young people with high needs and their families has been co-produced and agreed by LCC, schools, health, parent representatives & other system partners. This aims to increase understanding across the partnership of the <i>Graduated Approach</i> and the support available in Lincolnshire to meet children’s SEND needs at the right time and so avoid them escalating to a point where there is reliance on statutory plans. • Transformation work is also focused on ensuring that mainstream settings have strong knowledge and understanding of supporting children with additional needs and are able to teach social and emotional skills. There will also be a greater focus on settings working with families to ensure that the home environment reflects other support taking place. • The development of a support and inclusion hub to provide advice and guidance to settings to assist them in accessing early support and prevent escalation of need. • There will be a roll-out of the Valuing SEND tool to ensure there is robust evidence of early intervention, clear and measurable outcomes and a move away from EHC Plans as a default option. All key partners and parents will be trained in the use of Valuing SEND. • There is work underway to reframe the Local Offer ambition to increase understanding of the availability of support, provide clarity on early intervention and the <i>graduated approach</i> and enable families to self-help without reliance on statutory interventions. • The actions outlined above support better evidence gathering, more positive and ambitious relationships; focus on outcomes and support and building increased resilience in mainstream settings. This will reduce the reliance on specialist provision and give a clearer understanding of 'complexity'.
<p><i>Demand for Special School places, reliance on Home Tuition and perceived complexity of need</i></p>	<ul style="list-style-type: none"> • The <i>Building Communities of Specialist Provision</i> strategy is a major programme of capital investment to increase the capacity of Special School places within the county. This will reduce the reliance on costly INMS placements. • The <i>Building Communities of Specialist Provision</i> strategy means that all maintained and academy Special Schools in county remove their former designations and become 'all needs' specialist providers catering for a wider range of SEN and Disability and reducing reliance on independent specialist provision. • A Workforce Development Strategy to ensure that education providers in county have access to the right training to support them in meeting the needs of pupils in their settings. This will reduce the reliance on the specialisms offered in the INMS sector and will increase parental confidence in their child attending Lincolnshire’s Special Schools.
<p><i>Affordability of the High Needs Block</i></p>	<ul style="list-style-type: none"> • The future sustainability of the High Needs Block specifically remains a high concern due to continued pressures on SEND budgets.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Central School Services Block	£3.728m	£3.125m	(£0.604m)	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> The underspend mainly relates to historical budgets of PFI contractual costs and the centralised schools broadband contract. These funding streams are outside the government's current national funding formula arrangements. The government is reducing these budget streams of Local Authorities annually by 20% to remove the perceived unfairness in funding. The budgets had been set prudently to respond to this future funding implication. 				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> Prudently set historical budgets to enable the Local Authority to meet its future financial obligations whilst responding to 20% reductions in government funding. 				
Key Financial Risks to Delivery and Mitigating Actions				
<i>Key Risk :</i>	<ul style="list-style-type: none"> No risks highlighted at this time. 			

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Early Years Block	£42.132m	£41.960m	(£0.172m)	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> Minor underspends on central staffing (£0.085m) due to the recruitment process being suspended during the first part of the financial year; the training budget (£0.055m) and the quality improvement budget (£0.033m), all of which have been significantly impacted upon by the Covid-19 restrictions. The forecast assumes that the (£0.467m) early year entitlement participation clawback of funding from 2019/20 by the Department of Education will be funded from the prior year underspend held in reserves. 				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> Minor underspends in relation to central costs in early years delivery caused by the impact of Covid-19 restrictions. 				
Key Financial Risks to Delivery and Mitigating Actions				
<i>Key Risk : Early Years</i>	<ul style="list-style-type: none"> Covid-19 will impact on the services ability to delivery face to face training to the sector which may result in funding not being able to be fully utilised as planned in the current year. The work to improve the quality and outcomes in setting has been hindered by the pandemic, and providers identified a lack of capacity for this. Work is being considered to understand this impact and how the service will adapt to this challenge. The financial sustainability of early years providers during and after the pandemic is a key priority for the service to ensure the sufficiency of early years places are maintained across the county. A policy is being developed, however at this stage the financial implications are not known. 			

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Dedicated Schools Grant	(£258.992m)	(£258.992m)	£0m	£0m
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> Budget on target. No variance to report. 				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> No variance to report. 				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk :	<ul style="list-style-type: none"> No risks highlighted at this time. 			

