Report of the Director of Governance & Partnerships

Agenda Item No: 5
Meeting: 7th December 2020

NORTH LINCOLNSHIRE COUNCIL

CABINET

2020/21 Q2 Financial Monitoring and Medium Term Financial Plan Update

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1. To provide Cabinet with an update on the Council's in-year financial position.

1.2. To consider an updated estimate of the specific impact that Covid-19 is having on the Council's financial plans.

1.3. To set out the Council's updated medium term financial planning position.

2. BACKGROUND INFORMATION

2.1. On Wednesday 26th February 2020, the Council approved a Financial Strategy which set the framework for its revenue and capital investment plans in 2020/21 and over the medium term. The financial strategy is designed to support successful delivery of the Council Plan and the Local Plan, maximising outcomes for the people and place of North Lincolnshire.

2.2. The medium term financial plan represents an amalgamation of financial and non-financial assumptions which form the basis of how much resource the Council expects to have available to invest in its priorities and to ensure it continues to meet local need effectively.

2.3. Cabinet has received several reports which have provided comprehensive information in respect of Covid-19, covering a range of issues including: the action it has taken to date to keep its residents safe and well, the financial impact together with the additional and Covid-19 specific funding provided by the Government, and a framework setting out the Council recovery and renewal plan set in the context of the Government's recovery strategy. This report considers an update of the financial impact.

2.4. In the first financial impact update to Cabinet in July, the emergence of the Covid-19 pandemic was set out, including the impact as understood at that time. In the September report, more substantive information was available to inform a detailed and specific estimate of local impact. The report noted the relative high levels of uncertainty still inherent together with the possibility that the nature of the pandemic would likely remain volatile.

2.5. This has proven to be the case and during quarter three rates both locally and nationally continue to increase leading to North Lincolnshire moving into the second level of tiered restrictions at the end of October 2020 followed by national restrictions coming into force on 5 November 2020.

The additional restrictions locally and nationally mean that the council has once again reacted and responded to meet business continuity need and adapt delivery models to comply with regulations.

2.6. The Council will continue to take whatever action necessary to ensure it continues to meet the needs of its residents and businesses at a very challenging time and lead the area through the pandemic. This includes redistributing resource, as necessary.

2.7. The purpose of this report is to take stock of the in-year financial position, which is based on the position prior to the most recent announcements regarding national lockdown. It also seeks to provide an update on the financial planning process.

Revenue 2020/21

2.8. The current approved revenue and capital budget and potential expenditure at outturn for 2020/21 can be seen in appendix 1.

2.9. The position comprises variances to expenditure and income brought about by the Covid-19 pandemic, together with risks not directly attributable to Covid-19.

Capital 2020/21

2.10. At this mid-point of the financial year, there are a series of capital adjustments necessary to ensure the programme remains aligned with delivery timescales. There are also some capital drawdowns proposed, supporting delivery of the Council plan.

2.11. The in-year position can be seen in appendix 1, with a revised programme also incorporating re-phasing summarised in appendix 4.

Reserves

2.12. The Council approved a reserve strategy which governs the deployment of reserve balances, and links to identified risk which reserves exist to cover. The reserve strategy will be updated as part of the financial planning process, in recognition of the changing balance of risks and opportunities. This will also need to consider how best to measure the risk implicit in the uncertain economic position and associated risks to funding.

Budget Adjustments

2.13. Several adjustments to the revenue budget have been made, as the Council continually seeks to align budgets with delivery of the Council Plan. The adjustments have all been made under delegated powers and are summarised in appendix 3.

Treasury Management

2.14. The Council is continuing to manage cash balances and debt in line with the approved Treasury Management Strategy. Capital financing costs are expected to be lower than budget at outturn, reflecting a slower delivery of the capital programme than had been expected and a better cash flow position. As a result, the cost of capital financing ratio in 2020/21 is expected to be marginally lower than the forecast in the budget papers to Full Council.

2.15. The Council's borrowing at the end of September 2020 was £176.5m, and is expected to remain lower than had been forecast throughout the course of the year due to a change in the profile and timing of expenditure and income cash flows.

2.16. Appendix 5 sets out the prudential indicators for 2020/21 approved by Full Council on 26th February 2020, and the current estimate.

