

CABINET

DATE	16/06/2021
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	2020/21 Provisional Outturn
STATUS	Open
FORWARD PLAN REF NO.	CB 06/21/05

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 at the end of the 2020/21 financial year . Further detail and analysis is provided within Appendix 1 to this report.

RECOMMENDATIONS

It is recommended that Cabinet:

- 1) Notes the reported position at the financial year end, the uncertainties related to the impacts of COVID-19 and its potential longer term implications
- 2) Refers the Report to Scrutiny for consideration.
- 3) Approves the use of the management of change reserve to address any significant variances arising from technical adjustments linked to the completion of the year end accounts.
- 4) Approves the updated reserves position which includes the remaining COVID-19 support grant of £3.7M and an increase in the business rates equalisation reserve of £12.4M to offset the loss of income from additional retail reliefs and which will materialise through the collection fund in 2021/22.
- 5) Approves slippage requests in respect of the 2020/21 capital scheme as detailed in Annex 1.
- 6) Approves the revised 2021/24 Capital Programme as detailed in 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 The Council is reporting a balanced position against its 2020/21 budget.
- 1.2 Despite the balanced position, financial pressures continue to be experienced as a result of the Council's COVID-19 response. A combination of additional costs, increased demand, shortfalls against income targets and delays in the delivery of savings programmes have resulted in a range of service overspends.
- 1.3 Additional funding has been received from Government in recognition of the pandemic and this has offset the financial pressures experienced in year.
- 1.4 During the final quarter of the year 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 and equitable manner.
- 1.5 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 given the Council is largely dependent on local taxation to fund its services. However collection rates have been protected to a degree through business rate reliefs and the furlough scheme. The impact on future years income will be dependent upon the pace at which the local economy recovers.
- 1.6 During 2020/21, the Council's existing ambitious programme of investment has been progressing despite some operational challenges brought about by COVID19. Delivery of the capital 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 Council continues to operate within its approved Treasury Management Strategy and the Council's capital investment plans remain affordable, prudent and sustainable.
- 1.7 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 is working alongside Government and private investors to accelerate growth across the Borough. Notably, significant external funding has been generated through the Towns Fund and Future High Streets fund to support the Council's regeneration ambitions.
- 1.8 During 2021/22 and beyond, the Council faces a range of challenges including COVID 19 recovery, NHS reform, 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.
- 1.9 This current level of uncertainty will necessitate a review of the financial strategy during 2021/22 to ensure the Council best placed to deal with the increased risks and opportunities it currently faces.

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 2020/21 – 2022/23.
<http://www.nelincs.co.uk/wp-content/uploads/2019/05/Budget-Summary-2019.20-MTFP-2019.20-2021.22.pdf>

13. CONTACT OFFICER(S)

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COUNCILLOR STAN SHREEVE

PORTFOLIO HOLDER FOR FINANCE AND RESOURCES

Finance Monitoring Report 2020/21 – Provisional Outturn



Financial Overview

The Council is reporting a balanced position against its 2020/21 budget.

Despite this, financial pressures continue to be experienced as a result of the Council's COVID-19 response. A combination of additional costs, increased demand, shortfalls against income targets and delays in the delivery of savings programmes have resulted in a range of service overspends. Additional funding has been received from Government in recognition of the pandemic and this has offset the financial pressures experienced in year.

During the final quarter of the year 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 and equitable manner.

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 given the Council is largely dependent on local taxation to fund its services. The impact on future years income will be dependent upon the pace at which the local economy recovers.

During 2020/21, the Council's existing ambitious programme of investment has been progressing despite some operational challenges brought about by COVID19. Delivery of the capital 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 Council continues to operate within its approved Treasury Management Strategy

and the Council's capital investment plans remain affordable, prudent and sustainable.

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 is working alongside Government and private investors to accelerate growth across the Borough. Notably, significant external funding has been generated through the Towns Fund and Future High Streets fund to support the Council's regeneration ambitions.

During 2021/22 and beyond, the Council faces a range of challenges including COVID 19 recovery, NHS reform, 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 the financial strategy during 2021/22 to ensure the Council best placed to deal with the increased risks and opportunities it currently faces.

Sharon Wroot – Executive Director (Environment, Economy and Resources) and S151 Officer

COVID-19

The Council's activities continue to be impacted by the COVID19 pandemic. The pandemic is having widespread socio-economic impacts and these are anticipated to continue throughout 2020/21 and beyond. The associated financial implications are significant and wide ranging and are reflected throughout this report.

The Government has committed to helping councils face the continuing pressures of the pandemic. To date, the Council has received a range of financial support to meet the immediate costs of the response. This funding has been recognised within the Council's revenue funding position within 2020/21. The Government has required the Council to report information on the utilisation of the funding and a monthly return is made to MHCLG. Key areas where funding has been applied during the year include:

- Additional personal protective equipment
- Establishment of Shielding hubs
- Provider sustainability payments
- Infection control measures
- Workforce pressures and residential costs within Children's social care
- Homelessness and rough sleeping demand
- ICT and agile working equipment
- Lost car parking income
- Reduced other income (including court costs, registrars)
- Wider compliance measures
- Delayed savings and transformational activity

In addition to the direct funding the Council has received, it has helped to administer a range of financial support packages within the Borough. This funding has included a range of mandatory and discretionary business grants, support for individuals through the Council Tax Hardship Fund and infection control monies to support the Care Home sector. The Council has acted to ensure this funding has been distributed in a timely manner and mitigate against the socio-economic challenges the Borough is currently facing.

