

Cabinet



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Tuesday, 9 July 2024 at 2.00 pm
Council Chamber - South Kesteven House, St. Peter's
Hill, Grantham. NG31 6PZ

Cabinet Councillor Ashley Baxter, Leader of the Council (Chairman)
Members: Councillor Paul Stokes, Deputy Leader of the Council (Vice-Chairman)

Councillor Rhys Baker, Cabinet Member for Environment and Waste
Councillor Richard Cleaver, Cabinet Member for Property and Public Engagement
Councillor Phil Dilks, Cabinet Member for Planning
Councillor Philip Knowles, Cabinet Member for Corporate Governance and Licensing
Councillor Virginia Moran, Cabinet Member for Housing
Councillor Rhea Rayside, Cabinet Member for People and Communities

Supplement

Items for Cabinet Decision: Key

6. Contract Award for New Build Housing Scheme for 19 units at Larch Close, Grantham (Pages 3 - 15)

This report sets out the proposals for a 19-unit new build social housing development at Larch Close, Grantham.

9. Provisional Outturn Report 2023/24

(Pages 17 - 55)

This report provides the Cabinet with the details of the Council's provisional outturn position for the financial year 2023/2024. The report covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes – General Fund and Housing Revenue Account
- Reserves overview – General Fund and Housing Revenue Account

Items for Cabinet Decision: Non-Key**10. South Kesteven District Council Productivity Plan 2024/25**

(Pages 57 - 73)

To present the proposed Productivity Plan 2024/25 for South Kesteven District Council, and to recommend the submission of said plan to the Department of Levelling Up, Housing & Communities.



Cabinet

Tuesday, 9 July 2024

Report of Councillor Virginia Moran,
Cabinet Member for Housing

Contract Award for New Build Housing Scheme at Larch Close, Grantham

Report Author

Debbie Roberts, Head of Corporate Projects, Performance and Climate Change

 Debbie.Roberts@southkesteven.gov.uk

Purpose of Report

This report sets out the proposals for a new build social housing development at Larch Close, Grantham and also recommends that the new build contract be awarded to Mercer Building Solutions Ltd.

Recommendations

That Cabinet:

1. Approves the outcome of the tender process and appoints Mercer Building Solutions Ltd as the preferred contractor for the construction of the housing development at Larch Close Grantham.
2. Delegates to the Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing, to enter into a contract with Mercer Building Solutions Ltd to build 19 units at a cost of £3,833,555.
3. Delegates to the Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing, to apply for amendments to the planning permission from the Local Planning Authority in order to ensure the development meets current housing needs and delivers value for money.
4. Subject to the outcome associated with Recommendation 3, agrees to delegate to the Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing, authority to vary the construction contract accordingly.

Decision Information	
Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing
Which wards are impacted?	Grantham Earlesfield;

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 The delivery of this scheme is a key element of the new build programme for the Housing Revenue Account (HRA). The proposal has been assessed utilising a scheme viability tool which takes into consideration the capital outlay, the projected income forecast, the operational holding costs and management and maintenance costs. This analysis demonstrates a positive financial return on the development and a positive cash inflow of between £40-£60k per annum. This surplus will contribute towards the ongoing financial viability of the HRA 30 year business plan. This is a priority for the Plan as the medium term outlook currently shows emerging deficits as operational and stock investment costs continue to increase. The viability tool also confirms a positive internal rate of return over the life of the asset.
- 1.2 This development will be wholly funded from HRA capital receipts that have been generated from RTB sales of HRA dwellings. The Council has entered into an Agreement with Government to reinvest its capital receipts into the supply of new homes for social housing. However there is a time limitation of five years for the spend of the receipts and after this time the receipts would be required to return to Government. Therefore it is important that the Council continues to deliver a pipeline of new build developments (either by direct build or property acquisitions). The delivery of the proposed development will ensure the risk of receipts being returned is significantly reduced.

- 1.3 From a value for money perspective, the report confirms that a robust tender process has been undertaken and the preferred bidder has submitted a robust proposal that has scored the highest overall.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Procurement

- 1.4 The necessary processes have been followed in accordance with the Council's Contract Procedure Rules.

Completed by: Helen Baldwin, Procurement Lead

Legal and Governance

- 1.5 There are no further significant legal, or governance implications not already highlighted within the body of the report. Contract Procedure Rules state that an award of this value must be made by Cabinet.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

Risk and Mitigation

- 1.6 A project risk register will be created in partnership between the contractor and the Council, which will be subject to robust review as the project progresses. As part of the process there will be a mutual agreement of the identified risks and enable confirmation of ownership to be confirmed by the contractor of the Council.
- 1.7 The contractor will be responsible for insuring the building works until the properties are handed over to the Council.

Completed by: Tracey Elliott, Governance & Risk Officer

Health and Safety

- 1.8 Premier Risk Services are contracted by Mercer Building Solutions Ltd to provide inspections, support and guidance towards achieving compliance across all sites (and office) locations. All documentation will be made available to the Council and joint meetings will be arranged to ensure that there is a collaborative approach to health and safety.

Completed by: Phil Swinton, Health and Safety Manager

Climate Change

1.9 The contractor has included sustainable measures as part of their submission. The dwellings are to be constructed in line with current Building Regulations, Secured by Design standard (Bronze Award minimum) and SKDC Policy SB1. Properties are to be fitted with air source heat pumps and solar PV in order to provide energy efficiency for end occupiers and reduce carbon emissions.

Completed by: Serena Brown, Sustainability and Climate Change Manager

2. Background to the Report

2.1 The approved Corporate Plan 2024-2027 clearly sets out how South Kesteven District Council (SKDC) intends to meet the mission “to ensure that all residents can access housing which is safe, good quality, sustainable and suitable for their needs and future generations.”

2.2 The Corporate Plan, Priority 4 identifies ‘Housing’ as a key priority with high quality housing essential for all, and the council is committed to working with partners to provide this by:

- Facilitating a range of appropriate and sustainable housing and community facilities for future generations and the emerging needs of all our communities.
- Delivering exemplary and high-quality services for housing and homelessness.
- Increasing the supply of sustainable and high-quality Council-provided housing.
- Working with developers and private landlords to ensure sustainable, affordable, and high-quality housing is facilitated.

2.3 The location of the proposed development is on the plan below edged red. The site is to the rear of existing homes off Larch Close, Grantham within the Earlesfield ward and is adjacent to the A1.



Figure 1- Site boundary in red

2.4 The development site is owned by South Kesteven District Council, it is currently used for car parking and has the remnants of a playground that has been subject to vandalism and various anti-social behaviour reports.



Figure 2- Current view of site

2.5 The scheme has been approved by the Local Planning Authority (subject to entering of the S106 Agreement) under reference S22/2308- Erection of 21 affordable dwellings with associated access, landscaping, parking and cycle storage provision with a link in the background papers section of the report. There are a number of planning conditions identified below:-

2.6 **Before the Development is Commenced**

- Archaeological Investigation
- Construction Management Plan
- Noise Impact Assessment Update
- Drainage Strategy

- Ground Conditions
- Mercer Building Solutions Ltd have included costs to undertake these works and want to discharge these conditions as soon as possible.

2.7 **During Building Works**

- **Remediation Scheme**- The scheme requires a plan to be submitted and approved for remediating the land
- **Sustainable Building** - The scheme shall include details of how carbon dioxide emissions would be minimised through the design and construction of the development, details of water efficiency; and the provision of electric car charging infrastructure.
- **Ecological Mitigation** All works on site, including construction works, shall be carried out including the installation of bat and bird roosting boxes.
- Mercer Building Solutions have included these costs in the tender including air source heating, solar PV roof panels and electric car charging infrastructure.
- Mercer Building Solutions Ltd have included costs in the contract sum to undertake these works.

2.8 **Before the Development is Occupied**

- **Noise Validation Testing** – costs have been included in the contract for these tests.

Shaw Road Pedestrian Crossing

- No part of the development hereby permitted shall be occupied before the works to improve the public highway (by means of an uncontrolled pedestrian crossing connecting people from Shaw Road over Trent Road) has been certified complete by the Local Planning Authority.
- An allowance of £2,012 has been included in the Mercer Building Solutions Ltd costs for this as an uncontrolled crossing which normally means dropped kerbs and tactile paving. If a zebra crossing is required this would be an additional cost but the dropped kerbs should be acceptable.

Estate Road Surface Levels

- Before any dwelling hereby permitted is occupied, all of that part of the estate road and associated footways that form the junction with Shaw Road, and which will be constructed within the limits of the existing highway, shall be laid out and constructed to finished surface levels in accordance with details that shall first be submitted to, and approved in writing by the Local Planning Authority.
- Costs for roads, paths, pavings and surfacing was included in the contract sum provided by Mercer Building Solutions Ltd.

Hard Landscaping Implementation

- Before any part of the development hereby permitted is occupied, all hard landscaping works shall have been completed in accordance with the approved details.
- Costs have been included for this as part of the contract sum.

Ongoing
Soft Landscaping Implementation

- Before the end of the first planting / seeding season following the first occupation of the development hereby permitted, all soft landscaping works shall have been carried out in accordance with the approved soft landscaping works.
- Costs have been included for this part of the contract sum.

Soft Landscaping Protection

- Within a period of five years from the first occupation of the final dwelling / unit of the development hereby permitted, any trees or plants provided as part of the approved soft landscaping scheme, that die or become, in the opinion of the Local Planning Authority, seriously damaged or defective, shall be replaced in the first planting season following any such loss with a specimen of the same size and species, unless otherwise agreed by the Local Planning Authority.
- Costs have been included for this as part of the contract sum.

2.9 The S106 agreement is a separate cost to the HRA of £25,000 which includes healthcare and a contribution of £10,000 to Lincolnshire County Council Highways towards traffic improvements as identified in the Grantham Transport Strategy.

2.10 The proposed site plan is attached as Appendix 1 to this report which shows that the 21 units will be made up of a mix of property types, 13 x 1-bedroom apartments, 6 x 2-bedroom houses and 2 x 4-bedroom houses. The costs are approximately £190,000 per unit for the apartments and 2-bedroom houses and approximately £215,000 for the four-bedroom houses. The cost received for constructing the 21 units was £4.041m including the four-bedroom properties. The new build properties are designed to include air source heat pumps, solar PV, infrastructure for electric vehicles, which has meant a higher cost per unit.

2.11 Due to the higher costs per unit and rental the HRA will receive on the four bedroom houses it is proposed to commence work on 19 of the units (the apartments and 2-bedroom houses) and to submit a new planning application to change the two four-bedroom properties into four two-bedroom properties. Should the planning permission be granted this will increase the HRA rental. Also, the original planning application for this site was submitted two years ago and reflected the needs of the housing register at that time, there is now a larger need for one- and two-bedroom properties therefore this amendment to the scheme will meet the current needs of our residents.

2.12 Below is an aerial perspective of the proposed new development.



2.13 Below is a perspective of the development showing the 3 storey apartments next to a 4-bedroom house and access. From initial conversations with the architects these houses can be easily split into 2-bedroom properties but this is not a non-material amendment to the original planning application as it will change the number of units being built from 21 to 23 therefore this would need a whole new planning application. Due to the considerable amount of time and costs associated with this scheme already the recommendation is to commence with delivery of 19 units and to submit an overlapping planning application for the two four-bedroom units only. Although it is to be noted that the reduction in the contract sum to build the 19 units is only £207k less than that 21 units that was originally tendered the infrastructure to build the additional units has been included.



