

CABINET

DATE	16 th February 2022
REPORT OF	Councillor Stan Shreeve – Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director Environment, Economy and Resources
SUBJECT	2021/22 Quarter 3 Financial Monitoring Report
STATUS	Open
FORWARD PLAN REF NO.	CB 02/22/02

CONTRIBUTION TO OUR AIMS

The Council has two clear strategic priorities – Stronger Economy and Stronger Communities. In order to achieve these priorities, the Council needs to have a clear and robust Finance and Commissioning plan, which focusses on long-term financial sustainability.

EXECUTIVE SUMMARY

This report provides key information and analysis of the Council's position and performance against its Finance and Commissioning Plan for the third quarter of the 2021/22 year. Further detail and analysis is provided within Appendix 1 to this report.

RECOMMENDATIONS

It is recommended that Cabinet:

- 1) Notes the reported position and the uncertainties related to the impacts of Covid-19 and its potential longer-term implications.
- 2) Refers the Financial Monitoring Report to Scrutiny for consideration.
- 3) Approves the revised Capital Programme for 2021/22 included at Annex 1.

REASONS FOR DECISION

The report is important in informing Cabinet on the financial position and performance of the Council and highlighting key risks and opportunities.

1. BACKGROUND AND ISSUES

- 1.1 At the end of quarter 3 of the financial year, the Council is forecasting a £1.8M overspend against its 2021/22 budget. The forecast reflects the on-going impact of Covid-19 and the subsequent risks and demands being experienced, particularly within children's and family services. We continue to work with services to manage risks and aim to move towards a balanced position at year end.
- 1.2 Collection rates, in particular non-domestic rates, have been affected by

Covid-19 and we are continuing to monitor the position closely. The impact on future years income remains a risk and will be impacted by the pace at which the local economy recovers. We have continued to deliver a range of financial support packages within the Borough during 2021/22 to mitigate against the socio-economic effects of Covid-19.

- 1.3 The Council's long term financial strategy remains focused on the achievement of financial sustainability through economic and housing growth. The Council is working alongside Government and private investors to accelerate growth across the Borough. In relation to housing, it is pleasing to note that we are starting to see growth in the tax base and this will be reflected in the forthcoming MTFP refresh.
- 1.4 It is anticipated that we will deliver £42.2M of the approved capital programme in year. Whilst borrowing costs are increasing, the Council continues to operate within its approved Treasury Management Strategy, and investment plans are designed to deliver long term payback in terms of additional income or reduced costs.
- 1.5 The Draft Local Government Financial Settlement, announced in December 2021, has provided the Council with a real-terms increase in funding of 4%, taking into account additional tax raising powers.
- 1.6 The settlement incorporates a council tax referendum limit of 2% and the flexibility to apply a further 1% Social Care Precept to meet extra cost and demand-led pressures next year and keep providing services at pre-pandemic levels.
- 1.7 As in 2021/22, the settlement only covers a single year with longer term changes to the local government funding model, including fair funding and business rate retention, being postponed. We are hopeful that funding reforms aligned to the Levelling up agenda will enable the Government to set out a multi-year settlement for local government 2023/24.
- 1.8 The Council continues to hold reserves to address some of the specific risks it faces. However, it should be noted reserves are non-recurrent in nature and will need to be reviewed as part of the MTFP refresh. This will ensure the Council has sufficient capacity to deal with the increased risks and opportunities it currently faces as it recovers from the impacts of Covid-19.

2. RISKS AND OPPORTUNITIES

- 2.1 Key risks and opportunities are detailed within Appendix 1.

3. OTHER OPTIONS CONSIDERED

- 3.1. Not applicable to monitoring report.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1. The financial environment in which the Council is operating remains challenging and any significant financial issues will be communicated externally through a variety of media.

5. FINANCIAL CONSIDERATIONS

- 5.1. As set out in the report:

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1. The report provides details of the resources allocated towards Children and Young people across a range of Council services.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1. Ultimately all resourcing decisions taken by the Council impact upon the environment. For this reason, the Council must take climate change and environmental issues into account in the establishment of its financial plans. The Council's financial strategy looks towards consuming resources more efficiently, eliminating waste and supporting and developing the green economy and infrastructure. This includes recognising and realising the economic and social benefits of a high-quality environment.

8. CONSULTATION WITH SCRUTINY

- 8.1. Report to be forwarded to all scrutiny panels.

9. FINANCIAL IMPLICATIONS

- 9.1. As set out on the report

10. LEGAL IMPLICATIONS

- 10.1. There are no legal issues immediately arising from the content of this report given that it is a vehicle to advise and update as to current position. The recommendation for a referral to Scrutiny is prudent.

11. HUMAN RESOURCES IMPLICATIONS

- 11.1. There are no direct HR implications arising from the contents of the report

12. WARD IMPLICATIONS

- 12.1. All wards affected

13. BACKGROUND PAPERS

- 13.1. Outcomes Framework, Commissioning Plan and Budget 2021/22 – 2023/24
<https://democracy.nelincs.gov.uk/wp-content/uploads/2020/06/5.-Budget-Finance-and-Commissioning-Plan-2021-22-2023-24-1.pdf>
- 13.2. 2021/22 Quarter 2 Financial Monitoring Report
<https://democracy.nelincs.gov.uk/wp-content/uploads/2020/06/4.-Quarter-two-finance-monitoring-report-1.pdf>

14. CONTACT OFFICER(S)

- 14.1. Sharon Wroot – Executive Director (Environment, Economy and Resources)

COUNCILLOR STAN SHREEVE
DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE AND
RESOURCES

Finance Monitoring Report 2021/22 – Quarter 3



Appendix 1



FINANCIAL OVERVIEW - QTR3

✓ On Course
 ! Monitor
 ✗ Cause for Concern

Quarterly Revenue Spend Forecast Position £'M

✗ Pg 5



Revenue Position

✗ 6.91%

REVENUE	Budget £'M	Forecast £'M	Variance £'M	
Resources	3.4	3.4	0.0	Pg 8
Environment	16.9	16.7	(0.2)	Pg 9
Economy & Growth	27.9	27.5	(0.4)	Pg 10
Children & Family Services	46.0	58.2	12.2	Pg 12
Public Health	0.4	0.4	0.0	Pg 14
Adult Services	48.7	47.0	(1.7)	Pg 15
Total	143.3	153.2	9.9	
Other Budgets Underspend			(1.6)	Pg 16
Funding adjustment			(6.5)	Pg 17
Net			1.8	

