

EXECUTIVE

Monday, 23 November 2020

5.00 pm

Virtual Meeting via Zoom

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

Virtual Meeting

To join this virtual meeting please use the following link:

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Passcode: **895973**

Meeting ID: **947 0858 2407**

Alternatively, you can join the meeting via telephone by calling **0330 088 5830** and quoting the above passcode and meeting ID, when instructed.

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SECTION A

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MINUTES AND EXTRACTS

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| 2. Declarations of Interest | |

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.

OUR PEOPLE AND RESOURCES

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

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

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

SECTION B

OUR PEOPLE AND RESOURCES

12. Strategic Risk Register - Quarterly Review	307 - 326
	[Exempt Para(s) 3]

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

Apologies for Absence: None.

31. Confirmation of Minutes - 15 October 2020

RESOLVED that the minutes of the meeting held on 15 October 2020 be confirmed.

32. Declarations of Interest

No declarations of interest were received.

33. Lincoln Town Deal Programme

Purpose of Report

To approve the Lincoln Town Investment Plan proposed for submission to the Ministry of Housing, Communities and Local Government by 29 October 2020.

Decision

That the Executive:

- (1) Approves the Town Investment Plan, proposed for submission to the Ministry of Housing, Communities and Local Government by 29 October 2020.
- (2) Approves works for Cornhill Square and Lincoln Central Market as the priority for the Ministry of Housing, Communities and Local Government Accelerated Town Funding of £1 million.
- (3) Approves the Council's role as accountable body for the Town Deal Project Programme.
- (4) Approves the Council's role as Project Lead in delivery of the following Town Deal Projects:
 - Lincoln Central Market;
 - Tentercroft Street.
- (5) Approves the Council's role as Project Lead in delivery of the following Road to Zero Carbon Reduction Projects:
 - SME Green Recovery Grant Scheme;
 - Community Investment Bond Scheme;
 - Construction Retrofit Project.

Alternative Options Considered and Rejected

Other options considered, together with prioritisation criteria, risks and associated mitigations, were set out in the report.

Reason for Decision

Lincoln was one of 101 towns selected by the Government to work towards a Town Deal, with the potential to secure up to £25 million of funding to support proposals which would delivery long-term economic growth.

In response to selection in December 2019 and the Government's published Town Deal prospectus, a multi-agency Town Deal Board was established to oversee the development of a Town Investment Plan in January 2020, a pre-requisite for securing Town Funds. Over the past nine months the Town Deal Board had considered the economic evidence alongside engagement and consultation with local stakeholders and communities in order to develop a long-term vision, strategy and five-year project intervention programme to support the growth and development of the city. This work, together with ongoing discussion with the Government's Town Hun advisors, had been the basis for the Town Investment Plan as appended to the report and proposed for submission.

The following vision for the Lincoln Town Deal, aligned to the Town Fund Intervention Framework and developed from the analysis of evidence, had been supported by the Town Deal Board:

'A world class heritage city, which has embraced the opportunities presented by the digital economy to drive investment, innovation and productivity, creating opportunities for all, attracting new talent and securing Lincoln's future as a dynamic, sustainable and inclusive place.'

This vision was supported by the following priorities:

- digitalisation;
- skills to support inclusive growth;
- sustainable transport;
- urban regeneration to support arts, culture, heritage and enterprise infrastructure.

Further information was contained within the report in relation to each priority, together with specific projects allocated to each priority area.

The development of the Plan had also been considered in the context of Covid-19 recovery, carbon reduction and inclusive growth needs. It was structured in line with Government guidance and comprised two sections. Section 1 set out the context, strategy and process planning whereas Section 2 outlined the details of the project proposals.

It was reported that a total of £24.75 million Town Fund Investment was required to support the overall programme. This would lever direct co-funding support of £20.50 million to drive growth and underpin further private sector development.

The City of Lincoln Council was the recognised accountable body for the Town Fund Programme and the authority would continue to manage the overall programme of delivery as well as lead on delivery of a number of key projects.

Resources had been identified to enable the Council to carry out this function through a combination of in-house staff, recruitment and consultancy expertise. The budget for this programme management function had been included within the overall Investment Plan and Town Fund 'ask'.

In addition to the main Town Deal programme, a grant of £1 million was being offered to fund capital projects that could be delivered this financial year. The delivery of the wider public realm works to the Cornhill Square, to follow on from the demolition of the kiosk, tree retention and gateway treatment had been identified as a proposal that could be accelerated for delivery in the current financial year. This proposal was supported by the Lincoln Town Deal Board on 25 July 2020 and subsequently by Government in September 2020 with the scheme able to proceed to formal contract and mobilisation for delivery in early 2021.

Councillor Ric Metcalfe took this opportunity to place on record his thanks to Jo Walker, Assistant Director, and her team and other colleagues from across the authority for producing an excellent Town Investment Plan for Lincoln. This had been an outstanding example of good partnership working with a very wide range of partners, with the final result speaking for itself in the shape of a very impressive document ready for submission.

