

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

Report to:	<b>Executive</b>
Date:	<b>07 March 2023</b>
Subject:	<b>Revenue Budget Monitoring Report 2022/23 - Quarter 3</b>
Decision Reference:	<b>I027772</b>
Key decision?	<b>No</b>

**Summary:**

- This report provides an update on revenue spending compared with budgets for the financial year which started on 01 April 2022.
- The tables in this report show the actual income and expenditure for the first nine months of this financial year to 31 December 2022, along with the forecasts for spending and a comparison of the forecasts against the approved budgets for the year.
- The report gives an overview of the financial position, with more detailed information on each budget area provided in Appendices B to I.
- The overall revenue position is that we are forecasting an underspend this year of **£1.6m** (excluding schools) at 31 December 2022, which equates to **0.3%** of the net revenue budget.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience remains relatively strong at this point in time. Our quarter 3 forecasts include the impacts of high levels of inflation in the wider economy and we have allocated amounts set aside for inflation to help cover these. We have also reported any expected underspends to present an overall picture of forecast net expenditure being within the budget set.

**Recommendation(s):**

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

**Alternatives Considered:**

1. This report shows the actual revenue expenditure to 31 December 2022, and projected outturns for 2022/23, therefore no alternatives have been considered.

**Reasons for Recommendation:**

To maintain the Council's financial resilience.

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

## 1.1 Table of Summary Position as at 31 December 2022

	Revised Net Revenue Budget £m	Forecast Outturn £m	Forecast Variance £m
<b>SERVICE DELIVERY</b>			
Children's Services	98.359	97.356	(1.004)
Adult Care and Community Wellbeing Place	168.650	168.075	(0.574)
Fire and Rescue Resources	114.558	118.518	3.960
Corporate Services	22.370	22.675	0.305
<b>TOTAL SERVICE DELIVERY</b>	<b>478.467</b>	<b>480.411</b>	<b>1.944</b>
<b>OTHER BUDGETS</b>			
<b>TOTAL OTHER BUDGETS</b>	<b>97.100</b>	<b>95.434</b>	<b>(1.666)</b>
<b>TOTAL NET EXPENDITURE (EXC SCHOOLS)</b>	<b>575.567</b>	<b>575.846</b>	<b>0.279</b>
<b>MOVEMENT OF RESERVES</b>			
<b>TOTAL MOVEMENT OF RESERVES</b>	<b>(50.468)</b>	<b>(50.468)</b>	<b>0.000</b>
<b>MET FROM:</b>			
<b>TOTAL MET FROM</b>	<b>(544.868)</b>	<b>(546.766)</b>	<b>(1.899)</b>
<b>TOTAL (EXCLUDING SCHOOLS)</b>	<b>(19.769)</b>	<b>(21.389)</b>	<b>(1.620)</b>
<b>SCHOOL BUDGETS</b>			
<b>TOTAL SCHOOLS BUDGETS</b>	<b>19.769</b>	<b>19.140</b>	<b>(0.629)</b>
<b>TOTAL (INCLUDING SCHOOLS)</b>	<b>0.000</b>	<b>(2.249)</b>	<b>(2.249)</b>

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

## **Economic Context and Financial Mitigation**

- 1.3 In the previous update, the ongoing impact from the persistently high levels of inflation being experienced was considered. The inflation rate reached a record high of 11.1% in October 2022, and has since reduced to 10.5% in December 2022. The Bank of England expects that the rate of inflation will continue to decrease through 2023 and fall below its 2% target in during the second quarter of 2024. It's worth noting that the inflation rate would have been higher without Government intervention, specifically in respect of the energy price cap.
- 1.4 In effect, heightened inflation risk will continue to translate into a key financial risk for the Council at least for the remainder of 2022/23 and for the duration of 2023/24. The current impact assessment of inflation has been reflected within the budget monitoring position, with some key changes in areas such as education transport.
- 1.5 The Council's budget proposal noted the emergent risk of excessive inflationary increases impacting upon spend, and increased the corporate contingency to provide capacity to withstand unbudgeted price increases across Council expenditure.

## **Key Issues Highlighted**

- 1.6 The overall revenue position is that we are forecasting an underspend of £1.6m (excluding schools), which is a variance of 0.3% of the overall net revenue budget. Further details of the financial position for each Directorate are given in appendices B to I. The most significant variances are highlighted below:
- Within Place, there are emergent cost pressures in respect of educational transport, which reflects increased demand, continuing inflation and challenging market conditions in meeting statutory and policy requirements are the main drivers of the forecast overspend (£4m). This is partly mitigated through short-term savings in public transport (£1.2m). In addition, the cost pressure previously reported in respect of increased energy costs in relation to street lighting (£1.2m).
  - Children's Services are experiencing cost pressures, which reflects the complexity of the service and increased activity in some key areas (e.g. legal costs and looked after children). This is forecast to be offset by underspends within specific grants and the receipt of additional funding. In addition, there are an amalgamation of smaller savings with education. In total, the service is forecasting to underspend by £1m.
  - Within adult care and community wellbeing, the service is forecasting to underspend by approximately £0.5m. This is mostly due to an increase in public health grant funding. The position is also supported through additional reserve usage.

- The position with Resources has improved since quarter two, with a combination of vacancies and the residual balance of the carry forward from last year accounting for the £0.5m forecast underspend, which is after offsetting energy and contract inflation pressures within Property services that had been reported previously and remain an issue for the service.
- The forecast underspend of £1.7m in Other Budgets reflects two anticipated variances. Insurance is forecast to underspend by £1m due to lower than assumed premium increases in the current year only. Pension liabilities are forecast to underspend by £0.4m, mainly because the budget has not been reduced to allow for attrition over the past two years.
- Within income, there is a forecast underspend of £1.9m as a result of additional income received this year for the Independent Living Fund and Extended Rights to Free Travel grants (£0.7m). The levels of these two grants for 2022/23 was not known at the time the budget was set, and the amounts received for each are above the levels assumed at that time. These increases in grant are reflected in the medium term financial plan. In addition, the estimated business rates pooling gain for 2022/23 from been received the District Councils, which shows a gain of £1.3m above the level assumed in the budget. This estimate may change as the year progresses.

**Progress on Achievement of Budget Savings**

1.7 The chart below shows the savings per Directorate built into the 2022/23 budget as part of the last budget process. At quarter 3 it is reported that all savings are expected to be delivered this year. The list includes both budgetary savings on costs (£4.774m) and budgeted increases in income (£0.044m).

Directorate	P
	£
▲	
⊕ Place	
⊕ Resources	
⊕ Commercial	
⊕ Adult Care & Community Wellbeing	

## **Earmarked Reserves Position and Forecast Spend for 2022/23**

- 1.8 Appendix J shows the current balance on the Council's earmarked reserves, together with amounts forecast to be drawn down from reserves to cover expenditure in the current year. The opening balance for earmarked reserves in total is £244.3m and it is currently forecast that £75.2m of this will be used in 2022/23 to support expenditure in accordance with the purposes of the reserves.

## **Progress on Development Fund Initiatives**

- 1.9 Appendix K shows a list of initiatives where the revenue costs are to be funded by the Development Fund earmarked reserve. Progress on each of these initiatives is reported in the appendix. Expenditure on Development Fund initiatives is currently forecast to be £15.9m in 2022/23.