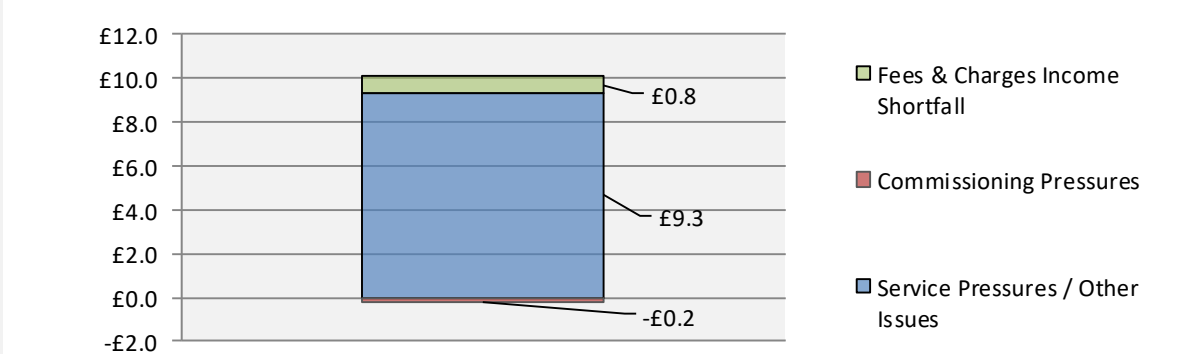
Capital Position

✗ (15.77%)

CAPITAL	App Prog £'M	Forecast £'M	Variance £'M	
Resources	8.1	5.7	(2.4)	Pg 8
Environment	10.3	8.6	(1.7)	Pg 9
Economy & Growth	23.3	21.0	(2.3)	Pg 11
Children & Family Services	3.6	2.4	(1.2)	Pg 13
Public Health	0.0	0.0	0.0	Pg 14
Adult Services	4.8	4.5	(0.3)	Pg 15
Total	50.1	42.2	(7.9)	
Funding			7.9	
Net			0.0	

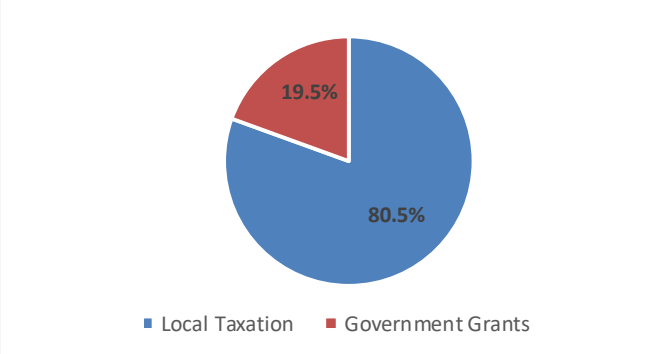
Service Over Spend Analysis £'M

Pg 5



Funding Outturn

Pg 17



Overview

At the end of quarter 3 of the financial year, the Council is forecasting a £1.8M overspend against its 2021/22 budget. The forecast reflects the on-going impact of Covid-19 and the subsequent risks and demands being experienced, particularly within children's and family services. We continue to work with services to manage risks and aim to move towards a balanced position at year end.

Collection rates, in particular non-domestic rates, have been affected by Covid-19 and we are continuing to monitor the position closely. The impact on future years income remains a risk and will be impacted by the pace at which the local economy recovers. We have continued to deliver a range of financial support packages within the Borough during 2021/22 to mitigate against the socio-economic effects of Covid-19.

The Council's long term financial strategy remains focused on the achievement of financial sustainability through economic and housing growth. The Council is working alongside Government and private investors to accelerate growth across the Borough. In relation to housing, it is pleasing to note that we are starting to see growth in the tax base and this will be reflected in the forthcoming MTFP refresh.

It is anticipated that we will deliver £42.2M of the approved capital programme in year. Whilst borrowing costs are increasing, the Council continues to operate within its approved Treasury Management Strategy, and investment plans are designed to deliver long term payback in terms of additional income or reduced costs.

The Draft Local Government Financial Settlement, announced in December 2021, has provided the Council with a real-terms increase in funding of 4%, taking into account additional tax raising powers.

The settlement incorporates a council tax referendum limit of 2% and the flexibility to apply a further 1% Social Care Precept to meet extra cost and demand-led pressures next year and keep providing services at pre-pandemic levels.

As in 2021/22, the settlement only covers a single year with longer term changes to the local government funding model, including fair funding and business rate retention, being postponed. We are hopeful that funding reforms aligned to the Levelling up agenda will enable the Government to set out a multi-year settlement for local government in 2023/24.

The Council continues to hold reserves to address some of the specific risks it faces. However, it should be noted reserves are non-recurrent in nature and will need to be reviewed as part of the MTFP refresh. This will ensure the Council has sufficient capacity to deal with the increased risks and opportunities it currently faces as it recovers from the impacts of Covid-19.

Sharon Wroot – Executive Director (Environment, Economy and Resources)

COVID-19 Grant Funding

Grant scheme - Direct	2021/22		
	Total Available	Committed	Balance Available
LA Support Grant * ^	6,495,749	(6,495,749)	0
Covid CTAX Support Grant	1,529,242	(1,529,242)	0
Lower Tier Service Grant	257,000	(257,000)	0
Covid Community Testing	365,147	(365,147)	0
Fees and Charges Compensation Scheme	430,000	0	430,000
MHCLG-C19 Clinically Extremely Vulnerable	296,320	(296,320)	0
DHSC-C19 Test and Trace Support	188,000	(188,000)	0
DHSC-C19 Test and Trace Admin Costs	90,757	(90,757)	0
Contain Outbreak Management Fund	5,388,245	(4,446,245)	942,000
Covid Winter Grant Scheme (CWGS) now Covid Local Support Grant (CLSG)	739,369	(739,369)	0
Rough Sleepers	635,536	(635,536)	0
Homeless Prevention Grant	383,867	(383,867)	0
Domestic Abuse Safer Accommodation Funding	373,916	(373,916)	0
Holiday Activities and Food Grant	773,750	(773,750)	0

Grant scheme - For Distribution	2021/22		
	Total Available	Committed	Balance Available
MHCLG-C19 Other Community Hardship Fund	35,226	(35,226)	0
Covid-19 Additional Restrictions Grant	2,741,626	(2,741,626)	0
Covid-19 Restart Grant (businesses)	8,946,360	(8,946,360)	0
Covid-19 New Burdens	228,800	0	228,800
Council Tax Hardship Fund	229,691	(229,691)	0
Adult Social Care Infection Control and Rapid Testing	2,321,031	(2,321,031)	0
Practical Support Self Isolating	317,154	0	317,154