It was unclear at this stage what the full extent of support would be in terms of the amount of money that would be successfully bid for, but the proposal consisted of a range of good projects for delivery. It was also pleasing that funding had already been received in respect of the Cornhill improvement scheme in addition to the package of projects included as part of the proposal.

Councillor Neil Murray reiterated the thanks to Jo Walker and officers for the huge amount of work they had undertaken and emphasised how much this investment would be needed in the city. He was also pleased that money for the Cornhill improvements had already been received which would complement the recent refurbishment of the area very close to it. Councillor Murray felt that the inclusion of the Central Market as a project in the Town Improvement Plan was important. Overall he felt that the Town Deal would be significant to Lincoln's local economic recovery.

Councillor Bob Bushell acknowledged that it was unknown at this stage whether the full bid would be accepted, but he said there was every chance that it would. In respect of the Cornhill improvement scheme, he questioned whether any greenery would be included as part of its specification.

It was noted that it would be a recommendation of the Lincoln Town Deal Board and, ultimately, a decision of the Executive as to how funding was allocated to projects. A prioritisation exercise had already been undertaken which would be reconsidered as soon as the outcome of the submission had been confirmed.

The Cornhill improvement scheme would seek to provide an open events space, with other projects such as the Sincil Bank project, making provision for more greenery and green spaces in the city.

Councillor Chris Burke agreed with all of the points raised and highlighted the importance of the Sincil Bank scheme.

34. Localised Council Tax Support Scheme 2021/22

Purpose of Report

To provide the Executive with an update to the current Localised Council Tax Support Scheme for 2020/21 and propose options to consult upon for a 2021/22 scheme, together with proposals in relation to an Exceptional Hardship Scheme and other Council Tax changes.

Decision

- (1) That the options for public consultation in respect of the Council Tax Support Scheme 2021/22 as set out in Section 6 of the report be approved.
- (2) That the continuation of the £20,000 Exceptional Hardship fund for 2021/22 to top up Council Tax Support awards in appropriate cases be approved for inclusion in the consultation.
- (3) That the proposal of a premium of 300% in relation to any property that has been empty for over ten years be approved for inclusion in the consultation.

Alternative Options Considered and Rejected

Alternative options considered and rejected were set out in the report.

Reason for Decision

In order to contain the cost of the 2021/22 Council Tax Support Scheme within budget parameters of the Medium Term Financial Strategy, particularly in view of the impact of Covid-19, a number of options had been modelled as follows:

- no change to the current Scheme;
- change to the minimum weekly Council Tax support entitlement from £2, ranging from £2.50 to £4);
- reduction of capital cap from £8,000, ranging from £6,000 to £7,500;
- reduction of maximum entitlement from 100%, ranging from 80% to 97.5%;
- amendment of banding cap from B, ranging from C to D.

It was noted that of the options above, the only option likely to reduce the spend against budget in the Medium Term Financial Strategy was to decrease the maximum entitlement. For example, reducing the maximum Council Tax support customers could receive from 100% to 80% or 85% would mean they would need to then pay at least 10% or 15% of their Council Tax charge, when they had not had to pay anything previously. Based on an overall Council Tax increase of 1.9% and a Council Tax support caseload increase of 2%, this would mean on average a Council Tax payer would have to pay an additional £3.57 Council Tax per week or £2.47 per week, based on maximum entitlement of 80% or 85% respectively.

The other modelled options would reduce Council Tax support expenditure, but would still be a cost above the amount budgeted in the Medium Term Financial Strategy.

35. Internal Audit Recommendation Follow Up

Purpose of Report

To provide the Executive with an update on outstanding internal audit recommendations and recommendations over 12 months old.

Decision

That the report be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

The latest review of internal audit recommendations was considered at the meeting of the Audit Committee on 24 September 2020 where it was agreed that an update on changes to the recommendations be referred to the Executive.

Details of relevant audits, outstanding recommendations, agreed actions and the current position from relevant service managers were set out in the appendix to the report. It was acknowledged that some slippage had occurred in the delivery of recommendations due to the reprioritisation of resources during the emergency and recovery responses to Covid-19.

36. Next Steps Accommodation Programme

Purpose of Report

To advise the Executive of the Council's recent Next Steps Accommodation Programme bid and seek approval to deliver the capital element of this bid.

Decision

- (1) That, subject to confirmation by the Ministry for Housing, Communities and Local Government of a successful bid, the capital and revenue funding for the provision of move-on accommodation be approved.
- (2) That the Director of Housing and Investment, in consultation with the Chief Finance Officer, be authorised to approve the acquisition of one-bedroom self-contained dwellings and result the resulting budget implications in the Housing Investment Programme and the Housing Revenue Account.

Alternative Options Considered and Rejected

None.

