

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

Report to:	<b>Executive</b>
Date:	<b>02 March 2021</b>
Subject:	<b>Revenue Budget Monitoring Report 2020/21 - Quarter 3 to 31 December 2020</b>
Decision Reference:	<b>I020522</b>
Key decision?	<b>No</b>

**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 nine months of this financial year to 31 December 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 P. 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 underspend this year of **£15.378m** (excluding schools and Covid-19). There is also a forecast underspend on capital financing charges of £7.868m, this is excluded from this forecast position at this stage. It is planned that the capital financing underspend will be used to manage future fluctuations in the annual capital financing budget by transferring it to the capital financing earmarked reserve.
- We are estimating that our forecasted Covid-19 position may not be contained within the Government's emergency grant we receive. We are forecasting an overall deficit of **£2.212m**. Included in this forecast is an estimated additional grant of around £4.200m which can be claimed to cover some of the Council's losses of income.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience remains strong. We have healthy reserve balances and we will continue to strengthen our financial resilience as set out in paragraph 1.29.

**Recommendation(s):**

That the Executive notes the current position on the revenue budget and decides on any corrective action necessary.

**Alternatives Considered:**

1. This report shows the actual revenue expenditure to 31 December 2020, and projected outturns for 2020/21, therefore no alternatives have been considered.

**Reasons for Recommendation:**

To maintain the Council's financial resilience.

**1. Background****Overall Financial Position**

## 1.1 Table of Summary Position as at 31 December 2020.

	Current Budget	Forecast Outturn	Forecast (Under) / Overspend	Previous Forecast (Under) / Overspend	Direction of Travel
	£m	£m	£m	£m	
Children's Services	115.742	114.099	-1.643	1.728	↑
Adult Care and Community Wellbeing	148.688	141.092	-7.597	-0.413	↓
Place	71.490	72.205	0.715	1.590	↑
Fire and Rescue and Emergency Planning	22.462	22.462	0.000	-1.000	↑
Resources	26.601	25.835	-0.766	-0.228	↓
Commercial	37.422	36.113	-1.309	-0.678	↓
Corporate Services	2.886	2.562	-0.324	-0.315	↓
Other Budgets	71.371	66.917	-4.455	-2.655	↓
Total movement of Reserves	-17.152	-17.152	0.000	0.000	→
Income	-493.104	-493.104	0.000	0.000	→
Total Excluding schools	-13.593	-28.971	-15.378	-1.973	↓
School Budgets	13.593	17.666	4.073	3.587	↓
Total	0.000	-11.304	-11.304	1.614	↓

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

- 1.3 This financial position assumes that the financial impacts of Covid-19 will be contained within the emergency grant funding we receive this year. However, if a deficit occurs from the Covid-19 related expenditure and losses this will affect the above position. 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 underspend of £15.378m (excluding schools and Covid-19). Within this figure the most significant variances are:
- 1.5 Children's Services (Children's Social Care): a forecast underspend of £1.708m. This comprises of a number of under and over spends culminating in a net underspend position.
- 1.6 A forecast overspend of £2.218m relating to the increased demand for Looked After Children requiring specialist placements, however, this has resulted in a £0.448m underspend within Fostering and Adoption as a result of a shift in placement composition. An overspend of £0.504m due to the increased legal costs for social care. An £1.330m underspend arising from the under-delivery of commissioned services caused by the Covid-19 pandemic and £1.000m direct support of outbreak management fund. Also an underspend of £0.962m in 0-19 Health Services which is partly due to the Government's transitional arrangement continuing in 2020/21 to meet the increase employer contribution rate for the NHS pension scheme.
- 1.7 Also there has been an increase of children's grant and a review of its use has resulted in a £0.439m reduction in the service's overall overspend. There are also a number of other minor underspends totalling £0.326m. Appendix B provides further detail on the overall position of this service.
- 1.8 Adult Care and Community Wellbeing: This service area is forecasting an overall underspend of £7.597m. The confirmation of Covid-19 costs now supported through other grant monies received from the Government has contributed to this underspend. These costs relate to sustainability payments to residential providers within Adult Frailty and Community Supported Living (CSL) and day care providers within Adult Specialities. The use of the Outbreak Management Fund has also created underspends within Public Health. See Appendix C for more details.
- 1.9 Other Budgets is forecast to underspend by £4.455m. There is currently a relatively low level of restructuring taking place across the Council, therefore, an underspend is anticipated of approximately £1.186m on the Council's redundancy budget. Low level activity caused by the pandemic has resulted in the number of new emerging schemes being noticeably lower this year resulting in the forecast underspend of the contingency of £0.900m. There are also some additional underspends relating to the National Living Wage and Pay Scale re-structuring. Excluded from this

forecast is an underspend of £7.868m relating to Capital Financing Charges. This underspend is planned to be transferred to the Capital Financing Reserve at the end of the year to help manage future fluctuations in the annual Capital Financing Charges budget. The reason for the Capital Financing Charges 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. See Appendix J for further detail.

- 1.10 Schools budget has a forecast overspend of £4.073m. This in the main relates to increased demand in the High Needs Block. Any overspend at the year-end will be funded from the Dedicated Schools Grant Reserve. See Appendix I for further details.
- 1.11 Some of the business as usual underspends, especially in Adult Care and Community Wellbeing relate to the use of protected ringfenced grant and therefore its carry forward into 2021/22 will need to be managed to allow these amounts to be spent on similar purposes.
- 1.12 Similarly, the lost activity on some of our services caused by the pandemic in the current financial year may potentially increase the demand for those services in future years as we fully come out of lockdown and those services start to catch up and get back to normal. This potentially may place additional pressure onto the 2021/22 budget and therefore we will need to identify these pressures at an early stage to allow them to be effectively managed. Any such additional funding requirements can be addressed from either use of carry forward, contingency or reserves.

### **Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic**

- 1.13 Appendix K provides a table showing the latest forecast expenditure and losses of income arising from the impacts of the coronavirus (Covid-19) pandemic.
- 1.14 Actual expenditure and losses to 31 January total £36.752m, and forecast expenditure and losses to the end of the financial year £50.543m. This latter figure includes risk of £1.900m which may or may not be incurred as it is dependent on the behaviour of the virus during the remainder of the year and also on the national and local response to this.
- 1.15 The overall Covid-19 position is now forecast to be a deficit of £2.212m. This has significantly changed from that reported in Quarter 2 when a £7.673m surplus was forecast. The reason for the change is that a full review has been undertaken during Quarter 3 identifying a number of additional costs and losses that are eligible to be set against Covid-19 grant. The identification of these new areas has also impacted on the business as usual position increasing the overall underspend by a similar amount.

- 1.16 It is recognised that the pandemic will also affect our 2021/22 position, and following a review, it is anticipated that during the first quarter of 2021/22 Covid-19 related costs are estimated to be c£10.845m and losses of income of c£1.085m. The Government has announced a fifth tranche of general emergency grant and we have been allocated an additional £15.159m for these costs and losses.
- 1.17 The Council also incurred Covid-19 related expenditure in the last financial year, 2019/20, amounting to £0.378m.
- 1.18 We have received a total of £44.509m of emergency Covid-19 grant from the Government to fund both last year's and this year's costs. We have been allocated a further £15.159m emergency Covid-19 grant for 2021/22 (see paragraph 1.16 above) bringing the total emergency grant we will receive to £59.667m. We will also receive additional grant to cover the loss of sales, fees and charges of c£4.200m.
- 1.19 Appendix K shows a forecast deficit of £2.212m between the forecast expenditure and losses and grant received. However, due to the rapidly changing situation the deficit may still be covered by the grant as some of the estimated cost may not be realised this financial year. This means that some of these costs and losses could be pushed into 2021/22, thereby increasing the estimate mentioned in paragraph 1.16 above. If this deficit is realised some of the business as usual underspend reported earlier in this report can be used to offset this amount.
- 1.20 We have also received some ring-fenced grants relating to Covid-19 which are to be spent on supporting specific services or activities. Examples of these are: Infection Control grant for adult social care; Outbreak Management Fund; Test and Trace grant; and Emergency Supplies grant. These grants and their usage are not included in this report, however, a full breakdown of all the grants we have received can be found in Appendix P. 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.
- 1.21 The most significant area of Covid-19 related expenditure is in Adult Care and Community Wellbeing, representing 29% of our total forecast. Place forecast represents 15% and Children's Services represents 22% of our total. Appendix L provides a full breakdown of all Covid-19 related expenditure and losses.
- 1.22 Due to the constraint of some of the Council's day to day operations during this pandemic, we have seen savings generated c£5.668m. The table below summarises the kind of savings we have been able to make. Further details are contained within Appendix L within the relevant service area.

Summary of Covid19 Savings	
	Amount £'m
Cancelled Events/ Reduction in Activities	0.913
Contract Savings	2.573
Delay in Building Maintenance	0.082
Members' Travel	0.072
Other	0.158
Staff Recruitment and Vacancies	0.846
Staff Travel and Training	0.784
Utility Savings	0.240
<b>Total Savings</b>	<b>5.668</b>

1.23 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 continue to update our reporting and include any longer term impacts in our medium term financial plan for 2021/22 onwards.

#### **Progress on Achievement of Budget Savings**

1.24 Appendix M 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 not now be achieved, but these are almost all due to the impacts of Covid-19. We are treating these overspends as Covid-19 related costs and using the Covid-19 emergency grant to cover these losses. Appendix M provides more detail on the non-achievement of savings.

#### **Progress on Development Fund Initiatives**

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

#### **Assessment of Impact on Financial Resilience**

1.26 The impact of this revenue budget forecast on the Council's resilience has been assessed and it has been concluded that our financial resilience remains strong. However, it is important to note that the continuous uncertainty surrounding how the future of the Covid-19 pandemic will evolve will require us to closely and regularly monitor our position. The direct impact of the Covid-19 pandemic has been felt across the whole of the local government sector with all authorities experiencing additional costs, income losses and losing the ability to achieve planned savings. There have also been some indirect consequences such as the reduction in the base rate at the start of the pandemic which has reduced the ability to achieve investment income on treasury management deposits.