Revenue Budget Monitoring Report - Schools Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Schools	£0.022m	£0.172m	£0	£0.172m

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Schools Block	£0	£0.150m	£0	£0.150m

The financial position is driven by :-

- A CLT supported scheme for the Local Authority to establish a local arrangement of financially supporting to maintained schools going into 'financial difficulties' from a loss of income relating to the period April to August 2020. The Local Authority did not support maintained schools to use the Coronavirus Job Retention Scheme (CJRS) due to the explicit expectation that the public sector will not utilise the scheme except in exceptional circumstances, hence an alternative funding approach. A policy document will be shared with maintained schools of the eligibility criteria.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk : Schools

- Schools in financial difficulties where staffing changes were agreed by the Local Authority, however these consultations were delayed due to the pandemic, therefore worsening the schools financial position.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
High Needs Block	£0.022m	£0.022m	£0	£0.022m

The financial position is driven by :-

- Additional provision for the Behavioural Outreach Service during Easter holidays and May half term based on actual trips booked. No amount has been included for possible provision in the summer months as we wait for further information from the Department of Education on the re-opening of schools.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk :

- No risks highlighted at this time.

Other Budgets

Financial Position 1st April – 30th June 2020

Revenue Budget Monitoring Report - Other Budgets

This report details the key changes in position and/or risk faced within Other Budgets to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Other Budgets	69.503	62.380	-7.123	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Contingency	3.000	3.000	0.000	0.000

The financial position is driven by :-

- Emerging pressures which may arise during the financial year.

The movement in position relates to :-

- Currently no budget has been allocated for emerging pressures, although it is possible that the contingency may be required to fund the local government pay award if this is higher than the 2% pay award budgeted for.

Key Financial Risks to Delivery and Mitigating Actions

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Capital Financing Charges	45.694	38.746	-6.948	0.000

The financial position is driven by :-

- The Capital Financing Charges (CFC) budget comprises minimum revenue provision (MRP), interest cost of long term borrowing, revenue financing of capital and other costs of financing capital such as cost of asset disposals, leasing and PFI costs less interest receipts earned for cashflow balances.
- MRP is calculated based on the asset lives of assets funded by borrowing in the previous calendar year and interest is derived from the estimated external borrowing requirement taken to finance the capital programme for the year. The amount of internal borrowing actually taken also therefore plays a significant role in the interest estimates derived.

The movement in position relates to :-

- The Current Budget for MRP was calculated in 2019 before the 2019/20 Capital Outturn. The 2019/20 Borrowing Outturn of £77.897m was significantly lower than estimated due to re-phasing, underspend carry forward and level of internal borrowing taken. Also a large proportion of the borrowing outturn (£39.755m) used to calculate MRP was also allocated to Infrastructure Under Construction Assets that are not due to start for a couple of years and hence the MRP calculated for this area was allocated forward to future years MRP. All this resulted in MRP showing a £4.600m underspend in the current budget period.

- The forecast for Interest Borrowing Costs were calculated based on a borrowing requirement of £137.9m during 2020/21 at a cost of 3.375%. This level has now been reduced due to £79.077m due to re-phasing and an assumed level of underspend of £24m and internal borrowing of £17m. The cost of this borrowing has now been reduced to 2.325%, as rates fall due to the current economic climate and Covid measures. This has resulted in interest showing an underspend of £2.748m.
- Interest Receipts from cashflow balances have also been revised down by £-0.900m, due to market interest rates tumbling to levels of 0.10% due the current economic climate and Covid measures.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :
Higher demand
than planned*

- Further re-phasing is planned as part of this year's budget setting and this will affect some element of CFC, in particular the interest receipt in cashflow balances.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Other	20.809	20.634	(0.175)	0.000

The financial position is mainly driven by :-

- The monthly cost of teachers' pension and S24 payments that we have to cover in addition to their pension agreement.
- The effect of the pay award on the apprenticeship levy payable by us.

The movement in position mainly relates to :-

- There is a reduction of £0.166m in the monthly payment of teachers' pensions and S24 payments due to higher level of attrition than budgeted. The reduction in monthly payment is recycled to cover the yearly inflationary increase of this pension. This will be reviewed during this year's budget setting to establish whether there will be longer term savings within this area.
- There is currently an offer of 2.75% pay inflationary increase and this is higher than the budget. Therefore if this offer is accepted by the Union, this will result in backdated salary payments and will result in an increase in apprenticeship levy payable. It is anticipated that this will result in an overspend of £0.032m.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :
Higher demand
than planned*

- There is currently an offer of 2.75% pay inflation increase and if accepted this will result in an overspend of £0.032m. If this is rejected and the offer is increased the overspend in apprenticeship levy will be much higher than anticipated at this time.