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

- 1.10 The impact of this revenue budget forecast on the Council's resilience has been assessed and it has been concluded that our financial resilience remains relatively strong. The Council took steps in advance of the financial year to mitigate the emerging risk in respect of inflation, which includes increasing the balance of the contingency. The forecast set out in this report is for an underspend, and if this remains through to outturn it would be a considerable achievement when considering the wider economic context the Council has been operating within. It also provides assurance that the measures introduced within this budget to offset emergent risk have been successful, which provides a strong platform for the 2023/24 budget setting process.
- 1.11 We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%. Based on our current forecast underspend there should be no requirement to draw down our Financial Volatility Reserve to support the 2022/23 budgetary position. The balance of the Financial Volatility Reserve currently stands at £46.9m.
- 1.12 We will aim to maintain our financial resilience by continued monitoring of the financial position, undertaking work to address issues as they arise; continuing to work 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.

## **Reporting of Budget Virements**

- 1.13 The Council's Financial Regulations require us to report on any budget virements made during the year. A budget virement is where budget is moved from one service area to another and where the original purpose the budget was approved

for has changed. A list of all such virements made in quarter 3 can be found Appendix L.

## **2. Legal Issues:**

### Equality Act 2010

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

Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

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

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

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

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

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified

consideration must be given to measures to avoid that impact as part of the decision making process.

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

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

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

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

#### Crime and Disorder

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

As this report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

### **3. Conclusion**

3.1 The Council's overall forecast revenue position is an underspend of £1.6m (excluding Schools).

3.2 This position will continue to be monitored and reported throughout the year.

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

This report sets out an update on spending as at 31 December 2022 compared with the revenue budget for the financial year starting on 1 April 2022 to assist the Executive in monitoring the financial performance of the Council.

### **5. Resource Comments:**

This report indicates that the current year revenue budget is projected to be underspent, however the forecast underspend is relatively small at 0.3% of the net revenue budget. Continued effort in monitoring is essential to ensure that any additional cost pressures are identified and addressed throughout the year.

## 6. Consultation

### a) Has Local Member Been Consulted?

No

### b) Has Executive Councillor Been Consulted?

Yes

### c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board on 23 February 2023. Any comments of the Board will be reported to the Executive.

### d) Risks and Impact Analysis

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

## 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2022/23 as at 31 December 2022
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue
Appendix F	Resources
Appendix G	Corporate Services
Appendix H	Schools
Appendix I	Other Budgets
Appendix J	Earmarked Reserves Position and Forecast 2022/23
Appendix K	Monitoring of Development Fund Initiatives 2022/23
Appendix L	Approved Budget Virements 2022/23 as at 31 December 2022

## 8. Background Papers

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

Document title	Where the document can be viewed
Council Budget 2022/23	<a href="#">Council Budget</a>
Budget Book 2022/23	<a href="#">Budget Book 2022/23</a>

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## Revenue Budget Monitoring Report 2022/23 as at 31 December 2022

	Revised Net Revenue Budget £m	Net Expenditure £m	Forecast Outturn £m	Forecast Variance £m	Forecast Variance %
<b>SERVICE DELIVERY</b>					
Children's Social Care	84.692	69.221	84.183	(0.509)	(0.6)
Children's Education	13.667	15.155	13.172	(0.495)	(3.6)
<b>Children's Services</b>	<b>98.359</b>	<b>84.375</b>	<b>97.356</b>	<b>(1.004)</b>	<b>(1.0)</b>
Adult Frailty & Long Term Conditions	125.860	47.042	125.636	(0.224)	(0.2)
Adult Specialities	94.631	84.277	94.631	0.000	0.0
Public Health and Community Wellbeing	31.983	13.207	31.633	(0.351)	(1.1)
Public Health Grant Income	(34.847)	(26.135)	(34.847)	0.000	0.0
Better Care Funding	(54.336)	(25.691)	(54.336)	0.000	0.0
Public Protection	5.359	1.728	5.359	(0.000)	(0.0)
<b>Adult Care and Community Wellbeing</b>	<b>168.650</b>	<b>94.428</b>	<b>168.075</b>	<b>(0.574)</b>	<b>(0.3)</b>
Communities	85.724	53.076	88.359	2.635	3.1
Lincolnshire Local Enterprise Partnership	0.442	0.067	0.442	0.000	0.0
Growth	2.449	0.929	2.600	0.151	6.2
Highways	25.943	16.140	27.117	1.174	4.5
<b>Place</b>	<b>114.558</b>	<b>70.212</b>	<b>118.518</b>	<b>3.960</b>	<b>3.5</b>
Fire & Rescue	22.370	16.708	22.675	0.305	1.4
<b>Fire and Rescue</b>	<b>22.370</b>	<b>16.708</b>	<b>22.675</b>	<b>0.305</b>	<b>1.4</b>
Corporate Property	13.759	10.908	15.418	1.659	12.1
Commercial	8.804	6.668	8.184	(0.619)	(7.0)
Finance	8.634	5.523	7.657	(0.977)	(11.3)
Information Management Technology	15.609	13.248	15.541	(0.068)	(0.4)
Governance Services	2.325	2.343	2.247	(0.078)	(3.4)
Organisational Support	16.338	13.508	15.824	(0.515)	(3.2)
Transformation	5.936	5.027	5.948	0.012	0.2
<b>Resources</b>	<b>71.404</b>	<b>57.225</b>	<b>70.819</b>	<b>(0.586)</b>	<b>(0.8)</b>
Corporate Services	3.125	2.218	2.968	(0.157)	(5.0)
<b>Corporate Services</b>	<b>3.125</b>	<b>2.218</b>	<b>2.968</b>	<b>(0.157)</b>	<b>(5.0)</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>478.467</b>	<b>325.166</b>	<b>480.411</b>	<b>1.944</b>	<b>0.4</b>
<b>OTHER BUDGETS</b>					
Contingency	1.312	0.000	1.312	0.000	0.0
Capital Financing Charges	73.124	(1.864)	73.124	0.000	0.0
Other	22.663	12.162	20.998	(1.666)	(7.3)
<b>TOTAL OTHER BUDGETS</b>	<b>97.100</b>	<b>10.297</b>	<b>95.434</b>	<b>(1.666)</b>	<b>(1.7)</b>
<b>TOTAL NET EXPENDITURE (EXC SCHOOLS)</b>	<b>575.567</b>	<b>335.464</b>	<b>575.846</b>	<b>0.279</b>	<b>0.0</b>
<b>MOVEMENT OF RESERVES</b>					
Transfer to/from Earmarked Reserves	(40.037)	(39.457)	(40.037)	0.000	0.0
Contribution to Development Fund	(10.431)	(10.431)	(10.431)	0.000	0.0
<b>TOTAL MOVEMENT OF RESERVES</b>	<b>(50.468)</b>	<b>(49.887)</b>	<b>(50.468)</b>	<b>0.000</b>	<b>0.0</b>
<b>MET FROM:</b>					
Business Rates local Retention	(122.595)	(93.156)	(123.882)	(1.287)	1.1
Revenue Support Grant	(21.220)	(16.134)	(21.220)	0.000	0.0
Other Non Specific Grants	(56.181)	(40.787)	(56.792)	(0.611)	1.1
County Precept	(344.872)	(275.897)	(344.872)	0.000	(0.0)
<b>TOTAL MET FROM</b>	<b>(544.868)</b>	<b>(425.974)</b>	<b>(546.766)</b>	<b>(1.899)</b>	<b>0.3</b>
<b>TOTAL (EXCLUDING SCHOOLS)</b>	<b>(19.769)</b>	<b>(140.398)</b>	<b>(21.389)</b>	<b>(1.620)</b>	
<b>SCHOOL BUDGETS</b>					
Schools Block	153.292	99.140	153.290	(0.002)	(0.0)
High Needs Block	97.441	65.120	97.423	(0.018)	(0.0)
Central School Services Block	3.132	1.621	3.132	(0.000)	(0.0)
Early Years Block	41.768	29.041	41.160	(0.609)	(1.5)
Dedicated Schools Grant	(284.548)	(216.295)	(284.548)	0.000	0.0
Schools Budget (Other Funding)	8.685	(1.088)	8.685	(0.000)	(0.0)
<b>TOTAL SCHOOLS BUDGETS</b>	<b>19.769</b>	<b>(22.461)</b>	<b>19.140</b>	<b>(0.629)</b>	<b>(3.2)</b>
<b>TOTAL (INCLUDING SCHOOLS)</b>	<b>0.000</b>	<b>(162.859)</b>	<b>(2.249)</b>	<b>(2.249)</b>	