Revenue Highlights

£1.8M Total Revenue
Forecast Overspend

£9.9M Service Budgets
Forecast Variance

5.60% % Representation of
Service Budget
Overspend to Net Budget

REVENUE	Original Budget £'M	Revised Budget £'M	Forecast £'M	Variance £'M
Resources	2.7	3.4	3.4	0.0
Environment	16.2	16.9	16.7	(0.2)
Economy & Growth	27.5	27.9	27.5	(0.4)
Children & Family Services	44.2	46.0	58.2	12.2
Public Health	0.2	0.4	0.4	0.0
Adult Services	48.8	48.7	47.0	(1.7)
	139.6	143.3	153.2	9.9
Corporate Budgets	4.7	5.7	4.1	(1.6)
	144.3	149.0	157.3	8.3
Earmarked reserves	4.2	0.9	0.9	0.0
School Balances	0.0	(1.6)	(1.6)	0.0
Total	148.5	148.3	156.6	8.3
Funding	(148.5)	(148.3)	(154.8)	(6.5)
COVID Funding	0.0	0.0	0.0	0.0
Net	0.0	0.0	1.8	1.8

At Qtr.3 of 2021/22 the Council is forecasting an overspend of £1.8M. This is after the release of unallocated corporate contingency of £1.3M, and COVID related earmarked reserves and un-ringfenced funding of £5.6M.

Additional costs, increased service demand, shortfalls against income budgets and delays in the delivery of savings programmes have been encountered. Detailed analysis of each key area is included within this report. Further actions and mitigations will be required to ensure we have a balanced position at the end of the financial year.

The Council remains in a period of uncertainty and the medium to long term impact of Covid-19 on the financial position is still being understood, and this will be a key feature of the 2022/23 to 2024/25 budget planning process, which is now underway.

Capital Highlights

£7.9M

Service Capital
Forecast Variance
Underspend

15.77%

% Representation of Service
Capital Underspend to Approved
Programme

CAPITAL	Original Programme £'M	Approved Programme £'M	Forecast £'M	Variance £'M
Resources	8.9	8.1	5.7	(2.4)
Environment	9.1	10.3	8.6	(1.7)
Economy & Growth	22.2	23.3	21.0	(2.3)
Children & Family Services	10.7	3.6	2.4	(1.2)
Public Health	0.0	0.0	0.0	0.0
Adult Services	3.3	4.8	4.5	(0.3)
Total Capital Budgets	54.1	50.1	42.2	(7.9)
Funding	(54.1)	(50.1)	(42.2)	7.9
Net	0.0	0.0	0.0	0.0

Despite ongoing challenges linked to Covid-19, an ambitious programme of investment within the Borough has been progressing. However the Council has seen some impact as a result of Covid-19, both financially, operationally and in our ability to deliver the capital programme.

The underspend above is mainly due to Covid-19 which has further affecting the construction works in relation to the CDF Hub.

Delivery of the programme will continue to be closely monitored to ensure we are investing in schemes that are deliverable and affordable, and deliver benefits to the place.

Annex 1 details proposed scheme slippage, along with other programme adjustments.

Revenue

2.37% Of Total Revenue Service Budgets

£0M

Forecast Revenue Overspend

0% Variance as % Of Total Budget Envelope

REVENUE	Revenue Budget £'M	Revenue Forecast £'M	Variance £'M
Policy Strategy and Resources	1.7	1.6	(0.1)
Deputy S151	1.4	1.2	(0.2)
Assistant Chief Executive	1.2	1.2	0.0
Law, Governance and Assets	(0.9)	(0.6)	0.3
	3.4	3.4	0.0

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.3
Fees & Charges Income Shortfall	0.1
Service Pressures/Other Issues	(0.4)
	0.0

The main budget pressures are from market rental income, impacted by Covid-19, of £0.135m and from additional child care legal demand of £0.410m. These pressures are being offset by savings within the Coroners Service of £0.204m and from additional Commercial Estate income of £0.145m.

Capital

16.17% Of Total Capital Programme

(£2.4M)

Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Capital Forecast £'M	Variance £'M
Law Governance and Assets	4.5	3.0	(1.5)
Deputy S151	1.8	1.0	(0.8)
Policy Strategy and Resources	1.8	1.7	(0.1)
	8.1	5.7	(2.4)

Playing Pitch Re-Provision – (£1.1M) Reprofiting of spend carried out to reflect the approval of the Clee Fields element with works planned to commence in 2022/23.
Heritage at Risk– (£0.2M) Slippage required in respect of the Education Development Centre element of this scheme.

Poplar Road bus Unit Expansion – (£0.2M) Further slippage now required as this scheme is still at the feasibility stage & therefore not going to deliver in this financial year. Early indications show that the scheme costs are higher than anticipated & therefore it is planned to merge this scheme with the Business Centre Improvements Scheme and works prioritised to keep within the overall budget allocation.

Revenue

Environment

11.79% Of Total Revenue Service Budgets

£0.2M Forecast Revenue Underspend

1.2% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Environment	16.9	16.7	(0.2)

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.0
Service Pressures/Other Issues	(0.2)
	(0.2)

The main savings are from the waste contract and from increased recycling income, which are being offset by an income pressure within Taxis and Licensing impacted by covid-19 and pressures within Grounds, Bereavement and Resort Services.

Capital

20.56% Of Total Capital Programme

(£1.7M) Forecast Capital underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Environment	10.3	8.6	(1.7)

Enhancement of Bereavement Services – (£0.3M) Delays in works related to the Tea Rooms in the scheme has resulted in a budget slippage.

Depot Rationalisation (£0.8M) This scheme has now commenced but there will be some overlap into 22/23 that requires budgets to be slipped to match reprofiled spending plans.

Scartha Cemetery Lodge/Waiting Room – (£0.2M) Works relating to the Lodge and waiting rooms has been subject to some delay and some budget will be required to be slipped into 22/23

Operation Gateway – (£0.2M) These rechargeable works are no longer planned to take place and the scheme will be removed from the programme

19.47%

Of Total Revenue
Service Budgets

£0.4M

Forecast Revenue
Underspend

1.4%

Variance as % Of Total
Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M	VARIANCE ANALYSIS	£M
Regeneration	6.5	5.8	(0.7)	Commissioning Pressures	(0.5)
Housing, Highways and Transport	21.4	21.7	0.3	Fees & Charges Income Shortfall	0.5
	27.9	27.5	(0.4)	Service Pressures/Other Issues	(0.4)
					(0.4)

The ongoing impact of Covid-19 restrictions and changes in working practices is resulting in a forecast income loss of £0.428m from car parking.

Additional contract efficiencies and early payment discounts of £0.157m has helped achieve savings to offset this pressure and additional income is also forecast from Planning fees of £0.07m.

