

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

Report to:	County Council
Date:	27 September 2022
Subject:	Review of Financial Performance 2021/22

Summary:

This report:

- describes the Council's financial performance in 2021/22 and sets out the Executive's recommendations on budget carry forward arising from the underspends of £13.582m on Council budgets and £17.214m on Schools budgets, and seeks approval for those proposals not set out under Financial Regulations; and
- sets out performance against Prudential and Financial Indicators for 2021/22.

Recommendation(s):

The County Council is recommended to:

1. Note the carry forward of underspends set out in paragraphs 1.16 and 1.17 of the report, which are made in line with Financial Regulations.
2. Notes the transfer to reserves of underspends described in paragraphs 1.18 to 1.20 which are made in line with Financial Regulations.
3. Approve the use of underspend in excess of 1% referred to in paragraph 1.22 as follows:
 - a. The transfer of £5.000m to the Development Fund earmarked reserve for local Highways works.
 - b. The carry forward of £2.392m of the underspend to be allocated to the Council's corporate revenue contingency budget 2022/23, to help deal with inflationary pressures.
4. Notes the performance against the Prudential Indicators as shown in Table D
5. Note the transfers to and from reserves carried out in 2021/22 and note the position of Earmarked Reserves as at 31 March 2022 as shown in Table F of this report.
6. Note the position of the General Reserves as set out in paragraph 1.26 and Table G.
7. Note the key financial performance measures in 2021/22 as set out in Table H.

1. Background

- 1.1 We set our spending plans for 2021/22 in the context of continuing uncertainty about longer term government funding, growing cost pressures from demand led services such as adult and children's social care, and the Council's responsibility to pay the National Living Wage. In developing our financial plan for the year, we considered all areas of current spending, levels of income and council tax to set a balanced budget. The budget proposals included an increase in council tax level of 1.99% for general council tax.
- 1.2 The year 2021/22 was the second year of the coronavirus pandemic, which continued to have a material impact on our activities over the year. Significant sums of money were paid to us by the government in the form of various coronavirus grants, and significant amounts have consequently been paid out. We have been able to fund all expenditure on Covid-19 by using the grants allocated to us or from within our existing budgets.

Financial Performance

2021/22 Revenue Spending and Funding

- 1.3 We spent £1,105,663k in 2021/22 on providing public services. This equated to £1,443 for every person in Lincolnshire.
- 1.4 When compared to the budget set:
 - Total service revenue spending excluding Schools, was underspent by £5.835m or 1.3%
 - There was an underspend of £6.387m on Other Budgets (a number of corporate budgets including capital financing and contingency) or 6.9%
 - The Council received £1.360m or 0.3% more general funding income than originally budgeted for.
- 1.5 This gives the Council (excluding Schools) a total underspend against the revenue budget of £13.582m.
- 1.6 In addition there was an underspend relating to Schools of £17.214m. This amount will be carried forward for Schools to use in 2022/23.
- 1.7 Table A provides a summary breakdown of the Council's 2021/22 net revenue expenditure.

