

# Council Budget 2022/23

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## 1. BUDGET RECOMMENDATIONS

It is recommended that the Council:

1. has due regard to the responses to the engagement and consultation feedback on the Council's budget proposals as contained in the Budget Book (**Appendix D** - Budget Consultation and Engagement Feedback).
2. has due regard to the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of Reserves as set out in the Budget Book (**Section 10** - Section 151 Officer's Statement on the Robustness of the Budget and Adequacy of Reserves).
3. has due regard to the Impact Analysis relating to increasing the Council Tax by 4.99% in 2022/23 set out in the appended 'Budget Book' (**Appendix C** – Impact Analysis relating to increasing the Council Tax by 4.99% in 2022/23).
4. approves:
  - 4.1 the service revenue budgets for 2022/23 contained in the Budget Book, (**Table 2** - Net Service Revenue Budget 2022/23);
  - 4.2 the capital programme and its funding contained in the Budget Book (**Section 7** - Capital Programme) and (**Appendix O** - Capital Programme);
  - 4.3 the County Council element of the council tax for a Band D property at £1,432.17 for 2022/23 contained in the Budget Book (**Appendix B** - County Precept 2022/23);

as together being the Council's Budget.

5. approves the Council's Medium Term Financial Strategy contained in the Budget Book (**Appendix E** – Medium Term Financial Strategy);
6. approves the Council's Capital Strategy contained in the Budget Book (**Appendix N** – Capital Strategy 2022/23);
7. approves the prudential targets for capital finance and notes the prudential indicators contained in the Budget Book (**Appendix M** - Prudential Indicators);
8. approves that the minimum revenue provision (MRP) be based on the asset life method, charged on an annuity basis for major infrastructure projects and in equal instalments for all other assets, over the estimated life of the assets acquired through borrowing as set out in the appended Budget Book (**Section 9** - Minimum Revenue Provision).

## **2. THE FINANCIAL BACKGROUND**

2.1 This report sets out a one year financial plan for revenue and capital budgets for 2022/23. We have faced significant reductions in government funding and continue to experience growing cost pressures from demand led services such as adult's and children's social care and our responsibility to pay staff and some contractors the National Living Wage.

2.2 The Government is proposing two funding reforms, which together will change the way funding is distributed to all types of local authorities across the country. These reforms were due to be in place for April 2021 but have been deferred more than once, with the possibility that they could be implemented for 1 April 2023. In addition, the government has provided councils with a one year funding settlement for 2022/23. All of this means that there is still significant uncertainty over future funding levels after 2022/23. For this reason, a one year budget is proposed for 2022/23.

2.3 In developing the financial plan we have considered all areas of current spending, levels of income and council tax to set a balanced budget.

2.4 We have reviewed all areas of service expenditure to identify cost pressures which must be funded and savings which can be made through efficiencies. All savings identified for 2022/23 are considered to have minimal impact on users of our services.

2.5 On an annual basis the Council has the opportunity to review the level of Council Tax. Central government sets thresholds above which a local authority would be required to hold a referendum for Council Tax increases. For 2022/23 the threshold has been set at a 2.00% increase for general council tax, plus a further 1.00% for authorities with adult social care responsibilities to deal with pressures in this area. In addition, social care authorities were allowed to raise an adult social care precept of up to 3.00% in 2021/22 and also to defer any part of that precept to 2022/23. We decided to defer the charging of this precept last year and we are proposing a council tax increase of 4.99% in total, comprising 1.99% for general council tax and 3.00% for adult social care for the 2022/23 financial year.

### The Outlook Beyond 2022/23

2.6 As stated in paragraph 2.2 the Government is proposing two funding reforms. The first is: the Review of Relative Needs and Resources (formerly known as the Fair Funding Review), which considers how best to assess councils' requirements to spend on delivering services as well as their ability to raise funding themselves e.g. from council tax. The second is: Business Rates Retention which looks at a new model for Business Rates, allowing 75% of income collected to be retained by local authorities, as well as how best to share the risks and rewards associated with Business Rates and manage the volatility of income. Until these reforms progress further it is not possible to assess how our future funding streams might be affected by the proposals as there is still a lot of missing detail.

2.7 The new funding regime will address how resources are distributed across local authorities and it is hoped that the total amount of funding available to councils will increase to address, in particular, the ongoing financial pressures around social care.

### **3. THE COUNCIL'S REVENUE FUNDING**

#### Local Government Finance Settlement

3.1 The final Local Government Finance Settlement for 2022/23 had not been received at the time of preparing this Budget Book, however the provisional Local Government Finance Settlement, announced in December 2021, confirmed our expected level of funding for next year as well as the council tax referendum limit (see paragraph 3.10).

3.2 Although Revenue Support Grant (RSG) has reduced substantially over recent years, there is a small inflationary increase for 2022/23 and we expect to receive £21.220m.

3.3 The provisional settlement included Rural Services Delivery Grant for 2022/23 at £7.277m, which is the same as in 2020/21. This funding is given in recognition of the higher costs of providing services in rural areas.

3.4 The provisional settlement also confirmed the continuation of £25.849m of Social Care Support Grant for 2022/23 to support both Adults' and Children's social care. This grant has been provided to us in stages, starting in 2019/20 and increasing in 2020/21 and 2021/22. A new Social Care Support Grant of £9.342m for 2022/23 was also awarded bringing the total sum to £35.191m.

3.5 New Homes Bonus Grant increased from £1.469m to £1.659m for 2022/23 – this grant is being phased out over the next few years.

3.6 Our share of the new funding to deal with local authority pressures was confirmed at £7.684m and for the year 2022/23 only. It is called "Services Grant".

#### Other Revenue Government Grants

3.7 The following grants are either confirmed or assumed for 2022/23:

- Improved Better Care Fund (iBCF) was confirmed at £34.255m, which is higher than the current level of grant by £1.006m. This will be to fund new activities and we have added in a corresponding cost pressure for £1.006m.
- A new grant called Market Sustainability and Fair Cost of Care Fund was confirmed at £2.273m. This relates to the reforms to Adult Social Care funding announced in the autumn and we have assumed that there will be new burdens arising from compliance with the grant conditions and have added in a corresponding cost pressure.
- Extended Rights to Free Travel from the Department for Education is assumed to continue at the level of £0.639m for 2022/23;
- Independent Living Fund is assumed to be reducing from £1.515m in 2021/22 to £1,477m in 2022/23;
- It is assumed that the Inshore Fisheries Conservation Authorities from the Department for Environment, Food and Rural Affairs will continue at £0.128m for 2022/23.

- It is assumed that Fire Pension grant will continue at the same level as previously and will be £1.437m in 2022/23.

3.8 The Public Health Grant will continue as a separate ring-fenced grant for the next financial year and it is estimated that the grant will be £33.895m for 2022/23 (£33.546m for 2021/22).

3.9 Better Care Fund comes to the County Council in two streams. An element from the Lincolnshire Clinical Commissioning Groups (CCGs) and a grant coming directly to the Council from central government known as Improved Better Care Fund. The Improved Better Care Fund (iBCF) was confirmed at £34.255m, which is higher than the current level of grant by £1.006m. This will be to fund new activities and we have added in a corresponding cost pressure for £1.006m. The two funding streams combined will provide the Council with an estimated £53.330m in 2022/23 (£52.233m in 2021/22) to fund Adult Care Services.

### Council Tax

3.10 The Secretary of State in "The Referendums Relating to Council Tax Increases Report 2022/23" confirmed that the referendum threshold for the general Council Tax element would remain at 2.00%, and that the total referendum threshold would be 2.00% plus "A". The report defined "A" as 4% minus the percentage increase in the authority's amount of council tax for expenditure on adult social care for 2021/22. We did not charge a precept for adult social care in 2021/22, so the referendum threshold for this council is 2% plus the full 4% i.e. 6.00%.

3.11 We propose that Council Tax be increased by 4.99% in total, comprising 1.99% for general council tax and 3.00% for adult social care for the 2022/23 financial year. The Council Tax increase of 4.99% will generate additional income of £15.901m in 2022/23.

3.12 Under section 52ZB of the Local Government Finance Act 1992 the Council as a major precepting authority must, in setting its precept, determine whether its relevant basic amount of council tax for the financial year under consideration is excessive. That question must be determined by the Council in accordance with any principles determined by the Secretary of State and approved by a resolution of the House of Commons. The principles for 2022/23 have been approved and published and provide for a 4.00% increase in council tax for expenditure on adult social care (for this council) and a 2.00% increase in council tax for other expenditure, totalling a maximum of 6.00%. Applying those principles, the Executive can determine that the recommended council tax increase of 4.99% is not excessive.

3.13 An Impact Analysis has been completed for this increase in Council Tax and is shown at **APPENDIX C**.

### Council Tax Base and Council Tax Collection Fund Surplus

3.14 Figures received from the Lincolnshire District Councils show an increase in the tax base and hence the tax yield of 4,786.32 band D equivalent properties or 2.05%. This will provide the Council with additional Council Tax income of £6.855m per annum at the proposed council tax level. This sum, together with the 4.99% increase in Council Tax yielding £15.901m, will provide total additional Council Tax income of £22.756m in 2022/23.

3.15 All seven of the District Councils have declared their positions on the council tax elements of their Collection Funds. There is a net surplus attributable to the County Council of £3.167m. This is an addition to precept income for 2022/23 and is net of the Collection Fund deficit from 2021/22 which was spread over 2021/22, 2022/23 and 2023/24.

### Business Rates Collection Fund and Section 31 Grant

3.16 The District Councils have now submitted their estimates of the amounts of Business Rates due to be collected next year and passed on to the County Council. These estimates total £19.526m for 2022/23.

3.17 The government confirmed that it will compensate local authorities in full for the continuation of the business rates cap, small business rate relief, rural rate relief and multiplier freeze by way of a section 31 grant, as in previous years. The value of the section 31 compensation grant is confirmed as £16.358m for 2022/23 (£8.145m in 2021/22).

3.18 Each of the District Councils in Lincolnshire is a "collecting authority" for Business Rates, and each operates a Business Rates Collection Fund where differences between assumed amounts of Business Rates to be collected and actual amounts collected are accumulated as surpluses and deficits. We bear a share of each District Council's Collection Fund, which may carry a surplus or a deficit in total. It was anticipated that the coronavirus pandemic impacts would result in significant deficits and this has turned out to be the case, both for 2021/22 and for 2022/23. There is a net deficit attributable to the County Council of £6.392m for 2022/23 and this includes the element of the 2021/22 deficit which was allowed by regulation to be spread over 2021/22, 2022/23 and 2023/24. The additional section 31 grant referred to in paragraph 3.17 will help to counteract this impact.

### Business Rates Pool

3.19 The Council has confirmed that it wishes to remain in a business rates pool in 2022/23 with the seven Lincolnshire District Councils. We have made the assumption of a pooling gain of £1.800m for 2022/23.

#### 4. THE COUNCIL'S OVERALL REVENUE BUDGET

4.1 The table below (TABLE 1) sets out the overall changes in budget, the cost pressures which the Council proposes to fund, the savings to be made and the proposed contributions to reserves.

TABLE 1: Summary Revenue Budget

<b>SUMMARY REVENUE BUDGET</b>	<b>2022/23 £m</b>
<b>EXPENDITURE:</b>	
Net Base Budget	<b>502.809</b>
Cost Pressures ( <i>including inflation</i> )	53.609
Savings & Additional Income	-4.818
Other Movements (PH & BCF Grants & Market Sustainability Grant)	-4.725
<b>Total Expenditure</b>	<b>546.875</b>
Transfer to/-from Earmarked Reserves	-2.304
Transfer to/from General Reserve	0.000
<b>Budget Requirement</b>	<b>544.571</b>
<b>INCOME:</b>	
Business Rates Local Retention	122.595
Revenue Support Grant	21.220
Other Grants	55.884
County Precept	344.872
<b>Total Income</b>	<b>544.571</b>

4.2 Details of all cost pressures and savings included within the budget for 2022/23 are set out in Appendix Q of this Budget Book. These include an allowance for pay award inflation of £4.775m covering both the award for 2021/22 which is not yet agreed but expected to be above the level budgeted for, as well as an assumed pay award of 2.00% for 2022/23. The budget also includes an additional amount of £2.055m to cover the increase to employers' National Insurance Contributions from April 2022.

4.3 Following the final amendments to the budget arising from the Final Local Government Finance Settlement, the Council Tax and Business Rates information from Lincolnshire's District Councils, and the addition of £12.360m to the Highways revenue budget proposed by the Executive on 8 February 2022, there is a budget deficit of £2.304m. We propose that the sum of £2.304m is transferred from the Coronavirus recovery earmarked reserve to balance the revenue budget for 2022/23.

4.4 A more detailed analysis of the movement in budget for 2022/23 is shown at **APPENDIX J**.



## 5. REVENUE BUDGETS

5.1 Net revenue budgets for 2022/23 are shown in TABLE 2 below together with the comparison for 2021/22. **APPENDIX S** provides further details of the services undertaken in each service delivery area.

TABLE 2: Net Service Revenue Budget 2022/23

Revenue Budgets	2021/22 £m	2022/23 £m
<b>Children's Services</b>		
Children's Education	12.769	12.666
Children's Social Care	76.887	80.553
<b>Adult Care and Community Wellbeing</b>		
Adult Frailty & Long Term Conditions	118.832	125.489
Adult Specialities	86.313	92.119
Public Health & Community Wellbeing	29.355	29.684
Public Health Grant Income	-33.546	-33.895
Better Care Funding	-52.233	-56.610
<b>Place</b>		
Communities	80.288	85.340
Lincolnshire Local Enterprise Partnership	0.344	0.344
Growth	2.137	2.121
Highways	24.111	37.185
<b>Fire and Rescue</b>		
Fire and Rescue	21.602	21.710
<b>Resources</b>		
Public Protection & Emergency Planning		4.970
Finance	29.156	7.325
Org Support		13.938
Legal and Governance		1.998
<b>Commercial</b>		
Corporate Property		11.018
Commercial	39.164	8.645
Transformation		4.598
Information Technology		15.334
<b>Corporate Services</b>		
Corporate Services	2.943	2.959
<b>Other Budgets</b>		
Other Budgets	67.362	82.059
<b>Schools</b>		
Schools Block	454.765	518.090
High Needs Block	91.982	110.117
Central School Services Block	3.728	3.392
Early Years Block	42.132	40.902
Dedicated Schools Grant	-595.282	-675.176
<b>Total Net Expenditure</b>	<b>502.809</b>	<b>546.875</b>
Transfer to/from Earmarked Reserves	2.439	-2.304
Transfer to/from General Reserves	0.200	0.000
<b>Budget Requirement</b>	<b>505.448</b>	<b>544.571</b>

5.2 **Appendix Q** sets out a summary of changes to budgets in our service delivery areas. Further detail on the changes is provided in the following paragraphs.

## **Children's Services**

### **Children's Education**

5.3 Children's Education service activities are proposing to make savings of £0.106m in 2022/23. Of this sum, smarter working savings of £0.105m are proposed through the reduction of supplies and services and travel budgets by maximising the benefits of the home working arrangements and Smarter Working programme. The remaining £0.001m relates to the legacy of savings delivered through the Budget 2020 exercise. Within this area, there are no cost pressures in 2022/23.

5.4 The Home to Schools and College Transport delivery and budget responsibility is proposed to be transferred to the Place Directorate from April 2022, and therefore is not covered in this section.

### **Children's Social Care Services**

5.5 Children's Social Care Services are proposing to make savings of £0.329m in 2022/23. Of this sum, smarter working savings of £0.189m are proposed through the reduction of supplies and services and travel budgets by maximising the benefits of the home working arrangements and Smarter Working programme. It should be noted at this stage, no front-line delivery travel budgets have changed as teams are unlikely to see reduced travel costs as their work has remained the same despite a flexible approach. The remaining relates to the legacy of the savings delivered through the Budget 2020 exercise, namely, savings delivered through the Supported Accommodation Pathway in meeting the needs of 16/17 year olds at risk of homelessness and care leavers (£0.139m). Within this area, there are also proposed cost pressures of £3.995m in 2022/23.

5.6 Children in Care (CiC): a £3.013m proposed cost pressure reflecting the impact of the pandemic from increased CiC numbers, which has also been seen nationally, and a requirement to secure more external placements. These additional costs have been supported by the Council's Covid 19 support grant in 2020/21 and 2021/22. Transformational work plans to help realise our ambition of improving outcomes for children across the child's journey from Edge of Care to Leaving Care whilst also achieving financial sustainability. Through a number of strategies, this will see our forecast spending reduce to similar levels seen before the pandemic over a 3-year period which will require a temporary increase in funding overall (£5.810m). It is proposed that this £3.013m cost pressure in 2022/23 will be funded by the Council's earmarked reserves.

5.7 The transformation strategies include: internal residential estate expansion; Valuing Care approach to explaining, recording and tracking needs and outcomes; development of an Early Help strategy which is owned by the Council and partners; ReThink Fostering and practice excellence.

5.8 The Council has a Children's Services system which is working well and a CiC Service which is outstanding, although there is more the Council can do to deliver excellent outcomes for children and families. The Council has highly valued internal foster carers supporting a high proportion of CiC, however during the pandemic the Council has seen reduced capacity. This is at a time of increased CiC and less children exiting care, as well as limited internal residential capacity. The Council is therefore having to look towards securing externally commissioned placements in order to meet the Council's statutory obligation to provide accommodation for children who are unable to be cared for by their parents and/or families.

5.9 The independent placement market conditions are volatile; demand is outstripping supply, costs are rapidly rising and are unsustainable, and children are being placed at a distance from their networks. This is having a significant financial impact to the Council.

- 5.10 The capacity within our good to outstanding residential provision is insufficient to meet current and future demands, and those children placed in these internal settings have consistently better outcomes. Approval has been received to utilise £1.500m of earmarked funding within the capital programme to create two new additional children's homes which will deliver both better outcomes for children and best value for the Council.
- 5.11 Lincolnshire's CiC per 10,000 0-17 population figures (47) compare favourably with statistical neighbours (63). This is at a time of rising CiC numbers, although these pressures are not only being felt locally. Lincolnshire CiC numbers at the end of December were 710.
- 5.12 CIPFA Looked After Children benchmarking for Local Authority participants showed Lincolnshire's average cost per CiC (2020 latest available data) to be £886 per week compared to the national average of £1,070. Lincolnshire continues to compare favourably and measures are being taken to secure improved value for money.
- 5.13 Other CiC proposed cost pressures include: £0.386m relates to the increase in costs across the composition of placement types supporting this vulnerable group (c.2.00% inflationary rate applied). It is proposed that Lincolnshire's highly valued internal fostering carers will receive a 2.00% increase to their weekly allowances from April 2022. A further proposed cost pressure of £0.273m relating to the growth in CiC population increasing by 0.5 per 10,000.
- 5.14 A proposed cost pressure of £0.323m relates to Special Guardianship Orders (SGOs). SGOs continue to be seen by the Courts as an important option for permanency for children who need to be removed from their birth parents which is endorsed by officers. The Council is however required to fund SGOs (subject to means testing) until the child reaches the age of 18 years. The expected increases are based on average numbers of SGOs being granted per month based on past trends.

## **Adult Care and Community Wellbeing (ACCW)**

### **Adult Care**

- 5.15 Adult Care and Community Wellbeing has a programme of service improvement underway and £0.340m financial benefits are included in the 2022/23 budget. The programme will broaden the offer available to service users. Improving capacity and/or access to services for the people of Lincolnshire will help to support more people to remain independent within their own homes / communities and improve the efficiency of how those services are delivered.
- 5.16 Delivery of the programme has the potential to see a material shift in the cost structure across the life of the Medium-Term Financial Plan and underpins the potential to reduce the scale of financial impact resulting from growth in demand.
- 5.17 The key improvements underway and/or due to commence in 2022/23 are; -
- Continued investments in front line services including housing, reablement, digital technology and community-based services. These investments are built into the financial plan following successful pilots.

- Financial Assessment Improvement Programme aims to make the process easier to navigate for the individual and provide clarity on the charges through its charging policy. The programme will
  - i. maintain financial assessment performance with the majority completed in 28 days
  - ii. deliver an efficient and effective assessment process by rolling out the on-line option building on the pilot
  - iii. align systems enabling interaction and reduced duplication
  - iv. deliver a consistent and efficient payment basis moving residential care on to a 'gross' payment basis during 2022/23.
  - v. deliver an efficient income collection process
- Continue to utilise the Better Care Fund (BCF)/Improved Better Care Fund (iBCF) as the vehicle which brings Health & Social Care closer together.

5.18 Smarter working savings of £0.367m will be delivered through the reduction in travel costs (excluding front line services) and supplies maximising the benefits of the hybrid working and further improvements in business processes.

5.19 The Council must be assured that the fees paid to ASC providers are appropriate to provide the amount of care required to an agreed quality, including allowing for a reasonable rate of return that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term. The budget includes £6.262m of additional costs reflecting a 4%-5.8% rate increase across all ASC services. This represents the largest cost increase facing adult social care and reflects the increased unit cost of delivery including the rise in National Living Wage. The rates set are paid per person per week in residential care and an hourly rate for non-residential care. For the residential rates, we are proposing a one-year rate rather than the usual three given the continued volatility in the market resulting from the pandemic and the uncertainty surrounding the pace and scale of the Fair Cost for Care reforms.

5.20 The Market Sustainability and Fair Cost of Care Fund 2022 to 2023 was published December 2021. This fund supports the ASC reforms which are set to ensure a Fair Cost of Care is paid to providers including an approach to sustaining the market as the number of self-funders reduce due to the change in capital thresholds. The market effect of this change mean providers will, over time, need to reduce reliance on subsidising state-funded care from self-funders. The Council's allocation of this fund is £2.273m for 2022/23 and will be spent in full increasing the rate paid to providers for care.

5.21 Based on 2021/22 demand, we are forecasting an average 4% increase in demand across all services in this area with the higher increase in community-based care, aligned to Adult Care's vision of maximising a person's independence. The budget includes £3.507m of additional costs relating to the forecast increase in demand across adult social care, working age adults in particular. 2020/21 saw the implementation of new monitoring processes and strengthened governance which brought partners together and provided visibility of each package of care as it is agreed. Building on this progress and to minimise the future financial impact of demand growth and better share risk, a shadow pooled budget is in development across organisations with agreement from the Joint Commissioning and Oversight Group.

5.22 It is proposed that the net increase in costs forecast across adult social care are funded through applying the Adult Social Care Precept of 3%, deferred from 2021/22. This will provide core funding to meet demographic and unit cost pressures across Lincolnshire. This proposal is aligned to the recommended approach in the 'Building Back Better' plan.

## Social Care Reforms

5.23 The table below summarises the social care reform announcements to date, highlighting LCC financial allocation where this is known.

Building Back Better	Autumn Statement	Local Government Settlement / Social Care White Paper	LCC Allocation
£5.4bn over 3 years on adult social care reform	£3.6bn directly to local government for the cap, means test, and fair cost of care	£2.2bn over 3 years for cap and means test: - 22/23: £0m - 23/24: £800m - 24/25: £1.4bn	- 22/23: £0
		£1.4bn over 3 years for fair cost of care: - 22/23: £162m - 23/24: £600m - 24/25: £600m	- 22/23: £2.273m
	£1.7bn years to improve wider social care system	- At least £300m, integrate housing - At least £150m, technology and digitisation - At least £500m, workforce training and qualifications - Up to £25m, support unpaid carers - £30m, innovation of support and care - At least £5m, help people understand care and support available - More than £70m, improve delivery of care and support services	

5.24 Fair Cost of Care Grant Funding. As a condition of receiving further grant funding in the 2 following years beyond 2022/23, local authorities will need to submit to the Department of Health and Social Care (DHSC):

- 1) a cost of care exercise
- 2) a provisional market sustainability plan setting out local strategy for the next 3 years (2022 to 2025)
- 3) spend report

5.25 ACCW has commenced delivery of the above by completing a residential market assessment during 2021. This approach will be replicated for non-residential care to further understand the cost of care and meet the grant conditions by September 2022.

5.26 The introduction of a Care Cap and changes to the capital thresholds upon which financial assessments are calculated are the other major changes included in the social care reforms. Implementation for the changes to Adult Social Care charging is October 2023. Currently there is no national funding allocation in 2022/23 however 2022/23 is a critical preparation year to identify self-funders and identify how we can deliver what could be up to a further 10,000 financial assessments. Adult Care's existing Financial Improvement Programme creates a robust foundation upon which to build the reform agenda, exploring how this can be expanded will be a key focus for the Directorate in the coming months.

## **Better Care Fund**

- 5.27 Launched through the spending review in June 2013, the BCF was highlighted as a key element of public service reform with the primary aim to drive closer integration between the NHS and adult social care and improve outcomes for patients, service users and carers.
- 5.28 The Lincolnshire Better Care Fund is an agreement between the Council and Lincolnshire CCG, overseen by the Health and Wellbeing Board. The BCF pools funds from the organisations to aid the objective of integrated service provision. The total pooled amount in 2021/22 is £269.262 million, made up of the minimum CCG contribution and additional iBCF monies received directly from the government.
- 5.29 Nationally, the 2022+ Better Care Fund Framework is expected to be published during 2022. The Local Government Settlement confirmed an increase in iBCF aligned to the increase in CPI. This increase, supporting inflationary uplifts, is built into the 2022/23 budget. In addition, the expectation is for the Social Care Maintenance funding, which forms part of the minimum income guarantee, to continue and is therefore included in the 2022/23 budget.

## **Public Health**

- 5.30 The 2022/23 Public Health budget has been set based on the 2021/22 Public Health Grant. The Autumn Statement confirmed the 2022/23 Public Health Grant would see a real terms increase, enabling Local Authorities across the country to continue delivering frontline services, however there is no indication of what this means and we await the publication of council allocations.
- 5.31 The outbreak management grant has been fundamental in supporting Public Health deliver the response to and emerge from the Covid-19 pandemic. Should any of the grant not be fully spent in 2021/22 it can be carried forward to support costs in 2022/23. This is currently forecast at approximately £1.2m.
- 5.32 Public Health and Wellbeing are forecasting the ability to deliver services within their financial resources available.

## **Place**

### *Communities*

- 5.33 An unavoidable cost pressure of £0.200m arises in the Countryside Service from the increased cost of maintenance to the public rights of way network fuelled by significant materials and labour price inflation. This pressure has been exacerbated over the last two years by greater use of the footpath network driving demand on the service.
- 5.34 Transport Services now includes the budget for providing Educational Transport which was previously reported under Children's Services and is the source of a £6.546m cost pressure, necessary to meet statutory and policy requirements in challenging market conditions and circumstances.
- 5.35 There are significant external factors currently impacting on the cost of passenger transport: national living wage rises, inflationary challenges, a national drivers' shortage (including more favourable pay rates in other delivery sectors), a shortage of passenger assistants, rising fuel prices,

and higher operational costs for larger suppliers including the requirements of the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) legislation. Assumptions have been applied on this volatile and demand-led budget, building on from the known, current contractual commitments for this academic year.

5.36 A transformational programme is underway which will focus on external factors, including developing new procurement tools and approaches, market engagement and management activity, improved contract management, an overhaul of routing and demand management activity. These activities aim to better regulate the supply market, increase competition and reduce the impact of external factors on costs. The forecast is to secure £1.239m of cost reductions in year 1, resulting in a net budget increase of £5.307m in 2022/23.

5.37 A cost pressure of £0.042m in Cultural Services results from contractual inflation in Library provision.

5.38 Savings of £0.365m are anticipated in 2022/23 from the continued roll-out of separated waste paper and card collections resulting in more efficient processing and improved value of the materials collected.

### *Highways*

5.39 A cost pressure of £12.360m in the Highways Maintenance budget is a result of the reduced grant expected from the Department for Transport. Whilst we continue to lobby government to reinstate this grant, the council tax increase proposed will allow us to continue to spend at the existing level utilising the council, tax increase and temporary use of reserves.

5.40 Provision for highways maintenance contract inflation, increased cost of plant, labour and equipment, driven by the current materials and labour market issues, results in a cost pressure of £0.760m. This is exacerbated by the growth of the highway network, with an average 18km of highway adopted each year inevitably leading to increased maintenance costs and bringing the total cost pressures in Highways to £0.790m.

5.41 Across all Place services, savings of £0.224m are anticipated in 2022/23 from revised, agile working practices.

### **Fire and Rescue**

5.42 For Fire and Rescue, cost pressures of £0.131m are related to training costs, increased costs for Urban Search and Rescue, investments to maintain the stability of the mobilising system and to maintain the delivery of the Community Fire Protection programme following withdrawal of Home Office funding.

5.43 Savings of £0.023m are anticipated from revised, agile working practices.

### **Resources**

#### *Human Resources*

5.44 Further increases in the income generated from external clients and schools in Human Resources combined with agile working, provides savings of £0.018m.

### *Organisational Support*

5.45 The review of Executive and Management Support arrangements and the continued implementation of the revised printing strategy is forecast to yield efficiency savings of £0.874m in 2022/23.

### *Financial Services*

5.46 The ongoing cost of maintaining Payment Card Industry Data Security Standard (PCI DSS) compliance creates a £0.046m cost pressure in Financial Services which is offset by savings of £0.044m from increased income generated from audit clients, services to support schools and agile working.

### *Legal & Governance*

5.47 Savings of £0.027m are anticipated in 2022/23 from revised, agile working practices in Legal & Governance Services.

### *Public Protection*

5.48 In the Coroners Service a cost pressure of £0.010m arises from the assumed level of price inflation for the re-procurement of post mortem and mortuary contracts.

5.49 Savings of £0.018m are anticipated from revised, agile working practices.

## **Commercial**

### *Property*

5.50 Increases in utility costs, rates and insurance premiums in Corporate Property result in cost pressures totalling £0.134m. This is offset by savings of £0.153m resulting from a reduction in the rent payable to the Crown Estate, improved contractual arrangements for the commissionaire's service and savings arising from revised, agile working practices.

### *Commercial Services*

5.51 A cost pressure of £0.082m due to the creation of a Commissioning Hub to support more efficient and collaborative procurement is offset by savings of £0.153m from the Customer Service Centre and agile working practices.

### *Information Management and Technology*

5.52 Increased licencing and support costs to enable the utilisation of improved, cloud-based technologies in support of agile working, an increasing requirement for document storage, and additional staffing resource required to support increased demand, activity and pace of implementation, create a cost pressure of £0.836m. This will enable the service to continue to provide increased reliability and more effective remote support in the future. Migration of storage to the Azure cloud platform will result in savings of £0.500m which will be used to partially fund this pressure.

5.53 Telephony licencing costs, previously a perpetual licence funded from the capital programme, is now an annual licence giving rise to a further revenue pressure of £0.243m. Although this is an



additional revenue cost, the capital programme can be reduced thereby achieving corresponding capital financing savings over the duration of the medium-term financial plan.

### *Transformation*

5.54 In Transformation, the reversal of a previous short-term pressure due to additional software licensing no longer being required and agile working generates a reduction of £0.056m in the budget requirement.

### **Corporate Services**

5.55 In Strategic Communications, a pressure of £0.035m is due to the creation of a Web Officer post as part of the implementation of the Digital Engagement Strategy. This is offset by savings from agile working practices of £0.018m.

### **Other Budgets**

5.56 Other Budgets incorporates Council-wide budgets and includes several cost pressures for 2022/23. There is an extra £1.350m for the additional cost of the Local Government Pension Scheme lump sum deficit. The sum of £4.775m has been added to the budget for pay awards – this is based on an assumption of 2% for all groups for employees in 2022/23, and includes £1.655m relating to the expected additional cost of the 2021/22 pay awards for employees, which is likely to be above the level assumed in last year's budget process.

5.57 We have allowed for additional budget to cover inflation on our support services contract, totalling £0.252m. The costs of utilities are currently increasing and the sum of £0.584m has been added to the budget to cover this.

5.58 The government announced last year that employers' National Insurance Contributions would increase from April 2022 to help fund reforms to adult social care. We have included an additional £2.055m for this cost.

5.59 Our usual contingency budget is £3.000m. It has been increased by £3.500m to £6.500m in 2022/23 to allow for inflation uncertainty affecting our major contracts. The current economic environment is showing rising inflation in many areas and this increase to the contingency reflects a 2% volatility risk and also allows for the risk of some continuing Covid-19 costs, for which we would not expect to receive government funding.

5.60 Finally, there is a cost pressure of £1.127m which is an increase to the capital financing charges budget to reflect the on-going costs of the capital programme.

### **Schools**

5.61 The Schools Budget is funded via the Dedicated Schools Grant (DSG). In 2022/23, the DSG will continue to comprise of four blocks: Schools, Central School Services, High Needs, and Early Years. Each of the four blocks of the DSG is determined by a separate national funding formula.

5.62 Lincolnshire's indicative DSG allocation for 2022/23 is £675.176m and will be used to support all schools in Lincolnshire including Local Authority schools and academies. Lincolnshire Schools block value is £518.090m. Over half of Lincolnshire pupils attend academy schools; therefore the DSG figure for the Schools block will be revised down for the academy schools budget share allocations. The DSG

is a ring-fenced grant and the actual split between Local Authority maintained schools and academies has no financial risk to the Council from the DSG schools delegated budget perspective.

5.63 The government implemented a National Funding Formula (NFF) in 2018/19 to ensure a fairer settlement for each mainstream school. The Council agreed to adopt the NFF due to the improved financial settlement for Lincolnshire schools and has continued to replicate the NFF each year since then. In 2021/22, Lincolnshire replicated the monetary values of the NFF factors, however due to the significant increase in Free School Meals (FSMs) caused by the pandemic, of which Local Authorities were expected to finance this increase through its Schools block allocation, the Minimum Funding Guarantee (MFG) had to be applied at +0.5% (within the MFG range) to support the formula being affordable.

5.64 2022/23 is the final year of the government's three-year funding package for schools (aged 5 to 16) with funding increasing by £7.1bn nationally compared to 2019/20 funding levels. This has provided a level of financial certainty for schools in the short term.

5.65 The fundamental principles of the NFF are not changing for 2022/23. The formula refinements from the DfE are recognising inflationary rises (namely, key formula factors in the NFF will increase by c.3%), and changing of the sparsity measure to road distance, an increased maximum funding allocation and tapering methodology. These sparsity changes better reflect sparsity challenges and are seen as positive steps to better reflect costs that will be incurred by schools. This is an important step forward for Lincolnshire small and rural schools.

5.66 In accordance with the 20 January 2021 Executive Councillor decision and sector support to continue replicating the NFF, the Council will continue replicating the NFF in 2022/23, subject to an MFG of +0.5%. Affordability Lincolnshire has seen FSMs eligibility increase by 43.2% and 47.7% for the primary and secondary schools respectively compared to pre-pandemic data. Affordability has been managed within the 2022/23 funding levels.

