

Children's Services

Financial Position 1st April 2021 – 31st
March 2022

Children's Service Directorate

Actual Financial Position as at 31 March 2022

Position

Children's Services had an actual spend of £131.308m against a net budget of £132.530m, which is a £1.222m underspend, a movement of (£3.458m) since Quarter 3.

	Revised Budget £m	Actual Outturn £m	Actual Outturn Under/ Overspend £m	Variance Change Q3 to Q4 £m
Children's Social Care	83.609	81.863	(1.746)	(0.073)
Children's Education	48.921	49.445	0.524	(3.385)
Children's Services	132.530	131.308	(1.222)	(3.458)

Children's Services

Social Care

The financial position is driven by:-

- There has been an increase in the number of Children in Care (CiC) that the Council is the corporate parent for reflecting the impact of the pandemic. This position has also been seen nationally. The CiC numbers at the end of March 2022 were 731 compared to 682 at the end of March 2021. This resulted in the need for CiC external placements leading to a £2.261m (or 22.3%) overspend. This is a marginal increase (£0.160m) in the forecast overspend previously reported in Quarter 3 but reflects the demand-led nature of this budget. The budget was also supported through the Council's Covid general grant (£3.487m) due to a shortage of available foster carers during the pandemic. 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 whilst also achieving financial sustainability. The transformation strategies of the internal residential estate expansion; Valuing Care approach to explaining, recording and tracking needs and outcomes; Early Help strategy; ReThink Fostering and practice excellence will provide the platform for forecast spending to reduce to similar levels seen before the pandemic over a 3-year period, which has been built into the Council's financial plans. The Council continues to benchmark favourably per 10,000 0-17 population figures of 49 (2020/21: 46) compared with statistical neighbours 63.4 and All England 67. The average cost per CiC is favourable also.
- This additional CiC cost has been partly offset by the planned use of the 1% carry forward from 2020/21 (£1.136m) plus an underspend within the Fostering and Adoption Service £1.330m (or 8.7%). The Fostering and Adoption underspend is an increase of £0.277m from that forecast in Quarter 3 and is mainly due to the continuation of reduced availability of foster care placements throughout the pandemic, which has seen an increase in children and young people being placed in residential provision.
- Social care legal costs continue to be higher than the budget due to the complexity of cases, the reliance on expert advice and the use of counsel. The outturn position shows a £1.221m

(or 43.2%), a slight increase from that forecast in Quarter 3. Expenditure on social care legal costs in 2021/22 was £4.049m with £2.194m (or 54.2%) being attributable to disbursement fees. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings.

- The 0-19 health service underspent by £0.794m (or 8.4%), mainly due to county-wide Health Visitor and Children and Young People Nurse vacancies especially in the Lincoln and West Lindsey area. The service continues to encounter recruitment challenges, and this equates to approximately a 13% vacancy rate. On-going recruitment continues to take place. It is anticipated that the vacancy rate will reduce once all Family Health Worker posts are in post and student Health Visitor in training take up their substantive posts in September when they qualify. A current service review is intended to support an improved workforce structure.
- Early Help Services underspent by £0.846m (or 9.6%) due to a higher number of vacancies for this county-wide service. This is an increase of £0.356m from the position forecast in Quarter 3 and reflects a high turnover in some localities with staff seconded to support innovation projects and areas with recruitment challenges, such as fostering and in our residential homes, and delays in recruitment.
- The apportionment of costs to other funding sources including the use of one-off Outbreak Management grant to part fund the costs of the Healthy Minds delivery in schools following the pandemic (£0.518m) and the use of Public Health reserves to part fund the cost of the Early Years contract (£0.771m). The remainder is other smaller variances.
- The overall position for children's social care includes a £0.071m underspend relating to the Regional Adoption Agency. There is a request to move this to an ear-marked reserve due to the pooled nature of the funding.