- 1.27 Covid-19 will impact on the collection of council tax and business rates in the current financial year, this will also have a potential longer term impact going forward. Any deficit recognised this year will be able to be spread across the next three financial years. Also, the deficit for business rates will be topped up by a Section 31 grant during these years.
- 1.28 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 we maintain the current forecast of an underspend then there will be no requirement to draw down our Financial Volatility Reserve to support the 2020/21 budgetary position.
- 1.29 We will aim to strengthen our financial resilience by: continued monitoring of the financial position, 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; Budget Holders have already been asked to preserve any budgetary savings incurred this year to help support the Council's overall financial position.

### **Reporting of Budget Virements**

- 1.30 The Council's Financial Regulations require us to report on any budget virements made during the year. A budget virement is where budget is moved from one service area to another and where the original purpose the budget was approved for has changed. A list of all such virements made in Quarter 3 can be found Appendix O.

## **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 underspend of £15.378m (excluding Schools and forecast Covid-19 deficit).
- 3.2 Also excluded from the overall forecast is a £7.868m underspend in capital financing charges that is planned to be transferred to the Capital Financing Charges earmarked reserve to manage future fluctuations in the annual capital financing budget. We are assuming that Covid-19 costs and losses of income can be contained within the Government's emergency grant but note that it is difficult to predict how the coronavirus will continue to impact.
- 3.3 The Council's overall forecast position for Covid-19 related expenditure and losses is £2.212m deficit.

### **4. Legal Comments:**

This report sets out an update on spending, including spending relating to Covid-19, as at 31 December 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 underspent and currently there is no requirement to use our Financial Volatility earmarked reserve to support the budgetary position. However continued effort in monitoring is essential to ensure that any additional cost pressure is identified and addressed as soon it occurs.

### **6. Consultation**

#### **a) Has Local Member Been Consulted?**

n/a

#### **b) Has Executive Councillor Been Consulted?**

Yes

#### **c) Scrutiny Comments**

This report is due to be considered by the Overview and Scrutiny Management Board on 25 February 2021. Any comments of the Board will be reported to the Executive.

#### d) Risks and Impact Analysis

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

### 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2020/21 as at 31 December 2020
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue
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 31 December 2020
Appendix L	Narrative of Summary of Financial Impact of Covid-19 2020/21 as at 31 December 2020
Appendix M	Monitoring of Planned Savings 2020/21
Appendix N	Monitoring of Development Fund Initiatives 2020/21
Appendix O	Approved Budget Virements 2020/21 as at 31 December 2020
Appendix P	Covid-19 Grant Funding Provided to Lincolnshire County Council

### 8. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

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

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## Revenue Budget Monitoring Report 2020/21 as at 31 December 2020

	Revised Net Revenue Budget £m	Net Expenditure £m	Year End Forecast £m	Forecast Variance £m	Forecast Variance %
<b>SERVICE DELIVERY</b>					
Children's Social Care	75.031	61.392	73.323	(1.708)	(2.3)
Children's Education	40.711	27.491	40.776	0.065	0.2
<b>Children's Services</b>	<b>115.742</b>	<b>88.883</b>	<b>114.099</b>	<b>(1.643)</b>	<b>(1.4)</b>
Adult Frailty & Long Term Conditions	118.981	46.010	115.347	(3.634)	(3.1)
Adult Specialities	80.569	74.699	79.312	(1.257)	(1.6)
Public Health and Community Wellbeing	29.708	19.449	27.002	(2.706)	(9.1)
Public Health Grant Income	(33.546)	(25.160)	(33.546)	0.000	0.0
Better Care Funding	(47.023)	(22.166)	(47.023)	0.000	0.0
<b>Adult Care and Community Wellbeing</b>	<b>148.688</b>	<b>92.832</b>	<b>141.092</b>	<b>(7.597)</b>	<b>(5.1)</b>
Communities	44.955	30.262	45.972	1.017	2.3
Lincolnshire Local Enterprise Partnership	0.343	(23.860)	0.350	0.007	2.1
Growth	3.632	5.615	3.690	0.058	1.6
Highways	22.561	20.597	22.193	(0.368)	(1.6)
<b>Place</b>	<b>71.490</b>	<b>32.613</b>	<b>72.205</b>	<b>0.715</b>	<b>1.0</b>
Fire & Rescue	22.071	14.685	22.071	(0.000)	(0.0)
Emergency Planning	0.391	(0.007)	0.391	0.000	0.0
<b>Fire and Rescue and Emergency Planning</b>	<b>22.462</b>	<b>14.677</b>	<b>22.462</b>	<b>0.000</b>	<b>0.0</b>
Human Resources and Organisational Support	14.235	11.939	13.637	(0.598)	(4.2)
Finance	6.741	4.714	6.918	0.177	2.6
Legal and Governance Services	2.054	2.099	1.511	(0.543)	(26.4)
Public Protection	3.571	3.031	3.769	0.198	5.5
<b>Resources</b>	<b>26.601</b>	<b>21.784</b>	<b>25.835</b>	<b>(0.766)</b>	<b>(2.9)</b>
Property	9.907	7.034	9.376	(0.532)	(5.4)
Information Management Technology	14.223	12.605	14.524	0.301	2.1
Transformation	4.683	4.546	4.520	(0.162)	(3.5)
Commercial	8.609	7.177	7.692	(0.916)	(10.6)
<b>Commercial</b>	<b>37.422</b>	<b>31.362</b>	<b>36.113</b>	<b>(1.309)</b>	<b>(3.5)</b>
Corporate Services	2.886	1.767	2.562	(0.324)	(11.2)
<b>Corporate Services</b>	<b>2.886</b>	<b>1.767</b>	<b>2.562</b>	<b>(0.324)</b>	<b>(11.2)</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>425.291</b>	<b>283.919</b>	<b>414.368</b>	<b>(10.923)</b>	<b>(2.6)</b>
<b>OTHER BUDGETS</b>					
Contingency	1.806	0.000	0.906	(0.900)	(49.8)
Capital Financing Charges	50.077	(0.839)	50.077	(0.000)	(0.0)
Other	19.489	6.064	15.934	(3.554)	(18.2)
<b>TOTAL OTHER BUDGETS</b>	<b>71.371</b>	<b>5.225</b>	<b>66.917</b>	<b>(4.455)</b>	<b>(6.2)</b>
<b>TOTAL NET EXPENDITURE (EXC SCHOOLS)</b>	<b>496.663</b>	<b>289.145</b>	<b>481.285</b>	<b>(15.378)</b>	<b>(3.1)</b>
<b>MOVEMENT OF RESERVES</b>					
Transfer to/from Earmarked Reserves	0.718	0.718	0.718	(0.000)	(0.0)
Contribution to/from School Reserves	(16.611)	(16.611)	(16.611)	0.000	(0.0)
Contribution to Development Fund	(1.409)	(1.409)	(1.409)	0.000	0.0
Transfer to/from General Reserves	0.150	0.150	0.150	0.000	0.0
<b>TOTAL MOVEMENT OF RESERVES</b>	<b>(17.152)</b>	<b>(17.152)</b>	<b>(17.152)</b>	<b>0.000</b>	<b>(0.0)</b>
<b>MET FROM:</b>					
Business Rates local Retention	(123.271)	(91.378)	(123.271)	0.000	0.0
Revenue Support Grant	(20.467)	(15.555)	(20.467)	0.000	0.0
Other Non Specific Grants	(34.504)	(49.094)	(34.504)	0.000	0.0
County Precept	(314.862)	(251.890)	(314.862)	0.000	(0.0)
<b>TOTAL MET FROM</b>	<b>(493.104)</b>	<b>(407.916)</b>	<b>(493.104)</b>	<b>0.000</b>	<b>(0.0)</b>
<b>TOTAL (EXCLUDING SCHOOLS)</b>	<b>(13.593)</b>	<b>(135.923)</b>	<b>(28.971)</b>	<b>(15.378)</b>	
<b>SCHOOL BUDGETS</b>					
Schools Block	143.568	84.229	143.349	(0.219)	(0.2)
High Needs Block	76.728	57.849	81.237	4.509	5.9
Central School Services Block	3.193	1.174	2.921	(0.272)	(8.5)
Early Years Block	42.169	30.265	42.223	0.054	0.1
Dedicated Schools Grant	(257.822)	(195.726)	(257.822)	0.000	0.0
Schools Budget (Other Funding)	5.758	0.409	5.758	(0.000)	(0.0)
<b>TOTAL SCHOOLS BUDGETS</b>	<b>13.593</b>	<b>(21.800)</b>	<b>17.666</b>	<b>4.073</b>	<b>30.0</b>
<b>TOTAL (INCLUDING SCHOOLS)</b>	<b>0.000</b>	<b>(157.723)</b>	<b>(11.304)</b>	<b>(11.304)</b>	

# Children's Services

Financial Position 1st April – 31st  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Children's Services	115.742	114.099	(1.643)	1.728	

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Children's Social Care	75.031	73.323	(1.708)	0.431	

The financial position is driven by :-

- A continuing requirement for more looked after children requiring specialist placements has identified a material forecast overspend (£2.218m or 40.8%). Contributing factors include: an increase in looked after children numbers (679 at the end of December, an increase of 16 on the September position); 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 increasing placement costs. This shift in placement composition has resulted in a £0.448m (or 3.2%) underspend within Fostering and Adoption.
- Social care legal costs are forecasting an overspend (£0.504m or 19.2%) a reduction on that previously reported due to costs being attributable to the pandemic. Spend to the end of December is £2.466m (or 93% of the budget), and disbursement fees represent 56% of the cost. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings. The management team continue to review the position.
- 0-19 Health Services continues to forecast an underspend (£0.962m or 10.8%) which is a marginal change from that previously reported. The underspend partly relates to the Government's transitional arrangements continuing in 2020/21 to meet the increase to the employer contribution rate for the NHS Pension Scheme. Although a recent recruitment drive has been a success, Health Visitor vacancies continue at c.12% of the staffing establishment causing the remainder of the underspend.
- The apportionment of costs to other funding sources due to the under-delivery of commissioned services (£1.330m) caused by the pandemic, and direct support to outbreak management (£1.000m). This has created an underspend within this area.
- The announcement of a children's grant increase and a review of the grants utilisation has identified costs that are attributable to the grant elsewhere in Children's Services (£0.439m). This will assist in reducing Children's Services overall overspend in the current year. Other smaller variances have also taken place across the area of children's social care: Youth Development (£0.190m underspend) and Audit & Training (£0.136m underspend).

