

## EXECUTIVE

**Monday, 27 July 2020**

**5.00 pm**

Membership: Councillors Ric Metcalfe (Chair), Donald Nannestad (Vice-Chair), Chris Burke, Bob Bushell, Rosanne Kirk and Neil Murray

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

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### Virtual Meeting

To join this virtual meeting please use the below link:

<https://zoom.us/j/98056708690>

Alternatively, please join the meeting via telephone by calling **0330 088 5830** using the following ID:

**980 5670 8690**

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### MINUTES AND EXTRACTS

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2. Declarations of Interest	
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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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**REMARKABLE PLACE**

**Present:** Councillor Donald Nannestad (*in the chair*), Councillor Chris Burke, Councillor Bob Bushell, Councillor Rosanne Kirk and Councillor Neil Murray

**Apologies for Absence:** Councillor Ric Metcalfe

**1. Confirmation of Minutes - 14 May 2020**

RESOLVED that the minutes of the meeting held on 14 May 2020 be confirmed.

**2. Declarations of Interest**

No declarations of interest were received.

**3. Business and Planning Bill**

Purpose of Report

To update the Executive on the implications of the Business and Planning Bill and to seek necessary delegations for the pavement licence function and consider an option to delegate these powers to Lincolnshire County Council's Executive.

Decision

- (1) That the Council enters into negotiations with Lincolnshire County Council following its proposal to take on the function of pavement licences, and delegates the decision whether to accept the proposal to the Strategic Director for Communities and Environment (or nominated representative) in conjunction with the Portfolio Holders for Economic Growth and Remarkable Place.
- (2) That, if the proposal is accepted, this function be delegated to the Executive of Lincolnshire County Council.
- (3) That the Strategic Director for Communities and Environment (or nominated representative), in conjunction with the Portfolio Holders for Economic Growth and Remarkable Place, be given the authority to grant pavement licences (with or without conditions) or to refuse a pavement licence.
- (4) That the Strategic Director for Communities and Environment be given the authority to establish a review panel made up of Licensing Committee members to consider any appeal against the refusal of a licence.
- (5) That the Strategic Director for Communities and Environment be given authority, in consultation with the Portfolio Holders for Economic Growth and Remarkable Place, to set a fee which, if set, will reflect cost recovery and not exceed £100.
- (6) That Licensing Officers, in conjunction with Legal Services, have authority to enforce conditions on a licence, or revoke a licence for the grounds outlined in the report.

## Alternative Options Considered and Rejected

None.

## Reason for Decision

In order to assist businesses with economic recovery and protect hospitality jobs, the Government had introduced the Business and Planning Bill which sought to provide a streamlined and cheaper route for businesses such as cafés, restaurants and bars to secure a licence to place furniture on the highway. This was a new function given to District Councils.

As this was a function normally reserved to the County Council under the Highways Act 1980, there was no provision under the Council's Constitution which gave delegated authority to officers to grant or refuse such applications, seek a fee for such applications and apply any conditions.

Lincolnshire County Council had put forward a proposal that it took on responsibility for implementing the legislative requirements, as set out above. However, it was recommended to the Executive that the City Council retained this responsibility, in keeping with its management of the city centre street scene and the Public Space Protection Order and taking into account that any respect appeals would be administered and facilitated by the City Council.

Details relating to the application process for licences was set out in the report and it was noted that no licence where granted or deemed to be granted would be valid beyond 30 September 2021.

The Council could charge a fee for an application for a licence, which was capped at £100. It was reported that a fee was unlikely to be introduced and, if it was, this would be solely to cover any costs associated with administering the application.

It was reported that a slight delay had occurred in the legislation being laid before Parliament, but it was anticipated that the legislation would be passed and implemented by the end of July or early August 2020.

Members agreed with the recommendations contained within the report and agreed that there would be no benefit in the County Council implementing the application process on the City Council's behalf.

<b>SUBJECT:</b>	<b>A REVIEW OF 2019/20 INCLUDING THE COUNCIL'S COVID-19 RESPONSE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE'S</b>
<b>REPORT AUTHOR:</b>	<b>PAT JUKES, BUSINESS MANAGER – CORPORATE POLICY</b>

## **1. Purpose of Report**

- 1.1 To present to Executive a review of 2019/20 including the Council's Covid-19 response. This includes the Quarter 4 Performance summary.

## **2. Executive Summary**

- 2.1 This report is a review of performance during 2019/20 including key details of our response to the Covid-19 pandemic. It includes Q4 performance outturn for the year, as well as activity during the period of the emergency response starting in March 2020, and the services we deployed from then.
- 2.2 The next performance report will cover Quarters 1 and 2 and will include information on other services and programmes commissioned in the recovery period.

## **3. Main body of report**

- 3.1 Regular monitoring of the Council's operational performance is a key component of the Local Performance Management Framework. However, due to the Covid-19 pandemic, full lockdown in the UK and need for the council, like all other businesses, has had to make dramatic changes in order to keep critical services functioning, as well as deliver a community leadership role for our city as this time of crisis. This report therefore covers not only Q4 performance, but also includes the council's response to the pandemic and lockdown starting in March 2020, and the services we deployed from then.

- 3.2 The report is in the following format:

- Introduction from Angela Andrews
- COVID-19 Business Support Service
- COVID-19 Community Support Service
- Helping the vulnerable, homeless and rough sleepers
- Supported Housing and Lincare Home Support
- OUR KEY PARTNERS
- Customer Services
- Communications and Social Media
- Revenues and Benefits
- Bereavement Services
- Community Services
- Food Safety Enforcement

- Emergency Housing Repairs
- Support from other services
- Support for staff
- Looking forward
- Q4 Performance

3.3 The main body of the report can be found at Appendix A.

3.4 The next performance report will cover Quarters 1 and 2 and will include information on other services and programmes commissioned in the recovery period.

## **4 Strategic Priorities**

4.1 This report principally covers Q4 2019-20 and at that time the relevant strategic priorities were as set out in Vision 2020: Let's drive economic growth; Let's reduce inequality; Let's deliver quality housing; Let's enhance our remarkable place. Vision 2025 was adopted in March with the strategic priorities: Let's drive inclusive economic growth; Let's reduce all kinds of inequality; Let's deliver quality housing; Let's enhance our remarkable place' Let's address the challenge of climate changes. As this report is purely concerned performance there are no direct impacts on strategic priorities. However, as the report provides performance information it contributes to the overall picture of how the council is performing and therefore meeting its strategic priorities.

## **5 Organisational Impacts**

5.1 Finance (including whole life costs where applicable) - there are no direct financial implications as a result of this report. Further details on the Council's financial position can be found in the end of year financial report.

5.2 Legal Implications including Procurement Rules - there are no direct implications

5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

This report provides information on the council's performance and activity undertaken in response to the Covid-19 pandemic. Should any equality and diversity concerns be noted when considering the report and data within it, they will be passed to the relevant service(s) for resolution.

5.4 Human Resources - there are no direct implications

- 5.5 Land, Property and Accommodation - there are no direct implications
- 5.6 Significant Community Impact - there are no direct implications
- 5.7 Corporate Health and Safety implications - there are no direct implications

**6 Risk Implications**

- 6.1 (i) Options Explored – not applicable
- 6.2 (ii) Key risks associated with the preferred approach – not applicable

**7 Recommendations**

- 7.1 Members are asked to:
  - a) Comment on the achievements, issues and any future concerns noted
  - b) Relevant Portfolio Holders to note progress on the challenge of tackling Covid19 pandemic and discuss further recovery plans with their Service Leads

<b>Is this a key decision?</b>	No
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules apply?</b>	No
<b>How many appendices does the report contain?</b>	One – Appendix A: A review of 2019/20 including our Covid-19 response
<b>List of Background Papers:</b>	None
<b>Lead Officer:</b>	Pat Jukes, Business Manager, Corporate Policy. Telephone (01522) 873657

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May 2020



CITY OF  
*Lincoln*  
COUNCIL

# A review of 2019/20

including our COVID-19 response

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# Introduction from Angela Andrews, Chief Executive and Town Clerk

It is impossible for anyone to be unaware of the devastating effects of the COVID19 virus on our lives, families, friends, neighbours, communities and of course on our workplaces. City of Lincoln Council, like all other businesses, has had to make dramatic changes, not only to ensure that we can keep our critical services functioning, but also like councils across the country, to deliver a community leadership role for our city in this time of crisis.

We have created new services to support vulnerable people, taken rough sleepers off the streets and into safe accommodation and ensured key services such as kerbside waste and recycling collections have continued as usual. We have effectively led our communities during the emergency response, and we now need to be empowered to support our communities as we tackle the social and economic task ahead.

Firstly, I want to say that whilst Lincoln and indeed Lincolnshire has been less affected by the virus than many other areas of the country – we have still had a number of COVID19 cases across the city and unfortunately, we have suffered several deaths. As of the 11th May, our area the East Midlands had the second lowest number of cases across the country at 7833 (163 per 100.00 people). On the same day Lincolnshire had 977 known cases, which is 129 per 100,000 people. In Lincoln itself, as of 12th May – total cases in Lincoln was at 112 and we had 10 deaths reported as COVID19 caused. (source .Gov.uk).

Like many other businesses, COVID-19 has taken its toll on the financial resilience of the council as our income streams have reduced, our visitor and night-time economy has disappeared, some debt recovery has been deferred, more residents are seeking support and there is a growing necessity to incur costs to ensure services are being provided throughout this difficult period.



Whilst we have received just over £1m grant from central government, we estimate that a further £5.2m is needed for the authority to fully recover following the pandemic. This is covered in much more detail in the regular financial reports to our Executive as our year end report won't focus as much on our 20/21 financial challenges. However it is worth noting that the council has formally approached the Secretary of State for Housing, Communities and Local Government with an evidenced based case for more support, and more freedoms and flexibility in the normal financial governance restrictions placed on a council.



I am aware that in normal circumstances our end of year performance report is not the first choice of reading for most people, however this year we want to encourage everyone – members, residents, businesses and our own staff to see how much work has been done, both in our everyday work, but also in the immediate response to the external situation, which for many of our staff has meant adapting or taking on a completely new role for a period in time.



As soon as it became clear that the UK would follow many other countries into full lockdown, Corporate Management Team (CMT) started the implementation of the council's Business Continuity plans. In addition, they were also co-opted with other key response agencies into gold and silver command roles on the Local Resilience Forum (LRF), to coordinate response plans for Lincoln and Lincolnshire.

Within a week our innovative IT team had made technical changes that allowed a large percentage of our workforce to work from home. We had already started on the path of introducing Microsoft Teams with a pilot scheme well underway – this was extended further to allow key services to continue to function. Where people were unable to do their normal role, they were seconded into new positions for example on our newly set up Befriending Service

The council still has a responsibility to take key decisions – and on 28th April we held the first remote Full Council meeting, followed by a remote Executive on May 14th. A new experience for members and officers alike – but business was conducted, and decisions taken as needed.

As part of our response to the COVID19 threat, resource has been reallocated from many services to support those defined as critical, ensuring the challenge of keeping a functional service in place was met. In addition, over 60 staff from non-critical services were re-assigned to the new civic services set up specifically to help residents and businesses and others even supporting a temporary swabbing site.

I have referred already to a new service – the Befriending Service – set up to help lonely vulnerable people get through these torrid times. Well I am really pleased to say that this service has been recognised by both the East Midlands Councils and by the Local Government Association as best practice in Local Government. A definite accolade for this cross departmental team – you can see more about what they do in the main body of the report.

As well as Q4 performance outturn for the year, this report covers the emergency response period starting in March 2020, and the services we deployed from then. As we move into the recovery period, other services and programmes will be commissioned which will be included in the next report.

In summary, I think you will see in the following pages that the council has dealt with this crisis as a one council team in a very proactive and innovative way. As I reflect on the last few weeks, I'm astounded – but of course not surprised – by the amazing spirit, resilience and flexibility of our staff who have worked together fabulously in these truly unprecedented times. Our council has risen to the herculean challenge of reprioritising our service delivery efforts to ensure we are doing whatever we can to support all those in need, supporting residents and businesses to the best of our ability and providing communications to help keep the city of Lincoln safe.



**Angela Andrews CPFA**  
**Chief Executive and**  
**Town Clerk**



# COVID-19 Business Support

The government has made available a number of different grant funding options for businesses affected by COVID19, so to ensure that Lincoln businesses benefit as much as possible, the council's Major Development team set up a cross directorate working group of up to 20 people from ten services who used their skill sets to work together to maximise support for businesses.

The team has been working hard to collate details on and contact as many businesses as possible to ensure they benefit from available support and achieve any business rate relief they are entitled to.

There are three key grants available as detailed in the table below:

Up to and including 13 May	Grant type available	Grant amount	No of eligible businesses	Number of businesses still 'in system'	Number of businesses still to 'apply'	Number of payments made	Value of payments made
Scheme 1	Small Business Grant	£10,000	1263	44	118	1101	£11,010,000
Scheme 2a	Retail, Hospitality and Leisure Grant	£10,000	300	6	65	229	£2,290,000
Scheme 2b	Retail, Hospitality and Leisure Grant	£25,000	351	9	76	266	£6,650,000
<b>Total</b>			<b>1914</b>	<b>59</b>	<b>259</b>	<b>1596</b>	<b>£19,950,000</b>

The team is working hard with the 59 businesses still in the system (predominantly an issue of outstanding information) and expect to clear at least half of these by mid-May. Of those businesses that have yet to formally apply for the grant – ALL have already been contacted or tried for contact multiple times. Of these we have 19 that we hope to have an application in days; we have 22 where we have been able to leave messages through various media and a further 116 where there is no contact available. The rest (mainly multiples) are not being chased but have had the same initial written mail out.



In addition, it is worth recognising the finance team who made sure that all grants were paid out physically to businesses at the earliest possible time, knowing that they were desperately needed. We have received many thanks from businesses including this one:

“ A very heartfelt thanks to you and your team for sorting this for our company. It will make a big difference to us and we are very grateful. Have a good day and keep up the great work you and all the team are doing on behalf of all Lincoln businesses”



We have offered a support service to businesses from the start, directing them through the grant process as well as to other forms of support throughout the crisis. We are now in the process of setting up a further discretionary grant scheme to support businesses whilst continuing to administer the core scheme.



# COVID-19

## Community Support

In the weeks since measures were introduced in the UK to prevent the spread of coronavirus, City of Lincoln Council has changed the way we work and deliver our services to help those most in need. As part of our civic response, members of staff across many departments of the council are working from home to deliver vital services to prevent additional hardship to some of the most vulnerable in Lincoln. We are working with partner organisations across the community to fill any gaps in service and finding new ways to make it easier for people to ask for and access help, as well as seeking out groups of people impacted by COVID19 and putting measures in place to allow them to access support.

There is a small extra cost in developing these services, but it is minimal in the face of the impact they are having. Demand has probably peaked at the time of writing this report, but is expected to continue through the year until some levels of normality have been established. As a result exit strategies and handover plans are being developed to continue services where needed.



### Befriending service

To help safeguard the social welfare of those elderly, ill or self-isolating, a befriending service was launched with a team of council staff working from home calling residents across the city who would benefit from regular light-hearted conversations. Staff quickly mobilised to ensure that we reached out quickly to those most in need in our communities. In total the team sent out nearly 18,000 contacts, either by telephone or letter.

To date almost 500 residents have signed up to the scheme with around 45 members of staff working on the project.

So far, the team have received 33 compliments from members of the public, including:

“D..... is fantastic, she might think her calls are not doing any good, but she is a massive help to me. I lived through the war as I'm 93 and the war didn't feel as bad as this. She makes the day a little bit easier for me, She's Lovely”

Alongside the benefits to members of our community, the service has also had a direct impact on the well-being of staff with one member of staff saying:

“I'm enjoying doing this service, I must admit it was out of my comfort zone at first but the nice, positive comments I've had at the end of some of the phone calls make it easier. Knowing I might have made a tiny difference at these worrying times is very rewarding”.

“...I feel so privileged that they feel they can open up to me and I hope I have made their day slightly better. I hope that once some sort of normality returns to our community, we can look at the good work of this service and maybe continue it in some way for some of our most vulnerable residents”.

Notably we have also had quite a number of those befriended asking whether they can meet their befrienders – obviously that is not possibly in the short term, but it is something to think about in the future when gatherings are deemed safe.



## Community Signposting Helpline

This is a Monday to Friday signposting service comprising of three phone lines and an email address, which was quickly created at the beginning of the crisis to ensure that customers could access information on community support services. The team researched available provision and quickly built up positive working relationships with providers of Foodbanks in the city and acted as a gateway to the befriending service.

As of writing this report, the helpline had received 997 telephone calls and responded to 256 email requests. Most calls resulted in a direct referral for a food bank parcel or information was provided on the various delivery services available.

This service supported people in crisis, but on one occasion went a lot further – after a call from help from outside of Lincoln, a member of the team (using her detective skills) was able to reconnect two brothers aged 90 and 91 who had sadly lost touch and had been unable to find each other after one brother was moved into a care home.



## Online mapping of community groups

To give a visual representation of all the approved voluntary organisations in the area an interactive map has been created for the city council's website to enable residents to quickly find a group near them either for support or to volunteer their services. The map includes contact details, opening times and relevant information for food banks, stores offering delivery services, neighbourhood support groups and more.



## Pensioner voucher scheme

Through working with Active Faith Network we identified some pensioners that were unable to get to the post offices to collect their pension in cash and didn't want to use their bank card over the phone, leaving them with no access to food. A voucher scheme has been created by Active Faith Network with referrals managed by city council to issue vouchers to volunteers to shop for pensioners in need.



## Free School Meals

City council was already partnering with Active Faith Network before the Government clarified its position on supporting families during the Easter break, and together we provided a voucher system for families eligible for free school meals to continue to receive support while they are at home. Working with seven local schools we issued 384 vouchers to ensure support was available to vulnerable families across the city. The below quote emphasises the positive impact that this service has had:

“Can I just say, thank you so much for the voucher! You have no idea how much it means, my daughter got laid off from McDonalds last night and I work in a hotel. We're really worried but this has made a huge difference. Thank you to all of you”



## Lincoln Community Foundation Crisis Fund

A crisis fund to provide financial grants for charities and community groups delivering support was launched in early May with an initial contribution of £11k, this included a £5k donation from Lincoln Community Lottery central fund. Businesses in the city have been contacted to encourage further donations and have already responded. Community groups can apply for grants of up to £2,500 to help them deliver critical work across Lincoln both now and for long term. As of the middle of May, four organisations have already benefitted - Lincoln Samaritans, Bridge Church, The Islamic Association and Green Synergy - with more applications in process.

“This pandemic is an unprecedented situation and has caused huge changes to the way we work as a council and the rapidly developing nature of the situation has meant we have had to identify and respond quickly.

“Working closely with our partners together we have quickly established groups especially vulnerable to the financial or social effects of COVID19, and the feedback we have received from the wide variety of schemes we have introduced show the positive impact we have had on people's lives during this difficult time.”



# Helping the vulnerable, homeless and rough sleepers



## Homelessness Team

The Homeless Team is very busy dealing with some historic and complex cases rather than seeing significant increases in homelessness. However, we are still dealing with some emergencies, including helping people coming into the city needing accommodation, and young and vulnerable people who have been asked to leave home or are being exploited. One of the additional tasks featured recently has been supporting tenants whose landlords do not agree with the government guidance on not evicting.

A disturbing feature of the current lockdown has been an increase in domestic abuse which is very difficult to deal with over the telephone as it is always a very emotional situation.

We are expecting to see rising demands on both the homelessness team and the Housing Solutions team in the future



## Rough Sleeping Team

The Rough Sleeping team has seen a definite increase in workload following the push to ensure all street sleepers were provided with safe internal accommodation – the “Everyone In” scheme. This includes those who were in bed and breakfast and hotel accommodation which has closed as a result of COVID19. Twenty-one people were offered accommodation as a result of this scheme.

This action has resulted in an expected cost increase of some £55k for 2020/21, which will be built into the new emergency budget for this year.

Some standard assessment and case work has been deferred as the team is conducting increased levels of both face to face and telephone support, due to difficulties in accessing services that are no longer front facing and the anxiety and stress this has caused for some of the people we work with. 16

The team reports having seen an increase in the use of drugs and other illicit substances, which service users report is to help them cope with being locked down and isolated

The team still receives hospital and prison referrals in the usual manner – in fact our Tenancy team pulled out all the stops to help a man being released from hospital showing symptoms of COVID19. They needed to get him into isolation in a property, with utilities, furniture and food whilst remaining safe themselves. This wasn't straight forward as both the gas and electric had been turned off, but the team persevered and by 6.00pm on the Friday night, through working with other teams they were able to provide a warm, comfortable home with a food parcel in place.

They received some touching feedback from another client who sent the following message after receiving help:

“Just wanted to say thank you to you and all your team for being so supportive I've suffered so badly throughout my life but particularly the last 3 or so years and I feel really lucky to have people like you on my side to listen to me and put mine and my boys needs as a priority particularly my son's needs I really appreciate it thank you”

The team is also reaching out to tenants in privately rented accommodation who may have worries about losing their home due to Coronavirus and have launched a web page on our COVID 19 latest updates which has advice and support through both an online form to report their worries or to use the dedicated help line on weekdays. We are working with a new landlord and have our first HMO, accommodating people who had been sleeping rough, allowing for fewer bed and breakfast placements

 Supported Housing

This service supports our most vulnerable tenants and as a result of the COVID19 impact, has adapted its service to both protect and support tenants.

