

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

Report to:	Executive
Date:	07 September 2021
Subject:	Revenue Budget Monitoring Report 2021/22 - Quarter 1 to 30 June 2021
Decision Reference:	I022127
Key decision?	No

Summary:

- This report provides an update on revenue spending compared with budgets for the financial year which started on 01 April 2021.
- The tables in this report show the actual income and expenditure for the first three months of this financial year to 30 June 2021, along with the forecasts for spending and a comparison of the forecasts against the approved budgets for the year.
- The report gives an overview of the financial position, with more detailed information on each budget area provided in Appendices B to J. The financial impacts of Covid-19 for each service area are included in these appendices but are not included in the Overall Financial Position.
- The overall revenue position is that we are forecasting an underspend this year of **£1.194m** (excluding schools and Covid-19).
- We are estimating that our forecasted Covid-19 position may not be contained within the Government's emergency grant we have received. We are forecasting an overall deficit of **£5.897m**. We will continue to monitor our forecasted spend on Covid-19 as the year progresses.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%.
- 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 1.22.

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 30 June 2021, and projected outturns for 2021/22, 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 30 June 2021.

	Revised Net Revenue Budget £m	Forecast Outturn £m	Forecast (Under) / Overspend £m
Children's Services	122.152	122.092	-0.060
Adult Care and Community Wellbeing	149.218	148.064	-1.154
Place	74.490	74.990	0.501
Fire and Rescue and Emergency Planning	21.694	21.783	0.090
Resources	27.943	27.647	-0.296
Commercial	39.322	38.899	-0.424
Corporate Services	2.956	2.759	-0.197
Other Budgets	67.719	68.066	0.347
Total movement of Reserves	-5.979	-5.979	0.000
Income	-505.448	-505.448	0.000
Total Excluding schools	-5.933	-7.128	-1.194
School Budgets	5.933	5.719	-0.214
Total	0.000	-1.408	-1.408

- 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 may affect the above position. It is anticipated however that any deficit will be managed within the capital programme in the first instance.

Key Issues Highlighted – "Business As Usual"

- 1.4 The overall revenue position is that we are forecasting an underspend of £1.194m (excluding schools and Covid-19). Within this figure the most significant variances are:
- 1.5 Children's Services is not forecasting an overall variance, however one-off funding and general forecasted service underspends are offsetting the overspends in Children in Care budgets, which are continuing to be a challenge due to their demand-led nature. These budgets continue to be monitored closely.
- 1.6 Adult Care and Community Wellbeing is forecasting an underspend of £1.154m. Of this, £1.188m arises within Public Health and Wellbeing relating to the redeployment of existing workforce and commissioned services in order to meet the needs of the population as we both respond and emerge from the Covid-19 pandemic. More detailed information can be found in Appendix C.
- 1.7 Place is forecasting an overspend of £0.501m. Of this, £0.382m arises within Communities from a number of factors affecting the Waste service: fluctuations in the market prices for recyclable materials, an increase in landfill tonnage due to outages at the Energy from Waste plant, uncertainty in the volume of green waste during the peak growing season, the cost of fly tipping disposal, the effects of the Household Waste Recycling Centres (HWRCs) booking system and the disposal costs from the HWRCs. More detailed information can be found in Appendix D.
- 1.8 Future funding of Local Enterprise Partnerships (LEPs) is currently being considered as part of the Spending Review and Levelling Up White Paper, and in the meanwhile the Government has only committed core LEP funding up to September 2021. There is a potential risk of an overspend if further funding is not provided, however, no overspend has been included in this report at this point. This situation will be kept under review.
- 1.9 Within Resources, Financial Services are forecasting to underspend by £0.273m. This is due to delays in the "Gross versus Net" Adult Care charging review to be implemented as part of the Corporate Services Support Contract which was originally budgeted for an April 2021 start. More detailed information can be found in Appendix F.
- 1.10 Within Commercial, the Customer Service Centre (CSC) is forecasting to underspend by £0.359m as a result of a reduction in public contacts compared to budgeted volumes. More detailed information can be found in Appendix G.
- 1.11 Within Other Budgets, increasing insurance premium costs are likely to lead to an overspend of £0.371m this year. Early indications are that this position is likely to continue into future years when the insurance contract is retendered. There is also a forecast underspend on capital financing charges of **£1.250m**; this is excluded from this forecast position at this stage. It is planned that any 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 at the end of the year. More detailed information can be found in Appendix J.

- 1.12 The overall Schools budget from the Dedicated Schools Grant is underspent by £0.214m across the four blocks, which involve demand-led budget, particularly in the areas of early years and high needs. More detailed information can be found in Appendix I.

Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic

- 1.13 Appendix K provides a table showing the forecast expenditure and losses of income arising from the impacts of the coronavirus (Covid-19) pandemic as at 30 June 2021.
- 1.14 The overall position is that we forecast an overspend of £5.897m.
- 1.15 The Council is not expecting any further general Covid-19 grant nor Loss of Sales Fees and Charges Income grant from the Government other than that received for Quarter 1 expenditure. The consequence of this is that the Council will need to manage the £5.897m deficit within its existing budgets.
- 1.16 Included in the £5.987m deficit is £7.587m allocated to the increased cost of capital schemes arising due to the pandemic. It is possible for this amount to be managed within the capital programme by deferring other capital schemes so that the overall Covid-19 deficit is removed.
- 1.17 Further details of Covid-19 expenditure and losses for each service area can be found in Appendices B to J.