Figure 3- Perspective of 3 storey flats and a 4-bedroom house

2.14 The housing need in Grantham is extremely high with a one-bed and two-bedroom houses most requested hence the type of housing being proposed on the site. The Council has a hybrid approach to delivering its housing pipeline as it loses around 40 properties per year through the Right to Buy process therefore there needs to be a plan to build on its own land and seek to secure affordable housing on larger developments to meet the needs of our residents. This development in Grantham will replace half of the houses lost through Right to Buy in one year and is one of the larger schemes in the pipeline on HRA owned land.

2.15 The rents will be set in-line with affordable rent, this will be set following the completion of the development and the outcome of the red book evaluation that will set the value of the assets. Affordable rent is set higher than social rent as per legal process around setting the rental value, finance support on this process to ensure all processes are correct and financially compliant.

Procurement Information

2.16 To ensure that there was a robust procurement the Council secured Welland Procurement to support this process. In accordance with the Public Contract Regulations 2015, this Tender opportunity was not advertised on the Official Journal of the European Union (OJEU) or Find a Tender Service (FTS) since a Further Competition exercise was used. The Westworks DPS framework is OJEU-compliant, and this was the preferred route due to the number of potential contractors on the framework.

2.17 This Tender followed a 3-step process.

- Stage 1- There was a call for Expressions of Interest (EOI). Qualifying providers were invited to review the opportunity and then either opt in or opt out. If opting out, a sufficient reason must be posted. Thirteen companies opted out at this stage for various reasons (lack of resource, site not large enough for economies of scale, timescales) and five providers opted in.
- Stage 2- Should there have been a large number of opt in responses to an EOI then the Council could have sifted the five companies that opted in. The Council chose to progress all five companies to the next stage and not sift.
- Stage 3- The Invitation to Tender included the full tender document set including pricing and employers' requirements etc. which was issued to all five providers on the 20 March 2024, the date for completed submissions was 15 May 2024.

2.18 Four bids were received on 15 May 2024, the fifth contractor declined to submit a bid due to their other tendering commitments.

2.19 The award criteria questions considered the merit of the eligible tenders in order to identify the most economically advantageous tender. The Council evaluated the award criteria as follows:

- A quality assessment worth 40%;
- A price assessment worth 60%;

2.20 An evaluation panel was constructed in order to ensure that individuals assigned to evaluate questions were the most suitable and relevant to the criteria being examined, based upon qualifications and experience. Each question was evaluated by each evaluator and their scores and comments recorded. There were a total of two evaluators that reviewed the tenders.

2.21 Subjective evaluation was undertaken the a process of moderation for each individual evaluator's scores was undertaken by Welland Procurement using the documented rationale/comment from each evaluator (2), for their original score for each question or sub-question.

2.22 The moderation meeting held on 22 May 2024 enabled the panel to review the scores awarded by each evaluator and agree a moderated score for each question. The meeting also ensured that scoring had been consistent and key points in each question had been accounted for. In all such cases, following discussion, the moderator concluded the most appropriate mark to be awarded.

2.23 Non-Evaluator, Helen Baldwin (Procurement Lead) was present at the moderation meeting.

2.24 The evaluation scoring process was devised based upon a maximum score of 100% being available to each bidder as stated in the ITT documentation and outlined above.

2.25 Following the completion of the evaluation and moderation process the scores awarded to the participants were as follows:

1st	Mercer Building Solutions	87.84%
2nd	Bidder 2	85.66%
3rd	Bidder 3	79.50%
4th	Bidder 4	72.57%

2.26 Mercer Building Solutions scored the highest score 87.84% and therefore are chosen as the preferred contractor.

2.27 A procurement evaluation summary has been completed by Welland Procurement and Westworks will inform the unsuccessful bidders of the outcome.

- 2.28 Mercer Building Solutions Ltd have experience of delivering affordable, sustainable schemes, they will be utilising solar photovoltaic (PV) on the roof and air source heating in the new properties to minimise costs to our tenants. They scored highly on the evaluation of their submission regarding the project team that will be delivering this scheme and also on their ongoing relationship with authorities in the handover period and 12 months following the completion. They will also be using our internal East Midlands Building Control Service.
- 2.29 If Cabinet approve the decision to award the contract the development will commence in July 2024 and the scheme is anticipated to take 56 weeks to complete.

3. Key Considerations

- 3.1 Key areas for consideration are set out within the report.

4. Other Options Considered

- 4.1 The Council could wait to commence the scheme or not build the development.

5. Reasons for the Recommendations

- 5.1 There is a housing need for the Council to develop the site therefore the recommendation is for the contract be awarded to that works can commence in summer 2024.
- 5.2 The procurement process is in accordance with the Council's Contract and Procurement Procedure Rules and the Public Contract Regulations 2015.

6. Consultation

- 6.1 A public consultation by SKDC was held in August 2021. At that time the proposal was for a larger scheme of 35 houses and incorporated an open piece of land to the north. A large section of the land fell under 'village green status' and the main objections to the proposal was the loss of public open amenity space. Following this consultation a smaller scheme was developed and submitted to the Local Planning Authority for pre-application consideration before a formal application was submitted and approved.
- 6.2 There was consultation as part of the Planning process.
- 6.3 The Housing Overview and Scrutiny Committee have been kept informed of the new build pipeline and this scheme.

7. Background Papers

7.1 Planning Portal for Application [S22/2308 | Erection of 21 affordable dwellings with associated access, landscaping, parking and cycle storage provision. | Land To The Rear Of Larch Close And Shaw Road Grantham Lincolnshire NG31 7XL \(southkesteven.gov.uk\)](#)

8. Appendices

8.1 Appendix 1 – Proposed Site Plan



SAFETY, HEALTH AND ENVIRONMENTAL INFORMATION:				
IN ADDITION TO THE HAZARDS / RISKS NORMALLY ASSOCIATED WITH THE TYPES OF WORK DETAILED ON THIS DRAWING, NOTE THE FOLLOWING:				
Significant Residual Risks:				
Action to be Taken:				
Refer to Health and Safety Plan				
NOTES:				
<ul style="list-style-type: none"> Redline Boundary (Site Area = 8,204m²) Existing Tree Proposed New Tree Existing Sewer Easement Cycle Storage Provision (based on 'Asgard Twin External Bike Locker') 				
Refuse Vehicle Indicated: DB32 Pentechnicon				
Accommodation Schedule				
13Nr - 1B2P Flats 6Nr - 2B4P Houses 2Nr - 4B7P House Total - 21Nr New Build Dwellings Density - 26dph 40Nr Parking Spaces (including visitors)				
<ul style="list-style-type: none"> 2 Bed 4 Person House - Type 1 2 Bed 4 Person House - Type 2 4 Bed 7 Person House 1 Bed 2 Person Flats - 2 Storey 1 Bed 2 Person Flats - 3 Storey 				
E 28.09.23 Access road footpath removed. Additional trees indicated. MB D 17.08.23 Additional parking added. Landscaping revised. TC MB C 23.02.23 Cycle storage / additional parking / vehicle tracking indicated. MB B 15.11.22 Existing sewer easement indicated. Layout revised. MB A 30.03.22 Vegetation adjusted to suit landscape masterplan. MB				
REV	DATE	AMENDMENTS	BY	APRD

Do not scale from this drawing.
 All dimensions must be checked on site by the Contractor prior to the commencement of any fabrication or building works.
 Where applicable, dimensions and details are to be read in conjunction with specialist consultants' drawings and/or other specifications; any disparity is to be brought to the attention of Michael Dyson Associates Limited prior to the commencement of any fabrication or building works.
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CLIENT :
SOUTH KESTEVEN DISTRICT COUNCIL

PROJECT :
**RESIDENTIAL DEVELOPMENT AT
 LARCH CLOSE, GRANTHAM, NG31 7XL**

TITLE :
PROPOSED SITE PLAN

DRAWN BY:	MB	APPROVED BY:	
DATE:	MARCH 2021	DATE:	
SCALE:	1:500 @ A2	ORIGINAL DRAWING SIZE	594 x 420 - A2
DRAWING No:	004-(PL)-8635	REV.:	E

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SOUTH
KESTEVEN
DISTRICT
COUNCIL



Cabinet

Tuesday, 9 July 2024

Report of Councillor Ashley Baxter -
The Leader of the Council, Cabinet
Member for Finance, HR and Economic
Development

Provisional Outturn Report 2023/24

Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

 Richard.wyles@southkesteven.gov.uk

Purpose of Report

This report provides Cabinet with the details of the Council's provisional outturn position for the financial year 2023/24. The report covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes – General Fund and Housing Revenue Account
- Reserves overview – General Fund and Housing Revenue Account

Recommendations

Cabinet is asked to review and recommend for approval to Governance and Audit Committee:

- 1. The provisional Revenue and Capital Outturn position for the financial year 2023/24.**
- 2. The following reserve movements in respect of the General Fund:**
 - £680k of the Business Rates Volatility Reserve to be transferred to the:
 - ICT Reserve increase by £200k
 - Property Maintenance Reserve increase by £250k
 - Creation of a Flood Reserve of £30k
 - Creation of a Leisure Investment Reserve of £200k
- 3. The following reserve movement in respect of the Housing Revenue Account:**
 - Transfer £100k from the HRA Priorities Reserve to create an HRA Climate Change Reserve
- 4. Delegate to the Deputy Chief Executive and s151 Officer in consultation with the Cabinet Member for Finance & Economic Development to finalise the reserve movements in order to ensure the Working Balance level for the General Fund and the Housing Revenue Account are maintained at prudent levels.**
- 5. Cabinet is asked to review and approve the budget carry forwards. (Section 3, 4, 5 & 6)**

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 The financial implications are included within the report.

Completed by: Paul Sutton, Interim Head of Finance and Deputy s151 Officer

Legal and Governance

- 1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves. Cabinet is asked to approve the budget carry forwards as set out in the supporting appendices.

Completed by: Graham Watts, Assistant Director (Governance & Public Protection) and Monitoring Officer

2. Background to the Report

- 2.1 This report provides Cabinet with detail of the Council's provisional outturn position for the financial year 2023/24. Throughout the financial year the Cabinet has been provided with regular and comprehensive budget monitoring reports that has enabled members to be kept updated on what has been a particularly financially volatile year. Members will recall the financial year 2023/24 was anticipated to be supported by use of the Budget Stabilisation Reserve (BSR) of £1.534m which was in response to an unprecedented increase in budgets relating to utilities, inflation, material and fuel costs. These budget heading increases were as a result of external events outside of the Council's control and were considered to be temporary in their duration. In order to ensure a balanced budget was presented to Council it was recommended that the BSR was used. As this proposal was in accordance with the reserve policy, Council approved the one-off use in order to avoid the need to significantly reduce operating expenditure.

However during the financial year, the situation gradually improved and the prudent budget increase assumptions did not materialise which has resulted in there no longer being a need for a reserve movement. This coupled with ever improving investment interest rates and therefore increasing investment income

(an additional £832k General Fund during 2023/24) has resulted in an opportunity to review Budget Stabilisation Reserve and vire some of the reserve balance to other uses. This is necessary due to a number of earmarked reserves being required to continue to invest in specific activities, particularly ongoing investment in the backlog maintenance of corporate assets, investment in ICT and the formation of a Flood Reserve.

3. Revenue Budget 2023/24 – General Fund

3.1 The budget set by Council on 1 March 2023 was £21.496m. Budgets have been amended as projects have commenced and these changes increased the 2023/24 budget to £23.383m. For the purposes of the outturn variance analysis, the budget carry forwards and accounting adjustments such as depreciation have been removed from this which reduces the budget for comparative purposes to £17.234m. Table 1 provides a summary of the proposed budget carry forwards.