The movement in position relates to :-

- An increase in Out County Placement (£0.285m) costs (net of Covid-19 grant charges).
- The apportionment of costs to other funding sources relating to the pandemic (£2.330m).

**Key Financial Risks to Delivery and Mitigating Actions**

<p><i>Key Risk 1 – Looked After Children</i></p>	<ul style="list-style-type: none"> <li>• Children in Care services are demand-led in nature and can be volatile, therefore represent a financial risk. The impact can be significant financially, due to the cost of requiring externally commissioned specialist placements. There has been a rise in children in care numbers. Steps continue to be in place to mitigate and manage escalation of needs, and a review is underway on placement planning to mitigate further cost rises, which is managed through the Transformational programme.</li> </ul> <p>Increased costs have come from the changing composition of children in care 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. Lincolnshire compares well for children in care placement costs. The Local Authority has also 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.</p> <p>Social care legal costs continue to be high due to the complexity and length of cases, the need for expert opinions and the use of counsel. Further work continues to be undertaken to consider measures to bring spending down.</p>
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Children's Education	40.711	40.776	0.065	1.297

The financial position is driven by :-

- Home to School and College transport is continuing to forecast an overspend (£1.919m or 7.0%). The forecast is based on the planned 191 transport days (one additional day than budgeted). Although the net overspend is £1.919m, the periods April 2020 to August 2020 and September 2020 to March 2021 have been impacted differently in its service delivery by the pandemic causing different financial impacts. This reported position is before the 4<sup>th</sup> January 2021 lockdown. It is anticipated that the daily cost will reduce with only critical workers and vulnerable children and young people attending school.

The period April 2020 to August 2020 has identified an underspend of £1.370m against the profiled budget since the majority of pupils were not in school during the summer term. The Council agreed to provide financial support to school transport providers for suspended services (below 100% contracted amount) in accordance with Procurement Policy Note (PPN) issued by the Cabinet Office to ensure service continuity. This resulted in a revised cost per day of c. £0.123m. The cost avoidance was £0.033m per day based on the academic year cost or the physical cost reduction compared to the budget c. £0.021m per day.

The period September 2020 to March 2021 is forecast to overspend by £2.586m and is mainly attributable to the higher cost per day transport delivery costs (c. £0.164m versus the budgeted cost per day of c. £0.144m). This is due to higher unit costs for contracted mainstream pupils transport; an increase in the number of pupils eligible with special

educational needs and disability; an increase in special schools transport costs, and the cost of delivery one additional transport day than budgeted. This is despite certain costs being eligible to claim from the Covid-19 grants. All known financial commitments have been built into the forecast.

The forecast for Home to School and College Transport is always difficult to predict until the start of the new academic year but this year it has been particularly difficult with the impact of the pandemic on transport costs. This budget is determined as high risk, and expenditure will continue to be reviewed monthly including undertaking financial forecasts to the end of the financial year.

- Special Educational Needs and Disabilities is forecasting an underspend of £1.134m. Areas of underspend include Domiciliary Care (£0.193m), Direct Payments and Section 17 (£0.222m), specialist equipment (£0.220m), short breaks (£0.075m) and staffing (£0.188m) – this is in part relating to activity levels, and families not requiring assistance during lockdown. The Educational Psychology budget continues to underspend (£0.249m) largely as a result of the reduction in the number of Education, Health and Care (EHC) Needs Assessments during the Covid-19 lockdown period and the delay in progressing a new Psychology contract.
- The apportionment of costs to other funding sources due to the under-delivery of commissioned services (£0.205m) caused by the pandemic, and direct support to outbreak management (£0.231m). This has created an underspend within this area.
- Other smaller underspends have also taken place across the area of children's education (£0.284m).

The movement in position relates to :-

- Refinement of the forecast Home to School and College transport delivery cost as the financial year progresses for this demand-led budget (£0.324m reduction).
- A reduction in costs within Special Educational Needs and Disabilities due to reduced activity caused by the pandemic (£0.626m).
- The apportionment of costs to other funding sources relating to the pandemic (£0.436m).

**Key Financial Risks to Delivery and Mitigating Actions**

*Key Risk 1 :  
Home to  
School and  
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 which 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.  
  
The Corporate Transport Review is due to present its initial findings, which will provide an important steer going forward.
- The One School One Operator financial model for special schools transport has been reviewed as a result of Covid-19. Whilst forecasts include an estimate of likely costs, this remains a financial risk at this stage. A representative from SEND is attending the monthly operational discussions to ensure the most cost effective transport solutions are in place and Education Transport is part of the Special School Review work being undertaken.

# Adult Care and Community Wellbeing

Financial Position 1st April – 31st  
December 2020

## Revenue Budget Monitoring Report - Adult Care & Community Wellbeing

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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Adult Care and Community Wellbeing	148.691	141.094	(7.597)	(0.413)	

Adult Care and Community Wellbeing (ACCW) has received £38.553m to date in addition to the £229.290m 2020-21 financial allocation. This funding has provided much needed financial support, across all aspects of adult social care and community wellbeing, to deliver the vital response to Covid-19.

Adult Care and Community Wellbeing has prioritised and redeployed members of its workforce to respond to the unprecedented impact of the Covid-19 pandemic. ACCW has tailored its financial resources to meet the needs of the people and social care organisations across Lincolnshire as the pandemic has evolved.

Financial resources have been focussed to ensure the most vulnerable people have access to the services and guidance they need. £11.908m has been spent to date on increasing social care and wellbeing capacity across the sector for service users, working with the NHS to accelerate safe discharge from hospital accompanied by social care support and providing emergency supplies to those who need it.

£24.6m of much needed financial support has been provided to aid cash flow, maintain financial sustainability of critical organisations across the sector (commissioned and non-commissioned), adapt facilities to deliver Covid-19 safe environments and to reduce the rate of Covid-19 transmission.

ACCW and District Councils have spent £3.815m to deliver test and trace across the county, increase Infection Prevention & Control capacity and other costs incurred in managing the outbreak.

In setting the 2020-21 financial allocation and priorities for delivery, Covid-19 was not on the horizon. With its continued impact and the third national lockdown, ACCW priority remains to provide financial support to those in most need and to help service users and the sector to emerge from the pandemic. To deliver the scale, pace and safe response to the pandemic, initiatives which could be delayed into 2021-22 have been and some expected costs will no longer be incurred in 2020-21. A financial underspend of £7.597m is forecast by 31 March 2021. This forecast is prior to the announcement of a full national lockdown and further Government support announced and is therefore likely to change during the final quarter of this unprecedented year.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Adult Frailty & Long Term Conditions	118.981	115.347	(3.634)	(0.425)	

The financial position is driven by :-

- Confirmation of Covid-19 costs now supported through Covid-19 grant monies received from the Government for AF&LTC this relates to sustainability payments to residential providers.
- £0.300m additional income direct payment (DP) refunds continue to recoup income higher than the planned 2020-21 levels. This is a non-recurrent benefit and all audits have been completed.
- £0.375m unspent non-ring fenced grant resulting from receipt of an external grant in full originally thought to reduce in 2020-21 but received in full 28 July.
- The continued vacancy position across AF&LTC reported in Q2.

The movement in position relates to :-

- Covid-19 grant monies received

**Key Financial Risks to Delivery and Mitigating Actions**

<p>Key Risk 1 – Potential non delivery of £1.0m additional income recurrently.</p>	<ul style="list-style-type: none"> <li>• 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 during 2021/2022.</li> </ul>
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Adult Specialities	80.569	79.312	(1.257)	0.240

The financial position is driven by;-

- Confirmation of Covid-19 costs now supported through Covid-19 grant monies received from the Government for Adult Specialities this relates to sustainability payments to CSL & day care providers.
- The conclusion of a long running ordinary residence case which concluded Lincolnshire County Council was not the responsible authority. This outcome released a £0.750m provision.
- £0.330m forecast pressure driven by increased demand for community mental health care packages.

The movement in position relates to :-

- The conclusion of a long running ordinary residence case which concluded Lincolnshire County Council was not the responsible authority.
- Covid-19 grant monies received.