The Council has put in place proportionate governance and oversight arrangements for each of the funding allocations it has received from Government with involvement of the Leader of the Council, Portfolio Holder for Finance and Resources and Chief Executive.

Further detail on funding allocations received are provided below.

COVID-19 Funding Direct Funding

Grant scheme	Date Received	Total Received 2020/21
Bus Services Grant	2020/21	104,006
Clinically Extremely Vulnerable individuals	Oct-20	487,620
Community Testing Phase 1	Mar-21	329,313
Compliance and enforcement	Oct-20	99,729
Contain Outbreak Management Fund	2020/21	6,351,086
Covid Support Grant scheme	2020/21	147,874
Covid Winter Grant scheme	Nov-20	846,946
Dedicated Home to School and College Transport	Dec-20	180,000
Discretionary Business grant	Jul-20	170,000
Domestic Abuse	Nov-20	50,000
Export Health Certificate Support Grant	Nov-20	75,000
Fees and charges compensation scheme	2020/21	1,242,651
Health Covid Support	2020/21	5,937,372
Health Covid Support to ASC Discharges(phase 1 & 2)	2020/21	1,267,813
Health Covid Support to ASC Discharges(phase 1)	2020/21	9,953
Holiday Activities and Food Grant	Feb-21	773,750
Next Steps Accommodation	May-20	53,588
Reopening the High Street safely	May-20	47,552
Rough Sleepers	Mar-20	8,250
Test and Trace	2020/21	566,314
LA Support Grant	2020/21	19,661,682

COVID-19 Funding For Distribution

Grant scheme	Date Received	Total Received 2020/21
Adult Social Care Infection Control	2020/21	2,080,670
Adult Social Care Rapid Testing Fund	2020/21	566,482
Adult Social Care Workforce Capacity Fund	2020/21	389,855
Assisted Restrictions Grant	Nov-20	4,608,666
Care home support package/Infection control	May-20	2,246,238
Christmas Support Package	Mar-21	64,000
Council Tax Hardship Fund	Mar-20	1,655,033
DEFRA Emergency Food	Jun-20	232,900
Discretionary Business grant	May-20	1,587,000
Local Restrictions Grant	2020/21	20,794,369
New Burdens Business Support Grant	Nov-20	76,500
Practical	Mar-21	41,596
Restart	Apr-21	8,946,360
SBG and RHL support	Apr-20	33,923,000

Revenue Highlights

£0.0M Total Revenue
Forecast Variance

£15.5M Service Budgets
Forecast Variance

9.0%

% Representation of
Service Budget
Overspend to Net Budget

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Corporate & Democratic Services	1.6	3.8	2.2
Environment	15.2	15.0	(0.2)
Economy & Growth & Housing	23.8	24.7	0.9
Children's & Family Services	43.2	55.0	11.8
Public Health & Leisure	3.4	3.7	0.3
Adult Services	41.5	42.0	0.5
	128.7	144.2	15.5
Corporate Budgets	26.9	25.7	(1.2)
	155.6	169.9	14.3
Earmarked reserves	16.8	16.8	0.0
School Balances	(1.1)	(1.1)	0.0
Total	171.3	185.6	14.3
Funding	(172.9)	(172.9)	0.0
Covid-19 Funding	1.6	(12.7)	(14.3)
Net	0.0	0.0	0.0

The Council achieved a provisional balanced outturn position. Service areas reported a £15.5M overspend after facing significant financial implications as a result of the COVID-19 pandemic. 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.

Funding has been received from Government in recognition of the pandemic, of which £14.3M is shown above, this includes estimated compensation for income losses of £1.2M. This, in addition to underspends against borrowing costs and other budgets, has resulted in the forecast balanced position.

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

(£7.5M)

Service Capital
Forecast Variance

14.56%

% Representation of Service
Capital Underspend to Approved
Programme

Underspend

CAPITAL	Approved Programme £'M	Outturn £'M	Variance £'M
Corporate & Democratic Services	4.0	3.1	(0.9)
Environment	4.8	3.5	(1.3)
Economy & Growth & Housing	38.2	33.5	(4.7)
Children's & Family Services	1.4	0.8	(0.6)
Public Health & Leisure	0.4	0.1	(0.3)
Adult Services	2.7	3.0	0.3
Total Capital Budgets	51.5	44.0	(7.5)
Funding	(51.5)	(44.0)	7.5
Net	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 mainly due to delays in planning, purchasing and work commencement within a large number of schemes.