5.67 The Government is continually moving to a basis for distributing funding to Local Authorities for children and young people with high needs, taking into account an up-to-date assessment of the level of need in each area as opposed to funding on the basis of historic spending. Local Authorities will be protected under the formula by seeing a minimum increase of 8% per head in 2022/23 compared to their 2021/22 High Need block allocation. The High Needs block allocation is £111.161m for 2022/23. Local Authorities are still waiting for the outcomes of the DfE 2019 SEN review and Call for Evidence exercise, which are fundamental to securing a long-term financial plan for high needs.

5.68 There are a number of budgets within the High Needs block that are large, demand-led, and can be difficult to estimate (e.g. SEND related budgets, including out of county placements, top up funding for Education, Health and Care (EHC) plans for mainstream schools, special school placements, and meeting the education needs for pupils through alternative provision arrangements). There continues to be a growing trend nationally, and this is being seen in Lincolnshire, with more young people requiring specialist support which is having a material financial impact on the High Needs block. This remains a significant financial risk, particularly at a time of increasing demands. Like many Local Authorities, Lincolnshire faces a significant challenge in establishing a sustainable High Needs block budget going forward.

5.69 Transformational work commenced in 2019 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 starting to have an impact and 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 more financially sustainable within its central Government allocation. The Building Communities of Specialist Provision Strategy is also part of the work to secure improved value for money.

5.70 The Autumn 2021 spending review also confirmed supplementary funding grant for 2022/23 to fund the Health and Care Levy and other unforeseen costs. For Lincolnshire mainstream schools, funding will be allocated through a formulaic methodology, and overall to the sector this represents c.£15m of the overall national allocation of £1.2bn. School-level allocations will be confirmed in the Spring term. An additional allocation on top of the published DSG High needs block allocation have also been announced to support the additional costs the Local Authority and schools will face in the coming year. Of the overall national distribution of £325m, Lincolnshire will receive £4.082m in 2022/23.

## 6. RESERVES

6.1 The Council's current financial strategy is to maintain general reserves within a range of 2.5% to 3.5% of the Council's total budget. At 31 March 2021 the balance stood at £16.200m. It is expected that general reserves, at 31 March 2022, will remain at £16.200m which is 3.21% of the budget requirement for 2022/23.

6.2 There is no contribution to general reserves in the 2022/23 budget. This means that by the end of the 2022/23 financial year general reserves will have been maintained at 3.03% of the budget requirement for 2022/23.

## 7. CAPITAL PROGRAMME

7.1 The proposed capital programme includes an updated programme for 2021/22, as well as schemes for 2022/23. Some of these are major schemes which stretch into future years. Due to the uncertainty of our future funding, no new projects have been added to the capital programme in this budget process. Instead, the block budgets for rolling maintenance programmes have been continued forward for the full ten years, and the capital budgets for some existing schemes have been increased due to rising costs. The capital programme net budget has therefore increased since last year's budget process by a net amount of £7.741m. The gross programme is set at £150.364m for 2022/23, with grants and contributions of £35.812m giving a net programme of £114.437m to be funded by the County Council.

7.2 The overall capital programme and its funding are shown in **TABLE 3** below. The detailed capital programme is shown in **Appendix O**.

TABLE 3 – Capital Programme

Capital Programme (2021/22 plus Future Years)	Revised Gross Programme 2021/22 £m	Gross Programme 2022/23 £m	Gross Programme Future Years £m
<b>Gross Capital Programme</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>
<b>Funded by:</b>			
Grants and Contribution	124.939	35.812	7.494
Capital Receipts	2.690	0.000	0.000
Revenue Funding	1.071	0.115	0.920
Use of Reseve	16.525	0.000	0.000
Borrowing	84.463	114.437	268.155
<b>TOTAL FUNDING</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>

7.3 The following additions have been made to the net capital programme as part of the budget setting process:

### Children's Services

7.4 For Lincolnshire maintained schools, Children's Services manage and maintain a comprehensive annual capital programme of individual school condition and maintenance projects which is overseen by the

Children's Services Capital Programme Board. The service continues to receive all capital funding made available by the DfE for schools to enable it to manage critical priority issues.

- 7.5 An estimated grant award for the Schools Condition Allocation is £3.000m for 2022/23 to support Lincolnshire maintained schools. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2022.
- 7.6 An estimated allocation for Devolved Formula Capital is £0.993m for 2022/23. This is expected to continue at the current funding level per Local Authority maintained school, namely a lump sum of £4,000 and per pupil funding of £11.25 for nursery / primary and £16.88 for secondary. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2022.
- 7.7 An allocation for Provision of Schools Place Basic Need Grant is £5.824m in 2022/23. This will allow the Council to plan strategically to fulfil its statutory duty to provide sufficient school places for the children of Lincolnshire. Children's Services' priority at this stage is to ensure that all September 2023 school place pressures are accounted for with potential solutions in place. The Local Authority is awaiting further Government announcements on funding levels from 2023/24.
- 7.8 Building Communities of Specialist Provision Strategy: the gross expenditure for the programme's individual special school schemes for 2022/23 is £27.186m reflecting the latest position. The strategy is to deliver an increase in places for Lincolnshire special schools including providing young people with SEND the ability to access high quality all needs education, health and care provision in their local community. The Council strongly believes this capital infrastructure investment will not only achieve greater outcomes for Lincolnshire pupils, but also be an important financial decision in managing the pressures within the High Needs block of the Dedicated Schools Grant by way of reducing expenditure relating to some expensive and unnecessary external specialist placements.
- 7.9 The whole life costs of the programme are £86.794m across the five-year strategy, which started in 2019. This is consistent with agreed budget for the programme, which is supported by secured capital grant funding (Basic Need, Schools Conditions and SEND Provision) and Council agreed funding. The Council approved funding of £15.600m in 2021/22 to support the implementation of the programme.
- 7.10 Implementation of the strategy is well underway with a number of capital schemes live and supporting operating systems in place. Governance is well established with budget and progress reviews taking place monthly. It is important to note the complexity and magnitude of this programme, which covers the entire Lincolnshire special school's estate. It is also important to note the unprecedented supply chain issues effecting major construction schemes such as the Building Communities of Specialist Provision Strategy. Measures will be taken to try and mitigate the extent of these cost increases through robust challenge of all costs submitted to ensure best price, however substantiating the impact of this is difficult, but the Council is acutely aware of the inflationary challenges facing capital schemes.
- 7.11 The Autumn 2021 spending review announced a pledge to invest £2.6bn over 2022-2025 for new places for children with SEND and improved infrastructure. The allocations for each Local Authority have not been announced including the funding that will remain centrally for central government-led schemes, however the announcement is positive for all Local Authorities.
- 7.12 New Schools capital: the Council through its school place planning has identified within the ten-year capital programme a requirement for new mainstream schools. The new school funding requirement has reduced by £9.259m over the identified period (2033/34) to a £33.442m net budget

due to the county experiencing lower birth rates, since this delays the potential timeframe for the new school requirements.

7.13 New children's homes: approval has been received to utilise £1.500m of earmarked funding within the current capital programme to create two new additional children's homes to meet current and predicted need. The new smaller children's homes will be situated in Lincoln and East Lindsey. DfE match funding has been secured (£1.520m) to fulfil this objective, which will deliver both better outcomes for children and best value for the Council. Children's Services is to re-purpose capital funding uncommitted in the programme relating to completed schemes in early help, 0-19 service and supported accommodation houses to support the delivery of the new children's homes, in the context of the challenging construction industry. The Lincoln children's home is planned to be open from September 2022, and the second home opening from September 2023.

### **Adult Care and Community Wellbeing (ACCW)**

7.14 ACCW increased its capital allocation during 2021-22 to include £0.960m to improve its day services offer. With the commencement of the DeWint development, and investment across buildings within which learning disability services are delivered, the opening balance for 2022/23 is £12.141m. The priority continues to be investing in the housing agenda. This programme will provide the right type of housing in the most suitable location enabling people to maintain their independence for as long as it is appropriate for the individual. This investment will deliver revenue benefits through providing lower cost provision than residential care and these are built into the budget.

### **Place**

7.15 The emergence of a number of risks associated with the Grantham Southern Relief Road (GSRR) and Spalding Western Relief Road (SWRR), most notably the inflationary pressure caused by the current global materials supply chain issues, have resulted in increases to the forecast costs. For 2022/23 an additional budget of £3.000m has been added for the SWRR Section 5. For future years, an additional budget of £8.000m for the GSRR and an additional budget of £6.000m for the SWRR Section 5 have been included to fund the anticipated increased cost. Further risk remains which could change these forecasts but these will continue to be monitored and reported as the schemes progress.

7.16 The Council is continuing to make representations to the Department for Transport (DfT) to reinstate the element of reduced Highways funding. Whilst the outcome of that process is awaited, the Highways Asset Protection budget will be set equivalent to the DfT grant once it is confirmed. This is currently expected to be in line with the 2021/22 grant which was £38.723m, a reduction of £12.338m from the grant received in 2020/21.

7.17 To ensure the capital programme for 2022/23 is affordable and to recognise the remaining risks of the major highway schemes currently in progress, some budgets for schemes where spend has not yet been committed have been re-phased into later years to better reflect the likely spend pattern and to reduce the impact in the short-term of increased spend on schemes that have already commenced.

7.18 The Capital Programme is currently supplemented by funding from the Development Fund Initiatives earmarked reserve, with £2.000m being approved in the 2020/21 budget to increase capacity to carry out drainage investigation and repair work, reducing deterioration and improving prevention of localised flooding issues. That scheme was due to end in the current financial year, however, it is proposed that the remaining, unallocated balance of the earmarked reserve (£1.444m) be allocated to extend the Drainage Investigation and Flood Repairs scheme for a further two years. The additional allocation being £0.750m in 2022/23 and £0.694m in 2023/24.

## Other Programmes

7.19 We receive government grant funding to support large parts of the capital programme including schools and road maintenance. The following grants have been incorporated into the capital programme for 2022/23 and future years (in some cases they are estimated):

<b>CAPITAL GRANTS AND CONTRIBUTIONS - 2022/23 CAPITAL PROGRAMME</b>	<b>£'000s</b>
<b>SCHOOLS</b>	
Devolved Capital	-993
Provision of School Places (Basic Need)	-5,824
Schools Modernisation / Condition Capital	-3,000
SEND Provision Capital Funding for Pupils with EHC Plans	-23,366
	-33,182
<b>HIGHWAYS</b>	
Spalding Western Relief Road	-2,630
	-2,630
<b>TOTAL</b>	<b>-35,812</b>

## **8. PRUDENTIAL INDICATORS**

- 8.1 We are required to agree targets for specified prudential indicators in relation to capital financing and other treasury management matters. We also set our own targets in addition to the statutory ones. The main purpose of these targets is to ensure that our capital financing, in particular long term borrowing, is prudent, affordable and sustainable. The proposed targets are set out in **APPENDIX M**.
- 8.2 One of our voluntary Prudential Indicators, is that the repayment of external debt including interest will be less than 10% of annual income from general government grants, Dedicated Schools Grant and council tax. This is projected to increase to 5.16% in 2022/23 from 3.98% in 2021/22.

## 9. MINIMUM REVENUE PROVISION

### Minimum Revenue Provision Policy Statement for Repayment of Debt 2022/23

9.1 In accordance with the MHCLG requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit.

9.2 This is achieved by applying the following methodology:

Borrowing	MRP Repayment Basis
Pre 1 <sup>st</sup> April 2008 Debt	This element of the Capital Financing Requirement is being repaid on a full repayment method based on a standard asset life of 50 years which equates to a flat rate of 2% per year until the debt is fully repaid over 50 years.
Unsupported Debt- 2008/09 onwards	This element of the Capital Financing Requirement is being repaid using the <b>Asset Life EIP method</b> . Whereby equal instalments of principal debt repayment are repaid over the asset lives of the assets financed from borrowing.
Debt used to finance assets whose benefit increases as time passes (e.g. Infrastructure - Major New Road Schemes).	This element of the Capital Financing Requirement is being repaid using the <b>Asset Life Annuity method</b> . Whereby a fixed repayment of debt consists of primarily all interest in early years and principal repayment increases in later years. This method therefore has the advantage of linking MRP to the flow of benefits from an asset where the benefits of those assets are expected to increase in later years.
Credit Arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.
Assets financed by borrowing when if sold the income is classed as a capital receipt.	For capital expenditure incurred, financed by borrowing, that increased the CFR whose subsequent sale resulted in a capital receipt that reduced the CFR, Minimum revenue provision will be made on the capital expenditure over the life of the asset financed. (This includes loans made for capital purposes, investment properties and assets acquired for development/resale).
Capitalised Expenditure Under Regulation 16 (2)(b) & 25(1) of LGA 2003	The <b>Asset Life method</b> is used to calculate MRP on all <b>capitalised expenditure</b> , using maximum asset lives as stated in <b>Statutory Guidance on MRP</b> .

9.3 Revenue provision is chargeable in the first financial year after the relevant capital expenditure is incurred. The guidance also allows Councils not to start charging MRP **until an asset becomes operational**.



9.4 Where it is practical or appropriate to do so, the Council may make **voluntary revenue provision (VRP)**, (Make more MRP than is calculated prudent in any given year), or **apply capital receipts** to reduce debt over a shorter period. Any VRP made can be used to offset MRP in following years.

9.5 The table below shows the estimates for asset lives per type of asset used under the Asset Life MRP policy detailed above. Professional guidance has been used to ascertain these asset lives.

Type of Asset	Estimated Asset Life in Years
Land	50
Construction	50
Matched Funding	25
Repair & Maintenance	20
Infrastructure (New Road Schemes)	120
Road Maintenance	20
Bridges	120
Integrated Transport	20
Waste Transfer Plant	40
Heavy Engineering Equipment	30
Vehicles	4
Long Life Specialist Vehicles	7
Equipment	5
IT	4
IT -Broadband	10
ERP Finance System	10
Mosaic	10
Investment Properties held for Commercial Reasons	50
<b>Capitalised Expenditure:</b>	
Loans & Grants Made for Capital Purposes	Useful life of assets which expenditure is incurred.
Share Capital	20

## **10. SECTION 151 OFFICER'S STATEMENT ON THE ROBUSTNESS OF THE BUDGET AND ADEQUACY OF RESERVES – 2022/23**

### Summary

10.1 Under Section 25 of the Local Government Act 2003 when the Council sets the budget the S151 Officer is required to report on:

- the robustness of the estimates made for the purposes of the calculations, and
- the adequacy of the proposed financial reserves.

Council has a statutory duty to have regard to this report when making decisions about the budget.

10.2 Our Medium Term Financial Strategy (MTFS) has been refreshed to consider the financial position of the council to 2025/26. It also considers the funding sources and level of reserves required to demonstrate the financial resilience and sustainability of the council.

10.3 Our funding uncertainty continues, and whilst the government announced a three year spending review in October (SR21), local councils have received a single year financial settlement for 2022/23. The indications are that the long awaited 'Fair Funding' review will be consulted upon during the coming year for implementation from 2023/24.

10.4 During the 2022/23 budget process, our budgets have been reviewed and updated to reflect continuing cost pressures which in some cases have been exacerbated by the Covid-19 pandemic. This is to ensure the budget reflects an expected baseline of spend in 2022/23 and deliverable efficiencies.

10.5 Our transformation programme is supporting corporate initiatives focused on providing 'good value council services'. We seek to use digital options to reduce bureaucracy and reliance on manual processes, ensuring our back-office services are optimised. This approach will continue to allow the council to maintain and invest in its valued frontline services at a time when other councils are still reducing theirs.

10.6 The council has demonstrated sound financial management over a number of years. We have delivered services within budget and have used underspends to establish earmarked reserves to mitigate volatile budgets and funding uncertainty. These reserves have supported the evaluation of our long term financial resilience as being good, and will need to be maintained whilst budget challenges and funding uncertainty continues.

### The Budget Proposals

10.7 In relation to the 2022/23 budget, significant additions have been made to service budgets to reflect current cost pressures. In that context service areas have provided brief notes on the realism of their proposed budgets and their ability to manage within these budgets. In that context the following points are relevant:

- Savings targets for next year are modest, do not impact on service delivery and therefore represent a lower risk to the financial stability of the Council arising from a failure to deliver those proposals. All Service Areas have affirmed their commitment to achieving the savings and have the necessary financial management processes in place to support this.

- Adult Social Care (ASC) continues to see a growth in demand on their services especially with working age adults with longer reliance on social care and increasingly complex needs. The Transformation programme includes a review on managing demand in this area and across the Adult Care and Community Wellbeing Service.
- The introduction of the Adult Care reforms brings a fundamental change to the structure of financial contributions towards care and the fee structure of the care market which is already needing to recover from the impacts of Covid-19.
- The increases in National Living Wage rates will have a material impact on the costs of our contracted services, particularly in relation to Adult Care and the Home to School Transport budgets.
- A continuing complexity of needs of children in care and the cost of specialist placements with Covid-19 intensifying issues at home.
- Increasing demands, contract costs and legislative changes impacting on the Home to School Transport budgets alongside the need to deliver a public transport strategy.
- Increasing demand pressures of the High Needs element of the Dedicated Schools Budget (reflecting a national picture).
- Impacts of workforce shortages, supply chain pressures and inflationary increases on supplies and services including utility costs.
- Volatility and inflationary growth of construction costs increasing risk in our major capital projects and highways maintenance.
- The impact of reduced government grants, and particularly a reduced level of highways maintenance grant expected from the Department for Transport.
- The Covid-19 pandemic impact of demand led budgets, including areas such as waste disposal, with potential longer term impacts on contract prices.
- Continued reliance of specific grants to fund core activity, such as the improved better care fund and Social Care Grant.

10.8 The ten year capital programme has been refreshed as part of the budget setting process and the revenue impact of the programme has been factored into the budget proposals. The programme meets the affordability criteria set out in our capital strategy and allows for future investment as well as continuing to maintain and replace our existing assets

10.9 A £7.500m capital contingency has been established in each year of the programme. This will be the subject of business case bids from service areas and can be used as a source of matched funding in respect of external bids for capital funding.

10.10 The capital strategy includes the role of the officer led Capital Review Group which aims to strengthen the monitoring and management of the Council's capital programme.

10.11 The capital programme does not allocate any capital funding to commercial type investment activity designed purely to supplement revenue income in future years.

### Funding

10.12 Although the government announced a three year spending review (SR21), it has, for the third year, provided a 'one year roll over' financial settlement with a commitment to a review of needs and resources during the year to implement changes from 2023/24.

10.13 An additional grant has been allocated to support increases in the cost of delivering social care and other services. This 'services grant' will be allocated for 2022/23 only and will not be included in the calculation for transitional relief following any funding changes implemented from 2023/24.

10.14 An additional un-ringfenced grant for social care has also been added to our funding, which will support the cost pressures in this area.

10.15 The requirement to fund ASC services through local taxation is set to continue with a clear indication from government that increases in demand and cost of ASC provision will need to be met from local taxation and budgets with only the cost of the reforms being supported by additional government funding.

10.16 The Department for Transport grant for Highway Maintenance reduced in the current year by £12.3m, and we are currently assuming the grant will continue at this reduced level. We used cash reserves to backfill this funding in the current year, but this is not a sustainable strategy going forward for future years.

10.17 The government has provided sufficient financial support during the Covid-19 pandemic to compensate the council for costs incurred. Following on from the vaccination programme and a relaxing of restrictions this funding from government is not planned to continue in 2022/23. We expect the impact of this pandemic may continue for some time, and creates a significant risk for our longer term financial planning.

### Financial Performance & Resilience

10.18 Our systems and processes allow for effective financial management, with budget forecasts being reviewed regularly by the Corporate Leadership Team and through quarterly reporting to members.

10.19 Savings identified in previous budgets have been delivered and the council has maximised its financial resilience from budget underspends. These have enabled the council to establish appropriate reserves on its balance sheet to manage future budget pressures and funding uncertainty. The latest budget reporting for the current year, is forecasting an overall underspend on our budgets.

10.20 CIPFA have published a financial resilience index, considering some key measures to assess the financial health of English local authorities. This demonstrates the sound financial position of the Council.

## Financial Risks

10.21 There are a number of financial risks that are monitored on an ongoing basis and form the basis of the evaluation of the adequacy of contingency budgets and general reserves we hold each year and earmarked reserves to support the volatile nature of some budgets.

10.22 These existing and on-going risks include:-

The realism of budget estimates for,–

- Pay awards
- Price increases including forecast levels of inflation
- Challenges of staff recruitment resulting in more costly agency costs
- Income, including higher risk areas such as capital receipts
- Provision for demand led services including: children’s services, waste disposal, adult care, certain aspects of public health, home to school transport, concessionary fares, adverse weather, support for the council tax, etc.

Potential Losses including –

- Claims against the Council
- Bad debts or failure to collect income
- Major emergencies or disasters
- Failure to deliver budget savings
- Default on loans made by the Council for cash management purposes

The provision against these general financial risks include:-

- A corporate contingency budget which has been increased to £6.500m in 2022/23 in direct response to the excessive inflationary increases around our supplies and services costs and utility costs.
- The level of the Council’s general reserves, which we maintain at a level of 2.5% - 3.5% of the council's total budget.
- Earmarked reserves to support areas of volatility.

10.23 There are a number of new and emerging risks that also need to be considered alongside the mitigations put into place, and the financial provisions in place to offset these risks.

Emerging Risks	Mitigations
Longer term impact of Covid-19 on contract prices and demand for our services.	Transformation programme reviewing how our services are accessed and best support our residents.  Maintaining adequate earmarked reserves to support future financial uncertainty.
Workforce and supply chain challenges increasing our contract costs, delivery cost of services and capital projects.	Increased corporate contingency to respond to pressures caused by price increases not budgeted for.  Our People Strategy is prioritising

	recruitment and retention of staff.
Excessive inflationary increases on supplies required to deliver services in particular utility costs.	Increased corporate contingency to respond to pressures caused by price increases not budgeted for.
Adult care reforms costing more than funding available to deliver them.	Continue to model costs and work with the sector to deliver a fair cost of care.  Maintaining adequate earmarked reserves to support future financial uncertainty.  Reviewing our systems and process to ensure Financial Assessment to establish contributions to care are undertaken in a timely manner
Delay in government reforms of local government funding.	Application of maximum available council tax levies when available.  Maintaining adequate earmarked reserves to support future financial uncertainty.
Move to local taxation for funding with a starting position of a low spend per head of population and low council tax base.	Continue to make representation for a fairer funding settlement for rural local authorities.  Maintaining adequate earmarked reserves to support future financial uncertainty.
Need for future savings to balance our budget.	A longer term savings strategy has been adopted to deliver efficiencies.  Maintaining adequate earmarked reserves to support future financial uncertainty.
Planned transformation efficiencies not being delivered.	The governance of the Transformation Programme includes regular reporting of costs and benefits to ensure on-going accountability for their delivery.

10.24 As many of these financial risks are mitigated by having an adequate level of general and earmarked reserves, it is important that these reserves continue to be maintained at a level to adequately support the on-going uncertainty in our funding and volatility in our costs.

## Adequacy of Reserves

10.25 Our MTFS sets out our reserves requirement which takes into consideration the council's current and emerging financial risks. The strategy for the general reserve is that it will be maintained to a level within a range of 2.5% to 3.5% of the annual budget requirement.

10.26 The council also holds a number of earmarked reserves. In recognition of a number of volatile elements to our income base, the council has previously established an earmarked reserve to deal with funding risk. This reserve, known as the Financial Volatility Reserve, has a current value of £44.483m. The recommendations set out in the budget papers do not plan to draw down on this reserve for the year 2022/23, however based on current assumptions this reserve will be needed to support the following financial years over the medium term plan period.

## Conclusion

10.27 Taking into account all these factors I am satisfied that the budget for 2022/23 is realistic and reflects our expected service delivery requirements.

10.28 The current level of reserves is adequate to mitigate the current financial risks. Any use of these reserves earmarked for financial volatility and future sustainability as part of the budget approved by Council, should look to be replenished at the end of the current financial year to maintain the financial security and resilience of the council.

10.29 The medium term financial strategy will continue to be updated and reviewed to consider the impact beyond 2022/23 of changes to the funding of Council and the continued cost pressures and demands on our services.

Andrew Crookham CPFA

## **11. CONSULTATION AND ENGAGEMENT**

- 11.1 Individual Scrutiny Committees have received a report and presentation on their respective budget areas and have had chance to comment on their appropriateness. The Overview and Scrutiny Management Board also considered the budget proposals as a whole. These comments were collated and presented to the Executive when it considered the Council's budget on 8 February 2022.
- 11.2 Businesses, Trade Unions and other public organisations were consulted at a meeting on 28 January 2022. Comments made at this meeting were collated and presented to the Executive when it considered the Council's budget on 8 February 2022.
- 11.3 The Council also invited the public to comment (via the Council's Website or via email) on the Council's budget proposals outlined in the 5 January 2022 Executive report.
- 11.4 A summary of all comments received via the consultation process can be found at **APPENDIX D**.



REVENUE EXPENDITURE			
2021/22 BUDGET	REVENUE BUDGETS	2022/23 BUDGET CHANGES	2022/23 PROPOSED BUDGET
£		£	£
<b>COMMITTEE AREA</b>			
12,771,373	Children's Education	-105,750	12,665,623
76,886,717	Children's Social Care	3,666,096	80,552,813
118,832,212	Adult Frailty & Long Term Conditions	6,656,712	125,488,925
86,310,919	Adult Specialities	5,808,483	92,119,402
29,355,056	Public Health & Community Wellbeing	328,556	29,683,612
80,287,899	Communities	5,052,460	85,340,359
344,105	Lincolnshire Local Enterprise Partnership	0	344,105
2,136,848	Growth	-16,120	2,120,728
24,111,431	Highways	13,073,871	37,185,302
21,602,296	Fire and Rescue	107,961	21,710,257
	Public Protection & Emergency Planning		4,969,917
29,155,528	Finance	-924,058	7,324,796
	Organisational Support		13,938,343
	Legal and Governance		1,998,413
39,164,413	Corporate Property		11,018,347
	Commercial	430,230	8,645,077
	Transformation		4,597,546
	Information Technology		15,333,673
2,943,487	Corporate Services	15,770	2,959,257
-33,546,137	Public Health Grant Income	-348,993	-33,895,130
-52,233,341	Better Care Funding	-2,102,911	-54,336,252
0	Market Sustainability and Fair Cost of Care (New Grant)	-2,273,366	-2,273,366
<b>438,122,806</b>	<b>Total Committee</b>	<b>29,368,941</b>	<b>467,491,747</b>
<b>SCHOOLS BUDGETS</b>			
454,763,789	Schools Block	63,325,730	518,089,519
91,982,435	High Needs Block	18,134,077	110,116,512
3,728,205	Central School Services Block	-336,555	3,391,650
42,131,646	Early Years Block	-1,229,511	40,902,135
-595,281,990	Dedicated Schools Grant	-79,893,741	-675,175,731
<b>-2,675,915</b>	<b>TOTAL SCHOOLS BUDGETS</b>	<b>0</b>	<b>-2,675,915</b>
<b>OTHER BUDGETS</b>			
3,000,000	Contingency	3,500,000	6,500,000
41,661,946	Capital Financing Charges	1,327,361	42,989,307
22,699,741	Other	9,869,974	32,569,715
<b>67,361,687</b>	<b>TOTAL OTHER BUDGETS</b>	<b>14,697,335</b>	<b>82,059,022</b>
<b>502,808,578</b>	<b>TOTAL NET EXPENDITURE</b>	<b>44,066,276</b>	<b>546,874,854</b>
2,438,950	Transfer to/from Earmarked Reserves	-4,742,950	-2,304,000
200,000	Transfer to/from General Reserves	-200,000	0
<b>505,447,528</b>	<b>BUDGET REQUIREMENT</b>	<b>39,123,326</b>	<b>544,570,854</b>
<b>MET FROM:</b>			
120,825,180	Business Rates Local Retention	1,769,609	122,594,789
20,579,898	Revenue Support Grant	640,216	21,220,114
44,416,116	Other Non Specific Grants	11,467,982	55,884,098
319,626,334	County Precept	25,245,519	344,871,853
<b>505,447,528</b>	<b>TOTAL MET FROM</b>	<b>39,123,326</b>	<b>544,570,854</b>

## COUNTY PRECEPT 2022/23

<b>Council Tax Requirement</b>	<b>£</b>
Total Budget Requirement	544,570,854.80
less Government Support	199,699,001.82
County Precept	<u>344,871,852.98</u>
less Net Surplus on Council Tax element of District Council Collection Funds	3,167,304.87
Council Tax Requirement	<u>341,704,548.11</u>

Precepts to be levied on District Councils	Number of Band D Equivalent Properties	Council Tax Requirement £	Council Tax Collection Fund +Surplus/ -Deficit £	County Precept £
City of Lincoln	25,310.01	36,248,237.02	-27,110.00	36,221,127.02
Boston	20,051.00	28,716,440.67	460,821.61	29,177,262.28
East Lindsey	45,793.00	65,583,360.81	484,291.00	66,067,651.81
West Lindsey	31,038.46	44,452,351.26	1,041,800.00	45,494,151.26
North Kesteven	38,300.00	54,852,111.00	624,169.26	55,476,280.26
South Kesteven	48,706.70	69,756,274.54	358,255.00	70,114,529.54
South Holland	29,393.00	42,095,772.81	225,078.00	42,320,850.81
<b>Total</b>	<b>238,592.17</b>	<b>341,704,548.11</b>	<b>3,167,304.87</b>	<b>344,871,852.98</b>

**County Council Element of Council Tax  
by Property Band**

Property Band	Proportion of Band D	Council Tax per Property £
Band A	6 / 9	954.78
Band B	7 / 9	1,113.91
Band C	8 / 9	1,273.04
Band D	9 / 9	1,432.17
Band E	11 / 9	1,750.43
Band F	13 / 9	2,068.69
Band G	15 / 9	2,386.95
Band H	18 / 9	2,864.34

## Equality Impact Analysis to enable informed decisions

### The purpose of this document is to:-

- I. help decision makers fulfil their duties under the Equality Act 2010 and
- II. for you to evidence the positive and adverse impacts of the proposed change on people with protected characteristics and ways to mitigate or eliminate any adverse impacts.

### Using this form

This form must be updated and reviewed as your evidence on a proposal for a project/service change/policy/commissioning of a service or decommissioning of a service evolves taking into account any consultation feedback, significant changes to the proposals and data to support impacts of proposed changes. The key findings of the most up to date version of the Equality Impact Analysis must be explained in the report to the decision maker and the Equality Impact Analysis must be attached to the decision making report.

**\*\*Please make sure you read the information below so that you understand what is required under the Equality Act 2010\*\***

### Equality Act 2010

The Equality Act 2010 applies to both our workforce and our customers. Under the Equality Act 2010, decision makers are under a personal duty, to have due (that is proportionate) regard to the need to protect and promote the interests of persons with protected characteristics.

### Protected characteristics

The protected characteristics under the Act are: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

### Section 149 of the Equality Act 2010

Section 149 requires a public authority to 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 relevant protected characteristics and persons who do not share those characteristics
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
-

The purpose of Section 149 is to get decision makers to consider the impact their decisions may or will have on those with protected characteristics and by evidencing the impacts on people with protected characteristics decision makers should be able to demonstrate 'due regard'.

### **Decision makers duty under the Act**

Having had careful regard to the Equality Impact Analysis, and also the consultation responses, decision makers are under a personal duty to have due regard to the need to protect and promote the interests of persons with protected characteristics (see above) and to:-

- (i) consider and analyse how the decision is likely to affect those with protected characteristics, in practical terms,
- (ii) remove any unlawful discrimination, harassment, victimisation and other prohibited conduct,
- (iii) consider whether practical steps should be taken to mitigate or avoid any adverse consequences that the decision is likely to have, for persons with protected characteristics and, indeed, to consider whether the decision should not be taken at all, in the interests of persons with protected characteristics,
- (iv) consider whether steps should be taken to advance equality, foster good relations and generally promote the interests of persons with protected characteristics, either by varying the recommended decision or by taking some other decision.

## **Conducting an Impact Analysis**

The Equality Impact Analysis is a process to identify the impact or likely impact a project, proposed service change, commissioning, decommissioning or policy will have on people with protected characteristics listed above. It should be considered at the beginning of the decision making process.

### **The Lead Officer responsibility**

This is the person writing the report for the decision maker. It is the responsibility of the Lead Officer to make sure that the Equality Impact Analysis is robust and proportionate to the decision being taken.

### **Summary of findings**

You must provide a clear and concise summary of the key findings of this Equality Impact Analysis in the decision making report and attach this Equality Impact Analysis to the report.

## Impact – definition

An impact is an intentional or unintentional lasting consequence or significant change to people's lives brought about by an action or series of actions.

### How much detail to include?

The Equality Impact Analysis should be proportionate to the impact of proposed change. In deciding this asking simple questions “Who might be affected by this decision?” “Which protected characteristics might be affected?” and “How might they be affected?” will help you consider the extent to which you already have evidence, information and data, and where there are gaps that you will need to explore. Ensure the source and date of any existing data is referenced.

You must consider both obvious and any less obvious impacts. Engaging with people with the protected characteristics will help you to identify less obvious impacts as these groups share their perspectives with you.

A given proposal may have a positive impact on one or more protected characteristics and have an adverse impact on others. You must capture these differences in this form to help decision makers to arrive at a view as to where the balance of advantage or disadvantage lies. If an adverse impact is unavoidable then it must be clearly justified and recorded as such, with an explanation as to why no steps can be taken to avoid the impact. Consequences must be included.

**Proposals for more than one option** If more than one option is being proposed you must ensure that the Equality Impact Analysis covers all options. Depending on the circumstances, it may be more appropriate to complete an Equality Impact Analysis for each option.