Table A – Net Revenue Expenditure Final Outturn 2021/22

	Revised Net Revenue Budget £m	Net Expenditure £m	Year End Variance £m	Actual Variance %
SERVICE DELIVERY				
Children's Social Care	83.609	81.863	(1.746)	(2.1)
Children's Education	48.921	49.445	0.524	1.1
Children's Services	132.530	131.308	(1.222)	(0.9)
Adult Frailty & Long Term Conditions	119.458	119.060	(0.397)	(0.3)
Adult Specialities	87.335	87.050	(0.284)	(0.3)
Public Health and Community Wellbeing	30.533	27.482	(3.051)	(10.0)
Public Health Grant Income	(33.895)	(33.895)	0.000	0.0
Better Care Funding	(52.660)	(51.304)	1.355	(2.6)
Adult Care and Community Wellbeing	150.770	148.392	(2.378)	(1.6)
Communities	47.116	46.836	(0.281)	(0.6)
Lincolnshire Local Enterprise Partnership	0.418	0.418	(0.000)	(0.0)
Growth	6.808	6.825	0.017	0.3
Highways	22.323	22.156	(0.167)	(0.7)
Place	76.665	76.235	(0.431)	(0.6)
Fire & Rescue	22.464	22.475	0.011	0.0
Fire and Rescue	22.464	22.475	0.011	0.0
Organisational Support	14.623	14.026	(0.597)	(4.1)
Finance	7.792	7.330	(0.461)	(5.9)
Governance Services	2.374	2.990	0.615	25.9
Public Protection	5.107	4.556	(0.551)	(10.8)
Resources	29.896	28.902	(0.994)	(3.3)
Property	11.180	10.686	(0.493)	(4.4)
Information Management Technology	14.646	14.278	(0.368)	(2.5)
Transformation	9.211	10.251	1.039	11.3
Commercial	8.751	8.136	(0.614)	(7.0)
Commercial	43.787	43.351	(0.436)	(1.0)
Corporate Services	3.002	2.617	(0.385)	(12.8)
Corporate Services	3.002	2.617	(0.385)	(12.8)
TOTAL SERVICE DELIVERY	459.115	453.280	(5.835)	(1.3)
OTHER BUDGETS				
Contingency	2.094	0.000	(2.094)	(100.0)
Capital Financing Charges	69.378	69.378	0.000	0.0
Other	21.204	16.910	(4.294)	(20.2)
TOTAL OTHER BUDGETS	92.675	86.288	(6.387)	(6.9)
TOTAL NET EXPENDITURE (EXC SCHOOLS)	551.790	539.568	(12.222)	(2.2)
MOVEMENT OF RESERVES				
Transfer to/from Earmarked Reserves	(26.150)	(26.150)	(0.000)	0.0
Contribution to/from School Reserves	(16.823)	(16.823)	(0.000)	0.0
Contribution to Development Fund	(1.001)	(1.001)	0.000	0.0
Transfer to/from General Reserves	0.200	0.200	0.000	0.0
TOTAL MOVEMENT OF RESERVES	(43.774)	(43.774)	(0.000)	0.0
MET FROM:				
Business Rates local Retention	(120.825)	(122.570)	(1.745)	1.4
Revenue Support Grant	(20.580)	(20.580)	0.000	0.0
Other Non Specific Grants	(60.673)	(60.882)	(0.209)	0.3
County Precept	(319.626)	(319.032)	0.594	(0.2)
TOTAL MET FROM	(521.705)	(523.065)	(1.360)	0.3
TOTAL (EXCLUDING SCHOOLS)	(13.688)	(27.270)	(13.582)	
SCHOOL BUDGETS				
Schools Block	150.539	137.877	(12.661)	(8.4)
High Needs Block	86.090	82.881	(3.209)	(3.7)
Central School Services Block	3.621	3.307	(0.314)	(8.7)
Early Years Block	40.200	39.170	(1.029)	(2.6)
Dedicated Schools Grant	(266.671)	(266.671)	0.000	(0.0)
Schools Budget (Other Funding)	(0.090)	(0.090)	0.000	(0.0)
TOTAL SCHOOLS BUDGETS	13.688	(3.525)	(17.214)	(125.8)
TOTAL (INCLUDING SCHOOLS)	0.000	(30.796)	(30.796)	

2021/22 Capital Spending and Funding

- 1.8 The Council spent £194.144m on the County's major assets, in particular on road schemes and schools. The net capital spend was £100.400m, which was £50.049m less than planned.
- 1.9 Table B provides a summary breakdown of the Councils 2020/21 capital expenditure.