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 Outturn Analysis

	2020/21 Capital £M
Approved Programme	51.50
Forecast Outturn	44.00
Total	(7.50)
Utilisation:	
Slippage Requests	(8.83)
Overspends covered by B/F funding	1.07
Year end capital financing adjustments	0.25
Total	(7.51)

Revenue

Corporate & Democratic Services

1.24% Of Total Revenue Service Budgets

£2.2M Forecast Revenue Overspend

137.5% Variance as % Of Total Budget Envelope

REVENUE	Revenue Budget £'M	Revenue Forecast £'M	Variance £'M
Resources	(2.7)	(1.1)	1.6
Shared Service	2.0	2.4	0.4
Law	0.8	1.1	0.3
Communities	1.5	1.4	(0.1)
	1.6	3.8	2.2

VARIANCE ANALYSIS	£M
Commissioning Pressures	1.1
Fees & Charges Income Shortfall	0.7
Service Pressures/Other Issues	0.4
	2.2



COVID-19 has led to corporate transformational programmes being paused, leading to delays in delivery of associated savings built into the current plan. Most notably, the planned Corporate Employment Package Review and Combined Operating Model efficiencies of £1.1M have not been achieved in year. Furthermore COVID-19 has led to a £0.2M shortfall in Registrars Services, £0.2M in lost Court Cost income and £0.3M in lost business centre and market stall rental income. The impact of COVID-19 has also required additional spend on PPE and funding of the shielding hubs with a total impact of £0.4M. Within legal, an overspend of £0.3M is due to increased demand and costs from a major legal case.

Capital

7.77% Of Total Capital Programme

(£0.9M) Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Capital Forecast £'M	Variance £'M
Resources	2.4	1.7	(0.7)
Shared Service	1.5	1.3	(0.2)
Gov Dem & Community Engage	0.1	0.1	0.0
	4.0	3.1	(0.9)

Heritage Assets - Delays to the commencement of works on Scartho Cemetery Chapel, the work is ongoing & funding will be slipped into 21/22. ICT Refresh - Purchase of network capacity will now not take place until the next financial year, with supply chain difficulties encountered.

Revenue

Environment

11.81% Of Total Revenue Service Budgets **(£0.2M)** Forecast Revenue Underspend **1.3%** Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Environment	15.2	15.0	(0.2)

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.0
Fees & Charges Income Shortfall	0.2
Service Pressures/Other Issues	(0.4)
	(0.2)

Environmental Services has faced unprecedented pressures on demand during the pandemic, which has extensively been mitigated by short term reprioritisation of staffing resources. The successful delivery of transformational changes to waste and recycling collections should further assist in future sustainability of the service. Further savings estimated at £0.2M were achieved through the waste disposal contract as a result of joint working with North Lincs Council and from reduced landfill costs. The latter is due to a planned change to the closure date for periodic maintenance of the Energy from Waste Plant into the new financial year. This is offset by additional costs from vehicle repairs and running costs within Street Cleansing and Refuse Collection estimated at £0.1M, primarily from additional rounds and vehicles required in response to COVID-19 outbreak.

Capital

9.32% Of Total Capital Programme **(£1.3M)** Forecast Capital underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Environment	4.8	3.5	(1.3)

A £0.7M underspend has been due to delays in the delivery of vehicles and equipment through the Fleet Replacement scheme. Proposed spend will now be incurred in 21/22.

18.49% Of Total Revenue Service Budgets

£0.9M Forecast Revenue Overspend

3.8% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Economy & Growth	20.5	21.2	0.7
Housing	3.3	3.5	0.2
	23.8	24.7	0.9

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.1
Fees & Charges Income Shortfall	1.3
Service Pressures/Other Issues	(0.5)
	0.9



The service saw a significant shortfall from car parking income of £0.9M and planning fees of £0.4M as a direct impact of the COVID-19 outbreak. These costs are being offset by staffing and other in year service savings. Compensation in relation to the loss of fees and charges income is currently accounted for within overall COVID-19 funding rather than within the service position.

The Home Options service is forecasting an additional £0.5M budget requirement as a result of homeless and crisis unit costs necessary to respond to COVID-19 requirements. This urgent and unprecedented response, required the Home Options Team to significantly extend and expand its range and provision of temporary housing accommodation to those in direct need, which included private lease and rental agreements with social housing providers and charities, as well as the private sector, including, private landlords, B&B and hotel accommodation. The associated repairs and maintenance, security and housing support costs/services, were also funded via the £0.5m. The action taken proved effective and delivered on central government's directive and is enabling the Council to build more robust housing options moving forward.

Effective use of internal budgets and securing external funding for the delivery of a modern, safe and sustainable highway and transportation network remains a priority, ensuring projects are delivered in a coordinated, targeted and efficient manner, delivering value for money, improved interconnectivity, opportunity, choice and capacity for all residents within NEL.

69.13%

Of Total Capital Programme

(£4.7M)

Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Economy & Growth	35.6	31.4	(4.2)
Housing	2.6	2.1	(0.5)
	38.2	33.5	(4.7)

Whilst the overall capital programme within Economy and Growth has progressed well some issues have been experienced.