Education

- The main area of overspend relates to Educational Travel (£2.204m or 6.4%), which is £2.871m less than forecasted in Quarter 3. The reduced overspend is due to a number of factors, including: more effective contracting practice in the service since January 2022 and more reliable data management resulting in more accurate forecasting. The expenditure is also offset by use of one-off funding from the Council's Covid general grant (£1.168m); external funding for the Extended Rights to Free Travel grant (£0.602m) and the use of dedicated transport covid grant reserves (£0.415m). The cost of educational travel in 2021/22 has been impacted by a number of external factors including: national living wages rise, inflationary challenges, a national drivers' shortage (including more favourable pay rates in other delivery sectors), a shortage of passenger assistants, rising fuel prices; higher operational costs for larger operators including requirements of the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) legislation, and an increase in placements to specialist settings for pupils with special educational needs. The 2022/23 budget has been rebased (a net budget increase of £5.037m to £37.771m) and a 3 year transformation programme is underway, targeted with making savings of £5.181m by the end of 2025/26 and achieve budget sustainability, through activity to further improve contracting practice, an overhaul of routing and demand management activity, and market management and development activity.
- Special Educational Needs and Disabilities is underspent by £0.884m (10.7%) which is a £0.303m increase from that forecast in Quarter 3. The main reason for the increase in the underspend relates to a reduction in planned staffing and delivery costs (£0.175m) and equipment costs for children with disabilities. It was expected that equipment costs would increase as we come out of the pandemic, however this did not materialise (£0.141m). Other significant underspends in this area include: Children with Disabilities (CWD) staffing £0.283m (or 17.5%) as a result of staffing vacancies and maternity leave; the Domiciliary Care contract

£0.261m (or 55.8%) from parents not wanting carer support in their home due to the impact of Covid-19 in the first half of the year and the Psychology Service £0.330m (or 30.0%) as a result of a lower number of statutory Education, Health and Care (EHC) Needs assessments over the financial year.

- Central staffing costs have underspent by £0.332m (or 11.9%), a £0.132m increase from that reported in Quarter 3. Whilst the majority of the underspend relates to vacancies and staff movement, the change since Quarter 3 has been due the apportionment of costs to ensure the maximisation of government grants.
- Other variances have also taken place across the areas of School Improvement services (£0.126m underspend) due to a reduction in costs as face to face briefings had been replaced by briefings on-line; Education Support Services (£0.187m) mainly within the Food Education and Free School Meals Services (£0.084m) due to government grant funding being available, and a reduction in legal attendance costs due to the impact of the pandemic (£0.075m); along with other smaller variances.

Adult Care and Community Wellbeing

Financial Position 1st April 2021 – 31st
March 2022

Financial Outturn for the year 1 April 2021 to 31 March 2022

Position

Adult Care and Community Wellbeing had an actual spend of £148.392m against a net budget of £150.770m, which is a £2.378m underspend, a movement of (£0.581m) since Quarter 3.

	Revised Budget £m	Actual Outturn £m	Actual Outturn Under/ Overspend £m	Variance Change Q3 to Q4 £m
Adult Frailty & Long Term Conditions	119.458	119.060	(0.397)	(0.636)
Adult Specialities	87.335	87.050	(0.284)	(0.040)
Public Health and Community Wellbeing	30.533	27.482	(3.051)	(1.260)
Public Health Grant Income	(33.895)	(33.895)	0.000	0.000
Better Care Funding	(52.660)	(51.304)	1.355	1.355
Adult Care and Community Wellbeing	150.770	148.392	(2.378)	(0.581)

Public Health & Wellbeing

Public Health and Wellbeing continued to tailor its financial resources to meet the needs of the population as Lincolnshire emerged from the pandemic. Public Health and Wellbeing prioritised and redeployed members of its workforce and commissioned services, funded by covid-19 outbreak management grant.

In addition, the community equipment year end reconciliation also resulted in an 89% delivery against a 90% contractual KPI and therefore a lower than forecast payment.

Adult Frailty and Long Term Conditions

This service includes ACCW infrastructure as well as older people and physical disability services. The deterioration in variance was driven by ACCW supporting covid costs with its existing budgets instead of claiming from the general covid grant. ACCW were able to do this due to the increase in direct payment refunds highlighted month 11 financial report.

Place

Financial Position 1st April 2021 – 31st
March 2022

Place

Actual Financial Position as at 31 March 2022

Position

Place had an actual spend of £76.235m against a net budget of £76.665m, which is a £0.431m underspend, a movement of £0.087m since Quarter 3.