Progress on Achievement of Budget Savings

- 1.18 Appendix L shows the savings built into the 2021/22 budget as part of the last budget process and indicates, for each saving, whether or not it is expected to be achieved this year. The list includes both budgetary savings on costs and budgeted increases in income. Appendix L shows that all budget savings are on target to be delivered this year.

Progress on Development Fund Initiatives

- 1.19 Appendix M shows a list of initiatives where the revenue costs are to be funded by the Development Fund earmarked reserve. Progress on each of these initiatives is reported in the appendix. Expenditure on Development Fund initiatives was £5.560m in 2020/21 and £3.160m is planned to be spent in the current year.

Assessment of Impact on Financial Resilience

1.20 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. The direct impact of the Covid-19 pandemic is ongoing and this will require careful monitoring and managing to ensure any impact is minimised.

1.21 We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%. If 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.

If the position changes to an overspend then some reserve will be needed to be used. The balance of the Financial Volatility Reserve currently stands at £40.683m.

1.22 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 the 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; and 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

1.23 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 1 can be found Appendix N.

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 £1.194m (excluding Schools and forecast Covid-19 deficit).
- 3.2 Also excluded from the overall forecast is a £1.250m 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.
- 3.3 The Council's overall forecast position for Covid-19 related expenditure and losses is a £5.897m deficit.

4. Legal Comments:

This report sets out an update on spending, including spending relating to Covid-19, as at 30 June 2021 compared with the revenue budget for the financial year starting on 1 April 2021 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?

Not Applicable

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 26 August 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. Background Papers

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2021/22 as at 30 June 2021
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue and Emergency Planning
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 2021/22 as at 30 June 2021
Appendix L	Monitoring of Planned Savings 2021/22
Appendix M	Monitoring of Development Fund Initiatives 2021/22
Appendix N	Approved Budget Virements 2021/22 as at 30 June 2021
Appendix O	Covid-19 Grant Funding provided to LCC

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 2021/22	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?Clid=120&Mid=5729
Budget Book 2021/22	https://www.lincolnshire.gov.uk/downloads/file/5104/budget-book-2021-22

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Revenue Budget Monitoring Report 2021/22 as at 30 June 2021

	Revised Net Revenue Budget £m	Net Expenditure £m	Year End Variance £m	Forecast Variance £m	Forecast Variance %
SERVICE DELIVERY					
Children's Social Care	76.910	17.332	77.571	0.661	0.9
Children's Education	45.242	5.320	44.521	(0.721)	(1.6)
Children's Services	122.152	22.652	122.092	(0.060)	(0.0)
Adult Frailty & Long Term Conditions	120.026	10.711	120.313	0.288	0.2
Adult Specialities	86.351	22.312	86.097	(0.254)	(0.3)
Public Health and Community Wellbeing	28.622	4.294	27.434	(1.188)	(4.2)
Public Health Grant Income	(33.546)	(8.474)	(33.546)	0.000	0.0
Better Care Funding	(52.233)	(8.312)	(52.233)	0.000	0.0
Adult Care and Community Wellbeing	149.218	20.531	148.064	(1.154)	(0.8)
Communities	47.931	10.492	48.313	0.382	0.8
Lincolnshire Local Enterprise Partnership	0.344	(12.346)	0.344	0.000	0.0
Growth	2.289	5.262	2.289	(0.000)	(0.0)
Highways	23.926	(5.625)	24.045	0.118	0.5
Place	74.490	(2.217)	74.990	0.501	0.7
Fire & Rescue	21.369	5.621	21.459	0.090	0.4
Emergency Planning	0.324	(0.133)	0.324	0.000	0.0
Fire and Rescue and Emergency Planning	21.694	5.488	21.783	0.090	0.4
Human Resources and Organisational Support	14.050	5.227	14.115	0.065	0.5
Finance	7.332	1.222	6.968	(0.364)	(5.0)
Legal and Governance Services	2.072	1.911	2.223	0.151	7.3
Public Protection	4.489	(0.765)	4.341	(0.147)	(3.3)
Resources	27.943	7.595	27.647	(0.296)	(1.1)
Property	11.130	4.061	11.004	(0.125)	(1.1)
Information Management Technology	14.613	3.748	14.837	0.224	1.5
Transformation	4.830	1.501	4.667	(0.163)	(3.4)
Commercial	8.749	2.492	8.390	(0.359)	(4.1)
Commercial	39.322	11.801	38.899	(0.424)	(1.1)
Corporate Services	2.956	0.678	2.759	(0.197)	(6.7)
Corporate Services	2.956	0.678	2.759	(0.197)	(6.7)
TOTAL SERVICE DELIVERY	437.775	66.528	436.234	(1.541)	(0.4)
OTHER BUDGETS					
Contingency	3.000	0.000	3.000	0.000	0.0
Capital Financing Charges	41.733	0.405	41.733	0.000	0.0
Other	22.987	4.749	23.333	0.346	1.5
TOTAL OTHER BUDGETS	67.719	5.154	68.066	0.347	0.5
TOTAL NET EXPENDITURE (EXC SCHOOLS)	505.494	71.682	504.299	(1.194)	(0.2)
MOVEMENT OF RESERVES					
Transfer to/from Earmarked Reserves	2.430	(0.009)	2.430	0.000	0.0
Contribution to/from School Reserves	(8.609)	(8.609)	(8.609)	0.000	0.0
Contribution to Development Fund	0.000	2.439	0.000	0.000	0.0
Transfer to/from General Reserves	0.200	0.200	0.200	0.000	0.0
TOTAL MOVEMENT OF RESERVES	(5.979)	(5.979)	(5.979)	0.000	0.0
MET FROM:					
Business Rates local Retention	(120.825)	(29.127)	(120.825)	0.000	0.0
Revenue Support Grant	(20.580)	(3.704)	(20.580)	0.000	0.0
Other Non Specific Grants	(44.416)	(29.278)	(44.416)	0.000	0.0
County Precept	(319.626)	(63.310)	(319.626)	0.000	(0.0)
TOTAL MET FROM	(505.448)	(125.419)	(505.448)	0.000	(0.0)
TOTAL (EXCLUDING SCHOOLS)	(5.933)	(59.717)	(7.128)	(1.194)	
SCHOOL BUDGETS					
Schools Block	140.244	29.502	140.557	0.313	0.2
High Needs Block	84.975	19.597	85.204	0.229	0.3
Central School Services Block	3.745	(0.137)	3.110	(0.635)	(17.0)
Early Years Block	42.431	11.240	42.310	(0.120)	(0.3)
Dedicated Schools Grant	(272.831)	(76.393)	(272.831)	0.000	0.0
Schools Budget (Other Funding)	7.369	2.159	7.369	(0.000)	(0.0)
TOTAL SCHOOLS BUDGETS	5.933	(14.032)	5.719	(0.214)	96.4
TOTAL (INCLUDING SCHOOLS)	0.000	(73.748)	(1.408)	(1.408)	