**Key Financial Risks to Delivery and Mitigating Actions**

<p><i>Key Risk 1 : Higher demand/complexity than planned</i></p>	<ul style="list-style-type: none"> <li>• Actions delivered, through the Mental Health improvement programme has mitigated any financial risk for 2020/21 and the impact for 2021/22 is included in the budget papers. The</li> </ul>
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	strengthened governance arrangements will remain in place throughout 2021/22 as they embed.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Public Health and Community Wellbeing	29.708	27.002	(2.706)	(0.228)
<p>The financial position is driven by ;-</p> <ul style="list-style-type: none"> <li>Confirmation of Covid-19 costs now supported through Covid-19 Outbreak management grant monies received from the Government.</li> <li>There were plans to pilot improvement initiatives during 2020-21 however due to all staff needing to support the response to the pandemic; these have been delayed until 2021-22.</li> <li>A carer contract delivering a lower than planned level of activity. This is not material enough to impact on service delivery for users.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Covid-19 grant monies received.</li> </ul>				
<b>Key Financial Risks to Delivery and Mitigating Actions</b>				
<i>Key Risk 1</i> -	<ul style="list-style-type: none"> <li>None to highlight at this time</li> </ul>			

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Public Health Grant Income	(33.546)	(33.546)	0.000	0.000
<p>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 grant has been allocated in accordance with the plan contained in the quarter 1 report.</p>				

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Better Care Funding	(47.023)	(47.023)	0.000	0.000
<p>The BCF/iBCF structure has rolled over into 2020-21. We received confirmation 3-Dec of a greatly reduced sign off process for 2021 as a result of the pandemic. A BCF report will be submitted to the Health and Wellbeing board during quarter 4 for local approval in accordance with national guidance.</p>				

# Place

Financial Position 1st April – 31<sup>st</sup>  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Place	71.490	72.205	0.715	1.590 

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Communities	44.955	45.972	1.017	1.033 

The financial position is driven by :-

- The most significant variance continues to be the forecast overspend related to Waste, although at £1.754m, it has improved from the Q2 position. This arises from the increased cost of the Mixed Dry Recycling (MDR) contract. Following the Administration of the previous contractor, a short-term contract was awarded to a new provider to allow for completion of a full re-procurement exercise. The extension of that contract for the first quarter of this year was at a 48% price increase and although the subsequent re-procurement reduced this, the current price is still some 27% higher than in previous years. This situation is further complicated by the mix of recyclable material being collected, the level of contamination and the price paid for the processing of MDR waste fluctuating depending on market values for recyclables and is expected to continue for the remainder of the year. For future years the proposed budget includes an increase in base budget to address this on-going cost pressure.
- Reduced contract payments to bus operators on suspended or reduced bus services during the earlier part of the coronavirus pandemic, reduced levels of reimbursement for concessionary travel and staff savings within Transport Services provide a forecast underspend of £0.975m
- Planning fee income, although improved from the beginning of the year, continues to be forecast to be £0.134m below the ambitious target set for the year. The reduced level of fee income has been taken into account in setting the proposed budget for 2021/22.
- The significant disruption to Heritage and Culture services caused by the pandemic and the resultant loss of income has been supported by Covid grant. However, the conditions attached to the grant support for lost income, result in a remaining balance of £0.116m of losses that cannot be recovered. All sites have been affected and as paid visitor attractions remain closed with the events and exhibitions programme currently on-hold.
- The Covid pandemic has undoubtedly led to changes in the county's walking and exercise habits, with the value of exercise for health and wellbeing being well documented. This has placed additional demands on the already strained management and maintenance of the public rights of way network, which in the short-term is being met from Covid grant funding. Longer-term there is likely to be a remaining cost pressure that will need to be addressed through future budget setting processes.

The movement in position relates to :-

- An improvement in the cost variance for the MDR contract.
- Further assessment of the financial impact of reduced payments to bus operators due to reduced or suspended bus services during the earlier part of the coronavirus pandemic.
- A re-assessment of the costs of maintaining public rights of way.
- Further assessment of the Covid impact and the savings achieved during national lockdowns and recovery phases in Heritage and Culture.

**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 for recyclable materials causing variation in the cost of processing.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Lincolnshire Local Enterprise Partnership	0.343	0.350	0.007	0

The financial position is driven by :-

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

The movement in position relates to :-

- The position is unchanged from the previous report.

**Key Financial Risks to Delivery and Mitigating Actions**

	None to highlight at this time.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Growth	3.632	3.690	0.058	0

The financial position is driven by :-

- This service area is forecast to be broadly in line with budget for the year, with relatively small variances arising from additional property maintenance and transport policy projects, offset by savings from staff vacancies.

The movement in position relates to :-

- Re-assessment of property and staffing costs.

**Key Financial Risks to Delivery and Mitigating Actions**

	None to highlight at this time.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Highways	22.561	22.193	(0.368)	0.557

The financial position is driven by :-

- A forecast overspend results from the pain / gain element on the term maintenance contract. This arises where the actual cost of completing work differs from the agreed target cost and is accounted for on a shared basis with the contractor, subject to a cap on the Council's contribution in any year. However, the offset of Covid grant to fund the increased costs of the maintenance contractors resulting from revised working arrangements due to the pandemic, creates an underspend on "usual" activity of £0.720m.
- Increased labour costs, the continued use of white salt longer than expected, increased vehicle maintenance costs and route coverage beyond that budgeted for results in a forecast overspend for winter maintenance of £0.614m.
- Submission of a compensation event from the previous maintenance contractor creates an overspend in Design Services of £0.143m, which is partially offset by a £0.050m underspend from reduced survey activity in Lighting, Signs and Markings.
- Savings in Traffic Management, mainly due to reduced advertising costs for temporary Traffic Regulation Orders (TROs) provides an underspend of £0.156m.
- Further underspends in staffing and vehicle costs due to unfilled vacancies contribute a further £0.184m.
- The revenue mobilisation costs for the Highways 2020 contract are excluded from this forecast as they are expected to be funded from contingency funds.

The movement in position relates to :-

- Covid grant funding for the increased costs of the term maintenance contractors.
- Further assessment of the forecast cost of winter maintenance.
- A "late" compensation event from the previous maintenance contractor.
- Increased savings from TROs.
- Increased savings forecast for unfilled vacancies.

Key Financial Risks to Delivery and Mitigating Actions

None to highlight at this time.

# Fire and Rescue and Emergency Planning

Financial Position 1st April – 31st  
December 2020

## Revenue Budget Monitoring - Fire and Rescue & Emergency Planning

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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Fire and Rescue & Public Protection	22.462	22.462	0	(1.437)	

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Fire and Rescue and Emergency Planning	22.462	22.462	0	(1.437)	

Since Q2 there has been a review of the Council's structure and Public Protection is now part of the Resources Directorate.

The financial position for the service is driven by :-

- The service is on target to budget.

The movement in position relates to :-

The service reported as being underspent by £1.437m as at Q2. This was wholly due to the value of the fire pension grant.

This grant has been determined as an unringfenced s31 grant and has subsequently been reallocated as overall council funding.

### Key Financial Risks to Delivery and Mitigating Actions

	Activity budgets are demand led and are subject to variations. These are, however, monitored on a monthly basis allowing early warning of budgetary variations to be identified.
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# Resources

Financial Position 1st April – 31st  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Resources	26.601	25.835	(0.766)	0.209	

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Legal and Governance Services	2.054	1.511	(0.543)	(0.127)	

The financial position is driven by :-

- Budget allocated for council elections (£0.300m) not being required in this financial year. As part of budget setting for 2020/21 a rolling £0.300m base budget was created in order to smooth the medium term financial planning of the council.

It is intended to transfer this underspend at financial year end to a specific election reserve which will then be available to fund periodic elections.

- Savings due to a councillor vacancy, by-election contingency (as no elections can be held before May 2021) and Members' training and travel expenses give a forecast underspend of £0.176m.
- Covid related delays in the records management project (£0.063m) compared to planned target activity.
- This assumes that the full income shortfall of Legal Lincolnshire, which although improving was £0.430m at the end of Q3, will be funded by Covid grant or use of reserves.

The movement in position relates to :-

- A technical adjustment in the reporting of the election underspend (£0.300m) which was previously expected to be transferred to reserves during the year but will now be transferred as part of the year-end closure and therefore now reported as an in-year underspend.
- More certainty regarding the timing of project costs since Q2 reporting and a reduction in the forecast for member expenses.

Key Financial Risks to Delivery and Mitigating Actions

Trading position of Legal Lincolnshire	Ongoing monitoring of traded position and reporting to Legal Board.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Human Resources and Organisational Support	14.235	13.637	(0.598)	(0.211)	↓

The financial position is driven by :-

- Staff vacancies in the earlier part of the year when the service's priority was focused on supporting key services in their Covid response but which have subsequently been recruited to and savings in printing and postage created an underspend of £0.281m.
- A significant amount of Business Support resource has been utilised to cover Covid related activities with over 40 additional support requests since March 2020. The recharge for this, which is funded by Covid grant, is £0.232m.
- The development of income generating services to schools within Human Resources which has enabled the service to mitigate costs associated with one-off corporate initiatives. This has resulted in a forecasted underspend of £0.084m.

The movement in position relates to :-

- An updated position for the business support function in terms of recruitment and management of non-essential spend.
- The reclassification of underecovery of income from staff as part of the "Purchase of Annual Leave" scheme as being eligible for covid grant (£0.100m).

Key Financial Risks to Delivery and Mitigating Actions

*Changes in contractual volumes*

Regular liaison with our key contractual partners to identify variations on assumed volumes and impact on finance and performance.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Finance	6.741	6.918	0.177	0.110	↓

The financial position is driven by :-

- Higher than budgeted contract indexation on out-sourced contract relating to general finance and adult care finance transactional processing services (£0.032m) and increased activity volumes (£0.144m) give a combined overspend of £0.176m.
- The level of income from schools has increased resulting in a budgetary surplus of £0.031m due to a combination of more schools purchasing the finance service along with the selection of higher service options being taken up.
- Long term absences across the Corporate Audit & Risk Management (CARM) – alongside Covid delays – impacting on reduced income from schools / academies.

The movement in position relates to :-

- Previously reported underspend on finance team staffing being offset by additional temporary resource costs and closure of accounts activity.
-

Key Financial Risks to Delivery and Mitigating Actions	
<i>Income levels from for external contracts</i>	CARM - Continual review of planned activity and liaison with our external partners.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Public Protection	3.571	3.769	0.198	0.437



Explanations for the main variances are set out below:-

This overspend for Coroners is made up of a number of elements:

- 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.
- This is offset by vacancies within the service (£0.106m).

Trading Standards is forecasting to be £0.143m under. The underspend is made up of a number of key elements:

- There has been a significant reduction in expenditure this year due to the effect COVID has had on the Courts. Very few hearings or trials have taken place (£0.063m).
- Reduced travel related expenditure and vacancy management throughout the year (£0.080m).

The movement in position relates to :-

- The change in underspend in Trading Standards, which is largely due to COVID restrictions.

Key Financial Risks to Delivery and Mitigating Actions	
<i>Key Risk 1 : Higher demand than planned</i>	<ul style="list-style-type: none"> <li>• Any further impacts on contracted costs for coroners, and income levels for registration services in line with Covid.</li> </ul> <p>These will continue to be monitored via regular budgetary management.</p>

# Commercial

Financial Position 1st April – 31st  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
<b>Commercial</b>	37.421	36.112	(1.309)	(0.678)	

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
<b>Property</b>	9.907	9.375	(0.532)	(0.300)	

The financial position is driven by :-

- Following a detailed review, utility and general accommodation costs across the wider estate are forecast to be underspent primarily due to Covid-19 closures (£0.240m).
- Increased rental income and the reduction of rents payable to the Crown Estate following the surrender of County Farm holdings in December 2019 (£0.260m).