	Revised Budget	Actual Outturn	Actual Over / (Underspend)	Variance Change Q3 To Q4
	£m	£m	£m	£m
Communities	47.116	46.836	(0.281)	0.619
Lincolnshire Local Enterprise Partnership	0.418	0.418	(0.000)	(0.000)
Growth	6.808	6.825	0.017	0.017
Highways	22.323	22.156	(0.167)	(0.723)
Place	76.665	76.235	(0.431)	(0.087)

Highways

Highways ended the year with a £0.167m underspend. Of this £0.335m relates to ring-fenced Highways Permitting income which is proposed to be transferred to reserves. Following this adjustment, the underlying result for the year was an overspend of £0.168m, which resulted from:

- **Winter maintenance** managed the overspend down from that previously forecast by securing an improved price for salt, together with a reduced gritting requirement of only 64 runs compared to the forecast 85. This contained the overspend to £0.158m.
- **Street lighting** underspent by £1.156m as the contractor was unable to resource the maintenance work committed in this area. This is likely to cause some budget pressure in the new financial year as the work remains necessary and the programme will need to be accelerated in order to catch-up on the backlog.
- As forecast, **Traffic Regulation Orders** had additional income, with a final outturn £0.322m better than budget.
- These underspends have been utilised to fund additional charges on the maintenance contract, including pain / gain, (£1.064m) and advanced design (£0.710m) rather than drawing on the development fund reserve as previously planned.

Communities

Communities had a £0.281m underspend due to:

- **Transport** - lower than budgeted reimbursements to operators resulted in underspend on concessionary fares of £0.349m.
- **Culture** – this area had an underspend of £0.147m due to savings within the library service. Also, the recovery of income levels has meant that there was no need to utilise any Covid grant enabling it to re-directed to capital projects.

- **Environment** – there was an overall overspend of £0.686m due to additional Section 19 work (£0.338m) and redundancy costs (£0.150m). The level of underspend across Communities also enabled funding of the Countryside activity that would have otherwise been covered by Covid grant, again enabling the grant to be redirected to capital projects. Going forward there is still work outstanding on the coastal path initiative.
- **Planning** – there was an overall underspend of £0.221m due to staffing vacancies and the service attracting more fees income and grants than budgeted.
- **Waste** – there is a small underspend of £0.068m due to higher income than expected from separated paper and card collections. This has meant that the planned grant allocation for Covid costs has been re-allocated to capital projects.

Growth

Following the management of grants and reserves, Growth Services are reporting a small (£0.017m) overspend against a breakeven forecast.

This results from an overspend on the Business Growth Hub project which occurred as a result of fewer grants being given to businesses which in turn affected the council's ability to lever extra grant income into this project, most of the overspend has been offset by salary savings.

Greater Lincolnshire LEP

The GLLEP is on target as forecast.

Fire and Rescue

Financial Position 1st April 2021 – 31st
March 2022

Fire & Rescue

Actual Financial Position 31 March 2022

Position

Fire and Rescue had an actual spend of £22.475m against a net budget of £22.464m, which is a £0.011m overspend, a movement of 0.076m since Quarter 3.

	Revised Budget £m	Actual Outturn £m	Actual Over / (Underspend) £m	Variance Change Q3 To Q4 £m
Fire & Rescue	22.464	22.475	0.011	0.076
Fire and Rescue	22.464	22.475	0.011	0.076

Fire & Rescue ended the financial year broadly on target with minor variances in call volumes and long-term sickness being offset by savings in training costs.

Resources

Financial Position 1st April 2021 – 31st
March 2022

Resources

Actual Financial Position as at 31 March 2022

Position

Resources had an actual spend of £28.902m against a net budget of £29.896m, which is a £0.994m underspend, a movement of (£1.201m) since Quarter 3.

After adjusting for the proposed transfer to reserves to cover the programmed use of the Domestic Abuse Grant (£0.840m), Business as usual activity was underspent by £0.154m (0.5%).

	Revised Budget £m	Actual Outturn £m	Actual Over / (Underspend) £m	Variance Change Q3 To Q4 £m
Organisational Support	14.623	14.026	(0.597)	0.033
Finance	7.792	7.330	(0.461)	0.002
Governance Services	2.374	2.990	0.615	0.369
Public Protection	5.107	4.556	(0.551)	0.797
Resources	29.896	28.902	(0.994)	1.201

Organisational Support (£0.597m underspend)

Business Support was underspent by £0.334m.

