

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

Report to:	Executive
Date:	04 July 2023
Subject:	Review of Financial Performance 2022/23
Decision Reference:	I029559
Key decision?	Yes

Summary:

This report:

- describes the Council's financial performance in 2022/23 and reports on the underspends of £12.749m on Council budgets and £17.076m on Schools budgets;
- identifies and explains variances from the Council's revenue and capital budgets;
- makes proposals on the carry forward of over and under spends into the current financial year 2023/24; and
- reports Prudential and Financial Performance Indicators for 2022/23.

Recommendation(s):

That the Executive:

1. Notes the carry forwards and transfers to reserves set out in paragraphs 1.53 and 1.54 of this report, which are made in line with the Council's Financial Regulations,
2. Recommends to the County Council that
 - (a) the overspends under 1% in Place (£0.170m) and Fire and Rescue (£0.028m) are not carried forward but instead funded from the underspend above 1%; and
 - (b) that the proposals in paragraphs 1.55 and 1.56 and Table E, relating to the treatment of the underspend remaining after the carry forwards referred to in recommendation 1 and the funding of overspend referred to in recommendation 2(a), be approved,
3. Notes the transfers to and from reserves carried out in 2022/23 as set out in Table G,

4. Notes the financial performance in 2022/23 as set out in Table B (Key Financial Performance Measures), Table C (Revenue Budget Final Outturn), Table D (Net Capital Programme Summary Outturn) and Appendix D (Prudential Indicators),
5. Approves the use of the £8.7m transferred to the development fund as part of the 2023/24 budget setting process generally for the purposes as set out in paragraph 1.45.

Alternatives Considered:

1. This report describes the actual position for the 2022/23 financial year and is factual in content and follows current Council policy. No alternatives are being considered in relation to this aspect.

In relation to the treatment of underspends as set out at the bottom of Table E, there are a number of different ways these could be used. The Council's financial resilience is already supported by General Reserves and by the Financial Volatility earmarked reserve, which together are considered sufficient to help the Council withstand future financial shocks.

It is proposed that the residual underspend of £10.045m be allocated to the Development Fund which will then be available to support investment in emergent Council priorities.

Reasons for Recommendation:

Financial governance requires that the Executive reviews the financial performance of each year. This report facilitates this.

The treatment of underspends and overspends are considered appropriate and prudent for supporting the Council's future budgets.

1. Background

- 1.1 The Council set its spending plans for 2022/23 within a challenging operating context, which included the continuation of uncertainty around 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 the financial plan for the year the Council 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 of 4.99%, which incorporated 3% for adult social care.

- 1.2 It is important to recognise that the change to the rate of inflation during 2022/23 amounts to a material change of circumstances to which the Council has had to react. In September 2021, the period when many of the financial planning assumptions for 2022/23 were fixed, the rate of consumer price inflation was 3.1%. By February 2022, the month when the Council set its budget for 2022/23, the rate had doubled to 6.2%. By October 2022, the rate had peaked at 11.1% which is the highest level ever recorded.
- 1.3 This has had a lasting impact on the cost base, with inflationary pressures being higher than initially planned for within service budgets. In addition, the pay award was agreed at a level in excess of the budgeted assumption. The Council reflected the emerging and increasing risk of higher inflation during the late stages of the 2022/23 financial planning process, and increased the corporate contingency to £6.500m in direct response to the excessive inflationary increases around our supplies and services costs and utility costs. In addition, and as part of continued prudent financial management, the Council allocated a further £2.392m to help deal with wider inflationary pressures. Together, these measures have enabled the Council to more-than withstand inflationary pressures during 2022/23.

Annual Revenue Spending and Funding

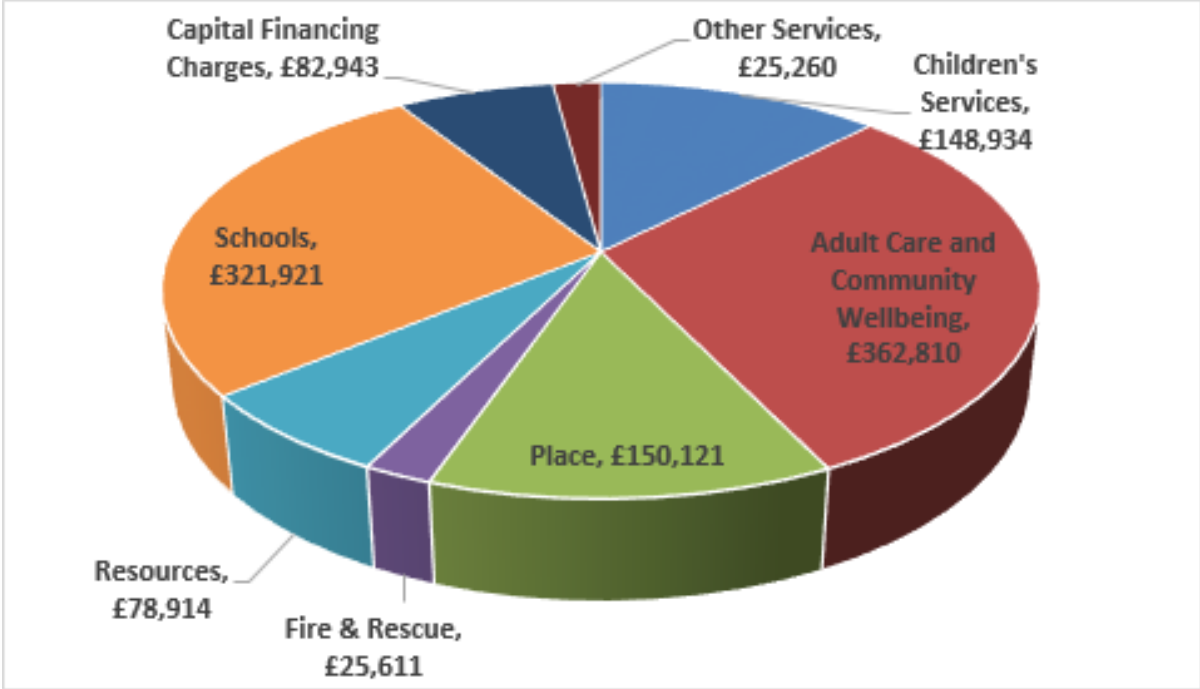
- 1.4 The Council spent £1,196m in 2022/23 on providing public services. This equated to approximately £1,555 for every person in Lincolnshire.
- 1.5 The Council's budget has had to accommodate a number of cost pressures, amounting to £53.609m in budgetary terms. These included:
- Pay inflation
 - Pressures associated with the increase in the national living wage
 - growth in the number of children in care
 - demographic growth
 - inflation affecting adult social care services (homecare, direct payments, community-based services, residential placements etc)
 - Wider inflationary pressures (e.g. energy)
 - Increased cost arising from the introduction of the health and social care national insurance levy, which has since been reversed
 - Increased cost of capital financing
 - Increased cost of education transport, reflecting activity and price increases

- 1.6 To help ensure the cost base remains sustainable, the Council planned and implemented a range of efficiency savings and leveraged additional income from service user contributions, totalling £9.543m. These included:
- Agile working
 - The continued roll-out of separated waste paper and card collections
 - The review of Executive and Management Support arrangements and the continued implementation of the revised printing strategy
 - Smarter working
 - Cloud technology
 - Home to school transformation programme
 - Maximising independence within adult social care
- 1.7 When the Council set its budget for 2022/23, it was for one year only because of continued longer-term funding uncertainty. This partly reflects the longer-term national financing position, which is heavily influenced by changes in national spending and taxation receipts, and how this relates to the size of the economy. It's important to note that all three of these elements have been materially impacted by the current economic landscape. Longer-term funding uncertainty also reflects the Government plans to implement two key funding reforms – the review of relative needs and resources, and increased business rates retention – which have since been deferred again with no certainty on when or if they will be introduced.
- 1.8 Despite the significant change in economic circumstances and consequential increase in cost and demand for services, the Council has achieved an overall underspend of £12.749m. This has been aided by the £3.500m increase to the revenue contingency as well as the £2.392m additional contingency allocation during the 2021/22 financial outturn process. Without these interventions, the Council would have underspent by £5.879m. Excluding the receipt of additional funding considered later in this report, the Council would have reported a modest overspend.
- 1.9 In addition, schools collectively underspent by £17.076m which is broadly similar to the £17.241m of maintained schools brought forward balances from prior years and the 2022/23 financial performance. These amounts will be carried forward automatically for schools to use in 2023/24).
- 1.10 As a result of continuous sound financial management across the Council – enabled by the provision of high quality and well run services – the Council has achieved a favourable financial outturn position despite the economic environment. This

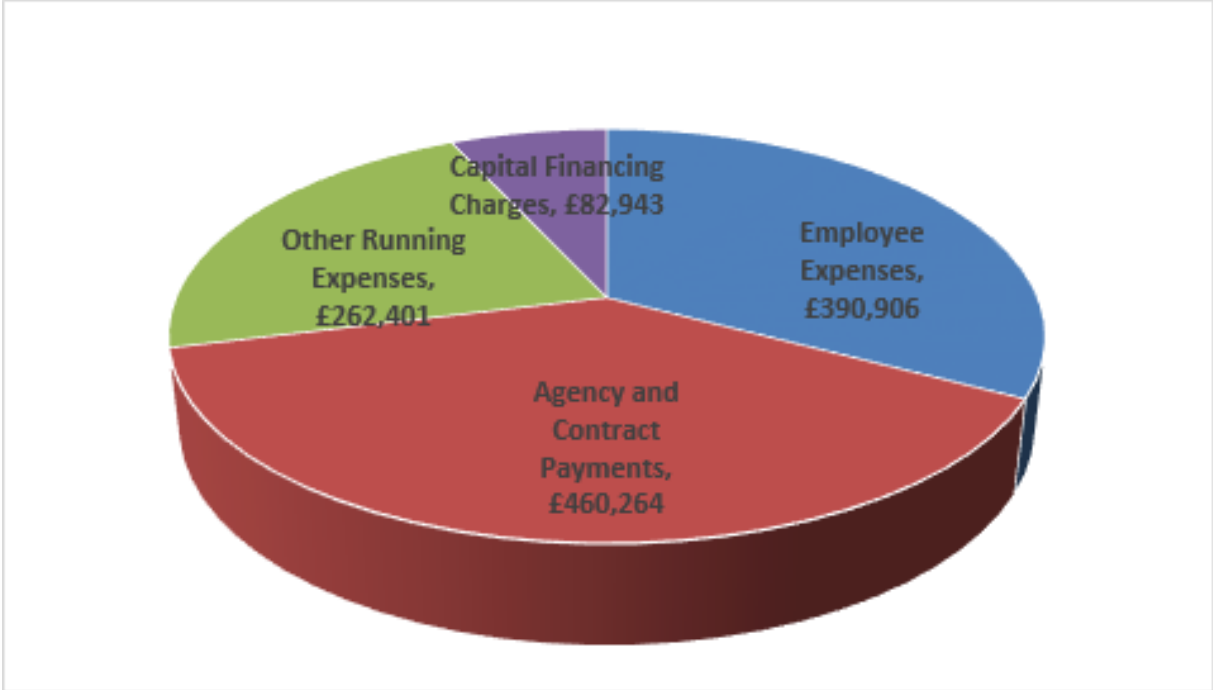
means the Council continues to have a solid platform to navigate the continuous financial challenges and future risk.

1.11 The Council's annual spending on providing public services is set out in the charts below and analyses expenditure both by type of service provided and by type of expenditure.

Gross Expenditure Service Analysis 2022/23 £1,196,514 (£000's)

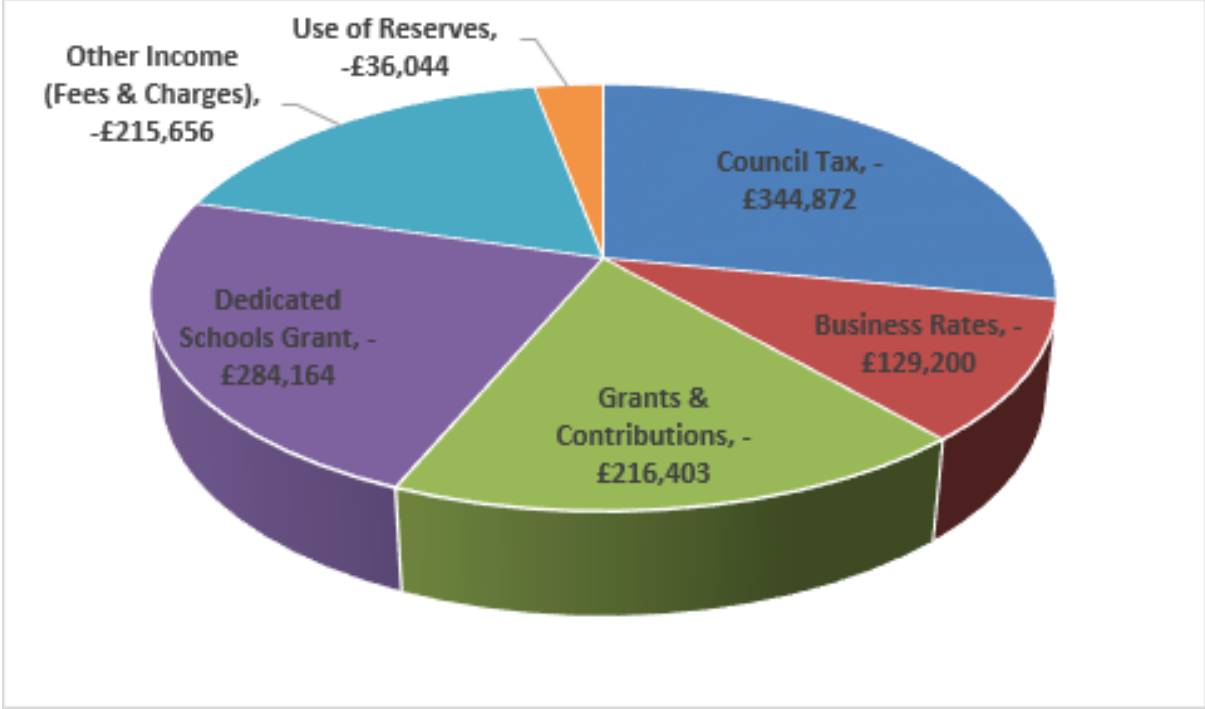


Gross Expenditure Subjective Analysis 2022/23 £1,196,514 (£000's)



The Council’s revenue spending was funded by:

Sources of Income Analysis 2022/23 £1,196,514 (£000's)



1.12 In 2022/23, Council Tax was increased by 4.99%, which included an additional 3% adult social care precept. Furthermore, the collective taxbase set by the Lincolnshire

District Council's in 2022/23 reflected a 2.05% increase in the number of band D equivalent properties in Lincolnshire compared to 2021/22. This in total generated additional income for the Council of £15.901m. The Council Tax collection funds in Lincolnshire also generated an overall surplus in 2022/23, a further £3.167m for the County Council.