Staff cost savings within Regeneration have been achieved through effective vacancy management leading up to a staffing review and from the capitalisation of staffing costs for those working directly on a range of capital investment schemes

20.36% Of Total Capital Programme (£2.3M) Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Regeneration	10.2	8.7	(1.5)
Housing, Highways and Transport	13.1	12.3	(0.8)
	23.3	21.0	(2.3)

Clee HLF Townscape Heritage – (£0.3M) The overall project is expected to be extended and requires a re-profiling of budgets across years to reflect the phased approach.

Unlocking Potential - £0.3M An overspend is forecast in relation to the Garth Lane element of the scheme. This is in respect of a number of additional charges for preliminaries to cover Covid-19 related delays & also unforeseen site conditions & changes to specifications.

CDF open For Culture – (£1.2M) Due to the delay of legal agreements and commencement of the enabling works for the creative workspace element of the programme in 21/22, the majority of the budget in this financial year will be slipped into 22/23 when construction is expected to commence.

GLLEP Junction Improvements - £0.3M Further S106 monies to be received and potentially utilised to cover some of this overspend.

A18 Laceby to Ludborough - £0.3M Additional cost of works, including utilities spend.

Accelerated Construction Scheme – (£0.4M) Some delay in plans for the former Matthew Humberstone site will require budget to be slipped into next year. The Western site element of this scheme is now complete.

Estate Road No – (£0.3M) The main works are now complete & the final application for payment from the contractor has been submitted. Based on the estimated value from the contractor this scheme will underspend. Budget savings will be transferred to the A18 scheme which is forecasting an overspend at this present time (See above).

Green Homes Lad Phase 2 – (£0.8M) Delayed project following Midlands Energy Hub delayed tendering process, so scheme now extended to the end of August 2022. Budget to be reprofiled into 22/23 as a result.

Grimsby & Immingham Innovation Funding - £0.3M New scheme approved for inclusion on the programme and budget to be established to match grant funding and spending plans.

32.1%

Of Total Revenue
Service Budgets

£12.2M

Forecast Revenue
Overspend

26.5%

Variance as % Of Total
Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Education and Inclusion	(0.4)	(0.1)	0.3
Safer and Partnerships	2.1	2.1	0.0
Childrens Trust	0.6	0.6	0.0
Director Childrens/Family Services	0.7	0.7	0.0
Safeguard and Early Help	43.0	54.9	11.9
Total Children's & Family Services	46.0	58.2	12.2

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.2
Service Pressures/Other Issues	12.0
	12.2

Summary and Risks in respect of the remainder of the year - The projected overspend of Children's Services is down to two main reasons, the costs of additional agency social worker teams and staff, and the demand in the system. In respect of the former and a significant reason for the outturn projection is the cost of the 5 additional project teams. Four of these have now been factored in to remain in place until the end of March 2022 with the 5th team remaining until the end of January 2022. In respect of the latter, whilst the numbers of CLA, CP and CIN have fallen since the start of the financial year, although the fall in CLA numbers is only down by 2, the children exiting the system have generally been at lower placement cost than new entrants. In respect of CLA this was 592 at the start of the financial year and is currently 590 (16th January). The impact and implications on the budget in respect of the Commissioner following the outcome of the Ofsted inspection is not known at present but needs to be noted as a risk.

£6m Independent Residential (Agency) placements, Supported Housing for post 16 and Independent Foster Care placements - Due to both higher numbers than budgeted for and complexity of need of children in our care increased numbers of Independent homes for children are having to be use more at a higher cost as the availability and need of local provision exceeds the capacity we have. An Improvement plan is in place which aims to re-design the Children's Social Care service approach through a series of aligned work programmes including the Discharge Team, Placement Panel and Valuing Care. The number of children coming into the system is showing positive signs that the rate of increase has slowed and indeed numbers have slightly fallen but the issue of meeting needs locally persists which as a consequence results in increased financial pressure.

£5.3m Safeguarding ,Children in Care, Child Protection and Court, and Family Time - this is the cost of additional Social Worker teams and associated staffing to manage the high demand for Children's Social Care. The impact of the previous Ofsted outcome together with the COVID pandemic has severely restricted the recruitment of Social Workers necessitating the use of a number of additional teams at a significant cost.

£0.5m Fostering and Adoption-Foster Carer payments, Special Guardianships and Residency Orders. This pressure has continued from the previous financial year due to the increased number of Children Looked After. Whilst specific actions to manage the overspend are in place in this area they are limited. Other wider service actions will continue in 2021-22 and beyond such as the implementation of the Improvement Plan and Recovery Plan and targeted actions around placement costs demonstrated by the creation of a Placement Panel which meets weekly to review current and new placements.

£0.5m-Home to School Transport - The pressure against the SEN home to school transport contract budget line is based upon revised contract information and increasing pupil numbers, underspends against other budget areas however have mitigated some of this pressure resulting in transport budgets collectively forecasting a £0.363M overspend.

Dedicated Schools Grant (DSG) - At the 1st April 2021 the DSG Account brought forward a deficit balance of £0.761M. Pressures still remain in the High Needs Block and the current projected in year overspend is around £1m giving a total cumulative projected deficit as at the 31-3-2021 of £1.8m. Work continues to verify this figure especially around High Needs and Early Years spend. Potential actions will not be enough to bring the DSG back into balance therefore the actions being developed and progressed by the service still need to happen.

Capital

7.19% Of Total Capital Programme **(£1.2M)** Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Childrens & Family Services	3.6	2.4	(1.2)

SEND - (£0.4M) Some delay in the programme of spend now into the next financial year, which will require funding to be slipped into 22/23.

CCTV Review & Upgrade - (£0.8M) Final decision to be made on the scheme, which has seen the estimated costs rise significantly compared to the budget currently available.

0.28% Of Total Revenue
Service Budgets

£0.0M Forecast Revenue
Overspend

0.00% Variance as % Of Total
Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Public Health	0.4	0.4	0.0

The Council has been allocated a ring fenced Public Health grant of £11.562m in 2021/22. This grant is allocated to a number of services with the aim of improving the health of the local population. The main services that benefit from the Public Health grant include Drugs & Alcohol, Wellbeing Service, Sexual Health, Regulation and Enforcement, Health Visitors, Schools Nurses and the Localities team.

Some of the grant has been used as a contribution towards key contracts which impact public health outcomes and these include Lincs Inspire and Adult Social Care. Whilst there are demand needs, the work is targeted and tailored to the grant available. Due to the nature of the grant being ring fenced any under or overspend is rolled into a specific earmarked reserve for future utilisation on public health activities.

Due to Covid-19, a number of additional grants have been received and are managed directly by the Public Health service. The largest is the "Contain Outbreak Management Fund" (COMF), £5.388m of income is available to be spent this financial year

Other smaller grants which are Covid related and expected to be spent in year include community test and trace, practical support for self isolation, drug treatment harm and crime reduction and adult weight management.

