

EXECUTIVE

Monday, 23 July 2018

6.00 pm

Committee Room 1, City Hall

Membership: Councillors Ric Metcalfe (Chair), Donald Nannestad (Vice-Chair), Jackie Kirk, Rosanne Kirk, Neil Murray and Fay Smith

Officers attending: Angela Andrews, Democratic Services, Kate Ellis, Jaclyn Gibson, Simon Walters and Carolyn Wheeler

A G E N D A

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Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary.	
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REDUCING INEQUALITY

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You are asked to resolve that the press and public be excluded from the meeting during the consideration of the following items because it is likely that if members of the press or public were present, there would be disclosure to them of 'exempt information'.

In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice is hereby given of items which will be considered in private, for which either 28 days' notice has been given or approval has been granted by the appropriate person specified in the Regulations. For further details please visit our website at <http://www.lincoln.gov.uk> or contact Democratic Services at City Hall, Beaumont Fee, Lincoln.

This item is being considered in private as it is likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations have been received in relation to the proposal to consider this item in private.

SECTION B

ECONOMIC GROWTH

- | | | |
|-----|-----------------------|------------------|
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| | [Exempt Para(s) 3] | |

Present: Councillor Donald Nannestad (*in the Chair*),
Councillor Jackie Kirk, Councillor Rosanne Kirk,
Councillor Neil Murray and Councillor Fay Smith

Apologies for Absence: Councillor Ric Metcalfe

19. Confirmation of Minutes - 18 June 2018

RESOLVED that the minutes of the meeting held on 18 June 2018 be confirmed.

20. Declarations of Interest

No declarations of interest were received.

21. Western Growth Corridor - Consultation Responses

Purpose of Report

To provide a report on the findings of the Western Growth Corridor Draft Masterplan public consultation, consider draft responses and seek agreement to vary the masterplan as a result.

Decision

- (1) That the proposed responses to the comments received from the consultation on the draft Western Growth Corridor Masterplan, as set out in Appendix 1 of the report, be agreed.
- (2) That the responses be published on the Council's website and sent to the individual respondents who have asked for feedback.
- (3) That the Masterplan be amended to show the access from Hartsholme Drive into the development as a cycle/pedestrian link only.

Alternative Options Considered and Rejected

None.

Reason for Decision

Public consultation on the Draft Masterplan for the Western Growth Corridor was undertaken between 28 June 2017 and 15 November 2018, resulting in 298 responses containing 982 comments covering 41 different topics. The consultation involved a series of open-ended questions and an open comment section to ensure that respondents' views were not restricted or confined. Nine events, including one organised by the local community, were held in and around the area, supported with comment forms and promoted through a range of media as set out in paragraph 4.2 of the report.

Areas of the highest concern were reported as relating to traffic, flooding, Hartsholme Drive access and connection to the development and infrastructure. A comprehensive analysis of the comments received as part of the consultation

had been undertaken, with proposed responses to the common themes set out in Appendix 1 of the report.

It was proposed that the Masterplan be amended to show the access from Hartsholme Drive into the development as a cycle/pedestrian link only, with concerns raised to this effect as part of the consultation process.

In terms of traffic and congestion, it had been agreed that further modelling works would be undertaken to ascertain the wider impacts of the proposed development including the impact on some junctions. It was acknowledged that traffic and congestion was a key issue, with lots of work taking place to ensure that the best possible solution could be put in place.

Very detailed modelling via the Environment Agency and Internal Drainage Board had been undertaken. This had shown that with a reduced level of housing on the proposed reduced area of development all properties that would remain dry in the event of flooding from a breach in existing flood defences would still remain dry with the full proposed development in place. In addition, there were a range of works that would be undertaken which provided a wider benefit and reduced the risk of some types of flooding to areas currently at risk in this part of the city.

Discussion ensued on the need for a greater level of public transport services after 6pm, particularly in respect of the north of the city. It was agreed that the Transport Hub had been a key project in terms of providing an environment where better and safer public transport provision could be developed. Officers were currently working with Stagecoach as the main operator running 90% of the city's bus services as to how service provision could be increased. Ultimately, however, it was noted that this would be a commercial decision with the Council only able to influence that. The inclusion of bus priority as part of the proposed Western Growth Corridor scheme was given as an example of how the Council could influence the operator's decision. Although the Western Growth Corridor was located in the south of the city, which was well serviced from a public transport perspective, it was accepted that the city needed better city-wide provision.

A comment had also been received regarding the re-routing of freight services which it was suggested would reduce congestion on Skellingthorpe Road. As with public transport, officers would continue to work with operators where there were opportunities to influence any decisions they may make in relation to the operation of their services.

It was reported that a revised Masterplan would be submitted to the Executive once transport modelling works had been finalised, prior to the next round of public consultation.

EXECUTIVE

23 JULY 2018

SUBJECT:	STATEMENT OF ACCOUNTS 2017/18
REPORT BY:	CHIEF FINANCE OFFICER
LEAD OFFICER:	ROBERT BAXTER, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 To present the Statement of Accounts for the financial year ended 31st March 2018, together with a short summary of the key issues reflected in the statutory financial statements, for scrutiny.

2. Executive Summary

- 2.1 The Statement of Accounts (SOA) for 2017/18 provide a comprehensive picture of the Council's financial circumstances and are compiled to demonstrate probity and stewardship of public funds.
- 2.2 The Council is statutorily required to publish its Statement of Accounts for 2017/18 with an audit opinion and certificate by no later than 31st July 2018.
- 2.3 The Executive Committee should note that the Statement of Accounts for 2017/18 have been subject to external audit by the Council's external auditors KPMG, who are due to report on the audit conclusion, elsewhere on this agenda.
- 2.4 The Council must make the Statement of Accounts available for public inspection for 30 working days. Following notification from KPMG, this ran from 1st June until 12th July 2018 and the External Auditor was available to answer questions during this period, no questions were received.
- 2.5 The Council is also required to provide a documented annual review of the effectiveness of its governance arrangements (Annual Governance Statement), which sits alongside the Statement of Accounts. The overall level of assurance provided for 2017/18 was high and in line with our Code of Corporate Governance. However there is one defined significant issue carried over from the previous year that has not yet reached completely acceptable levels of performance, which relates to Information Management. This will remain a focus in 2018/19 and will be regularly reported by management to the Audit Committee.

3. Background

- 3.1 The Accounts and Audit Regulations 2015 require the Statement of Accounts to be certified by the Council's Chief Finance Officer by the 31st May 2018.

The Accounts are then released to be audited by the Council's external auditor, KPMG. After completion of the audit the accounts must be published with the audit opinion and certificate, and before that must have been approved by Full Council, by no later than 31st July. The timescales involved with the approval of the Statement of Accounts for 2017/18 are:

a) Report draft accounts to Audit Committee	14 th June 2018
b) Report to Audit Committee	19 th July 2018
c) Report to the Executive	23 th July 2018
d) Approval by Council	24 th July 2018

3.2 There is a great deal of technical detail contained in the statutory rigid format of the Accounts that is not always easily understood by the reader unless they are familiar with accounting and audit standards. To assist members in their understanding of the accounts:

- Training has been provided to members
- A short summary of the accounts has been produced at Appendix A
- The remainder of this report sets out a short summary highlighting the key figures

4. Summary of Key Issues in the Financial Statements

4.1 The Comprehensive Income and Expenditure Statement

4.1.1 **The Comprehensive Income and Expenditure Statement (CIES)** (SOA page 23) – in line with statutory accounting practice the Comprehensive Income and Expenditure Statement (CIES) shows the Council's actual performance for the year measured in terms of the resources consumed and generated over the last 12 months. It should not be misinterpreted as the financial outturn position of the Council as this statement contains a number of accounting entries required under International Financial Reporting Standards (IFRS). Regulation allows local authorities to reverse these amounts out of the accounts before determining their outturn position. There is a note to the accounts (Expenditure & Funding Analysis (SOA page 20)) that adjusts the expenditure that is chargeable to general fund and the HRA balances (as per the actual outturn position) to the accounting entries in the CIES under IFRS. To further assist members interpretation of the CIES the table below summarises the reconciliation between the net surplus on the Provision of Services of £6.214m in the CIES to the outturn position of an decrease in General Fund Balances of £0.702m as reported in the Financial outturn report (Executive 29th May 2018).

	£m	£m
Net (surplus)/deficit on the Provision of Services		(6.214)
<i>Adjust for:</i>		
Depreciation, revaluation losses and gains &	9.452	

impairment of non-current assets		
Revenue expenditure funded from capital under Statute	(4.612)	
Direct Revenue financing of capital expenditure	1.125	
Gain/loss on the sale of non-current assets	0.985	
Contribution to/from the pensions reserve	(4.019)	
Debt repayment and premiums & discounts on debt	0.484	
Short-term compensated absences	(0.010)	
Contribution to Government's Housing Capital Receipts Pool	(0.529)	
Capital grants & contributions unapplied credited to CI&ES	3.002	
Adjustment for Collection Fund	1.599	
Transfer to/from the HRA	(0.064)	
Transfer to/from Earmarked reserves	(0.497)	
Total Adjustments	6.916	
(Increase)/decrease in General Fund Balances		0.702

4.1.2 Clearly the most significant issue for Members to be aware of from the Comprehensive Income and Expenditure Statement is how the Council performed financially in 2017/18, in comparison to the revised budget for the year. As previously reported there was an underspend against the General Fund budget of £588k in 2017/18, which was agreed could be transferred into earmarked reserves in addition to an element carried forward for specific projects in 2018/19. Allowing for these adjustments, expenditure on the General Fund was in line with the budget and included a contribution of £702k from balances to support revenue budgets.

4.1.3 The Housing Revenue Account has also seen an underspend against the revised budget of £616k, which was agreed to be transferred into earmarked reserves. Allowing for this adjustment HRA balances were £1.023m and the HRA Repairs Accounts balance was £624k as at 31st March 2018, both in line with the HRA 30 year Business Plan.

4.1.4 Further details on these are provided in the Narrative Report in the Statement of Accounts (SOA *page 1*) and were subject to a separate report to Performance Scrutiny Committee and the Executive on 24th and 29th May 2017 respectively.

4.2 The Balance Sheet (SOA *page 24*)

4.2.1 **The Balance Sheet** is fundamental to understanding the Council's financial position at the year-end. It shows the Council's balances and reserves, long-term indebtedness, and the non-current and current assets employed in the Council's operations. The key information for members to be aware of in the Balance Sheet as at 31st March 2018 are:

4.2.2 **General Balances** – General balances have decreased by £0.766m during the

year, as analysed below:

Description	Opening Balance £m	Closing Balance £m	Increase/ (Decrease) £m
General Fund balances	2,312	1,610	(0.702)
HRA balances	1.087	1.023	(0.064)
HRS	0.089	0.089	0
Total	3.488	2.722	(0.766)

- 4.2.3 **Earmarked Reserves** - in total monies carried forward to pay for specific future commitments (including the insurance fund) have reduced by £0.494m, as analysed below:

Description	Opening Balance £m	Closing Balance £m	Increase/ (Decrease) £m
Other Specific Reserves	10.575	10.081	(0.494)

This is due to a number of contributions to and from earmarked reserves as reported as part of the 2017/18 Provisional outturn to the Executive 29th May 2018 and as detailed in Note 10 (Transfers to/ from Earmarked Reserves) in the Statement of Accounts (SOA page 62).

- 4.2.4 **Liquidity** – a reliable indication of liquidity is the ratio of current assets (excluding inventories) to current liabilities. The Council's current assets (excluding inventories) of £33.308m exceed current liabilities of £20.499m by a ratio of 1.62:1, which represents a decrease from the previous year's ratio of 2.82:1. This is due to the £6m reduction in money market investments (as per the Council's borrowing strategy) in addition to the decrease in debtors, as analysed in 4.2.5 below.
- 4.2.5 **Debtors** – debtors have decreased by £7.733m to £10.241m. This is mostly due to £6.9m of grant funding relating to the Lincoln Transport Hub, which was outstanding as at 31st March 2017, in addition to the £1m deposit with Lloyds relating to the Council's Local Authority Mortgage Scheme (LAMS) which was repaid during 2017/18.
- 4.2.6 **Creditors** – have increased slightly by £1.987m to £15.364m. This is mainly due to a £1.3m increase in the balance on the Business Rates adjustment account, which absorbs the timing differences between statutory accounting requirements and full accruals accounting, in addition to an increase of £0.367m in the Business Rates cash control account (reflecting cash owed to business rates payers in the form of prepayments and overpayments as at 31st March 2018).

4.3 Cross Cutting Key Issues

- 4.3.1 There are a number of areas that have significant impacts or are of particular interest that sit both within the Comprehensive Income and Expenditure

Statement and the Balance Sheet. To aid members understanding of the Accounts these are summarised below:

4.3.2 **Non-Current Assets** are shown in the Balance Sheet and represent the Council's land, building, heritage, community and intangible assets.

- **The value of non-current assets and assets held for sale in the Balance Sheet has increased by £30.9m (9%) to £360.4m** between 31st March 2017 and 31st March 2018 (see the Balance Sheet and Notes 14, 15 and 16 for further detail). This net increase is the result of a number of factors:

- **Revaluations** - The Council's Assets are valued on a rolling programme, which ensures each asset is re-valued every 5 years as at the 1st April. In addition to this, all assets are reviewed for any material change in their value at the end of each financial year. The results for 2017/18 have seen an **overall increase in value of £12m**, which is the net result of valuation gains and losses across a range of assets.

Accounting rules require that where a balance has not built up on the Revaluation Reserve for an individual asset (a reserve which holds accumulated gains following previous revaluations upwards) then any revaluation losses (downwards revaluation in asset values) must be recognised in the Comprehensive Income and Expenditure Statement (CI&ES) and then reversed out in the Movement in Reserves Statement before it impacts on Council Tax payers. Accounting rules also require that where a revaluation loss previously recognised in the CI&ES on an individual asset is subsequently reversed by an upwards revaluation, then the revaluation gain should be recognised in the Comprehensive Income and Expenditure Statement up to the value of the original revaluation loss. Within the £12m net upwards movements due to revaluation gains and losses in 2017/18, there were:

- **£11m of net revaluation gain** required to be charged to Cost of Services in the CIES. This is mainly due to an increase in the value of housing stock and assets held for sale (£1.45m).
- **£1.0m of net upwards revaluations** were reflected in the Revaluation Reserve (shown in Other Comprehensive Income and Expenditure in the CIES). This was mainly due to the upward revaluation (£0.72m) of the council's heritage musical instruments and also an increase in the council's land and buildings.
- **Additions - New capital investment in assets belonging to the Council totalled £35.248m.** The main areas of expenditure include £10.7m spent improving Council dwellings including re-roofing, kitchens and landscaping, and the purchase of land for a number of

council house new build schemes. The other main areas of spend were £12.8m on the Lincoln Transport Hub and £8.7m on purchasing investment properties. To pay for this investment, the Council has used £2.6m of capital grants and contributions, £4.7m of capital receipts, £9.2m of the Major Repairs Reserve, £18.25m of unsupported borrowing, and £0.5m of direct revenue financing.

- **Depreciation** – a charge is made to the Comprehensive Income and Expenditure account for depreciation to reflect the use of assets in the provision of services during the year. The value of non-current assets in the Balance Sheet is reduced by an equivalent amount. For General Fund services this charge is reversed out in the Movement in Reserves Statement (MiRS) and replaced with a statutory charge for the repayment of debt. In the HRA under self financing, depreciation is a real charge to the service however, it is set aside in the Major Repairs Reserve for future investment in the housing stock. **In 2017/18 total depreciation was £12.2m** (of which £1.6m was charged for non-HRA dwellings and was replaced in the MiRS with £0.485m for the repayment of debt and £10.7m depreciation was charged to the HRA which is available in the Major Repairs Reserve for future investment).
- **Disposals – assets valued at £4.215m in the Balance Sheet were disposed** of in 2017/18. This included the Ermine School site and vacant general fund properties plus 67 Right to Buy sales of council dwellings.

4.3.3 **Pensions** – the payments made by the Council to the Lincolnshire County Council Pension Fund each year as employer contributions to the scheme and any addition costs relating to pension strain etc are reflected in the financial outturn position of the Council. However, accounting practice requires that in the Statement of Accounts pension costs are shown when the Council is committed to give them, even if the actual giving may be years into the future. This means that:

- The costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by employees, and the related finance costs and any other changes in value of assets and liabilities are recognised in the accounting periods in which they arise.
- The financial statements reflect the liabilities arising from the Council's retirement obligations.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities

Full details are provided in Note 44 to the accounts – Defined Benefit Pension Schemes (SOA page 99). The impact of these accounting requirements in

the core financial statements are:

- **Comprehensive Income & Expenditure Statement (CIES)** - The cost of retirement benefits in the CIES is shown as an actuarial estimate of £7.7m cost reflecting the retirement benefits earned during 2017/18 and to be funded in the future. This includes £5.5m current service costs and a net interest cost on the defined benefit obligations of £2.2m. This net cost is reversed out in the Movement in Reserves Statement (MiRS) and is replaced by the actual amount charged for pension contributions in the year of £3.7m.
- **Balance Sheet** – The Pension Reserve shows the underlying commitments that the Council has in the long term to pay retirement benefits based on an assessment by the pension schemes actuary. The balance on the Pensions Reserve is the net position of the schemes liabilities and assets. During 2017/18 the net liability has increased by £0.337m to £85.858m. This relatively small increase in the Pension Fund deficit resulted due to the default financial assumptions being relatively similar to 31st March 2017 and returns over the year being broadly in line with the 2017 expected return assumptions. The actuarial assumptions are detailed in note 44 to the accounts ‘Defined benefit pension scheme’.

It is important for members to be aware that the statutory arrangements for funding the remaining liability of £85.858m means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The financial position of the Council remains healthy.

4.3.4 **Officer remuneration** – note 35 to the accounts (SOA page 88) details senior staff salaries and the number of employees receiving more than £50k remuneration during the year (this includes receipt of any redundancy payments). Also detailed within the note is the redundancy/pension/payment in lieu costs paid in year, in line with Executive approvals of service review business cases and the Council’s redundancy policy.

4.3.5 **Borrowing** – the Council takes borrowing to fund capital expenditure. It also occasionally takes short term borrowing for cash flow purposes.

- Between 31st March 2017 and 31st March 2018 the Council’s total borrowing increased to £81.138m (excluding accrued interest which is shown in the Balance Sheet under short-term borrowing as at 31st March 2018).
- The total borrowing can be split between short term borrowing (payable within 12 months) of £3.784m and long term borrowing of £77.354m.
- The average rate of interest payable on borrowing was 4.09% which is a slight decrease on 2016/17 (4.15%) and due to the new loans taken being at low levels of interest.
- The Comprehensive Income and Expenditure Statement for 2017/18 includes £3.2m interest payable on borrowing (excluding leases) of

which £0.8m relates to the General Fund and £2.4m to the HRA.
The maturity profile of the outstanding borrowing as at 31st March 2018 is as follows:

Within	£m	% of Total Debt
1 year	3.784	4.66%
1 – 2 years	2.000	2.46%
2 – 5 years	5.000	6.16%
5 -10 years	5.897	7.27%
10 years and over	64.457	79.45%
Total	81.138	100.00%

4.3.6 **Investments** – in line with its Treasury Management Strategy, the Council invests surplus cash on the money markets, typically for periods less than one year to approved organisations, although core cash balances may be invested for periods over 1 year if interest rates and market conditions are favourable.

- As at 31st March 2018, total investments had decreased by £5.16m from £20.760m to £15.6m compared to the previous year end.
- Average investment balances during 2017/18 were £25.3m, compared to £27.5m in 2016/17.
- The average interest rate received on investments in 2017/18 was 0.67% (a small increase of 0.03% on the average rate achieved in 2016/17), which was 0.45% above the target 7 day LIBID rate.

5. Significant Policy Impacts

- 5.1 Strategic Priorities – The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Strategic Priorities during the financial year 2017/18.
- 5.2 Communication - The Statement of Accounts is available on the Council's website and the period of public inspection has been advertised. The completion of the audit of the Council's Statement of Accounts will be published on the Council website on 31st July 2018. The Statement of Accounts will also be made available on the website with a summary version of the accounts published in the Council's Annual Report.

6. Organisational Impacts

- 6.1 Finance - The financial implications are contained throughout this report.
- 6.2 Legal - In accordance with the Accounts and Audit Regulations 2015 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 31st July 2018.

7. Risk Implications

7.1 There are no direct risk implications arising as a result of this report.

8. Recommendation

8.1 The Executive are invited to scrutinise the Statement of Accounts and make any comments to Full Council at the meeting on 24th July 2018.

Key Decision No

Key Decision Reference No. N/A

Do the Exempt Information Categories Apply No

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

Does the report contain Appendices? Yes

List of Background Papers: Medium Term Financial Strategy 2017-2022
Financial Performance - Outturn 2017/18

Lead Officer: Robert Baxter, Financial Services Manager
Telephone 873361

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SUMMARY ACCOUNTS 2017-18

The Council produces a full set of accounts in compliance with relevant standards. In order to present the most important information from the accounts in a more user-friendly, understandable format this summary of accounts has been produced. The full statement of accounts are made up of a number of key statements and the main ones are summarised below.

Income and Expenditure

This table outlines the cost of running council services over the year.

NET EXPENDITURE	£'000
Chief Executive	5,798
Housing & Regeneration	1,010
Local authority housing (HRA)	(13,177)
Communities & Environment	8,712
Major Developments	5,345
Corporate	(270)
Net Cost of Services	7,418
Add: Corporate Income	(11,436)
Less: Corporate Charges	10,118
Amount to be met from government grants and local taxation	6,100
FINANCED BY:	£'000
Central Government Grant	(981)
Council Tax	(6,176)
NNDR Business Rates	(5,158)
Surplus on Provision of Services	(6,215)
Statutory Adjustments	6,918
General Fund balance brought forward	(2,312)
General Fund Balance carried forward	(1,609)

The Council's total gross spend on services for the year was approximately £84.419M. Council Tax equated to 6% of all income received by the Council. The City Council received £6.176 million of Council Tax in 2017/18. The Band D rating for Council Tax to the City Council was £259.38.

Balance Sheet

The Balance Sheet shows the current financial position of the Council at the end of the year. It shows the value of all assets and liabilities (what the council owes and is owed).

Here is a summary of the Balance Sheet as at 31 March 2018

Assets and Liabilities	£'000
Fixed Assets (Land & Buildings)	355,862
Stock (stores of materials)	220
Debtors (people who owe money to the Council)	10,374
Investments (value of money invested)	16,089
Cash at bank	876
Current Liabilities (council debts payable within 1 year)	(20,499)
Long-Term Liabilities (Debts payable after 1 year)	(166,759)
Assets held for sale	4,575
Total Net Assets	200,738
Financed By:	£'000
General Balances	2,633
Earmarked Reserves	32,641
Accounting Reserves	165,464
Total Reserves and Balances	200,738

The Council's most valuable asset is Yarbrough Leisure Centre, worth £7.8M. At the end of the year the council had £16.089M worth of investments. Investments earned £0.108M in interest during 2017/18. At the end of the year the council had £77.4M worth of borrowing and £3.1M interest was payable on borrowing during the year.

Cash Flow Statement

This table shows the flow of cash during the year:

CASH FLOW STATEMENT	£'000
Cash at 1 April 2017	241
Net Cash flow from operating activities	9,542
Net Cash flow from investing activities	(15,660)
Net cash flow from financing activities	6,753
Cash at 31 March 2018	876

Housing Revenue Account

It is a legal requirement that all income and expenditure on council houses is kept in a separate account called the Housing Revenue Account:

Number of properties

The Council owns 7,685 homes, consisting of the following types:

Low-Rise Flats	1,625
Medium Rise Flats	1,743
High Rise Flats	295
Houses/Bungalows	4,022
Total Council Dwellings	7,685

During the year 67 properties were sold under the Right to Buy scheme.

This table provides a summary of the Housing Revenue Account for 2017/18:

Income	£'000
Council house rents (gross)	(28,122)
Other Income	(518)
Expenditure	£'000
Repairs and maintenance	8,465
Supervision and management	6,123
Capital financing costs	454
Corporate costs	2,494
(Surplus)/Deficit for year	(11,104)
Statutory Adjustments	11,168
HRA Balance brought forward	(1,087)
HRA balance carried forward	(1,023)

Capital Expenditure

Capital expenditure is the money spent by the Council on purchasing and upgrading or improving assets that will help achieve the Council's priorities over a number of years. Good examples are regeneration, building construction and IT upgrades.

In 2017/18 the Council's capital expenditure totalled £39.8 million.

Here is a breakdown of the capital expenditure for 2017/18:

	£'000
Works to the Housing Stock	7,528
Council House New Builds	2,068
Lincoln Transport Hub	16,934
Purchase of Investment Properties & Assets	9,470
Leisure and Community Centre Improvements	1,538
Parks & Allotment Improvements	973
Other	1,294
Total Capital Spend	39,805

	£'000
General Fund Investment Programme	29,098
Housing Investment Programme	10,707
Total Capital Spend	39,805

DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018



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NARRATIVE REPORT

An introduction to the City of Lincoln's 2017/18 Statement of Accounts by J Gibson, Chief Finance Officer, Section 151 Officer.

The Statement of Accounts

The purpose of the Accounts, which follow, is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The Accounts show the financial performance for 2017/18 and the financial position at 31 March 2018. The Accounts present expenditure and income incurred by the Council in the financial year 2017/18 and highlight changes in the financial position of the Council over the course of the year.

The accounts of the Council are, by their nature, both technical and complex. The information contained within the Accounts for 2017/18 is presented as simply and clearly as possible and the Narrative Report explains some of the statements and provides a summary of the Council's financial performance as at 31st March 2018 and its financial prospects.

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the UK (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts consists of various sections and statements, which are briefly explained below:

A Narrative Report – this provides information on the format of this Statement of Accounts as well as a review of the financial position of the Council for the financial year.

The Statement of Responsibilities – this details the responsibilities of the Council and the Section 151 Officer concerning the Council's financial affairs and the actual Statement of Accounts.

The Audit Opinion and Certificate – this is provided by KPMG LLP following the completion of the annual audit.

The Accounting Policies – this statement explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

The Core Financial Statements, comprising:

- **The Movements in Reserves Statement** – this statement shows the movement in year on the different reserves held by the Council, analysed into 'usable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves.
- **The Expenditure & Funding Analysis** – this statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **The Comprehensive Income and Expenditure Statement (CIES)** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount funded from taxation. The Council raises taxation to cover the cost of expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **The Balance Sheet** – this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) of the Council are matched by the reserves held by the Council.
- **The Cash Flow Statement** – this statement shows the changes in cash and cash equivalents of the Council during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The Notes to the Financial Statements – these provide supporting and explanatory information on the Financial Statements.

The Supplementary Statements, comprising:

- **The Housing Revenue Income and Expenditure Statement** - this statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.
- **The Movement on the HRA Statement** – this statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

- **The Collection Fund Statement** - this statement is an agent's statement that reflects the statutory obligation for billing authorities (such as the City of Lincoln Council) to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from Council Tax and Business Rate payers and distribution to Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire (PCCL) and Government of Council Tax and National Non-Domestic Rates (NNDR).

generation of local income streams and increased demand for council services from customers who rely on the safety net provided by local government.

However in response to this environment the Council continues to deliver a track record of strong financial discipline. This means planning ahead, securing savings in advance, re-investing in more efficient ways of working, adopting a more commercial approach, prioritising resources for economic development measures, whilst making careful use of reserves to meet funding gaps and mitigate risks.

Financial Summary 2017/18

In common with the rest of local government the Council has continued to face a large number of challenges during 2017/18 which have seen:

- the continuation of severe central government funding reductions, the distribution of which has not been uniform across the different types of authority with some being significantly more affected than others, this Council being one of those suffering a greater proportionate loss.
- an increased reliance on retained Business Rates and the levels of financial risk and uncertainty that this creates.
- the legacy of impacts from the last economic crisis that still persist, affecting jobs, housing and business growth, low returns on investments, these in turn create pressure on the

The Council's successful financial management to date has enabled the protection of core services, whilst at the same time ensured that resources are directed towards the priority areas in the Council's Vision 2020.

2017/18 has seen a significant level of delivery against these Vision 2020 priority areas, with the completion of the £30m Lincoln Transport Hub scheme, £3.2m investment in new Council Housing and the £1.4m renovation of Birchwood Leisure.

In summary, 2017/18 has seen the Council deliver spending within budget in both the General Fund and the Housing Revenue Account, whilst achieving £0.309m revenue savings in addition to those achieved in previous years; and has delivered £39.805m of capital investment, up from £27.949m in 2016/17. In addition, the Council's net worth has increased from £189.731m in 2016/17 to £200.738m in 2017/18, an increase of 5.8%.

Performance

Whilst maintaining sound financial management and delivering spending within budget the Council has continued to deliver high quality services to its residents and customers. A summary of the key financial and performance indicators for 2017/18 is provided below:

2016/17		2017/18
99.4%	Business Rates collected	98.9%
97.1%	Council Tax collected	97.2%
99.3%	Housing rent collected	99.7%
97%	Invoices paid within 30 days	95.2%
4.15%	Interest rate payable on debt	4.09%
0.64%	Interest rate received on investments	0.68%
34.2%	Waste recycled	33.7%
226,582	Users of Health & Recreation services	218,181
97.4%	Housing repairs completed to target	97.5%
82.3%	Occupancy of allotments	80.1%
95.8%	Premises compliant with food health and safety inspection	98%
971	Number of planning applications received	1,022

Revenue Income and Expenditure

General Fund

The General Fund covers all net spending by the Council on services other than those accounted for in the Housing Revenue Account. General Fund services are partly paid for by government grants and contributions from Retained Business Rates, with the balance being funded from Council Tax and income from fees and charges.

For 2017/18, the approved net expenditure budget for General Fund services was £11.138m. After allowing

for planned contributions of £0.702m from non-earmarked general reserves the total Net General Fund Budget for 2017/18 was £10.436m.

The Net General Fund Budget of £10.436m assumed the achievement of £0.279m further savings which were to be delivered in 2017/18 as part of the Council's Towards Financial Sustainability Programme. The Programme was successful in delivering total savings of £3.530m. Work is underway to accelerate existing projects in the programme and to continue to develop further new projects to secure the additional

savings required in 2018/19 and future years.

The table that follows provides a summary of the final outturn position for the General Fund, against the net budget.



	ACTUAL 2017/18 £'000	BUDGET 2017/18 £'000	VARIANCE 2017/18 £'000
Chief Executive and Town Clerk	3,465	3,757	(292)
Directorate of Housing & Regeneration	736	748	(12)
Directorate of Communities & Environment	5,408	5,402	6
Directorate of Major Developments	1,125	1,090	35
Corporate	1,429	1,472	(43)
Net Operational Expenditure	12,163	12,468	(306)
Specific Grants	(1,663)	(1,647)	(16)
Savings Target	0	30	(30)
Earmarked Reserves	(711)	(1,862)	1,151
Capital Accounting Adjustment	1,630	1,922	(292)
Contingencies	0	226	(226)
Total Expenditure	11,418	11,138	280
Contribution from General Balances	(702)	(702)	(0)
Total Net Budget	10,715	10,436	280
Business Rates -			
Retained Business Rates Income	(16,295)	(17,084)	789
Tariff	12,228	12,397	(169)
Section 31 grant	(1,051)	0	(1,051)
Levy Payment	336	184	152
Revenue Support Grant	(981)	(981)	0
Council Tax	(6,145)	(6,145)	0
Council Tax Surplus	(38)	(38)	0
NNDR Deficit	1,229	1,229	0
Total Resources	(10,715)	(10,436)	(280)

While total expenditure was £10.715m (£0.280m more than budget) this is fully offset by £0.280m additional net business rate income (primarily from a reduced tariff payment and additional section 31 grants). As a result the actual contribution from general balances was £0.702m compared to the approved budget of £0.702m, resulting in a nil variance overall.

As at 31 March 2018, the Council held £6.169m General Fund revenue reserves, comprising £4.559m earmarked reserves (to cover specific or potential financial risks and liabilities) and £1.610m non-earmarked general reserves. This latter balance represents 15.4% of the 2017/18 annual net service budget and provides an adequate level of reserves to cover unforeseen financial risks. General Balances are in line with the prudently assessed minimum requirements in the Council's Medium Term Financial Strategy.



Housing Revenue Account

The Housing Revenue Account has to be kept as a separate account for all the expenditure and income relating to the landlord functions associated with the provision, management and maintenance of Council owned dwellings.

For 2017/18, the approved net operating budget for the Housing Revenue Account was a deficit of £0.064m. Actual net expenditure for 2017/18 was £0.064m deficit, resulting in a nil variance against the budget.

The table that follows provides a summary of the final outturn position for the Housing Revenue Account, against the net budget.

	ACTUAL 2017/18 £'000	BUDGET 2017/18 £'000	VARIANCE 2017/18 £'000
<u>Operational Expenditure</u>			
Repairs & Maintenance	8,465	7,498	967
Supervision & Management	6,233	6,653	(420)
Provisions (including Bad Debt)	286	187	99
Capital Financing	(223)	12,124	(12,347)
Sub Total	14,761	26,462	(11,701)
<u>Add:</u>			
HRS – repatriation of surplus	(253)	0	(253)
Contribution to/(from) CMS (IAS19 & Insurance Fund)	502	0	502
Interest Payable & Similar Charges	2,352	2,352	0
Total Expenditure	17,362	28,814	(11,452)
 <u>Income</u>			
Rents & Service Charges	(28,560)	(28,558)	(2)
Interest	(39)	(33)	(6)
Net Expenditure	(11,237)	223	(11,460)
 <u>Less:</u>			
Capital Accounting Adjustment	10,812	0	10,812
Appropriation to/(from) Major Repairs Reserves	765	0	765
Appropriation to/(from) Pension Fund Liability	(492)	0	(492)
Appropriations to/(from) Earmarked Reserves	216	(159)	375
Net HRA (Surplus)/Deficit	64	64	0

As at 31 March 2018, the Council held £2.595m HRA revenue reserves, comprising £1.572m earmarked reserves (to cover identified specific, potential financial risks and liabilities) and £1.023m non-earmarked general reserves.

Capital Expenditure

(Note 39)

Capital expenditure on the provision of new or enhanced assets is largely met from capital receipts, government grants, contributions from third parties and revenue contributions.

The Council's capital spending in the year was £39.805m compared to the

revised approved programme budget of £46.623m, representing an underspend of £6.818m against the profiled budget. The variance in 2017/18 is mostly due to the re-phasing of the Council's new build programme in addition to the re-profiling of a number of larger schemes within the general fund. The 2017/18 capital spending and funding position is summarised as follows:

	ACTUAL 2017/18 £'000	BUDGET 2017/18 £'000	VARIANCE 2017/18 £'000
Capital Expenditure			
General Fund	29,098	31,419	(2,321)
Housing Revenue	10,707	15,204	(4,497)
Total Expenditure	39,805	46,623	(6,818)
Financed by:			
Long Term Borrowing	22,439	24,638	(2,199)
Capital Receipts	4,674	4,383	291
Capital Grants and Contributions	3,016	3,284	(268)
Major Repairs Reserve	9,190	13,957	(4,767)
Revenue Contributions	486	361	125
Total Financing	39,805	46,623	(6,818)

Major Capital works carried out during 2017/18 are set out in the following table:

	£'000
Housing	
Decent Homes improvements to Council dwellings	5,164
Health & Safety	292
Council house new build schemes	3,242
Land Acquisition Fund	824
Other major works to housing stock	1,185
General Fund	
Lincoln Transport HUB	16,934
Purchase of tenanted Car Parks	6,965
Purchase of Land and Buildings	1,734
Transformation of Birchwood Leisure Centre	1,399
Boultham Park Masterplan	492
Allotment Improvement Programme	436
CCTV Upgrade	320
Disabled Facilities Grants	357
Other Schemes	461
Total	39,805

Capital Financing

The Council's capital programme is funded by a number of sources including the application of capital receipts, capital grants, contributions from the revenue account and long term borrowing. A summary of significant transactions in capital funding in 2017/18 is provided below:

Capital Receipts (Note 9)

The Council received £1.370m of General Fund capital receipts in 2017/18 which will be used to support delivery of the General Fund Investment Programme.

The Council also received £3.301m of HRA receipts. These will be used to support the new build programme within the Housing Investment Programme and investment in the housing stock.

Major Repairs Reserve (Note 9)

The Council is required to maintain a Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.



Long Term Borrowing (Note 18)

The Council undertakes long term borrowing, for periods in excess of one year, in order to finance capital expenditure. An assessment of the use of borrowing to fund capital expenditure is made through the application of the CIPFA Prudential Code in the Council's annual Treasury Management Strategy. This approach provides a framework for decision making highlighting the level of capital expenditure, the impact on borrowing and investment levels and the overall controls in place to ensure activity remains affordable, prudent and sustainable.

The Council satisfies its long term borrowing requirement by securing external loans.

Although the Council requires long term borrowing in order to finance capital expenditure, it can temporarily defer the need to borrow externally by using cash set aside for longer term purposes (in line with its Treasury Management Strategy); this practice means that there is no immediate link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside is to reduce the level of cash that the Council has available for investment.

The Council's level of total debt outstanding, (excluding loans of £0.030m which the Council holds for local charities and Bonds worth £0.003m), as at 31 March 2018 was £77.354m.

Total Long Term Borrowing Outstanding		
31/03/17		31/03/18
£'000	Source of loan	£'000
58,793	Public Works Loan Board	58,793
16,000	Market and Other Long Term Loans	18,000
561	Other (3% stock)	561
75,354	Total	77,354

Long-term borrowing of £2m and £3.75m of short term borrowing was taken during 2017/18 however the Council remains under borrowed by £27.817m (i.e. the Council's actual borrowing is £27.817m less than its borrowing requirement at 31 March 2018). Representing an increase of £12.252m on the actual position as at 31 March 2017 of £12.565m. This means that the borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered prudent whilst investment returns are currently low and internal balances allow for this. Additional long-term borrowing will be taken in 2018/19 and future years to bring levels up to the Council's borrowing requirement, subject to liquidity requirements, if preferential interest rates are available.

Pension Costs (Note 44)

The Council accounts for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. This means that:

- The financial statements reflect the liabilities arising from the Council's retirement obligations.

- The costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by employees, and the related finance costs and any other changes in value of assets and liabilities are recognised in the accounting periods in which they arise.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities

The Balance Sheet presents an increase in the estimated Pension Fund Reserve net liability over the 2017/18 year of £0.337m, up from £85.521m at 1 April 2017 to £85.858m at 31 March 2018. This increase in the Pension Fund deficit resulted mainly from changes in financial assumptions. This is recognised as re-measurements on defined benefit obligation, which is shown in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

The statutory arrangements for funding the remaining liability of £85.858m means that this deficit will be made good by the increased level of annual employer contributions payable to the

Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2017, the results at that time identified that there has been a slight improvement in the funding position since the last actuarial review from a 67% funding level to 70%.

Although the overall funding position has improved slightly, the employer contribution rates are still required to increase in order to improve the funding position further. Because of the guaranteed nature of Local Government Pension Scheme a stabilisation overlay mechanism is applied, whereby the employer's current contribution rate is capped at an affordable level. Without this in place the Council would be facing significantly higher contribution rates in order to increase the funding position.

This stabilisation approach has allowed the annual increase in the contribution rate to be capped at 1% p.a. over the period 2017/18 to 2019/20.



Future Plans

The Council's Vision 2020 sets out the Council's vision for the future of the

city, strategic priorities and core values. Although the Vision looks ahead for up to 30 years it specifically includes a programme of activity up to 2020, which seeks to not only deal with the most pressing issues in the city, but also details how the Council will work, with others, to further grow Lincoln's economy.

The Council's vision for 2020 is;

"Together, let's deliver Lincoln's ambitious future"

Underpinning this vision are four strategic priorities, each with a number of supporting aspirations. The aspirations are in turn supported by groups of projects that will be delivered throughout the three year programme.

The four strategic priorities are:

- Let's drive economic growth
- Let's reduce inequality
- Let's deliver quality housing
- Let's enhance our remarkable place

Delivery of the Council's Vision 2020 provides the focus for the Council in terms of the projects it seeks to deliver and the high performing services that it provides.



General Fund

Despite the financial challenges the Council has already faced, and successfully managed, local government is still set to experience significant funding reform from 2020.

The Fair Funding Review will re-establish the baseline need of every local authority, and, at the same time, business rates baselines will be reset for the first time. The government also intends to redesign the business rates retention system, moving to 75% local retention, while restructuring the system of risk and rewards. All this is due to come into effect in April 2020.

Ahead of this the Council's General Fund continues to face a significant financial challenge if it is to continue to deliver its Vision 2020 priorities and to deliver services to the public within a reduced, and more variable funding envelope.

Whilst the three year programme of activity set out in the Vision 2020 is fully resourced within the Council's Medium Term Financial Strategy, the Strategy also includes a savings target still to be achieved along with a number of significant financial risks which could affect the level of savings required.

Over the last 10 year period the Council has delivered savings in excess of £7.5m, a significant reduction in comparison to the overall net expenditure budget. However further savings of £0.102m are still to be delivered in order to achieve the current target by 2018/19.

The Towards Financial Sustainability (TFS) programme is and continues to be the vital element in ensuring that the Council maintains a sustainable financial position and delivers the required reductions in the net budget.

In order to refocus and maintain momentum the TFS programme has been re-aligned and there are now three agreed strands to achieve savings. These are:

- Commercialisation – generation of new income streams, and commercial trading opportunities
- Asset Rationalisation – optimisation of usage and commercial returns of the City's property and land portfolio
- Shared Services/ savings – ensure the provision of professional, high performing services

Alongside this programme the Council will continue to seek ways to maximise its tax bases through economic development measures, through its Vision 2020, which enhance the economic prosperity of the City.

Housing Revenue Account (HRA)

HRA Self-financing was implemented from 1 April 2012 following a one-off settlement to the Treasury, in order to 'buy out' of the old subsidy system. The new system incentivised landlords to manage their assets well and yield efficiency savings. With this however also came the transfer of significant risks from Central Government to local authorities. The Council now bears the responsibility for the long term security and viability of council housing in Lincoln and has to fund all activity related to council housing from the income generated from rents, through long term business planning.

It was anticipated that there would be greater certainty about future income as councils were no longer subject to

annual funding decisions by Central Government, enabling them to develop long-term plans, and to retain income for reinvestment.

A key element of the self-financing regime is for the Council to construct a 30 year Business Plan for the HRA. The Council's latest Housing Revenue Account Business Plan 2016-2046, was approved in February 2016 following a fundamental review of resources, investment requirements and priorities. The Business Plan reflects the impact of government policy changes, the results of stock condition surveys and financial assumptions at the time. The Business plan sets out:

- the long term plans for the Council's housing stock
- the finances to deliver plans
- how the Council will manage the income from its stock, demand for housing and stock condition, and:
- the Council's ambitious plans, alongside the resources to deliver, a significant number of new Council dwellings.

Capital Expenditure

The Council's capital programmes will deliver projects to the value of £92.904m over the next five years, with £40.014m estimated to be spent in 2018/19. This includes significant investment in the Council's key strategic projects which includes a significant land and property acquisition in addition to further investment on Council dwellings and Council buildings, including the construction of new council housing.



Capital resources for the next five years include capital receipts, government grants, contributions from third parties and revenue contributions.

The Housing element of the capital programme represents the largest element of capital expenditure over the next 5 years and is predominantly reliant upon revenue contributions from the Housing Revenue Account (HRA) through both depreciation charges and direct revenue contributions. The HRA Business Plan includes the release of capital resource to fund significant capital investment in new housing stock over the medium term. Given that revenue support is now the primary source of capital funding, it is recognised that it is critical that there is robust budget management of the HRA and that opportunities to achieve efficiencies and maintain/maximise income streams are actively pursued.

Cash flows

The future cash flows will be dependent on the outcome of a number of key assumptions in the Medium Term Financial Strategy and HRA Business Plan, of which the Council's has varying degrees of influence over the outcomes. Some of the key determinants will be:

- Actual Business Rates base in year compared to the assumed levels in the budget, and the

ongoing risk of funding the backdated costs of any successful valuation office appeals by businesses within the city.

- Collection rates for Council Tax, Business Rates and Rents
- Income received compared to income targets (e.g. car parking, planning and building control)
- Interest rates achieved on investments and secured on new borrowing
- Timescale for payment of invoices and collection of debts.
- Profile of capital spending and funding over the MTF5.

Summary

Whilst addressing the financial challenges it faces in the forthcoming years the Council will also continue to maintain the correct balance between these challenges and ensuring that its limited resources are directed towards its strategic priorities.

Vision 2020 is supported by a programme of activity, resourced through the Medium Term Financial Strategy, that seeks to not only deal with the most pressing issues in the city, but also how the Council will work, with others, to embrace and maximise Lincoln's economy through schemes such as the Transport Hub and New Council House Building Programme.

This investment in growth and the local economy alongside the Council's savings programme, with a key focus on income generation, forms the foundations of the Council's approach to financial planning over the medium term, seeking to enhance its financial resilience and to continue to focus its resources towards achieving its aspirations in its Vision 2020.



Group Accounts

The increasing scope and scale of local authorities moving away from traditional ways of providing services makes it increasingly difficult for the Council's own financial statements to present fairly all the aspects of control over service provision and accountability for all resources and exposure to risks that the Council has taken on. A consolidated set of group accounts can make a vital contribution towards giving users a full picture of the Council's sphere of control and influence.



The Council has a collaborative arrangement with North Kesteven and West Lindsey District Councils to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council contributed £99k to the service which is contained within the Communities and Environment line of the CIES. The Council also has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is

hosted by the City of Lincoln Council. The Council contributed £1.198K to the service which is contained within the Chief Executive's Directorate line in the CIES. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. Under these arrangements the ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for

separately within the Core Financial Statements.

Further Information

Further information about the accounts is available on request from the Chief Finance Officer, City Hall, Beaumont Fee Lincoln LN1 1DB. In addition, local electors have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website.

J Gibson

J Gibson ACCA
Chief Finance Officer
(Section 151 Officer)

COUNCIL APPROVAL

The Statement of Accounts for the year 1 April 2017 to 31 March 2018 has been prepared and I confirm that these Accounts were approved by the City of Lincoln Council, at the meeting held on 24th July 2018

To be signed at the July Council meeting

Councillor Keith Weaver
Chair of Council

Date: 24th July 2018

THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer;
- to manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the UK ('the Code').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounts present a true and fair view of the financial position of the Authority at 31 March 2018 and its income and expenditure for the year ended on that date.

J Gibson

J Gibson ACCA
Chief Finance Officer
Date: 31st May 2018

EXPENDITURE AND FUNDING ANALYSIS

31 March 2017

31 March 2018

	Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
30	1,373	(1,721)	2,607	5,701	Chief Executive's Directorate	3,464	(967)	1,367	5,798
	562	0	581	1,143	Housing and Regeneration	736	0	274	1,010
	(1,037)	0	(53,345)	(54,382)	Housing Revenue Account (HRA)	(9,953)	0	(3,224)	(13,177)
	726	(6)	7,063	7,795	Communities and Environment	5,408	(2)	3,302	8,712
	(509)	0	2,475	1,966	Major Developments	1,124	0	4,221	5,345
	1,492	795	(736)	(39)	Corporate Services	1,430	803	(896)	(269)
	2,607	(932)	(41,355)	(37,816)	Net Cost Of Services	2,209	(166)	5,044	7,419
	(2,192)	932	(15,357)	(18,481)	Other Income and Expenditure	(947)	166	(12,520)	(13,633)
	415	0	(56,712)	(56,297)	(Surplus) or Deficit on Provision of Services	1,262	0	(7,476)	(6,214)
	<u>GF</u>		<u>HRA</u>	<u>Total</u>		<u>GF</u>		<u>HRA</u>	<u>Total</u>
	(9,957)		(4,522)	(14,480)	Opening Balance	(9,330)		(4,730)	(14,060)
	627		(207)	419	Less/ Plus Surplus or (Deficit) in Year	1,388		(126)	1,262
	(9,330)		(4,730)	(14,057)	Closing Balance at 31 March	(7,942)		(4,856)	(12,798)

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by Councils in comparison with those resources consumed or earned by Councils in accordance with generally accepted practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's different categories of expenditure and income. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Further analysis can be found in Note 8.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRS £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2016	2,010	11,463	1,005	0	6,609	5,325	533	26,945	121,849	148,794
Movement in reserves during 2016/17										
Surplus or (deficit) on provision of services	2,741	0	53,552	0	0	0	0	56,293	0	56,293
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(15,362)	(15,362)
Total Comprehensive Expenditure and Income	2,741	0	53,552	0	0	0	0	56,293	(15,362)	40,931
Adjustments between accounting basis & funding basis under regulations (Note 9)	(3,368)	0	(53,345)	0	1,097	4,073	(133)	(51,676)	51,676	0
Other adjustments	0	0	0	0	2,974	0	0	2,974	(2,974)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(627)	0	207	0	4,071	4,073	(133)	7,591	33,341	40,932
Transfers (to)/from Earmarked Reserves	929	(890)	(128)	89	0	0	0	0	0	0
Increase/Decrease in 2016/17	302	(890)	80	89	4,071	4,073	(133)	7,591	33,341	40,932
Balance at 31 March 2017 carried forward*	2,312	10,573	1,087	89	10,680	9,398	400	34,539	155,191	189,731

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRS £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Movement in reserves during 2017/18										
Surplus or (deficit) on provision of services	(4,889)	0	11,103	0	0	0	0	6,214	0	6,214
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	4,795	4,795
Total Comprehensive Expenditure and Income	(4,889)	0	11,103	0	0	0	0	6,214	4,795	11,009
Adjustments between accounting basis & funding basis under regulations (note 9)	3,476	0	(10,950)	0	639	(153)	(14)	(7,003)	7,003	0
Other adjustments	0	0	0	0	1,523	0	0	1,523	(1,523)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,413)	0	153	0	2,162	(153)	(14)	736	10,273	11,009
Transfers (to)/from Earmarked Reserves	710	(493)	(217)	0	0	0	0	0	0	0
Increase/Decrease in Year	(703)	(493)	(64)	0	2,162	(153)	(14)	735	10,277	11,009
Balance at 31 March 2018 carried forward	1,609	10,080	1,023	89	12,842	9,245	386	35,274	165,464	200,739

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2017/18

31 March 2017			Note	31 March 2018		
Gross* Expenditure £'000	Gross* Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
43,173	(37,471)	5,701		43,342	(37,544)	5,798
1,657	(513)	1,144		1,938	(928)	1,010
17,134	(29,131)	(11,997)		15,463	(28,640)	(13,177)
(42,385)	0	(42,385)		0	0	0
16,981	(9,186)	7,796		18,002	(9,290)	8,712
2,810	(844)	1,966		5,523	(178)	5,345
839	(878)	(39)		150	(419)	(270)
40,209	(78,023)	(37,815)	Cost Of Services	84,419	(77,001)	7,418
	5,404		Other Operating Expenditure			348
	3,570		Financing and Investment Income and Expenditure			3,000
	(27,454)		Taxation and Non-Specific Grant Income			(16,980)
	(56,294)		(Surplus) or Deficit on Provision of Services			(6,214)
	(2,596)		(Surplus) or deficit on revaluation of non-current assets	14,16,22		(1,057)
	0		Impairment Losses on Non- Current Assets charged to the Revaluation Reserve			0
	3		(Surplus) or deficit on revaluation of available for sale financial assets	26e		(58)
	17,955		Total re-measurements on defined benefit obligation	44		(3,682)
	15,362		Other Comprehensive Income and Expenditure			(4,797)
	(40,932)		Total Comprehensive Income and Expenditure			(11,011)

*Restated to be comparable
with 2017/18 figures

BALANCE SHEET AS AT 31 MARCH 2018

31 March 2017 £'000		Notes	31 March 2018 £'000
312,454	Property, Plant & Equipment	4,14,39,41	332,979
5,478	Heritage Assets	15	6,091
8,519	Investment Property	14,16	16,224
629	Intangible Assets	14,39	568
416	Long Term Investments	18,47	473
141	Long Term Debtors		133
327,637	Long Term Assets		356,468
2,525	Assets Held for Sale	22	4,575
20,823	Short Term Investments	18,47	15,616
324	Inventories	19	220
241	Cash at Bank	21	876
17,974	Short Term Debtors	18,20,47	10,241
41,887	Current Assets		33,528
0	Cash and Cash Equivalents	21	0
(1,376)	Short Term Borrowing	18	(5,135)
(13,377)	Short Term Creditors	18,23	(15,364)
(14,753)	Current Liabilities		(20,499)
(576)	Long Term Creditors	18	(342)
(3,589)	Provisions	24	(3,205)
(75,354)	Long Term Borrowing	18	(77,354)
(85,521)	Other Long Term Liabilities	4,44	(85,858)
(165,040)	Long Term Liabilities		(166,759)
189,731	Net Assets		200,738

BALANCE SHEET AS AT 31 MARCH 2018

31 March 2017 £'000		Notes	31 March 2018 £'000
34,539	Usable reserves		35,274
2,312	General Fund	MIRS	1,610
7,018	Earmarked Reserves	10	6,131
1,087	Housing Revenue Account	MIRS	1,023
89	HRS	MIRS	89
10,680	Major Repairs Reserve	MIRS/HRA4	12,841
9,398	Capital Receipts Reserve	MIRS	9,245
398	Capital Grants Unapplied	MIRS	385
3,557	Insurance Fund	10	3,950
 155,192	 Unusable Reserves		 165,464
22,723	Revaluation Reserve	26a	22,145
(85,521)	Pensions Reserve	26,44	(85,858)
219,275	Capital Adjustment Account	26b	228,813
57	Deferred Capital Receipts	26c	57
(60)	Financial Instruments Adjustment Account	26d	(58)
400	Available-for-Sale Financial Instruments Reserve	26e	458
(1,257)	Collection Fund Adjustment Account	26f	342
(425)	Accumulated Absences Account	26g	(435)
 189,731	 Total Reserves		 200,738

CASH FLOW STATEMENT

31 March 2017 £'000		Notes	31 March 2018 £'000
56,294	Net surplus or (deficit) on the provision of services		6,214
(26,539)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	28	11,001
(20,328)	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	29	(7,673)
9,427	Net cash flows from Operating Activities		9,542
(11,021)	Investing Activities	30	(15,660)
1,692	Financing Activities	31	6,753
98	Net (increase) or decrease in cash and cash equivalents		635
143	Cash and cash equivalents at the beginning of the reporting period		241
241	Cash and cash equivalents at the end of the reporting period	21	876

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NOTES TO THE ACCOUNTS

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other Notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £2,000 in any single case.

Note 1 – Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Statement of Accounts has been prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the Accounts and Audit Regulations 2015.

The accounting convention adopted in the Statement of Accounts is historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts are prepared on a going concern basis which assumes that the functions of the Council will continue in operational existence for the foreseeable future.

2. Accruals of Income and Expenditure

The revenue accounts of the Council are maintained on an accruals basis meaning that activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Charges to Revenue for Non-Current Assets

Service revenue accounts, central support services and trading accounts are charged with the following amounts to reflect the cost of holding fixed assets during the year:

- depreciation of the assets used by the service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off
- amortisation of intangible fixed assets used by the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is referred to as the Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP). The Council's policy on MRP is approved by Council in March each year as part of the Treasury Management Strategy. Depreciation, revaluation and impairment losses and amortisation are replaced by the MRP and VRP, by way of an adjusting transaction between the Capital Adjustment Account and the General Fund Balance in the Movement in Reserves Statement, for the differences between the two.

7. Council Tax and Non-Domestic Rates

The Council (as the billing authority) acts as an agent, collecting council tax and non-domestic rates (NDR) on behalf of Lincolnshire County Council and Lincolnshire Police (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, all share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

8. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements or time off in lieu, earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which employees take the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs of restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to relevant accounting standards. In the Movement in Reserves Statement, transfers are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Lincolnshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the protected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and forecasts of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the pension scheme actuary (based on the yield of UK Government Bonds plus a 'credit spread' allowance to reflect the extra risk involved in using AA corporate bond yields).

The assets of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pensions liability is analysed into the following components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Net interest cost on the net defined benefit liability (asset), i.e net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions

– charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Local Government Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

9. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual charges for interest payable are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, and are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, with accrued interest due within one year shown under short term borrowings; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, any premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the unexpired life of the original loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive

Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, with interest receivable within one year shown under short term investments and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, occasionally the Council may make loans to other parties (e.g. voluntary organisations) at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in the Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuation or most recent price at which the shares changed hands.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

11. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where material amounts in foreign

currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses, if material, are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and the third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by BID levy paid by non-domestic ratepayers. The Council acts as a principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable development for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of

infrastructure projects (these include transport and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure, however a proportion of the charges may be used to fund revenue expenditure

13. Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences). Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council for a period of more than one year.

Internally generated intangible assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of the Council's website is not capitalised as the website is primarily intended to promote or advertise the Council's services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

Intangible assets are amortised over their useful life and charged to the relevant service lines in the Comprehensive Income and Expenditure. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

14. Interests in Companies and other Entities

Councils are required to produce Group Accounts to include services offered to Council Tax payers by organisations other than the Council itself but in which the Council has an interest. There are a number of criteria set out by which the Council

must determine whether the value of the company and the Council's interest is significant enough for Group Accounts to be produced. The Council has complied with the Code of Practice on Local Authority Accounting, and while it has identified a company over which it has joint control, it has concluded that the company does not meet the criteria that would require consolidation into the Council's accounts.

15. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either the FIFO or weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus and Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

16. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but are re-valued annually according to market conditions to ensure that they are held at the highest and best use value on the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

17. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. If and when these exist the Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a

separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

18. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A financing charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution (Voluntary Revenue Provision - VRP) is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by the VRP in the General Fund Balance, by way of an adjusting transaction with the

Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefiting from use of the leased asset. Charges are made on a straight-line basis over the term of the lease.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain and loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a long-term lease debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipt Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserve Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

19. Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

20. Non-Current Assets – Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant or Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. Repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Investment properties and surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, in exceptional circumstances, gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to services.

When decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are reviewed at each year-end for evidence of reductions in value i.e. impairment. Where impairment is identified, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

When impairment losses are identified, they are accounted for as follows:

- Where there is a balance in the revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – straight-line allocation over the replacement lives of the major components as identified within the Housing Investment Programme
- Other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of each class of asset

Where an item of property, plant or equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. A major component is defined as comprising at least 20% of the value and having a useful life of 50% or less of that of the parent asset.