Medium Term Financial Plan

2.17. The Council has commenced the financial planning process which will culminate in the 2021/24 medium term financial plan being taken to Full Council in February 2021. Appendix 2 considers the key updates since Cabinet received a revised spending power projection in September, with a particular focus on the Spending Review 2020 and the specific announcements relevant for Local Government and how this could translate into funding certainty for 2021/22 only.

3. OPTIONS FOR CONSIDERATION

3.1. To receive an update on the financial position of the organisation.

4. ANALYSIS OF OPTIONS

4.1. The analysis is outlined in the background information in section 2 and in the supporting appendices.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1. The financial model under which Local Government operates means that risk management is fundamental to everything the Council does. The Council is constrained in its ability to significantly increase resources and is statutorily led on large areas of need led spending which can be volatile. Financial plans and the actions taken by the Council therefore must be adaptive to ensure the Council remains financially sustainable over the short, medium and long-term.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1. Not applicable.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1. Not applicable.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1. Not applicable.

9. RECOMMENDATIONS

9.1. To note the revenue and capital budget monitoring position for 2020/21 which is set out at Appendix 1.

9.2. To note the current modelling of financial planning assumptions as set out in the medium term financial plan update in Appendix 2.

9.3. To note the revenue budget adjustments approved under delegated powers and the revised budget position for 2020/21, summarised at Appendix 3.

9.4. To approve the revised capital investment programme 2020/23, set out at Appendix 4.

9.5. To note the progress against the approved Treasury Management Strategy in Appendix 5.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Background Papers used in the preparation of this report
Financial Strategy, Budget 2020/21 and Medium Term Financial Plan 2020/23
Capital Investment Strategy and Revised Capital Programme 2019/23
Treasury Management Strategy 2020/21
Q2 revenue budget adjustments
Q2 capital budget adjustments

REVENUE AND CAPITAL MONITORING POSITION 2020/21 — Appendix 1

REVENUE	Budget £000's	Potential Spend £000's	Risk £000's
EXPENDITURE			
Investment in Priority Areas	127,314	142,836	15,522
Running the Business (Technical)	24,744	23,930	(814)
NET OPERATING EXPENDITURE	**152,058**	**166,766**	**14,708**
FUNDING			
Council Tax, Business Rates and Government Grants	(150,133)	(150,133)	-
Use of Reserves	(1,925)	(1,925)	-
Covid-19 Funding (attributed to Covid-19 pressures)	-	(13,338)	(13,338)
TOTAL FUNDING	**(152,058)**	**(165,396)**	**(13,338)**
POTENTIAL VARIANCE	**-**	**1,370**	**1,370**

CAPITAL	Budget £000's	Potential Spend £000's	Potential Variance* £000's
EXPENDITURE			
Investment in Priority Areas	59,063	54,852	(4,111)
TOTAL EXPENDITURE	**59,063**	**54,852**	**(4,111)**
FINANCING			
External & Grant Funding	(31,139)	(29,997)	(4,442)
Council Resources	(27,924)	(24,691)	(2,802)
TOTAL FINANCING	**(59,063)**	**(54,852)**	**(4,111)**

*anticipated slippage to 2021/22

Analysis of Revenue 2020/21

1. The Council's Net Operating Expenditure represents the day to day costs of council service delivery. For 2020/21, a cash limit of £152.1m was set by Full Council and reflected the expected spending power for the year.

2. In addition to managing expenditure and income led risks that form part of the Council's normal operating day-to-day business processes, it is also managing the financial risks associated with Covid-19. The budget that was set reflected the economy at that time, together with investment assumptions which reflected the planned delivery models. The pandemic has had a significant impact on delivery models and is having a direct impact on expenditure and income streams. Variations in council tax and business rates will not impact the current year budget and will instead impact in 2021/22 and beyond. This is because of collection fund accounting rules. The potential impact to the funding base was considered in the previous update.

3. The Government continue to recognise the pressures facing Local Government and have provided additional funding over and above the level provided at the time of the last update. The Government has provided roughly £8.2m grant funding ring-fenced for a specific Covid-19 related purpose (e.g. infection control, test and trace), and has so far contributed £13.3m of emergency grant support for this council in recognition of the additional costs being incurred across Local Government in meeting heightened need in their areas and leading communities through the pandemic. The Government have also recognised that the actions taken to date prioritising the public health of the nation have had a detrimental impact on income sources and will compensate for some of this loss through the income compensation scheme. The Council anticipates receiving approximately £4.2m if income projections remain at the level currently envisaged.