Summary of Financial Impact of Covid-19 2020/21 as at 30 June 2020

	Actual March 2020 (19/20) £000's	Actual to 30 June 2020 £000's	Estimated for Year 2020/21 £000's	Estimate for Year 2020/21 incl. Risks £000's
<u>Adult Care and Community Wellbeing</u>				
Adult Frailty & Long Term Conditions	100	1,389	7,500	11,650
Adult Specialties	0	812	1,228	1,228
Public Health	0	282	8,234	8,234
Total ACCW	100	2,483	16,963	21,113
<u>Children's Services</u>				
Children's Social Care	178	699	3,476	5,792
Children's Education	31	728	1,677	2,335
Total Children's	208	1,427	5,153	8,127
<u>Place</u>				
Communities	60	106	2,093	2,343
Lincolnshire LEP	0	0	0	0
Growth	0	6	382	632
Highways	0	1,115	3,783	4,543
Total Place	60	1,227	6,258	7,518
<u>Fire and Rescue & Public Protection</u>				
Fire and Rescue & Emergency Planning	0	94	339	339
Public Protection	10	690	2,610	2,610
Total F and R & PP	10	784	2,949	2,949
<u>Resources</u>				
Resources	0	51	301	301
<u>Commercial</u>				
Commercial	0	327	1,460	1,460
<u>Corporate Services</u>				
Corporate Services	0	0	222	222
<u>Other Budgets</u>				
Other Budgets	0	0	0	0
Capital Expenditure	0	479	888	1,388
Other Budgets	0	479	888	1,388
Total Costs and Losses	378	6,778	34,193	43,077
Covid-19 Emergency Grant	(378)	(39,921)	(39,921)	(39,921)
Surplus / (Deficit)	0	33,142	5,727	-3,157

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
BUDGET SAVINGS						
Children's Services	Home to School/College transport	Budget Reductions to meet service requirements	8	Y		
Children's Services	Special Educational Needs & Disability	Additional income generation and budget reductions for training materials and legal costs	6	Y		
Children's Services	Education Support Services	Additional income generation, a reduction in the cost of software and budget reductions to meet service requirements	17	Y		
Children's Services	School Improvement	Budget reductions to meet service requirements	7	Y		
Children's Services	Statutory Regulatory Duties	Removal of peripatetic social worker vacant posts, a reduction in the cost of software licences, a reduction in funding required to support market management as part of service reviews and budget reductions to meet service requirements	286	Y		
Children's Services	0-19 Health Services	A more effective clinic utilisation leading to a reduction in home visiting	180	Y		
Children's Services	Early Help Services	Budget reductions to meet service requirements	85	Y		
Children's Services	Family Assessment and Support Team	Utilisation of grant income and budget reductions to meet service requirements	103	Y		

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Children's Services	Adoption and Fostering Services	Budget reductions to meet service requirements	3	Y		
Children's Services	Leaving Care Services	Savings from the new supported accommodation pathway in meeting 16-17 year olds and care leavers	438	N		There is a cost pressure of £0.271m in this area. This is due to the delay in implementing the new Youth Housing contract that was intending to accommodate more complex individuals. Circumstances have led to this only being part-delivered. This cost has been put to the Covid-19 grant.
Children's Services	Targeted Support for Young People	Efficiencies as a result of the joint delivery of provision	43	Y		
Children's Services	Youth Offending	Rationalisation of work activities with the Performance Team and budget reductions to meet current service requirements	56	Y		
Adult Care and Community Wellbeing	Budget 2020 Savings Programme	Reduction in Director's consolidated running costs	210	Y		
Adult Care and Community Wellbeing	Home based Service	Reablement Service efficiencies	320	Y		
Adult Care and Community Wellbeing	Peak Demand efficiencies	Improvement in Peak Demand efficiencies	800	Y		
Adult Care and Community Wellbeing	Assessment and Care Management	Savings from gaps in posts being filled from staff turnover	579	Y		

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Adult Care and Community Wellbeing	Transport	Reduction in service demand	100	Y		
Adult Care and Community Wellbeing	Residential/Nursing placements	Reduction in service demand as more requirement for Community based services	500	Y		
Adult Care and Community Wellbeing	Other Expenditure budget	Reduction in service demand	90	Y		
Adult Care and Community Wellbeing	Adult Care Charging	Impact of legislative changes	-500	Y		
Adult Care and Community Wellbeing	Public Health and Community Wellbeing	Agreed reduction in budget based on current service requirements and savings based on contract re-procurement	1,390	N		Against the £1m Housing Related Support saving, there is a shortfall in delivery of £424,655 in 2020-21 only. This is due to a delay in contract start resulting from Covid19. This is funded through the Covid19 grant received therefore reporting financial position on target. Full year saving on track.
Place	Transport Services	Contract payments reviewed to provide more emphasis on the reducing actual passenger number as eligibility age for a concessionary pass rises	425	Y		
Place	Heritage and Archive Services	Budget revision to library vehicles, staffing and associated expenses	201	Y		
Place	Environmental Services	Budget revisions to meet current service requirements	66	Y		