We have increased the frequency of contact to life-line users who usually only have 6 monthly contact to weekly contact – with 200 welfare checks being done every working day. Our own vulnerable staff home working, so are still able to make contact via telephone - face to face contact is only made in emergency situations, using PPE and following social distancing as far as possible.

The normal domestic duties have been changed to be infection control as a priority, but we are continuing to install new equipment using plug and play devices, only entering properties where there is no option and maintaining safe conditions for staff and customers.

All community halls and communal facilities are now closed, but we are continuing to complete Health and Safety checks and water flushing in them all so they can reopen quickly when allowed.

New tasks we have taken on recently include shopping for those residents that are stuck, ensuring that tenants have their prescriptions, and supporting tenants and their families at times when there has been a loss within the unit or family or friend.

 Lincare home support

Lincare has continued to operate its 24/7 telecare services for all its clients throughout the crisis. This is a critical service at the best of times, but even more so during the current COVID19 crisis. Indeed as of the end of March 2020, 98.5% of Lincare calls were answered within 60 seconds.

The call rates were slightly down in March and April, but this could have been due to people not being out and about testing equipment.

Whilst the service has been fully staffed throughout, as a precaution additional measures were taken to ensure that the service was never put at risk. These included:

- An additional 7 volunteer staff were trained to take calls if needed to build resilience, but only one person was needed once, right at the beginning of the lockdown
- Home operating was delivered within the first week of lockdown with the first shift working from home on 31st March 2020.
- All staff have been given home working capability if needed – however, 60% of shifts were worked in City Hall and 40% at home in April 2020, with social distancing maintained
- We are continuing to install new equipment using plug and play devices and only entering properties where there is no other option. On those occasions we are using PPE and maintaining social distancing
- Lincare provided support to the befriending service phone line over the Easter and May bank holiday weekends with Lincare staff taking all calls.
- Additional questions were asked about potential COVID19 symptoms when sending out responders or HRS staff out of office hours
- We have operated a dedicated phone line within Lincare for the Homeless in and out of office hours

It should also be noted that the annual reaccreditation of the Lincare service was due in April, right at a critical point. Usually this is a site visit and a face to face discussion with evidenced documentation on the day – however, this year the Manager provided all evidence in advance and then had a telephone call with the auditors, which resulted in a positive accreditation – well done team.



# OUR KEY PARTNERS





# Customer Services

We have taken the number of calls consistent with what we would expect in a normal Q4, at 29,739, which pays testament to the hard work that the team have put in this quarter. There has not been a day when we were unable to offer a telephone response to the public.

When lockdown was announced, Team-leaders worked with our IT team to get the appropriate kit to staff homes and whilst we initially had limited numbers having phone access, now most of our Customer Service Assistants (CSA's) are taking calls from their homes. Call waiting times are also good - decreasing from 159 seconds in Q3 to 142 in Q4. We have seen an increase in emails and are dealing with them all on the same working day, some within the half-hour! We are getting lots of positive response, surprised at the speed of reply and grateful for the help. A recent example is:

“Thanks so much for that, really appreciate how quick it's been actioned! Especially as you're probably very busy. Hope you're all keeping safe and healthy. Best wishes”

We have been helping the Revenues and Benefits team through the initial crisis by deferring Council Tax payments on request by either email or phone and many of these calls have not had to go to the Revenues team. We have redeployed two members of our staff to the community Helpline part-time and have also had CSAs undertaking Befriending calls alongside their normal duties.



We introduced a new screening process on Housing repairs calls to ensure that we identify households where tenants are self-isolating because of symptoms or where they are in the Shielding or Vulnerable groups. Team leaders keep in regular contact with everybody in the team, but also staff have a group chat on Social Media which has proved invaluable in keeping morale up. They discuss the IT issues, problems with home-schooling and other frustrations to make sure everyone still feels part of a team.

“Thank you so much that's brilliant. I'm classed as vulnerable if I get covid-19, so as you know it's very stressful and this will definitely help me feel less stressed about one thing at least”

As the pandemic moves into the next stage and our residents re-evaluate their financial and emotional positions, we anticipate that there will be rising demand for both the Customer Services team and also the Welfare Advice team, with more customers relying on the council's services in the longer term.



# Our Communications

This has been a year of change for the city council's communications team. Of the four people who began the year, only one now remains. Luckily, all three leavers have now been replaced and the team, since mid-March, is back operating at full capacity. This could not have come at a better time as, only a week after the team reached full capacity, the UK went into lockdown due to the COVID-19 pandemic.

This, clearly, presented a wide range of challenges for the team, not least working from home and delivering the type of messages that they hadn't been used to delivering before. Initially, the messages were easy to deliver as they were a repetition of health messaging and social distancing. However, it quickly became clear that so many more messages were needed as the council's community leadership role came to the fore. We needed to guide people towards help and advice and give out messages that may upset (much smaller numbers of mourners to attend cremations), along with much more positive messaging around how we were helping people (delivering business grants, providing the befriending scheme). We knew that social media would be key.



These were unprecedented times; people wanted information and the time to search for it. We made a conscious choice in the first instance to deliver messages using a talking head, be these members of the executive, senior officers or staff on the ground. Alongside this we looked at who are trusted partners were and shared content from the likes of Lincolnshire Police, the NHS and Lincolnshire Resilience Forum (LRF). We also helped deliver some of the comms for the LRF through our involvement in its communications arm, the Warning and Informing cell. In putting faces to messages, we started to use some of the good news stories that we were receiving to highlight the variety of services we were providing in the community. These posts were very well received so we moved this to a focus on individual staff and their role in helping people in lockdown, especially those who had been redeployed into areas which helped protect the most vulnerable in the city. We also made a couple of videos focusing on the beauty of the city and all the visitor attractions it possesses.

These were focussed on the potential for visitors (inside and outside of the city) to visit over the Easter Bank Holidays. The key message in these was that "all of this will still be here when lockdown is over" – encouraging people to stay at home as they are not missing out on anything they couldn't see on another day. The videos combined were watched more than 18,000 times. About statistics, on Facebook alone between 17 March and 15 May our posts had a reach of more than 811,000 – which, compared to our reach in the same period in 2019 (174,000) is quite a leap! Since the videos, the team has focused on continuing to deliver messages in as an engaging a way as possible, using cartoon-style graphics to catch the eye, interspersed with the talking head posts. Obviously, during 2019/20, the team was involved in many other communications projects, from the Lincoln Christmas Market to the General Election but the pandemic focused the mind and gave the team the opportunity to look at how they deliver comms, what works, what doesn't and to try new things to engage their audiences and get some incredibly important messages across. They are still doing this today.

Although our parks and green spaces are now able to be used for activities other than exercise, please be aware that all of our children's play areas remain closed. This is because we are unable to guarantee social-distancing in these areas.

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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### A quick guide to safe shopping

1

Before shopping, ask yourself the following questions:

- Am I well enough to go shopping? If you are feeling ill you must not go out.
- Am I in the group that requires shielding? If yes, then again you must not go out.
- Do I need to shop today?
- Could I manage without certain items and make do? For example, could I bake my own bread?
- Am I potentially vulnerable and if so, could I ask someone else to shop for me?
- Can I go to quieter local shops or arrange with local shops for collection or delivery?
- Could I shop online?

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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### A quick guide to safe shopping

3

During shopping, remember to:

- Try and avoid peak shopping times, although it may be difficult to determine when these are
- Maintain a safe social distance of two metres from all other shoppers and staff
- Expect that you may have to queue outside
- Ask if the handle of the trolley or basket you are using has been sanitised
- Sanitise your hands when you enter the store, ideally with your own sanitiser
- Don't delay while shopping or chat with neighbours/friends/store staff
- Make a contactless payment if possible

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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## Stay Home, Break the Chain, Save Lives

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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### What should I do?

Updated guidance for England:

- Stay at home whenever possible
- Work from home if you can
- Avoid public transport if possible
- Take unlimited exercise outside with members of household
- Enjoy parks and public spaces without exercising
- Keep at least 2m apart from anyone not from your household

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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## WARNING

A fraudulent email is currently going round about the grants to small businesses.

PLEASE NOTE: Applicants are required to **ONLY** apply through [lincoln.gov.uk/businessgrantfunding](http://lincoln.gov.uk/businessgrantfunding)

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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Keep at least 2m apart from anyone not from your household

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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Avoid public transport if possible

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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Enjoy parks and public spaces without exercising

For the latest updates and guidance regarding Covid-19 visit [lincoln.gov.uk/coronavirus](http://lincoln.gov.uk/coronavirus)

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# Revenues and Benefits

Quarter 4 is always the period which brings about the highest level of demands on our Revenues and Benefits Service, as the team sends out new Council Tax and Business Rates bills to every household and business in the City (plus to other partner local authorities who are part of the Revenues and Benefits shared service), as well as customers' incomes receiving annual up-ratings, rent increases etc. Despite of all these demands, and the sudden impacts of COVID19 on working and process arrangements, the team has continued to perform positively.

The Business Rates team has taken a high volume of calls from businesses concerned with how they are going to pay their rates, as well as assisting our internal Supporting Businesses Cell with provision of data, as well as helping to make decisions regarding business grants and awarding reliefs. The team has worked proactively with tax and ratepayers, deferring payment instalments where people and businesses are struggling to pay now, whilst incomes are affected, and businesses closed.

Moving into April, the Benefits Team have received 5 times more new claims, had a 77% increase in incoming e-mails, as well as 156% increase in Universal Credit related documents. Turning to Council Tax, double the amount of telephone calls compared to the same period in 2019 were incoming, as well as a 40% increase in the number of e-mails received. Despite these significant challenges, the service has continued to respond and perform well, and will continue to endeavour to do so throughout the coming months as the impacts of COVID19 continue.

With demand rising from customers and increased overtime costs to implement Business Rate Reliefs and the Local Council Tax Support Scheme, there will however, be further pressures on this service throughout the coming year.



# Bereavement Services

In the year up to March 31st we held 1970 cremation services and 314 burials in our cemeteries. As the pandemic effects rolled out through March, staff implemented a robust business continuity plan to ensure the council could maintain services. This included the secondment of an extra member of staff who had previous experience, as well as training up two more cremator technicians giving us a larger pool of technicians to call on should numbers of services increase or staffing fall. Office staff have absorbed many new regulations that were brought in from central government, including the key one of electronic delivery of cremation forms.

The biggest challenge was to keep services running in as normal a way as possible. This was difficult as changing regulations meant that the number of seats in the chapel had to be reduced initially to 30 and then further to 16 to ensure the 2m social distancing was maintained. To help the family and loved ones that could not attend the service we have removed the fee for webcasting or recording the service, so that service numbers can stay within the 16 limit, but at the same time family and friends have the opportunity to pay their final respects whilst keeping themselves safe.

The reception room and Book of Remembrance at the Crematorium is closed until further notice, but entries can be viewed online. Cemeteries will remain open but social distancing rules apply.

Bereavement Services staff have worked extended hours during the week, starting early in the mornings and working late into the evening, working on Bank Holidays and weekends to ensure that services were able to continue without further disruption to bereaved families.



# Community Services

The Community Services team has continued to work throughout, attending sites and dealing with complaints and enquiries from the outset to ensure that services to the public have not been impacted beyond government stipulated changes. Retaining all services functioning has only been possible due to the hard work and 'can do' attitude of staff to manage their way through regularly revised Risk Assessments, and to keep discipline in the face of many demands for change.

It is worth noting that the public have been complimentary and supportive of the services continuing to operate, especially the waste/recycling collection services, which were the subject of a 'Wave to the wagons' campaign. There have been many complimentary letters, both direct to Biffa and to us for the stoic nature of the delivery at this difficult time. The thanks expressed by the public have been a key motivator for all staff, city council employees and contractors, and these genuine expressions of gratitude from our customers have been warmly received.



## Waste and Recycling

The city council's contractor worked well with the council doing everything possible to ensure resilience as far as possible. This was not aided by the County Council's early decision to close HWRCs (tips), leading to increases in pressure on collection services. Plans had to be changed and adjusted almost daily, but it is excellent to note that other than for the loss of the bulky items collection service for a few weeks at the outset, all collection services have been retained.

The bulky service was resumed at the start of May. Additionally, due to the measures taken, and working with all the other services that are required to support this, it has been possible to carry out the renewal of the Garden Waste service subscriptions without serious delay.



## Cleansing

Although some early disruption of services was seen, this was quickly recovered, and the downturn in demand from e.g. littering in the city centre, led to a refocusing of services on 'deep clean' initiatives in the city centre in particular. Extra work has been undertaken to take advantage of the low traffic flows, meaning that traffic islands have been a specific focus for sweeping, and graffiti clearance has been given greater priority. A deep clean of the city centre has been possible, ensuring it is at a high standard ready for the return of retail operations.

However, an increase in fly tipping as a result of reduced enforcement and closed central tips has led to increased costs.



## Toilets

In line with social distancing accords and recognising the need to discourage footfall in the city centre and other tourism areas, public conveniences have been closed. The exception has been to retain open the toilets at the bus station, which were quickly moved to 'free' access. This was to support those key workers still needing to make use of public transport and additionally members of the street community.

With a reduced footfall in the bus station, toilets staff have been able to help in some specific wider tasks within the bus station, ensuring it is as clean as possible ready for when things return to normal. No footfall data is available whilst payments have been suspended. Toilets in parks reopened in alignment with government guidance on use of parks for recreation, on 13th May.





## Open spaces

This subject area covers a very diverse number of services, from parks and commons, through to grass cutting, play areas and tree works. During the initial weeks of lock down it was necessary to go through the delivery specification subject by subject, and to identify which parts could, or could not, be delivered safely. A separate plan was drafted and with the cooperation of the contractor, work reorganised accordingly. This was regularly reviewed in light of demands and government guidance, both on the subject areas themselves, but also on the H&S related topics associated with the service delivery. Regular updates permitted gradual reintroduction of services, ensuring that key services were maintained, and public confidence retained accordingly.

These services are complex, weather/seasonally related, and intricate to manage. It is testimony to all involved that the public will not have noticed a big impact (outside of the closure of play areas mandated by government). Furthermore, many people have renewed their relationships with parks and open spaces, recognising their key role for physical and health mental health. The allotment service is perhaps testimony to this. A statutory service, the recent difficulties have shown why uptake for plots is seeing a minor boom.



## Hartsholme Country Park

The Country Park and nature reserve have been a vital open space in the city during lock-down, showing itself to be a leading open space for recreation. Staff have kept the park functioning although it was necessary to stop all volunteer works and postpone the events programme. Additionally, to meet government-imposed restrictions it has been necessary to close the camp site (anticipated reopening no earlier than July). All those with bookings have been contacted, and we hope to retain that custom at a later date.



## CCTV

CCTV has shown itself as a critical service with highly trained staff. Lockdown has changed the operational processes for CCTV. Some changes were expected, especially as businesses have closed, particularly night-time economy. We have seen a reduction in many types of incidents usually seen in the night-time economy such as Public Order incidents, alcohol related incidents, assaults, burglary and criminal damage and mental health related incidents. However, begging remains a challenge having increased from 39 to 127 in April, potentially reflecting that beggars stand out more when shops are closed. The CCTV unit is working with police to highlight who is involved and passing information to them, so they can attend many of the incidents involving Anti-Social Behaviour.

Overall incident numbers were up in April, 1,363 compared to 1163 in January, with operators undertaking pro-active monitoring a major factor. As part of the COVID19 changes the new incident category of Social Monitoring was created. Pro-active incidents were 879 more than usual as this now included social distancing monitoring. This initiative was introduced to produce reliable accurate data on levels of non-compliance and if this was also leading to public order issues in the city centre and parks. There were 588 Social Monitoring incidents in April, however the breaches of social distancing were contained to relatively minor issues and did not develop in to disorder or drunkenness.

In addition to the pro-active work mentioned above, the CCTV unit is also undertaking surveillance sweeps across a wide range of areas and assets, to highlight any suspicious activity or security issues which are brought to attention of police where appropriate. The Bus Station is checked regularly for any issues including waiting passengers contravening social distancing rules, and parks are checked for levels of activity. From a start point of around 750 sweeps per week we are now undertaking 2,000 pro-active surveillance checks every week (or 285 per day). It is a remarkable figure and great credit goes to all the team for the way they have adapted to this and all the challenges.

## Car Parks

All operational car parks have remained open. Car park demand is very low, but free parking has been provided for NHS staff.

Civil Enforcement Officers have continued working, whilst maintaining safe working practices, on a reduced staffing rota, ensuring safety of the public and premises from criminal and anti-social behaviour. They have also worked at the COVID 19 testing centre when it was operational at Yarborough Leisure Centre.

The unseen back office functions of parking services have also been able to continue, working from home. Innovative changes have ensured that RPS permits have still been renewed and issued, although with some short delays at times. Again, from a customer perspective, the services have continued unchanged.

As income from car parks is significantly lower than usual, this will be reviewed as part of the new emergency budget coming forward in July



## Emergency Housing Repairs

Our maintenance teams have had to be refocussed since the start of the lockdown, but that doesn't mean we are not completing repairs. We are still completing 24-hour emergency repairs and also 3-day urgent repairs, albeit with a reduced workforce. Gas servicing continues to plan, and part of the workforce has been dedicated to working on voids, which was invaluable at the start of the lockdown when homes had to be found for a number of homeless and street sleepers. In addition the team is continuing with facilities management work such as reviewing fire protection. Of course this work is carried out with the proper PPE and within social distancing guidelines. For operatives that are not able to work on their normal roles – there are lots of opportunities for them to contribute to the continued running of existing and new services.

Some examples include: Some operatives have moved across to work on the new Befriending Service mentioned earlier in the report. One of the managers also moved across temporarily to help run this service Other operatives are supporting their communities by delivering food bank parcels three days a week Work is ongoing to ensure that we are ready with specifications for the procurement exercises that will undoubtedly be required as soon as the lockdown starts to be lifted Between all this extra activity, the workforce has fitted in a significant amount of on-line training – helping with knowledge and freeing up time in the months to come.

Other staff have been working on an electronic system to improve and speed up the system after inspections have been completed. For example when a gas certification is completed the new system will automatically check the readings and pick up any non-compliant certificates quickly. The team has also updating modules of the asset management system, which will e.g. provide us with a database of fire doors in the city. All of this, and much more that is happening is imperative so that once we can release some of the restrictions, we will be in the best possible place to move forward quickly



# Food Health & Safety and Enforcement

Although the Food, Health & Safety Team are generally not visiting businesses to do inspections post lockdown, we have still had to visit those where we get persistent complaints. In fact as of the end of the financial year, 92% of inspections were completed and 99% of all premises were fully or broadly compliant with FH&S inspection requirements, with just 10 of the 1052 premises non-compliant. We continue to investigate complaints about poor hygiene standards in premises, allegations of food poisoning and the investigation of food complaints relating to foreign bodies.

We have been very involved in making sure that businesses comply with Regulations and guidelines relating to COVID19. From the beginning of lockdown, we have been at the forefront of advising businesses on how to comply and investigating complaints about businesses that are either open when they shouldn't be, or not following social distancing guidelines. We deal with complaints informally to try and work with the business, so that they can continue to operate within the law.

We have also been working closely with other agencies, partners and internal services, both on current practice and on how we can move forward when lockdown is lifted. Examples include:

- Co-ordinating responses to complaints from the Police and Trading Standards
- Liaising with Public Health on establishing contact tracing in Lincolnshire
- Liaising with other Lincolnshire Local Authorities to ensure that we are operating consistently on COVID19 related matters
- Assisting the Business Support team in contacting businesses that are eligible for grant aid
- Advising on market provision in the town centre
- Liaising with partners to put measures in place to ensure the safe re-opening of the City centre

In terms of general Health & Safety for both staff and customers, we are incurring additional costs in ensuring that we can provide appropriate PPE for everyone who needs it, whether visiting homes, businesses or simply having to work from an alternative base.

## Bus Station

The suspension of most services has meant the bus station has continued to operate, but with revised opening hours ( 0530 to 1900 Monday to Saturday). The reception desk closed, and support within the site has been reduced to skeleton. Close liaison with the main bus station operators is maintained and thus the bus station will quickly return to use in alignment with demand, and in accordance with government guidance.



## Rent Collection

Although at the end of the year, rent collection and arrears are showing as positive in the performance figures, this doesn't yet truly reflect the effects of COVID19 on tenants ability to pay.

Recognising that many of our tenants were facing a financial crisis as jobs were lost or furloughed we made an immediate decision to bring forward the rent free weeks that normally sit at Christmas each year, to April - which has allowed some lee-way for those on reduced income.

In addition, we have set up a new £100,000 Discretionary Housing Rents Hardship fund to sit alongside the existing Discretionary Housing Payments fund to support the most vulnerable in the community. For those who are struggling to meet their rental obligations a one-off payment may be available direct to tenants rent accounts.



# Support from other services



## The Lincoln Lottery

Following approval from the Lincoln Community Lottery Member Panel, £5,000 of the Lincoln Lottery Community Fund has been allocated to the COVID 19 Support Fund. The funding will be used to support local good causes to provide emergency support to Lincoln residents in need during the current COVID 19 pandemic. The COVID 19 Support Fund has been jointly established by City of Lincoln Council and the Lincolnshire Community Foundation.