4. The current package of funding is potentially worth at least £25.7m and could increase further as the Government make further policy and funding announcements. The Spending Review 2020 contained more information around additional support being made available in 2021/22, please see appendix 2 for further information.

5. The Government has also provided the Council with funding to pass through to businesses in its area. Many businesses in North Lincolnshire have benefitted from £33m of small business, retail or discretionary grants, with a recent announcement of additional grant funding being made available to businesses via Councils under the local restriction support grant scheme (LRSG). This scheme correlates directly with the Covid tiering system. The Government have acknowledged the challenge presented to businesses who are forced to close (e.g. pubs). They have also gone one step further and recognised that trading conditions for some businesses that are allowed to remain open (e.g. café's) could also have been impacted, with each cohort eligible for differing levels of grant support.

6. North Lincolnshire entered tier 2 restrictions on Saturday 31st October 2020, which made some businesses eligible for grant support under the LRSG (open) scheme. The scheme has since been subsumed into a bigger grant scheme programme, which requires more businesses across more sectors to close in

order to help contain the spread of Covid-19. This includes non-essential retail, hospitality venues, leisure and sport facilities, entertainment venues, personal care facilities plus more. Consequently, the LRSG (closed) scheme has been broadened and will provide more grant funding to more businesses. North Lincolnshire has received £2.6m in LRSG funding to distribute to eligible businesses.

7. The Council has also been provided with £3.5m Additional Restrictions Grant funding. This funding is automatically triggered either when an area first enters tier 3 restrictions, or upon the introduction of widespread national restrictions. This funding can be used for business support activities, such as providing discretionary grants, and will be utilised in a way that puts the economy in the best possible shape to recover from Covid-19. It is also important to note that residents have been helped through council tax hardship grants and self-isolation payments for those eligible.

8. In total, the package of funding for the schemes declared to date is worth at least £40m for North Lincolnshire. The most recent funding announcements are directly tied to the level of restrictions in force in the area, therefore if the national restrictions continue beyond early December, or if the area remains within high risk or very high risk restrictions when national restrictions cease, more funding will be provided by Government which will in turn enable a further round of local restriction support grants.

9. The Council undertakes a robust monitoring process throughout the year which seeks to identify progress of spend against budget and reviews the assumptions approved in the 2020/21 budget. As already noted, Covid-19 has impacted some of the supporting assumptions quite significantly, which in turn has a cost/income implication. A Council wide position is reported to Cabinet on a regular basis.

10. At quarter two, Council net expenditure at outturn is forecast to be £153.4m, £1.4m (or 0.9%) above the limit set. This encompasses expenditure and income risk related to Covid-19, and other risks not directly attributable to the pandemic. The Council is required to submit regular financial impact assessments to the Ministry of Housing, Communities and Local Government (MHCLG), to aid Government understanding of sector wide impact. The October return has been overlaid with the quarter two forecast.

11. There are currently estimated to be £16.5m of additional expenditure attributable to the Covid-19 pandemic, together with income challenges of £6.8m. Once the £8.2m grant funding ring-fenced for a specific Covid-19 related purpose has been applied, it leaves a residual Covid-19 risk balance of £15.1m. The main risks identified as being attributable to Covid-19 and funded primarily by Government grant are as follows:

Covid-19 Main Identified Risk	**£M**
Leisure and culture sites income losses	4.4
Adult social care (increased demand, supporting the market, workforce, PPE)	3.4
Sales, fees and charges (including commercial) losses	2.0
Foregone savings/delayed projects	1.2
Children social care (workforce and activity increases)	1.1

Organisational PPE & shielding	1.0
Home to school transport and wider education	0.6
Rough sleeping	0.5
Other income losses (e.g. parking, court cost income)	0.4
All Other	0.5

12. The residual balance of Covid-19 risks stands at £15.1, and this appendix assumes that the full £13.3m emergency grant funding be used in the first instance to address most of the issues. The remaining balance is expected to be resolved through the income compensation scheme, although this is not yet reflected in the table at the start of this appendix.