**The information you provide in this form must be sufficient to allow the decision maker to fulfil their role as above. You must include the latest version of the Equality Impact Analysis with the report to the decision maker. Please be aware that the information in this form must be able to stand up to legal challenge.**

**Background Information**

<b>Title of the policy / project / service being considered</b>	[Increase in the council tax for financial year 2022/23]	<b>Person / people completing analysis</b>	[Michelle Grady – Assistant Director – Finance]
<b>Service Area</b>	[All Council Services]	<b>Lead Officer</b>	[Andrew Crookham – Executive Director of Resources]
<b>Who is the decision maker?</b>	[Full Council]	<b>How was the Equality Impact Analysis undertaken?</b>	[Desktop Exercise]
<b>Date of meeting when decision will be made</b>	18/02/2022	<b>Version control</b>	[1.1]
<b>Is this proposed change to an existing policy/service/project or is it new?</b>	Existing policy/service/project	<b>LCC directly delivered, commissioned, re-commissioned or de-commissioned?</b>	[Directly delivered]
<b>Describe the proposed change</b>	<p>[Each February the County Council sets a budget for the forthcoming financial year part of which includes a decision on the amount of Council Tax to be levied in that year.</p> <p>A few years ago the Government offered a time-limited grant to Councils to compensate them if they chose not to increase their council tax levels. In Lincolnshire this was the case for four years 2011/12 to 2014/15. Since this time the Council has increased its council tax within the thresholds laid down by Government.</p> <p>In recent years, 2020/21-2021/22, the Government has increased the level of grant support to the Council by some £28m this much needed increase followed a period of nine successive years of significant reductions totalling £146m.</p> <p>Despite the overall reduction in government funding, the last 5 years has seen costs continue to increase significantly, generating a total cost pressure for that period of £158m. One of the main cost pressures relates to the increase in costs of adult care provision. As mentioned above, the Government has in recent years provided some additional</p>		

grant to offset some of this increasing cost and has also provided the ability to increase council tax levels purely to fund adult care services without having to hold a referendum. This indicates that Government expects local tax payers to contribute more to meet these rising costs.

The council tax system requires each billing authority (ie. district council) to establish and maintain a local council tax support scheme which is a means tested system to allow those on low income to gain financial support to meet their council tax bill either in part or in full. Schemes vary within the county but some schemes positively favour certain classes of council tax payers with protected characteristics (eg. disability). These schemes are themselves the subject of equality impact assessments undertaken by the individual district council concerned. The County Council is consulted each autumn by the Districts on any changes to their council tax support schemes.

Over the past 5 years the County Council has increased council tax by just over 16% whereas general price inflation over the same period has been just below 8%. The reason why council tax increases have been above the rate of inflation is because the government has allowed authorities with adult social care responsibilities to charge an additional up to 2% per annum for the 4 years between 2017/18 and 2020/21 and an additional up to 3% for 2021/22 and an additional up to 1% for 2022/23 (an adult social care precept). The County Council has exercised this option in all but one year to help fund these rising social care costs. If the adult social care precept had not been charged then the increase in general council tax over the past 5 years would have been just above 8% which is just slightly higher than the increase in general price inflation over the same period.

The maximum council tax increase which the Council is allowed to approve in 2022/23 without triggering a local referendum is 3.00% (2.00% for general council tax plus 1.00% for the adult social care precept). In addition to this the Council can also increase council tax for any unused adult care precept from 2021/22. For Lincolnshire County Council this is an additional up to 3.00%. This gives the Council an option to increase council tax in 2022/23 by 6% (2% for general council tax and 4% for the adult care precept). It is proposed that the general council tax will be increased by 1.99% in 2022/23 and that the adult social care precept will be increased by 3.00%. In total, this is a council tax increase of 4.99% for 2022/23. The proposal to increase council tax by 4.99% rather than by the full 6.00% permitted is a recognition of the impact on council tax payers of increased costs. ]



### **Evidencing the impacts**

In this section you will explain the difference that proposed changes are likely to make on people with protected characteristics. To help you do this first consider the impacts the proposed changes may have on people without protected characteristics before then considering the impacts the proposed changes may have on people with protected characteristics.

You must evidence here who will benefit and how they will benefit. If there are no benefits that you can identify please state 'No perceived benefit' under the relevant protected characteristic. You can add sub categories under the protected characteristics to make clear the impacts. For example under Age you may have considered the impact on 0-5 year olds or people aged 65 and over, under Race you may have considered Eastern European migrants, under Sex you may have considered specific impacts on men.

### **Data to support impacts of proposed changes**

When considering the equality impact of a decision it is important to know who the people are that will be affected by any change.

#### Population data and the Joint Strategic Needs Assessment

The Lincolnshire Research Observatory (LRO) holds a range of population data by the protected characteristics. This can help put a decision into context. Visit the LRO website and its population theme page by following this link: <http://www.research-lincs.org.uk> If you cannot find what you are looking for, or need more information, please contact the LRO team. You will also find information about the Joint Strategic Needs Assessment on the LRO website.

#### Workforce profiles

You can obtain information by many of the protected characteristics for the Council's workforce and comparisons with the labour market on the [Council's website](#). As of 1<sup>st</sup> April 2015, managers can obtain workforce profile data by the protected characteristics for their specific areas using Agresso.

**Positive impacts**

The proposed change may have the following positive impacts on persons with protected characteristics – If no positive impact, please state 'no positive impact'.

<b>Age</b>	[Increasing the council tax adds a permanent and sustainable income stream to the funding of the Council. In so doing it thereby assists in limiting potential cuts in service provision over the wide range of services provided by the Council. Many of those services provide key support to those with protected characteristics. ]
<b>Disability</b>	[As for Age above.]
<b>Gender reassignment</b>	[As for Age above.]
<b>Marriage and civil partnership</b>	[As for Age above.]
<b>Pregnancy and maternity</b>	[As for Age above.]
<b>Race</b>	[As for Age above.]
<b>Religion or belief</b>	[As for Age above.]

Sex	[As for Age above.]
Sexual orientation	[As for Age above.]



**If you have identified positive impacts for other groups not specifically covered by the protected characteristics in the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.**

[The benefits outlined above in terms of limiting wider service reductions apply to all those who use Council services and not just to those with protected characteristics.]

### Adverse/negative impacts

You must evidence how people with protected characteristics will be adversely impacted and any proposed mitigation to reduce or eliminate adverse impacts. An adverse impact causes disadvantage or exclusion. If such an impact is identified please state how, as far as possible, it is justified; eliminated; minimised or counter balanced by other measures.

If there are no adverse impacts that you can identify please state 'No perceived adverse impact' under the relevant protected characteristic.

**Negative impacts of the proposed change and practical steps to mitigate or avoid any adverse consequences on people with protected characteristics are detailed below. If you have not identified any mitigating action to reduce an adverse impact please state 'No mitigating action identified'.**

Age	<p>The proposed increase in the council tax of 4.99% will impact on all council <u>tax payers</u> who are responsible for the council tax levied on their property. The level of income of the council <u>tax payer</u> and their ability to afford the increase in the annual charge will be the key issue.</p> <p>To the extent to which those with a protected characteristic are council <u>tax payers</u> then they will be potentially impacted by this change. To the extent that any of the protected characteristics impact disproportionately on income generating capacity compared to people without that protected characteristic there is the potential for the council tax increase to impact adversely to a greater extent on individuals with the protected characteristic.</p> <p>As mentioned earlier this differential impact is mitigated by financial support made available from schemes operated by district councils to assist in meeting council tax bills for <u>low income</u> individuals.</p>
Disability	[As for Age above.]
Gender reassignment	[As for Age above.]

<b>Marriage and civil partnership</b>	[As for Age above]
<b>Pregnancy and maternity</b>	[As for Age above]
<b>Race</b>	[As for Age above]
<b>Religion or belief</b>	[As for Age above]
<b>Sex</b>	[As for Age above]
<b>Sexual orientation</b>	[As for Age above]

**If you have identified negative impacts for other groups not specifically covered by the protected characteristics under the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.**

[The ability to afford the proposed council tax increase applies to all individuals who are responsible for paying a council tax bill.]

### Stakeholders

Stake holders are people or groups who may be directly affected (primary stakeholders) and indirectly affected (secondary stakeholders)

You must evidence here who you involved in gathering your evidence about benefits, adverse impacts and practical steps to mitigate or avoid any adverse consequences. You must be confident that any engagement was meaningful. The Community engagement team can help you to do this and you can contact them at [consultation@lincolnshire.gov.uk](mailto:consultation@lincolnshire.gov.uk)

State clearly what (if any) consultation or engagement activity took place by stating who you involved when compiling this EIA under the protected characteristics. Include organisations you invited and organisations who attended, the date(s) they were involved and method of involvement i.e. Equality Impact Analysis workshop/email/telephone conversation/meeting/consultation. State clearly the objectives of the EIA consultation and findings from the EIA consultation under each of the protected characteristics. If you have not covered any of the protected characteristics please state the reasons why they were not consulted/engaged.

**Objective(s) of the EIA consultation/engagement activity**

[The proposed council tax increase is one of the proposals to enable the Council to set a balanced budget for 2022/23. The other key aspect is a range of across the board efficiency savings totalling £4.8m. The Council has undertaken a public engagement exercise on the budget proposals and there has also been a more formal consultation with the Scrutiny Committees of the Council and with key stakeholders such as business, public sector partners and trade unions. The public engagement and consultation exercise was based on the budget proposals and council tax increase considered by the Executive on 5 January 2022 and this was a proposed council tax increase of 3.00%. At its meeting on 8 February 2022 the Executive has resolved to recommend to Council a council tax increase of 4.99%, so this proposal has not been the subject of public engagement and consultation.]

**Who was involved in the EIA consultation/engagement activity? Detail any findings identified by the protected characteristic**

<b>Age</b>	[The details of public and wider engagement are described above. This is undertaken at the level of the whole suite of budget proposals rather than specific concentration on one aspect such as the proposed council tax increase. The nature of this proposal combined with the mitigation available through local council tax support schemes means that though there may be a differential impact between those people with a protected characteristic and those who do not share that characteristic this impact is mitigated.]
<b>Disability</b>	[As for Age above]
<b>Gender reassignment</b>	[As for Age above]
<b>Marriage and civil partnership</b>	[As for Age above]
<b>Pregnancy and maternity</b>	[As for Age above]
<b>Race</b>	[As for Age above]
<b>Religion or belief</b>	[As for Age above]



Sex	[As for Age above]
Sexual orientation	[As for Age above ]
<p><b>Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way?</b></p> <p>The purpose is to make sure you have got the perspective of all the protected characteristics.</p>	<p>[ The original proposal to increase council tax by 3.00% has received publicity and has been undertaken to invite feedback from all key stakeholders. The main mitigation of the impact of the proposal rests in the Council Tax Support Schemes operated by District Councils. These schemes themselves are the subject of equality impact assessments undertaken by the <u>District</u> concerned.]</p>
<p><b>Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?</b></p>	<p>[Feedback is received periodically from the <u>Districts</u> on the take up of the County Tax Support Schemes not least because the County Council funds around 75% of the cost of such schemes.]</p>

**Further Details**

<b>Are you handling personal data?</b>	<input type="text" value="No"/> If yes, please give details. <input type="text"/>
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<b>Actions required</b>	<b>Action</b>	<b>Lead officer</b>	<b>Timescale</b>
Include any actions identified in this analysis for on-going monitoring of impacts.	<input type="text" value="NONE"/>	<input type="text"/>	<input type="text"/>
<b>Signed off by</b>	Michelle Grady	<b>Date</b>	08/02/2022

## **BUDGET ENGAGEMENT & CONSULTATION FEEDBACK**

This Appendix provides details of the budget engagement events which have taken place in January 2022.

### **Statements on Budget Proposals for 2022/23 from Overview and Scrutiny Committees**

The following statements have been received from Scrutiny Committee meetings which have taken place during January 2022:

#### **Environment and Economy Scrutiny Committee – 18 January 2022**

The Environment and Economy Scrutiny Committee unanimously supports the Revenue and Capital Budget Proposals 2022/23 for the Council's Environment and Economy Services.

The Committee acknowledged the importance of efforts made to roll out efficient waste collection services, including the separate paper and cardboard collection trial and the food waste collection trial that took place in South Holland District and South Kesteven District respectively. The Committee welcomed future plans for wider roll out of the food waste collection appreciating that these were affected and shaped by the implementation of the Environment Act 2021.

The Committee expressed a concern over the apparent removal of the development management budget and the anticipated impact on services and were pleased to hear that this was a budget that received income from development contributions from developers, and as the income received exceeds the cost of providing that service, it results in a negative budget and does not reflect a reduction in budget year-on-year.

#### **Adults and Community Wellbeing Scrutiny Committee – 12 January 2022**

The Adults and Community Wellbeing Scrutiny Committee unanimously supports the budget proposals for Adult Care and Community Wellbeing. The Committee also supported the proposed increase of 3% in the social care precept for 2022/23.

The Committee recorded its appreciation to all the officers who had managed the cost pressures on the service over recent years. The Committee also acknowledges the future costs pressures on Adult Care and Community Wellbeing, as a result of the proposed reforms of adult social care, will be substantial, as well as cost pressures on other council services. The Committee noted that all these pressures would be reflected in the Council's medium term financial strategy.

The Committee recognises the importance of innovation as one way of addressing the budget pressures, and will be including items on its agenda in the coming year, which reflect this innovative approach. This includes the Improvement Programme for working practices, including initial contact, signposting, assessment and wellbeing services; reviewing the process for financial assessments, including the proposed cap on individual costs and changes to the assessment process; the use of digital technology; and the opportunities arising from

## **Children and Young People Scrutiny Committee – 14 January 2022**

The Children and Young People Scrutiny Committee unanimously supports the budget proposals for Children's Services for 2022/23, including the funding of the cost pressures for Children's Social Care Services.

The Committee congratulated officers on an excellent report despite the difficult financial challenges facing Children's Services and the Council.

The Committee was disappointed to learn of the removal of the funding for Local Authorities School Improvement Monitoring and Brokering Grant for school improvement activities supporting maintained schools, which would be managed by the Council from April 2022 while a review was undertaken. It was recognised that this could have a detrimental impact on small schools in Lincolnshire. The Committee requested a report back to a future meeting outlining some options and recommendations for responding to the removal of this funding.

The following points were clarified in relation to the Revenue and Capital Budget Proposals for 2022/23:

- The Home to School Transport budget had been moved to the Place Directorate as the commissioning of home to school transport was undertaken by Place due to the connections with the public transport network. As a result, this budget would now be reported to the Highways and Transport Scrutiny Committee. A new transport management system had recently been implemented to support the delivery of operations but also to allow better tracking of the budget and the impact of the cost of each contract which would enable the budget to be better predicted. Children's Services would continue to have oversight of the budget and delivery of home to school transport to ensure some consistency of expertise in this complex area. A cost pressure of around £6.5m had been identified for the Home to School Transport budget. Through transformation work, overall costs were planned to reduce by about £1.2m, leaving a net cost pressure of approximately £5.3m. The current transformation work was aimed at bringing these cost pressures down and to try to stabilise and galvanise the market to increase competition. The Committee requested a report back in six months' time to consider how the transition has worked and the transformational changes which have been made in relation to Home to School Transport.
- The Special Educational Needs and Disabilities (SEND) delegated funding to schools and services to the sector were funded from the High Needs Block of the Dedicated Schools Grant which was under increasing pressure and was a significant financial risk for the Council. SEND spending levels was a national concern. The Children's Education budget was for funding the SEND team, school improvement, safeguarding and other education support services.
- The lower average cost per child in care in Lincolnshire was due to the internal fostering service and the large number of foster carers working for the Council which made it more cost effective and better for the individual. A number of other councils were more reliant on independent foster carers or the residential market which were more costly.

## **Highways and Transport Scrutiny Committee – 24 January 2022**

The Highways and Transport Scrutiny Committee supports the Revenue and Capital Budget Proposals 2022/23 for the Council's Highways and Transport Services.

The Committee was satisfied that the Major Schemes Programme remained affordable on the back of other schemes being deferred into the future. The Committee acknowledged impacts of the £12 million gap in funding and were pleased to hear that there was ongoing work of Leading Officers and Executive portfolio holders towards a future funding strategy as part of the Highways Infrastructure Asset Management Plan. Members welcomed plans for the allocation of the remainder of £7 million out of the £10 million funds in 2022 – 2023 in line with the Highways Asset Management Strategy.

The Committee expressed a view that the transfer of the transport to school services, that was now brought into the Highways budget, offered a potential for a thorough examination of that service and the cost pressures that were on the rise, to ensure that challenges were mapped, and funds were used in the most effective way. Members were assured that there was a structure and governance model around a fundamental review of educational travel and that home to school transport was one of the major transformation activities for Lincolnshire County Council.

### **Public Protection and Communities Scrutiny Committee – 25 January 2022**

The Public Protection and Communities Scrutiny Committee supports the Revenue and Capital Budget Proposals 2022/23 for the Council's Public Protection and Communities Services.

The Committee was satisfied that on the Capital Programme 2021 – 2022 and beyond, where zero expenditure was marked against target areas, these were runoffs of existing projects, running this current year and therefore that there was no further expenditure expected in future years derived from these. Members were informed that the substantial increases in annual spend proposed in the budget reflected continuity of existing programmes some of which suffered delays due to the Covid Pandemic and were affected by EU Transition (e.g., replacement of fire appliances and equipment associated with the Fire and Rescue Service).

The Committee requested information on grants anticipated and received assurance that the amounts would become known in the final settlement announcement in mid-February 2022; following this the Committee will be informed at Full Council.

The Committee also asked for further information on the Fire and Rescue Service capital expenditure and was satisfied with the elaborate detail provided.

### **Overview and Scrutiny Management Board – 27 January 2022**

On 27 January 2022, the Overview and Scrutiny Management Board supported the budget proposals for 2022/23 for the Council's Commercial, Resources and Corporate services, with the exception of Councillor R B Parker who abstained.

In relation to the 2022/23 details, the following points were clarified for the Board in relation to questions raised by members:

- There were very few employees of the Council on the national living wage. Any increase to the national living wage was however likely to impact on the Council's contractors, such as those in the care worker sector which had a bigger proportion of staff on the national living wage. The contract rates were fixed in October 2021 so if the national living wage was increased, there would be a need to look at the contractual arrangements for the particular staff affected. This would result in

ongoing recurring costs either following the implementation of an increase or when the contract rates were fixed the following October. Any rise in national living wages would also have an impact on the pay scales for staff as it would raise the pay for the lowest grades resulting in smaller pay differentials for the grades above, which could lead to other grades needing to be re-evaluated.

- The Council was still waiting for confirmation of the Highways Maintenance settlement from the Department for Transport. In addition to the Council, the County Council Network and Lincolnshire MPs have been lobbying the government for the reinstatement of the Highways Maintenance funding, which was a national issue, but the current indications were not hopeful. If the government's response was not positive, then there would be a need to look at proposals to address the shortfall.
- The financial settlement included new burdens funding which could be used for cyber security but it was only for one year and it was unknown when it would become available.
- The focus for the savings strategy for the 2022/23 budget was through the smarter working programme. Savings varied for each area depending on the activity undertaken, the amount of travel and the size of the team. Therefore, smaller areas of the Council such as Corporate services were proposing smaller savings compared to some other areas due to having fewer staff and less staff travelling for meetings.
- The Transformation Programme saving was in relation to the specific team set up to deliver projects for delivering savings across the Council and related to the smarter working programme and reduced travelling costs.
- The underlying theme for the budget was to ensure that the Council continued to deliver services at a sufficient level and at a standard the public would like to receive. Within this, there were wider themes such as the smarter working programme, the green agenda, improved communications with the public, and the broader ambitions of the Council in terms of the Greater Lincolnshire devolution agenda.
- The Council had received a better settlement than expected, but there were still concerns with the highways maintenance funding. A lot of the savings in the budget had been previously agreed, and there would be further savings in terms of efficiencies. The smarter working agenda would release larger efficiencies, but there was a need for investment such as in IT to generate those efficiencies.
- The planned reduction in Executive and Management support posts was due to the greater use of technology such as Teams, and a change of model from 1:1 or 1:2 support to a hub model for supporting senior management. This would not have a significant impact on the operation of the Council.

The Overview and Scrutiny Management Board also considered the Council Budget 2022/23 proposals as set out in the report to the Executive on 5 January 2022.

The Board supported the Budget proposals put forward by the Executive for 2022/23, with the exception of Councillor R B Parker who abstained, and agreed to provide comments to the Executive.

In relation to the 2022/23 details, the following points were clarified for the Board:

- It was unknown what the Fairer Funding review would involve and whether it would be a fundamental review including reviewing the localised business rates system, or just a reset of the

data and formula used. There was a debate around the weighting of factors such as for deprivation and sparsity which still needed to be resolved.

- In relation to the rising energy costs, the Council used the ESPO framework for purchasing energy. The ESPO contract provided the Council with some certainty around the rates the Council was paying as the prices were fixed for a period of time.
- As a result of the review of the Executive and Management Support arrangements, 30 staff would be leaving the Council on voluntary terms. The remodelling might lead to a change in the delivery of certain services by utilising the technology now available. In addition, the smarter working programme meant that there was reduced mileage and overheads from less staff travelling to meetings.
- The financial volatility reserve was kept between £40million - £50million to enable the Council to continue delivering services. If the Fairer Funding review did not go in favour of the Council, then the Council could be looking at £5million - £10million of savings per year. The financial volatility reserve provided a buffer to enable the Council to transition from the current spending base to the future spending base over a three to four year period.
- The latest staff survey had recently been completed and the key headlines coming out of the data was that the employee wellbeing rating remained strong. There continued to be a lot of support for the smarter working agenda as it gave people the flexibility to deliver their job in the best possible way. The Council had heavily invested in supporting the wellbeing of staff and those support measures would mitigate the lone working issues which had been raised in the last staff survey. Staff were also now able to go into the office when they wanted to.
- The smarter working savings from reduced mileage costs were already included in the budget proposals. Some frontline staff, such as social workers, were still having to travel, plus some service areas did not need to travel as part of their roles, which would impact on the level of savings available.
- The smarter working programme would enable staff to come into service hubs which have been set up to bring staff together to share ideas and work collaboratively. Hybrid working would provide several benefits to staff while delivering savings through reduced travel and a reduced building estate.
- Predicting the business rates collection fund was difficult as each district council varied between having surpluses and deficits. As a result, the budget included an assumption that there would be no surplus or deficit.

### **Meeting with businesses, trade unions and other public bodies – 28 January 2022**

Councillor M A Whittington, Executive Support Councillor for Resources, Communications and Commissioning welcomed everyone to the meeting. Attendees were informed that this meeting was part of the normal consultation process which the authority undertook when setting its budget and provided the opportunity for partners and other organisations to take part in the consultation. It was reported that the proposed budget was also examined by each of the County Council's scrutiny committees who would look in more detail at the budgets for individual service areas. Recommendations would then be made to the full Council at its meeting on 18 February 2022, where the budget would be formally approved.

Dave Simpson, Head of Technical and Development Finance, gave a presentation on "Budget Consultation Meeting with Key Stakeholders, 28 January 2022", which was a consultation exercise led by the County Council to highlight the Council's current budget and financial outlook for public services over the coming year. The presentation highlighted the following main points:

- A Government Spending Review had recently taken place resulting in an increase of £4.8b, over three years, in funding to all local authorities nationally for social care and other services. A Council tax referendum limit of 3% had been agreed, 2% for general council tax and a further 1% for those authorities with social care responsibilities. In addition, there was the ability to carry over the adult social care precept from 2021/22, which was 3% for Lincolnshire County Council. The government announced that core spending power would rise for all councils by at least 6.9% which included council tax. Adult Social Care funding reform was confirmed, resulting in care contributions being capped but national insurance contributions seeing an increase of 1%. While the fairer funding review wasn't specifically addressed, it was confirmed that Councils' needs and resources were going to be considered during the next financial year. As a rural authority, the Council were optimistic that such considerations would be to its advantage. The National Living Wage (NLW) was to be increased by 6.6% and the local government pay freeze was to be lifted. Business rates multiplier was to be frozen, however councils would be compensated for any loss. No further grants or supported in relation to the Covid-19 pandemic were to be provided.
- A one-year budget would be set in accordance with a one year set of figures. A new tranche of Social Care Support grant of £9.342m was expected to continue into upcoming years and was incorporated into the Council's future budget. For 2022/23 only, the Council would receive £7.684m Service Grant from the government to support with local authority cost pressures. No restrictions on were imposed on spending. The Improved Better Care Fund (iBCF) increased by an additional £1.006m to meet continued accelerated discharge activity. Furthermore, the Council would receive a grant of £2.273m to support reforms to Adult Social Care funding, called the Market Sustainability and Fair Cost of Care Fund. Related cost pressures had been identified and costed into the budget setting process.
- The first graph outlined the Council's Net Expenditure Sources of Finance 2022/23, identifying 62.0% (£333.146m) from Council Tax, 23.1% (£124.265m) from Business Rates, 10.9% (£58.559m) from other sources and finally 4.0% (£21.220m) from Revenue Support Grants totalling £537.190m.
- The second graph outlined the Council's Net Expenditure on Services 2022/23, identifying 32.3% (£173.259m) on Adult Social Care and Community Wellbeing, 21.0% (£112.630m) on Place, 15.3% (£82.675m) on Children's Services, 10.8% (£57.809m) on other services, 8.0% (£47.989m) on Capital Financing Charges, 7.4% (£39.595m) on Commercial and finally 5.2% (£28.231m) on Resources totalling £537.190m.
- Delayed Local Government finance reforms created uncertainty when future planning, however the Council had a good record of operating within its budget through savings and prudent use of reserves. Underspends were typically allocated to support reserves to reinforce the Council's financial resilience. As a result of this, the Council maintained its position as being in the lower quartile of Council Tax levels nationally.



- The third graph detailed financial trends over the previous 10 years, identifying a significant reduction of £118.000m in total government grants from 2011 to 2021. The Council hadn't been required to use its reserves over the past two years.
- The Medium-Term Financial Plan for 2022/22 achieved a balanced budget, however 2023/24, 2024/25 and 2025/26 saw deficits of £9.335m, £6.480m and £6.909m respectively.
- Cost pressures for the Council for 2022/23 totalled £41.249m, £13.501 of which came from Adult Social Care and Community Wellbeing, as a result of increase in contract costs to reflect inflation and National Living Wage increases, increased demand, new burdens arising from Accelerated Discharge Pathway and Market Sustainability and Fair Cost of Care, increases in the numbers and complexity of children in care and increases in the cost of Home to School Transport. Other budget cost pressures, which accounted for £14.703m, included pay awards, National Insurance, pension increases, contingency increase for inflation on major contracts and Increased cost of financing the capital programme.

During the course of discussion, the following points were noted:

- The cost of the £364m of borrowing over the upcoming 10 years would begin to be paid in the year following the planned spend's completion. The annual budget for capital financing currently sat at approximately £42m, however, over the upcoming 10 years, it would gradually increase until it peaked at £50m before decreasing again. The earmarked reserves allowed for cyclical refinance and repayment of loans. All borrowing was facilitated through the Public Works Loan Board.
- The £61m allocated for schools' improvement ensured that the Council could guarantee sufficiency of places across the County Schools including both academy's and maintained schools.
- As part of the Council's financial strategy, it sought to maintain its position within the lower quartile of Council Tax nationally. Currently, Lincolnshire County Council sat as the second lowest Council of its cohort and its payments were £300 per annum lower than that of the highest rate. Moreover, the Council continued to deliver quality services while making savings where appropriate.
- The anticipated Levelling Up White Paper would detail several opportunities for the Council including Fairer Funding, exploration of devolution and levelling up.

<b>Present</b>	<b>Representing</b>
Councillor M A Whittington	Lincolnshire County Council
Councillor X Overton	Lincolnshire County Council
Councillor X Austin	Lincolnshire County Council

Ken Rustage	Lincolnshire Secretary – National Education Union
Andrew Crookham	Lincolnshire County Council
Dave Simpson	Lincolnshire County Council
Michelle Grady	Lincolnshire County Council
Robert Close	Lincolnshire County Council

### **Public Engagement via the Council website, by Email**

Following consideration of the budget proposals 2022/23 by the Executive on 5 January 2022, a public engagement was published on the Council website, and closed on 26 January 2022. The following seventeen responses were received by email:

#### **Response 1 by email**

Dear Sir/Madam,

I am grateful that Lincolnshire Council has taken the current and expected cost of living increases into account when deciding on a necessary but fair 3.00% council tax increase (which is entirely for Adult Social Care) for 2022-2023.

As you have stated maintaining the existing council tax would necessitate a reduction in the services that the council could provide and I am sure this would unacceptable to the residents of Lincolnshire.

Kind Regards

JS (*name redacted*)

#### **Response 2 by email**

Simply - needs must3%

Regards

AA (*name redacted*)

#### **Response 3 by email**

I totally agree with the proposal for a 3% rise if dedicated entirely to adult social care, which has fallen way behind other areas of care and the staff in particular do a great job but need more resources to recruit, pay more and train.

JC (*name redacted*)

#### **Response 4 by email**

As a retired couple living in Horncastle we will be pleased to pay an extra 3% on our council tax bill knowing that most of the money will be well spent.

IS (*name redacted*)

Response 5 by email

I am writing this email with regards to your proposed asc tax increase I feel this can't go ahead for so many reasons.

1,we already have to pay 2% over and above any increase on council tax bills.

2 ,we are being hit with a 1.25% tax rise in April with this going to pay for the nhs and asc so we are being hit with a double whammy national and local tax not sustainable and fair for the hard working people of Lincolnshire.

3, Families across Lincolnshire are facing massive increases on fuel bills Food prices,petrol diesel prices water bills just about everything is going up and wages are not keeping up with all these rises so something at the end of the day has to give!

While I do sympathise with your predicament at the end of the day you can't keep coming to the hard working people and the older generations of Lincolnshire to keep putting up council tax by the maximum and over and above increases every year it's just not on you should be campaigning to central government for proper funding and making sure they give you the proper funds you need to run essential public services you provide.

Please bear this In mind when setting your budget for the next financial year!!!

I personally don't think anybody at the top table will take any notice of any bodies views including my own but they will steam roller the increases proposed at the end of the day.

Yours living in hope.

RA (*name redacted*)

Response 6 by email

I consider the 3% previously deferred should be charged for adult social care, for the coming year until the national social care premium from national insurance will start going to what it is designed for instead of supplementing an already enlarged NHS. I also think you should charge a further 2% for this year general funds, otherwise you will be cutting services yet further.

I believe you should push back to central government to give a greater grant to Lincolnshire as it is rural but is growing its residents each year.

NB (*name redacted*)

Response 7 by email

Referring to the above would be inappropriate use of public funding. LCC needs to manage and square up that department as it is poorly managed as I have had first hand knowledge.

Supervision not in communication with its employees, lack of social workers in the field not acting responsibly are just some items that require addressing.Have the money directed to that department but ensure it is used correctly.

JF (*name redacted*)

Response 8 by email

Following a discussion at the Swayfield Parish Council meeting held on the 11<sup>th</sup> January 2022, the Parish Council agreed to support your budget proposal for 2022.

Swayfield Parish Council

Response 9 by email

I have been asked to respond on behalf of Market Rasen Town Council in relation to the recent request for the council's views on the proposed council tax increase of 3.00% for 2022/23.

The Council are broadly in support of the proposal and recognise that the funding of Adult Social Care is a vital issue that must be addressed. However, the council would ask that consideration/ support be given to those within the community who are unable to afford increased payments

Market Rasen Town Council

Response 10 by email

This email is to confirm Swinstead Parish Council support your budget proposal.

Swinstead Parish Council

Response 11 by email

It is my opinion that if and only 3% rise for social care only would be except able. Anyone at anytime may need care and this must be a priority.

ES (*name redacted*)

Response 12 by email

First of all thank you for allowing us to reply to your current budget proposals which, having regard to the reasons listed below: our group feels that the 3% increase, for Adult Social Care should, on this occasion, be absorbed from reserves. Wherever this money comes from, it should be ring fenced for the purposes of Adult Social Care.

1. Cost of living crisis: some economists have predicted that households could be hit with an increase in costs of an additional £3,000 taking the increase in national Insurance, due this year, into account.
2. Salary increases have not kept up with inflation
3. Not only the poorest in our society will be the hardest hit but also many households with small families.
4. Confidence in the government is at a very low level.
5. With successive increases in Council Taxes and falling services, confidence at local levels are also reaching crisis point.

In respect of item '5' the ONS have reported for some time that the 'raw premium' in favour of the public sector is 7.5% rising to 10% during the pandemic (meaning that the public sector are better off by a margin of 7.5% than those working in the private sector). With this in mind and as far as local authorities are concerned, significant structural changes are required to bring them more in line with the private sector. And these are: replace incremental pay, where it still exists with performance related pay. And with possibly the exception of the highest echelons in public service (MP level and above) replace the defined benefit pension schemes with defined contribution schemes. This, in our opinion, will bring back control of service delivery costs.

We hope our views will be taken into account and acted on where necessary.

Councillors C, W, O, L, A (*names redacted*)

Response 13 by email

Grainthorpe Parish Council support these budget tax proposals for 2022/23 provided that the increase is used in its entirety, as proposed, ie for adult social care.

Grainthorpe Parish Council

Response 14 by email

The proposed 3% council tax increase relating to social care was discussed at our recent Parish Council meeting and the Councillors agreed that they had no objection to this proposal.

North Scarle Parish Council

Response 15 by email

It is a difficult time for many people and to increase Council Tax by more than 3% would not be palatable to many. However, continuing pressure on budgets and on services needs to be addressed. My reading is that we are talking about a real cut in budgets for non-Adult Social Care services unless the council uses reserves and that over time this is not sustainable. I would be supportive this year but with the proviso that the council reports back on the impact of a 3% increase for all services.

Baston Parish Council Clerk on behalf of a resident

Response 16 by email

We are supportive of your proposed rate increase of 3% for your Adult Social Care budget. We are also pleasantly surprised by your proposal not to increase the balance of your budget; we assume some Central Government help has been forthcoming with issues such as Pot Holes to enable you to hold the rate; it can sometimes be tempting to have a small increase and you are to be congratulated for not falling for this temptation – it sometimes means you have to set a higher rate at some time in the future!

Ewerby and Evedon Parish Council

Response 17 by email

Please note that Friskney Parish Council support the proposed increase of 3% on Council Tax.

Friskney Parish Council

**Public Engagement via the Council website**

Response 1 on website

After the pandemic anyone who doesn't expect tax rises hasn't been paying attention. You should raise the tax by as much as possible and then use some of the money to improve services. Fix the roads, look after people, improve public transport, invest in leisure facilities, etc.. Why is this even up for debate? You should be raising taxes and improving services.

Response 2 on website

3% is acceptable.

Response 3 on website

Whilst I doubt that I will ever be able to benefit from any Adult Social care I think, if all the increase is to be used to balance the books for this provision, then the increase is necessary.

Response 4 on website

I am happy for LCC to increase by 3% - you can't do more for less.

Response 5 on website

I'd say go for it, but then I can afford it. With escalating fuel costs for residents, you need to think very carefully about the risk of financial hardship to families on average earnings and below.

Response 6 on website

I think in the present economic climate it is unfair to increase council tax this much. Along with rising fuel and food prices enough is enough.

Response 7 on website

I do not think the Council should raise Council tax for citizens. I thoroughly support an increase in budget for Adult Social Care which is very underfunded, but think the Council should use its current budget provision to do so. For example: prioritise Adult Social Care over roads; use financial reserves; improve productivity and efficiency by reducing lengthy and expensive decision making processes; minimise the use of consultants, agency, hotels etc. and ensure lean and efficient systems.