The £5,000 from the Lincoln Lottery Community Fund has been raised by all supporters of Lincoln Community Lottery since August 2019. All supporters of the lottery were made aware of this allocation of funding in late April 2020 via a web mail, news story on the lottery website and via the council's COVID 19 Support Fund press release. This has helped to maintain ticket sales during this difficult time, which in return has helped to raise funds for local good causes in and around Lincoln.



## Housing Allocations Service



Having uploaded the document templates required for applications to the council website so they can be accessed directly by applicants, we have been able to continue to process applications through to the housing register and helped with selection of properties for emergency use as a result of COVID19.

We have been able to reduce the backlog of applications, and also deal with over 700 emails received in April. We have also supported both the homeless team and the rough sleeping team with initial enquires for those in emergency or homeless situations, directly matching properties to those in most need, adhering to the directive from MHCLG. Staff morale has been maintained by a mix of a 'WhatsApp' group to keep all the team involved and messaging



## Civic Services

Unfortunately, various Civic functions that should have taken place over the last few months have been postponed, i.e. the RAF Waddington/Scampton Freedom Parade, Civic Award Ceremony, etc.

However, despite the scheduled Tri-service Parade being unable to take place, the Mayor, Councillor Sue Burke; was able to deliver a specially recorded message on VE Day, 8th May, to all the citizens of the city and to the veterans and serving members of the Armed Forces.

On 11th May, the Mayor also delivered a message to the people of Bradford to commemorate the 35th anniversary of the tragic fire that befell the Football Match between Bradford City and Lincoln City in 1985. The Mayor's message was screened at a special Memorial Ceremony that took place in Bradford City Centre and a wreath from Lincoln was laid on our behalf.

The annual Mayor-Making event, due to be held on 19th May, has been postponed until next year. A decision was made that the current Civic Party should remain in Office until then. The present Deputy Mayor and also Mayor Elect, Councillor Jackie Kirk, will, therefore, assume Office on 18th May, 2021.

In April, the City Council were delighted to accept 22,000 masks that had been donated to the City by our sister city Nanchang, China, these will be used appropriately and accordingly.



# Supporting our staff

The health, wellbeing and welfare of our employees was our priority and Human Resources (HR) took on the role of offering extra support for everyone who might need it



## Living alone/isolated staff

Employees who live alone and may be isolated or struggling in any way were identified early on, then regular welfare and wellbeing checks were carried out by HR for these staff as a kind of 'internal befriending service', following up on any issues raised with managers, providing advice and guidance or signposting to appropriate support. Additionally HR support is available to those employees undertaking the new Helpline or Befriending Services where they may have dealt with an upsetting call and need to decompress or have some reassurance after it.



## Employee health and wellbeing initiatives and support tools

As well as promoting our normal support mechanisms (such as our employee assistance programme) there is now a specific section on the council's intranet site which offers tips, support, video links and signposting, which managers and staff can access. It offers straight forward support on key aspects which are fundamental to wellbeing while working from home or remotely. For example - maintaining physical activity/ sustaining good mental health/ staying socially connected when socially distanced/ tips on working from home. HR has also rolled out a One Active Council initiative and is currently in the process of developing an Employee Wellbeing survey.



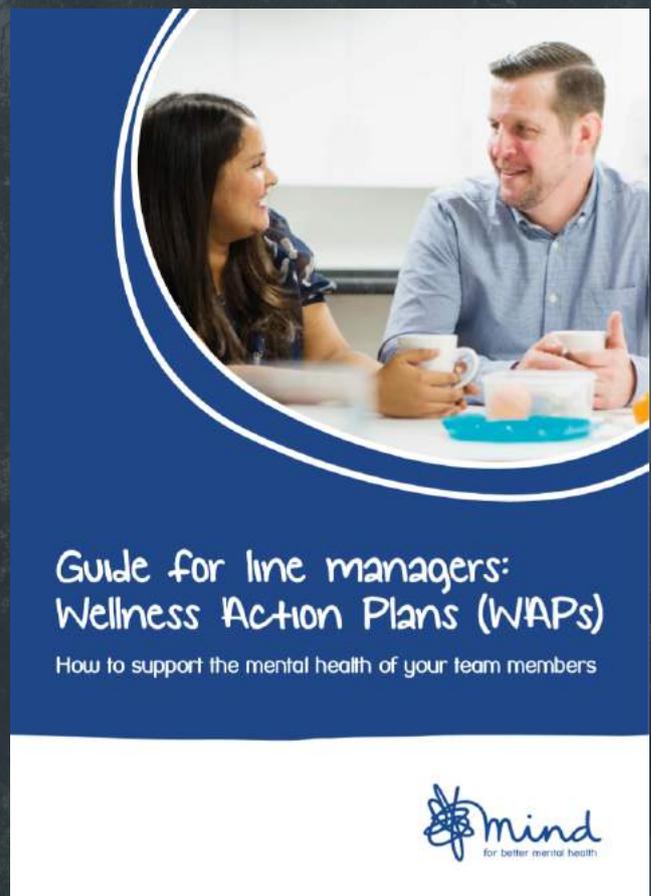
## Coronavirus tracking

HR maintains a tracker for those who report symptoms either for themselves or a household member and needed to go into isolation for the recommended time. Once their isolation is over, HR then carries out care calls with them to check on their wellbeing.



## New procedures and guidance

Another key priority was to have clear and concise guidance notes regarding the virus and council procedures. HR therefore produced frequently asked questions for employees and managers, provided checklists for managers on maintaining contact with their employees and amended certain existing procedures to take account of the difficult circumstances. For financial assurance they ensured that all staff who had lost access to IT temporarily, received paper copies of their payslips as it was felt important that our staff have this visible reassurance of normal pay to alleviate any financial worries. HR has provided all key workers with letters confirming that they are a key worker (for schooling purposes and for potential police checks)





# Looking ahead

Moving forward into the recovery phase the Council's single biggest challenge is our ability to lead on, finance and support key practical and relevant interventions which will be critical to the recovery of not only the council, but also Lincoln and Lincolnshire's economy. The Council is currently forecasting a shortfall on our own General Fund budget of c£4.5m in 2020/21 after the allocation of £1m of government grant funding. The Housing Revenue Account is forecasting a £0.7m shortfall for which no government support has yet been provided. In response to this we are undertaking a number of urgent actions focusing on:

- Extensive lobbying and media campaign
- Controls to limit expenditure
- Repurposing of Vision 2025
- Emergency Budget

However, for the council the most urgent need to is to fully re-mobilise all our critical services as soon as possible, followed by the remaining services shortly after, the council plans for re-mobilisation started in late April and are well developed at the time of writing. Immediate recovery will of course fall in line with the governments stepped plan, and services in the future will reflect a need to maintain safety for both service users and staff alike. We will develop testing protocols for staff and ensure social distancing measures at all sites as they reopen.

Importantly, we have learned much about how we can do things differently; how we can use the positive learnings from the last three months to drive long term change in the way we work and interact with our customers. We have proved we can work at distance; we can work on-line, and we now have the technology to make choices about what a new operating model for the future could look like. Where staff need to travel in to work – we will encourage walking and cycling as healthier and safer options and will promote this as good practice across the city.

Alongside this, through the economic recovery cell, the council will work with partners to regenerate the city centre, bringing residents, workers and visitors back to a safe environment.

In the longer term recovery phase the council is best placed to drive and support our local economy through -

- delivering the homes and infrastructure our communities need;
- stimulating growth and jobs;
- providing and enhancing the support systems to our vulnerable residents;
- tackling climate challenge and ensuring we continue to enhance our remarkable City including pursuing the option of the £25m Town Deal.

Holding events has always been a key factor in the success of Lincoln as a tourist destination – whilst we will have to rethink how some of these events will work in the short term, they remain a key part of our city's lifeblood.

Lincoln is the economic powerhouse of the broader Lincolnshire economy, attracting residents, students, visitors, shoppers and businesses to not only the city but then dispersing some of them to the surrounding area.

The effects of the pandemic will remain with Lincoln in at least the short term and will make a difference in the prioritisation of workload over the next few years. We are already in the process of preparing an emergency budget for consideration by Executive in June/July which will provide options for the council's financial security going forward.

The Council's Vision 2025 was already focussing on these priority areas and will now be repurposed to target these priorities in new ways to lead and bolster the City's economic recovery, focussing on what is important right now and deferring some projects to the latter years of the Plan.

# Summary of CX service performance in Q4 2019/20

Service Area	Measure ID	Measure	High Or Low	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Unit	Status	Commentary
Communications	COM 1	Percentage of media enquiries responded to within four working hours	High is good	70.00	85.00	Q3 - 19/20	54.00	Q4 - 19/20	76.00	%	A	Commentary to follow Commentary to follow Commentary to follow
Communications	COM 2	Number of proactive communications issued that help maintain or enhance our reputation	High is good	25	40	Q3 - 19/20	21	Q4 - 19/20	37	Number	A	Commentary to follow Commentary to follow Commentary to follow
Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	High is good	82.00	85.00	Q3 - 19/20	100.00	Q4 - 19/20	12.00	%	R	12/12 apprentices within Q4 completed their apprenticeship on time
Work Based Learning	WBL 2	Number of new starters on the apprenticeship scheme	High is good	18	20	Q3 - 19/20	19	Q4 - 19/20	29	Number	G	We had 10 new starts within Q4 - a combination of progressions and new apprentices. The cumulative figure up to Q4 is 29
Work Based Learning	WBL 3	Percentage of apprentices moving into Education, Employment or Training	High is good	82.00	85.00	Q3 - 19/20	100.00	Q4 - 19/20	85.00	%	R	In Q4 11/13 apprentices moved into Education Employment or training
Customer Services	CS 1	Number of face to face enquiries in customer services	N/A	Volumetric	Volumetric	Q3 - 19/20	3,534	Q4 - 19/20	2,403	Number	V	This only for January & February unable to access March, but as we were on reduced opening hours and then closed there would not be many more visits
Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	N/A	Volumetric	Volumetric	Q3 - 19/20	26,889	Q4 - 19/20	29,739	Number	V	Very similar to previous quarters, we moved from taking calls at city hall to homes
Customer Services	CS 3	Average time taken to answer a call to customer services	Low is good	120	90	Q3 - 19/20	159	Q4 - 19/20	142	Seconds	R	An improvement on last quarter there was not a working hour that we were not available to take a call even as we moved to working from home
Customer Services	CS 4	Average customer feedback score (face to face enquiries - score out of 10)	High is good	8	10	Q3 - 19/20	10	Q4 - 19/20		Number	R	Due to Covid-19 and City Hall closing face to face interactions no score for Q4 is available.
Customer Services	CS 5	Customer satisfaction with their phone call to Customer Services	High is good	80.00	85.00	Q2 - 19/20	88.00	Q4 - 19/20	Data Due	%	Data Due	
Accountancy	ACC 1	Average return on investment portfolio	High is good	0.75	0.85	Q3 - 19/20	0.85	Q4 - 19/20	0.80	%	A	0.80% qtr 4 ave. 0.84% ave for 19/20 note rates dropped significantly at the end of March (BoE base rate now at 0.10%)
Accountancy	ACC 2	Average interest rate on external borrowing	Low is good	4.75	3.75	Q3 - 19/20	3.60	Q4 - 19/20	3.66	%	G	3.66% for Q4 with an average for the year of 3.62% further borrowing taken in Q4
Revenue Administration	REV 1	Council Tax - in year collection rate for Lincoln	High is good	88.85	97.10	Q3 - 19/20	79.03	Q4 - 19/20	96.77	%	R	Collection is above by 0.01% in actual monetary terms o 18/19 we collected £40,414,551 o 19/20 we collected £42,902,806 Total net receipt has increased by 5.86% from £40,383,019 to £42,900,788
Revenues Administration	REV 2	Business Rates - in year collection rate for Lincoln	High is good	88.60	99.10	Q3 - 19/20	83.39	Q4 - 19/20	99.46	%	G	Collection is below by 0.35%, this equates to £155,923 of the net collectable debit Total net receipt has reduced by 0.15% from £44,374,975 to £44,303,107 2018-19 was a spike in collection - previous years were 98.87% for 17/18 and 99.11% for 18/17
Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues team	Low is good	150	250	Q3 - 19/20	550	Q4 - 19/20	371	Number	R	Reduction from previous year of 66. 487 additional properties within the taxbase to maintain and administer.
Housing Benefit Administration	BE 1	Average (YTD) days to process new housing benefit claims from date received	Low is good	27.00	24.00	Q3 - 19/20	21.73	Q4 - 19/20	20.60	Days	G	Continued weekly monitoring has ensured prompt decision making
Housing Benefit Administration	BE 2	Average (YTD) days to process housing benefit claim changes of circumstances from date received	Low is good	6.00	4.50	Q3 - 19/20	5.84	Q4 - 19/20	3.17	Days	G	Numerous 1 day changes due to income upratings and rent increases
Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Low is good	Volumetric	Volumetric	Q3 - 19/20	1,025	Q4 - 19/20	1,510	Number	V	of the 1510 customers 1118 are waiting a first contact from us. We started to see an increase in documents being received towards the end of march due to Covid 19 having an impact on people's financial situation.
Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where Benefit entitlement is correct	High is good	87.00	90.00	Q3 - 19/20	95.72	Q4 - 19/20	95.00	%	G	Slight decrease due to small errors in the 100% checking of the new starters.
Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	N/A	Volumetric	Volumetric	Q3 - 19/20	2,290	Q4 - 19/20	4,363	Number	V	1115 Housing Benefit and 3248 CTR - we started to see an increase in claims for CTR in March - 329 received in comparison to 252 in February

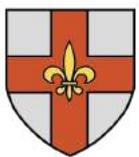




# Summary of DHI service performance in Q4 2019/20

Service Area	Measure ID	Measure	High Or Low	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Unit	Status	Commentary	
DHI	Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	Low is good	0.20	0.00	Q3 - 19/20	0.55	Q4 - 19/20	0.23	%	R	Of the 18 non Decent properties at year end: 11 were for Doors 2 were for Roof covering 1 was for a Chimney in repair 2 were for Electrics 2 were buyback properties awaiting modernisation
	Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	N/A	Volumetric	Volumetric	Q3 - 19/20	184	Q4 - 19/20	199	Number	V	All remedial works have been ordered but issues with accessing properties and the impact of Covid-19 lockdown has delayed these works beyond the year end.
Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	High is good	99.80	99.96	Q3 - 19/20	99.86	Q4 - 19/20	99.89	%	A	We failed to access 9 properties within the target item during the year, however we have achieved 100% performance in every month since December.	
	Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	High is good	97.50	98.75	Q3 - 19/20	98.63	Q4 - 19/20	98.54	%	A	Performance remains consistent in this area and has been above target all year.
Rent Collection	RC 1	Rent collected as a proportion of rent owed	High is good	96.50	98.00	Q3 - 19/20	100.30	Q4 - 19/20	100.00	%	G	Income collection continued to be challenging with the further roll out of Universal Credit and the 53 week rent year leaving our Universal Credit claimants with an approximate shortfall of £90,000 between claimants entitlement in Housing Element and the rent due.	
	RC 2	Current tenant arrears as a percentage of the annual rent debit	Low is good	4.00	3.00	Q3 - 19/20	2.82	Q4 - 19/20	2.87	%	G	Arrears at the end of March were 2.87% which was ahead of the 3.65% target. In year collection was 100% against the target of 98%. We carried out 87 evictions compared to 87 the previous financial year with an increasing focus on tenancy sustainment.	
Housing Solutions	HS 1	The number of people currently on the housing list	N/A	Volumetric	Volumetric	Q3 - 19/20	1,477	Q4 - 19/20	1,408	Number	V	This figure has decreased by 69 since last quarter. The changes in figures relating to this measure cannot be predicted as it varies month by month, which is why there is no target in place.	
	HS 2	The number of people approaching the council as homeless	N/A	Volumetric	Volumetric	Q3 - 19/20	457	Q4 - 19/20	647	Number	V	Commentary to follow. Commentary to follow.	
Housing Solutions	HS 3	Successful preventions against total number of homelessness approaches	High is good	150.00	300.00	Q3 - 19/20	338.00	Q4 - 19/20	377.00	%	G	Commentary to follow. Commentary to follow.	
	Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	Low is good	0.90	0.80	Q3 - 19/20	0.89	Q4 - 19/20	0.85	%	A	The Voids performance has been impacted this year due to the influx of new build properties and buy back properties which has increased the overall number of voids processed. This also coincided with the renewal of the void sub-contractor contract and the closure of the previous contractor due to financial reasons. Therefore the excess capacity that we would normally be sent to our supply chain was severely impacted. We have also suffered from some national material supply shortages such as plasterboard and plaster due to the shortages in the British Gypsum supply chain.
Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Low is good	26.00	23.00	Q3 - 19/20	31.52	Q4 - 19/20	31.98	Days	R	The Voids performance has been impacted this year due to the influx of new build properties and buy back properties which has increased the overall number of voids processed. This also coincided with the renewal of the void sub-contractor contract and the closure of the previous contractor due to financial reasons. Therefore the excess capacity that we would normally be sent to our supply chain was severely impacted. We have also suffered from some national material supply shortages such as plasterboard and plaster due to the shortages in the British Gypsum supply chain.	
	Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Low is good	31.00	28.00	Q3 - 19/20	39.85	Q4 - 19/20	39.91	Days	R	The Voids performance has been impacted this year due to the influx of new build properties and buy back properties which has increased the overall number of voids processed. This also coincided with the renewal of the void sub-contractor contract and the closure of the previous contractor due to financial reasons. Therefore the excess capacity that we would normally be sent to our supply chain was severely impacted. We have also suffered from some national material supply shortages such as plasterboard and plaster due to the shortages in the British Gypsum supply chain.
Housing Maintenance	HM 1	Percentage of reactive repairs completed within target time	High is good	96.00	98.00	Q3 - 19/20	97.67	Q4 - 19/20	96.71	%	A	Commentary to follow. Commentary to follow.	
	Housing Maintenance	HM 2	Percentage of repairs fixed first time	High is good	90.00	93.00	Q3 - 19/20	94.67	Q4 - 19/20	94.07	%	G	Target has been achieved for the year, whilst having a further improvement on the previous year.
Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	High is good	94.00	96.00	Q3 - 19/20	97.41	Q4 - 19/20	97.15	%	G	Satisfaction levels have remained consistently high throughout the year.	
	Housing Maintenance	HM 4	Appointments kept as a percentage of appointments made	High is good	94.00	96.00	Q3 - 19/20	97.82	Q4 - 19/20	97.89	%	G	Target achieved. Performance has slightly increased quarter on quarter. Our efficient appointments performance has been reflected in overall tenant satisfaction with the repairs service.

# PROUD TO BE LINCOLN



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COUNCIL

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Lincoln's ambitious future



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EXECUTIVE

27 JULY 2020

**SUBJECT: FINANCIAL PERFORMANCE – OUTTURN 2019/20**

**REPORT BY: CORPORATE MANAGEMENT TEAM**

**LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER**

## 1. Purpose of Report

- 1.1 To present to Members the provisional 2019/20 financial outturn position on the Council's revenue and capital budgets, including:
- General Fund
  - Housing Revenue Account
  - Housing Repairs Service
  - Capital Programmes
- 1.2 This report will provide members with a summary of actual income and expenditure compared to revised budget and how any surpluses have been allocated to reserves
- 1.3 Members should note that the financial outturn is still subject to Audit by Mazars, the Council's external auditors.

## 2. Executive Summary

- 2.1 Although the Council is now facing a severe financial challenge as a result of the COVID19 pandemic, which saw the UK enter into a 'lockdown' in late March, the financial impacts were largely not seen until April in the new financial year. This report therefore covers the financial position of the Council for the year 2019/20.

	<b>2019/20</b>		
	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
<b>Revenue Accounts</b>			
General Fund – Contribution to/(from balances)	554	421	(133)
Housing Revenue Account (HRA) (Surplus)/Deficit in year	(52)	19	72
Housing Repairs Service (surplus)/deficit	0	(72)	(72)
<b>Capital Programmes</b>			
General Fund Investment Programme	12,510	10,057	(2,453)

	2019/20		
	Budget £'000	Actual £'000	Variance £'000
Housing Investment Programme	14,906	11,977	(2,929)
<b>Capital Receipts</b>			
General Fund	(1,650)	0	1,650
HRA	(845)	(2,458)	(1,613)
<b>Reserves &amp; Balances</b>			
General Fund Balances	2,452	2,269	(183)
HRA Balances	1,078	1,007	(72)
HRS Balances	89	126	37
General Fund Earmarked Reserves	6,674	6,479	(195)
HRA Earmarked Reserves	1,321	1,403	82

2.2 The detailed financial position is shown in sections 3-7 and accompanying appendices.

### 3. General Fund Revenue Account

3.1 For 2019/20 the Council's net General Fund revenue budget was set at £13,655,090, including a planned contribution from balances of £554,410 (resulting in an estimated level of general balances at the year-end of £2,452,134).

3.2 The financial performance quarterly monitoring report for the 3<sup>rd</sup> quarter predicted a shortfall against the revised budget of £222,080. The provisional outturn for 2019/20 now indicates that this shortfall has decreased by £88,258, resulting in an overall budget shortfall of £133,822 (including proposed transfers to/from earmarked reserves, but excluding carry forward requests). This represents a variance against the revised budget of 0.99%.