13. It is important to note that we are operating within a highly uncertain and volatile environment, therefore the position reported reflects the assumptions and best information available at the current time. The Covid-19 pandemic is fast changing, and the implications are fluid, which also reflects in the shape, scope, and delivery of adaptive Council services. The recent announcement of a national lockdown - together with localised tiered restrictions in place before and after the new national lockdown – are evidence of this volatility. This was not known during quarterly monitoring. Therefore, like in previous updates, it is important to note that the forecasts contained here will need to be refined through the remainder of the financial year.

14. The pandemic has required the Council to adapt quickly, requiring service models to be refined and in some instances completely re-designed. Like every other local authority, this has had cost and income implications which have been recognised by the Government. Focussing on this year alone, it is proposed that budget limits be amended during quarter three, recognising the main areas of risk which have the highest certainty of forecast impact. The current limits pre-dated the pandemic and therefore need to be adjusted to ensure officers have realistic limits to work within, utilising the additional funding provided by Government.

15. In addition, there are other risks which are not directly attributable to Covid-19 that have been identified. This has reduced from quarter 1 and is estimated to be approximately £0.4m. This reflects an amalgamation of non-pandemic related pressures offset in the main through the Council's robust approach to vacancy management.

16. There are also forecast savings within central & technical budgets. This comprises capital financing savings due to a better than expected cash flow position, together with lower than planned borrowing to date. It also reflects an anticipated reduction within corporate management and pension costs.

17. It is important to note that the Council has a strong track record of being able to contain expenditure. The transformation of the Council over recent years ensures continuous improvement and implementation of efficient delivery models that achieve the best outcomes possible. Controlling costs is vital for the longer-term sustainability of the Council, especially given the uncertain economic conditions we are operating within. In the previous two years, collaborative working across the Council to identify solutions ensured that the year-end position was much more favourable than early estimates. The same collaborative working aims to

identify alternative solutions in the short term to ensure the organisation operates within the resources available.

18. The Council has a reserves strategy which governs deployment of reserves. This forms part of the wider approach to risk management. Current financial plans aim to minimise use in 2020/21, with greater reserves potentially going to be needed in the next medium term financial plan to cover potential funding shocks. The level of reserves held will need to be reviewed against identified risks to ensure that the council remains financially resilient.

Analysis of Capital 2020/21

19. The Council has plans to invest £108.9m of capital resource by 2022/23 to support delivery of the Council plan. Of this, £59.1m is planned for investment in 2020/21. Approval is sought for the latest capital investment plan set out in appendix 4.

20. The Council undertakes regular monitoring of its capital investment programme, to ensure the programme remains realistic and invests in Council priorities. It is also important that planned spend is reviewed specifically considering Covid-19, to ensure it remains right to undertake following the changes brought about by the pandemic. It is envisaged that this will be completed by the end of December, with not much expected in the form of changes.

21. The Council finances capital investment through a combination of its own resources (capital receipts and borrowing) and external funding. The balance of funding expected to be applied is also regularly reviewed, to ensure the right type and size of funding is deployed. The Covid-19 pandemic has altered the balance of risks and opportunities attached to each funding type, and as such revisions will need to be made to the financing side in the next medium term financial plan. This is not expected to directly impact the capital investment programme.

22. At this stage in the financial year, a £4.1m in-year underspend is forecast. This reflects updated delivery timescales, which point to investment being incurred beyond the end of this financial year. This primarily relates to multi-year infrastructure schemes.

23. The Capital & Major Projects officer group have considered business cases and recommended a series of capital drawdowns from the additional capital investment allocation, set out in appendix 4 (table 2). Planned spend aligns with delivery of the Council Plan. There are also some external funding adjustments for which approval is sought (table 3).

MEDIUM TERM FINANCIAL PLAN UPDATE **Appendix 2**

1. Full Council will meet on Thursday 25th February 2021 to consider setting an updated medium term financial plan comprising revenue and capital investment. The financial planning process was set out to Cabinet in September and progress continues to be made.

2. The Council's spending power is made up of locally generated resources (e.g. council tax) and nationally allocated grants (e.g. revenue support grant). Through the pandemic in 2020/21, the Government have taken the decision to provide further grant funding to the sector to enable Councils to meet heightened need and compensate for lost income. This changes the dynamic of spending power during the current year. However, this shift is expected to be temporary and is expected to revert over time when the threat to public health has been sufficiently contained.