Table 1 – General Fund Revenue Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Funding of Public Protection Surveys	45	2021/22 unspent grant	Request to carry over remaining budget for surveys
Funding of the Elections Act 2022 requirements	68	61k 2023/24 grant. 7k 2022/23 unspent grant	Grant received that is required to fund specific expenditure items in 2024/25
Funding for relocation of CCTV room	17	Local Priorities Reserve	Request to carry over remaining approved budget for the completion of the project
Funding of Community Fund applications	35	2023/24 unspent grant	£22k approved schemes payable in 2024/25 and £13k of Lottery SK to fund future applications
Funding of Waste Round Review	10	Workshop Reserve	Request to carry over remaining approved budget for the completion of the project
Funding of refurbishment of assets and formation of new Customer Services (revenue)	286	Budget underspend 2023/24	Request to carry over the remaining budget to meet cost of the works that will commence in July 2024
Funding of St Martin's Park Project	55	Regeneration Reserve	Request to carry over remaining budget in order to continue the progression of the project

Funding of Depot (revenue)	93	Regeneration Reserve	Request to carry over remaining approved budget for the continued development of the project
Funding of Maintenance of Assets requirements	142	Maintenance Reserve £12k Budget underspend 2023/24 £106k	Carry forward requested in order to deliver the backlog of property maintenance including car parks, leisure centres and Arts centres
Funding of the District Local Plan	64	Local Priorities Reserve	Request to carry over remaining budget in order to continue the progression of the project
Funding of Development Management projects	109	2023/24 unspent grant	
Funding of the UK Shared Prosperity project	136	2023/24 unspent grant	Grants received that are required to fund specific expenditure items in 2024/25
Funding of the 'Greening Grantham'- feasibility project	10	2023/24 unspent grant	
Funding of the Future High Street project (Revenue)	77	2023/24 underspend	Request to carry over remaining budget in order to continue the progression of the project
Funding of Climate Change Initiatives	33	Climate Change Reserve	Request to carry over remaining budget in order to complete the projects
Funding of the Rough Sleeper project	109	2023/24 unspent grant	Request to carry over remaining grant in order to fund committed spend in 2024/25
TOTAL	1,289		

3.2 The forecast outturn position as at Quarter 3 was reported to the Finance and Economic Overview and Scrutiny Committee on 20 February 2024. This report is the final report for the financial year 2023/24 and represents a summary of the outturn compared to the budgets.

3.3 The General Fund outturn position is shown in Table 2. Appendix A provides details of the significant variances which impact across all Directorates along with supporting information explaining the main variances per service area by Directorate.

Table 2 – General Fund Revenue Outturn Positions (excluding accounting adjustments within Net cost of Service)

Description	2023/24 Current Budget £'000	2023/24 Current Budget (less proposed Budget C/F and accounting adjustments) £'000	2023/24 Provisional Outturn £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
Corporate, Governance & Public Protection	4,128	3,989	3,903	(86)	(2.2%)
Finance, Property & Waste Services	11,652	9,750	8,757	(993)	(10.2%)
Growth & Culture	8,745	4,632	3,817	(815)	(17.6%)
Housing & Projects	1,685	1,566	589	(977)	(62.4%)
HRA recharge	(2,814)	(2,814)	(2,780)	34	1.2%
Drainage Rates	871	871	902	31	3.6%
Investment Income	(760)	(760)	(1,592)	(832)	(109.5%)
Net Cost of Service	23,507	17,234	13,596	(3,638)	(21.1%)

4. General Fund Capital Programme 2023/24

4.1 The budget set by Council on 1 March 2023 for the 2023/24 General Fund Capital Programme was £12.147m. Budgets have been amended as projects have commenced and these changes increased the 2023/24 budget to £21.991m. For the purposes of the outturn variance analysis, the budget carry forwards have been removed from this which reduces the budget for comparative purposes to £7.610m. Table 3 provides a summary of the proposed budget carry forwards.

Table 3 – General Fund Capital Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Disabled Facilities Grant	260	Housing Delivery Reserve	Completion of works committed in 23/24
CCTV	353	Local Priorities Reserve & S106	Continuation of the project
Street Scene Vehicles	178	Usable Capital Receipts	Delays in procurement 23/24
Vehicle Replacement Programme	10	Usable Capital Receipts	Underspend to support 24/25 programme
Guildhall Arts Centre Boiler	107	Property Maintenance Reserve	Continuation of the project
Guildhall Arts Centre Roof	50	Usable Capital Receipts	Continuation of the project
Changing Places	40	Grant	Continuation of the project
Long Bennington PC play equipment	27	S106	Continuation of the project
Future High Street Fund	107	Grant	Continuation of the project
UKSPF Mobile Food Hub	50	Grant	Continuation of the project
UKSPF Connected Towns	244	Grant	Continuation of the project
SK Prosperity Fund	125	Grant	Continuation of the project
Coronation Community Orchards	46	Grant	Continuation of the project
Leisure Centre Pool Covers	232	Grantham & Climate Change Reserve	Continuation of the project
St Martin's Park Stamford	10	Local Priorities Reserve	Continuation of the project
Property Maintenance	158	Usable Capital Receipts	Continuation of the project
TOTAL	1,997		

4.2 Table 4 summarises the General Fund capital outturn position as at 31 March 2024.

Table 4 – General Fund Capital Outturn Position

Directorate	2023/24 Current Budget £'000	2023/24 Budget (less C/F approved by Council Feb 2024 and proposed Budget C/F) £'000	2023/24 Provisional Outturn £'000	2023/24 Outturn Variance £'000
Corporate, Governance & Public Protection	1,813	1,200	1,200	0
Finance, Property & Waste Services	12,187	2,629	2,746	117
Growth & Culture	6,290	586	515	(71)
Housing & Property	1,701	1,198	372	(826)
Total Expenditure	21,991	5,613	4,833	(780)
Financed By:				
Capital Grant and Contributions	9,084	2,249	1,911	(338)
Reserves	1,460	770	601	(169)
Useable Capital Receipts	3,223	2,370	1,952	(418)
Borrowing	8,224	224	369	145
Total Financing	21,991	5,613	4,833	(780)

5 General Fund Reserves 2023/24

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these, and specific details of the significant balances and reserves are set out below and detailed at Appendix C.

Table 5 – General Fund Reserves Outturn Position

Description	Actual Balance as at 31 March 2023 £'000	Provisional Movement £'000	Provisional Balance as at 31 March 2024 £'000
Revenue Reserve			
Discretionary Reserves	12,088	(1,354)	10,734
Governance Reserves	6,818	(1,251)	5,567
Grants	1,064	1,205	2,269
Working Balance*	1,986	(44)	1,942
Total GF Revenue Reserves	21,956	(1,444)	20,512
GF Capital Reserve			
Capital Reserves	3,554	(559)	2,995
Total GF Reserves	25,510	(2,003)	23,507

* this is an estimated position and will be finalised when the statement of accounts is produced.

5.2 It is recommended that £680K of the Business Rates Volatility Reserve is to be transferred to the:

- ICT reserve – increase by £200K to replenish the level of the Reserve.
- Property Maintenance Reserve - increase by £250K to respond to deliver the backlog of property maintenance including car parks, leisure centres and arts centres.
- Creation of a Flood Reserve of £30K to fund unforeseen costs in the event of extreme weather conditions.
- Creation of a Leisure Investment Reserve of £200K in order to provide one-off funding in respect of leisure initiatives.

5.3 Discretionary Reserves - Significant movements included:

- £460K capital expenditure.
- £448K revenue expenditure on ICT improvements.
- £500K repayment of LLEP funding.
- £241K to support revenue expenditure relating to property maintenance.
- £58K match funding the Future High Street project.
- New Homes Bonus funding of £459K was added to reserves.

5.4 Governance Reserves – Significant movements included:

- £27K capital expenditure within Grantham Special Expense Area (SEA).
- £117K was transferred to Stamford Town Council upon closure of the Stamford SEA.

- £662K was used to fund revenue expenditure including £375K to fund the pay award.
- A further £740K was transferred to discretionary reserves.
- £125K was transferred from the Pay Award Reserve as this is no longer required as a pay award is included within the 2024/25 budget.

5.5 Grants provided funding for £109K capital expenditure and £218K revenue expenditure. Grants received in year with balances carried forward include.

- £61K new burdens grants.
- £689K UK Shared Prosperity Fund.
- £804K to support homelessness prevention.

5.6 The working balance movement will be confirmed once all the accounting entries are complete, and the statements are completed. However, the current policy is to retain a working balance level that is 10% - 15% of net operating expenditure. The final working balance will be meeting this policy balance requirement.

5.7 Capital Reserves were used to fund £2m capital expenditure and £1.4m was received from the sale of Council assets. This related to the sale of the former Offices at St Peter's Hill Grantham and the receipts from sales of end of life vehicles and other surplus assets.

6. Revenue Budget 2023/24 – Housing Revenue Account

6.1 The budget set by Council on 1 March 2023 resulted in a surplus of £6.9m. This surplus is used to provide funding for the external loan and to enable reserve levels to be maintained that subsequently fund the capital programme and service improvements. For the purposes of the outturn variance analysis the budget carry forwards have been removed and the actual surplus for the year is £6.95m. The surplus is fully utilised to fund future investment in stock growth and property maintenance. Table 6 provides a summary of the proposed budget carry forwards.

Table 6 – HRA Revenue Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward	Funding	Commentary
Funding of Stock condition surveys	90	Budget underspend 2023/24	Request to carry over underspend for completion of the project in 2024/25
Earlesfield Project	97	HRA Priorities Reserve & Budget	Request to carry over underspend for completion of the project in 2024/25

		underspend 2023/24	
Earlesfield – Community Centre	80	HRA Priorities Reserve	Request to carry over underspend for completion of the project in 2024/25
Total	267		

6.2 Table 7 shows the HRA revenue outturn position for 2023/24 and shows the variance comparison between budget and provisional outturn.

Table 7 – HRA Revenue Outturn Position 2023/24

Description	2023/24 Current Budget £'000	2023/24 Current Budget (less proposed Budget C/F)	2023/24 Provisional Outturn £'000	2023/24 Variance £'000
		£'000		
Expenditure				
Repairs and Maintenance	9,756	9,614	10,485	871
Supervision and Management - General	2,674	2,549	2,453	(96)
Supervision and Management - Special	2,035	2,035	1,870	(165)
Depreciation and Impairment of Fixed Assets	35	35	40	5
Debt Management Expenses	3,944	3,944	4,651	707
Provision for bad debts	394	394	394	0
Other Expenditure (Pension Deficit) **	66	66	0	(66)
Support recharge from General Fund	2,814	2,814	2,780	(34)
Total Expenditure	21,718	21,451	22,673	1,222
Income				
Dwelling Rents	(27,283)	(27,283)	(26,824)	459
Non-Dwelling Rents	(300)	(300)	(282)	18
Charges for Services and Facilities	(750)	(750)	(826)	(76)
Other Income	(70)	(70)	(13)	57
Total Income	(28,403)	(28,403)	(27,945)	458
Net Cost of HRA Services				
Interest Payable and Similar Charges	2,238	2,238	2,237	(1)
Interest and Investment Income	(660)	(660)	(2,301)	(1,641)
Investment Property Inc & Exp *	0	0	(24)	(24)
Net (Gain)/loss on sale of HRA Assets *	0	0	(371)	(371)
External Grant Funding	0	0	(6)	(6)
Capital receipts pooling *	0	0	0	0
Accumulated Absences	0	0	14	14
HRA (Surplus)/Deficit	(5,107)	(5,374)	(5,723)	(349)

* Accounting adjustment reversed out on the HRA balance.