1.13 The Council expected and planned to generate £122.595m income from business rates, comprising:

- Top up grant funding from Government (£91.302m)
- Income collected from businesses in Lincolnshire (£19.526m)
- Section 31 grant funding, including multiplier cap funding (£16.358m)
- Gain from pooling (£1.800m)
- The Council's planned share of the collection fund deficit (£6.392m)

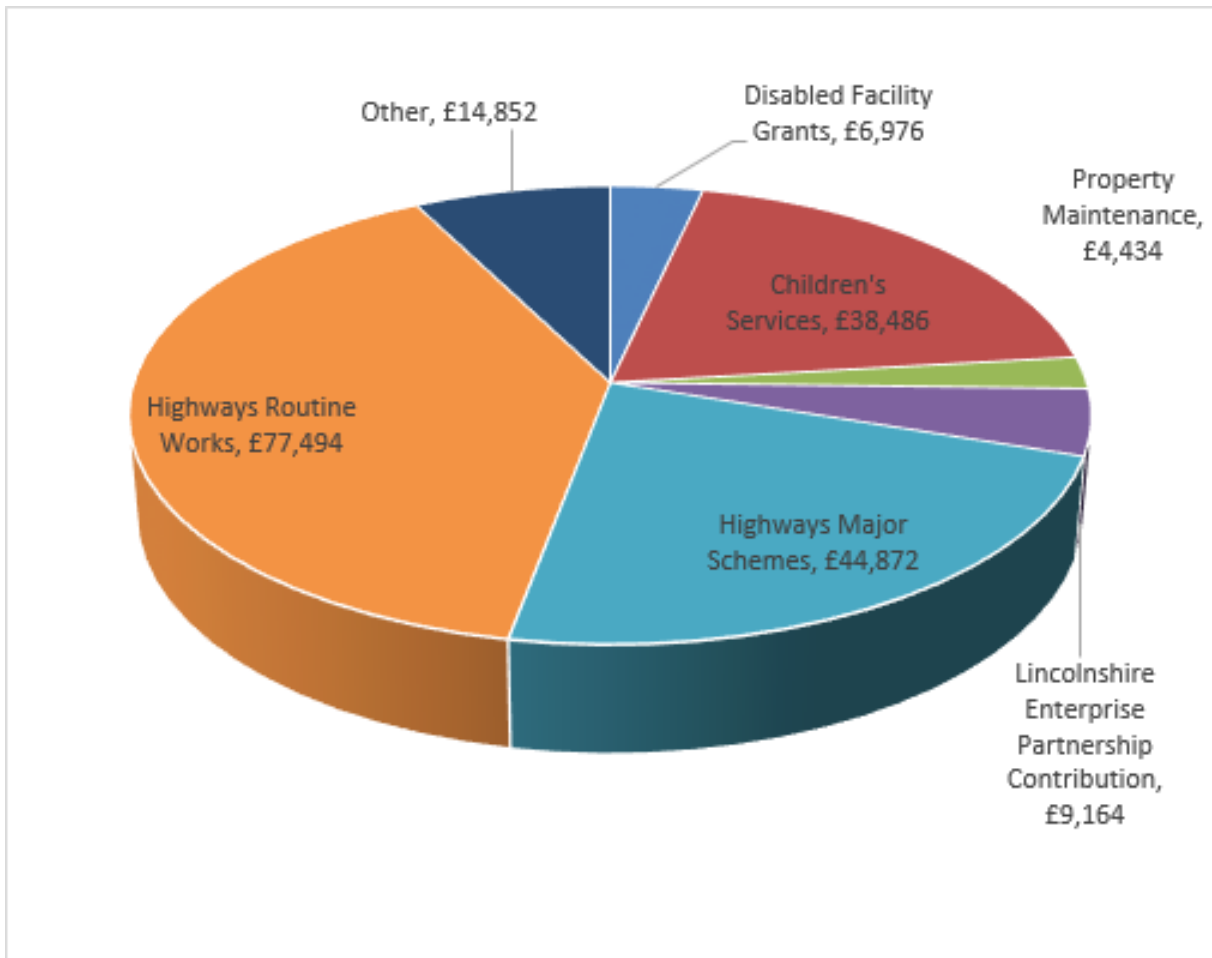
Actual income from business rates during 2022/23 amounted to £129.200m, an improvement of £6.605m. The majority of the difference relates to additional section 31 grant funding being received in respect of the expanded retail discount scheme announced in March 2021, after the 2021/22 taxbase had been set.

1.14 The Council received a Revenue Support Grant (RSG) of £21.220m in 2022/23. In addition, a number of specific government grants were received in the year, the most significant of these being £284.164m Dedicated Schools Grant, which is used for funding education, £54.302m Better Care Fund Grant which is used for adult social care, and £34.847m Public Health Grant.

Capital Spending and Funding

1.15 The Council invested £196.279m on the County's major assets, in particular on road schemes and schools. The net capital spend was £101.566m, which was £49.819m less than planned. The main reasons for this position are shown in the section below on Capital Programme Outturn. The following pie chart sets out the spending on major investment projects by service area:

Gross Expenditure on Major Investment Projects 2022/23 £196,279 (£000's)



Other includes: Children's services non-school schemes, waste, flood defences, fire and rescue vehicles and equipment.

1.16 During 2022/23 the Council planned to invest £247.666m gross on capital and £151.386m net after grants and contributions. The major assets which have been progressed during the year are:

- Completion of the new, short break Children's Home facility on the St Francis Special School site.
- New builds, expansion and remodelling work in other Lincolnshire special schools through the Building Communities of Specialist Provision Strategy, which will deliver over 500 additional special school places and access to all complex needs provision upon completion of the strategy.
- Continuing construction of the Grantham Southern Relief Road scheme.
- Continuing construction of the Spalding Western Relief Road (section 5) scheme.
- Expanded facilities for businesses as the Market Deeping Eventus centre and at the South Lincolnshire Food Enterprise Zone.
- A programme of works to address condition issues of school buildings

1.17 The Council has utilised grants from central government and other bodies of £97.232m in the year to fund: road maintenance and building work, the provision of additional school places, addressing the condition of school buildings, the provision of broadband in the community and the provision of grants for adaptations in the homes of disabled people. The amount of capital grants and contributions actually used to fund the capital programme this year includes grants and contributions from previous years and is shown in the table below, which summarises how the capital programme has been financed in 2022/23:

TABLE A - Capital Financing 2022/23

Sources of Capital Financing 2022/23	£'000
Revenue Contributions	16,063
Use of Reserves	18,843
Grants and Contributions	97,232
Capital Receipts	4,332
Borrowing	59,809
Total	196,279

1.18 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. The total cost of these capital financing charges for 2022/23 amounted to 4.58% of total income, however when the voluntary revenue provision (VRP) charge is included this total charge was 5.69% of total income.

The Council's Financial Health and Performance Measures

1.19 The County 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 2022/23 is shown in **TABLE B**.

TABLE B – Key Financial Health and Performance Measures

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2022/23 Estimate	2022/23 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	N/A	N/A
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.16%	5.67%
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 0.27%	Weighted Benchmark 0.26%

1.20 The revenue budget outturn for 2022/23 is summarised below:

- a) Total service spending, excluding schools, was underspent by £4.043m or 0.9%.
- b) There was an underspend of £1.336m on other budgets or 1.3%.
- c) The Council received £7.370m (or 1.4%) more general funding income than originally budgeted for

This gives the Council (excluding schools) an overall underspend of £12.749m.

1.21 In addition, there was an underspend of £17.076m relating to the Dedicated Schools Grant. Of this underspend, £17.214m relates to maintained schools' balances from the prior year, and the remainder relates to the 2022/23 financial performance. The Dedicated Schools Grant is a ring-fenced amount and will be automatically carried forward to use in 2023/24.

The revenue outturn position for 2022/23 is shown in TABLE C:

TABLE C – Revenue Budget Final Outturn 2022/23

	Revised Net Revenue Budget	Net Expenditure	Year End Variance	Actual Variance
	£m	£m	£m	%
SERVICE DELIVERY				
Children's Social Care	83.423	82.885	(0.538)	(0.6)
Children's Education	13.369	12.412	(0.957)	(7.2)
Children's Services	96.792	95.297	(1.494)	(1.5)
Adult Frailty & Long Term Conditions	127.147	127.797	0.651	0.5
Adult Specialities	94.728	94.689	(0.039)	(0.0)
Public Health and Community Wellbeing	19.864	18.445	(1.419)	(7.1)
Public Health Grant Income	(34.847)	(34.847)	0.000	0.0
Better Care Funding	(54.336)	(54.303)	0.033	(0.1)
Public Protection	4.220	4.278	0.059	1.4
Adult Care and Community Wellbeing	156.774	156.059	(0.715)	(0.5)
Communities	87.153	86.988	(0.165)	(0.2)
Lincolnshire Local Enterprise Partnership	0.507	0.544	0.037	7.3
Growth	2.361	2.324	(0.037)	(1.6)
Highways	26.543	26.878	0.335	1.3
Place	116.563	116.733	0.170	0.1
Fire & Rescue	23.552	23.580	0.028	0.1
Fire and Rescue	23.552	23.580	0.028	0.1
Corporate Property	13.759	14.210	0.451	3.3
Commercial	8.844	8.469	(0.375)	(4.2)
Finance	8.300	7.503	(0.798)	(9.6)
Information Management Technology	15.609	15.677	0.068	0.4
Governance Services	2.036	1.981	(0.055)	(2.7)
Organisational Support	16.524	15.431	(1.093)	(6.6)
Transformation	7.631	7.611	(0.020)	(0.3)
Resources	72.703	70.882	(1.821)	(2.5)
Corporate Services	3.125	2.914	(0.211)	(6.8)
Corporate Services	3.125	2.914	(0.211)	(6.8)
TOTAL SERVICE DELIVERY	469.509	465.465	(4.043)	(0.9)
OTHER BUDGETS				
Contingency	0.000	0.000	0.000	0.0
Capital Financing Charges	76.563	76.563	(0.000)	(0.0)
Other	22.663	21.328	(1.336)	(5.9)
TOTAL OTHER BUDGETS	99.227	97.891	(1.336)	(1.3)
TOTAL NET EXPENDITURE (EXC SCHOOLS)	568.735	563.356	(5.379)	(0.9)
MOVEMENT OF RESERVES				
Transfer to/from Earmarked Reserves	(8.132)	(8.132)	0.000	0.0
Contribution to/from School Reserves	(15.183)	(15.183)	0.000	0.0
Contribution to Development Fund	(12.729)	(12.729)	0.000	0.0
Transfer to/from General Reserves	0.000	0.000	0.000	0.0
TOTAL MOVEMENT OF RESERVES	(36.044)	(36.044)	0.000	0.0
MET FROM:				
Business Rates Local Retention	(122.595)	(129.200)	(6.605)	5.4
Revenue Support Grant	(21.220)	(21.220)	(0.000)	0.0
Other Non Specific Grants	(56.324)	(57.088)	(0.765)	1.4
County Precept	(344.872)	(344.872)	(0.000)	0.0
TOTAL MET FROM	(545.010)	(552.380)	(7.370)	1.4
TOTAL (EXCLUDING SCHOOLS)	(12.319)	(25.068)	(12.749)	
SCHOOL BUDGETS				
Schools Block	153.433	140.910	(12.523)	(8.2)
High Needs Block	98.223	94.762	(3.462)	(3.5)
Central School Services Block	3.132	3.013	(0.119)	(3.8)
Early Years Block	41.384	40.412	(0.973)	(2.4)
Dedicated Schools Grant	(284.164)	(284.164)	0.000	(0.0)
Schools Budget (Other Funding)	0.311	0.311	(0.000)	(0.0)
TOTAL SCHOOLS BUDGETS	12.319	(4.757)	(17.076)	(138.6)
TOTAL (INCLUDING SCHOOLS)	0.000	(29.825)	(29.825)	

Children's Services – underspend of £1.494m

- 1.22 In the year, there were overspends on known areas of social care legal costs due to the complexity of cases, and additional costs in transporting children and families for family time. These overspends were more than offset by underspends across Children's Services including the utilisation of grant funding; staffing underspends across county-wide services of 0-19 health and early help services, and the fostering and adoption service. More details on variances in this area are reported in Appendix A.

Adult Care and Community Wellbeing – underspend of £0.715m

- 1.23 ACCW experienced a higher than planned increase in demand for residential care during 2022-23. An additional 150 people were placed in residential care following a needs assessment. The overall number of placements remains lower than before Covid-19. Other volume-based services within Public Health and Wellbeing services delivered under budget. This performance coupled with the continued maximisation of grant income received resulted in the overall underspend for ACCW.

Place – overspend of £0.170m

- 1.24 Place ended the year with an overspend of just £0.170m (0.1%) against a budget of £116.563m. Significantly more passengers were eligible for educational travel provision than was budgeted, this, combined with wider market impacts including national living wage rises, inflationary challenges, a national drivers' shortage and rising fuel prices were mitigated by cost avoidance delivered by the ongoing transformational programme, savings in public transport and an allocation from the corporate contingency fund. Higher than budgeted income from electricity generated at the Energy from Waste plant and staffing vacancies also contributed to the overall underspend reported for Communities. Increased energy costs were not as large as forecast and were largely offset by savings in street lighting maintenance, however, high levels of inflation experienced in the construction sector and the demand led nature of winter maintenance resulted in an overspend in Highways. More details on variances in this area are reported in Appendix A.

Fire and Rescue – overspend of £0.028m

- 1.25 Fire and Rescue also ended the year with a 0.1% (£0.028m) variance. The Home Office grant to support the FireLink communication platform is being phased-out over the next five years and resulted in the service receiving £0.065m less grant

income to provide control services during the year, but during the same period the cost of the service increased by £0.038m. Most of this was offset by savings in payroll costs due to vacancies. An overspend caused by fuel inflation, compounded by an increase in the number of incidents was funded from corporate contingency and the previously forecast cost pressure for wholetime Fire Fighter recruitment and training was absorbed within the overall training budget. More details on variances in this area are reported in Appendix A.

Resources – underspend of £1.821m

1.26 Since the budget was set, the directorate has incorporated commercial elements of the Council to bring all professional services together. It was reported during the financial year that an overall underspend had been forecast. The main contributing factors to the outturn position are as follows:

- The 2023/24 budget approved savings in respect of the cost of business support functions. The reality is that the service started to work towards achievement of this during 2022/23, and therefore the cost reduced at a faster pace than originally assumed.
- There were other vacancy savings reflected across the directorate. This has impacts for the workforce and outputs, and in recent months there has been significant attempts to reduce the number of vacancies.
- There were lower volumes within externally provided services (e.g. customer services) than had been budgeted.
- Energy inflation was a pressure throughout the year, however the pressure was lower than initially expected in part due to the energy support scheme.

More details on variances in this area are reported in Appendix A.

Corporate Services – underspend of £0.211m

1.27 This underspend is primarily attributable to staff vacancies. More details on variances in this area are reported in Appendix A.

Other Budgets – underspend of £1.336m

1.28 The cost of capital financing during the year was underspent due to slippage on the capital programme in both 2021/22 and in 2022/23. In line with the Council's policy on minimum revenue provision, the Council has made a voluntary revenue provision using the underspend on capital financing charges, which has resulted in no overall variance against the budget. There was a residual balance within pay related

contingencies, in part due to the reversal of the health and social care levy, and there were underspends on insurance, the redundancy budget and pension enhancements. More details on variances in this area are reported in Appendix A.