Children's Services

Financial Position 1st April – 30th June 2021

Children's Service Directorate

Forecast Financial Position as at 30 June 2021

Position

Children's Services is forecasting a 2021/22 spend of £122.092m against a budget of £122.152m. This is a forecast underspend of £0.060m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Children's Education	45.242	44.521	(0.721)
Children's Social Care	76.910	77.571	0.661
Children's Services	122.152	122.092	(0.060)

Children's Services

Education

- Home to School Transport is currently forecast to be on target following the re-base in budget for 2021/22. The forecast at this stage in the financial year is always difficult to predict until the new academic year cohort eligibility becomes clearer. The budget is subject to many external factors that will influence the final year-end spend. The monthly monitoring of this particular budget will continue to be in place.
- An underspend within Special Educational Needs & Disabilities (SEND) of £0.490m (or 6.4%). The majority of this relates to an underspend on Children with Disabilities staffing (£0.193m or 12.1%) as a result of staff vacancies and maternity leave. The Domiciliary Care contract is also underspent (£0.188m or 40.3%) from parents not wanting carer support in their home due to the impact of Covid-19 in the first quarter.
- There are further underspends relating to central staffing costs (£0.125m or 3.8%) from vacancies and staff movement; in addition to other minor underspends.
- The forecasts include a total of £0.369m of costs to be claimed from the general Covid-19 grant, and £0.320m of costs which will be claimed against the Outbreak Management Grant.

Social Care

- An increased need for children in care requiring specialist placements has identified a material forecast overspend (£1.024m or 15.4%) relating to residential placements. Contributing factors include: an increase in looked after children numbers (690 at the end of July 2021); and a higher placement composition in more specialist external placements that have a significantly greater unit cost, including market force challenges. Included within the forecast is the general Covid-19 grant financial support to 20 live placements

(£4.303m). Children's Services 1% carry forward (£1.136m) from 2020/21 is being used to offset the children in care placements overspend. The financial position of this statutory requirement does fluctuate due to the demand-led nature of the service. There continues to be a robust monthly review by panel of placements with all additional costs under scrutiny. The forecast considers the transformational activity taking place within the service.

- Social care legal costs continue to be higher than the budget due to the complexity of cases, the need for expert opinions and the use of counsel. It is forecast to overspend by £1.055m (or 39.6%). Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings. There is on-going work to supporting progression with pre-proceedings and protocols are in place to support this.
- There are underspends relating to the staffing vacancies for the 0-19 health service (£0.192m or 1.8%), and early help (£0.411m or 3.9%). Both services are county wide, and ongoing recruitment continues to take place.
- The forecasts include a total of £4.792m of costs to be claimed from the general Covid-19 grant to meet additional legacy costs, and £0.133m of costs which will be claimed against the Outbreak Management Grant.

Adult Care and Community Wellbeing

Financial Position 1st April – 30th June 2021

Adult Care and Community Wellbeing

Forecast Financial Position as at 30 June 2021

Position

Adult Care and Community Wellbeing (ACCW) is forecasting a 2021-22 spend of £148.049m (£292.982m gross) against a budget of £149.203m (£291.696m gross). This is a forecast underspend of £1.154m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Adult Frailty & Long Term Conditions	120.026	120.314	0.288
Adult Specialties	86.335	86.081	(0.254)
Public Health & Community Wellbeing	28.621	27.433	(1.188)
Public Health Grant	(33.546)	(33.546)	0.000
Better Care Fund	(52.233)	(52.233)	0.000
Adult Care & Community Wellbeing	149.203	148.049	(1.154)

Public Health and Wellbeing

Public Health and Wellbeing is forecasting a £1.188m underspend. The underspend is delivered through the redeployment of existing workforce and commissioned services in order to meet the needs of the population as we both respond and emerge from the Covid-19 pandemic.