The SHIIP scheme has seen delays on the completion of construction of the Stallingborough site & also land purchase on strategic mitigation was not completed before year end, these issues have delayed spend until 21/22

Delays on the completion of the Riverhead Square project will see expenditure slipped into 21/22.

Clee Public Art timescales have been extended to allow for extended procurement process & decision making. This work will now take place in 21/22.

The SME strands within the Smart Energy for Business scheme have slipped as delays were experienced with supplies & completion of works. The new budget profile has been agreed in line with MHCLG approvals.

Final contractor payment due in 21/22 for Estate Road No 2 was held up due to some final snagging issues that needed completing on the project before full scheme completion.

Within Housing, the Accelerated Construction Project experienced delays getting through the planning process & also delays caused by re-routing of pipework - this spend will now be incurred in 21/22.

33.57% Of Total Revenue Service Budgets

£11.8M Forecast Revenue Overspend

27.3% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Education	10.0	10.2	0.2
Assessment & Safeguarding	30.5	42.0	11.5
Safer NEL	2.6	2.6	0.0
Performance & Qual	0.2	0.2	0.0
Budget to be allocated	(0.1)	0.0	0.1
Total Children's & Family Services	43.2	55.0	11.8

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.3
Fees & Charges Income Shortfall	0.4
Service Pressures/Other Issues	11.1
	11.8

The impact of COVID on the budget for Children's Services has been significant this year. Although there have been substantial improvements (recognised by both the DfE and Ofsted) COVID has meant that there are two areas that have impacted negatively on spend i.e., placements and recruitment. Whilst we have exited over 50 Looked after Children making savings of over £0.8M and reduced the numbers of children open to statutory services, the demand in the system caused by COVID and having to place children out of area (due to a shortage of local places) has led to increased placement costs.

As a result of the Ofsted visit in 2019, we have Increased our Social work establishment numbers to address the high caseloads. During the pandemic it has been difficult to recruit to these posts (this is a common national picture due to restricted movement and quality of skill). This has meant that we have had to utilise agency project teams. Whilst the interim Project Teams are more cost effective than individual workers, they are more than double the cost of a permanent member of staff employed by the Council.

It is estimated that the additional costs due to covid equates to approximately £7.5M. Despite COVID there has been much progress with the transformation with Children's Services, albeit slower than we would have liked. However due to Lockdown restrictions being lifted we are confident that Delivery of the Transformation plan can recommence at pace.

1.4%

Of Total Capital Programme

(£0.6M)

Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Children's & Family Services	1.4	0.8	(0.6)

The Looked After Children project has seen delays in finding a suitable property to purchase and this scheme is now under review. This funding will be moved to 21/22 until a final decision has been made.

Revenue

Public Health & Leisure

2.64% Of Total Revenue Service Budgets

£0.3M Forecast Revenue Overspend

8.82% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Public Health	0.3	0.2	(0.1)
Leisure	3.1	3.5	0.4
	3.4	3.7	0.3

VARIANCE ANALYSIS	£M
Commissioning Pressures	0.1
Fees & Charges Income Shortfall	0.0
Service Pressures/Other Issues	0.2
	0.3

The Council received a ring fenced Public Health grant of £11.5M in 20/21. This grant is allocated to a number of services with the aim of improving the health of the local population. The services that benefit from the Public Health grant include Drugs & Alcohol, Wellbeing Service, Sexual Health, Health Visitors, Schools Nurses and the Localities team. 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 an £0.8M underspend has been moved into a specific earmarked reserve for future utilisation on public health activities in line with the conditions of the grant.

The overspend in Leisure has arisen as a result of additional funding given to Lincs Inspire to reflect the delayed review of the library asset provision and additional support in respect of the pandemic. This additional unbudgeted pressure has been offset by reduced utility costs due to the facilities being closed during lockdown. A claim has been submitted from Lincs Inspire Limited following the closure of the Cleethorpes Leisure Centre in 2019 following construction works which forced the closure of the pool. A best estimate of the amount has been built into the outturn projections.

Capital

0.78% Of Total Capital Programme

(£0.3M) Forecast Capital Underspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Public Health	0.4	0.1	(0.3)

ENGIE are now delivering the playing Pitch re-Provision scheme and are currently in the process of planning the budget profiling. Budgets will be moved into 21/22 pending a decision being made.

Revenue

Adult Services

32.25% Of Total Revenue Service Budgets

£0.5M Forecast Revenue Overspend

1.20% Variance as % Of Total Budget Envelope

REVENUE	Budget £'M	Forecast £'M	Variance £'M
Adult Services	41.5	42.0	0.5
	41.5	42.0	0.5



VARIANCE ANALYSIS	£M
Commissioning Pressures	0.5
Fees & Charges Income Shortfall	0.0
Service Pressures/Other Issues	0.0
	0.5

Throughout the year and at different points in the pandemic there has been significant variation in the budget position. Adult social care has been particularly affected by the COVID 19 pandemic. Activity on community and residential services has fluctuated, partly due to changes in customer behaviour and also due to the loss of residents during the second wave of the pandemic. Additional costs of £1.0m due to the pandemic, which supported and sustained the providers during quarter 1, are within the outturn position, and was agreed via the exercise of emergency decision making powers in the early part of the year. From quarter 2, £5.3M of ringfenced COVID grants have been passported through to the providers as part of the Government funding response, which avoided the need for further sustainability payments.