Spending Power

3. The Chancellor presented the results from the 2020 Spending Review on Wednesday 25th November 2020. In addition to provide a comprehensive update on the state of the national public finances, including the ongoing impact, it set department resource levels for 2021/22. A short one-year timeframe was preferred to enable the Government to prioritise its response to Covid-19. The Local Government finance settlement will follow, likely in December, converting national limits for Local Government into specific funding levels for Councils.

4. The state of the economy and public finances are materially different from the Budget presented in March 2020. Key points to note:

   - Gross domestic product, which measures the size of the economy, is predicted to fall 11.3% in 2020, before returning to growth in 2021. However, the economy is not expected to reach pre-crisis levels until the end of 2022.
   - Borrowing and debt has significantly increased, reflecting the wide scale interventions from the Government in supporting businesses and individuals, and providing additional resource to fund increased need within public services.
   - Despite Government action, unemployment has risen because of Covid-19 and is expected to peak at 7.5% during the middle of 2021. This compares to an unemployment rate of 4% during the first quarter of 2020.

5. The Budget presented in March assumed that nationally the Government would generate enough through taxation receipts to fund day to day expenditure, with borrowing needed for capital investment. As a result of increased expenditure and reduced receipt forecasts over the period, the Government anticipates borrowing large sums over the period which is not likely to be sustainable beyond the medium term. Once the economic recovery has been secured, the Government will take the necessary steps to ensure the public finances are on a sustainable path which is likely to have implications for investment levels in public services, taxation and other Government spending, and by extension the spending power of Local Government.

6. The Government plans assume an additional £141.1bn of Covid-19 specific public sector spending in 2020/21, with a further £55bn assumed in 2021/22. The Government have separated out ‘core’ funding from ‘Covid-19’ funding when setting departmental spending limits.

7. At a national level, core spending power for Local Government will increase from £49.0bn in 2020/21 to £51.2bn in 2021/22. The key changes are as follows:

   - Local authorities will have the option to levy a 3% adult social care precept in 2021/22, in addition to an option of a 2% general rate increase.
   - An additional £300m of new grant funding for adult and children’s social care in addition to the £1 billion announced at SR19 that is being maintained in 2021/22.
   - Revenue support grant will be increased in line with inflation.
   - The business rates multiplier will be frozen in 2021/22, with Council’s compensated via additional section 31 grant.

   In addition, the Government has confirmed it will be delaying the move to 75% business rate retention and the introduction of the fair funding review, to allow local authorities to focus on meeting the public health challenge. In addition, the Government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021.

8. To support local authorities in England with Covid-19 pressures next year, the government expects to provide over £3 billion in additional support by:

   - Providing an additional £1.55bn of grant funding to local authorities to meet additional expenditure pressures because of Covid-19.
   - Providing local authorities with £670m of additional grant funding to help local authorities support more than 4 million households least able to afford council tax
   - Providing an estimate £762m to compensate local authorities for 75 percent of irrecoverable council tax and business rate revenues in 2020/21 that would otherwise need to be funded through local authority budgets in 2021/22 and future years. This is expected to be in addition to the recent regulation change which enable deficits to be spread over three years.
   - Extending the sales, fees and charges reimbursement scheme for a further three months until the end of June 2021.

9. The Chancellor confirmed that public sector pay rises will be paused in 2021/22, except for front line NHS staff and workers earning less than £24,000 who will receive a minimum £250 increase.

10. In addition, the Government have confirmed they will reform the Public Works Loan Board (PWLB) lending terms, ending the use of PWLB for investment property bought primarily for yield. The government will cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate, which should reduce the cost of borrowing for the Council in the short and medium term.

11. The measures set out mean the Council’s spending power is likely to be similar to 2020/21 levels, excluding Covid-19 specific funding, assuming that the factors set

out in the spending review are applied locally. Officers are working to revise planning assumptions and will bring a revised funding base back to Cabinet in January. This will also take the LG finance settlement into account, providing high levels of certainty for the 2021/22 funding base.

12. Finally, the Spending Review announced the next phase of the Government's infrastructure investment programme. This covers school and hospital rebuilding, and flagship transport schemes, supported by a National Infrastructure Strategy. The Government also announced a new Levelling Up Fund worth £4bn, which will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Funding will be allocated via a bidding process, with prioritisation given to bids that drive growth and regeneration in places in need. Further detail will be set out in the new year.