** Costs in relation to pension deficit are charged at service level.

7. HRA Capital Programme 2023/24

7.1 The budget set by council on 1 March 2023 for the 2023/24 HRA Capital programme was £18.497m. Budgets have been amended as projects have commenced and these changes increased the 2023/24 budget to £25.649m. For the purposes of the outturn variance analysis, the budget carry forwards have been removed from this which reduces the budget for comparative purposes to £25.472m. Table 8 provides a summary of the proposed budget carry forwards.

Table 8 – HRA Capital Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward	Funding	Commentary
Housing System Enhancements	116	HRA Priority Reserve	Request to carry over underspend for completion of the project in 2024/25
Choice Based Lettings	59	HRA Priority Reserve	Request to complete system enhancements
New Build Programme	1,000	Useable Capital Receipts	Request to carry over underspend for completion of the project in 2024/25
Local Authority Housing Fund	622	Grant	Request to carry over underspend for completion of the project in 2024/25
Passenger Lifts	556	Major Repairs Reserve	Request to carry over underspend for continuation of the project in 2024/25
Fire Prevention	625	Major Repairs Reserve	Request to carry over underspend for continuation of the project in 2024/25
Compliance Works	99	Major Repairs Reserve	Request to carry over underspend for continuation of

			the project in 2024/25
Bathroom Refurbishments	132	Major Repairs Reserve	Request to carry over underspend for continuation of the project in 2024/25
Fencing	262	Major Repairs Reserve	Request to carry over underspend for continuation of the project in 2024/25
External Wall Finishes	101	Major Repairs Reserve	Request to carry over underspend for continuation of the project in 2024/25
Total	3,572		

7.2 Table 9 summarises the HRA capital outturn position as at 31 March 2024.

Table 9 – HRA Capital Outturn Position

Capital Scheme	2023/24 Current Budget £'000	2023/24 Budget (less C/F approved by Council Feb 2024 and proposed Budget C/F) £'000	2023/24 Provisional Outturn £'000	2023/24 Outturn Variance £'000
Energy Efficiency Initiatives	5,474	5,474	2,576	(2,898)
ICT	740	565	565	0
Repair Vehicles	81	19	19	0
New Build Programme	5,500	4,500	1,173	(3,327)
LAHF	4,483	3,861	3,861	0
Refurbishment & Improvement	9,071	7,181	7,765	584
Physical Disabled Adaptations	300	300	314	14
Total Expenditure	25,649	21,900	16,273	(5,627)

Financed By:				
HRA Capital Receipts Reserve	5,500	4,500	1,160	(3,340)
Grants & Contributions	2,985	2,363	3,577	1,214
HRA Improvement Reserve	4,465	4,290	2,054	(2,236)
Major Repairs Reserve	12,699	10,747	9,482	(1,265)
S106	0	0	0	0
Total Financing	25,649	21,900	16,273	(5,627)

7.3 Appendix E provides a detailed table of the HRA capital programme outturn positions together with significant variances.

8 HRA Reserves 2023/24

Table 10 – HRA Reserves Outturn Position

Description	Actual Balance as at 31 March 2023 £'000	Net Provisional Movement £'000	Provisional Balance as at 31 March 2024 £'000
Revenue Reserve			
HRA Priorities Reserve	14,784	(3,407)	11,377
HRA Climate Reserve	0	100	100
LAHF	630	38	668
Working Balance*	1,762	505	2,267
Total HRA Revenue Reserves	17,176	(2,764)	14,412
HRA Capital Reserve			
HRA Capital Receipts Reserve	12,155	744	12,899
Major Repairs Reserve	19,553	(2,291)	17,262
Total HRA Capital Reserves	31,708	(1,547)	30,161
Total HRA Reserves	48,884	(4,311)	44,573

* this is an estimated position and will be finalised when the statement of accounts are produced.

8.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements

reflect the proposed use of these, and specific details of the significant balances and reserves are set out below.

8.2 HRA Priorities Reserve movements:

- £2.054m has been used from this reserve to fund capital programme projects improving HRA IT systems and match funding the LAHF grant to enable the purchase of 21 houses.
- £0.5m was used to support revenue expenditure including:
 - £250K for continuing works on the Earlesfield Estate,
 - £150K to fund additional costs associated with the annual pay award
 - £90K for the relocation of the depot to Turnpike Close
 - £22K to begin improvements to the West Grantham Community Centre.
- A new HRA Climate Reserve has been established in the sum of £100K which has been transferred from the HRA Priorities Reserve.

8.3 The LAHF Reserve holds the Local Authority Housing Fund grant awarded to the Council in 2023/24 which will be used to fund capital expenditure in fulfilment of the grant conditions in 2024/25.

8.4 HRA Working Balance - This balance serves the same purpose as the General Fund Working Balance in that it is established to respond to unforeseen financial events that occur during the financial year. The Council policy is to aim to keep the working balance at approximately 10% of the operating expenditure. This is a provisional balance as the statement of accounts is still being finalised.

8.5 HRA Capital Receipts Reserve – The Council has established a capital receipts reserve where the ‘Right to Buy’ sale receipts are allocated. During the year £1.904m receipts have been received with 25 right to buy sales (compared to 42 RTB sales in 2022/23). £1.160m of the reserve has been used to contribute towards the financing of the capital programme. This reserve will continue to be utilised to contribute to the provision of affordable housing and the provision of additional Council housing stock.

8.6 Major Repairs Reserve – This reserve has been decreased by £2.291m, in accordance with the HRA business plan an annual allocation is required in order to provide sustainable funding for the HRA capital programme. To provide financing for the future programme an allocation of £7,192m has been utilised. This will continue to be the primary financing for the housing improvement elements of the Capital Programme.

9. Reasons for the Recommendations

9.1 Members should be kept updated on the financial position of the Authority, as effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council’s priorities. Monitoring

enables the early identification of variations against the plan and facilitates timely corrective action.

- 9.2 This report provides an overview of the provisional outturn financial position for the Council for 2023/24.

10. Other Options Considered

- 10.1 Cabinet need to approve budget carry forwards and there are a number of recommendations to the Governance & Audit Committee. Therefore, the option for not producing a provisional outturn report was discounted.

11. Consultation

- 11.1 The Outturn report is presented to Cabinet for its consideration and in order for it to make specific recommendations to the Governance and Audit Committee.

12. Appendices

- 12.1 Appendix A – 2023/24 General Fund Significant Variance Analysis
- 12.2 Appendix B – 2023/24 General Fund Capital Programme – Outturn
- 12.3 Appendix C – 2023/24 General Fund Reserves Statement
- 12.4 Appendix D – 2023/24 HRA Revenue Significant Variance Analysis
- 12.5 Appendix E – 2023/24 HRA Capital Programme – Outturn

Appendix A

2023/24 General Fund Revenue Significant Variance Analysis

General Fund Revenue – Significant Variances Commentary

Explanation of Significant Variances	£'000
Utilities – Electricity & Gas The budget assumptions that were built into 2023/24 were greater than the actual increases that were experienced during the year. This, coupled with competitive prices that were secured via our supplier procurement framework. This has resulted in an overall underspend of £757k	(757)
Business Rates Following a review of property rateable values, a number have reduced by the Valuation Office Agency resulting in an underspend for 2023/24.	(136)
Fuel A reduction in predicted price increases has resulted in an overall underspend of £173k for 2023/24. The budget was set using an average unit price of 146p per litre but actual prices in year have been between 105p and 130p per litre.	(173)
Salary vacancy factor The Council's salary budgets are prepared with an assumed 3% vacancy factor in order to reflect the turnover of staffing during a financial year. The Council has experienced a positive stable workforce during the year and therefore the overall vacancy factor has not been achieved. This will be reviewed as part of the budget setting for 2024/25.	452
Investment Income Base rate changes have resulted in an increase on the interest rates available for investments. The Council is now able to secure investment interest rates above 5% compared with the budgeted rate of 4%.	(832)

Corporate, Governance & Public Protection Service						
Service Area	Current Expenditure Budget (less Budget Carry Forwards and Accounting Adjustments)	Current Income Budget	Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2023/24 Outturn Variance
	£	£	£	£	£	%
Corporate Management	470,500	(1,750)	468,750	492,204	23,454	5.0%
Human Resources & Organisational Development	450,860	(7,100)	443,760	383,264	(60,496)	(13.6%)
Legal & Democratic	2,078,341	(400,391)	1,677,950	1,736,096	58,146	3.5%
Ops & Public Protection Mgmt	98,900	0	98,900	103,373	4,473	4.5%
Public Protection	1,763,400	(463,800)	1,299,600	1,188,004	(111,596)	(8.6%)
TOTAL	4,862,001	(873,041)	3,988,960	3,902,942	(86,018)	(2.2%)

Explanation of Significant Variances	£'000
Human Resources & Organisational Development	(60)
Training – There has been a positive shift towards an in-house training offer and this has resulted in an overall underspend.	
Legal & Democratic	58
Land Charges - A reduction in official searches based on previous years has resulted in an under recovery of income of £90k. This has been partially mitigated by transition funding in relation to the migration of land registry to His Majesty's Land Registry national platform as work on this project has been contained within the existing staffing budget.	
Public Protection	(112)
A number of in year vacancies within the service area have resulted in an underspend of £74k. Permanent recruitment has been undertaken for the majority of these roles.	

Finance, Property & Waste Services						
Service Area	Current Expenditure Budget (less Budget Carry Forwards and Accounting Adjustments)	Current Income Budget	Current Budget (less Budget Carry Forwards and Accounting Adjustments)	2023/24 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2023/24 Outturn Variance
	£	£	£	£	£	%
Community Engagement	311,600	(19,000)	292,600	261,338	(31,262)	(10.7%)
Finance	1,709,833	(171,250)	1,538,583	1,724,821	186,238	12.1%
Finance Management	261,292	(16,850)	244,442	269,577	25,135	10.3%
ICT Services	2,186,209	(41,750)	2,144,459	2,194,920	50,461	2.4%
Property Services	4,245,903	(2,482,165)	1,763,738	907,378	(856,360)	(48.6%)
Revenues, Benefits, Customer & Community Services	18,795,100	(18,127,050)	668,050	752,457	84,407	12.6%
Waste Depot	177,000	0	177,000	36,130	(140,870)	(79.6%)
Waste & Markets	5,536,510	(2,615,000)	2,921,510	2,610,295	(311,215)	(10.7%)
TOTAL	33,223,447	(23,473,065)	9,750,382	8,756,917	(993,465)	(10.2%)

Explanation of Significant Variances		£'000
Finance		186
The annual insurance renewal has been procured below the budgeted level resulting in an underspend of £33k.		
Further procurement support has incurred additional costs of £25k.		
External audit costs have increased by £116k due to the complexity of the scope of audit now required. The audit fees are set by the Public Sector Audit Appointments, so the Council does not have control over the charges that are incurred.		
There has been a requirement for an in-year insurance provision increase for additional claims for £110k.		
No further salary award payments were made following the national settlement and as such, there is a reduction in the required approved funding of £86k.		
The corporate restructure implemented on 1 October 2023 has resulted in a gross saving of £88k.		
ICT Services		50
Costs for additional data links to the new Council offices have been mitigated by roles remaining vacant whilst the service area has undergone structure changes.		