There has been an adverse impact on the delivery of planned efficiencies during 2020-21 amounting to £0.4M. During 20-21 adult social care received COVID support funding from health of £1.3M to facilitate discharges and support the wider health system. Health also made a one off contribution of £0.3M in year to support areas of joint activity.

Capital

5.28% Of Total Capital Programme

£0.3M Forecast Capital Overspend

CAPITAL	Approved Programme £'M	Forecast £'M	Variance £'M
Adult Services	2.7	3.0	0.3
	2.7	3.0	0.3

Early on in the financial year a large amount of budget was moved into 21/22 due to COVID having an impact on access to properties & availability of materials & building contractors to undertake work. Towards the end of the financial year the work progressed quicker than anticipated, thus resulting in bringing the money back into 20/21.

Corporate Budgets

15.7%

Of Total Revenue
Budgets

(£1.2M)

Forecast Revenue
Underspend

CORPORATE BUDGETS	Budget £'M	Forecast £'M	Variance £'M
Pensions and Appropriations	5.9	6.0	0.1
Technical Adjustments	9.8	9.8	0.0
Borrowing Costs	10.3	9.5	(0.8)
Levies	0.7	0.7	(0.0)
Other Budgets	0.2	(0.3)	(0.5)
Total	26.9	25.7	(1.2)

The £1.2M underspend reported against other budgets is predominately due to reduced borrowing costs arising from the refocused and reprofiled capital programme and a reduction in interest rates.

Funding - Summary

74.4% Local Taxation Budget as % of Total Funding

1.98% Council Tax uplift 20/21

FUNDING	Budget £'M	Forecast £'M	Variance £'M
Council Tax	(72.1)	(72.1)	0.0
Business Rates	(55.4)	(55.4)	0.0
Revenue Support Grant	(9.1)	(9.1)	0.0
Better Care Fund	(7.8)	(7.8)	0.0
Social Care Support	(4.8)	(4.8)	0.0
New Homes Bonus	(0.3)	(0.3)	0.0
COVID-19 LA Support Grant	3.5	(9.6)	(13.1)
COVID-19 Business Support Grants	(1.9)	(1.9)	0.0
COVID-19 Council Tax Hardship Fund	(0.2)	(0.2)	0.0
COVID-19 Income Compensation Grant	0.0	(1.2)	(1.2)
Sub Total	(148.1)	(162.4)	(14.3)
Capital Grants and Contributions	(23.2)	(23.2)	0.0
Total	(171.3)	(185.6)	(14.3)

A technical adjustment to the Collection Fund has resulted in additional income of £12.4M being received in respect of the extended Retail Relief Scheme given to businesses in response to COVID-19 by Government. This will be required in 21/22 to offset the resulting deficit that will be seen in the collection fund, and has therefore been transferred to the Business Rates Equalisation Reserve at the end of 20/21.

The in year funding position includes an additional £15.8M in direct COVID-19 support grants received from Government. £14.3M of this funding is being used to support the significant cost pressures reported against service budgets in this financial year. With a further £1.5M being transferred to an EMR in order to ease the pandemic implications over the transitional period of the new financial year.

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 slightly as a result of the pandemic and this will be recognised in future years. The position is being monitored closely and has been reflected in the 21/22 budget position.

Capital grants and contributions are recognised in the year end position.

There is still uncertainty in relation to longer term impact of the pandemic on funding. The Government has proposed that councils are allowed 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	%
Q4 2020/21	92.48	Q4 2020/21	96.69
Q4 2019/20	93.25	Q4 2019/20	97.95
Q4 2018/19	93.50	Q4 2018/19	97.19

Collection Rates:

Council Tax

Council Tax collection has dropped by around 0.75% in 20/21, largely due to the COVID-19 pandemic. However collection rates have been falling for a number of years since the introduction of Council Tax Support with a locally defined level of discount. We will continue to strive to collect, albeit outside of the financial year in which it was due.

Non Domestic Rates (NDR)

The fourth quarter collection performance has again been impacted significantly by COVID-19 although the end of year collection performance has turned out better than anticipated at the outset of the year.

It should be noted that the overall NDR liability has been reduced by approximately £22.3M due to the awarding of reliefs for many businesses (primarily hospitality, retail & leisure) due to the pandemic.

The team continue to experience very high volumes of work due to the pandemic and along with dealing with very high volumes of NNDR work, they have continued to make a positive contribution to the payments of the various business grants in conjunction with Economic Development colleagues.