Dedicated Schools Grant – underspend of £17.076m

- 1.29 This underspend mainly relates to the school's delegated budgets for maintained schools (£13.787m). This includes the brought forward balances from prior years and the 2022/23 financial performance and other school-related funding streams. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24. The financial position on the Dedicated School Grant blocks (excluding school balances) is an underspend of £3.289m, which is reported in in Appendix A.

Council's General Funding – £7.370m income than budgeted

- 1.30 The Council's general funding was higher than the revenue budget approved at full Council in February 2022. The most significant reasons for this increase in funding were as follows:

- Business rates – additional section 31 grant funding (£5.311m)
The majority of the over-achievement of income relates to the expanded retail discount scheme, which was announced in March 2021 after submission of the 2021/22 NNDR1 forms. As a result of the additional business rate relief, the collectable amount from businesses gave rise to a collection fund deficit which had been budgeted for. The Government compensated Council's for this through additional section 31 grant funding, which had not been planned for within the funding base. This has prompted a change to the approach to business rates forecasting to support the Council's financial planning aspirations.
- Business rates – pooling with districts (£1.294m)
The Council assumed that it's gain from pooling would amount to £1.8m, however the actual gain was higher. This is an inherently volatile area of funding which is difficult to predict. That said, the current forecasting approach is being reviewed as part of the financial services continuous improvement programme.
- Additional grant income (£0.764m)
The Council received more income than expected from the extended rights to free travel grant (£0.602m) in addition to additional independent living

fund grant (£0.117m). It is important to note that while the grant is accounted for within funding, the cost offsets are held within services.

Capital Programme Outturn

1.31 The capital outturn for 2022/23 is summarised below:

- Net capital expenditure was £101.566m; and
- This was £49.819m or 33% less than planned.

1.32 TABLE D shows the summary of the year end position against the budget funded by the Council. Appendix Bi provides further detailed information on projects and schemes highlighted in this report. The reasons for significant capital budget over or underspends are explained in the following paragraphs and in more detail in Appendix Bii.

TABLE D – Capital Programme Summary Outturn 2022/23

	Gross Programme			Net Programme		
	Actuals £'000	Revised budget £'000	Gross Outturn Variance £'000	Actuals £'000	Revised budget £'000	Net Outturn Variance £'000
Adult Care & Community Wellbeing	7,270	8,294	(1,024)	293	1,317	(1,024)
Children's Services	38,863	39,926	(1,063)	13,777	14,840	(1,063)
Place	143,202	168,402	(25,200)	81,568	106,769	(25,200)
Fire and Rescue	636	1,566	(930)	546	1,476	(930)
Resources	6,308	9,575	(3,267)	6,290	9,557	(3,267)
Other Programmes	0	19,903	(19,903)	-908	17,427	(18,335)
	196,279	247,666	(51,387)	101,566	151,386	(49,819)

1.33 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. Where a scheme/project is known to be exhibiting a material variance to its spending profile this will be described in the narrative associated with that service area.

1.34 Schemes can receive funding from both the County Council and from external bodies (through grants and contributions). The timing of this external funding may also have an impact on the spending profile of schemes annually within the capital programme. All underspends and overspends on the capital programme are automatically carried forward to the next financial year.

Children's Services - £1.063m under net budget

- 1.35 Children's Services spent £38.863m on capital expenditure in 2022/23. The main areas of capital spend have been the Building Communities of Specialist Provision Strategy supporting individual special school schemes £25.476m; the provision of school places £4.909m; the replacement of end-of-life building components in schools £3.595m and the building of new Children's Homes £2.220m. The programme is mostly funded by capital grants and contributions.
- 1.36 The Children's Services capital schemes have been forecast to be broadly on target during the year. The majority of the underspend (£0.876m) relates to Building Communities of Specialist Provision Strategy where delays have been experienced due to procurement challenges which have caused some minor slippage in the project. The complexity and magnitude of this particular project should not be understated and it has been impacted by unprecedented supply chain issues affecting major construction schemes. Inflation caused by economic and market conditions has been managed by increased grant funding and the overall cost of the project will continue to be closely monitored. As this is the most significant project in Children's Services, a summary of the position is shown in Appendix A.

Adult Care and Community Wellbeing (AC&CW) - £1.024 under net budget

- 1.37 AC&CW passed through £6.976m of disabled facility grants to District Councils to enable essential housing adaptations to help disabled people live independently and safely in their own homes.

Place - £25.200m under net budget

- 1.38 The in-year underspend arises from delays to projects but expenditure is expected to be in line with budget over their full life. The most significant variance in the year was a £19.000m underspend on the Grantham Southern Relief Road scheme due to the poor ground conditions requiring the re-design of a bridge which has delayed the project. The Lincoln Eastern Bypass scheme is fundamentally complete, with a budget remaining to deal with any land compensation claims as and when they arise. The unpredictable nature of these claims resulted in an underspend for the year of £2.596m which will be carried-forward. During the year feasibility, design and enabling works were also undertaken on the A16 corridor schemes funded by the Levelling Up Fund. The receipt of funding in advance for the subsequent construction works caused an underspend of £2.595m which will be carried-forward. The Highways Asset Protection block budget overspent in year by £11.571m as the relatively mild weather enabled the programme to be delivered in

full, incorporating increases in contract and materials prices. This overspend will be carried forward to 2023/24 and managed within next year’s budget and has been offset in the current year by a number of smaller underspends on various schemes and block budgets. More details on all of these schemes are included in Appendix Bi.

Fire and Rescue - £0.930m under net budget

1.39 Delays in the delivery of equipment resulted in Fire and Rescue under spending by £0.930m on capital expenditure in the year. This underspend will be carried forward to 2023/24 to fund the purchases that are then expected to be delivered.

Resources - £3.267m under net budget

1.40 The Resources Directorate invested £6.3m during 2022/23, with investments primarily relating to maintaining and enhancing the Council’s technology and physical asset base in IT and property. Property maintenance and IT refresh investment accounted for a significant proportion of this spend, with investment in key projects including Grantham Fire and Waddington Training Facility.

New Developments Capital Contingency Fund - £19.903m under net budget

1.41 For 2022/23 the Council set aside £8.570m in a New Developments Capital Contingency Fund for schemes which emerge during the financial year. The movement during the financial year is explained below:

New Developments Capital Contingency	£000's
2022/23 Original Budget	8,570
Carry Forward from 2021/22	11,661
Distribution to approved schemes	(2,374)
Transfers back to contingency	2,046
To be carried forward to 2023/24	19,903

1.42 There have been a series of adjustments, incorporating:

- The carry forward of unspent and unallocated budget from 2021/22
- Funding distributions for approved schemes in year, including for Waddington Training Centre, Grantham Fire Stations works and Lincolnshire secure children’s home.

- Some funding reallocations back to the contingency, reflecting situations whereby the initial scope has since changed and will need to go back through the approval process.

1.43 Capital investment is a key enabler of successful delivery of the objectives set out in the Corporate plan. It can also drive forward service objectives. The uncertain financial environment beyond 2024/25 impacts the Council's ability to determine appropriate capital investment affordability limits over the long-term. Despite this, there remains a requirement to identify capital investment need so that the capital programme contains all necessary schemes, and to the right financial level. The Council also needs to capture intelligence on other investment opportunities which may not meet the definition of need, but may lead to other potential benefits which need to be captured.

Development Fund

1.44 The Development Fund is used to support investment across a range of Council priority areas. This ensures dedicated investment in key areas like transformation and infrastructure, encompassing both revenue and capital elements. An update on the development fund can be seen in Appendix C.

1.45 During the budget setting process for 2023/24, the Council identified £8.7m of reserve balances which were re-allocated to the development fund following a comprehensive review of earmarked reserves. It is proposed that this be utilised to support investment in local highways schemes (£7m), highways lines and signage works (£1m) as well as investment in a series of smaller schemes incorporating minor infrastructure works, skills development and public rights of way. Where any specific expenditure proposals require formal decision-making they will go through the appropriate constitutional procedures.

1.46 The residual 2022/23 outturn underspend is proposed to be allocated to the development fund, with usage to be determined according to prioritisation in accordance with the Council plan.

Financial Resilience

1.47 A further iteration of the local authority Financial Resilience Index was published by the Chartered Institute of Public Finance and Accountancy (CIPFA) during the year. This is a measure of councils' ability to withstand unexpected financial shocks. The updated index once again demonstrates a positive position for the Council. This reflects a relatively high level of reserves, and it must be noted that the areas which

are considered to be higher risk by CIPFA through the formulaic process (e.g. ratio of fees and charges to net revenue expenditure) are not considered to represent a threat to the Council's financial resilience.

- 1.48 In addition, the Council commissioned an external and independent assessment of its financial management arrangements against the standards published by CIPFA. This review has confirmed that the Council is operating in line with the requirements across all the criteria regarding the substance of the arrangements and the spirit in which they are intended. The review also identified areas of good practice and confirmed our own assessment of areas for continued improvement, which will be implemented over the next period.
- 1.49 The Council remains generally in a sound financial position relative to many other councils over the short term. This is because of continued sound financial management, the provision of well led services and adequate earmarked reserves to support the continued volatility of funding, emerging cost pressures and demand on our services. The Council constantly monitors its longer-term financial position and the medium-term Financial Strategy includes a Medium-Term Financial Plan (MTFP) which forecasts the Council's financial position over four years to March 2027. Inflationary, and other cost increases in the capital programmes, may impact on how much can be delivered or the speed of delivery. Future years of the plan consider known cost pressures, planned savings and use of reserves to produce a balanced budget. The MTFP predicts a budget shortfall and modest use of reserves over the period of the MTFP.

Prudential indicators

- 1.50 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.
- 1.51 In complying with the Code, the indicators for 2022/23 were approved by the Council on 18 February 2022 along with the budget and council tax for that year. In accordance with the Code, the Executive Director has been monitoring 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. Appendix D provides details of this comparison for 2022/23. It shows that Prudential Indicators

have not been exceeded during the year and there have been no breach of limits set by the Authority.

Flexible Use of Capital Receipts

- 1.52 For 2022/23, the Council opted not to utilise the flexibility to use capital receipts to fund revenue transformation projects in the year. Instead capital receipts in 2022/23 have been used to fund capital schemes within the capital programme.

Carry forward of over and underspends

- 1.53 The Council's policy as set out in its Financial Regulations is:

All under and overspends on service revenue budgets of up to 1% will be carried forward without exception. In 2022/23, the net service underspend was £4.0m. Of this underspend, £2.4m is eligible to be carried forward. In respect of service carry forwards, planned usage and implementation in 2023/24 will be determined by the Executive Director in conjunction with portfolio holders.

There are modest overspends below 1% of budget within Place (£0.170m) and Fire & Rescue (£0.028m), which are attributable to increased cost as a result of high levels of inflation considered elsewhere within this report. It is proposed that rather than the minor overspends being carried forward they are funded from underspends over 1% and recommendation 2(a) invites Executive to recommend this to full Council. This is assumed to be the case in Table E (see 1.53).

All under and overspends on the dedicated schools budget will be carried forward. In 2022/23 this net underspend totalled £17.076m.

- 1.54 In addition to the carry forward of up to 1% of budget underspends, there are two reserve transfers for "business as usual" items to note, totalling £0.314m:

- a) Civil parking enforcement and permitting income is ring-fenced for spending on specific works defined by legislation. This budget underspent by £0.221m in the year.
- b) School sickness insurance income is ring-fenced to the activity it relates to, which presents as a modest £0.093m underspend.

- 1.55 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. Table E below sets out the total underspend, confirms the transfers to reserves as set out above, and a proposal for how the remainder could be allocated.

TABLE E – Allocation of 2022/23 Underspend

	£000's
Total Underspend for 2022/23	-29,825
Amount to transfer to Schools reserves	17,076
Council Underspend for 2022/23 (excluding Schools)	-12,749
<u>Service Net Underspends up to 1% Carried Forward</u>	
- Adult Care and Community Wellbeing	663
- Children's Services	968
- Place	0
- Fire and Rescue	0
- Resources	727
- Corporate Services	31
	2,390
<u>Business As Usual Ringfenced items</u>	
- School Sickness Insurance	93
- Civil Parking Enforcement & Permitting	221
	314
Balance remaining for consideration	-10,045
<u>Proposed Allocation of remaining balance</u>	
- Development Fund	10,045
Total	10,045

- 1.56 As set out in Table E, the residual balance of the underspend is proposed to be allocated to the Development Fund so that it can be made available to support investment in emergent Council priorities.

General Reserve

- 1.57 It is the Council's policy on general reserves that these will be maintained within a range of 2.5% to 3.5% of the annual budget requirement. The General Reserve at 31 March 2023 stands at £16.400m or 3% of the budget requirement (**TABLE F**), and therefore does not need to be adjusted.

TABLE F – General Reserves

GENERAL RESERVES	Balance at 31 March 2023 £'000
Balance at 1 April 2022	16,400
Contribution to / use in year	0
Proposed contribution to / use of reserves	0
Balance as at 31 March 2023	16,400
Balance as a percentage of total budget	3.00%

TABLE G – Transfers to and from Reserves in Year 2022/23

Balance as at 31 March 2022		Restated Balance at 1 April 2022	Additions in Year	Used in Year	Balance at 31 March 2023
£'000		£'000	£'000	£'000	£'000
12,894	Balances from dedicated schools budget	12,894	3,974	(840)	16,028
13,659	Balances for schools under a scheme of delegation	13,659	13,605	(14,144)	13,120
26,553	Total Schools	26,553	17,579	(14,984)	29,148
	Other Earmarked Reserves:				
0	Other Services	4,791	4,782	(7,183)	2,390
13,582	Reserves requiring Council approval in September	8,791	10,359	(8,791)	10,359
6,775	Insurance	6,775	0	0	6,775
773	Schools Sickness Insurance	773	93	0	866
2,056	Shared Services (Legal and Procurement)	2,056	438	(326)	2,168
0	Financial Volatility - Budget Shortfall	0	0	0	0
46,922	Financial Volatility	46,922	0	0	46,922
1,957	CSSC Transformation Including BW Rebuild and Developmer	1,957	0	(1,394)	563
4,721	Energy from Waste Lifecycles	4,721	1,286	(2,130)	3,877
23,451	Development Fund	23,451	5,000	(12,729)	15,722
6,152	Business Rates Volatility Reserve	6,152	0	0	6,152
3,303	Support To Businesses	3,303	0	(841)	2,462
7,956	Other Service Earmarked Reserves	7,956	2,281	(4,663)	5,574
117,648	Total Other Earmarked Reserves	117,648	24,239	(38,057)	103,830
	Revenue Grants and Contributions Unapplied Reserves:				
8,893	Schools	8,893	7,980	(8,737)	8,135
9,687	Childrens Services	9,687	3,353	(1,446)	11,594
64,534	Adult Care and Community Wellbeing	65,140	14,450	(5,373)	74,217
14,122	Place	14,122	1,460	(6,610)	8,972
1,628	Other Budgets	1,628	0	0	1,628
0	Corporate Services	0	0	0	0
818	Resources	212	0	0	212
384	Fire & Rescue	384	0	0	384
100,066	Total Revenue Grants and Contributions Reserves:	100,066	27,243	(22,166)	105,142
244,267	Total	244,267	69,060	(75,207)	238,120

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.