Revenue

Adult Services

33.98% Of Total Revenue Service Budgets

£1.7M Forecast Revenue Underspend

17.17% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Adult Services	48.7	47.0	(1.7)
	48.7	47.0	(1.7)

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.0
Service Pressures/Other Issues	(1.7)
	(1.7)

The forecast underspend predominantly relates to additional Covid-19 funding received via health, release of provision not anticipated to be required and non-recurrent expenditure not expected to be utilised in 2021/22. The position is still uncertain and the forecasting contains many risks chiefly around the impact of Covid moving forward.

Capital

9.58% Of Total Capital Programme

£0.3M Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Adult Services	4.8	4.5	(0.3)

Disabled Facilities Grant – (£0.3M) Some delay in spend in disabled facilities minor works and adaptations. Other plans for utilising the overall grant funding available are being progressed across a range of services, including Adults and Children's Services.

Corporate Budgets

3.76%

Of Total Revenue
Budgets

(£1.6M)

Forecast Revenue
Underspend

CORPORATE BUDGETS	Budget £'M	Forecast £'M	Variance £'M
Pensions and Appropriations	4.6	4.6	0.0
Technical Adjustments	(13.0)	(13.0)	0.0
Borrowing Costs	11.1	10.7	(0.4)
Levies	0.7	0.7	(0.0)
Other Budgets	2.2	1.0	(1.3)
Total	5.6	4.0	(1.6)

The forecast position of £1.6M underspend for corporate budgets includes the following:

- A debt financing saving of £0.9M due to delays in borrowing requirement. Of which £0.5M will be allocated to the Debt Financing Earmarked Reserve (EMR) in order to meet future borrowing requirements.
- £1.2M unallocated corporate contingency which has been released to offset service pressures.

Funding - Summary

80.9% Local Taxation Budget as % of Total Funding

1.98% Council Tax uplift 21/22

FUNDING	Budget £'M	Forecast £'M	Variance £'M
Council Tax	(76.4)	(76.4)	0.0
Business Rates	(43.7)	(43.7)	0.0
Revenue Support Grant	(9.2)	(9.2)	0.0
Better Care Fund	(7.8)	(7.8)	0.0
Social Care Support	(6.1)	(6.1)	0.0
Capital Grants and Contributions	0.0	0.0	0.0
New Homes Bonus	(0.1)	(0.1)	0.0
COVID-19 Business Support Grants	0.2	(0.7)	(0.9)
COVID-19 Funding	(5.0)	(5.0)	0.0
COVID-19 Lower Tier Service Grant	(0.3)	(0.3)	0.0
COVID-19 EMR	0.0	(5.6)	(5.6)
Total	(148.4)	(154.9)	(6.5)

In-year funding from local taxation targets is forecast to be on budget. However in- year collection has dropped slightly as a result of Covid-19 and this will potentially impact on future years. The position is being monitored closely and being reflected in the medium term financial plan for 2022/25. A small balance (£0.2M) has been released from the Covid Council Tax Hardship EMR in year, along with additional Covid support income of £0.7M. In addition Covid related earmarked reserves and un-ringfenced funding of (£5.6M) has been released to offset service pressures.

There is still a great deal of uncertainty in relation to longer term impact of the pandemic on the Council's funding. The Government allowed councils to spread collection fund losses over an extended period of time and this will mitigate, to a degree, the impact over the short term.

Local Taxation

Council Tax Collection	%	Non Domestic Rates Collection	%
Q3 2021/22	80.40	Q3 2021/22	77.65
Q3 2020/21	80.19	Q3 2020/21	78.78
Q3 2019/20	81.36	Q3 2019/20	82.31

Collection Rates:

Council Tax

The collectible liability for 2021/22 is approximately £6.8m higher than in 2020/21 and current collection percentage is slightly ahead of last year at the end of quarter 3. We have collected approximately £5.6m more this year in comparison to last year at the same point in time.

Non Domestic Rates

The collectable liability has increased significantly in 2021/22 compared to the previous year (it is currently approximately £12.7m higher), due to changes/reductions in several Covid related reliefs during the financial year. The position at the end of the third quarter is improved compared to the position at the end of quarter 2 in terms of percentage collected and was just over 1% behind in comparison to the end of quarter 3 last year. Overall however, we have collected approximately £9m more so far in 2021/22 compared to 2020/21.

Medium Term Outlook

The Council is anticipating the financial impact of the Covid-19 pandemic to lead to a significant slow-down in the local economy which will therefore impact upon its income and funding base and its expenditure profile over time. There are a range of risks which need to be considered in assessing the Council's overall financial sustainability to ensure that it remains financially resilient.

Risk	Commentary
Funding	Covid funding is non recurrent in nature. Future Government support, the Fair Funding review and changes to the LG financial model will be critical.
Collection rates	The financial impact of the slow down in the local economy has a direct impact on the Council's funding to deliver its services. Local taxation currently makes up around four fifths of the Council's base funding. For each 1% change in council tax collection rates the Council would see an impact of approximately £0.7M.
Fees and charges	The Council generates significant income through other sources of fees, sales and charges such as car parking income, income from the commercial estate. All of these income streams may be impacted by Covid-19 and could be impaired over time. These will continue to be monitored.
Economy	The Council's financial strategy is very much focused on creating a sustainable funding base to allow priority services to be delivered. Growing the local tax base and bringing more business rate stability through retaining and developing a thriving local economy are therefore extremely important. Any economic downturn will therefore impact on the Council's finance and commissioning plans.
Demand and service pressures	There are additional financial burdens and pressures created by Covid-19, particularly social care. These include provider sustainability, increasing costs associated with children at risk or looked after, and delays to implementing or delivering savings programmes.
Reserves	The adequacy of the Council's reserves are being closely monitored given the increased risk faced within the current operating environment. The Council's reserves are currently all held for a specific purpose and supported by the annual statement on the adequacy of reserves. It is important to note that reserves can only be used once. A review of reserves will be undertaken as part of the forthcoming budget round.
Capital programme	The Council's planned capital programme, and in particular economic growth focused areas such as the multi-million pound South Humber Infrastructure and Investment Programme, may be delayed and anticipated growth impaired over the medium term. Investment through the capital programme will support the borough's overall recovery process.
Treasury	Treasury and cash management will need to be carefully monitored over the coming months as the economic situation remains instable. Borrowing and investment strategies will remain under review.