Response 8 on website

There is no doubt that Adult Social Care services are underfunded. The Local Plan for the next 40 years includes increased housing development which will result in greater for Adult Social Care. To provide for the present needs and for the future funds need to be available. Hence I support the 3% proposed increase.

Response 9 on website

Whilst agree that social care requires additional funding we are concerned about the proposals not to increase the precept in relation to LCC. Obviously costs are increasing and as such as a Parish Council we are concerned that services are going to be reduced and that the lower levels of local government will have to cover the difference, As Parish Councils have already submitted their precept requirements this will effect services that they can deliver.

Response 10 on website

3% rise is too much. Between 1.5 & 2.0% is the level which would be more bearable.

Response 11 on website

Adequate funding for Social Care and the NHS are essential if the health and well-being of our communities are to be preserved at an acceptable level. It is clear that current funding is not adequate therefore on a personal level I agree to the extra 3% levy provided that sufficient safeguards exist to help those who are not in a position to afford this extra payment. LCC should do all it can to use other methods to address the issue; lobbying Central Government, reviewing practices etc.

Response 12 on website

Any increase above 2.0% is far too much. Savings must be found. Perhaps a special tax for HOMO? Tax on empty homes of not less than 2% of the sale value in the condition it is on 1st April..... Increase fines for illegal dumping of waste...starting point would be the cost of the clear- up plus a fine of not less than the cost of the clear-up. Ex £3k to clear the site plus a further £3k fine as a starting point . 2nd offenders would have the same system put on them plus any vehicle used crushed.

#### Response 13 on website

Savings must be found. Reduce the council support for people who have their council tax reduced because of low income caused by not working. Reduction to be 5% of the support. This would not apply to disabled people.

#### Response 14 on website

Whilst I believe that central government has largely passed the buck on this issue and should be much more supportive, in this situation the LA must be able to provide the care that is needed - and this has to be funded some way so I don't think there is any option. It is good that there will be no rise in general tax as well.

#### Response 15 on website

While the current pressures on ASC are horrendous, the solution should not be to tax local people further. Funding for ASC should come from central government, funded through a wealth tax. Putting more funding into local ASC does not fix the issue. This was attempted through the Better Care Fund which didn't work, and was used to fill gaps rather than innovate. LCC's ASC is not effective or efficient in terms of contracting or service design. Fix these issues before increasing council tax

#### Response 16 on website

There seems no alternative in the short term - but national government needs to take over and fund ASC (and children's services) through general taxation. The increase will only add to the financial pressure on the less well off. The idea of increasing council tax on 2nd homes seems sensible but won't raise much

#### Response 17 on website

I think any council tax rise at this moment is pure bad judgment. Households are battling increasing energy costs, food and transport costs, just to live and commute to work. Wages are not increasing by that much. It would be better if LCC looked at saving money. You've already turned our street lights off, roads are in a poor condition and you're shoving loads of cash to a PCC, who doesn't seem to be of any benefit to anyone. How about the senior management taking look at how top heavy LCC is?

#### Response 18 on website

Needs must. 3% acceptable only if contracts outsourced wisely and don't end up lining the pockets of private business.

#### Response 19 on website

A National Care Service, as proposed by Jeremy Corbyn's Labour Manifesto, would be the ideal solution to Adult Social Care. [https://labour.org.uk/wp-content/uploads/2019/09/12703\\_19-Towards-the-National-Care-Service.pdf](https://labour.org.uk/wp-content/uploads/2019/09/12703_19-Towards-the-National-Care-Service.pdf)

In some way, carers need to be paid a wage for care work, which is why I am the only carer campaigning for #wagesnotclaps for carers. Carers simply cannot rely on charities that wrongly define us as "unpaid", while care workers are paid to do the same job.

#### Response 20 on website

Do not put up the council tax for adult social care. I do not wish to pay for this.

#### Response 21 on website

I honestly don't know why you are bothering to ask for our opinion on this matter. I feel you will carry on ,regardless, and do whatever you want to do

Response 22 on website

At this time I am sure that any rise will cause many families hardship and so I believe it should be kept as low as possible, particularly since things like the police section of council tax will also be increased.

Response 23 on website

I would not object to an increase of 3%. With a rising cost of living I think that your proposal is very responsible and would thank you for it being not more as, being on a pension, was quite worried that the charge increase would be higher.

Response 24 on website

The MAXIMUM increase at the foot of the tax bill should be no more than 2%. This to include ALL increases by County and local councils and the Police and Fire authorities.

Response25 on website

I would not object to an increase of 3%. This seems to be reasonable and responsible in the current situation.

Response 26 on website

As long as the total council tax increase is no more than 3% this is just about acceptable. With regard to Adult Social Care as someone who has had to sell their mother in laws house to pay £150,000 care home fees in the last 4 years I think we have paid enough.

Response 27 on website

Please dont increase any more taxes and take even more of the money we work for. If you need more spend then I will be very happy to come along and identify savings you can make in your department. This is a service I will offer to you free of charge and I can guarantee I will find wasteful spend. If our taxing paying household budgets have to be squeezed until the pips squeak then your departments should also be placed under the same tension.

Response 28 on website

I agree with your proposed tax increase of 3%. No one likes price increases but social care is very important.

Response 29 on website

I find it absolutely unbelievable and irresponsible to have deferred a social care increase when we have so many elderly in the county. While none of us like tax increases they are necessary to maintain and improve services with the burden shared by most people . The failure of this council to criticise the shortfall of grant by central government is another irresponsible act, this should have happened years ago and that is why the roads are so bad. Represent us, not your party.

Response 30 on website

No need for any increase in acc social we are already have a government tax increase coming in April as well a 2% increase already on tax bills the working person can't keep bailing out the local and county councils it isn't sustainable every year you need to go central government. Any savings need to made in house I don't like paying max increases and getting nothing in return take note mark jones ! My pay rise if any won't cover all increases in cost of living so lcc please take note!!!

Response 31 on website



The increase should be the maximum permitted (6% = £5 a month?) as services in the County are at the lowest level imaginable and some regard for the future is needed. I hold no truck with your dispensing largesse. Get on the doorstep of number 10 and drill it into your masters that we cannot continue in this manner. It is time this antiquated system of Government was disbanded and something suitable for the 21st century was introduced. 6% is the way to show us you really care.

#### Response 32 on website

The increase for social care should not have been deferred by the Council, leading to a problematic situation this year. Local services need to improve not be retrenched or held steady after a decade of cuts. 3% should be the minimum increase.

#### Response 33 on website

It is necessary to provide ongoing increases in Council Tax if only to be able to provide an adequate service. Such can be tempered by indicated economies wherever possible.

#### Response 34 on website

I think 3% increase is very fair

#### Response 35 on website

We feel under the current circumstances within the ASC system it would be fair to support by 1% even though the Government should be held to account for the under funding that has been allowed.

#### Response 36 on website

Needs must as several people have stated. Don't like it but it has to be done but PLEASE, sort out the general repairs to the roads in and around Market Rasen and Lincolnshire, the POT holes are getting larger and more dangerous by the day.

#### Response 37 on website

A lot more work needs to be done by LA's and their representatives in securing money from central Government, a lot more. Cap in hand no longer appears to work, more direct and out of the box opposition is required. On the subject of Adult Social Care ; all cases need to be reviewed or audited as a matter of urgency. There are some poor souls, the old and infirm who get little help if any. Equate a cases of £30k pa for a taxi, and £900 on a phone to 15 min visits in Adult Social Care Insulting!

#### Response 38 on website

Because HM Government has decided not to fund pothole repairs this winter, the County Council as Highways Authority should fund that cost. I realise that we are discussing the next financial year, but I doubt that the grant will be reinstated next winter. The general precept should be raised by 3% to cover that expense. Pothole repairs are a stitch in time, that will save greater expense in the long run. Potholes also damage vehicles and tyres, cause injuries to cyclists, who could well sue LCC

#### Response39 on website

I have been on the receiving end of LCC's Adult Care Programme. My late wife was let down by it. We received an apology, but if spending is to be increased via a council tax increase, I would stress the importance of directing additional funds to meet the needs of recipients, as opposed to spending it on 'management' and pen-pushing.

#### Response 40 on website

I support the increase if it is specifically for adult social care. This is a badly neglected service and it is about time we recognised how much help it needs.

#### Response 41 on website

I do not support a large increase in council tax as I do not believe it will be ring fenced for care considering the large pay increases for senior staff in particular just announced. Most staff seem to be working from home still and service to residents is not good. However regardless of what residents say you will no doubt continue to do as you like whilst increasing your own salaries.

#### Response 42 on website

This would be good if it was to improve adult social care but it is intended just to balance your budget suggesting that the increase is more for your purposes than the users of the service. With adequate management the budget could be balanced from within current allocation - start by reviewing all salaries over £50k per annum (plus on costs) or do away with the PCC office and save £1m per annum. use funds for direct client support not admin and backroom staff and officer pay increments.

#### Response 43 on website

When considering the proposed increase perhaps The Council could look at the cost of street lighting. There is the obvious increase in energy costs and the environmental cost of carbon emissions, light pollution and the effects on wildlife. Cut light, save money, save carbon. Members' allowances could be looked at along with other attendance expenses; some of these allowances and final totals are far in excess of the average wage. Any increase in Council Tax needs to be ring fenced/targeted.

#### Response 44 on website

Would like the hike to go to actual social care, I'm really fed up with the council's telling us "they're struggling to balance the books" yet has a ridiculous amount of managers on too high wages, Lincolnshire is one of the poorest paid counties, yet council managers and councillors have very high wages and benefits, which should be cut. Get rid of the PCC and let Chief Constable fulfil the role like it used to be, you'd save the wages of Jones and assistant, no tax rise then needed.

#### Response 45 on website

I understand the need to raise more money for the adult social care sector but feel that the government should be providing this and not the tax payer. At the end of the day we pay additional taxes now and then when we need social care pay another massive lump sum to care homes, I feel there should be more balance and subsidised by the government so I would not be happy to increase my taxes

#### Response 46 on website

I sincerely doubt that I can afford any increase in council tax, let alone one of 3%. While I understand that tax increases have been frozen, and that the 3% is for the increasing costs of social care, please be aware that residents have also been hit with many other cost increases (fuel costs etc) while receiving no increases in wages.

#### Response 47 on website

I would welcome the increase in Adult Social Care expenditure but will the 3% increase be used in this way? I am concerned about the statement that says the increase is required to balance the books, so will Adult Social Care really benefit by 3%?

#### Response 48 on website

I am in complete agreement that the 3% increase should be used for Adult Social Care as the money will include anyone of 18 and over who qualifies, not solely older people. If I was confident that my personal

finances would allow, I would approve of the extra 3% being used for general tax purposes e.g. public transport and provision of pavements and cycle paths in rural areas, plus road maintenance.

Response 49 on website

I am not in favour of this increase this things should be sorted at national lvl we get so little value from our rate payment poor policing poor road maintaince poor local health care

Response 50 on website

I am in total agreement with the 3% increase, which is solely for Ault Social Care, taking into account the current tight budget and the increasing older population. Thank you.

Response 51 on website

Council tax is already too high for very little service in return. Instead of raising taxes, maybe think of services that the rate payer should not be paying for. As others have said, you end up paying taxes all your life, then if you need social care will end up selling your house to pay for it. Please be honest with people, there's no money to pay for things, at least stop taking it off us if we won't have anything to show for our contributions.

Response 52 on website

I have to say across the board where services are contracted out they are putting the prices up because they can, bringing essential services back in under direct council operation removes the ability for a company to make profits and give those to share holders. Invest our money directly in Our own facility and preference them, then you'll force private to compete rather than extort. Shareholders are promised a return and every year to get that return needs a rise.

Response 53 on website

The proposed increase at this time when considering rising energy prices by large percentages will put a large squeeze on the lower earners. For this reason such a proposed increase should be a phased approach over 3 years. The proposal is not acceptable in this form at this time.

Response 54 on website

I am content to see you implement the allowed increase for adult social care, which should have been enacted last year. I agree that this is the time to go with no increase in the general allowance and as a member of Burgh le Marsh council I am supporting a similar policy.

Response 55 on website

I support the proposed council tax increase of 3% for 2022/23 for adult social care. I would appeal to the council to spend more wisely on the works involving pot hole fixing in Spalding and Surfleet. Nothing seems to have been done since last year's budget!

Response 56 on website

I fully support the 3% for Adult Social Care. I would like an extra 1% to be levied to pay towards road maintenance.

Response 57 on website

All bills and taxes are rising far to quickly for people to afford them. I would not recommend this increase at the moment.

Response 58 on website

We are about to undergo one of the biggest tax rises in years, energy prices are about to skyrocket and all other living costs are rising. This is not the time to be increasing council tax for any reason, especially as we get so little for what we already pay. Work out how you can create internal efficiencies before adding to the cost of living crisis for us all.

#### Response 59 on website

I am strongly in favour of raising council tax to pay for services. I would also like to see restoration of a greater contribution to council budgets from the national budget.

#### Response 60 by on website

Bills are unaffordable as it is, and as for council tax we seem to be paying more and more every year for you to do less and less. Bins for example- I'm taking more than half of my household waste to the recycling centre myself because the bins aren't nearly big enough and you don't collect them often enough and won't take side waste. Street lights are turned off at night on residential streets turning them into a criminal's paradise. The money doesn't seem to be going to where you say it is.

#### Response 61 on website

The rise seems reasonable in the light of a CPI of between 5-6%. Having said that it's easy to say that Central Government should contribute more to local authorities, Central Government gets its money from the same source as the Local Government, those who pay their taxes. Government, both Central and Local must continue to strive for increased efficiency not least as higher taxes affect business growth, reduced business activity (such as closed high street shops) doesn't help anyone.

#### Response 62 on website

Any increase is difficult to cope with when living on a pension; but if the rise is specifically for adult social care it will be worth it.

#### Response 63 on website

I'm happy to pay a little more to ensure people receive decent services. However central government must take responsibility for supporting civil society, of which local government services are a part. Over the last 12 years central government policy has been to whittle down public services to the bone for ideological reasons. There are no more "efficiencies" to be had in public services. We are exhausted, cut to the bone and facing yet another pay cut this year. There IS an alternative to this

#### Response 64 on website

I am in favour of an increase so long as it is ringfenced and can be accounted for on an open book basis. I would also like to see local government challenging central government about the decision to delay the funding of ASC out of the NI increases for 18 months.

#### Response 65 on website

I agree with this increase for adult social care. In fact I would agree with the increase for children's social care. We need to protect and support the vulnerable in society rather than responding to the loudest voices. (Potholes comes to mind) keep up the great work in social care.

#### Response 66 on website

In principle nobody would argue that people who need social care shouldn't be properly looked after and funded accordingly. However I would not be in favour of a further increase as so often happens with budgets dealt with by the public sector the chances of the funds going where needed and not swallowed up in admin/ red tape etc will amount to practically zero and we'll be asked the same question time and time again with I doubt any tangible improvement in the service

#### Response 67 on website

I understand the pressures facing social care, and it's important that there are plans to improve it and help those who need it. However, I think people will want to see positive results and see the extra money being used for good and improve the service. Otherwise I fear that if the pressures are not eased and grow, and the authority propose another tax rise, then I think there will be backlash and uproar. This proposed increase will have to show that it worked.

#### Response 68 on website

I support the extra money needed towards social care as long as it goes directly to individuals needing care and not swallowed up by admin fees. More is needed to make the service needs led rather than panels assessing and working towards finance led which is the situation now. As a retired manager I witnessed the panel denying care to individual with dementia, wandering in winter with inappropriate clothing How is that needs led?

#### Response 69 by on website

I don't agree with any increase in CT for this year. Energy prices are due to double from Apr '22 plus NI increase from 12% to 13.25% (NB an actual increase of 10.4%). Over the past c.30yrs, provision of adult care in England has shifted from a largely publicly funded/provided service to one largely provided by private companies. My wages are now worth much less. Social care needs to be publicly run, not run by private companies profiteering from funding by the tax payer.

#### Response 70 on website

Sounds like a fair compromise. The pandemic has highlighted the problems that already existed in the field of adult social care and the need for an injection of cash into the system. The tax increase looks to be under the projected rate of inflation, which makes it more palatable to me.

#### Response 71 on website

You fail to give details where/how the funds are dispersed in the linked PDF document. What is council managed? What is private business and their profit margin and dividends to shareholders? As you're hiding details then no rise to the entire council tax (0%). But as a start, cut all Council Executive(s)/Manager(s) yearly salaries to below £100,000 (and no "package" benefits). Cut councillor(s) basic allowance by 50%, over £11,000 is unjustified for their few hours weekly.

#### Response 72 on website

Absolutely no rise to any part of Council Tax - 0%. The existing Executive squanders our funds by sub-contracting to the private sector and their profit margins, gross financial mismanagement. Too much already goes into admin and not the front line. Any increase will be diverted from it's proposed target, just look at the waste into LHP and LRSP, the latter of no public benefit whatsoever. Get rid of half the Council Executives, have you looked at their pointless job titles?

#### Response 73 on website

While not 100% financially ok for a lot of people including myself I think we need to pay for services. if there is possibility of further reductions exemptions for those on low incomes as I know a lot of people are struggling . We need to ask for more support from the Government whether in the form of Covid 19 subsidy or other ways.

#### Response 74 on website

Middle Rasen Parish Council discussed the proposed council tax increase of 3% at the meeting on 18th January 2022. It was decided the parish council were not in agreement with the proposed increase with the high cost of living people are facing with increased energy bills

Response 75 on website

Current level of inflation is 5%+; In April further tax rises will come into effect from Central Government affecting tax levels and National Insurance. Cap will be reviewed affecting fuel prices and currently households are being told to expect at least a £600 per year increase. Green Bin charge already increased by 25% to £50 per annum from £40. Pension and wage rises are well below level of inflation. Those not able to access help schemes cannot afford 3%. 2% max

Response 76 on website

Too many increases this year with wages not in line with them . No to any council tax increase.

Response 77 on website

Fotherby Parish Council approve the 3% increase

Response 78 on website

Social care underfunded so if this is hypothecated for front-line care and isn't swallowed in management initiatives then I approve.

Response 79 on website

"Walesby Parish Council consider that the proposal is a very sensible compromise and support the 3% increase in Council Tax. This is with the proviso that safeguards are in place to ensure that the proposed increase is spent wholly on social care."

Response 80 on website

At their Precept meeting held Monday 17th January 2022, Heckington Parish Councillors considered that the proposed increase was generally acceptable, so long as the funds were ringfenced for use in providing Adult Social Care services entirely.

Response 82 on website

As a visitor to multiple adult service users in multiple social care facilities, I have observed the impact of a shortfall in funds. I support the idea of a 3% rise wholly dedicated to adult social care.

Response 83 on website

The provision of adequate funding to sustain an acceptable level of Adult Social Care is likely to become a (if not the) burning issue for Councils over the next 10 years or so. Nearly everyone will need Adult Social Care at some time during their life and in a civilised society it should be readily available when it is needed. 3% is a modest start and such expenditure needs to be regarded as an investment, not an expense.

Response 84 on website

When will you send RMW packing? It was a huge mistake inviting them to find a suitable site for a Nuclear Dump in Theddlethorpe. WE DO NOT want a NUCLEAR DUMP for the most TOXIC Nuclear Waste anywhere in East Lindsey, but especially not by a seaside town that relies on holiday makers & tourists as its main income. There is little time to put this right. As for the 'Test of Public Support' it STINKS of bribery!

Response 85 on website

I fully support an increase of 3% to cover the rising costs of social care.

Response 86 on website

Roads are atrocious. A16 subsidence and uneven surface near Waith, weave round these. Tetney Lock Road edges sliding into the dyke, drive astride the white line to avoid being thrown towards the dyke. Holton Road a multitude of holes about 3 ft by 2 ft and 18in deep which would rip your wheel off so slow and let oncoming traffic pass to avoid them. This situation should not exist, why do we pay road tax???

Response 87 on website

Rauceby Parish Council supports the 3% Council Tax proposals by LCC, all being ear-marked for adult care

## The Medium Term Financial Strategy

### 1. Introduction

- 1.1. The Medium Term Financial Strategy (MTFS) sets out how we plan to manage our finances for the period 2022/23 – 2025/26 and support the delivery of the Council's Corporate Plan. The MTFS will be refreshed annually to take account of the current circumstances and context affecting our financial resources.
- 1.2. Although the Spending Review 2021 has provided an increase in government grant funding, Local government has seen its government funding reduced significantly in real terms over the last decade with more reliance on one-off specific grants and on local taxation to fund essential services. Council Tax income now represents around 62% of our net expenditure (it was 51% in 2010/11).
- 1.3. The government review of Local Government funding and business rates retention was not implemented for 2022/23 however, indications are that government will undertake a review of relative needs and resources during 2022 for future funding settlements. This has meant that in 2022/23 we have had single year financial settlement for third year running and we continue to have uncertainty in our longer-term financial envelope.
- 1.4. Since March 2020 when Covid-19 was declared a global pandemic, the government has responded with a number of financial measures to support Local Authority cost pressures. Following a positive vaccination programme restrictions are being lifted and no further government funding for Covid-19 costs is planned for 2022/23. We will continue to monitor closely any on-going cost implications of the pandemic following the cessation of the financial support from the government.
- 1.5. The government has announced the most significant change to Adult Social Care in a number of years, with changes to equalise the cost of care between those funded by local councils and those funded privately, and capping the contributions individuals make to that care provision. The government has introduced a new health and social care levy to fund these changes with £3.6bn of funding identified for Local Government to support these costs, however, this is a significant change for the sector and brings with it a significant financial and service delivery risk.
- 1.6. The Council has a strong record of good financial management and delivery of savings and efficiencies with a level of reserves that demonstrates financial resilience.
- 1.7. In this context, it is essential that we plan for the future to maintain our strong financial position and ensure our financial sustainability going forward. This Medium Term Financial Strategy (MTFS) aims to help us do this.

### 2. The Objectives of the Medium Term Financial Strategy

- 2.1. The MTFS is a flexible strategy which will allow us to forecast our future financial resources and then plan to use these to both deliver core services and to invest in future improvements to service delivery. The objectives of the strategy are to:
  - a) Ensure that we are financially resilient now and in the future and can respond positively to adverse financial impacts;
  - b) Support the provision of Value for Money services to our communities;
  - c) Support sustainable service delivery using a combination of Revenue and Capital Budgets and Reserves;
  - d) Maintain Council Tax in the lowest quartile for county councils;
  - e) Support other Council strategies;
  - f) Deliver assets to improve and maintain services and also to achieve future savings;



- g) Enable the setting of an annual balanced budget. The annual Revenue Budget must be affordable and can be supported by the use of Reserves, but only as part of a medium term plan moving towards a future budget which is balanced without the support of reserves;
- h) Support good decision making;
- i) Recognise financial risks and identify how these will be managed; and
- j) Allow for emerging opportunities to be exploited within the affordable budget.

**2.2. Corporate Plan – Our Vision: Working for a better future.** Our Corporate Plan underpins our 'One Council' approach which ensures all services are working towards shared goals and will help different areas of the council work together more effectively. We are identifying key priorities for this council to support our ambitions for Lincolnshire in that our People and Communities will have:

- High aspirations;
- The opportunity to enjoy life to the full;
- Thriving environments; and
- Good value Council services.

The Council has embarked on a programme of transformation to support the delivery of the corporate plan and to consider how we can best deliver services in Lincolnshire. This MTFs will underpin the Corporate Plan by ensuring that financial resources are identified and made available to deliver its ambitions and programme of transformation.

2.3. Appended to this strategy is our Medium Term Financial Plan (MTFP), which will set out our forecast budget requirement for the medium term financial years 2022/23 – 2025/26. Whilst there continues to be a large element of uncertainty over our future funding from Government, longer term financial planning becomes more challenging, so our financial plans cover the medium term at this point in time. We aim to extend our financial planning to cover a longer term period once funding reforms are in place.

### **3. The Current Financial Context**

3.1. The past decade has been a period of austerity for councils, with Government funding reducing significantly over this period. Councils like ours, with Social Care responsibilities, have seen new Government grants introduced to help deal with increasing Social Care pressures and the last two years has seen a small increase in overall grants received, however over this time, the balance of our sources of funding has changed and we are now more reliant on Council Tax and Business Rates funding to support the provision of services

3.2. The table below shows a summary of how our funding has changed since 2011/12 and the cost pressures built into our budget and savings achieved over this same period:

Financial Trends							
Year	General Government Grant £m	Other Govt. Grants received £m	Total Govt. Grant income £m	Savings £m	Cost Pressures £m	Council Tax Increase	Planned Use of Reserves £m
2011/12	211	16	227	57	52	0.00%	0
2012/13	195	17	212	51	23	0.00%	0
2013/14	146	19	165	28	61	0.00%	12
2014/15	125	22	147	40	22	0.00%	8
2015/16	95	25	120	31	31	1.90%	22
2016/17	70	28	98	42	31	3.95%	20
2017/18	48	42	90	39	26	3.95%	18
2018/19	34	49	83	23	30	4.95%	5
2019/20	20	61	81	16	26	4.95%	3
2020/21	20	78	98	15	45	3.50%	0
2021/22	21	88	109	12	31	1.99%	0

3.3. The current regime for funding councils has been in place since 2013 and is now out-dated. The Government has proposed two major reforms to the system: the Review of Relative Needs and Resources (formerly known as the Fair Funding Review) and Business Rates Retention Review and reset. These reforms were initially delayed for a year due to Brexit, and have been delayed further whilst we have responded to the current Covid-19 pandemic. Indications are that a review of needs and resources will be undertaken during 2022 and reflected in future local government funding settlements.

3.4. During 2021 the government set out its new plan for adult social care reform in England. This included a lifetime cap on the amount people in England will need to contribute to their personal care and a more generous means test for local authority financial support. The government also announced that it would be providing funding to support local authorities move towards paying providers a fair rate of care. A new Health and Social Care Levy was introduced by the government to support these reforms, but there is still a clear message that inflationary growth and increasing demand will still need to be met by local council tax and budgets. To support this the government continues to allow Local Authorities with Social Care responsibilities the ability to levy an Adult Social Care precept on local tax payers, which was initially introduced in 2016/17.

3.5. **Covid-19** – Since March 2020 the Government has set out a number of financial measures to support the economic impact of the Covid-19 outbreak. A number of government grants to support the Local Authority response to the pandemic have been made. Over the last two years the council has received £60m of general covid support grant as well as a number of specific grants including those supporting hardship, vulnerable groups, infection control, and Covid-19 testing. As the Covid restrictions start to lift, the government has made no commitment to further funding to support Covid-19 costs beyond the current year.

3.6. **Inflation** – price increases on items such as consumer goods saw the consumer price index (CPI) jump to 5.4% in the 12 months to December 2021, its highest level in thirty years which exceeds the Bank of England target of 2% set by the government. This rate is forecast to increase further by the spring, being driven in the main by large energy price increases.

#### 4. The Forward View

4.1. In October 2021, the Chancellor announced his Autumn Budget and three year Spending Review (SR2021). Whilst a three year SR was announced a single year Local Government Settlement for 2022/23 has been provided.

4.2. The settlement is positive for local government, in that it has created some level of stability in an uncertain period, offering a roll over of the majority of government funding streams with some new funding albeit short term. Announcements included:

An overall real terms increase in core spending power in 2022/23 of 6.9% (which included an increase of £2.1b grant funding as well as expected council tax increases);

Local Government in England will receive £1.6b in 2022/23 (£4.8b over SR period) to support social care and other services. This has mainly been broken down into £822m of 'Services Grant' (for 2022/23 only) and £636m of additional Social Care Support Grant. Grants will also be provided for 'Supporting Families' (£45m) and 'Cyber Security' (£12m).

The National Living Wage will increase to £9.50 per hour from April 2022 for people aged 23 years and over;

Council tax referendum limits for 2022/23 set at 2% for General Tax increase and 1% for an Adult Social Care (ASC) increase. Any of the 3% ASC increase deferred from 2021/22 can also be applied (for LCC this is 3%);

4.3. We have been through a detailed budget exercise during the year, reviewing our cost pressures and budget assumptions. In some areas additional income and efficiencies have been included in the MTFP, which can be delivered without having a negative impact on service delivery.

4.4. We have adopted a longer-term savings strategy to deliver efficiency savings with an aim to manage future demand, reduce processing time and ensuring back office functions are fully optimised. This will in the main be delivered through the councils' transformation programme and whilst is challenging, will allow the council to continue to invest in valued front line services at a time when other councils are still reducing theirs

4.5. With regard to the proposed funding reforms, we have lobbied Government to increase the total amount of funding coming to the sector as a whole and have specifically requested that Government look at the distribution of funding to this Council with a view to addressing past inequalities between authorities. Whilst we believe that the Government understands the challenges of delivering services in a large rural county, we are still cautious about future funding levels given the amount of current uncertainty.

## **5. Delivering the Medium Term Financial Strategy**

5.1. The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. The Section 151 Officer has certain responsibilities for financial management which are set out in regulations, and must follow CIPFA's Codes of Practice.

5.2. To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.

5.3. The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.

- 5.4. We have an Earmarked Reserve, called the Financial Volatility Reserve, which can be used to support the Revenue Budget in any given year if the requirement to spend is higher than the resources available. Our strategy is that this will only be a temporary solution to balance the budget whilst we work towards finding budget savings or increased funding to ensure that our budgetary position is sustainable. We also have a Corporate Contingency and General Reserves which can be called upon to meet any unexpected financial pressures in the year, if these cannot be funded from any other source.
- 5.5. The Strategy is supported by financial performance indicators, which are approved by Council with the budget in February each year. These are monitored during the year and performance is reported at the end of the year.
- 5.6. During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored, and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.

## **6. Key Considerations for the Medium Term Financial Strategy**

### Council Tax

- 6.1. As part of its Spending Review 2021 the Government has proposed a referendum limit for general Council Tax of 2%, and continues to allow the raising of local tax to support Adult Social Care with an additional 1% precept. Councils who deferred the 3% ASC precept allowable in 2021/22 are permitted add this to their total increase. For Lincolnshire County Council this gives a potential total Council Tax increase of 6% (2% General increase and 4% ASC).
- 6.2. Our budget proposals are to implement the deferred 3% Adult Social Care Council Tax increase for 2022/23 with no general increase to support non-ASC services. Our modelling assumes that beyond 2022/23 our Council Tax increases will be 2% each year.

### Business Rates

- 6.3. Our Business Rates funding is made up of two elements, an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area.
- 6.4. Any surpluses or deficits on the Business Rates element of the Collection Fund are not received from the Lincolnshire District Councils until 31 January each year and can vary year on year. We maintain a Business Rates Volatility Earmarked Reserve to support any large negative variances. We have assumed a small deficit for the Business Rates element of the Collection Fund in our budget assumptions, which relates to part of the deficit from 2021/22 which was allowed to be spread over three years. It is worth noting that only 10% of the Business Rates collected locally are passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.
- 6.5. In addition to the above Business Rates funding, the Council receives Section 31 government grant as compensation of central government reliefs offered to business. The government has announced the freeze of the business rates multiplier for 2022/23 and we are expecting to be compensated for this and other rates reliefs offered.
- 6.6. We are planning to continue to be part of the Business Rates Pool with the District Councils whilst this continues to forecast benefits. Pooling should provide us with additional Business Rates growth income and we have assumed an income position of £2.8m for 2022/23.

## Government Funding

- 6.7. We receive General Grant from the Government in the form of Revenue Support Grant. This grant has reduced from its level of £70.351m in 2016/17 to £20.580m in 2021/22. The future of Revenue Support Grant is uncertain given the Government's funding reform agenda, but we have assumed that it will continue at the current level plus inflation for future years.
- 6.8. In addition to Revenue Support Grant we receive a number of other specific Government grants to support our expenditure, the largest of these being the Better Care Fund and the Public Health grants. For the purposes of forecasting our medium term position, where grants had been inflated for 2021/22 we have assumed a continuation of funding at current levels plus inflation for these grants, however a number of grants we receive are cash flat allocations.

## Fees and Charges

- 6.9. The charges made to service users form a significant part of our total gross income, making an important contribution to the funding of services with £98.311m planned income from these charges in 2021/22. This income relates to a number of our services, with over half of it coming from users of Adult Social Care services.

## Reserves

- 6.10. We hold two types of reserves: General Reserves, which are held as a fund of last resort to cover unexpected and unbudgeted costs which cannot be funded from our Revenue Budget, and Earmarked Reserves, which are funds held for specific purposes and to cover future costs relating to those purposes. Earmarked Reserves are either created from grants and financial contributions received by the Council, or from underspends in the Revenue Budget at year end.
- 6.11. Our General Reserves currently stand at £16.200m, and our strategy is to maintain these reserves at a level which is between 2.5% and 3.5% of the budget requirement each year. The current level is 3.21% of the 2021/22 budget requirement. We take a risk based approach to ensure that the General Reserves alongside Earmarked reserves are at an appropriate level.
- 6.12. We will budget for an estimated contribution to or from General Reserves each year, if required, to ensure that the level of these reserves keeps pace with the budget requirement.
- 6.13. Our Earmarked Reserves are currently valued at £257.360m, which includes an Earmarked Reserve which is ring-fenced for Schools of £26.115m. The Council approves the creation of any new Earmarked Reserves. Our strategy is to regularly review Earmarked Reserves so that they are used for the purposes originally intended, or removed if no longer required, with the funding diverted for a new agreed purpose.
- 6.14. Within Earmarked Reserves there is a Financial Volatility Reserve which exists to deal with volatility in costs and to support the budget whilst savings are being delivered. There are a number of other Earmarked Reserves which are also used to cover volatility in costs and these support our financial resilience.

## Flexible Use of Capital Receipts

- 6.15. In September 2016 the Council approved the Efficiency Plan, and the flexible use of Capital Receipts, to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by Government for the period 2016/17 to 2019/20. In December 2017, the Government set out further measures to support councils to deliver services. One of these measures was an extension to the use of Capital Receipts to help meet the

Revenue costs of transformation for a further 3 years to April 2022. The government has not at present extended this flexibility to future years.

6.16. From 2020/21, we have no longer planned to use Capital Receipts to fund transformation projects. Instead, we plan to use our Earmarked Reserves for this purpose. This will allow us to revert to using Capital Receipts to repay borrowing or to finance new Capital expenditure. This position has continued in the current year (2021/22) and is assumed to continue in future years.