Council dwellings are separated into their principal components, which are depreciated separately. The components are defined by reference to the Building & Construction Industry Standard (BCIS) and the Housing Investment Programme elements. The replacement life cycles as recommended by BCIS and the Housing Investment Programme are used for the purposes of depreciation. Components are depreciated based on the existing Use Social Housing value.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge on assets and the depreciation that would have been charged based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

21. Heritage Assets

The Council holds a number of Heritage Assets, which can be grouped into the following categories:

- Civic Insignia
- Art and Sculptures
- Musical Instruments
- Vehicles
- Ancient Monuments and War Memorials
- Miscellaneous

These are not held in a single collection but in a number of appropriate locations, where they are considered to contribute to increasing the knowledge, understanding and appreciation of the Council's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

- **Civic Insignia**

The collection of civic insignia includes the Mayor's and Sheriff's badges and chains of office, mace and ceremonial swords. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are subject to periodic reviews by a specialist valuer. The civic insignia are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

- **Art and Sculptures**

This category includes paintings and a number of public art works such as statues and sculptures. Where a valuation is available e.g. an insurance valuation, the asset is reported in the balance sheet at this valuation. However, for a number of public art sculptures and statues, no cost or valuation information is available and consequently, these assets are not recognised in the balance sheet. Where artworks are recognised, they are deemed to have indeterminate lives and the Council does not consider it appropriate to charge depreciation.

- **Musical Instruments**

The Council holds a Steinway grand piano at the Drill Hall and a Stradivarius violin, which is on loan to the Halle orchestra. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are subject to periodic reviews by a specialist valuer. The instruments are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

- **Vehicles**

The Council holds one diesel locomotive as a heritage asset. This is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuations are subject to periodic reviews by a specialist valuer. The vehicle is deemed to have indeterminate lives as it is not in operation but is on display; hence the Council does not consider it appropriate to charge depreciation.

- **Ancient Monuments and War Memorials**

This category includes various roman ruins and ancient structures and four war memorials. The Council does not consider that reliable cost or valuation information can be obtained for the items in this category. This is because of the nature of the assets held and the lack of market values. Consequently, these assets are not recognised in the Balance Sheet.

- **Miscellaneous**

This category includes any other assets which are being held for their contribution to knowledge and culture but do not readily fall into the above categories. One example is the collection of Books of Remembrance held at the City crematorium. These items are reported in the Balance Sheet at either cost or insurance valuation where material. No depreciation is charged on these assets.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's accounting policies on impairment. The Council may occasionally dispose of heritage assets which are unsuitable for public display or to an appropriate body which will ensure the asset is maintained and displayed within a suitable collection e.g. to a museum or historical trust. The proceeds of such items are accounted for in accordance with the Council's accounting policy on disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

22. Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. These should be:

- Immediately available for sale
- Sale is highly probable
- Actively marketed
- Expected to be sold within 12 months

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus and Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from the disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are transferred to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account in the General Fund Balance in the Movement in Reserves Statement.

23. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

24. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in

that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

25. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

26. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

27. Fair Value

The Council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing an asset or liability (assuming they were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques, which takes into account the three levels of inputs to valuations for fair value assets:

- Level 1 – quoted prices

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Note 2 – Accounting Standards Issued, Not Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2018/19 (the Code) has introduced new and amended accounting standards as follows:

- IFRS 9 Financial Instruments - which introduces extensive changes to the classification and measurement of financial assets, and a new “expected credit loss” model for impairing financial assets.
- IFRS 15 Revenue from Contracts with Customers – which presents new requirements for the recognition of revenue, based on a control-based revenue recognition model.
- Amendment IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses - applies to deferred tax assets related to debt instruments measured at fair value.
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative – which will potentially require some additional analysis of Cash Flows from Financing Activities

These accounting changes which will be required from 1 April 2018.

The adoption of these new and amended standards is not expected to have a material impact on the Council's statement of accounts.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- **Local Government funding** - There is a high degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision.
- **Group Boundaries** - The Council has a collaborative arrangement with the Lincolnshire County Council, North Kesteven and West Lindsey District Councils to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council also

has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is hosted by the City of Lincoln Council. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. These arrangements are considered as a Jointly Controlled Operation, where ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for separately within the Core Financial Statements.

- **Investment properties** - Investment properties have been estimated using the identifiable criteria under IFRS of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which are subject to interpretation.
- **Leases** - The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- **Investments** - Investment in banks and other financial institutions are secure and will not suffer impairments.

Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Balance Sheet 31 March 2018 – Provision for Business Rate Appeals (£3.057m)	Since the introduction of the Business Rates Retention Scheme effective from April 2013, local authorities are liable for successful appeals against business rates charges to businesses in 2017/18 and earlier financial years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to the 31 st March 2018. A third-party independent specialist has been used to estimate the required provision using the latest Valuation Office ratings list of appeals and an analysis of successful appeals to date.	The Council's share of the balance of business rates appeals at 31 March 2018 amounted to £3.057m, a decrease of £0.257m/7.8% from the previous year. An increase or reduction of 10% of the estimated provision would increase/decrease the Council's share of NNDR appeals provision by £0.306m.
Property, Plant and Equipment (PPE) (Balance Sheet 31 March 2018 – PPE £333m)	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful lives of the assets reduce, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.64m for every year that the useful lives had to be reduced.
Assets held for sale and investment properties (Balance Sheet 31 March 2018 - assets held for sale £4.6m - Investment properties £16.2m)	Assets classified as Held for Sale or as Investment Property are carried at fair value based on a recently observed market price. Market prices can fluctuate considerably due to global events. The value of these assets was current at the Balance Sheet date, but it cannot be determined for how long this value will be correct.	A 1% reduction in the value of investment properties would result in a charge to the Comprehensive Income & Expenditure Statement of £0.21m; a 1% increase in value would result in the recognition of a gain of £0.21m in the Comprehensive Income & Expenditure Statement.
Arrears Balance Sheet 31 March 2018 - Debtors total of £10.2m includes £5.7m debtors (subject to arrears)	As at 31 March 2018, the Council had a balance on current debtors of £5.654m. A review of significant balances suggested that an impairment of doubtful debts of £1.849m was required.	If collection rates were to deteriorate by 5% the amount of the impairment of doubtful debts would require an additional £0.283m to be set aside as an allowance.
Pension Liability Balance Sheet 31 March 2018 - pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase,	The effects on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
£85.9m)	changes in retirement ages, mortality rates and the expected return on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) is engaged to provide the Council with expert advice about the assumptions to be applied. For more information on the Defined Benefit Pension Scheme please refer to note 44.	discount rate assumption would result in an increase in the pension liability of £20.590.
Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Investments Balance Sheet 31 March 2018 - Short term investments £15.6m - Long term investments £0.4m)	At 31 March 2018, the Council held £15.616m of short term investments. These comprise £6.602m invested in AAA-rated instant access Money Market Funds; £8.012m invested in A rated UK banks and £1.001m invested in local authorities, all for periods of up to 1 year.	As most of the investments are either in AAA-rated MMF's or short term deposits in A rated UK banks, the risk of impairment is considered to be minimal. Also there is a short term deposit with a local authority, which is again very low risk.

Note 5 – Prior Period Adjustment

There were no prior period adjustments in 2017/18.

Note 6 – Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31st May 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7A – Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS								
2016/17					2017/18			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s
2,229	362	16	2,607	Chief Executive's Directorate	330	1,009	28	1,367
550	83	(51)	582	Housing and Regeneration	2	262	10	274
(54,096)	752	(1)	(53,345)	Housing Revenue Account (HRA)	(4,595)	1,381	(10)	(3,224)
6,759	301	3	7,063	Communities and Environment	2,471	843	(12)	3,302
2,450	10	15	2,475	Major Developments	4,172	55	(6)	4,221
0	(736)	0	(736)	Corporate	0	(896)	0	(896)
(42,108)	771	(18)	(41,355)	Net Cost of Services	2,380	2,654	10	5,044
(16,244)	1,363	(476)	(15,357)	Other Income & Expenditure from the Funding Analysis	(12,286)	1,365	(1,599)	(12,520)
(58,352)	2,134	(494)	(56,712)	Difference between General Fund Surplus/ Deficit and CIES Income & Expenditure Statement Surplus/ Deficit	(9,906)	4,019	(1,589)	(7,476)

Note 7B – Segmental Income Analysis

Income received on a segmental basis is analysed below:

	Income from Services	Income from Services
Services	2016/17	2017/18
	£'000s	£'000s
Chief Executive's Directorate	(4,424)	(4,759)
Housing & Regeneration	(498)	(588)
Housing Revenue Account (HRA)	(29,232)	(28,990)
Communities & Environment	(8,925)	(9,027)
Major Developments	(591)	0
Corporate	(208)	(11)
Total Income analysed on a Segmental Basis	(43,878)	(43,374)

Note 8 – Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

	2016/17	2017/18
	£'000s	£'000s
Expenditure/ Income		
Expenditure		
Employee Benefit Expenses	21,746	23,026
Other Services Expenses	66,912	66,111
Support Service Recharges	2,750	3,054
Depreciation, Amortisation, and Impairment	(35,994)	4,743
Interest Payments	7,823	9,569
Precepts and Levies	795	803
Payments to Housing Capital Receipts Pool	534	529
Gain/(loss) on Disposal of Assets	4,076	(985)
Total Expenditure	68,642	106,851
Income		
Fees, Charges and other Service Income	(60,496)	(59,631)
Interest and Investment Income	(2,555)	(3,493)
Income from Council Tax and Non-Domestic Rates	(9,916)	(10,283)
Government Grants and Contributions	(51,969)	(39,658)
Total Income	(124,936)	(113,065)

Surplus or Deficit on the Provision of Services	(56,294)	(6,214)
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Note 9 – Adjustment between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year (the balance is not available to be applied to funding HRA services).

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2017/18	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	2,638	1,381	0	0	0	4,019
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	(2)
Council Tax and NNDR transfers to (or from) the Collection Fund Adjustment Account	(1,599)	0	0	0	0	(1,599)
Holiday Pay (transferred to the Accumulated Absences Reserve)	20	(10)	0	0	0	10
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,104	(7,728)	0	0	3,002	(622)
Total Adjustments to Revenue Resources	5,161	(6,357)	0	0	3,002	1,806
Adjustments between Revenue and Capital Resources						0
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,370)	(3,830)	5,200	0	0	0
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	529	0	(529)	0	0	0
Posting of HRA resources to the Major Repairs Reserve	0	(765)	0	639	0	(126)
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(484)	0	(150)	0	0	(634)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(360)	0	0	0	0	(360)
Total Adjustments between Revenue and Capital Resources	(1,685)	(4,595)	4,521	639	0	(1,120)

2017/18	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(4,674)	0	0	(4,674)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	0	0
Application of Capital grants to finance capital expenditure	0	0	0	0	(3,016)	(3,016)
Total Adjustments to Capital Resources	0	0	(4,674)	0	(3,016)	(7,690)
Total Adjustments	3,476	(10,952)	(153)	639	(14)	(7,004)

2016/17	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	1,382	752	0	0	0	(2,134)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	2
Council Tax and NNDR (transfers to (or from) the Collection Fund Adjustment Account)	(476)	0	0	0	0	476
Holiday Pay (transferred to the Accumulated Absences Reserve)	(18)	(1)	0	0	0	19
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(924)	(48,045)	0	0	13,548	35,421
Total Adjustments to Revenue Resources	(38)	(47,294)	0	0	13,548	33,784
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(2,362)	(4,954)	7,316	0	0	0
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	534	0	(534)	0	0	0
Posting of HRA resources to the Major Repairs Reserve	0	(1,097)	0	1,097	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,044)	0	0	0	0	1,044
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(458)	0	0	0	0	458
Total Adjustments between Revenue and Capital Resources	(3,330)	(6,051)	6,782	1,097	0	1,502

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2016/17	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(2,708)	0	0	2,708
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	0	0
Application of Capital grants to finance capital expenditure	0	0	0	0	(13,681)	13,682
Total Adjustments to Capital Resources	0	0	(2,708)	0	(13,681)	16,390
Total Adjustments	(3,368)	(53,345)	4,073	1,097	(133)	51,675

Note 10 – Movements in Earmarked Reserves

These amounts are held to meet expenditure in future financial years. The movements on these Revenue Reserve Accounts during the year have been as follows:

	Balance @ 31.03.16 £'000	Appropriations Transfers In £'000	Transfers Out £'000	Balance @ 31.03.17 £'000	Movements	Appropriations Transfers In £'000	Transfers Out £'000	Balance @31.03.18 £'000
General Fund								
Business Rates Volatility	1,684	92	(1,067)	709	0	450	(621)	539
Strategic Projects	867	504	0	1,371	0	0	(875)	496
Budget Carry Forwards	445	88	(193)	340	(115)	231	(133)	324
Grants & Contributions	408	161	(206)	363	0	483	(59)	787
Invest to Save (GF)	397	401	(602)	196	(5)	171	(53)	307
Mercury Abatement	319	88	(61)	346	0	91	(60)	378
Strategic Growth (GF)	290	224	(90)	424	0	100	(423)	100
Unused DRF	239	333	(295)	277	125	172	(352)	221
Backdated Rent Review	220	0	0	220	0	0	0	220
Funding for Strategic Priorities	206	0	(85)	121	60	0	(153)	28
IT Reserve	161	112	(53)	220	(64)	100	(39)	217
LAMS Interest	158	41	(199)	0	0	0	0	0
Revenues & Benefits Shared Service	156	0	(22)	134	0	50	(21)	163
Asset Improvement	140	373	(423)	90	0	0	(18)	72
Transport Hub Mitigation	124	0	0	124	0	0	(124)	0
Benefits - Subsidy Adjustment	100	0	(100)	0	0	0	0	0
Tree Risk Assessment	99	20	(22)	97	0	20	(11)	106
The Terrace R&M	62	0	(62)	0	0	0	0	0
MA Reserve	61	0	(9)	52	0	0	0	51
Organisational Development	60	81	(94)	47	0	0	(39)	8
Mayoral Car	50	3	(6)	47	0	0	0	47
Yarborough Leisure Centre	45	0	(43)	2	0	0	0	2
Private Sector Stock Condition Survey	39	12	0	51	0	12	0	63
Property Searches	36	0	0	36	0	0	0	36
Managed Workspace	35	0	0	35	0	0	0	35

	Balance @ 31.03.16 £'000	Appropriations Transfers In £'000	Transfers Out £'000	Balance @ 31.03.17 £'000	Movements	Appropriations Transfers In £'000	Transfers Out £'000	Balance @31.03.18 £'000
County Wide Broadband Initiative	34	0	0	34	0	0	(34)	0
Boston Audit Contract	14	0	0	14	0	0	0	14
Section 106 Interest	14	0	0	14	0	18	0	32
Christmas Decorations	14	3	0	17	0	0	0	17
Electric Van Replacement	13	4	0	17	0	4	0	22
Christmas Market	0	25	0	25	0	0	(25)	0
Air Quality Initiatives	11	6	0	17	0	6	0	23
Commons Parking	10	4	0	14	0	13	0	27
Tank Memorial	10	0	0	10	0	0	0	10
Income Volatility Reserve	0	0	0	0	0	178	0	178
City Hall Sinking Fund	0	0	0	0	0	36	0	36
Total General Fund Earmarked Reserves	6,521	2,575	(3,632)	5,464	0	2,135	(3,040)	4,559
HRA								
HRA Strategic Growth	399	0	(250)	149	0	178	(150)	178
HRA Invest to Save	164	0	0	164	0	3	(26)	140
Capital Fees Equalisation	278	0	(37)	241	0	0	(3)	238
HRA Strategic Priority	240	0	0	240	0	0	0	240
De Wint Court	0	73	0	73	0	0	0	73
HRA Repairs Account	500	8,193	(8,083)	611	0	8,394	(8,381)	624
HRA Survey Works	51	3	0	54	0	3	0	57
Stock Retention	22	0	0	22	0	0	0	22
Municipal House Building	60	0	(60)	0	0	0	0	0
Total HRA Earmarked Reserves	1,714	8,266	(8,430)	1,554	0	8,578	(8,560)	1,572
Total Earmarked Reserves	8,235	2,762	(3,983)	7,018	0	10,713	(11,600)	6,131
Insurance Fund	3,228	567	(238)	3,558	0	468	(75)	3,950
Total Earmarked Reserves	11,463	3,329	(4,221)	10,576	0	11,181	(11,675)	10,081

Insurance Reserve

The insurance fund has been set up to ensure adequate funding for the insurance risk covered by the City of Lincoln Council. In 2017/18 the risk in respect of Public Liability Insurance had an excess of £100,000 (per claim) with no cap ceiling. The movements on the fund are as follows:

2016/17 £'000		2017/18 £'000
3,228	Opening Balance	3,557
(124)	Funding of claims/losses	(82)
452	Contributions from revenue	475
3,557	Closing Balance	3,950

Note 11 – Other Operating Expenditure

2016/17 £'000		2017/18 £'000
795	Levies	803
534	Payments to the Government Housing Capital Receipts Pool	529
4,075	(Gains)/losses on the disposal of non-current assets	(985)
5,404	Total	348

Note 12 - Financing and Investment Income and Expenditure

2016/17 £'000		2017/18 £'000
3,203	Interest payable and similar charges	3,195
2,285	Net interest on the net defined liability	2,245
(1,719)	(Surplus)/Deficit on Trading Operations	(2,332)
(199)	Interest Receivable and similar income	(108)
3,570	Total	3,000

Note 13 – Taxation and Non-Specific Grant Income

2016/17 £'000		2017/18 £'000
(5,969)	Council Tax income	(6,176)
(3,947)	Retained Business Rates income and expenditure	(5,158)
(3,990)	Non ring-fenced government grants	(2,644)
(13,548)	Capital grants and contributions	(3,002)
(27,454)	Total	(16,980)

Note 14 – Non-Current Assets including Property, Plant & Equipment and Intangible Assets

The movement in the Council's Fixed Assets during the year was as follows:

Movements in 2017/18											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 April 2017	223,233	69,026	9,603	0	3,333	4,289	12,281	321,765	2,416	8,519	332,700
Additions	7,528	1,745	40	0	974	46	16,969	27,301	151	6,965	34,418
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	20	(80)	0	0	2	180	0	123	0	0	123
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	19	(466)	0	0	(3)	0	0	(450)	0	(248)	(698)
De-recognition and disposals	(2,377)		(16)	0	0	(160)	0	(2,553)	(686)	0	(3,239)
Other movements in cost or valuation	173	22,319	720	0	0	(1,491)	(24,352)	(2,631)	0	988	(1,644)
At 31 March 2018	228,597	92,544	10,346	0	4,306	2,864	4,898	343,555	1,882	16,225	361,662
Depreciation											
At 1 April 2017	(23)	(1,454)	(7,709)	0	(119)	(9)	0	(9,314)	(1,787)	0	(11,101)
Depreciation for year	(10,367)	(1,179)	(445)	0	0	(4)	0	(11,995)	(212)	0	(12,207)
Depreciation written out to the Revaluation Reserve	6	301	0	0	0	8	0	315	0	0	315

Movements in 2017/18											
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,258	0	0	0	0	0	0	10,258	0	0	10,258
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	7	0	7	0	0	7
De-recognition – disposals	116	0	0	0	0	0	0	116	0	0	116
De-recognition – other	0	0	16	0	0	0	0	16	686	0	702
Other movements in cost or valuation	0	28	0	0	0	(7)	0	21	0	0	21
At 31 March 2018	(10)	(2,304)	(8,138)	0	(119)	(5)	0	(10,576)	(1,313)	0	(11,889)
Net book value of assets at 31.03.18	228,587	90,240	2,208	0	4,187	2,859	4,898	332,979	569	16,225	349,772
Net book value of assets at 31.03.17	223,210	67,572	1,894	0	3,214	4,280	12,281	312,451	629	8,519	321,599
Owned	228,587	90,240	1,633	0	4,187	2,859	4,898	332,404	569	16,225	349,198
Finance lease	0	0	575	0	0	0	0	575	0	0	575

Movements in 2016/17											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 April 2016	177,586	71,171	8,974	0	2,994	4,580	2,438	267,743	2,179	9,664	279,586
Additions	7,628	5,515	16	0	339	270	10,015	23,783	65	0	23,848
Revaluation increases/ decreases) recognised in the Revaluation Reserve	0	699	0	0	0	341	0	1,040	0	10	1,050
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	40,197	(108)	0	0	0	0	0	40,089	0	776	40,865
De-recognition - disposals	(2,178)	(6,138)	0	0	0	(1,046)	0	(9,362)	0	(1,226)	(10,588)
De-recognition - other	0	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	(2,113)	613	0	0	144	(172)	(1,528)	172	(695)	(2,051)
At 31 March 2017	223,233	69,026	9,603	0	3,333	4,289	12,281	321,765	2,416	8,529	332,710
Depreciation & Impairments											
At 1 April 2016	(17)	(1,427)	(7,270)	0	(119)	(7)	0	(8,840)	(1,613)	0	(10,453)
Depreciation for year	(10,824)	(1,221)	(439)	0	0	(2)	0	(12,486)	(174)	0	(12,660)
Depreciation written out to the Revaluation Reserve	0	929	0	0	0	0	0	929	0	0	929
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,710	0	0	0	0	0	0	10,710	0	0	10,710

Movements in 2016/17											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
De-recognition - disposals	108	265	0	0	0	0	0	373	0	0	373
De-recognition - other	0	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2017	(23)	(1,454)	(7,709)	0	(119)	(9)	0	(9,314)	(1,787)	0	(11,101)
Net book value of assets at 31.03.17	223,210	67,572	1,894	0	3,214	4,280	12,281	312,451	629	8,519	321,599
Net book value of assets at 31.03.16	177,569	69,744	1,704	0	2,875	4,573	2,438	258,903	566	9,664	269,133
Owned	223,210	67,572	1,128	0	3,214	4,280	12,281	311,685	629	8,519	320,833
Finance lease	0	0	766	0	0	0	0	766	0	0	766

Fixed Asset Valuation

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment and Investment Properties required to be measured at fair value are revalued at least every five years. The statement below shows the progress of the Council's rolling programme of fixed asset revaluations.

	Council Dwellings	Operational Land & Buildings	Vehicles Plant & Equip.	Investment Properties
	£'000	£'000	£'000	£'000
Valuation at historical cost		15,585	3,408	
Valued at current value as at:				
01/04/17	225,338	68,102		8,519
01/04/16	222,519	71,210		9,665
01/04/15	176,438	67,587		11,621
01/04/14	174,971	66,679		11,219
01/04/13	170,075	64,752		10,065

The valuations of the Council's freehold and leasehold properties have been carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. All valuations are either undertaken by the following Council Officers, or by the District Valuer.

Principal Property Surveyor	Mr P Clifton	MRICS
Senior Property Surveyor	Mr A Wiswould	MRICS

Fixed Assets Depreciation

Tangible Fixed Assets

Depreciation, as stated in the Accounting Policies, is calculated on a straight-line basis. Non-operational assets are treated as investment properties and as such are not depreciated. The standard useful lives of assets, used for depreciation purposes (unless overwritten by asset valuations), are as follows:

<u>Category Of Asset</u>	<u>Useful Economic Life</u>
Council Dwellings	Various – average based on major components
Other Land & Buildings	
- Council Buildings	50 years
- Car Parks	60 years
- Cemeteries	50 years
- Crematorium	21 years
- Community Centres	50 years
- Offices	50 years

<u>Category Of Asset</u>	<u>Useful Economic Life</u>
- Depots & Workshops	50 years
- Public Conveniences	50 years
- Recreation Grounds	50 years
- Sports Centres	50 years
Vehicles, Plant & Equipment	
- Computers	5 years
- Equipment	10 years
- Fixtures and Fittings	5 years
- Plant	7/10 years
- Vehicles	5/7 years
Infrastructure Assets	50 years

Intangible Assets

Intangible fixed assets are amortised in the Income and Expenditure Account on a straight-line basis, as stated in the Accounting Policies. The standard useful life, used for amortisation purposes is:

<u>Category Of Asset</u>	<u>Useful Economic Life</u>
Intangible Asset	
- Software	5 years

Note 15 – Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Heritage Vehicles £'000	Musical Instruments £'000	Civic Insignia £'000	Other £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2016	140	2,570	2,357	276	5,343
Additions	0	0	0	133	133
Revaluations	0	0	2	0	2
At 31 March 2017	140	2,570	2,359	409	5,478
Cost or Valuation					
At 1 April 2017	140	2,570	2,359	409	5,478
Additions					0
De-recognitions	(103)	0	0	0	(103)
Revaluations	1	715	0	0	716
At 31 March 2018	38	3,285	2,359	409	6,091

Heritage Vehicles

The Council's heritage vehicles are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are reviewed

annually and revalued every five years by an appropriately qualified external valuer.

Musical Instruments

This category contains a donated asset, a violin by Antonio Stradivari of Cremona dated 1695, which is on loan to the Halle Orchestra. The violin was last valued at the end of 2017/18 by external valuers, Ingles and Hayday, at £3.2m.

Civic Insignia

The collection of civic insignia includes the Mayor's and Sheriff's badges and chains of office and mace. All items are on display at the Guildhall, Lincoln. It also includes four ceremonial and fighting swords of considerable historical significance, which together are valued at £2.4m. The Council's collection of civic insignia is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are reviewed annually and revalued every five years by an appropriately qualified external valuer. These were revalued at 31st March 2017 by external valuers Bamfords.

Other Heritage Assets

This category includes artwork and paintings and miscellaneous assets recognised in the Balance Sheet, such as the Books of Remembrance kept on display at the City Crematorium. These are reported at insurance valuation which is based on market values and are subject to periodic revaluation by an appropriately external qualified valuer. These were revalued at 31st March 2017 by external valuers Bamfords.

Heritage Assets not recognised in the Balance Sheet

In addition to the assets recognised in the Balance Sheet and disclosed in the above table, the Council holds a number of assets which are by their nature heritage assets but are not recognised in the Balance Sheet. The Council does not consider that reliable cost or valuation information can be obtained for these assets due to the nature of the assets and the lack of market values. Examples of this type of asset are ancient structures and ruins, War memorials and public art. These are listed below.

Scheduled Ancient Monuments

St Paul in the Bail	Walls & Well
Saltergate Roman Wall and Posterngate	Wall & Gate
Mint Wall, West Bight	Wall
Pottergate	Arch
Lower West Gate & Wall, City Hall	Gate & Wall
St Marys Conduit	Conduit
Temple Gardens, Close Wall	Wall
Roman Wall, Mary Sookias House, Cecil street	Wall

Memorials

High Street	War memorial
Dixon Street	War memorial
Birchwood Avenue	War memorial

Scheduled Ancient Monuments

Newark Road/Maple Street

War memorial

Public Art

The Chimes, Brayford Wharf North

Artwork

Empowerment, Waterside

Artwork

Exotic Cone I and II

Artwork

Lilies, Altham Terrace

Artwork

Lion, Arboretum

Artwork

Love Seat, The Lawn

Artwork

Dr Charlesworth Statue, The Lawn

Artwork

Mother and Child, The Lawn

Artwork

St Marks Obelisk

Artwork

Light Sculpture, Wigford Bridge

Artwork

Note 16 – Investment Properties and Surplus Assets

Movements in the value of Investment Properties are shown in note 14.

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

2016/17*		2017/18
£'000		£'000
916	Rental income from investment property	1,012
(185)	Direct operating expenses arising from investment property	(180)
731	Net gain/(loss)	832

*Restated to be comparable with 2017/18

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The movements in the value of investment properties are analysed below:

2016/17		2017/18
£'000		£'000
9,664	Balance at 1 April	8,519
0	Additions	6,965
(1,226)	Disposals	0
776	Net gain/loss from Fair Value Adjustment	(248)
(695)	Transfers (to)/from Other Land and Buildings	988
8,519	Balance at 31 March	16,224

Fair Value Hierarchy

The Council's Investment Properties have been assessed as being Level 2 on the Fair Value Hierarchy (See Note 1 Accounting Policies, point 20 for an explanation of fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

An income-investment approach has been used to determine the fair value of Investment Properties. This technique involves an assessment of potential future net incomes flowing from the property. In the case of the majority of properties that are currently let, this reflects terms of the existing lease including passing rents and any scheduled rent reviews and, if later, ultimate reversion to full market rental value. In the case of properties that are currently vacant, it is assumed that a letting is immediately sought at full market rental value and otherwise on optimum letting terms from the perspective of a market participant. Potential future net income flows are then capitalised using market all-risks term and reversionary yields to derive a present value, thus representing Market Value.

There has been no change in the valuation techniques used during the year for Investment Properties.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuers

The Investment Properties that were valued at 31 March 2018 were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

Surplus Assets

Movements in the value of Surplus Assets are shown in note 14.

The current value measurement base for surplus assets is fair value, estimated at highest and best use from a market participant's perspective. There have been no transfers between the levels of the hierarchy during the year. A transfer would occur when more detailed market information becomes available.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

The Council's surplus assets are all valued using level three inputs due to their latent value or specialist nature.

Note 17 – Intangible Assets

Movements in the value of Intangible Assets are shown in note 14. No internally generated intangible assets are recognised in the Balance Sheet. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £212k was charged to service headings in the Cost of Services.

Note 18 – Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18
	£000	£000	£000	£000
Borrowings				
Financial Liabilities at Amortised Cost *	(75,354)	(77,354)	(1,376)	(5,135)
Total Borrowings	(75,354)	(77,354)	(1,376)	(5,135)
Creditors				
Financial liabilities at amortised cost	(576)	(342)	(8,593)	(8,567)
Total Creditors	(576)	(342)	(8,593)	(8,567)
Investments				
Loans and Receivables	0	0	20,823	15,615
Available-for-Sale Financial Assets	416	473	0	0
Total Investments	416	473	20,823	15,615
Debtors				
Loans and receivables **	141	133	13,581	7,304
Total included in Debtors	141	133	13,581	7,304
Cash and Cash equivalents				
Financial liabilities at amortised cost	0	0	0	0
Loans and receivables	0	0	240	875
Total Cash and cash equivalents	0	0	240	875

* The Financial Liabilities include the loans that the Council holds for some small local charities (£0.030m) and Bonds (£0.003m)

** The amount shown for Short-term Debtors is net of the Bad Debt Provision for Debtors.

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2017/18	Financial Liabilities	Financial Assets			Total
	Amortised cost	Loans and Receivables	Available-for-Sale Assets	Fair Value through the CIES	
	£'000	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement					
Interest Expense	3,195	0	0	0	3,195
Interest payable and similar charges	3,195	0	0	0	3,195
Interest Income	0	(110)	(22)	0	(132)
Interest and investment income	0	(110)	(22)	0	(132)
Surplus or deficit arising on revaluation of financial assets in other Comprehensive Income & Expenditure	0	0	(58)	0	(58)
Net (gain)/loss for the year	3,195	(110)	(80)	0	3,005

2016/17	Financial Liabilities		Financial Assets		Total
	Amortised Cost	Loans and Receivables	Available-for-Sale Assets	Fair Value through the CIES	
	£'000	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement					
Interest Expense	3,203	0	0	0	3,203
Interest payable and similar charges	3,203	0	0	0	3,203
Interest Income	0	(178)	(21)	0	(199)
Interest and investment income	0	(178)	(21)	0	(199)
Surplus or deficit arising on revaluation of financial assets in other Comprehensive Income & Expenditure	0	0	3	0	3
Net (gain)/loss for the year	3,203	(178)	(18)	0	3,007

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by

calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
59,956	72,727	PWLB Debt	59,956	71,653
16,176	26,821	Money Market Debt	16,175	26,345
565	561	Stock	565	561
34	34	Other	5,762	5,900
<u>76,731</u>	<u>100,143</u>	Total Debt	<u>82,458</u>	<u>104,459</u>

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This is to be expected given that the current rates of interest are at a historically low level.

Financial Assets

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
20,823	20,823	Money Market Investments <1 year	15,600	15,615
0	0	Money Market Investments >1 year	0	0
<u>20,823</u>	<u>20,823</u>	Total Investments	<u>15,600</u>	<u>15,615</u>

The differences are attributable to fixed interest instruments payable being held by the Council, whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial assets and raises the value of loans and receivables.

The fair value of Public Works Loan Board (PWLB) loans of £71.653m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty Interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £59.956m would be valued at £71.653m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £83.35m.

Trade debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 19 – Inventories

In undertaking its work the Council holds reserves of inventories together with amounts of uncompleted work (work in progress). The figure shown in the Balance Sheet may be subdivided as follows:

	Consumable Stores		City Maintenance Services Materials		City Maintenance Services Work in Progress		Total	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Balance outstanding at the start of the year	69	91	70	59	194	173	333	324
Purchases	31	14	0	0	0	0	31	14
Recognised as an expense in the year	(9)	(33)	(11)	(54)	(20)	(30)	(40)	(118)
Balance outstanding at the year-end	91	72	59	5	174	142	324	220

Note 20 – Debtors

Debtors listed under current assets are monies due which the Council expects to collect within one year of the Balance Sheet date and are analysed as follows:

31/03/17		31/03/18
£'000		
9,803	Central Government Bodies	1,518
1,716	Other Local Authorities	1,789
2	NHS Bodies	1
10,146	Other Entities and Individuals	10,696
21,667	Total	14,004

Debtors balances are shown gross of impairment of doubtful debts (£3.762m in 2017/18, £3.693m in 2016/17).

Note 21 – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31/03/17		31/03/18
£'000		£'000
1	Cash held by the Council	1
240	Bank Current accounts	875
241		876

Note 22 – Assets Held for Sale

The Authority had 2 pieces of development land as assets held for sale at the beginning of the year. One was sold during the year. The Authority also purchased and sold the Ermine School site during the year. At the end of the year, the authority held 5 pieces of development land as assets held for sale. The sales have been approved but were not completed as at 31st March 2018. These assets are included as Current Assets as at 31st March 2018.

Current	Non-current		Current	Non-current
2016/17	2016/17		2017/18	2017/18
£000	£000		£000	£000
550	0	Balance at start of the year	2,525	0
0	0	Additions	769	0
		Newly classified:		
3,141	0	- Property Plant & Equipment	1,543	0
334	0	Revaluation gain/(loss)	1,531	0
0	0	Transfers from non-current to current	0	0
(1,500)	0	Disposals	(1,794)	0
2,525	0	Closing Balance	4,575	0

Note 23 – Creditors

Creditors shown as current liabilities are amounts payable by the Council within one year of the Balance Sheet date and are analysed as follows:

31/03/17		31/03/18
£'000		£'000
(4,691)	Central Government Bodies	(6,134)
(361)	Other Local Authorities	(246)
(8,324)	Other Entities and Individuals	(8,985)
(13,376)	Total	(15,365)

Note 24 – Provisions

These amounts are set aside to provide for potential liabilities relating to specific occurrences and comprise the following balances:

	Licensing Legal Case	Business Rates RV Reduction the Think Tank	Compulsory Purchase Order	Local Authority Mortgage Scheme	Redundancy Provision	Business Rates Appeals
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(10)	(37)	(85)	0	(143)	(3,314)
Additional Provisions made in 2017/18	0	0	(2)	(14)	0	(968)
Amounts used in 2017/18	0	0	0	0	143	421
Unused Amounts Reversed in 2017/18	0	0	0	0	0	804
Unwinding of Discounting in 2017/18	0	0	0	0	0	0
Balance at 31 March 2018	(10)	(37)	(87)	(14)	0	(3,057)

The provision for business rate appeals represents the Council's share (40% of £7.639m) of the total provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2018. The total provision is accounted for in the Collection Fund. The amount and timing of outflows against the Business Rates Appeals provision is dependent on the processing and determination of business rates appeals by the Valuation Office.

Note 25 – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

Note 26 – Unusable Reserves

The Council keeps a number of unusable reserves in the Balance Sheet. Some are required to be held for statutory reasons; some are needed to comply with proper accounting practice.

Reserve	Balance 31/03/17	Net Movement in Year	Balance 31/03/18	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Revaluation Reserve	22,722	(576)	22,146	Store of gains on revaluation of fixed assets	a) below
Pensions Reserve	(85,521)	(337)	(85,858)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 44 to the financial statements
Capital Adjustment Account	219,273	9,538	228,811	Store of capital resources set aside to meet past expenditure	b) below
Deferred Capital Receipts	57	0	57	Expected future repayments from sales of assets received in instalments	c) below
Financial Instruments Adjustment Account	(60)	2	(58)	Balancing mechanism between the rates at which gains and losses are recognised under the Code of Practice	d) below
Available-for-Sale Financial Instruments Account	400	58	458	Store of gains on revaluation of investments not yet realised through sales	e) below
Collection Fund Adjustment Account – Council Tax	52	(7)	45	Store of Council's share of accumulated surpluses and deficits in relation to Council Tax on the Collection Fund	f) below
Collection Fund Adjustment Account - NNDR	(1,309)	1,606	297	Store of Council's share of accumulated surpluses and deficits in relation to NNDR on the Collection Fund	f) below

Reserve	Balance 31/03/17	Net Movement in Year	Balance 31/03/18	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Accumulated Absences Account	(425)	(10)	(435)	Absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year (i.e. annual leave entitlement carried forward at 31 March	g) below
	155,189	33,340	165,463		

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

2016/17 £'000		2017/18 £'000
(23,092)	Balance 1 April	(22,722)
(4,329)	Upward Revaluation of assets	(1,603)
1,733	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	545
<hr/> (2,596)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<hr/> (1,058)
230	Difference between fair value depreciation and historical cost depreciation	410
2661	Accumulated gains on assets sold or scrapped	1,117
75	Amounts written out to the Capital Adjustment Account	107
<hr/> (22,722)	Balance 31 March	<hr/> (22,146)

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties, *gains and losses on Assets held for Sale* and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/17 £'000		2017/18 £'000
(165,968)	Balance 1 April	(219,273)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
12,588	Charges for depreciation and amortisation of non-current assets	12,207
(51,414)	Revaluation (gains)/losses and impairments on Property, Plant and Equipment	(11,012)
3,011	Revenue expenditure funded from capital under statute	4,612
0	Assets under construction written off to revenue	7
11,391	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,098
0	Other adjustments	68
(24,424)		8,980
(2,966)	Adjusting amounts written out of the Revaluation Reserve	(518)
(27,391)	Net written out amount of the cost of non-current assets consumed in the year	8,462
	Capital Financing applied in year:	
(16,066)	Use of Capital Receipts to finance new capital expenditure	(4,674)
0	Use of Capital Receipts to reduce capital financing requirement	(150)

2016/17 £'000		2017/18 £'000
(8,024)	Use of the Major Repairs Reserve to finance new capital expenditure	(9,184)
(458)	Capital expenditure charged against the General Fund and HRA balances	(492)
(323)	Application of Capital Grants to finance new capital expenditure	(3,016)
(1,044)	Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances (MRP/VRP)	(484)
(25,915)		(18,000)
(219,273)	Balance 31 March	(228,811)

c) Deferred Capital Receipts

This account contains the expected future repayments of capital from sales of assets which will be received in instalments over an agreed period of time. They arise principally from mortgages on sold council houses. When made, these payments are regarded as being of a capital nature and transactions during the year were as follows:

2016/17 £'000		2017/18 £'000
(57)	Balance 1 April	(57)
0	Council's share of (surplus)/deficit for the year	0
(57)	Balance 31 March	(57)

d) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code of Practice and are required by statute to be met from the General Fund and HRA balances.

2016/17 £'000		2017/18 £'000
62	Balance 1 April	60
0	Proportion of discounts incurred in previous financial years to be credited to the General Fund Balance in accordance with statutory requirements	0
(2)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)
60	Balance 31 March	58

e) Available-for-Sale Financial Instruments Account

The Available-for-Sale Financial Instruments Account contains the gains and losses arising from movements in fair value of Available-for-Sale investments, which are recognised in the Comprehensive Income and Expenditure Statement.

2016/17 £'000		2017/18 £'000
(403)	Balance 1 April	(400)
3	(Gain)/Loss on revaluations in year	(58)
<u>(400)</u>	Balance 31 March	<u>(458)</u>

f) Collection Fund Adjustment Account – Council Tax

The Council Tax Adjustment Account was introduced on 1 April 2009 to comply with the new accounting requirements for the Collection Fund contained within the Statement of Recommended Practice 2009/10 (SORP 2009). The difference between accrued income for the year as shown in the Income and Expenditure Account and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account. The balance on the account represents the Council's share of the accumulated surpluses and deficits on the Collection Fund at the Balance Sheet date.

2016/17 £'000		2017/18 £'000
(139)	Balance 1 April	(52)
87	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7
<u>(52)</u>	Balance 31 March	<u>(45)</u>

f) Collection Fund Adjustment Account – NNDR

The NNDR Adjustment Account was introduced on 1 April 2013 to comply with the new regime for the collection of Business Rates and the resulting accounting requirements. The difference between accrued income for the year as shown in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account. The balance on the account represents the Council's share of the accumulated surpluses and deficits on the Collection Fund at the Balance Sheet date.

2016/17 £'000		2017/18 £'000
1,872	Balance 1 April	1,309
(563)	Amount by which council non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(1,606)
<u>1,309</u>	Balance 31 March	<u>(297)</u>

g) Accumulated Absences Account

The Accumulated Absences Account absorbs differences that would otherwise arise on the General Fund and HRA Balance from accruing for compensated absences earned but not taken in year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on General Fund and HRA Balance is neutralised by transfers to or from this account.

2016/17 £'000			2017/18 £'000
444	Balance 1 April		425
(444)	Settlement or cancellation of accrual made at the end of the preceding year	(425)	
425	Amounts accrued at the end of the current year	436	
	Amount by which officer remuneration charged in the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		11
425	Balance 31 March		435

Note 27 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2016/17 £'000		2017/18 £'000
219	Interest received	156
(1,861)	Interest paid	(3,118)

Note 28 – Cash Flow Statement – Adjustment to surplus or deficit on provision of services for non-cash movements

2016/17 £'000		2017/18 £'000
12,486	Depreciation	12,112
(51,414)	Impairment and downward valuations	(9,895)
102	Amortisation	96
0	Increase/(decrease) in impairment for bad debts	0
(1,159)	Increase/(decrease) in creditors	294
(2,082)	(Increase)/decrease in debtors	1,499
9	(Increase)/decrease in inventories	104
2,134	Movement in pension liability	4,019
11,391	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	3,098
1,994	Other non-cash items charged to the net surplus or deficit on the provision of services	(326)
(26,539)		11,001

Note 29 – Cash Flow Statement – Adjustment to surplus or deficit on the provision of services for items that are investing & financing activities

2016/17 £'000		2017/18 £'000
(6,781)	Proceeds from sale of PPE, investment property and intangible assets	(4,671)
(13,547)	Any other items for which the cash effects are investing or financing cash flows	(3,002)
<u>(20,328)</u>		<u>(7,673)</u>

Note 30 – Cash Flow Statement - Investing Activities

2016/17 £'000		2017/18 £'000
(25,348)	Purchase of property, plant and equipment, investment property and intangible assets	(34,866)
(17,760)	Purchase of short-term and long-term investments	(15,600)
(1)	Other payments for investing activities	0
6,781	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,671
18,955	Proceeds from short-term and long-term investments	20,760
6,352	Other receipts from investing activities	9,375
<u>(11,021)</u>	Net cash flows from investing activities	<u>(15,660)</u>

Note 31 – Cash Flow Statement - Financing Activities

2016/17 £'000		2017/18 £'000
(204)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(506)
0	Cash receipts of short & long-term borrowing	5,750
(3)	Repayments of short- and long-term borrowing	0
1,899	Other payments for financing activities	1,509
<u>1,692</u>	Net cash flows from financing activities	<u>6,753</u>

Note 32 – Trading Operations

The Council operates a Housing Repairs Service (HRS), which carries out day to day maintenance on council housing and other public buildings as well as environmental works, street furniture etc. The Council also owns and manages a fruit, vegetable and retail market situated within the City Centre and also operates and

manages a bus station and several car parks located throughout the city. It also manages a number of industrial estates and commercial properties.

2016/17				2017/18		
Exp. £'000	Inc. £'000	Net £'000		Exp. £'000	Inc. £'000	Net £'000
187	(254)	(67)	Markets	171	(251)	(79)
1,636	(3,812)	(2,176)	Car Parks	1,581	(3,852)	(2,271)
1,823	(4,066)	(2,243)	(Surplus)/Deficit applicable to a service	1,752	(4,103)	(2,350)
6,700	(6,815)	(115)	HRS	7,218	(6,969)	249
98	(104)	(6)	City Bus Station	110	(112)	(2)
118*	(407)	(288)	Industrial Estates	96	(402)	(307)
67*	(530)	(463)	Lincoln Properties	85	(676)	(591)
6,983	(7,856)	(872)	(Surplus)/Deficit not applicable to a service	7,509	(8,159)	(651)
8,806	(11,922)	(3,115)	Total (Surplus)/Deficit	9,261	(12,262)	(3,001)

*Restated to be Comparable
with 2017/18 Figures

Note 33 – Agency Services

In accordance with the Code, the collection and distribution of National Non-Domestic Rates (NNDR) and Council Tax is deemed to be an agency arrangement. The costs of collection of NNDR and the surplus or deficit on the Collection Fund for the year, are shown in the Collection Fund Statement.

Note 34 – Members' Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 1995 requires local authorities to publish the amounts paid to members under the members' allowance scheme.

The payments made to the City of Lincoln Council members during 2017/18 totalled £227,047 (£220,099 in 2016/17).

Payments are defined as:

- i. Basic Allowance
- ii. Special Responsibility Allowance.

Note 35 – Officers' Remuneration

The Accounts and Audit Regulations 2012 require the Council to disclose remuneration paid to senior employees.

For the purposes of the regulation senior employees are persons whose salary is in excess of £150,000 per year or whose salary is £50,000 or more and are deemed to have responsibility for the management of the Council to the extent that they have

the power to direct or control the major activities. The remuneration paid to the Council's senior employees is as follows:

Officers' Emoluments – Senior Employees

2017/18						
Post Title	Salary	Bonuses	Expense Allowances	Compensation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive ¹	118,487	0	296	0	18,620	137,403
Strategic Director of Housing & Regeneration	91,221	0	235	0	14,595	106,051
Strategic Director of Communities & Environment	80,957	0	348	0	12,893	94,198
Strategic Director of Major Developments	79,758	0	0	0	12,761	92,519
Total	370,423	0	878	0	58,870	430,171

- 1) The salary costs for the Chief Executive include £5.8k relating to election expenses in 2017/18.

2016/17						
Post Title	Salary	Bonuses	Expense Allowances	Compensation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive ¹	125,176	0	248	0	18,903	144,327
Strategic Director of Housing & Regeneration ²	90,401	0	869	0	15,278	106,548
Strategic Director of Communities & Environment ²	37,266	0	0	0	5,917	43,183
Strategic Director of Communities & Environment ³	47,379	0	141	0	7,865	55,385
Strategic Director for Major Developments ⁴	32,240	0	0	0	5,449	37,689
Total	332,462	0	1,258	0	53,412	387,132

- 1) The salary costs for the Chief Executive include £17.4k relating to election expenses in 2016/17.

- 2) The outgoing Director of Communities & Environment resigned with effect from 21st August 2016.
- 3) The incoming Director of Communities & Environment was appointed with effect from 22nd August 2016.
- 4) The post of Director of Major Developments is a new post that was created during 2016/17 and the post holder was appointed on 1st November 2016.

The numbers of other Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid as follows:

Remuneration Band £	Number of Employees	
	2017/18	2016/17
50,000 - 54,999	5	2
55,000 - 59,999	2	2
60,000 - 64,999	3	3
65,000 - 69,999	1	0
70,000 - 74,999	1	1
75,000 - 79,999	0	1
80,000 - 84,999	0	0
85,000 - 89,999	0	0
90,000 - 94,999	0	0
95,000 - 99,999	0	0
100,000 - 104,999	0	0
105,000 - 109,999	0	0
110,000 - 114,999	0	0
115,000 - 119,999	0	2

The figure above for 2017/18 includes no employees for whom an exit package was agreed, compared to 2 in 2016/17.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [b + c]		Total cost of exit packages in each band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
							£	£
£0 - £20,000	2	2	0	1	2	3	10,830	11,392
£20,001 - £40,000	1	0	0	0	1	0	27,394	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	2	1	0	0	2	1	143,238	71,366
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0	0	0
Total cost included in							181,462	82,758

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [b + c]		Total cost of exit packages in each band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
							£	£
bandings								
Add: Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							181,462	82,758

None of the exit packages shown in the table above related to senior employees.

Note 36 – External Audit Costs

In 2017/18 the following fees relating to External Audit and Inspection were incurred and paid to KPMG LLP, the Council's external auditors:

2016/17 £'000		2017/18 £'000
	<u>Fees payable for statutory audit services</u>	
47	Fees Payable with regard to external audit services carried out by the appointed auditor	47
9	Fees payable for the certification of grant claims and returns	11
56		58
	<u>Fees payable for other audit services</u>	
3	Fees payable with regard to other audit work	3
59	Total fee payable to external auditors	61

The fees relating to grant claims can vary from year to year depending on the number of claims to be audited. The figure for 2017/18 is an estimate, as the work will be carried out in the period August to December 2018.

Note 37 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

Credited to Taxation and Non Specific Grant Income		
2016/17		2017/18
£'000		£'000
(1,698)	Revenue Support Grant	(981)
(2,285)	New Homes Bonus	(1,655)
(328)	Disabled Facilities Grants	(670)
0	Section 106 agreement	(263)
0	North Kesteven District Council	(68)
(263)	Heritage Lottery Fund	(226)
(550)	Decent Homes Contract – Profit Share	(63)
(11,577)	Lincolnshire County Council	(1,423)
(8)	Transparency Code Setup Grant	(8)
(86)	Leaseholder Contributions	(110)
(697)	Department of Work and Pensions – City Hall works	0
(0)	Waterloo Housing	(117)
(46)	Other Capital Grants and Contributions	(61)
<u>(17,538)</u>		<u>(5,646)</u>

Credited to Services		
2016/17		2017/18
£'000		£'000
(16,592)	Rent Allowances	(15,720)
(16,334)	Rent Rebates	(15,597)
(174)	Discretionary Housing Payments	(223)
(477)	Housing Benefit Administration	(437)
(153)	New Burdens Grant Determination	(147)
0	DCLG – Rogue Landlords	(221)
0	English Heritage	(10)
(158)	Local Council Tax Support Admin Subsidy	(152)
(134)	Home Office	(106)
(29)	Arts Council	(7)
(224)	HCA	0
0	Homeless Specific	(173)
(18)	Other Grants	(39)
<u>(34,293)</u>	Total	<u>(32,832)</u>

There were no grants received in advance in 2017/18.

Note 38 – Related Parties

It is a requirement for the Council to disclose any transactions with a related party, including non-financial transactions. A 'related party' is defined as being an organisation with which the Council has dealings and where Officers or Members of the Council have a controlling interest or influence in the activities of that organisation. The code requires local authorities to disclose material transactions with 'related parties'. The disclosure is required in order that the true and fairness of the accounts can be understood by the reader of the accounts having knowledge of any 'related parties' of the Council.

Members/Officers - For 2017/18 the Council sent a letter, dated 1 April 2018, to all Members, Chief Officers and Assistant Directors, requesting disclosure of any 'related party transactions'. All letters were returned, no Members or Officers declared pecuniary interests in accordance with section 117 of the Local Government Act 1972.

In addition, the table below details both Member and Officer representation on the boards of levying bodies, assisted organisations with which the Council makes material financial assistance and Joint Ventures.

Name of Organisation	Member Representative	Officer Representative
Upper Witham – Drainage Board	Cllr Speakman Cllr Hewson Cllr Vaughan Cllr Gowen	Chief Executive
Witham First – Drainage Board	Cllr Hewson Cllr Vaughan	Chief Executive
Witham Third – Drainage Board	Cllr Hewson Cllr Vaughan	Chief Executive
Lincoln Arts Trust	Cllr Murray	Director of Communities & Environment
Lincoln Dial-a-Ride/ Shopmobility	Cllr Clayton-Hewson	Chief Executive
Lincoln Citizens Advice Bureau	Cllr Brothwell	Chief Executive
Investors in Lincoln	Cllr Metcalfe Cllr Murray	Director of Communities & Environment
Lincoln Business Improvement Group	Cllr Metcalfe Cllr Nannestad	N/A
Central Lincolnshire Joint Strategic Planning Partnership	Cllr Metcalfe Cllr Burke Cllr Hanrahan	Director of Communities & Environment
The Shared Revenues & Benefits Joint Committee	Cllr Metcalfe Cllr Nannestad	Chief Executive

None of the above Members or Officers took part in the decision making of any financial assistance awarded to any of the organisations.

UK Central Government - has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

Details of transactions with government departments are set out in note 37.

Other Bodies - transactions with other bodies levying demands on the Council Tax - Levying bodies in 2017/18 were as follows:

2016/17 £'000		2017/18 £'000
417	Upper Witham Drainage Board	424
129	Witham 1 st Drainage Board	129
249	Witham 3 rd Drainage Board	250
795	Total	803

Assisted Organisations - the Council made material financial assistance to the following organisations during the year:-

2016/17 £'000		2017/18 £'000
246	Lincoln Arts Trust	231
52	Lincoln Dial-a-Ride	52
54	Citizens Advice Bureau	55
32	Lincoln Shopmobility	32

Collaborative Agreements – The Council holds 6.3% (£14,000) of the ordinary share capital of £224,000 of Investors in Lincoln Ltd (ILL).

The principal activity of the company is the promotion of economic regeneration and the development and expansion of industry, commerce and enterprise of all forms for the benefit of the community in and around the City of Lincoln. Investors in Lincoln Ltd grants the Council the sole and exclusive right to licence and manage its managed workspace development at Greetwell Place.

The company's accounting year-end is 31st March and the latest (audited) accounts are for the year ended 31st March 2017, showing net assets of £3.767m and a profit of £168,204 before taxation, £124,599 profit after tax (£133,845 before tax and £108,277 profit after tax in 2015/16).

The Council is fully responsible for meeting the first £100,000 of any cumulative deficit on operating the managed workspace units. In the event that the cumulative deficiency exceeds £100,000 the Council shall meet 75% of the deficiency. In 2017/18 a surplus on the managed workspace units of £5,343 was attributable to the Council.

Details of amounts received from ILL during 2017/18 are shown below:

(13,681)	Government grants and other contributions	(3,016)
(458)	Revenue Contributions	(486)
(8,023)	Major Repairs Reserve	(9,190)
3,079	Capital Financing Requirement	22,439
Capital Financing Requirement - Funded by:		
3,079	Unsupported Borrowing	22,439
3,079		22,439
Analysis of movements in the Capital Financing Requirement in Year:		
86,967	Opening CFR	88,676
3,079	Unsupported borrowing	22,439
(326)	Adjustments in respect of leases disposed under finance lease	0
(1,044)	Minimum Revenue Provision/Voluntary Revenue Provision	(485)
	Application of capital receipts to reduce CFR	(150)
	Return of LAMS deposit	(1,000)
88,676	Closing CFR	109,480

The Council has a five-year Housing Investment programme, of which £5.835m is contractually committed. This relates to a partnership arrangement to ensure all our properties continue to meet Decent Homes Standard and move towards achieving The Lincoln Standard.

In addition to this the Council also has a five-year General Investment Programme, of which £12.286m is contractually committed. £11.540m of this relates to a land and property acquisition in 2018/19 with the remainder to allow completion of the schemes for the Transformation of Birchwood Leisure Centre (£0.134m), Allotment Capital Improvement Programme (£0.166m) and Lincoln Transport HUB (£0.446m).

Note 40 – Leases

Council as Lessee

Finance Leases

The Council holds fleet vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following amounts:

31/03/17		31/03/18
£'000		£'000
766	Vehicles, Plant and Equipment	575
766		575

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired and finance costs that will be payable by the Council in future years while

the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31/03/17		31/03/18
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments)	
198	Current	217
559	Non-current	342
126	Finance costs payable in future years	66
883	Minimum lease payments	625

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/17	31/03/18	31/03/17	31/03/18
	£'000	£'000	£'000	£'000
Not later than one year	258	258	198	217
Later than one year and not later than five years	625	366	559	342
Later than five years	0	0	0	0
	883	625	757	559

Operating leases

The Council has acquired the use of a number of assets, such as vehicles and buildings, under operating leases.

The future minimum lease payments due under non-cancellable leases in future years are shown below:

31/03/17		31/03/18
£'000		£'000
74	Not later than one year	8
224	Later than one year and not later than five years	0
0	Later than five years	0
298		8

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2016/17		2017/18
£'000		£'000
0	Vehicles Plant & Equipment	0
109	Land and Buildings	74
109	Minimum lease payments	74

Council as Lessor

Finance Leases

The Council has granted a long-term lease to Lincolnshire County Council for the use of The Collection (City and County Museum) accounted for as a finance lease. Rental is at a peppercorn, meaning no rentals are receivable. There was no net investment in this asset in 2017/18.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for income generation purposes (investment properties)

The future minimum lease payments receivable under non-cancellable leases in future years are:

2016/17		2017/18
£'000		£'000
918	Not later than one year	893
968	Later than one year and not later than five years	791
2,698	Later than five years	2,581
4,584		4,265

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as rent reviews. In 2017/18, £0.593m contingent rents were received by the Council (2016/17 £0.489m).

Note 41 – Impairment Losses

There were no impairment losses during 2017/18.

Note 42 – Capitalisation of Borrowing Costs

As permitted by the code, the Council has adopted a policy of accounting for borrowing costs in the Comprehensive Income and Expenditure Statement as they arise. No borrowing costs are capitalised.

Note 43 – Termination Benefits

The Council terminated the contracts of a number of employees in 2017/18, incurring liabilities of £0.082m (£0.181m in 2016/17) – see note 35 for the number of exit packages and total cost per band. These costs exclude any ill health retirements

or departures as they are not termination benefits in accordance with the requirements of the code.