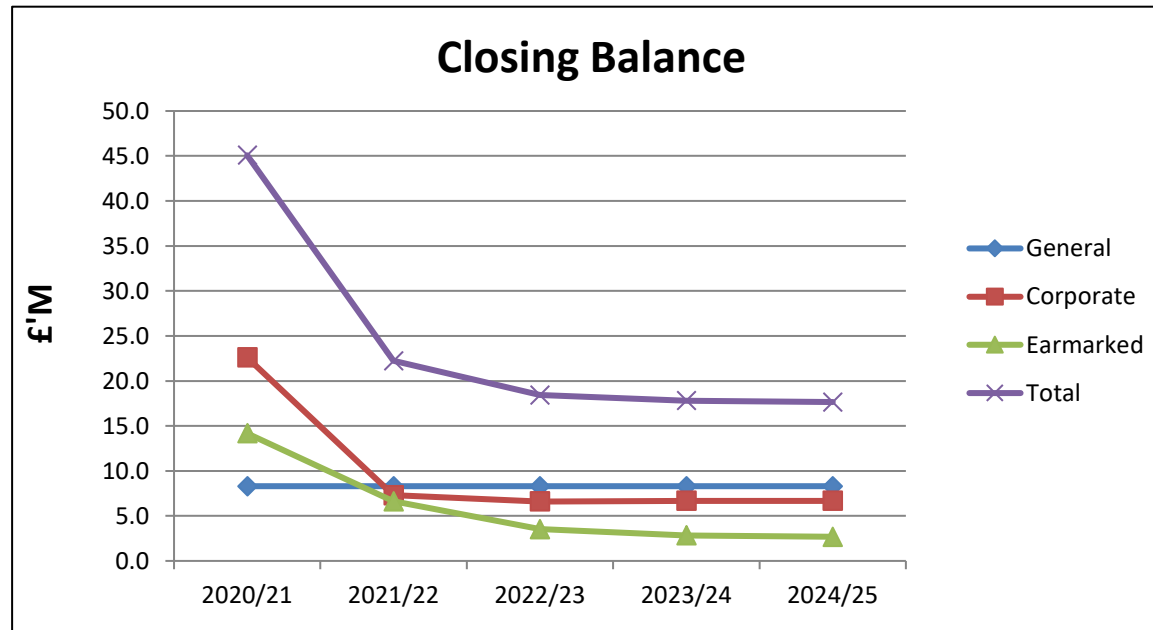
Reserves

£8.3M General Fund

5.6% General Fund as % Of Net Budget

£17.6M Forecast 24/25 Total Reserve Balance

Reserve Forecast



General fund reserves, set aside to deal with any unforeseen events, remain at £8.3M. This is in line with the medium term financial plan and considered to be a prudent level taking into account the increased level of risk to which the Council is currently exposed.

In addition the Council maintains corporate reserves to address key risk areas.

Service reserves are expected to reduce further to support transformation and other initiatives.

Reserves.

4.5%

24/25 Corporate Reserves
as % Of Net Budget

£6.7M

Forecast 24/25 Corporate
Reserve Balance

Key Corporate Earmarked Reserves

Name	21/22 Closing Balance £'M	Purpose
Self Insurance	1.3	Required to meet cost of claims which are insured internally
Business Rates Equalisation	1.9	Used to mitigate fluctuations in business rates income without impacting service budgets
Transformation Reserve	1.2	Service Transformation
Pension Fund Reserve	0.4	To smoth future pension fluctuations
Debt Financing	1.8	Used to mitigate costs of borrowing and capital programme activity

The overall capacity within reserves has reduced over recent years, it is therefore essential that we continue to review corporate and technical reserves to ensure there is sufficient capacity to deal with the risks and opportunities faced by the council.

The position will be monitored and considered as part of the medium term financial planning process, and where necessary plans will be put in place to replenish reserves to a reasonable level.

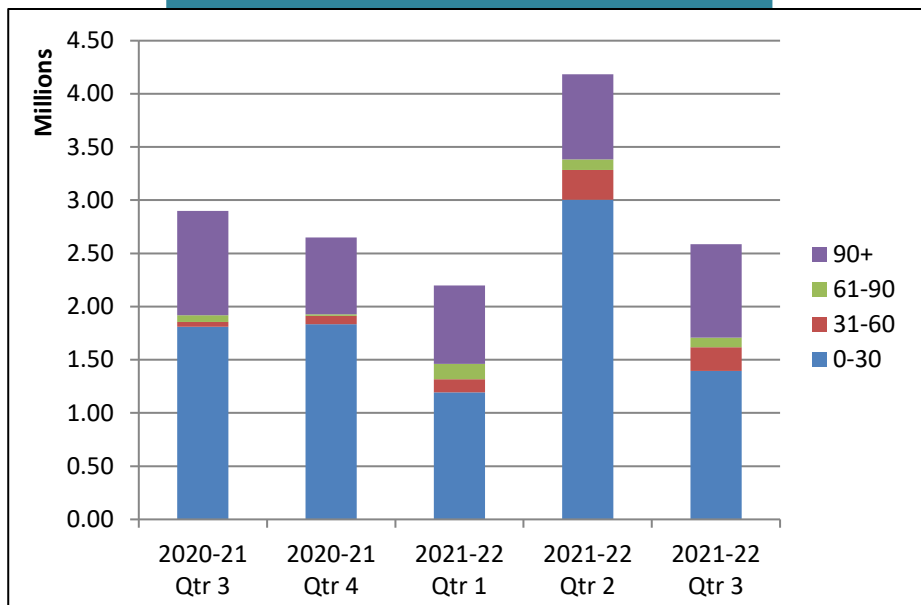
Working Capital Management

95.84% 2020/21 % Creditor Invoices Paid within 30 days at Qtr.3

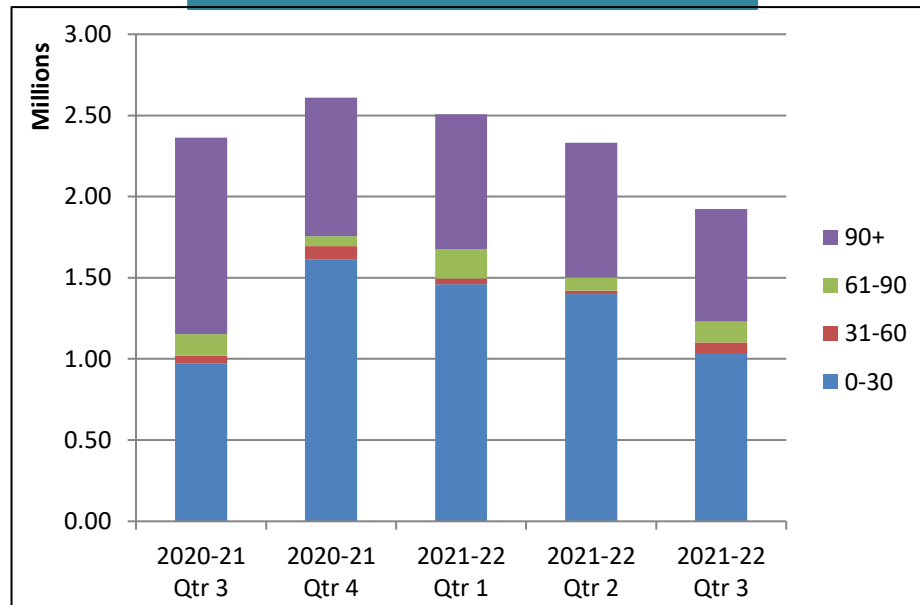
96.0% 2021/22 % Creditor Invoices Paid within 30 days at Qtr. 3