### Financial Performance

6.17. We have a strong financial foundation upon which to build future years' budgets. Indicators of this are:

- We have prepared for this eventuality by setting aside money in reserves to help smooth the transition to a lower budget base;
- We have a culture of proactive financial management which generally results in expenditure being contained within budgets;
- Prompt action has been taken to reduce budgets in the early years of austerity;
- A prudent approach has been taken to budgeting and this often results in underspends at the end of the year. This in turn has allowed for Earmarked Reserves levels supporting financial resilience to be maintained;
- The CIPFA Financial Resilience Index has indicated that this Council has a reasonable level of financial resilience;
- The Leader of the Council is the Executive Portfolio Holder for finance and has a good understanding of financial issues. The Executive is involved in the budget process.
- We have reviewed our practice against the newly developed CIPFA Financial Management (FM) Code, with an aim to being fully compliant at the point at which is required by CIPFA. The code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Our analysis and compliance has been reported to Audit Committee who will continue to review our proportionate approach to full compliance as recommended.

### Governance, Risk and Opportunities

6.18. As set out in section 5 above, we have a strong culture of good financial management and this is supported by a governance framework as follows:

#### *Constitution and Financial Regulations*

All Council business is conducted in accordance with the policies and procedures set out in our Constitution, which defines how we operate, how decisions are made, and the procedures that must be followed.

#### *Financial Procedures*

In order to conduct our business efficiently, we need to ensure that we have sound financial management policies and procedures in place and this is done through our Financial Procedures. These set out the financial accountabilities of individuals and the procedures to be followed.

#### *Council*

The Council's financial affairs are operated through a number delegations set out in the Constitution. Decisions that cannot be delegated are taken at meetings of full Council.

### *The Executive*

Each year, the Council agrees a policy framework and budget, and it is the responsibility of the Executive to implement the framework and budget.

The Executive has special responsibilities for financial matters.

### *Scrutiny Committee*

The Overview and Scrutiny Management Board reviews and scrutinises any decision made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

### *Audit Committee*

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done.

It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior management to continually improve the Council's governance, risk and control environment.

### *Internal Audit*

The Council maintains an adequate and effective system of internal audit of the accounting records and the systems of internal control in line with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011.

### *External Audit*

An external audit service to the Council is currently provided by Mazars, who report on an annual basis to the Audit Committee on their findings in respect of the Statement of Accounts and on the Council's Value for Money arrangements.

### *Chief Finance Officer*

The Council has designated the Executive Director of Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council. He is a member of the Leadership Team and has a key responsibility to ensure that the Council controls and manages its money well. He is able to operate effectively and perform his core duties, complying with the CIPFA Statement on the role of the Chief Finance Officer.

### *Monitoring Officer*

The Chief Legal Officer is the designated Monitoring Officer, with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the Constitution.

The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by Members and co-opted Members of the authority.

### *Risk Management Strategy*

The Audit Committee has overall responsibility for ensuring that the Council's risk management framework is robust, and provides assurance that strategic and operational risks which the Council faces have been identified and managed.

6.19. Our strategy is to take account of risk when preparing the MTFP. We have a number of budgets which are volatile because the amount we spend in each year depends on either demand for services or on other factors which we do not control e.g. the weather. We hold a corporate contingency budget to support these variables and can also support any unforeseen expenditure that we have not been able to plan for such as cost increases due to inflation or supply issues.

6.20. Our MTFP is supported by assumptions about a number of factors affecting the budget, and we model scenarios based on differing levels of risk for each major assumption: high risk (the outcome which results in a higher risk to our financial position); medium risk (the most realistic outcome); low risk (the outcome which results in a lower risk to our financial position). This provides us with a range of possible financial positions for the future, which we can take account of when making major decisions. We update the MTFP as detailed information about our future costs, income and funding is confirmed. Our assumptions are included in the MTFS Appendix B.

6.21. We need to ensure that we can grow and develop as a Council, as well as maintain existing core services. To do this we need to be able to make the most of opportunities when they arise. Our financial planning includes a Transformation programme, that allows us to invest time and resource to look at how we can improve how we deliver our services ensuring they are as efficient and effective as possible. The following examples are part of our financial planning and MTFS to support transformation and continuous improvement:

- Council Directorates can carry forward up to 1% of their budgets to the following year to the extent that they have delivered a budget underspend.
- We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.
- There are a number of earmarked reserves which can be used to fund investment in new opportunities.



## 7. Medium Term Financial Plan (MTFP)

## MTFS Appendix A

Due to continued uncertainty in our levels of future funding, we are only setting a detailed budget for one year 2022/23. To support our summary budget position the MTFP table below sets out our expected budget position for the period 2022/23 – 2025/26.

SUMMARY REVENUE BUDGET	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>EXPENDITURE:</b>				
Net Base Budget	502.809	534.516	548.353	559.578
Cost Pressures ( <i>including inflation</i> )	53.609	21.301	17.441	16.702
Savings & Additional Income	-4.818	-6.344	-5.125	-1.363
Other Movements (PH Grant, BCF Grant & Market Sustainability Grant)	-4.725	-1.120	-1.089	-1.000
<b>Total Expenditure</b>	<b>546.875</b>	<b>548.353</b>	<b>559.580</b>	<b>573.917</b>
Transfer to/-from Earmarked Reserves	-2.304	-9.335	-6.480	-6.909
Transfer to/from General Reserve	0.000	0.000	0.000	0.000
<b>Budget Requirement</b>	<b>544.571</b>	<b>539.018</b>	<b>553.100</b>	<b>567.008</b>
<b>INCOME:</b>				
Business Rates Local Retention	122.595	125.690	127.247	128.493
Revenue Support Grant	21.220	20.807	20.921	21.036
Other Grants	55.884	47.608	47.535	47.465
County Precept	344.872	344.913	357.397	370.014
<b>Total Income</b>	<b>544.571</b>	<b>539.018</b>	<b>553.100</b>	<b>567.008</b>

- 7.1. The MTFP table shows how our base budget each year during 2022/23 – 2025/26 is increased by cost pressures and reduced by savings or additional income. It also shows the total funding income in each of these years which determines the net budget requirement and use of reserves to balance the difference between the total income and total funding.
- 7.2. The MTFP shows that following the settlement from government we are expecting to have a balanced budget with no use of reserves in 2022/23, but expect to have a budget shortfall in the following years of £9.335m in 2023/24, £6.480m in 2024/25 and £6.909m in 2025/26.
- 7.3. Whilst we are expecting a balanced budget in 2022/23, this is still very reliant upon council tax and business rates updates that will be provided by the District Councils. To reach a sustainable budget position for future years an assessment of further likely savings will need to be made during 2022/23. This can be supported by our Financial Volatility Earmarked Reserve to smooth the delivery of future savings required
- 7.4. We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which also covers a longer term period up to ten years. The table below is a summary of our proposed Capital Programme and its proposed funding:

Capital Programme (2021/22 plus Future Years)	Revised Gross Programme 2021/22 £m	Gross Programme 2022/23 £m	Gross Programme Future Years £m
<b>Gross Capital Programme</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>
<b>Funded by:</b>			
Grants and Contribution	124.939	35.812	7.494
Capital Receipts	2.690	0.000	0.000
Revenue Funding	1.071	0.115	0.920
Use of Reseve	16.525	0.000	0.000
Borrowing	84.463	114.437	268.155
<b>TOTAL FUNDING</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>

## MTFS Appendix B

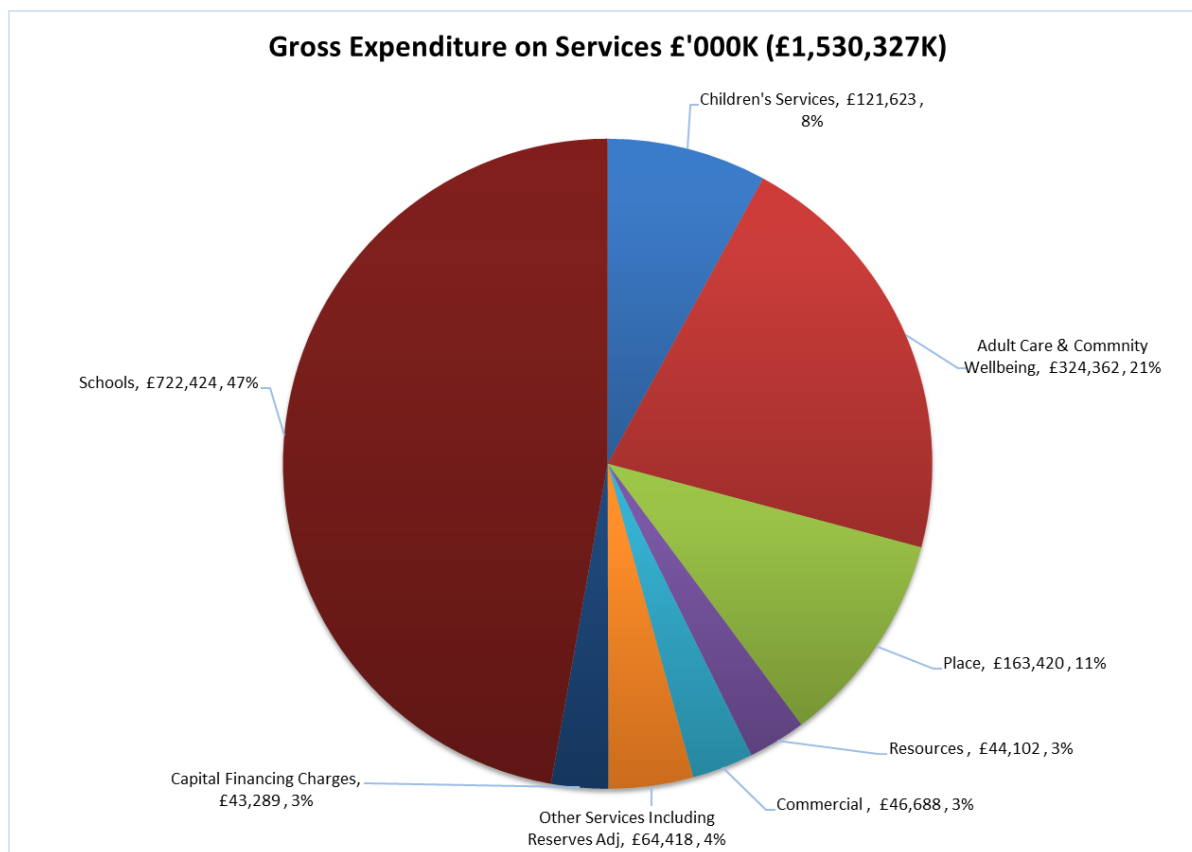
### Key Assumptions in the Medium Term Financial Plan for 2022/23

Funding / Expenditure Area	Assumption	2022/23
<b>Funding</b>		
Independent Living Fund	Assume falls by 2.5% pa	-2.50%
Public Health Grant	Assume maintained at 2021/22 level	0.00%
Better Care Funding	Increased by assumed Minimum Income Guarantee	
Council Tax Collection Fund Surplus	Assume no surplus. Deficits from 2020/21 built into MTFP	0.00%
Council Tax	Taxbase - assume 1.5% increase pa	1.50%
<b>Council Tax Increase</b>	<b>Council Tax Band D Increase 3% 2022/23 (3% ASC Precept), 2% thereafter</b>	<b>3.00%</b>
BR Collection Fund Surplus	Assume no surplus	0.00%
BR collected locally	Assume 2% 22/23 then 1% thereafter (based on CPI capped at 2%), assume multiplier freeze covered by S31 grant	2.00%
BR S31 Grant	Assume pooling gain £2.8m 22/23 then £2.5m thereafter	0.00%
BR Pooling Gain		
<b>Expenditure</b>		
Pay Inflation	2.0% pa Pay Inflation	2.00%
LGPS Employers Contribution	2.0% increase 2023/24	0.00%
<b>Total</b>		

### KEY FINANCIAL PERFORMANCE MEASURES – FINANCIAL HEALTH AND PERFORMANCE

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2021/22	2022/23 Estimate
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 26 county councils)	Yes	Yes
2	Government grants	Lobby for annual increases in general government grants to be above the county average	Yes	N/A
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.33%	5.16%
4	Accounting	Unmodified external audit opinion	Yes	Yes
5	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
6	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes
7	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90%	90%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark

**GRAPHICAL REPRESENTATION OF THE REVENUE BUDGET 2022/23**



Children's Services includes: Children's Education and Children's Social Care.

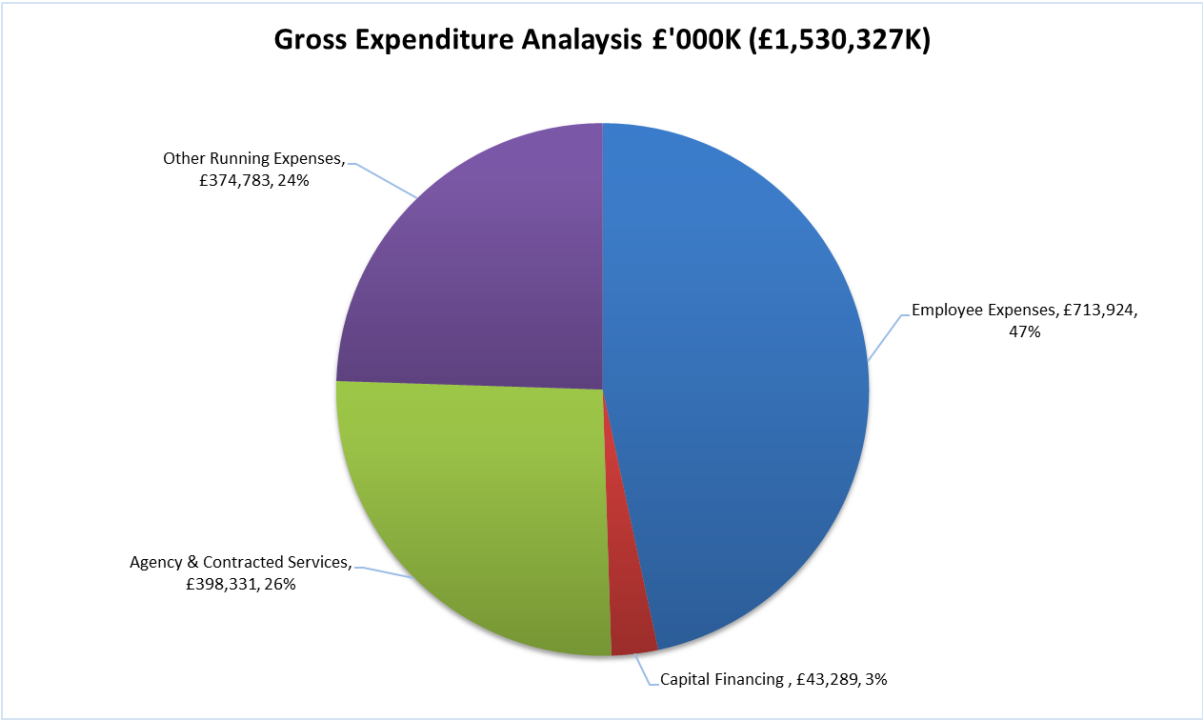
Adult Care and Community Wellbeing includes: Adult Frailty & Long Term Conditions, Adult Specialities, Public Health & Community Wellbeing.

Place includes: Communities, Lincolnshire Local Enterprise Partnership, Growth and Highways.

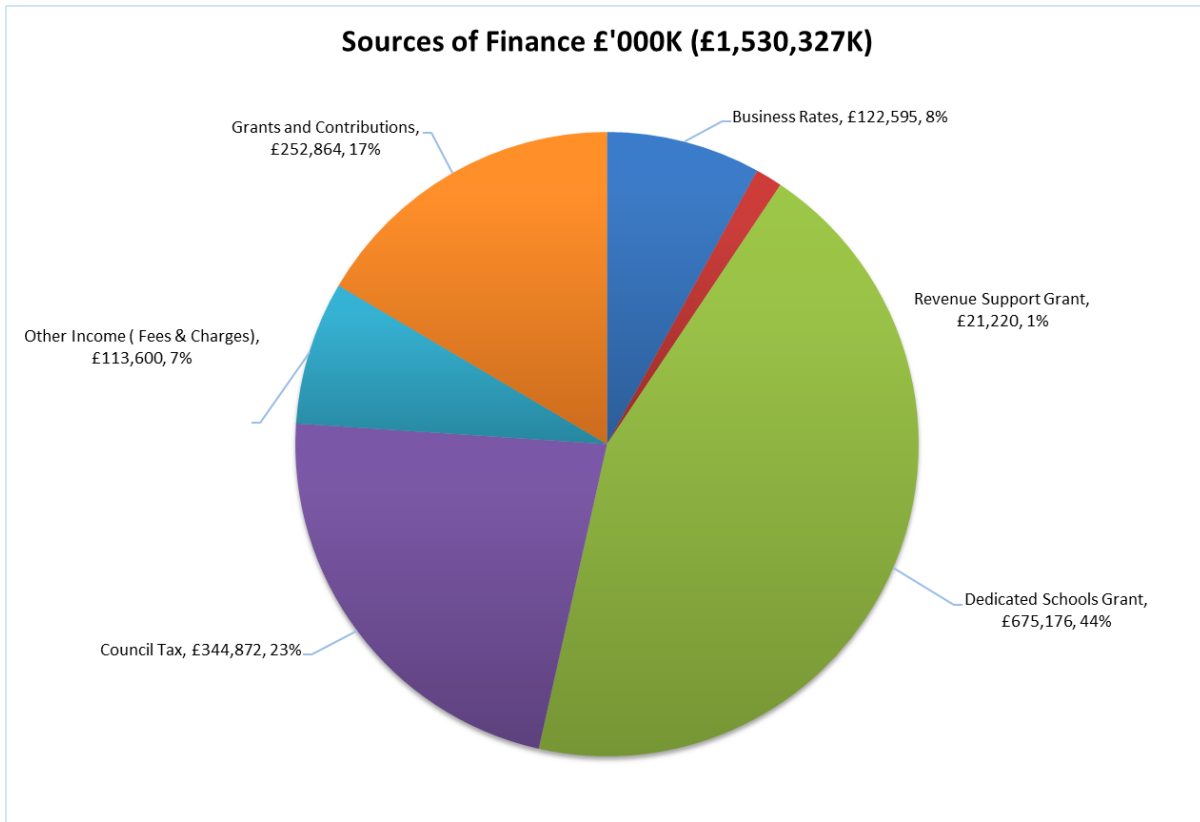
Resources includes: Public Protection, Finance, Organisational Support and Legal and Governance.

Commercial includes, Property, Commercial, Transformation and Information Technology.

Other Services includes: Fire and Rescue and Emergency Planning, Corporate Services, Development Fund Contribution, Contingency and Other Budgets.



The distribution of budget differs significantly between different services. For example employee expenses comprises 66% of budgeted expenditure in schools, for other (non-schools) budgets it is only 27% of budgeted expenditure. Conversely, Agency and Contracted expenses comprises only 7% of budgeted expenditure in schools, whilst for other (non-schools) budgets it is over 47% of budgeted expenditure.



Dedicated Schools Grant (DSG). Lincolnshire has been awarded £675.176m, which is for all schools in Lincolnshire including local authority schools and Academies. DSG is a ring-fenced grant that is passed directly through to schools.

## REVENUE GOVERNMENT GRANTS 2022/23

The revenue budget for 2022/23 includes the following government grants which have been allocated to the County Council:

	£'000
<b>Council's Non-Specific Grants</b>	
Social Care Support Grant	25,849
Revenue Support Grant	21,220
New Social Care Support Grant 22/23	9,342
New Services Grant 22/23	7,684
Rural Services Delivery Grant	7,278
Homes Bonus Grant	1,659
Independent Living Fund	1,478
Fire Pensions Grant	1,437
Extended Rights to Free Travel	639
School Improvement Grant	293
Inshore Fisheries Conservation Authorities	127
Virtual Schools Head Grant	98
<b>Schools Budgets</b>	
Dedicated Schools Grant (ring-fenced) (*1)	675,176
Pupil Premium (*2)	8,907
Universal Infant Free School Meals Grant	3,279
PE and Sport Grant	2,903
<b>Service Budgets</b>	
Public Health Grant (ring-fenced)	33,895
Better Care Fund - Improved Element	34,255
Better Care Fund - Funding	22,354
<b>Total Revenue Grants</b>	<b>857,873</b>

(\*1) Dedicated Schools Grant. Lincolnshire has been awarded £675.176m, which is for all schools in Lincolnshire including local authority schools and academy schools. Approximately 72%+ of all pupils attend academy schools, therefore it is expected that this figure will be revised down as this funding will be paid directly to academy schools. DSG is a ring-fenced grant that is passed directly through to schools.

(\*2) Pupil Premium. The Pupil Premium allocation covers the allocation for local authority schools only. The figure for 2022/23 (£8.907m) is currently an estimate, based on the grant expected to be received in 2021/22, as there have been no changes to the grant allocation methodology. The final allocation for 2022/23 is not expected to be announced until later in 2022.

**REVENUE BUDGET  
COST PRESSURES AND SAVINGS BY SERVICE AREA**

	2022/23 Cost  Pressures (*1) £'000	2022/23 Savings/ Additional Income £'000
Children's Education	0	-106
Children's Social Care	3,995	-329
Adult Frailty & Long Term Conditions	7,292	-635
Adult Specialities	5,860	-52
Public Health & Community Wellbeing	348	-20
Communities	6,788	-1,736
Lincolnshire Local Enterprise Partnership	0	0
Growth	0	-16
Highways	13,150	-76
Fire and Rescue	131	-23
Public Protection & Emergency Planning	10	-18
Finance	46	-44
Organisational Support	0	-892
Legal and Governance	0	-27
Corporate Property	134	-153
Commercial	82	-153
Transformation	-46	-10
Information Technology	1,079	-501
Corporate Services	36	-20
<b>Total Service Budgets</b>	<b>38,905</b>	<b>-4,811</b>
Other Budgets	14,704	-7
<b>Total Expenditure</b>	<b>53,609</b>	<b>-4,818</b>

(\*1) Please note that cost pressures also include inflation.



## CHANGES BETWEEN 2021/22 &amp; 2022/23 BUDGET

	Impact on budget requirement	
	£'000	%
<b>COST PRESSURES:</b>		
<b>Children's Social Care</b>		
Impact of Pandemic	3,013	0.55%
Children's Social Care - Other Cost Pressures	982	0.18%
<b>Adult Frailty &amp; Long Term Conditions</b>		0.00%
Pre Agreed Inflation and Demographic Growth	3,201	0.59%
Assumed additional new burden for Discharge to Assess	1,006	0.18%
Market sustainability and fair cost of care new grant	2,273	0.42%
Adult Frailty & Long Term Conditions - Other Cost Pressures	812	0.15%
<b>Adult Specialities</b>		
Inflation and Demographic Growth	1,732	0.32%
Inflation and Demographic Growth	3,508	0.64%
Adult Specialities - Other Cost Pressures	620	0.11%
<b>Public Health &amp; Community Wellbeing</b>	349	0.06%
<b>Communities</b>		
Home to School/College Transport	6,546	1.20%
Communities - Other Cost Pressures	242	0.04%
<b>Highways</b>	13,150	2.41%
<b>Fire and Rescue</b>	131	0.02%
<b>Public Protection &amp; Emergency Planning</b>	10	0.00%
<b>Finance</b>	46	0.01%
<b>Corporate Property</b>	134	0.02%
<b>Commercial</b>	82	0.02%
<b>Transformation</b>	-46	-0.01%
<b>Information Technology</b>	1,079	0.20%
<b>Corporate Services</b>	36	0.01%
<b>Other Budgets</b>		
Pay Negotiations and National Pay Spine	4,407	0.81%
Contingency	3,500	0.64%
National Living Wage	2,423	0.44%
Employers Pension Contribution Increase	1,350	0.25%
Minimum Revenue Provision	1,127	0.21%
Other Budgets - Other Cost Pressures	1,896	0.35%
<b>TOTAL COST PRESSURES:</b>	<b>53,609</b>	<b>9.84%</b>
<b>SAVINGS:</b>	<b>£'000</b>	<b>%</b>
<b>Children's Education</b>	-106	-0.02%
<b>Children's Social Care</b>	-329	-0.06%
<b>Adult Frailty &amp; Long Term Conditions</b>	-635	0.00%
<b>Adult Specialities</b>	-52	-0.01%
<b>Public Health &amp; Community Wellbeing</b>	-20	0.00%
<b>Communities</b>	-1,735	-0.32%
<b>Growth</b>	-16	0.00%
<b>Highways</b>	-76	-0.01%
<b>Fire</b>	-23	0.00%
<b>Property</b>	-153	-0.03%
<b>Commercial</b>	-153	-0.03%
<b>Transform</b>	-10	0.00%
<b>IMT</b>	-503	-0.09%
<b>Public Protection</b>	-18	0.00%
<b>Finance</b>	-44	-0.01%
<b>Organisational Support</b>	-892	-0.16%
<b>Governance</b>	-27	0.00%
<b>Corporate Services</b>	-20	0.00%
<b>Other Budgets</b>	-6	0.00%
<b>TOTAL SAVINGS:</b>	<b>-4,818</b>	<b>-0.88%</b>
<b>Other Movements:</b>	<b>£'000</b>	<b>%</b>
Use of Earmarked Reserve (change over previous year)	-4,743	-0.87%
Release of Funding from the General Fund Balance	-200	-0.04%
Other Movements (PH Grant, BCF & Market Sustainability Grant)	-4,725	-0.87%
<b>TOTAL OTHER MOVEMENTS:</b>	<b>-9,668</b>	<b>-1.78%</b>
<b>TOTAL CHANGE IN BUDGET REQUIREMENT:</b>	<b>39,123</b>	<b>7.18%</b>
<b>General Funding:</b>	<b>£'000</b>	<b>%</b>
New Social Care Support Grant 22/23	9,342	1.72%
New Services Grant 22/23	7,684	1.41%
Business Rates Pooling	1,800	0.33%
Districts Business Rates AND Collection Fund Surplus (from District Council's NNDR1 form)	1,923	0.35%
Revenue Support Grant	640	0.12%
Section 31 Grant (Business Rates)	-1,953	-0.36%
Local Council Tax Support Grant	-5,354	-0.36%
Increase in other council general grants	190	0.03%
Reduction in other council general grants	-394	-0.07%
Increase in Council Tax Base and Council Tax Collection Fund Surplus	25,245	4.64%
<b>TOTAL CHANGE IN GENERAL GRANT AND COUNCIL TAX INCOME:</b>	<b>39,123</b>	<b>7.18%</b>

## EARMARKED RESERVES

Earmarked Reserve	Opening Balance 1 April 2021 plus Carry Forward Additions £'000	Planned Use / Contribution in 2021/22 £'000	Estimated Balance on reserve as at 31 March 2022 £'000	Planned Use / Contribution in 2022/23 £'000	Planned Use / Contribution in 2023/24 £'000	Planned Use / Contribution in 2024/25 £'000	Planned Use / Contribution in 2025/26 £'000	Estimated Balance on reserve as at 31 March 2026 £'000
Balances from dedicated schools budget including those held by Schools under a scheme of delegation	-26,115	17,341	-8,773	2,117	1,886	616	0	-4,155
Schools	-26,115	17,341	-8,773	2,117	1,886	616	0	-4,155
<b>Other Earmarked Reserves</b>								
Schools Sickness Insurance Scheme	-1,194	640	-554	0	0	0	0	-554
S77 School Projects	-401	0	-401	401	0	0	0	0
Children's Services - Education	-1,595	640	-955	401	0	0	0	-554
Youth Offending Service	-200	0	-200	0	0	0	0	-200
Young People in Lincolnshire	-234	76	-158	76	76	0	0	-5
Families Working Together	-599	599	0	0	0	0	0	0
Music Service Reserve (carry forward)	-329	68	-261	50	50	50	50	-61
Children's Services	-1,363	743	-619	126	126	50	50	-267
Museum Exhibits	-133	0	-133	0	0	0	0	-133
Growth Reserve	-880	50	-830	0	0	0	0	-830
Carbon Management Reserve	-32	0	-32	0	0	0	0	-32
Civil Parking Enforcement	-283	0	-283	0	0	0	0	-283
Flood and Water Risk Management	-342	0	-342	0	0	0	0	-342
Cultural Services Reserve	-345	0	-345	173	173	0	0	0
Lincoln Cultural Quarter Earmarked Reserve	-176	0	-176	0	0	0	0	-176
Traffic Management Reserve	-1,145	150	-995	50	0	0	0	-945
Support to Businesses	-9,511	9,511	0	0	0	0	0	0
Place	-12,848	9,711	-3,136	223	173	0	0	-2,741
Co-Responders Services	-19	19	0	0	0	0	0	0
Fire and Rescue	-19	19	0	0	0	0	0	0
Procurement	-1,253	325	-928	394	386	0	0	-148
CSSC Transformation Including BW Rebuild and Development	-2,748	1,455	-1,293	1,293	0	0	0	0
Property Management	-25	25	0	0	0	0	0	0
Commercial	-4,026	1,805	-2,221	1,687	386	0	0	-148
Legal	-1,532	721	-811	0	0	0	0	-811
Purchase of Employee Leave Scheme Reserve	-305	88	-217	51	51	0	0	-116
Community Safety Reserve	-50	0	-50	0	0	0	0	-50
Elections	-300	0	-300	0	0	0	0	-300
Resources	-2,187	809	-1,378	51	51	0	0	-1,277
Other Services	-4,899	4,899	0	0	0	0	0	0
Insurances	-6,775	0	-6,775	1,000	0	0	0	-5,775
Financial Volatility Reserve	-44,483	0	-44,483	0	9,335	6,480	6,909	-21,759
Energy from Waste Lifecycles	-5,772	750	-5,022	750	750	750	750	-2,022
Development Fund	-24,452	7,667	-16,785	8,356	4,892	3,537	0	0
Business Rates Volatility Reserve	-6,152	0	-6,152	0	0	0	0	-6,152
Capital Financing Charges Reserve	-13,798	-5,210	-19,008	-277	5,204	4,670	5,126	-4,285
Coronavirus Recovery Reserve	-2,304	0	-2,304	0	0	0	0	-2,304
Other Budgets	-108,634	8,106	-100,528	9,829	20,181	15,437	12,785	-42,297
<b>Total Other Earmarked Reserve</b>	<b>-130,670</b>	<b>21,833</b>	<b>-108,838</b>	<b>12,316</b>	<b>20,917</b>	<b>15,487</b>	<b>12,835</b>	<b>-47,284</b>
<b>Revenue Grants and Contributions Unapplied</b>								
Children's Services - Education	-8,435	7,369	-1,066	115	0	0	0	-951
Adults and Community Wellbeing	-65,524	8,543	-56,981	14,869	15,780	10,454	10,770	-5,108
Children's Services	-10,701	3,821	-6,881	1,794	1,453	1,173	696	-1,766
Place	-10,945	1,500	-9,445	1,680	2,882	500	0	-4,383
Resources	-614	28	-586	49	49	27	15	-448
Fire & Rescue	-384	172	-212	117	51	45	0	0
Corporate Services	-271	0	-271	0	0	0	0	-271
Other Budgets	-3,699	3,503	-196	0	0	0	0	-196
<b>Total Revenue Grants and Contributions Unapplied</b>	<b>-100,575</b>	<b>24,935</b>	<b>-75,639</b>	<b>18,623</b>	<b>20,215</b>	<b>12,198</b>	<b>11,480</b>	<b>-13,123</b>
<b>Total Earmarked Reserves</b>	<b>-257,360</b>	<b>64,109</b>	<b>-193,251</b>	<b>33,056</b>	<b>43,017</b>	<b>28,301</b>	<b>24,315</b>	<b>-64,561</b>

## Development Fund Initiatives – Capital

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	
<b>CAPITAL</b>							
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"> <li>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.</li> <li>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.</li> </ul> <p>Whilst expenditure was expected in 2021/22, only £4k has been spent to date and it is unlikely that further spend will incur in this financial year.</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	1,204	150	Schemes totalling £700k were commissioned in 2020/21 with an in year spend of £646k; most of the remaining budget is expected to be spent in 2021/22 with £150k expected to be spent in 2022/23. 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.
Place	Highways	Works on B class roads and lower	10,000	0	3,000	7,000	Approved as part of the LCC carry forward in summer 2021. Various works are progressing with the majority of the spend expected in 2022/23
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 equipment	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.
<b>TOTAL DEVELOPMENT INITIATIVES CAPITAL</b>			<b>17,467</b>	<b>4,823</b>	<b>4,528</b>	<b>8,116</b>	

## Development Fund Initiatives – Revenue

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	
<b>REVENUE</b>							
Place	Environment	Green Masterplan	350	55	255	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. Lincolnshire Climate Summit held in October 2021.
Place	Communities	Anaerobic digestion Facilities - Business Case Viability	150	30	120		Study has been commissioned to examine whether Anaerobic Digestion is the preferred solution to treat municipal food waste. The report will enable a detailed Technical Options Appraisal to be undertaken and development of an Outline Business Case. NOTE: A government consultation has recently taken place to look at separate waste collections, including food waste. The outcome of this is expected soon and should state requirements and how service expansion should be financed.
Place	Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	576	800	1,337	This funding is being utilised in addition to the annual budget of c£580k (which is utilised in developing major 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 are progressing. Overall progress is in line to complete within the timescale planned in the project bid. Other major projects may be progressed using revenue funding, for example those recently submitted in the Levelling Up Fund.
Place	Highways	Traffic signals - Wireless communications	5	0	5		Small revenue element for ducting surveys on-track.
Place	Highways	Drainage Investigation and Flood Repairs	200	32	118	50	Revenue cost is for technical staff to undertake investigations.
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.
<b>TOTAL DEVELOPMENT INITIATIVES REVENUE</b>			<b>3,843</b>	<b>868</b>	<b>1,458</b>	<b>1,517</b>	
<b>TOTAL Revenue and Capital Development Initiatives</b>			<b>21,310</b>	<b>5,691</b>	<b>5,986</b>	<b>9,633</b>	

