

CABINET

DATE	11/08/2021
REPORT OF	Councillor Stan Shreeve – Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director for Environment, Economy and Resources
SUBJECT	2021/22 Quarter 1 Financial Monitoring Report
STATUS	Open
FORWARD PLAN REF NO.	CB 08/21/03

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 financial 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 first 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 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

At the end of first quarter of the financial year, the Council is forecasting a £8.1M overspend against its 2021/22 budget.

COVID19 continues to have a impact on the Council's finances through increased social care demand, reduced fees and charges and delays to the delivery of the Council's commissioning priorities.

We have continued to deliver a range of financial support packages within the Borough. This funding is predominantly directed towards supporting businesses and individuals deal with the financial impacts of the pandemic. The Council has acted swiftly to ensure this funding has been distributed in a timely manner and mitigate against the socio-economic challenges the Borough is currently facing.

Inevitably collection rates within both council tax and business rates have been affected by the pandemic and we are continuing to closely monitor the position. The impact on future years income will be dependent upon the pace at which the local economy recovers and be reflected in future years budget estimates

Despite the above, the Council's long term financial strategy remains focused on the achievement of financial sustainability by embracing economic potential and growing the tax base. Increasingly, the Council is taking a more commercial approach and investments are anticipated to make a significant contribution to the Council's strategic objective of enabling the growth of a strong and sustainable local economy. The Council is working alongside Government and private investors to accelerate growth across the Borough. Major projects within the Port of Immingham, Stallingborough Enterprise Zone and in the Town Centres are planned and factored into the capital investment programme.

It is anticipated that we will deliver £60.4M of the approved capital programme in year. Importantly though, the Council continues to operate within its approved Treasury Management Strategy and the Council's capital investment plans remain affordable, prudent and sustainable

Looking forward, the Council faces the range of challenges including the continued and long term impacts of COVID 19, NHS reform, transitional arrangements linked to EU Exit and demographic pressures on social care demand. As in 2020/21, the Council has received a one year financial settlement from central Government for 2021/22 with longer term changes to the local government financial model being postponed for at least another year.

This current level of uncertainty will necessitate a review of level of reserves as part of the next budget round to ensure the Council has sufficient capacity to deal with the increased risks and opportunities it currently faces.

It is important to note that this level of uncertainty is likely to remain for some time and the medium to long term impact of the pandemic on the financial position is still being understood.

2. RISKS AND OPPORTUNITIES

Key risks and opportunities are detailed within Appendix 1.

3. OTHER OPTIONS CONSIDERED

Not applicable to monitoring report.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

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

As set out in the report

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

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.

7. CONSULTATION WITH SCRUTINY

Quarterly resource reports are progressed to Scrutiny panels for consideration.

8. FINANCIAL IMPLICATIONS

As set out in the report

9. LEGAL IMPLICATIONS

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.

10. HUMAN RESOURCES IMPLICATIONS

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

11. WARD IMPLICATIONS

All wards affected

12. BACKGROUND PAPERS

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. CONTACT OFFICER(S)