Council Managed Sundry Debts



Engie Managed Sundry Debts



Invoicing and the issuing of routine reminders has continued as normal during the Covid-19 pandemic. Debt recovery action had been relaxed, however since September 2020 all debt recovery action has resumed.

Quarter 3 council managed debt shows a marked reduction in 0-30 day outstanding debt compared to Q2 due to the payment of the £1.93m academy invoice which was included in Q2. This aside, overall council aged debt is showing a slight increase compared to Q1 and Q2 of 2021-2022 but it is still lower than the comparative period of 2020-2021. During 2021-2022 there has been an increase in the aged debt in the 31-60 and 61-90 day brackets indicating that although invoices are being paid it is taking longer for the authority to receive payment for the goods/services provided. Engie managed debts continue to show some improvement in all categories.

Bad debts and write offs continue to be carefully monitored but, due to the ongoing COVID19 pandemic and the challenges faced within the local economy, there is still the possibility that debt may rise during 2021-22 and into 2022-2023

Treasury & Cashflow

£60.0M

Investments at 31 Dec 2021

£154.6M

Borrowing as at 31 Dec 2021

0.01%

Average return on investments

3.17%

Average cost of borrowing

The chart opposite shows the projection for various limits, determined to ensure that all borrowing is affordable and linked to the Capital Programme.

The Capital Financing Requirement is the underlying need to borrow for capital plans. The Authorised and Operational Boundaries are limits of borrowing that are deemed affordable, they are not targets.

Our cash position has been boosted by various grant streams, primarily in connection with the pandemic response and unwind, and short-term borrowing taken in advance to provide in-year liquidity.

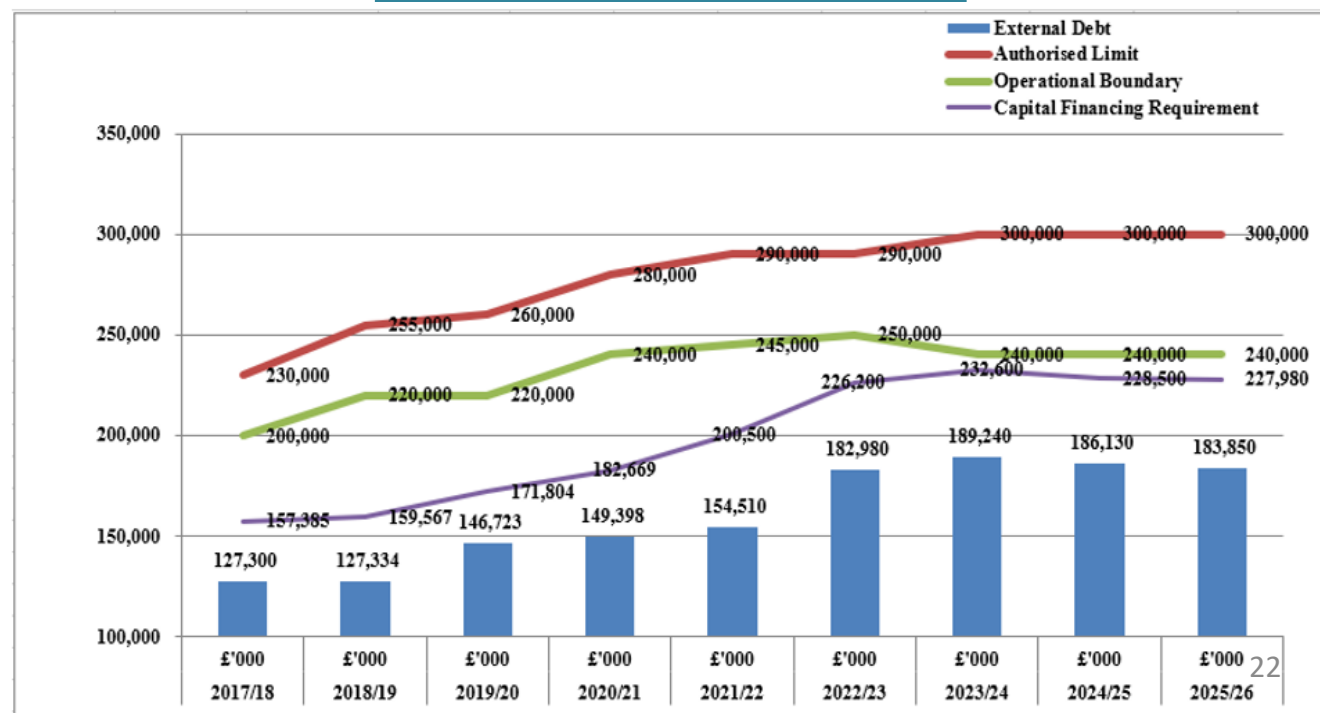
The higher balances mean it is no longer expected that we will need to borrow further in the current financial year.

Current investments are consistent with the Treasury Management Strategy.

Balances remain high, bolstered by Covid-19 related support grants. At quarter end balances grew again year-on-year and now sit £35-40m higher than pre-covid levels, including £7m of Business Support Grant. It is still anticipated that balances will move back toward more typical levels during the remainder of 2021-22 as support funds are deployed/recalled.

The continued presence of higher than usual balances means that we are unlikely to have a requirement for further borrowing over the remainder of 2021-22.