Note 44 – Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Lincolnshire County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Lincolnshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to go against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2016/17 £'000		2017/18 £'000
	<u>Comprehensive Income & Expenditure Statement</u>	
	Net Cost of Services:	
3,493	Current Service Cost	5,493
5	Past Service Costs (including curtailments)	0
	Financing and Investment Income and Expenditure:	
2,285	Net Interest Expense	2,245
5,783	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	7,738

2016/17 £'000		2017/18 £'000
	Re-measurement of the net defined benefit liability comprising:	
(14,756)	Return on plan assets (excluding the amount included in the net interest expense)	392
(3,200)	Actuarial gains and losses arising on changes in demographic assumptions	0
34,920	Actuarial gains and losses arising on changes in financial assumptions	(3,956)
991	Other	(118)
17,955	Total re-measurements recognised in Other Comprehensive Income and Expenditure	(3,682)
23,738	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	4,056

2016/17 £'000		2017/18 £'000
	<u>Movement in Reserves Statement</u>	
5,783	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	7,738
(3,649)	Actual amount charged against the General Fund Balance for pensions in the year:	(3,719)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

2016/17 £'000		2017/18 £'000
(215,167)	Present value of the defined obligations	(216,659)
129,646	Fair value of plan assets	130,801
(85,521)	Net liability arising from defined benefit obligation	(85,858)

Reconciliation of Movements in the fair value of the scheme assets:

2016/17		2017/18
£'000		£'000
112,797	Opening fair value of scheme assets	129,646
3,914	Interest Income	3,345
14,756	The return on plan assets, excluding the amount included in the net interest expense	(392)
3,649	Contributions from employer	3,719
889	Contributions from employees into the scheme	876
(6,359)	Benefits Paid	(6,393)
129,646	Closing Fair value of scheme assets	130,801

Reconciliation of Present Value of the scheme liabilities:

2016/17		2017/18
£'000		£'000
178,229	Opening balance at 1 April	215,167
3,493	Current Service Cost	5,493
6,199	Interest Cost	5,590
889	Contributions from scheme participants	876
	Re-measurement (gains) and losses:	
(3,200)	Actuarial gains/losses arising from changes in demographic assumptions	0
34,920	Actuarial gains/losses arising from changes in financial assumptions	(3,956)
991	Other	(118)
5	Past Service Cost	0
(6,359)	Benefits Paid	(6,393)
215,167	Closing Balance at 31 March	216,659

Local Government Pension Scheme assets comprised:

2016/17 £'000		2017/18 £'000
918	Cash and Cash Equivalents	1,600
	Equity Securities:	
	By industry type	
14,576	Consumer	9,609
1,905	Manufacturing	7,437
3,361	Energy and utilities	3,627
8,954	Financial Institutions	8,995
4,991	Information Technology	10,175
0	Health and Care	5,565
10,643	Other	0
44,430	Sub-total equity	45,407
	Debt Securities	
	By Sector	
12,051	Corporate	0
4,185	Government	0
0	Other	0
16,236	Sub-total bonds	0
	Property:	
	By type	
11,797	UK Property	11,085
394	Overseas Property	976
12,191	Sub-Total property	12,061
	Private Equity:	
2,994	All	2,118
2,994	Sub-Total private equity	2,118
	Investment Funds and Unit Trusts	
35,619	Equities	36,292
1,949	Infrastructure	1,906
0	Bonds	15,462
15,309	Other	15,956
52,877	Sub-Total Investment Funds and Unit Trusts	69,616
129,646	Total assets	130,801

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme has been assessed by Hymans Robertson, an independent firm of actuaries; estimates for the Lincolnshire Pension Fund are based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

2016/17		2017/18
	Mortality assumptions:	
	<u>Longevity (in years) at 65 for current pensioners:</u>	
22.1	Men	22.1
24.4	Women	24.4
	<u>Longevity (in years) at 65 for future pensioners:</u>	
24.1	Men	24.1
26.6	Women	26.6
2.8%	Rate of increase in salaries	2.8%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	<u>Approximate % Increase to Employer Liability</u>	<u>Value £'000</u>
0.5% Decrease in Real Discount Rate	10%	20,590
0.5% Increase in the salary increase rate	1%	3,041
0.5% Increase in the pension increase rate	8%	17,277

Impact on the Council's Cash Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Employer contributions payable to the scheme in 2018/19 are estimated to be £3.7m. The weighted average duration of the defined benefit obligation for scheme members is 17.2 years, 2017/18 (17.2 years 2016/17).

Note 45 – Contingent Liabilities

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Where a material loss can be estimated with reasonable accuracy a provision is accrued within the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, a contingent liability will be disclosed in a note to the Balance Sheet. There are two contingent liabilities as at 31 March 2018.

The Council has made a provision for NNDR appeals based upon its best estimate of the actual liability of known appeals as at 31 March 2018. It is not possible to quantify appeals that have yet to be lodged with the Valuation Office Agency, but there is a risk that national and local appeals could have a significant impact on the financial statements.

As at 31st March 2018 there is an outstanding dilapidations dispute with a landlord following termination of the Council's head lease. The Council has not accepted the claim and it has been assessed that any valid claim would not be material.

Note 46 – Contingent Assets

The Council has no Contingent Assets as at 31st March 2018.

Note 47 – Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The key risks are:

- ✓ Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- ✓ Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- ✓ Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- ✓ by formally adopting the requirements of the Code of Practice;
- ✓ by the adoption of a Treasury Management Policy Statement and treasury management clauses within its standing orders;
- ✓ by approving, annually in advance, prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum limits on the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- ✓ by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual Treasury Management Strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy, which incorporates the prudential indicators was approved by Council on 1st March 2017. It is available on the Council's website (www.lincoln.gov.uk). The key issues during 2017/18 were:

- The Authorised Limit for 2017/18 was forecast to be £112m. This is the maximum limit of external borrowings or other long term liabilities during the year.
- The original Operational Boundary was expected to be £109.5m. This is the expected level of debt and other long term liabilities during the year. The maximum amounts of fixed and variable interest rate exposure were set at £87.6m and £37.2m based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

These policies are implemented by the Treasury team in Financial Services. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Details of the Investment Strategy are contained within the Treasury Management Strategy and can be found on the Council's website (www.lincoln.gov.uk).

The Investment Strategy is based on the creditworthiness service provided by Link Asset Services (treasury management advisors to the Council). This uses a wide range of market information to produce a list of investment counterparties with recommended maximum investment durations. Capita use credit ratings, support ratings and credit default swap prices to arrive at the recommended counterparty list.

The criteria used as a minimum within the Capita methodology are as follows:

- Short Term credit ratings of F1, Long Term A, Support 3 and viability rating BBB (Fitch or equivalent rating), using the lowest common denominator principle.
- Inclusion of part Government owned UK banks, based on support assumptions.

The full Investment Strategy for 2017/18 was approved by full Council on 1st March 2017.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default assessed by the Fitch credit rating agency and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions:

	Carrying Values at 31/03/18 £'000 a	Historical experience of default** % b	Adjustment for market conditions at 31/03/18 % c	Estimated maximum exposure to default £'000 (a * c)
<u>Deposits with banks and financial institutions</u>				
AAA* rated counterparties (investments up to 1 year)	6,600	0.000%	0.000%	0
AA* rated counterparties (investments up to 1 year)	1,000	0.005%	0.005%	0
A* rated counterparties (investments up to 1 year)	8,000	0.027%	0.027%	2
Other Investments	474	0.014%	0.014%	0
Debtors	7,304	7.2%	7.2%	524
	23,378			526

*See Glossary for a definition of AAA, AA and A ratings

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, historical default rates have been used as a good indicator under these current conditions.

Analysis of Investments by country of origin

		Short term		Long term	
	Principal invested	Fixed rate	Variable rate	Fixed rate	Variable rate
	£'000	£'000	£'000	£'000	£'000
<u>UK Banks & Building Societies</u>					
Lloyds TSB Bank plc	4,000	4,000	0	0	0
Santander	4,000	4,000	0	0	0
<u>UK Money Market Funds</u>					
SLI Ignis MMF	1,600	0	1,600	0	0
BNP Paribas MMF	5,000	0	5,000	0	0
<u>UK Local Authorities</u>					
Kingston Upon Hull Council	1,000	1,000	0	0	0
Total Investments	15,600	9,000	6,600	0	0

The Council allows credit for its trade debtors, such that £1,555,456 of the £2,329,200 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31/03/17 £'000		31/03/18 £'000	
243	Less than three months	491	
245	Three to six months	397	
187	Six months to one year	101	
641	More than one year	567	
1,317	Total	1,556	

Collateral – During the reporting period the Council held no collateral as security.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of

Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows: -

31/03/17		31/03/18
£'000		£'000
9,969	Less than one year	13,671
217	Between one and two years	2,000
5,342	Between two and five years	5,000
68,995	More than five years	70,354
84,523	Total	91,025

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- ✓ borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- ✓ borrowings at fixed rates – the fair value of the borrowing liability will fall;
- ✓ investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- ✓ investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value in the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in Other Comprehensive Income and Expenditure, unless the investments have been designated as Fair Value through the Comprehensive Income and Expenditure Statement, in which case gains and losses will be posted to the Surplus/Deficit on Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate

movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

2016/17		2017/18
£'000		£'000
(250)	Increase in interest receivable on variable rate investments	(142)
<u>(250)</u>	Impact on Income and Expenditure Account	<u>(142)</u>
(94)	Share of overall impact credited to the HRA	(60)
<u>(156)</u>	Share of overall impact credited to the General Fund	<u>(82)</u>
<u>(250)</u>	Total	<u>(142)</u>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used for Fair Value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Council does not generally invest in equity shares but does have shareholdings to the value of £0.473m in a number of joint ventures and in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The majority of the shareholdings are in the Dunham Bridge Company (£0.459m) and Investors in Lincoln (£0.014m). A representative of the Council sits on the Investors in Lincoln Board, enabling the Council to monitor factors that might cause a fall in the value of specific shareholdings.

The shares are all classified as Available-for-Sale, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

HRA INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2018

2016/17	Notes	2017/18	2017/18
£'000		£'000	£'000
	Expenditure		
(8,072)	Repairs and Maintenance	(8,465)	
(5,946)	Supervision and Management	(6,123)	
(109)	Rents, rates, taxes and other charges	(134)	
(2,705)	Depreciation, impairment and other adjustments for non-current assets	(454)	
(9)	Debt management costs	0	
42,385	Change in Social Housing Discount Factor	0	
(292)	Movement in the allowance for bad debts	(286)	
25,252	Total Expenditure		(15,462)
	Income		
28,084	Dwelling rents	27,503	
539	Non-dwelling rents	619	
508	Charges for services and facilities	518	
29,131	Total Income		28,640
54,383	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		
115	Transfer from HRS		(249)
54,498	Net Cost for HRA Services		12,929
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
1,617	Gain or (loss) on the sale of HRA assets		746
(2,352)	Interest payable and similar charges		(2,352)
76	Interest and investment income		39
(922)	Pensions interest income on plan assets and interest cost on defined benefit obligation	9	(879)
636	Capital grants and contributions receivable		621
53,553	Surplus or (deficit) for the year on HRA services		11,104

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2016/17 £'000		2017/18 £'000
1,005	Balance on the HRA at the end of the previous year	1,087
53,553	Surplus or (deficit) for year on the HRA Income and Expenditure Statement	11,104
(53,345)	Adjustments between accounting basis and funding basis under statute	(10,952)
208	Net increase or (decrease) before transfers to or from reserves	152
(127)	Transfers (to) or from reserves	(217)
81	Increase or (decrease) in year on the HRA	(65)
1,087	Balance on the HRA at the end of the current year	1,021

NOTES TO THE HOUSING REVENUE ACCOUNT

Note 1 – Fixed Assets

The number of dwellings in the Council's housing stock, as at 31 March 2018, totalled 7,685 properties. The type of properties and the period in which they were built, were as follows:

Property Type	<1945 No.	1945-64 No.	1965-74 No.	>1974 No.	TOTAL No.
Low Rise Flats (Blocks up to 2 Storeys)					
1 Bed	43	654	376	359	1,432
2 Bed	5	97	35	42	179
3 Bed	0	0	12	2	14
Sub-Total	48	751	423	403	1,625
Medium Rise Flats (Blocks of 3 up to 5 Storeys)					
1 Bed	0	295	452	382	1,129
2 Bed	0	246	160	188	594
3 Bed	0	15	3	2	20
Sub-Total	0	556	615	572	1,743
High Rise Flats (Blocks of 6 Storeys or more)					
1 Bed	0	56	138	0	194
2 Bed	0	29	72	0	101
Sub-Total	0	85	210	0	295
Houses / Bungalows					
1 Bed	158	144	32	9	343
2 Bed	737	777	99	262	1,875
3 Bed	823	554	72	228	1,677
4 or more Beds	99	21	0	7	127
Sub-Total	1,817	1,496	203	506	4,022
Total Dwellings 31 March 2018	1,865	2,888	1,451	1,481	7,685

Note 2 – Housing Revenue Account Assets Valuation

The Council's in-house Valuation Officers, and the District Valuer, have valued the HRA dwellings, land, and other property in accordance with Royal Institute of Chartered Surveyor guidelines.

The Balance Sheet value of council dwellings is calculated by applying a Social Housing discount factor. This represents the market value for the Council's total housing stock adjusted to reflect the fact that the property is socially rented (this adjustment is currently 42%). The discount factor is then applied to the open market or vacant possession value as determined by the District Valuer, as shown below:

	£ 000
Vacant possession value of council dwellings at 31 March 2018	543,340
Balance sheet valuation applying the Social Housing discount factor	228,203

The Balance Sheet value of HRA Assets is as follows:

2016/17 £'000		2017/18 £'000
222,737	Council Dwellings	228,203
12,798	Other Operational Assets	4,376
2,567	Non-Operational Assets	12,603
238,102	Total at 31 March	245,182

Note 3 – Depreciation and Impairment

The Depreciation and Impairment of HRA Assets is as follows:

Depreciation:		2017/18 £'000
2016/17 £'000	Operational Assets:	
10,818	Council Dwellings	10,361
252	Other Operational Assets	352
11,070	Total at 31 March	10,713

Impairment:		2017/18 £'000
2016/17 £'000	Operational Assets:	
(50,762)	Revaluation Gains/(Losses)	141
(50,762)	Total at 31 March	141

Note 4 – Major Repairs Reserve

The Major Repairs Reserve is an earmarked reserve to which the Council transfers an amount annually to finance capital expenditure on council dwellings. This amount includes annual depreciation, which is charged to the Housing Revenue Account and then transferred to the Major Repairs Reserve. This may be supplemented by additional revenue contributions from the HRA to support the HRA capital programme. The balance on the Major Repairs Reserve shows the amounts that have yet to be applied to financing.

2016/17 £'000		2017/18 £'000
(6,609)	Balance on 1 April	(10,680)
	Amount transferred from the HRA	
	- Depreciation	
(10,997)	Dwellings	(10,361)
0	Other Assets	(352)
(1,097)	- Other revenue contributions	(638)
(18,703)		(22,031)
8,023	- HRA Capital Expenditure	9,190
(10,680)		(12,841)

Note 5 – Housing Repairs Account

The Housing Repairs Account was set up on 1 April 2001 in order to assist with the longer term planning of repairs and maintenance expenditure. The following analysis details the movement on the Housing Repairs Account during the year.

2016/17 £'000		2017/18 £'000
(500)	Balance on 1 April	(610)
	Expenditure in year	
3,306	Tenant Notified Repairs	3,239
2,477	Void Repairs	1,738
1,486	Servicing Contracts	1,650
479	Painting Programme	623
13	Asbestos Removal/Surveys	54
245	Aids & adaptations	442
23	Decoration Grants	16
43	Other Expenditure	703
8,072		8,465
	Income in year	
(8,072)	Contribution from HRA	(8,465)
	Contribution to HRA	
(91)	Stores Contract Refund	0
(11)	Contribution from Leaseholders	(3)
(8)	Interest Received in year	(10)
(8,182)		(8,424)
(610)	Surplus Balance on 31 March	(624)

Note 6 – Capital Expenditure in the year

The Housing Revenue Account capital expenditure and sources of funding during the financial year are detailed in the following table:

2016/17 £'000		2017/18 £'000
	Capital investment	
10,673	Property, Plant and Equipment – HRA	9,731
8	Property, Plant and equipment – GF used as council housing	0
0	Non-Current Assets held for sale	769
23	Intangible Assets	151
11	Revenue Expenditure funded from Capital under Statute	55
10,715		10,706
	Sources of funding	
(2,369)	Capital Receipts	(456)
0	Revenue Contributions	(126)
(8,024)	Major Repairs Reserve	(9,189)
(322)	Government grants and other contributions	(935)
(10,715)		(10,706)
0	Balance unfunded at 31 March	0

- * REFCUS is created when expenditure has been incurred on items that are not capitalised as fixed assets but have been financed from capital resources. It is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. The total amount of REFCUS is £0.055m for 2017/18 (£0.011m in 2016/17).

Prior to the implementation of HRA Self-financing on 1 April 2012, supported borrowing levels had been issued annually by Central Government, authorising the Council to borrow monies, which were funded by Central Government to cover capital expenditure. Additionally, the Council was able to take out unsupported or prudential borrowing, which must be financed from its own resources. Post self-financing implementation and the end of the housing subsidy system, all borrowing will be prudential borrowing. In 2017/18, there was no prudential borrowing undertaken to fund the HRA capital investment.

Note 7 - Capital Receipts

The cash receipts from the disposal of land, houses and other property within the HRA in the year are summarised as follows:

2016/17 £'000		2017/18 £'000
	Council dwellings	
(2,658)	- Right to Buy	(3,227)
(36)	- Discounts repaid	(30)
	Other Receipts	
0	- Land Sales reimbursements	(714)
0	- Reimbursement of expenditure on	(33)
	General Fund property on sale	
<u>(2,694)</u>		<u>(4,004)</u>
534	Less Pooled (Paid to Central Government)	529
<u>(2,160)</u>	Total	<u>(3,475)</u>

Note 8 - Rent Arrears

During the year 2017/18 total rent arrears increased by £0.018m or 1.13%, to £1.618m. A summary of rent arrears and prepayments is shown in the following table:

2016/17 £'000		2017/18 £'000
738	Current Tenant Arrears @ 31 March	725
862	Former Tenant Arrears @ 31 March	893
<u>1,600</u>	Total Rent Arrears	<u>1,618</u>
(582)	Prepayments @ 31 March	(156)
<u>1,018</u>	Net Rent Arrears	<u>1,462</u>

A bad debt provision of £285,683 has been made in this year's accounts in respect of potentially non-collectable rent arrears, as detailed above, and associated miscellaneous debts. The value of the bad debt provision held in the Balance Sheet at 31 March 2018 is £1.614m (£1.563m at 31 March 2017).

Note 9 - Pension Costs

In line with the full adoption of IAS 19 'Employee Benefits' the Net Cost of Services includes the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required when determining the movement on the HRA Balance for the year is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the HRA in the Movement on the Housing Revenue Account Statement. The following transactions have been made in the HRA during the year:

2016/17		2017/18	
£'000		£'000	
	HRA Income & Expenditure Statement		
1,303	Current Service Cost	1,959	
0	Past Service Costs	0	
922	Net interest expense	879	
2,225	Total	2,838	
(1,473)	Amount to be met from HRA	(1,457)	
752	Movement on Pension Reserve	1,381	

THE COLLECTION FUND STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2016/17 £'000 Total		2017/18 £'000 Council Tax	2017/18 £'000 NNDR	2017/18 £'000 Total	Note
INCOME					
(37,291)	Council Tax Payers	(39,125)	0	(39,125)	2
(94)	Income from Ministry of Defence	(100)	0	(100)	
(43,136)	Income from Business Ratepayers	0	(41,813)	(41,813)	3
(80,521)		(39,225)	(41,813)	(81,038)	
EXPENDITURE					
Precepts:					
5,916	- City of Lincoln Council	6,145	0	6,145	
26,239	- Lincolnshire County Council	27,798	0	27,798	
4,684	- Police & Crime Comm. Lincolnshire	4,868	0	4,868	
Business Rates:					
21,704	- Payments to Government	0	20,832	20,832	3
17,285	- Payments to City of Lincoln Council	0	16,295	16,295	3
4,321	- Payments to Lincs County Council	0	4,074	4,074	3
148	- Cost of Collection	0	145	145	
Bad and Doubtful Debts					
201	- Provisions	(20)	21	1	5
364	- Write Offs	236	148	384	
1,384	- Provision for appeals	0	(643)	(643)	5
(2,587)	Transfer of Collection Fund Surplus	236	(3,074)	(2,838)	4
79,659		39,263	37,798	77,061	
(862)	Deficit / (Surplus) for the year	38	(4,015)	(3,977)	
COLLECTION FUND BALANCE					
3,810	Balance brought forward at 1 st April	(325)	3,273	2,948	
(862)	Deficit/(Surplus) for the year (as above)	38	(4,015)	(3,977)	
2,948	Balance carried forward at 31st March	(287)	(742)	(1,029)	
Allocated to:					
1,257	- City of Lincoln Council	(45)	(297)	(342)	
95	- Lincolnshire County Council	(206)	(74)	(281)	
(41)	- Police & Crime Comm. Lincolnshire	(36)	0	(36)	
1,637	- Government	0	(370)	(370)	
2,948		(287)	(742)	(1,029)	

NOTES TO THE COLLECTION FUND

Note 1 - General

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For the City of Lincoln, the Council Tax precepting bodies are Lincolnshire County Council (LCC) and the Police and Crime Commissioner for Lincolnshire (PCCL).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the City. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The City of Lincoln share is 40% with the remainder paid to precepting bodies. For the City of Lincoln the NNDR precepting bodies are Central Government (50% share) and LCC (10% share).

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

Note 2 - Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2017/18 was 23,690 (23,244 in 2016/17). The increase between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax Discounts and Exemptions. The tax base for 2017/18 was approved at the Executive on 9th January 2017 and was calculated as follows:

Band	Ratio	Dwellings	Equivalent Dwellings after discounts, exemptions and reliefs	Equivalent Band D Dwellings
A Reduced	5/9	0	71	39
A	6/9	27,282	22,115	14,743
B	7/9	8,750	7,489	5,825
C	8/9	4,854	4,310	3,831
D	9/9	2,507	2,268	2,268
E	11/9	1,230	942	1,152
F	13/9	391	363	524
G	15/9	130	119	199
H	18/9	45	8	15
Total		45,189	37,685	28,596
Deduction for Non Collection				(357)
Crown Properties Adjustment				59
Adjusted to Band D Equivalent				28,298
Council Tax Relief Scheme				(4,609)
Tax Base for the Calculation of Council Tax				23,689

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band 'A' properties.

Income received from Council Tax payers in 2017/18 was £39.125m (£37.291m in 2016/17).

Note 3 - Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. Historically the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to local authorities their

share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of the City of Lincoln the local share is 40%. The remainder is distributed to preceptors and in the case of the City of Lincoln these are 50% Central Government and 10% to Lincolnshire County Council (LCC).

The business rates shares payable for 2017/18 were estimated before the start of the financial year as £20.832m to Central Government, £4.074m to LCC and £16.295m to the City of Lincoln Council. These sums have been paid in 2017/18 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government or to Top-up authorities within an NNDR Pooling arrangement are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. City of Lincoln Council was part of the Lincolnshire NNDR Pool in 2017/18 alongside Lincolnshire County Council and five other Lincolnshire District Councils. In 2017/18 the City of Lincoln made a tariff payment from the General Fund to the County Council to the value of £12.228m (£12.936m in 2016/17).

The total income from business rate payers collected in 2017/18 was £41.813m (£43.136m in 2016/17).

In addition to the top up/tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income (either through support from Central Government if they are not in a NNDR Pool or as first call on gains from pooling if authorities are members of an NNDR Pool). For the City of Lincoln the value of the safety net figure (net of tariff) is £3.295m (£3.229m in 2016/17). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief and other reliefs not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2017/18.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31st March 2018. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision released to the collection fund for 2017/18 has been calculated at £0.643m (£1.384m was added in 2016/17).

For 2017/18, the total non-domestic rateable value at the year-end is £112.7m (£105.3m in 2016/17). The national multipliers for 2017/18 were 46.6p for qualifying

Small Businesses, and the standard multiplier being 47.9p for all other businesses (48.4p and 49.7p respectively in 2016/17).

Note 4 - Contributions to Collection Fund Surpluses and Deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2017 it was estimated that the Collection Fund would have a Council Tax surplus of £0.236m (£0.879m in January 2016) and a Business Rates deficit of £3.074m (£3.466m in January 2016), a combined Collection Fund deficit of £2.837m (£2.587m deficit in January 2016) and so the following amounts were due to or from the preceptors in 2017/18.

2016/17 £'000		2017/18 £'000
1,246	City of Lincoln Council	1,191
(283)	Lincolnshire County Council	139
(109)	Police & Crime Comm. Lincolnshire	(30)
1,733	Central Government	1,537
2,587	Total	2,837

Note 5 - Council Tax/NNDR Bad Debt Provision and NNDR provision for valuation appeals – Accounting Policy

The Collection Fund account provides for bad debts on arrears on the basis of prior years' experience and current year's collection rates.

2016/17 £'000		2017/18 £'000
584	Balance at 1 st April	690
(109)	Write-offs during year for previous years	(236)
215	Contributions to provisions during year	217
106	Net Increase / (Decrease) in Provision	(20)
690	Balance at 31st March	670

The Council's proportion of these write offs and increase in provision are shown below:

2016/17 £'000		2017/18 £'000
93	Balance at 1 st April	109
16	Net Increase / (Decrease) in Provision	(5)
109	Balance at 31st March	104

The Collection Fund account also provides for bad debts on NNDR arrears.

2016/17 £'000		2017/18 £'000
370	Balance at 1 st April	465
(255)	Write-offs during year for previous years	(148)
350	Contributions to provisions during year	169
95	Net Increase in Provision	21
465	Balance at 31st March	486

The Council's proportion of these write offs and increase in provision are shown below:

2016/17 £'000		2017/18 £'000
148	Balance at 1 st April	186
(102)	Write-offs during year for previous years	(59)
140	Contributions to provisions during year	68
38	Net Increase in Provision	9
186	Balance at 31st March	195

The Collection Fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2018.

2016/17 £'000		2017/18 £'000
6,900	Balance at 1 st April	8,285
3,642	Additional Provisions made in year	2,471
(547)	Amounts used in year	(1,053)
(1,710)	Unused Amounts reversed in year	(2,061)
1,385	Net Increase/(Decrease) in Provision	(643)
8,285	Balance at 31st March	7,642

The Council's proportion of this provision is shown below:

2016/17 £'000		2017/18 £'000
2,760	Balance at 1 st April	3,314
1,457	Additional Provisions made in year	968
(219)	Amounts used in year	(421)
(684)	Unused Amounts reversed in year	(804)
554	Net Increase/(Decrease) in Provision	(257)
3,314	Balance at 31st March	3,057

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF CITY OF LINCOLN COUNCIL

To be inserted following audit

1 The council's responsibility for sound governance

1.1 Scope of responsibility

City of Lincoln Council must ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised.

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. In discharging this overall responsibility, we must put in place proper governance arrangements to manage our affairs. The council must ensure that there is a sound system of governance (incorporating the system of internal control).

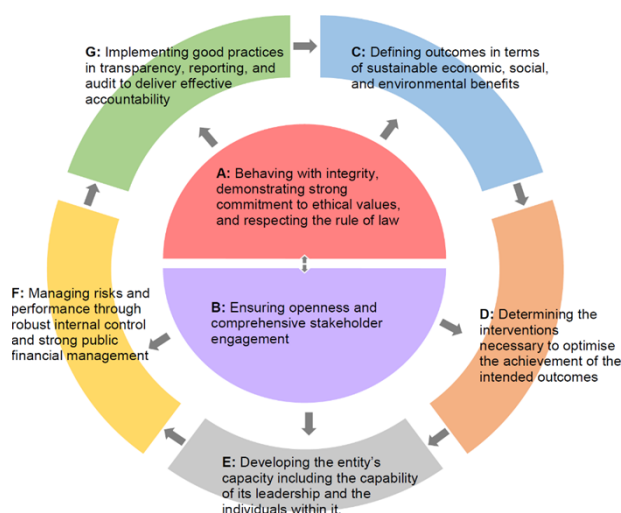
During 2016/17, City of Lincoln Council fundamentally reviewed its governance framework to reflect the new CIPFA/SOLACE Framework. The council updated its own Code of Corporate Governance and following a review of compliance in autumn 2017, updated this further in January 2018.

How we are meeting these defined responsibilities is detailed in the Code of Corporate Governance, which is found on our website under your council/information policies & publications/corporate publications. www.lincoln.gov.uk

This Annual Governance Statement details how the city council has complied with its own Code of Corporate Governance over the last year and meets the statutory requirements for all relevant bodies to prepare such a statement.

1.2 The new Code of Corporate Governance sets out the documentation, systems and processes by which the authority transparently controls its activities and defines its cultures and values. It enables us to monitor achievement of our strategic objectives and to consider whether these have led to the delivery of appropriate value for money services.

The code is based on a set of seven core principles:



1.3 Responsibility rests within a range of areas – the key ones are detailed in the table below:

KEY ELEMENTS OF COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at City of Lincoln Council are summarised below:

<p>Council, Executive, Leader</p> <ul style="list-style-type: none"> ❖ Provide leadership; set, develop and implement policy ❖ Ensure the Vision 2020 strategy is taken forward ❖ Develop, adopt and implement the budget framework ❖ Support the city's diverse communities and neighbourhoods to thrive 	<p>Leadership and decision making</p> <ul style="list-style-type: none"> ❖ All decision meetings held in public (except those identified as 'part B') ❖ Decisions recorded on the council's public website ❖ Resources directed according to priorities as set out in Vision 2020 	<p>Risk management</p> <ul style="list-style-type: none"> ❖ Risk registers identify both operational and strategic risks ❖ Strategic risks are considered by CMT and Executive every quarter ❖ Internal audit provides independent objective assurance ❖ Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)
<p>Scrutiny and review</p> <ul style="list-style-type: none"> ❖ Scrutiny committees review council policy and can challenge decisions to hold Executive to account ❖ Audit and Performance committees review governance, costs vs budget, risk, internal control and delivery of agreed plans ❖ Ethics and Engagement Committee and/or Monitoring Officer deals with complaints about, or suspected breaches of member conduct ❖ Scrutiny operates a 'call in' process whereby backbenchers can challenge an Executive decision 	<p>Corporate Management Team (CMT)</p> <ul style="list-style-type: none"> ❖ The CX is the Head of Paid Service and is responsible for all council staff and for leading an effective Corporate Management Team (CMT) ❖ CMT ensures there is clear accountability for the use of resources in achieving desired outcomes for service users and the community ❖ The Chief Finance Officer (CFO) is the council's Section 151 Officer and is responsible for safeguarding the council's financial position and securing value for money. The council's financial management arrangements comply with the governance requirements of the CIPFA Statement on the role of Chief Financial Officer in Local Government (2015) ❖ The City Solicitor is the council's Monitoring Officer and is responsible for ensuring legality, good governance and promoting high standards of conduct 	

Outcomes, Vision, Value for Money

The council's governance arrangements underpin our strategic policies and plans to ensure that the council delivers effective, efficient services for its residents and other stakeholders. Vision 2020 (our new strategic plan) provides a clear vision for what is to happen in the period 2017-2020. It is complemented with the council's Annual Report which provides details on achievements each year towards the vision.

The council has a strong Medium Term Financial Strategy (MTFS) which delivers the best use of current assets, whilst also ensuring that the council maximises the use of available government grants

- 1.4 In the following sections, the AGS considers whether the Code has been applied effectively providing commentary on how the framework itself has operated over the last 12 months.

1.5 CORE PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Ethical values, standards and formal codes of conduct are defined in the council's constitution and form the basis for developing our policies, procedures and actions as well as for the behaviour of our members and staff. We have appropriate processes in place to ensure that members and staff are not influenced by prejudice, bias or conflicts of interest when engaging and making decisions with stakeholders, as well as effective systems to protect the staff rights.

All council decisions consider legal and equality implications with support from Legal Services.

Our Audit Committee (which includes an independent member) provides assurance on the adequacy of the internal control environment, by ensuring high standards of conduct are embedded within the council's culture, monitoring governance issues raised and overseeing internal and external audit arrangements.

Activity within Principle A in 2017/18:

- An internal audit was undertaken in autumn 2017 to look at compliance with the council's code of corporate governance (CCG). As a result, some minor changes to the code were identified, including the inclusion of the Whistle Blowing Policy. The CCG was then updated and approved by Audit Committee in February 2018
- The council has new core values – to be approachable, trusted to deliver & innovative
- Counter Fraud Strategy/action plan and other counter fraud policies have been reviewed. The council is involved with the National Fraud Initiative and has a close working relationship with Department for Work & Pensions for Housing Benefit fraud.
- Completion of the information asset database within the 'IMPS' monitoring system
- Complete the review of the Financial Procedure Rules

Proposed activity for the coming year:

- Further counter fraud policies / strategies will be reviewed and updated and CF training will be rolled out through the year
- We will be undertaking counter fraud projects with the Lincolnshire CF team
- Continued progress on outstanding information management actions to meet GDPR
- Roll out of NetConsent – policy management and compliance system
- Member induction for those new Members elected in May 2018

1.6 CORE PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

The council makes sure our partners, in the private, public and voluntary sector as well individual citizens and service users are engaged in and have full access to information relating to decisions made. We expect reports to decision makers to be open, provide all the necessary material to ensure informed decisions in the best interests of the city and communities, and to have engaged stakeholders and service users in arriving at proposals under consideration.

Activity within Principle B in 2017/18:

- Businesses were engaged in a highly successful Growth Conference – March 2018
- Consultation was conducted in January 2018 on the proposed MTFS for 2018-23
- Consultation was conducted in December 2017 on the Council Tax Support Scheme
- The council has increased its use of social media to enhance its communications reach
- Completion and roll out of guidance for staff on best practice principles for consultation
- Workshops were held as part of the planning stages of the revitalisation of Sincil Bank, with the final results shared in a workshop in June 2017
- WGC – Lengthy consultation took place during 2017, with multiple focus groups over an extended period. As a result significant changes are to be made within the transport aspect, with further consultation taking place in 2018 on the revised proposals


Proposed activity for the coming year:

- The City of Lincoln is a partner in a group of voluntary sector organisations reviewing the Community Cohesion Strategy for Lincoln
- Housing will be undertaking the biennial STAR survey in late 2018
- Development of a Social Policy Conference in 2018/19 to seek partner views on a specific area of focus to be determined under the 'Let's reduce inequality' priority
- Development and roll out of a new Communications Strategy

1.7 CORE PRINCIPLE C: Defining outcome in terms of sustainable economic, social, and environmental benefits

Vision 2020 is a three year strategy and delivery plan, developed using an evidence base from the Lincoln City Profile and following wide consultation, with an inclusive vision to deliver Lincoln's ambitious future. It highlights four priorities for the city, acknowledging that the council cannot deliver everything needed by itself and must work in partnership and collaboration to achieve these ambitious plans. These are:

Together, let's deliver
Lincoln's ambitious future



- ▶ Let's drive economic growth
- ▶ Let's deliver quality housing

- ▶ Let's reduce inequality
- ▶ Let's enhance our remarkable place

These are underpinned by the need to deliver 'Professional high performing services'

Progress towards achieving the vision, aligned with the key priorities, will be reported to and monitored by senior management and elected members. Service areas within directorates, and under the guidance of assistant directors, are responsible for delivering individual projects to agreed timescales and budgets, with consideration for economic, social and environmental benefits which collectively will achieve our priorities.

Activity within Principle C in 2017/18:

- Approval of the MTFS which is a financial representation of the council's Vision 2020
- Completion of the Transport Hub which is now the 'Gateway to Lincoln'
- Implementation has started of the approved place strategy for Park Ward, highlighted as an area for regeneration. Three key strands of work are in planning stage.
- Completion of the Boultham Park project utilising Heritage Lottery funding
- A cross directorate group has been created with a focus on 'embedding sustainability into everyday working processes'
- Development of new Portfolio Holder responsibilities to align with Vision 2020

Proposed activity for the coming year:

- Plan to be developed for embedding sustainability over the next 3 to 5 years

- Further develop plans for the Western Growth Corridor in partnership
- Progress plans for regeneration of the Sincil Bank area of the city
- Refresh the Low Carbon Lincoln Strategy and action plan
- Roll out and embed the application of the new Portfolio Holder responsibilities

1.8 **CORE PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The council clearly defines its priorities and plans which are aimed at delivering the outcomes it intends. Service plans are in place for all directorates with key projects listed separately. All projects are subject to the Lincoln Project Management Model (LPMM), through which we continuously assess the risks of not fully delivering plans and ensure that there are mitigating actions in place to support the achievement of intended outcomes.

The council's financial management arrangements ensure that there is adequate resource available to deliver plans. The council reviews progress against delivering those outcomes through its performance management framework.

Activity within Principle D in 2017/18:

- Review of the CMT decision making process around strategic plan projects (SPIT) has been completed and implementation commences from May 2018
- The LPMM has been fully updated to include all changes in project governance recommended through the SPIT review. More ownership and accountability for project management has been passed to Project Sponsors and Project Managers
- The Vision Boards are now established and have all delivered their first annual reports to members
- The revised TFS Board and the new High Performing Services Board commenced in May 2017 and has delivered its first annual report
- Services Managers Forum has been active since November 2016 and has taken over the role covering risk, insurance incidents, GDPR and AGS monitoring

Proposed activity for the coming year:

- A year 2/3 programme for the next steps of implementing the vision has been proposed and is currently under discussion
- The work of the Business Development team is to be re-aligned with the needs identified within the year 2/3 Vision projects
- A new training programme for the LPMM will be rolled out to ensure that all project managers and sponsors are fully aware of how to implement their new responsibilities

1.9 **CORE PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The council ensures a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the council objectives. A newly developed People Strategy will ensure the workforce has the necessary skills and behaviours to deliver the vision for the city, and is effectively engaged to champion the council's priorities. Partnership working extends the capacity for key projects beyond the council's own resource and is embedded within the Vision 2020 objectives.

Activity within Principle E in 2017/18:

- Roll out of People Strategy demonstrating plans to develop capability and capacity. Two defined positions have been created around performance and staff wellbeing.
- Targeted work around the wellbeing and health aspects for staff
- More HR policies have been reviewed with training delivered to managers
- New appraisal format includes mandatory appraisals during the period April- June,

- collation of personal development plans and a review of Job responsibilities
- Coaching programme completed for senior management and service managers
- Staff satisfaction survey completed in late 2017. Action plans are now underway in each Directorate

Proposed activity for the coming year:

- A further review of Directorate structures following the retirement of the Housing Director in April 2018
- People Strategy to continue to roll out new activities for example a Staff engagement Strategy and HR focussed line manager briefings
- Needs analysis to be completed on Leadership Development

1.10 CORE PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

The council recognises the need to implement an effective performance management system that will allow us to deliver services effectively and efficiently. We understand that risk management, internal control and strong financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

The financial audit identified material errors in the DRAFT financial statements, which were corrected in the published version, for which an unqualified opinion was given. The errors were reported in the September 2017 ISA260 report to the Authority. It was acknowledged that this was due to unprecedented staffing difficulties faced by the finance team during the closedown process and in the first half of the 2017. Management agreed to the report recommendations and ensured that the arrangements and working papers for the 2017/18 accounts would be robust and effective.

Activity within Principle F in 2017/18:

- Continued use of the risk process 'Risk Appetite' methodology and toolkit.
- The Annual Audit Letter issued an unqualified conclusion on the authority's Final Statement of accounts and Value for Money statement
- Continuation of the review of compliance to data protection and an audit on data management. All services have been reviewed and have agreed an action plan
- Reductions in the central government funding have been mitigated by a successful savings and income generation programme – a key aspect of which is the new Property Acquisition arm of the Asset Optimisation plan.
- The review of business continuity plans has been completed which is the last part of the revised disaster recovery plan

Proposed activity for the coming year:

- The introduction of NETconsent to minimise the risk of non-compliance to policy
- Development of a three-year plan for new income generating opportunities
- Partnership guidance to be updated and re-issued - AD's to develop a list of ALL partnerships/joint working in their areas as a minimum
- Increase the level of purchase order usage across the authority to ensure full control
- The council will move from KPMG (external auditors) to Mazzars during 2018/19

1.11 CORE PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the

council plans and carries out its activities in an open, transparent and proportionate manner. Performance is managed under the principles of the Performance Management Framework

Activity within Principle G in 2017/18:

- Improvements made to the website, including more self-serve options – through 2017
- Communications team has increased coverage of new developments, changes etc. through social media as well as the more traditional channels
- New targets on all year 1 Vision 2020 projects have been developed
- A scope for the development of a new performance management system was approved for progression by CMT in December 2017

Proposed activity for the coming year:

- Targets to be developed for all year 2 Vision projects
- Develop and implement a new Performance Management system aimed at improving the culture of performance across the organisation
- The Lincoln Performance Management Framework will be reviewed in 2018
- Review of options in Aggresso for reporting alongside the proposed new Performance Management System
- Develop a new web option to replace our existing website

2 Review of effectiveness of the governance framework

We undertook an assessment of the council's governance framework during 2017/18 - summary details are outlined above.

We reviewed key governance areas and assurances to identify any significant governance issues, these are detailed below in section 5

3 Level of assurance provided

We can provide a high level of assurance that the governance arrangements operating at City of Lincoln Council, in line with our Code of Corporate Governance are appropriate, fit for purpose and working well in practice.

4 Status of significant governance issues monitored from 2016-17

The council has regularly monitored its 2016 -17 significant governance issues through senior management and the Audit Committee during 2017/18:

Issues that have been significantly progressed and now can be removed:

- Health & Safety – Framework for risk assessment: The central register is now live and all training needs undertaken. An internal audit on the H&S development plan gave a substantial assurance. This risk was confirmed green at Audit committee 4th April 2017
- Health & Safety – Responsible officers (RO): The RO manual and procedures have been updated and responsible officer duties are being undertaken. All RO's were identified and most have had this responsibility inserted into their job description.
- IT disaster recovery: Arrangements to cover major events are well underway with a secondary ICT location established and tested and fully functional at Hamilton House.

A draft ICT Disaster Recovery Plan has been written and is now being tested against Corporate Business Continuity plans. The final plan needs to be agreed by the Business Continuity Group to complete this exercise.

5 Significant governance issues identified from 2017-18

One current significant issue will remain a focus for 2018/19

- **Information Management:** During 2017/18 significant progress has been made towards achieving the aim of being fully compliant with General Data Protection Regulation (GDPR) by the implementation date in May 2018. However there remain a number of areas still in progression and due to the seriousness of non-compliance, until these are completed, this area will remain a significant issue

New significant issues identified

There are no new areas designated as significant issues

Other areas to retain a focus on – but are not considered significant issues as yet

- The council has minimal experience of the process of setting up a new partnership company (solely owned or a joint venture) and care needs to be taken to select the right governance framework arrangements, ensuring appropriate formal legalities and financial aspects are in place.
- Project management monitoring arrangements have been reviewed, with the Strategic Plan Implementation Team having been replaced by the new Capital Programme Group and additional responsibilities for the Programme Boards. This will remain on the list of areas to watch through 2018/19 to ensure governance quality is maintained.
- Western Growth Corridor to ensure that effective governance is maintained as the project develops further
- Continually ensure that appropriate and timely professional advice is sought on key projects, policies and decisions
- Ensure that the remaining Responsible Officer duties within the Housing services are fully rolled out during 2018/19

6 Conclusion

The council's governance arrangements are under continual review and refinement. The council will monitor improvement plans for its significant governance issues quarterly and report progress in the next annual review.

Signed

Leader (Cllr Ric Metcalfe) **Date:** 25 May 2018

Signed

Chief Executive (Mrs Angela Andrews) **Date:** 25 May 2018

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A fixed asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Council, i.e. it is "clawed-back" by the Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The statement that shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount funded from taxation. The Council raises taxation to cover the cost of expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount in the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Code requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date, which should be accounted for.

SUBJECT: HUMAN RESOURCES POLICY UPDATES

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: CAROLYN WHEATER, CITY SOLICITOR

1. Purpose of Report

- 1.1 To request that Executive approve the Substance Misuse and Transgender Policies and updates to the Grievance Policy.

2. Executive Summary

- 2.1 The HR team propose to introduce the following policies:-

- Substance Misuse Policy
- Transgender Policy

This report also outlines changes to the Grievance Policy.

3. Background

- 3.1 The HR team are required to continually review and streamline the Council's policies and procedures as and when required.
- 3.2 The HR team have therefore introduced and updated the above policies ensuring that they are clear, fit for purpose, and legally compliant.

4. Main Body of Report

This section of the report details the main changes which are being proposed.

4.1 Substance Misuse Policy

This is a completely new policy to ensure that the Council recognises that substance misuse related problems are an area of health and social concern and to ensure that the Council provides adequate support to employees with such problems.

This policy also outlines the procedures and processes which will be followed should an employee's conduct or capacity cause work related issues brought on by consumption of alcohol or any illicit substance.

4.2 Transgender Policy

This is a completely new policy to demonstrate that the Council is committed to ensuring that transgender employees are treated with dignity and respect and are not disadvantaged in the workplace.

The policy sets out the steps the Council takes to welcome and support transgender employees and prevent discrimination.

4.3 Grievance Policy

Sections 5.8 – 5.10 have been inserted to outline the procedure for when an employee's health prevents them from participating in the grievance procedure.

Section 6.2 has been reworded to read 'The informal meeting should only consist of the manager and the employee, however if the matters involves another employee they may also be invited to attend'.

5. Strategic Priorities

The Councils policies support the delivery of Professional High Performing Service to ensure we are in the best possible position to deliver our services.

6. Organisational Impacts

6.1 Finance

Not applicable.

6.2 Legal Implications including Procurement Rules

The enclosed policies have been reviewed and updated taking into account legislative requirements.

6.3 Land, property and accommodation

Not applicable.

6.4 Human Resources

The joint HR and Trade Union meetings have been used to seek the views of the Trade Unions and these have been taken into account prior to JCC.

During the HR and Trade Union meeting the unions did raise concerns with the Substance misuse policy, based upon the amount of times the word 'disciplinary' was used, however following a further review of the document this word 'disciplinary' was reduce, however there still remains a need for the word to be used in some aspects of the report.

The HR and Trade Union did not raise any concerns with the Transgender Policy and/or Grievance Policy and their views were incorporated into the policy itself.

Further to the JCC meeting held on 5 June 2018, it was agreed that section 5.7 of the grievance policy would be slightly amended to include the phrase 'in consultation with the employee'.

- 6.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required)

The attached policies have been reviewed with regard to equality, diversity and human rights considerations.

7. Risk Implications

- 7.1 (i) Options Explored

Not applicable.

- 7.2 (ii) Key risks associated with the preferred approach

Not applicable.

8. Recommendation

- 8.1 That Executive approve the new and updated policies based upon this report.

Is this a key decision? No

Do the exempt information categories apply? No

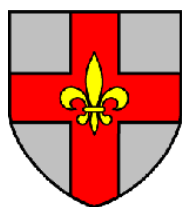
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain?

List of Background Papers: Three policies outlined above

Lead Officer: Ali Thacker , HR and Payroll Team Leader
Telephone (01522) 873801

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Grievance Procedure

1 The Purpose of this Procedure

- 1.1 This grievance procedure is to make sure that employees and managers understand how the Council will deal with complaints about alleged breaches of legal or contractual rights.
- 1.2 The objectives are to make sure we deal with problems:
- as quickly as possible;
 - at the lowest appropriate level possible within the Council;
 - fairly and consistently.

2 Responsibilities

2.1 Responsibility of Assistant Directors/Directors/Managers

- To understand and comply with the policy and to ensure the compliance of others.
- To respond sensitively and promptly to any issues raised under this policy.

2.2 Responsibility of HR

- To provide support and guidance on the application of this policy.
- To ensure timescales are met and escalate where required.
- To regularly review and update this policy as required.

2.3 Responsibility of the Trade Unions

- To respond sensitively and promptly to any issues raised under this policy.

3. Eligibility

The procedure applies to all current and former Council employees.

This procedure cannot be used where the same issue has previously been determined under the Council's Dignity at Work Policy.

4 Use of this procedure

4.1 When this procedure should be used

It isn't possible to list all the circumstances, but examples of when an employee may raise a grievance could include issues about:

- terms and conditions of employment including pay;
- health and safety;
- equality.

4.2 When this procedure should not be used

Employees should not use this procedure for the issues listed because they are dealt with under separate policies:

- grading of posts;
- Dignity at work;
- any policy with its own appeals procedures.

4.3 Collective Grievances

Where a grievance applies to more than one employee, it may be appropriate for the matter to be dealt with through a collective grievance process. In these instances every effort should be taken initially to fully discuss the issues informally between the employees and their manager in an attempt to understand and resolve the situation. Should this fail, the procedure for collective grievances must be followed as set out in the Collective Consultation and Communication Agreement.

5 General principles

- 5.1 When an employee lodges a grievance the situation relating to it will stay the same (status quo will be maintained), whenever possible, until it is resolved or the procedure completed.
- 5.2 All parties will try to resolve issues as quickly as possible and timescales have been set out to achieve this. However, if there are genuine reasons why they cannot be met, these timescales can be varied if the people involved agree.
- 5.3 Employees have the right to be accompanied at all **formal** stages of the process by their trade union representative, a full-time trade union official or a work colleague. They may not have legal representation or be accompanied by their line manager.
- 5.4 Managers will keep written records, and provide copies to the employee raising the grievance, including:
 - letters;
 - reports;
 - meeting notes;
 - action plans;
 - agreements.
- 5.5 At all stages of the procedure, the employee must confirm in writing whether they are satisfied with the outcome. If they are not satisfied, they must follow the procedure for moving their grievance onto the next stage.

- 5.6 If an employee raises a grievance against an Assistant Director/Head of Service, their Director will hear stage 2 of the procedure and the Chief Executive will hear the appeal stage. If a grievance is raised against a Director, the Chief Executive will hear stage 2 and the Member Investigatory Committee will hear any appeal.
- 5.7 If an employee raises a grievance, which the HR Manager and the chair of the JCC Staff Side agree will affect other employees, then we will refer it to the Joint Consultative Committee in consultation with the employee. Everyone involved must recognise that there will be a delay in resolving the grievance during this consultation.
- 5.8 Circumstances may arise when the ill health of an employee prevents the procedure from being followed because the employee is too ill to participate in the investigation, adequately prepare for a hearing/ meeting or attend the hearing/ meeting itself. Where this is the case, the Council will act consistently with the following principles:
- A. The ill health of an employee will not be a ground for abandoning any ongoing procedures.
 - B. Where the absence is likely to be short (i.e less than 1 month), the Council will usually wait until the employee recovers and is able to take a full part in the process.
 - C. When the absence is ongoing and it appears to the Council that the employee is likely to remain off sick for an extended period, the organisation may require the employee to cooperate with a medical expert in determining whether or not he/she is sufficiently fit to take part in the process.
 - D. Where it appears that the employee is not fit to take a full part in the standard procedure, the Council will consider taking any of the measures set out below to enable the employee to participate effectively.
- 5.9 The organisation may, with the agreement of the employee, adjust the standard procedure by taking any or all of the measures set out below with a view to ensuring the effective participation of the employee in the process:
- **Venue.** The organisation will consider holding the meetings at a venue other than the organisation's premises, either to reduce the stress caused to the employee by attending the hearing or to accommodate any physical needs that the employee may have.
 - **Written representations.** Where the employee may have difficulty in explaining his/her case, consideration will be given to allowing the employee to rely on written representations, which may be prepared by a representative on the employees behalf.
 - **Documentation.** The organisation will take particular care to ensure that the employee receives all documentation relating to the process sufficiently time to allow him/her to prepare fully, taking into account any effect that the employee's health may have on his/her ability to analyse the information and prepare a response.

- **Timings.** While being committed to the principle that matters should be dealt with promptly, the organisation may allow extra time for any stage of the process to ensure that the employee can participate effectively. Particular attention will be given to the duration of any meetings/hearings and its impact on the employee and the need to take appropriate breaks.

5.10 There may be exceptional circumstances when the employee will not be able to attend a meeting/hearing, whatever measures are taken.

In such circumstances, the organisation reserves the right to proceed with a hearing in the employee's absence, although full consideration will be given as to whether or not this is necessary in the circumstances.

Where this is the case, the employee and his/her representative will be informed of the time and location of the hearing and will remain free to attend. The representative will be free to attend, even if the employee is not present.

The representative will be able to present any written representations but will not be able to answer questions on behalf of the employee.

The outcome of the hearing will be communicated in writing to the employee, paying particular attention to the need to explain the details of any factual findings made and the basis of the decision reached.

6 Stages of the procedure

Stage 1 – informal

- 6.1 The employee must raise the grievance with their manager, verbally or in writing, as soon as possible and within a maximum of three months of the original issue or problem unless there are exceptional reasons why this is not possible.
- 6.2 The informal meeting should only consist of the manager and the employee, however if the matters involves another employee they may also be invited to attend if both parties agree, within five working days to try to resolve it as quickly as possible. At the meeting, the manager must take notes during the meeting detailing the issue discussed. The Manager will issue the employee with written confirmation of the decisions reached and any agreed actions within five working days of the date of the meeting taking place. The letter must also enclose copy minutes of the meeting.
- 6.3 The employee must confirm in writing within five working days whether they are satisfied with the outcome. If they do not respond within this timescale their manager will assume that they are satisfied and will write to them confirming that the issue has been resolved.
- 6.4 If the employee is not satisfied with the outcome, they should write to their Assistant Director within five working days. They should head their letter '**Grievance**' and in it state:
 - details of the issues or problem;
 - the reasons why they are not satisfied with the outcome of stage 1;

- what they want to happen as a result of their grievance.

6.5 Depending on the reasons given, the Assistant Director may refer the issue back to the line manager to make a new attempt to resolve it at stage 1 by re-following the process before the grievance moves to stage 2. The Assistant Director will notify the employee of this decision in writing. The new attempt to resolve it must be within five working days of the decision to refer it back to the line manager.

Stage 2 - formal

6.6 If the line manager cannot resolve it, or the Assistant Director decides that it is not appropriate to refer it back to the line manager, the Assistant Director will notify the HR Manager who will appoint a Presiding Officer at service manager grade or above and an Investigating Officer.

7 The investigation

The Investigation will be carried out in line with the Councils Disciplinary policy.

Roles and responsibilities during the investigation

7.1 The **Presiding Officer** will tell the employee:

- the reason for the investigation, and confirm this in writing;
- who will be investigating;
- that there may be a grievance hearing to consider the investigation report and to try to resolve the grievance.

7.2 The **HR Manager** will appoint and brief the investigating officer and notify the Presiding Officer who this will be.

7.3 The **investigating officer** will be a HR Associate or suitable alternative who will:

- interview relevant people and take statements;
- establish the facts and assemble any evidence;
- produce a factual report, giving it to the Presiding Officer, wherever possible, within twenty working days

8 The outcome of the investigation

8.1 The Presiding Officer will decide if a hearing is necessary, and will set a date to hear the grievance and write to the employees concerned setting out:

- the arrangements for a hearing, giving them at least ten working days' notice, unless the employee and the Presiding Officer agree to a shorter timescale;
- of their right to be represented by a trade union representative or work colleague;
- that if they have any special needs they must tell us so we can accommodate them at the hearing;
- of their right to call witnesses if they wish, asking them to let HR know which witnesses they would like to attend.

- 8.2 Should any additional evidence come to light after this time, any requests to submit it must be made at least 48 hours prior to the hearing. Requests for later submissions will not be accepted.

9 The hearing

- 9.1 The purpose of the hearing is:

- to give the employee an opportunity to explain their grievance;
- to give the employee's line manager an opportunity to explain their response to stage 1 of the process;
- to consider the facts in the investigation report, if there is one;
- to ask questions;
- to hear from any relevant witnesses;
- to provide an opportunity for relevant questions to be asked;
- for the Presiding Officer to reach a decision.

- 9.2 People attending the hearing will be:

- the Presiding Officer;
- an HR adviser to the Presiding Officer;
- investigating officer, if applicable;
- the employee;
- their representative ;
- any companion required to provide special needs support;
- the line manager who tried to resolve the grievance at stage 1;
- witnesses called by the Presiding Officer or the employee.

The hearing process

- 9.3. The Presiding Officer will:

- ask the investigating officer to outline the findings in the investigation report, if applicable;
- ask the employee or trade union representative to explain their grievance, or clarify it further;
- ask the line manager to explain their response at stage 1, or clarify it further;
- call relevant witnesses ;
- adjourn the hearing to make a decision;
- inform the employee of their decision and the reasons for it.

The Presiding Officer will appoint an administration assistant to take notes of the Hearing

- 9.4 The **HR adviser** will:

- provide professional, technical and legal guidance to the Presiding officer;
- make sure that everyone follows Council policies and procedures;
- make sure that everyone involved is provided with the appropriate support, in accordance with Council policies;

- 9.5 Within five working days of the hearing, the Presiding Officer will write to the employee:

- confirming their decision;
- detailing any agreements proposed;
- asking them to confirm within five working days whether they accept the proposals;
- explaining their right of appeal if they are still not satisfied.

A copy of this letter will be placed on the employee's file.

- 9.6. If the employee does not confirm whether they accept the proposals within five working days, the Presiding Officer will assume they are satisfied and will confirm this in writing.
- 9.7 If the employee is not satisfied with the outcome of the stage 2 meeting, they must put this in writing to the HR Manager within ten days confirming:
- that they are not satisfied with the outcome of the stage 2 hearing;
 - why they are not satisfied with the outcome;
 - that they wish to appeal against the Presiding Officer's decision;
 - what they expect to happen as a result of the grievance.

10 **Stage 3 – The appeal hearing**

- 10.1 The HR Manager must confirm receiving the appeal within five working days and arrange an appeal hearing date within 20 working days of the date of the acknowledgement, if possible. The HR Manager will appoint a new Presiding Officer to hear the Appeal. The Presiding Officer will be at Assistant Director level or above. The administration assistant will make arrangements for the appeal hearing and take notes at the meeting.
- 10.2 People attending the appeal hearing will be:
- the Presiding Officer;
 - HR or legal service officer to support the Presiding Officer;
 - the employee;
 - their representative ;
 - the original Presiding Officer;
 - the HR representative who sat on the panel at the original hearing to advise the Presiding Officer.
- 10.3 HR will provide copies of the paperwork listed here to everyone attending the appeal hearing (at least ten days before the hearing):
- the employee's original grievance letter;
 - the employee's letter confirming why they were not satisfied with stage 1 and stage 2 of the grievance procedure;
 - the investigation report, if applicable;
 - notes of the meetings already held.
- 10.4 At the appeal hearing, everyone will be given the opportunity to state their case, starting with the employee raising the appeal. At the end of the hearing, the

Presiding Officer will inform the employee of their decision, confirming it in writing within five working days. There is no further right of appeal.

11 Employee illness or absence

- 11.1 It is the responsibility of everyone involved in a grievance to try to resolve matters as quickly as possible and therefore the Council has set a limit of holding a hearing within 20 working days of submitting their grievance at Stage 2 or appeal at Stage 3.
- 11.2 Where an employee is unfit to attend a hearing within that time, their Trade Union representative or work colleague should attend the hearing to represent the employee's interests. The employee can elect to additionally submit written representations for consideration.
- 11.3 Alternatively, the employee can elect not to have a representative, in which instance a decision will be made by the Presiding Officer based on the available information at the time of the hearing. The employee should be encouraged to submit written submissions for consideration in such instances.
- 11.4 The Presiding Officer will consider the submissions and will confirm their decision in writing within five working days of a hearing taking place.
- 11.5 If the matter was considered at Stage 2, the letter will confirm the employee's right of appeal. If the matter was considered at Stage 3, the letter will confirm there is no further right of appeal.
- 11.6 This modified procedure will also apply to former employees, subject to their agreement. If they do not agree to the use of the modified procedure, we will follow stages 2 and 3 of the full procedure.

12 Vexatious or malicious grievances

- 12.1 We will not allow an employee to raise the same grievance again after this procedure has been exhausted (after stage 3).
- 12.2 In addition, the Council will commence a disciplinary investigation against an employee if, at any stage, the Presiding Officer considers that their grievance is vexatious or malicious.