There has been a number of licences which have had price increases above that budgeted. Budgets have been re-based for 2024/25 where applicable.	
Property Services Utilities – There have been significant savings achieved in respect of electricity, gas and Business rates. Car parking income has increased by £129k against budgeted levels with an increase particularly in all day parking sessions at St Leonards Street, Stamford and Welham Street, Grantham.	(856)
Revenues, Benefits & Customer Services The number of summonses being issued has reduced and the summons cost the Council is able to charge has been reduced by Government which have resulted in a net reduction in court cost income of £66k. Further audit work undertaken within the service area has increased costs by £55k and there have been a number of other minor variances.	84
Waste Depot The remaining approved revenue budget of £141k will be carried forward to contribute towards the costs that will be incurred as the project progresses.	(141)
Waste & Markets Commercial Waste - (net additional income £120k) additional income of £186k has been forecast because of in year price increases and continued growth in the customer base since the budget was set. The customer base has now stabilised with little capacity for further growth without significant additional investment in the service. Garden Waste - Additional income of (£65k) has been received with 30,575 households renewing their subscription for 2023/24 (29961 at this point last year) and 823 new households joining the service.	(240)

Growth & Culture						
Service Area	Current Expenditure Budget (less Budget Carry Forwards and Accounting Adjustments)	Current Income Budget	Current Budget (less Budget Carry Forwards and Accounting Adjustments)	2023/24 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2023/24 Outturn Variance
	£	£	£	£	£	%
Arts & Culture	1,918,616	(1,070,250)	848,366	643,444	(204,922)	(24.2%)
Building Control	1,018,000	(859,400)	158,600	85,773	(72,827)	(45.9%)
Communications	335544	(4,300)	331,244	278,269	(52,975)	(16.0%)
Culture & Leisure Mgmt	304,134	0	304,134	307,178	3,044	1.0%
Development & Policy	1,762,266	(1,453,100)	309,166	(10,069)	(319,235)	(103.3%)
Economic Development	1,142,387	(1,491,687)	(349,300)	(302,634)	46,666	(13.4%)
Growth Management	241,700	0	241,700	251,983	10,283	4.3%
Leisure	814,900	(145,550)	669,350	415,043	(254,307)	(38.0%)
Parks & Open Spaces	541,075	(121,450)	419,625	661,055	241,430	57.5%
Street Scene	1753750	(54,500)	1,699,250	1,487,280	(211,970)	(12.5%)
TOTAL	9,832,372	(5,200,237)	4,632,135	3,817,321	(814,814)	(17.6%)

Explanation of Significant Variances	£'000
Arts & Culture There has been a modest reduction in cinema activity which has seen a reduction of screenings from 591 screenings to 392 screenings. This is in line with the national picture for cinema operators. This reduction in income has been partially mitigated by a related reduction in casual staff wages. Utilities – A reduction in the utility costs has resulted in a budget underspend of £173k.	(205)
Building Control Vacancies held in year due to the current economic climate have mitigated the loss of fee income received.	(73)
Communications Establishment roles remaining vacant in-year due to a service area restructure has resulted in underspends.	(53)

Development & Policy	(319)
Statutory planning application fees increased in Quarter 4 by 25% and 35% for Major applications. Additionally, the Council has received several major planning applications in the last quarter including two solar farms which has increased the planning income by £281k. In year vacancies have resulted in an underspend of £54k.	
Leisure	(254)
Grant funding of £344k has been received from Sports England – (Swimming Pool Support Fund) to contribute towards the increased utilities and pool chemical costs and was used to offset against the management fee for LeisureSK Ltd.	
Parks & Open Spaces	241
£100k of the budgeted savings were not achieved during the financial year as there are further reviews required in respect of grounds maintenance, Street Scene and Waste Services. These reviews will be undertaken during 2024/25. Assets were transferred to Stamford Town Council during 2023/24 which included the remaining special expense reserve balance of £117k. This will be funded below the net cost of service line.	
Street Scene	(211)
In accordance with the report presented to Cabinet in February 2023, £149k of establishment savings have been identified following the integration of the Grounds Maintenance and Street Cleansing teams. There have been ongoing fuel savings as referenced in the table of the Appendix.	

Housing & Projects

Service Area	Current Expenditure Budget (less Budget Carry Forwards and Accounting Adjustments)	Current Income Budget	Current Budget (less Budget Carry Forwards and Accounting Adjustments)	2023/24 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2023/24 Outturn Variance
	£	£	£	£	£	%
Centralised & Business Support	481,700	(3,200)	478,500	485,131	6,631	1.4%
Corporate Projects & Performance	867,500	(140,400)	727,100	452,673	(274,427)	(37.7%)
Health & Safety	132,000	0	132,000	143,776	11,776	8.9%
Housing Services	2,103,307	(1,875,360)	227,947	(492,501)	(720,448)	(316.1%)
TOTAL	3,584,507	(2,018,960)	1,565,547	589,079	(976,468)	(62.4%)

Explanation of Significant Variances	£'000
Corporate Projects & Performance The 14 schemes within the Blue/Green Witham Corridor project have all been delivered and an independent summative assessment was completed and approved by the awarding bodies. In year secondments from within the service area and in year vacancies have increased the underspend by £42k.	(274)
Income of £22k has been received from the electric charging vehicle points within car parks.	
Housing Services Homelessness – this remains a revenue pressure due to the ongoing demand for temporary housing support. During the year the Council has received additional one-off funding which has eased the financial situation and specifically an Afghan resettlement Grant of which £695k will be carried forward into 2024/25 to continue to provide funding support.	(720)

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Appendix B

2023/24 General Fund Capital Significant Variance Analysis

Corporate Governance & Public Protection					
Project	2023/24 Current Budget	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn	Variance to Current Budget	2023/24 Outturn Variance
	£'000	£'000	£'000	£'000	%
Disabled Facilities Grant	1,460	1,200	1,200	0	0.00%
CCTV	353	0	0	0	0.00%
Total	1,813	1,200	1,200	0	0.00%

Explanation of Significant Variances (before carry forward approved)	£'000
Disabled Facilities Grant Works were committed in 2023/24 but challenges with contractor capacity means works will be completed during the early part of the 2024/25 financial year. The full amount of the underspend has been requested as a budget carry forward.	(260)
CCTV Whilst this project is progressing well, there are currently final pricing revisions from BT for the upgrade of the current CCTV network. The project is scheduled to be completed during 2024/25.	(353)

Finance, Property & Waste					
Project	2023/24 Current Budget	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn	Variance to Current Budget	2023/24 Outturn Variance
	£'000	£'000	£'000	£'000	%
Financial System Upgrade	274	274	306	32	11.7%
Wheelie Bin Replacements	127	127	97	(30)	(23.6%)
Trade Waste Bins	48	48	0	(48)	(100.0%)

Street Scene Vehicle Procurement	617	439	439	0	0.0%
Vehicles Replacement Programme	920	690	690	0	0.0%
Stadium - Boiler	81	81	77	(4)	(4.9%)
Bourne Leisure Centre – Boiler	98	98	98	0	0.0%
SK Community Access - Boiler	77	77	77	0	0.0%
Guildhall Arts Centre – Boiler	107	0	0	0	0.0%
Cycle Shelter & Changing	40	0	0	0	0.0%
Stamford Arts Centre – Roof	351	351	299	(52)	(14.8%)
Welham Street Car Park	345	100	121	21	21.0%
Guildhall Arts Centre – Roof	200	0	0	0	0.0%
Cattle Market, Stamford – Extension	70	20	21	1	5.0%
Property Maintenance	158	0	0	0	0.0%
Empingham Road Outdoor Gym	55	0	0	0	0.0%
Empingham Road – S106 Grants	248	20	20	0	0.0%
Depot	8,224	224	369	145	64.7%
Changing Places – South Street	40	40	67	27	67.5%
Changing Places – Abbey Gardens	40	40	65	25	62.5%
Changing Places - Stamford	40	0	0	0	0.0%
Long Bennington PC	27	0	0	0	0.0%
TOTAL	12,187	2,629	2,746	117	4.5%

Explanation of Significant Variances (before budget carry forward approved)		£'000
Street Scene Vehicle Procurement		
Due to supplier delays in delivering the vehicles during the financial year, there is a		(178)

requirement to carry the budget into 2024/25.	
Guildhall Arts Centre – Boiler Replacement	(107)
Works have been instructed but the lead in period for the boiler replacement will require the budget to be carried forward into not started in 2023/24. The project will be completed early 2024/25.	
Stamford Arts Centre – Roof Repairs	(52)
These works have been completed during 2023/24 and there a minor underspend on the roof replacement programme. provide funding for any retention remaining on the original roofing contract works.	
Guildhall Arts Centre – Roof Repairs	(50)
The contract for these works have been works have been commissioned and preparatory works are underway including we are working with external consultants to bring forward listed building consent and road closure orders. The works are scheduled to commence in September and so a budget carry forward is requested. This is in addition to the £150k carry forward already approved by Council. Prior to secondary consultation of the works with planning. This has delayed the commencement and work will now start in 2024/25 financial year. Funding to be requested to be carried forward.	
Property Maintenance	(158)
Due to the significant backlog issues facing the General Fund portfolio, it is requested that the remaining property maintenance budget is carried forward into 2024/25.	

Growth & Culture					
Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards) £'000	2023/24 Provisional Outturn £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
Future High Street Fund	5,190	183	183	0	0.0%
Shop Front Scheme	125	125	19	(106)	(84.8%)
Heritage Action Zone – Grantham	107	107	142	35	32.7%
UKSPF – Mobile Food Hub	102	52	52	0	0.0%

UKSPF – Connected Towns	244	0	0	0	0.0%
SK Prosperity Fund	125	0	0	0	0.0%
Gonerby Hill Foot – Play Park	119	119	119	0	0%
CLHF Orchards	46	0	0	0	0.0%
Meres Leisure Centre – Pool Covers	93	0	0	0	0.0%
Bourne Leisure Centre – Pool Covers	67	0	0	0	0.0%
Stamford Leisure Centre – Pool Covers	72	0	0	0	0.0%
Total	6,290	586	515	(71)	(12.1%)

Explanation of Significant Variances (before budget carry forward approved)	£'000
Future High Street Fund	(107)
The improvement works at Market Place Grantham is scheduled to be completed in 2024/25 and so a full underspend of budget carry to be carried forward is required.	
Shop Front Scheme	(106)
Due to ongoing negotiations with key heritage buildings located in Grantham Town Centre a budget carry forward is requested. Underspend will be requested as a budget carry forward.	
UKSPF – Mobile Food Hub	(50)
An additional grant of £50k has been received and will be used in 2024/25	
UKSPF – Connected Towns	(244)
Negotiations are currently underway with final pricing revisions from BT for the upgrade of the current CCTV network. The project is due to be completed during 2024/25 and a budget carry forward is requested.	
SK Prosperity Fund	(125)
Applications that Members have recommended and have been approved will progress into the new financial year and therefore a budget carry forward is requested.	
Leisure Centre Pool Covers	(232)
The purchase and installation of the pool covers is progressing but due to the lead in times a budget carry forward is requested of the external funding received.	

Housing & Property					
Project	2023/24 Current Budget	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn	Variance to Current Budget	2023/24 Outturn Variance
	£'000	£'000	£'000	£'000	%
Sustainable Warmth Grant	1,430	1,430	372	(1,058)	(74.0%)
St Martins Park, Stamford	10	0	0	0	0.0%
Decarbonisation Scheme	261		0	0	0.0%
Total	1,701	1,430	372	(1,058)	(74.0%)

Explanation of Significant Variances (before budget carry forward approved)		£'000
Sustainable Warmth Grant		(1,058)
Low take up of the scheme despite an extensive publicity campaign and a low number of applicants matching the grant criteria. However energy improvements have been carried out on 74 properties within the grant period. The unused funding will be returned to Department for Energy Security and Net Zero.		
Decarbonisation Scheme		(261)
This budget will be required for match funding as the Council was successful in securing grant funding of £3.6m for energy improvement works at the Meres Leisure Centre. A full budget carry forward to 2024/25 will be required.		