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COUNCILLOR STAN SHREEVE

PORTFOLIO HOLDER FOR FINANCE AND RESOURCES

Finance Monitoring Report 2021/22 – Quarter 1



Appendix 1

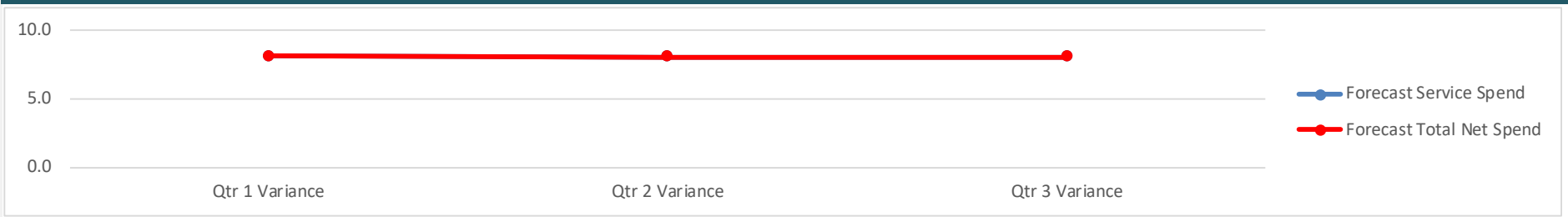


FINANCIAL OVERVIEW - QTR1

✓ On Course
 ! Monitor
 ✗ Cause for Concern

Quarterly Revenue Spend Forecast Position £'M

✗ Pg 6



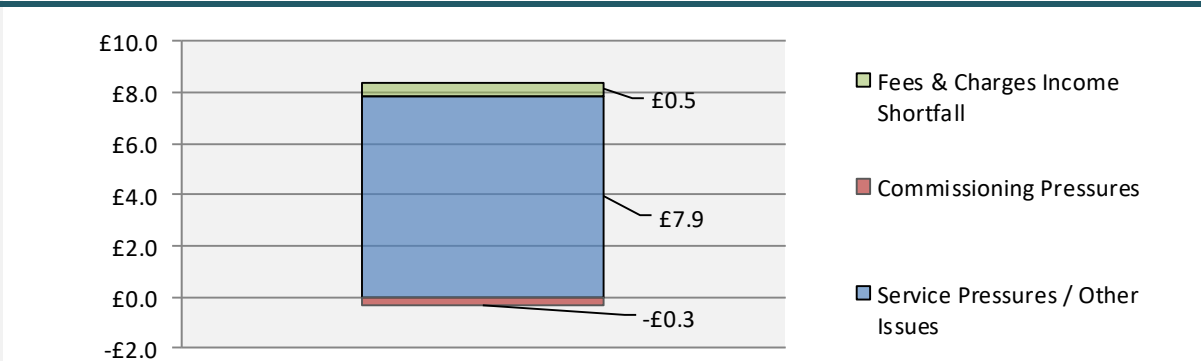
Revenue Position ✗ 5.80%

REVENUE	Budget £'M	Forecast £'M	Variance £'M	
Resources	2.7	3.8	1.1	Pg 9
Environment	16.2	16.3	0.1	Pg 10
Economy & Growth	27.5	27.1	(0.4)	Pg 11
Children & Family Services	44.2	51.5	7.3	Pg 12
Public Health	0.2	0.2	0.0	Pg 14
Adult Services	48.8	48.8	0.0	Pg 15
Total	139.6	147.7	8.1	
Other Budgets Underspend			0.0	Pg 16
Unallocated Covid-19 Funding			0.0	Pg 17
Net			8.1	

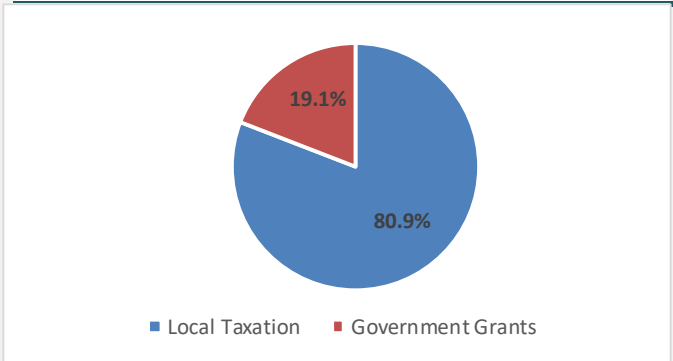
Capital Position ✗ (3.96%)

CAPITAL	App Prog £'M	Forecast £'M	Variance £'M	
Resources	9.6	8.2	(1.4)	Pg 9
Environment	15.0	14.2	(0.8)	Pg 10
Economy & Growth	26.4	26.1	(0.3)	Pg 11
Children & Family Services	7.2	7.2	0.0	Pg 13
Public Health	0.0	0.0	0.0	Pg 14
Adult Services	4.7	4.7	0.0	Pg 15
Total	62.9	60.4	(2.5)	
Funding			2.5	
Net			0.0	

Service Over Spend Analysis £'M Pg 6



Funding Outturn Pg 17



Overview

At the end of first quarter of the financial year, the Council is forecasting a £8.1M overspend against its 2021/22 budget. The forecast reflects the continued levels of uncertainty in relation to the on-going impact of the pandemic and the subsequent risks and demands services are experiencing, in particular within Children and Family Services. We continue to work with services to manage and mitigate overspends where appropriate. The financial position is expected to move during the course of the year as uncertainties crystallise or are managed.

COVID19 continues to have a impact on the Council's finances through increased social care demand, reduced fees and charges and delays to the delivery of the Council's commissioning priorities.

We have continued to deliver a range of financial support packages within the Borough. This funding is predominantly directed towards supporting businesses and individuals deal with the financial impacts of the pandemic. The Council has acted swiftly to ensure this funding has been distributed in a timely manner and mitigate against the socio-economic challenges the Borough is currently facing.

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Looking forward, the Council faces the range of challenges including the continued and long term impacts of COVID 19, NHS reform, transitional arrangements linked to EU Exit and demographic pressures on social care demand. As in 2020/21, the Council has received a one year financial settlement from central Government for 2021/22 with longer term changes to the local government financial model being postponed for at least another year.

This current level of uncertainty will necessitate a review of level of reserves as part of the next budget round to ensure the Council has sufficient capacity to deal with the increased risks and opportunities it currently faces.

It is important to note that this level of uncertainty is likely to remain for some time and the medium to long term impact of the pandemic on the financial position is still being understood.