13 Review of policy

- 13.1 This policy will be reviewed at intervals of three years, or earlier at the request of either the management or staff side.

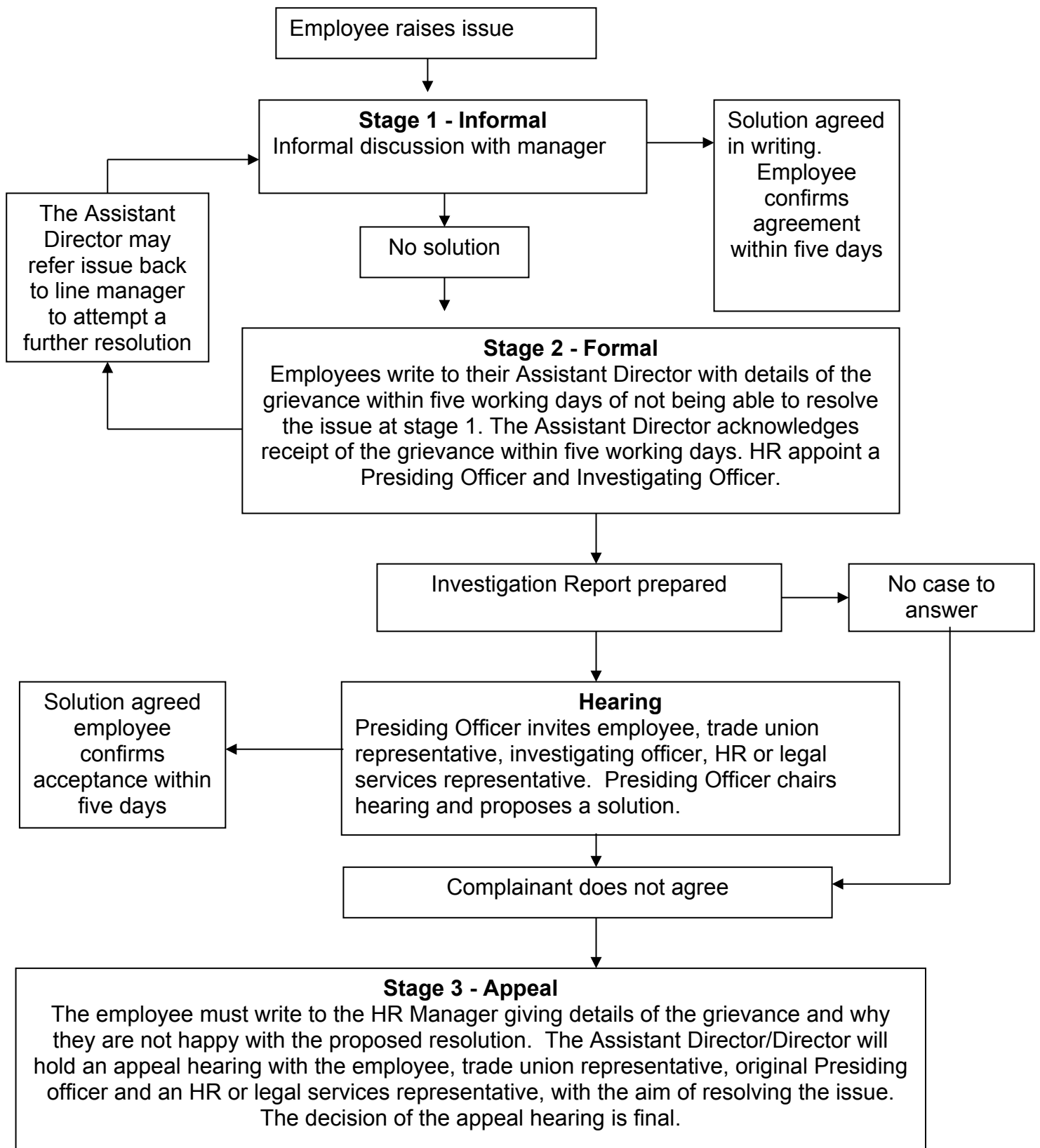
Human Resources
October 2014

Approving Body & Date

JCC 13 January 2015

Executive 19 January 2015

The Grievance Procedure



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City of Lincoln Council

Substance Misuse Policy

Introduction

The Council recognises that substance misuse related problems are an area of health and social concern. The Council also recognises that an employee with such problems needs help and support from their employer. The consumption of alcohol or any illicit substance can pose a risk to the individual, work colleagues, visitors and customers. It is unacceptable in the context of consuming alcohol or misusing substances either before or during work. Alcohol is not permitted on Council premises, unless specifically approved by your manager. Illicit substances are not allowed on work premises at all.

The Council also recognises that alcohol and drug abuse problems can have a detrimental effect on work performance and behaviour, and has a responsibility to its employees and customers to ensure that this risk is minimised. It is the responsibility of all employees to take reasonable care to ensure the health and safety of themselves and others who may be affected by their acts or omissions.

For the purposes of this policy substance misuse refers to the misuse of illicit substances, prescription drugs, over the counter medications, solvents and alcohol which may lead an individual to experience physical, psychological or social problems.

Employees must inform their line manager regarding any prescribed medication that may have an effect on their ability to carry out their work safely.

It is a criminal offence to be in possession of, use or distribute an illicit substance and to produce, supply or possess with intent to supply psychoactive substances. If any such incidents take place on the Council's premises, they will be regarded as serious, investigated under the Disciplinary procedure and possibly reported to the police.

Employee Support

A manager who suspects that an employee has an alcohol or substance misuse problem should contact Human Resources prior to taking any action for advice.

The Council will, where possible, provide the following assistance to an employee:-

- Help the employee recognise the nature of their problem, through referral to Occupational Health for specialist support. Strict confidentiality will be maintained throughout this process.
- Support during a period of treatment – this may include a period of sick leave, approved special leave or temporary transfer to other work, depending on what is appropriate for the employee and the needs of the service
- The opportunity to return to work following the completion of a course of treatment, as far as is practicable, in either the employee's substantive post or a suitable alternative existing post. Whilst the employee is receiving treatment the Council will endeavour (where possible) to retain their substantive post and terms and conditions of service providing there is a gradual return to work. The only exception to this is where legal requirements would be compromised by continuing in the substantive

post (e.g. where driving duties are required for the role). In such exceptional circumstances the Council will make every effort to find suitable alternative employment.

The support provided will depend upon the following conditions being met:-

- Referral to Occupational Health and a diagnosis of an alcohol, drug or other substance misuse related problem
- Recognition by the employee that they have a diagnosis
- The employee takes responsibility to accepting treatment.

If an employee fails to co-operate in referral or treatment arrangements then no support will be provided or where support is not successful any work performance and/or behaviour issues will be managed through the Disciplinary Policy or Employee Capability Policy.

Recognition of possible alcohol, drug or other substance misuse

Managers may recognise a problem which could be presented in one or more of the following:-

Poor timekeeping, increased short term absence, impaired job performance, abnormal fluctuations in concentration, increased errors/inaccuracies, memory loss, slurred speech, breath odour, sudden mood changes, unusual irritability or aggression, a deterioration in relationships with colleagues/customers/managers, a tendency to become confused, dishonesty and theft (arising from the need to maintain an expensive habit).

The signs above may be caused by other factors for example stress and should be regarded as indications only.

Breach of Policy

Incapacity for work through alcohol or the misuse of drugs, substances, solvents, gases and the like, or being associated with them in any illegal or improper way, such as possessing or supplying drugs illicitly could be regarded as serious misconduct.

This would include:-

- Attending work and/or carrying out duties under the influence of alcohol or illicit substance
- Consumption of alcohol or illicit substances during working hours is not acceptable under any circumstances
- Breaching health and safety policies and rules or procedures likely to lead to injury to persons, loss of, or damage to property.

An employee judged to be incapable of performing their duties at work may be suspended from duty on full pay. This is a neutral act and does not make any judgement on whether or not an act of misconduct has occurred.

Any investigation will be undertaken as soon as practicable in line with the Disciplinary Policy.

City of Lincoln Council

Gender Reassignment / Transgender policy

Purpose of policy

This policy outlines the Council's commitment to ensuring that transgender employees are treated with dignity and respect and are not disadvantaged in the workplace.

The policy sets out the steps the Council takes to welcome and support transgender employees and prevent discrimination.

Scope

The policy covers all employees, temporary workers and job applicants and applies to all stages of the employment relationship.

The policy accompanies the Council's equal and diversity policy and dignity at work policy.

Failure to take account of this policy may result in disciplinary action being taken against an employee.

Our commitment

The Council believes that diversity and inclusion bring benefits to the business and that people work better when they can be themselves.

The Council is committed to welcoming and supporting transgender employees and removing barriers to their recruitment, promotion and retention. Providing a working environment that is free from discrimination, harassment or victimisation because of gender identity is an important step in ensuring that transgender employees are respected and valued.

Definitions

Definitions and terminology regarding transgender people are evolving. Individuals will self-identify and how they choose to describe themselves should be respected by their managers and colleagues. Rather than assume, it is best to ask someone how they wish to be addressed.

Using inappropriate language and terminology can cause offence and distress and undermines the Council's efforts to create an inclusive workplace for transgender people.

The Council recognises that gender identity and sexual orientation are not interchangeable terms. Transgender people can be bisexual, gay, heterosexual or lesbian and so employees should not assume that a transgender colleague has a particular sexual orientation.

The law

Equality Act 2010

Gender reassignment is one of the nine protected characteristics covered by the Equality Act 2010. The Act protects a person from discrimination, harassment and victimisation if they are "proposing to undergo, are undergoing, or have undergone a process (or part of a process) of gender reassignment". There is no requirement for the person to be under medical supervision as gender reassignment is considered to be a personal rather than a medical process. Under the Act, a person who takes time off work for gender reassignment must not be treated less favourably in respect of employment decisions, for example by being denied access to training or promotion opportunities.

The Act also protects anyone who is perceived to have the characteristic of gender reassignment or is associated with someone who has the protected characteristic of gender reassignment, such as an individual's partner or a friend.

An employee who treats a colleague less favourably because of gender reassignment, for example by refusing to work for them, may be held personally liable for discrimination.

Gender Recognition Act 2004

The Gender Recognition Act 2004 allows transsexual people to apply for a gender recognition certificate (GRC), which will give them legal recognition in their acquired gender and enables them to obtain a new birth certificate. The Act safeguards the privacy of an individual with a GRC by defining information relating to the gender recognition process as "protected information" and, except "in certain specific circumstances" (for example, for the purpose of preventing or investigating crime), it is a criminal offence to disclose such information without the individual's consent.

An application for a GRC will be made to the Gender Recognition Panel. Individuals are required to provide a medical diagnosis of gender dysphoria and evidence that they have lived in their acquired gender for two or more years and intend to do so permanently.

Transgender people are not required to apply for a GRC and many choose not to for various reasons. For example, someone may choose not to apply because they are in an existing civil partnership and would need to dissolve this or convert it to a marriage, as the law prohibits civil partnerships between people of the opposite sex. An individual should never be asked if they have a GRC and to do so could be considered harassment.

How the Council supports transgender employees

The Council recognises that transgender job applicants and employees are not required to inform the Council of their gender status or gender history.

To promote a workplace that is inclusive of transgender people, the Council adopts the following approach.

Recruitment

The Council wishes to attract applicants from as wide a talent pool as possible and the recruitment process is designed to be inclusive of transgender applicants.

Job advertisements should make clear that opportunities are open to all suitably qualified applicants.

Managers must not ask questions about an applicant's gender identity or gender history. If an individual chooses to mention this during the interview, they should be informed that the Council supports transgender employees and assured that the disclosure will have no bearing on the outcome of the interview and will not be revealed outside the interview room.

The requirement to provide proof of identity to confirm the right to work in the UK can be particularly sensitive for a transgender applicant whose identification documentation may be in their previous names. The Council will always ensure that an applicant is made aware of the full range of permissible identification documents and that the process of checking is handled sensitively and with respect for privacy of the individual.

Where an individual's documentation reveals their previous name and thereby their gender history, this information will be kept confidential and stored securely with the permission of the individual and in accordance with the requirements of data protection legislation. The same approach will apply where an applicant is required to present qualification certificates before a job offer is confirmed and the certificates are in the applicant's previous name.

Monitoring

In line with its policy on equality and diversity, the Council will monitor the gender identity and trans status of the existing workforce and of applicants for and will review its equal opportunities policy on an annual basis. If any changes are identified, the Council will implement them accordingly.

The disclosure of information by employees/job applicants is voluntary and any information disclosed will be treated in confidence, stored securely and used only to provide statistics for monitoring purposes.

Employment

An employee who is transitioning may wish to be redeployed on a temporary or permanent basis. This may be because: the individual is in a public-facing role and wishes to avoid having to answer questions from the public about gender status; or

the role involves particular tasks, for example heavy lifting, that will be difficult to undertake if undergoing a particular type of treatment. Requests to be redeployed will be discussed with the employee and, where possible, the Council will seek to accommodate the employee's wishes.

A manager should not put pressure on an individual to change jobs or make assumptions about their capability or wishes.

An employee's gender history or status will not have a bearing on any employment decisions or access to benefits, except where permitted by law. For example, an individual who has transitioned but does not have a GRC may be required to disclose their gender history for insurance and pension purposes. In such circumstances, the Council will treat such information as sensitive data and it will be handled in line with the requirements of data protection legislation.

Where pension and insurance providers request disclosure of an individual's gender status, the Council will ensure that this requirement has been checked with the underwriter and the requirement is made clear in any scheme information provided to employees. In such circumstances, the employee's written consent will be obtained before disclosing their gender history and status.

Names and pronouns

The Council will take all necessary steps to ensure that an individual's change of name is respected. The Council is aware that a failure to change pronouns and names on records in respect of a transgender employee could constitute direct discrimination.

A GRC is not required to enable a transgender person to change their name and the Council will never ask an individual if they have a GRC to verify a name change, as to ask such a question would be inappropriate.

Consistently addressing a transgender employee by their previous name and/or an inappropriate pronoun may be regarded as harassment and will be dealt with accordingly.

Changing employee records

Any records that hold personal details should be changed by the time the individual presents at work with their new identity. Records will include all of the systems that may contain names, titles and other personal identifiers such as photographs on the Council's website and intranet. The Council will work with the employee to ensure that nothing is omitted.

Confidentiality

All records that include details of an employee's gender history will be destroyed in a secure manner, unless there is a specific reason for retaining them. Where other people in the Council need to be aware of the employee's transition to make a

change to a particular record, the Council will obtain the employee's consent, and restrict the information to those who need to know.

Where there is a need to retain documentation that shows someone's gender history, this information will be stored confidentially in line with the requirements of data protection legislation. The information will be held electronically in a secure environment (for example, password protected) that can be accessed only with the consent of the individual concerned. Only named individuals will be allowed to access this information and those individuals will be made aware that breaches of confidentiality could be unlawful and result in disciplinary action.

Care will be taken to ensure that any search of the Council's records by others will not inadvertently reveal an employee's gender history.

It is an individual's decision whether or not to reveal their gender status and history and the Council will respect their right to privacy. For example, if someone is recruited into a team managed by a transgender employee, they must not be informed about the manager's gender history. The right to privacy will apply regardless of whether or not the individual has a GRC.

Where an employee discloses information about their gender history or status (verbally or in writing), this will be treated as confidential. This includes any information provided to the line manager or HR. Such information will not be shared with others, unless there is a specific reason and then not without the written consent of the individual concerned. Disclosure of the gender history of someone with a GRC without their specific permission would normally be a criminal offence.

Information relating to an employee's gender status or history will not be disclosed to a third party without the individual's written consent, for example when responding to a reference request.

Communication

The Council will work with the employee to agree what information needs to be conveyed to work colleagues and when the information should be conveyed. While the whole workforce may not need to know about the employee's transition, people who work closely with the individual will normally need to know to ensure that a good working relationship is maintained.

The employee may wish to tell colleagues about their transition or may prefer if this is done by someone else on their behalf. The Council will encourage the individual to do what is best for them and, if the employee is not ready to tell anyone at the early stages, the Council will respect the employee's wishes. The employee is entitled to privacy and the Council will seek to protect them from intrusive enquiries.

Where an employee has a public or client-facing role, the Council will discuss with the individual what third parties need to know and how this should be handled.

The Council will be mindful of possible media interest and establish a protocol for handling media interest to ensure that:

- a transgender employee is not left to deal with this; and
- their colleagues understand the importance of not compromising the individual's right to privacy.

Bullying and harassment

The Council adopts a zero-tolerance approach to harassment, bullying or victimisation and such behaviour may result in action being taken under the Council's dignity at work / disciplinary policies.

Single-sex toilets and facilities

The Council will support a transgender employee's right to use the toilets and facilities appropriate to their gender from the point at which the individual declares that they are living their life fully in that gender. In some cases, the individual may wish to use a single-occupancy toilet during their transition, but they must not be pressurised to do so and this should not be seen as a long-term solution. A transgender person should not be expected to use an accessible toilet unless they have a disability.

The Council will agree with the employee when they wish to start using the facilities appropriate to their acquired gender and how this should be communicated to colleagues..

Where possible, the Council will move from providing gender-specific toilets to gender-neutral toilets.

Dress codes

The Council's code of conduct outlines the dress code for employees, however the Council will agree with the employee what flexibility in the Council's dress code may be permitted to accommodate the process of transition or where a gender-specific mode of dress would be uncomfortable for the individual.

If a transgender employee is required to wear a uniform, the Council will ensure that arrangements have been made to provide them with a uniform appropriate to their gender. The uniform will be available from the point at which the individual presents in their new gender status.

Training on transgender issues

Discrimination because of gender reassignment is included in other training as appropriate, for example, induction, recruitment and selection, and training.

Supporting an employee who is transitioning

The Council will be supportive of an employee who has made the decision to transition.

The Council acknowledges that the transition process and the time it takes will be unique to each individual and that it is not always a linear process.

Transitioning is a major decision and the individual may have taken years to come to this point. They may fear rejection or ridicule by their work colleagues. It is therefore vital that the Council supports the individual so that they can continue to work without fear of discrimination and harassment and that colleagues are helped to understand the process.

Once the Council has been made aware by an employee that they will be starting, or have started, the process of transitioning, an appropriate point of contact will be agreed with the employee. That person will work with the employee to develop a confidential plan to manage the individual's transition at work.

The plan will consider what steps to take before, during and after the employee's transition. No action will be taken without the employee's consent.

It is important to develop a plan that is bespoke to the individual employee. Some of the key issues to address are likely to include:

- when and how an individual will present at work in their new gender status;
- handling a request by the employee to change their job temporarily during the transition process or to move to a new role permanently;
- the point at which colleagues, especially any direct reports, will be informed and how this will be done;
- if and how third parties, such as clients, should be informed;
- how absence from work for reasons associated with transitioning (for example, for medical appointments and/or medical treatment) will be handled;
- arrangements for changing the individual's name on their personnel records, email, security badges etc;
- confidentiality; and
- dress codes and/or uniforms.

Transitioning is a process that takes time, and, to help both parties, regular review meetings will be arranged to manage the process. This will ensure that the right support is in place, and enable the plan to be amended as things change. Effective support for someone who is transitioning requires dialogue, agreed action and respect.

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SUBJECT: INFORMATION MANAGEMENT POLICIES

DIRECTORATE: CHIEF EXECUTIVE & TOWN CLERK

**REPORT AUTHOR: DATA PROTECTION OFFICER &
LEGAL & DEMOCRATIC SERVICES MANAGER**

1. Purpose of Report

- 1.1 To seek approval of the Information Management Policies required in accordance with the EU General Data Protection Regulation and the Data Protection Act 2018.

2. Executive Summary

- 2.1 Data protection is critical to the Council to ensure that the data which is received, processed, retained and shared is protected in accordance with the legal framework.

- 2.2 The Data Protection Act 1988 has been replaced by a new Data Protection Act 2018 (DPA). The Information Commissioners' Office (ICO) state that;

'The new DPA aims to modernise data protection laws and to ensure they are effective in the years to come'.

The EU General Data Protection Regulation (GDPR) became directly applicable from the 25th May 2018, although the new DPA supplements the GDPR and both need to be read side by side.

- 2.3 The Council needs to have policies to enable the Council to be compliant with the new legal framework and the information governance team need to roll out the policies in order to increase awareness of the GDPR to officers' and councillors. Therefore members of the public can be confident that the organisation are aware of their responsibilities of the new legal framework.

3. Background

- 3.1 Many of the DPA and the GDPR's main concepts and principles are much the same as those in the previous Data Protection Act. However, there are new elements, which include increased access rights for individuals, to include developments in new technology, tighter time limits for reporting breaches and increased fines for breaching data protection legislation and associated powers of the Information Commissioner's Officer.
- 3.2 Therefore as part of the action plan for this Vision 2020 project and to ensure the Council is ready for the implementation of the new Regulation, the Council needs to ensure all its policies are in place.

- 3.3 The information governance team prepared the General Data Protection Regulation & Data Protection Policy which went to Executive in March so that it would be in place from 25th May. This policy has been distributed to all staff through the Netconsent system which required them to review the policy by 25th May to ensure they were all aware of it. The Policy went to Policy Scrutiny Committee due to timings, however the preference is that these policies come through this Committee given its role in respect of data protection issues, as outlined in the terms of reference.
- 3.4 A summary sheet in relation to the GDPR and DPA has also been prepared for staff and uploaded into Netconsent for all to access.
- 3.5 The Information Management Policies are attached for consideration and are as follows:-

Appendix A The General Data Protection Regulation and Data Protection Policy

Appendix B The General Data Protection and Data Protection Policy Summary Sheet

Appendix C Information Governance Policy

Appendix D Legal Responsibilities Policy

Appendix E Information Sharing Policy

Appendix F Data Quality Policy

Appendix G Data Protection Breach Management Policy

Appendix H Freedom of Information Policy & Environmental Information Regulations Policy

Appendix I Records Management Policy

Appendix J Retention and Disposal Policy

4 The Data Protection Principles

- 4.1 The GDPR states that anyone processing personal data must apply the six data protection principles. These principles are legally enforceable. These are broadly similar to the previous Data Protection Act.

1. *Lawfulness, fairness and transparency principle:*

Processed fairly, lawfully and in a transparent manner in relation to individuals;

Lawfully requires in particular that personal data not be processed unless at least one lawful basis has been met. For sensitive 'special category data' this also requires at least one further condition to be met, in addition to the lawful basis.

2. *Purpose limitation principle:*

Collected for specified, explicit and legitimate purposes and not further processed in a manner incompatible with those processes;

Further processes for archiving purposes in the public interest, scientific or historical research or statistical purposes is not considered to be incompatible with the initial purpose.

3. *Data minimisation principle:*

Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;

4. *Accuracy principle :*

Accurate and where necessary kept up to date;

Every step must be taken to ensure personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.

5. *Storage limitation principle:*

Kept in a form which permits identification of the data subjects for no longer than necessary for the purposes for which the personal data are processed;

Personal data may only be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes. This is subject to technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals.

6. *Integrity and confidentiality principle:*

Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures;

The GDPR also introduces a further ***Accountability Principle*** which requires the Council as Controller be responsible for, and be able to demonstrate, compliance with the above principles.

4.2 The proposed policies address the above changes.

4.3 It is proposed that an article is put on City People regarding the revised policies if Executive approval is granted. This will also then be placed on Netconsent to ensure that all staff are aware that the policies have been reviewed. Each person will be asked to confirm that they have read the article so are aware of the content and access to all policies. Members will receive training on the new GDPR soon which will include reference to the policies. Any members not able to attend will receive the relevant information as well.

5 Audit Committee

5.1 The Policies were considered by Audit Committee on 19 July 2018, and the minute relating to this will be tabled. Audit Committee are the overarching Committee with responsibility for information management.

6 Strategic Priorities

- 6.1 These policies do not directly relate to one of the main strategic priorities, however do assist to make the Council fit for purpose and the intention is to publish these information governance Policies on the website to continue to promote transparency.

7. Organisational Impacts

7.1 Finance

No implications arising from this report.

7.2 Legal Implications

As outlined in the report.

7.3 Equality Diversity & Human Rights

There are no specific impacts in respect of these in this report and therefore a Equality Impact Assessment has not been carried out.

8. Risk Implications

- 8.1 The Council must implement policies in order to comply with the GDPR and the new Data Protection Act 2018.

9. Recommendation

- 9.1 To consider and approve the attached policies.

Is this a key decision? No

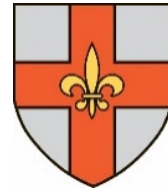
Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 10

List of Background Papers: None

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CITY OF
Lincoln
COUNCIL

The General Data Protection Regulation & Data Protection Policy

Document control

Organisation	City of Lincoln Council
Title	Data Protection Policy
Author - name and title	Becky Scott, Legal and Democratic Services Manager
Owner - name and title	Becky Scott, Legal and Democratic Services Manager
Date	May 2018
Approvals	March 2018 - Executive
Filename	Data Protection Policy
Version	V.2.0
Next review date	May 2020

Document Amendment history

Revision	Originator of change	Date of change	Change description
V.2.0	Data Protection Officer	May 2018	To incorporate GDPR and Data Protection Bill- following Royal Assent to be DPA 2018.

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Overview

To perform efficiently the City of Lincoln Council (“the council”), must collect and use information about the individuals with whom we work. This may include members of the public, employees (past and prospective), volunteers, work experience, partner organisations, agents, customers, and suppliers. The council may also be required by law to collect and use information to meet the requirements of central government.

All personal information must be handled and dealt with properly, no matter how it is collected, recorded and used, and whether it is on paper, in computer records or recorded by any other means. We all have a responsibility for its safe handling.

This document sets out the principles of data protection; our responsibilities; the rights of individuals; information sharing; and how we shall deal with complaints. The council must comply and fully endorses the principles of data protection as set out in the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

The council is a data Controller and is therefore bound by a legal duty to meet its obligations under the GDPR and the DPA at all times, when handling personal information. These legal obligations last from the moment the information is obtained until it is returned, deleted or destroyed.

1. Purpose

The main purpose of this Policy is to raise awareness amongst staff of GDPR and the DPA. This is to ensure that the council complies with its legal obligations at all times when handling personal information. The council also regards the lawful and correct treatment of personal information as essential to the effectiveness and success of its operations and in maintaining trust between the council and those with whom it carries out business. To this end the council will process personal information lawfully and correctly by embedding this Policy into its culture, its processes and its procedures.

2. Scope

2.1 Who does this Policy apply to?

This Policy applies to all full time and part time employees of the City of Lincoln Council, elected members, partner agencies, contracted employees, third party contracts (including agency employees), volunteers and students or trainees on placement with the council.

Elected members are also data Controllers in their own right and must ensure that any personal information they hold/use in their office as an elected member is treated in line with the GDPR and the DPA.

2.2 What is personal data?

This Policy applies to Personal data which means;

‘any information relating to an identified or identifiable natural person (‘the Data Subject’). An identifiable natural person is one who can be identified directly or indirectly in particular by reference to an identifier’

The GDPR has expanded the definition of personal data to reflect changes in technology and includes online identifiers such as an IP address and location data where they directly or indirectly identify individuals. Data which has been Pseudonymised (key coded) can also fall within the definition of personal data depending on how difficult it is to attribute the pseudonym to a particular individual.

2.3 What is special category or sensitive personal data?

There are also special categories of personal data previously referred to as sensitive data which require extra protection. These are personal data revealing;

- racial or ethnic origin (for example CCTV images of individuals attending a place of worship or arrangements to allow a staff member to pray)
- political opinions
- religious or philosophical beliefs (for example veganism or atheist)
- trade union membership
- genetic or biometric data (for example fingerprints, DNA, iris and voice recognition)
- data concerning mental or physical health (for example sickness records, occupational health reports)
- sex life
- sexual orientation (including transgender and gender reassignment)
- criminal convictions and offences data are not included as special category data although similar provisions for processing apply
- all other criminal prosecutions data including investigations is dealt with separately under the Law Enforcement Provisions in the DPA and could be said to be ‘extra special data’.

2.4 What type of personal records does this Policy apply to?

This Policy applies to all personal information created or held by the council, in whatever format (for example paper, electronic, email, microfiche, film) and however it is stored, (for example ICT system/database, Intranet, filing structure, email, filing cabinet, shelving and personal filing drawers).

The GDPR has expanded the scope of applicable information to include;

‘the processing of personal data both automated and manual which form part of a filing system, or are attending to form part of a filing system’.

This is where personal data is accessible according to specific criteria (for example this now includes chronologically ordered sets of manual records containing personal data).

The GDPR and the DPA do not apply to information about deceased individuals, although the council may owe a duty of confidentiality in relation to such information. The GDPR and the DPA do not apply to use of personal data purely for personal or household activities.

3. Policy

3.1. The Data Protection Principles

The GDPR states that anyone processing personal data must apply the six data protection principles. These principles are legally enforceable. In summary, the principles require that personal information be:

1. Processed fairly, lawfully and in a transparent manner in relation to individuals;

(Lawfulness, fairness and transparency principle)

Lawfully requires in particular that personal data not be processed unless at least one Lawful Bases has been met. For special category data this also requires at least one further Condition to be met, in addition to the Lawful Basis. See the Definitions section below for a list of the Lawful Bases and additional Conditions for processing special category data.

2. Collected for specified, explicit and legitimate purposes and not further processed in a manner incompatible with those processes;

(Purpose limitation principle)

Further processes for archiving purposes in the public interest, scientific or historical research or statistical purposes is not considered to be incompatible with the initial purpose.

3. Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;

(Data minimisation principle)

4. Accurate and where necessary kept up to date;

(Accuracy principle)

Every step must be taken to ensure personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.

5. Kept in a form which permits identification of the data subjects for no longer than necessary for the purposes for which the personal data are processed;

(Storage limitation principle)

Personal data may only be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes subject to technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals.

6. Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures;

(Integrity and confidentiality principle)

The GDPR also introduces a further **Accountability Principle** which requires the council as Controller be responsible for, and be able to demonstrate, compliance with the above principles. This includes the council keeping records of all processing of personal data. These records are kept in the council's Information Asset Register and each IAO is responsible for keeping their section of this up-to-date and informing the Data Protection Officer of any amendments or additions. For further information please refer to the GDPR/IAO Handbook on the council's intranet [here](#). These records of processing also include the retention and disposal schedules for each area, also available on the data protection page of the council's intranet.

3.2. Responsibilities

The City of Lincoln Council is a data Controller under the GDPR and DPA, as referred to above.

The Chief Executive has overall responsibility for ensuring compliance with the GDPR and the DPA within the council.

Directors, Assistant Directors, City Solicitor and s151 Officer (Finance) are responsible for ensuring compliance with the GDPR and DPA and this Policy within their directorates.

Information Asset Owners (IAO's) are responsible for ensuring that the business areas they have responsibility for have processes and procedures in place that comply with the GDPR and DPA and this Policy.

IT Services are responsible for ensuring that data within systems under the control of the council, cannot be accessed by unauthorised personnel and to ensure that data cannot be tampered with, lost or damaged.

Responsibility for compliance with this Policy and communicating the Policy to staff in their own business areas is delegated to the IAO's. IAO's have been advised of their responsibilities and the requirement to carry out ongoing risk assessments on the assets for which they are responsible.

The responsibility for providing day-to-day advice and guidance to support the council in complying with the GDPR and the DPA and this Policy rests with the SIRO and Data Protection Officer.

All members of staff or agency staff and elected members who hold or collect personal data are responsible for their own compliance with the GDPR and DPA and must make sure that personal information is kept and processed in-line with the GDPR, the DPA and the Staff Code of Conduct.

IAO's have responsibility for agency staff's, volunteers, work experience's compliance with the GDPR, the DPA and the Staff Code of Conduct. This includes the provision of appropriate training and inductions. IAO's must also ensure that their data protection responsibilities are communicated and handed over clearly to any successors to their IAO role.

Failure to comply for any staff member may result in disciplinary action that may lead to dismissal, in addition to the possibility of an individual being criminally prosecuted under the GDPR and the DPA and/or liable to pay compensation in any civil action.

3.3. Engaging a data Processor to process personal data on behalf of the council
If a contractor, partner organisation or agent of the council is appointed or engaged to collect, hold, process or deal with personal data on behalf of the council, the lead council officer must ensure a binding contract is in place which meets the requirements of the GDPR. There is guidance on what needs to be included in these contracts in the GDPR/ IAO's Handbook available on City People [here](#) and standard clauses issued by the Crown Commercial Service available [here](#).

If the council are Joint Controllers or Controllers in Common with a partner organisation or agent then they shall, in a transparent manner, determine their responsibilities under the GDPR and the DPA informing Data Subjects of this where applicable. Information Sharing Agreements (ISA's) may be required and these should be agreed and signed off before any work commences. The council promotes information sharing and partnership working where it is in the best interests of the Data Subject. The council has a data sharing policy and protocols in place and will keep to the standards set out in these protocols. The council as Controller must ensure, when personal data is shared, it is done in accordance with the GDPR and the DPA.

3.4 Sharing personal data with other Controllers

If the council is sharing personal data with Joint Controllers, Controllers in Common or other Controllers such as a partner organisation, agent or other council then they must do so in a transparent manner. This includes determining responsibilities under the GDPR and the DPA and informing Data Subjects of this (in privacy notices).

Information Sharing Agreements (ISA's) may be required between Controllers and these should be agreed and signed off before any work/sharing commences. These agreements should include recording the purpose of the sharing, the lawful basis, accuracy of the data, retention of data, amount of data necessary, security of the transfer, responsibility for providing privacy notices and responding to information rights requests, any duty of confidentiality owed, security of the data, single point of contact details and review dates.

The council promotes information sharing and partnership working where it is in the best interests of the Data Subject. The council has an Information Sharing Policy and protocols in place and will keep to the standards set out in these protocols. The council as a Controller must ensure, when personal data is shared, it is done in accordance with the GDPR and the DPA.

4. Rights of individuals and information access requests

The GDPR creates new rights for individuals and strengthens some of the rights that previously existed. The GDPR provides the following rights for individuals in relation to their personal data;

1. The right to be informed
2. The right to access

3. The right to rectification
4. The right to erasure
5. The right to restrict processing
6. The right to data portability
7. The right to object
8. Rights related to automated decision making and Profiling

4.1 Right to be informed

An individual has a right to be informed of certain information concerning how their personal data will be processed. This is usually provided in a privacy notice. When and what information is supplied to the data subject depends on whether the personal data has been provided directly to the council by them or via a third party. If provided directly to the council this information must be supplied to the data subject at the time their personal data is obtained. The information must be concise, transparent, intelligible and easily accessible, as well as written in clear plain language and free of charge.

This right does not apply when the data subject already has the information and in other limited circumstances set out by the GDPR where the personal data was supplied via a third party. The Information Commissioner's Office has produced guidance in the form of a table, which summarises the information to be supplied and which is reproduced at [Appendix 1](#).

4.2 The right to access

Individuals have the right to obtain confirmation their personal data is being processed, access to their data and certain information that corresponds with the information to be supplied in a privacy notice. The council must provide free of charge a copy of any data held about them and is no longer able to charge a fee for a request. However a reasonable fee can be charged when the request is manifestly unfounded or excessive, particularly if repetitive. The council may also charge a fee to provide further copies of the same information. The fee must be based on the administrative cost alone of providing the information.

Where a request is manifestly unfounded or excessive particularly repetitive the council can;

- charge a reasonable fee for the administration costs of providing the information or
- refuse the request

In refusing the request the council must explain why their request has been refused and inform them of their right to complain to the Information Commissioner's Office and to a judicial remedy without delay and at the latest within one month of the request.

The council has a right of access process, which sets out procedures for access to personal data, and complies with the GDPR and the DPA. The individual must provide proof of their identity and information may be withheld where the council is not satisfied that the person asking for information about themselves is who they say they are. In these cases, the council may refuse to provide the information until it receives all relevant requested documents.

The council must comply with the request within one month of receipt. This period can be extended by a further two months in limited circumstances where the request is complex or

numerous. In this case the council would need to inform the requester of the extension within one month of the receipt of the request and explain why the extension was necessary.

The request does not necessarily need to be made in writing under the GDPR although the council encourages requesters to utilise the council's right to access request form. If the request is made electronically the council should provide this in a commonly used electronic format.

The GDPR states that where possible the council should be able to provide remote access to secure self-service system to provide individuals with direct access to their personal data (for example the council's MyInfo system for council tax and benefits)

Where the request is for a large amount of data the GDPR allows the council to ask the individual to specify the information the request relates to.

4.3 The right to rectification

Individuals have a right to have personal data rectified if inaccurate or incomplete including by the provision of a supplementary statement. If the council has disclosed the personal data to any third parties they must inform them of the rectification where possible. The council must also inform the individual about the third parties with whom the council has disclosed the information.

The council must respond to the request for rectification within one month. As above this can be extended a further two months where the request is complex. If the council will not be taking any action to the request for rectification the requester would need to be informed of this and the reason for this explained by the council along with the individual's right to complain to the ICO and to a judicial remedy.

4.4 The right to erasure

This is not an absolute right and only applies in certain circumstances;

- where the personal data is no longer required for its purpose (kept beyond its retention period)
- where the individual withdraws their consent and this is the only legal basis for processing
- where the individual exercises their right to object to the processing and this is successful
- the personal data is being processed unlawfully (in breach of the GDPR and DPA)
- the personal data is erased to comply with a legal obligation
- the personal data relates to that of a child and is processed online with parental consent

The council may also refuse to respond to a request for erasure where personal data is processed for the following reasons;

- to exercise the right to freedom of expression and information (only likely to be relevant to press releases made by the council)
- to comply with a legal obligation or for the performance of a task carried out in the public interest or exercise of official authority (the council exercising its powers and duties provided the information held is still within its retention period)
- for public health purposes in the public interest

- archiving purposes in the public interest, scientific research or statistical purposes or
- the exercise or defence of legal claims

There are additional requirements when the request relates to children's personal data particularly online services, where they may not have been aware of the risks when they consented to the processing. This reflects the GDPR's emphasis on enhanced protection of children's personal data.

The council would also be required to inform third parties of the erasure, if they have disclosed the personal data to them, unless it is impossible or involves disproportionate effort.

4.5 The right to restrict processing

If processing is restricting following a request. The council can hold the data but not further process it. Just enough information should be retained to ensure the restriction is respected in the future.

The council would be required to comply with a request for restriction in the following circumstances;

- where the accuracy of the personal data is contested by the requester, the council would need to be able to restrict the processing until the accuracy has been verified
- where the individual has exercised their right to object to the processing (see below) and the council are considering whether its legitimate interests override those of the individual
- when the processing is unlawful and the requester opposes erasure and requests restriction instead
- where the council no longer requires the data but the individual requires this to establish, exercise or defend a legal claim.

If the council has disclosed the personal data to third parties they must inform them about the restriction unless it is impossible or involves disproportionate effort. The council must inform the individual if they decide to lift the restriction on processing at any time.

4.6 The right to data portability

This allows individual's to request transfer of their personal data from one IT environment to another in a safe and secure way without affecting its usability.

This right only applies;

- to personal data an individual has provided to the council (includes data observed from a use of a service or device)
- where the processing is based on the individual's consent or for the performance of a contract and
- when the processing is carried out by automated means

This right does not apply when the council are processing based on the Legal Basis of performance of a task in the public interest or for official functions (the council exercising its powers and duties).

The information must be provided in a structured commonly used and machine readable form (open source file such as a CSV not PDF). This must be provided free of charge within one month as other right to access requests. The same rules regarding extensions apply. If the individual requests it the council may be required to transmit the data directly to another organisation, although only where this is technically feasible.

4.7 The right to object

Individuals have a right to object when

- processing is based on legitimate interest or the performance of a task in the public interest or exercise of any official authority (for example the council exercising its powers and duties)
- direct marketing- any marketing including promoting the aims of an organisation directed to individuals
- processing for the purposes of scientific/historical research and statistics

The council would need to stop processing the personal data unless;

- it could demonstrate compelling legitimate grounds for processing which override the interest, rights and freedoms of the individual
- the processing is for the establishment, exercise or defence of legal claims
- the scientific/historical research use, unless in the public interest

The council need to inform where applicable individuals of their right to object at the first point of communication for example in the privacy notice, when obtaining their personal data.

The council must stop processing data for direct marketing as soon as they receive an objection. There are no exemptions or grounds to refuse an objection to direct marketing.

4.8 Rights related to automated decision making and profiling

Individuals have the right not to be subject to a decision when;

- it is based on automated processing and
- it produces a legal effect or a similarly significant effect on the individual

The council must ensure individuals are able to

- obtain human intervention
- express their point of view and
- obtain an explanation of the decision and challenge it

The right does not apply if the automated decision;

- is necessary for entering into a contract
- is authorised by law with safeguards in place, for example for the purposes of fraud or tax evasion or
- is based on the explicit consent of the individual which has been obtained prior to the automated processing or
- where the decision does not have a legal or similarly significant effect on an individual

If carrying out Profiling (see Definitions section below) then the council would have to ensure appropriate safeguards are in place.

- ensure processing is fair and transparent, for example provide details of the logic involved, significance and consequences (in privacy notice)
- implement technical and organisational measure to ensure inaccuracies are corrected and minimise risks of error, for example data quality checks and reviews
- keep personal data secure which is proportionate to the risk to the rights and interests of the individual and prevent discriminatory effects.

Automated decisions must not concern a child or be based on special categories of personal data unless;

- explicit consent is obtained from the individual or
- processing is necessary for reason of substantial public interest on the basis of a legal obligation with specific measures in place to safeguard the individual.

4.9. Exemptions to individual's information rights

Under the GDPR and the DPA, it is sometimes necessary to withhold certain information that has been requested by individuals in relation to the right to access. The Data Protection Officer or the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services team can offer advice in these circumstances. Examples of exemptions to right to access personal data which may be available are listed in the Definitions section below.

5. Disclosure of personal information about third parties

Personal data must not be disclosed about a third party except in line with the GDPR and the DPA. If it appears necessary to disclose information about a third party to a person requesting their personal data, advice must be sought from the Data Protection Officer or Freedom of Information Officer/the Legal and Democratic Services Manager and, if both are unavailable, a member of the legal team. Examples of exemptions to disclosure of third party personal data which may be available are listed in the Definitions section below.

6. Consent

The GDPR states that where the council are relying on the Lawful Basis to process personal data of the individual's Consent alone this must be valid. Valid Consent must be;

- unambiguous (clearly given)
- freely given (a genuine choice)
- demonstrable (the council are able to evidence the consent including when it was given)
- specific (not bundled up in the small print)
- informed (provided after being given all the information as to how the personal data will be processed, in the Privacy Notice, *see right to be informed below*)
- explicit for special categories (in writing)
- no silence or inaction (the council should not use opt-out boxes)

The individual must make a statement or a clear affirmative action to give valid Consent, for example ticking a box, entering information or clicking on an icon.

If Consent is being obtained from a child through online services and the child is under 13 years old, then parental consent is required.

Consent should rarely be relied upon as a Legal Basis for processing by the council. This is due to the issue as to whether this would be freely given, as there is a clear imbalance of power between the individual and the council. All other Legal Bases should be considered first.

7. Privacy by design and Data Protection Impact Assessments (DPIA's)

'Privacy by design' is a legal requirement for the council under the GDPR. In summary this means implementing safeguards to ensure the protection of personal data by default and from the outset of all projects. Safeguards such as technical and organisational security measures including Pseudonymisation of data and data minimisation. This requires data protection by design to be the council's default position in relation to;

- decision making
- policy formulation
- project management and
- procurement

DPIA's are the most effective way for the council to comply with our data protection obligations and to meet individual's expectations of privacy. DPIA's identify and minimise privacy risks at an early stage, reducing costs, officer time, and enforcement action by the ICO including monetary fines, legal action and damage to the council's reputation. DPIA's need imbedding in project development, to ensure the council is dynamic, competitive and able to demonstrate to 'privacy by design'.

DPIA's particularly screening assessments are good practice for all projects involving the processing of personal data. The GDPR states however that they must be carried out in certain circumstances;

- High risk processing of personal data, particularly involving new technologies
- Profiling with significant effects on individuals
- large scale special category/criminal data processing
- public surveillance on a large scale (for example CCTV of a publically accessible area)

The council has extensive Guidance and Procedures including Screening questions and DPIA templates for carrying out these assessments which are available on City People [here](#).

8. International transfers

The GDPR requires that where personal data is transferred to a third country (non EU and EEA countries) those countries need to have been judged by the ICO as Adequate Countries or there needs to be necessary safeguards in place with the organisation. Safeguards such as a legally binding agreement between public bodies or contract clauses approved by the ICO. There is list of Adequate Countries on the ICO's website. There are exemptions to these

requirements although many are not available to public bodies such as the council when we are exercising their powers.

9. Further information, enquiries and complaints

Further information and guidance on data protection is available on the Information Commissioner's website at www.ico.org.uk

Advice on GDPR and the DPA can be sought and obtained from the Data Protection Officer or the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services team. They will be responsible for dealing with all internal and external enquires and are also the first point of contact on any of the issues mentioned in this Policy document.

An individual has the right to complain about the response they have received regarding their information right's request as well as to complain about other breaches of the GDPR and the DPA. All complaints should be written, dated and should include details of the complainant, as well as a detailed account of the nature of the problem.

Individuals under the right to be informed need to be provided (in the Privacy Notice) with the Data Protection Officer's contact details being dpo@lincoln.gov.uk and their right to complain to the Information Commissioner's Office and their contact details being: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. Telephone: 01625 545 700 www.ico.org.uk

10. Breach of the Policy

Any breach of this Policy must be investigated in line with the Data Protection Breach Management Policy and associated procedures. The council will always treat any data breach as a serious issue that could result in a disciplinary investigation.

The council encourages the notification of breaches by staff in accordance with the Data Protection Breach Management Policy at the earliest opportunity. Notification will also be taken into account in any resulting disciplinary investigation, where the individual/s concerned have assisted in the containment of the breach. Each incident will be investigated and judged on its individual circumstances in line with the Staff Code of Conduct or, in the case of elected members, the Members' Code of Conduct.

11. Data breach notification

The GDPR makes it mandatory for the council to report data breaches. A data breach is defined as;

'a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data, transmitted, stored or otherwise processed'.

Where the breach affects individuals' rights and freedoms. The council must report this to the Information Commissioner without delay and no later than within 72 hours.

If the risk to individual's rights and freedoms is high, the council, will also need to report the breach, without delay, to the individuals affected, for example the customers, partners or staff members to which the personal data relates.

The council has its own Data Breach Management Policy here and internal data breach reporting e-form system [here](#).

Whether the breach is to be reported to the Information Commissioner or data subjects is a decision for the SIRO, Freedom of Information Officer/Legal and Democratic Services Manager and Data Protection Officer.

12. Policy Compliance

12.1. Compliance Measurement

The Council will ensure compliance with this Policy by regularly reviewing organisational and technological processes to ensure compliance with the GDPR and the DPA and in the provision of training for all staff and elected members processing personal data, which will be monitored and reported by the Information Governance Board and Audit Committee.

All policies and procedures relating to the GDPR and the DPA will be subject to scrutiny by the Policy Scrutiny Committee and the Audit Committee.

The Data Protection Officer will keep a record of all incidents and breaches relating to the GDPR and the DPA and will deal with all correspondence with the ICO relating to data protection matters.

IAO's will be asked to declare that they are compliant in their business areas with the GDPR and the DPA on an annual basis by submitting their IAO Checklist as required.

12.2. Non-Compliance

A deliberate or reckless breach of the GDPR or the DPA could result in a member of staff facing disciplinary action. Managers must ensure that all staff familiarise themselves with the content of this Policy.

All personal data recorded in any format must be handled securely and appropriately, and staff must not disclose information for any purpose outside their normal work role. Any deliberate or reckless disclosure of information by a member of staff will be considered a disciplinary issue.

Employees should be aware that it is a criminal offence deliberately or recklessly to disclose personal data without the authority of council. It is also a criminal offence under DPA to re-identify personal data and processing this without the authority of the council and to alter personal data to prevent disclosure. In addition civil actions may be brought against individuals and the council for compensation.

Non-compliance of this Policy may also result in a report being made to the ICO which could result in council facing enforcement action, including substantial fines, in addition to substantial reputational damage.

12.3 Policy Review

This Policy will be reviewed every two years by Policy Scrutiny Committee and updated in the interim as required.

13. Related Policies, and Guidance

This Policy relates to other council policies, in particular:

Information Governance Strategy

Information Governance Policy

Legal Responsibilities Policy

Information Sharing Policy

Data Quality Policy

Data Protection Breach Management Policy

Freedom of Information Policy & Environmental Information Regulations Policy

Records Management Policy

Information Security Policy

Staff Code of Conduct

Member's Code of Conduct

Retention and Disposal Policy

14. Definitions

14.1. Abbreviations

Abbreviation	Description
DPA	Data Protection Act 2018
GDPR	General Data Protection Regulation
ICO	The Information Commissioner's Office
SIRO	Senior Information Risk Officer
IAO	Information Asset Owner

14.2. Definitions

Controller	A person who determines the purpose for which and the manner in which, Personal Data is to be processed. This may be an individual or an organisation and the processing may be carried out jointly with other persons
Data Subject	This is the living individual who is the subject of the Personal Data
Processor	A person who processes personal data on a Controller's behalf. Anyone responsible for the disposal of confidential waste is also included in this definition
Privacy Notice	A notice the council are required to give before collecting personal data from data subjects. The Privacy Notice must contain certain information. See Appendix 1
Profiling	Processing of personal data to evaluate certain aspects relating to data subjects in particular to analyse or predict behaviour, economic situation and personal preferences.
Information Commissioner's Office (ICO)	The UK's independent authority who upholds information rights in the public interest, promoting openness by public bodies and data privacy for individuals. www.ico.org.uk
Processing	Processing means obtaining, recording or holding the data or carrying out any operation or set of operations on data
Information Asset Owner (IAO)	Information Asset Owners within the Council are all Service Managers and where appropriate Team Leaders. IAO's are responsible for the data held in their areas. If you are unsure of your IAO contact the Data Protection Officer.
Information Asset Register	Part of the council's records of processing. This spreadsheet details the data we hold, where it is held, who can access it, the risks to the data, security measures, who the data is shared with. Each IAO is responsible for the section of Register relevant to their business

	area.
Pseudonymisation	Personal data which can no longer be attributed to a specific data subject without the use of additional information (kept separately and subject to security measures to ensure not attributed to data subject)
Legal Basis for processing personal data	<ul style="list-style-type: none"> - necessary for a contract - necessary for a legal obligation - vital interests (emergency to life) - necessary for official authority/task carried out in the public interest (council's powers) - necessary for legitimate interest (not available for council's powers) - OR the data subject has given consent
Additional Condition for processing special category data	<p>Processing is necessary for:-</p> <ul style="list-style-type: none"> - legal obligations in employment law, social security and social protection law - to protect vital interests (emergency to life) - carried out by a not-for-profit body with a political, philosophical, religious or trade union aim - relates to personal data made manifestly public by the data subject - for the establishment, exercise or defence of legal claims - public interest as permitted by law - preventative or occupational medicine - for reasons of public interest in the area of public health - for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes - OR the data subject has given their explicit consent (written consent)
Examples of exemptions to the non-disclosure of third party personal data	<ul style="list-style-type: none"> - Crime and Taxation - National security - Defence - Prevention, detection and prosecution of criminal offences - Enforcement of civil matters - Disclosures required by law - Statement made by health, education and social care professionals
Examples of exemptions to the right of access.	<ul style="list-style-type: none"> - Legal professional privilege (legal advice)

	<ul style="list-style-type: none"> - Corporate finance- effecting markets and prices - Management forecasts - Negotiations - Confidential references in education training and employment - exemption is available to the organisation giving the reference not the organisation receiving the reference
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GDPR and Data Protection Policy- Appendix 1

What information must be supplied in a Privacy Notice?	Data obtained directly from data subject	Data not obtained directly from data subject (for example via a third party organisation)
Identity and contact details of the controller (the council) or the joint controllers (the council and others) and the data protection officer's contact details dpo@lincoln.gov.uk	✓	✓
Purpose of the processing and the lawful basis for the processing (see Definitions section)	✓	✓
The legitimate interests of the controller or third party, where applicable	✓	✓
Categories of personal data		✓
Any recipient or categories of recipients of the personal data	✓	✓
Details of transfers to third country and safeguards, if applicable.	✓	✓
Retention period or criteria used to determine the retention period (see retention schedules)	✓	✓
The existence of each of data subject's rights	✓	✓
The right to withdraw consent at any time, where relevant (only where legal basis is Consent)	✓	✓
The right to lodge a complaint with the ICO	✓	✓
The source the personal data originates from and whether it came from publicly accessible sources		✓
Whether the provision of personal data is part of a statutory or contractual requirement or obligation and possible consequences of failing to provide the personal data	✓	
The existence of any automated decision making, including profiling and information about how decisions are made, the significance and the Consequences	✓	✓
When should information be provided?	At the time the data are obtained	Within a reasonable period of having obtained the data (within 1 month). If the data are used to communicate with the individual, at the latest, when the first communication takes place; or

		If disclosure to another recipient is envisaged, at the latest, before the data are disclosed.
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Subject: The General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

1. Introduction

- The General Data Protection Regulation (GDPR) will come into force on the 25th May 2018. The GDPR clarifies and strengthens the rules on processing personal information (known as personal data) as first set out in the Data Protection Act 1998.
- The GDPR is expanded upon in the Data Protection Act 2018 (DPA) which also came into force in May 2018 and replaces the Data Protection Act 1998. Both the GDPR and DPA need to be read side by side.
- The idea behind GDPR is to allow individuals to take back control of their personal data and to update the data protection laws due to global technological developments.
- The Information Commissioner's Office (ICO) will be able to fine organisations up to 20 million Euros for non-compliance or 4% of global turnover whichever the greater, for non-compliance.
- This is a significant increase on previous fine levels.
- There have been recent high-profile cases reported in the media, regarding the loss or mishandling of personal data. This has focused attention on ensuring that personal data is appropriately handled within public bodies, and that the requirements of the data protection laws are being met.
- The council, handles a considerable amount of data, and therefore most council staff have some degree of exposure to personal data about customers and others.
- The council and all its staff have responsibilities to comply with the requirements of the GDPR and DPA. Failure to do so, could result in the council and/or its staff being criminally prosecuted and/or fined, as well as legal claims for compensation. This could also result in substantial reputational damage for the council.
- It is therefore important that all staff are familiar with the requirements of the new laws and clearly understand what they need to do on a day-to-day basis in order to comply.
- Council staff are granted access to systems, records, data and information on a "need to know" basis. Your access rights are tailored to your operational needs. Systems will trail and log system activity to the User ID and this ensures that only authorised staff can create, amend or delete data. In order to protect the accuracy and integrity of personal and other data you should only use your designated ID and **not** share it with other colleagues.
- The council has a **General Data Protection Regulation and Data Protection Policy** which is available via the council's Intranet site, on the dedicated Data Protection Page.
- This sheet is not a comprehensive guide and only covers the basics – see Section 4 below for details of additional sources of guidance and advice. **If you are in doubt, seek advice.**

2. What does the Act cover?

- In summary, the GDPR and DPA relates to:
 - Paper and manual records, as well as computer-based and electronic records;
 - Personal data of living individuals (who are known as **Data Subjects**);
 - Any person or organisation (known as **Controllers**) that holds data, about living individuals and determines how the personal data is used.
 - 6 principles relating to the collection, use, processing and disclosure of data that must be complied with by the **Controllers and Processors** acting on behalf of the council, who must be instructed under a contract which is compliant with the new laws;
 - In order to protect the **Data Subjects** there are defined rules about what types of disclosure of their information are permitted and those that are prohibited and the council and its staff must rigidly comply in respect of disclosure;
 - The rights of **Data Subjects have been extended** in relation to access to their personal data (referred to as a **Subject Access Request**). The council can no longer charge a fee for this and can no longer insist on a written request, but can encourage requesters

to use the council's online form. The time limit to respond to these requests has reduced to one calendar month to in some case 28 days. The council can still insist on proof of the requester's identity.

- This information must be provided in a legible form, with interpretations provided for any codes used and if the request is made electronically the response should be given in a commonly used electronic format and if available through self-service by the **Data Subject** to a secure online system.
- If, upon receiving the requested information held by the **Controller**, the **Data Subject** feels that it contains errors, he/she has the right to apply to rectification, restriction of its processing and erasure (deletion) of the affected personal data. **The GDPR has extended these rights** to include a right to data portability (to move data between organisations freely), a right to be informed of how their data is being used (privacy notices), a right to object to its use and rights related to automated decision making (decisions made solely by computers).
- If the **Data Subject** suffers damage by reason of any contravention by the **Data Controller** of any requirement of the GDPR or DPA, then he/she has the right to receive compensation. DPA has expanded this to include compensation for any adverse effect which is likely increase the number of compensation claims.

3. What do I need to do?

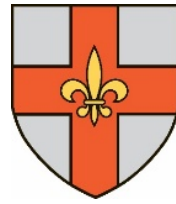
- Firstly, you must read this **Summary** and the GDPR and Data Protection Policy available on the council's intranet. If you don't have access to the intranet it is the responsibility of your line manager to ensure you receive a copy of this.
- Become familiar with the 6 DPA principles of processing personal data. In summary these are;
 - 1) *process the data lawfully, fairly and transparently*
 - 2) *use the data only for the purpose it was provided for*
 - 3) *limit the amount of data to only what is needed*
 - 4) *ensure the data is accurate and up to date.*
 - 5) *only keep the data for as long as necessary*
 - 6) *keep the data secure and only disclose it to those who need to know.*
- Consider how, in the course of your duties, you either collect, process, analyse, disclose or otherwise deal with personal data;
- You should advise anyone enquiring about accessing their personal data that the council holds, to complete the **Subject Access Request Form** and to forward it and an approved form of identity, to the council's Legal Officer, Karan Shearwood, who logs all requests. The **Subject Access Request Form** is available from the council's website. GDPR also allows requests to be made orally and therefore requests can also be made by contacting the council's Legal Officer at legal@lincoln.gov.uk or telephone 01522 881188.
- You should advise anyone with a query regarding data protection to contact our Data Protection Officer at dpo@lincoln.gov.uk or telephone 881188.
- Think carefully about disclosing information to others, irrespective of whether the request is in person, in writing (including emails and faxes) or via the telephone. Remember that the DPA applies to manual records and paper files as well as electronic records and systems;
- Protect your system user identity and related passwords so that no one can access systems in your name:
 - Do not share your ID and password
 - Do not use another colleague's ID to access systems
 - Do not write down your passwords
 - **Any breach of Information Security Policies is a disciplinary offence.**
 - Choose combinations of letters, numbers and characters to provide more secure password combinations, and do not use more obvious passwords such as your birthday, car registration number or a pet's name;
- Only collect the personal data required for a particular operational purpose;
- When asked to disclose information ensure that the enquirer is entitled to access the data:
 - Is the person making the request proven to be the data subject?