# Children's Services

Financial Position 1<sup>st</sup> April – 31<sup>st</sup>  
December 2022

Children's Services is forecasting a spend of £97.356m against a budget of £98.359m. This is a forecast overspend of £1.004m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Children's Social Care	84.692	84.183	(0.509)	(0.426)
Children's Education	13.667	13.172	(0.495)	(0.330)
<b>Children's Services</b>	<b>98.359</b>	<b>97.356</b>	<b>(1.004)</b>	<b>(0.756)</b>

## Children's Services

### Children's Social Care

- Social care legal costs are a known cost pressure and continue to be higher than the budget due to the complexity of cases, reliance on expert advice and the use of counsel. Legal costs are forecast to overspend by £1.517m (or 57.0%). This is a £0.431m reduction from that reported in quarter 2. Over recent months indications are that legal cases are starting to be concluded sooner. In addition, judicial availability and capacity has been improved with the appointment of district/circuit judges and more concise reporting to the courts. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings.
- Additional costs associated with the transport of children and families for family time have been identified since the position was reported in quarter 2. The Contact Team is forecast to overspend by £0.453m (or 21.7%), a £0.334m increase from quarter 2. Following on from the reductions in court time during the pandemic, delays are being experienced in family court proceedings. The impact of this is that children are having extended periods of support to have time with their families. This, in addition to a rise in the cost of an increased reliance on taxis, have had an impact on this budget.
- The number of Children in Care (CiC) has increased to 759 at the end of December 2022 compared to 735 at the end of August 2022 although the number of children

in residential placements has remained at a similar level. The budget for out of county fostering placements continues to forecast an overspend (£0.323m or 19.2%). However, this has been partially offset by a reduction in fostering allowances which now shows as being broadly on budget (£0.011 underspend or 0.02%), £0.218m reduction in the overspend expected in quarter 2. The transformational work continues to have strong oversight and rigour of the budget position of these demand-led and volatile budgets with a view of delivering on these ambitious financial trajectories.

- The 0-19 children's health service continues to forecast an underspend of £0.716m (or 8.5%) which is the same as that reported in quarter 2. This is mainly due to county-wide Health Visitor vacancies (11%) which are at a similar level to that experienced in 2021/22 and additional NHS funding relating to the Children's Continence Service. Health Visitor recruitment is a national issue and workforce development and ongoing recruitment remains key priorities for the service.
- Continued underspends are expected on the Unaccompanied Asylum Seekers grant (£0.419m); the Healthy Minds delivery in schools following the pandemic (£1.034m) where costs have been apportioned against the Outbreak Management grant; additional funding for Supporting Families (£0.454m) due to the service achieving their payments by results target, in addition to other smaller service underspends.

#### Children's Education

- Most of the underspend is within Special Educational Needs & Disabilities of £0.445m (or 5.6%) and this is a £0.330m increase on the underspend reported in quarter 2 (£0.115m). An element of the forecast underspend continues to relate to the Domiciliary Care contract (£0.108m or 23.1%), which is unable to access care resources and packages of support due to limited availability within the marketplace. The main variances from quarter 2 relate to the use of the Outbreak Management Grant to fund the previously forecast overspend on specialist equipment (£0.219m) and smaller underspends on direct payments and legal costs (a total of £0.111m).

# Adult Care and Community Wellbeing

Financial Position 1st April – 31<sup>st</sup>  
December 2022

Adult Care and Community Wellbeing is forecasting a spend of £168.075m against a budget of £168.650m. This is a forecast underspend of £0.574m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Adult Frailty & Long Term Conditions	125.860	125.636	(0.224)	(0.171)
Adult Specialities	94.631	94.631	0.000	0.106
Public Health and Community Wellbeing	31.983	31.633	(0.351)	0.000
Public Health Grant Income	(34.847)	(34.847)	0.000	0.000
Better Care Funding	(54.336)	(54.336)	0.000	0.000
Public Protection	5.359	5.359	(0.000)	(0.000)
<b>Adult Care and Community Wellbeing</b>	<b>168.650</b>	<b>168.075</b>	<b>(0.574)</b>	<b>(0.065)</b>

## Adult Care & Community Wellbeing

Adult Specialities position is supported by the planned drawdown of £1.100m from the adult care reserve. Continued growth in demand for mental health care coupled with increases in unit cost of care is driving increased costs. The increase was forecast, and the reserve set aside to support whilst a pooled budget approach is developed with partners to minimise future financial impact of demand growth and better share risk.

Adult Frailty & Long-term Condition services has seen a higher usage of interim beds than pre Covid-19 however with the introduction of Active Recovery beds in the latter months of the year funded through Lincolnshire's winter plan, the cost of interim beds is forecast to return to within budget. With this forecast improvement and the lower than forecast homecare spend, AF&LTC is forecasting an underspend as at quarter 3.

Maximising the Public Health Grant received during 2022-23 has resulted in the reported underspend.

# Place

## Financial Position 1<sup>st</sup> April – 31<sup>st</sup> December 2022

Place is forecasting a 2022/23 spend of £118.518m against a budget of £114.558m. This is a forecast overspend of £3.960m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Communities	85.724	88.359	2.635	2.626
Lincolnshire Local Enterprise Partnership	0.442	0.442	0.000	0.000
Growth	2.449	2.600	0.151	0.002
Highways	25.943	27.117	1.174	(0.396)
<b>Place</b>	<b>114.558</b>	<b>118.518</b>	<b>3.960</b>	<b>2.233</b>

### Communities

Increased demand, continuing inflation and challenging market conditions in the delivery of educational transport to meet statutory and policy requirements are the main drivers of the forecast overspend.

Significantly more passengers are eligible for travel provision than was projected, this combined with wider market impacts including national living wage rises, inflationary challenges, a national drivers' shortage and rising fuel prices have been partially mitigated by cost avoidance arising from the ongoing transformational programme. New procurement approaches, route optimisation, the establishment of new personal transport budgets and a reduction in single occupancy routes have all contributed.

The forecast overspend on educational transport has also been further offset by short-term savings in public transport with reduced patronage providing savings in concessionary fares and further savings generated by staff vacancies.

This is however, not expected to continue beyond the current financial year as public transport expenditure is likely to come under pressure as the high levels of direct government support for bus operators put in place during the Covid pandemic is progressively withdrawn and the underlying pressures are being addressed in the ongoing 2023/24 budget setting process.