Sharon Wroot – Executive Director

COVID-19 Grant Funding

Grant scheme - Direct	Total Available 2021/22
LA Support Grant	6,495,749
Covid CTAX Support Grant	1,529,242
Lower Tier Service Grant	257,000
Covid Track & Trace	TBC
Compliance and Enforcement	99,729
MHCLG-C19 Clinically Extremely Vulnerable	296,320
DHSC-C19 Test and Trace Support	188,000
DHSC-C19 Test and Trace Admin Costs	90,757
Contain Outbreak Management Fund	5,388,245
Covid Winter Grant Scheme (CWGS) now Covid Local Support Grant (CLSG)	739,369
Rough Sleepers	635,536
Homeless Prevention Grant	383,867
Domestic Abuse Safer Accommodation Funding	373,916
Holiday Activities and Food Grant	773,750

Grant scheme - For Distribution	Total Available 2021/22
Covid Business Support Grant	608,092
MHCLG-C19 Other Community Hardship Fund	35,226
Covid-19 Additional Restrictions Grant	1,850,004
Covid-19 Restart Grant (businesses)	8,946,360
Covid-19 New Burdens	228,800
Council Tax Hardship Fund	229,691
Care home support package/Infection control	0
Adult Social Care Infection Control	796,531
Adult Social Care Rapid Testing Fund	555,071
Practical Support Self Isolating	166,384

Revenue Highlights

£8.1M Total Revenue
Forecast Overspend

£8.1M

Service Budgets
Forecast Variance

5.80%

% Representation of
Service Budget
Overspend to Net Budget

REVENUE	Original Budget £'M	Revised Budget £'M	Forecast £'M	Variance £'M
Resources	2.7	2.7	3.8	1.1
Environment	16.2	16.2	16.3	0.1
Economy & Growth	27.5	27.5	27.1	(0.4)
Children & Family Services	44.2	44.2	51.5	7.3
Public Health	0.2	0.2	0.2	0.0
Adult Services	48.8	48.8	48.8	0.0
	139.6	139.6	147.7	8.1
Corporate Budgets	4.7	4.7	4.7	0.0
	144.3	144.3	152.4	8.1
Earmarked reserves	4.2	4.2	4.2	0.0
School Balances	0.0	0.0	0.0	0.0
Total	148.5	148.5	156.6	8.1
Funding	(148.5)	(148.5)	(148.5)	0.0
Net	0.0	0.0	8.1	8.1

The Council is currently forecasting a £8.1M overspend for 2021/22. A combination of additional costs, increased service demand, shortfalls against income targets and delays in the delivery of savings programmes have resulted in this position.

Service areas are continuing to face significant financial implications as a result of the COVID-19 pandemic.

The Council is still in a period of uncertainty and the medium to long term impact of the pandemic on the financial position is still being understood. Detailed analysis of each key area is included within this report and we continue to look for ways to mitigate spending pressure. This is an on-going process, and will be a key feature of future financial plans as well as in year.

Capital Highlights

(£2.5M)

Underspend

Service Capital
Forecast Variance

3.96%

% Representation of Service
Capital Underspend to Approved
Programme

CAPITAL	Original Programme £'M	Approved Programme £'M	Forecast £'M	Variance £'M
Resources	8.9	9.6	8.2	(1.4)
Environment	9.1	15.0	14.2	(0.8)
Economy & Growth	22.2	26.4	26.1	(0.3)
Children & Family Services	10.7	7.2	7.2	0.0
Public Health	0.0	0.0	0.0	0.0
Adult Services	3.3	4.7	4.7	0.0
Total Capital Budgets	54.1	62.9	60.4	(2.5)
Funding	(54.1)	(62.9)	(60.4)	2.5
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 the COVID-19 pandemic, both financially, operationally and in our ability to deliver the capital programme.

The underspend above, is due to two main issues; firstly COVID-19 affecting the construction works in relation to the CDF Hub, and secondly Clee Fields Playing Pitch reprovision works now being due to finish during 2022/23.

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. The next page details proposed scheme slippage, along with other programme adjustments.

Capital Programme Adjustments

At the end of Quarter 1 a number of slippage requests have been made and are detailed opposite.

A revised Capital Programme which reflects these proposed adjustments is included in Annex 1.

The original programme was approved by Council as part of the budget planning process in February 2021.

These schemes are a mix of Grant funded and Corporate Resource.

SLIPPAGE REQUESTS	2020/21 £M
Playing Pitch Re-Provision	1.40
Cap Alloc Dev To Schools	0.10
Sufficiency Of School Places	3.50
Total	5.00

Revenue

1.93% Of Total Revenue
Service Budgets

£1.1M Forecast Revenue
Overspend

40.7% Variance as % Of Total
Budget Envelope

REVENUE	Revenue Budget £'M	Revenue Forecast £'M	Variance £'M
Policy Strategy and Resources	1.3	1.4	0.1
Deputy S151	1.5	1.5	0.0
Assistant Chief Executive	1.1	1.2	0.1
Law, Governance and Assets	(1.2)	(0.3)	0.9
	2.7	3.8	1.1

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.3
Fees & Charges Income Shortfall	0.4
Service Pressures/Other Issues	0.4
	1.1

Income through the commercial estate and markets continues to be impacted by Covid. Ongoing child care legal demand is also causing a cost pressure of £0.3m. Further, assumed savings from a review of Family Hubs are not forecast to be met within the financial year, with an additional pressure of £0.2m.

Capital

15.3% Of Total Capital
Programme

(£1.4M) Forecast Capital
Underspend

CAPITAL	Approved Programme £'M	Capital Forecast £'M	Variance £'M
Law Governance and Assets	7.5	6.1	(1.4)
Deputy S151	0.4	0.4	0.0
Policy Strategy and Resources	1.7	1.8	0.0
	9.6	8.2	(1.4)

An underspend is being forecast in relation to the Clee Fields within the Playing Pitch Reprovision scheme as the works are now due to finish in 22/23 & therefore this amount needs slipping into that financial year .