Table B – Capital Expenditure Final Outturn 2021/22

	Gross Programme			Net Programme		
	Actuals £'000	Revised Budget £000	Outturn Variance £000	Actuals £000	Revised Budget £000	Outturn Variance £000
Adult Care & Community Wellbeing	8,398	9,798	-1,400	1,161	1,161	0
Children's Services	32,630	32,753	-123	18,183	18,353	-170
Place	141,432	174,392	-32,960	73,923	111,426	-37,503
Fire and Rescue	1,055	1,253	-198	1,055	1,253	-198
Commercial	10,629	12,690	-2,061	7,881	9,942	-2,061
Resources	0	25	-25	0	25	-25
Other Budgets	0	11,661	-11,661	-1,803	8,289	-10,093
Total	194,144	242,572	-48,428	100,400	150,450	-50,049

- 1.10 The capital programme comprises a series of schemes/projects which often span a number of years. Hence over/underspends cannot be related to time periods such as this financial year.
- 1.11 The gross capital expenditure of £194.144m is funded from a number of different sources as set out in Table C below. The majority of expenditure is funded from Government grants and borrowing.

Table C - Capital Financing 2021/22

	£'000
Revenue Contributions	9,519
Use of Reserves	4,399
Grants and Contributions	108,682
Capital Receipts	11,206
Borrowing	60,339
Total	194,144

- 1.12 The Council sets a voluntary limit on its total borrowing to ensure that it remains prudent and affordable over the longer term. This target is to ensure that the annual minimum revenue provision (MRP) charge plus interest on loans amount to no more than 10% of the Council's annual income. The MRP charge is the amount set aside by the Council each year as a provision to repay debt over the period when the assets purchased and built provide a benefit to the communities of Lincolnshire. In 2021/22 an additional voluntary revenue provision charge was made. The total cost of capital financing charges for 2021/22 (including minimum revenue provision

only) amounted to 3.85% of total income, however when this year's voluntary revenue provision (VRP) charge is included this total charge was 7.17% of total income.

Prudential indicators

- 1.13 The Local Government Act 2003 gave authorities freedom to borrow what they need to fund their capital programmes. The Act requires Local Authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code provides a framework to ensure that Local Authorities' capital programmes are affordable, prudent and sustainable and that treasury management decisions are taken to support this.
- 1.14 In complying with the Code, the indicators for 2021/22 were approved by the Council on 19 February 2021 along with the budget and council tax for that year. In accordance with the Code, the Executive Director has monitored the actual performance against the targets set and there have been no issues of concern to be reported to members. The Council should also be informed of the actual position compared with that estimated for any given year after the year end. Table D provides details of this comparison for 2021/22. It shows that Prudential Indicators have not been exceeded during the year and that there has been no breach of limits set by the Authority.