3.3 Full details of the main variances are provided in appendix B whilst the key variances are summarised below:

- City Hall, Industrial Estates & Lincoln Properties – Increased Income (£167,351)
- Housing Benefit Overpayments – Reduced Income £389,536
- Other Interest – Increased Income (£88,080)
- Car Parking – Increased Income (£90,912)
- Housing Regeneration – Reduced Expenditure/Increased Income (£98,366)

- MRP – Reduced Expenditure (£288,200)
- Direct Revenue Financing – Reduced Expenditure (£230,475)
- External Interest Payable – Reduced Expenditure (£222,139)
- Yarborough LC – Reduced Income - £53,400
- TFS Savings Target – Shortfall in delivery £201,705

3.4 Although there are several significant variances highlighted above the most significant of these is in respect of housing benefit overpayments. Over recent years the level of overpayments has continued to significantly increase, however more recently with the transition of benefits customers to universal credit and with the use of 'real time' information the level of overpayments raised as drastically reduced. This has led to a budget pressure due to reduced income from the reclaiming over the overpayment from the claimant. As part of the 20/21 budget setting process the MTFS 2020-25 was refreshed and now reflects the impact of this. A number of the other variances also have ongoing implications and have been factored into the MTFS 2020-25, approved in March 2020, other variances though have arisen due one-off factors and are unlikely to occur again. The impact of COVID19 may though exacerbate some of these variances and close budget monitoring will be crucial in 20/21.

3.5 The provisional outturn of a £133,822 budget shortfall includes a number of proposed transfers to/from earmarked reserves as set out in paragraphs 3.6 – 3.7 below. Subject to their approval the outturn position will result in a contribution of £420,588 to balances (£554,410 budgeted), with balances as at 31<sup>st</sup> March 2020 of £2,269,618. Although this is £133,822 lower than assumed in the MTFS, balances still remain within prudent levels.

### Earmarked Reserves

3.6 In addition to those transfers to/from earmarked reserves already budgeted for, there are a number of further contributions to and from existing reserves listed below for approval:

Directorate	Reserve	TO £	FROM £
CORP	Business Rates Volatility Reserve – Collection Fund balances 2019/20		241,610
CX	Asset Improvement Reserve – Contribution from reserve for Greetwell Hollow professional fees		4,300
CX	Invest to Save Reserve – contribution from reserves for Workplace Strategy		12,000
CX	17/18 Cfwd : Wellbeing & Training – contribution from reserves for Global Challenge		12,000
CX	Invest to Save Reserve – contribution to reserves following re-profiling of M365 Funding to 20/21	4,935	
CX	Invest to Save Reserve – contribution to reserves following re-profiling of IT Infrastructure project to 20/21	17,170	

CX	IT Reserve – contribution to reserves based on final outturn position	29,670	
DCE	Invest to Save Reserve – contribution from reserves for Pod at Hartsholme Country Park		4,900
DCE	Tree Risk Reserve – contribution from the reserve for additional work carried out & adhoc highways offset by a contribution to reserves	15,700	37,340
DCE	Commons Parking – contribution to reserve for parking income offset by a contribution from the reserve for works carried out	11,450	9,000
DCE	17/18 Cfwd : Community Services Staffing – contribution from reserves for Apprentice		4,940
DCE	Community Clean Up – contribution from reserves to fund High Street Clean Up		13,510
DCE	Parks Improvement Funding – contribution from reserves to improve parks and open spaces		12,980
DCE	15/16 Cfwd : Street Furniture – contribution from reserves for works carried out		7,500
DCE	Invest to Save Reserve – contribution from reserves for Visitor Information Centre set up costs		2,730
DCE	16/17 Cfwd : Birchwood Leisure Centre – contribution from reserves to support Active Nation OB Income shortfall		11,050
DCE	Brownfield Site Register – contribution to reserves for grant use in 20/21 offset by contribution from reserves to fund additional Wildlife Surveys	10,550	1,520
DCE	Planning Delivery Fund Reserve – contribution from reserves to support under achievement of income in year		44,000
DCE	Strategic Priority Reserve – contribution to reserves following re-profiling of Intervention grant to 20/21	2,500	
DCE	Grenfell Materials Grant – contribution to reserves for new grant received for use in 20/21	6,050	
DCE	17/18 Cfwd : Residents Parking – contribution to reserves for use in 20/21	3,230	
DCE	Custom Build Grant - contribution to reserves for new grant received for use in 20/21	15,000	
DHI	Homelessness Prevention Grant – contribution from reserves for Street Worker		30,000
DHI	Homelessness Prevention Grant – contribution from reserves for Rent deposits		8,600
DHI	Flexible Homelessness Grant – contribution from reserves for Rough Sleepers		83,610
DHI	Controlling Migration Grant – contribution to reserves for use in 20/21 offset by contribution from reserves for Q4 final position	30,530	3,470
DMD	Strategic Growth Reserve – contribution to reserves for use in 20/21 for Western Growth Corridor	42,545	

CAPACC	Invest to Save Reserve – Contribution from reserves to fund CCTV Upgrade		2,660
CAPACC	Invest to Save Reserve – Contribution to reserves for re-profiling of New Website funding to 20/21	2,240	
<b>TOTAL</b>		<b>191,570</b>	<b>547,720</b>

In addition to these transfers to/from existing earmarked reserves, it is also proposed that a new reserve is created for the COVID response. Additional resources of £353,654 have been identified, arising from both a change of financing of the capital programme, and a review of the annual MRP charge. These one-off resources would be contributed to the reserve to be used as part of a range of measures to mitigate the increased expenditure and reduced income set to be experienced in 20/21. Further details of these measures are set out in a separate report on the 20/21 budget to the Executive.

All of the above proposed transfers to/from reserves are reflected in the provisional outturn position.

- 3.7 Financial Procedure Rules state that Assistant Directors are able to carry forward any budget provision not utilised during the financial year, subject to their Directorate as a whole not being overspent. A provisional list of proposed carry forwards were reported to the Executive as part of the 3rd quarters monitoring (totalling £39,210). At that time it was proposed that approval of these requests, subject to the final outturn position, should be given.
- 3.8 The list of carry forward requests has been revised following confirmation of the final cash limited outturn for each Directorate in 2019/20. Of the two requests proposed at Q3 neither have now been put forward for final approval, the three requests below are new proposals for reasons arising during Q4. The final list of requests (which if approved would be transferred from the surplus to earmarked reserves for drawdown in future years) is shown below totalling £33,740: -

Directorate	Reason for Carry Forward	£	Requested At Q3?
<b>CX</b> Lincoln Lottery	Earmarked lottery income from 18/19-19/20	1,950	<b>N</b>
<b>DCE</b> Housing Regeneration	Agency budget required in 2020/21 to fund maternity cover	15,000	<b>N</b>
<b>DCE</b> Whitton's Park / Birchwood Play Areas	Work committed in autumn 2019, only partially complete due to saturated ground following heavy rains	16,790	<b>N</b>
<b>TOTAL</b>		<b>33,740</b>	

- 3.9 By approving all of the proposed carry forwards the budget shortfall would increase to £167,562 and result in balances at 31<sup>st</sup> March 2020 of £2,235,878.
- 3.10 The level of each of the current earmarked reserves, as at 31st March 2020 is attached at Appendix G. The appendix takes account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure. It does not reflect the proposed carry forward requests mentioned in paragraph 3.8.
- 3.11 In addition to the key variances, and contributions to/from earmarked reserves, as set out above, the following other key areas of monitoring of the General Fund Revenue Account set out below.
- 3.12 **Towards Financial Sustainability Programme** – The savings target included in the MTFS for 2019/20 is £4,650,000. Progress against this target, based on the outturn position shows a secured total £4,448,250. A summary of the provisional outturn position is shown in the following table:

	<b>£</b>
	<b>General Fund</b>
<b><u>Review/Business Case Approved/Delegated Decision Taken</u></b>	
One Council	33,290
Asset Acquisition	661,790
Commercialisation	889,800
Managing Demand (Withdrawal/Service Reduction)	2,863,370
<b>Total</b>	<b>4,448,250</b>
<b>MTFS savings target</b>	<b>(4,650,000)</b>
<b>(Under)/ over achievement</b>	<b>(201,750)</b>

Although this is a significant shortfall against the in year target this was primarily the result of a delay in one scheme being bought forward to the Executive, this is now scheduled to be presented in late Summer. Work continues on the development of the TFS Programme to ensure that there are a range of reviews and schemes to achieve the savings targets that remain in the MTFS.

- 3.13 **Fees and Charges Income** – Income from fees and charges represents a significant proportion of income to the Council, with the primary sources being from car parking, development management and building regulations. Due to the importance of these income streams to the Council’s financial position and the impact external factors can have on the levels of income receive they are monitored regularly by the Corporate Management Team. These discretionary income streams have been severely impacted by COVID19, although the outturn figures for 19/20 do not reflect this, in some areas income has plummeted from the end of March 2020. A summary of the progress of these key income streams against the approved budget for the financial year is provided below:

	<b>Budget 2019/20</b>	<b>Actual 2019/20</b>	<b>Variance 2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Car Parks	(5,449)	(5,522)	(73)
Crematorium	(1,408)	(1,492)	(84)
Development Management	(570)	(510)	60
Building Control	(205)	(182)	23
<b>Total</b>	<b>(7,632)</b>	<b>(7,706)</b>	<b>74</b>

#### **4. Housing Revenue Account**

4.1 For 2019/20 the Council's Housing Revenue Account (HRA) net revenue budget was set at £52,040, resulting in an estimated level of general balances at the year-end of £1,078,609.

4.2 The financial performance quarterly monitoring report for the 3rd quarter predicted an underspend of £79,582. The provisional outturn for 2019/20 now indicates an overspend of £71,514. This would result in HRA balances at 31 March 2020 of £1,007,095. The main over and underspends included within the provisional outturn are detailed in Appendix D, while the key variances are summarised below:

- HRS Surplus – Additional Income (£72,487) (see section 5 for further details),
- Council Tax– Additional Expenditure £94,286,
- Depreciation – Revaluation of properties – additional expenditure £383,122,
- Loan Charges – Interest on additional borrowing – increased expenditure £71,869,
- Major Repairs Reserve – DRF adjustment to fund additional depreciation and loan charges – (£440,526).

4.3 A HRA general balance of £1,007,095 as at 31<sup>st</sup> March 2020 although lower than assumed in the MTFs, still remains within prudent levels.

4.4 The level of each of the current earmarked reserves, as at 31<sup>st</sup> March 2020 is attached at Appendix G. The appendix takes account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure.

#### **5. Housing Repairs Service**

5.1 For 2019/20 the Council's Housing Repairs Service (HRS) net revenue budget was set at zero, reflecting its full cost recovery nature.

5.2 The financial performance quarterly monitoring report for the 3<sup>rd</sup> quarter predicted a £117,075 surplus outturn for 2019/20. The provisional outturn for 2019/20 shows a trading surplus of £72,487.

5.3 The net trading surplus of £72,487 is the result of several year-end variations in income and expenditure against the approved budget. The main over and

underspends included within the provisional outturn are detailed in Appendix F, while the key variances are summarised below:

- Reduced recharges for internal work and change to sub-contractor – reduced income £181,936
- Reduction in material costs – reduced expenditure (£104,741)
- Increased hire of equipment costs – additional expenditure £87,633

5.4 The surplus of £72,487 has been repatriated to the HRA, which is the major service user. This is reflected in the HRA outturn within this report.

## 6. Earmarked Reserves

6.1 The details of all the earmarked reserves and their balance as at 31st March 2020 are attached in Appendix G. In summary:

	<b>Opening Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Closing Balance</b>
	<b>01/04/19</b>			<b>31/03/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	6,674	3,214	(3,409)	6,479
HRA	1,321	269	(187)	1,403
Capital Resources	10,813	19,123	(10,628)	19,308

## 7. Capital Programme

### 7.1 General Investment Programme

7.2 The last quarterly report approved a General Fund Investment Programme for 2019/20 of £12,509,748. Movements in the programme since the approval of the revised budget decreased actual capital expenditure in 2019/20 to £10,056,747. A summary of the changes is shown below:

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget Q3	12,510	15,586	2,847	703	508
Budget changes approved under CFO delegated authority	(2,465)	25	1,040	0	0
Budget changes in Qtr to be approved by Executive	(44)	543	0	0	
Budget changes in Qtr approved by Executive	56	276	47	37	0
<b>Revised Budget</b>	<b>10,057</b>	<b>16,430</b>	<b>3,934</b>	<b>740</b>	<b>508</b>

7.3 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive.

The budget re-profiles approved by the Chief Finance Officer during the final quarter are detailed at Appendix I under the heading of “Approved by Chief Finance Officer”.

### Reprofiles

- Skate Park - £183,021 re-profiled from 2020/21 into 2021/22.
- Disabled Facilities Grant - £748,452 re-profiled into 2020/21.
- Transformation of Birchwood Leisure Centre - £30k retention re-profiled into 2020/21.
- Artificial Grass Pitches - £188,301 re-profiled into 2020/21.
- Crematorium New software upgrade -£11,375 re-profiled into 2020/21.
- Flood Alleviation scheme- £27 re-profiled from 2019/20 and £45,388 from the 2020/21 programme into 2021/22.
- Boutham Park Masterplan - £49,700 re-profiled into 2020/21.
- Boutham Park Lake Restoration - £7,406 re-profiled from 2020/21 into 2019/20.
- Allotment Capital Improvement Programme - £679 re-profiled from 2019/20 into 20/21.
- Car Park Improvements - CCTV in MSCPs - £6,142 re-profiled into 2020/21
- Housing Renewal Area - £9,985 from 2019/20 and £320,152 from 2020/21 re-profiled into 2021/22.
- Central Markets - £263,383 re-profiled into 2020/21
- Western Growth Corridor -£32,023 re-profiled into 2020/21.
- New Telephony System - £8,033 re-profiled into 2020/21.
- New Website - £2,240 re-profiled into 2020/21.
- Infrastructure Upgrade - £3,772 re-profiled into 2020/21.
- The Terrace Heat Mitigation Works - £246,547 re-profiled from 2020/21 into 2021/22.
- Deacon Road scheme - £12,287 re-profiled into 2020/21.
- Compulsory Purchase Orders - £234,954 re-profiled from 2020/21 into 2021/22.
- Unallocated capital resources - £666,910 re-profiled into 2020/21.
- IT Reserve - £70,562 re-profiled into 2020/21.

### Other Movements

- Car Park Improvements-Ticket Machines – £50 additional borrowing to complete 2019/20 scheme.
- CCTV upgrade - £2,657 additional direct revenue funding in 2019/20 via the Invest to save reserve.
- Planned Capitalised Works – various movements within 2019/20 and re-profiled to/from the 2020/21 central budget to specific projects – refer to Appendix I for a detailed split of movements.
- Western Growth Corridor- Reduction in General Fund scheme to reflect the percentage allocation relating to Housing by £1,289,773.
- Funding profile changes from DRF to borrowing in relation to the Car Park CCTV and ticket machine Improvements £220,429, and Central Market Improvements £263,383 totalling £520,429.

- Land and Property Acquisition - £93,313 in 19/20 allocated back to available resources relating following the Travelodge scheme completion.
- Allotment Capital Improvement Programme – Reduction of £20k to reflect the Birchwood Allotment land appropriation which took place in 19/20 from housing to the general fund as a non-cash capital financing requirement.

7.4 New projects/changes requiring the approval of the Executive approval are,

- Disabled Facilities Grant – 2020/21 budget increased by £456,020 to match grant funding allocation.
- Car Park Improvements-Ticket Machines - £87,360 within 2020/21 funded by borrowing to purchase 16 new ticket machines to ensure all car parks are able to take contactless or chip & pin payments

The changes that have been approved by Executive approval and included within the final quarter (further details in Appendix I) are:

- **Boultham Park Lake Restoration** –Scheme to support the restoration of the lake supported by National Lottery Heritage Funding. £267,121 capital expenditure element required. Approved by Executive 24/2/20.
- **Greetwell Hollow**– Settlement of dilapidations claim with Lindum of £150k agreed and sale of freehold asset for £100k capital receipt funded from unallocated resources. Approved by Executive 24/2/20.

7.5 The table below provides a summary of the provisional outturn position for the General Investment Programme:

	<b>2019/20 Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Re-profiles (to)/from 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Active Programme</b>				
Communities & Environment	3,561	2,572	989	(1,027)
General Fund Housing	19	9	10	(10)
Chief Executives Department	7,809	7,431	378	(284)
Major Developments Directorate	340	45	295	(295)
<b>Total Active Schemes</b>	<b>11,728</b>	<b>10,057</b>	<b>1,671</b>	<b>(1,616)</b>
Schemes On Hold/Contingencies	782	0	782	(737)
<b>Total Capital Programme*</b>	<b>12,510</b>	<b>10,057</b>	<b>2,453</b>	<b>(2,353)</b>

\* The table above does not include the Land appropriation of £20k which took place during 19/20 creating additional available resources in the HIP.

7.6 The overall spending on the General Investment Programme for 2019/20 was £10,056,747, which is 80.55% of the revised 2019/20 programme as per the MTFS 2019-24.

Although this would appear to be low, the following points should be taken into consideration: -

- Covid-19 has delayed work programmes with slippage moved into the next financial year.
- Disabled Facilities Grant works have been agreed and are expected to occur within 2020/21.

## 7.7 Housing Investment Programme

7.8 The last quarterly report approved a Housing Investment Programme for 2019/20 of to £14,906,247. Movements in the programme since the approval of the revised budget decreased actual capital expenditure to £11,977,262 in 2019/20.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Budget Q3	14,906	25,640	16,608	13,761	10,447
Budget changes approved under CFO delegated authority	(1,645)	1,215	46	75	120
Budget changes for Executive approval at Outturn	(1,374)	1,115	0	701	0
Budget changes approved by Executive	90	535	0	0	0
<b>Revised Budget</b>	<b>11,977</b>	<b>28,505</b>	<b>16,653</b>	<b>14,537</b>	<b>10,567</b>

7.9 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive. The changes approved by the Chief Finance Officer for the final quarter are detailed in Appendix K and summarised below:

### Reprofiled Housing Investment

- Bathrooms & WC's £45,881, Kitchen Improvements £218,598, HRA Assets Shops/Buildings £109,319 all reprofiled over the 5 year MTFS.
- From the 19/20 programme reprofile into 20/21
  - Re-roofing £50,941,
  - Door Replacement £107,510,
  - Fire Compartment Doors £40,000,
  - Asbestos Removals £33,773,
  - Asbestos Surveys £48,452,
  - Replacement Door Entry Systems £7,614,
  - Fire Alarms £40,000,
  - Adaptions £3,333,
  - Housing Support Services Computer Fund £115,228,
  - Infrastructure Upgrade £1,616

- From the 19/20 programme reprofile:
  - Heating Upgrades £42,249 into 23/24,
  - Window Replacements £27,297 into 24/25,
  - Structural Defects £1,327 into 21/22,
  - Communal TV aerials £2,701 into the 23/24 programme.
- Reprofiled into 19/20 from Void Capitalised Works £738 21/22 and Over bath showers £58,073 from the 20/21 programme.

#### Reprofiled Housing Strategy and Investment

- Land Acquisition fund unallocated budget 19/20 £94,689 reprofiled into 20/21.
- 29 Acquisition properties totalling £678,598 requiring capital works on completion or not yet complete have been reprofiled into 20/21.
- New Build schemes reprofiled into 20/21 in relation to Rookery Lane £107,185, Searby Road £62,497, DeWint Court £184,813, Markham House £485,118
- Western Growth Corridor £30,007 reprofiled from 20/21 into the 19/20 programme.
- Unallocated new build programme - £456,481 reprofiled into 20/21.
- The final 141 acquisition and new build programme for 19/20 was £616,529 ahead of the 141 repayment requirement, as a result £236,316 141 receipts from 20/21 and £1,052,000 of match borrowing have been reprofiled into 19/20.

#### Movements Housing Investment

- Thermal Comfort Works 19/20 23,974 from the Re-roofing 19/20 programme, Safety Flooring 19/20 £274 from Over Bath Showers in 20/21.
- Reallocations of £23,776 into Communal Electrics 19/20 programme from Rewiring 19/20 £18,494, 20/21 £1,209 and New Services 19/20 £4,073.

#### Movements Housing Strategy and Investment

- Budget increase to 10 acquisition properties totalling £100,312 to complete schemes funded by borrowing and 141 receipts.
- Released budget in relation to 1 acquisition property withdrawn in the final quarter totalling £158,700
- Financing change within the New Build Programme to reflect 141 eligible expenditure match funded by in year borrowing. The 20/21 programme increased by £28,392 and 21/22 increased by 29,691.

7.10 The changes requiring approval from the Executive are detailed in Appendix K and summarised below:

#### Housing Investment

- Reallocate £270,017 from 19/20 uncommitted resources into CCTV 20/21 £20k, and Infrastructure Upgrade 20/21 £250,017.
- Release into available resources £500,000 from the 19/20 uncommitted resources and £90,052 from environmental works 19/20 programme.