- Be certain that other colleagues working in your department and elsewhere in the council have the right to receive or view personal data **before** releasing any requested information. They may not share your level of access rights and may not “need to know”. **If in any doubt consult with your line manager or team leader;**
- Be aware that there are people who will try and trick you in to giving out personal data so always ensure that the individual making the request is entitled to view such data, **before** such data is revealed. Be aware that unauthorised disclosure of personal data is an offence and you could be held liable;
- If in doubt about the identity and validity of the person making the request ask for the request to be made in writing and check that the request is not potentially bogus.
- Do not leave documents containing personal data exposed on your workspace where customers or other employees could read or remove them. Adopt a ‘**clear desk**’ approach by securing and not displaying, hard copy personal data when it is not being used;
- Only dispose of confidential documents or information through the council’s confidential waste paper service or by cross-cut shredding with the department;
- Lock your computer whenever you are leaving your desk ;
- Position your computer screen away from windows and corridors to prevent accidental disclosures of personal data;
- Use encryption on storage devices containing personal data that may be taken out of the office; and
- For computer systems not on the council network ensure that data is backed up and the copies are kept in a secure place.

4. Sources of Further Information

- **Information Commissioner’s Website:** www.ico.gov.uk
- **The Data Protection Policies are available on City People**
- **Data Protection Officer:** Sally Brooks-ext. 3765
- **Freedom of Information Officer and Legal & Democratic Services Manager:** Becky Scott-ext 3441
- **Business Development & IT Manager:** Matt Smith-ext 3308

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Information Governance Policy



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Document Control

Organisation	City of Lincoln Council
Title	Information Governance Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018 Executive
Filename	Information Governance Policy
Version	V.1.1
Protective Marking	Official
Next Review Date	July 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V 1.1	Becky Scott LDSM	June 2018	Updating policy in view of General Data Protection Registration (“GDPR”) and new Data Protection Act 2018 (“the Act”), and amendments to roles

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1 Overview

This organisation collects and uses a wide range of information for many different purposes. As such, information is a vital asset that the organisation is reliant on, both for the provision and for the efficient management of services and resources. It is essential that there is a robust information governance management framework and policies to ensure that information is effectively managed and that the risks of loss of information confidentiality, integrity and availability are reduced.

The objectives of Information Governance are specifically:

Legal Compliance. To achieve the necessary balance between openness and security by complying with the relevant legislative requirements.

Information Security. To apply security measures that are appropriate to the contents of the information.

Information and Records Management. To ensure that the creation, storage, movement, archiving and disposal of information and records is properly managed.

Information/Data Quality. To support the provision of quality service delivery by the availability of quality information.

Information Sharing. To ensure that information can be effectively shared internally and between partner organisations while complying with the law and best practice standards.

Awareness and Guidance. To develop support arrangements which provide employees with awareness training and access to information governance policies and guidance.

2 Purpose

The purpose of this document is to set out the Information Governance Policy, including the Information Governance Management Framework, for City of Lincoln Council ("the Council"). It demonstrates management commitment to having in place sound information governance arrangements, gives clear direction to managers and staff, and will ensure that legal requirements and best practice standards are met.

3 Scope

This policy, framework and supporting policies apply to:

All data, information and records owned by the Council, but also including those held by contractors or partner organisations.

It applies to any information that is owned by other organisations, but may be accessed and used by Council employees, where there is no specific Information Sharing Agreement in place.

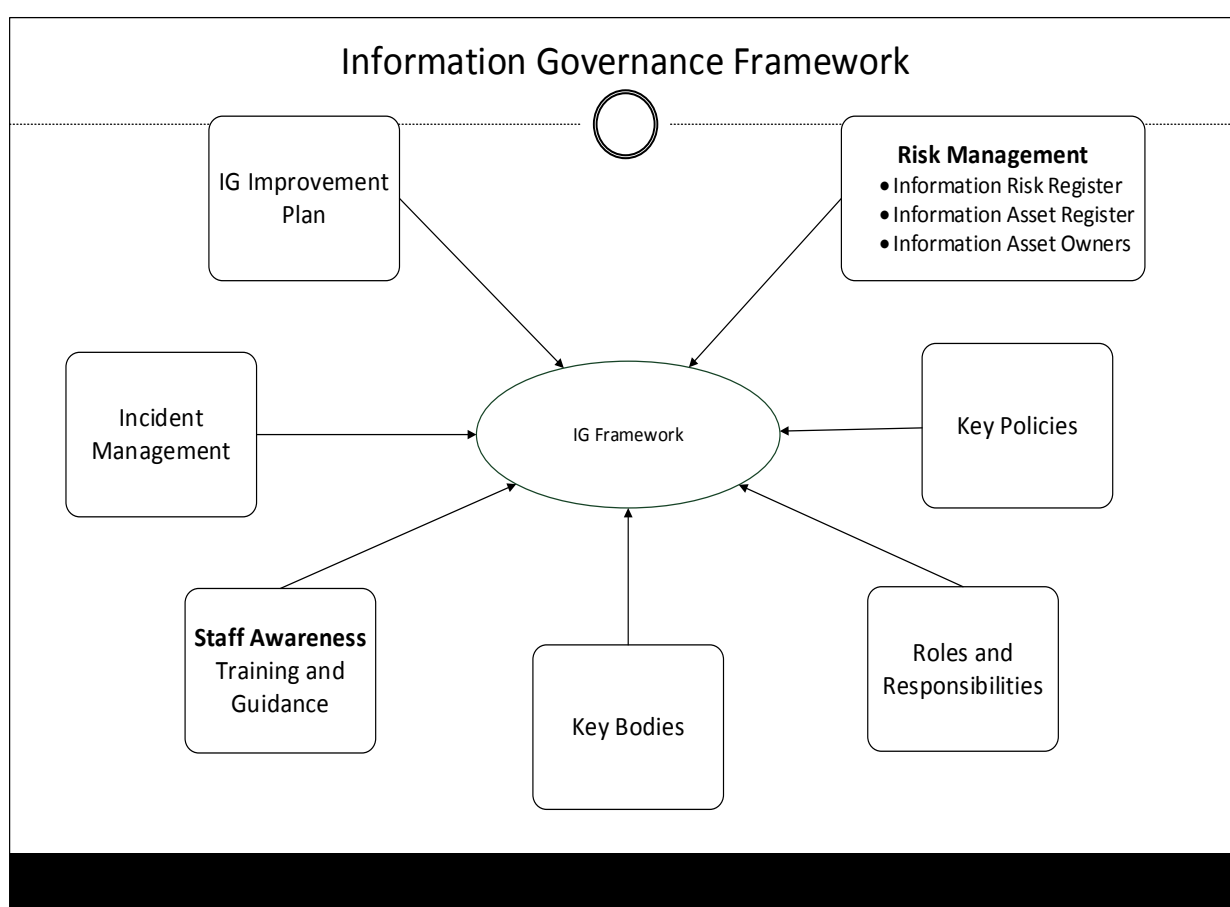
It applies to information in any storage format and however transmitted (including paper, voice, photo, video, audio or any digital format).

All employees of the council, and also council members, temporary workers, volunteers, student placements etc.

The employees of any other organisations having access to Council information; for example, auditors, contractors, and other partner agencies where there is no specific Information Sharing Agreement in place.

4 Policy

4.1 The Information Governance Management Framework



Note IG Improvement is the IG Action Plan

4.1.1 Risk Management

It is important that information risks are acknowledged, documented, assessed and managed through the Council risk management arrangements. This puts

information governance on the same footing as other corporate governance areas, and is reflected in its importance in the Senior Information Risk Owner's (SIRO) role.

4.1.2 Key Policies

An effective information governance structure is dependent on having key policies in place that cover three areas:

Information Compliance

Information Compliance is primarily concerned with the governance around, and the laws relating to, an organisation's information. It is also concerned with making sure information is of good quality and is properly and legally shared both internally and externally. The Council will make sure that there is:

- a. An Information Governance Policy (this document) to set out a framework to manage its information governance responsibilities.
- b. A Legal Responsibilities Policy to set out the main information-related legislation and the individual and collective responsibilities arising from it.
- c. An Information Sharing Policy to cover any sharing of personal or confidential information with partner agencies or involving individual large transfers of such information. This Policy will make sure that an information sharing agreement based on a Council information sharing standard is in place and will set out the expected process and the standards of security and information handling.
- d. A Data Quality Policy to set out the Council's standards to make sure that information is timely, comprehensive, accurate, complete, up-to date, accessible, and relates to the correct person. Key to this is that there will be validation of data at the point of collection wherever possible, and that there are procedures for the assessment of data quality that are independent of the source of data collection.

Information Rights

The main legislation applying to information rights is the Data Protection Act 2018 the Freedom of Information Act 2000, and the Environmental Information Regulations 2004. In addition, Common Law has established a "duty of confidence" requiring us to keep other categories of information such as intellectual property confidential. In order to make sure that the requirements of information law are covered there will be:

- a. A Data Protection Policy setting out the seven principles that all users of Council information must be aware of and adhere to. The principles specify how personal information and sensitive personal information must be collected and managed to ensure the fair treatment of individuals and their personal information within the rights that are given under the Act.

The Act gives individuals the right to access their personal information. There are potentially severe penalties for any breach of the data protection principles. There is a Data Protection Breach Management Policy to provide assistance in the event of an incident.

- b. A Freedom of Information Policy the sets out the Council's policy with respect to The Freedom of Information Act (FOI) which gives any individual the right of access to information held by the organisation. This is subject to some exemptions, most notably for personal information, as defined by the DPA. To comply with the law the Council must respond to any such request within 20 working days.
- c. A Records Management Policy to make sure that information and records are effectively managed, and that the Council can meet its information governance objectives and which sets out the Council's standards for handling information during each phase of the information lifecycle; creation, use, semi-active use, and final outcome.

Information Security

Information security is concerned with the confidentiality, integrity and availability of information in any format. This is an important and challenging area since new technologies are changing both the way we work and how we expect to access and use information. The Council's reliance on information is so great that difficulties in this area could severely impact on our ability to deliver services. Consequently, there will be an Information Security Policy with supporting policies and guidance that will comply with the law, best practice and any current certification standards.

Other relevant policies and guidance are listed at Paragraph 6.

4.1.3 Information Governance Roles

These are the Senior Information Risk Owner, the Data Protection Officer, the Freedom of Information Officer and the Information Asset Owners.

The Senior Information Risk Owner (SIRO)

The SIRO will be a senior member of the management team, with an understanding how the strategic business goals of the organisation may be impacted by information risks.

Key tasks are to:

- Make sure that information risks are fully recognised in directorate and corporate risk registers.
- Take overall ownership of the risk assessment process for information risk, including review of an annual information risk assessment.
- Review and agree action in respect of identified information risks;

- Make sure that the organisation's approach to information risk is effective in terms of resource, commitment and execution and that this is communicated to all staff;
- Provide a focal point for the resolution and/or discussion of information risk issues; and
- Make sure the corporate management team is adequately briefed on information risk issues.

The Data Protection Officer - The Data Protection Officer is the representative from the senior level of management who acts as the overall Information Governance Lead and co-ordinate the information governance work programme. The post is required under the new GDPR and is therefore a statutory requirement.. They will be accountable for ensuring effective management, accountability, compliance and assurance for all aspects of information governance. They will provide a focal point for the resolution and/or discussion of information governance issues.

Key tasks are to:

- To inform and advise the Council and its staff/members who carry out processing of their obligations pursuant to data protection laws;
- To monitor compliance with data protection laws of the Council's data protection provisions and policies, in relation to the protection of personal data, including the assignment of responsibilities, awareness training and training staff/members involved in processing operations and the related audits;
- To provide advice where requested as regards the data protection impact assessment and monitor its performance.
- To co-operate with the Information Commissioner's Office (ICO)
- To act as a contact point for the ICO on issues relating to processing, including prior consultation where required and where appropriate with regard to any other matter.

Information Asset Owners

The Information Asset Owners (IAO) will be senior members of staff who are the nominated owners for one or more identified information assets of the Council. It is a core information governance objective that all information assets of the Council are identified and that their business importance is established.

The role of Information Asset Owners is to:

- Complete a six monthly asset owner checklist which outlines their responsibilities, and include; identifying and documenting the scope, importance and process map of all Information Assets they own. The Information Asset Owner checklist is attached at Appendix A.
- Take ownership of their local asset control, risk assessment and management processes for the information assets they own. This includes the identification, review and prioritisation of perceived risks and oversight of actions agreed to mitigate those risks.
- Provide support to the SIRO and the IT and Information Governance Board (AD Group) to maintain their awareness of the risks to all information assets that are owned by the organisation and for the organisation's overall risk reporting requirements and procedures.
- Make sure that staff in their teams and relevant others are aware of and comply with expected information governance working practices for the effective use of owned Information Assets. This includes records of the information disclosed from an asset where this is permitted.
- Provide a focal point for the resolution and/or discussion of risk issues affecting their Information Assets.
- Make sure that the Council's information security incident policy requirements are applied to their information assets.
- Foster an effective information governance and security culture for staff and others who access or use the information assets to ensure individual responsibilities are understood, and that good working practices are adopted in accordance with Council Policy.
- Set out local procedures that are consistent with corporate information security policies and guidelines.

Specialist Supporting Roles and Knowledge

There will be trained staff with specialist knowledge both to support the senior information roles, and to provide staff and managers with specific advice about the policies and guidance. The specialist knowledge covers information law (Data Protection and Freedom of Information Acts), information security, data quality, information and records management.

Service Managers

All managers will make sure that:

- The requirements of the information governance policy framework, its supporting policies and guidance are built into local procedures.

- That there is compliance with all relevant information governance policies within their area of responsibility.
- Information governance issues are identified and resolved whenever there are changes to services or procedures.
- Their staff are properly supported to meet the requirements of information governance and security policies and guidance, by ensuring that they are aware of:
 - The policies and guidance that apply to their work area.
 - Their responsibility for the information that they use.
 - Where to get advice on security issues and how to report suspected security incidents.

All Staff

All staff are responsible for:

- Making sure that they comply with all information governance policies and information security policies and procedures that are relevant to their service and consulting their manager if in doubt.
- Seeking further advice if they are uncertain how to proceed.
- Reporting suspected data protection breaches/information security incidents.

4.1.4 Key Bodies

The Information Governance Strategy has been approved by the Assistant Directors Group who also sit as the Information Governance Board. They will receive updates at least every 3 months.

Audit Committee have changed their Terms of Reference to include a role of overseeing Information Governance and progress against the action plan. The Chair has taken on the role as lead Information Governance member and the committee will receive reports on a bi-annual basis.

4.1.5 Staff Awareness

- Staff awareness is a key issue in achieving both compliance with information governance policies and the improvements required by the improvement plan. Accordingly there will be.
- Mandatory base line training in key information governance competencies for all staff will take place every two years.

- Additional training for all employees routinely handling ‘sensitive personal information’, as defined by the DPA 2018.
- All information governance policies and guidance to be available on the Intranet/City People.
- Staff with specialist knowledge available to provide advice across the full range of information governance areas.

4.1.6 Data Protection Breach Management Policy

There will be a Data Protection Breach Management Policy and procedures that set out how incidents will be reported and managed. The results of incident investigations will be reported to the information governance working group and to the Information Governance Board (AD Group)

4.1.7 Information Governance Action Plan

There will be an information governance action plan that identifies the detailed requirements necessary to achieve compliance with the main policy objectives. This plan will be monitored and progressed by the information governance working group to ensure that there continuing development. Progress against the plan will be reported quarterly to the Information Governance Board (AD Group), and bi-annually to Audit Committee.

5 Policy Compliance

5.1 Compliance Measurement

The Council will regularly review its organisational and technological processes to ensure compliance with this Policy and the relevant legislation.

Where there are particular compliance measurements, such as those required by the Data Protection Act 2018 and the Freedom of Information Act 2000 and Environmental Information Regulations 2004, these are detailed in the Council’s relevant Policies.

All Policies relating to information management will be subject to scrutiny by the Policy Scrutiny Committee and/or the Audit Committee.

5.2 Non-Compliance

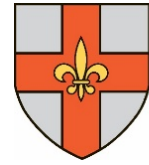
Non-compliance with this Policy could have a significant effect on the efficient operation of the Council and may result in financial loss and an inability to provide necessary services to our customers.

5.3 Policy Review

This Policy will be reviewed every two years and updated in the interim as required.

6 Relevant Legislation, Standards, Policies, and Guidance

The primary legislation governing the Council's information management activities is described in the Legal Responsibilities Policy.



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Legal Responsibilities Policy



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Document Control

Organisation	City of Lincoln Council
Title	Legal Responsibilities Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018 - Executive
Filename	Legal Responsibilities Policy
Version	V.1.1
Protective Marking	Not Protectively Marked
Next Review Date	July 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V 1.1	Becky Scott LDSM	June 2018	Updating policy in view of General Data Protection Registration ("GDPR") and new Data Protection Act 2018 ("the Act"), and amendments to roles

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1 Overview

This Policy lists and describes the legislation and regulations that govern information management and highlights the risks both to the organisation and to individuals for failing to comply.

2 Purpose

At City of Lincoln Council (“the Council”) we create, collect, hold, and use vast amounts and types of information to carry out our functions, much of which is governed by legislation. For instance, we process personal data about people and organisations with whom we deal with, information protected by copyright, and intellectual property which we must keep confidential.

In addition, we are occasionally required by law to collect and use certain types of personal information to comply with the requirements of Government departments.

However, we also make much of our information publically available to demonstrate open and transparent government and Information Rights legislation such as the Freedom of Information Act 2000 sets out how we must publish or respond to legitimate requests for our information.

This Policy details our responsibilities under the wide and varied legislation that governs our information and information systems.

3 Scope

Any information must be dealt with properly however it is collected, recorded and used, whether on paper, in a computer, or recorded on other media. For instance, there are safeguards set out in the Data Protection Act 2018 to make sure that personal information is collected and processed correctly.

This Policy relates to all information held or processed by the Council. It applies to all full time and part time employees of the Council, elected members, partner agencies, contracted employees, third party contractors (including agency employees), volunteers and students or trainees on placement with the Council, who have access to information held or processed by the Council.

4 Roles and Responsibilities

For most information-related legislation the following Council officers are accountable and responsible for compliance. Where specific responsibilities exist for legislation, these are included within the description of the particular legislation below.

- **Chief Executive.** The Chief Executive has overall responsibility for strategic and operational management, including making sure that Council policies comply with all legal, statutory and good practice guidance requirements.

- The Data Protection Officer's role is defined by the GDPR and includes;
- To inform and advise the Council and its staff/members who carry out processing of their obligations pursuant to data protection laws;
- To monitor compliance with data protection laws of the Council's data protection provisions and policies, in relation to the protection of personal data, including the assignment of responsibilities, awareness training and training staff/members involved in processing operations and the related audits;
- To provide advice where requested as regards the data protection impact assessment and monitor its performance.
- To co-operate with the Information Commissioner's Office (ICO)
- To act as a contact point for the ICO on issues relating to processing, including prior consultation where required and where appropriate with regard to any other matter.
- Directors and Assistant Directors are responsible for ensuring compliance with this Policy and all relating Council policies and aiding the process of making all staff aware of the Council's legal responsibilities within their directorates.
- Information Asset Owners are responsible for ensuring that all staff in the business areas they have responsibility for have processes and procedures in place to comply with this and relating policies and that all new staff receive an induction briefing on particular legislation where required.
- All staff full time and part time, elected members, partner agencies, contracted employees and third party contractors (including agency employees) volunteers and students or trainees on placement with the Council must comply with this Policy and all Council policies relating to the Council's legal responsibilities.
- The responsibility for providing day-to-day advice and guidance to support the Council in complying with this policy and its legal responsibilities rests with the City Solicitor and the Legal & Democratic Services Manager and the Legal Services team.

5 Policy

This section lists the legislation applicable to information and information systems and details specific responsibilities for complying with it.

5.1 Civil Contingencies Act 2004

Category 1 organisations (the emergency services, local authorities, NHS bodies) are at the core of the response to most emergencies and are subject to the full set of civil protection duties.

The Act requires that, as Category 1 Responders, Local Authorities put in place Business Continuity Management arrangements.

5.1.1 What will the Council do?

In order to meet its obligations under the Act, the Council will:

- Assess the risk of emergencies occurring and use this to inform contingency planning.
- Put in place emergency plans.
- Put in place business continuity management arrangements.
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency.
- Share information with other local responders to enhance co-ordination.
- Co-operate with other local responders to enhance co-ordination and efficiency.

5.1.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.2 Companies Act 2006

Adequate precautions should be taken against the falsification of records and to discover any falsification that occurs.

5.2.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies and procedures and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.2.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.3 Common Law of Confidentiality

Common Law of Confidentiality is not in any written Act of Parliament. It is "common" law which means that it has been established over a period of time through the courts.

The law recognises that some information has a quality of confidence, which means that the individual or organisation that provided the information has an expectation that it will not be shared with or disclosed to others.

For information to have a quality of confidence it is generally accepted that:

- it is not "trivial" in its nature;
- it is not in the public domain or easily available from another source;
- it has a degree of sensitivity; and
- it has been communicated for a limited purpose and in circumstances where the individual or organisation is likely to assume an obligation of confidence. For example information shared between a solicitor/client, health practitioner/patient, etc.

However, as with the Human Rights Act 1998, confidentiality is a qualified right. Qualified Rights are rights which can be restricted not only in times of war or emergency but also in order to protect the rights of another or the wider public interest. In general, qualified rights are structured so that the first part of the Article sets out the right, while the second part establishes the grounds on which a public authority can legitimately interfere with that right in order to protect the wider public interest

The Council is able to override a duty of confidence when it is required by law, or if it is in the public interest to do so.

5.3.1 What will the Council do?

In order to meet its obligations under the Common Law of Confidentiality, the Council will make sure that:

- Confidentiality is included as an essential element of employee terms and conditions.
- The need to keep information confidential where appropriate is included in all security awareness training.

- Confidentiality clauses are included in all Council contracts where information may be accessed or shared.

5.3.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three will recognise and understand the importance of not disclosing confidential information to anyone who does not have a “need to know” and will comply with Council’s policies and procedures relating to this legislation.

5.3.3 Roles and Responsibilities

Everyone who comes into contact with information has a responsibility to keep it private where necessary and in some cases may be held personally accountable for any breach of confidentiality.

5.4 Computer Misuse Act 1990

The Computer Misuse Act makes it illegal to gain unauthorised access to a computer. The Act is made up of three separate offences:

- Unauthorised access to computer material; the act of accessing materials without authorisation is an offence even if no damage is done, files deleted or changed
- Unauthorised access with intent to commit or facilitate commission of further offences.
- Unauthorised modification of computer material; including the amendment, damage of data, including the introduction of computer viruses.

5.4.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies and procedures and that any policy or specific requirements and the penalties for offences under the Act are included in awareness training provided to staff, Members and partners.

5.4.2 What will the Council's employees do?

As well as not committing any of the three basic offences, Council employees and other parties listed at paragraph must not:

1. Display any information which enables others to gain unauthorised access to computer material (this includes instructions for gaining such access, computer codes or other devices which facilitate hacking)
2. Display any information that may lead to any unauthorised modification of computer materials (such modifications would include activities such as the circulation of “infected” software or the unauthorised addition of a password)

3. Display any material, which may incite or encourage others to carry out unauthorised access to or modification of computer materials.

5.4.3 What are the consequences of non-compliance?

The penalties for committing criminal offences in each of the three categories are as follows:

1. Unauthorised access to computer material (basic hacking) including the illicit copying of software held in any computer which carries a penalty of up to six months imprisonment or up to a £5,000 fine.
2. Unauthorised access with intent to commit or facilitate commission of further offences, which covers more serious cases of hacking which carries a penalty of up to five years of imprisonment and an unlimited fine.
3. Unauthorised modification of computer material, which includes:
 - i) intentional and unauthorised destruction of software or data.
 - ii) the circulation of “infected” materials online.
 - iii) An unauthorised addition of a password to a data file.

This offence carries a penalty of up to five years of imprisonment and an unlimited fine.

5.5 Copyright, Designs and Patents Act 1988

The law gives the creators of literary, dramatic, musical, artistic works, sound recordings, broadcasts, films and typographical arrangement of published editions, rights to control the ways in which their material may be used.

The rights cover; broadcast and public performance, copying, adapting, issuing, renting and lending copies to the public.

In many cases, the creator will also have the right to be identified as the author and to object to distortions of his work. International conventions give protection in most countries, subject to national laws.

5.5.1 Types of work protected

1. **Literary.** Song lyrics, manuscripts, manuals, computer programs, commercial documents, leaflets, newsletters & articles etc.
2. **Dramatic.** Plays, dance, etc.
3. **Musical.** Recordings and score.

4. **Artistic.** Photography, painting, sculptures, architecture, technical drawings/diagrams, maps, logos.
5. **Typographical arrangement of published editions.** Magazines, periodicals etc.
6. **Sound recording.** May be recordings of other copyright works, e.g. musical and literary.
7. **Film.** Video footage, films, broadcasts and cable programmes.

The Copyright (Computer Programs) Regulations 1992 extended the rules covering literary works to include computer programs.

Only software that is developed by the Council, or either licensed or provided by a developer to the Council should be used.

The copyright of all software developed within the Council by staff or contractors should be held by the Council.

The right of the Council to make copies, for its own use, of any software provided must be retained by the Council.

Under no circumstances should software be copied from one machine to another without the appropriate licence agreement. Only staff authorised by IT Services may install, or move software.

5.5.2 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.5.3 What will the Council's employees do?

Council employees and other parties listed at para 3 will, where appropriate, comply with Council's policies and procedures relating to this legislation. Specifically, employees and other authorised users of the Council's ICT equipment will not install or use software, or use images, media or other copyrighted material that has not been approved and/or licensed for Council use.

5.5.4 What are the consequences of non-compliance?

Copyright infringement that may be criminal offences under the Copyright, Designs and Patents Act 1988 are the:

- Making copies for the purpose of selling or hiring them to others;
- Importing infringing copies (except for personal use);

- Offering for sale or hire, publicly displaying or otherwise distributing infringing copies in the course of a business;
- Distributing a large enough number of copies to have a noticeable effect on the business of the copyright owner;
- Making or possessing equipment for the purposes of making infringing copies in the course of a business;
- Publicly performing a work in knowledge that the performance is unauthorised;
- Communicating copies or infringing the right to "make available" copies to the public (either in the course of a business, or to an extent prejudicial to the copyright owner); and
- Manufacturing commercially, importing for non-personal use, possessing in the course of a business, or distributing to an extent that has a noticeable effect on the business of the copyright holder, a device primarily designed for circumventing a technological copyright protection measure.

The penalties for these copyright infringement offences may include:

- Before a magistrates' Court, the penalties for distributing unauthorised files are a maximum fine of £5,000 and/or six months imprisonment;
- On indictment (in the Crown Court) some offences may attract an unlimited fine and up to 10 years imprisonment.

5.6 Data Protection Act 2018

The Act gives rights to individuals about whom personal data is recorded (Data Subjects). They may obtain personal data held about themselves, challenge it if appropriate and claim compensation in certain circumstances. The Act places obligations on those who record and use personal data (Data Users). They must be open about that use (through the data protection register) and follow sound and proper practices (the Data Protection principles). Any requests to view or receive personal data must be in line with the Data Protection Policy and guidance

The Act applies to personal data and is based upon a set of eight principles, which should form the basis of good organisational practice. The principles state that personal data:

1. Shall be processed lawfully fairly and in a transparent manner.
2. Shall be collected for a specified, explicit and legitimate purpose and not further processed in a manner that is incompatible with those purposes.

3. Shall be adequate, relevant and limited to what is necessary.
4. Shall be accurate and where necessary, kept up to date.
5. Shall be kept in a form which permits identification of data subjects for no longer than necessary.
6. Processed in a manner that ensures appropriate security of the personal data.
7. The Council shall be responsible for and be able to demonstrate compliance with the principles.

5.6.1 What will the Council do?

In order to meet its obligations under the Data Protection Act, the Council will make sure that:

- There is an individual with specific responsibility for data protection in the organisation, namely the Chief Executive, with support from the Senior Information Risk Owner and the Data Protection Officer/City Solicitor.
- Everyone managing and handling personal information understands that they are legally responsible for following good data protection practice.
- Everyone managing and handling personal information is properly trained to do so and adequate advice and guidance is available.
- Persons wishing to make enquiries about handling personal information, whether a member of staff or a member of the public, is aware of how to make such an enquiry.
- Methods of handling personal information are regularly assessed and evaluated.
- All actual or potential breaches of the Data Protection Act are investigated, mitigated, and reported as appropriate.

5.6.2 What will the Council's employees do?

Employees and agents of the Council are personally responsible for complying with the Data Protection Act. In particular they will make sure that:

- They attend or complete data protection training provided by or on behalf of the Council.
- When collecting or processing personal information in the course of their duties they follow any policies, guidance, and procedures provided by the Council for that purpose.

- They report any breaches of the Act using the Council's Data Protection Breach Management Policy.
- Queries about handling personal information are promptly and courteously dealt with.

5.6.3 What are the consequences of non-compliance?

There are a number of tools available to the Information Commissioner's Office for taking action to change the behaviour of organisations and individuals that collect, use and keep personal information. They include criminal prosecution, non-criminal enforcement and audit. The Information Commissioner also has the power to serve a monetary penalty notice of up to 20 million Euros or 4% of global turnover whichever the greater on a data controller.

5.6.4 Roles and Responsibilities

- The **Chief Executive** has overall responsibility for strategic and operational management, including ensuring that Council policies comply with all legal, statutory and good practice guidance requirements.
- The implementation of, and compliance with the Act is delegated to the **Council's Senior Information Risk Owner**.
- The **Council's Data Protection Officer** will provide guidance and advice to employees to facilitate the correct handling of personal information and to enable the Council to meet its legal obligations under the DPA.
- The **Council's Data Protection Officer** is responsible for notifying the Information Commissioner's Office of the Council's purposes for processing personal information.
- **Directors** and Assistant Directors are responsible for ensuring that the Council's Data Protection procedures are communicated and implemented within their directorates.
- **Information Asset Owners** are responsible for ensuring that all their staff are appropriately trained with regards to Data Protection and for ensuring that any Data Protection related issues in their own area are handled in compliance with this policy and relevant procedures.
- **Information Asset Owners** are responsible for ensuring that all personal data is disposed of securely and in line with the Retention and Disposal Policy.
- All **Council employees** must complete relevant Data Protection training.
- All **Council employees** are responsible for understanding, and adhering to this Policy and the Council's Policy and procedures relating to Data Protection.

- All **Council employees** should seek Data Protection advice from the Council's City Solicitor/Data Protection Officer, the Legal & Democratic Services Manager or the Legal Services team when necessary.

5.6.5 Sharing Personal Information with other Organisations

Personal information must not be disclosed to any other person or organisation via any insecure method.

Where such information is disclosed/shared it should only be done so in accordance with a documented Information Sharing Agreement.

The Council's Data Protection Officer is responsible for the Information Sharing Agreements.

5.7 Environmental Information Regulations 2004

The Environmental Information Regulations provide members of the public with the right to access environmental information held by public authorities.

Environmental information covers:

- The state of the elements of the environment, such as air, water, soil, land, fauna (including human beings).
- Emissions and discharges, noise, energy, radiation, waste and other such substances.
- Measures and activities such as policies, plans and agreements affecting or likely to affect the state of the elements of the environment.
- Reports, cost-benefit and economic analyses.
- The state of human health and safety and contamination of the food chain.
- Cultural sites and built structures (to the extent they may be affected by the state of the elements of the environment).

The Council is required to respond to a request for environmental information within 20 working days although further reasonable details can be requested to identify and find the information in line with the legislation.

5.7.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.7.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three of this policy will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.8 Freedom of Information Act 2000

Gives a general right of access to all types of recorded information held by public authorities, sets out exemptions from that right and places a number of obligations on public authorities.

Subject to the exemptions, any person who makes a request to a public authority for that information must be informed whether the public authority holds that information. If it does, that information must be supplied, subject to certain conditions.

Every public authority is required to adopt and maintain a publication scheme setting out how it intends to publish the different classes of information it holds, and whether there is a charge for the information.

Two Codes of Practice issued under the Act (under sections 45 and 46) provide guidance to public authorities about responding to requests for information, and records management which are available on the ICO website. The Act is enforced by the Information Commissioner.

5.8.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.8.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three of this policy will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.8.3 What are the consequences of breaching the Act?

The Council may be breaching the Freedom of Information Act if it does any of the following:

- Fail to respond adequately to a request for information;
- Fail to adopt the model publication scheme, or do not publish the correct information.

- Deliberately destroy, hide or alter requested information to prevent it being released.

This last point is the only criminal offence in the Act that individuals and public authorities can be charged with.

Other breaches of the Act are unlawful but not criminal. The Information Commissioner's Office (ICO) cannot fine the Council if it fails to comply with the Act, nor can it require us to pay compensation to anyone for breaches of the Act. However, we should correct any mistakes as soon as we are aware of them.

5.9 Human Rights Act 1998

An individual's privacy and protection of property rights must be respected. This includes ensuring the security of personal data. Infringements could lead to breaches of these rights.

An employee's privacy is, however, subject to the provisions of the **Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000**

5.9.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.9.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three of this Policy will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.10 Privacy & Electronic Communications (EC Directive) Regulations

The Privacy and Electronic Communications Regulations (PECR) originally came into force in 2003 and were amended in 2004, 2011, and again in 2015. The regulations sit alongside the Data Protection Act and give people specific privacy rights in relation to electronic communications.

There are specific rules on:

- Marketing calls, emails, texts and faxes.
- Cookies (and similar technologies).
- Keeping communications services secure.

- Customer privacy as regards traffic and location data, itemised billing, line identification, and directory listings.

5.10.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.10.2 What will the Council's employees do?

Council employees and other parties listed at paragraph three will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.10.3 What are the consequences of not complying with the Regulations?

The regulations carry a number of sanctions for non-compliance. These are enforced by the ICO and include criminal prosecution, non-criminal enforcement and audit. The Information Commissioner also has the power to serve a monetary penalty notice imposing a fine of up to 20 million Euros or 4 % of global turnover whichever the greater.

5.11 Re-use of Public Sector Information Regulations 2015

The Regulations are concerned with the re-use by businesses and citizens of information held by public sector bodies. "Re-use" essentially means the use of existing information in new products and services. Its aim is to support technology driven growth and civil society applications, for example, in the use of mapping information in satellite navigation products.

The Regulations affect how information can be re-used once it has been legitimately accessed, by placing obligations on the public sector to the benefit of re-users.

The Regulations do not create rights of access to information. They do not override or modify data protection rules. Re-use of public sector information in the UK must therefore comply with the Data Protection Act and any related regulations

5.11.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.11.2 What will the Council's employees do?

Council employees and other parties listed at paragraph 3 of this Policy will, where appropriate, comply with Council's policies and procedures relating to this legislation.

5.12 Regulation of Investigatory Powers Act 2000 (RIPA)

RIPA is the law governing the use of covert techniques by public authorities. It requires that when public authorities, such as the police or government departments, need to use covert techniques to obtain private information about someone, they do it in a way that is necessary, proportionate, and compatible with human rights.

RIPA's guidelines and codes apply to actions such as:

- Intercepting communications, such as the content of telephone calls, emails or letters;
- Acquiring communications data: the 'who, when and where' of communications, such as a telephone billing or subscriber details;
- Conducting covert surveillance, either in private premises or vehicles (intrusive surveillance) or in public places (directed surveillance);
- The use of covert human intelligence sources, such as informants or undercover officers; and
- Access to electronic data protected by encryption or passwords.

RIPA applies to a wide-range of investigations in which private information might be obtained. Cases in which it applies include:

- Terrorism
- Crime
- Public safety
- Emergency services

5.12.1 What will the Council do?

The Council will make sure that it considers this legislation when developing its policies, procedures and approval processes and that any policy or specific requirements are included in awareness training provided to staff, Members and partners.

5.12.2 What will the Council's employees do?

Council employees and other parties listed at paragraph 3 of this Policy will, where appropriate, comply with Council's policies and procedures relating to this legislation.

6 Policy Compliance

6.1 Compliance Measurement

The Council will regularly review its organisational and technological processes to ensure compliance with this Policy and the relevant legislation.

Where there are particular compliance measurements required by the Data Protection Act 1998 and the Freedom of Information Act 2000 and Environmental Information Regulations 2004 these are detailed in the Council's relevant Policies.

All Policies relating to information management will be subject to scrutiny by the Policy Scrutiny Committee and/or the Audit Committee.

6.2 Non-Compliance

Non-compliance with this Policy could have a significant effect on the efficient operation of the Council and may result in financial loss and an inability to provide necessary services to our customers.

If any user is found to have breached this Policy, they will be subject to the Council's disciplinary procedure. If a criminal offence is considered to have been committed further action may be taken to assist in the prosecution of the offender(s).

If you do not understand the implications of this Policy or how it may apply to you, seek advice from the Data Protection Officer being the City Solicitor, the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team.

6.3 Policy Review

This Policy will be reviewed every two years and updated in the interim as required.

7 Related Standards, Policies, and Processes

- Information Governance Policy
- Data Protection Policy
- Freedom of Information and Environmental Information Regulations Policy.
- Information Sharing Policy

- Data Quality Policy
- Data Protection Breach Management Policy
- Records Management Policy
- Information Security Policy
- Retention and Disposal Policy

8 Definitions

Information Asset Owner	<p>The IAO was established by the Security Policy Framework. Their role is to protect and manage information held in the Council, and ensure that its value to the organisation is recognised. They are also responsible for promoting and fostering a culture of security of data within their teams and wider organisations. They also are required to complete an IAO checklist every six months.</p> <p>Information Asset Owners within the Council are all Service Managers and where appropriate Team Leaders.</p>
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Information Sharing Policy

Document Control

Organisation	City of Lincoln Council
Title	Information Sharing Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018 - Executive
Filename	Information Sharing Policy
Version	V.2.1
Protective Marking	Not Protectively Marked
Next Review Date	July 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V.2.0	Sally Brooks	27/05/16	Change of flow chart and minor wording on factors to consider before sharing information.
V 2.1	Becky Scott LDSM	June 2018	Updating policy in view of General Data Protection Registration ("GDPR") and new Data Protection Act 2018 ("the Act"), and amendments to roles

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Source: Centre of Excellence for Information Sharing http://informationsharing.org.uk/our-work/tools/scoping/how-do-we-decide-the-legal-basis-for-sharing/	14

Overview

Information sharing is key to City of Lincoln Council's ("the Council") goal of delivering better and more efficient services that are coordinated around the needs of the individual. Sharing information both internally and with our partners is essential to support early intervention and preventative work, for safeguarding and promoting welfare and for wider public protection. Information sharing is a vital element in improving outcomes for all.

The Council understands that it is most important that people remain confident that we keep their personal information safe and secure and that staff maintain the privacy of the individual, whilst sharing information to deliver better services. It is therefore important that all staff are aware of how they can share information appropriately as part of their day-to-day responsibilities and do so confidently.

1 Purpose

The purpose of this policy is to:

- Provide a framework for the Council and those working on its behalf to:
 - Provide information to deliver better services;
 - Consider the controls needed for information sharing; and
 - Make sure that partners sharing information are aware of the Council's Minimum Security Standards for securing information; the obligations

of consent; and how to take appropriate account of an individual's objection to the sharing.

- Establish a mechanism for the exchange of information between the Council and other **organisations**.

2 Scope

This Policy applies to all staff and members including those who are responsible for managing partnerships where information will be shared and those who are responsible for creating or providing the information that is to be shared.

Information sharing, in the context of this policy, means the disclosure of personal information from one or more organisations to a third party organisation or organisations. Information sharing can be:

- A reciprocal exchange of data;
- One or more organisations providing data to a third party or parties;
- Several organisations pooling information and making it available to each other;
- Several organisations pooling information and making it available to a third party or parties.
- Exceptional, one-off disclosures of data in unexpected or emergency situations.

Sharing non-personal information with other organisations. This is where the Council shares key information with other organisations to: improve customer experience; facilitate commissioning of services; manage and plan future services; assure and improve the quality of services; statutory returns and requests; to train staff; to audit performance.

Sharing personal information with other organisations. As long as it is necessary and proportionate, the Council can share personal information with other organisations: to prevent crime; to investigate complaints or potential legal claims; to protect children and adults at risk; to assess need and service delivery.

This policy covers two main types of information sharing. These are explained in more detail in Para 3:

- “Systematic”, routine information sharing where the same data sets are shared between the same organisations for an established purpose; and
- Exceptional, one-off decisions to share information for any of a range of purposes.

3 Policy

3.1 Factors to consider before sharing information

When deciding whether to enter into an arrangement to share personal data (either as a provider, a recipient or both) staff and members must consider firstly whether there is a legal power (a legal gateway) either expressed or implied by legislation to share.

If staff are unsure about this they must seek advice from the Data Protection Officer or the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team.

If the answer to the above question is yes, staff must then consider what the sharing is meant to achieve and there should be a clear objective, or set of objectives. Being clear about this will identify the following:

- Could the objective be achieved without sharing the data or by anonymising it? It is not appropriate to use personal data to plan service provision, for example, where this could be done with information that does not amount to personal data.
- What information needs to be shared? You should not share all the personal data you hold about someone if only certain data items are needed to achieve the objectives.
- Who requires access to the shared personal data? You should employ 'need to know' principles, meaning that when sharing both internally between departments and externally with other organisations individuals should only have access to your data if they need it to do their job, and that only relevant staff should have access to the data. This should also address any necessary restrictions on onward sharing of data with third parties.
- When should it be shared? It is good practice to document this, for example setting out whether the sharing should be an ongoing, routine process or whether it should only take place in response to particular events.
- How should it be shared? This involves addressing the security surrounding the transmission or accessing of the data and establishing common rules for its security.
- How can we check the sharing is achieving its objectives? You will need to judge whether it is still appropriate and confirm that the safeguards still match the risks.
- How do we make individuals aware of the information sharing? Consider what to tell the individuals concerned. Is their consent needed? Should the individuals be provided with a Privacy Notice, notifying them of who you are going to share their data with? Do they have an opportunity to object? How do you take account of their objections? How do you ensure the individual's rights are respected and can be exercised e.g. how can they access the

information held once shared? Is there any onward sharing necessary to a third party and if so, what are the restrictions needed on this, such as any further consent required?

- What risk to the individual and/or the organisation does the data sharing pose? For example, is any individual likely to be damaged by it? Is any individual likely to object? Might it undermine individuals' trust in the organisations that keep records about them?

In all circumstances of information sharing, staff will make sure that:

- When information needs to be shared, sharing complies with the law, guidance and best practice;
- The information must be processed lawfully and fairly to comply with the DPA and the ICO's Code of Practice on Data Sharing published under section 52 of the DPA must be followed. This Policy has been written in accordance with the Code although further information on the Code can be found on the ICO's website www.ico.org.uk
- The sharing must not contravene other laws such as Article 8 of the Human Rights Act 1998 being The Right to Privacy.
- Only the minimum information necessary for the purpose will be shared and, if sharing with providers, will only be shared when the contract explicitly permits it.
- Individuals' rights will be respected, particularly regarding the confidentiality and security of their personal information and the sharing must not contravene laws such as the Common Law of Confidentiality.
- Confidentiality will be maintained unless there is a robust public interest or a legal justification in disclosure.
- They undertake reviews of information sharing to make sure the information sharing is meeting the required objectives/purpose and is still fulfilling its obligations.

3.2 Information Sharing Agreements

Information Sharing Agreements – sometimes known as 'Information or data sharing protocols' – set out a common set of rules to be adopted by the various organisations involved in an information sharing operation. These could well form part of a contract between organisations. It is good practice to have a data sharing agreement in place, and to review it regularly, particularly where information is to be shared on a large scale, or on a regular basis.

An Information Sharing Agreement must at least document the following:

- The purpose, or purposes, of the sharing.

- The legal basis for sharing.
- The potential recipients or types of recipient and the circumstances in which they will have access;
- Who the data controller(s) is and any data processor(s).
- The data to be shared.
- Data quality – accuracy, relevance, usability.
- Data security.
- Retention of shared data.
- Individuals' rights – procedures for dealing with access requests, queries and complaints.
- Review of effectiveness/termination of the sharing agreement.
- Any particular obligations on all parties to the agreement, giving an assurance around the standards expected.
- Sanctions for failure to comply with the Agreement or breaches by individual staff.

3.3 Data Privacy Impact Assessments

Before entering into any information sharing arrangement, it is a legal requirement to carry out a Data Privacy Impact Assessment where the processing is likely to result in a high risk to the rights and freedoms of individuals and in particular in the following circumstances:-

- A systematic and extensive evaluation of personal aspects relating to individuals which is based on automated processing, including profiling and on which decisions are based that produce legal effects concerning the individual or similarly significantly affect the individual.
- Processing on a large scale of special categories of data or of personal data relating to criminal convictions and offences.
- A systematic monitoring of a publically accessible area on a large scale.

In all other projects where there is potentially data sharing, the initial screening questions in the Data Privacy Impact Assessment should be carried out. This will help to assess the benefits that the information sharing might bring to particular individuals or society more widely. It will also help to assess any risks or potential negative effects, such as an erosion of personal privacy, or the likelihood of damage, or causing distress or embarrassment to individuals.

As well as harm to individuals, staff should consider potential harm to the organisation's reputation which may arise if information is shared inappropriately, or not shared when it should be. Further information on Data Privacy Impact Assessments can be found on the Council's Intranet

4 Policy Compliance

4.1 Compliance Measurement

The Council will regularly review its organisational and technological processes to ensure compliance with this Policy and the relevant legislation.

Where there are particular compliance measurements, such as those required by the DPA and the Freedom of Information Act 2000 and Environmental Information Regulations 2004, these are detailed in the Council's relevant Policies.

All Policies relating to information management will be subject to scrutiny by the Policy Scrutiny Committee and/or the Audit Committee.

4.2 Non-Compliance

Non-compliance with this Policy could have a significant effect on the efficient operation of the Council and may result in financial loss and an inability to provide necessary services to our customers.

Where personal information is being shared a breach of this Policy could result in a breach of the DPA, for which the Council could face substantial fines, reputational damage and civil claims, and there could be possible criminal sanctions against individuals.

If any user is found to have breached this Policy, they will be subject to the Council's disciplinary procedure. If a criminal offence is considered to have been committed further action may be taken to assist in the prosecution of the offender(s).

The Council encourages the notification of Data Protection breaches by staff in accordance with the Data Protection Breach Management Policy at the earliest opportunity. Notification will also be taken into account in any resulting disciplinary investigation, where the individual/s concerned have assisted in the containment of the breach.

If you do not understand the implications of this Policy or how it may apply to you, seek advice from the Data Protection Officer or the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team.

4.3 Policy Review

This Policy will be reviewed every two years and updated in the interim as required.

5 Related Standards, Policies, and Processes

-Information Governance Policy

- Legal Responsibilities Policy
- Data Protection Policy
- Data Quality Policy
- Data Protection Breach Management Policy
- Freedom of Information Policy & Environmental Information Regulations Policy
- Records Management Policy
- Information Security Policy
- Retention and Disposal Policy

6 Definitions

6.1 Definitions

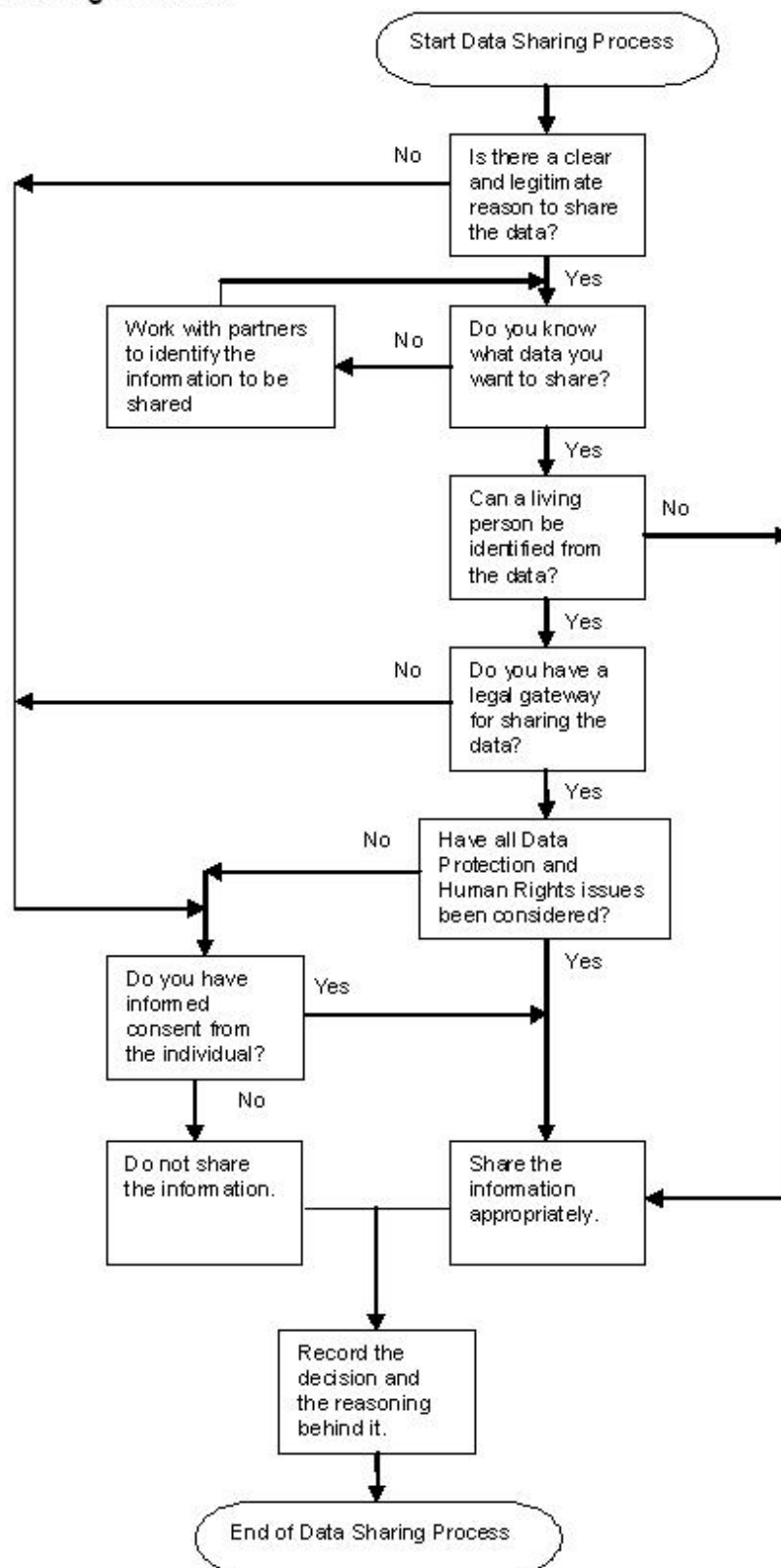
Data Sharing	The disclosure of data from one or more organisations to a third party organisation or organisations, or the sharing of data between different parts of an organisation. Can take the form of systematic, routine data sharing where the same data sets are shared between the same organisations for an established purpose; and exceptional, one off decisions to share data for any of a range of purposes.
Data Controller	A data controller is the “person” recognised in law (i.e. an individual; organisation; or other corporate and unincorporated body of persons) who determines the purposes for which and the manner in which any personal data are, or are to be, processed.
Data Processor	Any person (other than an employee of the Data Controller) who processes the data on behalf of the Data Controller.

Data Sharing Agreements	Set out a common set of rules to be adopted by various organisations involved in a data sharing operation.
Privacy Impact Assessments	A formalised document which shows the possible threats to privacy which could arise from a business activity.
Data Quality	Data quality relates to the accuracy, integrity, completeness and reliability of data and information.
Data Security	The policies, procedures and practices required to maintain and provide assurance of the confidentiality, integrity and availability of information.
Information	<p><i>“Information is data imbued with meaning and purpose”. Anon</i></p> <p>Information is something which tells us something and can also be communicated to someone else in a meaningful way. Information is data that is put into context, can be comprehended, understood and shared with other people and / or machines.</p>
Retention	Means the length of time for which records are to be kept. Thus it normally represents and will be expressed as a disposal period.
ICO-Information Commissioner’s Office	The UK’s independent authority who upholds information rights in the public interest, promoting openness by public bodies and data privacy for individuals. www.ico.org.uk

Personal Data	Defined in s(1) of the DPA, as 'data which relates to a living individual who can be identified from that data, or from that data and other information which is in the possession of, or is likely to come into the possession of, the data controller' (the Council is a data controller), and includes any expression of opinion about the individual and any indication of the intentions of the data controller or any other in respect of the individual. At least one of the conditions in Schedule 2 to the DPA must be met to process personal data.
Processing	Covers a broad range of activities such that virtually any use of personal information or data will amount to processing.
Processed fairly and lawfully	Data must be processed in accordance with the 3 provisions of the DPA. These are the data protection principles, the rights of the individual, and notification.
Privacy Notice	As a minimum, a Privacy Notice should tell people who you are, what you are going to do with their information and how it will be shared with. However it can also tell people more than this. It can for example provide information about people's rights of access to their data or your arrangements for keeping their data secure. Whatever you include in your Notice, its primary purpose is to make sure that information is collected and used fairly.

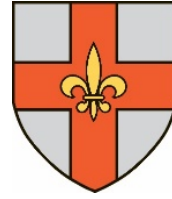
Appendix 1 – Flowchart of Key Questions for Information Sharing

Data Sharing Process



Source: Centre of Excellence for Information Sharing <http://informationsharing.org.uk/our-work/tools/scoping/how-do-we-decide-the-legal-basis-for-sharing/>

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Data Quality Policy

Document Control

Organisation	City of Lincoln Council
Title	Data Quality Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018 - Executive
Filename	Data Quality Policy
Version	V.1.1
Protective Marking	Official
Next Review Date	May 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V1.1	Becky Scott LDSM	July 2018	Updated in view of the General Data Protection Regulation ("GDPR") and the DPA 2018 ("the Act") and amendments to role

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1 Overview

This policy sets out City of Lincoln Council's approach to data quality. It is a key element of the Council's Information Governance Framework. Data is one of our most important assets - it is extremely important as we want to be sure that information on which we base decisions and inform our planning is robust.

The data held by the Council is subject to all legislation affecting the creation and processing of data. This includes but is not limited to:

- The Data Protection Act 2018
- The General Data Protection Regulation EU (2016)
- The Freedom of Information Act 2000
- The Computer Misuse Act 1990
- The Human Rights Act 1998
- Environmental Information Regulations 2004
- Privacy and Electronic Communications (EC Directive) Regulations 2003
- Public Records Act 1958
- Re-use of Public Sector Information Regulations 2005
- Regulation of Investigatory Powers Act 2000 (RIPA)

Other related guidance and codes of good practice includes but is not limited to:

- Security Policy Framework (Cabinet Office)
- Public Service Network (PSN) Code of Connection
- Guidance and codes of practice published by the Information Commissioner's Office (ICO)

The Council is committed to high standards of data quality. We take every care to ensure that the data and information used throughout the organisation and in particular in performance management is **accurate, valid, reliable, timely, relevant, secure, accessible, and complete**.

2 Purpose

High-quality data is an integral part of the council's operational, performance management and governance arrangements so that it can drive service improvement and inform policy.

Our key objectives are:

- To ensure that service delivery is supported by good quality data.
- To ensure all staff understand and undertake their specific responsibilities in relation to data quality.
- To ensure that data produced, held and used within the council is of good quality.

- To enable effective, evidence based decision making supported by good quality data.
- To ensure that data quality is embedded across all services and is a key consideration for everyone dealing with data.

3 Scope

This policy document provides an overarching, corporate approach to the management of data quality. Service specific procedures will flow from this corporate policy, where relevant and necessary, ensuring that standards outlined in this policy are maintained throughout the Council.

This policy covers the quality of all data held by the Council only. This can be structured or unstructured. Structured data is based on a data model and is held in fixed fields in spreadsheets, databases and business systems. Unstructured data can be in any format including hand-written, textual documents or information gained from other sources.

Appendix 1 shows a list of the Council's key business systems where the key structured data for the Council is held.

The Policy is mainly aimed at officers and members of City of Lincoln Council but it applies equally to data used by the Council's strategic partnerships.

4 Policy

4.1 Governance, Roles and Responsibilities

This Policy applies to all staff within City of Lincoln Council as data quality is everyone's responsibility. However, where officers are assigned specific responsibilities in terms of data quality, these should be clearly defined and documented. The following table outlines the key roles and responsibilities for data quality:

Role	Responsibilities
Senior Information Risk Owner (SIRO)	To be the Council's champion for data quality with responsibility for formulation, implementation of policies and overall review and audit arrangements.
Data Protection Officer	To fulfil all duties as required under the GDPR (a statutory function)
Directors	Overall responsibility for the reliability of data and information presented to senior management and Members.
Assistant Directors	Responsible for ensuring: <ul style="list-style-type: none"> • that adequate, safe systems are in place which hold data of acceptable standard • that the data for their service is accurate, timely and meets relevant guidance • that actions arising from data quality audits are satisfactorily addressed • the implementation of corporate policy and procedures • training needs are identified
Internal Audit	Responsible for: <ul style="list-style-type: none"> • co-ordinating risk assessments of systems and audits in service areas where still applicable • ensuring improvements have been implemented • communicating and promoting commitment to Data Quality • providing training advice and guidance to services • regularly reviewing compliance with the data quality policy and liaising with appropriate officers to rectify non-compliance • Performance teams to carry out spot checks. • reporting on Data Quality issues to performance review meetings to DMT and CMT

Role	Responsibilities
Information Asset Owners (Service Managers and Team Leaders)	<p>Responsible for:</p> <ul style="list-style-type: none"> • knowledge of relevant data held within service areas • inputting accurate information on council systems • maintaining a robust control environment • identifying and rectifying gaps in control environment • providing information to their line managers/Head of Service and DMT as and when required
All employees	<ul style="list-style-type: none"> • Accurate and timely recording of data on appropriate systems • Adhering to the Councils Data Quality Policy

4.2 People and Skills

As an organisation we ensure that staff are in a position to undertake their responsibilities in relation to data quality. Training and development of staff and an understanding of the importance of data quality for Members underpin the achievement of high quality data and information. The following therefore has been considered across all service areas:

- Staff are made aware by their line manager of their responsibilities in relation to data quality.
- Staff have the relevant skills and competencies to fulfil their role in ensuring good quality data. They will receive appropriate training and guidance.
- Commitment to data quality is clearly communicated through the Council.

4.3 Systems and Processes

The Council ensures that appropriate systems are in place for the collection, recording, analysis and reporting of data. The Council recognises the importance of these systems operating on a right first time principle. Therefore, users are adequately trained and all systems have an appropriate training programme in place which is periodically evaluated and adapted as necessary.

The Council uses the principle of 'collect once and use numerous times' (COUNT) to underpin data collection and use.