The movement in position relates to :-

- Lower spend on accommodation costs due to continuing Covid-19 related closures.

### Key Financial Risks to Delivery and Mitigating Actions

Accommodation costs	There is a potential risk of increased underspend as a result of any changes in occupation/use of buildings.
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
<b>Commercial</b>	8.609	7.693	(0.916)	(0.772)	↓
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>The Customer Service Centre (CSC) forecasting an underspend of £0.727m.</li> <li>Covid-19 has significantly impacted on the Customer Service Centre with significant variations in demand for 'business as usual service calls' together with a large number of new Covid-19 specific / related calls.</li> </ul> <p>However, due to the large number of additional Covid-19 related calls, we have been able to successfully use Covid-19 grant funding where appropriate to meet the costs of these specific calls.</p> <ul style="list-style-type: none"> <li>A number of vacancies within the Commissioning team for which recruitment has only just commenced, payment for a secondment and a reduction in staff related costs result in an underspend of £0.189m. Consequently, there is no requirement to utilise earmarked reserve this financial year.</li> </ul>					
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>An updated review of the demand led CSC budget.</li> </ul>					
<b>Key Financial Risks to Delivery and Mitigating Actions</b>					
Customer Service Centre Demand	<p>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.</p> <p>This is mitigated by the ongoing management of the provider contract.</p>				

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
<b>Transformation</b>	4.682	4.520	(0.162)	(0.170)	↑
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Underspends across Performance, Transformation and Systems team on staffing costs whether direct or via business support with the Transformation Fund covering core staffing budget shortfalls within the systems team as part of the Business World re-design project.</li> <li>The Performance team generating greater levels of income from schools than expected in the previous forecast.</li> </ul> <p>Going forward it will be essential to keep the core staffing as close to its full complement as possible in order to achieve the set objectives.</p>					
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>The forecast remains in line with Q2 reporting so there is no movement to report.</li> </ul>					
<b>Key Financial Risks to Delivery and Mitigating Actions</b>					
N/A	No specific risks to identify.				

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Information Management Technology	14.223	14.524	0.301	0.564	↑
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>The need to continue to preserve access to data held in the SAP system has resulted in higher than budgeted access costs being incurred as work continues to migrate this data to a longer-term solution (£0.350m).</li> <li>The revised contract pricing model for the Serco contract and third party arrangements have resulted in increased costs of £0.407m.</li> </ul> <p>This is offset by the utilisation of a service provision of £0.300m created at the end of the previous financial year in light of expected changes in the contractual arrangement.</p> <ul style="list-style-type: none"> <li>In addition, higher than budgeted contract indexation on Serco IT support services (£0.082m).</li> <li>Savings in staffing costs, reduced training activity during Covid-19 crisis and a re-evaluation of Mosaic costs have enabled the service to offset these cost pressures (-£0.302m).</li> </ul> <p>The need to engage specialist resource to progress corporate IMT projects within the Transformation Programme and take the Data Services team back up to production strength will reverse this staffing underspend into a revenue requirement (cost pressure) in future financial years.</p>					
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>The ability to fully utilise the service provision described above and a revaluation of costs incurred which have been identified that can be supported by the corporate Covid grant.</li> </ul>					
<b>Key Financial Risks to Delivery and Mitigating Actions</b>					
<i>Increased pace of IMT transformation projects</i>	<p>There is a risk that the increased demands on IMT created by the Corporate Transformation Program results in increased cost for more specialist resource or diverts existing resources causing delay and cost over-runs in existing activity.</p> <p>Further work in Transformation program design to develop the Business Cases identifying financial benefits across the Council from working in Smarter or Digital ways can be used to support amendment of IMT budgets to cover the resultant revenue costs in running those new services.</p> <p>Work is ongoing on quantifying the additional systems, skills and resources required and the timings of those requirements to support a more agile.</p>				

# Corporate Services

Financial Position 1st April – 31st  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Corporate Services	2.886	2.563	(0.324)	(0.315)	

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Corporate Services	2.886	2.563	(0.324)	(0.315)	

The financial position is driven by :-

- The 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 Covid-19. (£0.271m).
- A further £0.053m underspend arises in Corporate Communications activities due to the cancellation of events as a result of the pandemic.

The movement in position relates to :-

- The budgetary position is broadly in line with Q2 reporting so there is no additional movement to report.

Key Financial Risks to Delivery and Mitigating Actions

	No specific risks to identify.
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# Schools

Financial Position 1st April – 31<sup>st</sup>  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Schools	13.593	17.666	4.073	3.587

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Schools Block	143.568	143.349	(0.219)	0

The financial position is driven by :-

- An underspend on the pupil growth funding allocations in accordance with the policy for planned school reorganisations to provide sufficient school places for Lincolnshire pupils.

The movement in position relates to :-

- See above.

Key Financial Risks to Delivery and Mitigating Actions

- No key risks identified at this time.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
High Needs Block	76.728	81.237	4.509	4.043

The financial position is driven by :-

- An increase in the forecasted top up funding (£3.634m) and targeted funding (£2.983m) to mainstream schools for pupils with Education Health Care (EHC) plans. There continues to be growing trends nationally, and this is being seen in Lincolnshire, with more children requiring specialist support. The SEND transformational work is intended to influence future growth.
- External SEND specialist placements are currently forecast to overspend (£0.923m) due to an increasing demand for those pupils with complex needs and the demand and shortage of places in special schools. This will be addressed through the major programme of capital investment to increase the capacity of special school places within the county, however the demand is present now.
- Additional provision of 80 placements commissioned from September for those pupils with Social, Emotional and Mental Health (SEMH) needs (£1.264m) to ensure suitable education provision is provided for this cohort of pupils in line with our statutory

- requirement.
- The pressures above have 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.
  - The apportionment of costs to other funding sources due to the under-delivery of commissioned services (£0.619m) due to the pandemic, and direct support to outbreak management (£1.000m).
  - Some smaller underspends on High Needs budgets make up the remaining balance.

The movement in position relates to :-

- An increase in the number of EHC plans and the associated top up and targeted funding, and specialist placement costs, which has been offset by the apportionment of costs to other funding sources due to the pandemic.

#### Key Financial Risks to Delivery and Mitigating Actions

<p><i>Key Risks:</i></p> <p><i>Managing demand</i></p>	<ul style="list-style-type: none"> <li>• Transformational work commenced last year to consider the way partners across Lincolnshire work together to support children and young people with SEND. Key activities to support this strategy include SEND Advice line (SALL); rollout of the Valuing SEND; revised graduated approach guidance; strengthen the Local Offer; a new performance framework, to name a few. This transformational work is intended to secure further improved outcomes for young people with SEND through a truly integrated approach, whilst also securing an offer for Lincolnshire that is financially sustainable within its central government allocation. An increase in places within Lincolnshire special schools will also provide more suitable pupil placements.</li> </ul>
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Central School Services Block	3.193	2.921	(0.272)	(0.590)	↑

The financial position is driven by :-

- 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.

The movement in position relates to :-

- Refinement in the financial commitment for 2020/21.

#### Key Financial Risks to Delivery and Mitigating Actions

<p><i>Key Risk 1 :</i></p>	<ul style="list-style-type: none"> <li>• No risks highlighted at this time.</li> </ul>
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Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m	
Early Years Block	42.169	42.223	0.054	0.134	↑

The financial position is driven by :-

- An overspend on the Early Years participation budgets (£0.494m), as a result of the pandemic. Government guidance advised Local Authorities to fund early years providers for financial sustainability reasons at their Autumn 2019 participation levels if they were experiencing lower numbers in Autumn 2020 from the pandemic. Although a Government funding adjustment was made, the cost to Lincolnshire was much greater. The cause being a significant number of providers have lower numbers of children however a large cohort of providers are reporting increased numbers of children. This is likely to be due to parents taking up more provision at one provider rather than previously taking their hours over more than one provider, to minimise the risk of infection.
- The overspend has been partly offset by an underspend in the 2 year old provision (£0.096m); a reduction in the central staffing budgets (£0.228m); reduced allocations on the Disability Access Fund (£0.084m), and Early Years Pupil Premium (£0.032m). These budgets will need to be closely monitored over the next few months to see if this pattern continues.

The movement in position relates to :-

- A change in Government policy on participation funding arrangements for early year providers for Autumn 2020 and the identification of central staffing savings.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :  
Early Years*

- 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.

# Other Budgets

Financial Position 1st April – 31<sup>st</sup>  
December 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

Movement Key:	
	Moving towards budget
	Stable
	Moving away from budget

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 £'m	Forecast Outturn £'m	Forecast Over/(Underspend) £'m	Previous Over/(Underspend) £'m
Other Budgets	71.371	58.725	(12.323)	(10.523) 

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Contingency	1.806	0.906	(0.900)	0 

The financial position is driven by :-

- It is anticipated that the contingency will not be fully spent by end of the year. There has been a reduced number of emerging schemes this year and activities that require further budgetary support.

The movement in position relates to :-

- The Contingency budget was £3.000m and so far £1.194m has been allocated to other service areas. This relates to Fire and Rescue Wholetime Recruits Course, £0.165m, and Pay Award inflation, £1.029m, following negotiation.
- Included in the forecast is £0.564m allocation to Highways 2020 Mobilisation that is still expected to be required by the end of the year and £0.342m for emerging schemes.

### Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 : Lower demand than planned*

- If fewer emerging pressures are identified than forecasted, this will result in an underspend. Due to the impact of Covid-19 some of the normal activities of the Council have slowed down. Therefore, it is highly likely that this area will be underspent at the end of the year.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Capital Financing Charges	50.077	42.209	(7.868)	(7.868) 

The financial position is mainly driven by :

- 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 estimated interest cost of borrowing has fallen by £0.620m due to the estimated Borrowing Requirement falling to just £26m in 2020/21 due to the allowance of internal borrowing in the year increasing to 25% from 15% due to current market conditions. Overall this is an underspend of £3.368m.
- The estimated interest received from cash balances has increased by £0.300m since the last quarter due to increased COVID funding received from Government not yet expended. Overall there is a shortfall on interest received of £0.600m.
- 

The movement in position relates to :-

There has been no change in the position from last quarter.

#### Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 :  
Higher demand than planned*

- The delivery of the current capital programme and uncertain cash flow patterns due to COVID will affect the level of interest paid and received in 2020/21. This is continually monitored to mitigate the risk.

Service Area	Current Budget £m	Forecast Outturn £m	Forecast Over/(Underspend) £m	Previous Over/(Underspend) £m
Other	19.489	15.610	(3.554)	(2.655)



The financial position is mainly driven by :

- The redundancy budget for the year is £1.500m. There is currently a relatively low level of restructuring taking place within the council, so the underspend is anticipated to be £1.186m lower than budgeted for.
- The review and maintenance of balances in the balance sheet resulted in clearance of legacy balances relating to the old financial system, SAP, £0.706m
- The budget set aside for any pay scale restructuring is not expected to be required this year, resulting in a £0.600m underspend.
- The level of increase in the National Living Wage is much lower than anticipated thereby resulting in a £0.359m underspend.
- There is a reduction of £0.248m in the monthly payment of teachers' pension and S24 payments due to a higher level of attrition than budgeted. The reduction in monthly payment is recycled to cover the yearly inflation increase of this pension. This was reviewed and longer term savings of £0.100m were offered as part of the budget setting process.
- Dividend received from ESPO increased by £0.168m and a conservative increase in 2021/22 budget was proposed.
- The liability insurance cost is lower by £0.340m than we have budgeted for this year. Not included here is the anticipated surplus of £0.030m for the insurance fund and request will be made to increase the current level of its funds. This will be c£2m above the recommended level of the actuarial report we recently received.
- The above underspend is offset by small overspend in Apprenticeship Levy and maintenance cost on surplus properties prior to selling these.

The movement in position relates to :-

- The low level of planned activities within the Council which are funded centrally will generate an underspend in this area.
- Budgets to further support the services are kept within this area due to uncertainties when the budget was set. As the position regarding this area becomes clearer, underspending is declared.

- Legacy balances within the balance sheet are charged to this area following review and maintenance.

Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1  
: Lower  
demand  
than  
planned*

- Budget within Other Budget is set to cover the uncertainties surrounding the area that the Council operates in. As our position becomes clearer, the forecast is adjusted to consider the current situation. These areas are reviewed as part of the yearly budget setting and this year has provided £0.100m savings relating to the reduction in pension contribution.

## APPENDIX K

## SUMMARY OF FINANCIAL IMPACT OF COVID-19 2020/21 AS AT 31 DEC 2020

	Actual March 2020 (19/20) £000's	Actual Estimated to 31 January £000's	Actual to 31 January (19/20 + 20/21) £000's	Estimated for Year 2020/21 £000's	Estimate for Year 2020/21 incl. Contingency £000's
<u>Adult Care and Community Wellbeing</u>					
Adult Frailty & Long Term Conditions	0	8,457	8,457	9,579	9,579
Adult Specialties	0	2,691	2,691	3,253	3,253
Public Health	100	1,635	1,735	1,695	1,695
<b>Total ACCW</b>	<b>100</b>	<b>12,783</b>	<b>12,883</b>	<b>14,527</b>	<b>14,527</b>
<u>Children's Services</u>					
Children's Social Care	178	4,277	4,455	7,154	7,304
Children's Education	31	2,826	2,857	4,043	4,043
<b>Total Children's</b>	<b>208</b>	<b>7,103</b>	<b>7,312</b>	<b>11,197</b>	<b>11,347</b>
<u>Place</u>					
Communities	60	2,545	2,605	3,206	3,206
Lincolnshire LEP	0	0	0	0	0
Growth	0	118	118	333	583
Highways	0	5,776	5,776	3,321	3,821
<b>Total Place</b>	<b>60</b>	<b>8,440</b>	<b>8,500</b>	<b>6,861</b>	<b>7,611</b>
<u>Fire and Rescue &amp; Public Protection</u>					
<b>Fire and Rescue &amp; Emergency Planning</b>	<b>0</b>	<b>389</b>	<b>389</b>	<b>506</b>	<b>506</b>
Resources	0	322	322	855	855
Public Protection	10	2,636	2,646	2,416	2,416
<b>Resources</b>	<b>10</b>	<b>2,958</b>	<b>2,968</b>	<b>3,270</b>	<b>3,270</b>
<u>Commercial</u>					
<b>Commercial</b>	<b>0</b>	<b>2,798</b>	<b>2,798</b>	<b>4,994</b>	<b>4,994</b>
<u>Corporate Services</u>					
<b>Corporate Services</b>	<b>0</b>	<b>159</b>	<b>159</b>	<b>240</b>	<b>240</b>
<u>Other Budgets</u>					
Other Budgets	0	0	0	0	0
Capital Expenditure	0	1,744	1,744	7,048	8,048
<b>Other Budgets</b>	<b>0</b>	<b>1,744</b>	<b>1,744</b>	<b>7,048</b>	<b>8,048</b>
<b>Total Costs and Losses</b>	<b>378</b>	<b>36,374</b>	<b>36,752</b>	<b>48,643</b>	<b>50,543</b>
Covid-19 Emergency Grant	-378		-36,752	-44,130	-44,130
Lost SFC income grant (estimated)				-4,200	-4,200
Total estimated income	-378		-36,752	-48,330	-48,330
<b>Surplus / (Deficit)</b>	<b>0</b>		<b>0</b>	<b>-312</b>	<b>-2,212</b>

# Narrative of Financial Impact of Covid-19 as at 31 December 2020

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

Directorate Summary	Current Spend £'000	Forecast Outturn £'000	Additional Risk £'000	Revised 2020-21 Forecast £'000
Children's Services	7.103	11.197	0.150	11.347

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Children's Social Care	4.277	7.154	0.150	7.304

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). A further £200 per carer household was paid during the second lockdown in November (£0.054m)
- Additional costs for specialist placements including out of residential and fostering placements, and family assessment placements (£4.079m). 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 from vulnerability, and concerns with increased exposure to the virus, therefore children have had to be placed in alternative specialist placements. The number of children in care has risen during this pandemic.
- 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 not being achieved resulting in an additional cost of £0.658m.
- The identification of commissioned contracts where providers have been unable to deliver the full service offer during the lockdown (£1.047m), and legal costs where there has been an increase in length of proceedings due to court availability (£0.283m).
- Additional costs for backfill of staff that have been redeployed (£0.431m) and equipment to enable home working plus personal protection equipment for front-line staff (£0.274m)
- Financial risks of £0.150m remain for children in care placements due to an escalation of need from lockdown.

The movement in position relates to :-

- Additional costs being assigned to the Covid-19 grant for children in care placements (£0.439m), the apportionment of costs to other funding sources relating to the pandemic (£1.330m), and further costs for the backfill of staff that have been redeployed.

### Key Financial Risks to Delivery and Mitigating Actions

<p><i>Key Risk 1 – Looked After Children</i></p>	<ul style="list-style-type: none"> <li>• A number of factors can influence spending in looked after children services assumptions have been made for the next phase, but as lockdown unfolds, family circumstances will become clearer.</li> </ul>
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Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Children's Education	2.826	4.043	0.000	4.043
The financial position is driven by :-				
<ul style="list-style-type: none"> <li>Loss of income from parents for post 16 transport for the summer term and anticipated impact on the next academic year (£0.700m). An increase in the contract re-tendering costs including delayed procurements (£0.770m), holiday transport costs relating to Easter and May half-term (£0.112m), and grants to operators to meet some of the additional costs associated with Covid-19 e.g. PPE, cleaning materials, signage etc. (£0.345m) are earmarked against the Covid-19 grant.</li> <li>Loss of income from parents for the Music Service in the summer term, and an anticipated 20% income reduction for the new academic year (£0.477m). Payments have been made for rehearsals and concerts that did not take place during lockdown (£0.174m).</li> <li>The identification of commissioned contracts where providers have been unable to deliver a service effectively during lockdown (£0.822m).</li> <li>The impact of the pandemic on the current SEND capital schemes (e.g. delays in the supply chain or increased costs due to enhanced welfare facilities) (£0.295m).</li> <li>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).</li> <li>No additional financial risks have been identified.</li> </ul>				
The movement in position relates to :-				
<ul style="list-style-type: none"> <li>The apportionment of commissioned contracts and SEND capital scheme costs to be allocated against the Covid-19 grant (£1.117m), and more accurate information available regarding costs and loss of income associated with the impact of Covid-19 including Home to School transport (£0.605m).</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
<i>Key Risk 1 – Home to School/College Transport</i>	<ul style="list-style-type: none"> <li>The Local Authority will continue working in accordance with the Government guidelines on transporting pupils to schools, including the utilisation of government additional transport grant.</li> </ul>			

Covid Savings		
Directorate Summary	Savings Resulting from Covid	Savings £m
<b>Children's Services</b>		
Children's Social Care	Reduction in Social Care Training delivery	0.136
	Pause in in Children Centre building maintenance due to reduced centre activity	0.082
	Delay in recruitment to vacancies within social care and early help.	0.170
	Youth Development – due to limited service provision that has been on offer since the start of the pandemic.	0.190
	Savings on car allowances	0.151
Children's Education	Home to School/College Transport – suspension of services for the summer term (other than for key worker and vulnerable groups transport only).	1.370
	Children with Disabilities – a drop in activity levels (due to parents being at home) during the summer term	0.710
	Education Psychology - reduction in the number of Education, Health and Care (EHC) Needs	0.249

	Assessments during the first lockdown period and the delay in progressing a new Psychology contract with an external provider.	
	Delay in recruitment to central staffing vacancies.	0.162
	Reduction in legal fees due to the suspension of fines for children not attending school.	0.098
	Reduction in educational visits costs due to visits not taking place.	0.062
	Savings on car allowances and meeting costs	0.055

## Revenue Budget Monitoring Report - Adult Care & Community Wellbeing Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Adult Care & Community Wellbeing non ring fenced	11.972	14.527		14.527

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Adult Frailty & Long Term Conditions	7.919	10.026		10.026

The financial position is driven by :-

- The Sustainability Fund provides financial support to all commissioned providers across adult social care (ASC). Through an open book approach, this fund has supported 170 ASC providers.
- Key costs relate to Personal Protective Equipment (PPE) usage, the social care workforce and the adult social care (ASC) environment. The majority of care home and home care providers will be able to procure their PPE through the recently introduced national process going forward. The funds access criteria is kept under regular review with changes agreed with LiNCA prior to implementation.