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this report on the Equality Act duty. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to Equality Act obligations as they are taken. This includes decisions on the use of carried forward underspends.

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

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

The JSNA and JHWS have been considered and there is not considered to be any direct impact of the decisions called for by this report on either the JSNA or JHWS. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to the JSNA and JHWS as they are taken. This includes decisions on the use of carried forward underspends.

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.

Section 17 of the Crime and Disorder Act 1998 has been considered and there is not considered to be any direct impact of the decisions called for by this report on the obligations arising from this Act. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to Section 17 of the Crime and Disorder Act 1998 obligations as they are taken. This includes decisions on the use of carried forward underspends.

3. Conclusion

- 3.1 The report provides details of the Council's financial performance for 2022/23. Net revenue spending amounted to £563.356m, excluding Schools Budgets. Net capital spending totalled £101.566m.
- 3.2 Existing policies allow all over and underspends on capital, schools budgets and shared services to be automatically carried forward. The carry forwards and transfers to and from earmarked reserves have been proposed in accordance with existing policy, or highlighted where the proposal is to take a different approach in respect of revenue overspends. General reserves currently stand at £16.400m with a further £46.922m in the Financial Volatility earmarked reserve which remain adequate relative to need.

4. Legal Comments:

Recommendation 1 is compliant with the Council's Financial Regulations.

With regard to recommendation 2(a), the Council's Financial Regulations provide that the use of all overspending on service budgets below 1% will be automatically carried forward. The proposal not to carry forward overspends below 1% in Place and Fire and Rescue must therefore be approved by full Council

With regard to recommendation 2(a) and (b), 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.

Recommendations 3 and 4 enable the Executive 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.

Recommendation 5 relates to the expenditure of monies within the Development Fund which is a decision for the Executive.

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

5. Resource Comments:

This end of year financial performance report confirms that overall spending has been within budget. This continues the Council's record of strong financial management, which supports future financial resilience.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

On 29th June 2023 Overview and Scrutiny Management Board will consider this report on the Review of Financial Performance 2022/23. Comments made by the Board will be tabled at the meeting.

d) Have Risks and Impact Analysis been carried out?

No

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Outturn 2022/23
Appendix Bi	Capital Outturn 2022/23
Appendix Bii	Capital Scheme Outturn Variances (>£0.5m)
Appendix C	Development Fund
Appendix D	Prudential Indicators 2022/23

8. Background Papers

Document title	Where the document can be viewed
Council Budget 2022/23	Council Budget Book 2022-23 (lincolnshire.gov.uk)

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@lincolnshire.gov.uk.

	Revised Net Revenue Budget	Net Expenditure	Year End Variance	Actual Variance
	£m	£m	£m	%
SERVICE DELIVERY				
Children's Social Care	83.423	82.885	(0.538)	(0.6)
Children's Education	13.369	12.412	(0.957)	(7.2)
Children's Services	96.792	95.297	(1.494)	(1.5)
Adult Frailty & Long Term Conditions	127.147	127.797	0.651	0.5
Adult Specialities	94.728	94.689	(0.039)	(0.0)
Public Health and Community Wellbeing	19.864	18.445	(1.419)	(7.1)
Public Health Grant Income	(34.847)	(34.847)	0.000	0.0
Better Care Funding	(54.336)	(54.303)	0.033	(0.1)
Public Protection	4.220	4.278	0.059	1.4
Adult Care and Community Wellbeing	156.774	156.059	(0.715)	(0.5)
Communities	87.153	86.988	(0.165)	(0.2)
Lincolnshire Local Enterprise Partnership	0.507	0.544	0.037	7.3
Growth	2.361	2.324	(0.037)	(1.6)
Highways	26.543	26.878	0.335	1.3
Place	116.563	116.733	0.170	0.1
Fire & Rescue	23.552	23.580	0.028	0.1
Fire and Rescue	23.552	23.580	0.028	0.1
Corporate Property	13.759	14.210	0.451	3.3
Commercial	8.844	8.469	(0.375)	(4.2)
Finance	8.300	7.503	(0.798)	(9.6)
Information Management Technology	15.609	15.677	0.068	0.4
Governance Services	2.036	1.981	(0.055)	(2.7)
Organisational Support	16.524	15.431	(1.093)	(6.6)
Transformation	7.631	7.611	(0.020)	(0.3)
Resources	72.703	70.882	(1.821)	(2.5)
Corporate Services	3.125	2.914	(0.211)	(6.8)
Corporate Services	3.125	2.914	(0.211)	(6.8)
TOTAL SERVICE DELIVERY	469.509	465.465	(4.043)	(0.9)
OTHER BUDGETS				
Contingency	0.000	0.000	0.000	0.0
Capital Financing Charges	76.563	76.563	(0.000)	(0.0)
Other	22.663	21.328	(1.336)	(5.9)
TOTAL OTHER BUDGETS	99.227	97.891	(1.336)	(1.3)
TOTAL NET EXPENDITURE (EXC SCHOOLS)	568.735	563.356	(5.379)	(0.9)
MOVEMENT OF RESERVES				
Transfer to/from Earmarked Reserves	(8.132)	(8.132)	0.000	0.0
Contribution to/from School Reserves	(15.183)	(15.183)	0.000	0.0
Contribution to Development Fund	(12.729)	(12.729)	0.000	0.0
Transfer to/from General Reserves	0.000	0.000	0.000	0.0
TOTAL MOVEMENT OF RESERVES	(36.044)	(36.044)	0.000	0.0
MET FROM:				
Business Rates Local Retention	(122.595)	(129.200)	(6.605)	5.4
Revenue Support Grant	(21.220)	(21.220)	(0.000)	0.0
Other Non Specific Grants	(56.324)	(57.088)	(0.765)	1.4
County Precept	(344.872)	(344.872)	(0.000)	0.0
TOTAL MET FROM	(545.010)	(552.380)	(7.370)	1.4
TOTAL (EXCLUDING SCHOOLS)	(12.319)	(25.068)	(12.749)	
SCHOOL BUDGETS				
Schools Block	153.433	140.910	(12.523)	(8.2)
High Needs Block	98.223	94.762	(3.462)	(3.5)
Central School Services Block	3.132	3.013	(0.119)	(3.8)
Early Years Block	41.384	40.412	(0.973)	(2.4)
Dedicated Schools Grant	(284.164)	(284.164)	0.000	(0.0)
Schools Budget (Other Funding)	0.311	0.311	(0.000)	(0.0)
TOTAL SCHOOLS BUDGETS	12.319	(4.757)	(17.076)	(138.6)
TOTAL (INCLUDING SCHOOLS)	0.000	(29.825)	(29.825)	

Analysis of Revenue Position

1. The revenue outturn position by budget book line is shown in the table on the previous page. This shows that the Council has underspent by £12.749m with a further £17.076m underspent within school budgets. The variance by directorate or budget area is set out in this appendix on the following pages.
2. During the 2022/23 budget setting process, the Council planned to make savings amounting to £4.818m. This forms part of the Council's conscious and constant attempts to ensure an efficient cost base. All savings have been achieved in full, which is also evidenced by the outturn position.
3. The overall position reflects an extremely positive outcome considering the high levels of inflation to which the Council and its residents have been exposed. It confirms that the Council remains in a strong financial position, and is recognition that the Council's well run services continue to lead to positive financial outcomes.
4. The overall underspend gives rise to a series of carry forwards which will be used to continue investment in Council priorities and transformation. This in turn will lead to ongoing positive financial and non-financial benefits.
5. The outturn position also means the Council is able to fully focus on forward financial planning as it starts to prepare the foundations for its 2024/25 budget.

Children's Services

6. Children's Services has spent £95.297m against a budget of £96.792m. This is an underspend of £1.494m.
7. The position for children's education is as follows:
 - The underspend remained within Special Educational Needs & Disabilities of £0.491m (or 6.1%). This related to the Domiciliary Care contract underspend (£0.243m or 52.0%), which has been unable to access care resources and packages of support due to the limited availability within the marketplace. Further underspends in this area relate to staffing vacancies (£0.229m or 4.9%) due to recruitment challenges, and use of the Outbreak Management Grant to support costs on specialist equipment (£0.1m or 0.12%).
 - Other variances have also taken place across the areas of School Improvement services (£0.152m underspend) due to a reduction in the costs in the delivery of the service, and Education Support Services (£0.204m) mainly due to additional income received from schools and parents for services such as free school meals and educational visits (£0.070m), a reduction in legal attendance costs (£0.054m) and the use of government grant funding (£0.055m); along with other smaller variances
8. The position for children's social care is as follows:
 - The overall position for Children's Social Care has seen minimal change since the quarter 3 reporting. Several budgets within this area are demand-led and high risk and whilst there are variances in individual areas, careful management and transformational strategies has meant that this has been contained within the overall envelope of funding.
 - Social care legal costs has been a known cost pressure and continued to be higher than the budget due to the complexity of cases, reliance on expert advice and the use of counsel. However, the final outturn position showed a £1.264m overspend (or 47.5%), a £0.252m reduction in spending. This is mainly due to legal cases being concluded sooner as 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 (£0.584m or 38.7%), which was reported in quarter 3 reporting. Increases experienced in other areas of transport (e.g. Home to School transport) have also been impacted, plus children having extended periods of support to have time with their families and an increased reliance on taxis, have led to the overspend position.
 - The number of Children in Care (CiC) has reduced to 727 at the end of March 2023 compared to 759 reported at the end of December 2022 although this total is not significantly different to the previous year's March number of 731. Whilst the number of

residential placements and costs have remained stable, there has been a £0.595m (or 3.8%) underspend in the Fostering and Adoption Service.

- The 0-19 health service underspent by £0.716m (or 8.4%) which is the same as that reported in quarter 3. This is mainly due to county-wide Health Visitor vacancies which are at a similar level to that experienced in 2022/23 and additional NHS funding relating to the Children's Continence Service. The service continues to encounter recruitment challenges and on-going recruitment remains a key priority for the service.
- Early Help Services underspent by £0.472m (or 6.1%) due to a high number of vacancies for this county-wide service. This reflects the high turnover of staff and the recruitment difficulties that have been experienced in certain locality areas.
- Other variances include the expected Unaccompanied Asylum Seekers grant (£0.423m underspend); additional funding received for Supporting Families as the service achieved their payments by results target (£0.462m) and in order to maximise the Public Health grant allocation, part of the Outbreak Management grant has been used to offset the Healthy Minds delivery within the High Needs Block

Adult Care & Community Wellbeing

9. For the financial year 1 April 2022 – 31 March 2023, ACCW spent £0.715m less than plan. The two key variations from plan include:

- an increasing demand for older people's long term residential care. ACCW provided 150 more people than planned with a residential placement. The number of people within residential care remains lower than before Covid-19.
- volume based services within Public Health delivered under budget, namely health checks and sexual health services.

With the growing demand following hospital discharge, residential care in particular remains a key financial risk going into 2023-24 and a focus of the new Discharge Funding.

Place

10. Place has spent £116.733m against a budget of £116.600m. This is an overspend of £0.133m (0.1%).

Communities

11. Increased demand, continuing inflation and challenging market conditions in the delivery of educational transport to meet statutory and policy requirements led to an overspend of £5.94m.
12. Significantly more passengers were eligible for travel provision than was budgeted, this combined with wider market impacts including national living wage rises, inflationary challenges, a national drivers' shortage and rising fuel prices were 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 all contributed.
13. The overspend on educational transport was further offset by:
 - An allocation from the contingency fund of £2.820m.
 - Short-term savings in Public Transport of £1.698m, with reduced patronage providing savings in concessionary fares and further savings generated by staff vacancies.
 - A £1.637m underspend in Waste Management, resulting from higher than budgeted income from the Energy from Waste plant, despite managing contract pricing pressures.
 - Staffing vacancies and additional income creating underspends in Environmental Services (£0.133m) and Planning Services (£0.117m).

This resulted in an overall underspend in Communities of £0.165m

14. As the high level of direct government support for bus operators put in place during the Covid pandemic is progressively withdrawn, public transport expenditure is likely to come under renewed pressure and the savings are therefore not expected to continue in the current financial year. Similarly, the potential impacts of the Electricity Generator Levy and contract price pressures in waste management make the savings made in 2022/23 unsustainable and consequently provision has been made in the 2023/24 budget for the continuation of budget pressures in educational transport.

Growth

15. The increased utility costs and maintenance demands in the business centres previously forecast were funded by an allocation from the contingency fund, which combined with better than budgeted income levels and savings due to vacancies, enabled Growth to deliver an overall underspend of £0.037m.

Highways

16. The £1.174m overspend forecast at quarter 3 was primarily due to increased energy costs for street lighting. However, increases in energy prices were not as large as forecast and, coupled with savings in street lighting maintenance, resulted in a £0.475m underspend in this area.
17. The exceptionally high levels of inflation being experienced in the construction sector resulted in unprecedented increases in the cost of plant, labour and materials in the highways maintenance contract. The budget for the mobile maintenance teams had a managed overspend of £1.958m. This was mitigated by better-than-expected income levels for Traffic Regulation Orders and Permitting together with a number of staff vacancies.
18. The winter maintenance budget remains a volatile, high-risk area with demand determined by weather conditions resulting in an overspend for the year of £0.574m.
19. The net effect of these variances was an overall overspend of £0.338m for the Highways service.

Fire and Rescue

20. Fire and Rescue has spent £23.580m against a budget of £22.552m, an overspend of £0.028m (0.1%).
21. Fuel (diesel) costs increased by almost 70% over budgeted levels during the year. This inflationary pressure was compounded by a continued increase in the number of incidents causing an overspend of £0.180m, which was funded from corporate contingency. The expected impact of this pressure in 2023/24 and beyond was addressed during the budget setting process.
22. A VAT adjustment for operational response vehicles of £0.077m was highlighted through an audit that encompassed 4 years returns to HMRC that had not included the full VAT liability. This one-off pressure for the back payments was also funded from contingency and future budget assumptions have been amended to include the increased cost.
23. The previously forecast cost pressure for wholetime Fire Fighter recruitment and training that is required to ensure minimum staffing at wholetime stations was absorbed within the overall training budget. The costs for these courses are 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. Savings, particularly in BA training, driver training and on-call courses mitigated the cost for 2022/23.
24. The grant to support the FireLink communication platform is being phased out over the next five years. This resulted in the service receiving £0.065m less grant income to provide control services but 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.
25. Savings in payroll costs due to vacancies largely offset the pressures detailed above, enabling the overspend to be constrained to the reported figure.

Resources and Corporate Services

26. Resources has spent £70.882m against a budget of £72.703m, which is an underspend of £1.821m.

Commercial

27. Commercial services are £0.375m underspent due to a combination of staffing vacancies, the receipt of additional income from adult social care and a reduction in customer service centre volumes when compared to the budgeted expectation. The value of underspend has reduced from Q3 due to different assumptions in respect of reserve utilisation.

Property

28. The cost of energy had been reported as a significant pressure during the financial year, with it being an inherently volatile area to forecast due to price fluctuations and variable activity levels. The outturn cost was lower than had been forecast, but £0.430m higher than budget which reflects increased prices offset partially by support through the Government energy support scheme.

29. The contract cost of the Vinci property contract was in excess of budget due to 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.