**Greater Lincolnshire LEP** is expected to be on target again this year.

### **Growth**

Increased utility costs, reduced income levels during the alterations at Eventus Business Centre and unbudgeted repairs necessary at North Sea Observatory are driving expenditure levels in Growth. The service continues to explore potential mitigations to these budget variances which are likely to reduce the overspend to £0.060m but in the meanwhile is forecasting a potential overspend of £0.151m.

### **Highways**

The current budget forecast is for a £1.174m overspend primarily due to increased energy costs for street lighting.

The exceptionally high levels of inflation being experienced in the construction sector are resulting in unprecedented increases in the cost of plant, labour and materials in the highways maintenance contract. To date, the impact of this on the revenue budget has been mitigated by better than expected income levels for Traffic Regulation Orders and Permitting. Budgets remain under close review to ensure expenditure is directed to priority areas but inflation is continuing to diminish spending power, increasing the risk of overspend.

Winter maintenance costs are currently being contained within budget although this remains a volatile, high-risk area with demand determined by weather conditions and therefore outside the direct control of the service.

These risks continue to be monitored and updated as necessary.

# Fire and Rescue

## Financial Position 1<sup>st</sup> April – 31<sup>st</sup> December 2022

At the end of the third quarter, Fire and Rescue is forecasting a spend of £22.675m for 2022-23 against a budget of £22.370m, an overspend of £0.305m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Fire & Rescue	22.370	22.675	0.305	0.038
<b>Fire and Rescue</b>	<b>22.370</b>	<b>22.675</b>	<b>0.305</b>	<b>0.038</b>

Fuel (diesel) costs have increased by almost 70% over budgeted levels resulting in a forecast overspend of £0.160m. This predominantly inflationary pressure is compounded by a continued increase in the number of incidents.

A VAT adjustment payment for operational response vehicles of £0.077m was highlighted through an audit that encompassed 4 years returns to HMRC that did not include the full VAT liability. This is a one-off pressure for the back payments and future budget assumptions have been amended to include this cost.

There is a £0.060m cost pressure for wholetime Fire Fighter recruitment and training that is required to ensure we have minimum staffing at our wholetime stations. The costs for these courses were not included in the base budget as they are not consistently required on a year to year basis and it was agreed to review the overall budget during the year to identify any opportunities for the cost to be absorbed within any underspend that may arise. Current projections shows that this will be a realised cost pressure in 2022/23 that cannot be accommodated within existing budgets.

The grant to support the FireLink communication platform is being phased out over the next five years. This has resulted in the service receiving £0.065m less grant income to provide control services. During the same period, the cost of the service has increased by £0.038m. This progressive grant reduction, along with the increased costs, are reflected in the medium-term financial plan.

Although a relatively minor variance at present, facilities costs for HQ at Nettleham have increased by £0.008m. The forward projection of the inflationary impacts on the costs for Nettleham has been built into the budget proposals for 2023/24.

The service is actively using earmarked reserves over and above planned use to mitigate some of the pressures detailed above and contain the overspend to the forecast figure.



# Resources

Financial Position 1<sup>st</sup> April – 31<sup>st</sup>  
December 2022

Resources is forecasting a 2022-23 spend of £70.819m against a budget of £71.404m, which is an underspend of £0.586m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Corporate Property	13.759	15.418	1.659	0.210
Commercial	8.804	8.184	(0.619)	0.118
Finance	8.634	7.657	(0.977)	(0.179)
Governance Services	2.325	2.247	(0.078)	(0.234)
Information Management Technology	15.609	15.541	(0.068)	(0.339)
Organisational Support	16.338	15.824	(0.515)	(0.330)
Transformation	5.936	5.948	0.012	(0.043)
<b>Resources</b>	<b>71.404</b>	<b>70.819</b>	<b>(0.586)</b>	<b>(0.797)</b>

## **Property (£1.659m overspend)**

Inflationary pressures have had a significant impact on Corporate Property costs and as a result the service are forecasting an overspend of £1.450m.

## **Energy costs are expected to overspend by £1.000m.**

In the ever-changing market, Property Services continue to receive monthly briefings from ESPO on secured purchase of gas and electricity supplies. Volumes based on historic consumption levels have now been secured for the financial year at a fixed price.

The service monitors cost and consumption levels monthly and will continue to review the financial impact for the year and the impact price changes will have on the council's medium-term finances.

## **Contract costs for the Vinci Property contract could lead to an overspend of £0.659m.**

Inflationary pressures incorporating the impact of the national living wage and construction industry cost increases, over and above those identified during the budget setting exercise, have contributed to this position.

Performance meetings are held monthly with Vinci allowing the service to monitor costs and provide regular challenge against available budget.

### **Commercial (£0.619m underspend)**

The service has several vacancies resulting in an underspend of £0.338m.

The Customer Service Centre (CSC) is forecast to underspend by £0.281m based on available volume data for April to October. The CSC is a demand driven budget and we will continue to monitor this budget throughout the year.

### **Finance (£0.977m underspend)**

#### **Financial Services**

The service, which includes the allocation of last year's approved carry forward, is forecast to underspend by £0.977m, with an element reflective of the carry forward from last year.

#### **Serco contract costs are forecast to be £0.338m lower than budget.**

The overall forecast variance on the Serco finance contract is an underspend of £0.338m. Most of this (£0.211m) is due to the budget for the implementation and ongoing costs for moving Adult Social Care payments from being paid net to gross which is currently planned to be implemented during 2023.

In addition, the period to November has seen slightly lower transaction volumes than budgeted for, resulting in a forecast underspend of £0.127m.

#### **Other Financial services (£0.052m overspend)**

This is due to the additional costs of bank charges and external audit fees.

#### **Corporate Audit & Risk Management (£0.222m underspend)**

This is primarily due to the continued level of vacancies across the whole service. Whilst the service have had several successful recruitments in November 2022, some will not join until later than planned and retention remains a challenge.

The service is planning another recruitment campaign in Spring 2023. External resources have been secured to support delivery but are not sufficient to deliver all our audit plans.

LCC audit and counter fraud plans have been reduced and the lack of capacity to deliver will impact the Head of Internal Audit Annual Report 2023.

### **Governance (£0.078m underspend)**

#### **Legal Lincolnshire**

Legal Services Lincolnshire is projecting a small surplus against the trading surplus target of £0.060m.

This has been enabled through allocation of pay award costs for 2022/23, which are not reflected in the pricing structure. There is separate work ongoing to update the pricing structure in recognition that the cost base has changed through inflation and through a change in permanent workforce composition with some reliance on locum solicitors.

### **IMT (£0.068m underspend)**

This compares to a reporting overspend of £0.271m in quarter two.

LCC entered a new contractual arrangement in November with EMPSN to provide Broadband Infrastructure. At quarter two we reported an anticipated additional cost of £0.450m in 22/23 but this is offset by transitional arrangements and the final level of income from schools associated with the previous contract. As a result, the reported overspend against budget is currently forecast to be £0.262m. There remains a £1m pressure for future years and this is reflected in the Council's medium term financial plan.

LCC continue to consume increased levels of data storage, consequently this is higher than the budgeted usage resulting in a potential overspend of £0.110m.

The forecast cost of Microsoft licenses has reduced since quarter two which reflects a lower than expected and budgeted increase in the level of licenses needed.