Revenue

Environment

11.60% Of Total Revenue Service Budgets

£0.1M Forecast Revenue Underspend

0.6% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Environment	16.2	16.3	0.1

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

Capital

23.82% Of Total Capital Programme

(£0.8M) Forecast Capital underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Environment	15.0	14.2	(0.8)

The household recycling scheme budget was originally set up in relation to a planned new CRC site which has now been delayed until beyond the current capital programme period. The remaining requirement is for fencing to extend the current Grimsby CRC site. £0.8M can be decommitted from the current capital programme.

19.70% Of Total Revenue Service Budgets

(£0.4M)

Forecast Revenue Underspend

1.5% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Regeneration	6.0	6.0	0.0
Housing, Highways and Transport	21.5	21.1	(0.4)
	27.5	27.1	(0.4)

VARIANCE ANALYSIS	£M
Commissioning Pressures	(0.6)
Fees & Charges Income Shortfall	(0.1)
Service Pressures/Other Issues	0.3
	(0.4)

The ongoing impact of Covid restrictions and changes in working practices is resulting in a forecast income loss of £0.3M. Additional contract efficiencies, inflation savings and early payment discounts has helped achieve around £0.4M in-year savings.

Capital

20.7% Of Total Capital Programme

(£0.3M)

Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Regeneration	13.0	12.2	(0.8)
Housing, Highways and Transport	13.4	13.9	0.5
	26.4	26.1	(0.3)

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

Construction works in relation to the CDF Hub will now be taking place in 22/23 due to COVID related delays in the early stages with restrictions on travel & site access. This has caused an expected £1M underspend, however the position will be reviewed in the coming months with a view to slipping an amount into 22/23 once more accurate costs are known.

A Further potential overspend of £0.7M which is being highlighted within the LTP scheme. It is reported as worst case scenario if we are not successful in the recent Levelling Up Fund bid. These costs are in relation to the bid & if successful will be covered by the grant, if not successful LTP will look into deferring other projects into 22/23 to reduce the in-year overspend.

31.66% Of Total Revenue Service Budgets

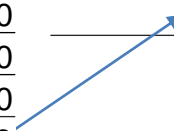
£7.3M

Forecast Revenue Overspend

16.5% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Education and Inclusion	8.6	8.9	0.3
Safer and Partnerships	1.9	1.9	0.0
Childrens Trust	0.4	0.4	0.0
Director Childrens/Family Services	0.6	0.6	0.0
Safeguard and Early Help	32.7	39.7	7.0
Total Children's & Family Services	44.2	51.5	7.3

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.1
Service Pressures/Other Issues	7.2
	7.3



£2.5M Safeguarding ,Children in Care and Family Time-this is the cost of additional Social Worker teams and associated staffing to manage the high demand for Children's Social Services. The impact of Ofsted 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.

£0.3M Fostering and Adoption-Foster Carer payments, Special Guardianships and Residency Orders. This has continued from the previous financial year due to the increased number of Children Looked After, which at the end of May stood at 590, (March 2021 was 592). 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 targeted actions around placement costs demonstrated by the creation of a Placement Panel which meets weekly to review current and new placements.

£0.2M Home to School Transport-there is a pressure of £0.3M based on current transport contracts for Home to School transport for SEN,which are due for review in July. This has been partly mitigated by savings in other Home to School Transport budgets.

£2.9M Agency placements and Independent Foster Care placements-Due to both higher numbers than budgeted for and complexity of need of looked after children which exceeds the capacity of local provision of all types. An Improvement plan is in place to re-design the Children's Social Care service approach through a series of aligned work programmes including the Early 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 but the issue of meeting needs locally persists as stated above which as a consequence results in increased financial pressure.

Whilst the projected overspend of £7.3M is significant there have recently been some positive signs that mitigations are taking effect which are detailed below. At this stage however it is too early to precisely quantify the financial impact and clarity is unlikely to be possible before the end of Qtr 2. What can be stated is that based on current intelligence the projected overspend will not be able to be fully mitigated.

CLA numbers have just started to reduce, and there are fewer children entering care than exiting. The courts have been backlogged which has slowed down the discharge of care orders and the granting of SGO/CAO and adoption orders; however, in the last few weeks there has been an increase in the filing of final papers so the rate at which children are exited from care should pick up speed as the year progresses. It is anticipated that this will reduce the number of costly agency placements.

The fostering service has attracted 27 new foster carers expressions of interest to commence assessment. This will reduce the number of children being placed in IFAs. This process will not result in placements until the end of the and therefore the financial reduction in this financial year will be small but bodes well for more substantive reduction in future years (2022-23).