30. There are some partially mitigating underspends within property, reflecting additional income from the County Farms estate (£0.140m) and an amalgamation of insurance premiums, staffing vacancies and other minor variations (£0.249m).

Finance

31. The service has underspent due to a combination of three key elements:

- The cost of the Serco contract was £0.320m lower than the budgeted expectation primarily due to the implementation and ongoing costs of moving Adult Social Care payments from being paid net to gross being deferred to during 2023/24.
- There have been vacancy savings within corporate audit and risk management amounting to £0.240m, which reflects recruitment challenges within the service. The service are undertaking additional recruitment exercises during 2023.
- The carry forward from 2021/22 has been used to support transformation across the service, with a residual balance contributing to the overall service underspend.

Information Technology

32. There have been a series of over and underspends across the service which cancel each other out, leaving a minor overall overspend for the service. There have been overspends within the cost of the broadband network (£0.268m), data storage due to a combination of inflation and

higher storage activity than assumed (£0.196m), and other software packages in part due to dual running. These overspends have been offset in the main through vacancy savings, which reflect the recruitment challenges that have been experienced by the service.

Organisational Support

33. As part of the 2023/24 financial planning process, the Council confirmed its intention to progress changes to the business support model to increase efficiency and reduce the cost to the Council. The service took a pro-active approach to achieve these savings, and effectively made the necessary structural changes during 2022/23 to ensure their delivery. This means the overall vacancy rate ended up being in excess of 13%, well in excess of the budget expectation. The 13% vacancy rate incorporated those staff that left the council through voluntary redundancy and a recruitment freeze until early February. In addition, pay award inflation was provided based on a full establishment, exacerbating the staffing based underspend.
34. In addition, human resources achieved an overall underspend which reflects a combination of talent & learning savings, increased advertising revenue and lower job board costs.

Corporate

35. Corporate Services has spent £2.914m against a budget of £3.125m, an underspend of £0.211m which primarily reflects staffing vacancies within the service.

Other Budgets

36. Other Budgets has spent £97.891m spend, against a £99.227m budget, an underspend of £1.336m.
37. The Council increased the contingency budget for 2022/23 to reflect the heightened inflation risk. This has been fully utilised to cover inflationary impacts as well as pay awards above the level budgeted for.
38. Capital financing charges has underspent by £9.168m this year. This comprises of an underspend on interest payable on loans and on the minimum revenue provision (MRP) of £5.667m in total, and a surplus of investment income of £3.501m. The underspend on interest and MRP has arisen due to slippage in the 2022/23 capital programme, and because no borrowing has been required 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 underspend has been used to fund a Voluntary Revenue Provision charge, which can be used subsequently to reduce the impact of capital financing charges in future years; and this has resulted in no overall variance against the budget.
39. The remaining budget areas within Other Budgets have produced an underspend in total by £1.336m in the current year. The main variances within this are:
- Insurance have underspent 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 have underspent by £0.441m 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 has underspent by £0.192m as the dividend income for 2022/23 has been received and is 25% higher than what we originally budgeted for.
 - Apprenticeship Levy has overspent by £0.165m due to a prepayment processed in March 2023 as part of the new BW system cut off deadlines.

Schools

40. The Dedicated Schools Budget have a net spend of (£4.758m) against a net budget of £12.319m. This is an underspend of £17.077m.

Schools Block

41. Schools' delegated budgets for maintained primary and secondary schools have underspent by £11.939m (or 8.0%) at the end of March 2023. This includes the brought forward balances from prior years and the 2022/23 financial performance. This monetary sum represents 164 Lincolnshire mainstream maintained schools. A schools' carry forward policy is in place and monitored by Local Authority officers. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24.
42. De-delegated budgets are funds that are passed back from primary maintained schools' delegated budgets to the Local Authority and used to fund the following services: supporting schools in financial difficulties with school intervention and improvement; support for termination of employment costs, and the Inclusion and Attendance Service. These services underspent by £0.520m (or 54.3%) and will be moved to the primary maintained schools earmarked reserve for 2023/24.
43. Other smaller variances have occurred on central budgets within the Schools block, the largest of which relates to Admissions and Exclusions (£0.048m).

Central School Services Block

44. Part of the overall £0.119m underspend on the Central School Services block relates to formulaic funding received from central Government for ongoing responsibilities for maintained schools and academies (£0.084m). The remaining underspend relates to historical budgets of PFI funding and Broadband costs (£0.035m). The Government is reducing these budget allocations of Local Authorities annually by 20% to remove the perceived unfairness in funding across authorities. The budgets had been set prudently to respond to this future funding implication.

Early Years Block

45. Schools' delegated budgets for maintained nursery schools have underspent by £0.123m. This includes the brought forward balances from prior years and the 2022/23 financial performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24. Early Years pupil premium underspends (£0.050m) across maintained nursery schools and classes will be automatically carried forward into the new financial year.
46. The financial position on the Early Years block is an underspend of £0.800m if nursery schools carry forwards are excluded.

47. An underspend on the Early Years participation budgets of £0.401m (or 1.2%) which is a £0.180m reduction in the underspend reported in quarter 3 (£0.580m). This is a volatile, demand-led budget relating to participation numbers and hours. Funding from the Government to Local Authorities has now reverted to being based on January census data following a change in funding mechanisms during the pandemic.
48. An underspend in the 2-year-old provision of £0.320m (or 6.8%) has occurred due to a reduction in pupil participation levels after the census dates of Local Authority funding.
49. Other variances include an underspend on central staffing budgets of £0.076m (or 3.1%) mainly due to a reduction in demand for allocations from the Disability Access Fund of £0.081m (or 34.1%) plus other smaller variances.

High Needs Block

50. Schools' delegated budgets for maintained special schools have underspent by £1.155m (or 14.8%). This includes the brought forward balances from prior years and the 2022/23 financial performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24.
51. The financial position on the High Needs block is an underspend of £2.307m.
52. The Alternative Provision (AP) free school place funding has underspent by £1.630m. This is a temporary underspend following Department for Education (DfE) confirmation that funding is only being recouped from the Local Authority for 89 places for this financial year.
53. There has been an underspend on post-16 Learners with Learning Difficulties and Disabilities (LLDD). The service has underspent by £0.436m (or 12.7%) due to colleges only claiming element 2 and 3 high needs where required, in accordance with the DfE guidance.
54. There are several demand-led and volatile areas within the High Needs Block which have overspent. One of those areas relates to top up and targeted funding to mainstream schools for Lincolnshire children and young people with Education and Health Care (EHC) plans which has overspent by £2.760m (or 10.4%). This is due, once again, 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.
55. Non-Maintained Schools placements and independent mainstream placements have overspent by £2.185m (or 15.0%), reduction of £0.210m from that previously reported. The overspend is due to increased demand for those pupils with more complex needs, along with insufficient places within Lincolnshire special schools. This is being addressed through the Building Communities of Specialist Provision Strategy by delivering an increase in the number of places within Lincolnshire special schools to support the forecast trajectory of growth.

56. These two areas of overspend have been partly offset by uncommitted funds within the High Needs Block (£4.110m). Local Authorities 2022/23 High Needs block funding was increased in recognition of these challenges and inflationary increases. £1.202m of this additional funding was provided to Lincolnshire special schools.
57. The apportionment of costs for the Healthy Minds contract costs met by Outbreak Management grant (£0.860m) to support the utilisation of Council grants.
58. Other variances include overspends on Home Tuition (£0.188m) and Pilgrim Home Tutoring (£0.146m), and an underspend on Social Emotional and Mental Health placements (SEMH) (£0.517m).

Net Expenditure Position 2022/23 Capital Blocks (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	(5.286)	(5.215)	(0.071)
⊕ Adult Care and Community Wellbeing	0.016	0.545	(0.529)
⊕ Place	48.792	43.984	4.808
⊕ Fire and Rescue	0.546	1.476	(0.930)
⊕ Resources	4.505	7.691	(3.186)
⊕ Other Budgets	(0.908)	17.427	(18.335)
Total	47.665	65.907	(18.243)

Net Expenditure Position 2022/23 Capital Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	19.064	20.055	(0.992)
⊕ Adult Care and Community Wellbeing	0.277	0.772	(0.495)
⊕ Place	32.776	62.785	(30.009)
⊕ Resources	1.785	1.866	(0.081)
Total	53.902	85.478	(31.577)

Net Expenditure Position 2022/23 Capital Blocks and Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	13.777	14.840	(1.063)
⊕ Adult Care and Community Wellbeing	0.293	1.317	(1.024)
⊕ Place	81.568	106.769	(25.200)
⊕ Fire and Rescue	0.546	1.476	(0.930)
⊕ Resources	6.290	9.557	(3.267)
⊕ Other Budgets	(0.908)	17.427	(18.335)
Total	101.566	151.386	(49.819)

Net Expenditure Position Whole Life Capital Projects (Summary)

Directorate	Whole Life Budget £m	Whole Life Forecast £m	Whole Life Variance £m
⊕ Children's Services	28.985	28.401	(0.584)
⊕ Adult Care and Community Wellbeing	7.484	7.483	(0.000)
⊕ Place	370.082	375.263	5.180
⊕ Resources	20.805	20.630	(0.175)
Total	427.356	431.777	4.421

Net Expenditure Position 2022/23 Capital Blocks (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
Children's Services	(5.286)	(5.215)	(0.071)
Connect the Classroom	(0.022)	(0.029)	0.007
Devolved Capital	(2.005)	(2.005)	(0.000)
Digital Education Platform Grant	0.000	0.000	0.000
Early Years and Childcare	(0.007)	(0.007)	(0.000)
Foster Care	0.159	0.228	(0.070)
Full Fibre Broadband Capital	0.242	0.242	0.000
Lincolnshire Secure Unit	0.000	0.000	0.000
Other Children's Social care	0.007	0.016	(0.009)
Provision of School Places (Basic Need)	(2.368)	(2.368)	0.000
Schools Access Improvements	0.026	0.026	(0.000)
Schools Maintenance Programme	(1.319)	(1.319)	(0.000)
Adult Care and Community Wellbeing	0.016	0.545	(0.529)
Adult Care	0.016	0.500	(0.484)
Better Care Fund	0.000	(0.000)	0.000
Registration Celebratory & Coroners Services		0.020	(0.020)
Safer Communities		0.025	(0.025)
Place	48.792	43.984	4.808
A16/A1073 Spalding to Eye Road Improvement	0.008		0.008
A18 Safer Road Fund	0.007		0.007
A46 Roundabouts	0.000	0.019	(0.019)
Boston Development Schemes	(0.041)	0.550	(0.591)
Countryside Rights of Way	0.003	0.048	(0.045)
Drainage Investigation and Flood Repairs	0.890	0.890	0.000
Economic Development- Business Unit Development	0.905	1.096	(0.191)
Energy Efficiency Street Lighting	0.224	0.224	0.000
Energy from Waste	2.130	2.130	0.000
Equipment & Vehicles at Waste Transfer	0.508	0.512	(0.004)
Exec £10m additional funding. B class roads and lower	8.287	8.287	0.000
Fire Supression at Waste Transfer Stations	0.571	0.760	(0.189)
Flood & Water Risk Management	(0.397)	1.109	(1.506)
Highways Asset Protection	21.459	9.888	11.571
Holdingham Roundabout (Sleaford Growth Schemes)	(0.052)	0.091	(0.142)
Integrated Transport	(2.148)	(0.588)	(1.561)
LEP Skills Investment Fund		(0.000)	0.000
Libraries	0.182	0.504	(0.323)
Lincoln Growth Point	0.000	(0.256)	0.256

Lincolnshire Enterprise Partnership	9.164	10.700	(1.536)
Lincolnshire Waterways	0.380	0.236	0.144
Local Flood Defence Schemes	0.037	0.578	(0.541)
Local Highways Improvements (pinchpoints) to support Coastal Routes	0.000	0.665	(0.664)
Network Resilience	1.507	1.614	(0.107)
Other Environment & Planning	0.002	0.007	(0.006)
Other Growth and the Economy - Economic Infrastructure	0.005	0.049	(0.044)
Other Highways	0.083	0.957	(0.874)
Other Transport Initiatives	0.574	0.977	(0.403)
Rural Roads Fund	2.760	1.834	0.926
Teal Park Lincoln	0.000	(0.001)	0.001
Waste		0.035	(0.035)
Waste - Separated Paper and Card Scheme	1.746	1.069	0.676
Fire and Rescue	0.546	1.476	(0.930)
Fire & Rescue and Emergency Planning	0.051	0.081	(0.030)
Fire Fleet and Equipment	0.495	1.395	(0.901)
Resources	4.505	7.691	(3.186)
County Farm Block	0.508	0.650	(0.141)
ICT Development Fund	0.015	0.028	(0.013)
Improvement Transformation		2.000	(2.000)
Infrastructure and Refresh Programme	1.590	2.323	(0.733)
Orchard House Repairs	0.004	0.002	0.002
Property	2.275	2.449	(0.174)
Property Rationalisation Programme		0.000	0.000
Replacement ERP Finance System	0.112	0.240	(0.127)
Other Budgets	(0.908)	17.427	(18.335)
Capital Fund	(0.908)	(2.476)	1.568
New Developments Contingency Fund		19.903	(19.903)
Total	47.665	65.907	(18.243)

Net Expenditure Position 2022/23 Capital Projects (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
Children's Services	19.064	20.055	(0.992)
Children's Homes	0.777	0.881	(0.104)
Lincs Secure Unit	0.377	0.390	(0.013)
School Mobile Classroom Replacement		0.000	0.000
SEND Reorganisation	17.909	18.785	(0.876)
Adult Care and Community Wellbeing	0.277	0.772	(0.495)
De Wint Court - Extra Care Housing	0.007	0.007	(0.000)
Digitising Social Care	0.260	0.260	0.000
Hoplands - Extra Care Housing	0.005	0.005	(0.000)
Welton - Extra Care Housing	0.005	0.500	(0.495)
Place	32.776	62.785	(30.009)
A1084 Safer Road Fund	0.007	(0.003)	0.011
A16 Levelling Up Fund (LUF)	(2.754)	(0.159)	(2.595)
A46 Welton Roundabouts (Integrated Transport/NPIF)	0.000	0.225	(0.225)
A52 Skegness Roman Bank Reconstruction	0.655	1.558	(0.903)
A631 Louth to Middle Rasen Safer Road Fund	1.023	1.723	(0.700)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.007	0.020	(0.013)
Broadband	1.211	2.027	(0.817)
Economic Development - Horncastle Industrial Estate Extension		0.000	0.000
Electronic Ticket Machines	0.004	0.000	0.004
Gainsborough Corringham Road (Phase 1-5)	0.016	0.016	0.000
Grantham Southern Relief Road	21.584	40.584	(19.000)
Heritage/archives	0.027	1.151	(1.125)
Holbeach Food Enterprise Zone	(0.154)	(0.492)	0.337
HWRC Skegness		0.000	0.000
HWRC Tattershall	0.911	0.900	0.011
Lincoln Eastern Bypass	0.515	3.110	(2.596)
Local Electric Vehicle Infrastructure	(0.948)	(0.948)	(0.000)
North Hykeham Relief Road	0.721	2.213	(1.492)
Skegness Countryside Business Park 2	0.000	0.040	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	(0.004)	(0.004)	0.000
Spalding Western Relief Road (Section 5)	9.875	10.653	(0.778)
Spalding Western Relief Road Section 1	0.010	0.100	(0.090)
Spalding Western Relief Road Section 1 S106		0.000	0.000
Street Lighting Transformation	0.071	0.071	0.000
Sutton Bridge Place Marking		0.000	0.000