Place

Financial Position 1st April – 30th June 2021

Place

Forecast Financial Position as at 30 June 2021

Position

At the end of the first quarter, Place is forecasting a 2021-22 spend of £74.990m against a budget of £74.490m. This is a forecast overspend of £0.500m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Highways	23.926	24.044	0.118
Communities	47.931	48.313	0.382
Greater Lincolnshire LEP	0.344	0.344	0.000
Growth	2.289	2.289	0.000
Place	74.490	74.990	0.500

Highways

Highways is forecasting an overspend of £0.118m. This is largely due to "pain" on the revenue element of the term maintenance contract which will be managed and updated as the year progresses. Offsetting this are smaller underspends due to income from Traffic Regulation Orders being better than budget and staff vacancies running slightly higher than the level assumed in the budget.

Although not currently included in the above forecast figures, there is significant risk to the Winter Maintenance budget driven by weather conditions and therefore outside the direct control of the service. The budget is based on providing coverage for an assumed "average winter" consisting of 63 gritting runs and at this early stage of the year 10 runs have already been completed due to unusually cold conditions in April and May.

Communities

Communities is forecasting an overspend of £0.382m. This arises from a number of factors affecting the Waste service: fluctuations in the market prices for recyclable materials, an increase in landfill tonnage due to outages at the Energy from Waste plant, uncertainty in the volume of green waste during the peak growing season, the cost of fly tipping disposal, the effects of the Household Waste Recycling Centres (HWRCs) booking system and the disposal costs from the HWRCs. Some of these effects and the increased volume of waste being disposed of are attributable to behavioural changes resulting from the pandemic and as such are to be funded by Covid grant but this still leaves a projected overspend of £0.382m.

Greater Lincolnshire LEP

The Greater Lincolnshire LEP budget, which represents the Council's annual revenue contribution to the LEP, is currently forecast to be in line with budget. Future funding of LEPs is currently being considered as part of the Spending Review and Levelling Up White Paper and in the meanwhile the Government has only committed core LEP funding up to September 2021.

Growth

Growth is currently forecast to be in line with budget. This is however based on the assumption that the conclusion of activity commissioned to support development of the Local Transport Plan will be funded by the underspend carried forward from 2020/21. Without this funding an overspend of £0.150m is likely.

Fire and Rescue and Emergency Planning

Financial Position 1st April – 30th June 2021

Fire and Rescue and Emergency Planning

Forecast Financial Position as at 30 June 2021

Position

At the end of the first quarter, Fire and Rescue and Emergency Planning is forecasting a 2021-22 spend of £21.783m against a budget of £21.693m. This is a forecast overspend of £0.090m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Fire & Rescue	21.369	21.459	0.090
Emergency Planning	0.324	0.324	0.000
Fire & EP	21.693	21.783	0.090

This is due to the cost of covering long term sickness (£0.127m) offset by a number of small underspends within service.

The cost of Wholetime firefighter recruitment training can be funded in year by the allocation of underspend budgets from the previous financial year as agreed by the Executive.

A cost pressure for longer term funding, to support the ongoing challenge of recruitment and initial training, forms part of the services medium term finance plan submission as part of the budget setting process.

Resources

Financial Position 1st April – 30th June 2021

Resources

Forecast Financial Position as at 30 June 2021

Position

At the end of the first quarter, Resources is forecasting a 2021-22 spend of £27.647m against a budget of £27.943m. This is a forecast underspend of £0.296m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Organisational Support	14.050	14.115	0.065
Finance	7.332	6.968	(0.364)
Legal and Governance Services	2.072	2.223	0.151
Public Protection	4.489	4.341	(0.148)
Resources	27.943	27.647	(0.296)

Organisational Support (£0.065m overspend)

Human Resources is forecasting an overspend of £0.065m due to expected work required as a result of a recent pension review (known as the McCloud judgement).

Finance (£0.364m underspend)

Financial Services is forecasting to underspend by £0.273m. This is due to delays in the "Gross versus Net" Adult Care charging review to be implemented as part of the Corporate Services Support Contract which was originally budgeted for an April 2021 start.

Corporate Audit and Risk Management service is currently projecting a £0.090m underspend.

This is as a result of three vacancies (currently out for recruitment and securing additional audit resources). The service is in the process of reviewing resource requirements to deliver our Audit and Counter Fraud delivery plans and securing additional resources.

Governance (£0.151m overspend)

The total cost of the recent local elections was £0.801m.

A base budget totalling £0.300m per annum was introduced in 2020/21 as part of a rolling budget that, over a four year cycle, will cover the expected total cost of elections. The Executive approved the £0.300m that was not required in 2020/21 to be added to an earmarked reserve making the total funding currently available £0.600m.

The remaining shortfall (£0.201m) can be funded from overall underspends within the Resources Directorate.

This is partially offset by reduced member mileage costs and vacancies which are being managed throughout the year (£0.050m).

Public Protection (£0.147m underspend)

This is reflective of additional grant income for Domestic Abuse carried forward from the previous financial year and staff vacancies within Trading Standards which are currently being recruited to.