## Prudential Indicators

PRUDENTIAL INDICATORS		2020-21 Actual	2021-2022 Original Estimate	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
<b>PRUDENCE INDICATORS:</b>							
<b>CAPITAL EXPENDITURE</b>							
<b>1) Capital Expenditure</b>							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Gross Capital Expenditure	£m	168.173	208.655	229.688	150.364	56.042	18.154
Net Capital Expenditure	£m	52.235	111.283	104.748	114.552	53.049	18.154
<b>Capital Financing</b>							
Borrowing	£m	28.313	111.213	87.153	114.436	52.888	17.954
Grants & Contributions	£m	115.938	97.372	124.939	35.812	2.994	0.000
Capital Receipts, Reserves & Revenue	£m	23.922	0.071	17.595	0.115	0.161	0.201
<b>Total Capital Financing</b>	<b>£m</b>	<b>168.173</b>	<b>208.655</b>	<b>229.688</b>	<b>150.363</b>	<b>56.042</b>	<b>18.154</b>
<b>2) Capital Financing Requirement</b>							
The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years:							
Opening CFR	£m	616.220	660.697	624.298	683.738	773.156	794.564
Add Additional Borrowing	£m	28.313	111.213	70.681	114.436	52.888	17.954
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	1.613	1.613	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	20.235	22.654	12.854	25.018	31.480	33.307
<b>Capital Financing Requirement</b>	<b>£m</b>	<b>624.298</b>	<b>750.869</b>	<b>683.738</b>	<b>773.156</b>	<b>794.564</b>	<b>779.211</b>
<b>EXTERNAL DEBT</b>							
The Council will set for the forthcoming year and the following two financial years an authorised limit and operational boundary for its total gross external debt, gross of investments, separately identifying borrowing from other long term liabilities:							
<b>3) Authorised Limit for External Debt</b>							
Borrowing	£m	715.305	681.075	586.987	659.512	675.299	669.615
Other Long Term Liabilities	£m	11.488	10.673	10.688	11.017	9.718	8.543
<b>Total Authorised Limit</b>	<b>£m</b>	<b>726.793</b>	<b>691.748</b>	<b>597.675</b>	<b>670.529</b>	<b>685.017</b>	<b>678.158</b>
<b>4) Operational Boundary for External Debt</b>							
Borrowing	£m	700.305	666.075	571.987	644.512	660.299	654.615
Other Long Term Liabilities	£m	9.488	8.673	8.688	9.017	7.718	6.543
<b>Total Operational Boundary</b>	<b>£m</b>	<b>709.793</b>	<b>674.748</b>	<b>580.675</b>	<b>653.529</b>	<b>668.017</b>	<b>661.158</b>
<b>5) Gross Borrowing and the Capital Financing Requirement</b>							
The Council will ensure that gross long term borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years. This is to ensure that over the medium term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	£m	697.327	816.798	794.564	779.211	808.316	829.965
Forecast of Long Term External Borrowing and Credit Arrangements	£m	497.052	587.114	486.386	575.710	597.025	581.588
<b>Headroom</b>	<b>£m</b>	<b>200.275</b>	<b>229.684</b>	<b>308.178</b>	<b>203.501</b>	<b>211.291</b>	<b>248.377</b>

PRUDENTIAL INDICATORS		2020-21 Actual	2021-2022 Original Estimate	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
<b>AFFORDIBILITY INDICATORS:</b>							
<b>6) Financing Costs &amp; Net Revenue Stream</b>							
The Council will estimate for the forthcoming year and the following two financial years the proportion of financing costs to net revenue stream (NRS), including dedicated schools grant (DSG). The Council will also set the following voluntary indicator limit: minimum revenue provision and interest not to exceed 10% of net revenue stream (NRS) including dedicated schools grant (DSG).							
Proportion of Financing Costs to NRS (Incl DSG)	%	4.88%	5.38%	3.94%	5.06%	5.90%	6.00%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	4.98%	5.33%	3.98%	5.16%	6.02%	6.11%
<b>PROPORTIONALITY INDICATORS:</b>							
<b>7) Net Income from Commercial and Service Investments to Net Revenue Stream</b>							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Net Income from Commercial and Service investments as a proportion of Net Revenue Stream (NRS) including Dedicated School Grant (DSG). This is to manage financial exposure to the Council from potential loss of income from these investments.							
Net Income from Non-Treasury Investments (Including County Farms)	£m	2.447	2.189	2.367	2.238	2.123	2.015
Net Revenue Stream	£m	778.134	775.368	772.877	843.099	844.200	858.347
Proportion of Net Commercial and Service Investment Income to Net Revenue Stream -Limit 3%	%	0.31%	0.28%	0.31%	0.27%	0.25%	0.23%
<b>8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments</b>							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	16.200	16.400	16.400	16.400	16.400	16.400
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.077	0.326	0.040	0.068	0.060	0.056
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	0.48%	1.99%	0.25%	0.41%	0.36%	0.34%
<b>TREASURY INDICATORS:</b>							
<b>9) Liability Benchmark</b>							
The Council will estimate and measure the liability benchmark (or Gross Loans Requirement) for the period that covers the debt maturity profile. This will include a chart showing the Net Loans Requirement, compared to Existing Debt outstanding and the Loans CFR. The liability benchmark will be analysed as part of the annual treasury management strategy and differences to actual debt outstanding will be explained and managed.							
<b>10) Maturity Structure of borrowing</b>							
The Council will set for the forthcoming financial year and the following two years both upper and lower limits with respect to the maturity structure of its borrowing: (Fixed & Variable Rate Borrowing).							
<b>Upper limit</b>							
Under 12 months	%	2.30%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	1.80%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	5.20%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	12.20%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	78.50%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Lower limit</b>							
All maturity periods	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>11) Long Term Treasury Management Investments</b>							
The Council will set an upper limit for each forward year period for the maturing of long term treasury investments, longer than 365 days and including longer term instruments with no fixed maturity date.							
Upper limit for total principal sums invested for over 365 days and no fixed maturity (per maturity date)	£m	6.419	40.000	40.000	40.000	40.000	40.000
<b>12) Interest Rate Exposures (Variable)</b>							
The Council will set for the forthcoming year and the following two financial years, an upper limits to its exposure to effects of changes in interest rates on variable rate borrowing and investments. (Voluntary Indicator).							
<b>Upper limit for variable interest rate exposures</b>							
Borrowing	%	0.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Investments	%	44.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>13) Borrowing in Advance of Need</b>							
The Council will set for the forthcoming financial year and the following two years upper limits to any borrowing undertaken in advance of need.							
Borrowing in advance of need limited to percentage of expected increase in CFR over 3 year budget period (Voluntary Indicator)	%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
	£m	0.000	16.482	27.706	1.514	3.438	12.689

**CAPITAL STRATEGY 2022/23****1. Aim of the Capital Strategy**

- 1.1 The aim of the Capital Strategy is to enable elected Members to make decisions about capital spending plans that support the Council's objectives and are affordable over the long term. In making those decisions, elected Members should understand the financial risks and how those risks will be managed.
- 1.2 The Capital Strategy also provides a framework of guidance to support elected Members in their decision making and to support Officers involved in capital planning.
- 1.3 The Capital Strategy will be refreshed annually and presented to the Council within the Budget Book, alongside capital and revenue budget plans. This will ensure that the Capital Strategy is adapted as the Council's financial position evolves over time, and that Council's approval of the capital programme budget takes account of the Capital Strategy and its implications.

**2. Background Information**

- 2.1 The CIPFA Prudential Code was revised in 2017, and included the new requirement for councils to have a capital strategy in place by April 2019.
- 2.2 This requirement has been driven by the changing face of local government finance. Councils have been through a number of years of austerity and reducing government funding, and some councils are now investing in commercial opportunities using capital budgets. In addition to this there are increasing demand pressures on services, which has added to the financial risks faced by councils. The Capital Strategy will help elected Members to understand the key risks and manage those risks to an appropriate level.
- 2.3 The government issued revised statutory guidance on local government investments, which came into effect on 1 April 2018 and extended the meaning of "investments" to include the type of commercial investment referred to in paragraph 2.2. The Council has adhered to this guidance and it has been reflected in this Capital Strategy where it is relevant to do so.
- 2.4 In November 2019 the Chartered Institute of Public Finance and Accountancy published a guidance document entitled Prudential Property Investment, which reinforces the principle that Councils must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The guidance covers technical and legal issues relating to investment in commercial property. Appendix B sets out our approach to such investments in our Commercialisation Strategy.
- 2.5 The Council's first Capital Strategy was for 2019/20. This Capital Strategy is the fourth iteration.

### 3. What is "Capital" and How Does it Impact on Budgets?

- 3.1 It is important that those making decisions about capital spending plans understand the terminology used in reports as well as how budgets will be impacted by their decisions.

#### Definitions

- 3.2 **Capital expenditure** is spending on buying, building or enhancing long term assets. Examples of long term assets include: land and buildings, vehicles, infrastructure such as roads and bridges, specialised facilities such as recycling plants, specialised equipment such as fire-fighting equipment.
- 3.3 The term "**capitalised**" means "treated as capital expenditure". This requires certain accounting treatments and the inclusion of capitalised assets in an asset register.
- 3.4 The Secretary of State will allow some expenditure types to be capitalised in certain exceptional circumstances, and councils must apply for permission to capitalise expenditure which would normally be treated as revenue expenditure. An example of such an item approved for another council in the past is the capitalisation of large-scale redundancy costs.
- 3.5 **Revenue expenditure** is therefore all expenditure which is not capital expenditure – this usually applies to spending on the day to day running costs of the Council which doesn't result in long term assets e.g. salaries of employees, rent of buildings, fuel, stationery etc.
- 3.6 **Capital receipts** are monies received when capital assets are sold. By law, capital receipts can only be used to either repay loans or finance new capital expenditure.

#### Accounting Policy on Capitalisation

- 3.7 The rules on what types of expenditure can or cannot be capitalised are set out in International Financial Reporting Standards and in the CIPFA Accounting Code of Practice, as well as in law. Councils are allowed to set a minimum threshold value for capital expenditure to ensure that only the more significant assets are capitalised. Lincolnshire County Council has set a minimum threshold value of £10,000 spent on buildings, vehicles or equipment in its capital accounting policy. Expenditure on buying, building or enhancing assets which is below this level may be treated as revenue expenditure.

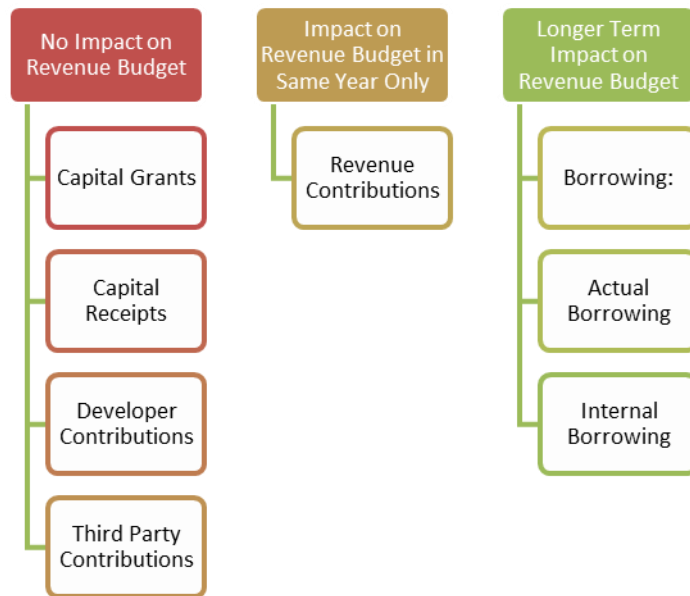
#### The Funding of Capital Expenditure

- 3.8 At Lincolnshire County Council the budget for capital expenditure is known as the **Capital Programme** and is separate from the **Revenue Budget**. The Capital Programme will cover at least three years because capital projects are often large projects that span more than one financial year to completion.



3.9 When formulating the Capital Programme, decisions must be made about the most cost effective way of funding it. There a number of different potential sources of funding for the capital programme and these are shown in the diagram below, together with their impact on the Revenue Budget. Further explanation is below the diagram.

Sources of Funding and their Impact on the Revenue Budget:



**Capital Grants**

3.10 Capital grant applications are made to the government to support essential but expensive capital projects, such as the building of new schools or new roads. Capital grants may cover the whole project cost or only part of it. When capital grants are used to finance new capital expenditure, there is no cost to the Revenue Budget in respect of the proportion of capital expenditure covered by grant. This is therefore an extremely important source of funding as some of our major projects would be unaffordable without these capital grants. The Council's strategy will be to seek to maximise the use of capital grants wherever possible.

**Capital Receipts**

3.11 When capital receipts are used to finance new capital expenditure, there is no cost to the Revenue Budget. This is therefore an attractive source of funding, however the amount of capital receipts generated each year is relatively low so they are not a significant source of funding for the Council. They can also be used to repay loans. Capital receipts can be used in the year that they are received, or carried forward to be used in future years. When determining how to fund the Capital Programme the Council

must take a view on how best to apply capital receipts to ensure that value for money is obtained.

### **Developer Contributions**

- 3.12 Development companies engaged in projects such as house building will make financial contributions to the Council to help finance the cost of developing infrastructure e.g. roads to support their housing development. When developer contributions are used to finance new capital expenditure, there is no cost to the Revenue Budget in respect of the proportion of capital expenditure covered by such contributions. This is therefore another extremely important source of funding for the Council, however in some instances developer contributions are received by the Council in later years i.e. after a project has started, which means that another source of funding will be required in the short term and the deferred developer contribution will be used to fund future capital scheme expenditure.

### **Revenue Contributions**

- 3.13 The Council can use some of its Revenue Budget to directly finance new capital expenditure. When this happens there is an impact on the Revenue Budget in that year, however there is no longer term impact. The Council does not usually budget for significant revenue contributions as this would divert funds away from the running costs needed to provide core services. However, if there is a Revenue Budget underspend at the end of any financial year then this use should be considered as part of the decision on the Council's use of underspends to carry forward to the next financial year's budget. Using revenue underspend to finance part of the capital programme will reduce the capital financing impact on the revenue budget in the longer term.

### **Actual Borrowing**

- 3.14 When the use of the above sources of funding have been maximised to finance the Capital Programme, the remainder of capital expenditure will be financed by borrowing. This amount is called the Council's Borrowing Requirement. The Council's strategy for its borrowing is set out in the Treasury Management Strategy Statement and takes account of factors such as interest rates and the spreading of loan repayment dates to reduce risk. The Council predominantly borrows from the Public Works Loans Board (PWLB), which is an Executive Agent of HM Treasury and provides loans to councils at beneficial interest rates. New guidance introduced in 2020 means that PWLB loans will only be available to the Council if the Section 151 Officer is able to make an annual declaration that the Council's capital programme contains no projects which are primarily for the purpose of generating income returns. The Council can also take loans from the financial market if these are at lower rates than PWLB loans.

3.15 When borrowing is used to finance the Capital Programme, it impacts on the Revenue Budget in two ways. Firstly, loan interest payments are charged to the Revenue Budget over the term of the loan. Secondly, a charge is made to the Revenue Budget to provide for the cost of repaying loan principal when it falls due – this is called the Minimum Revenue Provision (MRP). The MRP charge is calculated by taking the amount of capital expenditure financed by borrowing and dividing this over the number of years the asset concerned is expected to be in use. This charge is made to the Revenue Budget every year until the end of the asset's life. This means that the impact of capital expenditure on the Revenue Budget can sometimes be very long term e.g. an asset with a life of 50 years would generate an MRP charge for the next 50 years and a loan taken for say 40 years would generate an interest charge for the next 40 years.

### **Internal Borrowing**

3.16 The Council's Treasury Management Strategy allows for its borrowing requirement to be deferred until a later date if the Council has sufficient cash surplus to cover the cost of the capital expenditure, and if it would be financially beneficial to do so and it would help to manage risk. This is known as "internal borrowing" i.e. the Council borrows from its own cash reserves and repays these at a later date by taking an actual loan. This, in effect, converts the internal borrowing into actual borrowing. When internal borrowing is the means of financing, the Minimum Revenue Provision charge is still payable on the asset concerned, however there are no interest costs charged to the Revenue Budget. At the point in time when the internal borrowing converts to actual borrowing then there will be an interest charge.

## **4. The Capital Process**

4.1 Underpinning the capital process are the Council's service objectives and priorities, together with its asset management strategies. The Council's priorities according to the Corporate Plan are set out in Annex A, and links to asset management strategies, can be found in Annex B.

4.2 The capital process is as follows:

1. Identification of a need which would require Capital Expenditure. This should be recorded in a Full or Outline Business Case.
2. Exploration of options to satisfy the identified need. This should be recorded as an Options Appraisal and should consider: value for money / financial sustainability / risk / capacity to deliver the project. The results should be included in the Full or Outline Business Case.
3. Review of Full or Outline Business Cases by **Directorate Leadership Teams**.

4. Presentation of Full / Outline Business Cases to the **Capital Review Group**. The terms of reference of the Capital Review Group are set out in Annex H.
5. The **Capital Review Group** will review and, if required, challenge business cases. The **Executive Director for Resources** will then determine whether to refer the business cases for consultation with the **Executive Councillor for Finance and Communications**.
6. Annually in June, the **Capital Review Group** will consider Full / Outline Business Cases prepared in respect of projects for the following year's Capital Programme.
7. Annually in September, the **Capital Review Group** will consider programmes of work prepared in respect of bids for annual "block" funding in the following year's Capital Programme.
8. Throughout the year, the **Capital Review Group** will monitor the delivery of capital projects and this will feed into the capital budget monitoring process.
9. Earmarking of funding in the Capital Programme. The opportunity to do this will be during the autumn of each year as part of the budget setting process. Following feedback on bids from the **Capital Review Group** and in the light of consultation with the **Executive Councillor for Finance and Communications**, a draft Capital Programme will be prepared by the **Executive Director of Resources** and its cost calculated. As the Capital Programme covers ten years, planning for Capital Projects should be forward-looking. Alternatively, if funding approval is required urgently, Business Cases can be presented to the **Executive Director of Resources** (in consultation with the **Executive Councillor for Finance and Communications**) for approval. Such approval will allow the project to be allocated budget from the capital programme's New Developments Capital Contingency fund.
10. Consideration of the affordability of the Capital Programme. The draft capital programme will be included in budget reports to the **Executive** and to the **Overview and Scrutiny Management Board** as part of the budget setting process and the final Capital Programme will be approved by full Council as part of the budget. The reports will clearly show the potential longer term financial impact of each project / asset on the Revenue Budget, as well as the potential longer term financial impact of the capital programme as a whole.

11. If the capital projects identified by **Departmental Leadership Teams** exceed what is affordable over the longer term, the **Executive** will be asked to prioritise capital projects for presentation to full **Council** to ensure that an affordable capital programme can be approved. In this case, some projects will have to be deferred or removed altogether.
12. Once an affordable capital programme has been approved by the **Council** in February as part of the budget setting process, capital projects will be monitored and reported on as part of the Council's budget monitoring process.
13. Before a capital project which has funding earmarked in the Capital Programme can start there will need to be separate executive level approval to commence, and a detailed Capital Scheme Appraisal report including a Full Business Case must be approved, normally by the **Executive Councillor for Finance and Communications** if the value of the project is over £500,000. If the value of the project is less than £500,000 the project may be approved by **the relevant Executive Director** following consultation with the appropriate **Executive Councillor(s)**. This may be done by an individual report or as part of a wider programme of works.
14. When a capital project is complete and an asset has been created, that asset will be managed over its life. This will involve bringing the asset into use, maintaining it and planning for its disposal and/or replacement, if required, as the end of its useful life approaches.
15. When a capital project has completed, a post project review must be undertaken to ensure that any lessons learned can be applied to future similar projects, and that all planned benefits from the scheme have either been achieved or reasons for non-achievement have been recorded.
16. Finally, the asset will be taken out of service and either sold or disposed of.

## 5. Key Principles of the Capital Strategy

5.1 The Council's strategy in relation to capital is underpinned by the following principles:

1. Capital expenditure / investment decisions must be made to drive forward **service objectives** (*service objectives will need to be clearly identified as part of the Council's strategic planning and will need to take account of future changes to services - the asset implications of such changes must be assessed*). They must also support one or more of the **capital objectives** – see Section 6.

2. The Council's assets must be **properly planned for and managed** over their lifetime (*asset management strategies and plans which demonstrate this should exist for all key types of asset*). This should result in the identification of new capital requirements, as well as the identification of surplus assets for disposal.
3. Capital expenditure / investment decisions must be supported by a **business case** which clearly sets out why the expenditure is required, what outcomes it will help to achieve, as well as costs and risks.
4. A key consideration in decision making must be the achievement of **value for money** (*different options for achieving outcomes must be considered and costed, using the Council's options appraisal template and the best all round option selected*). External funding will be actively sought to support capital projects where possible.
5. Capital expenditure / investment plans must take account of **risk**, which should be identified and managed appropriately.
6. Capital expenditure / investment plans must be **achievable** (the capacity to deliver projects must exist, projects must be properly managed in accordance with the Council's project management framework, project risk must be considered).
7. There must be clear **governance** around capital expenditure with approval of capital projects made at appropriate levels.
8. Capital expenditure / investment plans must demonstrate **affordability** (*the future impact on council tax levels must be considered and the whole life cost must be understood, albeit with assumptions made about the future financial landscape*). Decisions made about capital projects must not threaten the overall financial sustainability of the Council. The financing of capital expenditure must remain within approved prudential limits.
9. Capital expenditure / investment plans must be **prioritised** if ambition exceeds available resources (*options appraisals should show financial and non-financial implications, risk implications, links to service objectives, the "do nothing" option and its implications, to enable scarce resources to be directed to those schemes which generate the best value for the Council*). See Annex C.
10. Capital programme projects must be **managed** (*in accordance with the Council's project management framework*) and the procurement of suppliers and contractors must be in accordance with the Council's procurement policies and procedures.

## 6. Capital Objectives

- 6.1 All capital projects must help to deliver the Council's overall service objectives but there are also a number of supplementary capital objectives which recognise the nature of

capital expenditure in that it will result in long term assets to support the Council's aims. The capital programme as a whole should allow for:

1. The replacement or refurbishment of existing assets.
2. The creation of assets to satisfy increasing demand for services.
3. The creation of assets which will enable economic growth.
4. The creation of assets necessary to meet statutory requirements.
5. The creation of transformational assets which will generate future: capital receipts / reduced revenue costs / income streams. The Council will not create new assets primarily to generate an income stream as this would mean that borrowing from the PWLB would not be accessible for the whole of the capital programme.

## **7. Integration with Other Plans and Strategies**

- 7.1 The Capital Strategy is not a standalone document. It must be seen in the context of the Council's other strategic documents which outline how the Council's longer term objectives will be achieved. Some of these have a clear impact on the Capital Strategy and these impacts have been extracted and are interpreted in Annex B.

## **8. Guidance for Officers with Responsibility for Capital Planning**

- 8.1 This guidance is intended to highlight the main considerations for the planning of capital programme projects. It follows the principles outlined in section 5 and includes links to more detailed guidance.
- 8.2 Asset management is about supporting the delivery of strategic objectives through the use of long term assets. It is an integral part of business planning. All service areas which rely on long term assets to deliver services must plan for those assets over their whole life-cycle. This will include planning for the creation / purchase / build of new assets, their use, their replacement and their eventual disposal. Proper asset planning will result in a forward-looking capital programme, where major projects are identified and resourced well in advance of their starting.
- 8.3 Once a need for a new asset has been identified, the Council's project management framework must be followed (this can be found on the Council's Intranet under "Project Management Toolkit"). This will involve preparing a business case and an options appraisal, and will ensure that the full implications of every proposal are fully understood by those making decisions about whether or not to proceed with the capital investment required. It will also ensure that capacity to deliver the project, risks associated with the project, and value for money have all been considered. In the early stages of the process, an Outline Business Case should be completed with sufficient information included to allow the feasibility and affordability of the project to be assessed by the **Capital Review Group**. If it is deemed to be a desirable and affordable

project then a full business case must be completed and considered before approval to commence a project is given.

- 8.4 Service areas have a wealth of experience in the delivery of capital projects and it is important that this experience is used to inform the planning of future projects. Project reviews should be carried out and lessons learned should be documented and made available to others in the Council who might benefit from this learning. Project reviews should provide information to help with the estimation of costs for future projects and the inclusion within capital budgets of appropriate contingency amounts.
- 8.5 The Council's Financial Procedure 1 (Financial Planning and Management) must be followed by Officers involved with capital expenditure and can be found on the Council's intranet.
- 8.6 When writing a business case, the cost of the capital project, together with any associated funding such as capital grant, must be phased as accurately as possible into the financial years when the expenditure / income is expected to occur. This will enable the financial impact on the revenue budget to be more accurately assessed.
- 8.7 Business cases should be considered by **Directorate Leadership Teams** to ensure that they align to the **Corporate Plan**. If identified as a project the **Directorate Leadership Team** wishes to progress then they must be submitted to the **Capital Review Group** for inclusion in the Capital Programme as part of the budget setting process, by the end of May each year.
- 8.8 Projects requiring urgent (in-year) funding approval can be taken for approval by the **Executive Director of Resources** in consultation with the **Executive Councillor for Finance and Communications**. On such approval Capital Programme budget allocations can be made from the New Developments Capital Contingency Budget.
- 8.9 Inclusion in the Capital Programme or an in-year approval only provides availability of funding. To commence the project an appropriate executive level decision is needed and a Capital Scheme Appraisal will be required to be approved, normally by the **Executive Councillor for Finance and Communications**.

## 9. Capital Expenditure Approval and Monitoring Process

- 9.1 The **Corporate Leadership Team (CLT)** will review the draft future Capital Programme in October and consider its affordability. If it is deemed to be unaffordable, **CLT** will prioritise the Capital Programme projects and make recommendations to the **Executive** as to which projects should or should not be approved.
- 9.2 The **Executive** is responsible for considering the Capital Programme in December along with recommendations on how the capital programme will be financed as a whole, its affordability and a recommendation from **CLT** on which projects should be prioritised if the whole programme is unaffordable. The **Executive** will propose a budget for public



consultation during January and meet in February to recommend a revenue budget and a Capital Programme to the **Council** for approval.

- 9.3 The **Council** will consider and approve a joint Capital Programme and Revenue Budget in February of each year.
- 9.4 Performance against the Capital Programme will be reported to the **Overview and Scrutiny Management Board** quarterly. The final position at the end of the year will be reported to the **Executive** in June each year

## 10. Annual Investment Strategy for Non-Treasury Investments 2022/23

- 10.1 The government issued revised statutory guidance on local government investments, which came into effect on 1 April 2018. Under section 15(1)(a) of the Local Government Act 2003 councils are required to have regard to such statutory guidance. In this guidance, the meaning of investments has been extended to include both **financial** (related to treasury management) and **non-financial** investments (for non-treasury management reasons).
- 10.2 For **financial** (treasury) investments, the Council's priorities for investment are security first, liquidity second, and then return or yield and the risk appetite is set as "low". **Non-financial (non-treasury investments)** are made for purposes which are different to treasury management and will primarily relate to the securing of future service delivery. The risk appetite is therefore set as "medium" or "high" which recognises that the Council is prepared to accept some risk to the security of the investments albeit within the parameters of the prudential limits set to manage risk to an appropriate level. An example of such an investment is a loan made to a supplier commissioned by the Council to provide adult social care but currently experiencing financial difficulties.
- 10.3 The Capital Strategy allows for certain types of **non-treasury investments** to be made and the Council currently holds non-treasury investments falling within three categories. Further detail about the management of risk associated with these investments is set out in paragraph 10.4.
- Loans to other bodies for service reasons. Such loans may not be planned for as part of the budget process but may emerge at any time e.g. due to the Council's statutory duty to manage the market in adult social care. The Council's strategy is to invest only in other bodies either to secure future service delivery or where the other body is a subsidiary company of the Council which has been created for service reasons. The contribution that such investments make towards the Council's objectives is that they support the resilience of future service delivery arrangements.
  - Investments for non-service reasons (commercial investments which may include loans to other bodies). The current strategy is that the Council will not make new investments in commercial activity unless there is a direct service

benefit and this is reflected in the Commercialisation Strategy highlighted in Annex B, however the Council owns some investment properties which do generate income. The majority of these properties are collectively known as County Farms and these are investments which have been held for a number of years by the Council. The table in Annex F shows the value of these investment properties as £107.8m, which is just above 7% of the total value of all property plant and equipment assets owned by the Council as at 31<sup>st</sup> March 2020. The estimated annual income from investment properties is £2.3m, which is approximately 0.4% of the revenue budget, and is considered to be an insignificant proportion. An assessment of the fair value of these investment properties is made annually, in accordance with the requirements of the CIPFA Accounting Code of Practice for Local Government and the underlying assets provide security for these investments. The Council's strategy is to maintain these assets and a summary of the investments is shown in Annex F. The contribution that such investments make towards the Council's objectives is that they provide an annual income stream which supports the overall budget and they provide the potential for future capital receipts to be realised from the sale of surplus land and properties. The farms are historic investments as they were originally offered to servicemen returning from the war.

- Equity shares held for service reasons. Again the strategy is not to invest in equity shares ordinarily but the Council may choose to do so if this would support the delivery of services.

Treasury investments, which are made by using the Council's surplus cash balances, fall under the remit of the Council's Treasury Management Strategy Statement and are not covered within this Capital Strategy.

10.4 Loans made to other bodies for service reasons may be designated as low, medium or high risk. The measures in place to manage these risks are:

- the financial procedures for loans to outside bodies which include the scheme of delegation for the approval of new loans;
- loan agreements signed by both parties to the loan
- credit control arrangements in place to ensure that interest and loan repayments are made on time, and
- adherence to prudential indicator limits for proportionality.

For investments in commercial properties made for non-service reasons, the measures in place to manage risk are:

- The Council uses a specialist third party agent to manage the collection of rental income.
  - Prudential limits have been set to manage the risks arising from non-treasury investments (shown in Annex G).
- 10.5 A fourth category of non-treasury investment exists, which is: Equity shares held for non-service reasons. The Council does not hold any equity shares under this category and the current Capital Strategy does not permit the purchase of such investments. Prudential limits have therefore not been set for this category of investment.
- 10.6 A schedule of non-treasury investments currently held by the Council is provided in Annex F.

## **11. Affordability of the Capital Programme**

- 11.1 The CIPFA Prudential Code requires councils to ensure that capital spending plans are affordable, sustainable and prudent. Determining whether or not a capital programme is affordable over the long term is difficult to do, because it requires looking into an uncertain future. There is, therefore, no precise calculation which can be done to work out how much is affordable, instead we have to use our judgement to make assumptions about the Council's finances in the future and we have to understand this carries the risk that our assumptions may turn out to be incorrect.
- 11.2 Some elements of the cost of financing the capital programme are more certain. The future cost to the revenue budget of all past capital expenditure is largely known, and is explained in principle in section 3. These future costs comprise the minimum revenue provision and the interest payments on loans already taken to finance the capital programme.
- 11.3 Virtually all other relevant factors are uncertain. Below are some examples of the inherent uncertainties, which could result in financial risk:
- a) The value of the revenue budget in future years is dependent on many factors outside of the Council's control e.g.:
    - The Council's main sources of income are often subject to government determination or changes in policy e.g. Limits on Council tax increases
    - The amount the Council needs to spend is subject to inflation.
  - b) Capital projects may overspend or underspend, or may take more or less time to complete than planned. As explained elsewhere in this strategy any effect on capital expenditure will also impact on the cost to the revenue budget including the timing of those impacts.
  - c) Statutory policy relating to capital may change e.g.:
    - The method of calculating Minimum Revenue Provision has changed over time

- The accounting standard which defines capital expenditure and its accounting treatment could change.
- d) The cost of interest on loans which will be taken in the future is subject to future unknown interest rates. There are other treasury risks which could impact on the cost of future borrowing e.g. re-financing risk and liquidity risk.
- e) Unplanned for significant events, such as the coronavirus pandemic, may lead to financial resources being directed towards other priorities or to additional costs.
- 11.4 Despite the uncertainties, it is still possible to look forward and take a view on the affordability of the capital programme. A high level summary of the proposed capital programme for 2022/23 and future years up to 2031/32 is included at Annex D (the detailed capital programme is included in the Council's Budget Book). There have been very few changes to the capital programme for 2022/23 onwards, pending a full review of the capital programme in 2022. The estimated longer term on-going impact on the revenue budget of this capital programme has been calculated as a reduction of around £1.1m per annum.
- 11.5 This must be seen in the context of the Council's overall net revenue budget in order to determine its affordability. The amount of the Council's budget is not known beyond 31<sup>st</sup> March 2023, but a prudent estimate can be made going forwards which allows for a modest increase in funding each year up to 2025/26. This assumes that the new local government finance reforms will be more favourable to County Councils than the current system and that there will still be increases to Council Tax levels to some extent. It is hoped that the equivalent assumptions in the next iteration of this strategy will be made in the light of more certain information about future funding levels.
- 11.6 The graph at Annex E shows the estimated total proportion of the net revenue budget which would need to be allocated to finance the capital programme set out in Annex D for the next ten years. It can be seen that in each of the next ten years, the Council is expected to be within its voluntary prudential indicator i.e. that capital financing charges, comprising MRP and interest, will not exceed 10% of the Council's total income in each year.
- 11.7 This indicates that the Capital Programme for 2022/23, which also covers future years, is affordable. It is important to note however that there are risks inherent in this conclusion. Some of these risks are explained in paragraph 11.3 above. In addition it must be recognised that the capital programme will be refreshed each year and this assessment will need to be repeated each time to determine future affordability.

## **12. 12 Role of the Section 151 Officer**

- 12.1 The Section 151 Officer is responsible for ensuring that elected members tasked with either treasury management responsibilities or capital programme scrutiny responsibilities have access to training relevant to their needs and those responsibilities.

12.2 The Section 151 Officer is also responsible for ensuring that employees with responsibility for budget management, accounting, finance, and treasury management, are suitably skilled and experienced and have the opportunity to maintain their professional competence.

12.3 Statement of the Section 151 Officer:

The Section 151 Officer is satisfied that the Capital Programme for 2022/23, which includes future years, has been through a robust scrutiny process. The Capital Strategy includes an assessment of financial risks and the Section 151 Officer is satisfied that prudent assumptions have been made relating to those areas of risk and that the Capital Programme for 2022/23 is affordable over the longer term.

## **Council Priorities within the Corporate Plan**

### **People and Communities will have:**

- High aspirations;
- The opportunity to enjoy life to the full;
- Thriving environments;
- Good value Council services.

### **Links between the Capital Programme and the Corporate Plan**

The following schemes / projects within the Council's Capital Programme support the priorities of the Corporate Plan:

#### High Aspirations:

- A range of projects to alleviate flood and water risks.
- A range of projects to build, and improve highways infrastructure assets.
- Projects to replace Household Waste recycling centres and to introduce a Separated Paper and Card recycling scheme.

#### The opportunity to enjoy life to the full:

- Contributing towards projects to build supported and extra care housing
- Funding adaptations to the homes of foster carers
- Projects to invest in provision for children in care and care leavers

#### Thriving environments:

- Improvements to Schools buildings, sites and IT facilities.
- Major investment in SEND Schools provision.
- Provision of superfast Broadband across the County.
- Development of Business Units and the extension of the Horncastle Industrial Estate.
- Programme of energy efficient street lighting schemes.

#### Good Value Council services:

- Projects to transform Council services using technology.