Resources	1.785	1.866	(0.081)
Azure Data Migration Project	0.122	0.051	0.072
Blue Light South Park	0.000	0.000	(0.000)
Care Management System (CMPP)		0.014	(0.014)
Castle Motte Repairs	0.022	0.022	(0.000)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.824	0.824	0.000
IMT (Cloud Navigator/Windows 10)	0.010	0.088	(0.077)
Leverton Fire Station	0.005		0.005
Lexicon House		0.000	0.000
Property Area Review	0.010	0.077	(0.067)
Waddington Training Facility - Capital	0.768	0.768	(0.000)
Total	53.902	85.478	(31.577)

Net Expenditure Position Whole Life Capital Projects (Detail)

Directorate	Whole Life Budget £m	Whole Life Forecast £m	Whole Life Variance £m
<input type="checkbox"/> Children's Services	28.985	28.401	(0.584)
Children's Homes	2.325	2.131	(0.194)
Lincs Secure Unit	0.390		(0.390)
School Mobile Classroom Replacement	3.900	3.900	0.000
SEND Reorganisation	22.370	22.370	(0.000)
<input type="checkbox"/> Adult Care and Community Wellbeing	7.484	7.483	(0.000)
De Wint Court - Extra Care Housing	2.812	2.812	(0.000)
Digitising Social Care	0.000	0.000	0.000
Hoplands - Extra Care Housing	2.560	2.560	(0.000)
Linelands – Extra Care Housing	0.011	0.011	(0.000)
Welton - Extra Care Housing	2.100	2.100	(0.000)
<input type="checkbox"/> Place	370.082	375.263	5.180
A1084 Safer Road Fund	0.000	0.000	0.000
A16 Levelling Up Fund (LUF)	2.595	2.197	(0.398)
A46 Welton Roundabouts (Integrated Transport/NPIF)	3.783	3.729	(0.054)
A52 Skegness Roman Bank Reconstruction	0.700	0.700	(0.000)
A631 Louth to Middle Rasen Safer Road Fund	0.700	0.700	(0.000)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.175	0.000	(0.175)
Broadband	13.042	13.042	(0.000)
Economic Development - Horncastle Industrial Estate Extension	1.500	1.500	0.000
Electronic Ticket Machines	0.377	0.250	(0.127)
Gainsborough Corringham Road (Phase 1-5)	1.121	1.082	(0.039)
Grantham Southern Relief Road	111.878	117.436	5.559
Heritage/archives	5.156	5.000	(0.156)
Holbeach Food Enterprise Zone	7.895	7.840	(0.055)
HWRC Skegness	2.000	2.000	0.000
HWRC Tattershall	2.000	2.000	(0.000)
Lincoln Castle Revealed phase 2	0.146	0.480	0.334
Lincoln Eastern Bypass	83.107	83.125	0.018
Local Electric Vehicle Infrastructure	0.000		(0.000)
North Hykeham Relief Road	84.066	84.066	0.000
Skegness Countryside Business Park 2	0.909	0.869	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	1.063	1.376	0.313
Spalding Western Relief Road (Section 5)	28.458	28.458	0.000
Spalding Western Relief Road Section 1	27.800	27.800	0.000
Spalding Western Relief Road Section 1 S106	(5.520)	(5.520)	0.000
Spalding WRR Section 5 S106	(4.200)	(4.200)	0.000
Street Lighting Transformation	1.332	1.332	0.000
Sutton Bridge Place Marking	0.000		0.000

<input type="checkbox"/> Resources	20.805	20.630	(0.175)
Azure Data Migration Project	1.348	1.274	(0.073)
Blue Light South Park	6.725	6.724	(0.000)
Care Management System (CMPP)	4.648	4.648	0.000
Castle Motte Repairs	0.618	0.618	(0.000)
County Emergency Centre	0.582	0.574	(0.008)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.831	0.824	(0.007)
IMT (Cloud Navigator/Windows 10)	3.196	3.182	(0.014)
Leverton Fire Station	0.000		(0.000)
Lexicon House	0.975	0.975	0.000
Property Area Review	0.520	0.520	0.000
Property Improvement	0.571	0.500	(0.071)
Waddington Training Facility - Capital	0.768	0.768	0.000
Total	427.356	431.777	4.421

Gross Expenditure Position 2022/23 Capital Blocks (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	10.790	10.861	(0.071)
⊕ Adult Care and Community Wellbeing	6.993	7.521	(0.529)
⊕ Place	90.981	86.173	4.808
⊕ Fire and Rescue	0.636	1.566	(0.930)
⊕ Resources	4.523	7.709	(3.186)
⊕ Other Budgets		19.903	(19.903)
Total	113.923	133.733	(19.811)

Gross Expenditure Position 2022/23 Capital Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	28.073	29.065	(0.992)
⊕ Adult Care and Community Wellbeing	0.277	0.772	(0.495)
⊕ Place	52.221	82.229	(30.008)
⊕ Resources	1.785	1.866	(0.081)
Total	82.356	113.933	(31.577)

Gross Expenditure Position 2022/23 Capital Blocks and Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	38.863	39.926	(1.063)
⊕ Adult Care and Community Wellbeing	7.270	8.294	(1.024)
⊕ Place	143.202	168.402	(25.200)
⊕ Fire and Rescue	0.636	1.566	(0.930)
⊕ Resources	6.308	9.575	(3.267)
⊕ Other Budgets		19.903	(19.903)
Total	196.279	247.666	(51.387)

Gross Expenditure Position 2022/23 Capital Blocks (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
Children's Services	10.790	10.861	(0.071)
Connect the Classroom	0.643	0.637	0.007
Devolved Capital	1.125	1.125	0.000
Digital Education Platform Grant	0.002	0.002	0.000
Early Years and Childcare	(0.007)	(0.007)	(0.000)
Foster Care	0.159	0.228	(0.070)
Full Fibre Broadband Capital	0.264	0.264	0.000
Lincolnshire Secure Unit	0.068	0.068	0.000
Other Children's Social care	0.007	0.016	(0.009)
Provision of School Places (Basic Need)	4.909	4.909	0.000
Schools Access Improvements	0.026	0.026	(0.000)
Schools Maintenance Programme	3.595	3.595	(0.000)
Adult Care and Community Wellbeing	6.993	7.521	(0.529)
Adult Care	0.016	0.500	(0.484)
Better Care Fund	6.976	6.976	0.000
Registration Celebratory & Coroners Services		0.020	(0.020)
Safer Communities		0.025	(0.025)
Place	90.981	86.173	4.808
A16/A1073 Spalding to Eye Road Improvement	0.008		0.008
A18 Safer Road Fund	0.007		0.007
A46 Roundabouts	0.000	0.019	(0.019)
Boston Development Schemes	0.082	0.674	(0.591)
Countryside Rights of Way	0.104	0.149	(0.045)
Drainage Investigation and Flood Repairs	0.890	0.890	0.000
Economic Development- Business Unit Development	0.905	1.096	(0.191)
Energy Efficiency Street Lighting	0.224	0.224	0.000
Energy from Waste	2.130	2.130	0.000
Equipment & Vehicles at Waste Transfer	0.508	0.512	(0.004)
Exec £10m additional funding. B class roads and lower	8.287	8.287	0.000
Fire Suppression at Waste Transfer Stations	0.571	0.760	(0.189)
Flood & Water Risk Management	0.288	1.794	(1.506)
Highways Asset Protection	58.911	47.341	11.571
Holdingham Roundabout (Sleaford Growth Schemes)	(0.052)	0.091	(0.142)
Integrated Transport	1.189	2.749	(1.561)
LEP Skills Investment Fund		(0.000)	0.000
Libraries	0.266	0.589	(0.323)
Lincoln Growth Point	0.000	(0.256)	0.256

Lincolnshire Enterprise Partnership	9.164	10.700	(1.536)
Lincolnshire Waterways	0.000	(0.144)	0.144
Local Flood Defence Schemes	0.493	1.034	(0.541)
Local Highways Improvements (pinchpoints) to support Coastal Routes	0.000	0.665	(0.664)
Network Resilience	1.507	1.614	(0.107)
Other Environment & Planning	0.002	0.007	(0.006)
Other Growth and the Economy - Economic Infrastructure	0.005	0.049	(0.044)
Other Highways	0.413	1.287	(0.874)
Other Transport Initiatives	0.574	0.977	(0.403)
Rural Roads Fund	2.760	1.834	0.926
Teal Park Lincoln	0.000	(0.001)	0.001
Waste		0.035	(0.035)
Waste - Separated Paper and Card Scheme	1.746	1.069	0.676
Fire and Rescue	0.636	1.566	(0.930)
Fire & Rescue and Emergency Planning	0.051	0.081	(0.030)
Fire Fleet and Equipment	0.585	1.485	(0.901)
Resources	4.523	7.709	(3.186)
County Farm Block	0.508	0.650	(0.141)
ICT Development Fund	0.015	0.028	(0.013)
Improvement Transformation		2.000	(2.000)
Infrastructure and Refresh Programme	1.608	2.341	(0.733)
Orchard House Repairs	0.004	0.002	0.002
Property	2.275	2.449	(0.174)
Replacement ERP Finance System	0.112	0.240	(0.127)
Other Budgets		19.903	(19.903)
New Developments Contingency Fund		19.903	(19.903)
Total	113.923	133.733	(19.811)


Gross Expenditure Position 2022/23 Capital Projects (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
Children's Services	28.073	29.065	(0.992)
Children's Homes	2.220	2.324	(0.104)
Lincs Secure Unit	0.377	0.390	(0.013)
School Mobile Classroom Replacement		0.000	0.000
SEND Reorganisation	25.476	26.351	(0.876)
Adult Care and Community Wellbeing	0.277	0.772	(0.495)
De Wint Court - Extra Care Housing	0.007	0.007	(0.000)
Digitising Social Care	0.260	0.260	0.000
Hoplands - Extra Care Housing	0.005	0.005	(0.000)
Welton - Extra Care Housing	0.005	0.500	(0.495)
Place	52.221	82.229	(30.008)
A1084 Safer Road Fund	0.007	(0.003)	0.011
A16 Levelling Up Fund (LUF)	1.294	3.889	(2.595)
A46 Welton Roundabouts (Integrated Transport/NPIF)	0.000	0.225	(0.225)
A52 Skegness Roman Bank Reconstruction	0.655	1.558	(0.903)
A631 Louth to Middle Rasen Safer Road Fund	1.023	1.723	(0.700)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.007	0.020	(0.013)
Broadband	0.734	1.550	(0.817)
Economic Development - Horncastle Industrial Estate Extension		0.000	0.000
Electronic Ticket Machines	0.004	0.000	0.004
Gainsborough Corringham Road (Phase 1-5)	0.016	0.016	0.000
Grantham Southern Relief Road	21.584	40.584	(19.000)
Heritage/archives	0.027	1.151	(1.125)
Holbeach Food Enterprise Zone	2.089	1.751	0.337
HWRC Skegness		0.000	0.000
HWRC Tattershall	0.911	0.900	0.011
Lincoln Eastern Bypass	0.515	3.110	(2.596)
North Hykeham Relief Road	5.532	7.023	(1.492)
Skegness Countryside Business Park 2	0.000	0.040	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	(0.004)	(0.004)	0.000
Spalding Western Relief Road (Section 5)	17.747	18.525	(0.778)
Spalding Western Relief Road Section 1	0.010	0.100	(0.090)
Spalding Western Relief Road Section 1 S106		0.000	0.000
Street Lighting Transformation	0.071	0.071	0.000
Sutton Bridge Place Marking		0.000	0.000

Resources	1.785	1.866	(0.081)
Azure Data Migration Project	0.122	0.051	0.072
Blue Light South Park	0.000	0.000	(0.000)
Care Management System (CMPP)		0.014	(0.014)
Castle Motte Repairs	0.022	0.022	(0.000)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.824	0.824	0.000
IMT (Cloud Navigator/Windows 10)	0.010	0.088	(0.077)
Leverton Fire Station	0.005		0.005
Lexicon House		0.000	0.000
Property Area Review	0.010	0.077	(0.067)
Waddington Training Facility - Capital	0.768	0.768	(0.000)
Total	82.356	113.933	(31.577)

Capital Scheme Outturn Variances (>£0.5m)

Appendix Bii

	<p>Scheme Name</p> <p>SEND Reorganisation</p>	<p>Gross in year position</p> <table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Outturn Variance £m</th> <th colspan="2">Difference between outturn and Q3 forecast £m</th> </tr> </thead> <tbody> <tr> <td>25.476</td> <td>26.351</td> <td>32.151</td> <td>(0.876)</td> <td colspan="2">(0.876)</td> </tr> </tbody> </table>					Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m		25.476	26.351	32.151	(0.876)	(0.876)																	
Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m																														
25.476	26.351	32.151	(0.876)	(0.876)																														
<p>Financial Year</p> <p>2022/23</p>	<p>Net Whole Life position</p> <table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Variance £m</th> <th colspan="2">Change in Variance from last period £m</th> </tr> </thead> <tbody> <tr> <td>53.447</td> <td>22.370</td> <td>22.370</td> <td>(0.000)</td> <td colspan="2">(0.000)</td> </tr> </tbody> </table>					Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m		53.447	22.370	22.370	(0.000)	(0.000)		<p>Net in year position</p> <table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Outturn Variance £m</th> <th colspan="2">Difference between outturn and Q3 forecast £m</th> </tr> </thead> <tbody> <tr> <td>17.909</td> <td>18.785</td> <td>8.785</td> <td>(0.876)</td> <td colspan="2">(0.876)</td> </tr> </tbody> </table>					Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m		17.909	18.785	8.785	(0.876)	(0.876)	
Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m																														
53.447	22.370	22.370	(0.000)	(0.000)																														
Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m																														
17.909	18.785	8.785	(0.876)	(0.876)																														
<p>Period</p> <p>12</p>	<p>Purpose of Scheme</p> <p>Capital funding to create communities of specialist education across the county for pupils with SEND, in both special and mainstream schools, through collaboration and collective responsibility ensuring all pupils' needs can be met at their nearest schools. When fully implemented, pupils will no longer have to travel considerable distances to a school to have their needs met, nor will pupils need to be educated away from home, unless a very specific need dictates. This includes Department of Education grant funding to improve the special provision for children and young people with education, health & care (EHC) plans.</p>					<p>In Year Performance of Scheme</p> <p>Key milestones have been met including : • Completion of new block and remodelling of The Eresby School, Spilsby & St Bernard's School, Louth and Tulip Academy plus completion of the new St Christopher's Primary School.</p> <ul style="list-style-type: none"> • Construction commenced for St Christopher's Secondary School, Lincoln and St Lawrence School, Horncastle • Self-delivery project including remodelling and a new hydrotherapy pool for The Sandon School, Grantham and agreement to develop a solution for site constraint at Ambergate/Sandon • Feasibility and design process commenced for Lincoln St Francis School and Gosberton House Academy (delayed due to procurement challenges) 																												
<p>Whole Life Performance of Scheme</p> <p>The current programme budget of £87.093m will increase to £101.837m through the 2023-2024 budget setting exercise. The budget increase relates to the Department for Education SEND capital grant funding allocation for Lincolnshire for the financial years 2022/23 and 2023/24 to support the increase in places within special schools and improve existing provision. This increase in budget is in response to design solutions for Horncastle St Lawrence new build (£2.935m) and the inflationary pressures that are impacting the delivery of the programme. Overall, it has been estimated that the overall programme is to be impacted by £11.758m of inflationary costs.</p>		<p>Mitigating actions for issues identified</p> <p>It is important to note the complexity and magnitude of this programme. Overall, inflation caused by economic and market conditions are anticipated to see the SEND programme costs increase by £11.758m overall, however this is being managed through increased grant funding. The position will continue to be monitored through the SEND Programme Management Board and SEND Strategy Governance Board.</p>																																

Scheme Name

Fire Fleet and Equipment

Financial Year

2022/23

Period

12

Purpose of Scheme

To deliver a rolling programme for fire fleet assets in line with operational replacement cycles.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.585	1.485	0.889	(0.901)	(0.901)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.495	1.395	0.799	(0.901)	(0.901)

In Year Performance of Scheme

This is due to delays in the supply of raw materials and parts with delivery due in the new financial year

Mitigating actions for issues identified

Scheme Name

Infrastructure and Refresh Programme

Financial Year

2022/23

Period

12



Purpose of Scheme

General ICT programmes including :

- IT developmets
- Replacement of PCs
- Other IT equipment
- ICT Infrastructure

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.608	2.341	1.807	(0.733)	(0.675)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.590	2.323	1.811	(0.733)	(0.679)

In Year Performance of Scheme

New projects were put on hold during the year pending a review of priorities. Spend during the year reflects the position of schemes already in progress.