Reserves

£8.3M

General Fund

5.1%

General Fund as %
Of Net Budget

£19.5M

Forecast 2023/24 Total
Reserve Balance

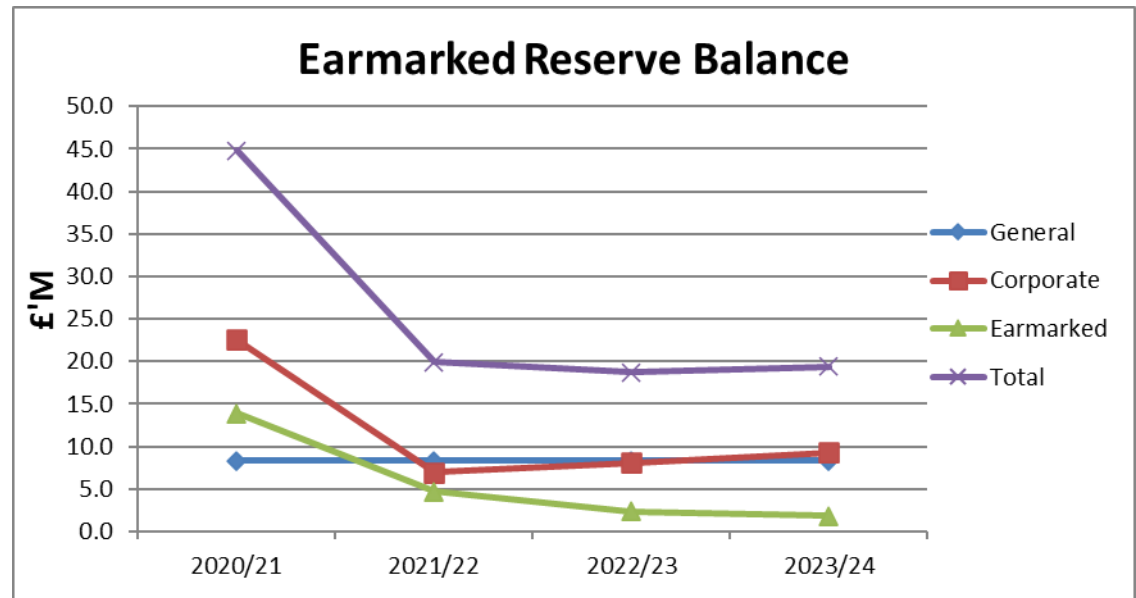
General fund reserves, set aside to deal with any unforeseen events, remain at £8.3M. This is in line with the medium term financial plan and considered to be a prudent level taking into account the increased level of risk to which the Council is currently exposed.

In addition the Council maintains corporate reserves to address key risk areas. These are reviewed regularly, and considered as part of the monitoring and planning process throughout the year.

Service reserves are expected to reduce further to support transformation and other initiatives. In 2021/22 the earmarked balance includes the remaining COVID-19 support grant of £3.7M which is expected to be fully utilised in 2021/22.

There is a risk that further use of reserves, in response to the COVID-19 pandemic, may be required. The situation will continue to be monitored and reported through 2021/22.

A technical adjustment to the Collection Fund has resulted in £12.4M being transferred to the Business Rates Equalisation Reserve at the end of 20/21. This is to offset loss of income from the additional retail reliefs that were provided to businesses in response to COVID-19 in 20/21 by the Government. The impact will be seen in the collection fund in 21/22 and the transfer will be fully utilised to offset this.



Key Corporate Earmarked Reserves

Name	20/21 Balance £'M	Purpose
Self Insurance	1.3	Required to meet cost of claims which are insured internally
Business Rates Equalisation	13.4	Used to mitigate fluctuations in business rates income without impacting service budgets (see comments opposite)
Management of Change	0.8	To cover costs of organisational change
Debt Financing	1.3	Used to mitigate costs of borrowing and capital programme activity

Working Capital Management

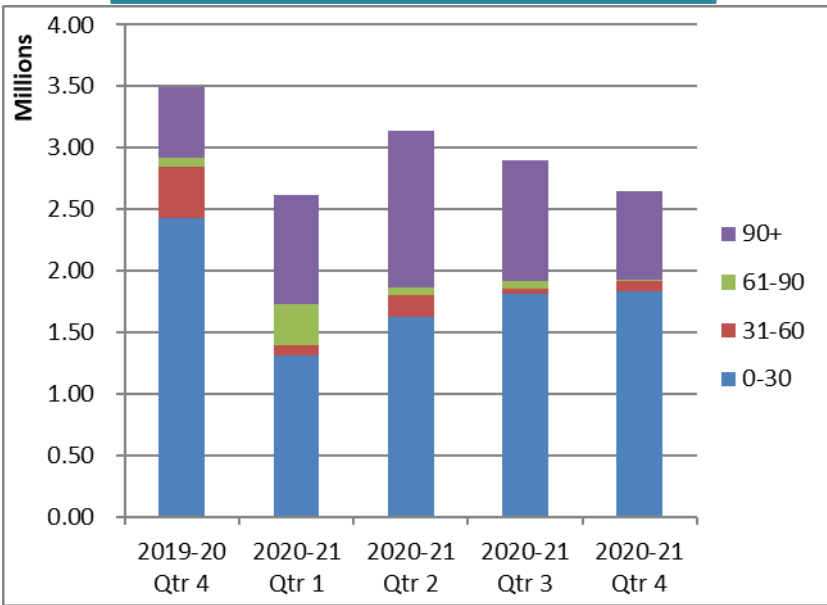
94.0% 2019/20 Qtr4 % Creditor Invoices Paid within 30 days