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Appendix C

General Fund Reserves 2023/24

	Description	Actual Balance as at 31 March 2023 £'000	Provisional movement £'000	Provisional Balance as at 31 March 2024 £'000
	Discretionary Reserves			
1	Climate Change	331	90	421
2	Training and Development	15	0	15
3	Street Scene	331	(35)	296
4	ICT investment	499	(248)	251
5	Local Priorities Reserve	5,507	296	5,803
6	Invest to Save	816	(13)	803
7	Housing Delivery	2,105	(1,687)	418
8	Property Maintenance	1,285	(107)	1,178
9	A1 Litter	0	60	60
10	Deepings Leisure	0	850	850
11	Leisure Investment	0	200	200
12	Regeneration	1,199	(435)	764
		12,088	(1,029)	11,059
	Governance Reserves			
13	Insurance Reserve	211	0	211
14	Pensions Reserve - Former Employees	277	(33)	244
15	Budget Stabilisation	3,154	(273)	2,881
16	Business Rates Volatility Reserve	2,031	(740)	1,291
17	Pay Award Reserve	500	(500)	0
18	Revenue Grants	72	92	164
19	Building Control Reserve	84	(22)	62
20	Football 3G Pitch - Meres	150	25	175
21	Special Expense Area Reserve	339	(155)	184
22	Flood Reserve	0	30	30
		6,818	(1,576)	5,242
23	Total General Revenue Reserves	18,906	(2,605)	16,301
24	Government Grants Received	1,064	1,205	2,269
25	Working Balance*	1,986	(44)	1,942
26	Total Revenue Reserves	21,956	(1,444)	20,512
	Capital Reserve			
26	LAMS Reserve	18	(18)	0
27	General Fund Capital Reserve	34	18	52
28	Useable Capital Receipts Reserve	2,943	(559)	2,943
29	Total Capital Reserves	3,554	(559)	2,995
30	Total General Fund Reserves	25,511	(2,003)	23,507

*this is an estimated position and will be finalised when the statement of accounts are completed

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Appendix D

2023/24 HRA Revenue Significant Variance Analysis

Service Area	2023/24 Current Budget	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn	Variance to Current Budget	2023/24 Outturn Variance
		£			
Expenditure	21,718	21,451	22,673	1,222	5.7%
Income	(28,403)	(28,403)	(27,945)	458	1.6%
Net Cost	(6,685)	(6,952)	(5,272)	1,680	24.2%
Other Costs	1,578	1,578	(451)	(2,029)	(129.0%)
TOTAL	(5,107)	(5,374)	(5,723)	(349)	(6.5%)

Explanation of Significant Variances	£'000
Repairs & Maintenance	871
<ul style="list-style-type: none"> Void works, compliance works and heating have incurred an additional spend of £450k. Additional works required on adaptations have incurred an overspend of £88k £23k additional costs were due to the level of disrepair claims. The move to new office accommodation resulted in additional costs of £54k An additional £41k was required for software costs. During the year a temporary restructure was put in place which incurred additional costs of £41k. 	
Supervision & Management – General	(96)
£56k less expenditure on court and legal fees. £40k less on Tenancy Business IT	
Supervision & Management - Special	(165)
Due to the sheltered housing review the floor coverings budget was not required, £18k. Procurement of a window cleaning contract was delayed £30k. Lifeline costs were reduced by £45k as new systems were installed through the capital project.	
Depreciation & Impairment	707
Additional depreciation and impairment costs as a result of increased property values.	
Income	458
Void rates averaging 3% throughout the year incurred a loss of rental income circa £460k.	
Other Costs	(2,029)
Investment income - Base rate changes have resulted in an increase on the interest rates available for investments. The Council is now able to secure investment interest rates above 5% compared with the budgeted rate of 4%.	

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Appendix E

2023/24 HRA Capital Significant Variance Analysis

Energy Efficiency					
Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards) £'000	2023/24 Provisional Outturn (less Accounting Adjustments) £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
Heating & Ventilation	5,474	5,474	2,576	(2,898)	(52.9%)
Total	5,474	5,474	2,576	(2,898)	(52.9%)

Explanation of Significant Variances	£'000
Heating & Ventilation	(2,898)
During the year 202 new heating systems were installed. However, there were operational challenges with the contractor which caused a delayed start to the programme. This has resulted in a significant underspend in 2023/24 but there is sufficient budget in future years for works to be completed. In addition, delays in the contracts in connection with the Social Housing Decarbonisation Fund and asbestos surveys also resulted in an underspend in this budget line. All are on track to be delivered in 2024/25.	

ICT					
Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards) £'000	2023/24 Provisional Outturn (less Accounting Adjustments) £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
Housing System Enhancements	630	514	514	0	(0.0%)
Choice Based Lettings	110	51	51	0	(0.0%)
TOTAL	740	565	565	0	(0.0%)

Explanation of Significant Variances (before carry forward approved)	£'000
Housing System Enhancements	(116)
Project is due to be completed in 2024/25. Budget carry forward required for final costs.	
Choice Based Lettings	(59)
Project is due to be completed in 2024/25. Budget carry forward required for final costs.	

New Build Programme					
Project	2023/24 Current Budget	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2023/24 Outturn Variance
	£'000	£'000	£'000	£'000	%
New Build Properties	5,500	4,500	1,173	(3,327)	(73.9%)
Total	5,500	4,500	1,173	(3,327)	(73.9%)

Explanation of Significant Variances (before carry forward approved)	£'000
New Build Properties	(3,327)
Whilst a number of key projects have been undertaken during 2023/24 and progress of these are presented to the Housing Overview and Scrutiny Committee regularly during the year. Budget carry forward of £1m requested for completion of the current projects. There is sufficient budget in 2024/25 for further projects.	

Local Authority Housing Fund

Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn (less Accounting Adjustments) £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
		£'000			
Local Authority Housing Fund	4,483	3,861	3,861	0	0.0%
Total	4,483	3,861	3,861	0	0.0%

Explanation of Significant Variances (before carry forward approved)		£'000
Local Authority Housing Fund		(3,327)
Budget carry forward required to provide funding for the committed acquisitions of properties under the LAHF scheme		

Refurbishment & Improvements					
Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards)	2023/24 Provisional Outturn (less Accounting Adjustments) £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
		£'000			
Electrical Rewires	1,369	1,369	2,217	848	61.9%
Passenger Lifts	700	144	144	0	0.0%
Alarms	125	125	160	35	28.0%
Fire Prevention	1,035	410	410	0	0.0%
Compliance Works	100	1	1	0	0.0%
Roofing	1,069	1,069	174	(895)	(83.7%)
Kitchen Refurbishments	1,119	1,119	1,375	256	22.9%

Bathroom Refurbishments	1,200	1,068	1,068	0	0.0%
Replacement Door Programme	1,014	1,014	1,200	187	18.4%
Communal Rooms	115	0	0	0	0.0%
Door Entry System	100	100	135	35	35.0%
Structural Refurbishments	150	150	268	118	78.7%
Fencing	350	88	88	0	0.0%
External Wall Finishes	625	524	524	0	0.0%
Total	9,071	7,181	7,765	584	8.1%

Explanation of Significant Variances (before carry forward approved)		£'000
Electrical Rewires		848
243 rewrites were completed during the year against a planned programme of 267. The overspend resulted from the installation of PV Panels on 122 properties relating to the Social Housing Decarbonisation Fund programme causing an overspend on this budget line however this overspend will be offset by a corresponding underspend on the heating budget programme.		
Passenger Lifts, Fire Prevention, Compliance Works, Bathroom refurbishments, Fencing and External Wall Finishes		(1,775)
All of these schemes commenced during 2023/24 and will continue into 2024/25 and therefore there is a requirement to carry forward these budgets.		
Roofing		(895)
The appointment of a contractor is currently being undertaken, as the first tender process proved unsuccessful. This has caused delays to the work programme however there is sufficient budget available in future years to fund the works.		
Kitchen Refurbishments		256
187 kitchen refurbishments have been completed during the year. The overspend is a result of higher costs due to increased specification within the Earlesfield project.		
Replacement Door Programme		187
188 replacement doors and windows have been completed during the year. The overspend is a result of higher costs due to increased specification within the Earlesfield project.		
Structural Refurbishments		118
Full structural surveys have been carried out on various defective properties throughout the district. This led to essential works that were greater than the budget which resulted in an overspend.		

Other Works					
Project	2023/24 Current Budget £'000	2023/24 Current Budget (less Budget Carry Forwards) £'000	2023/24 Provisional Outturn (less Accounting Adjustments) £'000	Variance to Current Budget £'000	2023/24 Outturn Variance %
Physical Disabled Adaptations	300	300	314	14	4.7%
Total	300	300	314	14	4.7%

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SOUTH
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COUNCIL



Cabinet

09 July 2024

Report of Councillor Ashley Baxter, The Leader of the Council & Cabinet Member for Finance & Economic Development, and Councillor Philip Knowles, Cabinet Member for Corporate Governance & Licensing

South Kesteven District Council Productivity Plan 2024/25

Report Author

Charles James, Policy Officer

✉ Charles.James@southkesteven.gov.uk

Purpose of Report

To present the proposed Productivity Plan 2024/25 for South Kesteven District Council, and to recommend to Cabinet the submission of said plan to the Department of Levelling Up, Housing & Communities.

Recommendations

That Cabinet:

1. Approves the proposed Productivity Plan for submission to the Department of Levelling Up, Housing & Communities.

Decision Information	
Is this a Key Decision?	No
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Effective Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 This is a key document for Cabinet to consider and sets out a summary of the key activities that Council has positively undertaken and will undertake to ensure it continues to make efficiencies and drive forward service improvement. Due to the submission constraints, the document provides a snapshot only and there were significantly more transformation projects that could have been included. The Council continues to allocate funding in order to pump prime transformational projects via a dedicated Invest to Save reserve.

Completed by: Richard Wyles, Deputy Chief Executive

Legal and Governance

- 1.2 The Productivity Plan has been developed in line with the Department for Levelling Up, Housing and Communities (DLUHC) guidance and follows the recommended governance route of member oversight by being considered at Cabinet.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

2. Background to the Report

2.1 On 24 January 2024, to accompany additional funding measures for the Local Government Finance Settlement 2024/25, a new efficiency drive for local government was announced, as part of the effort to 'return the sector to (financial) sustainability in the future'. Local authorities were asked to produce and submit to the Department of Levelling Up, Housing & Communities (DLUHC) 'Productivity Plans' setting out 'how they will improve service performance and reduce wasteful expenditure'.

2.2 The plans must be submitted ahead of the parliamentary summer recess by Friday 19 July 2024.

2.3 Guidance was received from DLUHC on 16 April 2024 detailing the expected content of the plans.¹ This established that the submitted document should be short and summarise the work the authority has undertaken in recent years, along with current and future plans to transform their organisation and services. All council services and activity are within scope, including the Housing Revenue Account (HRA).

2.4 DLUHC expect the plans to address the following themes:

- How services have been/will be transformed in design and delivery to make better use of resources.
- How the Council plans to take advantage of technology and make better use of data to improve decision making, service design and use of resources.
- How the Council plans to reduce wasteful spending within its organisation and systems, including a particular focus on spending on consultants, Equality, Diversity & Inclusion (EDI) programmes² and trade union facility time.
- The barriers (internal and external) preventing productivity gain that the Government can help to reduce or remove.
- The mechanisms to monitor the performance and delivery of the plans.

2.5 The submitted plans will be reviewed by an expert panel, to be established by DLUHC, which will include the Office for Local Government (OFLOG) and the Local Government Association (LGA). The panel will consider the themes and evidence emerging from the plans and advise the Government and the sector on future national policy design.

2.6 The plan must be published on the council's website.

¹ Enclosed in the Background Papers for reference.

² Excluding programmes designed to promote integration and civic pride, and counter extremism.