The underspend at year end is in line with projections throughout the year and is predominately due to staff turnover across business support being higher than planned at just under 10%.

This figure includes the Business Support budget contribution towards to overall £0.817m saving from the ESO/MSO review where a number of posts were left vacant and held as part of the implementation plan on 1st April 2022. This inevitably created some pressures in maintaining normal service levels.

The underspend was offset by Business Support covering council-wide Home Working costs which totalled £0.108m. Future costs of this nature will be funded by individual services.

Human Resources was underspent by £0.263m.

Occupational Health contracts underspent by £0.060m due to lower demand during the pandemic. Corporate Support and pension administration costs were also lower by £0.030m.

Income from schools and apprenticeships exceeded expectations by £0.054m.

The remaining underspend relates to delays in filling vacancies, a reduction of costs such as mileage and external training and conferences in line with smarter working principles and lower than forecasted legal costs.

Finance (£0.461m underspend)

The overall variance on the Serco finance contract was an underspend of £0.324m.

As reported at Q3, most of this (£0.273m) was due to the budget for the implementation and ongoing costs for moving Adult Social Care payments from being paid net to gross not being required in the year as it is now planned to be implemented from 01 July 2022.

In addition, slightly lower than budgeted transaction volumes have resulting in an underspend of £0.051m.

A surplus in year of £0.030m on Schools Finance Service. This arises from a combination of a higher level of income received, one off new burdens grant received in the final quarter (£0.011m) plus lower costs due to savings in travel costs resulting from current working arrangements. A savings target of £0.015m has been approved in the 2022/23 budget.

The remaining underspend (£0.107m) is due to some slippage in planned project work and other minor variances.

Governance (£0.615m overspend)

Democratic Services

The total cost of the 2021 local elections was £0.710m. A base budget of £0.300m per annum was introduced in 2020/21 as part of a rolling budget, that over a four-year cycle, will cover the expected total cost of elections.

Council approved the £0.300m that was not required in 2020/21 to be added to an earmarked reserve making the total funding currently available £0.600m resulting in a funding shortfall of £0.110m.

Within democratic services there was also an underspend of £0.095m due to staff vacancies and lower mileage costs which largely offsets the elections funding shortfall, leaving an overall overspend for the service of £0.015m that can be funded from underspends in the wider Resources directorate.

Legal Services Lincolnshire

Legal Services Lincolnshire had an overspend of £0.525m.

This includes £0.151m of outstanding disbursement costs, incurred on behalf of both internal and external clients which currently show as overspend but will be recovered upon case completion in line with usual practice.

The remaining £0.374m is a shortfall against the trading surplus target.

Continuing recruitment difficulties and the increasing cost of locum lawyers led to greater than anticipated agency staffing spend resulting in an overspend of £0.053m.

The greater cost of locums compared with in-house staff also reduced the amount of surplus per hour resulting in a lost contribution to overall surplus.

In addition, although district partner and other external income exceeded the budgeted figure, lower than expected income from the County Council was experienced across several areas of legal work.

These factors caused surplus to be £0.374m lower than target.

Information Assurance

Information Assurance has overspent by £0.076m.

Resources Directorate budget has been substituted for Covid grant funding to support the cost of the records management project (£0.124m). This is offset by an underspend of £0.047m due to staff vacancies.

Public Protection (£0.551m underspend)

Safer Communities

Safer Communities, incorporating Community Safety and Trading Standards had an underspend of £0.856m.

An additional ring-fenced grant for this and future years, of £1.445m was received following the passing of the Domestic Abuse Act 2021.

In order to plan its deployment most effectively, £0.840m (Q3 forecast £0.878m) of this remained unspent at the year-end, however the grant conditions stipulate that it can only be spent on specific criteria and therefore creation of a new earmarked reserve is proposed to allow the service to utilise unspent grant in future years but in the meanwhile, this appears as an underspend.

This underspend is partially offset by a forecast overspend in one area of the service; a key element of the Council's domestic abuse provision was piloted and funded by the Better Care Fund. This funding was only partially superseded by the domestic abuse grant and the Council is in the process of reviewing all committed spend against grant conditions.

The remaining underspend is primarily attributable to staff vacancies and support costs across Community Safety and Trading Standards services.