Investment in Priorities

13. The estimate of spending power will determine how much resource the Council expects to have available to invest in supporting delivery of the Council plan. Cabinet was presented with a revised estimate at the September meeting, which remains the best estimate at this time based on the information currently known.

14. The national context considered earlier in this appendix means the Council is in the situation where it not likely to have funding certainty beyond 2021/22, which hinders the extent to which it can plan longer-term investment. This is likely to lead to a financial strategy where the Council presents a finite balanced budget for 2021/22 and sets out areas where it would like to develop its operating models beyond 2021/22. This enables officers to fully focus on the pandemic initially and would then give time and space for recovery and renewal.

15. There are some key thematic areas of expenditure where the Council has an opportunity to consider whether the activity could be more effective. This includes:

- **Budgeting for pay costs** – the Council has been successful at containing increases in its cost base through managing vacancies. This behaviour is well established, and routinely means significant savings within pay budgets which are used to offset pressures elsewhere. The existence and trend of this behaviours means the Council is compelled to consider whether there is an alternative approach it could take in budgeting for pay.
- **Contract management/procurement** – after pay costs, contracting costs account for a large proportion of Council spend. It is right to continually review the end-to-end contract management system, considering how contracts are entered into in the first place and how successful we are at managing them thereafter to ensure they are economic, efficient, and effective.
- **Interconnectivity of support service areas** – in order to deliver high quality front line services to the public, a support framework exists and is necessary to ensure the right people end up doing the right thing, making it a more productive system. There is the potential to consider the skills required within service delivery models, to then consider how these skills might be accessed and at what point to affirm whether current models remain right for the long-term.

- **Physical assets** – the Covid-19 pandemic has brought about big changes to the way the Council is operating. Some changes are temporary, but some will be permanent and this requires the Council to consider whether it needs to possess the same level of physical assets (e.g. buildings, vehicles) to achieve the required outcomes or whether different behaviours could lead to improved outcomes.

16. The Council has achieved considerable efficiencies over the past decade, initially with a focus on service specific models. But as the organisational approach and thinking matures, it gives rise to thinking differently around the skills needed within each area. The combination of the Covid-19 pandemic, the funding uncertainty and the short timeframe to February means the Council will benefit most by considering and developing the actions and interventions it can take over the medium term, some of which may yield benefits in 2021/22. The flip side requirement to this is that the Council must continue to control increases in its cost base, which it has and continues to do so.

17. The overarching financial strategy aim for the Council remains financial sustainability, where the Council's generates enough resources to fund its investment aspirations over the longer-term. To achieve success in this aim, the framework of Local Government finance needs to change. It is highly complex to devise long-term investment strategies with short-term funding certainty.

18. The United Kingdom left the European Union on Friday 31st January 2020. The transition period, where the UK remains in the EU customs union and single market, provides both sides with time to determine the future relationship. The transition period ends on Thursday 31st December 2020. The Council continues to make the necessary operational plans and arrangements to deal with the changes that will be brought about the change in membership. It will also actively consider new and emerging potential impacts. At this stage, the Council is not planning for material changes to its cost base because of the change in relationship with the European Union but will keep this under review.

19. It is desired an Executive Budget proposal be brought to the meeting of Cabinet in or around January 2021, in advance of the budget setting meeting in February 2021.

LATEST APPROVED 2020/21 REVENUE BUDGET **Appendix 3**

Table 1 – Revenue Investment (Accountability Structure)

2020/21 REVENUE INVESTMENT: BY SERVICE	Original Approved Budget £000's	Policy Changes £000's	Technical Budget Transfers £000's	Revised Approved Budget £000's
Business Development	(414)	160	52	(202)
Governance & Partnerships	14,316	-	(471)	13,845
Operations	32,133	-	291	32,424
Learning, Skills & Culture	11,734	(160)	43	11,617
Children & Community Resilience	21,104	-	718	21,822
Adults & Community Wellbeing	39,352	-	-	39,352
Public Health	7,053	-	(65)	6,988
SERVICE TOTAL	**125,278**	**-**	**568**	**125,846**
Central & Technical Budgets	26,780	-	(568)	26,212
NET OPERATING EXPENDITURE	**152,058**	**-**	**-**	**152,058**