The level of underspend due to staffing vacancies as the service continues to face challenges to recruit and retain IMT professionals in a competitive market is now expected to be £0.388m (up from £0.316m).

Other minor variances total a small overspend of £0.157m.

**Organisational Support (£0.515m underspend)**

**Business Support are forecasting an underspend of £0.380m.**

The level of underspend in the service has continued to increase over the remainder of the year to support achievement of the £0.966m Business Support Review savings target.

The projected underspend is due to a combination of factors including the removal of post and costs on an ongoing basis as vacancies arise or service changes are implemented, combined with a freeze on recruitment until January 2023 whilst staff are leaving the service.

Whilst turnover remains above target at 10% it is anticipated that, with the recent pay increase applied to base salaries, business support roles will become more competitive at attracting new starters and reducing the volume of leavers.

HR are forecasting an underspend of £0.135m due to staffing vacancies and general efficiencies.

**Transformation (£0.012m overspend)**

The service is broadly on target to budget.

There may be an opportunity to draw down funds from the Transformation reserve, however there is further work required with Data Services to review other commitments against this.

# Corporate Services

Financial Position 1<sup>st</sup> April – 31<sup>st</sup>  
December 2022

Corporate Services is forecasting a 2022-23 spend of £2.968m against a budget of £3.125m, forecasting an underspend of £0.157m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Corporate Services	3.125	2.968	(0.157)	(0.022)
<b>Corporate Services</b>	<b>3.125</b>	<b>2.968</b>	<b>(0.157)</b>	<b>(0.022)</b>

The underspend reflects staffing vacancies within the service.

# Schools

## Financial Position 1<sup>st</sup> April – 31<sup>st</sup> December 2022

The Dedicated Schools Budget are forecasting a 2022/23 net spend (less of grant funding) of (£19.140m) against a net budget of (£19.769m). This is a forecast underspend of £0.629m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Schools Block	153.292	153.290	(0.002)	0.004
High Needs Block	97.441	97.423	(0.018)	0.378
Central School Services Block	3.132	3.132	(0.000)	0.000
Early Years Block	41.768	41.160	(0.609)	(0.609)
Dedicated Schools Grant	(284.548)	(284.548)	0.000	(0.000)
Schools Budget (Other Funding)	8.685	8.685	(0.000)	(0.000)
<b>Schools</b>	<b>19.769</b>	<b>19.140</b>	<b>(0.629)</b>	<b>(0.226)</b>

### High Needs Block

- The Alternative Provision (AP) free school place funding has underspent by £1.630m. This is a temporary underspend following Department for Education confirmation that funding is only being recouped from the Local Authority for 89 places for this financial year.
- Non-Maintained Schools placements and independent mainstream placements are overall forecasting an overspend (£2.395m or 16.4%). This is a £0.848m increase from that reported in quarter 2 and is due to increased demand for those pupils with more complex needs, along with insufficient places within Lincolnshire special schools. The Building Communities of Specialist Provision Strategy is delivering an increase in the number of places within Lincolnshire to support the forecast trajectory of growth.
- Top-up and targeted payments to mainstream schools for Lincolnshire children and young people with Education and Health Care (EHC) plans are forecasting an overspend (£2.313m or 8.7%). This is a £0.713m increase from that reported in quarter 2 and is, once again, due to increased demand. 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.

- These recent overspends have been partly offset by uncommitted funds within the High Needs Block (£3.578m).
- Work on the supplementary funding allocated to special schools (for unforeseen costs) has now been completed. The total cost of this was £1.202m, which is built within the reported financial position.
- Further financial variances include Social, Emotional and Mental Health Placements which is now expected to underspend, after being on target in quarter 2 (£0.196m or 12.1%) and the continued overspend on Pilgrim Home Tutoring (£0.163m or 37.51%), based on the previous year's activity.

#### Early Years Block

- The Early Years participation budgets are forecast to underspend by £0.500m (or 1.3%). The underspend is against the forecast Early Years budget allocation. The DfE will update the September 2022 to March 2023 allocation in July 2023 to take account of the latest January 2023 census data. Funding is allocated to providers and schools based on the actual participation of the Government's early years entitlement. This is a volatile and demand-led budget, therefore the forecast is still to be treated with caution. Further underspends are expected on centrally held budgets including staffing £0.109m (or 2.5%).

# Other Budgets

Financial Position 1<sup>st</sup> April – 31<sup>st</sup>  
December 2022

Other Budgets is currently forecasting a £95.434m spend, against a £97.100m budget, forecasting an underspend of £1.666m.

	Annual Budget	Forecast Outturn	Forecast Variance	Variance Change Q2 To Q3
	£m	£m	£m	£m
Contingency	1.312	1.312	0.000	0.000
Capital Financing Charges	73.124	73.124	0.000	0.000
Other Budgets	22.663	20.998	(1.666)	(0.262)
<b>Other Budgets</b>	<b>97.100</b>	<b>95.434</b>	<b>(1.666)</b>	<b>(0.262)</b>

## Contingency

It is expected that the contingency budget is likely to be required in full this year to cover inflationary impacts as well as potential pay awards above the level budgeted for. Therefore, it is assumed at this stage that the budget will be spent in full.

## Capital Financing Charges

Capital financing charges is forecast to underspend by £8.086m this year. This comprises a forecast underspend on interest payable on loans and on the minimum revenue provision (MRP) of £3.786m in total, and a forecast surplus of investment income of £4.300m. The underspend on interest and MRP has arisen due to slippage in the 2021/22 capital programme, and because no borrowing has been taken so far in the current year. The surplus on investment income has arisen because of the increase in investment interest rates this year, triggered by the increase in the bank base rate. This forecast underspend is likely to be used to fund a Voluntary Revenue Provision charge, which can be used subsequently to reduce the impact of capital financing charges in future years. The underspend is therefore not reflected in the table above, nor in the Council's overall position at quarter 3.

## Other Budgets

The remaining budget areas within Other Budgets are forecast to underspend in total by £1.666m in the current year. The main variances within this are:

- Insurance is forecast to underspend by £1.014m because our budget assumption was that premium increases would be higher than they were for the current year. In addition, our average 3-year claim history has reduced.
- Pension Liabilities are forecast to underspend by £0.427m mainly because the budget has not been reduced to allow for attrition over the past two years. This will not be a saving for 2023/24 as next years' pension amounts will be increased by inflation which is currently high, and this is likely to more than offset any attrition saving next year.
- ESPO dividend is forecast to underspend by £0.192m as the dividend income for 2022/23 has been received and is 25% higher than what we originally budgeted for.
- Property disposal costs is forecast to underspend by £0.030m due to anticipated increases in costs relating to rates, utilities and grounds maintenance have not materialised.