4.4 Data Security

The Council ensures that data is stored in a secure environment with appropriate security and system backups for all business critical systems. The access and use of data should be appropriate to the data user and comply with relevant legislation including but not limited to, the legislation, guidance and codes of practice listed in

the Overview above and the Council's IT security policies. Systems are regularly tested to ensure that they are secure. The Council's Business Continuity Plan will make provisions for the business critical systems listed at Appendix 1.

4.5 Information Sharing

The Council will ensure that formal frameworks for data sharing with partners are in place. Data quality requirements will be applied to data used by the Council and shared externally, or which is provided by partner or third party organisations. These requirements will be in the form of Information Sharing Agreements, contracts or service level agreements which specify the responsibilities of partners to provide data which are fit for purpose. This includes complying with all legal, compliance and confidentiality standards.

The Council will have regard to the Transparency Board's Public Data Principles as set out in Appendix 2.

5 Policy Compliance

5.1 Compliance Measurement

The Council will ensure that it has effective validation processes in place to ensure the accuracy of data used in managing services and service performance. These will include:

- An ongoing programme of data quality audits undertaken by the Internal Audit service. The outcomes of these audits are reported to IT and Information Governance Board
- Reviews of systems and process undertaken by Internal Audit.
- The development and implementation of service specific Data Quality Assurance frameworks.
- Data returns are supported by clear and complete audit trails and subject to directorate and corporate verification checks.
- Any shortcomings identified during audits are corrected within agreed timescales.

Independent audits of data are reported to the IT and Information Governance Board. Improvement recommendations arising from internal and external audits are acted on so that there is continuous improvement to the Council's approach to data quality.

5.2 Non-Compliance

Non-compliance with this Policy could have a significant effect on the efficient operation of the Council and may result in financial loss and an inability to provide necessary services to our customers.

5.3 Policy Review

This policy will be reviewed every two years and updated in the interim as required.

6 Related Standards, Policies, and Processes

The primary legislation governing the Council's information management activities is described in the Legal Responsibilities Policy.

7 Definitions

For the purposes of this policy the following definitions will be used:

- **Data:** Numbers, words or images that have yet to be organised or analysed to answer a specific question.
- **Information:** Produced through processing, manipulating and organising data to answer questions, adding to the knowledge of the receiver.
- **Knowledge:** What is known by a person or persons? This involves interpreting information received, adding relevance and context to clarify the insights the information contains.

The Council takes guidance from and uses the Audit Commission's "Standards for Better Data Quality". These are:

- **Accuracy** – data should be sufficiently accurate for their intended purposes.
- **Validity** – data should be recorded and used in compliance with relevant requirements, including the correct application of any rules or definitions.
- **Reliability** – data should reflect stable and consistent data collection processes across collection points and over time.
- **Timeliness** - data should be captured as quickly as possible after the event or activity and be available for the intended use quickly and frequently enough to support information needs and to influence service or management decisions.
- **Relevance** – data should be relevant to the purposes for which they are used. This entails periodic review of requirements to reflect changing needs.
- **Completeness** – Data requirements should be clearly specified based on the information needs of the organisation and data collection processes matched to these requirements.

Appendix 1 - The Council's Business Critical Systems

This Appendix lists systems used to create, process, and store data that are critical to the council's business.

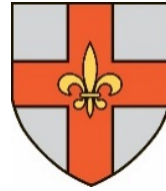
Business System	Information Asset Owner (IAO)
Agresso Business World	Financial Services Manager
APP	Service Managers for each module
Autocad	Property Services Manager
Banking	Financial Services Manager
Benefit Debtors	Head of Shared Revenues and Benefits
BIDs Debtors	Head of Shared Revenues and Benefits
Building Control	Planning Manager
Cadcorp GIS	Business Development and IT Manager
CCTV	Community Services Manager
Choice Based Lettings	Housing Solutions Manager
Committee Management System	Legal and Democratic Services Manager
Contaminated Land	Environmental and Corporate Safety Manager
Council Mortgages	Head of Shared Revenues and Benefits
Council Tax	Head of Shared Revenues and Benefits
Electoral	Legal and Democratic Services Manager
Email	Business Development and IT Manager
EstatePro	Investment Manager
Gower – crematorium	City Services Manager
Housing Benefits	Head of Shared Revenues and Benefits
Housing Rents	Tenancy Services Manager
ICES Parking	City Services Team Leader
IMPS Performance Management	Principal Policy Officer
JONTEK	Housing Support Services Manager
LACHS	Financial Services Manager
Land Charges	Business Development and IT Manager
LloydsLink	Financial Services Manager
Metric Parking Office	City Services Team Leader
Midland Payroll	HR Manager
Mobile Device Management	Business Development and IT Manager
NNDR	Head of Shared Revenues and Benefits
P2.net	Property Services Manager
PCF Bacs	Financial Services Manager
Planning	Planning Manager
Repair Locator	Tenancy Services Manager
Repairs Scheduling	Maintenance Manager
Safety Organiser	Environmental and Corporate Safety Manager
Servitor	Maintenance Manager
Snap Survey	Principal Policy Officer
Universal Housing	Tenancy Services Manager
Voice Recording	Business Development and IT Manager
Website CMS	Business Development and IT Manager
WFM	Customer Services Manager

Appendix 2 - Transparency Board's Public Data Principles

- (1) Public data policy and practice will be clearly driven by the public and businesses that want and use the data, including what data is released when and in what form
- (2) Public data will be published in re-usable, machine-readable form
- (3) Public data will be released under the same open licence which enables free re-use, including commercial re-use
- (4) Public data will be available and easy to find through a single, easy-to use, online access point (www.data.gov.uk)
- (5) Public data will be published using open standards, and following relevant recommendations of the World Wide Web Consortium (W3C)
- (6) Public data from different departments about the same subject will be published in the same, standard formats and with the same definitions
- (7) Public data underlying the Government's own websites will be published in re-usable form
- (8) Public data will be timely and fine-grained – Data will be released as quickly as possible after its collection and in as fine a detail as is possible. Speed may mean that the first release may have inaccuracies; more accurate versions will be released when available.
- (9) Release data quickly, and then work to make sure that it is available in open standard formats, including linked data forms – Linked data standards allow the most powerful and easiest re-use of data. However most existing internal public sector data is not in linked data form. Rather than delay any release of the data, our recommendation is to release it 'as is' as soon as possible, and then work to convert it to a better format.
- (10) Public data will be freely available to use in any lawful way
- (11) Public data will be available without application or registration, and without requiring details of the user
- (12) Public bodies should actively encourage the re-use of their public data
- (13) Public bodies should maintain and publish inventories of their data holdings
- (14) Public bodies should publish relevant metadata about their datasets and this should be available through a single online access point; and they should publish supporting descriptions of the format provenance and meaning of the data

Source: https://data.gov.uk/sites/default/files/Public%20Data%20Principles_For%20Data.Gov%20%281%29_10.pdf

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Data Protection Breach Management Policy

Document Control

Organisation	City of Lincoln Council
Title	Data Protection Breach Management Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018- Executive
Filename	Data Protection Breach Management Policy
Version	V.4.1
Protective Marking	Not Protectively Marked
Next Review Date	July 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V 1.0	Becky Scott and Matt Smith	April 2014	Published version
V 2.0	Becky Scott	June 2015	Minor amendments
V 3.0	Becky Scott and Matt Smith	May 2016	Amending contacts list and implementing online reporting form.
V4.0	Gavin Thomas	May 2016	Minor changes post proof read
V 4.1	Becky Scott	June 2018	Updating policy in view of General Data Protection Registration ("GDPR") and new Data Protection Act 2018 ("DPA"), and amendments to roles

Data Protection Breach Management Policy

Background

A data security breach can happen for a number of reasons:

- Loss or theft of data or equipment on which data is stored
- Inappropriate access controls allowing unauthorised use
- Equipment failure
- Human error
- Unforeseen circumstances such as a fire or flood
- Hacking attack
- 'Blagging' offences where information is obtained by deceiving the organisation who holds it
- A deliberate act by someone disclosing data

Reason for the policy

The Council has to comply with legal framework for data protection to ensure that all data which is held is protected on behalf of all data-subjects. The Council also has a duty to protect all staff, members and the Council from legal challenge and subsequent cost implications and damage to the Council's reputation.

Time is of the essence

The Council encourages the notification of breaches by staff in accordance with the Data Protection Breach Management Policy at the earliest opportunity. This so that the Council can take immediate steps to recover the data if at all possible, and contain the breach.

Please telephone immediately when the breach/potential breach is noticed the Data Protection Officer or the Legal and Democratic Services Manager or if unavailable a member of the legal team to initially report the breach and provide brief details

Consequences of failing to comply with the DPA

It is recognised that data protection breaches may happen, and that the majority of times it will be human error which has caused the breach. However if individual staff members are found to have failed to comply with the DPA, it could result in disciplinary action which could lead to dismissal. In addition, an individual can be criminally prosecuted under the DPA and/or liable to pay compensation in any civil action. Timely notification by an individual who thinks a breach has taken place will be taken into account in any resulting disciplinary investigation, as well as assistance in the containment of the breach.

Early reporting of data breaches is essential as under the General Data Protection Regulation which came into force on the 25th May 2018 and the DPA it is mandatory to report certain breaches to the ICO within 72 hours and also to data subjects in certain circumstances. These reports if required will only be made by the Data Protection Officer or Legal and Democratic

Services Manager or if both unavailable a member of the Legal team, after carefully consideration of the risks.

Policy contents

However the breach has occurred, there are four important elements to any breach management plan:

1. Containment and recovery
2. Assessment of ongoing risk
3. Notification of breach
4. Evaluation and response

The policy must be considered to ensure that the Council deals with the breach appropriately and lawfully and there is an online form and a checklist to assist in this process.

Checklist for the Breach Management Policy

1	Contact the Data Protection Officer or Legal and Democratic Services Manager or if unavailable a member of the legal team immediately to report the potential breach	
2.	Contact any other relevant officers (see below) if required plus the relevant Director or Assistant Director and appoint a Lead Officer to investigate the breach.	
3	Complete a Containment and Recovery Plan to maximise the chances of recovering the data, and include procedures for damage limitation – complete the Data Breach Report Form see link below.	
4.	A Risk Assessment will then need to be completed by Data Protection Officer/Legal Services to assess any risks associated with the breach, as these are likely to affect what you do once the breach has been contained. In particular, this is to include potential adverse consequences for individuals; how serious or substantial these are; and how likely they are to happen	

5	Evaluation and response – it is important the causes of the breach are investigated by Data Protection Officer/Legal Services and that they also evaluate the effectiveness of your response to it and any potential learning points. A report from Audit may be required.	
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Contacts

Data Protection Officer	Sally Brooks	Ext 3765	Responsible for data protection matters for the Council and therefore should be notified immediately of any data protection breach
Senior Information Risk Owner	TBC		
Legal Services Manager/ Freedom of Information Officer	Becky Scott	Ext 3441	Freedom of Information Officer
Chief Finance Officer	Jaclyn Gibson	Ext 3258	Responsible for financial matters
BDIT Manager	Matt Smith	Ext 3308	Responsible for all IT security
Audit Manager/Deputy	John Scott/Paul Berry	Ext 3321/3836	Needs to be made aware of any breaches to prepare report
Communications Manager	Steve Welsby	Ext 3318	To be kept up to date on the breach and the actions to be taken
Information Commissioner's Office	0303 123 1113 or 01625 545745		To be informed if a serious breach has occurred, in conjunction with the DPO/Legal Services.

Further information

Legal Services team

To access the Information Commissioner's Office website, click [here](#)

To access the Data Breach Report Form, click [here](#)

To access the ICO's guidance on Data security breach management, click [here](#)



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Freedom of Information Act and Environmental Information Regulations Policy

Document control

Organisation	City of Lincoln Council
Title	Freedom of Information Act and Environmental Information Regulations Policy
Author - name and title	Becky Scott, Legal and Democratic Services Manager
Owner - name and title	Becky Scott, Legal and Democratic Services Manager
Date	July 2018
Approvals	July 2018 Executive
Filename	FOI Policy
Version	V 1.1
Protective Marking	Official
Next review date	July 2020

Document Amendment history

Revision	Originator of change	Date of change	Change description
V1.1	Becky Scott LDSM	June 2018	Updating policy in view of General Data Protection Registration ("GDPR") and new Data Protection Act 2018 ("the Act"), and amendments to roles

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Overview

City of Lincoln Council (the Council) takes its responsibilities for the management of the requirements of the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR) seriously.

This Policy addresses risks associated with failing to comply with relevant legislation and outlines our approach to responding to requests for information made under the FOIA and the EIR.

It provides a framework to make sure that we fully support and consistently apply the principles of Freedom of Information, and meet the standards set out in the Lord Chancellor's Code of Practice on satisfying public authorities' obligations under the FOIA and the EIR.

The Policy aims to promote greater openness and to build public trust by providing access to information. We believe that access to information about decisions we take can help local people to influence local service provision. This will be balanced against the need to protect the confidentiality of, for instance, personal and commercially sensitive information.

1 Purpose

The purpose for having this Policy is to ensure that the Council foster a culture of openness and honesty in everything we do. By providing ready access to information we aim to build public trust and help local people to influence our decisions and improve our services.

2 Scope

This Policy applies to all employees, elected members, contractors, volunteers, agents and representatives and temporary staff working for the Council.

This Policy does not cover requests for access to personal information. These are exempt from the FOIA under section 40 and are processed in line with the Data Protection Act 2018.

3 Policy

3.1 Responsibilities

- The Council recognises there is corporate responsibility to give the public a general right of access to all information held by the Council.
- The senior officer with overall responsibility for the Council's compliance with legislation, and therefore this policy, is the Chief Executive. The implementation of, and compliance with, this Policy is delegated to the Senior Information Risk Owner (SIRO).
- Directors are responsible for promoting openness and accountability in their directorates.
- The Data Protection Officer's role is defined by the GDPR and is a statutory role

- The Legal and Democratic Services Manager, as the nominated FOI Officer, is responsible for drawing up guidance on freedom of information and promoting compliance with this policy to allow easy, appropriate and timely retrieval of information.
- The FOI Officer is also responsible for monitoring and reporting to the members of the Information Governance Board (AD Group) and Audit Committee on responses to requests for information.
- The FOI Officer will also provide an advisory service to the remainder of the Council.
- Information Asset Owners must make sure that all staff are aware of the requirements of the legislation and that all new staff receive an induction briefing on the access to information procedures.
- All staff must recognise that all recorded information may be given to the public and that in every case the law requires that there will be full and unconditional disclosure unless one of the legal exemptions/exceptions applies.

3.2 Available guidance

Guidance on the procedures necessary to comply with this Policy is available for Council staff from the FOI Officer and on the Council's Intranet, City People.

3.3 The Council's Publication Scheme

The Council is required by FOIA to maintain a Publication Scheme and to review this regularly. This is available on the Council's website or on request.

The Publication Scheme specifies:

- what information the Council will make routinely available to the public;
- how it will do so; and
- if information will be made available free of charge or on payment of a fee.

3.4 Specific requests for information

Information not already made available in the Council's Publication Scheme is accessible through a specific request for information. In this regard the FOIA establishes two related rights:

- the right to be told whether information exists; and
- the right to receive the information (subject to exemptions).

The EIR provide public access to environmental information held by public authorities.

The Regulations do this in two ways:

- public authorities must make environmental information available proactively;

- members of the public are entitled to request environmental information from public authorities (subject to exceptions).

The rights under FOIA and EIR can be exercised by anyone worldwide. Requests for access to information not listed in the Publication Scheme will be processed through this Policy and the Council's Data Protection Policy.

Requestors will be entitled to all the information unless one of the legal exemptions/ exceptions applies. However, only those specific pieces of information to which the exemption/exception applies will be withheld.

Where the Council has decided that an exemption/exception applies it will, if appropriate, consider the prejudice test and/or the public interest test and may in some circumstances withhold the requested information.

The Council is required by FOIA and EIR to respond to all requests within 20 working days although further reasonable details can be requested to identify and find the information in line with the legislation. If a fee is required, the Council will issue a fees notice and the applicant has 3 months in which to pay before their request is considered as being withdrawn.

3.5 Charges

Unless otherwise specified information made available through the Council's Publication Scheme will be free of charge.

The Council reserves the right to charge a fee for dealing with a specific request for information not listed in the publication scheme in line with the legislation.

3.6 Re-use of Public Sector Information

The Re-use of Public Sector Information Regulations 2015 (RPSI) are based on the principles of fairness and transparency and require that information is available for re-use unless exempt. They also state how the Council should respond to a request for the re-use of information.

RPSI includes all information whatever its content or format, where the Council holds the copyright and either produces, holds or disseminates the information as part of the Council's public task.

RPSI is about permitting the re-use of information not accessing the information. All requests for access to information which are unpublished by the Council will be dealt in line the Council's Data Protection Policy if personal information or this Policy.

The request for re-use must in writing, indicating the requester's name and address for correspondence, specifying the information requested and purpose for which they intend to use the information. The Council must then respond to the request in 20 working days although there are extensions available for volume and complexity in line with the legislation.

The Council will allow published information on the Council's website and Publication Scheme, unless otherwise specified, to be available under the Open Government License. This means that no specific request has to be made for the information and the information can be used freely. This is providing the re-user follows the terms of the License and includes an attribution statement in their products and applications where they include the Council's information.

In respect of unpublished information the Council may, where appropriate, apply charges, fees and restrictions to the information requested, in line with the legislation.

3.7 Datasets

The Protection of Freedoms Act 2012 added to FOIA duties in relation to providing datasets in response to requests and under a Publication Scheme. These provisions are contained in s11, 11A, 11B and 19 of FOIA.

The provisions state that where the Council is providing information which constitutes a dataset and the requester has expressed a preference to receive the information in electronic form, the Council must provide it in a re-usable form so far as is reasonably practicable.

Re-usable means machine readable and based on open standards. Factors that can affect whether it is reasonably practicable are time, cost of conversion, technical issues and resources of the Council.

These provisions do not apply to information subject to EIR although the Council should note regulation 6 of EIR relating to the form or format of environmental information provided.

3.8 Complaints

An individual has the right to complain about the response they have received regarding their request for information. Details of the Council's Complaints Procedure are available for Council staff on request from the FOI Officer, on the Council's Intranet, City People and on the Council's website.

3.9 Compliance Measurement

The Council is required to maintain a public record for monitoring purposes of all FOI and EIR requests.

The Council will monitor and record the level and nature of requests and where requests are refused, the reasons for the refusal, including the exemption/exception used.

The monitoring results will be used by officers to decide what information can be included in the Council's Publication Scheme.

3.10 Non-Compliance

A deliberate or reckless breach of this Policy may result in a member of staff facing disciplinary action. Information Asset Owners must ensure that all staff familiarise themselves with the content of this policy.

The Council encourages the notification of breaches by staff in accordance with the Data Protection Breach Management Policy at the earliest opportunity. Notification will also be taken into account in any resulting disciplinary investigation, where the individual/s concerned have assisted in the containment of the breach.

Employees should also be aware that it is a criminal offence for individuals and/or the Council under s77 of FOIA to deliberately destroy, hide or alter requested information to prevent it being released.

Non-compliance of this Policy may result in an individual who is dissatisfied with the way their request for information has been handled, making a complaint through the Council's Complaints Procedure. If the requester remains dissatisfied then ultimately they have the right to make a report to the ICO.

The ICO is the body responsible for enforcement and arbitration under FOIA and EIR. The ICO through the Information Tribunal process has the authority to use the Courts to enforce its decision notices. Failure to comply with a decision notice is punishable by a fine.

A report to the ICO by a dissatisfied requester could therefore result in Council facing costly enforcement action, in addition to reputational damage.

3.11 Policy Review

This Policy will be reviewed every two years and updated in the interim as required.

4.0 Related Standards, Policies, and Processes

This policy relates to other Council Policies, in particular:

- Information Governance Policy
- The General Data Protection Regulation and Data Protection Policy
- Legal Responsibilities Policy
- Information Sharing Policy
- Data Quality Policy
- Data Protection Breach Management Policy
- Records Management Policy
- Information Security Policy
- Retention and Disposal Policy

5.0 Definitions

<ul style="list-style-type: none">- Information	<ul style="list-style-type: none">- <i>“Information is data imbued with meaning and purpose”. Anon</i>- Information is something which tells us something and can also be communicated to someone else in a meaningful way. Information is data that is put into context, can be comprehended, understood and shared with other people and / or machines.- FOIA and EIR covers any recorded information held by public authorities, regardless of how it was created, received, stored or whether in paper, electronic format, email, microfiche or film.
<ul style="list-style-type: none">- ICO (Information Commissioner’s Office)	<ul style="list-style-type: none">- The UK’s independent authority who upholds information rights in the public interest, promoting openness by public bodies and data privacy for individuals. www.ico.org.uk
<ul style="list-style-type: none">- Environmental Information	<ul style="list-style-type: none">- Environment information includes for example, information about land development, pollution levels, energy production, and waste management. However the term is very broad and it is important to refer to the definition in regulation 2(1) before making a final decision as to whether the information is environmental.

<ul style="list-style-type: none"> - Personal information/data 	<ul style="list-style-type: none"> - Article 4 of GDPR defines personal data as meaning <i>any information relating to an identified or identifiable natural person ('the Data Subject'). An identifiable natural person is one who can be identified directly or indirectly in particular by reference to an identifier'</i> - The GDPR has expanded the definition of personal data to reflect changes in technology and includes online identifies such as an IP address and location data where they directly or indirectly identify individuals. Data which has been Pseudonymised (key coded) can also fall within the definition of personal data depending on how difficult it is to attribute the pseudonym to a particular individual. - Personal information is exempt from FOIA and EIR and a request for such information should be processed in line with the Council's GDPR and Data Protection Policy.
<ul style="list-style-type: none"> - Information Asset Owner 	<ul style="list-style-type: none"> - The IAO was established by the Security Policy Framework and the role is included in the Information Governance Strategy. Their role is to protect and manage information held in the Council, and ensure that its value to the organisation is recognised. They are also responsible for promoting and fostering a culture of security of data within their teams and wider organisations - Information Asset Owners within the Council are all Service Managers and where appropriate Team Leaders.

<ul style="list-style-type: none"> - Absolute Exemptions under FOIA 	<ul style="list-style-type: none"> - Absolute exemptions are where the information does not need to be provided. There is no need to apply any Public Interest Test as harm to the public has already been established. - Absolute exemptions are included in Part II of FOIA and can be applied where; <ul style="list-style-type: none"> • the information is already reasonably accessible by other means • information supplied or relating to security matters (not likely to be used by the Council) • court records (legal proceedings) • parliamentary privilege (only applies to central government) • personal information • information provided in confidence (provided from outside of Council and to disclose would lead to breach of confidence actionable in Court) • disclosure prohibited by any other legislation
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<ul style="list-style-type: none"> - Qualified Exemptions under FOIA 	<ul style="list-style-type: none"> - These exemptions are not absolute and are subject to the 'Public Interest Test' i.e. is the public interest in withholding the information and therefore applying the exemption greater than the interest in disclosing the information. - If the answer to the test is yes, then the information need not be provided if one or more of the Qualified Exemptions apply. These are also detailed in Part II of FOIA and can be applied where; <ul style="list-style-type: none"> • the information is intended for future publication • national security (unlikely to be used by the Council) • investigations and proceedings by public authorities • formulation of government policy • prejudice to effective conduct of public affairs • communications with Her Majesty • information that if released would endanger the safety, physical mental health of an individual. • environmental information • legal professional privilege - There are further Qualified Exemptions detailed at Part II of FOIA where a further test is to be applied following the Public Interest Test being the 'Prejudice Test' i.e. would the release of the information cause prejudice to individuals or processes. - If the answer to both tests is yes then the information need not be provided if one or more of the relevant Qualified Exemptions apply. These are also included in Part II of FOIA and can be applied where; <ul style="list-style-type: none"> • information relates to defence (not relevant to Council) • would cause prejudice to international relations
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	<ul style="list-style-type: none"> • would cause prejudice to relations between central government and devolved assemblies • would prejudice the economic interest of the UK or part of it and the financial interest of the UK government or any administration within the UK. • would prejudice an investigation or legal proceedings • a statutory audit of another public authority (only applies up to publication of the final report and not to internal audits) • information containing third party personal information covered by the Data Protection Act • information constituting a trade secret or disclosure would prejudice the commercial interest of any person, including the Council.
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<p>Exceptions under EIR</p>	<ul style="list-style-type: none"> - These are included in Regulations 12 and 13 of EIR. They are all subject to the 'Public Interest Test'. These include; <ul style="list-style-type: none"> • not holding the information at the time of the request • request is manifestly unreasonable • request too general and have provided advice already • information is in draft or unfinished • information is an internal communication - To rely on the following exceptions the disclosure would need to adversely affect those listed below, although these particular exceptions cannot be used if the information is on emissions. <ul style="list-style-type: none"> • international relations, defence, national security and public safety • course of justice, fair trial, public authority to conduct criminal or disciplinary enquiry • intellectual property rights • commercial confidentiality provided by law • interests of a person who provided the information where not obliged to provide • protection of environment • personal data.
<ul style="list-style-type: none"> - Datasets 	<ul style="list-style-type: none"> - A dataset is collection of factual, raw data (neither the product of analysis or interpretation, nor an official statistic which has not been materially altered) that the Council gather as part of providing services and delivering functions as a public authority, and that the Council hold in electronic form.



CITY OF
Lincoln
COUNCIL

Records Management Policy

Document Control

Organisation	City of Lincoln Council
Title	Information Sharing Policy
Author – name and title	Becky Scott, Legal & Democratic Services Manager
Owner – name and title	Becky Scott, Legal & Democratic Services Manager
Date	July 2018
Approvals	July 2018 - Executive
Filename	Records Management Policy
Version	V.1.1
Protective Marking	Not Protectively Marked
Next Review Date	July 2020

Document Amendment History

Revision	Originator of change	Date of change	Change description
V 1.1	Becky Scott LDSM	June 2018	Updating policy in view of General Data Protection Registration ("GDPR") and new Data Protection Act 2018 ("the Act"), and amendments to roles

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2. Overview

2.1. What is Records Management?

Records management is the practice of maintaining records from the time they are created through to their eventual disposal. This may include the classifying, storing, securing and destruction (or in some cases, archival preservation) of records.

Records management is about controlling records within a comprehensive regime made up of policies, procedures, systems, processes and behaviours. Together they make sure that reliable evidence of actions and decisions is kept and remains available for reference and use when needed, and that the Council benefits from effective management of one of its key assets, its records.

Section 46 of the Freedom of Information Act 2000 (Code of Practice on Records Management) (“the Code”) defines a record as:

“Information created, received and maintained as evidence and information by an organisation or person, in pursuance of legal obligations or in the transaction of business”.

Records can be in any format. As the Code says:

“The code applies to all records irrespective of the technology used to create and store them or the type of information they contain. It includes, therefore, not only paper files series and digital records management systems but also business and information systems (for example case management, finance, and geographical information systems) and the contents of websites.”

2.2. What records does the Council keep?

At City of Lincoln Council (“the Council”), we keep records about the way in which we carry out our statutory and other functions, the people to whom we provide services and others with whom we deal, our policies, procedures and decisions about everything that matters to us and that staff need to do their jobs. Our staff keep these records as part of their daily work.

2.3. The relevant legislation

When developing policies, procedures and guidance involving the management of records the Council will comply with the following legislation, regulations and guidance and any other legislation as appropriate:

- Data Protection Act 2018
- The Freedom of Information Act 2000
- Section 46 of The Freedom of Information Act 2000 (Code of Practice on Records Management)
- Re-use of Public Sector Information Regulations 2015
- Financial Regulations

- Employment legislation
- Health and safety legislation

3. Purpose

The Council is committed to improve the way in which it creates, maintains, uses and destroys information and records. The purpose of this Policy is to set out the framework of rules and principles we will put in place to achieve this.

4. Scope

Development of records management procedures and practices are the responsibility of the Senior Information Risk Owner (SIRO), Data Protection Officer and the Freedom of Information Officer/the Legal and Democratic Services Manager.

All employees and Elected Members are responsible for the records they hold on behalf of the Council. They must follow this policy and all procedures, guidance, including the Retention and Disposal Policy.

All records created by Council employees and Elected Members will remain the property of the Council.

The creation, maintenance and destruction of records are the responsibility of the department providing the service. Each department must manage records in accordance with this Policy and all associated policies and procedures. It is essential records are stored securely and the Asset Register is updated, so that the location of files are known by staff at all times Policy

We will make sure the following rules and principles are embedded in all our service provision and processes:

- We will manage records in appropriate management systems and organise them accordingly (for example alphabetically, numerically, in date order, etc). Where appropriate, reference numbers and/or version control will be applied to help with locating records in the future, and for identifying records stored prior to destruction.
- We will maintain the Retention and Disposal Policy to make sure that records are kept for a period defined by relevant legislation and regulations before they are destroyed.
- We will provide mandatory training for employees on the importance of managing records effectively. Elected members will also be trained.
- We will make sure that policies, procedure and guidance are used in conjunction with the Council's the Retention and Disposal Policy.
- Audits will be carried out to monitor compliance with policy, procedure and guidance for safe and legal management of records.

4.1. Accuracy of personal records and data

The Council will make sure that all information is processed in accordance with the DPA. The Council's Data Protection Policy explains how employees are expected to comply with the Act when creating and maintaining records on behalf of the Council.

All records must be accurate, up to date and not excessive. Any corrections, amendments or additions to a record are to be made in accordance with departmental procedures and a record of changes retained for audit purposes.

4.2. Access to records (Statutory public access)

Subject Access Requests

The DPA gives individuals the right to access their personal information held by the Council. Policy, procedure and guidance can be found in the Council's Data Protection Policy and related staff guidance. This can be found on the Council's intranet.

Freedom of Information

The Freedom of Information Act gives the people a right to know what decisions are taken on their behalf by the Council on how services are run. The Council has published a Publication Scheme which shows what information can already be accessed. Any information which is not detailed in the Publication Scheme can be requested under the Freedom of Information Act although there may be exceptions to this where statutory exemptions apply.

Further guidance and contact information can be found in the Council's Freedom of Information and Environmental Information Regulations Policy and related staff guidance. This can be found on the Council's intranet.

Environmental Information Regulations

The Government has issued regulations to local Government which make it easy for people to access information about the state of the elements of the environment (air, atmosphere, water, soil, landscape, natural sites and ecology, biological diversity, and genetically modified organisms). Some information related to this is contained within the Council's Publication Scheme.

Further guidance and contact information can be found in the Council's Freedom of Information and Environmental Information Regulations Policy and related staff guidance. This can be found on the Council's intranet Standards for the storage of paper records

The Council will make sure records are protected from damaging elements such as water, light, temperature, humidity, fire and infestation.

The security of the information will also be protected by keeping storage units and rooms locked when not in use, where possible. Access to keys will be restricted to the responsible service area employees.

4.3. Standards for managing electronic records and email

Records will be managed in line with the Council's Retention and Disposal Policy and destruction and offsite storage Procedures which can be found on the Council's intranet.

Regular housekeeping is essential to make sure stored records are kept for the appropriate length of time in line with retention and disposal schedules. Records which form part of a service must be saved into the relevant system or shared work areas.

The Information Security Policy has further information on appropriate management of electronic records and email and is available on the Council's intranet or on request from the Freedom of Information Officer/the Legal and Democratic Services Manager.

4.4. Retention and Disposal Policy

The Council's Retention and Disposal Policy identify the types of records held and length of time each document or electronic record must be retained, and when it should be destroyed. In some cases records are retained permanently.

Directorates are consulted on the types of records they hold and the appropriate length of time set for retention of those records are agreed. Requests can be made to change retention periods but there must be a valid business reason and agreement from the Data Protection Officer or the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team. Some retention periods are governed by statutory legislation so it is important retention periods are applied correctly when deciding how long to keep or destroy a record.

All records have different retention periods, for example the destruction date may be from last involvement (closed record/last action entry) or from date of birth. This must be checked on the corporate retention and disposal schedules.

The Retention and Disposal Policy can be found on the Council's intranet Offsite Storage Procedure and Guidance

The Council is required to keep records for specified periods of time after involvements have ended. The length of time for keeping closed records varies dependent upon the nature of the involvement the Council had with the customer.

The retention period for each type of record is specified in the Council's Retention and Disposal Policy.

The Offsite storage procedure and guidance contains guidance in relation to the processes for preparing records prior to sending offsite and for retrieving closed records.

4.5. Corporate Records Destruction Procedure

The Council has a statutory duty under the DPA to make sure records relating to living individuals are not kept for an excessive amount of time. Where records exceed the retention period these must be destroyed unless there is a valid and legal reason for retaining.

If the responsible Directorate/department has a business need to retain information after the destruction date set, the Data Protection Officer or Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team must be notified and an agreement reached to change. Policy Compliance

4.6. Compliance Measurement

The Council will ensure compliance with this Policy by regularly reviewing organisational and technological processes to ensure compliance with Section 46 of the Freedom of Information Act 2000 (Code of Practice on Records Management) and all other relevant legislation including the DPA.

Where there are particular compliance measurements required by the DPA and the Freedom of Information Act 2000 and Environmental Information Regulations 2004 these are detailed in the Council's relevant Policies.

All policies relating to Records Management will be subject to scrutiny by the Policy Scrutiny Committee and/or the Audit Committee.

4.7. Non-Compliance

Non-compliance with this Policy could have a significant effect on the efficient operation of the Council and may result in prosecution, financial loss and damage to Council's reputation and ability to provide necessary services to our customers.

If any user is found to have breached this Policy, they may be subject to the Council's disciplinary procedure. If a criminal offence is considered to have been committed further action may be taken to assist in the prosecution of the offender(s).

The Council encourages the notification of Data Protection breaches by staff in accordance with the Data Protection Breach Management Policy at the earliest opportunity. Notification will also be taken into account in any resulting disciplinary investigation, where the individual/s concerned have assisted in the containment of the breach.

If you do not understand the implications of this Policy or how it may apply to you, seek advice from the Data Protection Officer and the Freedom of Information Officer/the Legal and Democratic Services Manager or a member of the Legal Services Team.

4.8. Policy Review

This Policy will be reviewed every two years and updated in the interim as required.

5. Related Standards, Policies, and Processes

- Information Governance Policy
- Legal Responsibilities Policy
- Information Sharing Policy
- Data Quality Policy
- Data Protection Breach Management Policy
- Freedom of Information Policy & Environmental Information Regulations Policy
- Data Protection Policy
- Information Security Policy
- Retention and Disposal Policy

6. Definitions

Asset Register	The detailed breakdown of all records and information held by the Council and signed off by the Information Asset Owner. This includes details of location, format, security access restrictions, data flows and assesses any risks to assets.
Records management	The discipline and professional function of managing records in order to meet organisational needs, business efficiency and legal and financial accountability.
Information Asset Owner	<p>The IAO was established by the Security Policy Framework. Their role is to protect and manage information held in the Council, and ensure that its value to the organisation is recognised. They are also responsible for promoting and fostering a culture of security of data within their teams and wider organisations.</p> <p>Information Asset Owners within the Council are all Service Managers and where appropriate Team Leaders.</p>

SIRO	<p>Senior Information Risk Owner.</p> <p>Leads the organisation's response on information risk and is responsible for ensuring organisation's information is managed securely. They are often a senior individual within the organisation and are a main point of contact for IAO's.</p>
Retention	Means the length of time for which records are to be kept. Thus it normally represents and will be expressed as a disposal period.
Disposal	In this context does not just mean destruction: it embraces any action taken (or yet to be taken) to determine the fate of records including transfer to a permanent archive.
Information security	The policies, procedures and practices required to maintain and provide assurance of the confidentiality, integrity and availability of information.
Compliance	In the context of Information Management, compliance relates to the Council's need to operate in accordance with the existing legislation, regulations and best practices.

Date: July 2018

Subject: Record Retention and Disposal Guidelines

1. Introduction

- Council records and the information they contain have a high operational and functional value and are regarded as Information Assets within the Information Management environment. In the same way that the Council will seek to protect and manage its physical assets, Information Assets should be effectively managed, lawfully exploited and adequately protected.
- One aspect of good practice in records management is controlling the retention and disposal of records so that operational, legal and regulatory requirements are appropriately met.

In respect of personal data (identifying living individuals) the Data Protection Act 2018 states that such information shall not be kept for longer than necessary in a form that permits identification of the data subject. Breaching this may result in substantial fines and reputational damage to the Council.

2. What should I be aware of?

Record Retention and Disposal Guidelines

- The Council already has in place documented ***Record Retention and Disposal Schedules*** that can be accessed on the Council's intranet and website. The objectives of the guidelines are to:
 - Assist in identifying records that may be worth preserving permanently as part of the Council's archives;
 - Prevent the premature destruction of records that need to be retained for a specified period to satisfy legal, financial and other requirements of public administration;
 - Provide consistency for the destruction of those records not required permanently after specified periods; and
 - Promote good records management practice.
- The guidelines are structured around types of records and define the periods for which the records must be retained in order to comply with legislation and regulations. The contents are structured on formats defined by the Local Government Association.
- Information Asset Owners (managers/team leaders) must be aware of the defined retention periods for the records maintained within their operational areas and ensure their compliance. The Council could be penalised, incur additional costs and face disruptions if records were to be disposed of prematurely or kept beyond their retention period.

Legal and Regulatory Implications

- The Council must comply with a range of statutory, regulatory and financial requirements in relation to the maintenance and retention of records (for example, the Public Records Act 1958 and the prevailing HMRC VAT regulations).

The Data Protection Act 2018 places additional obligations on the Council with respect to retaining and disposing of records in order to protect personal information and the rights of data subjects.

Disposal and Destruction of Records

- Records must only be disposed of or destroyed in strict accordance with the periods defined within the Record Retention and Disposal Schedules and the requirements of the Council's Records Management Policy. Records earmarked for permanent preservation should only be deposited in an appropriate and secure Council archive facility or official local or national archive.
- The physical destruction of records must be undertaken in a secure manner by approved contractors or staff operating in a secure facility that protects the records from loss and unauthorised disclosure.
- The disposal method applied should render the records unusable and unreadable (for example, cross-cut shredding).
- Unwanted hard drives that have contained Council records must be irreversibly destroyed and rendered unusable by the IT Section.

3. Required Actions

- Information Asset Owner's (IAO's) and staff should consider the range and type of records they create, maintain and use, and ensure that retention periods prescribed for that type of record within the Schedules are being complied with.
- IAO's should consider whether they have in place sufficiently robust measures to prevent the premature or inappropriate destruction of their records.
- Any possible instances of non-compliance should be brought to the attention of the City Solicitor so that appropriate action can be taken.
- IAO's should consider how they currently dispose of records that are no longer required and whether the methods employed are adequately secure.

4. Sources of Further Information

- The Council's ***Record Retention and Disposal Schedules*** (available from the Council's intranet and website)

- All staff should become familiar, with the following documents and their responsibilities:
 - GDPR and Data Protection Policy
 - GDPR and Data Protection Policy Summary Sheet
 - Freedom of Information Policy Summary Sheet
- Staff should initially seek clarification from IAO's (their line manager or team leader).
- Any remaining specific queries should be routed as follows:
 - Data Protection Officer- Sally Brooks-Ext 3765.
 - Freedom of Information Officer – Becky Scott (Legal & Democratic Services Manager – Ext 3441).
 - Security and use of IT records – Matt Smith (Business Development and IT Manager – Ext 3308).

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**SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000
UPDATE**

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

**REPORT AUTHOR: BECKY SCOTT, LEGAL & DEMOCRATIC SERVICES
MANAGER**

1. Purpose of Report

- 1.1 To update members on the use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) as required by the Guidance issued by the Office of Supervision of Surveillance

2. Executive Summary

- 2.1 Directed surveillance is essentially covert surveillance in places other than residential premises or private vehicles. Local authorities cannot conduct ‘intrusive’ surveillance (i.e. covert surveillance carried out in residential premises or private vehicles) under the RIPA framework.

A covert human intelligence source (CHIS) includes undercover officers, public informants and people who make test purchases.

The RIPA allows authorities to undertake that surveillance if so permitted by the Chief Executive, who is the Council’s Authorised Officer and judicial approval is sought and obtained. The Council has policies in place to cover this process.

Such surveillance was previously used in investigations more regularly, in cases such as benefit fraud, however is now considered very rarely because officers now use more open techniques in their investigations.

- 2.2 The requirements in respect of RIPA include reporting to members on the use of the powers in surveillance activity in the Council, as set out in the Code of Practice for Covert Surveillance and Property Interference, on an annual basis. This report fulfils that duty.

3. Background

- 3.1 The Council has a Policy which cover implications for all staff who investigate suspected criminal offences and other breaches of regulations for which the Council is responsible.

The Policy includes the procedures for obtaining authorisations and together these explain:

- the purpose of the Act in relation to the Council’s functions
- the circumstances which it applies to
- how to make sure that it is complied with

- functions of the Central Register
- process for authorisations
- details for authorisations
- Guidance on the use of Social Media in investigations

- 3.2 The RIPA Policy was approved by the Executive in June 2016, and having been reviewed, there is no proposal to amend it as it is still fit for purpose.
- 3.3 The Council may face a further inspection after the last one which occurred in January 2016. The outcomes of that inspection were limited however were implemented and in particular the need to keep awareness raised through training is an ongoing requirement.
- 3.4 One area highlighted during the inspection was the use of social media in investigations. Viewing public sites is classed as surveillance in this sense. As part of the RIPA policy there are procedures in place for staff and members to carry out any checks of social media for the purposes of investigations. If anyone wishes to view a social media site for the purpose of an investigation, this must be done via the communications team and legal services. There is a form which must be completed to ensure that officers do not inadvertently carry out covert surveillance in the course of their jobs. Staff have also been told not to use their own social media pages to view individual's data on publicly accessible social media sites as this could amount to Directed Surveillance under RIPA and we wish to avoid any unnecessary links to those being investigated.
- 3.5 Part of a recommendation from the Office of Supervision of Surveillance is that the Council's use of social media in investigations is reviewed and is interpreted as needing to be monitored. This is done by the Legal & Democratic Services Manager and there are no issues to report. There is a social media policy which is under development and when this is finalised and rolled out, there will be a link made with the RIPA requirements for use of social media.

4. Number of authorisations obtained

- 4.1 The Council has still not applied for, nor obtained any authorisations from the Magistrates Court for surveillance since 2009. This is mainly due to the fact that the Council's investigations are mostly pre-planned and overt.

5. Organisational Impacts

- 5.1 Finance
There are no finance implications in this report
- 5.2 Legal Implications
As outlined in the report
- 6.5 Equality, Diversity & Human Rights
There are no equality, diversity and human rights issues raised in this report.

7. Risk Implications

7.1 (i) Options Explored

n/a

7.2 (ii) Key risks associated with the preferred approach

n/a

8. Recommendation

8.1 That members note this report.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None

List of Background Papers: None

Lead Officer: Becky Scott, Legal & Democratic Services Manager
Telephone (01522) 873441

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SUBJECT:	BUSINESS RATES GROWTH POLICY
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	CLAIRE MOSES, REVENUES AND BENEFITS MANAGER

1. Purpose of Report

- 1.1 To seek Executive's approval of a City of Lincoln Business Rates Growth Policy which aims to provide a time limited rate relief discount to new and extended business premises within the City, in the interest of building the Business Rates base, supporting economic growth and job creation.

2. Executive Summary

- 2.1 Provisions under Section 69 of the Localism Act 2011 (amendment to Section 47 of the Local Government Finance Act 1988) allow all authorities to grant discretionary relief in any circumstances where the Council feels fit having regards to the effect on the Council Tax payers of its area. It is proposed that in line with the Act, the Council adopts a Policy for the discounting of business rates where economic benefit to the District can be evidenced.
- 2.2 A draft Business Rates Growth policy, outlining further details of the proposed relief, including eligibility criteria, is included in the appendices to this report.
- 2.3 The draft City of Lincoln Council's Business Rates Growth Policy aims to provide a time-limited rate relief discount to new and extended business premises within the City, in the interest of building the Business Rates base, supporting economic growth and job creation. This policy supports the Council's open and partnership focussed approach to delivering growth as set out in the Vision 2020 Strategic Plan, particularly the objectives and ambitions relating to economic growth and reducing inequality.
- 2.4 Eligibility for this proposed scheme will be dependent on the extent of the business premises creation or extension, location and the impact of the new business or expansions plans has on the local economy. Further details on the eligibility criteria and application process in Section 4 of this report, and in the appendices.
- 2.5 Any award made as a Local Growth Discount will fall as a loss on the Council's Business Rates Collection Fund. Normally 40% of the loss is allocated to the Council, however for 2018/19 because Lincoln is in a pilot for 100% Business Rates retention, the loss will be 60%. In addition, due to the announcements regarding the Government's intention to make significant reforms to the way in which local government is funded, the 40% figure could change in future years.

- 2.6 A factor open to the Council to ensure financial control, is to place a cap on the total amount that can be awarded in any given year. To this end, the proposed cap is £150,000 per annum – as the Council will be effected to the extent of 40% (£60,000) (60% (£90,000) in 2018/19) for any loss in Business Rates, if the scheme is approved.
- 2.7 The timeline with this policy to be considered/approved, is:
- Policy Scrutiny Committee – 19th June 2018;
 - Executive – 23rd July 2018;
 - Policy effective – August 2018.

The Draft Minute from Policy Scrutiny Committee is included at Appendix 2 to this report.

3. Background

- 3.1 The Central Lincolnshire Local Plan sets out a spatial strategy for supporting strong and sustainable economic growth, where entrepreneurship, innovation and inward investment are actively encouraged and identifies growth targets for housing and job creation. The City Council's support for these growth objectives are set out in Vision 2020, particularly with regard to the economic growth and inequality reduction priorities and aspirations.
- 3.2 Supporting new or expanding businesses through the provision of time-limited Business Rate relief supports the Central Lincolnshire Local Plan and City of Lincoln Vision 2020 objectives. The net result of such intervention aims to result in positive impacts in creating and safeguarding jobs, as well as securing medium term revenue increases for the Council by supporting Business development and expansion.
- 3.3 This draft Policy has been developed between the Revenues, Finance and Major Developments teams of the City of Lincoln Council. The opportunity to use the discretionary growth policy as a mechanism to support new and expanding businesses for the city has been identified. Similar financial incentives are being successfully used within other local authorities to support growth objectives.
- 3.4 Business investments or the location or relocation of any business are decisions taken after balancing a wide range of factors, including availability of land and premises, skills, access to markets, transport, infrastructure and broadband as well as operational cost and scale economies. The City Council is working closely with neighbouring districts to accommodate businesses needs within the wider area. The Central Lincolnshire Local Plan has identified a jobs led growth target.
- 3.5 In 2017, the Central Lincolnshire Local Plan was adopted, which sets out the objectives for economic growth, prosperity and jobs for the area, and provides details of Strategic Employment sites within the Central Lincolnshire area. For Lincoln this includes the identification of Strategic Employment Sites (for example, Lincoln Science and Innovation Park)

and employment provision within Sustainable Extension employment sites (North East Quadrant and Western Growth Corridor).

3.6 City of Lincoln Council recognises the importance of visitor footfall to the City. By providing relief to incentivise new and expanding visitor attractions, it is anticipated the net result of this intervention will be a positive impact in terms of supporting growth of a visitor centre in the Bailgate Quarter, as well as consideration given to projects in and around the Cathedral that improve visitor footfall.

3.7 There are two neighbouring authorities who have also approved a Business Rates Growth Policy; North Kesteven District Council and West Lindsey District Council.

North Kesteven's policy was approved in February 2015 with a start date of 1 April 2015. The policy provides for a maximum relief of £300,000 (£100,000 over 3 years).

West Lindsey's policy was approved on 10 May 2018 with a start date of 1 May 2018 provides for a maximum of £300,000 in reliefs to be awarded with a maximum award of 100% over a 3 year period.

Both policies identify key growth sectors identified within the Great Lincolnshire Local Enterprise Partnership (GLLEP) as well as in each of the Local Plans, with West Lindsey identifying a number of Strategic Employment Sites which meet the need for large-scale investment.

4. How the Policy works

4.1 The Business Rates Growth Policy aims to support businesses by providing time-limited rate relief to enable or advance the development of new or extended premises, and where existing rate relief is not available. Eligibility and aspects of the scheme are summarised as follows;

- a. The ratepayer must be able to evidence that new employment floor space will be provided, and by association additional Rateable Value, either through new development or extension by the end of the discounted period (3 years).
- b. The ratepayer must be able to demonstrate that their business is of value to the City with reference to employment, economy, and/or growth sector as set out in local evidence (see Appendix B).
- c. The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non-profit making organisation or as a sports club or similar.
- d. Discretionary rate relief will not ordinarily be granted on unoccupied premises. Consideration for this relief may however be given for businesses within identified priority employment areas i.e. the Employment allocations associated with sustainable urban

extensions and Strategic employment Sites as identified within the Central Lincolnshire Local Plan, (see Appendix B). Any such award would support an approved long term Business or Management plan for growth.

- e. The ratepayer must demonstrate that assistance (provided by the Local Discount) will only be required for a maximum period of three years and that their business/ operation is financially viable in the medium and long term.

- 4.2 In order for a growth business to qualify for a discount they must apply to the Council's Major Developments Directorate. An initial 'audit of suitability' will be undertaken by officers before any formal invitation to apply for relief is issued to the business.
- 4.3 **For all suitable businesses outside priority employment areas**, the discount may only apply to the additional rateable value which would be applied on an expansion of business premises or a new building.
- 4.4 As well as additional rateable value applied due to expansion, **for businesses located within the priority employment areas – the Sustainable Urban Extensions and Strategic Employment sites as identified in the Central Lincolnshire Local Plan**, the discount may also apply to new build or vacant premises where it can be demonstrated that the business supports the targets of a wider Business case and/or Masterplan in line with the Council's Strategic Plan.
- 4.5 Applications will be scored by an Officer Board which will aim to meet at least quarterly. Applications to the Council's Officer Board will be judged on individual merit and on a case-by-case basis. Applicants will need to clearly demonstrate how the discount will be used to grow the business and create jobs. As discounting will be time-limited, the applicant will also need to demonstrate how at the end of the award period the business will fund the rates then due. A detailed financial and business plan must be provided in all cases. The Council reserves the right to refuse relief to any applicant.
- 4.6 Five scoring criteria are proposed based on the following:
 - The impact the proposed business investment will have on the City's future Business Rate base;
 - The value of the proposed business investment will have for the City's Economic Growth Strategy and Priorities (as outlined in Appendix B);
 - Expected growth in jobs;
 - Credit History/rating, Payment History, Risk;
 - Evidence of corporate social responsibility.

A further criteria is also included in the policy relating to visitor footfall, and the Bailgate Quarter.

- 4.7 The highest possible score is 100. A score of less than 50 will result in the rejection of the application. There is no right of appeal, although a case may be reviewed if further information/ clarification is made available. Subsequent applications will be considered after a 'cooling off period' of 3 months, to allow the business to revise their plans.

5. Strategic Priorities

- 5.1 The aspirations of this proposed policy are underpinned through the following strategic priorities: -

- Let's drive economic growth
 - Let's build a strong, viable and prosperous future for Lincoln;
 - Let's help businesses prosper;
 - Let's create a culture of innovation;
 - Let's attract investment; and
 - Let's make things happen.

- Let's reduce inequality
 - Let's help people succeed;
 - Let's provide help to the most vulnerable in our City;
 - Let's help people feel safe and welcome in their communities; and
 - Let's empower people.

6. Organisational Impacts

6.1 Finance

It is proposed that an annual cap of £150,000 be allocated for this scheme, for a period of 3 years maximum, commencing 1st April 2018. Under current business rates retention, the net cost would be 40% i.e. £60,000 per year. However during the 100% Business Rates Retention Pilot year of 2018/19 this will be 60% i.e. £90,000 per year. This amount may be reviewed in-year dependant on demands and emerging priorities.

The actual cost of the scheme will be borne and distributed through the Council's Collection Fund when a surplus or deficit is declared each year.

Promotion of new businesses and new jobs within the district will also have financial benefit for the Council that will help elevate the significant loss in grant income from central government.

6.2 Legal Implications including Procurement Rules

The Policy is based on the provisions of the Local Government Finance Act 1988 and the Localism Act 2011.

6.3 Land, property and accommodation

This policy may assist in building of new business units / expansion of current units.

6.4 Human Resources

There are no implications as a result of this policy

6.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required)

This policy relates to businesses and not individuals. Any consideration regarding business rate relief relates to the increase in floor area required for business growth. Therefore should any additional floor area be required to accommodate the needs of a protected characteristic as part of the growth of the business this would be considered as part of the individual application for relief.

7. Risk Implications

7.1 (i) Options Explored

The major budgetary risks that the Council now faces is around Business Rates income and the assumptions over future growth in business rates income to the Council. This policy on Local Discounts may help to mitigate some of these risks.

8. Recommendations

8.1 That Executive:

- 1) Considers/accepts the proposal for a different level of discount being available depending on whether or not a business is located, or is to be located, within a Strategic Employment site as identified within the Central Lincolnshire Local Plan;
- 2) Delegates changes to scheme parameters to the Chief Finance Officer, providing these do not fundamentally alter the principles behind this policy and continue to link into aspirations relating to the Council's Strategic Plan.
- 3) Approves the proposed Business Rates Growth policy.

Is this a key decision?

Yes

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Appendix 1 (also incorporating Appendix A and Appendix B)
Appendix 2 – Draft Policy Scrutiny Committee Minute
19th June 2018

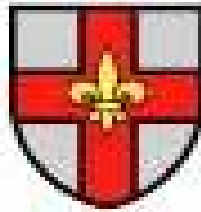
List of Background Papers:

None

Lead Officer:

Claire Moses, Revenues and Benefits Manager
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CITY OF
Lincoln
COUNCIL

City of Lincoln Council

Business Rates Growth Policy

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

Document control

Organisation	City of Lincoln Council
Title	Business Rates Growth Policy
Author - name and title	Claire Moses – Revenues and Benefits Manager
Owner - name and title	Claire Moses – Revenues and Benefits Manager
Date	July 2018
Approvals	July 2018 - Executive
Filename	Business Rates Growth Policy
Version	V.2.0
Next review date	July 2021

Document Amendment history

Revision	Originator of change	Date of change	Change description
V.2.0	Becky Scott	June 2018	To include document control

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

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Introduction and Background

City of Lincoln Council's Business Rates Growth policy aims to provide a time-limited rate relief discount to new and extended business premises within the City, in the interest of building the Business Rates base, supporting economic growth and job creation. This policy supports the Council's open and partnership focussed approach to delivering growth as set out in the Vision 2020 Strategic Plan, particularly the objectives and ambitions relating to economic growth and reducing inequality.

Provisions under Section 69 of the Localism Act 2011 (amendment to Section 47 of the Local Government Finance Act 1988) allow all authorities to grant discretionary relief in any circumstances where the Council feels fit having regards to the effect on the Council Tax payers of its area.

Eligibility for this scheme will be dependent on the extent of the business premises creation or extension, location and the impact of the new business or expansion plans has on the local economy. Further details on eligibility criteria and application process are outlined below.

What Discount is available

For all suitable businesses outside priority employment areas the discount will only apply to the additional rateable value of a new business premises expansion or new build.

For businesses located within the priority employment areas – the Sustainable Urban Extensions and Strategic Employment sites as identified in the Central Lincolnshire Local Plan and shown on Plan in Appendix B), discount may also be eligible for vacant premises where it can be demonstrated that such supports a wider approved Business case and/or Masterplan and the local growth priorities as identified in Appendix B.

Where eligibility can be demonstrated business discounts of up to three years are available on the new or extended premises on a sliding scale of up to;

Year 1	100%	relief;
Year 2	50%	relief;
Year 3	25%	relief.

Eligibility Criteria

The Business Rates Growth Policy aims to support businesses by providing time-limited rate relief to enable or advance the development of new or extended premises, and where existing rate relief is not available. Eligibility and aspects of the scheme are summarised as follows;

- a. The ratepayer must be able to evidence that new employment floor space will be provided, and by association additional Rateable Value, either through new development or extension by the end of the discounted period (3 years).
- b. The ratepayer must be able to demonstrate that their business is of value to the City with reference to employment, economy, and/or growth sector as set out in local evidence (see Appendix B).
- c. The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non-profit making organisation or as a sports club or similar.
- d. Discretionary rate relief will not ordinarily be granted on unoccupied premises. Consideration for this relief may however be given for Businesses within identified priority employment areas i.e. the Employment allocations associated with Sustainable Urban Extensions and Strategic employment Sites as identified within the Central Lincolnshire Local Plan, (see Appendix B). Any

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

such award would support an approved long term Business or Management plan for growth.

- e. The ratepayer must demonstrate that assistance (provided by the Local Discount) will only be required for a maximum period of three years and that their business/ operation is financially viable in the medium and long term.
- f. Exclusive to the requirements above, the ratepayer must be able to demonstrate that they have a significant impact in respect of visitor footfall to the City. The ratepayer must demonstrate a commitment to new and expanding visitor attractions, and that the net result of this intervention/s will be have a positive impact in terms of supporting growth of a visitor centre in the Bailgate Quarter, as well as consideration given to projects in and around the Cathedral that improve visitor footfall.

Prospective applicants must apply to the Council's Major Developments Directorate for an initial discussion and 'audit of suitability', which will be undertaken by officers before a formal invitation to apply for relief is made. A formal application will then be required to be completed and submitted to the Council with all necessary supporting information on which the Council can base a decision

Application and Decision Process

In considering an Applicants suitability for Growth rate relief the Council will;

Undertake an assessment of overall risk, including consideration of previous business payment history, as well as to ensure the European Union State Aid limit would not be breached (currently a maximum of €200,000 within a 3 year period).

Consider the usage of business premises and, in particular, the contributions that businesses seeking rate relief make to their local economy and communities. Relief will be prioritised to organisations that meet the aims and objectives of local economic growth policies and contribution to the City of Lincoln Council's strategic priorities.

Consider the business' expansion plans. A Local Discount will not be awarded until the business has all the required permissions, licences, and other provisions in place in respect of premises development and has begun lawfully trading with a minimum lease period of 3 years and a statement of intention to operate the business in the City for five years or more.

A formal application to the Council will require all relevant information in respect of the policy criteria and all supporting information demonstrating compliance with eligibility criteria.

As relief will be time-limited, the applicant will also need to demonstrate how at the end of the award period of relief the business will fund the rates then due. A detailed financial and business plan must be provided in all cases.

Applications made for this Local Discount will be considered by an Officer Board for this Policy, being City of Lincoln Council officers, as follows:

- Financial Services Manager;
- One of the following from the Revenues and Benefits Shared Service;
 - Head of Shared Revenues and Benefits,
 - Revenues and Benefits Manager, or
 - Recovery & NNDR/BID Team Leader;
- Principal Development Officer;
- A replacement officer to the above may be part of the decision team, but only with prior approval from the Chief Finance Officer.

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Applications for a Local Discount to the Council will be judged on individual merit and on a case-by-case basis. The scheme is discretionary and the applicant does not have a statutory right to payment. The Council reserves the right to refuse relief to any applicant and will provide an explanation of reasons in such cases.