Table D – Prudential Indicators Actual Compared to Estimated 2021/22

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2021/2022			
Original Estimate	2021/22		2021/22
	£000	Actuals	£000
Prudence Indicators:			
1) Capital Expenditure & Financing			
Net Capital Expenditure	111,283	Actual Net Capital Expenditure (Excl Sch RCCO & Leasing)	100,400
2) Capital Financing Requirement			
Capital Financing Requirement 31/3/2022	750,869	Actual Capital Financing Requirement 31/3/2022	645,995
Capital Financing Requirement Estimate at 31/3/2024	816,798	Capital Financing Requirement Estimate 31/3/2024	711,924
3) Gross Borrowing and the Capital Financing Requirement			
Gross External Borrowing	587,114	Actual Gross External Borrowing	477,369
Headroom Over CFR at 31/3/2024	229,684	Actual Headroom Over CFR at 31/3/2024	234,555
4) External Debt			
Authorised Limit for External Debt		Actual external debt at 31/3/2022	
Borrowing	681,075	Long Term LCC	476,122
Other Long Term Liabilities	10,673	Long Term Schools	661
Total Authorised Limit	691,748	Salix	586
		Temporary(Home Office)	0
Operational Boundary for External Debt		Borrowing	
Borrowing	666,075	Other Long Term Liabilities (Credit Arrangements)	7,817
Other Long Term Liabilities	8,673	Total Debt	485,186
Total Operational Boundary	674,748		
Affordability Indicators:			
5) Financing Costs & Net Revenue Stream			
Estimated Ratio of Financing Costs To Net Revenue Stream	5.38%	Actual Ratio of Financing Costs To Net Revenue Stream	7.16%
Estimated Ratio of MRP & Interest Costs To Net Revenue Stream Limit 10%	5.33%	Actual Ratio MRP & Interest Costs To Net Revenue Stream Limit 10%	7.17%
Proportionality Indicators			
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments			
Estimated Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	1.99%	Actual Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.26%
7) Income from Non Treasury Investments & Net Service Expenditure			
Estimated Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	0.43%	Actual Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	0.40%
Treasury Indicators:			
8) Interest Rate Exposures (Variable)			
Upper limit for variable interest rate exposures		Actual variable interest rate exposure at 31 March 2022	
Borrowing	30%	Borrowing	0%
Investments	100%	Investments	34%
9) Total Principal Sums Invested			
Upper limit for total principal sums invested for over 365 days (per maturity date). Treasury and Non Treasury Investments.	40,000	Actual principal sums invested > 365 Day. Treasury and Non Treasury Investments.	7,615
10) Maturity Structure of borrowing			
Upper Limit for maturity structure of borrowing		Actual maturity structure of borrowing at 31 March 2022	
Under 12 months	25%	Under 12 months	1.80%
12 months and within 24 months	25%	12 months and within 24 months	2.20%
24 months and within 5 years	50%	24 months and within 5 years	6.60%
5 years and within 10 years	75%	5 years and within 10 years	10.10%
10 years and above	100%	10 years and above	79.30%
11) Borrowing in Advance of Need			
Estimated borrowing in advance of need limit equal to 25% of the expected increase in CFR over 3 year budget period	16,482	Actual borrowing taken in advance of need in 2021/22	0

Carry Forward of Over and Underspends

- 1.15 The Council's policy for the carry forward of over and underspends is set out in Financial Regulations, this is:
- 1.16 All under and overspends on service revenue budgets of up to 1% will be carried forward without exception. In 2021/22, this was a net underspend totalling £4.791m.
- 1.17 All under and overspends on the dedicated schools budget will be carried forward. In 2021/22 this net underspend totalled £17.214m.
- 1.18 One new grant was received in the year and not fully spent. A grants and contributions earmarked reserve has been created for the Domestic Abuse Grant in order to carry forward the unspent grant to next year (£0.841m).
- 1.19 A pooled budget was created in the year relating to the Family Adoption Links partnership regional adoption agency and the unspent portion of this budget has been added to a newly created grants and contributions earmarked reserve (£0.071m).
- 1.20 In addition to the carry forward of up to 1% of budget underspends, there are two transfers to reserves for "business as usual" and Shared Service items totalling £0.487m:
- a) Civil Parking Enforcement and Permitting income is ring-fenced for spending on specific works defined by legislation. This budget underspent by £0.335m in the year.
 - b) Strategic Commissioning and Procurement which provides services to partner organisations has operated at a surplus of £0.152m in 2021/22 and the net surplus will be transferred to an earmarked reserve pending future decisions about its use.
- 1.21 The carry forwards referred to in paragraphs 1.16 and 1.17 and the transfers to reserves set out in paragraphs 1.18 to 1.20 are for noting as being in accordance with Financial Regulations.
- 1.22 The amount of underspend remaining after taking account of the 1% carry forward of service underspends, and the "business as usual" and Shared Service transfers, and the transfers to new grants and contributions reserves is £7.392m. The Council is required to consider the use of underspends above the level of 1% and outside of the "business as usual" transfers to reserves. The proposals for the use of this remaining underspend of £7.392m are as follows:

- a) To allocate £5.000m to the Development Fund earmarked reserve, to be spent on local Highways works;
- b) To allocate £2.392m of the balance to be carried forward, to be added to the corporate revenue contingency budget in the current financial year 2022/23 to help fund inflationary cost pressures.