Commercial

Financial Position 1st April – 30th June 2021

Commercial

Forecast Financial Position as at 30 June 2021

Position

At the end of the first quarter, Commercial is forecasting a 2021-22 spend of £38.898m against a budget of £39.322m. This is a forecast underspend of £0.424m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Property	11.130	11.004	(0.126)
Information Management Technology	14.613	14.837	0.224
Transformation	4.830	4.667	(0.163)
Commercial	8.749	8.390	(0.359)
Commercial	39.322	38.898	(0.424)

Corporate Property (£0.125m underspend)

Projected utility costs are estimated to be £0.100m below budget based on current usage and expected occupation levels at council sites. This figure is subject to change dependent on occupation levels as the Council returns to a blended working approach and will remain under constant review.

County Farms will underspend by £0.100m following the removal of the remaining Crown estate rents initiated in the previous financial year. This saving has been identified in the service review as part of the medium term plan.

These are offset by overspends relating to the additional costs for the council element of running costs for the South Park Blue Light centre (£0.055m) and management costs for the Grantham traveller site which has transferred from South Kesteven District Council (SKDC) to the Council (£0.020m). Each of these pressures is reflected in the medium term financial plan and will form part of the future budget setting discussions.

Information Management Technology (£0.224m overspend)

Supporting an agile, predominantly home working organisation, during the pandemic, has been successful, although this has led to additional technology cost. Most of this has been funded by central Government's Covid grant and support from reserves, but ongoing delivery costs will be considered within the Medium Term Financial Plan (MTFP).

Without this support the service would be reporting an overspend closer to £1.000m.

There are currently a number of unfilled vacancies accounting for £0.195m and lower contract costs based on Quarter 1 data volumes on our outsourced contract of £0.180m.

In addition there is an increase in cost of £0.200m relating to the Council's arrangements with Microsoft in supporting the wider Office 365 portfolio as we enable more flexible and smarter working arrangements.

These and other pressures are being considered as part of a zero based budget review during the summer to determine a steady state budgetary IMT revenue requirement as the overall IMT strategy considers how to deliver services for the Council into the medium term.

Transformation (£0.163m underspend)

The underspend is in relation to current and known future staffing vacancies across the service and through charging staff time to the Covid grant to deal with appropriate Covid related pressures, although this is off-setting a short term staff funding pressure (£0.183m) to manage key service priorities.

Commercial (£0.359m underspend)

This relates to the Customer Service Centre (CSC).

The CSC underspend is as a result of a reduction in public contacts compared to budgeted volumes.

There is a risk that expenditure may rise due to uncertainty in post-Covid volumes. The service will continue to closely monitor costs throughout the year.

Corporate Services

Financial Position 1st April – 30th June 2021

Corporate Services

Forecast Financial Position as at 30 June 2021

Position

At the end of the first quarter, Corporate Services is forecasting a 2021-22 spend of £2.759m against a budget of £2.956m. This is a forecast underspend of £0.197m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Corporate Services	2.956	2.759	(0.197)
Corporate Services	2.956	2.759	(0.197)

There have been a number of staff vacancies resulting in an underspend of £0.159m.

The 2021 Lincolnshire Show was cancelled resulting in reduced costs of £0.038m.

Schools

Financial Position 1st April – 30th June 2021

Schools

Forecast Financial Position as at 30 June 2021

Position

Schools are forecasting a 2021/22 net spend of £5.720m against a net budget of £5.933m. This is a forecast net underspend of £0.213m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m
Schools Block	140.244	140.557	0.313
High Needs Block	84.975	85.204	0.229
Central School Services Block	3.745	3.110	(0.635)
Early Years Block	42.431	42.311	(0.120)
Dedicated Schools Grant	(272.831)	(272.831)	0.000
Schools Other Funding	7.369	7.369	0.000
Schools	5.933	5.720	(0.213)

Schools

Central School Services Block

- The majority of the underspend relates to formulaic funding received from central Government for on-going responsibilities for maintained schools and academies. The increased funding is being considered by the service. Further underspends relate to historical budgets such as PFI funding and Broadband costs. These budgets have been set prudently this year as the Department for Education will be reducing these budgets by 20% in 2022/23.

Early Years Block

- Minor underspends on central staffing (£0.097m) due to delays in the recruitment process and the quality improvement budget (£0.023m) which have been significantly impacted upon by the Covid-19 restrictions.
- The participation budgets are currently shown as being on target. This is a volatile, demand-led budget that has been significantly impacted by Covid-19. The Department for Education has recognised that this year's census data might not be representative of attendance using January census data and as a result are funding Local Authorities using termly data.

High Needs Block

- The forecast for Non-Maintained Schools placements, independent mainstream placements and mainstream placements in other local authority schools are

showing an overspend (£0.724m). This is due to an increasing demand for those pupils with complex needs and the demand and shortage of places in special schools. Going forward this will be addressed through the major programme of capital investment to increase the capacity of special school places within the county.

- The SEND pressure above has been offset by underspends on Home Tuition (£0.205m), Learners with Learning Difficulties and Disabilities (£0.119m) and other smaller underspends on central SEN support services (£0.171m).

Schools Block

- It has been assumed that School budgets will be fully spent for the purposes of this report. School delegated budgets (under and overspends) are automatically carried forward in accordance with grant conditions and the Local Authority's school carry forward policy.
- Pupil growth is forecasting a £0.308m overspend. This relates to allocations in accordance with the policy for agreed school reorganisations (both existing and new) to provide sufficient school places for Lincolnshire pupils.