3. Key Considerations

- 3.1 The Council's Productivity Plan, developed in line with the DLUHC guidance is attached at Appendix A. The Plan presents a high-level spotlight of our key completed transformation projects since 2020/21, such as the main office relocation to the Picture House office at St Catherine's Road, Grantham, the delivery of the Housing Service Improvement Plan, the corporate restructures, and the rationalisation of the Council owned companies. Key upcoming workstreams for 2024/25 are highlighted including the new waste depot at Turnpike Close, Grantham, the new Customer Services hub and the Leisure Options Appraisal.
- 3.2 Key events on the Council's continuous improvement journey since 2020/21 are highlighted, including the external review of the Planning Service (2020), the LGA Corporate Peer Challenge in 2021, and the external Scrutiny Review and consequent comprehensive review of the Constitution in 2022/23. Also included is a brief summary of the Council's financial position in 2024/25 to contextualise the Council for the review panel.
- 3.3 Statistics on items of specified expenditure requested by DLUHC are provided. These are spending on consultants, Equality, Diversity & Inclusion (EDI) programmes and trade union facility time.
- 3.4 Monitoring the delivery of the Productivity Plan will take place through the Service Plans and the Corporate Key Performance Indicators (KPI) reports to the Council's Overview & Scrutiny Committees.

4. Other Options Considered

- 4.1 The Council could decide to not produce and submit a Productivity Plan to DLUHC. This is not a viable or prudent approach. It is in the interest of the Council to maintain good relations with DLUHC and to collaborate positively for the general benefit and future stability of the sector.
- 4.2 The workstream presents the opportunity to spotlight key completed and upcoming transformation work, offering assurance to residents, Members and the Government of our ongoing commitment to deliver high quality, financially sustainable, and value-for-money public services. This is in alignment with the priorities of the Corporate Plan 2024-27 and the delivery of the Best Value Duty - to secure continuous improvement - under the Local Government Act 1999.

5. Reasons for the Recommendations

- 5.1 The Department of Levelling Up, Housing & Communities (DLUHC) has requested all authorities produce and submit productivity plans. Cabinet are being asked to approve the Council's plan for submission. The Plan has been developed in accordance with the DLUHC guidance.

6. Consultation

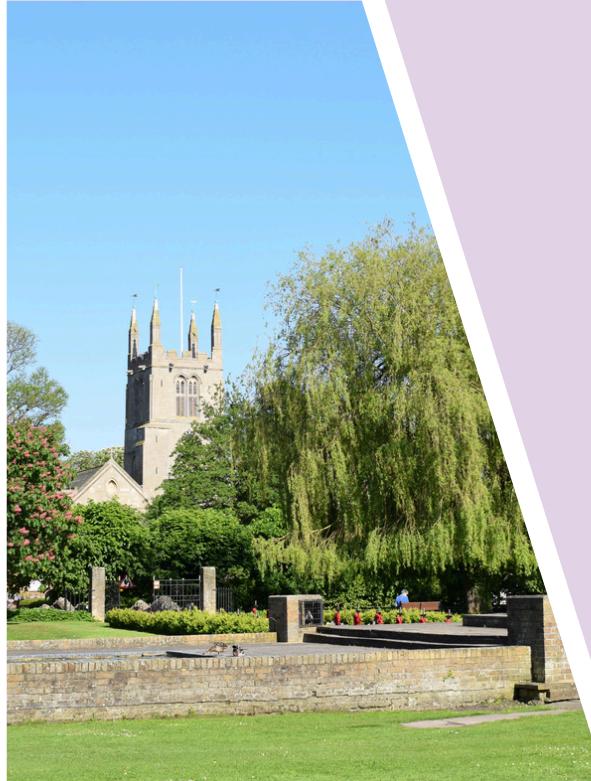
6.1 Two all Member briefing sessions on the Productivity Plan took place in June 2024. The purpose of these sessions was to inform Members of the request by DLUHC, the wider policy context, DLUHC's requirements and how the Council has approached this task.

7. Appendices

7.1 Appendix A – South Kesteven DC Productivity Plan 2024/25

7.2 Appendix B - Letter from the Minister for Local Government to Chief Executives on the Productivity Plans, 16 April 2024

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South Kesteven District Council

Productivity Plan 2024/25

Appendix A



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Our Plan

Our Corporate Plan 2024-27 adopted the mission: **To deliver trusted, high quality and value-for-money services that fulfil the needs and expectations of all our residents.** This Plan outlines our approach for enhanced efficiency and productivity to deliver that mission. It illustrates the realised savings and benefits from key transformation workstreams since 2020/21. The Plan has been developed in accordance with guidance issued by the Department of Levelling Up, Housing and Communities (DLUHC).

The Plan's scope is all Council services and activity, including the Housing Revenue Account (HRA). This encompasses organisation, workforce and service resourcing, design and delivery.

The local government financial landscape is increasingly challenging. We set a balanced budget for 2024/25 without reliance on reserves. This was achieved through careful planning, projected reductions in utility and fuel forecasts and elevated investment interest rates.

The **2021/22** and **2022/23** accounts both received **unqualified audit opinions** in January 2024. We have an ambitious Housing capital programme: £20 million for the new build and acquisition of social and affordable housing, and £36m for existing housing stock improvements have been committed over the next three years. Like many Councils, the financial outlook is challenging and our current medium term projections require savings of approximately of £1.15m (based on current budget forecasts and government funding assumptions) from 2027/28 are required. Productivity gains are a key element of our response to ensure this project budget gap is closed.

Our approach distinguishes between efficiency and productivity using the concept of the **public sector delivery chain**. Efficiency is minimising resource use in output creation. Productivity is improving service outputs in volume and quality via sustained innovation, process improvements and technology.

Following the **Productivity Institute**, we have identified three productivity drivers: adaptive organisational design, technology & continuous innovation, and an agile workforce. We categorise our transformation work into two categories: Organisation & People, and Data & Digital.

We have a clear strategic planning framework founded upon the golden thread. The **Corporate Plan 2024-27** establishes our vision for the district and corporate priorities in conjunction with the **Medium-Term Financial Plan (MTFP)** and annual budgeting process. This plan is an accompaniment to, and should be read alongside, these key documents. Service Plans are produced annually as the service response to the Corporate Plan's agenda. At this level, transformation projects are developed and delivered. Service budget monitoring is monthly. The contents of these plans inform individual annual appraisals and day-to-day activities. Delivery of the Corporate Plan is monitored by the Corporate KPI suite, owned and presented bi-annually to the Member Overview & Scrutiny Committees.

Delivery of the Productivity Plan is linked to the delivery of the Service Plans. Monitoring will be delivered via new publicly available service area tracking dashboards and a year-end summary report to compliment the **KPI reports**. These mechanisms will enable open, accountable and effective monitoring of this Plan and the progressive realisation of productivity gains.

We have been on a continuous improvement journey since 2020/21. An external review of the **Planning service** was undertaken in 2020, we hosted a successful **LGA Corporate Peer Challenge** in 2021/22 and completed a comprehensive review of the constitution in response to an external **Scrutiny Review** in 2022/23. This Plan presents a high-level spotlight of our key completed and upcoming transformation work to offer assurance to residents, Members and the Government of our ongoing commitment to deliver high quality, financially sustainable, and value-for-money public services.

Summary spotlight of key completed transformation projects 2020/21 to 2023/24

The below is a summary of completed major projects, it is not an exhaustive list of the improvement work the Council has undertaken since 2020/21. The Council is continually seeking to review and restructure services and workflows to optimise delivery.

Category	Project	Lead service	Timeline	Description/rationale	Realised benefits
Organisation & People	Future Ways of Working: Main Council Offices relocation	Corporate Projects	January 2023	Relocating the primary administrative officers from the ageing and underused St. Peter's Hill site to modern open plan office space at St. Catherine's Road, Grantham. Key part of the wider #TEAMSK programme of cultural transformation.	<ul style="list-style-type: none"> £300k pa savings in operational costs (incl. business rates). Embedded hybrid working based on business need. Progressive breaking down of siloed working. Enhanced staff wellbeing and morale.
CG	Housing Services Transformation	Housing	October 2023	In 2021 the Council self-referred to the Regulator of Social Housing. Significant work was undertaken to transform the service via a comprehensive Housing Improvement Action Plan. The Regulatory Notice was lifted in October 2023.	<ul style="list-style-type: none"> Significant Housing Improvement Plan implemented. Assessed as compliant by the Regulator. Delivery of an Integrated Housing Management System (IHMS) to manage all landlord functions. Intelligent automation of critical housing applications. Successful implementation of Choice Based Lettings.
Organisation & People	Corporate restructures & Council Owned Companies Rationalisation	Chief Executive	September 2023	Two restructures of the corporate management structure have been undertaken (2020 & 2023). The Council owned company Environment SK Ltd (grounds maintenance services) was insourced in 2023, and its former staff fully integrated into the Street Scene team.	<ul style="list-style-type: none"> 2020 restructure delivered £1.1m total savings. 2023 restructure delivered £75k net savings. A leaner, more resilient organisation. <p>Insourcing Environment SK Ltd eliminated a £384k budget pressure.</p> <ul style="list-style-type: none"> Additional annual £352k savings from service integration.

Category	Project	Lead service	Timeline	Description/rationale	Realised benefits
Organisation & People	Establishment of Leisure SK Ltd	Leisure & Cultural	January 2021	The Council's leisure contract came to an end in December 2020. Due to the impact of Covid and resulting leisure market failure the Council established a Teckal company, LeisureSK Ltd, to manage its leisure facilities on a five year contract.	<ul style="list-style-type: none"> ■ Delivery of leisure services at the Council's leisure facilities. ■ Saving of circa £90k per month. ■ Full transparency of costs. ■ Improved service performance.
Data & Digital	New Financial Management System	Finance	April 2024	Delivery of a modern finance system (provided by Unit 4) which can meet the financial monitoring, forecasting and reporting requirements of the organisation.	<ul style="list-style-type: none"> ■ Greater flexibility, accessibility and functionality for finance professionals and budget holders. ■ Enhanced ability to proactively model different forecast scenarios for effective financial planning and analysis.

Summary spotlight of key upcoming transformation projects 2024/25+

 The below is a summary of upcoming major projects, it is not an exhaustive list of the improvement work the Council has planned for 2024/25 and beyond. The Council is continually seeking to review and restructure services and workflows to optimise delivery.

Category	Project	Lead service	Timeline	Description/rationale	Anticipated benefits
Organisation & People	New Waste Depot – Turnpike Close	Property	April 2025	Delivery of a new waste depot at Turnpike Close, Grantham. The current depot at Alexandra Road, Grantham is no longer meets current and future operational needs. It does not allow for the service expansion needed to respond to district's projected growth or the requirements of the Environment Act 2021. £8.8m has been allocated to the General Fund Capital Programme to fund the project.	<ul style="list-style-type: none"> ■ Increased capacity for projected demand. ■ Improved accessibility and site flexibility for future expansion. ■ Improved welfare provision to meet modern standards for our workforce. ■ Ability to maximise sustainable systems to reduce operational costs and meet carbon reduction targets. ■ The existing Alexandra Road site has been identified for housing and employment use.