Capital

11.46% Of Total Capital Programme **(£0.0M)** Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Childrens & Family Services	7.2	7.2	0.0

0.14% 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	0.2	0.2	0.0
	0.2	0.2	0.0

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.0
Service Pressures/Other Issues	0.0
	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, Engie 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, 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 and currently some £1.5m remains to be allocated. 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

34.96% 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	VARIANCE ANALYSIS	£M
Adult Services	48.8	48.8	(0.0)	Commissioning Pressures	(0.3)
	48.8	48.8	(0.0)	Fees & Charges Income Shortfall	0.3
				Service Pressures/Other Issues	(0.0)
					(0.0)

The overall balanced forecast outturn position includes two key variances relating to an anticipated shortfall of income relating to residential care client fees and a reduced cost of commissioning of packages of care, both of which are in part due to lower than anticipated activity. ASC continues to be particularly affected by the Covid 19 and activity continues to be unsettled compared to what may usually be expected. Pressures within the health system are impacting on the delivery of care at home and may increase the need for longer term, more complex care packages. Workforce shortages are becoming more evident and with the implementation of mandatory vaccination for care staff there is a further risk to workforce supply. This is being felt across the whole of the Y&H region. The forecast outturn position is based on current income and expenditure activity levels and does not predict future activity changes due to future impact of Covid 19 or customer behaviours. The current position assumes full achievement of savings of £0.7m, with community contracts including savings proposals in the process of being signed off. Capacity to deliver significant change programmes during the pandemic response may place savings plans at risk. As at quarter 1, £1.3M of ringfenced COVID grants are being passported to providers as part of the Government's ongoing funding response, and additional funding of £1M will be distributed during Q2. This funding is currently avoiding the need for base sustainability payments, however residential care services continue to operate at below optimum (viable) occupancy levels, despite recent home closures. The service estimates the full year cost of the pandemic to be £4.2M, which is currently being met by Government grant support.

Capital

7.45% Of Total Capital Programme

(£0.0M) Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Adult Services	4.7	4.7	0.0
	4.7	4.7	0.0

Corporate Budgets

3.16%

Of Total Revenue
Budgets

(£0.0M)

Forecast Revenue
Underspend

CORPORATE BUDGETS	Budget £'M	Forecast £'M	Variance £'M
Pensions and Appropriations	3.8	3.8	0.0
Technical Adjustments	(13.0)	(13.0)	0.0
Borrowing Costs	11.1	11.1	0.0
Levies	0.7	0.7	(0.0)
Other Budgets	2.1	2.1	0.0
Total	4.7	4.7	(0.0)

The balance forecast position includes a debt financing saving of £0.4M due to delays in borrowing. This will be fully allocated to the Debt Financing EMR in order to meet future borrowing requirements.

It also includes a £0.2M savings through the pension revaluation. This has been ringfenced to be allocated to the Pension EMR.

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	0.0	0.0	0.0
COVID-19 LA Support Grant	(5.0)	(5.0)	0.0
COVID-19 Lower Tier Service Grant	(0.3)	(0.3)	(0.0)
Total	(148.5)	(148.5)	(0.0)

In-year funding from local taxation targets is forecast to be on budget, however this is due to the way these funding streams are accounted for. In- year collection has dropped as a result of the pandemic and this will be realised in future years. The position is being monitored closely and being reflected in the medium term financial plan for 2022/25

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	%
Q1 2021/22	28.40	Q1 2021/22	23.39
Q1 2020/21	28.30	Q1 2020/21	26.35
Q1 2019/20	28.52	Q1 2019/20	29.11

Collection Rates:

Council Tax

28.40% has been collected in comparison to 28.30% at the same point last year. In 'cash' terms this equates to almost £2M more than last year. The collectible liability for the whole year is approximately £6M more this year compared to last.

Non Domestic Rates

23.39% has been collected in comparison to 26.35% at the same point last year. In 'cash' terms this equates to just over £1M more than last year.

The collectible liability for the whole year is approximately £12M more this year compared to last and this is primarily due to the changes in reliefs and exemptions for businesses in the retail/hospitality/leisure sector.

From 01/07/21 the vast majority of these reduce from 100% exempt to 66%, as per government guidelines. This change does in fact somewhat skew the figures for June as the newly increased liability was entered into the system mid-June so that bills could be sent in time, but it is not collectible until July.

Without this required system change, collection would have been nearer 27% and ahead of last year and it is expected that by the end of the second quarter it will be ahead of last year.

Medium Term Outlook

The Council is anticipating the financial impact of the COVID-19 pandemic will 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 planned extension of the Business Rate Retention scheme 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 81% 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 are at risk as a result of the emergency situation 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 the response to the emergency, particularly social care. These include additional hospital discharges, provider sustainability, increasing costs associated with children at risk or looked after, and delays to implementing or delivering savings programmes. The longer the situation continues the bigger the financial impact.
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	We anticipate that 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, will 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.