Other Budgets

Financial Position 1st April – 30th June 2021

Other Budgets

Forecast Financial Position as at 30 June 2021

Position

Other Budgets is forecasting a 2021-22 spend of £66.815m against a budget of £67.719m. This is a forecast underspend of £0.904m.

	Latest Budget £m	Forecast Outturn £m	Forecast Variance £m
Contingency	3.000	3.000	0.000
Capital Financing	41.733	40.483	-1.250
Other Budgets	22.987	23.333	0.346
Other Budgets	67.719	66.815	-0.904

Capital Financing

The Capital Financing forecast variance (underspend) is -£1.250m.

This underspend relates to the Minimum Revenue Provision part of capital financing charges, which is the amount set aside annually to finance the capital programme. The forecast underspend is as a result of the capital programme outturn position in 2020/21, which was an underspend against the programme. Work is currently in progress to re-phase the current year capital programme. Following this we will be in a position to recalculate this year's borrowing requirement and forecast the budgetary position relating to interest on borrowing.

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 at the end of the year.

Other Budgets

Within Other Budgets there is a total forecast variance (overspend) of +£0.346m which is driven by:

- Insurance. Increasing insurance premium costs are likely to lead to an overspend of £0.371m this year. Early indications are that this position is likely to continue into future years when the insurance contract is retendered.
- Council Tax Discount for Special Constables. The new budget set aside to pay for our share of Special Constables council tax discount scheme is not likely to be required this year as the scheme will be implemented retrospectively after the end of the financial year i.e. for the first time in 2022/23. This has led to an underspend this year of £0.025m.

Summary of Financial Impact of Covid-19 2021/22 as at 30 June 2021

Covid-19 Costs and Losses - Actual To Date and Forecast Against Emergency Grant as at 30 June 2021			
	Estimate for Q1 2021/22 £000's	Estimate for Q2 2021/22 £000's	Estimate for FY 2021/22 £000's
<u>Adult Care and Community Wellbeing</u>			
Adult Frailty & Long Term Conditions	932	330	1,964
Adult Specialties	399	424	1,640
Public Health	0	0	0
Total ACCW	1,331	753	3,604
<u>Children's Services</u>			
Children's Social Care	1,546	1,952	4,738
Children's Education	165	153	366
Total Children's	1,711	2,105	5,104
<u>Place</u>			
Communities	203	609	1,990
Lincolnshire LEP	0	0	0
Growth	0	0	0
Highways	0	0	0
Total Place	203	609	1,990
Fire and Rescue & Emergency Planning	89	21	110
<u>Resources</u>			
Public Protection	31	37	115
Resources	31	37	115
<u>Commercial</u>			
Commercial	1,336	995	4,618
<u>Corporate Services</u>			
Corporate Services	0	0	0
<u>Other Budgets</u>			
Other Budgets	0	0	0
Capital Expenditure	391	1,083	7,587
Other Budgets	391	1,083	7,587
Total Costs and Losses (excl Schools)	5,092	5,604	23,128
<u>Schools</u>			
Schools	0	0	0
Total Costs and Losses (Incl Schools)	5,092	5,604	23,128
Covid-19 Emergency Grant			-15,159
Lost SFC income grant (estimated)			0
Carry forwards			-2,072
Total estimated income			-17,231
Surplus / (Deficit)			-5,897

Monitoring of Planned Savings 2021/22

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
BUDGET SAVINGS						
Children's Services	Education Support Services	Budget Reductions to meet service requirements	1	Y		
Children's Services	Early Help Services	Budget Reductions to meet service requirements	1	Y		
Adult Care and Community Wellbeing	Budget 2020 - Three year savings programme	Cost reduction following online financial assessments and reduction of staffing as part of corporate transformation programme	100	Y		
Adult Care and Community Wellbeing	Adult Charging	Growth in Service user contributions which net off cost pressures in Homecare, Direct Payments and Daycare	1,801	Y		
Adult Care and Community Wellbeing	Residential/Nursing Placements	Investment in Extra Care Housing to reduce Long Term Placements	160	Y		
Adult Care and Community Wellbeing	Direct Payments	Improvement in Direct Payments reclaim of surplus funds from 88% to 94%	300	Y		
Adult Care and Community Wellbeing	Debt Collection Efficiencies	Reduction In Legal fees due to improved Debt Collection	100	Y		
Adult Care and Community Wellbeing	Peak Demand Efficiencies	Re-direction for funding to support services in core and mandatory services	400	Y		
Adult Care and Community Wellbeing	Review of Better Care Funded Schemes	Redirect funding to support services pressures in core, mandatory services	490	Y		
Adult Care and Community Wellbeing	Savings following contract reprocurement	Budget Reductions to meet service requirements	500	Y		
Adult Care and Community Wellbeing	Review of BCF Schemes	Review of BCF schemes redirecting funding to support service	192	Y		
Place	Highways Services	Saving on the lease cost of winter gritters	159	Y		
Resources	Community Safety	In anticipation of central government funding for new burden activities relating to Domestic Abuse	98	Y		
Resources	Reduction in printing	A reduction in costs following a contractual review	57	Y		
Commercial	Reduction in outgoing rents	A reduction in county farms rents payable	150	Y		

			Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
Directorate	Service Area	Saving Information *	Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
BUDGET SAVINGS						
Commercial	Reduction in general property costs	A general reduction in property costs	85	Y		
Other Budgets		Implementation of capital financing savings	4,362	Y		
Other Budgets		Removal of revenue contribution in financing the capital programme	1,100	Y		
Other Budgets		Reduction in pension liabilities due to attrition rate	100	Y		
TOTAL BUDGET SAVINGS			10,157	0	0	
			Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
Directorate	Service Area	Saving Information *	Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
GROWTH IN INCOME						
Adult Care and Community Wellbeing	Adult Charging	Additional Service user income Residential	1,500	Y		Service User income Savings - Currently at end of Qtr 1 - all are deliverable, however ACCW have rated Service user income as high risk budgets, and have implemented additional monitoring as a result. This is highlighting a potential for income levels to fall below the 2021/22 budget, however further work is underway to confirm the extent of the pressure
Resources	Registration Income	The realignment of target income to the level achieved in 19/20	108	Y		
Resources	Audit Services Income	Planned additional income from the continued development of Audit services to partner organisations	15	Y		
Resources	Finance services to Schools	An increase in the level of income from Schools	20	Y		
Resources	HR Services to Schools	Proposed income from the continued development of a suite of HR services to Schools	91	Y		
Other Budgets		Increase in dividend relating to investment	6	Y		
TOTAL GROWTH IN INCOME			1,740	0	0	
TOTAL REDUCTIONS TO BUDGET			11,897	0	0	

APPENDIX M

Monitoring of Development Fund Initiatives 2021/22

DEVELOPMENT FUND PROJECTS							
Directorate	Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised in 2020/21 £000's	Planned Use of Funding		Update on Progress
					2021/22 £000's	Future Years £000's	
REVENUE							
Place	Environment	Green Masterplan	350	34	276	40	Green Masterplan approved, GMP Website developed, Lincolnshire Carbon Tool – with Bio Regional and Etude developed (this measures the carbon emissions from the whole economy in Lincolnshire). Zero Carbon Castle project commenced with the Castle and Delta Simons to examine how a zero carbon tourist attraction can be developed (this can then provide a model for other tourism sites in the county). LED Street-Lighting – on going process of conversion of street lights to LED lamps funded through the Salix Fund.
Place	Communities	Anaerobic digestion Facilities - Business Case Viability	150	12	138		Study has been commissioned to examine whether Anaerobic Digestion is the preferred solution to treat municipal food waste. The final report is expected in Summer 2021 which will enable a detailed Technical Options Appraisal to be undertaken and development of an Outline Business Case by late 2021.
Place	Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	484	735	1,494	This funding is being utilised in addition to the annual budget of c£580k (which is utilised in developing majors projects to a point where capital funds are secured) to enable the delivery of Highways traffic models and transport strategies and a pipeline of Economic Development schemes to bid against emerging government funding opportunities . In 2020/21 all the planned traffic models and transport strategies were completed and in the current year the delivery of transport strategies for Grantham, Skegness, Sleaford and Gainsborough have all commenced. Overall progress is in line to complete within the timescale planned in the project bid.
Place	Highways	Traffic signals - Wireless communications	5	0	5		Small revenue element for ducting surveys on-track; Overall project update reported in Capital section below.
Place	Highways	Drainage Investigation and Flood Repairs	200	32	168		Revenue cost is for technical staff to undertake investigations. Overall project update is reported in Capital section below.
Fire and Rescue and Public Protection	Fire and Rescue	Research study - LFR prevention work	10	8	2		Although the expected start date of the evaluation was initially delayed by Covid, close liaison with the University of Lincoln has allowed the team to develop alternative methods for collecting data to support the evaluation. The period of data collection has been reduced to ensure progress is made, with discussions held to ensure the outcomes as outlined in the scoping document can still be met. The University have confirmed they are confident that the report will provide the details and recommendations required.
Commercial	Transformation	Business Process re-engineering	280	167	113		Prioritised opportunities from the discovery phase have been translated into a Digital Delivery Blueprint. Further work has been completed to link all digital work underway or planned into this piece of work (CSC project, Adults digital projects and future plans within IMT). The blueprint has been created to support the development of the Council's Digital Strategy. The top six opportunities for cashable / non cashable benefits have now been identified and agreement on the roadmap for this delivery is to be agreed by CLT over the summer. Work has now concluded on the School Admissions and Transport Discovery & Service Design with several opportunities for efficiencies and cashable benefits. This will form part of the Digital Delivery Blueprint and help inform decisions on the replacement of the education transport entitlement software (STAMP).
Commercial	IMT	Broadband - 4G	135	0	45	90	Revenue funding for project management resource has not yet been utilised. Further update on the project is reported below in the Capital section below.
TOTAL DEVELOPMENT INITIATIVES REVENUE			3,843	737	1,482	1,624	

