



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

Report to:	County Council
Date:	15 September 2023
Subject:	Review of Financial Performance 2022/23

Summary:

This report:

- describes the Council's financial performance in 2022/23 and sets out the Executive's recommendations on budget carry forward arising from the underspends of £12.749m on Council budgets and £17.076m on Schools budgets, and seeks approval for those proposals not set out under Financial Regulations; and
- reports Prudential and Financial Performance Indicators for 2022/23.

Recommendation(s):

That the County Council:

1. Notes the carry forwards of underspends and transfers to reserves set out in paragraphs 1.16 to 1.18 of this report, which are made in line with the Council's Financial Regulations.
2. Approves:
 - (a) that the overspends under 1% in Place (£0.170m) and Fire and Rescue (£0.028m) referred to in paragraph 1.20 of this report are not carried forward but instead funded from the underspend above 1%; and
 - (b) that the proposals in paragraphs 1.21 and 1.22 and Table E, relating to the treatment of the underspend remaining after the carry forwards and transfers to reserves referred to in recommendation 1 and the funding of overspend referred to in recommendation 2(a), be approved.
3. Notes the performance against the Prudential Indicators as shown in Table D.
4. Notes the transfers to and from reserves carried out in 2022/23 and note the position of Earmarked Reserves as at 31 March 2023 as shown in Table F of this report.
5. Notes the position of the General Reserves as set out in paragraph 1.27 and Table G.

6. Notes the key financial performance measures in 2022/23 as set out in Table H.
7. Notes the proposed 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 1.23.

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.

Financial Performance

2022/23 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 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.

- 1.6 In addition, there was an underspend of £17.076m relating to the Dedicated Schools Grant. The Dedicated Schools Grant is a ring-fenced amount and will be automatically carried forward to use in 2023/24.
- 1.7 The revenue outturn position for 2022/23 is shown in TABLE A:

TABLE A – 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)	

2022/23 Capital Investment and Funding

- 1.8 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.
- 1.9 Table B provides a summary breakdown of the Councils 2022/23 capital expenditure:

TABLE B – 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)

- 1.10 The capital programme comprises a series of schemes/projects which often span a number of years. Hence over/underspends cannot be related to time periods such as this financial year. 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.
- 1.11 The gross capital expenditure of £196.279m is funded from a number of different sources as set out in Table C below. The majority of expenditure is funded from Government grants and borrowing.

TABLE C - Capital Financing 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

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

Prudential indicators

- 1.13 The Local Government Act 2003 gave authorities freedom to borrow what they need to fund their capital programmes. The Act requires Local Authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code provides a framework to ensure that Local Authorities' capital programmes are affordable, prudent and sustainable and that treasury management decisions are taken to support this.
- 1.14 In complying with the Code, the indicators for 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. Table 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.

Table D – Prudential Indicators Actual Compared to Estimated 2022/23

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2022/23			
	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	Borrowing	469,031
Other Long Term Liabilities	9,017	Other Long Term Liabilities (Credit Arrangements)	6,932
Total Operational Boundary	653,538	Total Debt	475,963
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

Carry forward of over and underspends

- 1.15 The Council's policy as set out in its Financial Regulations is that all under and overspends on service revenue budgets of up to 1% will be carried forward without exception.
- 1.16 In 2022/23, the net service underspend was £4.0m. Of this underspend, £2.4m of service underspends and £0.2m of service overspends are required to be automatically carried forward. This would give a net underspend of £2.2m to be automatically carried forward. However, paragraph 1.20 contains an alternative recommendation for the treatment of these overspends and if approved £2.4m of service underspends will be carried forward. In respect of service carry forwards of underspend, planned usage and implementation in 2023/24 will be determined by the Executive Director in conjunction with portfolio holders.
- 1.17 All under and overspends on the dedicated schools' budget will be carried forward. In 2022/23 this net underspend totalled £17.076m.
- 1.18 In addition to the carry forward of up to 1% of budget under and overspends, 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.
- 1.19 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.
- 1.20 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 these minor overspends being carried forward they are funded from underspends over 1% which is set out in recommendation 2(a). This is assumed and shown within Table E (see 1.21).
- 1.21 Table E below sets out the total underspend, confirms the transfers to reserves as set out above, and sets out a proposal for Council to decide how to allocate the remaining balance. The Table shows the position as it will be if Council approves recommendation 2(a) with £0.2m being taken from the "Balance remaining for

consideration" to eliminate the minor overspends. This is in accordance with Financial Regulations if Council approves recommendation 2(a).