Mitigating actions for issues identified

Scheme Name

Improvement Transformation

Financial Year

2022/23

Period

12

Purpose of Scheme

To support the Transformation Programme by delivering enabling strategies in line with the Council's IMT strategy.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
	2.000	0.000	(2.000)	(2.185)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
	2.000	0.000	(2.000)	(2.185)

In Year Performance of Scheme

A review of this funding is being undertaken (total £4.0m over two years) to ensure the Council maximises its use effectively to deliver transformational benefits.

Mitigating actions for issues identified

Scheme Name

New Developments Contingency Fund

Financial Year

2022/23

Period

12

Purpose of Scheme

Funds set aside for capital schemes which emerge throughout the year.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
19.903		9.720	(19.903)	(7.419)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
19.903		9.720	(19.903)	(7.419)

In Year Performance of Scheme

The Council holds a new development capital contingency which acts as a mitigation against emerging financial risk within schemes already committed to across the Council, and also provides some capacity to support additional targeted investment in accordance with the capital investment strategy. The underspend in 2022/23 reflects a combination of deferred delivery timescales for those schemes already planned, with a residual available balance which will be allocated in accordance with the new bid process during the summer, aligned to Council priorities.

Mitigating actions for issues identified

The residual balance of the new developments capital contingency will be distributed to fund emerging Council priorities during 2023/24.

Scheme Name

Heritage/archives

Financial Year

2022/23

Period

12

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.031	5.156	5.000	(0.156)	0.000

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.027	1.151	1.151	(1.125)	(1.125)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.027	1.151	1.151	(1.125)	(1.125)

Purpose of Scheme

Development of the Heritage and Archive service to enhance our core offer, provide the statutory archive service to nationally recognised standards, improve the overall visitor experience, ensure Lincoln Museum is financially sustainable long-term and refresh the areas that receive the least engagement.

In Year Performance of Scheme

Redevelopment work on the Lincoln Museum (formerly The Collection), including a visual refresh, work to the café, auditorium and rail and gate courtyard has begun although the majority of expenditure is expected to be incurred in 2023/24. Further feasibility work in preparation for the Archives development is underway.

Whole Life Performance of Scheme

Future work includes creatively redesigning the central, orientation zone to provide a flexible space for spotlight exhibitions and routes through to specific areas within the museum. Two exciting and significant finds have been discovered from the Bronze Age, a coffin and log boat, both found locally. Following extensive treatment of these artefacts, these will be joining our collections in 2024 and will strengthen and re-energise the stories we tell to provide more reasons to visit, more often. The redevelopment will also see the reinvigoration of Muse Coffee Bar into a community engagement area, housing a carefully curated selection of some of our most exciting and perhaps unseen Collections from across our heritage sites, bringing local stories to life, with 'find out more' features that transport our visitors' attention to our other sites and what they have to offer.

Mitigating actions for issues identified



Scheme Name

Flood & Water Risk Management

Financial Year

2022/23

Period

12

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.288	1.794	0.475	(1.506)	(1.516)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(0.397)	1.109	0.475	(1.506)	(1.516)

Purpose of Scheme

A range of projects to alleviate flood risk, generally on a matched funding basis with national government agencies.

In Year Performance of Scheme

Delays to some projects

Mitigating actions for issues identified

Scheme Name

Local Flood Defence Schemes

Financial Year

2022/23

Period

12

Purpose of Scheme

Development of flood elevation schemes.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.493	1.034	0.353	(0.541)	(0.560)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.037	0.578	0.320	(0.541)	(0.560)

In Year Performance of Scheme

Delays to some projects

Mitigating actions for issues identified

Scheme Name

Waste - Separated Paper and Card Scheme

Financial Year

2022/23

Period

12

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.746	1.069	1.745	0.676	0.676

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.746	1.069	1.745	0.676	0.676

Purpose of Scheme

The implementation of separated collections of paper and cardboard for households across Lincolnshire in order to realise economic and environmental benefits by reducing transportation and the degradation that occurs in mixed recycling collections.

In Year Performance of Scheme

The phased implementation of separated collections has continued across the County's collection districts as planned and has significantly improved the volume and quality of the material collected and recycled.

Mitigating actions for issues identified



Scheme Name

Lincolnshire Enterprise Partnership Contribution

Financial Year

2022/23

Period

12

Purpose of Scheme

This Single Local Growth Fund block is administered on behalf of GLLEP to provide support for local businesses, creating and safeguarding jobs, delivering strategic infrastructure schemes, developing new homes, and investing in education through a range of local government and other partners.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
9.164	10.700	10.700	(1.536)	(1.536)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
9.164	10.700	10.700	(1.536)	(1.536)

In Year Performance of Scheme

This funding is administered by the Council as the accountable body for Greater Lincolnshire Local Enterprise Partnership (GLLEP). Approval and management of these county-wide projects is undertaken by the GLLEP Board and staff.

Mitigating actions for issues identified

Scheme Name

Broadband

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.734	1.550	2.027		(0.817)	(0.817)

Financial Year

2022/23

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
6.674	13.042	13.042	(0.000)	0.000

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
1.211	2.027	2.027		(0.817)	(0.817)

Period

12

Purpose of Scheme

To improve access to high speed Broadband across Lincolnshire.

In Year Performance of Scheme

Contract 3 to deliver the provision of ultrafast broadband to around 8,000 premises in areas with postcodes prefixed by LN and DN is now complete, with these premises able to opt for download speeds up to 100Mb/s (Ultrafast Broadband), moving up to 1Gb/s over the coming months as a result of equipment upgrades.
The apparent underspend is affected by funding rebates based on contractor performance and will be carried forward for use in future years.

Whole Life Performance of Scheme

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.

Mitigating actions for issues identified

Scheme Name

Spalding Western Relief Road (Section 5) ▼

Financial Year

2022/23 ▼

Period

12 ▼

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
9.548	28.458	28.458	0.000	1.000

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
17.747	18.525	18.492		(0.778)	(6.009)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
9.875	10.653	10.631		(0.778)	(0.778)

Purpose of Scheme

The Spalding Western Relief Road (SWRR) will be a 6.5km road linking the A1175 and A16 to the south and east of Spalding, to the B1356 Spalding Road to the north of Spalding, via the B1172 Spalding Common. It is a strategic infrastructure project essential to delivering the growth of Spalding and required to address the strategic transport connectivity around the town as well as addressing specific transport problems within Spalding. Section 5 of the scheme is funded by £20.130m from the Housing Infrastructure Fund (HIF), £1.000m from South Holland District Council (SHDC), £4.500m from the Department for Transport Integrated Transport Block (ITB) with the balance being met from LCC borrowing.

In Year Performance of Scheme

Work has progressed well, however, recent rail strikes have impacted the ability to complete work across the railway line. Poor weather conditions during the Autumn also resulted in some delay. The underspend in year will be carried forward to 2023/24. The main risks continue to be materials price inflation, weather, ground conditions and sub-contractor supply and pricing.

Whole Life Performance of Scheme

The completion of the detailed design for the scheme resulted in an increase in forecast construction costs from that envisaged at the planning stage, however additional grant of £8.130m from the Housing Infrastructure Fund was secured to fund these additional costs. All the required land has now been acquired and work undertaken to divert overhead power lines. Final design work has been completed and construction started on 10 January 2022. Although work was undertaken to value engineer the design, whole-life costs have increased due to the inflationary impacts of global material supply and price issues. This was addressed as part of the 2022/23 budget process, with additional LCC funds being committed to the project. However, inflationary risks remain and are being closely monitored.

Mitigating actions for issues identified

Risks are mitigated by ongoing project management and financial monitoring. The contractor has also committed additional resources to the project in order to address programme slippage.

Scheme Name

Other Highways

Financial Year

2022/23

Period

12

Purpose of Scheme

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.413	1.287	1.422	(0.874)	(1.120)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.083	0.957	0.892	(0.874)	(0.598)

In Year Performance of Scheme

Budget to be spent on puffin crossings in the new year

Mitigating actions for issues identified

Scheme Name

Integrated Transport

Financial Year

2022/23

Period

12

Purpose of Scheme

Annual grant from DFT with a flexibility to be used to fund (or part fund) a range of projects. The grant can be used across financial years as projects can be delayed.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.189	2.749	2.814	(1.561)	(1.665)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(2.148)	(0.588)	(0.491)	(1.561)	(1.636)

In Year Performance of Scheme

This funding enabled completion of a number of projects during the year including; Resurfacing Red Lion Square, Stamford; the A158 North Greetwell Pedestrian Crossing; Mablethorpe High Street Zebra Crossing Upgrade and Great Gonerby Puffin Crossing. The underspend is committed to future projects and will be carried forward to 2023/24.

Mitigating actions for issues identified

Scheme Name

Highways Asset Protection

Financial Year

2022/23

Period

12

Purpose of Scheme

This block includes spending on surface treatment, potholes, structures, traffic signals, street lighting and a variety of minor works to maintain highway assets and is predominantly funded by a Department of Transport (DfT) annual grant.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
58.911	47.341	50.862	11.571	10.230

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.459	9.888	12.099	11.571	10.340

In Year Performance of Scheme

The in-year programme was fully delivered leading to over allocation of £7.9m on surface treatments and minor works budgets. Pressure on contract and material pricing was a challenge as the programme of work is managed between years. A carry forward of funding pressure (DfT) of £3.0m has been accommodated going forward to the new year.

Mitigating actions for issues identified

Scheme Name

A631 Louth to Middle Rasen Safer Road Fund

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
1.023	1.723	0.700		(0.700)	(0.700)

Financial Year

2022/23

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
(0.012)	0.700	0.700	(0.000)	0.000

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
1.023	1.723	0.700		(0.700)	(0.700)

Period

12

Purpose of Scheme

To improve safety of sections of the A631 between Louth and Middle Rasen.

In Year Performance of Scheme

Project slippage into 2023/24

Whole Life Performance of Scheme

Mitigating actions for issues identified

Scheme Name

Lincoln Eastern Bypass

Financial Year

2022/23

Period

12

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
70.498	83.107	83.125	0.018	0.000

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.515	3.110	3.110		(2.596)	(2.596)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.515	3.110	3.110		(2.596)	(2.596)

Purpose of Scheme

Construction of 7.5km highway scheme to the east of Lincoln, connecting sections of the A15 to the north and south of Lincoln.
This scheme is funded by a £49.950m grant from the Department for Transport with the balance, including the advance funding of expected Community Infrastructure Levy contributions, being met from LCC borrowing.

In Year Performance of Scheme

This scheme is now fundamentally complete with the remaining budget being used to address land compensation claims as they arise.

Whole Life Performance of Scheme

The forecast costs for the Lincoln Eastern Bypass increased as a result of a number of extreme weather events and the need to modify working practices to comply with The Health Protection (Coronavirus) Regulations 2020. Although construction is now complete and the bypass open, there remains a risk of land compensation claims, however current expectation is that the scheme will remain within budget.

Mitigating actions for issues identified

Budget allowance for land compensation included in overall project costs.

Scheme Name

Grantham Southern Relief Road

Financial Year

2022/23

Period

12

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
64.531	111.878	117.436	5.559	6.559

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.584	40.584	40.584	(19.000)	(19.000)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.584	40.584	40.584	(19.000)	(19.000)

Purpose of Scheme

The Grantham Southern Relief Road aims to improve the town's infrastructure and growth by the construction of a 3.5km relief road in three phases:
 Phase One - creation of a roundabout off the B1174.
 Phase Two - the B1174 will join the A1 trunk road.
 Phase Three - link the A52 at Somerby Hill to the new roundabout.
 The scheme is funded by £28m from Greater Lincolnshire Local Enterprise Partnership (GLLEP) and £5m from Highways England with the balance, including the advance funding of expected Developer contributions, being met from LCC borrowing.

In Year Performance of Scheme

Phase 2 of the project, the junction between the B1174 and the A1, is complete and opened to traffic in December 2022.
 The focus is now on completing the third and final section to complete the link to the A52 at Somerby Hill.
 The re-design of the bridge which resulted from the poor ground conditions has delayed progress and led to the in-year underspend which will be carried forward to 2023/24.
 Once the new bridge design is complete the full impact of this issue in terms of timescales and costs will be clearer and the forecasts updated accordingly.

Whole Life Performance of Scheme

In common with other major schemes, work on the Grantham Southern Relief Road has been affected by extreme weather events, exacerbated by technical issues and ecological considerations. Operation of the site was further affected by the COVID-19 pandemic and although work continued with appropriate social distancing measures implemented, some activity such as the diversion of high voltage power cables, that were dependent on third party agencies, was delayed. Phase 2 of the project is now complete and open, work on the third and final phase is underway. Although the contractor is attempting to mitigate the global materials supply and price issues by placing early orders and holding stocks of materials, there is now limited scope to absorb further impacts within the project risk allocation. The site team identified an area of unstable ground resulting in engineering issues for the construction of the bridge to span the East Coast Mainline and River Witham. This has necessitated the re-design of the bridge, which has delayed progress and resulted in increased cost.

Mitigating actions for issues identified

Risks are mitigated by ongoing project management and financial monitoring.

Scheme Name

A52 Skegness Roman Bank Reconstruction

Financial Year

2022/23

Period

12

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.213	0.700	0.700	(0.000)	0.000

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.655	1.558	0.654	(0.903)	(0.707)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.655	1.558	0.654	(0.903)	(0.707)

Purpose of Scheme

To fully reconstruct a total of 550m of the A52 Roman Bank in Skegness.