Applicants will need to clearly demonstrate how the relief will be used to grow the business, providing an outcome report at the end of each financial year demonstrating how the growth objectives have been met – detailing measurable outcomes.

The growth discount will usually be awarded by means of a reduction shown on the business rate bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made.

Business rate payments remain legally due and payable in accordance with the most recent bill until such time as any rate relief is awarded.

Right to Appeal

There is no statutory right to appeal against a decision under the associated legislation, other than Judicial Review. An applicant may make a request for the decision to be reviewed but only where either;

1. Additional information that is relevant to the application and that was not available at the time the decision was made becomes available, or
2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken.

A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.

The review will be considered by the City Council's Chief Finance Officer.

Subsequent applications will be considered after a 'cooling off period' of 3 months, to allow the business to revise their plans.

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Clawback Provision

The Council may at the Council's absolute discretion if (in the Council's opinion) any of the Clawback Events or Termination Events listed occur:

- a. Suspend the payment of the Local Discount under this Policy for such period as the Council shall determine;
- b. Vary the Local Discount payable under this Policy, in which case the payment of funding shall thereafter be made in accordance with the written variation notified to the Applicant;
- c. terminate any agreement to pay the Local Discount under this Policy whereupon the Council shall cease to be under any obligation to provide any further Local Discount to the Applicant and (in addition) the Council may require the Applicant to repay the whole or any part of the Local Discount previously paid to the Applicant and the Applicant agrees that upon receipt of written notice requiring repayment the Applicant shall repay the sums required within 30 days of receipt of such notice.

Notwithstanding the provisions of Clauses a. and b above, in the event that an applicant relocates the business for which the Local Discount is payable to a location outside of the district, within a period of five years from the date of the decision to award the Local Discount, the Council shall be entitled to recover some or all of the Local Discount on the following basis:

- a. The relocation occurs before 3 calendar years have expired beginning with the date of the decision, 100% of the Local Discount shall be recoverable, at the Council's discretion;
- b. The relocation occurs after 3 years and before 4 calendar years have expired beginning with the date of the decision, a maximum of 50% of the Local Discount shall be recoverable, at the Council's discretion;
- c. The relocation occurs after 4 years and before 5 calendar years have expired beginning with the date of the decision, a maximum of 25% of the Local Discount shall be recoverable, at the Council's discretion.

Promoting and communicating the policy

Advice and information will be available to all business ratepayers on the Council's website and from staff who may be dealing with enquiries from ratepayers.

In order for a growth business to qualify for a discount they must apply to the Council's Major Developments Directorate. An initial 'audit of suitability' will be undertaken by officers before any formal invitation to apply for relief is issued to the business.

Implementation of the policy

Officers representing Revenues and Benefits, Finance and Major Developments Directorate, will implement the policy, make recommendations and decisions.

Scoring Criteria will be used in support of the decision making – which is shown in Appendix A to this document.

Complaints

Any ratepayers who believe their cases have not been correctly dealt can utilise the Council's Customer Complaints procedure.

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

Appendix A

Application requirements and decision making process

To enable consideration for relief, the ratepayer must submit a proposal to the Major Developments Directorate evidencing compliance with the eligibility and scoring criteria.

Applicants will need to clearly demonstrate how the discount will be used to grow the business and create jobs and how it meets the City's growth priorities.

As discounting will be time-limited, the applicant will also need to demonstrate how at the end of the award period the business will fund the rates then due. A detailed financial and business plan must be provided in all cases.

If suitable, the application will be formally considered by a Council Officer Board and be judged on individual merit and on a case-by-case basis. The Council reserves the right to refuse relief to any applicant.

The percentage award will be based on the rateable value in place at the time of the application, and when a decision is notified this will be converted into a £.p figure, which will not be adjusted in the scenario where the rateable value is amended.

Scoring applications

Applications will be scored on the following criteria.

	Criteria	Maximum Score
1	The impact the proposed business investment will have on the City's future Business Rate base	25
2	The value of the proposed business investment will have for the City's Economic Growth Strategy and Priorities (as outlined in Appendix B)	25
3	Expected growth in jobs	25

**BUSINESS RATES GROWTH POLICY:
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4	Credit History/rating* Payment History* Risk*	15
5	Evidence of corporate social responsibility	10

Criteria 1: The ratepayer must be able to evidence that the proposals will have a positive impact on the City's future Business Rates base and that an increase in rateable value will be generated by the end of the discounted period (3 years). This will be scored on a sliding scale of 0-25 depending on the value increase.

The ratepayer must not already be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non-profit making organisation or as a sports club or similar.

Post discount business rateable value increase	Score
No increase	0
Anticipated Business Rates bases / rateable value increase	1 - 25

Criteria 2: The ratepayer must be able to demonstrate that their business is of value to the City's economic growth and prosperity as set out in the local evidence listed in Appendix B.

Compliance with local economic growth priorities	Score
Partially compliant	Up to 12.5
Fully compliant	25

Discretionary rate relief will not ordinarily be granted on existing or unoccupied premises. Consideration for such may however be given for Businesses' within identified priority areas i.e. within Sustainable Urban Extensions and Strategic Employment Sites as identified within the Central Lincolnshire Local Plan and shown on plan in Appendix B. Any such relief would be for a time limited period and need to be evidenced

**BUSINESS RATES GROWTH POLICY:
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that the relief supports delivery of an approved long term Business or Management plan for growth.

The ratepayer must demonstrate that assistance (provided by the Local Discount) will only be required for a maximum period of three years and that their business/operation is financially viable in the medium and long term.

Criteria 3: The ratepayer must be able to evidence that the investment represents a growth in job numbers within the business or significant retention of jobs. Eligibility will be scored on the basis of jobs created as a % of the existing number of jobs, over the period of the relief. Where evidenced this score may also take into account growth potential if successful and the number of jobs that may be created in local supply chains. Some investments i.e. in capital equipment, may not create many new direct jobs but may enable a company to enter new markets or create new products that over time will create significant numbers of additional indirect jobs. If the current number of jobs is 'zero' (e.g. a new business), the starting point against which a % will be applied, will be classed as 'one job'.

% increase Number of jobs	Score
0	0
Less than 10%	10
10-50%	15
50-100%	20
Greater than 100%	25

Criteria 4: An assessment of risk will be undertaken and scored within a sliding scale of 0 high risk and 15 no risk based on the business' financial, credit history/payment history and social integrity.

Risk: the Council will undertake an assessment of overall risk. The business must provide the council with a Business Plan which clearly demonstrates

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

the impact of the proposed investment on the business and which includes a financial forecast and Balance Sheet.

Credit History: the Council must be convinced the business is sustainable and appropriately financed. Due diligence will include a review of audited accounts, a credit check and applicants will be expected to provide a letter of support from their bank.

Payment History – the Council is unlikely to award discounts to businesses with a poor payment history. Where the applicant is a UK inward investor, the council may require evidence of rates paid in another district.

Criteria 5: Evidence of a Business's level of corporate social responsibility will also be taken into account when scoring eligibility. With a sliding score of 1-9 based on evidence such as compliance with the Living Wage Foundation's wage standards and a maximum score of 10 where there is evidence of formal sign up to Local Charter Standards.

Further Criteria: As highlighted on page 6 of this Policy, this is another exclusive, independent criteria a business may fulfil, being:

The ratepayer must be able to demonstrate that they have a significant impact in respect of visitor footfall to the City. The ratepayer must demonstrate a commitment to new and expanding visitor attractions, and that the net result of this intervention/s will be have a positive impact in terms of supporting growth of a visitor centre in the Bailgate Quarter, as well as consideration given to projects in and around the Cathedral that improve visitor footfall.

This particular criteria is scored in line with the mechanism as documented in this Policy for criteria 1-5, however a separate score of up to 50 is available where the ratepayer can demonstrate they meet this particular independent criteria.

The highest possible score is 100. A score of less than 50 will result in the rejection of the application. There is no right of appeal, although a case may be reviewed if further information/ clarification is made available. Subsequent applications will be considered after a 'cooling off period' of 3 months, to allow the business to revise their plans.

**BUSINESS RATES GROWTH POLICY:
APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE**

Appendix B

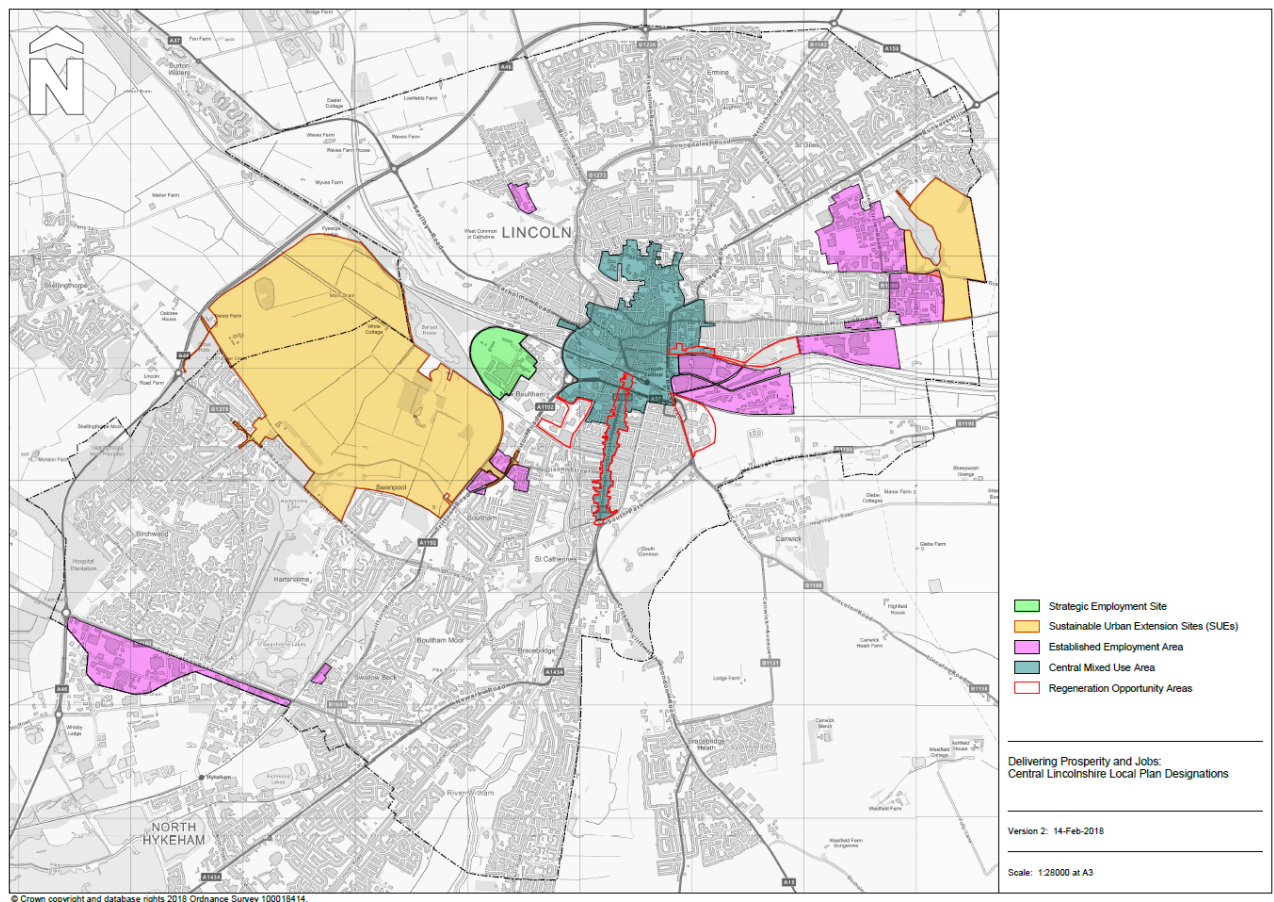
Local Priorities for Economic Growth in Lincoln: Evidence Document List

Note further evidence may be available or developed and should be referenced where relevant.

Document	
National Industrial Strategy and emerging Local industrial Strategies	As well as the sectors already identified in the Greater Lincolnshire Strategic Economic Plan, emerging priorities identify the need to maximise business opportunities in relation to Science and digital technologies and 'Smart' markets. Business growth and expansion into exports markets are also a recognised priority.
"Greater Lincolnshire Strategic Economic Plan 2016" https://www.greaterlincolnshirelep.co.uk/documents/strategic-economic-plan-2016-refresh	Identifies 6 priority sectors – agri food; manufacturing; health and care; ports and logistics; visitor economy; low carbon and digital.
"Central Lincolnshire Local Plan" adopted 2017 https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/	Identifies the need for 11,894 new jobs within Central Lincolnshire by 2036 – 496 pa. Identifies Priority Employment sites as ; Strategic Employment Site (LSIP) 11.5 ha; and Sustainable Urban Extensions (NEQ 5 ha; WGC 20 ha)
"Central Lincolnshire Economic Needs Assessment June 2015" https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/	Identifies strong growth opportunities in professional and business and visitor sectors. Identifies stable growth in manufacturing, and particularly food manufacturing. Identifies the need to maximise international opportunities for expansion. Evidences the need for new business premises within Central Lincolnshire.
"Central Lincolnshire Economic Growth Delivery Plan April 2016" https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/	Identifies key growth priorities for Central Lincolnshire.

BUSINESS RATES GROWTH POLICY: APPENDIX 1 (APPENDICES A & B) – 23RD JULY 2018 – EXECUTIVE

<p>“A Growth Strategy for Lincoln 2014-2034” https://www.n-kesteven.gov.uk/resources/assets/attachment/full/0/017772.pdf</p>	<p>Summarises the growth objectives for the City reflecting the priorities identified in the wider area.</p>
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8. Business Rates Growth Policy

Martin Walmsley, Head of Shared Revenues and Benefits

- a. presented the draft City of Lincoln Business Rates Growth Policy for comment.
- b. advised that the policy aimed to provide a time limited rate relief discount to new and extended business premises within the City, in the interest of building the Business Rates base, supporting economic growth and job creation.
- c. advised that eligibility for the proposed scheme would depend on the extent of the business premises, creation or extension, location and the impact of the new business or expansion plan would have on the local authority.
- d. referred to paragraph 3 of the report and advised on the background to the report advising that North Kesteven District Council and West Lindsey District Council had also approved a Business Rates Growth Policy.
- e. summarised the proposed eligibility criteria for the rate relief as detailed at paragraph 4.1 of report.
- f. advised that for growth businesses an initial 'audit of suitability' would be undertaken before any formal invitation to apply for relief was issued to the business.
- g. advised that applications would be scored by an Officer board and gave an overview of the scoring criteria as detailed at paragraph 4.6 of the report.
- h. invited members questions and comments.

Comment: Members supported the principles and initiatives of the scheme and suggested that a commitment to the social responsibility charter and the living wage be included within the eligibility criteria.

Response: It would be difficult to make the living wage a mandatory requirement and suggested that a commitment towards signing up to the Social Responsibility Charter as oppose to it being mandatory be included within the eligibility criteria.

Question: Did any other areas have a similar scheme in place and how would this attract businesses to the City.

Response: There were similar schemes in other areas, it would not be the tipping point for attracting businesses to the city but would be part of a package.

Question: Referred to the eligibility criteria number 3 and asked how would small and medium size businesses meet the criteria if they only employed 1 or 2 people?

Response: The expected growth in jobs would be worked out as percentage to ensure it was fair across all sized businesses.

**BUSINESS RATES GROWTH POLICY:
APPENDIX 2 – 23RD JULY 2018 – EXECUTIVE**

RESOLVED that

1. the draft Business Rates Growth Policy be supported.
2. the following addition to the Business Rates Growth Policy eligibility criteria be considered.
 - i. A commitment towards signing up to the Social Responsibility Charter.

SUBJECT: REVIEW OF FRAUD SANCTION POLICY

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS

1. Purpose of Report

- 1.1 To seek Executive's approval of a small number of amendments to the already adopted Fraud Sanction Policy, in respect of the shared Revenues and Benefits service between City of Lincoln Council and North Kesteven District Council.

2. Executive Summary

- 2.1 On 12th September 2013, Revenues and Benefits Joint Committee approved an updated version of the shared Benefit Fraud – Sanctions and Prosecutions Policy, making references to the Council Tax Support schemes (which replaced the national Council Tax Benefit scheme from 1st April 2013). The purpose of the policy is to assist the Councils in the shared service in preventing and detecting fraud in a consistent, effective, efficient and equitable manner.
- 2.2 On 1st October 2014, responsibility for investigation of Housing Benefit fraud in respect of City of Lincoln and North Kesteven transferred to the Single Fraud Investigation Service (SFIS) under Department for Work and Pensions (DWP). However, numerous functions still remain with the local authorities – including;
- Provision of data to SFIS;
 - Consideration of Administrative Penalties;
 - Investigation of Council Tax Support fraud.
- 2.3 On 11th February 2016, Executive Board approved an updated Fraud Sanction Policy, to reflect work being undertaken by SFIS and different levels of overpayment value being considered for prosecution.
- 2.4 The proposed amended policy at Appendix 1, highlights further changes required to the existing policy.

3. Proposed amendments to Fraud Sanction Policy (see Appendix 1)

- 3.1
- Paragraph 5.1.1: 'Panel' amended to 'Benefits Team Leader' (x4);
 - Paragraph 5.1.1: Existing policy states '...will consider cases for sanction...', amended to '...will consider cases for either a warning or penalty...';
 - Paragraph 5.1.2: 'Panel' amended to 'Benefits Team Leader';

Paragraph 5.1.2: 'For offences committed against the council tax support scheme, the penalty is 50% of the amount overpaid with a minimum penalty of £100 and maximum penalty of £1000' amended to '...', 'the penalty is £70.00';

- Paragraph 5.1.3: 'Panel' amended to 'Benefits Team Leader' (x2);
- Paragraph 5.2.1: 'Panel' amended to 'Benefits Team Leader';
- Paragraph 5.2.2: 'Panel' amended to 'Benefits Team Leader';
- Paragraph 5.3.3: Inserted new paragraph; The Crown Prosecution Service will require a Witness Statement in each case that is taken forward for a prosecution at court. This will be provided by a Benefits Team Leader.

3.2 The revised policy is to go through the consideration/approval process, as follows:

City of Lincoln Council	North Kesteven District Council
Policy Scrutiny Committee: - 19 th June 2018	Performance and Resources Overview and Scrutiny Panel: - 18 th June 2018
Executive: - 23 rd July 2018	Executive Board: - 26 th July 2018

3.3 The Draft Minute from Policy Scrutiny Committee is included at Appendix 2 to this report.

4. Strategic Priorities

4.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-

- Lincoln: "Let's Reduce Inequality".
- North Kesteven: "Our Community Our Economy".

4.2 The Benefits Service plays a key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section is also mindful of the strategic priorities when engaging with business ratepayers as they recover business rates – and also promoting and encouraging growth in the districts. Digital Inclusion, Channel Shift / Customer Experience, Financial Inclusion and Partnership Working are all key priorities for the shared service.

5. Organisational Impacts

5.1 Finance: There are no significant financial costs involved in the amendments proposed to this policy, although they will help to allow more effective and efficient use of officer time.

5.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.

5.3 Equality, Diversity & Human Rights: There are no direct implications arising from this report.

6. Risk Implications

6.1 A Risk Register is in place for the Revenues and Benefits shared service.

7. Recommendations

7.1 Executive approves the proposed amendments to the Fraud Sanction Policy.

7.2 Executive determines the level of delegation for potential future 'minor amendments', to the Fraud Sanction Policy, which may be delegated to officers – for example, a change in job title/role making decisions on sanction, or a legislative change in a £ cost which may be applied.

Is this a key decision? Ye

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? Two

List of Background Papers: None

Lead Officer: Martin Walmsley, Head of Shared Revenues and Benefits
Telephone (01522) 873597

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City of Lincoln Council
&
North Kesteven District Council

Benefit fraud, sanctions and prosecutions policy

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1. Background

- 1.1 On 1st June 2011 the City of Lincoln and North Kesteven District Councils entered into an arrangement to share the provision of revenues and benefits services between them. By sharing their services the Councils are seeking to achieve savings and efficiencies.
- 1.2 From 1st October 2014, transfer of Housing Benefit Fraud investigation transferred from City of Lincoln Council and North Kesteven Council to the Department for Work and Pensions (DWP) under the Single Fraud Investigations Service. City of Lincoln Council and North Kesteven District Council retain responsibility for investigating potentially incorrectly-claimed Council Tax Support.
- 1.3 For the purposes of this policy, a person is considered to commit benefit fraud if they commit or attempt to commit a statutory offence against any of the following schemes operated by the Councils:
 - Housing Benefit;
 - Council Tax Benefit;
 - Council Tax Support;
 - any successor benefit to these schemes.

2. Statement of Intent

- 2.1 The City of Lincoln and North Kesteven District Councils are committed to protecting public funds by taking action to combat benefit fraud. The Councils will not tolerate any form of benefit fraud, whether it is attempted from within or outside of the Councils. If there is sufficient evidence to show that a claimant or some other third party has committed benefit fraud, the Councils will consider taking action against that person under the appropriate legislation.
- 2.2 The Councils will seek to recover any benefit overpaid as a result of fraudulent activity and will use every power available to them to minimise the loss to the public purse through fraud.

3. Action to counter fraud

- 3.1 The Councils are committed to operating in an open and honest way in order to:
 - encourage the prevention of fraud;
 - promote the detection of fraud;

- deter people from committing fraud by prosecuting or issuing sanctions against people caught committing benefit fraud.

4. The prevention and detection of fraud

4.1 The prevention of fraud

4.1.1 The Councils will seek to prevent fraud from entering the benefits system by:

- requiring appropriate verification of evidence and details provided by claimants to obtain benefit;
- carrying out risk based reviews of claims, as required;
- publicising the Councils' involvement in data matching and other counter fraud activities;
- participating and contributing to the Regional Boards for fraud;
- working with SFIS to facilitate the effective detection of Benefit Fraud;
- providing reliable and timeous data to the DWP on anti fraud activity and sanction and prosecution outcomes;
- promoting and providing means for members of the public to report cases of suspected fraud to the Councils;
- work with SFIS to facilitate delivery of anti-fraud training to Council staff, as appropriate;
- in partnership with SFIS, publicising successes in detecting fraud and delivering sanctions and prosecutions to deter others from committing similar fraudulent acts.

4.2 The detection of fraud

4.2.1 The Councils will seek to detect fraud by:

- working with partners to facilitate delivery of an effective fraud investigation service to ensure that irregularities and fraudsters are identified and dealt with appropriately;
- providing caseload information to the Secretary of State for Work and Pensions for data matching, risk analysis and identification of irregularities;
- participating in anti fraud activities such as the National Fraud Initiative (NFI);

- participating in the annual Housing Benefit Review conducted by the DWP which involves a statistically valid sample of the caseload being reviewed in depth by Secretary of State appointed inspectors to evaluate the level of fraud and error in the regional and national caseload and helps the Council to plan its risk profile;
- complying with Police and Criminal Evidence Act, Regulation of Investigatory Powers Act, Social Security Acts, Data Protection Act and other relevant legislation in managing anti-fraud activity;
- provide a 'Single Point of Contact' (SPOC) for SFIS for management of fraud matters;
- provide a SPOC for secure transfer of data to/from SFIS;
- monitoring fraud referrals, investigation activity and sanction and prosecution outcomes to develop and identify high risk areas for anti fraud exercises.

4.3 Duties and considerations of employees and elected members

- 4.3.1 The Councils expect officers to report details of any property that they are renting to tenants and any claims to benefit to which they have some connection. This may be a claim to benefit where an officer or member is the landlord, claimant, partner, dependant or non dependant of the claim. Any interest in a claim to benefit by officers and members must be recorded in the Register of Interests in the usual manner.
- 4.3.2 Any officer involved in the administration of benefits who has knowledge of a claim where they are a close family member of the claimant or partner (as defined in regulation 2 of the Housing Benefit General Regulations) must report this connection to the Head of Shared Revenues and Benefits. Officers involved in the administration of revenues and benefits may be required to complete a declaration periodically about these issues.
- 4.3.3 Any officer found to be involved in an offence under the Social Security Administration Act 1992 (as amended), or any other criminal offence involving claims to benefit at either of the Councils, or any other Council or Government Department, must report this to the Head of Shared Revenues and Benefits. In addition to any prosecution proceedings that result from the benefit fraud, the Councils may take disciplinary action.

4.4 Duties and considerations of investigation officers

- 4.4.1 Whilst investigating benefit/support fraud, the Councils' investigation officers and authorised officers will work within the guidelines of the Police and Criminal Evidence Act 1984, Criminal Procedures and Investigation Act 1996, the

Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000, the Social Security Acts and subsequent amendments, any new legislation introduced to govern this area of work and the Councils' policies on customer care.

- 4.4.2 Officers will operate within the confines of the Data Protection Act 1998 and will maintain client confidentiality.
- 4.4.3 The Councils will investigate any instances where an officer has abused their powers whilst investigating any allegation of benefit/support fraud. If the investigation reveals breaches of the law or Council policy then disciplinary action may take place.

4.5 Resources

- 4.5.1 If required at any time, The Head of Paid Service will appoint at least one "Authorised Officer" under Section 110A of the Social Security Administration Act 1992 and Regulation 3 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.
- 4.5.2 The Authorised Officer may exercise any of the powers that are conferred by Section 109B and 109C of the Social Security Administration Act 1992 and Regulations 4 and 5 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013. Authorised Officers exercise powers to obtain information to assist in an investigation. Obstruction of such an officer or failure to produce information is an offence and the Council may take action against any person who commits it.
- 4.5.3 The Head of Paid Service will ensure that the Authorised Officers are fit and proper persons to be authorised and will issue those persons with a certificate of appointment.

5. Sanctions and Prosecutions

5.1 The decision making process

- 5.1.1 A **Benefits Team Leader** will consider in each case recommended for further action when the evidence is sufficient to suggest that an alleged offender would be found guilty if the case were placed before the Court. A **Benefits Team Leader** will consider whether further action should be taken in those cases proven and which sanction, if any, should be applied. A record of the reasons for the decision will be made. As Housing Benefits investigation is now a function under DWP through SFIS, the evidence provided and case summaries will be the responsibility of SFIS. A **Benefits Team Leader** will provide an audit

trail of decisions made. For Council Tax Support only cases, a **Benefits Team Leader** will consider cases for either a **warning or a penalty** to be placed on their Council Tax account and follow the same process (but without SFIS) – which could include other partners, for example other local authorities assisting with this function.

5.1.2 The courses of action available to the **Benefits Team Leader** are as follows:

- Prosecution through the Courts

The offender may be prosecuted through either the Crown or Magistrates Court, dependant upon the severity of the case and if found guilty will face a maximum sentence of seven years in prison, or a fine, or both for the most serious offences;

- Administrative penalty

As an alternative to prosecution, the offender may agree to repay an extra financial penalty instead of facing prosecution. The amount of the penalty is specified by law, but varies dependent upon the period of the offence and the scheme against which the offence has been perpetrated:

- for offences against the housing and council tax benefit schemes committed in part or in whole prior to 8th May 2012, the penalty is 30% of the amount overpaid;
- for offences against the housing benefit and council tax benefit schemes committed wholly after 7th May 2012, the penalty is 50% of the amount overpaid, with a minimum penalty of £350 and a maximum penalty of £2000;
- for offences committed against the council tax support scheme, **the penalty is £70.00**.

5.1.3 The **Benefits Team Leader** can decide to take no action in respect of any case. If this occurs a record of the **Benefits Team Leader's** reasons for reaching this decision will be recorded.

5.1.4 In all cases, the claimant will be expected to repay any amount of benefit overpaid.

5.2 Factors to consider

5.2.1 The **Benefits Team Leader** will take the following factors into account when deciding whether it is in the public interest to prosecute someone whom it is alleged has committed benefit fraud:

- the amount of any overpayment of Housing Benefit, Council Tax Benefit or Council Tax Support, or any successor benefit made as a consequence of the fraud;

- the amount of any overpayment of any other social security benefit, or loss to public funds, made as a consequence of the fraud;
 - the physical and mental condition of the alleged offender;
 - the number and type of offences it is alleged to have been committed and the length of time over which the offences have taken place;
 - any voluntary disclosure;
 - the level of co-operation offered by the alleged suspect during the investigation;
 - any relevant social factors such as age, health, employment, family commitments, financial issues, and any other issues that are felt to be relevant;
 - the strength of the evidence;
 - any failings in the investigation;
 - any failings in the administration of the claim that could have contributed to the alleged offence;
 - any exceptional or unusual factors specific to the case;
 - any mitigating factors brought to the attention of the Council;
 - any admission or denial of the offence by the alleged offender;
 - any refusal to accept an administrative penalty or caution;
 - any previous proven history of committing benefit fraud offences.
- 5.2.2 In deciding which sanction is appropriate, the **Benefits Team Leader** will take account of the following guidelines. These guidelines are based upon Department for Work and Pensions research and practice and local experience. Each case will be considered on its own merits and the guidelines are not binding.
- 5.2.3 If the overpayment of benefit is under £2,000, the Council will generally seek to offer an administrative penalty, unless when considering the other factors, prosecution is more appropriate. The Council will also give consideration to DWP overpayment amounts for prosecution, which SFIS will liaise and update the Councils regarding as and when these guideline-limits change.
- 5.2.4 If the overpayment of benefit is over £2,000, the Council will generally seek to prosecute the offender, unless when considering the other factors an alternative to prosecution would be more appropriate. The Council will also give consideration to DWP overpayment amounts for prosecution, which SFIS will liaise and update the Councils regarding as and when these guideline-limits change.

- 5.2.5 The option will remain to take prosecution action in any case if aggravating circumstances exist, including attempted fraud, irrespective of the level of overpayment involved.

5.3 Delivering sanctions and prosecutions

- 5.3.1 Prosecutions will generally be taken by the Criminal Prosecution Service where the case has been investigated by SFIS
- 5.3.2 In some cases, it may be appropriate for another local authority to administer the sanction, if for example, the alleged offender has moved away and is resident in another local authority area – or the Councils are working with another local authority on investigative functions delivery.
- 5.3.3 The Crown Prosecution Service will require a Witness Statement in each case that is taken forward for a prosecution at court. This will be provided by a Benefits Team Leader.

5.4 Publicity

- 5.4.1 The Councils may seek publicity about successful benefit fraud prosecutions. The aim of such publicity is to deter others from committing similar frauds and to demonstrate to taxpayers that the Councils are protecting public funds.

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9. Review of Fraud and Sanction Policy

Martin Walmsley, Head of Shared Revenues and Benefits

- a. presented a small number of amendments to the Fraud Sanction Policy in respect of the shared Revenues and Benefits service between City of Lincoln Council and North Kesteven District Council.
- b. gave an overview of the background to the report as detailed at paragraph 2 and advised that the final revised policy would be considered by Executive on 23rd July 2018.
- c. referred to Appendix 1 of the report and highlighted the proposed amendments to the Fraud Sanction Policy.

RESOLVED that the amendments to the Fraud Sanctions Policy be supported.

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SUBJECT: EXTENSION OF HOUSES IN MULTIPLE OCCUPATION LICENCING

DIRECTORATE: COMMUNITIES AND ENVIRONMENT

REPORT AUTHOR: HANNAH CANN – PRIVATE HOUSING TEAM LEADER

1. Purpose of Report

- 1.1 To outline the increase in workload caused by statutory legislative change extending the mandatory licensing of Houses in Multiple Occupation (HMO's) from 1 October 2018, and to appraise the options for resourcing this additional work demand.

2. Executive Summary

- 2.1 The council has a mandatory duty to identify and license larger HMOs. The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 extends this duty to one and two storey HMOs from 1 October 2018. Combining intelligence of the existing licensable HMO's and the stock modelling from the British Research Establishment (BRE) it has been estimated that the total licensable HMO's will rise from 318 to over 900. This increase in work demands cannot be accommodated within the existing private housing team establishment structure.
- 2.2 It is recommended to manage the increase in the inspection and formal enforcement of the additional 600 HMO's that a FTE Housing Standards & Enforcement Officer is added to the establishment the cost of which would be fully paid for by the additional licencing income. This resource is required regardless of which of the two options outlined below is chosen to deal with the administration process.
- 2.3 In addition, at present the current administrative HMO licensing process is time consuming and vulnerable to human error. There are two options to manage the increase in the administration of HMO licence applications. The preferred option is by approving an invest to save proposal to purchase a bespoke IT software. The software offers an online portal for landlords to manage their HMO licensing applications. It will automate administrative processes and streamline the workload for the council's officers, assisting with the identification of higher risk and unlicensed premises, and maximising income. The second option would be to increase the establishment by adding a Technical Assistant (Scale 3). The latter option is more expensive but still affordable.
- 2.4 The cost of the software over five years is £69,000 and the cost of an additional scale 3 Technical assistant post over 5 years is in excess of £123,000, on this basis the purchase of the software offers a more cost effective solution.
- 2.5 With the extension of mandatory licensing, the income from HMO fees will cover the full costs of the software and additional HSEO post, generating a surplus over five years of at least £54,870.

3. Background

- 3.1 Part 2 of the Housing Act 2004 places a mandatory duty on the Local Housing Authority to identify and license certain Houses in Multiple Occupation (HMOs), typically student shared houses and bedsit accommodation. The council is able to charge a fee for each HMO Licence granted to cover the costs of running the service, including staff and IT requirements.
- 3.2 There is currently a requirement to license those HMOs that are occupied by 5 or more people, over three or more storeys, who share a kitchen, bathroom, or WC. As of 17 May 2018, 318 HMOs are currently licensed, and a licence typically lasts for five years. The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 comes into force on 1 October 2018, extending the criteria for mandatory licensing of HMOs to those with 5 or more residents regardless of the number of storeys. Purpose built flats in blocks of three or more flats are excluded from licensing.
- 3.3 The BRE were commissioned in May 2018 to provide stock modelling data on the number of HMOs in Lincoln that meet the current and new criteria for HMO licensing. As there is no data set available for number of occupiers, the report gives properties with four or more bedrooms, with an assumption that one ground floor room will be occupied as a fifth bedroom. The BRE stock modelling system identified 821 HMOs that will be licensable under the new criteria, but this excludes 80 licenced HMOs that could not be address matched giving a final figure of 901 HMOs subject to licensing from 1 October 2018. Due to the difficulty in identifying HMOs this is expected to be a conservative estimate, or minimum.
- 3.4 The HMO licence fee on the council's current fees and charges tariff is £590 for a five bedroom HMO, increasing by 10% for each five bedrooms thereafter, and with a 10% discount for Trusted Landlord. A benchmark exercise of other local authorities in November 2017 found that City of Lincoln has one of the lowest licence fees so there is the potential to review the HMO licence fee with a view to an increase at a future date.

4. Main Body of Report

4.1 Current Process

Currently, a landlord or managing agent, operating a licensable HMO, contacts the private housing team stating that a licence is needed. A paper HMO licence application pack, comprising a 24-page application form and accompanying guidance notes, is sent by post. The applicant is required to send back the completed form together with supporting documents and floor plans.

- 4.2 The application form is cumbersome for landlords to complete and many return incomplete applications, leading to delays in licensing high risk premises, and an impact on staff resources returning invalid applications and chasing up the missing information or documents. It is difficult to keep track of the status of incomplete applications, which impedes enforcement action on unlicensed HMOs. As a result, landlords are able to delay the date when they need to comply with the legislation and pay the licence fee.

- 4.3 Civica APP, the case management software, has been extensively configured for HMO licensing but there are limitations in the system's capabilities particularly in relation to electronic communications and automation of tasks. When a complete application is received, the Technical Assistant re-keys the information from the form into Civica APP. The action diary is used to prompt subsequent actions for the relevant officer. A Housing Standards and Enforcement Officer inspects every HMO to check that amenity and management standards are met. The Licence and other documents are produced in Civica APP, printed and posted. Although APP meets the team's needs from a case management and workflow point of view, the administrative process is time consuming and staff resource intensive. Civica APP is being discontinued by the supplier over the next two to five years and it is not yet known what the replacement system will be. A project looking for potential options for replacement is in early stages. However, likely replacements do not have the required functionality for all aspects of the HMO process currently.
- 4.4 The current system requires manual validation of licence applications and manual compliance checking of licence conditions, which is a lengthy and subjective process and costly in staff resource sending letters to chase missing documents. An internal audit of HMO licensing recommends that automation of licence condition monitoring and renewals would improve the system and reduce risks associated with human error.
- 4.5 **Staffing**
- Two Housing Standards and Enforcement Officers have previously licensed 300 HMOs in five years while carrying out wider housing enforcement duties prioritised according to risk. A Technical Assistant carries out fit and proper person checks and helps with the administrative tasks relating to HMO licensing in addition to other duties. Licence renewals, which are expected to be less complex and to involve compliant landlords, are dealt with by Technical Officers. This means that two HSEOs were processing the equivalent of 30 licence applications each per year.
- 4.6 If the current system is retained without further IT investment, a further Technical Assistant would be needed to process applications when HMO Licensing is extended (further explored in option 2 below). Even with one additional HSEO, at peak times there would be severe pressures on the visiting Officers to inspect all of the HMOs prior to granting licences, leaving little resource for disrepair service requests or empty homes enforcement.
- 4.7 There would also be the need to improve the management of the HMO process within Civica APP and review the application process. The council's Business Development and IT team were asked to develop an online portal for HMO managers to apply for licences, submit electronic documents, and self-administer renewals and compliance of licence conditions such as renewed safety certificates. Although the forms system could produce an online application form, this is complex and would not have the portal capabilities that the service requires. The forms system does not integrate with or replace Civica APP and therefore this solution would not provide a saving in administrative time.

4.8 Proposed Process

Option 1 – Software Solutions

The G Cloud procurement framework was investigated for products on the market that could solve the barriers and gaps in the HMO licensing process. Four products were considered – Rocktime Verso, Idox, Tascomi, and Arcus.

[Idox](#) do not currently produce a HMO licence application system. Idox Regulatory Services provides information and data management, and although they are developing an IApply product this is currently only available for planning and building control and would not work with APP. Idox Uniform is a potential replacement for rather than an enhancement to Civica APP, and would integrate with the Rocktime software also considered below.

[Tascomi](#) covers a number of service areas in one product called “public protection”. This is again more of a replacement for Civica APP as a case management database. It provides simple online transactions but not the portal capabilities that the service requires.

[Arcus](#) produces software for built environment, licensing, and regulatory services but not specifically for HMO Licensing. It is more focused on software for processing and managing workflows with online portals for applications as a small part of that, and would again be more of a replacement for Civica APP.

Rocktime produce a cloud based portal called Verso specifically for managing HMO licence applications. A representative of Rocktime demonstrated the system to officers from Private Housing and Systems teams and this appears to meet our needs. More detail is provided below.

4.9 Preferred Software Solution - Rocktime Verso

Verso is a cloud based system which is able to integrate with Civica APP or Idox, the council’s address gazetteer, the payments system, and companies house. HMO licence applicants complete an online form, which they can save when partially completed and return to complete. The system copies landlord and relevant person data for portfolio landlords to streamline the process, and help buttons provide advice notes, limiting calls to the council for assistance. Licensees receive automatic reminders to update gas safety certificates, to declare compliance with licence conditions, and to renew expiring licences. The system pre-populates licence renewal information saving time for the customer but importantly requiring them to confirm that nothing has changed. These features will save a significant amount of officer time sending requests and reminders, and reduce delays in enforcing licensing requirements.

- 4.10 The licence fee is automatically calculated and a request for online payment automatically generated, linking to our existing online payments system. This protects the projected income from HMO licence fees as payment is made upfront and although there is a small transaction fee (that is already incurred on licence fees currently paid online on receipt of the invoice), online payment saves staff time in both private housing and debtors teams, and supports the council’s aim to deliver services digitally. Verso is flexible to our requirements and the initial set up will include

crossovers to our existing policies such as Article 4 and the Trusted Landlord Scheme. Multiple officers can process each application, with different access permissions.

- 4.11 A Red/Amber/Green rating system indicates to officers if responses given by applicants are likely to cause concern – such as inadequate fire safety and out of date certification. This will reduce senior officer time processing applications and improve consistency in enforcement decisions. An authorised officer still makes the decision to grant or refuse a licence preventing inappropriate grants of licences, but the RAG rating allows lower risk HMO applications to be allocated to a Technical Officer as compliance can be demonstrated, and also for the inspection to be scheduled during the five years of the licence rather than before. Officers can see if a HMO Licence application has been started and not completed, flagging the address as an unlicensed HMO for enforcement action to secure a licence application and associated fee payment. The RAG rating system identifies if the landlord has completed actions to comply with licence conditions, without having to send reminders. This will assist the Rogue Landlord project and longer term housing enforcement.
- 4.12 Verso is used to prepare and send standard documents and will make more use of electronic delivery of correspondence, speeding up the process and reducing printing and postage costs. The system records the status of an application received, draft licence sent, licence granted or due for renewal. Standard and customised reports will assist with performance management. References and a demonstration of the live system from a current user will be sought if the project proceeds.
- 4.13 Rocktime Verso integrates with existing systems and the set up process will be completed to meet the needs of the council. Full integration into Civica APP is subject to the purchase of an additional API, the cost of which is set by Civica and additional to the Verso costs. It is suggested that full integration is postponed until a decision is made on which case management system will be used by the council in future years, only basic case details are input on APP for cross referencing with other services, and most of the case management is done on Verso. Should the replacement of APP be delayed, there may be some interim costs for integration with APP which may need to be considered. Data on existing HMOs will be imported from APP into Verso using excel reporting, so that renewals are processed in Verso for existing licensees. The Verso system is cloud based and so will not impact on IT resources such as space on the servers and back-up requirements. It is possible for the council to host the system but Verso's web hosting is preferred by the BDIT team and offers value for money. The costs of Verso are likely to be contained as calculated in section 6.1.

4.14 **Staffing**

It is estimated that with Verso in place, one further HMO Licensing and Enforcement Officer at grade P01A will be needed from October 2018 on top of the existing 3 establishment posts, to process the total 901 licences required – so a total of four HSEOs are each licensing 45 HMOs a year (around one a week) as well as enforcing against unlicensed HMOs, serving HHSRS notices, progressing empty home CPOs etc. and other enforcement.

The existing Technical Officers will assist with “green” rated applications to manage demand and maintain their knowledge. It is proposed that the RAG rating in Verso will enable some of the higher standard applications or renewals to be passported through

licensing, and compliance checks on these will be carried out during the five years of the licence, allowing the work to be spread over five years rather than in peaks and troughs. The Technical Assistant will be able to manage the additional cases as so much of the work will be automated and documents sent electronically. If the actual number of licensable HMOs is much higher than the BRE data estimates, a further request for additional staff will be submitted, with costs to be met from the scaled up licence fee income.

4.15 **Timeline**

It is essential to have adequate staff, and desirable to complete the implementation of Rocktime Verso, ready for the commencement of regulations extending the scope of HMO licensing in October 2018. The legislative change has increased demand on Rocktime from other authorities so their lead time from order to implementation is 8 to 10 weeks once contracts are signed.

Report to CMT	12 June 2018
Procurement and Project Management documentation	13/6/18 – 4/7/18
Executive Committee	23 July 2018
Verso Development & customisation (10 weeks) starts	2 August 2018
Recruitment	2/8/18 to 15/09/18
Verso testing and training	10 September 2018
Legislative change in force	1 October 2018
Verso Go live	8 October 2018

A project brief for the purchase of Rocktime Verso has been approved by Simon Colburn, Assistant Director Health and Environment.

4.16 **Option 2 – Additional Support Officer**

Without Verso, it is certain that additional staff will be required. In addition to the one Housing Standards and Enforcement Officer proposed in Option 1, a further establishment Technical Assistant at Scale 3 will be needed to deal with the administration of a further 583 licences.

- 4.17 The workload of HMO inspections and condition monitoring will be increased, but the savings on Verso are not enough to add a fifth HSEO post to the establishment. The demand on the Housing Standards and Enforcement Officers to deal with the initial influx of licence applications in October 2018 would be likely to exceed available resources leading to lengthy waiting lists for both HMO Licences and service requests where a hazard has been identified and a duty to take formal enforcement has been identified. It is important to ensure adequate enforcement resources to allow proactive enforcement, building on the successes of the rogue landlord project.

5. **Strategic Priorities**

5.1 Let's deliver quality housing

In line with Vision 2020 priorities, the council's Rogue Landlord project 2017-19 is targeting the Park and Abbey wards of the city to identify substandard housing, including unlicensed and poorly managed HMOs. Meanwhile, the Trusted Landlord Scheme encourages self-regulation, supporting landlords to provide safe and well managed HMOs and improving standards. It is necessary to resource the private

housing team to fulfil its mandatory HMO licensing duties to support these aims.

5.2 High performing services

Regulation 32 of [The Provision of Services Regulations 2009](#) requires licence applications to be accessible electronically through the council's website. The purchase of the proposed software will provide compliance with this requirement and contribute towards the Authority's aim to deliver services digitally.

6. Organisational Impacts [FINANCE, LEGAL AND E & D SECTIONS BELOW ARE MANDATORY, OTHERS TO BE COMPLETED ONLY WHERE THERE IS AN IMPACT]

6.1 Finance (including whole life costs where applicable)

Option 1 – Additional Housing Standards and Enforcement Officer and Verso with HMO Licence fee at current fees and charges tariff of £590 per licence

The upfront capital costs of Verso will initially be funded from the Council's Invest to Save Reserve, transfer via Direct Revenue Financing. The reserve will then be replenished using the revenue savings in 2018/19 – 2020/21. Once the reserve has been replenished the ongoing savings would be contributed to the TFS savings target.

	MTFS 2018-23						
	2018/19	2019/20	2020/21	2021/22	2022/23	Total	
	£	£	£	£	£	£	
Revenue							Additional income generated from new legislation Includes staff costs and support cost of VERSO
Income	(40,870)	(78,460)	(80,650)	(82,910)	(85,240)	(368,130)	
Revenue							
Expenditure	35,120	61,720	62,780	63,790	64,850	288,260	
Net revenue shortfall	(5,750)	(16,740)	(17,870)	(19,120)	(20,390)	(79,870)	MTFS Surplus
Capital							
Expenditure	25,000	-	-	-	-	25,000	
MTFS Surplus	19,250	(16,740)	(17,870)	(19,120)	(20,390)	(54,870)	

Option 2 – Additional FTE Housing Standards and Enforcement Officer and FTE Technical Assistant with no invest to save proposal for Verso with HMO Licence Fee at current fees and charges tariff of £590 per licence

The ongoing savings from this option would be contributed to the TFS savings target

	MTFS 2018-23					Total	
	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £		
Revenue Income	(40,870)	(78,460)	(80,650)	(82,910)	(85,240)	(368,130)	Additional income generated from new legislation Includes staff costs and support cost of VERSO
Revenue Expenditure	41,580	74,870	76,400	77,880	79,780	350,510	
MTFS Surplus	710	(3,590)	(4,250)	(5,030)	(5,460)	(17,620)	MTFS Surplus

6.2 Legal Implications including Procurement Rules

Sections 55 and 61 of the Housing Act 2004 place a mandatory duty on the council to determine HMO licence applications in a reasonable time and to identify unlicensed HMOs. There is a risk of harm to occupiers as well as legal challenge if HMO licence applications are not received and processed in timely manner. Internal audit have recommended improvements to the current HMO licensing procedure and the extension of mandatory licensing to include one and two storey HMOs will present a serious challenge to the private housing team to comply with the authority's duties within current resources.

The appointment of Rocktime would be through the Crown Commercial Service G-Cloud 9 framework and as such is a fully compliant procurement route. The contract term will be for a period of 5 years with the option to extend for a further period of five years.

The BDIT team are satisfied that the Verso system has adequate information security protection to comply with data protection requirements. A Data Privacy Impact Assessment will be carried out prior to implementation.

The enforcement regime required, as outlined above, will require legal resources to support the private housing team.

6.3 Land, property and accommodation

6.4 Human Resources

Both options involve an increase to the established structure of the Private Housing Team. Option one is for one Housing Standards and Enforcement Officer (PO1A). Option two is for one Housing Standards and Enforcement Officer (PO1A) and one Technical Assistant (S3).

6.5 Equality, Diversity & Human Rights

A full EIA has not been completed.

The Provision of Services Regulations 2009 brought into English law an EU Directive whose broad aim is to promote access to services across the EU from within any member state. The Rogue Landlord Project has identified that HMOs in Lincoln are often occupied by vulnerable migrant workers. The provision of an online application portal will have a positive impact for people with nationality other than English, allowing a quick and straightforward way for landlords to apply for licences if they live elsewhere, and safeguarding the health and safety of economic migrants. No negative impacts for any of the protected characteristics are foreseen.

7. Risk Implications

7.1 (i) Options Explored

The preferred option is an invest to save proposal to purchase Rocktime Verso software and to add one Housing Standards and Enforcement Officer Scale PO1a post to the establishment.

The alternative option is to add one Housing Standards and Enforcement Officer post and one Technical Assistant post to the establishment, with no further investment in technology.

7.2 (ii) Key risks associated with the preferred approach

That the anticipated number of HMO licence applications are not received, or that landlords change the occupancy to avoid licensing. This risk is reduced by obtaining up to date stock modelling data from the BRE. The finance model allows for a 20% reduction in HMO numbers from those estimated before option 1 becomes unaffordable.

That the software does not operate as expected. This risk is reduced by seeing a demonstration of the software, procurement through the G Cloud framework, and obtaining references and feedback from an existing user before entering into contract. The implementation, customisation and support costs are agreed upfront to prevent unforeseen costs. A breakdown of staff costs to process a HMO licence shows the staff efficiencies gained by investing in software.

8. Recommendation

8.1 That Option 1 above is approved – that the purchase of Rocktime Verso software proceeds and that a management of change for one additional establishment Housing Standards and Enforcement Officer is commenced.

8.2 That £25,000 is allocated with the General Investment Programme, funded from the Invest to Save Reserve for the purchase of the new Verso System and that the ongoing revenue savings are used to replenish the reserve before being contributed to the TFS Programme.

Is this a key decision?

No

**Do the exempt
information categories
apply?**

No

**Does Rule 15 of the
Scrutiny Procedure
Rules (call-in and
urgency) apply?**

No

**How many appendices
does the report contain?**

None

**List of Background
Papers:**

None

Lead Officer:

Hannah Cann, Private Housing Team Leader
Telephone (01522) 873873

SUBJECT:	CITY CENTRE INTERVENTION PROJECT
DIRECTORATE:	COMMUNITIES AND ENVIRONMENT
REPORT AUTHOR:	SIMON WALTERS, STRATEGIC DIRECTOR OF COMMUNITIES AND ENVIRONMENT

1. Purpose of Report

- 1.1 To gain Executive's approval for the allocation of a maximum of £61k for a twelve month period for the purposes of commissioning a City Centre Intervention team to build on the co- location of the PPASB team and City Centre policing team within City Hall. This team will include an Outreach worker, administrative officer to support the team directly and also the inclusion of project commissioned from the third sector to build up a clear picture of the issues facing those people presenting in the city centre with an objective of providing evidence to secure longer term funding.

2. Executive Summary

- 2.1 Evidence shows that incidents of anti-social behaviour related to addiction to drug and/or alcohol are increasing in the city centre area. A City-wide Strategy Group has defined a framework for intervention designed to offer support to those in need. The objectives of the Strategy Group and the strands of activity are reproduced in Appendix A.
- 2.2 This report refers to one of the three key priorities within this framework – outreach and enforcement. The primary objective of this strand will be to encourage vulnerable clients into support, but for those who reject support and continue to aggressively present in the city centre, intervention may be required. All enforcement will be appropriate to the situation and focus on behaviour that demonstrates criminality and harm to the community. This is not a project about tackling rough sleepers, although there is some cross over in the cohort. This project is about tackling those individuals who are aggressively presenting in the city centre and by their behaviour causing intimidation. Some are rough sleepers, but many are not and have accommodation.
- 2.3 The focus of this report is on the creation of a multi-partner team designed specifically to tackle the issues identified and in particular on the funding of this team.

3. Background

- 3.1 It is recognised that the city centre area has increasing incidents of anti-social behaviour related to addiction to drug and/or alcohol and increased number of

incidents of begging. Following the creation of a citywide Strategy Group in late 2017, we are now in a place to take forward plans for implementing an intervention.

The overall vision is that there will be “No incidence of begging, rough sleeping, illegal drug taking or drunken behaviour in the Public Space Protection Order area or its adjacent areas”

3.2 The Strategy Group defined a framework with the overall objectives of:

- Maintain public safety and reduce the risk of further victims in the city centre
- Reduce further harm (including risk of death) to those living with alcohol/drug addictions or who are living on the streets of Lincoln city centre.
- Reduce the potential for those living with addictions or sleeping rough from being exploited
- Ensure partner actions are as co-ordinated, streamlined, joined up as possible and in doing so, ensure such actions do not inadvertently increase crime or hate
- Working with businesses, maintain the positive reputation of the city as a regional shopping and visitor destination and so support the local economy to expand

3.3 As part of the evidence collected during the formation stages of the framework, a number of measures identified the key issues:

- Over a 9 month period in 2016 there were 330 incidents reported to the police, in 2017 this had risen to 499 incidents of begging, rough sleeping and addiction related ASB
- Towards the end of the 2017/18 year - in February and March 2018 alone there were 106 calls to the police – a number of which were from concerned members of the public worried about the health of those individuals they had witnessed on the streets
- In Q1 (April to June) of 2018/19 we have seen further dramatic increases in calls for service with a total of 243 calls in the three month period – relating to begging, rough sleeping and addiction related ASB
- In addition, in almost the same period March to mid-June 2018 – City Council statistics reveal that across our wider stock - including car parks and public toilets there have been a further 259 incidents – relating to drink, drugs rough sleeping and ASB
- Operation Applaud (an information matching exercise across police, ASB, Addaction, YMCA, P3, Framework) revealed in December 2017, 174 individuals who have been rough sleeping in the city centre over last couple of years and the extent of their engagement with support agencies

- Bailgate Guild are reporting begging several times day most days during the warmer weather and this is indicative of the situation in the city centre also

4. The Multi-disciplinary team

- 4.1 The intervention framework developed has three key strands of action but this report focuses on the intervention that is the third strand - Outreach and Enforcement.

Managing the demand for services – Understand the link between, and level of, persistent begging, rough sleeping, illegal drug taking or drunken behaviour within the city centre. Assess where these individuals are presenting from within city or from elsewhere and their impact on the demand for housing and addiction support services. Sensitively explore positive ways to reduce such demand.

Opening up the supply of support services – Recognising each case is a vulnerable person, explore ways for such vulnerable people to access the support they need. To actively remove barriers preventing access to existing services as well as looking at increasing the capacity/capability to tackle demand i.e. co-ordinating the resources of a range of agencies

Effective Outreach and Enforcement – The primary objective will be to encourage each vulnerable person into support. But for those who have rejected support and continue to aggressively present in the city centre, it will require intervention. All enforcement will be appropriate to the situation and focus on behaviour that demonstrates criminality and harm to the community.

4.2 The concept of a multi-disciplinary intervention team

To maximise impact, a multi-disciplinary team is required to address the multiple issues likely to be encountered as part of outreach and enforcement work within the city centre Public Space Protection Order area.

The concept is to locate the team, drawn from a range of agencies, together in City Hall and ensure it consists of:

- Anti-social Behaviour and Public Protection Team
- City Centre policing team
- Addiction outreach worker
- General support outreach worker
- A Befriending service (still subject to consultation on the best way to achieve this)
- Admin support

It would have been ideal to have included an additional mental health outreach worker – but this is looking unlikely in the short term.

- 4.3 The intervention team is not directly related to homelessness but instead is designed to tackle issues of begging and addiction fuelled ASB. In some cases the vulnerable person *is* homeless, but in many cases they are not – they just choose to locate themselves in the city centre as this is where their social network is and where they can more easily feed their addiction.

The City Centre Intervention Team will be focussed on immediate front line intervention - operating in day time hours to complement the activities of the other key project on street homelessness which will primarily work with night time clients. Note - it is not the same team and objectives differ significantly. Much of the time will need to be spent out with clients, so will need to mirror the times they are around. Primarily there is a need for an outreach worker to work with the PPASB team and Police to make street contacts and referrals as necessary. The team will not only tackle the issues within the PSPO area, but also the same behaviours within some of the public spaces such as City Council car parks on the periphery of the PSPO area.

It is envisaged that the co-location of the PPASB team and Police will be a long term arrangement. However, the rest of the team will be on shorter term secondments. As the interventions within the separate MHCLG bid (which focus on stemming the flow of homeless people into Lincoln) are implemented, then the volume of cases will reduce to those individuals who are not homeless but due to their addictions are causing ASB in the city centre. The size of the team and core skills required will therefore be kept under review. The team will initially be in place for 12 months

4.4 **What is in place already**

Work is already underway to create the nucleus team within City Hall. The CoLC PPASB will form the basis of the team with Lincolnshire Police who have agreed to relocate the City Centre policing team to City Hall. Physical works have been completed to the office to allow relocation.

As the PPASB Team will be a key partner in delivering this intervention, it is proposed that dedicated PPASB resource will be given to the project. This is likely be an officer for 2.5 days per week. As such this project will be given a degree of priority over some routine service requests, which is felt necessary in order to ensure that such a key project has the best chance of succeeding. The possible consequence of this is that some lower level work may be redistributed amongst the PPASB team or wider teams, which could lead to a slightly longer response time, or occasionally a decision not to action. This would always be risk based and largely dependent upon overall demand on the service. The PPASB admin team will as always ensure that customers are made aware of likely response time frames in order to manage expectations appropriately.

The City Council is sourcing administration support for the project, partly from the PPASB team, partly from a corporate resource and partly from additional support from the Police. The admin officers will support the team develop the full project plan, help co-ordinate activity, keep up to date the list of known vulnerable individuals presenting themselves in the city centre and provide appropriate data from sensitive police databases when needed.

4.5 What else is needed

In order to complete the team there ideally needs to be:

A Specialist outreach worker tackling addiction issues -The team needs a specialist addiction outreach worker from Addaction, who can support those cases with serious addiction issues - and explore pathways to ensure referrals are fast tracked into support. This outreach worker would need to be based with the joint City Centre Team to maximise the results.

The proposal is for a secondment from Addaction at a cost of £40k + up to £5k expenses

A Generic Outreach worker – an individual who would offer a mix of administration support and general outreach work, building relationships with vulnerable individuals in the city centre and encouraging them into a support pathway based on their needs. For serious issues encountered, they would be able to call on the specialist outreach worker from Addaction.

The proposal is for Lincoln BIG to supply an experienced resource at a cost to them of £10k, with a £5k contribution from the City Council and £5k from the Clinical Commissioning Group

Befriending service: Someone to help vulnerable individuals with chaotic lifestyles to navigate the system. The concept here is that a befriender will work with individuals to ensure they attend medical appointments, addiction/mental health meetings etc. to help support them to “stay in the system” in the early stages of an intervention. This prevents a cycle of outreach worker making initial appointments and then it ‘falling apart’ as the individuals forget appointments etc. At the time of writing this report this model is still being developed and so it is envisaged this may be added to the team at a later date, once the operational issues have been resolved.