The movement in position relates to :-

- A continuation of the above financial support as a result of Covid-19 environment.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Adult Specialties	2.274	2.786		2.786

The financial position is driven by :-

- Costs incurred as a result of service users being unable to access services due to closure/shielding etc. Following individual needs assessments, service users have received changes to their packages of care. Each individual is regularly reviewed to understand on going need.
- A few small/ local providers have escalated financial hardship to the council as a result of non-payment of direct payment service user contributions. Whilst all providers were signposted to government schemes and, working together, redeploy staff where appropriate, approx. £0.068m has been paid to providers as one-off financial support.

The movement in position relates to :-

- A continuation of the above financial support as a result of Covid-19 environment.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Public Health & Wellbeing	1.779	1.779		
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>£0.63m costs incurred in the distribution of PPE and community equipment for service users</li> <li>£0.43m PPE costs incurred to date for use across council services / staff.</li> <li>£0.32m loss of income from the suspension of telecare charges to encourage increased use.</li> <li>£0.45m costs incurred in operating a 7 day a week covid response community hub during the emergency phase of the pandemic.</li> <li>£0.30m increased costs resulting from a delay in the procurement of housing related services.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>A continuation of the above financial support as a result of Covid-19 environment.</li> </ul>				

Covid Savings		
Directorate Summary	Savings	Savings £m
<b>Adult Care &amp; Community Wellbeing</b>		
Adult Frailty & LTC (inc.infrastructure)	Energy, Training, Stationery costs	0.052
Public Health and Wellbeing	Improvement initiative delay	0.060

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

Infection Control Grant	Current Spend £m	Forecast Outturn £m
Wave 1 Released 50% May / 50% July	10.423	10.423
Wave 2 Released 50% October / 50% December	3.534	8.949
	13.957	19.372
<p>This grant is to provide support to adult social care providers to reduce the rate of COVID-19 transmission within and between care settings. Wave 1 paid 76% (£7.9m) to residential providers and 24% (£2.5m) to community providers. Wave 2 grant received stipulates a further 60% (£5.4m) to residential providers, 20% (£1.7m) to community providers and 20% (£1.8m) to other care settings and IPC measures.</p>		

NHS Recharge, Accelerated Discharge	Current Spend £m	Forecast Outturn £m
Scheme 1 19Mar-31Aug : Scheme now closed	3.603	3.603

Scheme 2 1Sep-31Mar	2.103	2.633
Scheme 2 Designated Settings	0.271	0.694
CHC Assessment Backlog		0.220
	5.978	7.150

Scheme 1 saw the local authority take responsibility for commissioning both residential and home care placements following discharge from hospital, regardless of the individuals need being social or health.

Scheme 2 sees the restart of the continuing healthcare team and designated settings. Confirmed cost of designated settings is to be added to the scheme 2 recharge. This is at a cost of £849 per week per bed. 2 providers in place with up to 64beds for 6months.

CHC - A £50m allocation nationally to reduce the backlog resulting from the cessation of the CHC team during scheme 1. Confirmed forecast £0.220m cost of LCC sourced staff supporting the CHC backlog of assessments is to be added to the scheme 2 recharge.

This recharge runs to 31st March 2021.

Test and Trace	Current Spend £m	Forecast Outturn £m
To support expenditure incurred in relation to the mitigation against and management of local outbreaks of COVID-19.	0.817	3.069
<p>LCC have requested the Board to support an additional £0.055 costs above their £0.1m initial allocation. This relates to 2 IPC nurses. An additional £0.700m has been agreed to support district councils and LOEB in December agreed to provide financial support to providers for costs incurred for testing.</p>		
Outbreak Management	Current Spend £m	Forecast Outturn £m
To continue to support local authorities in their efforts to contain the spread of Covid-19	5.992	8.447
<p>Upper tier local authorities in Tier 3 will be eligible to receive funding of £4 per head of population per month, those in Tier 2 will be eligible to receive funding of £2 per head of population per month and those authorities in Tier 1 will not be eligible for monthly funding. LCC is forecast to receive a further £3,044,896 as a Tier local authority, £9,134,688 Nov-Dec20. Adults spend forecast to be £8.447m of this.</p>		

## Revenue Budget Monitoring Report - Place Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Place	7.566	13.909	250	14.159

The forecast outturn includes the expected additional pressure on the Highways Capital programme that has been forecast at £5.000m.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Communities	2.580	3.100	0	3.100

The financial position is driven by :-

- Loss of income from cultural and heritage sites due to closure and social distancing measures £1.457m.
- Household Waste Recycling Centres – additional staffing costs and loss of income from recyclable sales £0.087m.
- Waste – increased volume of household waste material being processed from District Councils kerbside collections due to people spending more time at home and increased packaging from on-line shopping £1.356m.

The movement in position relates to :-

- On-going assessment of the loss of income from cultural and heritage sites.
- Increases in the volume and cost of processing household waste collections.
- Inclusion of the new risk related to energy sales at the Energy from Waste (EfW) Plant.

### Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 –</i>	<ul style="list-style-type: none"> <li>• The Loss of income from the sale of electricity generated by the Energy from Waste Plant due to low demand from the grid causing prices to fall below the base case.</li> </ul>
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Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Growth	0.312	0.391	0.250	0.641
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• Cost of economic recovery plan, additional staffing costs and potential loss of rental income on business units.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• Reduction in the assessment of the likely cost of lost income on membership schemes, small projects to support economic sectors, and research/advice.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –		•		

Service Area	Current Spend £'000	Forecast Outturn £'000	Additional Risks £'000	Revised 2020-21 Forecast £'000
Highways	2.280	10.418	0	10.418
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• Implementation of covid-safe ways of working on capital schemes £6.600m. Additional cost risk reflects claims being considered on major projects.</li> <li>• Loss of income from suspension of parking enforcement and reduction in permitting activity £0.665m.</li> <li>• Loss of income from road works and fines £0.325m.</li> <li>• Loss of income from course fees for National Driver Offender Retraining Scheme £0.700m. Actual award may be reduced based on income budget.</li> <li>• Covid compensation events relating to highways maintenance contracts £1.152m.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• On-going assessment of resultant costs and income losses.</li> <li>• Further assessment of the impact on major capital projects.</li> <li>• Inclusion of a contingency sum for second wave.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –		• Increased infection rates resulting in loss of key workers and disruption to Capital projects.		

Covid Savings		
Directorate Summary	Savings Resulting from Covid	Savings £'000
<b>Place</b>		
Communities	Reduced contract payments to bus operators on suspended or reduced bus services. Savings in running costs from closure of cultural and heritage sites.	1,100
Lincolnshire Local Enterprise Partnership	No significant savings identified	0
Growth	Reduced staff travel and training	20
Highways	Reduced staff travel and training	150

### 2021/22 Emerging Costs

Emerging Costs Due to Covid		
Directorate Summary	Details of Cost	Amount £'000
<b>Place</b>		
Communities	Countryside (£191k and inc in above) Loss of income from EfW	
Growth	Agri Consultancy of up to £220k expected next year	
Highways	Capital project valuations as included under risk	

## Revenue Budget Monitoring Report - Fire and Rescue Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Fire and Rescue	0.315	0.505	0	0.505

The costs and changes to quarter 2 are detailed in the report below.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Fire and Rescue and Emergency Planning	0.315	0.505	0	0.505

The financial position is driven by :-

- Additional staffing costs to respond to the pandemic (£0.254m)
- The cost of personal protective equipment to allow staff to interact with our communities (£0.144m)
- The loss of income from commercial training (£0.079m)

The movement in position relates to :-

- Additional staffing costs to respond to the pandemic (£0.064m)
- The additional cost of personal protective equipment to allow staff to interact with our communities (£0.110m)

### Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 –</i>	<ul style="list-style-type: none"> <li>• Activity volume for retained firefighters is variable by nature for a demand led service but regular monitoring against predefined budget assumptions helps to identify the financial impact of such changes.</li> </ul>
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### Covid Savings

Directorate Summary	Savings Resulting from Covid	Savings £m
<b>Fire and Rescue</b>		
Fire and Rescue and Emergency Planning	Reduction in staff travel	0.025

## 2021-22 Emerging Costs

Emerging Cost Due to Covid		
Directorate Summary	Details of Cost	Amount £m
<b>Fire and Rescue</b>		
Fire and Rescue and Emergency Planning	The continuation of additional staff costs as required – estimated as £60k per month based as forecasts for January to March.	