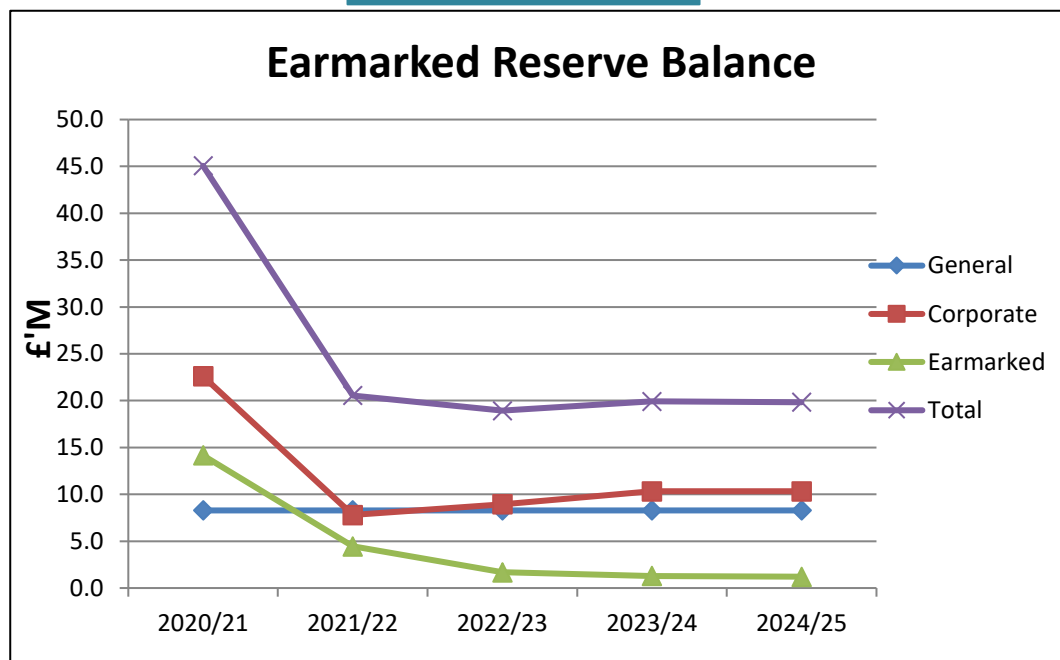
Reserves

£8.3M General Fund

5.6% General Fund as %
Of Net Budget

£19.8M 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.

6.9%

24/25 Corporate
Reserves as % Of Net
Budget

£10.3M

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
Management of Change	1.8	To cover costs of organisational change
Debt Financing	1.8	Used to mitigate costs of borrowing and capital programme activity

Whilst service earmarked reserves are being used in line with plans, the overall capacity within reserves has reduced over recent years. There may be further call on reserves to support service budgets and address current forecast overspends.

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 that are faced In light of the current economic climate.