Table 2 – Revenue Investment (Council Plan Priority)

2020/21 REVENUE INVESTMENT: BY PRIORITY	Original Approved Budget £000's	Policy Changes £000's	Technical Budget Transfers £000's	Revised Budget £000's
Keeping People Safe and Well	68,612	(34)	(28)	68,550
Enabling Communities to Flourish	25,225	(85)	197	25,337
Growing the Economy	7,389	-	15	7,404
Running the Business (organisation)	25,518	119	386	26,023
Running the Business (technical)	25,314	-	(570)	24,744
PRIORITY TOTAL	**152,058**	**-**	**-**	**152,058**
NET OPERATING EXPENDITURE	**152,058**	**-**	**-**	**152,058**

CAPITAL INVESTMENT PROGRAMME 2020/23 — Appendix 4

Table 1 – Programme Summary 2020/23

PROPOSED PROGRAMME	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
Investment in Priority				
Keeping People Safe and Well	5,169	156	156	5,481
Enabling Communities to Flourish	8,113	4,743	2,129	14,985
Growing the Economy	34,114	22,421	8,412	64,947
Running the Business	11,667	6,042	2,793	20,502
Total	**59,063**	**33,362**	**13,490**	**105,915**
Additional Capital Investment Allocation	-	-	3,004	3,004
Capital Investment Limit	**59,063**	**33,362**	**16,494**	**108,919**
Funding Analysis				
External & Grant Funding	31,139	18,273	9,296	58,708
Revenue Funding	67	16	-	83
Borrowing	21,791	9,139	7,198	38,128
Capital Receipts	6,066	5,934	-	12,000
Total	**59,063**	**33,362**	**16,494**	**108,919**

Table 2 – Proposed Drawdown of Additional Capital Investment Allocation

Capital Investment Scheme	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
Community Buildings (Operational Infrastructure)	250	500	500	1,250
ICT Agile Investment	320	320	440	1,080
Infrastructure Schemes (N.J. Roundabout)	550	-	-	550
Lincolnshire Lakes Flooding Prevention	411	-	-	411
Schools Investment Programme (Free School)	-	-	721	721
Total	**1,531**	**820**	**1,661**	**4,012**

Table 3 – Amendment to Externally Funded Capital Investment Schemes

Capital Investment Scheme	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
Lincolnshire Lakes Blue Offer	(106)	-	-	(106)
Green Homes	500	-	-	500
Infrastructure Schemes (Pothole Challenge Fund)	3,194	-	-	3,194
Towns Fund - Urban Park	1,000	-	-	1,000
Infrastructure Schemes (N.J. Roundabout)	500	-	-	500
Disabled Facilities Grants	(1,511)	2,124	-	613
Formula Capital Devolved to Schools	(472)	400	-	(72)
Early Years Capital Fund	(280)	-	-	(280)
Mainstream Inclusion SEND	(37)	-	-	(37)
Schools Investment Programme	(1,233)	4,953	-	3,720
BDUK North Lincs Broadband	(1,000)	1,000	-	-
Total	**555**	**8,477**	**-**	**9,032**

TREASURY PRUDENTIAL INDICATORS 2020/21 **Appendix 5**

		2020/21	
		Budget (Feb 2020)	**Forecast (Q2)**
(i)	Estimates of capital expenditure	£M 51.5	£M 59.1
(ii)	General Fund ratio of financing costs to the net revenue stream % (Based on Prudential Code 2013)	% 8.80	% 8.75
(iii)	An estimate of the capital financing requirement	£M 259.5	£M 260.4
(iv)	The authorised limit for external debt: borrowing other long-term liabilities total	£M 294.5 30.0 324.5	£M no change
(v)	The operational boundary for external debt: borrowing other long-term liabilities total	£M 264.5 22.0 286.5	£M no change
(vi)	Upper limit for fixed rate exposure	% 100.0	% no change
(vii)	Upper limit for variable rate exposure	% 40.0	% no change
(viii)	upper and lower limits for maturity structure of borrowing UPPER LIMIT under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years 30 years and above LOWER LIMIT all time periods	% 60.0 30.0 50.0 50.0 75.0 75.0 100.0 0.0	% no change no change
(ix)	Total principal sums invested for periods longer than 364 days	£M 0	£M no change