1.23 Table E below confirms the transfers to reserves in accordance with Financial Regulations, and the proposals for the remaining underspend.

Table E – Allocation of 2021/22 Underspend

	£000's
Total Underspend for 2021/22	-30,796
Amount to transfer to Schools reserves	17,214
Council Underspend for 2021/22 (excluding Schools)	-13,582
<u>Service Net Underspends up to 1% Carried Forward</u>	
- Adult Care and Community Wellbeing	2,373
- Children's Services	1,222
- Place	431
- Fire and Rescue	0
- Commercial (will be combined with Resources)	436
- Resources	299
- Corporate Services	30
	4,791
<u>Business As Usual Ringfenced items</u>	
- Civil Parking Enforcement & Permitting	335
	335
<u>Shared Services Reserves</u>	
- Procurement Lincolnshire	152
	152
<u>Transfers to New Grants & Contributions Earmarked Reserves</u>	
Domestic Abuse Grant reserve	841
Regional Adoption Agency reserve	71
	912
Balance remaining for consideration	-7,392
<u>Proposed Allocation of remaining balance</u>	
- Development Fund for Local Highways works in the four Highways areas	5,000
- Allocate to 2022/23 contingency budget to help deal with inflationary pressures	2,392
Total	7,392

1.24 TABLE F shows the new balances on reserves following approval of the transfers detailed in paragraphs 1.16 to 1.22 above. The underspend for 2021/22 is shown within the line “Reserves requiring Council approval in September”. The table also shows a variety of other transfers to or from other earmarked reserves reflecting actual expenditure and income in 2021/22.

TABLE F – Transfers to and from Reserves in Year 2021/22

Balance as at 31 March 2021		Balance at 1 April 2021	Additions in Year	Used in Year	Balance at 31 March 2022
£'000		£'000	£'000	£'000	£'000
11,878	Balances from dedicated schools budget	11,878	3,338	(2,322)	12,894
14,237	Balances for schools under a scheme of delegation	14,237	14,326	(14,904)	13,659
	Total Schools	26,115	17,664	(17,226)	26,553
	Other Earmarked Reserves:				
0	Other Services	0	4,899	(4,899)	0
29,254	Reserves requiring Council approval in September	29,254	13,582	(29,254)	13,582
6,775	Insurance	6,775	0	0	6,775
685	Schools Sickness Insurance	685	508	(421)	773
2,638	Shared Services (Legal and Procurement)	2,638	148	(729)	2,056
0	Financial Volatility - Budget Shortfall	0	0	0	0
40,483	Financial Volatility	40,483	6,439	0	46,922
2,748	CSSC Transformation Including BW Rebuild and Development	2,748	0	(791)	1,957
5,772	Energy from Waste Lifecycles	5,772	1,286	(2,337)	4,721
14,452	Development Fund	14,452	10,000	(1,001)	23,451
6,152	Business Rates Volatility Reserve	6,152	0	0	6,152
11,311	Support To Businesses	11,311	0	(8,009)	3,303
10,459	Other Service Earmarked Reserves	10,459	12,436	(14,939)	7,956
	Total Earmarked Reserves	130,729	49,298	(62,380)	117,648
	Revenue Grants and Contributions Unapplied Reserves:				
8,435	Schools	8,435	9,805	(9,348)	8,893
10,702	Childrens Services	10,702	1,144	(2,158)	9,687
65,524	Adult Care and Community Wellbeing	65,524	5,679	(6,669)	64,534
10,945	Place	10,945	4,286	(1,109)	14,122
3,700	Other Budgets	3,700	0	(2,072)	1,628
0	Corporate Services	0	0	0	0
826	Resources	826	0	(8)	818
384	Fire & Rescue	384	0	0	384
	Total Revenue Grants and Contributions	100,516	20,914	(21,364)	100,066
257,360	Total	257,360	87,876	(100,970)	244,267

1.25 The current balance in the Financial Volatility earmarked reserve is £46.922m. This reserve is not required to balance the budget in 2022/23, but it may be required to support the budget in the years beyond. Work on updating the medium-term financial plan as part of the next budget setting process is currently underway.