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Place	Waste Services	Reduction in repairs, maintenance and transport costs together with contract savings and reduced tonnages of compost and other materials at Household Waste Recycling Centres	591	N		There is currently a forecast overspend of £1.69m related to Waste Services due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract.
Place	Design Services	Efficiency saving on system maintenance costs	39	Y		
Place	Highways Services	Efficiency savings on winter maintenance operations with the remainder due to increased charges for a range of highway services including road closures, fixed penalty notices and searches	664	N		Although charge rates were reviewed at the start of the year, the ability to secure additional income has been severely affected by Covid but the shortfall is currently planned to be met from grant support.
Place	Highways Asset Management	Increase in charges for skip and scaffold permits and a reduction in the scanner and scrim surveying contracts	35	N		Permit rates were reviewed at the start of the year, however the ability to secure additional income has been severely affected by Covid but the shortfall is currently planned to be met from grant support.
Fire and Rescue and Public Protection	Fire and Rescue	A reduction in costs associated with unwanted fire signals (false alarms) policy and a reduction in budget to cover fire-fighter absence to maintain operational resilience	115	Y		
Resources	Human Resources	Restructure of Human Resources following the return of staff to LCC	440	Y		
Resources	Legal Services	Realignment of Legal Lincolnshire surplus target in line with recent performance	450	Y		Legal Services Income figures for April were down by 14%, May 27% and June 9% on previous years. This is due to a fall in instructions during the Covid crisis and is currently forecast to be funded from grant support
Resources	Democratic Services	The permanent removal of a vacant position	15	Y		

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Resources	Business Support	Implementation of a paper reduction strategy	16	Y		
Commercial	Property Services	Reductions in building and programme costs and alignment of county farms income in line with current year performance	279	Y		
Commercial	Information Management	Budget revision to meet current service requirements	567	Y		
Commercial	Commercial Management	Budget revision to meet current service requirements	104	Y		
Other Budgets	Commercial Discount	Reduction in contract payments	706	Y		
TOTAL BUDGET SAVINGS			9,434	0	0	

GROWTH IN INCOME

Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Proportionate increase in Service User Contributions from increase in benefits	1,595	Y		
Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Increase in Direct Payment Refund income	575	Y		
Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Increase in Debtor income	1,000	Y		

Monitoring of Planned Savings 2020/21

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Adult Care and Community Wellbeing	Adult Specialties	Increase in Direct Payment Refund income	250	Y		
Adult Care and Community Wellbeing	Adult Specialties	Additional CHC Funding from CCG's	1,800	Y		
Resources	Financial Strategy	Increased income from Schools	43	Y		
Resources	Audit and Risk	Increased income from audit services	22	N		Loss of income due to being unable to deliver planned audit work in Quarter 1 to District clients. Covid-19 costs and savings are being captured and it is anticipated that additional grant funding will cover the overspend.
Resources	Information Assurance	Increased income from Schools	17	Y		
Other Budgets	Dividend Income	Increase in dividend relating to investment	206	Y		
TOTAL GROWTH IN INCOME			5,508	0	0	
TOTAL REDUCTIONS TO BUDGET			14,942	0	0	

* Any shortfall will be explained within the appendix for that Directorate.

Monitoring of Development Fund Initiatives 2020/21

Directorate	Service Area	Development Initiative	Planned One-Off Investment £000's	Progress to date *
Place	Environment	Green Masterplan	350	Activity progressing but delayed due to COVID and now unlikely to fully spend in 2020/21
Place	Communities	Anaerobic digestion Facilities - Business Case Viability	150	Update to follow
Place	Highways and Communities	Highways Advance Design/Economic Development Pipeline Projects	2,713	Forecast spend of £0.940m in 2020/21 is being managed alongside the annual allocated ADB budget and agreed with Exec Directors and Exec Members.
Place	Highways	Traffic signals - Wireless communications	5	Successfully installed and operated trial site, roll-out being planned and decommissioning of broadband connections being progressed.
Place	Highways	Drainage Investigation and Flood Repairs	200	A draft programme of works is being drawn up and will be presented to the Executive Members and Executive Director at the end of August, date currently being arranged
Fire and Rescue and Public Protection	Fire and Rescue	Research study - LFR prevention work	10	Lincoln University has been commissioned and are currently underway with the analysis to evaluate our Prevention activities. This work will be completed by end of this calendar year and time for us to utilise for the upcoming HMICFRS Inspection. The costs have been confirmed at 10K.
Commercial	Transformation	Transformation Programme (Business Process re- engineering)	280	Transformation Programme Board established. Governance arrangements and outline programme developed
Commercial	IMT	Broadband - 4G	135	Not yet commenced.
	Reserves	Development Fund Reserve balance (not yet allocated to initiatives)	1,444	
TOTAL DEVELOPMENT INITIATIVES			5,287	