### Housing Strategy and Investment

- 3 Acquisition Properties utilising 141 receipts and match borrowing, previously approved by delegated authority totalling £317,950 for inclusion within the 19/20 acquisition programme.
- 5 Acquisition Properties utilising 141 receipts and match borrowing, previously approved by delegated authority totalling £656,990 for inclusion within the 20/21 acquisition programme.
- The final 141 acquisition and new build programme for 18/19 based on actual quarters was ahead by £483,034, and the 16/17 final 141 retained receipts has been reduced by £10,725 as agreed with MCHLG. The 19/20 New Build Programme reduced 141 receipts and match borrowing to reflect final outturns.
- New Build Programme 20/21 increased by 873,801 141 match funding borrowing.
- New Build Programme 22/23 increased by £219,708 141 receipts and £481,620 match funding borrowing based on the final 19/20 retained 141 receipts from Right to Buys.

Changes that have been approved by Executive for the final quarter (further details in Appendix K) are:

### Housing Investment

No changes previously approved have been included within the final quarter.

### Housing Strategy and Investment

- **Rookery Lane New Build Scheme** – Pre-construction works of £35,013 into 19/20 and £339,750 into 20/21 to increase the total enabling and pre-construction scheme up to £453,000, funded by borrowing plus grants or 141 receipts depending on final approved property types. Approved by Executive 6/1/20.
- **Queen Elizabeth Road** - £250k towards pre-construction works, of which £54,949 has been profiled into 19/20 and £195,051 profiled into 20/21 funded by borrowing plus grants or 141 receipts depending on final approved property types. Approved by Executive 6/1/20.

7.11 The table below provides a summary of the final outturn position:

	<b>2019/20 Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Re-profiles (to)/from 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Decent Homes/ Lincoln Standard	5,830	5,333	(497)	475
Health and Safety	347	217	(130)	130
New Build Programme	6,306	5,167	(1,139)	656
Land Acquisition Fund	115	20	(95)	95
Other Schemes	2,109	1,158	(951)	384
IT/Infrastructure Schemes	199	82	(117)	117
<b>Total Capital Programme</b>	<b>14,906</b>	<b>11,977</b>	<b>(2,929)</b>	<b>1,857</b>

\* The table above does not include the Land appropriation of £20k which took place during 19/20 creating available resources in the HIP

7.12 The overall spending on the Housing Investment Programme for 2019/20 was £11,977,262 which is 80.19% of the revised 2019/20 programme as per MTF5 2019-24.

Although this would appear to be low compared to previous financial years, the following points should be taken into consideration:-

- Due to Covid-19 various scheduled work programmes have slipped or been delayed into 2020/21, with the 2020/21 budget impact still being assessed and will be reflected within 2020/21 reports.
- 9 Property acquisitions are ongoing with delegated authority to start as at the 31<sup>st</sup> March 2020, totalling £1.1m
- £590k has been released into available resources from the 2019/20 HIP programme.
- The budgets for large new build schemes DeWint, Markham House and Rookery Lane have been reprofiled into 20/21 in line with expected expenditure outflows.

## 8. Resource Implications

8.1 The financial implications are contained throughout the report.

8.2 There are no legal implications arising from this report.

8.3 There are no equality and diversity implications as a direct result of this report.

**9. Risk Implications**

9.1 A full financial risk assessment is included in the Medium Financial Strategy, however in light of the financial challenges that the Council is facing in 20/21 and future years, this is now being reviewed to reflect the latest financial position.

**10. Recommendations**

10.1 The Executive is recommended to:

- a) Note the provisional 2019/20 financial outturn for the General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programmes as set out in sections 3 – 7, and in particular the reasons for any variances;
- b) Approve the proposed transfer to General Fund earmarked reserves in paragraphs 3.6 and 3.8, prior to reporting to the Executive;
- c) Approve the financial changes to both the General Investment Programme and the Housing Investment Programme (paragraphs 7.4 and 7.10) that are above the budget variance limit delegated to the Chief Finance Officer, prior to reporting to the Executive.

**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 2019-24

**Lead Officer:** Colleen Warren, Financial Services Manager  
Telephone 873361.

**GENERAL FUND SUMMARY – OUTTURN 2019/20**

	Ref	Revised Budget £'000	Outturn £'000	Variance £'000
Strategic Development	A	1,857	1,865	8
Chief Finance Officer (S.151)	B	(546)	(418)	128
Major Developments	C	239	229	(10)
City Solicitor	D	1,529	1,470	(59)
Housing	E	736	709	(27)
Communities and Street Scene	F	2,123	2,314	191
Health & Environmental Services	G	2,620	2,500	(120)
Planning	H	816	814	2
		<b>9,374</b>	<b>9,483</b>	<b>109</b>
Corporate Expenditure	I	1,756	1,840	84
<b>TOTAL SERVICE EXPENDITURE</b>		<b>11,130</b>	<b>11,323</b>	<b>193</b>
Capital Accounting Adjustment	J	2,994	2,452	(542)
Specific Grants	K	(778)	(756)	22
Contingencies	L	158	0	(158)
Savings Targets	M	(202)	0	202
Earmarked Reserves	N	(574)	(195)	379
Insurance Reserve	O	131	169	38
<b>TOTAL EXPENDITURE</b>		<b>12,859</b>	<b>12,993</b>	<b>134</b>
<b>CONTRIBUTION TO BALANCES</b>		<b>554</b>	<b>420</b>	<b>134</b>
<b>NET REQUIREMENT</b>		<b>13,413</b>	<b>13,413</b>	<b>0</b>
Retained Business Rates Income	P	(16,918)	(16,918)	0
Tariff	Q	12,884	12,884	0
Section 31 Grant	R	(1,552)	(1,522)	0
Levy	S	462	462	0
Revenue Support Grant	T	(22)	(22)	0
Council Tax	U	(6,679)	(6,679)	0
Council Tax Surplus	V	(42)	(42)	0
NNDR Deficit	W	(1,545)	(1,545)	0
<b>TOTAL RESOURCES</b>		<b>13,413</b>	<b>13,413</b>	<b>0</b>
<b>BALANCES B/F 1ST APRIL</b>		<b>(1,849)</b>	<b>(1,849)</b>	<b>0</b>
(USE OF)/CONTRIBUTION TO BALANCES		(554)	(421)	133
<b>BALANCES C/F 31ST MARCH 2020</b>		<b>(2,403)</b>	<b>(2,070)</b>	<b>133</b>

Please note the above is now shown on an Expenditure Funding Analysis (EFA) basis. This means all charges which are reversed out under statute are now **not** shown in the above figures. Examples of this are depreciation and capital grants. This means the above only includes items which are a call on the general fund balance.

### General Fund Forecast Variances - Outturn 2019/20

The variances analysed in the table below exclude any technical adjustments and only cover the true under or over spends. Figures in brackets indicate an under spend of expenditure or additional income.

Ref	£	Reason for variance
		<b><u>Additional Expenditure</u></b>
I	74,100	Bad Debt Provision Increase in the required contribution to the bad debt provision due an increase in the number of housing benefit overpayments written off in year.
		<b><u>Reduced Income</u></b>
B	389,500	Housing Benefits Significant reduction in Housing Benefit overpayments raised, due to increased used of Real Time Information and a move to Universal Credit, compared to the budgeted amount which is based on a three year average.
B	78,700	Council Tax Shortfall in Court Cost income.
E	60,200	Homelessness Bed and Breakfast Increased demand for Bed and Breakfast accommodation due to the rising number of presentations. In addition the levels of costs to be offset by Housing Benefit has not reached target levels and an incorrect budget set has contributed to the overspend.
F	53,400	Yarborough LC Reduced income from the open book agreement and reduced football pitch income.
M	201,705	Savings Target Shortfall in delivery against in year target due to slippage in one key scheme.

<b>Ref</b>		<b>£</b>	<b>Reason for variance</b>
	<b><u>Reduced Expenditure</u></b>		
L/J	Borrowing Costs	(222,139)	Contingency for additional borrowing costs not required and lower than average cost of new borrowing taken in year.
B	COLC Apprentices	(66,700)	Reduction in the number of apprentices due to vacancies in year
L	Vacancy Savings	(143,550)	Vacancy savings target assumed, offset by actual vacancies achieved
J	Direct Revenue Financing	(222,139)	Capital expenditure previously approved for financing through DRF, now to be funded through prudential borrowing.
J	Minimum Revenue Provision	(288,200)	Revenue charge reduced due to a change in the useful lives of assets in addition to scheme slippage.
E	Housing Regeneration	(98,363)	Vacancies and additional DFG admin contribution.
	<b><u>Additional Income</u></b>		
B	City Hall	(124,000)	Additional income from rent reviews and additional recharges under tenancies
B	Interest	(88,000)	Additional interest on investments and dividend income.
B	Legal Services	(55,800)	Additional income for fee work on RTB/Buyback properties.
G	Crematorium	(85,000)	Additional income for cremations, partly offset by an increase in utilities costs.
F	Car Parking	(90,900)	Additional car parking income.

**HOUSING REVENUE ACCOUNT FUND SUMMARY – OUTTURN 2019/20**

<b>HRA PROVISIONAL OUTTURN - 2019/20</b>				
		<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Gross Rental Income	A	(28,221)	(28,190)	31
Charges for Services & Facilities	B	(322)	(292)	30
Contribs towards Expenditure	C	(50)	(59)	(9)
Repairs & Maintenance	D	8,660	8680	20
Supervision & Management:	E	7,148	7,125	(24)
S&M IAS19 Pension Adjustment	F	0	0	0
Rents, Rates and Other Premises	G	95	189	94
Increase in Bad Debt Provisions	H	288	285	(2)
Contingencies	I	255	134	(121)
Depreciation	J	6,262	6,646	383
Impairments	K	0	0	0
Debt Management Expenses	L	12	8	(4)
<b>Net Cost of Service</b>		<b>(5,873)</b>	<b>(5,574)</b>	<b>398</b>
Loan Charges Interest	M	2,352	2,424	72
Investment/Mortgage Interest	N	(37)	(77)	(40)
<b>Net Operating Inc/Exp</b>		<b>(3,557)</b>	<b>(3,127)</b>	<b>430</b>
Capital Accounting Adjustments	O			
Major Repairs Reserve Adjustment	P	4,077	3,637	(441)
HRS Repatriation				
- Trading (Surplus) Deficit	Q	0	(72)	(72)
- IAS19 only	R	0	0	0
Pension Reserve	S	0	0	0
Transfers to/from reserves	T	(572)	(417)	155
<b>(Surplus)/Deficit in Year</b>	U	<b>(52)</b>	<b>20</b>	<b>72</b>
<b>Balances b/f @ 1st April</b>		<b>(1,027)</b>	<b>(1,027)</b>	<b>0</b>
(Increase)/Decrease in Balances		(52)	20	72
<b>Balances c/f @ 31st March</b>		<b>(1,079)</b>	<b>(1,007)</b>	<b>72</b>

**Housing Revenue Account Variances - Outturn 2019/20**

The variances analysed in the table below exclude any technical adjustments and only cover the true under or over spends. Figures in brackets indicate an under spend of expenditure or additional income.

Ref		£	Reason for variance
	<b><u>Increased Expenditure</u></b>		
G	Rent, Rates & Premises	94,286	Council tax payable for empty properties including De-Wint Court & QER.
K	Depreciation	383,122	Revaluation of dwellings
P	Loan Charges Interest	71,869	Increased interest on borrowings due to asset acquisition programme. -
	<b><u>Increased Income</u></b>		
Q	HRS Trading Surplus - Repatriation	(72,487)	HRS surplus repatriated to the HRA.
	<b><u>Reduced Expenditure</u></b>		
J	Major Repairs Reserve	(440,526)	DRF (contribution from revenue to capital) adjustment to fund depreciation revaluation & additional borrowing costs.

**HOUSING REPAIRS SERVICE SUMMARY - OUTTURN 2019/20**

	<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Employees	2,928	2,968	40
Premises	40	64	24
Transport	864	818	(46)
Materials	1,393	1,327	(67)
Sub-Contractors	2,273	2,311	38
Supplies & Services	134	222	88
Central Support Costs	(80)	(48)	32
Capital Charges	0		
<b>Total Expenditure</b>	<b>7,552</b>	<b>7,662</b>	<b>109</b>
Income	(7,552)	(7,734)	(182)
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(72)</b>	<b>(72)</b>

**Housing Repairs Service Variances - Outturn 2019/20**

The table below provides a summary of the provisional outturn position.

	£	Reason for Variance
<b><u>Reduced Income</u></b>		
Income - Other	181,936	Recharges for internal works and charges to sub-contractors for materials.
<b><u>Reduced Expenditure</u></b>		
Transport	(46,414)	Elimination of internal fleet recharge.
Materials	(104,741)	Reduced material costs due to change of supplier.
<b><u>Increased Expenditure</u></b>		
Employees	39,987	Consultancy & additional compulsory training costs.
Premises	24,408	Hamilton House repairs & maintenance costs.
Supplies & Services	87,633	Higher equipment hire costs.
Central Support Costs	32,307	Reallocation of CSS from within the admin, fleet and Hamilton House areas.
Sub-Contractors	38,093	Change in Sub contractor.

**EARMARKED RESERVES – OUTTURN 2019/20**

	<b>Opening Balance 01/04/19 £'000</b>	<b>Increase £'000</b>	<b>Decrease £'000</b>	<b>Closing Balance 31/03/20 £'000</b>
<b>General Fund</b>				
Air Quality Initiatives	10	5	0	15
Asset Improvement	55	0	(51)	4
Backdated rent review	220	0	(50)	170
Birchwood Leisure Centre	0	26	0	26
Boston Audit Contract	14	0	0	14
Budget Carry Forwards	172	0	(72)	100
Business Rates Volatility	1,456	800	(297)	1,959
Christmas Decorations	14	0	0	14
City Hall Sinking Fund	60	0	0	60
Commons Parking	25	11	(9)	27
Covid-19 Response	0	354	0	354
Crematorium Income	100	0	(100)	0
DRF	203	0	0	203
Electric Van replacement	11	4	0	15
Funding for Strategic Priorities	1,219	0	(292)	926
Grants & Contributions	1,465	1476	(1836)	1,106
Income Volatility	0	0	0	0
Invest to Save (GF)	427	32	(123)	336
IT Reserve	0	129	(35)	94
Mayoral Car	47	0	0	47
Mercury Abatement	414	14	(56)	371
MSCP & Bus Station Sinking Fund	0	60	0	60
Organisational Development	85	0	(85)	0
Private Sector Stock Condition Survey	45	48	(48)	45
Property Searches	4	0	0	4
Revenues & Benefits shared service	163	25	(163)	25
Section 106 interest	32	0	0	32
Strategic Growth Reserve	14	43	0	57
Strategic Projects - Revenue Costs	303	0	(157)	146
Tank Memorial	10	0	0	10
Tree Risk Assessment	108	36	(38)	106
WGC Planning	0	150	0	150
Yarborough Leisure Centre	2	0	0	2
	<b>6,674</b>	<b>3,214</b>	<b>(3,409)</b>	<b>6,479</b>
<b>HRA</b>				
Capital Fees Equalisation	182	0	(42)	140
De Wint Court	73	0	0	73
Housing Repairs Service	0	126	0	126
HRA DRF	0	65	(65)	0

Appendix G

	Opening Balance 01/04/19 £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/20 £'000
HRA Invest to Save	140	0	(7)	133
HRA Repairs Account	579	0	0	579
HRA Strategic Priorities	240	0	(64)	176
HRA Survey Works	60	3	(9)	54
Stock Retention	22	0	0	22
Strategic Growth Reserve (WGC)	25	76	0	100
	<b>1,321</b>	<b>269</b>	<b>(187)</b>	<b>1,403</b>
<b>Total Earmarked Reserves</b>	<b>7,995</b>	<b>3,483</b>	<b>(3,596)</b>	<b>7,882</b>

**CAPITAL RESOURCES – OUTTURN 2019/20**

	<b>Opening Balance</b>	<b>Contributions</b>	<b>Used in Financing/ Adjustments</b>	<b>Forecast Balance</b>
	<b>01/04/2019</b>			<b>31/03/2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Grants/Contributions	482	2,574	(1,758)	1,298
Capital Receipts	1,166	0	(559)	607
Capital Receipts (HRA)	3,408	2,458	(1,521)	4,345
Capital Grants/Contributions HRA	82	3,844	0	3,926
Major Repairs Reserve	5,675	6,598	(6,790)	5,483
DRF	0	3,649	0	3,649
<b>Total Capital Resources</b>	<b>10,813</b>	<b>19,123</b>	<b>(10,628)</b>	<b>19,308</b>

**General Investment Programme – Summary of Financial Changes**

<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Comments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
2019/20 MTFS Budget as at Q3	12,510	15,586	2,847	703	508	
Budget for approval	10,057	16,430	3,934	740	508	
<b>Total changes for Q4</b>	<b>(2,453)</b>	<b>844</b>	<b>1,087</b>	<b>37</b>	<b>0</b>	
<b>Approved by Chief Finance Officer</b>						
Unallocated Planned Capital Maintenance	24,057					Reallocation from below 8x schemes
Guildhall Electrical Works	1,000					Additional funds to deliver scheme
Hartsholme Park Drainage Improvements	3,520					Additional funds to deliver scheme
Broadgate Distribution Board/Emergency Lighting	(5,663)					Scheme completion funds to unallocated planned capitalised works
City Hall Toilets	(2,464)					Scheme completion funds to unallocated planned capitalised works
Broadgate Carpark asbestos removal & Dryriser	(7,869)					Scheme completion funds to unallocated planned capitalised works
Bridge in West Common	(36)					Scheme completion funds to unallocated planned capitalised works
Central Market Heating	(1)					Scheme completion funds to unallocated planned capitalised works
City Hall Improvements	(12,544)					Reduction of funds to unallocated planned capitalised works
Boultham Tennis Court Fencing Improvements	(234)					Scheme completion- S106 funds released

## Appendix I

CCTV Upgrade	2,657					Scheme completion funded from Invest to save
Car Park Improvements - ticket machines	50					Additional DRF funding for 19/20 scheme completion
Skate Park		(183,021)	183,021			Re-profile to 2021/22
Disabled Facilities Grant	(748,452)	748,452				Re-profile to 2020/21
Transformation of Birchwood Leisure Centre	(30,000)	30,000				Re-profile to 2020/21
Artificial Grass Pitches (AGP)	(188,301)	188,301				Re-profile to 2020/21
New Software- Crem	(11,375)	11,375				Re-profile to 2020/21
Flood alleviation scheme - Hartsholme Park	(27)	(45,388)	45,415			Re-profile from 19/20 & 20/21 to 21/22
Boultham Park Masterplan	(49,700)	49,700				Re-profile to 2020/21
Boultham Park Lake Restoration	7,406	(7,406)				Re-profile from 2020/21
Allotment Capital Improvement Programme	(20,679)	679				Re-profile to 2020/21 (Land App non-cash)
Car Park Improvements - CCTV in MSCPs	(6,142)	6,142				Re-profile to 2020/21
Housing Renewal Area Unallocated	(9,985)	(320,152)	330,137			Re-profile to 2020/21 & 21/22
Central Markets	(263,383)	263,383				Re-profile to 2020/21
Western Growth Corridor Phrase 1	(32,023)	(1,257,750)				Re-profile to 2020/21
New Telephony System	(8,033)	8,033				Re-profile to 2020/21
New Website	(2,240)	2,240				Re-profile to 2020/21
Infrastructure Upgrade	(3,772)	3,772				Re-profile to 2020/21
Unallocated Planned Capital Maintenance	(48,459)	48,459				Re-profile to 2020/21

Allotments Asbestos Sheds	(33,795)	33,795				Re-profile to 2020/21
City Hall Improvements	(931)	931				Re-profile to 2020/21
Guildhall Works	(17,630)	17,630				Re-profile to 2020/21
Stamp End Demolition	(134,400)	134,400				Re-profile to 2020/21
Greyfriars Roof Improvements	(4,050)	4,050				Re-profile to 2020/21
City Hall 3rd Floor Fire Works	(5,001)	5,001				Re-profile to 2020/21
Guildhall	(609)	609				Re-profile to 2020/21
Long Leys Road Drainage	(10,438)	10,438				Re-profile to 2020/21
Lucy Tower Lifts	(520)	520				Re-profile to 2020/21
40 Michaelgate Structural works	(2,283)	2,283				Re-profile to 2020/21
The Terrace Heat Mitigation Works		(246,547)	246,547			Re-profile to 2021/22
Deacon Road	(12,287)	12,287				Re-profile to 2020/21
Capital Contingencies	(666,910)	666,910				Re-profile to 2020/21
IT Reserve	(70,562)	70,562				Re-profile to 2020/21
Compulsory Purchase Orders		(234,954)	234,954			Re-profile to 2021/22
Land and Property Acquisition	(93,313)					Scheme completion- released into available resources
<b>To be approved by Executive</b>						
Disabled Facilities Grant		456,020				Budget increased to match grant funding allocation
Car Park Improvements - ticket machines		87,360				16 new ticket machines for 20/21 funded from available resources