General Reserve

1.26 It is our policy on general reserves that these will be maintained within a range of 2.5% to 3.5% of the annual budget requirement. When setting the budget for 2021/22 we planned to increase the balance in our General Reserve by £0.200m and this plan has been implemented. The General Reserve at 31 March 2022 stands at £16.400m or 3.2% of the budget requirement, as shown in Table G below.

TABLE G – General Reserves

GENERAL RESERVES	Balance at 31 March 2022 £'000
Balance at 1 April 2021	-16,200
Contribution to / use in year	-200
Proposed contribution to / use of reserves	0
Balance as at 31 March 2022	-16,400
Balance as a percentage of total budget	3.20%

Key Financial Performance Measures: Financial Health and Performance

1.27 The Council has identified a number of key indicators to monitor its financial health and performance. The Council's actual performance against these key indicators for 2021/22 is shown in Table H below.

TABLE H – Key Financial Performance Measures: Financial Health and Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2021/22 Estimate	2021/22 Actual
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	Yes
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.33%	7.17%
4	Accounting	Unqualified 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%	97%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark 0.131%	Weighted Benchmark 0.286%

Financial Resilience

1.28 The impact of this financial performance on the Council's resilience has been assessed and it has been concluded that our financial resilience remains strong. Both General and Earmarked reserves are maintained at a prudent level. There is also the Financial Volatility Reserve that can be called upon to support the Council's budgetary position should it be required.

1.29 The Council has strengthened its' financial resilience by: continued monitoring of the financial position, undertaking work to address issues as they arise; continued

reporting of the Covid-19 impacts to Government alongside working with the Society of County Treasurers to ensure that the Government understands the particular issues faced by County Councils; refreshing and updating the Medium-Term Financial Plan and Strategy; focusing on transformation work to reduce cost pressures and create budget savings.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

There are not considered to be any implications under the Equality Act 2010 relating to the recommendations set out in this report.

Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

There are not considered to be any implications for the JSNA and JHWS relating to the recommendations set out in this report.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

There are not considered to be any implications to Crime and Disorder relating to the recommendations set out in this report.

3. Conclusion

- 3.1 The proposed treatment of under and overspending outlined in the report is considered appropriate and prudent for supporting future budgets.
- 3.2 The prudential indicators comply with the CIPFA Prudential Code of Capital Finance in Local Authorities and the Council's actual performance is within the targets set by the Council in February 2021.
- 3.3 The Council is in good financial health and remains resilient to the challenges expected over the next financial year.

4. Legal Comments:

Recommendations 1 and 2 are compliant with the Council's Financial Regulations.

With regard to recommendation 3, the Council's Financial Regulations provide that the use of all underspending on service budgets in excess of 1% will be considered by the Executive and decided by the full Council. The means of funding all overspendings on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.

Recommendations 4 to 7 enable the Council to monitor performance against the Council's approved budget. Under Section 3 of the Local Government Act 2003 the Authority must determine and keep under review how much money it can afford to borrow. Reporting on the Prudential Indicators assists the Council in discharging this function.

The recommendations are lawful in accordance with the Constitution and the Policy Framework and within the remit of the full Council.

5. Resource Comments:

Accepting the recommendations in this report provides the Council with a sound financial base from which to manage the economic challenges facing the United Kingdom at the time of writing this report, as well as preparing for a change in the local government funding regime at some future time, which remains an uncertain outcome for this Council.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

n/a

d) Risks and Impact Analysis

n/a

7. Background Papers

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

Document title	Where the document can be viewed
Executive Report - Review of Financial Performance 2021/22 - 5 July 2022	Agenda for Executive on Tuesday, 5th July, 2022, 10.30 am (moderngov.co.uk)

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