Longer term Research project: led by Development Plus who are experienced with the client groups the scheme would be to undertake a targeted piece of work, talking directly to the client group identified namely those individuals who frequent the streets of the City Centre, in particular those who are either causing ASB or are under the influence of drugs that do have a fixed abode but choose not to recognise this. Development Plus might be able to arrange for referrals to take place straight away if appropriate support is available, but ultimately the aim is to collate enough information/case studies to develop a future project which would have the participant at the centre, supported directly by a 1-1 coach/mentor and then a number of additional support providers that collectively offer a rounded/holistic package enabling the participant to move forward in a productive manner. This research would enable the city centre Strategy Group to base a longer term intervention on the findings of this research

The cost of this research project is £10,732

4.6 Next steps

Action plans are currently being drawn up and as well as the interventions already described will include:

- Exploring delegation of defined police powers for specific topics to agencies working in the city centre including the City Councils PPASB team (this would be subject to another report to Executive prior to commencement)
- Utilising the city centre CCTV system to identify key areas for outreach/enforcement work to better target on the ground resources
- Implementing a communications campaign from late summer of 2018
- Engaging with the magistrates association to raise awareness of the strategy and to encourage them to support the use of positive requirements during sentencing
- Exploring further longer term funding opportunities

4.7 Timeframes

The focus is on bringing a team together from August 2018 on a one year pilot basis.

Key to this timescale will be the recruitment/allocation of the various proposed team members.

5. Strategic Priorities

5.1 Let's drive economic growth

The project is not targeting growth, but good results will mitigate the risks of losing both retail customers and tourists, if the increased incidents of ASB in the city centre are not reduced.

5.2 Let's reduce inequality

There should be positive effects on those people that we are able to engage with and bring into support situations. Enforcement is the final resort not the initial action – and will be proportionate to the crime or where ASB is present.

5.3 Let's deliver quality housing

There will be strong links and cross referrals between the team and the “sister” projects tackling rough sleeping and homelessness generally

5.4 Let's enhance our remarkable place

There will be a definite improvement to both the actual and perceived safety levels of residents/visitors and workers in the city centre. The future of our vibrant city centre depends on our ability to take it forwards in a positive way – distinguishing Lincoln from other areas.

5.5 High performing services

The performance of our PPASB team will be much improved through closely aligned working with key partners. Also any evidence gained as a result of data analysis will support future activity

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

- 1) Specialist outreach worker – cost of £40k plus up to £5k expenses, to be covered by CoLC
- 2) Generic Outreach worker – cost of £20k to be covered by Lincoln BIG (£10k); City Council (£5k) and the Clinical Commissioning Group (CCG) (£5k)
- 3) Research project – Cost £10,732

The City Council are taking the lead with the Police and Lincoln BIG on bringing this team together. The maximum cost of £61k for this one year pilot scheme will be funded from the additional resource set to be achieved from the Business Rates Retention Pilot 2018/19.

6.2 Legal Implications including Procurement Rules

There is likely to be a need to develop a separate Information Sharing Agreement for this project

Procurement of the Outreach worker will be through the existing contract between LCC and Addaction.

The long term research project is a direct approach to Development Plus, utilising the specialist skills they have in dealing with related client groups

This project will also potentially have an implication on legal services, both in relation to the delegation of police powers for city council officers and for any inevitable enforcement of powers. This will be the subject of a further report prior to implementation.

6.3 Land, property and accommodation

To accommodate the full team, the use of room 501, adjacent to the existing PPASB team, will be arranged for the project for the period of a year.

6.4 Human Resources

If defined Police Powers are delegated, this will need to be considered as part of the role description and for risk assessments, hence as noted above would be subject to a further report prior to implementation

6.5 Equality, Diversity & Human Rights – a full EA has been completed (Appendix B)

7. Risk Implications

7.1 (i) Options Explored – to do nothing = not acceptable

Just take immediate enforcement action – not considered as appropriate. Many of the cohort involved live chaotic lifestyles that means that they do require support and this must be offered first. Enforcement activity will be

the last resort for non-engagement and only when there is ASB/criminal activity occurring.

- 7.2 (ii) Key risks associated with the preferred approach
1. Inability to achieve sufficient funding – addressed through this committee report
 2. Timing - project ready to start – could come too late in the year, although as a yearlong project experience will be gained over the quieter autumn and winter months ready for spring/summer 2019. It is still anticipated the team will have effect from August 2018.
 3. Activity doesn't have the desired effect – the project will be kept under constant review and its strength is the flexible approach used. If issues are experienced then the intervention will be changed
 4. No engagement from vulnerable people. Should this occur and ASB results then enforcement action will be taken. Indeed the PPASB team are currently preparing 8 cases for court for individuals who are causing ASB and not engaging with support agencies.
 5. Inadvertent increase in crime elsewhere. Again this will be kept under review and the geographical remit of the team review accordingly
 6. Reputational risks to all partners if public fail to understand the nature of the intervention. This is unlikely as the focus is very much on support for the individuals targeted with enforcement a last resort.

8. Recommendation

- 8.1 Executive is asked to consider the report and approve the creation of a multi-agency team and the allocation from the Business Rates Retention pilot 2018/19 monies, of:

- i) A maximum of £45k for an addiction outreach worker for a period of 12 months
- ii) A maximum of £5k as a contribution to the administrative support/general worker for the project, in partnership with Lincoln BIG
- iii) A maximum of £11k for the research project delivered by Development Plus which will form the evidence base for a longer term intervention through the city centre strategy group

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Two – Strategy charts and EA

List of Background Papers:

None

Lead Officer:

Pat Jukes, Business Manager, Corporate Policy
Telephone (01522) 873657

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CITY OF
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COUNCIL

City Centre Issues – an Intervention Framework

Simon Walters, DCE

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Lincoln's ambitious future



Vision and objectives

VISION:

No incidence of begging, rough sleeping, illegal drug taking or drunken behaviour in the Public Space Protection Area (and adjacent areas)



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Vision and objectives

OBJECTIVES

Maintain public safety and reduce the risk of further victims in the city centre

- Reduce further harm (including risk of death) to those living with alcohol/drug addictions or are begging on the streets of Lincoln city centre
- Reduce the potential for those living with addictions or begging or sleeping rough from being exploited
- Ensure partners actions are as co-ordinated, streamlined, and joined up as possible
- Maintain the positive reputation of the city as a regional shopping and visitor destination and so support the local economy to expand



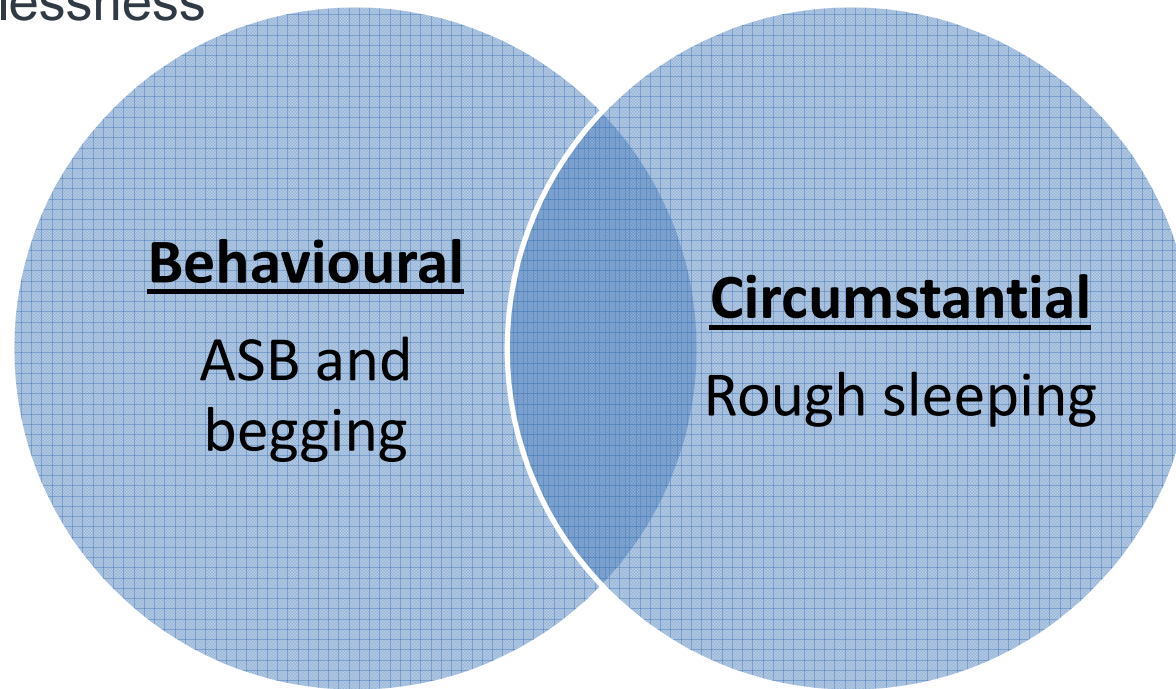
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Two inter- related issues

The overall programme aims to tackle Begging and addiction fuelled ASB, although the Venn diagram below shows that there is an overlap with homelessness



Not all “homeless” people begging on the streets are actually homeless
Not all rough sleepers are causing ASB or criminal behaviour



The Strategy Group

The Strategic Group brought together in 2017 includes partners from:

- Active Faith
- City of Lincoln Council
- Clinical Commissioning Group
- Lincoln Business Improvement Group
- Lincolnshire County Council
- Lincolnshire Partnership Foundation Trust
- Member of Parliament for Lincoln
- Police
- Police and Crime Commissioner
- Public Health



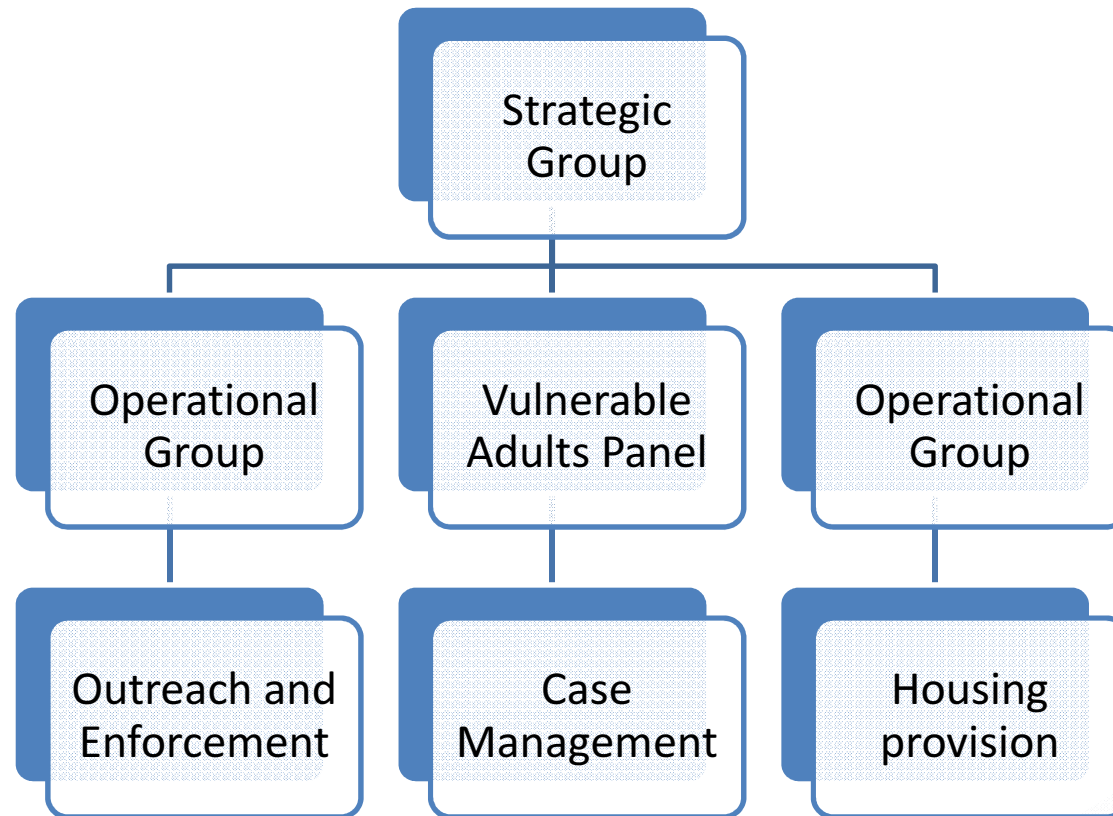
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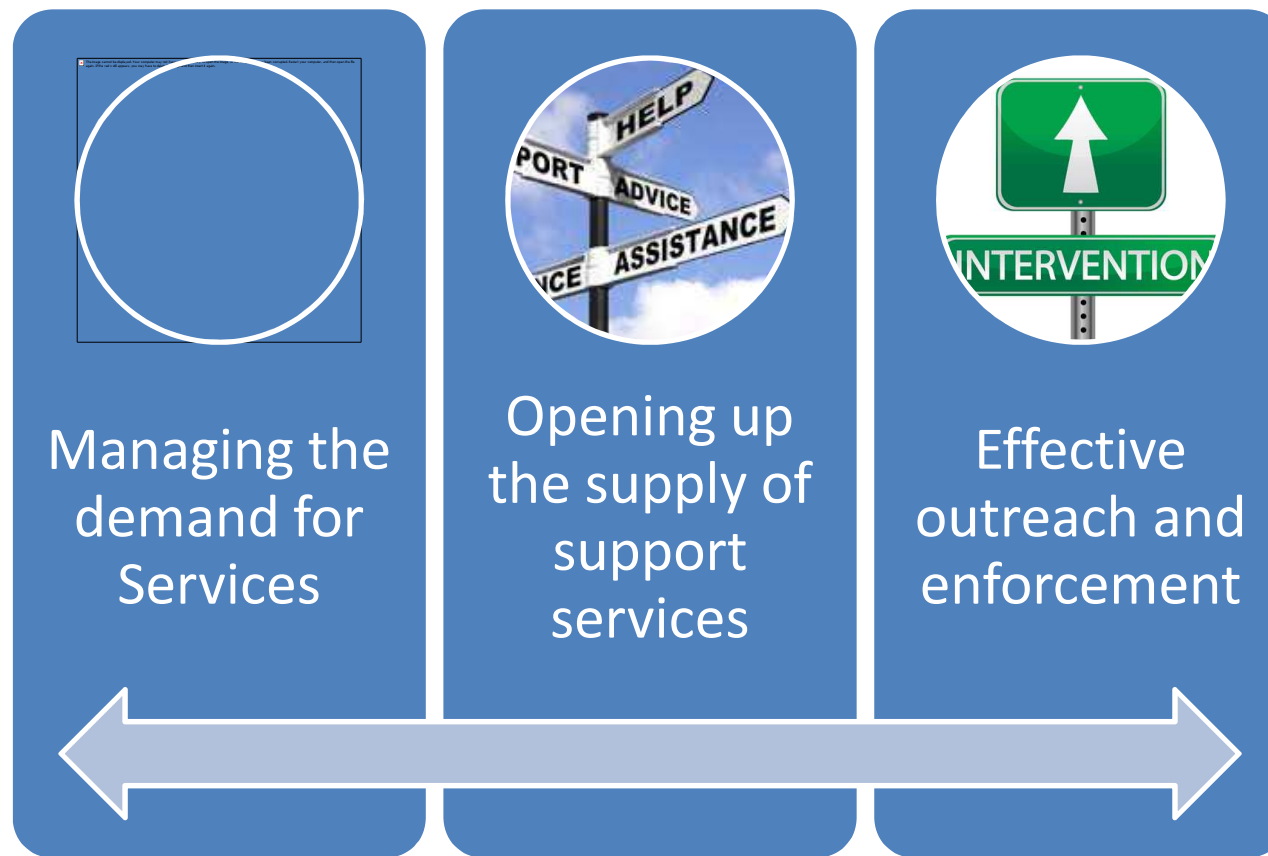
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The Strategy Group

The governance arrangements are:



There are three strands of activity



Managing the demand for services

Focus to be placed on:

- Understand where demand is coming from and reduce it- be it rough sleepers or beggars/ vulnerable addicts converging on the city centre

For rough sleepers:

- Reconnect them with their home town/city quickly or if from Lincoln - into support
- Work with partners to increase day time provision

For begging and addition fuelled ASB:

- Launch a diverted giving scheme
- Work with police to tackle presence of drugs in city centre



Opening up the supply of support services



Focus to be placed on opening out access to support - exploring ways for vulnerable people to access the support they need by:

- Work with the Social Impact Bond (Action Lincs) to ensure rough sleepers are in support
- Development of a Vulnerable Adults Panel
- Seek funding to commission drug, alcohol and mental health outreach work
- Ensure the pathway into support is speeded up
- Undertake “buddying” work to help individuals engage properly with the agencies there to help



Effective Outreach and Enforcement



Focus to be placed on encouraging vulnerable persons into support. But as a last resort...enforcement will focus on behaviour that demonstrates criminality and harm to the community.

- Communications campaign to launch the overall strategy
- Exploring the delegation of police powers
- Creation of a multi- agency City Centre team starting with the co-location of the PPASB and Police teams at City Hall
- Utilisation of the new CCTV system to target resources
- Co-ordinated “outreach and enforcement” days of action
- Engage with magistrates association to support the use of positive requirements during sentencing



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Rough Sleeping Grant from MHC&LG

In addition, we have received just under £377,000 to be spent before the end of March 2019 and have been invited to bid for further funding for 2019/2020

In summary we have received funding for :

- A Rough Sleeper Co-Ordinator and 2 specialist Housing Options Officers (CoLC)
- An additional Outreach Worker (P3) and a specialist Addiction and Mental Health Worker to work alongside the Outreach Team
- Additional funding for the YMCA to extend the opening hours of the night-shelter
- Recommissioning of the Cornerhouse project for rough sleepers with complex needs

The focus is to prevent the flow of rough sleepers into Lincoln, reconnection, emergency accommodation, specialist outreach support, specialist supported accommodation and prevention of future rough sleeping



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Our four strategic priorities

Let's drive
economic
growth

Let's reduce
inequality

Let's deliver
quality
housing

Let's enhance
our remarkable
place



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SECTION A

APPENDIX B

Name of policy / project / service	City centre intervention – Outreach and Enforcement Project
Background and aims of policy / project / service at outset	<p>It has been recognised that the city centre area has increasing incidents of anti-social behaviour related to addiction to drug and/or alcohol. Following the creation of a citywide Strategy Group in late 2017, we are now in a place to take forward plans for implementing an intervention contributing to the overall framework of action.</p> <p>The overall vision is that there will be “No incidence of begging, rough sleeping, illegal drug taking or drunken behaviour in the Public Space Protection Order area or its adjacent areas”</p> <p><u>Effective Outreach and Enforcement</u> – The primary objective will be to encourage each vulnerable person into support. But for those who reject support and continue to aggressively present in the city centre, it will require intervention. All enforcement will be appropriate to the situation and focus on behaviour that demonstrates criminality and harm to the community.</p>
Person(s) responsible for policy or decision, or advising on decision, and also responsible for equality analysis	<p>Simon Walters is the Sponsor Director and thus responsible for the project direction. A permanent project manager has yet to be appointed.</p>
Key people involved <i>i.e. decision-makers, staff implementing it</i>	<p>Frances Bell – PPASB and Licensing Manager PPASB team member – TBC Pat Jukes – acting Project manager</p>

SECTION B This is to be completed and reviewed as policy / project / service development progresses

	Is the likely effect positive or negative? (please tick all that apply)			Please describe the effect and evidence that supports this and if appropriate who you have consulted with*	Is action possible to mitigate adverse impacts?	Details of action planned including dates, or why action is not possible
	Positive	Negative	None			
Age			X	Evidence has been gathered on the number of incidents happening which has led to this intervention. The focus is on ASB which could be from any group. However, there are more males in this category than females. We do not currently have an age breakdown of likely clients, although this is available through Police data. Over a 9 month period in 2016 there were 330 incidents reported to the police, in 2017 this had risen to 499 incidents of begging, rough sleeping and addiction related ASB. In February and March 2018 alone there were 106 calls to the police. Operation Applaud (an information matching exercise across police, ASB, Addaction, YMCA, P3,	Yes/No/NA	We do recognise that should we come across vulnerable people with mental health problems – especially under the age of 25 and over 50 – we will follow the directed routes for support
Disability including carers (see Glossary)	YES				Yes/No/NA	Intervention will help those with long term mental health issues to access support that they need.
Gender re-assignment			X		Yes/No/NA	We recognise that this could be a contributing factor to the lifestyle choices of some and if identified as such the team will signpost individuals in the correct direction.
Pregnancy and maternity			X		Yes/No/NA	
Race			X		Yes/No/NA	
Religion or belief			X		Yes/No/NA	

Sex			X	Framework) revealed 174 individuals who have been rough sleeping in the city centre over last couple of years and their extent of engagement with support agencies	Yes/No/NA	
Sexual orientation			X	In Q1 (April to June) of 2018/19 we have seen further dramatic increases in calls for service with a total of 243 calls in the three month period – relating to begging, rough sleeping and addiction related ASB.	Yes/No/NA	We recognise that this could be a contributing factor to the lifestyle choices of some and if identified as such the team will signpost individuals in the correct direction.
Marriage/civil partnership			X		Yes/No/NA	
Human Rights (see page 8)	YES – Freedom from degrading treatment	YES – Freedom of Assembly and association		There will be positive effect on a number of vulnerable adults currently needing support for addiction. However, the project does have the impact of stopping a few individuals from living the life they choose – where ASB is a part of it. We recognise that this action could be considered to have both positive and negative Human Rights impacts:- e.g. 1) Positive - Freedom from degrading treatment 2) Negative – Freedom of assembly and association	Yes	An outreach worker will support individuals causing ASB in the City centre, helping them get appropriate help. If this is refused and there is no engagement, then ultimately enforcement may occur. We will ensure that any actions taken will respect Human Rights

Did any information gaps exist?	Y/N/NA	If so what were they and what will you do to fill these?
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SECTION C

Decision Point - Outcome of Assessment so far:

Based on the information in section B, what is the decision of the responsible officer (please select one option below):

Tick here

- **No equality or human right Impact** (your analysis shows there is no impact) - sign assessment below []
- **No major change required** (your analysis shows no potential for unlawful discrimination, harassment)- sign assessment below [X]
- **Adverse Impact but continue** (record objective justification for continuing despite the impact)-complete sections below []
- **Adjust the policy** (Change the proposal to mitigate potential effect) -progress below only AFTER changes made []
- **Put Policy on hold** (seek advice from the Policy Unit as adverse effects can't be justified or mitigated) -STOP progress []

Conclusion of Equality Analysis (describe objective justification for continuing)	The potential impacts on some groups have been recognised in terms of both protected characteristics and Human Rights. Consideration will be given to all impacts when actions are undertaken.		
When and how will you review and measure the impact after implementation?*	Ongoing reviews will include the Equality Characteristics and the Human Rights impacts to ensure there is no discrimination		
Checked and approved by responsible officer(s) (Sign and Print Name)	Pat Jukes	Date	3 rd July 2018
Checked and approved by Assistant Director (Sign and Print Name)	Simon Walters	Date	3 rd July 2018

When completed, please send to policy@lincoln.gov.uk and include in Committee Reports which are to be sent to the relevant officer in Democratic Services

The Equality and Human Rights Commission guidance to the Public Sector Equality Duty is available via: www.equalityhumanrights.com/new-public-sector-equality-duty-guidance/

SUBJECT:	PROTOCOL FOR TRANSITION FROM CHILDREN'S SERVICES TO ADULT RELATED SUPPORT AND (SEMI) INDEPENDENT LIVING
DIRECTORATE:	DIRECTORATE OF HOUSING AND REGENERATION
REPORT AUTHOR:	ALISON TIMMINS, HOUSING SOLUTIONS AND SUPPORT MANAGER

1. Purpose of Report

- 1.1 To update Executive on the Council's Corporate Parenting responsibilities and to request signing and adoption of the Protocol for Transition from Children's Services to Adult Housing Related Support and (Semi) Independent Living.

2. Executive Summary

- 2.1 Local authorities are subject to new legislation, namely the Children and Social Work Act 2017 and the Homelessness Reduction Act 2017, which place a new 'Corporate Parenting' duty on the authority.
- 2.2 The Council has been working in partnership to develop a protocol which sets out how the partners will work together to deliver the requirements of the legislation, and to make the transition from care leaver or looked after child, into independent living, as seamless as possible.

3. Background

- 3.1 Local authorities must have regard to the seven corporate parenting principles identified in section 1 of the Children and Social Work Act 2017 when exercising their functions in relation to looked after children and care leavers (former relevant children).

The principles are applicable to all local authorities in England whether they are, or were, the local authority looking after a particular child/young person. They apply to the whole local authority and not just to children's services functions. They apply only to local authority functions that are exercised in relation to looked after children and care leavers.

The principles state that in order to thrive, children and young people have certain key needs that good parents generally meet. The corporate parenting principles are as follows:

- to act in the best interests, and promote the physical and mental health and well-being, of those children and young people
- to encourage those children and young people to express their views, wishes and feelings

- to take into account the views, wishes and feelings of those children and young people
- to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners
- to promote high aspirations, and seek to secure the best outcomes, for those children and young people
- for those children and young people to be safe, and for stability in their home lives, relationships and education or work, and
- to prepare those children and young people for adulthood and independent living.

4. Development and Adoption of the Protocol

- 4.1 The Protocol has been jointly developed and agreed between Lincolnshire Children's Services, Adult Care and Community Wellbeing, District Councils and DWP. For the City Council, the Housing Solutions and Support Manager has led on the development of the document.
- 4.2 The purpose of the document is to define the arrangements that need to be in place within the Local Authority (primarily between Children's Services, Adult Care and Community Wellbeing, and District Councils but also including other stakeholders such as Department for Work and Pensions) in relation to when a young person soon to turn, or already, 18 years of age, or 21 years if a care leaver, is receiving support within the Children's Services Commissioned Youth Housing contract. It relates also to the Single Gateway Protocol developed by Children's Services and District Councils covering 16-17 year olds presenting as, or deemed to be at risk of, being homeless.
- 4.3 In addition to the requirement set out in Section 1 of the Children and Social Work Act 2017, which requires the City Council to have regard to the principles set out in paragraph 3.1 (above) when exercising its functions in relation to looked after children and care leavers, there is also a statutory requirement in the Homelessness Reduction Act 2017 to offer a local connection to any Lincolnshire care leaver when making a homelessness application.
- 4.4 Whilst it is encouraged, the council is at liberty to choose to offer a local connection to any Lincolnshire care leaver when they make an application to join the Housing Register.
- 4.5 The County Council has 'corporate parenting' responsibilities for around 180-200 children and young people at any one time. We have received assurances from County Council Officers that the City Council is likely to receive only a handful of applications from care leavers on an annual basis. The City Council has also advised the County Council that we will use our best endeavours to provide suitable housing for these young people but that, given the high demand for single persons housing with the city, we will need to utilise the private sector where appropriate. Given the assurance from the County Council officers, it is proposed that the City Council offers a local connection to any Lincolnshire care leaver wishing to join the Housing Register.

5. Strategic Priorities

5.1 Let's deliver quality housing

Adoption of the protocol helps to ensure that looked after children and care leavers are appropriately and suitably housed.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

No significant financial implications.

6.2 Legal Implications including Procurement Rules

Legislative requirement in accordance with the Children and Social Work Act 2017 and the Homelessness Reduction Act 2017.

6.3 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required)

Positive effect on young people.

7. Risk Implications

7.1 There may be a risk involved with granting local connection to all Lincolnshire care leavers in relation to the Housing Register. The City is a popular area in which to live and if significant numbers of care leavers express a desire to reside in the city, despite having no local connection to the area, this could result in a shortage of suitable accommodation meaning further delays for all applicants. County Council officers have offered assurance that the City Council will receive only a handful of such applications on an annual basis. This will be monitored by the Housing Solutions Team.

8. Recommendation

8.1 That Executive gives approval for signing and adoption of the Protocol for Transition from Children's Services to Adult Housing Related Support and (Semi) Independent Living.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	One

List of Background Papers:

None

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Protocol for Transition from Children's Services to Adult Housing Related Support and (Semi) Independent Living

1.0 Purpose

1.1 Overview

The purpose of this document is to define the arrangements that need to be in place within the Local Authority (primarily between Children's Services, Adult Care and Community Wellbeing, and District Councils but also including other stakeholders such as Department for Work and Pensions [DWP]) in relation to when a young person soon to turn, or already, 18 years of age, or 21 years if a care leaver, is receiving support within the Children's Services Commissioned Youth Housing contract. It should be read in conjunction with the Single Gateway Protocol developed by Children's Services and District Councils covering 16-17 year olds presenting as, or deemed to be at risk of, being homeless.

This Protocol has been jointly developed and agreed between Lincolnshire Children's Services, Adult Care and Community Wellbeing, District Councils and DWP.

1.2 Contents

This protocol outlines the:

- statutory responsibilities of Lincolnshire County Council (LCC) and District Councils
- current support available for 16/17yr olds and care leavers up to 21yrs within Children's Services and from District Councils
- provision currently in place and able to assist young people still needing support as they turn 18 (or 21 if a care leaver and up to 25, where applicable), or for those who may be able to go on to live independently
- process in place for 16/17yr olds and care leavers up to 21yrs to access support i.e. The Single Gateway
- transition process for a young person soon to turn 18, or 21 if a care leaver, to access Adult Housing Related Support services already commissioned by Lincolnshire County Council via established referral pathways i.e. The Avenue
- transition process for a young person through District Councils to access alternative accommodation, both private sector and social housing, for those young people who can live independently

1.2 Guiding Principles

Local authorities must have regard to the seven corporate parenting principles identified in section 1 of the Children and Social Work Act 2017 when exercising

their functions in relation to looked after children and care leavers (former relevant children).

The principles are applicable to all local authorities in England whether they are, or were, the local authority looking after a particular child/young person. They apply to the whole local authority and not just to children's services functions. They apply only to local authority functions that are exercised in relation to looked after children and care leavers.

The principles state that in order to thrive, children and young people have certain key needs that good parents generally meet. The corporate parenting principles are as follows:

- to act in the best interests, and promote the physical and mental health and well-being, of those children and young people
- to encourage those children and young people to express their views, wishes and feelings
- to take into account the views, wishes and feelings of those children and young people
- to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners
- to promote high aspirations, and seek to secure the best outcomes, for those children and young people
- for those children and young people to be safe, and for stability in their home lives, relationships and education or work, and
- to prepare those children and young people for adulthood and independent living.

2.0 Contracts and Arrangements

2.1 Children's Services

Support hours are commissioned for young people aged 16/17yrs, or up to 21yrs if a care leaver, via a contract agreement with Lincolnshire Support Partnership (LSP). This contract is in place until 30 June 2020.

This is a consortium contract; Nacro are the lead provider, in partnership with LEAP and Axiom until 30 June 2018 - thereafter, only Nacro and LEAP - with Nacro continuing as the lead provider.

Over 200 young people are supported each year via the LSP contract, around 70 at any one time thus removing the risk of homelessness and helping all Councils within Lincolnshire to meet their statutory requirements.

Historically, almost 92% of young people are supported to move-on within twelve months of accessing supported accommodation, with over nine-tenths of those recording a 'positive' move-on i.e. a planned move helping to move-on to suitable and appropriate accommodation, including returning home.

2.2 Adult Care and Community Wellbeing

Adult Care and Community Wellbeing Housing Related Support Services commenced in July 2015.

The service model comprises of:

- emergency (up to 3 months) and non-emergency (up to 6 months) accommodation-based support for homeless adults (18yrs +)
- a county-wide 'floating' support service for those at risk of homelessness
- a rough sleeper outreach service.

Domestic Abuse refuge accommodation and mental health crisis houses were also tendered for under this commissioned service. Domestic Abuse refuges are only for adults aged 16yrs plus seeking refuge from domestic abuse. Mental Health crisis houses can only be referred to by the Crisis Resolution and Home Treatment Team (CRHT) provided by Lincolnshire Partnership NHS Foundation Trust (LPFT). Mental health crisis houses are procured and contract managed by LCC on the commissioner's – LPFT - behalf.

As with the Children's Services contract, it is important to note that Adult Care and Community Wellbeing only fund support. Where support is accommodation-based the accommodation is funded through the service user paying rent, often through housing benefit provided by District Councils.

Contracts are in place for this with Framework, LSP (comprising of Nacro and Axiom) and The Salvation Army. P3 provide the county-wide Floating Support and Street Outreach Service while West Lincolnshire Domestic Abuse Service (WLDAS) and Nottinghamshire Community Housing Association (NCHA) provide the refuges. Richmond Fellowship provides the Crisis Houses.

A decision has been taken to extend the existing Housing Related Support contracts until 30 June 2019 to enable a full review to take place to ensure the service provision continues to be fit for purpose with current and new changes around the homeless populations and related legislation.

2.3 District Housing Authority's arrangements and housing options

District housing authorities are required to provide a housing advice service to those resident in their area; this is extended to those who may live outside the area but have a local connection.

Each local housing authority in England must provide or secure the provision of a service, available free of charge to any person in the authority's district, providing information and advice on:

- preventing homelessness
- securing accommodation when homeless
- the rights of persons who are homeless or threatened with homelessness, and the duties of the authority
- any help that is available from the authority or anyone else for persons in the authority's district who are homeless or may become homeless (whether or not they are threatened with homelessness), and
- how to access that help.

The service must be designed to meet the needs of persons in the authority's district including, in particular, the needs of:

- persons released from prison or youth detention accommodation
- care leavers
- former members of the regular armed forces
- victims of domestic abuse
- persons leaving hospital
- persons suffering from a mental illness or impairment, and
- any other group that the authority identify as being at particular risk of homelessness in the authority's district.

The service covers a household's housing rights and responsibilities, and the options available. There is a variety of assistance available such as to assist with remaining in their current home, how to access suitable alternative accommodation, support to negotiate with landlords/family members, managing debts, domestic abuse, discretionary housing payments, and rent advance or deposit guarantee schemes etc.

3.0 Statutory Responsibilities

3.1 In accordance with Guidance from Secretary of State Housing Act 1996 – Part 6 Allocation of Accommodation

- s159 a local authority shall comply with the provisions of Part 6 in allocation housing accommodation
- s162 every local housing authority shall establish and maintain a register of qualifying persons (the housing register)
- s166 a local housing authority shall secure advice and information is available free of charge to persons in their district about the right to make an application and any necessary assistance in making such an application is provided

- s167 every local housing authority shall have a scheme (their allocation scheme) for determining priorities and as to the procedure to be followed, in the allocating housing accommodation.

Housing Act 1996 – Part 7 Accessing services

- In accordance with s179, as amended by the Homelessness Act 2002 and Homelessness Reduction Act 2017, to provide an advice service to residents in their area
- In accordance with s184, if the housing authority has reason to believe the applicant may be homeless or threatened with becoming homeless, they will make enquiries as to whether they are eligible for assistance and if so, what duty is owed.

Children Act 1989 – Part 3

- The primary responsibility for a child in need who requires accommodation, including a 16 and 17 year old who is homeless lies with the relevant children's services authority. The Children Act 1989 (section 20) places a duty on children's services authorities to accommodate a child in need, and in almost all circumstances a homeless 16-17 year old would be a child in need.
- A Duty under section 20 of the 1989 Act takes precedence over the Duties of the 1996 Act in providing for children in need who require accommodation.

Children & Social Work Act 2017 - Section 3

- A new duty which requires the Local Authority to offer Personal Assistance (PA) support to all care leavers up to age 25, irrespective of whether they are engaged in education or training. This includes care leavers who return at any point after the age of 21 up to age 25 that request PA support.

4.0 Current Provision

4.1 Children's Services

4.1.1 Support Offer

The LSP contract currently delivers support hours for 16/17 year olds, up to 21 if a care leaver, as laid out in Table 1 below.

There are three main elements:

- General Needs - offering 8 hours support per week per bed-space, plus 'floating hours' to support the young person when transferring to move-on accommodation
- Complex Needs - for young people with more challenging support needs offering 33- 40 hours support per week per bed-space depending on needs of the young person and location

- Young parents - offering 10 hours support per week per bed-space

Access to this support is via the Single Gateway described in more detail within section 5.0 of this document.

Table 1 – From 1st July 2018			
District	Number of bed-spaces per District and type of supported hours		
	General Needs	Complex Needs	Young Parent(s)
Boston	6	3	1
Grantham	2	8	2
Lincoln	36	5	7
Totals	44	16	10

4.1.2 Criteria

Lincolnshire County Council has a duty to ensure looked after children are accommodated appropriately and to support care leavers to access suitable accommodation. The Local Authority is committed to ensuring there is sufficient and suitable accommodation across Lincolnshire through regular needs analysis and the commissioning of appropriate services.

The focal points within the contract are:

- effective assessment of need
- care pathway and support planning
- outcomes focused and young person centred support
- collaborative working to support vulnerable young people
- timely, appropriate, and effective move-on

Young people's needs may be complex and/or multiple, requiring joint assessment with other relevant and/or specialist agencies through mechanisms such as Team Around the Child (TAC). For example, the young person could be in the criminal justice system; and/or be experiencing substance misuse; and/or have mental health issues; and/or have a learning difficulty etc.

LSP will provide young people with varying levels of support according to the needs of the individual. All young people help to create and agree their own support plan, which is reviewed as a minimum every 6 weeks. Support is expected to reduce as the young person's skills and confidence increase aiming to deliver agreed outcomes in time for the young person's move-on

arrangements. To facilitate this young people are supported to develop independent living skills e.g. budgeting and maintaining a tenancy.

Where a young person will need ongoing housing related support beyond their 18th birthday, or 21st birthday if a care leaver (i.e. as they move from Children's Services towards adulthood), and it is felt that Adults Housing Related Support is the best option for that young person, LSP will help the young person to make an application to Adults Housing Related Support (described in more detail in Section 4.2) by referring directly to Public Health who will co-ordinate the referral.

If it is considered that a young person at this time can live independently and they will no longer require supported accommodation, LSP will help the young person make a Housing Application and consider all their housing options. Applications can be made to all the relevant organisations including the District Council and the private sector. Or, when appropriate and depending on availability, LSP will support the young person to move-on into properties owned by either Nacro or LEAP. These are not commissioned bed-spaces and do not offer any support hours beyond any housing intensive management arrangements the provider may have in place.

Where appropriate, Children's Services will consider, upon request from housing partners, relevant financial support for care leavers up to the age of 21 years in (semi) independent accommodation to help them transition to, and sustain, their tenancy. See Appendix 1.

4.2 Adult Care and Community Wellbeing

4.2.1 Housing Related Support

Adult Care and Community Wellbeing's Adults Housing Related Support is shown in Table 2 and Table 3 below (NB: the unit amounts are for all Adults aged 18yrs plus, not exclusively for young people leaving Youth Housing).

Support can be accessed through 'The Avenue', an electronic referral gateway for professionals. (NB: The service user cannot self-refer through this system, although exceptions are in place for the Domestic Abuse Refuge Accommodation and the Crisis houses.)

Table 2 - Accommodation-based services						
Provider & Area Covered	Units of Emer-gency	Total hours of service per week	Location	Units of Non-Emer-gency	Total hours of service per week	Location
Framework – Boston	7	105	Boston	28	168	Boston
Framework – Lincoln	14	210	Lincoln	57	342	Lincoln
Framework – North Kesteven	5	75	Lincoln	21	126	Sleaford and Bracebridge Heath
Framework – South Holland	5	75	Spalding	22	132	Spalding
Salvation Army – East Lindsey	9	135	Skegness	37	222	Skegness
Lincolnshire Support Partnership – South Kesteven	7	105	Grantham	30	180	Grantham
Lincolnshire Support Partnership – West Lindsey	6	90	Market Rasen	24	144	Market Rasen and Gainsborough
Mental Health crisis bed-spaces (commissioned by LPfT) Access to the service will be based on need, is via referral through CRHT and is between the hours of 8 am and 10 pm, 7 days a week, to prevent hospital admission. Service Users will be able to access provision for up to a maximum of 7 days (10 days in exceptional circumstances - to be agreed by both the provider and mental health representative). 5 units in both Boston and Lincoln						

Table 3 - Street-outreach and Floating support		
Contracted amount of units (Floating Support & Street outreach)	Contracted amount of hours of support (Floating Support & Street outreach)	Location(s)
421	4 per week per service user	Countywide
	1684 - Total	

4.2.2 Support Offer

Services will provide housing related support to individuals, in line with an agreed support plan, including but not limited to:

- assisting service users to maximise income through support when dealing with Housing Benefit and other welfare benefit issues, making referrals to specialist advice or debt agencies, where necessary
- providing crisis intervention support, which shall include responding to problems that pose an immediate risk e.g. eviction notices
- assisting service users to access, by signposting and referring to, a range of specialist and general health services, counselling, education and employment opportunities, legal advice, leisure and cultural services etc.
- advising and assisting service users to improve the safety and security of both themselves and their accommodation
- Supporting Service users to identify and access move on accommodation

4.2.3 Eligibility

To be eligible for these services, applicants must meet the following criteria:

- be living in any housing tenure (floating support)
- be aged 18yrs and above (aged 16yrs and over for Domestic Abuse Accommodation)
- have a local connection to Lincolnshire (Non-emergency accommodation based only)
- have recourse to public funds
- have a clear need for housing related support
- be willing to engage with the service

4.2.4 Criteria

Although the duration of service will be variable and dependent upon the individual's specific needs, the emergency accommodation can offer a 24/7 service for complex individuals with an expected duration of up to 3 months. This accommodation does not require a District level local area connection for access.

Non-emergency can offer a 5 days per week service with a lower level of support for up to 6 months. This accommodation does require a District level local area connection for access.

For cases open to Children's Services, local access will apply as the young person is open to the upper tier Authority. Transfer between the two types of accommodation (emergency and non-emergency) is expected to support an individual to move-on effectively, utilising floating support to settle into independent accommodation.

Countywide floating support is available across all housing tenures within Lincolnshire to enable people with a range of support needs to maintain and sustain their accommodation and independence and/ or gain access to independent accommodation. This support is available for up to 6 months.

The Rough Sleeper Outreach Service is available to all verified rough sleepers throughout the County to support them off the streets and into accommodation, The service will support people without a local area connection to Lincolnshire or no recourse to public funds to reconnect with areas they do have a local area connection and will support people to access other service provision. In general, this service is provided to an individual for a possible maximum duration of 18 months.

All of the above durations can be extended, on an individual basis, through agreement by Adult Care and Community Wellbeing, where necessary to enable a positive move either towards or into independent living.

Referrals are sent to all relevant providers via an automated element of The Avenue electronic gateway. For example, if a referral is for someone who requires support to maintain their existing tenancy the referral will be sent to the Floating Support service; however, if accommodation is required for a rough sleeper or someone about to lose their accommodation imminently the referral is sent if to an accommodation based provider.

4.3 District Council

With regard to 16/17 year olds approaching the District Councils, the decision making process is as follows:

- Young person approaches District Council Housing Options Team
- District Council provides advice on housing options including the housing register and supported accommodation options, and provides a reality check of what is achievable
- If threatened with homelessness within 56 days, a prevention duty will be triggered. Reasonable efforts will be made to prevent the homelessness and a personalised housing plan provided
- If homelessness cannot be prevented a referral will be made to the Early Help team. A Housing Officer will manage the case until homelessness has been prevented by either the Early Help team or the Housing Officer
- If already homeless, a Relief duty may be triggered if the child is not a child in need; reasonable efforts will be made to secure accommodation with family or friends if safe to do so. A personalised housing plan will be provided and a referral will be made to the Early Help team. A Housing Officer will manage the case until homelessness has been prevented by either the Early Help team or the Housing Officer.

Social housing is provided by a range of providers in Lincolnshire, not just District Councils. To access social housing, households need to join the Housing Register; it is important to note that it is usual for applications to be prioritised by a confirmed local connection to each individual's District area.

Lincolnshire care leavers will automatically have a local connection with all Districts within Lincolnshire meaning they should be eligible to go on any of the housing registers. Some housing registers require the applicant to be 18 years of age or over and many housing providers will not offer a tenancy to a minor without a guarantor. District Councils may have a policy framework that enables them to exercise discretion on a case-by-case basis with regard to 16/17 year olds and/or care leavers who are on the housing register in relation to their relative priority status but must comply with housing legislation and code of guidance. Further details can be found within each Districts Housing Allocation Scheme.

Reasonable preference is given to those who are homeless or threatened with homelessness. Availability of social housing is limited and predetermined Lettings Policies balance housing needs local to their area. Tenancy types will vary between providers.

Care leavers up to the age of 25 years will be awarded at least the level of reasonable preference prevailing Codes and Statutory Instruments require when applying to go onto the housing register or presenting as homeless

When a young person aged 16 or over approaches the district council because they are homeless or threatened with homelessness within 56 days, the District will follow the steps as outlined in sections 5 and 6 below.

Personal Housing Plans will be directly linked to a care leaver's Pathway Plan through partnership working with Lincolnshire Leaving Care service and the care leaver themselves.

All parties agree that care leavers should be afforded the reasonable preference prevailing Codes and Statutory Instruments define as all local authorities have signed up to promote the seven corporate parenting principles referenced in section 1.2. All reasonable efforts will be made to prevent a care leaver being classified as intentionally homeless through intensive work on the care leaver's personalised housing plan, which shall be aligned with their Pathway Plan. In circumstances where a care leaver is in danger of being categorised as intentionally homeless, prior to any such decision District Councils will request to convene a multi-agency meeting involving the care leaver and/or their key worker to seek to overcome the barriers to the successful implementation of their Housing/Pathway Plan.

District Councils can also help facilitate access to suitable affordable accommodation in the private sector, through landlord liaison and/or financial assistance. Landlords will usually request a copy of support plans to provide assurance that the tenancy will succeed.

5.0 The Single Gateway

Access to support for young people aged 16/17yrs or up to 21 if a care leaver.

5.1 Presentation

A young person presents themselves to a District Council as the first step of 'The Single Gateway'. Where young people approach agencies other than Children's Services, they should be signposted to the appropriate District Housing Options Team.

At this time they are often not previously known to the District Council or Children's Services. The District Council explores all options and makes every effort to support the young person to return home.

The District Council's Housing Options team will:

- ascertain actual homelessness or risk of homelessness
- explain the options available to the young person and the realities in regards to private rented, Social Housing, and LSP Housing Provision, ensuring the young person is aware of affordability and locality issues
- contact the parent/ carer to discuss the situation and explore the viability of the young person returning to the family home (wherever safe to do so), ensuring that parents are aware of their parental responsibilities
- explore and contact suitable alternative emergency accommodation with family/friends
- if not resolved or if only an emergency arrangement is made, complete an Early Help Assessment (EHA) with the young person and submit this to request support from the LCC Youth Homelessness Duty Team, by email at Youth_Homelessness@lincolnshire.gov.uk

5.2 Referral

Where the District Council is unable to support the young person back home (wherever safe to do so) or unable to help the young person find suitable alternative accommodation, the District Council activates the second step of the Single Gateway by completing sections 1, 2 and 3 of an EHA referral and submitting it to the Local Authority Early Help Team via Youth_homelessness@lincolnshire.gov.uk.

On receipt of the EHA referral, Early Help (EH) will also make every effort to support the young person back to their family or help them find suitable

alternative accommodation. The EH worker will arrange to meet the young person and complete a risk assessment if not already in place. Consent forms will be completed and the parent / carer will be contacted to establish the current position and to discuss options of the young person being able to stay / return home.

5.3 Placement

If all options have been exhausted by Early Help, including involvement of Family Group Conferencing to try and resolve the situation with the family, EH or Social Care workers are required to seek approval at Service Manager Level before they submit a referral to Children's Commissioning via

YouthHousing@lincolnshire.gov.uk .

(NB: Young people already known to Children's Regulated Services and Lincolnshire Leaving Care service may refer directly to Youth Housing without going through the Single Gateway.)

The Children's Commissioning team will forward the referral request to LSP together with a list of any current accommodation availability. LSP will confirm the placement and then make necessary practical arrangements for move-in directly with the requester.

The contract with LSP within Children's Services is in place for young people up to the age of 18yrs, or 21yrs if a care leaver. During the 'transition to Adult's provision' phase, if necessary, there is an opportunity for the LSP provider to submit an extension of stay request for up to 2 weeks beyond the young person's 18th birthday.

6.0 Transition from Commissioned Youth Housing to Adult Housing Related Support

6.1 Adult Care and Community Wellbeing Referral Pathway

Adult Housing Related Support services are for people of 18yrs and above who are homeless or at risk of homelessness and have housing related support needs. Full eligibility for this support is already given within clause 4.2.3 of this document.

This support may be accessed through The Avenue electronic referral gateway via referrals from professionals; individual's self-referrals cannot be made through this system. Most referrals for young people are made via the relevant LSP provider.

Adult Care and Community Wellbeing contracts will be reviewed to enable the following:-

- 10 weeks prior to 18th birthday (or 21st birthday for care leavers) appropriate young people eligible for housing related support services should be referred to Adult Care and Community Wellbeing
- Adult Care and Community Wellbeing will request the known providers to confirm a place. All eligible young people in transition will be accepted into the pathway, Adult Housing Related Support providers will seek to offer the support as required within the confines of the overall available provision but if the provider states they cannot meet need, a multi-agency meeting will be initiated to establish what needs to happen to enable the placement including who might be best placed to help meet those needs.
- Time planning may be needed to manage this element as all residents in Adult Services have binding tenancy agreements, but statutory duties will remain the priority - Lincolnshire County Council must ensure that their statutory obligations in relation to children and young people take precedent. To help facilitate this it is therefore imperative to ensure that sufficient notice has been provided to the service providers to allow for a planned move into the service
- Where a Housing Related Support service declines a young person in transition due to a lack of capacity, and it can be proven that sufficient notice has been given, the following steps should be taken to ensure the young person is accommodated:
 - Review of existing tenants to identify those who are due to move-on into independent accommodation, including the provider's own move-on accommodation, within the timeframes given for the young person in transition entering the service. In this instance, information (i.e. a positive notice that the tenant no longer requires supported accommodation) may be given to the relevant district council to expedite the availability of suitable accommodation
 - Where the provider can give assurances that accommodation will become available within a reasonable time frame, and the young person in transition is in LSP accommodation, a discretionary extension of up to two weeks will be granted for the young person to remain while waiting for the accommodation to become free
 - Where there are still capacity issues within the young person's chosen location the referrer will work with the young person to try to identify suitable supported housing accommodation elsewhere in the county, taking into account key issues such as employment, education, support networks and sufficient travel options available to them
- Young people in transition cannot be refused a place or evicted without a multi-agency discussion, which will be attended by Children's Services and Adult Care and Community Wellbeing. All options to support a placement will be explored

- When transitioning from Children's Service to Adults Housing Related Support, young people will not be considered by LCC or District Councils as being intentionally homeless due to a lack of move on provision.
- In addition, Lincolnshire Leaving Care Service (Barnardo's) will support care leavers where appropriate to ensure the Housing Benefit element of Universal Credit is paid direct to the landlord

6.2 Transition to Housing via District Councils

To align with the timescales for referral to Adults Housing Related Support, appropriate young people in transition to (semi) independent living within Children's Services commissioned accommodation will be referred to the District Council Housing Register preferably 10 weeks prior to their 18th birthday with eligibility prior to attaining the age of 18 being determined by the relevant District Council. In addition, Young Parents aged 16/17 yrs will be referred *at the point where they are ready for independent living* so that parent(s) and children can start family life in long-term accommodation. Where appropriate, young people may be referred simultaneously to The Avenue for floating support services.

Wherever possible, District Councils want to avoid a crisis situation and would like to be involved with households from an early stage to ensure all options for a planned move-on are considered and appropriate to the individual, this may include invitations to TAC meetings for instance.

If there is no TAC arrangement in place, a housing options interview should take place to enable the individual's housing rights, responsibilities and options to be explored. At the housing options interview it will clearly be explained whether or not there is likely to be a housing duty to the individual, should they become homeless i.e. whether the housing authority would be required to provide accommodation or not. Advice and assistance is also available to help individuals access suitable alternative accommodation.

Together with providers it is important there is a clear assessment of ongoing support needs, if applicable, to ensure the right housing options are considered prior to and during the transition to adult commissioned support services and/or (semi) independent living accommodation.

Whilst there is a lot of consistency across local District housing, due to local variances it is important to note that the following assistance to facilitate move-on accommodation and/or transition to employment, education and training opportunities may be subject to local eligibility assessments and budget availability. However, District Councils will look to advise and, where possible, support, through their own policy frameworks, care leavers and 18yr olds in transition wherever possible through:

- Assistance to access private sector accommodation e.g. Tenancy Assistance Schemes, Rent Advance and deposit guarantee schemes
- Discretionary housing payments (if already in receipt of Housing Benefit)
- Homeless prevention payments (may be grants or repayable)
- Assistance to join the Housing Register

As referenced in Section 6.1, Lincolnshire Leaving Care Service (Barnardo's) will look to support care leavers, where appropriate, to ensure the Housing Benefit element of Universal Credit is paid direct to the landlord. Furthermore, and as referenced in Section 4.1.2, where appropriate, Children's Services will consider, upon request from housing partners, relevant financial support for Care Leavers up to the age of 21 years in (semi) independent accommodation to help them transition to and sustain their tenancy.

6.3 Contacts

LCC Children's Services

Youthhousing@lincolnshire.gov.uk

01522 553612

Key contact:

LCC Adult Care and Community Wellbeing

theavenue@lincolnshire.gov.uk

01522 553729.

Key contact:

District Councils

Boston Housing Options Team

housing.dept@boston.gov.uk

01205 314200

Key contact:

East Lindsey Housing Advice Team

Housing.Hub@e-lindsey.gov.uk

01507 613135

Key contact: Shona Malkinson, Senior Housing Officer

City of Lincoln Housing Solutions Team

housingsolutions@lincoln.gov.uk

01522 873777

Key contact:

North Kesteven Housing Options Team

housingoptions@n-kesteven.gov.uk

01529 414155

Key contact:

South Holland Housing Options Team

housingoptions@sholland.gov.uk

01775 761161

Key contact:

South Kesteven Housing Solutions Team

housingsolutions@southkesteven.gov.uk

01476 40608

Key contact:

West Lindsey Home Choices Team

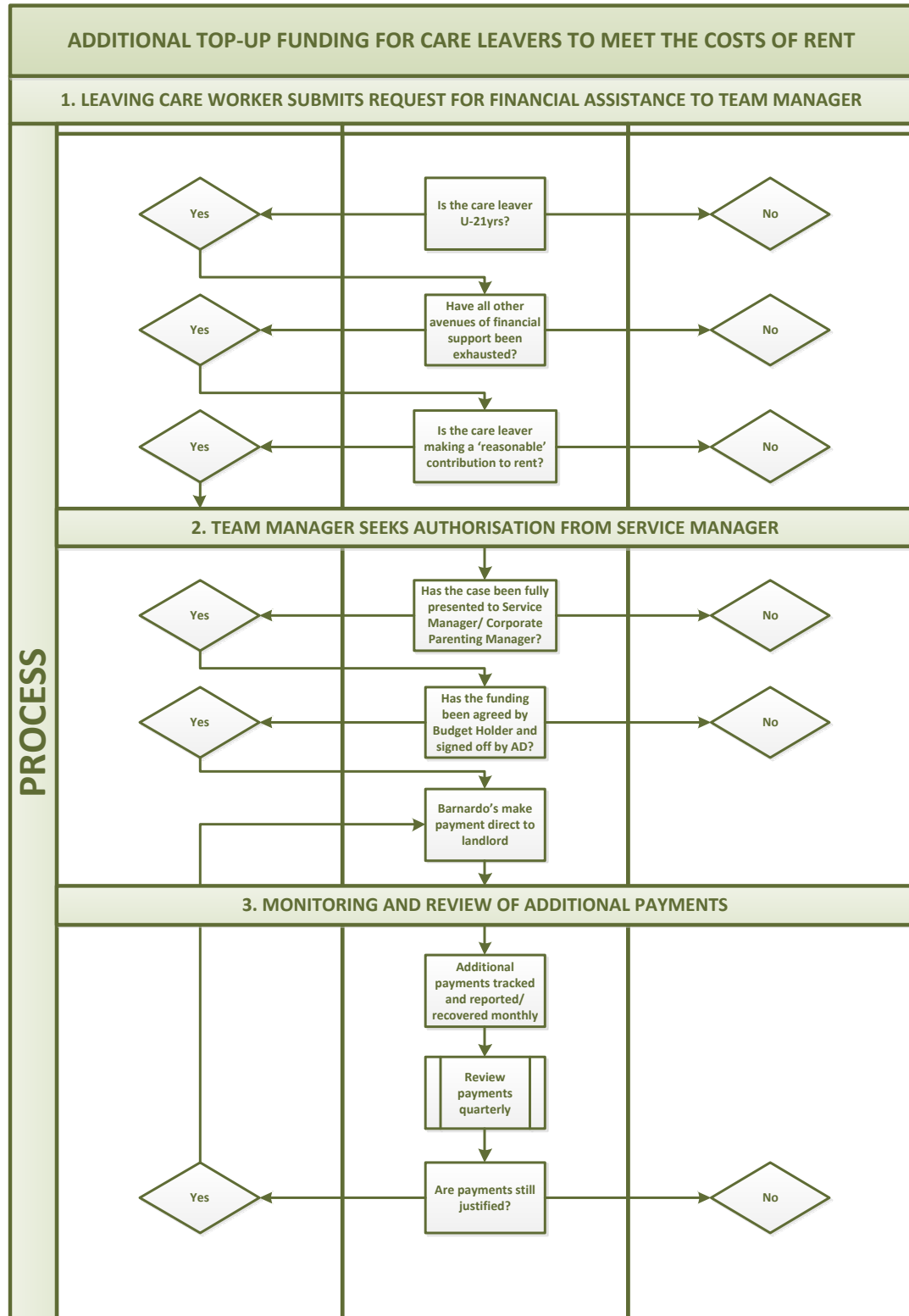
home.choices@west-lindsey.gov.uk

01427 676676

Key contact:

APPENDIX 1

Process for top-up funding for care leavers to meet the costs of rent



SUBJECT:	EXCLUSION OF THE PRESS & PUBLIC
DIRECTORATE:	CHIEF EXECUTIVE & TOWN CLERK
REPORT AUTHOR:	CAROLYN WHEATER, MONITORING OFFICER

1. Purpose of Report

- 1.1 To advise members that any agenda items following this report are considered to contain exempt or confidential information for the reasons specified on the front page of the agenda for this meeting.

2. Recommendation

- 2.1 It is recommended that the press and public be excluded from the meeting at this point as it is likely that if members of the press or public were present there would be disclosure to them of exempt or confidential information.

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