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## Earmarked Reserves Position and Forecast Spend 2022/23 (all figures in £)

Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
Childrens Services								
Young People in Lincolnshire	This reserve came from the liquidation of the former Connexions company's including a share of the Co-op distribution (£35,750), which is to be spent on young people of Lincolnshire. DLT have agreed to the commitment for NEET for two dedicated posts for 12 months initially (by responding to the impact of the pandemic), designed to focus on employment options and to assist care leavers future outcomes.	-151,219	76,292	76,292	76,292	76,292	0	
Families Working Together Reserve	The purpose of the Grant is to enable Local Authorities to deliver the Government's Troubled Families Programme, which is around working with complex families at an Early Help stage to facilitate and sustain a range of outcomes. There is also a requirement to 'transform services' across partnerships based upon learning from the Programme. This is a Payment by Results Grant. The conditions are set in a detailed Financial Framework.	-599,275	0	197,000	197,000	291,197	94,197	Changes identified during review of reserves not previously updated
Youth Offending Service Reserve	The reserve was set aside for two key eventualities. The first was to support remand costs to youth secure accommodation of CYP, and as such treated as 'looked after'. Many of these remand events cannot be predicted and relate to complex and high profile cases that generate costs sometimes running into hundreds of thousands of pounds. Secondly, the reserves have also been held to offset the potential impact of grant reductions by the Youth Justice Board and the Lincolnshire PCC. The service staffing model is fully supported by the grants and any change would necessitate a review and have a potential impact upon service delivery. The Youth Justice grant is always a delayed settlement sometimes into April & May and this leaves no scope for financial planning or contingency.	-200,299	0	0	0	0	0	
Lincolnshire Music Service Reserve	This is a reserve that was set up shortly after the Music Service became a fully traded service (i.e. the base budget was fully recovered from the service). It is intended that the Music Service use this reserve to cover any changes to income levels, planned or ad hoc spending priorities.	-419,687	50,000	50,000	234,500	234,500	0	Drawing of the reserve to support service recovery following the pandemic to return to activity levels seen prior to the pandemic.

Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
S77 School Projects	Section 77 of the Schools Standards monies that has to be spent on playing fields related replacement work (earmarked for the primary St Christopher's special schools site (2022/23).	-400,780	400,780	400,780	400,780	400,780	0	
<b>Subtotal Childrens Services</b>		<b>-1,847,552</b>	<b>527,072</b>	<b>724,072</b>	<b>908,572</b>	<b>1,002,769</b>	<b>94,197</b>	
<b>Corporate Services</b>								
Community Engagement Reserve	Provides financial support to community based initiatives	-58,524	0	0	0	0	0	
<b>Subtotal Corporate Services</b>		<b>-58,524</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Other Budgets</b>								
Insurances - Earmarked Reserve	To cover unknown future insurance claims. As claims are received this will be transferred to the insurance provision. It may also be increased following actuarial assessment.	-6,775,061	1,000,000	1,000,000	1,000,000	1,000,000	0	
Financial Volatility Reserve	This reserve will support future budget deficits, to allow time for savings to be implemented to balance the budget over the longer term. The planned use of reserve is based on MTFP as at January 2022 i.e. no requirement to be used to balance the 2022/23 budget.	-46,922,262	0	0	0	0	0	
Coronavirus Recovery Reserve	This reserve was created at the end of the 2020/21 financial year to help support on-going covid costs in future years.	-2,304,000	0	2,304,000	2,304,000	2,304,000	0	Budget approval by Council in February 2022 including approving using this reserve to balance the 2022/23 revenue budget
Development Fund	Allocated to various revenue and capital schemes and separately reported	-23,451,202	8,355,574	11,756,000	16,318,000	16,318,000	0	
Energy from Waste Plant Lifecycle replacement Reserve	Amounts are added to this reserve annually from the revenue budget to allow for future replacement of assets. Amounts are drawn down to fund asset replacements in year	-4,720,982	750,000	750,000	750,000	750,000	0	
Business Rates Volatility Reserve	This reserve was created from a BR Collection Fund surplus in a previous year. It will be used to cover collection fund deficits e.g. due to rates appeals as and when they arise	-6,151,613	0	0	0	0	0	

Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
Reserves Requiring Council Approval September	To hold carry forwards from previous year pending Council approval of proposals to use these carry forwards. Approval takes place at Council meeting in September each year. After this the carry forwards are disaggregated into the appropriate reserves.	-12,670,171	0	0	0	0	0	Council approved use of carry forwards in September 2022 and this balance will be disaggregated.
<b>Subtotal Other Budgets</b>		<b>-102,995,291</b>	<b>10,105,574</b>	<b>15,810,000</b>	<b>20,372,000</b>	<b>20,372,000</b>	<b>0</b>	
<b>Place</b>								
Museum Exhibits - Earmarked Reserve	Reserve for the purchase of Museum Exhibits in future years. Any budget under/over spends are transferred at year end.	-133,356	0	0	0	0	0	
Growth Reserve	Used for one-off service development and improvement projects in Economic Development.	-1,147,923	0	922,000	922,000	922,000	0	
Carbon Management Reserve	Revolving fund to facilitate the installation of energy saving measures in LCC buildings and maintained schools.	-35,668	0	0	0	35,688	35,688	Used to fund PV panels at County farm
Flood & Water Risk Management	Utilised for risk to the capital programme and unplanned costs associated with the implementation of Waterways Development Plan.	-199,999	0	0	0	0	0	
Civil Parking Enforcement Reserve	Statutory reserve to manage surplus on parking enforcement activity for reinvestment in future parking initiatives.	-88,406	0	0	0	0	0	
Cultural Services Reserve	Reserve made up of unspent bequests and contributions given to make purchases for collection in accordance with the Collections, Acquisitions and Disposals Policy.	-295,438	172,600	172,600	172,600	172,600	0	
Traffic Management Reserve	Reserve to manage surplus on traffic permitting activity to help smooth seasonal peaks and troughs.	-1,290,408	50,000	50,000	50,000	230,000	180,000	Potential draw down required to balance parking & permitting as forecast expenditure exceeds income
Lincoln Cultural Quarter Earmarked Reserve	To fund future remedial works in Lincoln Cultural Quarter.	-175,731	0	0	0	155,963	155,963	Expenditure incurred in year.
Support to Businesses	This reserve is for the implementation of schemes to support Lincolnshire Businesses including Business Recovery Fund Grants, Digital Voucher Scheme, Rural Business Grant Scheme and Invest for the Future.	-3,302,586	0	0	996,716	996,716	0	

Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
<b>Subtotal Place</b>		<b>-6,669,515</b>	<b>222,600</b>	<b>1,144,600</b>	<b>2,141,316</b>	<b>2,512,967</b>	<b>371,651</b>	
<b>Resources</b>								
Procurement Reserve	Used to fund 8 FTE in the Commercial Team - 3 G10 FTE in People, 5 FTE from G12 to G6 in Infrastructure. Will consume reserve until it reaches zero. Assumptions on 'Use of Reserves' tab.	-1,244,646	394,230	394,230	394,230	285,380	-108,850	Impact of pay award on staff related use of reserves
CSSC Transformation Including BW Rebuild and Development	To support transformation costs regarding the Corporate Support Service Contract review and Business World development project.	-1,957,481	1,292,690	1,292,690	1,292,690	1,292,690	0	
Property Management Reserve	This is required for further legal advice for the proposed Billingham housing development	-24,508	0	0	0	0	0	
Legal Earmarked Reserve	The build up of historic surplus following distribution to partners. The LCC surplus target was increased for 20/21 in line with the previous performance and therefore excess surpluses are unlikely to be material, if any, into the future. Any deficits, should there be any, will be funded from this reserve.	-811,256	0	0	0	0	0	
Community Safety Reserve	This allocation is made up of historic partner contributions to support the cost of Domestic Homicide Reviews. The timing of requirement is demand driven and cannot be quantified on an annual basis.	-49,814	0	0	0	0	0	
Purchase of Employee Leave Scheme Reserve	This reserve was created from the income received from the purchase of annual leave by staff with the intention of reinvesting this providing employee benefits and supporting corporate initiatives for the benefit of employees. The service now has an income target of £180k pa and this reserve will increase/ decrease depending upon employee take up against this target and plans to support initiatives against the criteria above.	-305,046	50,500	50,500	50,500	0	-50,500	Income levels have exceeded target so not required

Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
Elections Reserve	There is an annual £300k budget to fund elections. In a non-election year the underspend is transferred to this reserve, and then the reserve is used in an election year to cover the costs.	0	0	0	0	0	0	
<b>Subtotal Resources</b>		<b>-4,392,751</b>	<b>1,737,420</b>	<b>1,737,420</b>	<b>1,737,420</b>	<b>1,578,070</b>	<b>-159,350</b>	
<b>Schools</b>								
Schools Sickness Insurance Scheme - Earmarked Reserve	This an insurance fund operated on behalf of the Local Authority Finance team for maintained and academy schools. The scheme allows schools to buy into a level of sickness cover. Claims do vary from year to year, therefore having a suitable level of reserve (which the closing balance is considered to be) enables this to be managed without the need to significantly change the premiums.	-772,933	0	0	0	272,932	272,932	Expected use of reserves due to increased sickness (covid, flu, Strep A etc)
<b>Subtotal Schools</b>		<b>-772,933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,932</b>	<b>272,932</b>	
<b>Total Earmarked Reserves</b>		<b>-116,660,274</b>	<b>12,592,666</b>	<b>19,416,092</b>	<b>25,159,308</b>	<b>25,738,738</b>	<b>579,430</b>	
Reserve	Purpose of Reserve	Closing Balance 31/03/22	Forecast Spend 2022/23 as at Jan 22	Forecast Spend 2022/23 as at Jun 22	Forecast Spend 2022/23 as at Sept 22	Forecast Spend 2022/23 as at Dec 22	Change in Forecast 2022/23	Commentary
<b>Subtotal Adult Care and Community Wellbeing</b>		<b>-65,374,378</b>	<b>14,869,297</b>	<b>16,234,136</b>	<b>17,074,964</b>	<b>13,136,100</b>	<b>-3,938,864</b>	
<b>Subtotal Childrens Services</b>		<b>-9,834,005</b>	<b>1,793,598</b>	<b>1,793,598</b>	<b>1,793,598</b>	<b>3,706,896</b>	<b>1,913,298</b>	
<b>Subtotal Corporate Services</b>		<b>-212,872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Subtotal Fire and Rescue</b>		<b>-384,024</b>	<b>116,673</b>	<b>116,673</b>	<b>116,673</b>	<b>116,673</b>	<b>0</b>	
<b>Subtotal Other Budgets</b>		<b>-1,627,524</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Subtotal Place</b>		<b>-14,121,682</b>	<b>1,680,000</b>	<b>4,680,000</b>	<b>5,680,899</b>	<b>7,184,057</b>	<b>1,503,158</b>	
<b>Subtotal Schools</b>		<b>-8,892,955</b>	<b>115,260</b>	<b>115,260</b>	<b>8,892,955</b>	<b>8,735,616</b>	<b>-157,339</b>	
<b>Total Revenue Grants</b>		<b>-101,053,029</b>	<b>18,623,328</b>	<b>22,988,167</b>	<b>33,607,589</b>	<b>32,927,842</b>	<b>-679,747</b>	

Reserve	Purpose of Reserve	Closing	Forecast	Forecast	Forecast	Forecast	Change in	Commentary
		Balance	Spend	Spend	Spend	Spend		
		31/03/22	2022/23 as	2022/23 as	2022/23 as	2022/23 as	Forecast	
			at Jan 22	at Jun 22	at Sept 22	at Dec 22	2022/23	
Subtotal Childrens Services		-16,967	0	0	0	0	0	
Subtotal Schools		-26,536,330	2,117,196	2,117,196	0	16,524,111	16,524,111	
<b>Total Schools</b>		<b>-26,553,297</b>	<b>2,117,196</b>	<b>2,117,196</b>	<b>0</b>	<b>16,524,111</b>	<b>16,524,111</b>	
<b>Grand Total - all earmarked reserves</b>		<b>-244,266,601</b>	<b>33,333,190</b>	<b>44,521,455</b>	<b>58,766,897</b>	<b>75,190,691</b>	<b>16,423,794</b>	

## Monitoring of Development Fund Initiatives 2022/23

Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/22 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2022/23 £000's	Future Years £000's	
<b>REVENUE</b>						
Place - Environment	Green Masterplan	350	72	165	113	<p><b>Green Masterplan approved, GMP Website developed, Lincolnshire Carbon Tool developed, Zero Carbon Castle</b> project commenced to examine how a zero carbon tourist attraction can be developed. Ongoing process of conversion of street lights to <b>LED lamps</b> funded through the Salix Fund.</p> <p>A carbon dioxide emission baseline for the whole economy in the county highlighted challenges around decarbonising transport, businesses and local communities. Projects have been developed to address these areas. On engaging with local communities, we have worked with 30 local <b>schools</b> on an <b>Environmental Engagement Programme</b> – this led to the creation of an artwork, which toured around the county over summer 2022. The <b>Zero Carbon Parishes</b> project has produced a carbon footprint for every parish in the county and 12 parishes have come forward to develop carbon reduction plans based around small scale environmental projects. Example projects include a bike maintenance project in Holbeach, energy efficiency in Heighington and solar panels in Nettleham.</p> <p>The GMP is supporting the Council's <b>Tree Planting Programme</b>. We secured £169k of funding from the Forestry Commission which planted 16,000 trees in February 2022. This is being followed up with another tree planting programme for winter 2022/23. We have identified around 20 larger, privately owned sites for tree planting schemes.</p> <p>We are funding a report from the <b>Energy Catapult</b>, which looks at the opportunities in the Central Lincolnshire Local Plan area to incorporate renewables into buildings and the size of the potential resource.</p> <p>Following on from the new Local Transport Plan, we are working on a project to look at options to decarbonise freight deliveries. The GMP funding is supporting work to look at the installation of <b>Electric Vehicle Charging Points</b> at hospitality businesses on the coast and we are working to develop a wider support scheme to help small and medium businesses with reducing their energy bills.</p>
Place - Communities	Anaerobic digestion Facilities - Business Case Viability	150	75	57	18	<p>The Environment Act 2021 will place statutory responsibility on Waste Disposal Authorities such as LCC for the separate disposal of food waste. The specific requirements of the Act are still awaited but all indications are that separate weekly food waste collections will be a priority, which is likely to necessitate significant investment in the county's waste infrastructure.</p> <p>A 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.</p>



Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/22 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2022/23 £000's	Future Years £000's	
<b>REVENUE contd.</b>						
Place - Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	589	854	1,270	This funding is being utilised to supplement the Advance Design Block budget to accelerate development of Traffic Models, Transport Strategies and Feasibility Studies while still investing the previous level of revenue funding into developing detailed designs for highway based projects and capital funding bids to third parties (e.g. DfT, DLUHC, etc). In addition, it has enabled the development of a pipeline of Economic Infrastructure schemes to bid against emerging government, LCC and other funding opportunities. Some 25 Transport Strategies, Models, Feasibilities and Highway Designs are currently being progressed, overseen by the Capital Programme Steering Group. In 2020/21 and 2021/22, 7 Economic Infrastructure feasibility studies were completed, and 4 are currently in delivery.
Place -Highways	Traffic signals - Wireless communications	5	0	5	0	Small revenue element for ducting surveys on-track with maintenance duties to be carried out in 2022/2023.
Place -Highways	Drainage Investigation and Flood Repairs	200	165	33	2	Revenue cost is for technical staff to undertake investigations. A full update on the overall project is provided in the Capital section below.
Fire and Rescue	Research study - LFR prevention work	10	8	0	0	This project is now complete. Although the expected start date of the evaluation was initially delayed by Covid, close liaison with the University of Lincoln allowed the team to develop alternative methods for collecting data to support the study. The period of data collection was reduced to ensure progress and discussions held to ensure the outcomes as outlined in the scoping document were met. The project was delivered within budget and the £2k funding remaining is no longer required.
Resources - Transformation	Business Process re-engineering	280	259	21	0	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).