TABLE E – Allocation of 2022/23 Underspend

Allocation of 2022/23 Underspend	£000's
Council Outturn Position	
Total Underspend for 2022/23	(29,825)
Amount to transfer to Schools reserves	17,076
Council Underspend for 2022/23 (excluding Schools)	(12,749)
Adjustments as per financial regulations (no decision):	
<u>Carry Forward outturn variance (up to 1% of budget)</u>	
- Adult Care and Community Wellbeing	663
- Children's Services	968
- Place (o/s)	(170)
- Fire and Rescue (o/s)	(28)
- Resources	727
- Corporate Services	31
Total	2,191
<u>Business As Usual Ringfenced items</u>	
- School Sickness Insurance	93
- Civil Parking Enforcement & Permitting	221
Total	314
Balance remaining for consideration	(10,243)
Proposed allocation of balance (subject to Council decision):	
- Fund Place overspend	170
- Fund Fire and Rescue overspend	28
- Transfer balance to Development Fund	10,045
Total allocation	10,243

- 1.22 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.

Development Fund

- 1.23 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.

Reserves

- 1.24 TABLE F (see next page) shows the new balances on reserves following the transfers detailed in paragraph 1.18 and as it will be if approval is given to the recommendations referred to in paragraphs 1.20 and 1.22 above. The residual underspend for 2022/23 which requires Council to approve its usage is shown within the line “Outturn adjustments requiring Council approval” line. The table also shows a variety of other transfers to or from other earmarked reserves reflecting actual expenditure and income in 2022/23.
- 1.25 The current balance of the Financial Volatility earmarked reserve is £46.922m. This reserve is not required to balance the budget in 2022/23, but it may be required to support the budget in the years beyond. Work on updating the medium-term financial plan as part of the next budget setting process is currently underway.
- 1.26 As part of a comprehensive review of earmarked reserves during the 2023/24 budget setting process, the Council identified £8.7m of reserve balances which were planned to be re-purposed into the development fund. This has notionally been shown in Table F to ensure the development fund balance reflects planned spend.
- 1.27 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 G**), and therefore does not need to be adjusted.

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

Reserve Statement	Restated Balance at 1 April 2022 £'000	Additions in Year £'000	Used in Year £'000	Outturn Adjustment (for noting) £'000	Outturn Adjustment (requires approval) £'000	Balance at 31 March 2023 £'000
School Reserves:						
Balances from dedicated schools budget	12,894	3,974	(840)			16,028
Balances for schools under a scheme of delegation	13,659	13,605	(14,144)			13,120
Total Schools	26,553	17,579	(14,984)	-	-	29,148
Other Earmarked Reserves:						
Carry Forwards & BAU items	13,582	-	(13,582)	2,506	198	2,704
Insurance	6,775	-	-			6,775
Schools Sickness Insurance	773	93	-			866
Shared Services (Legal and Procurement)	2,056	438	(326)			2,168
Financial Volatility	46,922	-	-			46,922
CSSC Transformation Including BW Rebuild and Development	1,957	-	(1,394)			563
Energy from Waste Lifecycles	4,721	1,286	(2,130)			3,877
Development Fund	23,451	5,000	(12,729)	8,658	10,045	34,425
Business Rates Volatility Reserve	6,152	-	-	(6,152)		-
Support To Businesses	3,303	-	(841)	(2,306)		156
Other Service Earmarked Reserves	7,956	2,281	(4,663)	(200)		5,374
Total Other Earmarked Reserves	117,648	9,098	(35,665)	2,506	10,243	103,830
Revenue Grants and Contributions Unapplied Reserves:						
Schools	8,893	7,980	(8,737)			8,136
Childrens Services	9,687	3,353	(1,446)			11,594
Adult Care and Community Wellbeing	65,140	14,450	(5,373)			74,217
Place	14,122	1,460	(6,610)			8,972
Other Budgets	1,628	-	-			1,628
Resources	212	-	-			212
Fire & Rescue	384	-	-			384
Total Revenue Grants and Contributions Reserves:	100,066	27,243	(22,166)	-	-	105,143
Total	244,267	53,920	(72,815)	2,506	10,243	238,121

TABLE G – 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%

Key Financial Performance Measures: Financial Health and Performance

- 1.28 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 H**.

TABLE H – 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%

Financial Resilience

- 1.29 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.

- 1.30 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.
- 1.31 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.

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 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 (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 4 to 6 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 7 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 full Council.

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

The proposals set out in this report were considered by the Overview and Scrutiny Management Board on 29 June 2023, and by the Executive on 4 July 2023.

d) Have Risks and Impact Analysis been carried out?

No

7. Background Papers

Document title	Where the document can be viewed
Executive Report - Review of Financial Performance 2022/23 - 4 July 2023	Council website

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