In Year Performance of Scheme

Project was completed within budget with the underspend to be returned to the Local Highways Improvements (pinchpoints) to Support Coastal Routes programme.

Whole Life Performance of Scheme

Delays were experienced in the diversion of utilities but the scheme completed within budget over the full life of the project. Any remaining underspend on completion, will be returned to the Coastal Highways Programme budget.
Phase 4 (out of 6) was completed in May 2021 in order to allow for the suspension of work and temporarily open the road back up to vehicular traffic for the Summer period.
Works recommenced on site in September 2021 and were completed on 11 April 2022.

Mitigating actions for issues identified

Scheme Name

Local Highways Improvements (pinchpoints) to support Coastal Ro...

Financial Year

2022/23

Period

12

Purpose of Scheme

A range of projects to alleviate traffic issues in support of coastal routes.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.000	0.665	0.665	(0.664)	(0.664)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.000	0.665	0.665	(0.664)	(0.664)

In Year Performance of Scheme

The Coastal Highways budget has enabled a number of projects to be completed to improve the coastal routes including the A52, A158 and A631. Although funding was provided during the period to other coastal routes schemes such as the A52 Roman Bank, Skegness, no further projects were undertaken during the year and the funding has been carried forward to future years.

Mitigating actions for issues identified

Scheme Name

North Hykeham Relief Road

Financial Year

2022/23

Period

12

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.538	84.066	84.066	0.000	0.000

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
5.532	7.023	6.144		(1.492)	(1.492)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.721	2.213	1.333		(1.492)	(1.492)

Purpose of Scheme

Highway construction to join the newly opened Lincoln Eastern Bypass (LEB) from the A15 to the A46 south of Lincoln

In Year Performance of Scheme

Preliminary work continues with budget to be carried forward to future years

Whole Life Performance of Scheme

On 5 April 2022 the Executive approved proceeding with all stage one (pre-construction) elements of a two-stage design and build contract for the scheme including surveys, outline design & planning application, detailed design & full business case preparation, and advanced works.

Mitigating actions for issues identified

Scheme Name

Rural Roads Fund

Financial Year

2022/23

Period

12

Purpose of Scheme

A targeted investment in the maintenance and improvement of minor and unclassified rural roads across the County.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
2.760	1.834	2.694	0.926	0.792

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
2.760	1.834	2.694	0.926	0.792

In Year Performance of Scheme

Carry forward to be managed in accordance with the Highways Infrastructure Asset Management Plan alongside the Highways Asset Protection Block budget in 2023/24

Mitigating actions for issues identified

Scheme Name

A16 Levelling Up Fund (LUF) ▾

Financial Year

2022/23 ▾

Period

12 ▾

Net Whole Life position

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
(4.864)	2.595	2.197	(0.398)	(0.398)

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.294	3.889	1.531	(2.595)	(2.970)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(2.754)	(0.159)	0.000	(2.595)	(2.595)

Purpose of Scheme

- Improvements to be made to the A16 corridor in the area around Boston and South Holland.
- Reduce congestion along the A16 corridor between Boston and Spalding
 - Address the major connectivity issues impacting the A16.
 - Provide improved walking and cycling facilities along the corridor.
 - Open the area for further investment opportunities.
 - Complement other local transport and renewal projects underway or planned in Lincolnshire

In Year Performance of Scheme

Work to date has been to complete feasibility, design and enabling works. The net in-year position reflects funding received in advance for use in future years.

Whole Life Performance of Scheme

- There are five schemes that are included as part of the overall Levelling Up Fund (LUF) programme:
- A16/Marsh Lane Boston Roundabout improvements scheme.
 - Boston Active Travel improvements scheme.
 - A16/B1180 Pinchbeck Greencell Roundabout improvements scheme.
 - A16/A151 Spalding Springfields Roundabout improvements scheme.
 - Spalding Camel Gate Active Travel improvements scheme.
- Feasibility and design work has been progressed and enabling works completed. Construction is expected to commence in October 2023 with the programme continuing into 2024/25.

Mitigating actions for issues identified

Scheme Name

Boston Development Schemes

Financial Year

2022/23

Period

12

Purpose of Scheme

A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.082	0.674	0.027	(0.591)	(0.159)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(0.041)	0.550	0.027	(0.591)	(0.159)

In Year Performance of Scheme

A public realm scheme in Dolphin Lane, in conjunction with Boston Borough Council is now underway and is expected to be completed within budget in 2023/24.

Mitigating actions for issues identified

Development Fund

Appendix C

Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
REVENUE						
Place - Environment	Green Masterplan	350	203	147	0	<p>The Green Masterplan budget has been used to support the delivery of the sustainability programme in 2022/23. The budget supported the Zero Carbon Parishes project - which developed small scale carbon reduction projects in parishes around the county. Examples include – supporting the installation of solar PV panels at Nettleham Cricket Pavilion, a cycle repair project in Holbeach and a wildlife area in Corringham. In the 2023/24 Budget Year further parishes will be supported to deliver small scale environmental projects in their areas.</p> <p>An assessment of energy infrastructure in the Central Lincolnshire Local Plan area was funded through the budget. This research was conducted by the Energy Catapult consultancy and looked at opportunities for roof-top solar and electric vehicle charging points in the area.</p> <p>As part of the engagement work with schools the Sustainability Team linked up with Zest Theatre and Rhubarb Theatre to deliver a series of events to collect the thoughts of pupils on climate change. This then led to a touring exhibition that went around the county over the summer months.</p> <p>For the next phase of the Green Masterplan the 2023/24 budget will be used to deliver projects such as a rooftop solar PV installation on one of the County Farms grain dryer sites. This will reduce costs for the tenant and will generate an income for LCC, whilst reducing carbon emissions. Any surplus electricity will be fed back to the grid. The funding will support the delivery of the new Carbon Management Plan for the Council- which will set out the next round of projects to be delivered to reduce the Council's own carbon emissions.</p> <p>The Sustainability Team is working with the GLLEP to look at the Cold Chain sector in the county. This is an important and growing sector in the local economy and there is a wide scope to reduce carbon emissions. The report will examine options for switching to new refrigerant gases and will identify the most suitable places for new cold store developments.</p> <p>The final part of the budget will help to deliver the remaining Zero Carbon Parishes projects – by working with a small number of parish councils to examine their local carbon emissions and then to develop small scale environmental projects.</p>
Place - Communities	Anaerobic digestion Facilities - Business Case Viability	150	75	75	0	<p>The Environment Act 2021 places 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 but is delayed due to the continuing delay in the announcement of the specific requirements. The report will enable a detailed Technical Options Appraisal to be undertaken and if appropriate, development of an Outline Business Case. In the meanwhile, work continues in planning the necessary changes to the waste infrastructure and it is now expected that this funding will be utilised in 2023/24.</p>

Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
REVENUE contd.						
Place - Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	1,282	500	931	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. During 2022/23, 26 Transport Strategies, Models, Feasibilities and Highway Designs were progressed with oversight from the Capital Programme Steering Group. In 2020/21 and 2021/22, 7 Economic Infrastructure feasibility studies were completed and a further 4 progressed during 2022/23 including proposals at Sutton Bridge and Kirton Business Park.
Place -Highways	Traffic signals - Wireless communications	5	5	0	0	Small revenue element for ducting surveys on-track with maintenance duties carried out in 2022/2023.
Place -Highways	Drainage Investigation and Flood Repairs	200	165	35	0	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	Digital	280	167	113	0	During 2022/23 a key focus of this work has been the Customer Digital Delivery project. The scope of this project is to review how our customers contact and interact with our Customer Service Centre in order to improve their experience whilst reducing the volume and costs of calls. This has involved improvements to our website, the use of online forms and the facility of online bookings for appointments (e.g. within our registration service). The latest development is the implementation of Smart Chat that will sit on the LCC website and Smart Voice that will respond to incoming telephone calls to the CSC. This solution uses technology to generate relevant response to enquiries and is scheduled for rollout in 2023/24.

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
REVENUE contd.						
Resources - Transformation	Transformation Programme	7,384	1,879	2,746	2,759	<p>The Transformation Programme is made up of highly complex programmes of change which require a new way of working. Our current projects and programmes help drive financial savings, consider opportunities from optimisation and digitalisation within processes and systems, deliver good value services, improved outcomes for all, whilst demonstrating a return on investment made.</p> <p>To date, investment has been spent on the delivery of the: Digital Programme, Smarter Working, Children in Care Transformation, Educational Travel, People Strategy, and Corporate Support Optimisation. Each project within the programme delivers a range of budget and cash savings, cost avoidance and non-cashable benefits.</p> <p>Over the past 3 years, recurrent budget savings of £4,371m have been delivered through a review of Business Support Services, enabling services to reduce spending through the implementation of our smarter working policies and the reprocurement and routing of transport services.</p> <p>Through improving our customer journey with our customer service centre, the building of 2 children's homes within the county, disposal of buildings and optimising our processes, further recurrent budget savings of £7.236m are planned to be delivered over the next 2 years.</p> <p>The achievements and impact of the programme are regularly reviewed by the Overview and Scrutiny Management Board. The latest report can be viewed at: Transformation Programme (modern.gov.co.uk)</p>
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.
Councilwide	Emergent council priorities	10,045	0	10,045	0	The residual balance of the 2022/23 underspend is proposed to be allocated to the Development Fund, to support investment in Council priorities.
		21,272	3,785	13,661	3,825	

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
CAPITAL						
Place - Communities	Education Transport links to School (Route sustainability)	440	0	100	340	<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 in 2022/23. However, further work was 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 is now seeking to establish the potential for modal shift. The current priority schemes are:</p> <ul style="list-style-type: none"> •Fishtoft - A project lead has been assigned the work and 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. •Toynton All Saints – There has been an objection to the planned works and the Public Rights of Way (PROW) team have submitted a case to the Planning Inspectorate, which is expected to delay progress by more than 12 months. Estimated cost c. £100k. Annual savings estimate £7k. •Greenfields, Grantham – 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 the increase in the number of eligible pupils. <p>Expenditure incurred to date has been in existing officer time and no drawdown of the Development Fund has yet taken place for the scheme. It is expected that expenditure incurred in the short-term 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	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 which allowed the contractor to test the wireless links and complete the project.
Place - Highways	Community Maintenance Gangs	3,981	3,981	0	0	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.
Councilwide	Emergent council priorities	8,658	0	8,658	0	A decision was taken at the budget setting meeting of Full Council to drawdown £8.7m from available earmarked reserves to be added to the development fund, to be drawn down during the 2023/24 financial year to be utilised on emergent Council priorities.

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
CAPITAL contd.						
Place - Highways	Drainage Investigation and Flood Repairs	3,444	2,097	1,347	0	Schemes totalling £700k were commissioned in 2020/21 with an in-year spend of £646k. A further £561k was spent in 2021/22 with the remaining budget from the original £2m funding allocation spent in 2022/23 on schemes at Scothern and Kirton. Following the successful interventions made utilising this funding, Council approved a further allocation of £1.444m as part of the 2022/23 Budget to continue the programme for a further two years. £97k of this additional funding was used in 2022/23 to complete delivery of the Scothern and Kirton schemes. The remaining £1.347m is planned to be utilised in 2023/24 to deliver a larger scheme of flood alleviation works at Cherry Willingham and a programme of approximately 33 localised schemes / works packages to address localised flooding issues that have emerged as a result of recent rainfall events. Our contractors, Balfour Beatty, have identified additional resources to deliver 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	10,000	0	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 was committed to a programme of work on residential and terraced streets and a village road improvement programme, completed in 2022/23. In total, £10m was 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 was 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	We are working with Building Digital UK (BDUK) to understand the specific details of where they will invest in the next stage of the rural broadband programme. Once we fully understand that detail, which should be no later than autumn 2023, then we will assess whether there is the need for 4G and 5G fixed wireless access enabled broadband to augment BDUK's own investment or whether this expenditure should be adapted to meet the same objectives but through a different route. Our priorities are to foster business growth and to tackle the viability gap which deters communities and businesses from having the best possible digital services. This is a particular problem for our rural, farming, and tourism businesses.
		27,569	16,274	10,155	1,140	
		48,841	20,059	23,816	4,965	

Prudential Indicators 2022/23

Appendix D

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2022/2023			
	2022/23		2022/23
Original Estimate	£000	Actuals	£000
Prudence Indicators:			
1) Capital Expenditure & Financing			
Net Capital Expenditure	114,552	Actual Net Capital Expenditure (Excl Sch RCCO & Leasing)	101,566
2) Capital Financing Requirement			
Capital Financing Requirement 31/3/2023	773,165	Actual Capital Financing Requirement 31/3/2023	677,199
Capital Financing Requirement Estimate at 31/3/2025	780,931	Capital Financing Requirement Estimate 31/3/2025	684,965
3) Authorised Limit for External Debt			
		Actual external debt at 31/3/2023	
Borrowing	659,512	Long Term LCC	467,768
Other Long Term Liabilities	11,017	Long Term Schools	567
Total Authorised Limit	670,529	Salix	696
		Temporary(Home Office)	0
4) Operational Boundary for External Debt			
Borrowing	644,521	Other Long Term Liabilities (Credit Arrangements)	6,932
Other Long Term Liabilities	9,017	Total Debt	475,963
Total Operational Boundary	653,538		
5) Gross Borrowing and the Capital Financing Requirement			
Gross External Borrowing	575,719	Actual Gross External Borrowing	469,031
Headroom Over CFR at 31/3/2025	205,212	Actual Headroom Over CFR at 31/3/2025	215,934
Affordability Indicators:			
6) Financing Costs & Net Revenue Stream			
Estimated Ratio of Financing Costs To Net Revenue Stream	5.05%	Actual Ratio of Financing Costs To Net Revenue Stream	5.26%
Estimated Ratio of MRP & Interest Costs To Net Revenue Stream	5.16%	Actual Ratio MRP & Interest Costs To Net Revenue Stream	5.69%
Limit 10%		Limit 10%	
Proportionality Indicators			
7) Income from Non Treasury Investments & Net Service Expenditure			
Estimated Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.27%	Actual Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.26%
8) 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%	0.41%	Actual Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.18%
Treasury Indicators:			
9) Liability Benchmark			
Investment Liquidity Benchmark	100,000	Investment Liquidity Benchmark	100,000
Debt Liability Benchmark	386,360	Debt Liability Benchmark	325,406
Existing External Borrowing	469,030	Existing External Borrowing	469,030
Under / Over (-) Borrowed Position	-82,670	Under / Over (-) Borrowed Position	-143,624
10) Maturity Structure of borrowing			
Upper Limit for maturity structure of borrowing		Actual maturity structure of borrowing at 31 March 2023	
Under 12 months	25%	Under 12 months	2.30%
12 months and within 24 months	25%	12 months and within 24 months	1.80%
24 months and within 5 years	50%	24 months and within 5 years	9.50%
5 years and within 10 years	75%	5 years and within 10 years	5.70%
10 years and above	100%	10 years and above	80.70%
11) 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.	1,260
12) Interest Rate Exposures (Variable)			
Upper limit for variable interest rate exposures		Actual variable interest rate exposure at 31 March 2023	
Borrowing	30%	Borrowing	0%
Investments	100%	Investments	26%
13) 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	1,942	Actual borrowing taken in advance of need in 2022/23	0