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/22 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2022/23 £000's	Future Years £000's	
<b>REVENUE contd.</b>						
Resources - Transformation	Transformation Programme	7,384	0	2,861	4,523	The Transformation Programme was set up to develop a strong vision, identity and brand for the Council, put customers at the centre, enable the Council to become an employer of choice and support Lincolnshire County Council (LCC) in being more flexible and agile with a culture that promotes ownership and accountability. Initially built around three core delivery workstreams (people, communities and processes), the programme has initiated and driven a range of transformation activity, delivering impact for the people and place of Lincolnshire. The achievements and impact of the programme are regularly reviewed by the Overview and Scrutiny Management Board. The latest report can be viewed at: <a href="https://lincolnshire.moderngov.co.uk/documents/s48062/8.0%20Transformation%20Programme%20Update.pdf">https://lincolnshire.moderngov.co.uk/documents/s48062/8.0%20Transformation%20Programme%20Update.pdf</a>
Place - Growth	Broadband - 4G	135	0	0	135	This revenue funding for additional project management resource to enable the capital element of this project has not yet been required. A more detailed update on the overall project is reported in the Capital section below.
		<b>11,227</b>	<b>1,168</b>	<b>3,996</b>	<b>6,061</b>	

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/22 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2022/23 £000's	Future Years £000's	
<b>CAPITAL</b>						
Place - Communities	Education Transport links to School (Route sustainability)	440	0	30	410	<p>The Sustainable Travel Group has been focused on enabling more pupils to walk and cycle to and from school. There were initially, three priority schemes, with work originally planned to commence 2022/23. However, further work is needed to analyse the cost vs benefit of these schemes, alongside other potential schemes. A joint approach between the Sustainability Team and Transport Services Group are now seeking to establish the potential for modal shift. The current priority schemes are:</p> <ul style="list-style-type: none"> <li>•<b>Fishtoft</b> - A project lead has been assigned the work. costs currently being scoped. This is an improvement to an existing suitable walking 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>•<b>Toynton All Saints</b> – There has been an objection to the planned works and the Public Rights of Way (PROW) team now needs to submit a case to the Secretary of State, which will delay progress by more than 12 months. Estimated cost c. £100k. Annual savings estimate £7k.</li> <li>•<b>Greenfields, Grantham</b> – headline cost versus benefit analysis demonstrated that this should not be a priority. As such, this scheme is on hold. The walking route to the school has been deemed unsafe and this will likely have an increase on the cost of educational travel as more pupils will be eligible. However, all transport for this school has been optimised and re-tendered, likely generating a saving on the current costs irrespective of this increase in the number of eligible pupils.</li> </ul> <p>No drawdown of the Development Fund has yet taken place for the scheme. It is expected that the expenditure incurred in 2022/23 will relate to the review needing to be undertaken, which will require some of the Development funding currently identified as capital, re-allocating to revenue.</p>
Place - Highways	Traffic signals - Wireless communications	80	80	0	0	<p>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 have been changed for these additional regions to allow the contractor to test the wireless links and complete the project.</p>
Place - Highways	Community Maintenance Gangs	3,981	3,981	0	0	<p>The 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.</p>

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/22 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2022/23 £000's	Future Years £000's	
<b>CAPITAL contd.</b>						
Place - Highways	Drainage Investigation and Flood Repairs	3,444	1,207	1,786	451	Schemes totalling £700k were commissioned in 2020/21 with an in-year spend of £646k. A further £561k was spent in 2021/22 and the remaining budget from the original funding allocation will be spent in 2022/23 on schemes in Scothern and Kirton. In addition, to allow for the delivery of these two schemes, c.£992,650 from the additional £1.444m allocation, approved as part of the 2022/23 Budget, will be utilised. The remaining c.£451,350 will then be spent in 2023/24 to deliver a programme of approx 33 localised schemes/works packages. Our contractors, Balfour Beatty, have 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	10,000	0	Expenditure of £1.7m was incurred during 2021/22 on patching sites in preparation for the surface dressing 2022/23 programme, reactive patching to deal with pothole clusters, additional maintenance drainage gangs for jetting and CCTV and ironwork adjustments across various sites in the county. The remaining £8.3m is committed to a programme of work on residential and terraced streets and a village road improvement programme, to be completed in 2022/23. In total, £10m has now been drawn down from the Development Fund in the 2022/23 financial year.
Fire and Rescue	Flood Management Pumps	116	116	0	0	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 undertaken at Holbeach & Alford stations however other stations have necessary training to mobilise if required. Project now complete.
ACCW - Public Protection - Trading Standards	replacement Trading standards Metrology equipment	50	0	50	0	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.
Place - Growth	Broadband - 4G	800	0	0	800	Delivery of the overall Broadband project is currently progressing in line with the revised contractual milestones, having experienced some delays due to Covid and the worldwide shortage of semi-conductors that affected equipment availability. The need for funding 4G development as a means of providing wider, mobile broadband access is now being overtaken by progress in both 4G and 5G in urban centres and improvements to rural areas being funded by the Building Digital UK (BDUK) £1bn Shared Rural Network programme. Following the conclusion of the latest BDUK Open Market Review the need for the interventions originally proposed by this project was reviewed and it is likely that the use of 4G is no longer necessary although there are other pressures within the service which require funding.
		<b>18,911</b>	<b>5,384</b>	<b>11,866</b>	<b>1,661</b>	
		<b>30,138</b>	<b>6,552</b>	<b>15,862</b>	<b>7,723</b>	

## Budget Virements October - December 2022

Revenue

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Executive Director Place	Place - Communities	Transfer 2021/22 underspend budget from Executive Director Place to Assistant Director Communities to fund the Edge Contract - Transformation Consultants	Executive Director of Place	0.376m

Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Highways	Integrated Transport Budget	Target Change to move unspent budget from Corringham Road/Riseholme/Holdingham and Rugby Club back to Integrated Transport	Head of Highways Infrastructure and Laboratory Services	0.459m
Integrated Transport Budget	Other Highways & Transportation	Target Change from Integrated Transport to Other Highways and Transportation	Head of Highways Infrastructure and Laboratory Services	0.280m
Performance	New	Fire & Rescue capital budget	Strategic	0.278m

Reporting Equipment	Developments Capital Contingency Fund	- to give back to contingency	Finance Lead - Place	
Fire & Rescue - PPE	New Developments Capital Contingency Fund	Fire & Rescue capital budget - to give back to contingency	Strategic Finance Lead - Place	0.518m

Revenue to Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
(Revenue) Highways	Capital Financing	To move Executive approved budget given to fund capitalised maintenance	Executive Director of Resources	12.360m
(Capital) Capital Funding	Highways Asset Protection			