Coroners, Celebratory & Registration Services

The Registration service has overspent by £0.234m having previously forecast an underspend in Q3 where it had been expected that the allocation of additional costs to clear service backlogs, loss of income due to pandemic restrictions on ceremonies and the administration of excess deaths experienced in recent months would be directly funded by Covid grant. Booking information to date suggests that income will return to, or perhaps exceed, pre pandemic volumes in 2022/23.

The appointment of a new Head of Service part way through the year resulted in an additional underspend of £0.025m.

The coroner service was on budget.

Emergency Planning

Emergency Planning overspent by £0.088m, which was due to Resources Directorate budget being substituted for the expected Covid grant funding.

Commercial

Financial Position 1st April 2021 – 31st
March 2022

Commercial

Actual Financial Position 31st March 2022

Commercial is had an actual spend of £43.351m against a net budget of £43.787m, which is a £0.436m underspend, a movement of £1.447m since Quarter 3.

	Revised Budget	Actual Outturn	Actual Outturn Under/ Overspend	Variance Change Q3 to Q4
	£m	£m	£m	£m
Property	11.180	10.686	(0.493)	(0.422)
Information Management Technology	14.646	14.278	(0.368)	0.012
Transformation	9.211	10.251	1.039	1.454
Commercial	8.751	8.136	(0.614)	0.403
Commercial	43.787	43.351	(0.436)	1.447

Corporate Property (£0.493m underspend)

As previously forecast, utility costs were £0.110m below budget, with lower consumption levels resulting from delays in the timing of the opening of accommodation in the early part of 2022 as staff continued to work from home where possible.

Utility purchasing arrangements through ESPO protected the Council from market fluctuations and the national increases in utility prices did not directly impact on budgets during 2021/22. A cost pressure was identified as part of the budget setting process and has been incorporated into the Medium-Term Financial Plan (MTFP).

Late agreement between EMAS and LCC brought in backdated income totalling £0.185m from EMAS occupation of tri-service buildings for the three-year period to March 2022.

County Farms underspent by £0.088m following the removal of the remaining Crown estate rents initiated in the previous financial year and a small increase in rental income.

This saving has been identified in the service review as part of the medium-term plan.

Lower than expected spend on internal legal charges resulted in a £0.038m underspend.

These underspends were offset by increases in Insurance costs which occurred across the portfolio (£0.040m) as well as management costs for the Grantham Traveller site recently transferred from SKDC to LCC. (£0.024m).

The remaining underspend (£0.136m) consists of staff vacancies, the rescheduling of project and feasibility work, and the suspension of the Chance to Share management fee due to the pandemic.

Information Management Technology (£0.368m underspend)

Supporting an agile, predominantly home working organisation, during the pandemic, has been successful, although this has led to additional technology cost. Most of this has been funded by support from reserves, but ongoing delivery costs are being considered within the MTFP.

Without this support the service would be reporting an underspend of £0.068m.

There have been a number of unfilled vacancies to which the service is experiencing challenges in the recruitment market, resulting in an underspend against budget of £0.358m. At the end of the year there were still 8 posts unfilled.

The transfer from physical to cloud based Azure storage during the year resulted in an underspend of £0.270m. This has been reflected in the 2022/23 budget where a full year saving of £0.500m was identified.

In addition, costs totalling £0.140m for the Avaya Telephony upgrade have been allocated to the capital programme thus reducing revenue spend accordingly.

These underspends have allowed the service to support the additional costs of the pandemic without the need to access funds from the Council's Covid grant (£0.400m).

These costs include £0.200m relating to the Council's licensing arrangements with Microsoft in supporting the wider Office 365 portfolio as we enable more flexible and smarter working arrangements.

These and other pressures have been considered as part of a zero-based budget review during the summer to determine the future IMT revenue budgetary requirement as the overall IMT strategy considers how to deliver services for the council into the medium term.

This analysis was used to inform discussions for the Council's 2022/23 budget and MTFP.

Transformation (£1.039m overspend)

Whilst Transformation shows an overspend of £1.039m, this is due to the substitution of Commercial Directorate budget rather than allocating covid funding as previously included in the Q3 forecast when an underspend of £0.415m was reported.

The core service was on target to budget in 2021/22.

Commercial (0.614m underspend)

The Customer Service Centre (CSC) had an underspend of £0.388m

This comprises core costs, where demand continued to fall (£0.277m) and from the effects of grant funding for Covid related activity from both general and Adult Care specific grants (£0.111m).