## Links to Other Strategies

### A. Medium Term Financial Strategy

The Medium Term Financial Strategy covers the medium term period but is refreshed periodically as part of the budget process. It sets out the Council's framework for financial management and provides some key principles which directly influence the Capital Strategy – these are interpreted below:

- a. The Council has set a key financial performance measure which relates to the affordability of the capital programme, which is that the level of council tax will remain in the lowest quartile of all English County Councils.
- b. We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which covers a longer term period up to ten years.
- c. The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.
- d. The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.
- e. During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.
- f. Budget holders can bid for investment in new opportunities (either revenue or capital) as part of the annual budget process. These will be considered in the context of the business case and affordability.

- g. We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.

B. Commercialisation Strategy

This strategy documents the Council's approach to commercialisation. It sets out a broad vision of commercial activities that the Council could engage in, which include activities that might require capital investment e.g. the use of digital technologies to deliver savings or increase value and investment opportunities. The aim is to generate extra revenue streams and deliver cost reductions through commercial activity, thereby supporting the continued delivery of front line services. The strategy also clarifies the principle that all commercial opportunities considered should provide benefit to people who live in, work in or visit Lincolnshire i.e. the achievement of service objectives will be the prime driver for commercial activities, with income generation a secondary benefit.

As the generation of income is not the main motive for the Council's commercial investment, the extent to which the Revenue Budget is reliant upon commercial income streams is not significant. However the Council has held some investment properties for a number of years, which are County Farms.

The Commercialisation Strategy defines the Council's risk appetite for investing in commercial opportunities as "whilst willing to take risk, we will manage that risk so as not to jeopardise the services and opportunities we offer to Lincolnshire citizens. Risk management will be proportionate to the magnitude of the risk and the adverse impact should it materialise"

Proposed new commercial activities will be scrutinised by the appropriate Scrutiny Committee before being considered by the Executive. Commercial projects are subject to the Council's project management framework.

C. Treasury Management Strategy

The Council's annually approved Treasury Management Strategy is very closely aligned to the Capital Strategy as it covers the Council's borrowing strategy for the year ahead, a key source of funding for the capital programme. The relevant aspects of the Treasury Management Strategy are set out below:

In line with the CIPFA Prudential Code the Treasury Management Strategy sets out a series of Prudential Indicators which ensure and demonstrate that the Council's capital expenditure plans remain **affordable**, **prudent** and **sustainable** and manage treasury risks:

- a. Long term loans are usually secured at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime thereby reducing the risk of adverse



interest rate changes. However up to 30% of all borrowing could alternatively be secured at variable rates of interest.

- b. The Council will take new borrowing from the PWLB in all periods with the aim of achieving an even "spread of maturity" profile and keeping an increase in the average cost of the Council's debt to a minimum.
- c. Consideration will be given to borrowing market loans, to fit into the above maturity strategy, in order to take advantage of lower rates offered on these loans. This proportion is limited to no more than 20% of total external borrowing for market loans and 10% of total external borrowing for Lender Option Borrower Option loans (which are also market loans).
- d. Other long term liabilities e.g. loans to other bodies and PFI contracts also impact on the revenue budget and future sustainability. Separate limits are set each year for total borrowing and for total other long term liabilities.
- e. Limits are set on the maturity structure of borrowings i.e. no more than 25% will mature within 12 months; no more than 25% will mature between 12 months and 24 months; no more than 50% will mature between 24 months and 5 years; no more than 75% will mature between 5 years and 10 years. This means that exposure to short term interest rate risk is limited.
- f. The Minimum Revenue Provision and Interest Charges together shall not exceed 10% of the Council's Net Revenue Stream.

Two "proportionality" Prudential Indicators have been set for 2022/23, to support the Capital Strategy and these are shown in Annex G. The Treasury Management Strategy includes the Council's **Capital Financing Requirement**, which reflects the need to borrow to fund capital expenditure in the future. It also includes the Policy for Minimum Revenue Provision which allows for debt to be repaid over the life of the underlying assets.

The Treasury Management Strategy is scrutinised by the **Overview and Scrutiny Management Board** and approved by the **Executive Portfolio Holder for Finance and Communications**. Performance against prudential indicators is also scrutinised by the **Overview and Scrutiny Management Board**, as is the Treasury Management Annual Report at year end.

Treasury Management activity is governed by The CIPFA Code of Practice for Treasury Management and a set of Treasury Management Practices arising from this Code. These set out the relevant delegations and processes which are designed to manage risk to an acceptable level. The Council's risk appetite for treasury activity is set at low – the security and liquidity of Council funds is of paramount importance and the Strategy includes a number of controls designed to manage risks to security and liquidity.

The Treasury Management Strategy also includes the policy on the use of external advisers, which states that the Council uses Link Asset Services Ltd as its external treasury management adviser, and recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

D. Asset Management Strategies

The Council has asset management strategies in place for the major types of assets. Asset management is about supporting the delivery of strategic objectives through the use of long term assets. All service areas which rely on long term assets to deliver services must plan for those assets over their whole life-cycle. This will include planning for the creation / purchase / build of new assets, their use, their replacement and their eventual disposal.

- Highways Asset Management Strategy  
<https://www.lincolnshire.gov.uk/downloads/file/1896/highways-asset-management-strategy>
- Integrated Risk Management Plan 2020-2024 (which includes a section on Fire and Rescue asset management)

<https://www.lincolnshire.gov.uk/downloads/file/4777/irmp-2020-24>

### Prioritisation of Capital Programme Projects

If the total capital programme is deemed to be unaffordable then capital programme projects will need to be prioritised, and this may result in the cancellation or deferral of projects.

The aim of the process of prioritisation is to select those projects which generate the best value for the Council. As the Council's functions are wide-ranging, this diversity is reflected in the capital programme and this makes it difficult to compare projects. In many cases the benefits are non-financial and hard to measure, which means that return on investment measure is not an appropriate tool to use when trying to rank projects.

It is recognised that the reasons for undertaking capital projects may be complex, and that ranking projects in order of priority may sometimes be a matter of subjective assessment. When a Business Case for a capital project is prepared, the checklist below must be completed and submitted with the Business Case. The considerations set out on the checklist are designed to assist those making decisions on the prioritisation of capital projects if this is required. This is not an exhaustive list of factors to consider – there may be others.

Consideration	Yes / No	If Yes, please provide detail
To what extent does the project support the Council's objectives (Appendix Capital A) or the Capital objectives (Section 6)?		
• Does it maintain current service delivery by replacing or refurbishing existing assets?		
• Does it improve current service delivery by:		
○ Satisfying increasing demand for services;		
○ Enabling economic growth;		
○ Meeting new statutory requirements;		
○ Transforming service delivery thereby:		
▪ Generating future capital receipts;		
▪ Reducing revenue costs;		
▪ Increasing income?		
• Does it meet identified community expectations?		

How is Value for Money achieved by this project?		
• What are the project Benefits?		
○ Number of citizens who benefit		
○ Significance of improvement to citizens lives		
○ Significance of improvement to aspects of service delivery		
• What are the project Costs?		
○ What is the whole life cost of the asset:		
▪ What is the expected useful life of the asset in years?		
▪ What is the total capital cost?		
▪ Minimum Revenue Provision charge?		<i>(Finance to provide)</i>
▪ Interest charge?		<i>(Finance to provide)</i>
▪ Asset maintenance costs per annum?		
○ Is external funding available for the project?		
▪ If Yes, how much?		
▪ If Yes, where from?		
▪ If Yes, when will it be received?		
○ Is internal funding available for the project?		
▪ If Yes, how much?		
▪ If Yes, where from (capital receipts or revenue contributions)		
▪ If Yes, when will it be received?		
What are the key risks inherent in this project?		
○ How urgent is the need?		
○ How long will the project take?		<i>If more than 1 year, please phase the capital costs over Year 1, Year 2, Year 3 etc.</i>
○ Does the Council have the capacity to deliver the project?		
▪ If Yes, please list them?		
○ Are there any other significant project risks?		

<ul style="list-style-type: none"> <li>▪ If Yes, please list them?</li> </ul>		
<ul style="list-style-type: none"> <li>○ Does the project take account of future needs?</li> </ul>		
<ul style="list-style-type: none"> <li>○ Does the project take account of the changing world, e.g. technology or social changes?</li> </ul>		
<p>When the project is complete, a post implementation review must be undertaken and a Project Closure report completed.</p> <p>Please add any further information which you think may support the decision-making process.</p>		

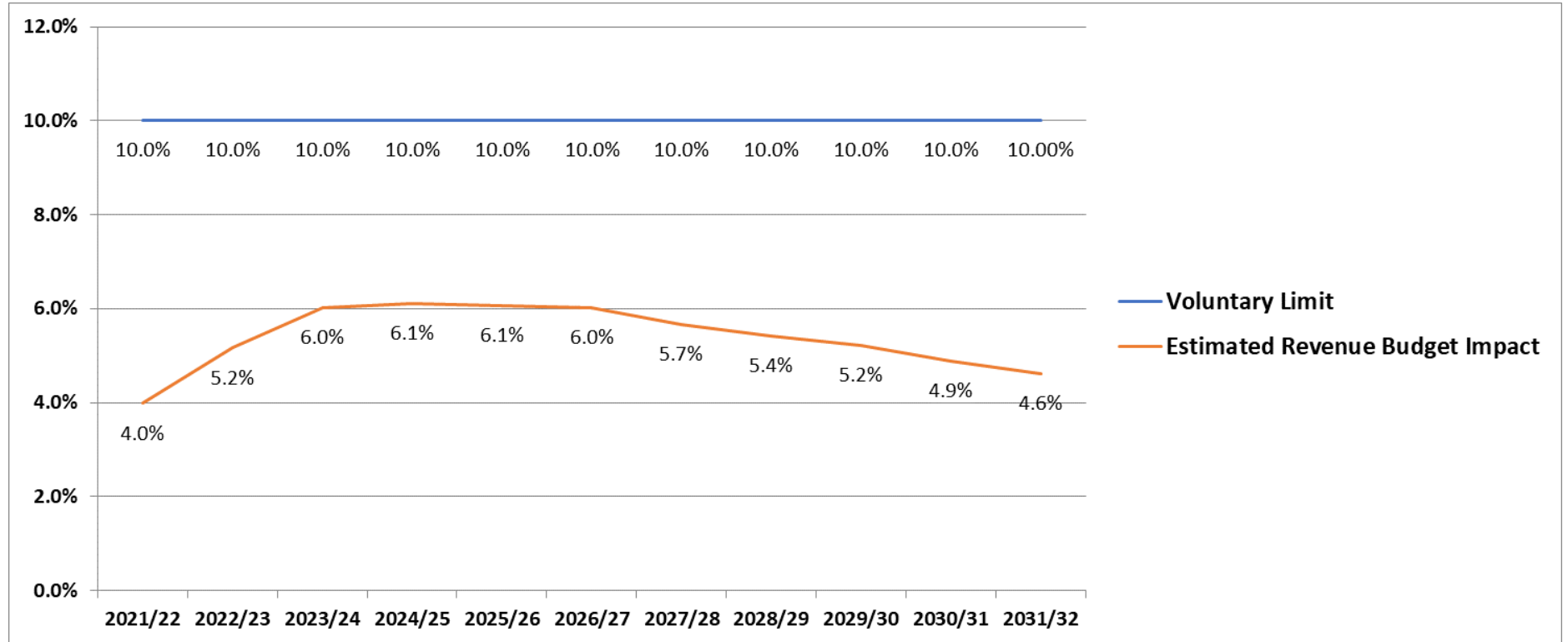
## Funding of the Capital Programme

Capital Programme (2021/22 plus Future Years)	Revised Gross Programme 2021/22 £m	Gross Programme 2022/23 £m	Gross Programme Future Years £m
<b><u>ADULT CARE AND COMMUNITY WELLBEING</u></b>			
Adult Frailty & Long Term Conditions	9.336	0.000	0.000
<b><u>CHILDREN'S SERVICES</u></b>			
Children's Education	41.209	42.926	37.233
Children's Services	1.119	1.535	0.745
<b><u>COMMERCIAL</u></b>			
Property	4.704	5.137	31.598
ICT	3.815	8.608	17.751
<b><u>FIRE AND RESCUE &amp; EMERGENCY PLANNING</u></b>	1.253	5.338	6.206
<b><u>RESOURCES</u></b>			
Public Protection	0.025	0.020	0.000
<b><u>PLACE</u></b>			
Communities	11.207	6.441	7.187
Growth	19.270	3.058	0.000
Highways	126.274	68.732	108.349
<b><u>OTHER BUDGETS</u></b>			
Other Budgets	11.476	8.570	67.500
<b>Total Budget</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>

### Funding of the Capital Programme

<b>Gross Capital Programme</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>
<b>Funded by:</b>			
Grants and Contribution	124.939	35.812	7.494
Capital Receipts	2.690	0.000	0.000
Revenue Funding	1.071	0.115	0.920
Use of Reseve	16.525	0.000	0.000
Borrowing	84.463	114.437	268.155
<b>TOTAL FUNDING</b>	<b>229.688</b>	<b>150.364</b>	<b>276.569</b>

**Estimated Proportion of Revenue Budget to be Spent on Capital Financing Charges  
Compared to Prudential Indicator Voluntary Limit**





## Schedule of Non-Treasury Investments

Service Investments:			Original Term	Principal	Estimated Interest
Loans To Other Bodies for Service Reasons	Classification	Risk Level	of Loan in Outstanding as at	Outstanding as at	Income 2021/22
			Years	31/03/2021	2021/22
				£000's	£000's
B14080 School Academies	Loan	Low	Various	1,015	-33
B20040 TransportConnect Revolving Credit Facility	Loan	Medium	3	250	-21
<b>Total</b>				<b>1,265</b>	<b>-54</b>
Service Investments:				Fair Value as at	Estimated
Purchase for Service Reasons	Equity	Classification	Risk Level	31/03/2021	Dividend Income
				£000's	2021/22
				£000's	£000's
B14010 Investors in Lincoln Shares		Non-Specified Investment	Low	250	0
<b>Total</b>				<b>250</b>	<b>0</b>
Commercial Investments for Non Service Reasons:				Fair Value as at	Estimated Rental
	Classification	Risk Level		31/03/2021	Income 2021/22
				£000's	£000's
B11005 County Farms	Investment Properties	Low		106,646	-2,280
B11005 Other Non-Farm Properties	Investment Properties	Low		1,114	-24
<b>Total</b>				<b>107,760</b>	<b>-2,304</b>

## Prudential Limits Relating to Non-Treasury Investments

PRUDENTIAL INDICATORS		2020-21 Actual	2021-22 Original Estimate	2021-22 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
<b>Proportionality Indicators</b>							
<b>7) Net Income from Commercial and Service Investments to Net Revenue Stream</b>							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Net Income from Commercial and Service investments as a proportion of Net Revenue Stream (NRS) including Dedicated School Grant (DSG). This is to manage financial exposure to the Council from potential loss of income from these investments.							
Net Income from Non-Treasury Investments (Including County Farms)	£m	2.447	2.189	2.367	2.238	2.123	2.015
Net Revenue Stream	£m	778.134	775.368	772.877	843.099	844.200	858.347
<b>Proportion of Net Commercial and Service Investment Income to Net Revenue Stream -Limit 3%</b>	%	<b>0.31%</b>	<b>0.28%</b>	<b>0.31%</b>	<b>0.27%</b>	<b>0.25%</b>	<b>0.23%</b>
<b>8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments</b>							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	<b>16.200</b>	<b>16.400</b>	<b>16.400</b>	<b>16.400</b>	<b>16.400</b>	<b>16.400</b>
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.077	0.326	0.040	0.068	0.060	0.056
<b>Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%</b>	%	<b>0.48%</b>	<b>1.99%</b>	<b>0.25%</b>	<b>0.41%</b>	<b>0.36%</b>	<b>0.34%</b>

A full list of Prudential Indicators is included within the Council's Budget Book

**CAPITAL REVIEW GROUP (CRG)****TERMS OF REFERENCE****1. PURPOSE**

**Officers to provide challenge and support to ensure the Council's capital programme:**

- 1.1. supports and prioritises the ambitions of the corporate plan;**
- 1.2. reflects and complies with our agreed capital strategy;**
- 1.3. is supported by information to enable sound and transparent decision making; and**
- 1.4. has adequate challenge and reporting of its delivery.**

**2. RESPONSIBILITIES**

**For the CRG to provide a gateway challenge and review for:**

- 2.1. new spend 'outline' bids to be included in a future capital programme;
- 2.2. bids against the in-year Capital Development Contingency Budget where there is a time pressure for the spend (e.g. for matched funding, or an emerging opportunity);
- 2.3. all capital detailed business cases; to support decision making before proceeding with the project;
- 2.4. block budget lines within the programme; to ensure they are supported by appropriate programmes of work;
- 2.5. the monitoring and reporting of the delivery of the capital programme, including benefits realisation;

2.6. requests to move revenue contributions to support capital spend and to re-purpose existing budgets in the programme (S151 Officer decision);

2.7. policy framework being sought for future S106 contributions, use of S106 contributions , including monitoring of their collection;

2.8. bids for external funding, to ensure they meet the Council's strategic priorities; and

2.9. ensuring the programme is managed within the parameters set out in Appendix A.

**It is the responsibility of the CRG to ensure that** projects demonstrate affordability, timing, risks/issues, funding and budget implications, and a fit with corporate priorities, following the requirements as set out in Appendix A.

If a Business case does not meet the requirements as outlined in this ToR, the CRG can refer it back to the submitting service or can include any concerns if the business case moves forward in the decision making process.

### 3. MEMBERSHIP

- Assistant Director – Finance (Chair)
- Executive Director – Commercial
- Executive Director – Place
- Executive Director - Resources
- Representative – Commercial/Property (when appropriate)
- Representative – Children's (when appropriate)
- Representative – ACCW (when appropriate)
- Legal support
- Finance - support

#### 4. MEETING ARRANGEMENTS

4.1. The CRG shall meet monthly and all papers will be issued in advance to allow sufficient time to be reviewed.

4.2. Business cases and papers can be submitted to the dedicated email account – [Capitalreviewgroup@lincolnshire.gov.uk](mailto:Capitalreviewgroup@lincolnshire.gov.uk) . Papers will also be issued from this account.

4.3. Regular items on the monthly agenda will include (but are not limited to):-

- A review of new outline bids put forward for future inclusion in the capital programme (call for new bids specifically requested for the June meeting each year);
- Review of delivery against agreed programme;
- Review of detailed business cases and information to be included for decision making;
- Review of programmes of work supporting block budgets in the programme (main review in October); and
- Review of any budget movement requests, or bids for external funding (including S106).

## 5. REPORTING

- 5.1. The relevant Directorate Leadership Team shall review all items before they come forward to the CRG. This will include ensuring support from the relevant portfolio holder.
- 5.2. Items which have gone through the gateway process will be notified to the Executive Councillor for Finance and Communications in the regular portfolio update meetings by a member of the CRG. This will then progress to the appropriate decision making process as required with any comments, concerns or caveats from the CRG if appropriate.
- 5.3. Items for inclusion in the future capital programme will be shared with the Informal Executive in the Autumn before entering into the formal budget cycle for inclusion in the programme approved by Council in February.
- 5.4. CRG papers will be shared with the Support Councillor for Finance following the CRG meeting.
- 5.5. New projects to be shared at the Group Leaders' meetings.
- 5.6. Reporting to Overview and Scrutiny Management Board will be via Quarterly Financial Management reports.

## APPENDIX A

### *Expectations for the management of the capital programme:*

1. All areas of the capital programme will fit into the following categories:

- A 'block' budget aimed at maintaining or replacing our existing assets, which is supported by a programme of works reviewed by the CRG. This will be consistent with our asset management strategies. A block budget may also support small value spend on new assets, but should still be supported by a planned programme.
- A scheme/project with an indicative budget that is supported by an outline bid, awaiting a detailed business case – i.e. no permission to spend.
- A scheme/project in flight, supported by a business case reviewed by the CRG with appropriate officer/member decision – i.e. permission to spend.

This principle applies to all spend within the capital programme, regardless of the source of funding, i.e. relates to grant funded spend as well as spend funded by the Council's resources.

2. All business cases are of appropriate scale for the size of the project, but will follow the basic principles of the Government Treasury five case model; i.e. the case covers:

- Strategic case – why are we doing this, and how does it meet our strategic objectives?
- Economic case – what are the options and which provides the optimum benefits and value for money?
- Commercial case – how will this be procured?
- Financial case – what are the capital and revenue impacts of the proposal?
- Management Case – how will the project be managed, what resources are in place?

## TERMS OF REFERENCE – REVIEW DATE

FEBRUARY 2021

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## CAPITAL PROGRAMME

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>ADULT CARE AND COMMUNITY WELLBEING</b>										
<b>ADULT FRAILTY &amp; LONG TERM CONDITIONS</b>										
Better Care Fund - Disabled Facility Grants		0.000	-6.976	6.976	0.000	0.000	0.000	0.000	0.000	0.000
Dewint Court Extra Care Housing Scheme	Contribution towards De Wint Extra Care Housing Scheme	0.000	-1.400	1.400	0.000	0.000	0.000	0.000	0.000	0.000
Adult Care		0.960	0.000	0.960	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals: Adult Frailty &amp; Long Term Conditions</b>		<b>0.960</b>	<b>-8.376</b>	<b>9.336</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>CHILDREN'S EDUCATION</b>										
<b>SCHOOLS</b>										
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	0.000	-0.987	0.987	0.000	-0.993	0.993	0.000	0.000	0.000
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	1.107	-2.900	4.007	0.000	-5.824	5.824	0.000	0.000	0.000
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	0.000	-4.945	4.945	0.000	-3.000	3.000	0.000	0.000	0.000
New Schools Requirements		0.000	0.000	0.000	0.000	0.000	0.000	14.798	-4.800	19.598
School Mobile Classroom Replacement	The replacement of school mobile classrooms	0.416	0.000	0.416	0.300	0.000	0.300	2.700	0.000	2.700
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	-13.590	-43.425	29.834	9.444	-23.366	32.809	12.242	-2.694	14.935
Other Education & SEND Services	Capital funding for CWD short breaks and other education services	0.345	-0.675	1.020	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals - Schools</b>		<b>-11.722</b>	<b>-52.931</b>	<b>41.209</b>	<b>9.744</b>	<b>-33.182</b>	<b>42.926</b>	<b>29.740</b>	<b>-7.494</b>	<b>37.233</b>
<b>CHILDREN'S SERVICES</b>										
Early Help		0.608	0.023	0.584	0.485	0.000	0.485	0.000	0.000	0.000
Safeguarding Services	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation	0.185	0.000	0.185	0.050	0.000	0.050	0.450	0.000	0.450
Children's Services - Children's Homes	Two new small children's homes for children who are looked after.	0.350	0.000	0.350	0.850	0.000	0.850	0.295	0.000	0.295
Commissioning & Health Services	Capital funding for the 0-19 Health Services	0.000	0.000	0.000	0.150	0.000	0.150	0.000	0.000	0.000
<b>Subtotals - Children's Services</b>		<b>1.142</b>	<b>0.023</b>	<b>1.119</b>	<b>1.535</b>	<b>0.000</b>	<b>1.535</b>	<b>0.745</b>	<b>0.000</b>	<b>0.745</b>
<b>Subtotals Children's Education</b>		<b>-10.580</b>	<b>-52.908</b>	<b>42.328</b>	<b>11.278</b>	<b>-33.182</b>	<b>44.461</b>	<b>30.485</b>	<b>-7.494</b>	<b>37.978</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>COMMERCIAL</b>										
<b>PROPERTY</b>										
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	0.325	0.000	0.325	0.094	0.000	0.094	0.000	0.000	0.000
Property maintenance	To fund the maintenance and improvement programme for council properties	3.331	0.000	3.331	3.225	0.000	3.225	29.025	0.000	29.025
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.	0.208	0.000	0.208	0.000	0.000	0.000	0.000	0.000	0.000
Lexicon House	Refurbishment of Lexicon House for office accommodation.	0.000	0.000	0.000	0.950	0.000	0.950	0.000	0.000	0.000
Property Area Reviews	Programme of works for leased properties.	0.100	0.000	0.100	0.343	0.000	0.343	0.000	0.000	0.000
County Farms Grain Stores	The improvement to county farms grain stores	0.000	0.000	0.000	0.000	0.000	0.000	0.825	0.000	0.825
County Farms Block		0.165	0.000	0.165	0.525	0.000	0.525	1.748	0.000	1.748
Castle Motte	Contribution towards the programme of works to remove Lincoln Castle from the Heritage at Risk Register.	0.510	0.000	0.510	0.000	0.000	0.000	0.000	0.000	0.000
Grantham Fire		-0.007	0.000	-0.007	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals - Property</b>		<b>4.704</b>	<b>0.000</b>	<b>4.704</b>	<b>5.137</b>	<b>0.000</b>	<b>5.137</b>	<b>31.598</b>	<b>0.000</b>	<b>31.598</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>ICT</b>										
Broadband	Provision of superfast broadband across the county.	1.223	0.000	1.223	4.287	0.000	4.287	3.751	0.000	3.751
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	1.303	0.000	1.303	2.231	0.000	2.231	12.000	0.000	12.000
Improvement Transformation	To support the Transformation Programme by delivering enabling strategies in line with the Council's IMT strategy	0.000	0.000	0.000	2.000	0.000	2.000	2.000	0.000	2.000
Replacement ERP Finance System	Improvements to the ERP Finance system.	0.284	0.000	0.284	0.000	0.000	0.000	0.000	0.000	0.000
Care Management System (CMPP)	Installation of the Mosaic system.	0.014	0.000	0.014	0.000	0.000	0.000	0.000	0.000	0.000
ICT Development Fund	Improvements to ICT infrastructure and network.	0.145	0.000	0.145	0.000	0.000	0.000	0.000	0.000	0.000
IMT (Cloud Navigator/Windows 10)	Upgrade of hardware to Windows 10 system and development of Cloud Navigator to enable digital transformation of services to citizens.	0.035	0.000	0.035	0.066	0.000	0.066	0.000	0.000	0.000
Azure Data Migration	Migration of data from a physical to a cloud platform	0.811	0.000	0.811	0.024	0.000	0.024	0.000	0.000	0.000
<b>Subtotals - ICT</b>		<b>3.815</b>	<b>0.000</b>	<b>3.815</b>	<b>8.608</b>	<b>0.000</b>	<b>8.608</b>	<b>17.751</b>	<b>0.000</b>	<b>17.751</b>
<b>Subtotals Commercial</b>		<b>8.519</b>	<b>0.000</b>	<b>8.519</b>	<b>13.745</b>	<b>0.000</b>	<b>13.745</b>	<b>49.349</b>	<b>0.000</b>	<b>49.349</b>
<b>RESOURCES</b>										
<b><u>FIRE AND RESCUE &amp; EMERGENCY PLANNING</u></b>										
Fire and Rescue & Emergency Planning	Refurbishment of fire and rescue properties.	0.252	0.000	0.252	0.569	0.000	0.569	0.000	0.000	0.000
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	1.001	0.000	1.001	4.769	0.000	4.769	6.206	0.000	6.206
<b>Subtotals - Fire and Rescue &amp; Emergency Planning</b>		<b>1.253</b>	<b>0.000</b>	<b>1.253</b>	<b>5.338</b>	<b>0.000</b>	<b>5.338</b>	<b>6.206</b>	<b>0.000</b>	<b>6.206</b>
<b><u>PUBLIC PROTECTION</u></b>										
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	0.000	0.000	0.000	0.020	0.000	0.020	0.000	0.000	0.000
Safer Communities	Vehicle for Trading Standards	0.025	0.000	0.025	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals - Public Protection</b>		<b>0.025</b>	<b>0.000</b>	<b>0.025</b>	<b>0.020</b>	<b>0.000</b>	<b>0.020</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Subtotals Resources</b>		<b>1.278</b>	<b>0.000</b>	<b>1.278</b>	<b>5.358</b>	<b>0.000</b>	<b>5.358</b>	<b>6.206</b>	<b>0.000</b>	<b>6.206</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>PLACE</b>										
<b>COMMUNITIES</b>										
<b>CULTURE</b>										
Libraries	RFID replacement kiosks and library hub capital works.	0.399	0.000	0.399	0.000	0.000	0.000	0.000	0.000	0.000
Heritage / Archives	Future development of the Heritage service.	5.000	0.000	5.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals - Culture</b>		<b>5.399</b>	<b>0.000</b>	<b>5.399</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>ENVIRONMENT</b>										
Electronic Ticket Machine		0.130	0.000	0.130	0.000	0.000	0.000	0.000	0.000	0.000
Other Highways and Transportation	Block of smaller Highways projects.	0.679	0.000	0.679	0.000	0.000	0.000	0.000	0.000	0.000
Other Environment and Planning	Block of small projects.	0.018	0.000	0.018	0.000	0.000	0.000	0.000	0.000	0.000
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	0.866	0.000	0.866	0.000	0.000	0.000	0.000	0.000	0.000
Countryside Rights of Way		0.049	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.000
Local Flood Defence Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	0.600	0.000	0.600	1.353	0.000	1.353	4.500	0.000	4.500
<b>Subtotals - Environment</b>		<b>2.344</b>	<b>0.000</b>	<b>2.344</b>	<b>1.353</b>	<b>0.000</b>	<b>1.353</b>	<b>4.500</b>	<b>0.000</b>	<b>4.500</b>
Waste - Fire Suppression Systems at Transfer Stations	Installation of fire suppression systems.	0.100	0.000	0.100	0.663	0.000	0.663	0.000	0.000	0.000
HWRC - Tattershall	Replacement Household Waste Recycling Centre at Tattershall	1.300	0.000	1.300	0.698	0.000	0.698	0.000	0.000	0.000
HWRC - Skegness	Replacement Household Waste Recycling Centre at Skegness	0.000	0.000	0.000	2.000	0.000	2.000	0.000	0.000	0.000
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	0.300	0.000	0.300	0.729	0.000	0.729	0.299	0.000	0.299
Separated Paper and Card Scheme		1.664	0.000	1.664	0.963	0.000	0.963	2.388	0.000	2.388
Waste		0.100	0.000	0.100	0.035	0.000	0.035	0.000	0.000	0.000
<b>Subtotals - Waste</b>		<b>3.464</b>	<b>0.000</b>	<b>3.464</b>	<b>5.088</b>	<b>0.000</b>	<b>5.088</b>	<b>2.687</b>	<b>0.000</b>	<b>2.687</b>
<b>Subtotals - Communities</b>		<b>11.207</b>	<b>0.000</b>	<b>11.207</b>	<b>6.441</b>	<b>0.000</b>	<b>6.441</b>	<b>7.187</b>	<b>0.000</b>	<b>7.187</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>GROWTH</b>										
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	17.114	0.000	17.114	1.558	0.000	1.558	0.000	0.000	0.000
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	0.776	0.000	0.776	0.000	0.000	0.000	0.000	0.000	0.000
Lincoln Growth Point		-0.256	0.000	-0.256	0.000	0.000	0.000	0.000	0.000	0.000
Lincolnshire Waterways		-0.144	0.000	-0.144	0.000	0.000	0.000	0.000	0.000	0.000
Other Growth and the Economy - Economic Infrastructure		0.160	0.000	0.160	0.000	0.000	0.000	0.000	0.000	0.000
Teal Park, Lincoln		-0.001	0.000	-0.001	0.000	0.000	0.000	0.000	0.000	0.000
South Lincs (Holbeach) Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	0.011	0.000	0.011	0.000	0.000	0.000	0.000	0.000	0.000
Economic Development - Business Unit Development	Development of business units.	1.517	0.000	1.517	0.000	0.000	0.000	0.000	0.000	0.000
Skegness Countryside Business Park		0.092	0.000	0.092	0.000	0.000	0.000	0.000	0.000	0.000
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	0.000	0.000	0.000	1.500	0.000	1.500	0.000	0.000	0.000
<b>Subtotals - Growth</b>		<b>19.270</b>	<b>0.000</b>	<b>19.270</b>	<b>3.058</b>	<b>0.000</b>	<b>3.058</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>HIGHWAYS</b>										
Spalding Western Relief Road	Completion of Spalding Western Relief Road - Section 1 and 5.	-21.842	-12.755	-9.087	38.900	-2.630	41.530	33.700	0.000	33.700
Spalding Western Relief Road - S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	-1.800	0.000	-1.800	0.000	0.000	0.000	-7.920	0.000	-7.920
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	1.269	-3.267	4.537	0.000	0.000	0.000	0.000	0.000	0.000
Transforming Street Lighting	Programme of street lighting improvement.	0.170	0.000	0.170	0.000	0.000	0.000	0.000	0.000	0.000
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	0.234	0.000	0.234	0.224	0.000	0.224	0.224	0.000	0.224
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	11.039	-38.371	49.410	0.000	0.000	0.000	0.000	0.000	0.000
Highways Asset Protection -Development Drawdown		-3.657	-3.657	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Network Resilience	Replacement programme of gritter vehicles.	0.864	0.000	0.864	1.590	0.000	1.590	2.520	0.000	2.520
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	0.175	0.000	0.175	0.000	0.000	0.000	0.000	0.000	0.000
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0.700	0.000	0.700	0.000	0.000	0.000	0.000	0.000	0.000
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	3.720	0.000	3.720	1.000	0.000	1.000	2.000	0.000	2.000
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	43.049	-3.857	46.906	22.313	0.000	22.313	9.829	0.000	9.829
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	1.301	0.000	1.301	0.000	0.000	0.000	0.000	0.000	0.000
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	5.334	-0.921	6.255	0.000	0.000	0.000	0.000	0.000	0.000
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	0.436	-0.506	0.943	0.000	0.000	0.000	0.000	0.000	0.000

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	0.221	0.000	0.221	0.000	0.000	0.000	0.000	0.000	0.000
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	0.020	-0.320	0.340	0.000	0.000	0.000	0.000	0.000	0.000
A52 Skegness Roman Bank		2.823	0.000	2.823	0.075	0.000	0.075	0.000	0.000	0.000
Local Highways Improvements(Pinchpoints) to support Coastal Route (between £2m-£5m p.a)		0.769	0.000	0.769	0.500	0.000	0.500	16.795	0.000	16.795
Highways Rural Road Fund		7.500	0.000	7.500	0.000	0.000	0.000	0.000	0.000	0.000
Other Highways	Block of smaller Highways projects.	0.525	0.000	0.525	0.000	0.000	0.000	0.000	0.000	0.000
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	-0.232	0.000	-0.232	1.500	0.000	1.500	3.200	0.000	3.200
North Hykeham relief road (Scheme total £158m, DfT bid £110m)		0.000	0.000	0.000	0.000	0.000	0.000	48.000	0.000	48.000
Highways B Class Roads and Lower		10.000	0.000	10.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subtotals - Highways</b>		<b>62.619</b>	<b>-63.655</b>	<b>126.274</b>	<b>66.102</b>	<b>-2.630</b>	<b>68.732</b>	<b>108.349</b>	<b>0.000</b>	<b>108.349</b>
<b>Subtotals Place</b>		<b>93.096</b>	<b>-63.655</b>	<b>156.751</b>	<b>75.601</b>	<b>-2.630</b>	<b>78.231</b>	<b>115.536</b>	<b>0.000</b>	<b>115.536</b>

Capital Programme (2021/22 plus Future Years)		Net Programme 2021/22 £m	Grants & Contribution 2021/22 £m	Revised Gross Programme 2021/22 £m	Net Programme 2022/23 £m	Grants & Contribution 2022/23 £m	Revised Gross Programme 2022/23 £m	Net Programme Future Years £m	Grants & Contribution Future Years £m	Gross Programme Future Years £m
<b>OTHER BUDGETS</b>										
New Developments Capital Contingency Fund	A council wide budget has been created to fund any schemes that are currently in the development stage. The funding will be awarded to these schemes on the approval of their business cases.	11.476	0.000	11.476	8.570	0.000	8.570	67.500	0.000	67.500
<b>Subtotals Other Budgets</b>		<b>11.476</b>	<b>0.000</b>	<b>11.476</b>	<b>8.570</b>	<b>0.000</b>	<b>8.570</b>	<b>67.500</b>	<b>0.000</b>	<b>67.500</b>
<b>Total Budget</b>		<b>104.748</b>	<b>-124.939</b>	<b>229.688</b>	<b>114.552</b>	<b>-35.812</b>	<b>150.364</b>	<b>269.075</b>	<b>-7.494</b>	<b>276.569</b>
<b>Funding:</b>										
Revenue Funding		1.071	0.000	1.071	0.115	0.000	0.115	0.920	0.000	0.920
Use of Capital Receipts		2.690	0.000	2.690	0.000	0.000	0.000	0.000	0.000	0.000
Borrowing		84.463	-124.939	209.403	114.437	-35.812	150.249	268.155	-7.494	275.648
Use of Capital Grants Unapplied		5.440	0.000	5.440	0.000	0.000	0.000	0.000	0.000	0.000
Use of Revenue Grant Reserves to Fund the Capital Programme		0.035	0.000	0.035	0.000	0.000	0.000	0.000	0.000	0.000
Use of Other Earmarked Reserves		11.050	0.000	11.050	0.000	0.000	0.000	0.000	0.000	0.000
Government Grants & Contributions		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL FUNDING</b>		<b>104.748</b>	<b>-124.939</b>	<b>229.688</b>	<b>114.552</b>	<b>-35.812</b>	<b>150.364</b>	<b>269.075</b>	<b>-7.494</b>	<b>276.569</b>



## CAPITAL GOVERNMENT GRANTS 2022/23

The Government Grants for Capital shown in the table below are expected to be allocated to the County Council. Some of these have been built into the capital programme shown elsewhere in the Budget Book.