## Revenue Budget Monitoring Report - Resources Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Resources	2.895m	3.657m	0	3.657m

The increase in cost is detailed contained in the report below.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Resources	2.895m	3.657m	0	3.657m

The financial position is driven by :-

- The additional costs of Business Support and HR staff covering additional Covid-19 related work (£0.253m)
- The potential increase in insurance claims resulting from Covid-19 (£0.050m)
- Loss of income from schools, academies, District Councils and internal charges by HR, Legal & Audit (£0.498m)
- The annual deficit (to income target) from the Purchase of Annual Leave scheme (£0.100m)
- The potential need to deal with excess deaths arising from the coronavirus (£2.024m)  
– This is capital spend
- Loss of income from celebratory ceremonies and Trading Standards work (£0.577m)
- Additional staffing costs and purchase of equipment to support essential activity (£0.155m)

The movement in position relates to :-

- The further reduction in work for schools, academies, District Councils and internal charges has become clearer as the pandemic draws on (£0.038m)
- The annual deficit (to income target) from the Purchase of Annual Leave scheme (£0.100m)
- The increases loss of income from celebratory ceremonies which have had to be cancelled (£0.075m)

### Key Financial Risks to Delivery and Mitigating Actions

<i>Trading Position of Legal Lincolnshire</i>	<ul style="list-style-type: none"> <li>• Ongoing monitoring of traded position and reporting to Legal Board</li> </ul>
<i>Mortuary costs and restrictions on ceremonies</i>	<ul style="list-style-type: none"> <li>• Further waves of the virus may result in an increase in the running costs of the temporary mortuary and in further restrictions being placed on ceremonies</li> </ul>

### Covid Savings

Directorate Summary	Savings Resulting from Covid	Savings £m
<b>Resources</b>		
Legal and Governance Services	Members travel expenses – less travel	0.072
Human Resources and Organisational Support	Occupational health Contract – reduction in referrals Reduction in travel costs Vacancies within service held back due to Covid	0.103 0.040 0.514
Finance	Reduction in travel costs	TBC
Public Protection	Reduced legal costs and travel expenses	0.143

## Revenue Budget Monitoring Report - Commercial Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Commercial	3.286	4.689	0	4.689

The current forecasts, costs and changes to quarter 2 are detailed in the report below.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Commercial	3.286	4.689		4.689

The financial position is driven by :-

- Re-direction of the Customer Service Centre to deal with Covid-19 issues (£0.567m)
- Additional project costs due to delays in the Business World transformation programme (£0.724m)
- Expected costs associated with the Smarter Working Programme (£1.100m). For the current year this includes both Property related expenditure and the cost of replacing desk-top devices with notebooks in order to facilitate agile working. Further expenditure on properties of £1.000m is expected in 2021/22.
- Assessing the impact of and actions required to reduce the demand for services within Adults and Children's particularly focusing on High Needs and Children in Care (£1.040m).
- Other Transformation projects (£0.165m)
- Maintaining hygiene measures and purchasing hygiene consumables, and preparing for excess deaths (£0.231m)
- Enabling homeworking capability for workforce, and extending current software licences (£0.715m)
- Loss of income from traded services to Schools (£0.015m)
- New post to oversee the Council's recovery from Covid-19 (£0.132m)

The movement in position relates to :-

- The inclusion of Smarter Working project costs.
- The reallocation of covid related spends previously expected to be funded by the Transformation Programme.

### Key Financial Risks to Delivery and Mitigating Actions

<i>Customer Service Centre Demand</i>	Through effective contract management and relationships
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Covid Savings		
Directorate Summary	Savings Resulting from Covid	Savings £m
<b>Commercial</b>		
Property	Utility costs across the wider estate are forecasted to be underspent following a detailed review in Q2 primarily due to covid closure (£240k).	0.240
Information Management Technology	Reduced training costs	0.100

## Revenue Budget Monitoring Report - Corporate Services Covid-19

Directorate Summary	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Corporate Services	0.158	0.230		

There are no significant new costs incurred this quarter, the details are shown below.

Service Area	Current Spend £m	Forecast Outturn £m	Additional Risks £m	Revised 2020-21 Forecast £m
Corporate Services	0.158	0.230		
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• This position is mainly driven by the local Member coronavirus grant scheme (£0.210m)</li> <li>• The need to communicate with the public on Covid-19 matters (£0.020m)</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• A small increase in printing and advertising used to communicate messages and information about council services during the pandemic (£0.008m).</li> </ul>				
<b>Key Financial Risks to Delivery and Mitigating Actions</b>				
<i>Key Risk 1 –</i>	<ul style="list-style-type: none"> <li>• None to report.</li> </ul>			

Covid Savings		
Directorate Summary	Savings Resulting from Covid	Savings £m
<b>Corporate Services</b>		
Corporate Services	Reduction in Corporate Communications expenditure due to cancellation of events	55

## 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	
<b>BUDGET SAVINGS</b>						
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		
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 in this area. This is due to the delay in implementing the new Youth Housing contract due to the pandemic. The new contract was intending to accommodate more complex individuals.  These circumstances will result in savings not being achieved in 2020/21. 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		LCC reablement provider changed service delivery to support increased volumes of hospital discharges as a result of covid19 accelerated discharge model introduce nationally. This and the continued demand has meant the planned savings have not been possible to implement. This loss of savings is captured against the Covid19 grant received therefore reporting financial position on target. Recurrent saving still planned.
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		
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		

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	
<b>BUDGET SAVINGS</b>						
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	Y		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. Recurrent saving still planned
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		
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 £1.890m 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. Savings identified on winter maintenance will be a challenge as we move into gritting season.
Place	Highways Asset Management	Increase in charges for skip and scaffold permits and a reduction in the scanner and scrim surveying contracts	35	Y		
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 in quarters 1 and 2 are down 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		
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		Costs for enabling homeworking capability for workforce, and extending current software licences are expected to be picked up by the Covid grant. 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.  The revised contract pricing model for the Serco contract and third party arrangements have resulted in increased costs.
Commercial	Commercial Management	Budget revision to meet current service requirements	104	Y		
Other Budgets	Commercial Discount	Reduction in contract payments	706	Y		
<b>TOTAL BUDGET SAVINGS</b>			<b>9,434</b>	<b>0</b>	<b>0</b>	

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	
<b>GROWTH IN INCOME</b>						
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		
Adult Care and Community Wellbeing	Adult Specialities	Increase in Direct Payment Refund income	250	Y		
Adult Care and Community Wellbeing	Adult Specialities	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	Y		Loss of income due to being unable to deliver planned audit work in Quarter 1 and 2 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		
<b>TOTAL GROWTH IN INCOME</b>			<b>5,508</b>	<b>0</b>	<b>0</b>	
<b>TOTAL REDUCTIONS TO BUDGET</b>			<b>14,942</b>	<b>0</b>	<b>0</b>	

## 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	Work on this is progressing and planned to be completed by end of 2020/21.
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 5 broadband connections being progressed. This is now complete and reserve will be drawdown in the next quarter.
Place	Highways	Drainage Investigation and Flood Repairs	200	Individual projects been agreed. Projects now commenced in Long Bennington and Timberland Chapel Lane. It is planned that this will span two years.
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	Discussions have taken place with potential providers and these are currently being evaluated prior to making a decision regarding implementation
	Reserves	Future Transformation & Covid-19 Recovery Plans	7,394	This programme will be reported separately
	Reserves	Development Fund Reserve balance still to be allocated	1,444	
<b>TOTAL DEVELOPMENT INITIATIVES</b>			<b>12,681</b>	

**Revenue**

<b>SERVICE FROM</b>	<b>SERVICE TO</b>	<b>REASON</b>	<b>Approved by</b>	<b>AMOUNT</b>
Adult Frailty & Long Term Conditions	Commercial	Movement of remaining budget from Adult Frailties (Mosaic Adults) to Commercial following creation of new structure	Executive Director for Adult Services	£0.029m
Public Health & Community Wellbeing	Commercial	Movement of budgets to account for additional 0.75% inflation for 20-21 from Public Health (Mosaic Technical) to Commercial following creation of new structure	Head of Public Health	£0.003m

**Capital**

<b>SERVICE FROM</b>	<b>SERVICE TO</b>	<b>REASON</b>	<b>Approved by</b>	<b>AMOUNT</b>
Property	Early Years & Childcare	Move Capital Budget From CP R&M to Children's Early Years for Bardney Playgroup	Head of Property Development	£0.090m
New developments Capital Contingency Fund	Castle Motte	Contribution towards programme of works to remove Lincoln Castle from the Heritage at Risk Register	Approved by S151 Officer in liaison with Executive Cllr for Resources and Communications	£0.370m
New developments Capital Contingency Fund	Holbeach Food Enterprise Zone	Contribution towards the South Lincolnshire Food Enterprise Zone (Holbeach FEZ)	Approved by S151 Officer in liaison with Executive Cllr for Resources and Communications	£3.400m

APPENDIX P

COVID-19 GRANT FUNDING PROVIDED TO LCC

	Value of Grant £	Grant Committed £	Forecast spend £
General Emergency Covid 19 - Tranche 1 (March 20)	21,469,119		
General Emergency Covid 19 - Tranche 2 (April 20)	13,998,459		
General Emergency Covid 19 - Tranche 3 (July 20)	4,831,235		
General Emergency Covid 19 - Tranche 4 (October 20)	4,209,769		
General Emergency Covid 19 - Tranche 5 (April 21)	15,158,732		
General Emergency Covid 19 - Total	59,667,314	36,752,000	59,667,314
SFC - Loss of Income Grant	1,506,000	1,506,000	4,200,000
DEFRA Hardship fund (majority to be utilised by AUG)	823,984	823,312	823,984
Infection Control Phase 1	10,458,485	10,423,007	10,423,007
Infection Control Phase 2	8,949,210	7,225,633	8,949,210
Test and Trace	3,069,554	1,568,994	3,069,554
Clinically extremely Vulnerable support	456,800	456,800	456,800
School Transport - autumn term	1,142,993	761,799	1,142,993
Covid Winter Grant Support for Families	2,223,450	tba	tba
Contain Outbreak Management Fund	6,089,792	tba	tba
Extended Contain Outbreak Management Fund	3,044,896	10,678,311	tba
Care Home Testing Grant	2,615,897	2,615,897	2,615,897
Adult Social Care Workforce Grant	1,683,975	-	tba
Covid 19 Increasing Bus Service Provision (CBSSG and CBSSG restart)	798,656	tba	798,656
Accelerated Discharge Phase1	National Pot (not allocated)	3,603,867	3,603,867
Accelerated Discharge Phase2	National Pot (not allocated)	2,632,900	2,632,900
		693,512	693,512
		220,000	220,000
Partners in Practice	156,390	tba	156,390