Category	Project	Lead service	Timeline	Description/rationale	Anticipated benefits
Organisation & People	New Customer Services Hub	Property	September 2024	Delivery of a new customer services hub located in vacant units below the St. Catherine's Road office. Will create a modernised customer experience, support the ongoing channel shift to 24/7 self-service and offer opportunity for residents to access face-to-face support.	<ul style="list-style-type: none"> ■ Additional capacity and a flexible hub to deliver a consistent level of service and meet current and future operational needs. ■ Provide an open and collaborative space for staff and customers. ■ Deliver greater value for money.
Organisation & People	Leisure Options Appraisal	Leisure & Culture	January 2026	Options appraisal to determine the future management model for its leisure facilities, to ensure optimum financial and operational outcomes.	<ul style="list-style-type: none"> ■ Revenue budget savings ■ Investment Plan in place for improvements to the facilities. ■ Greater health and wellbeing outcomes. ■ Delivery of £3.5 million decarbonisation scheme.
Organisation & People	Councillor Development Charter	Democracy	2024/25	Investing in elected Member training and development to achieve East Midlands Councillor Development Charter Status.	<ul style="list-style-type: none"> ■ Upholding a robust democracy via enhanced Member scrutiny, debate, leadership, decision-making and accountability.
Organisation & People	CCTV Partnership - Working with Lincolnshire Police	Public Protection	2024/25	Relocation of the Council operated CCTV control centre to Grantham Police station to enable closer co-operation between the Council and the Police.	<ul style="list-style-type: none"> ■ A faster timeline to review CCTV footage. ■ Provision of modern facilities. ■ Reduction in operating costs.
Organisation & People and Data & Digital	Continued Housing Services Transformation	Housing	2024/25	Further data led improvement via a new homelessness case management system, housing stock upgrades and decarbonisation, relocation of the responsive & planned repairs team to the Turnpike Close, and delivery of a new generation of council properties through a hybrid approach of acquisition and construction.	<ul style="list-style-type: none"> ■ Improved functionality for more efficient case management. ■ '1 in 1 out' replenishment of the housing portfolio from Right to Buy sales. ■ Reduced temporary accommodation spend. ■ Proactive and planned maintenance programme, reducing the need for expensive reactive repairs. ■ Progress towards carbon reduction targets. ■ Meet the local demand for housing. ■ Meet the decent homes standard.

Category	Project	Lead service	Timeline	Description/rationale	Anticipated benefits	
Data & Digital	Implementation of Technology Forge (Civica) Asset Management System	Property	Summer 2024	Implementation of a comprehensive asset management system in order to effectively manage the Council's General Fund corporate property management estate. Current practices are limited in the identification of accurate costs of holding the assets, planned maintenance requirements, utility consumption and associated costs.	<ul style="list-style-type: none"> Ability to manage property portfolio from any location and device with real time information. Interfacing with third party systems to drive efficiencies and cost savings. Supporting the development of streamlining works processes, enable transparent performance management. Ensuring Health & Safety responsibilities are met. 	
Data & Digital	New Fleet Management System	Waste	March 2025	Increased smart management of the fleet to improve vehicle management and driver behaviour. Includes updated vehicle telemetry, CCTV and driver management apps route review software.	<ul style="list-style-type: none"> Data driven vehicle and driver management will ensure safer services and a more efficient use of resources in delivery. The route optimisation review will enable the Council to maximise its fleet and resources and avoid the need for an additional round at a cost saving of £275k. 	
89	Data & Digital	LLPG & GIS Integration	Planning	2024/25	Integration of Local Land and Property Gazetteer (LLPG) with Revenues and Benefits Software, and integration of comprehensive geographic information system (GIS) data into the SKDC website.	<ul style="list-style-type: none"> Efficient and accurate data sharing with minimal officer intervention. Enhanced self-service opportunities.

Data & Digital: Challenges & Opportunities

Effective harnessing of technology is the driver of productivity gains. Local authorities produce, process and hold vast amounts of data. This data can be utilised to improve decision making, service design, delivery and evaluation, and public engagement and accountability. Legacy systems pose particular barriers, with often limited integration options between systems and online services. These can be mitigated with expensive bespoke connectors. Our longer-term plan is to replace legacy systems with new cloud-hosted software with good, open connectivity. For example, with the in progress integration of the Local Land & Property Gazetteer (LLPG) with Revenues & Benefits software.

Artificial Intelligence, of various types, has the potential to radically transform all services. We are exploring use of AI currently with systems such as Microsoft Copilot. We are developing a governance framework for generative AI, in line with national policy and emerging best practice to enable an open to innovation, but derisked approach.

Barriers to Action

Primary barriers to action across all services are the risks of innovation and financial inflexibilities. Innovation carries a cost and political risk, in the challenging financial environment, innovation is essential, but failure carries a heavy penalty. A balance needs to be struck between necessary derisked experimentation and the risky financialisation and commercialisation strategies undertaken by elements of the sector in the 2010s. The practice of annual financial settlements limits the horizon of effective financial planning and incentivises continual short-term efficiencies rather than the productivity gains to transform services.

Specified Expenditure Items Requested by DLUHC

Consultancy Spend (General Fund - Revenue)

Total Consultancy Spend 23/24	Average 5 year spend	% of General Fund (GF) spend	Agency Spend 23/24 (GF & HRA)	Agency % of total paybill
£716,525.20	£803,853.28	3%	£1.470m	6.65%

Consultants primarily provide specialist services that the council does not possess. 47% of the 2023/24 expenditure was spent by the Planning team. A refresh of the Local Plan is currently underway.

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Equality, Diversity and Inclusion (EDI) Spend

Total Consultancy Spend 23/24	Average 5 year spend	Dedicated FTE Staff	Training Spend	No. EDI Champions
£2785	£1071	0	£2785	14

The Council does not employ any staff whose primary role is EDI. EDI functions (internal training, delivery of the Public Sector Equality Duty etc) are performed by the Human Resources and Community Engagement teams. There are fourteen EDI champions (allies). One per service, these are volunteer staff whose responsibility is to advise on Equality Impact Assessments for new policy. Five training sessions were delivered to Elected Members by an external provider in 2023/24.

Trade Union Facility Time Spend

Total Facility Time Spend 23/24	% of Total Staff Paybill
£1,714	0.008%

Active engagement occurs monthly between senior management, human resources and trade union representatives.



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**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



Department for Levelling Up, Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London
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16^A

April 2024

Dear Chief Executive

Productivity in Local Government

As you know, the Government is reviewing productivity across all public services and local government is, of course, part of that exercise. The recent [Local Government Finance Settlement](#) announced that councils would be asked to produce productivity plans. This letter formally begins that process.

May I first thank you for your very helpful engagement with my officials. Your views and thoughts have been valuable in shaping this approach to make it as useful as possible for all of us.

Local government has already done a huge amount in recent years to improve productivity and efficiency. However, lockdown and post-lockdown has proved challenging, and you are looking for new ways to go further. These new plans will help us understand what is already working well across the whole country, what the common themes are, whether there are any gaps and what more we need to do to unlock future opportunities. We will share these important lessons across the sector.

Productivity is not one-dimensional, and I would encourage you to consider the various facets that encompass the drive for greater productivity. When developing your plans, please think broadly and include reference to not only how you run your organisation, but also how you run the public services you provide and how you provide place leadership. It is with this wide view that we can ensure we are providing value for money for residents.

I am not looking to impose excessive burdens. I am not issuing you with a formal template or a detailed list of criteria to meet. I expect your plans to be three to four pages in length, and to set out what you have done in recent years, alongside your current plans, to transform your organisation and services. I do not want to specify a list of metrics you must report, but I do want to understand how you will monitor and assess your plans to assure yourselves and your residents that they will be delivered.

The plans should consider the below themes and where appropriate, should reference the work your council undertakes alongside other public services, such as the NHS and police.

1. How you have transformed the way you design and deliver services to make better use of resources.

Questions to consider:

- how has the organisation changed in recent years to become more productive? You may wish to consider what you have done around staffing, structures, operating models etc;
- how do you measure productivity in your organisation?
- what changes have you made to improve services, and what effects have those had?
- what are your current plans for transformation over the next two years and how will you measure the effects of those changes?

- looking ahead, which service has greatest potential for savings if further productivity gains can be found? What do you estimate these savings to be?
- what role could capital spending play in transforming existing services or unlocking new opportunities? If you have already used capital spending to boost growth or improve services, we would be interested in learning more;
- what preventative approaches you have undertaken and can the value of these be quantified?
- are there wider locally-led reforms that could help deliver high quality public services and improve the sustainability and resilience of your authority?

2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.

Questions to consider:

- what are your existing plans to improve the quality of the data you collect; how do you use it and how do you make it available to residents?
- are there particular barriers from legacy systems?
- how often do you share data with other organisations, and do you find this useful?
- Are there opportunities to use new technology to improve workflows and systems, such as predictive analytics and AI?

3. Your plans to reduce wasteful spend within your organisation and systems.

I know we will share the aim to reduce waste wherever we can and, while you have all made huge strides in recent years, no organisation is ever 100% efficient. You should set out your plans to reduce wasteful or “gold-plated” spend.

Questions to consider:

- how do you approach identifying and reducing waste in the organisation? How do you monitor progress?
- where have you followed invest to save and what was the result?
- how much time and money do you spend on staff EDI training (internal and external), networks, and other programmes? How many EDI Champions do you have as an organisation? How do you log and report the time and money spent on EDI related activity? How do you assess the effectiveness of that training?
- what percentage of total staff budget is spent on a) agency and b) consultants? How do you assess value for money on agency & consultancy spend and what are your plans to reduce use / costs? How many of those consultants or agency staff have been in place for over a year?
- what governance structures do you use to ensure accountability of spend?
- do you share office functions with other councils and if so, how useful do you find this?
- if you share external training costs with neighbouring councils, how do you factor out duplications of service between your council and your upper-tier council (if you have one)?

- if you have one, what is your assessment and experience of working with an elected mayor, combined authority, or devolution deal?
- what proportion of your paybill is spent on trade union facility time?

4. The barriers preventing progress that the Government can help to reduce or remove.

There will be barriers preventing you from going as far or as fast as you would like to. I would like your plans to set those out, so that we can understand how government, or the market, can help you overcome these barriers to go even further.

Questions to consider:

- what are the barriers preventing you from improving productivity further within your organisation?
- what are the barriers preventing you from improving services further?
- are these barriers consistent across multiple services?
- what would you need to remove those barriers? What do you need from government, the market or elsewhere?

Your plans must be returned by 19 July 2024, by email to productivityplans@levellingup.gov.uk.

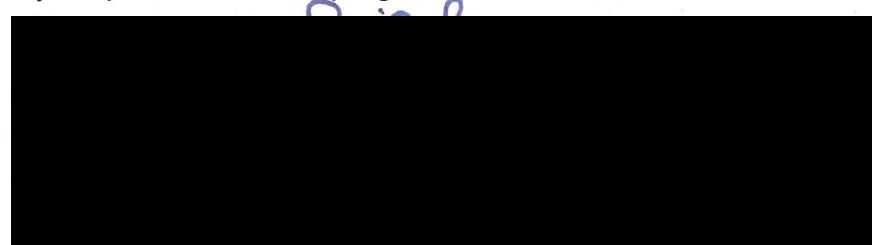
You must ensure that there is member oversight and endorsement of the plan before it is submitted, and the plan must also be uploaded to your website so that residents can see it. You should consider how you will update the plans and report on progress on a regular basis. The plans should also contain relevant metrics and key performance indicators to allow you and your residents to monitor progress.

Once received, we will review the plans to identify common themes and issues across the sector. We are keen to highlight best practice that others can learn from.

Individual plans will not be rated or scored, and we will not produce any kind of league tables. We are interested in understanding what is happening across the sector.

We are setting up a panel to consider the themes and evidence that comes from the plans. I will chair the panel and bring together experts from the sector and beyond, including Ofog and the LGA. They will consider the issues emerging from the plans, the implications for future national policy design, the role of government in supporting further change and the role of the sector in going further. The panel will advise national government and local government, and I believe this collaborative approach will ensure the most effective outcomes.

I look forward to updates on your publication and progress.



SIMON HOARE MP
Minister for Local Government

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