DEVELOPMENT FUND PROJECTS							
Directorate	Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised in 2020/21 £000's	Planned Use of Funding		Update on Progress
					2021/22 £000's	Future Years £000's	
CAPITAL							
Children's Services	Strategic Commissioning	Education Transport links to School (Route sustainability)	440	0	100	340	<p>The Sustainable Travel Group (STG) has focused on two specific routes for improvement as a priority with work to commence this financial year. A third route is subject to further cost-benefit analysis work.</p> <ul style="list-style-type: none"> Fishtoft- A project lead has been assigned the work. Technical Services Partnership is currently scoping costs and this has been scheduled into the timetable. It is envisaged this will be completed late 2021 or early 2022. This is an improvement to an existing suitable route but where there is no footpath and further supports the removal of previously existing transport entitlements to specific students and safeguards against future applications/appeals. Estimated cost c. £60k. Annual savings estimate c. £12-18 p.a. Toynton All Saints- All landowners are in agreement with proposals for the new track. The owner of part of the track is unknown and so we are awaiting dispensation from the Secretary of State to post legal notices of the proposal on the land. The Public Rights of Way (PROW) team is undertaking informal consultation with relevant stakeholders before progressing to the design stage. Depending on any objections raised, this may take 3-12m to progress. Estimated cost c. £100k. Annual savings estimate £7k. <p>Expenditure is still expected in 21/22 but no costs have been incurred year to date.</p>
Place	Highways	Traffic signals - Wireless communications	80	80			Two regions have been fully commissioned and are utilising the wireless facilities. All the equipment has been installed into the additional regions by the contractor. The network settings require changing for these additional regions to allow the contractor to test the wireless links and complete the project.
Place	Highways	Community Maintenance Gangs	3,981	3,981			The full allocation was fully committed in 2020/21 to deliver a variety of community maintenance gangs throughout the financial year. This additional resource was well received by local members and the general public in solving a variety of minor maintenance improvements and repairs.
Place	Highways	Drainage Investigation and Flood Repairs	2,000	646	1,354		Schemes totalling £700k were commissioned in 2020/21 with an in year spend of £646k; the remaining budget is expected to be spent in 2021/22. Our contractors, Balfour Beatty, identified additional resources for delivering these works and we have also employed additional specialist drainage engineers to complete all investigation and design work on the more complex schemes that our Technical Services Partnership design team is overseeing.
Fire and Rescue and Public Protection	Fire and Rescue	Flood Management Pumps	116	116			Project completed in terms of asset purchase and auxiliary equipment added. Stations equipped with necessary charging systems to ensure 24/7 response. Driver training to be under taken at Holbeach & Alford stations however other stations have necessary training to mobilise if required. Project now complete.
Fire and Rescue and Public Protection	Fire and Rescue	Replacement Trading standards Metrology	50	0	24	26	New software and licences have been delivered for 3 out of 5 machines and these are installed and working. Remote installation was carried out with a remote training session due to pandemic. 2 more licences are on order and due to be delivered and installed with support.
Commercial	IMT	Broadband - 4G	800	0	200	600	Delivery of the overall Broadband project is currently on track and in line with the contractual milestones. The need for funding 4G development as a means of providing wider, mobile broadband access is being reviewed and consequently the scope and funding for the project is currently being re-assessed.
TOTAL DEVELOPMENT INITIATIVES CAPITAL			7,467	4,823	1,678	966	
TOTAL Revenue and Capital Development Initiatives			11,310	5,560	3,160	2,590	

Approved Budget Virements 2021/22 as at 30 June 2021

Target Changes April - June 2021

Revenue

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Highways	Growth	Allocation to Development Control (now within Growth following Directorate restructure) from the Highways County Roads Maintenance Plan 2021/22.	Highways Assessment & Laboratory Manager	£0.145m

Covid 19 Grant Funding provided to LCC				
	2020/21 Grant c/f	New 2021/22 Grant Allocation	Grant Available in 2021/22	Forecast Spend
	£	£	£	£
General Emergency Covid 19 - Tranche 5 (April 21)	2,072,000	15,158,732	17,230,732	23,128,000
DEFRA Hardship fund (majority to be utilised by AUG)	294,925		294,925	294,925
Infection Control Phase 2 Oct20-Mar21	669,956		669,956	669,956
Infection Control Phase 3 Apr21-Jun21		3,383,844	3,383,844	3,383,844
Infection Control Phase 4 Jul21-Sept21		2,396,453	2,396,453	2,396,453
Test and Trace	1,496,047		1,496,047	1,496,047
Clinically extremely Vulnerable support	1,741,011		1,741,011	1,741,011
School Transport - autumn term	414,683	447,266	861,949	861,949
Covid Winter Grant Support for Families	- 510,962	1,211,130	700,168	700,168
Extended Contain Outbreak Management Fund	7,013,522	3,911,931	10,925,453	10,925,453
Care Home Testing Grant Phase 1	62,230		62,230	62,230
Rapid Testing Grant Phase 2 Apr21-Jun21		2,248,775	2,248,775	2,248,775
Rapid Testing Grant Phase 3 Jul21-Sept21		1,809,083	1,809,083	1,809,083
Adult Social Care Workforce Grant	122,421		122,421	122,421
Covid 19 Increasing Bus Service Provision (CBSSG and CBSSG restart)	310,444		310,444	175,000
Accelerated Discharge Phase3 Mar21-Jun21		460,641	460,641	460,641
Community Testing to 30Jun22		646,263	646,263	646,263
Practical Support Grant		640,908	640,908	640,908
Local Covid Support Grant	-	2,615,824	2,615,824	2,615,824
Holiday Activities and Food Programme Grant (HAF)	253,930	2,271,100	2,525,030	2,525,030

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