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

95.7%

2020/21 % Creditor Invoices Paid within 30 days at Qtr.1

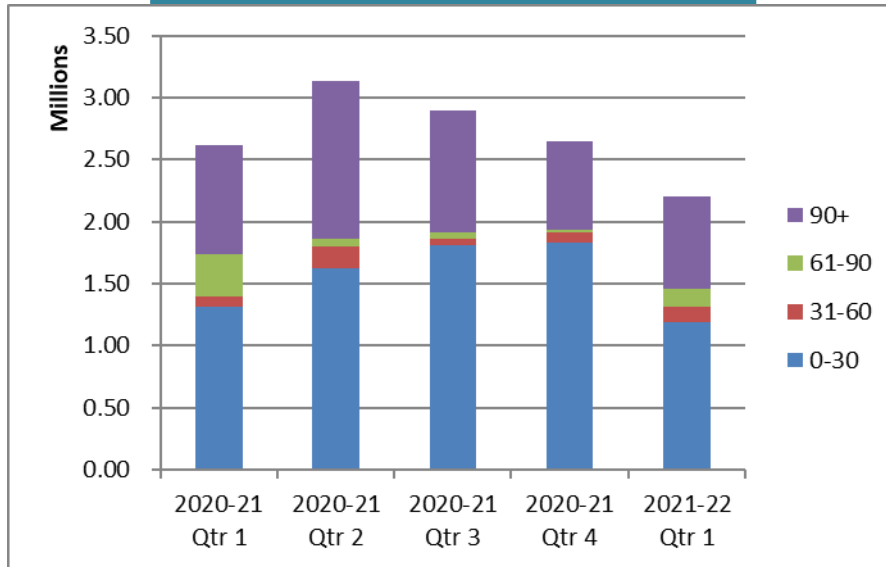
96.2%

2021/22 % Creditor Invoices Paid within 30 days at Qtr. 1

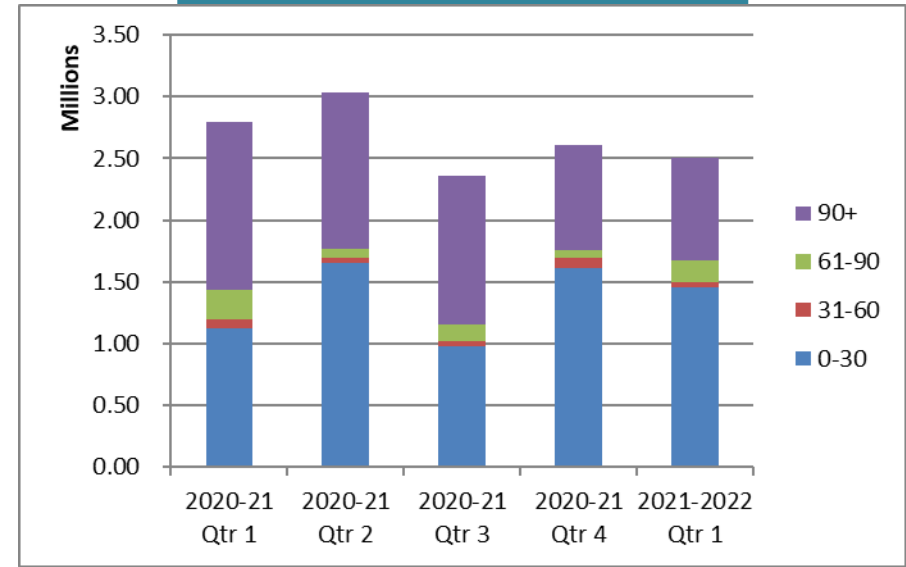


Direction of Travel

Council Managed Sundry Debts



Engie Managed Sundry Debts



Invoicing and the issuing of routine reminders has continued as normal during the Covid19 pandemic. Debt recovery action had been relaxed, however since September 2020 all debt recovery action has resumed.

Overall aged debt continues to decrease and is lower than both the comparative period of 2020-21 and the previous reported quarter, with noticeable improvements in the older debt 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

Treasury & Cashflow

£48.8M

Investments at 30 June 2021

£150.2M

Borrowing as at 30 June 2021

0.01%

Average return on investments

3.25%

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.

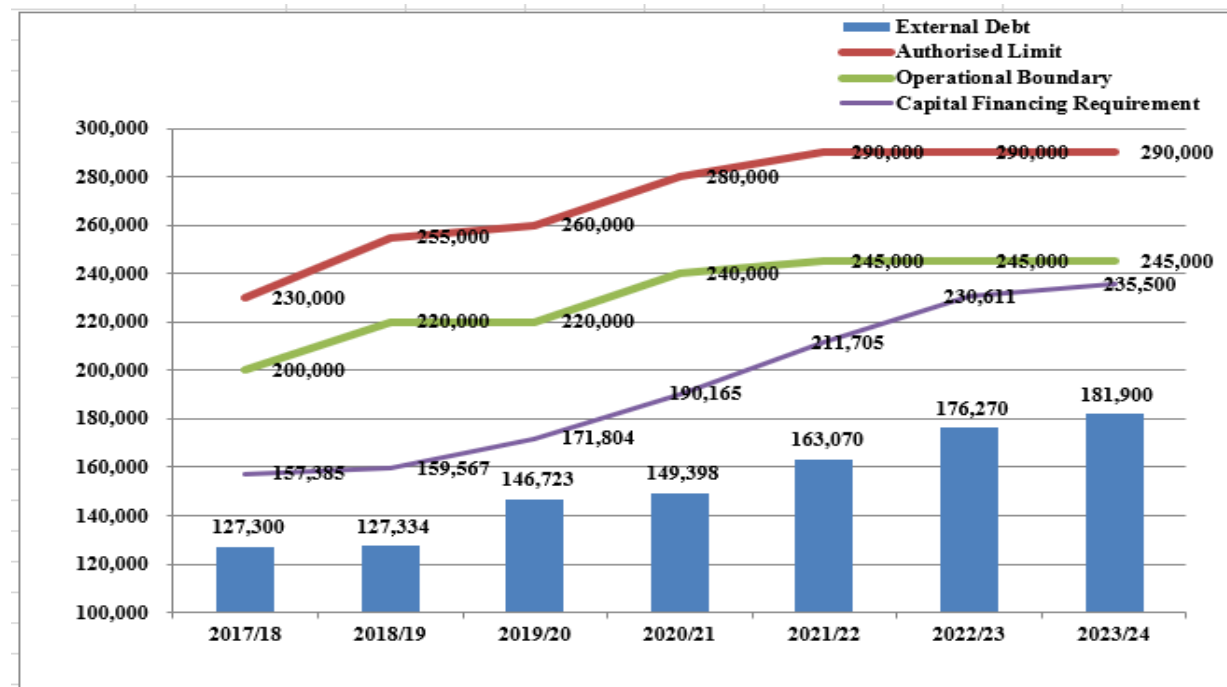
Our cash position is temporarily boosted by various grant streams, primarily in connection with the pandemic response and unwind, and short-term borrowing taken in advance to provide in-year liquidity. As these sources of cash are utilised over the coming months it is expected balances will revert to more normal levels during the remainder of 2021

Current investments are consistent with the Treasury Management Strategy.

Balances remain high, bolstered by Covid related support grants. At quarter end balances remained steady year-on-year but still sat £20-25M higher than pre-covid levels, including £7M of Business Support Grant. It is anticipated that balances will move back toward more typical levels during the remainder of 2021 as support funds are deployed.

Yields remain around zero (and have on accession gone negative) but no budget pressures are anticipated.