Commissioning staffing was £0.123m underspent due to vacancies and an allocation from Adult Care covid grants.

The Procurement shared service was underspent by £0.150m. This underspend will be transferred to the procurement shared service reserve.

Corporate Services

Financial Position 1st April 2021 – 31st
March 2022

Corporate Services

Actual Financial Position 31st March 2022

Position

Corporate Services had an actual spend of £2.617m against a net budget of £3.002m, which is a £0.385m underspend, a movement of (£0.056m) since Quarter 3.

	Revised Budget £m	Actual Outturn £m	Actual Over / (Underspend) £m	Variance Change Q3 To Q4 £m
Corporate Services	3.002	2.617	(0.385)	(0.056)
Corporate Services	3.002	2.617	(0.385)	(0.056)

There have been a number of staff vacancies resulting in an underspend of £0.363m.

The 2021 Lincolnshire Show was cancelled resulting in reduced costs of £0.057m.

This is offset by a forecasted £0.029m overspend for the Monitoring Officer's legal costs and £0.006m overspend for increased paper costs for the County News.

Schools

Financial Position 1st April 2021 – 31st
March 2022

Schools

Actual Financial Position as at 31 March 2022

Position

The Dedicated Schools Budget had a net actual spend (less of grant funding) of (£3.525m) against a net budget of £13.688m, which is a £17.214m underspend, a movement of (£16.387m) since Quarter 3. School delegated budgets are forecast to be fully spent during the financial year for reporting purposes.

	Revised Budget £m	Actual Outturn £m	Actual Over / (Underspend) £m	Variance Change Q3 To Q4 £m
Schools Block	150.539	137.877	(12.661)	(12.820)
High Needs Block	86.090	82.881	(3.209)	(2.787)
Central School Services Block	3.621	3.307	(0.314)	(0.008)
Early Years Block	40.200	39.170	(1.029)	(0.772)
Dedicated Schools Grant	(266.671)	(266.671)	0.000	0.000
Schools Budget (Other Funding)	(0.090)	(0.090)	0.000	0.000
Schools	13.688	(3.525)	(17.214)	(16.387)

Schools

Schools Block

The financial position is driven by:-

- Schools' delegated budgets for maintained primary and secondary schools have underspent by £12.282m (or 8.3%) at the end of March 2022. This includes the brought forward balances from prior years and the 2021/22 financial performance. This monetary sum represents 166 Lincolnshire mainstream maintained schools'. A schools' carry forward policy is in place and monitored by Local Authority officers. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2022/23.
- De-delegated budgets are funds that are passed back from primary maintained schools' delegated budgets to the Local Authority and used to fund the following services: supporting schools in financial difficulties with school intervention and improvement, Interim Heads support and support for termination of employment costs, and the Inclusion and Attendance Service. These services underspent by £0.213m (or 21.2%) and will be moved to the earmarked reserve for 2022/23.
- Other smaller variances have occurred on central budgets within the Schools' block, the largest of which relates to Admissions and Exclusions (£0.180m).

High Needs Block

The financial position is driven by:-

- Schools' delegated budgets for maintained special schools have underspent by £1.245m (or 15.6%). This includes the brought forward balances from prior years and the 2021/22 financial

performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2022/23.