CAPITAL GOVERNMENT GRANTS		
		2022/23
		£'000
Schools Devolved Formula Capital	*	993
Schools Basic Needs		5,824
Schools Condition Allocation	*	3,000
SEND Provision Capital Funding for Pupils with EHC Plans	*	2,082
<b>Children's Services</b>		<b>11,899</b>
Highways Asset Protection	*	38,000
Highways Integrated Transport	*	3,312
Levelling Up Grant for A16 (2 year programme of work)	*	20,000
<b>Place</b>		<b>41,312</b>
<b>Total Capital Grants</b>		<b>53,211</b>

\*estimate

Further grants included in the programme will be received on a claim or bid basis as spend is incurred

## SUMMARIES OF DELIVERY SERVICES REVENUE ESTIMATES

## CHILDREN'S SERVICES

## REVENUE EXPENDITURE - EDUCATION

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	12,923,160		
2.0	BUDGET CHANGES:	- 151,787		
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Education Support Services	- 1,000	Ref 4.1	Legacy of savings delivered through the Budget 2020 exercise
4.2	Smarter working savings	- 104,750	Ref 4.2	Savings by maximising the benefits of the home working arrangements and Smarter Working programme
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>12,665,623</b>		

## REVENUE EXPENDITURE - CHILDREN'S SERVICES

## REVENUE EXPENDITURE - EDUCATION

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	SPECIAL EDUCATIONAL NEEDS AND DISABILITY	7,631,196	-48,777	7,582,419
2.0	EDUCATION SUPPORT SERVICES	880,946	-33,885	847,061
3.0	SCHOOL IMPROVEMENT	1,202,778	-15,127	1,187,651
4.0	STATUTORY REGULATORY DUTIES	3,056,453	-7,961	3,048,492
<b>5.0</b>	<b>NET TARGET BUDGET</b>	<b>12,771,373</b>	<b>-105,750</b>	<b>12,665,623</b>

## REVENUE EXPENDITURE - SOCIAL CARE

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	76,795,491		
2.0	BUDGET CHANGES:	91,226		
3.0	<u>Cost Pressures</u>			
3.1	Children in Care	3,671,825	Ref 3.1	Growth in number of Children in Care (CiC) reflecting the impact of the pandemic and a requirement to secure more specialist external placements (£3.013m). Increased costs across the composition of CiC placement types, and due to increasing complex nature of family life (£0.386m), and anticipated growth in the CiC population (£0.273m)
3.2	Special Guardianship Orders	323,392	Ref 3.2	Estimated growth in Special Guardianship Orders which is seen as an important option for permanency for children who need to be removed from their birth parents
4.0	<u>Savings</u>			
4.1	Supported living	- 138,872	Ref 4.1	Profiled savings delivered through the Supported Accommodation pathway in meeting the needs of 16-17 year olds at risk of homelessness and care leavers
4.2	Smarter working savings	- 189,250	Ref 4.2	Savings by maximising the benefits of the home working arrangements and Smarter Working programme
4.3	Grant income	- 1,000	Ref 4.3	Utilisation of grant income and budget reductions planned through the Budget 2020 exercise
5.0	<b>2022/23 BUDGET</b>	<b>80,552,812</b>		

**REVENUE EXPENDITURE - CHILDREN'S SERVICES**

REVENUE EXPENDITURE - SOCIAL CARE

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	0-19 HEALTH SERVICES	10,703,701	-30,125	10,673,576
2.0	EARLY HELP SERVICES	11,150,445	-9,936	11,140,509
3.0	FAMILY ASSESSMENT AND SUPPORT TEAM	17,487,036	-72,298	17,414,738
4.0	ADOPTION AND FOSTERING SERVICES	14,650,909	800,779	15,451,688
5.0	RESIDENTIAL HOMES AND PLACEMENTS	14,044,219	3,132,462	17,176,681
6.0	LEAVING CARE SERVICES AND SUPPORTED ACCOMMODATION	5,050,645	-146,792	4,903,853
7.0	TARGETED SUPPORT FOR YOUNG PEOPLE	1,293,803	-410	1,293,393
8.0	YOUTH OFFENDING	2,505,959	-7,585	2,498,374
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>76,886,717</b>	<b>3,666,095</b>	<b>80,552,812</b>

**ADULT CARE & COMMUNITY WELLBEING**  
**REVENUE EXPENDITURE - ADULT FRAILTIES**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	120,025,545		
2.0	BUDGET CHANGES:	- 1,193,334		Transfers to Public Health for the move of staff teams
3.0	<u>Cost Pressures</u>			
3.1	<u>Pre Agreed - Inflation &amp; Demographic Growth</u>	3,200,334		Inflation & Demographic Growth for Residential & Community Services
3.2	<u>Maximising Independence</u>	102,000		Expansion of the Community Specialist Nurse Programme, corresponding saving shown below 4.3
3.3	<u>National Living Wage increase</u>	710,000		Increase in NLW from previously calculated £9.42 now confirmed as £9.50 for 2022/23
3.4	<u>Additional new burdens from 2022/23</u>	1,006,000		Funded through increased IBCF
3.5	<u>Market Sustainability</u>	2,273,366		Adult Social Care Reforms - fair cost of care new grant announced in the Provisional Finance Settlement
4.0	<u>Savings</u>			
4.1	<u>Pre Agreed - Corporate Transformation Programme</u>	- 100,000		Cost reductions through new ways of working i.e. Digital solutions - online financial assessments
4.2	<u>Investment in Extra Care</u>	- 169,980		Savings in Residential Placements due to increased capacity in Extra Care service
4.3	<u>Maximising Independence</u>	- 170,066		Saving due to expansion of Community Specialist Nurse Programme
4.4	<u>Smarter Working</u>	- 194,940		Savings from the Smarter Working programme reflecting activity changes arising from home working
5.0	<b>2022/23 BUDGET</b>	<b>125,488,925</b>		

**REVENUE EXPENDITURE - ADULT FRAILTIES**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	RESIDENTIAL CARE	58,406,566	3,080,788	61,487,354
2.0	HOME BASED SERVICES	23,121,618	2,222,932	25,344,550
3.0	DIRECT PAYMENTS	13,021,923	0	13,021,923
4.0	DAYCARE	451,362	0	451,362
5.0	REABLEMENT	3,996,863	0	3,996,863
6.0	FIELDWORK TEAM	16,469,479	404,742	16,874,221
7.0	COMMISSIONING SUPPORT	3,364,400	948,252	4,312,652
			0	
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>118,832,211</b>	<b>6,656,714</b>	<b>125,488,925</b>

**REVENUE EXPENDITURE - ADULT SPECIALTIES**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	86,334,891		
2.0	BUDGET CHANGES:	- 23,972		
3.0	<u>Cost Pressures</u>			
	Inflation & Demographic Growth	1,732,407	Ref 3.1	Inflation and demographic growth for residential placements including NLW increases, including costs for those transitioning from childrens
	Inflation & Demographic Growth	3,507,621	Ref 3.2	Inflation and demographic growth for community based services including NLW increases.
	National Living Wage	330,000	Ref 3.3	Increase due to rate confirmed at £9.50, previously £9.42 - residential services
	National Living Wage	290,000	Ref 3.4	Increase due to rate confirmed at £9.50, previously £9.42 - community based services
4.0	<u>Savings</u>			
	Smarter Working savings	- 51,545		Savings from the smarter working programme reflecting activity changes arising from home working
5.0	<b>2022/23 BUDGET</b>	<b>92,119,402</b>		

**REVENUE EXPENDITURE - ADULT SPECIALTIES**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	LONG AND SHORT TERM CARE	26,050,020	-142,806	25,907,214
2.0	HOME BASED CARE SERVICES	27,388,719	-361,047	27,027,672
3.0	DIRECT PAYMENTS	9,977,867	1,663,075	11,640,942
4.0	DAY CARE SERVICES	5,217,856	588,192	5,806,048
5.0	LD FIELDWORK	3,268,071	29,455	3,297,526
6.0	MENTAL HEALTH	10,058,326	4,401,674	14,460,000
7.0	SAFEGUARDING FIELDWORK	1,481,877	-37,407	1,444,470
8.0	BEST INTEREST ASSESSMENTS	2,801,908	-331,908	2,470,000
9.0	SAFEGUARDING BOARD	66,275	-745	65,530
9.0	<b>NET TARGET BUDGET</b>	<b>86,310,919</b>	<b>5,808,483</b>	<b>92,119,402</b>

**REVENUE EXPENDITURE - PUBLIC HEALTH & COMMUNITY WELLBEING**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	28,621,631		
2.0	BUDGET CHANGES:	733,425		
3.0	<u>Cost Pressures</u>			
3.1	Sexual Health PrEP costs	123,674	Ref 3.1	Sexual health PrEP costs now included in the Public Health Grant allocation
3.2	Other Public Health Pressures	225,319	Ref 3.2	Increase in Public Health Grant allocation to fund other Public Health budget pressures
4.0	<u>Savings</u>			
4.1	Smarter Working - General Savings	- 20,437	Ref 4.1	General Corporate Savings as part of Smarter Working
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>29,683,612</b>		

**REVENUE EXPENDITURE - PUBLIC HEALTH & COMMUNITY WELLBEING**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	HEALTH IMPROVEMENT, PREVENTION AND SELF MANAGEMENT	2,805,808	0	2,805,808
2.0	PUBLIC HEALTH STATUTORY SERVICE	3,988,712	159,873	4,148,585
3.0	WELLBEING SERVICE	6,239,114	-20,437	6,218,677
4.0	SEXUAL HEALTH	4,816,640	123,674	4,940,314
5.0	HOUSING RELATED SERVICE	2,459,831	0	2,459,831
6.0	PREVENTION AND TREATMENT OF SUBSTANCE MISUSE	5,547,020	0	5,547,020
7.0	ADULT AND YOUNG CARERS SERVICE CONTRACTS	1,707,690	15,446	1,723,136
8.0	CARERS PERSONAL BUDGETS	650,000	50,000	700,000
9.0	QUALITY AND INFORMATION	1,140,241	0	1,140,241
<b>10.0</b>	<b>NET TARGET BUDGET</b>	<b>29,355,056</b>	<b>328,556</b>	<b>29,683,612</b>

## PLACE

### REVENUE EXPENDITURE - COMMUNITIES

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	80,347,718		
2.0	BUDGET CHANGES:	- 59,819		
3.0	<u>Cost Pressures</u>			
3.1	Home to School/College Transport	6,546,187	Ref 3.1	Additional school transport costs as a result of cost through national living wage, inflationary challenges rises and market conditions (such as driver and passenger assistant shortages; rising fuel prices), and Public Service Vehicle Accessibility Regulation requirements.
3.2	Cultural Services	42,000	Ref 3.2	Inflationary costs on library contract
3.3	Environmental & Flood Management	200,000	Ref 3.3	Increase in service demand exacerbated by Covid
4.0	<u>Savings</u>			
4.1	Smarter Working Savings	- 132,000	Ref 4.1	Savings by maximising the benefits of the home working arrangements and Smarter Working programme
4.2	Home to School/College Transport	- 1,239,155	Ref 4.2	A transformational programme is underway focusing on external factors with the aim of taking back control of the supply market, increasing competition and reducing the impact of external factors on costs.
4.3	Waste Management	- 364,572		Savings expected from the mixed dry recycling project for paper and card waste
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>85,340,359</b>		

### REVENUE EXPENDITURE - COMMUNITIES

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	TRANSPORT SERVICES	13,895,022	-177,713	13,717,309
2.0	HOME TO SCHOOL/COLLEGE TRANSPORT	32,463,853	5,307,032	37,770,885
3.0	CULTURAL SERVICES	6,798,075	42,000	6,840,075
4.0	ENVIRONMENT & FLOOD MANAGEMENT	3,024,456	245,713	3,270,169
5.0	SUSTAINABLE PLANNING	1,106,583	0	1,106,583
6.0	WASTE MANAGEMENT	22,999,910	-364,572	22,635,338
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>80,287,899</b>	<b>5,052,460</b>	<b>85,340,359</b>



**REVENUE EXPENDITURE - GL LEP**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £	Notes
1.0	2022/23 BUDGET	344,105	
2.0	BUDGET CHANGES:		
3.0	<u>Cost Pressures</u>		
4.0	<u>Savings</u>		
5.0	<b>2022/23 BUDGET</b>	<b>344,105</b>	

**REVENUE EXPENDITURE - GL LEP**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	GL LEP	344,105	0	344,105
9.0	<b>NET TARGET BUDGET</b>	<b>344,105</b>	<b>0</b>	<b>344,105</b>

**REVENUE EXPENDITURE - GROWTH**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	2,192,752		
2.0	BUDGET CHANGES:	- 55,904		
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Smarter Working Savings	- 16,120	Ref 4.1	Savings by maximising the benefits of the home working arrangements and Smarter Working programme
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>2,120,728</b>		

**REVENUE EXPENDITURE - GROWTH**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	ECONOMIC DEVELOPMENT	1,086,498	-16,120	1,070,378
2.0	ECOONOMIC INFRASTRUCTURE	398,718	0	398,718
3.0	INFRASTRUCTURE INVESTMENT	811,935	0	811,935
4.0	DEVELOPMENT MANAGEMENT	-160,303	0	-160,303
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>2,136,848</b>	<b>-16,120</b>	<b>2,120,728</b>

**REVENUE EXPENDITURE - HIGHWAYS**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	24,264,050		
2.0	BUDGET CHANGES:	- 152,619		
3.0	<u>Cost Pressures</u>			
3.1	Highways Asset Management	760,000	Ref 3.1	Contract inflation with increases for plant, labour and equipment
3.2	Highways Asset Management	30,000	Ref 3.2	Newly adopted asset growth
3.3	Highways Asset Management	12,360,068	Ref 3.3	Funding to preserve current level of highways maintenance following a reduction in the Department for Transport (DfT) grant.
4.0	<u>Savings</u>			
4.1	Smarter Working Savings	- 76,200	Ref 4.1	Savings by maximising the benefits of the home working arrangements and Smarter Working programme
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>37,185,299</b>		

**REVENUE EXPENDITURE - HIGHWAYS**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	DESIGN SERVICES	6,964,458	0	6,964,458
2.0	HIGHWAYS SERVICES	5,967,935	0	5,967,935
3.0	HIGHWAYS ASSET MANAGEMENT	10,590,571	13,073,868	23,664,439
4.0	HIGHWAYS INFRASTRUCTURE	588,467	0	588,467
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>24,111,431</b>	<b>13,073,868</b>	<b>37,185,299</b>

## FIRE & RESCUE

### REVENUE EXPENDITURE - FIRE AND RESCUE

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	21,987,678		
2.0	BUDGET CHANGES:	- 385,382		
3.0	<u>Cost Pressures</u>			
3.1	<u>Firefighter training - trauma</u>	- 250,000	Ref 3.1	Alignment of budget in line with three year trauma training plan.
3.2	Firefighter Training	150,000	Ref 3.2	Permanent provision in line with long term training plan.
3.3	Urban Search & Rescue Provision	81,131	Ref 3.3	Permanent provision to maintain service levels previously funded via earmarked reserve.
3.4	Mobilising system upgrade	60,000	Ref 3.4	The ongoing collaborative development of the service mobilising system as a member of the East Coast Consortium
3.5	Fire Prevention & Protection	89,600	Ref 3.5	Following the recent 2021 HMI inspection a number of recommendation have been made regarding service improvements regarding fire prevention and protection
4.0	<u>Savings</u>			
4.1	Smarter Working	- 22,770	Ref 4.1	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>21,710,257</b>		

### REVENUE EXPENDITURE - FIRE AND RESCUE

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	Fire and Rescue	21,602,296	107,961	21,710,257
			0	
<b>2.0</b>	<b>NET TARGET BUDGET</b>	<b>21,602,296</b>	<b>107,961</b>	<b>21,710,257</b>

## RESOURCES

### REVENUE EXPENDITURE - PUBLIC PROTECTION

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	4,813,022		
2.0	BUDGET CHANGES:	164,910		
3.0	<u>Cost Pressures</u>			
3.1	Contract Inflation	10,452	Ref 3.1	Inflationary increases to various coroner contracts.
4.0	<u>Savings</u>			
4.1	Smarter Working	- 18,467	Ref 4.1	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>4,969,917</b>		

### REVENUE EXPENDITURE - PUBLIC PROTECTION

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	SAFER COMMUNITIES	2,829,848	-967	2,828,881
2.0	REGISTRATION, CELEBRATORY SERVICES AND CORONERS	1,825,882	-7,048	1,818,834
3.0	EMERGENCY PLANNING	322,202	0	322,202
			0	
<b>4.0</b>	<b>NET TARGET BUDGET</b>	<b>4,977,932</b>	<b>-8,015</b>	<b>4,969,917</b>
			-	

**REVENUE EXPENDITURE - FINANCE**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	7,289,995		
2.0	BUDGET CHANGES:	32,374		
3.0	<u>Cost Pressures</u>			
3.1	PCI Compliance	46,000	Ref 3.1	Adherence to payment card industry data security standards
4.0	<u>Savings</u>			
4.1	Increased income	- 30,000	Ref 4.1	Increased income from schools and external clients
4.2	Smarter Working	- 13,573	Ref 4.2	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>7,324,796</b>		

**REVENUE EXPENDITURE - FINANCE**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	FINANCIAL SERVICES	6,235,422	23,630	6,259,052
2.0	CORPORATE AUDIT & RISK MANAGEMENT	1,086,947	-21,203	1,065,744
			0	
<b>3.0</b>	<b>NET TARGET BUDGET</b>	<b>7,322,369</b>	<b>2,427</b>	<b>7,324,796</b>

**REVENUE EXPENDITURE - ORGANISATIONAL SUPPORT**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	14,050,335		
2.0	BUDGET CHANGES:	779,919		
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Management Support	- 817,000	Ref 4.1	Review of the management support function
4.2	Reduction in Printing	- 57,000	Ref 4.2	A reduction in costs following a contractual review
4.3	Increased income	- 7,000	Ref 4.3	New services for schools and the Leadership & Management Apprenticeship centre
4.4	Smarter Working	- 10,910	Ref 4.4	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>13,938,344</b>		

**REVENUE EXPENDITURE - ORGANISATIONAL SUPPORT**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	HUMAN RESOURCES	3,247,297	-17,911	3,229,386
2.0	BUSINESS SUPPORT	11,582,958	-874,000	10,708,958
			0	
<b>3.0</b>	<b>NET TARGET BUDGET</b>	<b>14,830,255</b>	<b>-891,911</b>	<b>13,938,344</b>

**REVENUE EXPENDITURE - GOVERNANCE**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	2,071,815		
2.0	BUDGET CHANGES:	- 46,843		
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Smarter Working	- 26,560	Ref 4.1	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>1,998,412</b>		

**REVENUE EXPENDITURE - GOVERNANCE**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	DEMOCRATIC SERVICES	2,390,745	-20,000	2,370,745
2.0	INFORMATION ASSURANCE	763,323	-500	762,823
3.0	LEGAL LINCOLNSIRE	-1,129,096	-6,060	-1,135,156
			0	
<b>4.0</b>	<b>NET TARGET BUDGET</b>	<b>2,024,972</b>	<b>-26,560</b>	<b>1,998,412</b>



## COMMERCIAL

### REVENUE EXPENDITURE - PROPERTY

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	10,404,607		
2.0	BUDGET CHANGES:	632,782		
3.0	<u>Cost Pressures</u>			
3.1		78,808	Ref 3.1	
3.2		55,190	Ref 3.2	
4.0	<u>Savings</u>			
4.1	County Farms rent	- 100,000	Ref 4.1	A reduction in outgoing rents to the Crown Estate.
4.2	Commissionaire Service	- 23,040	Ref 4.2	The Insourcing of the Commissionaire Service.
4.3	Smarter Working	- 30,000	Ref 4.3	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>11,018,347</b>		

### REVENUE EXPENDITURE - PROPERTY

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	CORPORATE PROPERTY	12,558,573	127,284	12,685,857
2.0	COUNTY FARMS	-1,521,184	-146,326	-1,667,510
			0	
<b>3.0</b>	<b>NET TARGET BUDGET</b>	<b>11,037,389</b>	<b>-19,042</b>	<b>11,018,347</b>

**REVENUE EXPENDITURE - COMMERCIAL**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	8,748,920		
2.0	BUDGET CHANGES:	- 32,743		
3.0	<u>Cost Pressures</u>			
3.1	Commissioning Hub	82,000	Ref 3.1	Development of a One Council Commissioning hub.
4.0	<u>Savings</u>			
4.1	Customer Service Centre	- 104,370	Ref 4.1	Reduction in expected core volume demand.
4.2	Smarter Working	- 48,730	Ref 4.2	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>8,645,077</b>		

**REVENUE EXPENDITURE - COMMERCIAL**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	COMMISSIONING AND CONTRACTS	1,969,017	0	1,969,017
2.0	PROCUREMENT	1,224,268	76,650	1,300,918
3.0	CUSTOMER SERVICE CENTRE	5,522,892	-147,750	5,375,142
			0	
<b>4.0</b>	<b>NET TARGET BUDGET</b>	<b>8,716,177</b>	<b>-71,100</b>	<b>8,645,077</b>

**REVENUE EXPENDITURE - TRANSFORMATION**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	4,730,021		
2.0	BUDGET CHANGES:	- 76,647		
3.0	<u>Cost Pressures</u>			
3.1	Business Intelligence Software	- 46,000	Ref 3.1	The withdrawal of temporary funding for legacy systems following the launch of a new BI platform.
4.0	<u>Savings</u>			
4.1	Smarter Working	- 9,828	Ref 4.1	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>4,597,546</b>		

**REVENUE EXPENDITURE - TRANSFORMATION**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	BUSINESS SYSTEMS	1,900,970	-3,600	1,897,370
2.0	TRANSFORMATION & PROGRAMME MANAGEMENT	889,768	-4,700	885,068
3.0	PERFORMANCE	1,862,636	-47,528	1,815,108
			0	
<b>4.0</b>	<b>NET TARGET BUDGET</b>	<b>4,653,374</b>	<b>-55,828</b>	<b>4,597,546</b>

**REVENUE EXPENDITURE - INFORMATION MANAGEMENT**

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	14,713,769		
2.0	BUDGET CHANGES:	43,704		
3.0	<u>Cost Pressures</u>			
3.1	Data storage & Staffing	836,000	Ref 3.1	Increase demand for data storage and development of modern in house staffing expertise
3.2	Software Licencing	243,000	Ref 3.2	the transfer from perpetual (capital) to annual (revenue) licence arrangements
4.0	<u>Savings</u>			
4.1	Cloud Technology	- 500,000	Ref 4.1	Transfer of data storage to cloud technology
4.2	Smarter Working	- 2,800	Ref 4.2	Savings from the Smarter Working programme reflecting activity changes arising from home working.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>15,333,673</b>		

**REVENUE EXPENDITURE - INFORMATION MANAGEMENT**

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	IN HOUSE SERVICES	2,098,695	-15,836	2,082,859
2.0	COMMISSIONED SERVICES	12,658,778	592,036	13,250,814
			0	
<b>3.0</b>	<b>NET TARGET BUDGET</b>	<b>14,757,473</b>	<b>576,200</b>	<b>15,333,673</b>

## CORPORATE SERVICES

### REVENUE EXPENDITURE - CORPORATE SERVICES

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	2,955,987		
2.0	BUDGET CHANGES:	- 12,500		
3.0	<u>Cost Pressures</u>			
3.1	Digital Engagement team	35,500	Ref 3.1	Creation of a digital web officer post
4.0	<u>Savings</u>			
4.1	Smarter Working	- 19,730	Ref 4.1	"Savings from the Smarter Working programme reflecting activity changes arising from home working"
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>2,959,257</b>		

### REVENUE EXPENDITURE - CORPORATE SERVICES

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	CORPORATE SERVICES	275,051	-1,966	273,085
2.0	CHIEF EXECUTIVE	515,005	-12,756	502,249
3.0	STRATEGIC COMMUNICATIONS AND COMMUNITY ENGAGEMENT	2,153,431	30,492	2,183,923
			0	
<b>4.0</b>	<b>NET TARGET BUDGET</b>	<b>2,943,487</b>	<b>15,770</b>	<b>2,959,257</b>

## OTHER BUDGETS

### REVENUE EXPENDITURE - OTHER BUDGETS

Ref No	Main Area of Expenditure	2022/23 Proposed Budget £		Notes
1.0	2022/23 BUDGET	67,648,477		
2.0	BUDGET CHANGES:	- 286,790		
3.0	<u>Cost Pressures</u>			
		4,407,362	Ref 3.1	Pay awards and National Pay Spine
		200,000	Ref 3.2	Reduction in interest receipts on cash balances
		1,373,044	Ref 3.3	Increase in employer's contribution towards pension
		505,526	Ref 3.4	Increase in insurance premiums
		23,339	Ref 3.5	Increase in levy cost
		3,500,000	Ref 3.6	Increase to contingency
		1,127,361	Ref 3.7	Increase to MRP
		2,422,818	Ref 3.8	National Living Wage
		133,640	Ref 3.9	Reduction to ESPO dividend
		252,408	Ref 3.10	SERCO contrat discount reduced
		757,956	Ref 3.11	Property maintenance
4.0	<u>Savings</u>	-		
		6,121	Ref 4.1	Increase in dividend relating to investment.
<b>5.0</b>	<b>2022/23 BUDGET</b>	<b>82,059,020</b>		

### REVENUE EXPENDITURE -

Line No	Description	2021/22 Budget £	Budget Changes £	2022/23 Proposed Budget £
1.0	CAPITAL FINANCING CHARGES	41,661,946	1,327,361	42,989,307
2.0	CONTINGENCY	3,000,000	3,500,000	6,500,000
3.0	OTHER BUDGET EXPENDITURE	22,699,742	9,869,972	32,569,714
			0	
<b>9.0</b>	<b>NET TARGET BUDGET</b>	<b>67,361,688</b>	<b>14,697,333</b>	<b>82,059,021</b>

## GLOSSARY OF FINANCIAL TERMS

**Budget carry forward** - The actual under/overspending at the end of the financial year compared with the revised budget target which is allowed to be carried forward into the next financial year.

**Budget requirement** - Net revenue expenditure to be financed from Business Rates, Revenue Support Grant, other non-ring fenced Government Grants and Council Tax Income.

**Budget Target** - A corporately determined spending limit for an individual service.

**Capital Grants** - Government grants received that contributes towards capital expenditure incurred on a particular service or project e.g. Highways Asset Protection Grant received from the government which contributes towards planned capital expenditure on roads.

**Capital Receipts** - Proceeds received from the sale of property and other fixed assets (assets which have a value beyond one financial year). These can be used to contribute towards the cost of capital expenditure, generally not revenue expenditure.

**Contingency** - A sum of money set aside to provide for foreseen but unquantifiable commitments and for unforeseen expenditure that may occur at any time in the future.

**County precept** - The income which District Councils collect on the County Council's behalf from Council Tax payers.

**Capital financing charges** - Charges to the revenue account which fund capital expenditure. Such changes comprise debt charges, direct revenue financing and leasing payments.

**Dedicated Schools Grant (DSG)** - The main grant paid by central government to support schools within the county. This must all be spent on supporting schools.

**Revenue Support Grant (RSG)** - The main grant paid by central government to local authorities to support the provision of all services, except for schools.

**Precept** - An amount levied by one body on another e.g. the Environment Agency precepts on the County Council.

**Reserves** - The revenue reserves available to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

**Specific grants** - Grants made to a local authority by central government for a particular project or service e.g. Private Finance Initiative.

**Total Expenditure** - Budget requirement plus expenditure financed by drawing from balances (or the budget requirement less contributions to balances).

## Glossary of Service Areas

SERVICE DELIVERY	DELIVERY ACTIVITIES	DEFINITION OF DELIVERY SERVICE
<b>Children's Education</b>	Special Educational Needs and Disability	Support to ensure all children and young people learn, enabling them to achieve their full potential.
	Education Support Services	
	School Improvement	
	Statutory Regulatory Duties	
<b>Children's Social Care</b>	0 – 19 Health Services	Support to ensure all children and young people will be safe, healthy and prepared for adult life.
	Early Help Services	
	Family Assessment and Support Team	
	Adoption and Fostering Services	
	Residential Homes and Placements	
	Leaving Care Services and Supported Accommodation	
	Targeted Support for Young People	
	Youth Offending	
<b>Adult Frailty &amp; Long Term Conditions</b>	Residential Care	Support to residents of Lincolnshire with a long term physical conditions and those over the age of 65
	Home Based Services	
	Direct Payments	
	Daycare	
	Reablement	
	Fieldwork Team	
	Commissioning Support	
<b>Adult Specialities</b>	Long and Short Term Care	Support to residents of Lincolnshire with either a Learning Disability or a Mental Health condition.
	Home Based Care Services	
	Direct Payments	
	Day Care Services	
	LD Fieldwork	
	Mental Health	
	Safeguarding Fieldwork	
	Best Interest Assessments	
	Safeguarding Board	
<b>Public Health &amp; Community Wellbeing</b>	Health Improvement, Prevention and Self-Management	To promote healthy lifestyles to maintain the health of individuals.
	Public Health Statutory Service	
	Wellbeing Service	
	Sexual Health	
	Housing Related Service	
	Prevention and Treatment of Substance Misuse	
	Adult and Young Carers Service Contracts	
	Carers Personal budgets	
	Quality and Information	



SERVICE DELIVERY	DELIVERY ACTIVITIES	DEFINITION OF DELIVERY SERVICE
<b>Lincolnshire Local Enterprise Partnership</b>	Partnership of public and private organisations to coordinate and manage the key funding to enhance the economy and infrastructure of the wider county.	To coordinate and manage the key funding to enhance the economy and infrastructure of the wider county of Lincolnshire.
<b>Growth</b>	Improving skills and employability	A delivery strategy that covers how the council will help businesses to be the drivers of economic growth through supporting a climate in which they are able to invest, enhance their business performance, and offer attractive jobs to a skilled workforce.
	Encourage enterprise through support to business and our growth sectors	
	Attracting and expanding business investment	
	Lobbying and attracting funding for Lincolnshire	
	Planning for sustainable infrastructure including transport policy and development support	
<b>Highways</b>	Highway asset maintenance	A delivery strategy to facilitate growth and prosperity through both maintaining and enhancing the highway infrastructure of the county.
	Highway network management	
	New transport investments including improvements, bypasses, growth corridors and programmes	
	Highways design, supervision and laboratory testing services	
	Traffic management services including civil parking enforcement, management of statutory undertakings and road safety	
<b>Fire &amp; Rescue and Emergency Planning</b>	Fire Response	Fire and Rescue response and protections services alongside planning for emergencies.
	Fire Prevention and Protection	
	Emergency Planning	

<b>SERVICE DELIVERY</b>	<b>DELIVERY ACTIVITIES</b>	<b>DEFINITION OF DELIVERY SERVICE</b>
<b>Resources</b>	Audit & Risk	Professional and Administrative functions to advice and support members and council services.
	Human Resources	
	Democratic Services	
	Legal Lincolnshire	Provision of shared services arrangements to local government partners
	Business Support	
	Financial Services	
	Pensions	
	Information Assurance	
	Trading Standards	Partnership working for crime and disorder and Domestic Abuse Services. Trading Standards, Coroner responsibilities & Registration & Celebratory services.
	Community Safety	
	Coroners	
	Registration & Celebratory	
Public Protection		
<b>Commercial</b>	Commercial Services	Commercial and contract management, property asset management, IT service provision and council wide transformation programmes to enable effective council services.
	Corporate Property	
	Information Management	
	Transformation	
<b>Corporate Services</b>	Chief Executive	Council leadership and policy development function.
	Policy	

**CONTACT INFORMATION FOR SERVICE AREAS BUDGET DETAIL**

The information on revenue budgets provided in this booklet summarises the detailed estimates for each individual Service Areas. If you require further detail please contact: -

Email – [finance@lincolnshire.gov.uk](mailto:finance@lincolnshire.gov.uk)

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