95.9% 2020/21 Qtr4 % Creditor Invoices Paid within 30 days

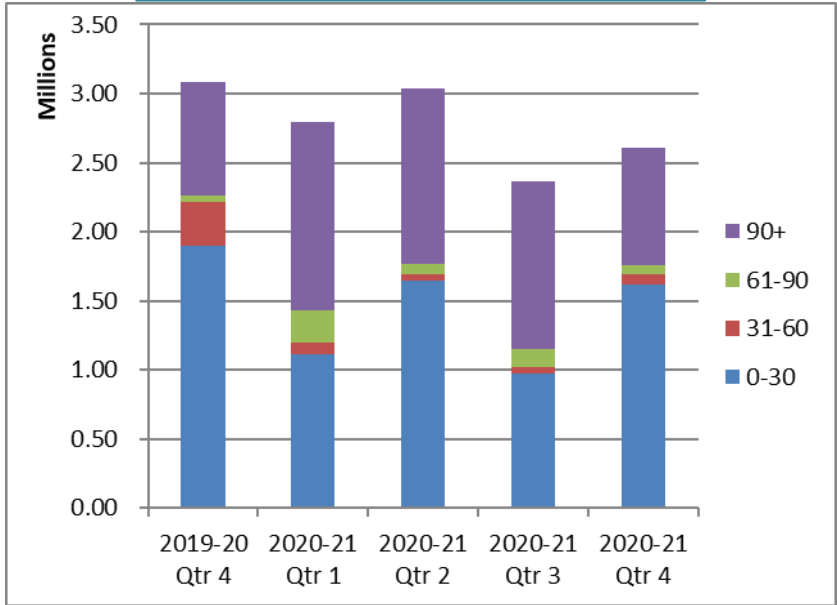


Direction of Travel

Council Managed Sundry Debts



Engie Managed Sundry Debts



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

With the resumption of all debt recovery actions overall aged debt continues to decrease and is lower than the same period of 19/20.

Whilst the situation regarding bad debts and write offs continues to be carefully monitored, due to the ongoing COVID-19 pandemic and the challenges faced within the local economy, there is still the possibility that debt may rise during 21/22

Capital Programme

Capital Programme

SCHEME	2021/22 Approved Capital Programme £000's	Slippaged Requested from 2020/21 £000's	B/F funding to cover re profile in 2020/21 £000's	Changes to Programme £000's	2021/22 Revised Capital Programme £000's	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Childrens Services							
Schools - Devolved Formula Cap Grant	190	34	0	-27	197	0	0
Schools - Backlog Maintenance	875	103	0	-210	768	600	600
Schools - Basic Need Sufficiency of Places	8,061	126	0	-4,000	4,187	1,860	0
Childcare Management System Inv.	0	0	0	0	0	0	0
Special Educational Needs and Disability Fund	290	167	0	120	577	763	0
Looked After Children	100	207	0	0	307	0	0
Nursery places	136	4	0	0	140	0	0
Liquidlogic	0	0	0	0	0	0	0
Lincs2 Portal System Inv.	0	1	0	0	1	0	0
Service Improvement Education	36	25	0	0	61	0	0
CCTV Review and Upgrade	974	0	-19	0	955	0	0
Adult Services							
Disabled Facilities Grants	3,270	0	-217	1,621	4,674	2,964	2,685
Social Care - Better Care Fund	0	10	0	0	10	0	0
Environment							
Fleet Replacement Programme inc. Recycling Collection	3,804	953	0	0	4,757	1,090	0
Litter Bin and Recycling Replacement and Upgrade	0	76	0	0	76	0	0
AQMER (Air Quality Equip)	0	0	0	0	0	0	0
Enhancement of Bereavement Services	1,065	257	-60	0	1,262	0	0
Peoples Park refurbishment	76	0	0	0	76	0	0
Household Recycling Scheme	923	0	0	0	923	0	0
Resort Management	0	0	-28	74	46	0	0
Environmental Services Management System	0	0	0	135	135	0	0
Regulatory Services Mangment System	0	0	0	130	130	0	0
Operation Gateway	0	0	0	220	220	0	0
Memorial Testing and Repairs	0	0	0	105	105	0	0
Public Sector Decarbonisation	0	0	0	2,974	2,974	0	0
Depot Rationalisation	3,000	21	0	0	3,021	3,757	0
Play Parks	0			50	50	450	300