- The financial position on the High Needs block is an underspend of £1.964m.
- The most significant area of overspend relates to top up payments to mainstream schools for Lincolnshire children and young people with Education and Health Care (EHC) plans of £2.847m (or 13.9%), a reduction of £0.313m from the Quarter 3 forecast. The SEND transformation programme continues to have a positive impact in supporting children and young people and is reducing the upward trajectory of EHC plans against the do-nothing line, however like nationally, the number of EHC plans are increasing. The government released in March 2022 the SEND Review Green paper, which outlines the government plans to overcome key challenges, which include a system that is financially sustainable. Local Authorities 2022/23 High Needs block funding has seen growth in recognition of these challenges.
- External SEND specialist placements have overspent by £0.422m (or 3.1%) due to an increasing demand for those pupils with complex needs and a shortage of places within Lincolnshire, however a £0.185m reduction from Quarter 3 reporting. This is being addressed through the Building Communities of Specialist Provision Strategy by delivering an increase in the number of places within Lincolnshire special schools.
- The Alternative Provision (AP) free school place funding has underspent by £1.673m. This is a temporary underspend following Department for Education confirmation that funding is only being recouped from the Local Authority for 89 places from September 2021.
- There has been a significant underspend on post-16 Learners with Learning Difficulties and Disabilities (LLDD) which was not identified in the Quarter 3 reporting. The service has underspent by £0.951m (or 28.5%) due to colleges not claiming element 2 and 3 funding from September 2021 as forecast. The 2022/23 budget for this area has been reduced to reflect this.
- The apportionment of costs to other funding sources: Healthy Minds contract costs met by Outbreak Management grant (£1.000m) and portage costs funded through the Public Health grant (£0.317m).
- Other underspends include Home Tuition (£0.364m), Social Emotional and Mental Health placements (SEMH) (£0.286m) and Alternative Provision Places (£0.394m) plus other smaller underspends on various central SEN support services (£0.248m).

Central School Services Block

The financial position is driven by:-

- Part of the overall £0.314m underspend on the Central School Services block relates to formulaic funding received from central government for ongoing responsibilities for maintained schools and academies (£0.157m). The remaining underspend relates to historical budgets of PFI funding (£0.043m) and Broadband costs (£0.128m). The government is reducing these budget allocations of Local Authorities annually by 20% to remove the perceived unfairness in funding across authorities. The budgets had been set prudently to respond to this future funding implication.

Early Years Block

The financial position is driven by:-

- Schools' delegated budgets for maintained nursery schools have underspent by £0.260m. This includes the brought forward balances from prior years and the 2021/22 financial performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2022/23. Early Years pupil premium underspends (£0.091m) across

maintained nursery schools and classes will be automatically carried forward into the new year.

- The financial position on the Early Years block is an underspend of £0.678m.
- An underspend on the Early Years participation budgets of £0.689m (or 2.1%). This is a volatile, demand-led budget and has been significantly impacted by Covid-19 relating to participation numbers and hours. Funding by the government to Local Authorities has been based on termly data for 2021/22 rather than January census data since it was unlikely to be representative of attendance during the year to support provider payments.
- An overspend in the 2-year-old provision (£0.188m or 4.1%) has occurred due to a growth in pupil participation levels after the termly census dates of Local Authority funding.
- Other variances include an underspend on central staffing budgets of £0.112m (or 5.4%); a reduction in demand for allocations from the Disability Access Fund of £0.108m (or 55.4%) and an over allocation of central Early Years Pupil Premium of £0.043m (or 7.2%).

Other Budgets

Financial Position 1st April 2021 – 31st March
2022

Other Budgets

Actual Financial Position as at 31 March 2022

Position

Other Budgets had an actual spend of £86.288m against a net budget of £92.675m, which is a £6.387m underspend, a movement of (£5.421m) since Quarter 3.

	Revised Budget	Actual Outturn	Actual Over / (Underspend)	Variance Change Q3 To Q4
	£m	£m	£m	£m
Contingency	2.094	0.000	(2.094)	(2.094)
Capital Financing Charges	69.378	69.378	0.000	0.000
Other Budgets	21.204	16.910	(4.294)	(3.327)
Other Budgets	92.675	86.288	(6.387)	(5.421)

Capital Financing

The capital financing charges budget underspent during the year due to slippage on the Capital Programme in both 2020/21 and in 2021/22. In line with our policy on Minimum Revenue provision, we have made a Voluntary Revenue Provision using the underspend, and this has resulted in no overall variance against the budget.

Contingency

The amount of the general contingency which has not been used in 2021/22 is £2.094m

Other Budgets

Within Other Budgets there is a total underspend of £3.327m which is driven by:

- Insurance budgets underspent by **-£1.847**. The premiums this year were lower than budgeted, resulting in an underspend of -£0.850. In addition, two large claims were settled in the year at a lower cost than anticipated so part of the provision made was not required and has been transferred back to the revenue budget, resulting in an underspend of -£0.997m.
- Redundancies and Pension Enhancements budgets underspent by **-£1.297m**. The element of this relating to the unused redundancy budget was -£1.108m. There was also an underspend on pension enhancements due to attrition of -£0.189m.
- There were a number of other minor variances totalling **-£0.183m**.