Prudential Indicators



Capital Programme

SCHEME	2021/22 Revised Capital Programme	Slippage Request to 22/23 - 23/24	Changes to Programme 2021/22	Changes to Programme 2022/23	Changes to Programme 2023/24	2021/22 Revised Cap Programme	2022/23 Approved Cap Programme £000's	2023/24 Approved Capital Programme £000's
Childrens Services								
Schools - Devolved Formula Cap Grant	112	0	0	0	0	112	100	0
Schools - Backlog Maintenance	753	0	0	0	0	753	400	400
Schools - Basic Need Sufficiency of Places	637	0	0	0	0	637	1,860	3,500
Special Educational Needs and Disability Fund	627	-400	0	0	0	227	1,283	883
Lincs2 Portal System Inv.	1	0	0	0	0	1	0	0
Looked After Children	307	0	-307	0	0	0	0	0
Nursery Places	140	0	0	0	0	140	0	0
Service Improvement Education	61	-30	0	0	0	31	30	0
CCTV Review and Upgrade	955	0	0	0	0	955	0	0
Safer Streets 2	0	0	382	0	0	382	0	0
Adult Services								
Disabled Facilities Grants	4,674	-250	75	0	0	4,499	3,214	2,685
Social Care - Better Care Fund	10	0	0	0	0	10	0	0
Environment								
Fleet Replacement Programme inc. Recycling Collection	4,007	-450	0	0	0	3,557	2,040	633
Household Recycling Scheme	0	0	0	0	0	0	0	57
Smart Energy for Business	942	0	0	0	0	942	0	0
Litter Bin and Recycling Replacement and Upgrade	76	0	25	0	0	101	0	0
Enhancement of Bereavement Services	741	-327	0	0	0	414	752	84
Peoples Park Refurbishment	76	-41	0	0	0	35	41	0
Depot Rationalisation	3,021	-2,000	0	0	0	1,021	5,757	0
Scartho Cemetery Lodge and Chapel	259	-241	0	0	0	18	618	35
Resort Management	46	0	0	0	0	46	0	0
Public Sector Decarbonisation	2,974	0	0	0	0	2,974	0	0
Environmental Services Management System	135	0	0	0	0	135	0	0
Regulatory Services Management System	130	0	0	0	0	130	0	0
Operation Gateway	220	0	-210	0	0	10	0	0
Memorial Testing and Repairs	105	-82	0	0	0	23	82	0
Play Parks	50	-50	0	0	0	0	500	300
Resources								
Backlog Maintenance	1,495	400	0	0	0	1,895	1,358	38
Property Rationalisation Programme	202	-180	0	0	0	22	180	0
GY Leisure Centre	2	0	0	0	0	2	0	0
Cartergate Unit Development	220	-120	0	0	0	100	120	0
Playing Pitch Reprovision	1,373	-1,140	0	0	0	233	4,402	0
Digital Strategy Delivery/Imp Civica/EDRMS	10	0	0	0	0	10	0	0
Heritage Asset at Risk	686	-589	0	0	0	97	589	0
Fire Segregation Works	9	0	0	0	0	9	0	0
Poplar Road Expansion	1,440	-1,006	0	0	0	434	2,696	0
Business Centre Improvement	638	-386	0	0	0	252	386	0
Capital Investment	1,116	0	231	0	0	1,347	91	3,684
Capital Receipt Flexibility	400	0	0	0	0	400	400	400
ICT Refresh	1,169	0	0	0	0	1,169	646	646
Corporate Systems Investment	435	0	-75	0	0	360	75	0
Eco Park	14	0	0	0	0	14	0	0
IT Transformation Programme	98	0	0	0	0	98	0	0
Learning Mgt System Implementation	25	0	0	0	0	25	0	0
Sentinel Master Data Mgt	0	-86	97	112	65	11	198	65

SCHEME	2021/22 Revised Capital Programme	Slippage Request to 22/23 - 23/24	Changes to Programme 2021/22	Changes to Programme 2022/23	Changes to Programme 2023/24	2021/22 Revised Cap Programme	2022/23 Approved Cap Programme £000's	2023/24 Approved Capital Programme £000's
Public Health								
Drug & Alcohol Recovery	12	0	0	0	0	12	0	0
Economy and Growth								
Freeman Street Regeneration	7	0	0	0	0	7	0	0
Cleethorpes HLF Townscape Heritage	567	-280	0	40	0	287	1,478	421
Sth Humber Infrastructure and Investment Programme	3,659	-1,036	0	0	0	2,623	5,514	2,725
Riverhead Square & Unlocking Potential	1,241	100	0	0	0	1,341	0	0
Cleethorpes Public Art	637	0	-40	0	0	597	0	0
Heritage Action Zone	160	-35	-45	0	0	80	190	230
Town Deal Investment	452	0	0	0	0	452	3,058	0
Central Clee Regeneration	284	0	0	0	0	284	3,748	0
Europarc Food Enterprise Zone	179	0	0	0	0	179	0	0
CDF - Open For Culture	1,407	-1,226	80	350	70	261	1,576	70
Future High Streets Fund	1,046	0	0	0	0	1,046	8,868	17,386
Towns Fund	564	0	95	-172	102	659	5,296	8,071
Strategic Land Acquisition	0	0	795	0	0	795	0	0
Local Transport Plan Schemes	4,206	0	0	-243	0	4,206	3,780	4,208
Housing Assistance Grants and Loans	804	-350	0	0	0	454	600	250
Affordable Housing S106 Monies	125	0	0	0	0	125	0	0
Supported Housing Scheme	19	0	0	0	0	19	0	0
Immingham Lock Flood Def Gates	63	-63	0	0	0	0	63	0
A18 Laceby to Ludborough	673	0	0	0	0	673	0	0
Community Housing	51	0	0	0	0	51	0	0
Willingham/Peaksfield Flood Alleviation	191	0	0	0	0	191	0	0
Accelerated Construction	2,022	-375	0	0	0	1,647	375	0
Estate Road 2	354	0	0	0	0	354	0	0
Corporation Bridge	1,359	0	0	0	0	1,359	2,967	500
Extended Cycle Track	2,559	0	0	0	0	2,559	0	0
Rough Sleeper Accomodation Grant	183	0	0	0	0	183	0	0
Green Homes Grant LAD Phase 2	850	-776	0	0	0	74	776	0
Grimsby and Immingham Flood Innovation	0	0	250	1,240	1,980	250	1,240	1,980
Grant St Car Park	0	0	0	3,393	0	0	3,393	0
TOTAL CAPITAL PROGRAMME	54,065	-11,019	1,353	4,720	2,217	44,399	70,740	49,251

	2021/22 Revised Capital Programme	Slippage Request 2022/23 - 2023/24	Changes to Programme 2021/22	Changes to Programme 2022/23	Changes to Programme 2023/24	2021/22 Revised Capital Programme	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Funding								
External Grants	26,470	-3,969	872	1,374	2,083	23,373	30,832	28,861
Corporate Borrowing	26,790	-7,371	481	3,346	134	19,900	39,367	14,890
Capital Receipts	476	59	0	0	0	535	541	500
Revenue Contributions	36	21	0	0	0	57	0	0
Other Private inc S106	293	241	0	0	0	534	0	5,000
	54,065	-11,019	1,353	4,720	2,217	44,399	70,740	49,251