Capital Programme Continued

SCHEME	2021/22 Approved Capital Programme £000's	Slippaged Requested from 2020/21 £000's	B/F funding to cover re profile in 2020/21 £000's	Changes to Programme £000's	2021/22 Revised Capital Programme £000's	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Resources							
Backlog Maintenance	1,319	139	0	37	1,495	38	38
Cartergate Unit Development	220	0	0	0	220	0	0
Property Rationalisation Programme	205	0	-3	0	202	0	0
Capital Investment	459	398	0	-857	0	91	3,684
Digital Strategy Delivery/Imp Civica/Edrms	10	0	0	0	10	0	0
Fire Segregation Works	0	9	0	0	9	0	0
Capital Receipt Flexibility	400	0	0	0	400	400	400
Heritage Asset at risk	486	200	0	0	686	0	0
Scartha Cemetery Lodge and Chapel	246	0	-2	15	259	392	20
Shared Services							
Corporate Systems Investment	273	0	-38	200	435	0	0
IT Transformation Programme	98	0	0	0	98	0	0
Learning Mgt System Implementation	0	0	0	25	25	0	0
ICT refresh	808	363	-2	0	1,169	646	646
Public Health							
GY Leisure Centre	0	2	0	0	2	0	0
Health and Well Being Centre	0	0	0	0	0	0	0
Drug & Alcohol Recovery	0	12	0	0	12	0	0
Playing Pitch Reprovision	2,495	270	0	0	2,765	1,870	0
Corporate and Democratic							
The Knoll	0	0	0	0	0	0	0
Eco Park	0	14		0	14	0	0

Capital Programme Continued.

SCHEME	2021/22 Approved Capital Programme £000's	Slippaged Requested from 2020/21 £000's	B/F funding to cover re profile in 2020/21 £000's	Changes to Programme £000's	2021/22 Revised Capital Programme £000's	2022/23 Approved Capital Programme £000's	2023/24 Approved Capital Programme £000's
Economy and Growth							
Housing Assistance Grants and Loans	658	146	0	0	804	250	250
Willing/Peaksfield Flood Alleviation	69	86	0	36	191	0	0
Community Housing	0	65	0	0	65	0	0
Local Transport Plan Schemes	3,822	279	-457	562	4,206	4,023	4,208
Freeman Street Regeneration	0	7	0	0	7	0	0
Cleethorpes HLF Townscape Heritage	1,893	112	0	-1,438	567	1,158	421
GLLEP Junction Improvement	0	0	0	0	0	0	0
Sth Humber Infrastructure and Investment Programme	2,480	712	-33	500	3,659	4,478	2,725
CATCH offshore	0	0	0	0	0	0	0
Supported Housing Scheme	0	19	0	0	19	0	0
Immingham lock flood def gates	63		0		63	0	0
Cleethorpes Public Art	0	397	0	200	597	0	0
Smart Energy for business	0	942	0	0	942	0	0
NEL Funded Energy	0	0	0	0	0	0	0
A180 Sth Humber Bank Major Maint.	0	0	0	0	0	0	0
Heritage Action Zone	320	205	0	0	525	320	200
Town Deal Investment	3,550	0	-40	0	3,510	0	0
Riverhead Square & Unlocking Potential	200	1,089	-48	0	1,241	0	0
Central Clee Regeneration	50	234	0	0	284	3,748	0
Europarc Food Enterprise Zone	0	179	0	0	179	0	0
Stallingborough Engineering Development	0	0	0	0	0	0	0
Controlling Rogue Landlords	46	0	0	-46	0	0	0
Open For Culture	1,320	87	0	0	1,407	0	0
Estate Road 2	0	354	0	0	354	0	0
Corporation Bridge	1,330	29	0	0	1,359	2,967	500
A18 Laceby to Ludborough	500	96	0	0	596	0	0
Accelerated Construction	1,743	279	0	0	2,022	0	0
Affordable Housing S106 monies	0	125	0	0	125	0	0
Poplar Road Expansion	1,440	0	0	0	1,440	1,690	0
Business Centre Improvement	638	0	0	0	638	0	0
Extended Cycle Track	2,680	0	-121	0	2,559	0	0
Future High Streets Fund	1,500	0	0	-454	1,046	8,868	17,386
Rough Sleeper Accomodation Grant	0	0	0	183	183	0	0
Green Homes Grant LADPhase 2	0	0	0	850	850	0	25 0
TOTAL CAPITAL PROGRAMME	54,121	8,833	-1,068	1,005	62,891	42,423	34,063

Capital Programme Funding

Funding	2021/22 Approved Capital Programme £000's	Slippaged Requested from 2020/21 £000's	B/F funding to cover re profile in 2020/21 £000's	Changes to Programme £000's	2021/22 Revised Capital Programme £000's	2022/23 Approved Capital Programme £000's	2022/23 Approved Capital Programme £000's
External Grants	26,744	3,270	-843	494	29,665	20,860	14,611
Corporate Borrowing	26,788	5,424	-225	511	32,498	21,063	13,952
Capital Receipts	476	0	0	0	476	500	500
Revenue Contributions	36	0	0	0	36	0	0
Other Private inc S106	77	139			216	0	5,000
	54,121	8,833	-1,068	1,005	62,891	42,423	34,063