## Appendix I

Available Resources	(44,047)					Car Park Improvements and Greetwell Hollow
<b>Approved by Executive</b>						
Boultham Park Lake Restoration (Exec 24/2/20)	56,467	126,398	46,788	37,468		Additional funds to deliver scheme
Greetwell Hollow (Exec 24/2/20)		150,000				New scheme 2020/21
<b>Total changes in Quarter 4</b>	<b>(2,453,001)</b>	<b>844,512</b>	<b>1,086,862</b>	<b>37,468</b>	<b>0</b>	

**General Investment Programme – Summary of Expenditure as at 31<sup>st</sup> March 2020**

<b>Scheme</b>	<b>2019/20 Q3 Approved Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Variance</b>	<b>Spend</b>
	£	£	£	%
<b>DCE - Communities &amp; Environment</b>				
Skate Park	0	0	0	0.00%
Disabled Facilities Grant	1,218,568	470,116	748,452	38.58%
Transformation of Birchwood Leisure Centre	30,000	0	30,000	0.00%
AGPs	1,856,964	1,668,663	188,301	89.86%
New Software- Crematorium	20,000	8,625	11,375	43.13%
	<b>3,125,532</b>	<b>2,147,404</b>	<b>978,128</b>	<b>68.71%</b>
<b>DCE - Community Services</b>				
Flood alleviation scheme - Hartsholme Park	28,130	28,103	27	99.90%
Boultham Park Masterplan	84,460	34,760	49,700	41.16%
Boultham Park Lake Restoration		63,873	(63,873)	0.00%
CCTV Upgrade		2,657	(2,657)	0.00%
Allotment Capital Improvement Programme	102,158	81,479	20,679	79.76%
Car Park Improvements- Ticket Machines	120,379	120,429	(50)	100.04%
Car Park Improvements- CCTV in MSCPs	100,000	93,858	6,142	93.86%
	<b>435,127</b>	<b>425,159</b>	<b>9,968</b>	<b>97.71%</b>
<b>General Fund Housing</b>				
Housing Renewal Area Unallocated	18,725	8,740	9,985	46.68%
	<b>18,725</b>	<b>8,740</b>	<b>9,985</b>	<b>46.68%</b>
<b>Chief Executives Department - Corporate Policy</b>				
New Telephony System	8,033	0	8,033	0.00%
New Website	49,200	46,960	2,240	95.45%
Infrastructure Upgrade	195,118	191,346	3,772	98.07%
	<b>252,351</b>	<b>238,306</b>	<b>14,045</b>	<b>94.43%</b>
<b>Chief Executives - Chief Finance Officer</b>				
Planned Capitalised Works	24,402	0	24,402	0.00%
Allotments Asbestos Sheds	33,795	0	33,795	0.00%
City Hall Improvement Works	13,788	313	13,475	2.27%
Guildhall Works	17,630	0	17,630	0.00%
Stamp End Demolition	134,400	0	134,400	0.00%
Grandstand CC Stairs Improvements	2,119	2,119	0	99.99%
Greyfriars Roof Improvements	5,000	950	4,050	19.00%
City Hall 3rd Floor Fire Works	5,001	0	5,001	0.00%
Guildhall	15,620	16,011	(391)	102.50%
Play Area Surfacing Works	22,859	22,859	0	100.00%

## Appendix J

Long Leys Road Drainage	10,438	0	10,438	0.00%
Broadgate Distribution Board/Emergency Lighting	10,487	4,824	5,663	46.00%
Lucy Tower Lifts	4,215	3,695	520	87.65%
YLC Diving Boards	0	0	0	0.00%
Hartsholme Country Park Play Area Improvements	2,018	2,018	0	99.98%
Boultham Tennis Court Fencing Improvements	17,032	16,798	234	98.63%
BLC Roof	127,576	127,576	0	100.00%
City Hall Toilets	10,838	8,374	2,464	77.27%
42 Michaelgate Boundary Wall	5,140	5,140	0	100.00%
Central Market Heating	15,441	15,440	1	100.00%
YLC Fire Escape Stairs	8,750	8,750	0	100.00%
Hartsholme Fire Escape Stairs	3,850	3,850	0	100.00%
Temple Gardens Roman Wall	2,145	2,145	0	100.00%
Broadgate Carpark asbestos removal & Dryriser	20,000	12,131	7,869	60.66%
Bridge in West Common	8,000	7,964	36	99.55%
40 Michaelgate Structural works	10,000	7,717	2,283	77.17%
YLC Teaching Pool Pipework	17,300	17,300	0	100.00%
Hartsholme Park Drainage Improvements	10,000	13,520	(3,520)	135.20%
Granstand Fire Exit Improvements	4,637	4,637	0	100.00%
Land and Property Acquisition	96,063	2,750	93,313	2.86%
The Terrace	0	0	0	0.00%
The Terrace Heat Mitigation Works	0	0	0	0.00%
Deacon Road	6,897,950	6,885,663	12,287	99.82%
	<b>7,556,494</b>	<b>7,192,544</b>	<b>363,950</b>	<b>95.18%</b>
<b>Major Developments Directorate</b>				
Lincoln Transport HUB	0	0	0	0.00%
Central Markets	300,000	36,617	263,383	12.21%
Western Growth Corridor (Phase 1 Devt)	40,000	7,977	32,023	19.94%
	<b>340,000</b>	<b>44,594</b>	<b>295,406</b>	<b>13.12%</b>
<b>TOTAL BUDGET FOR ACTIVE SCHEMES</b>	<b>11,728,229</b>	<b>10,056,747</b>	<b>1,671,482</b>	<b>85.75%</b>
<b>Schemes Currently Under Review</b>				
IT Reserve	70,562	0	70,562	0.00%
Capital Contingencies	710,957	0	710,957	0.00%
<b>TOTAL BUDGET FOR SCHEMES UNDER REVIEW</b>	<b>781,519</b>	<b>0</b>	<b>781,519</b>	
<b>TOTAL GENERAL INVESTMENT PROGRAMME</b>	<b>12,509,748</b>	<b>10,056,747</b>	<b>2,453,001</b>	<b>80.39%</b>

\* Table above does not include Land appropriation of £20k which took part during 19/20 creating available resources in the HIP

**Housing Investment Programme – Summary of Financial Changes**

Project Name	Approved Budget MTF3 Qtr3	Budget to be Approved	Budget Increase/ (Reduction)	Movements (To)/from Available Resources	Movements Within Financial Year	Reprofile (to) / from future years	Notes	
	£	£	£					
<b>Decent Homes</b>								
Bathrooms & WC's	250,000	204,119	(45,881)			(45,881)	MTFS	
DH Central Heating Upgrades	1,470,470	1,428,221	(42,249)			(42,249)	23/24	
Thermal Comfort Works	150,000	173,974	23,974		23,974			
Kitchen Improvements	420,000	201,402	(218,598)			(218,598)	MTFS	
Rewiring	20,826	2,332	(18,494)		(18,494)			
Re-roofing	650,000	575,085	(74,915)		(23,974)	(50,941)	20/21	
Lincoln Standard Windows Replacement	620,000	592,703	(27,297)			(27,297)	24/25	
Structural Defects	10,000	8,673	(1,327)			(1,327)	21/22	
Door Replacement	670,000	562,490	(107,510)			(107,510)	20/21	
New services	5,000	927	(4,073)		(4,073)			
Void Capitalised Works	1,308,455	1,309,192	737			737	21/22	
Fire Compartment works	40,000	0	(40,000)			(40,000)	20/21	
<b>Lincoln Standard</b>								
Over bath showers (10 year programme)	200,000	258,073	58,073			58,073	20/21	
Safety flooring - Supported Housing	15,172	15,446	274			274	20/21	
<b>Health &amp; Safety</b>								
Asbestos Removal	151,407	117,634	(33,773)			(33,773)	20/21	
Asbestos Surveys	145,479	97,027	(48,452)			(48,452)	20/21	

Appendix K

Replacement Door Entry Systems	10,060	2,446	(7,614)			(7,614)	20/21	
Fire Alarms	40,000	0	(40,000)			(40,000)	20/21	
<b>Other</b>								
Environmental works	925,000	834,948	(90,052)	(90,052)				
Adaption Works (1)	56,928	53,595	(3,333)			(3,333)	20/21	
Communal Electrics	149,559	173,335	23,776		22,567	1,209	20/21	
HRA Assets - Shops/Buildings	109,319	0	(109,319)			(109,319)	MTFS	
Communal TV Aerials	2,919	218	(2,701)			(2,701)	23/24	
<b>New Build Programme</b>								
New Build Programme	509,971	0	(509,971)		(53,490)	(456,481)	Funding split Q4. 20/21	
New Build Programme (Borrowing for 141 eligible)	(509,971)	0	509,971		(542,029)	1,052,000	Funding split Q4. 20/21	
New Build Programme (141 eligible)	0	0	0		(236,316)	236,316	20/21	
New Build Partnership - Westleigh	10,000	10,000	0					
New Build Site - Searby Road	62,497	0	(62,497)			(62,497)	20/21	
New Build Site - Rookery Lane	78,237	6,065	(72,172)	35,013		(107,185)	20/21	
New Build Site - Queen Elizabeth Road	0	54,949	54,949		54,949		20/21	
New Build Capital Salaries	38,760	38,760	0					
New Build- De Wint Court	968,250	783,437	(184,813)			(184,813)	20/21	
New Build - Markham House	683,318	198,200	(485,118)			(485,118)	20/21	
Western Growth Corridor - Phrase 1		30,007	30,007			30,007	20/21	
Purchase & Repair Programme	4,464,899	4,045,862	(419,037)	259,562	0	(678,599)	20/21	
<b>Land Acquisition</b>								
Land Acquisition Fund	94,689	0	(94,689)			(94,689)	20/21	

Appendix K

Land Acquisition - Queen Elizabeth Road	0	0	0					
Lillicrap Court	19,889	19,889	0					
Trelawney Crescent	0							
			0					
<b>Other Schemes</b>			0					
Housing Support Services Computer Fund	115,740	512	(115,228)			(115,228)	20/21	
Infrastructure Upgrade	83,622	82,006	(1,616)			(1,616)	20/21	
Operation Rose	95,735	95,735	0					
Contingency Reserve	770,017	0	(770,017)	(500,000)		(270,017)	20/21	
<b>Total Programme</b>	<b>14,906,247</b>	<b>11,977,262</b>	<b>(2,928,985)</b>	<b>(295,477)</b>	<b>(776,886)</b>	<b>(1,856,622)</b>		

**Housing Investment Programme – Summary of Expenditure as at 31<sup>st</sup> March 2020**

Project Name	Approved Budget MTF5 Qtr3	2019/20 Actual	Variance	Spend
	£	£	£	%
<b>Decent Homes</b>				
Bathrooms & WC's	250,000	204,119	(45,881)	81.65%
DH Central Heating Upgrades	1,470,470	1,428,221	(42,249)	97.13%
Thermal Comfort Works	150,000	173,974	23,974	115.98%
Kitchen Improvements	420,000	201,402	(218,598)	47.95%
Rewiring	20,826	2,332	(18,494)	11.20%
Re-roofing	650,000	575,085	(74,915)	88.47%
Lincoln Standard Windows Replacement	620,000	592,703	(27,297)	95.60%
Structural Defects	10,000	8,673	(1,327)	86.73%
Door Replacement	670,000	562,490	(107,510)	83.95%
New services	5,000	927	(4,073)	18.53%
Void Capitalised Works	1,308,455	1,309,193	738	100.06%
Fire Compartment works	40,000	-	(40,000)	0.00%
<b>Lincoln Standard</b>				
Over bath showers (10 year programme)	200,000	258,073	58,073	129.04%
Safety flooring - Supported Housing	15,172	15,446	274	101.80%
<b>Health &amp; Safety</b>				
Asbestos Removal	151,407	117,634	(33,773)	77.69%
Asbestos Surveys	145,479	97,027	(48,452)	66.69%
Replacement Door Entry Systems	10,060	2,446	(7,614)	24.31%
Fire Alarms	40,000	-	(40,000)	0.00%
<b>Other</b>				
Environmental works	925,000	834,948	(90,052)	90.26%
Adaption Works (1)	56,928	53,595	(3,333)	94.15%
Communal Electrics	149,559	173,335	23,776	115.90%
HRA Assets - Shops/Buildings	109,319	0	(109,319)	0.00%
Communal TV Aerials	2,919	218	(2,701)	7.46%
<b>New Build Programme</b>				
New Build Programme	509,971	0	(509,971)	0.00%
New Build Programme (Borrowing for 141 eligible)			0	0.00%
New Build Programme (141 eligible)	(509,971)	0	509,971	0.00%

## Appendix L

New Build Partnership - Westleigh	10,000	10,000	0	100.00%
New Build Site - Searby Road	62,497	-	(62,497)	0.00%
New Build Site - Rookery Lane	-	54,949	54,949	0.00%
New Build Site - Queen Elizabeth Road	78,237	6,065	(72,172)	7.75%
New Build Capital Salaries	38,760	38,760	0	100.00%
New Build- De Wint Court	968,250	783,437	(184,813)	80.91%
New Build - Markham House	683,318	198,200	(485,118)	29.01%
Western Growth Corridor - Phrase 1	0	30,007	30,007	0.00%
Purchase & Repair Programme	4,464,899	4,045,863	(419,036)	90.61%
<b>Land Acquisition</b>				
Land Acquisition Fund	94,689	-	(94,689)	0.00%
Lillicrap Court	19,889	19,889	0	100.00%
			0	
<b>Other Schemes</b>			0	
Housing Support Services Computer Fund	115,740	512	(115,228)	0.44%
Infrastructure Upgrade	83,622	82,006	(1,616)	98.07%
Operation Rose	95,735	95,735	0	100.00%
Contingency Reserve	770,017	-	(770,017)	0.00%
<b>Total Programme</b>	<b>14,906,247</b>	<b>11,977,263</b>	<b>(2,928,984)</b>	<b>80.35%</b>

\* Table above does not include Land appropriation of £20k which took part during 19/20 creating available resources in the HIP

<b>SUBJECT:</b>	<b>TREASURY MANAGEMENT STEWARDSHIP AND ACTUAL PRUDENTIAL INDICATORS REPORT 2019/20 (OUTTURN)</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCE OFFICER</b>
<b>LEAD OFFICER:</b>	<b>SARAH HARDY – PRINCIPAL FINANCE BUSINESS PARTNER</b>

## 1. Purpose of Report

- 1.1 The annual Treasury Management stewardship report is a requirement of the Council's reporting procedures under regulations issued under the Local Government Act 2003. It covers the treasury management activities and the actual prudential and treasury indicators for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## 2. Executive Summary

- 2.1 During 2019/20 the Council complied with its legislative and regulatory requirements. The key prudential indicators for the year, with comparators, are as follows:

<b>Actual Prudential Indicators</b>	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Actual Capital Expenditure	22,033	38,954
Capital Financing Requirement		
General Fund	68,562	61,803
HRA	62,174	58,328
Total	<b>130,736</b>	<b>120,131</b>
Net borrowing (borrowing less investments)	<b>89,603</b>	<b>86,154</b>
External debt (borrowing)	<b>120,153</b>	<b>115,354</b>
Investments		
• Longer than 1 year*		0
• Under 1 year	30,550	29,200
• Total	<b>30,550</b>	<b>29,200</b>

Other prudential and treasury indicators are to be found in section 4.

### 3. Background

3.1 The prudential system for capital expenditure is now well established. One of the requirements of the Prudential Code is to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. This report fulfils that requirement and shows the status of the Prudential Indicators at 31<sup>st</sup> March 2020. For the 2019/20 financial year the minimum reporting requirements were that members should receive the following reports:

- an annual Treasury Management Strategy in advance of the year (Council 26<sup>th</sup> February 2019)
- a mid-year Treasury Update report (Executive 21<sup>st</sup> November 2019)
- an annual report following the year describing the activity compared to the strategy (this report)

3.2 Recent changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.3 In compliance with the Prudential Code treasury management reports are scrutinised by Performance Scrutiny Committee and reviewed by the Executive prior to reporting to full Council if required. Member training for the Performance Scrutiny and Audit Committees was undertaken on 21<sup>st</sup> November 2019 and 20<sup>th</sup> February 2020 in order to support their roles in scrutinising the treasury management strategy and policies.

### 4. Summary of Performance against Treasury Management Strategy 2019/20

4.1 The full details of transactions in the year and performance against the Prudential Indicators are included at Appendices A and B.

4.2

<b>Actual Prudential Indicators</b>	<b>2019/20</b>	<b>2018/19</b>
Actual Capital Expenditure	22,033	38,954
Capital Financing Requirement		
General Fund	68,562	61,803
HRA	62,174	58,328
Total	<b>130,736</b>	<b>120,131</b>
Financing Costs as a proportion of Net Revenue Stream		
General Fund	15.4%	11.9%
HRA	32.2%	30.1%

4.3 The Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, the Authorised Limit was not breached.

Additional borrowing of £5m was taken in 2019/20.

At 31<sup>st</sup> March 2020, the principal value of the Council's external debt was £120.153m (£115.354m at 31<sup>st</sup> March 2019) and that of its investments was £30.5m (£29.2m at 31<sup>st</sup> March 2019).

4.4 The increase in General Fund Financing costs as a % of net revenue stream in 2019/20, when compared with 2018/19, is due additional borrowing costs. The actual financing cost for the General Fund increased from the previous year due to additional borrowing. The increase in HRA Financing costs results from a additional borrowing taken in year.

4.5 The financial year 2019/20 continued the challenging environment of previous years; low investment returns and continuing counterparty risk were the main features.

4.6 Key issues to note from activity during 2019/20:

- The Council's total debt (including leases and lease-type arrangements) at 31<sup>st</sup> March 2019 was £120.258m (Appendix A section 4.4) compared with the Capital Financing Requirement of £130.736m (Appendix A section 3.5). This represents an under-borrowing position of £10.478m, which is currently being supported by internal resources. Additional long-term borrowing will be taken in future years to bring levels up to the Capital Financing Requirement, subject to liquidity requirements, if preferential interest rates are available.
- The Council's Investments at the 31<sup>st</sup> March 2020 were £30.55m (Appendix A section 4.3), which is £1.35m higher than at 31<sup>st</sup> March 2019. Average investment balances for 2019/20 were £28.833m, which was higher than estimated balances of £24.1m in the Medium Term Financial Strategy 2019-24 due to the timing of borrowing taken. It should be noted that this refers to the principal amounts of investments held, whereas the investment values included in the balance sheet are based on fair value. In most cases, this will simply be equal to the principal invested, unless the investment has been impaired.
- Actual investment interest earned on balances was £240k compared to £125k estimated in the Medium Term Financial Strategy 2019-24 (Appendix A section 10.2).
- The interest rate achieved on investments was 0.84% which was 0.31% above the target average 7-day LIBID rate (for 2019/20 the average was 0.53%).

4.7 Risk Benchmarking

The following reports the outturn position against the security and liquidity benchmarks in the Treasury Management Strategy.

## Security

- The Council's actual average security risk for the portfolio as at 31<sup>st</sup> March 2020 is 0.004%, which compares with the 0.005% for the budgeted portfolio. This gives the estimated default rate on the investment counterparties which comprise the portfolio at 31<sup>st</sup> March 2020. This equates to a potential financial loss of £1,222 on the investment portfolio of £30.55m.
- Specified Investments are high security sterling investments (i.e. high credit quality) with a maturity of no more than one year. Non-specified investments are all other investments representing a potentially greater risk; however the risk is still minimal due to the stringent controls over counterparty credit quality contained within the Investment Strategy. The 2019/20 strategy set a maximum limit of 75% of the portfolio to be held in non-specified investments. At 31<sup>st</sup> March 2020, 80% of the investment portfolio was held in specified investments with the remaining 20% held in deposits with other local authorities. The Chief Finance Officer can report that the investment portfolio was maintained within this limit throughout the year.

## Liquidity

In respect of this area the Council set liquidity benchmarks to maintain:

- Liquid short term deposits of at least £5 million available with a week's notice.
- Weighted Average Life benchmark was expected to be 0.35 years (128 days).

The actual liquidity indicators at 31<sup>st</sup> March 2020 were as follows:

- Liquid short term deposits of £18.55 million as at 31<sup>st</sup> March 2020.
- Weighted Average Life of the investment portfolio was 0.10 years (38 days). This reflects that larger amounts of investments were deposited in short term accounts to deal with cash flow requirements.

The Chief Finance Officer can report that liquidity arrangements were adequate throughout the year.

## 4.8 Benchmarking

The Council participates in the following benchmarking club:

- The Link Asset Services benchmarking club. Link Asset Services is the Council's treasury management advisors and they offer a benchmarking club for their clients. This is organised on a regional group basis. The group to which City of Lincoln belongs has 9 members within the East Midlands region. The following summary shows performance against the group average, indicating a low risk portfolio, with lower levels of investment balances achieving a similar level of return.

	City Of Lincoln Council	Average
Principal at 31/3/20	£30,550,000	£74,500,000
Weighted Average rate of return at 31/3/20	0.67%	0.71%
Weighted average maturity at 31/3/20	38 days	70 days
Weighted average credit risk at 31/3/20	1.62	2.81

## **5. Strategic Priorities**

- 5.1 Through its Treasury Management Strategy the Council seeks to reduce the amount of interest it pays on its external borrowing and maximise the interest it achieves on its investments in order to support the Medium Term Financial Strategy and the delivery of the Council's Vision 2020.