Prudential Indicators



Capital Programme

SCHEME	2021/22 Approved Capital Programme £000's	Slippage request	Changes to the Programme	2021/22 Revised Capital Programme	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Childrens Services						
Schools - Devolved Formula Cap Grant	197	-85	0	112	100	0
Schools - Backlog Maintenance	768	-15	0	753	600	600
Schools - Basic Need Sufficiency of Places	4,187	-3,550	0	637	1,860	3,500
Special Educational Needs and Disability Fund	577	50	0	627	763	0
Looked After Children	307	0	0	307	0	0
Nursery places	140	0	0	140	0	0
Lincs2 Portal System Inv.	1	0	0	1	0	0
Service Improvement Education	61	0	0	61	0	0
CCTV Review and Upgrade	955	0	0	955	0	0
Adult Services						
Disabled Facilities Grants	4,674	0	0	4,674	2,964	2,685
Social Care - Better Care Fund	10	0	0	10	0	0
Environment						
Fleet Replacement Programme inc. Recycling Collection	4,757	0	0	4,757	1,090	0
Litter Bin and Recycling Replacement and Upgrade	76	0	0	76	0	0
Enhancement of Bereavement Services	1,262	0	0	1,262	0	0
Peoples Park refurbishment	76	0	0	76	0	0
Household Recycling Scheme	923	0	-923	0	0	0
Resort Management	46	0	0	46	0	0
Environmental Services Management System	135	0	0	135	0	0
Regulatory Services Mangment System	130	0	0	130	0	0
Operation Gateway	220	0	0	220	0	0
Memorial Testing and Repairs	105	0	0	105	0	0
Public Sector Decarbonisation	2,974	0	0	2,974	0	0
Depot Rationalisation	3,021	0	0	3,021	3,757	0
Play Parks	50	0	0	50	450	300
Resources						
Backlog Maintenance	1,495	0	0	1,495	38	38
Cartergate Unit Development	220	0	0	220	0	0
Property Rationalisation Programme	202	0	0	202	0	0
Capital Investment	0	0	923	866	91	3,741
Digital Strategy Delivery/Imp Civica/Edrms	10	0	0	10	0	0
Fire Segregation Works	9	0	0	9	0	0
Capital Receipt Flexibility	400	0	0	400	400	400
Heritage Asset at risk	686	0	0	686	0	0
Scartho Cemetery Lodge and Chapel	259	0	0	259	392	20

SCHEME	2021/22 Approved Capital Programme £000's	Slippage request	Changes to the Programme	2021/22 Revised Capital Programme	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Shared Services						
Corporate Systems Investment	435	0	0	435	0	0
IT Transformation Programme	98	0	0	98	0	0
Learning Mgt System Implementation	25	0	0	25	0	0
ICT refresh	1,169	0	0	1,169	646	646
Public Health						
GY Leisure Centre	2	0	0	2	0	0
Drug & Alcohol Recovery	12	0	0	12	0	0
Playing Pitch Reprovision	2,765	-1,392	0	1,373	3,262	0
Economy and Growth						
Housing Assistance Grants and Loans	804	0	0	804	250	250
Willing/Peaksfield Flood Alleviation	191	0	0	191	0	0
Community Housing	65	0	0	65	0	0
Local Transport Plan Schemes	4,206	0	0	4,206	4,023	4,208
Freeman Street Regeneration	7	0	0	7	0	0
Cleethorpes HLF Townscape Heritage	567	0	0	567	1,158	421
Sth Humber Infrastructure and Investment Programme	3,659	0	0	3,659	4,478	2,725
Supported Housing Scheme	19	0	0	19	0	0
Immingham lock flood def gates	63	0	0	63	0	0
Cleethorpes Public Art	597	0	0	597	0	0
Smart Energy for business	942	0	0	942	0	0
Heritage Action Zone	525	0	0	525	320	200
Town Deal Investment	3,510	0	0	3,510	0	0
Riverhead Square & Unlocking Potential	1,241	0	0	1,241	0	0
Central Clee Regeneration	284	0	0	284	3,748	0
Europarc Food Enterprise Zone	179	0	0	179	0	0
Open For Culture	1,407	0	0	1,407	0	0
Estate Road 2	354	0	0	354	0	0
Corporation Bridge	1,359	0	0	1,359	2,967	500
A18 Laceby to Ludborough	596	0	0	596	0	0
Accelerated Construction	2,022	0	0	2,022	0	0
Affordable Housing S106 monies	125	0	0	125	0	0
Poplar Road Expansion	1,440	0	0	1,440	1,690	0
Business Centre Improvement	638	0	0	638	0	0
Extended Cycle Track	2,559	0	0	2,559	0	0
Future High Streets Fund	1,046	0	0	1,046	8,868	17,386
Rough Sleeper Accomodation Grant	183	0	0	183	0	0
Green Homes Grant LADPhase 2	850	0	0	850	0	0
Corporate and Democratic						
Eco Park	14	0	0	14	0	0
TOTAL CAPITAL PROGRAMME	62,891	-4,992	0	57,842	43,915	37,620

Funding	2021/22 Approved Capital Programme £000's	Slippage request	Changes to the Programme	2021/22 Revised Capital Programme	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
External Grants	29,665	-3,600	0	26,065	20,960	18,111
Corporate Borrowing	32,498	-1,392	0	31,049	22,455	14,009
Capital Receipts	476	0	0	476	500	500
Revenue Contributions	36	0	0	36	0	0
Other Private inc S106	216	0	0	216	0	5,000
	62,891	-4,992	0	57,842	43,915	37,620