## **6. Organisational Impacts**

- 6.1 Finance - The financial impacts are contained within the main body of the report and within appendices A and B.
- 6.2 Legal Implications including Procurement Rules - Section 15 of the Local Government Act 2003 requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in Regulation 24 require local authorities to have regard to the TM Code of Practice. Investment guidance issued by the Ministry for Housing Communities and Local Government (MHCLG) which came into effect from 1st April 2010 requires investment policy to emphasise security and liquidity over income.

## **7. Risk Implications**

- 7.1 The Council has the freedom to adopt its own treasury management policies. The CIPFA code of practice, which specifies the format and frequency of reporting, is part of the risk management procedures for treasury.

## **8. Recommendation**

- 8.1 That the Executive approves the actual prudential indicators contained within appendices A and B.
- 8.2 That the Executive approve the annual treasury management report for 2019/20.

**Key Decision** No

**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

**How many appendices does the report contain?** 2

**List of Background Papers:**

Link Annual Stewardship Reports for 2019/20  
Medium Term Financial Strategy 2019-24 and 2020-25  
Prudential Indicators 2019/20 – 2021/22 and Treasury  
Management Strategy 2019/20 and 2021/22

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## Annual Report on the Treasury Management Service and Actual Prudential Indicators 2019/20

### 1. Introduction

1.1 The Council undertakes capital expenditure on long-term assets. These activities can be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

Capital expenditure activity is regulated by the CIPFA Prudential Code, which requires actual outturn to be reported in the following areas: -

- Capital expenditure;
- Capital Financing Requirement;
- Debt;
- Ratio of financing costs to net revenue stream.

The remaining prudential indicators are included to make the annual reporting comprehensive and to comply with the requirements of the Treasury Management Code.

1.2 Part of the Council's treasury activities is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. This area of activity is regulated by the CIPFA Code of Practice on Treasury Management.

1.3 Wider information on the regulatory requirements is shown in section 11.

### 2. The Council's Capital Expenditure and Financing 2019/20

2.1 This forms one of the required prudential indicators and shows total capital expenditure for the year and how this was financed.

	2019/20 Actual £'000	2019/20 Revised Estimate £'000	2018/19 Actual £'000
General Fund capital expenditure	10,057	14,756	13,968
HRA capital expenditure	11,976	20,669	24,985
Total capital expenditure	<b>22,033</b>	<b>35,425</b>	<b>38,953</b>
Resourced by:			
Capital receipts	1,534	1,948	8,192
Capital grants & contributions	1,758	6,005	1,004
Direct Revenue Financing	202	3,903	4,956
Major repairs reserve	6,789	9,246	13,160
<b>Un-financed capital expenditure (additional need to borrow)</b>	<b>11,750</b>	<b>14,323</b>	<b>11,642</b>

2.2 Further details on 2019/20 Capital Expenditure and Financing can be found in the Financial Performance Detailed Outturn 2019/20 report elsewhere on the agenda.

### 3. The Council's Overall Borrowing Need

3.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position and represents 2019/20 and prior years' net capital expenditure that has not yet been charged to revenue or other resources.

3.2 Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council.

3.3 The General Fund element of the CFR is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The total CFR can also be reduced by:

- the application of additional capital resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP) or depreciation.

3.4 The Council's MRP policy for 2019/20 was approved by Council on 21<sup>st</sup> February 2019 as part of the Prudential Indicators 2019/20 – 2022/23 and Treasury Management Strategy 2019/20.

3.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. The CFR includes leasing schemes which increase the Council's

borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract. During the year land appropriations resulted in an appropriation between the General Fund and HRA CFR.

<b>Capital Financing Requirement General Fund</b>	<b>31 March 2020  Actual £'000</b>	<b>31 March 2019 Revised Estimate £'000</b>	<b>31 March 2019  Actual £'000</b>
Opening balance 1 April	61,803	61,803	50,977
Plus un-financed capital expenditure	7,884	7,640	11,642
Finance leases	(237)	(237)	(342)
Less MRP/VRP*	(758)	(881)	(992)
Land Appropriation	20	0	175
<b>Closing balance 31 March</b>	<b>68,562</b>	<b>70,561</b>	<b>61,803</b>

<b>Capital Financing Requirement HRA</b>	<b>31 March 2020  Actual £'000</b>	<b>31 March 2020 Revised Estimate £'000</b>	<b>31 March 2019  Actual £'000</b>
Opening balance 1 April	58,328	58,328	58,503
Plus un-financed capital expenditure	3,866	4,296	0
Land Appropriation	(20)	0	(175)
<b>Closing balance 31 March</b>	<b>62,174</b>	<b>62,624</b>	<b>58,328</b>

\* includes finance lease repayments

#### 4. Treasury Position at 31st March 2020

4.1 Whilst the Council's gauge of its underlying need to borrow is the CFR, the Chief Finance Officer and the treasury team manage the Council's actual borrowing position by either:

- borrowing to the CFR,
- choosing to temporarily utilise some flow funds instead of borrowing (under-borrowing)
- borrowing for future increases in the CFR (borrowing in advance of need).

4.2 It should be noted that the figures in this report are based on the principal amounts borrowed and invested and so may differ from those in the final accounts by items

such as accrued interest (outstanding interest due to be paid and received as at 31<sup>st</sup> March), or where the carrying amount is based on fair values .

- 4.3 During 2019/20 the Chief Finance Officer managed the borrowing position to £120.153 million. The treasury position at the 31<sup>st</sup> March 2020 compared with the previous year was:

	31 March 2020		31 March 2019	
	Principal £'000	Average Rate (full year)	Principal £'000	Average Rate (full year)
<b>Borrowing Position</b>				
Fixed Interest Rate Debt	120,153	3.62%	115,354	3.24%
Variable Interest Rate Debt	0	N/a	0	N/A
Total Debt (borrowing) *	120,153	3.62%	115,354	3.24%
Capital Financing Requirement (borrowing only)	130,736	N/A	120,131	N/A
Over/(under) borrowing	(10,583)	N/A	(4,777)	N/A
<b>Investment Position</b>				
Fixed Interest Investments	12,000	0.98%	10,000	0.88%
Variable Interest Investments	18,550	0.49%	19,200	0.76%
Total Investments **	30,550	0.67%	29,200	0.80%
<b>Net Borrowing Position</b>	<b>89,603</b>		<b>86,154</b>	

\* Excludes local Bonds & Mortgages and other long-term liabilities ( e.g. finance leases)

\*\* The interest rate given differs from the interest rate given in Paragraph 4.6 of the main report because the rates above are for investments held at 31 March whereas the average rate of investment is for investments held during 2019/20.

- 4.4 The total debt position also includes other long term liabilities such as finance leases and embedded leases within service contracts. The total debt position at 31<sup>st</sup> March 2020 was £120,258 million as shown below:

	31 March 2020 Actual £'000	31 March 2020 Revised Estimate £'000	31 March 2019 Actual £'000
Gross borrowing	120,153	118,500	115,354
Other long term liabilities	105	105	342
<b>Total External debt</b>	<b>120,258</b>	<b>118,605</b>	<b>115,696</b>

4.5 The maturity structure of the debt portfolio was as follows:

	<b>31 March 2020 Actual £'000</b>	<b>31 March 2019 Actual £'000</b>
Under 12 months	9,705	20,200
12 months and within 24 months	2,710	9,705
24 months and within 5 years	5,160	5,645
5 years and within 10 years	9,565	7,076
10 years and above	93,013	72,728
<b>Total</b>	<b>120,153</b>	<b>115,354</b>

4.6 The maturity structure of the investment portfolio was as follows:

	<b>31 March 2020 Actual £'000</b>	<b>31 March 2019 Actual £'000</b>
Longer than 1 year	0	0
Under 1 year	30,550	29,200
<b>Total</b>	<b>30,550</b>	<b>29,200</b>

## 5. The Strategy for 2019/20

5.1 The Council's overall core borrowing objectives are:

- To reduce the revenue costs of debt in line with the targets set for the Chief Finance Officer by Council (see local indicators).
- To manage the Council's debt maturity profile, leaving no one future year with a high level of repayments that might cause problems in re-borrowing.
- To effect funding at the cheapest cost commensurate with future risk.
- To forecast average future interest rates and borrow accordingly i.e. short term/variable when rates are 'high', long term/fixed when rates are 'low'.
- To monitor and review the level of variable rate loans in order to take greater advantage of interest rate movements.
- To proactively reschedule debt in order to take advantage of potential savings as interest rates change. Each rescheduling exercise will be considered in terms of the effect of premiums and discounts on the General Fund and the Housing Revenue Account.
- To manage the day-to-day cash flow of the Authority in order to, where possible, negate the need for short-term borrowing. However, short-term borrowing will be incurred, if it is deemed prudent to take advantage of good investment rates.

## 6. Actual Debt Management Activity during 2019/20

### 6.1 Borrowing

6.1.1 Long term borrowing, totalling £25m, was taken in 2019/20; no short term borrowing was taken in 2019/20; short term and annuity borrowing of £20.2m was repaid in 2019/20; new borrowing of £5m was taken.

6.1.2 The average rate achieved for borrowing (excluding finance and embedded leases) in 2019/20 was 3.62%, which compares favourably to the target of 4.75% (2018/19 3.24% actual compared to the target of 4.25%). The increase in rate is due to short term borrowing through other local authorities being replace with PWLB borrowing being available during the year.

	31 March 2020 Actual £'000	31 March 2019 Actual £'000
Interest payable on borrowing	3,895	3,260
- General Fund	1,471	908
- HRA	2,424	2,352
Interest payable on finance leases	21	42
- General Fund	21	42
- HRA	0	0

### 6.2 Rescheduling

6.2.1 No rescheduling was undertaken during the year as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

## 7. Prudential Indicators and Compliance Issues

7.1 Some of the required prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:

## 7.2 Net Borrowing and the CFR

7.2.1 In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2019/20 plus the expected changes to the CFR over 2020/21 and 2021/22 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2019/20. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>31 March 2020 Actual £'000</b>	<b>31 March 2020 Revised Estimate £'000</b>	<b>31 March 2019 Actual £'000</b>
<b>Net borrowing position</b>	89,603	94,400	86,154
<b>Capital Financing Requirement</b>	130,736	133,185	120,131

## 7.3 The Authorised Limit and Operational Boundary

7.3.1 The Authorised Limit is the "Affordable Borrowing Limit" required by section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2019/20 the Council has maintained gross borrowing within its Authorised Limit.

7.3.2 The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

7.3.3 The table below shows the highest borrowing position reached in the year (including temporary borrowing and other long term liabilities) compared to the Authorised Limit and Operational Boundary.

	<b>2019/20 £'000</b>
Authorised Limit (revised estimate)	148,450
Maximum gross borrowing position during 2019/20	123,250
Operational Boundary (revised estimate)	133,250
Average gross borrowing position during 2019/20	117,439
Minimum gross borrowing position during the year	110,153

## 7.4 Actual financing costs as a proportion of net revenue stream

- 7.4.1 This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Financing costs as a proportion of net revenue stream -	2019/20 Actual %	2019/20 Revised Estimate %	2018/19 Actual %
General Fund	15.4%	19.7%	11.9%
HRA	32.2%	31.4%	30.1%

The small increase in General Fund Financing costs as a % of net revenue stream in 2019/20, when compared with 2018/19, is due to new longer term borrowing being taken. The actual financing cost for the General Fund increased from the previous year due to additional borrowing.

The increase in HRA Financing costs results from additional borrowing taken.

## 8. Economic Background for 2019/20

The following commentary on the economic conditions for 2019/20 is provided by Link Asset Services, the Council's treasury management advisers.

- 8.1 **UK. Brexit.** The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Theresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

**Economic growth** in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the **coronavirus outbreak**. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created

and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in **quantitative easing (QE)**, essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

**Inflation** has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

**Employment** had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

**USA.** Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in

March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be covered. In addition there will be \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

**EUROZONE.** The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5% and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

**JAPAN** has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

**WORLD GROWTH.** The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.

## 9. Investment Position

9.1 The Council's investment policy is governed by MHCLG Guidance, which has been implemented in the Annual Investment Strategy approved by Council on 21<sup>st</sup> February 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

9.2 The Council's longer-term cash balances comprise primarily revenue and capital resources, although these are influenced by cash flow considerations. The Council's core cash resources comprised as follows, and meet the expectations of the budget.

<b>Balance Sheet Resources (draft) - General Fund</b>	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
Balances	2,070	1,857
Earmarked reserves	6,100	6,705
Provisions	3,930	4,210
Usable capital receipts	606	1,166
<b>Total</b>	<b>12,706</b>	<b>13,938</b>
<b>Balance Sheet Resources (draft) - HRA</b>	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
Balances	1,007	1,027
Earmarked reserves	1,403	1,604
Usable capital receipts	4,345	3,408
<b>Total</b>	<b>6,755</b>	<b>6,039</b>
<b>Total General Fund &amp; HRA</b>	<b>19,461</b>	<b>19,977</b>

*Please note that at the time of writing the year end position is yet to be finalised and the balance sheet resources are draft figures.*

## 10. Investments Held by the Council

- 10.1 The Council does not have the expertise or resources to actively use a wide range of investment products and therefore performance tends to be more stable but lower over the longer term than for professionally managed funds (whose performance may fluctuate more). The Council maintained an average balance of £28.833m and received an average return of 0.84%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.53%. Based on the average investment balance this performance margin of 0.31% in the Council's favour.
- 10.2 In 2019/20, £240k interest was earned on balances (£143k in 2018/19). This is £115k more than the £125k estimated in the Medium Term Financial Strategy 2019-24. The analysis of this result is shown in the table below.

	<b>MTFS 2019-24 Budget £'000</b>	<b>Outturn 2019/20 £'000</b>
Interest earned - General fund & other commitments	88	163
- HRA	37	77
<b>Total interest earned</b>	<b>125</b>	<b>240</b>
Average balance invested in year	24,100	28,833
Average interest rate achieved	0.85%	0.84%

\* The interest rate given differs from that given in Paragraph 4.3 of the main report because this is an average interest for the year whereas the interest rate given in paragraph 4.3 is a rate for balances at 31 March 2020.

The Economic Background for 2019/20 (see Section 8) sets out the economic conditions during this period, resulting in still falling deposit rates. The Coronavirus outbreak prompted a sharp reduction in the Bank of England base rate - below is Link's forecast for interest rates at 31 March 2020.

Link Asset Services Interest Rate View		31.3.20						
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

## 11. Risk Benchmarking

The regulatory framework also requires the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance (i.e. rate achieved compared with the 7-day LIBID). Security and liquidity benchmarks are used to assess the level of risk in the investment portfolio and whether sufficient liquidity is being maintained.

- 11.1 The following reports the current position against the benchmarks originally approved in the 2019/20 Treasury Management Strategy.

### Security

- The Council's security risk for the portfolio as at 31<sup>st</sup> March 2020 is 0.004%, which compares with the 0.005% for the budgeted portfolio. This gives the estimated default rate on the investment counterparties which comprise the portfolio at 31<sup>st</sup> March 2020. This equates to a potential financial loss of £1,222 on the investment portfolio of £30.55m
- Specified Investments are high security sterling investments (i.e. high credit quality) with a maturity of no more than one year. Non-specified investments are all other investments representing a potentially greater risk however the risk is still minimal due to the stringent controls over counterparty credit quality contained within the Investment Strategy. The 2019/20 strategy set a maximum limit of 75% of the portfolio to be held in non-specified investments. At 31<sup>st</sup> March 2020, 100% of the investment portfolio was held in specified investments. The Chief Finance Officer can report that the investment portfolio was maintained within this limit throughout the year.

### Liquidity

In respect of this area the Council set liquidity benchmarks to maintain:

- Liquid short term deposits of at least £5 million available with a week's notice.
- Weighted Average Life benchmark was expected to be 0.35 years (128 days).

The actual liquidity indicators at 31<sup>st</sup> March 2020 were as follows:

- Liquid short term deposits of £18.55 million as at 31<sup>st</sup> March 2020.
- Weighted Average Life of the investment portfolio was 0.10 years (38 days).

### 11.2 Performance Indicators set for 2019/20

11.3 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury management function over the year. The Chief Finance Officer set 8 local indicators for 2018/19, which aim to add value and assist the understanding of the main prudential indicators. These indicators, detailed in Appendix B, are:

- Debt – Borrowing rate achieved against average 7 day LIBOR.
- Investments – Investment rate achieved against average 7 day LIBID.
- Average rate of interest paid on the Councils Debt during the year – this will evaluate performance in managing the debt portfolio to release revenue savings.
- The amount of interest on debt as a percentage of gross revenue expenditure.
- Limit on fixed interest rate investments
- Limit on fixed interest rate debt
- Limit on variable rate investments
- Limit on variable rate debt

## Regulatory Framework, Risk and Performance

12. The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2019/20);
  - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
  - The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
  - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
  - Under the Act the ODPM has issued Investment Guidance to structure and regulate the Council's investment activities;

Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices.

- 12.1 The Council has complied with all of the above relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.
13. The Council is aware of the risks of passive management of the treasury portfolio and, with the support of Capita Asset Services, the Council's advisers, has proactively managed its treasury position over the year. The Council has continued to utilise historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans.
- 13.1 Shorter-term variable rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

**Prudential and Treasury Indicators 2019/20**

<b>1. PRUDENTIAL INDICATORS</b>	<b>2019/20 Actual</b>	<b>2019/20 Estimated</b>	<b>2018/19 Actual</b>
<b>Capital Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	10,057	14,756	13,968
HRA	11,976	20,669	24,985
TOTAL	22,033	35,425	38,953
<b>Ratio of financing costs to net revenue stream</b>	<b>%</b>	<b>%</b>	<b>%</b>
General Fund	15.4%	19.7%	11.9%
HRA	32.2%	31.4%	30.1%
<b>Borrowing requirement General Fund</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing requirement at 1 April	61,803	61,803	50,977
Borrowing requirement at 31 March	68,562	70,561	61,803
In-year borrowing requirement	6,759	8,758	10,826
<b>Borrowing requirement HRA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing requirement at 1 April	58,353	58,353	58,503
Borrowing requirement at 31 March	62,174	62,624	58,353
In-year borrowing requirement	3,846	4,271	(175)
<b>Net Debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Actual borrowing less investments	89,603	94,400	86,154
<b>CFR</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	68,562	70,561	61,803
HRA	51,174	62,624	58,328
TOTAL	130,736	133,185	120,131
<b>Annual change in Capital Financing Requirement</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	6,759	8,758	10,826
HRA	3,846	4,271	(175)
TOTAL	10,605	13,029	10,651

<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2019/20 Actual</b>	<b>2019/20 Estimated</b>	<b>2018/19 Actual</b>
<b>Authorised Limit for external debt –</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	120,153	147,050	115,354
Other long term liabilities	105	1,400	342
<b>TOTAL</b>	<b>120,258</b>	<b>148,450</b>	<b>115,696</b>
<b>Operational Boundary for external debt -</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	120,153	133,145	115,354
Other long term liabilities	105	105	342
<b>TOTAL</b>	<b>120,258</b>	<b>133,250</b>	<b>115,696</b>
<b>Actual external debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	55,154	53,387	57,583
HRA	65,113	65,113	58,113
<b>TOTAL</b>	<b>120,258</b>	<b>118,500</b>	<b>115,696</b>
<b>Upper limit for fixed interest rate exposure</b>	<b>£m</b>	<b>Target £m</b>	<b>£m</b>
Net principal re fixed rate borrowing / investments	112.5	112.1	108.1
<b>Upper limit for variable rate exposure</b>	<b>£m</b>	<b>Target £m</b>	<b>£m</b>
Net principal re variable rate borrowing / investments	25.1	47.3	24.2
<b>Upper limit for total principal sums invested for over 1 year</b>	<b>£'000</b>	<b>£</b>	<b>£'000</b>
(per maturity date)	Nil	£5m	Nil

<b>Maturity structure of fixed rate borrowing during 2019/20</b>	<b>Actual %</b>	<b>Upper limit %</b>	<b>Lower limit %</b>
Under 12 months	8.08	40	0
12 months and within 24 months	2.26	40	0
24 months and within 5 years	4.29	60	0
5 years and within 10 years	7.96	80	0
10 years and above	77.41	100	10

## Local Indicators Treasury Management Indicators

	2019/20 Actual %	2019/20 Revised %	2018/19 Actual %
<b>Debt - Borrowing rate achieved i.e. temporary borrowing (loans of less than 1 year)</b>	No new short term borrowing taken in 19/20	Less than 7 day LIBOR	Achieved 0.98% Average 0.63% +0.35%

	2019/20 Actual %	2019/20 Revised %	2018/19 Actual %
<b>Investment rate achieved</b>	Achieved 0.84% LIBID 0.53% +0.21%	Greater than 7 day LIBID	Achieved 0.77% LIBID 0.51% +0.26%

	2019/20 Actual %	2019/20 Revised %	2018/19 Actual %
<b>Average rate of Interest Paid on Council Debt (%)</b>	3.62%	4.75%	3.24%

	2019/20 Actual %	2019/20 Target %	2018/19 Actual %
<b>Interest on Debt as a % of Gross Revenue Expenditure</b>	4.1%	4.1%	3.4%
General Fund	2.14%	2.22%	1.34%
HRA	8.72%	8.23%	8.36%

	2019/20 Actual (ave) %	2019/20 Target %	2018/19 Actual %
<b>Upper limits on fixed interest rate investments</b>	46%	100%	34%

	2019/20 Actual %	2019/20 Target %	2018/19 Actual %
<b>Upper limits on fixed interest rate debt</b>	100%	100%	100%

	<b>2019/20 Actual (ave) %</b>	<b>2019/20 Target %</b>	<b>2018/19 Actual %</b>
<b>Upper limits on variable interest rate investments</b>	54%	75%	66%

	<b>2019/20 Actual %</b>	<b>2019/20 Target %</b>	<b>2018/19 Actual %</b>
<b>Upper limits on variable interest rate debt</b>	0%	40%	0%

**SUBJECT: STRATEGIC RISK REGISTER**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR: JACLYN GIBSON, CHIEF FINANCE OFFICER**

## **1. Purpose of Report**

- 1.1 To provide the Executive with a status report for the Council's Strategic Risk Register.

## **2. Background**

- 2.1 An update of the Strategic Risk Register, developed under the risk management approach of 'risk appetite', was last presented to the Executive in February 2020 and contained ten strategic risks.
- 2.2 Since reporting in February 2020, the COVID19 pandemic has fundamentally affected the environment in which the Council operates and as such the risks that it faces. Whilst the strategic risks that were previously included in the register remain valid, the level of assessed risk (likelihood and impact), target risk scores and mitigating actions now need to be reviewed and updated to reflect the new landscape, as well as identifying any new strategic risks.
- 2.3 In light of these circumstances the quarter four strategic risk register for 2019/20, which would ordinarily include an assessment of whether the target risk for the year has been met or not, has not been prepared. Instead set out in this report are what are now considered to be the strategic risks/opportunities facing the Council having taken into consideration the impact that the pandemic and lockdown arrangements have had, as well as the path to recovery.
- 2.4 Over the next month these risks will be assessed by the Corporate Leadership Team with appropriate actions plans/mitigating actions developed in order to; avoid, seek, modify, transfer or retain the risks. The outcome of this work will result in a refreshed Strategic Risk Register for 2020/21 which will be performance monitored on a quarterly basis, reported to both the Performance Scrutiny Committee and the Executive.

## **3. Strategic Risks**

- 3.1 Set out below are the ten existing strategic risks that are all still felt to be relevant, although re-framed to reflect the effects of the pandemic and focus of the Council in 2020/21:

- 1) **Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against e.g. Council's Vision 2025** – the emphasis of this risk will change to reflect the

refocussing of Vision 2025 on the recovery of the City and the local economy. The engagement of others and the ability to influence partners will remain key to delivering this path to recovery.

- 2) **Failure to deliver a sustainable Medium term Financial Strategy (that supports delivery of Vision 2025)** – the ongoing reductions in resources and increased service costs from the legacy of impacts arising from COVID will be felt across the MTFs for many years. As a result the level of assessed risk to the Council and threats to undermine its financial sustainability have significantly increased.
- 3) **Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council** – as a result of the financial challenges the Council is facing there will be a requirement to deliver an increased level of savings and with a short lead in time. Given the previous level of savings that the Council has delivered this will result in the Council needing to make some difficult decisions over the next 12 months as it prioritises which services it can afford to continue to deliver.
- 4) **Failure to ensure compliance with statutory duties/functions and appropriate governance arrangements are in place** – with the reduction in resources the Council is set to face this will inevitably impact on the range of services that the Council delivers as well as on service standards and performance of the remaining services. However, it will be essential that the Council ensures it remains compliant in those services, that it delivers its functions required under statute, and that it has robust governance arrangements in place.
- 5) **Failure to protect the local authority's vision 2025 due to changing structures and relationships in local government and impact on size, scale and scope of the Council** – as a result of Lincolnshire County Council's recent approach to Government pursuing a devolution agreement with plans for local government re-organisation the level of this risk will increase and will require the Council to respond accordingly, at the same time as prioritising resources to the recovery of the Council and the City.
- 6) **Unable to meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2020/2025 and the transformational journey to one Council approach** – the vast majority of Council officers have been able to work remotely in their own homes since the lockdown began. This move to a more agile and flexible workforce forms part of the Council's 'One Council' and has been accelerated by current circumstances. The Council now needs to use this learning and transformation to create a new normal for how it operates as a moving forward and how service delivery can be re-shaped.
- 7) **Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council** – due to the financial constraints that the Council is facing it's overall capacity will ultimately need to reduce, it will be critical though that it's remaining resources are directed towards it's critical services, priority areas as determined by Vision 2025, and support the work on recovery.

- 8) **Decline in the economic prosperity within the City Centre** – the impact of COVID19 on the City Centre has been profound. Despite a package of support from the Government to support businesses, through NNDR reliefs, grants for small business and effected industries, loans and the Coronavirus Job Retention Scheme, it is likely that some businesses will continue to struggle and may be forced to close. The response of the Council, working with key partners, will be essential in order to support the City Centre and encourage visitors, residents and businesses back into the City.
- 9) **Failure to mitigate against the implications for the Council following the outcome of Brexit** – despite the current pandemic the Government remains committed to the end of the transition period on 31<sup>st</sup> December 2020. The Council must continue to take appropriate action to limit any implications arising.
- 10) **Failure to deliver key strategic projects** – with reduced resources the Council will need to identify innovative ways and alternative funding sources, e.g. working with partners, attracting grant funding, re-prioritising resources, etc in order to deliver its key projects set out in Vision 2025.

3.2 In addition to the ten existing strategic risks, three new risks relating to the impact of the pandemic have emerged as follows:

- **Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money** – this could lead to further financial implications for the Council as well as limit the delivery of services and capital schemes.
- **Failure to work in partnership to sustain support to vulnerable residents post COVID19** - existing service provision may not meet need because of the increases in the range of vulnerabilities that people are experiencing as well as an increase in overall numbers requiring support.
- **Failure to put in place safe working practices and social distancing measures to protect officers and service users** – through risk assessments and method statements the Council will need to ensure appropriate measures are in place to restrict the risk of infection.

3.3 A full risk register for these thirteen risks, along with any others that may subsequently emerge, will be presented to the Executive at the next meeting of this committee in August 2020.

#### 4. **Strategic Priorities**

4.1 Sound risk management is one way in which the Council ensures that it discharges its functions in accordance with its expressed priorities, as set out in the Vision 2025, and that it does so in accordance with statutory requirements and within a balanced and sustainable budget and MTFs.

## 5. Organisational Impacts

5.1 Finance - There are no direct financial implications arising as a result of this report. The Council's Strategic Risk Register contains two specific risks in relation to the Medium Term Financial Strategy and the Towards Financial Sustainability Programme, the risk registers that support these are also being reviewed in light of the current financial challenges the Council is facing.

5.2 Legal Implications including Procurement Rules - The Council is required under the Accounts and Audit Regulations 2011 to have a sound system of Internal Control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance of a Strategic Risk Register and the control actions which the Council undertakes are part of the way in which the Council fulfils this duty.

5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities.

## 6. Risk Implications

6.1 These are as set out in the report.

## 7. Recommendation

7.1 That the Executive note the status of the current Strategic Risk Register, and that a full register will be presented to this Committee in August 2020.

**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:**

Jaclyn Gibson, Chief Finance Officer  
Telephone (01522) 873258

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<b>SUBJECT:</b>	<b>HIGH STREET HERITAGE ACTION ZONE</b>
<b>DIRECTORATE:</b>	<b>COMMUNITIES AND ENVIRONMENT</b>
<b>REPORT AUTHOR:</b>	<b>KIERON MANNING, ASSISTANT DIRECTOR</b>

## 1. Purpose of Report

- 1.1 To seek approval from The Council's Executive for entering a contract with Historic England to deliver a High Street Heritage Action Zone for Lincoln, including the creation of a High Street Heritage Action Zone Officer post.

## 2. Background

- 2.1 Whilst there has, and continues to be, a number of successful outcomes delivered in the city centre and Sincil Bank area, for some time the quality of the environment of the lower High Street has been a concern to the Local Planning Authority. Many of the changes that have occurred do not need planning permission, so the council has been largely powerless to intervene. Whilst the vibrancy and diversity of the area is to be applauded and encouraged, there has been a marked deterioration in the appearance of the frontages of many of the shop units in particular, having a negative impact on the character and appearance of the area.
- 2.2 Therefore officers had initially secured some internal match funding (£60k from the Sincil Bank revitalisation programme and approximately £90k from in-kind staff resource) and were set to submit a bid to Historic England for the creation of a PSiCA (Partnership Scheme in Conservation Areas) for a total scheme value of circa £300k. This would have meant the council would act as the responsible body for allocating grants of up to 80% to individual shop owners that qualified for historic shop front renovations within the defined area. However, Government then announced the Future High Streets Fund with around £45m of this fund being allocated to Historic England (HE) for them to allocate to heritage led projects across the country. As a result, officers met with the Regional Director of Historic England and they encouraged the council to expand this scheme into a High Street Heritage Action Zone (HSHAZ) which includes all of the PSiCA scheme plus an area expanded to include Sincil Street to the north and further south to Sibthorpe Street (to include St. Mary's Guildhall). This scheme works on the same grant funding basis but goes beyond shop fronts and can include residential conversions of upper floors, feasibility studies and possible grant towards developing gap sites and some elements of public realm provided they all deliver heritage outcomes. The City Council would act as the lead partner for the scheme and will Chair the HSHAZ Board but ultimately the Board itself will make the final decision about whether to issue individual grants over a set threshold of £20,000. Any grants below this would be issued under a delegated arrangement to the City council (Assistant Director – Planning) to qualifying schemes that deliver heritage led regeneration and are within the defined area. The scheme requires the appointment of a HAZ Officer as the day to day operational lead and this would be funded from the grant itself.

Applications were invited by HE for schemes with a grant request of between £250k and £2m and as this funding is ultimately allocated through The Department for Culture, Media and Sport (DCMS) there is also a requirement for a cultural and community engagement output.

- 2.3 Securing Partnerships is a requirement of the scheme as a board will need to be established to make the individual decisions on the allocation of funds. To this end a range of partners have already agreed to form part of the scheme including: Investors in Lincoln, Lincoln BIG, Lincolnshire County Council, University of Lincoln, Civic Trust, Visit Lincoln, Healthy High Streets, Mansions of the Future, as well as a number of individual property owners that have shown willingness to be part of the scheme. The latter being crucial because deliverability is a key requirement with the timescale for spending the funding being between June 2020 and April 2024. Our partners have also committed to contributing match funding either in terms of capital and/or in-kind resource. All the match funding is pooled into a single resource which combined with the grant will be used to allocate the funds to qualifying projects via the board. The only exceptions to this are where the councils' capital funding is earmarked for a specific project as in the case of the Central Market.
- 2.4 The HAZ project replaced the PSiCA within the Remarkable Place strand of Vision 2020 and remains a key project within that strand in Vision 2025. A tight submission deadline at the end of 2019 meant that a concerted effort was required in order to submit a robust bid to Historic England by the end of December, but with the hard work and dedication of the Heritage Team this was achieved. In April 2020 the city council received the news that its bid was successful, and a formal offer of funding was made of £1.682m. This funding is allocated to the three strands of the programme with approximately £200k for the Cultural and community engagement strands including public art, exhibitions and events and approximately £1.4m for physical interventions such as historic shop front reinstatement, public realm and masterplanning for gap sites.

### **3. Strategic Priorities**

#### **3.1 Let's drive inclusive economic growth**

Investment in heritage benefits everyone – it is highly visible and improves the look and feel of places that benefit from it, resulting in enhanced values. The Cornhill Quarter is living proof of this, as are countless other examples in the City.

This investment is outstanding value for money, as it provides a long-term benefit from the time it is implemented, delivering permanent improvements to the cultural and physical infrastructure of a place. The evidence is that this then creates a step change in economic activity. This goes from individual businesses to the broader town level. There is also a great deal of evidence that investment in Heritage improves people's sense of general well-being, illustrated by Public Health England in Healthy High Streets.

In the St Mary's/High Street area this is strategically very important. The visual severance that the condition of many buildings creates, and the initial impression people get when stepping off the train is a key factor in how people perceive Lincoln. The severance caused by Wigford Way compounds this. Measures to

address both are built into the HSHAZ program. Spreading the prosperity of the High Street to benefit those poorer communities south of the railway requires targeted investment of this type.

The HAZ project will deliver much needed direct financial resource into heritage led regeneration schemes in the centre of Lincoln and will act as a catalyst for further private investment in the defined area and beyond. This combination will have a significant impact on the quality of the environment. The Department for Culture Media and Sport (DCMS) see this initiative as a critical strand in the economic recovery of the High Street, particularly in light of the response required to Covid 19.

### 3.2 Let's enhance our remarkable place

The physical and environmental enhancements and increased cultural activity together with the strengthened engagement with local residents and businesses will make a significant positive change in the way this part of the city is viewed and used.

## 4. Organisational Impacts

### 4.1 Finance

The council is acting as the accountable body for the grant and by transferring the grant onto individual building owners there is no direct investment in the Council's assets and hence no capital expenditure being incurred. The only capital implications for the Council are for those schemes it has identified as match funding which are already financed in the capital programme and will be managed in accordance with the Lincoln Project Management Model. The capital earmarked for Central market/Cornhill will be used for projects that deliver the outcomes required under the HAZ as well as those required under the New Towns deal so these projects are entirely complimentary, use the same resource and deliver similar outcomes

4.2 The HSHAZ requires a level of match funding from the City Council and its project Partners in order to secure the grant from Historic England. The table below shows the match funding, totalling £1.781m, required by type over the 4 year duration of the programme:

Organisation	Amount(£)	Type	Timescale
City Council	200,000	Capital - (Central Market/Cornhill allocation)	Year3/4
City Council	60,000	Capital - (Sincil Bank allocation)	£20k pa
City Council	100,000	In-kind - (Staff Resource)	£25k pa
Investors in Lincoln	5,000	Capital	Year 1
Centre for culture and creativity (UoL)	216,000	Capital via linked match funding	£54k pa
Lincoln BIG	100,000	In-kind - (Staff Resource)	£25k pa
Lincolnshire Co-Op	1,100,000	Capital	£275k pa

4.3 The above table is an initial funding allocation and project timetable and is acknowledged to be subject to change due to a number of factors including changes to the financial position of the Council and its partners. The contract with Historic England is therefore flexible and should priorities change over the 4 year period it does not commit the council to providing the suggested match funding. In such circumstances it would mean that the programme would not be delivered in its entirety. This element of the project will need to be carefully managed and monitored to ensure the Council does not allocate any funding in the absence of appropriate match funding and hence create a liability for itself.. This match funding combined with the grant offered by Historic England would create almost £3.5m of investment in the City for heritage led regeneration at a time when this type of support is particularly necessary.

4.4 The grant from HE will cover the full cost of the HAZ Officer post including a small reserve each year to contribute towards any potential redundancy. The grant is conditional on the creation of this post and due to the nature of the role combined with the salary level of equivalent posts across the country HE expect the salary to be equivalent to SO2 as a minimum. For this reason the post will not be taken through the usual Job Evaluation process and the post would be set at this salary grade based on a contract of 22.5 hours per week and under all of the council’s usual terms and conditions of employment. This Officer would report directly to the Principal Conservation Officer. The costs of establishing this new post are as follows:

<b>2020/21</b> £	<b>2021/22</b> £	<b>2022/23</b> £	<b>2023/24</b> £
13,580	24,740	25,240	25,740

Although an element of the grant allocation will be set aside for any potential redundancy costs the actual cost will not be determined until the end of the scheme. Should any redundancy cost be incurred that is in excess of the amount set aside from the grant, then this would need to be funded from within existing cash limit budgets.

#### 4.5 Legal Implications including Procurement Rules

In order for the scheme to commence, the City Council is required to enter into a legal contract with Historic England. The draft agreement has been reviewed and no issues of concern raised.

#### 4.6 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The HSHAZ programme will observe these principles on an individual basis for each distinct project that is delivered within the wider scheme by using Equality and Diversity assessments.

#### 4.7 Human Resources

The project requires the appointment of a dedicated HAZ Officer for the duration of the project (4 years) and the costs of this are included in the grant from Historic England. The grant also includes a reserve that is accrued each year to cover any potential pension strain and redundancy costs at the end of the project. The Officer would be employed under the Council's terms and conditions and would report to the Principal Conservation Officer.

#### 4.8 Significant Community Impact

The three strands of this project will have a direct and positive impact on the local community that live, work and shop in this part of the City. In particular, one of the three strands focusses on community engagement and engendering a sense of collective ownership and pride in this part of the City.

### 5. Risks

- 5.1 The City Council would be the accountable body and as there could be a risk of grant clawback if the monies are not spent correctly, we will mitigate against this by entering into contracts with individual building owners binding them to our terms and conditions and requiring them to repay grants if they breach the terms. The drafted contract ensures the programme is flexible so if there are insufficient match funded schemes then the programme can be ceased without any liability to the Council. As the accountable body the City Council in its role on the Board will ensure that individual projects will not be approved unless there is sufficient match funding to cover it.

### 6. Recommendation

- 6.1 It is recommended that Executive delegate to officers to enter into a contract with Historic England for the implementation of a Heritage Action Zone and to add the HSHAZ project officer post onto the establishment.

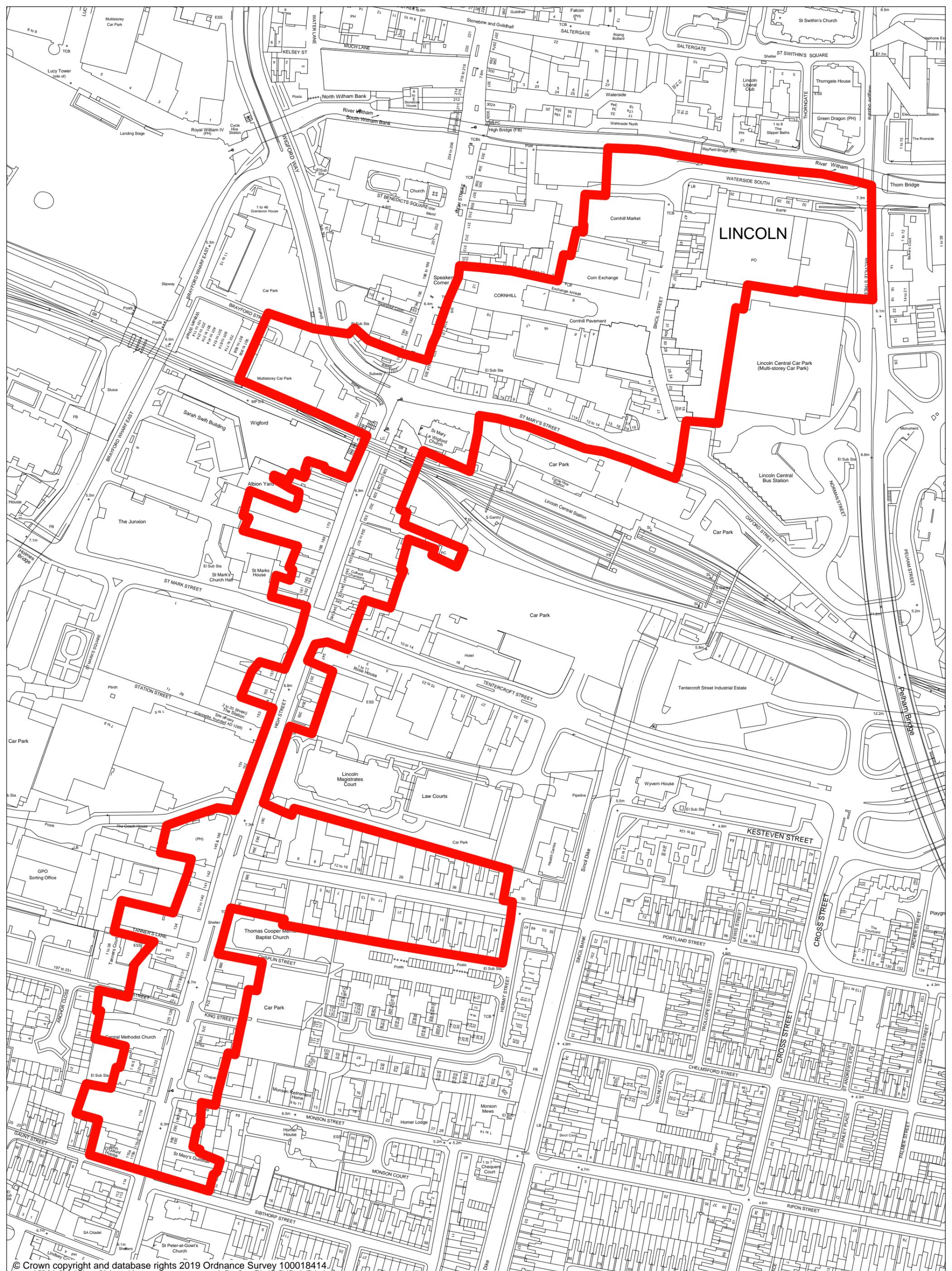
<b>Is this a key decision?</b>	Yes
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?</b>	Yes
<b>How many appendices does the report contain?</b>	1

**List of Background Papers:**

None

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# Heritage Action Zone Update

Scale: 1:2250 at A3

Version 2: 18/06/19

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