Reason for Decision

On 18 July 2020 the Ministry for Housing, Communities and Local Government announced the Next Steps Accommodation Programme which consisted of revenue funding to provide immediate support to people living in Covid-19

emergency accommodation and capital and revenue funding to provide resettlement accommodation in the form of supported longer-term move-on housing for people recovering from rough sleeping.

The criteria associated with each aspect of the Programme was set out in the report.

Further to moderation by the Ministry, the City of Lincoln Council's bid comprised:

- £62,026 revenue funding for 2020-21 to provide immediate support to people living in Covid-19 emergency accommodation. This funding was announced on 17 September 2020 and had been accepted;
- capital and revenue funding to provide supported longer-term move-on housing for people recovering from rough sleeping for the purchase and repair of 15 one-bedroom units of self-contained accommodation at an estimated total scheme cost of £1,499,250, a capital grant ask of £824,118 and a revenue grant ask of £150,188 for 2021-24. All units would be practically complete and occupied by 31 March 2021.

It was reported that, since the writing of the report, the capital grant of £824,118 and a revenue grant of £150,188 had been confirmed subject to further due diligence. The Director of Housing and Investment took this opportunity to thank those colleagues from across the Council who had worked together collectively to deliver the bid in such a short time scale.

37. Boole Sculpture - Lincoln Railway Station

Purpose of Report

To seek approval to agree formal Heads of Terms and enter into the necessary legal agreement to enable the gifting and ongoing maintenance of a new bronze sculpture to commemorate the work of George Boole.

Decision

- (1) That the Director of Major Development and Director for Environment and Communities be authorised to work jointly with the Heslam Trust, East Midlands Trains and Network Rail in the satisfactory delivery and conclusion of the proposal.
- (2) That the Director of Environment and Communities be requested to adopt the sculpture on the basis of the principles set out in the report, subject to agreeing the transfer of ownership and the maintenance agreement.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Heslam Trust had commissioned the Boole Sculpture and wished to gift this sculpture to the City of Lincoln Council on completion of its installation at the Lincoln Central Railway Station. The City of Lincoln Council would also like to take on full maintenance and repairing obligations for the Sculpture.

The statue commemorated the work of George Boole, a former resident of Lincoln widely recognised as the forefather of the information age and self-taught mathematician born in Lincoln in November 1815.

Details of the design, scale and proposed location of the sculpture were set out in the report. On completion of the installation of the sculpture, anticipated to be 2021, the City of Lincoln Council would add the sculpture to its inventory of public art and undertake routine general maintenance as required in accordance with the obligations contained in the respective legal agreements.

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SUBJECT:	STATEMENT OF ACCOUNTS 2019/20
DIRECTORATE:	CHIEF EXECUTIVE
LEAD OFFICER:	COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

1.1 To present the Statement of Accounts for the financial year ended 31st March 2020, together with a short summary of the key issues reflected in the statutory financial statements, for scrutiny.

2. Executive Summary

2.1 The Statement of Accounts (SOA) for 2019/20 provide a comprehensive picture of the Council's financial circumstances and are compiled to demonstrate probity and stewardship of public funds.

2.2 The Council is statutorily required to publish its Statement of Accounts for 2019/20 with an audit opinion and certificate by no later than 31st July 2020. Following the COVID-19 pandemic the statutory dates were amended with publication of the accounts required by 31st August and an audit opinion and certificate required by 30th November 2020.

2.3 Any further changes required to the Statement of Accounts, arising from the conclusion of the external audit, will be agreed by the Council's Chief Finance Officer and reported back to the Chair of the Audit Committee, and will be included in the Statement of Accounts to be submitted to Executive and Council for final approval.

2.4 The Council must make the Statement of Accounts available for public inspection for 10 working days. Following notification from Mazars, this ran from 1st September until 15th September 2020 and the External Auditor was available to answer questions during this period, no questions were however received.

2.5 The Council is also required to provide a documented annual review of the effectiveness of its governance arrangements (Annual Governance Statement), which sits alongside the Statement of Accounts. The overall level of assurance provided in 2019/20 was substantial (green) and is in line with our Code of Corporate Governance. However, there are currently three defined significant issues. In respect of IT Disaster Recovery there is one action outstanding from 2018/19, and this will be regularly reported by management to the Audit Committee. In respect of 2019/20 there were two additional significant issues identified, the Review of the Impact of Coronavirus on the Councils service delivery and embedding new ways of working and Vision 2025 that needs to be re-profiled and communicated to a wider audience in the light of COVID-19.

These will be regularly reported by management to the Audit Committee.

3. Background

3.1 The Accounts and Audit Regulations 2015 require the Statement of Accounts to be certified by the Council's Chief Finance Officer by the 31st May 2020 however the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 amended this date to 31st August 2020. The Accounts are then released to be audited by the Council's external auditor, Mazars. After completion of the audit the accounts must be published with the audit opinion and certificate, and before that must have been approved by Full Council, by no later than 31st July 2020 however for the 19/20 accounts this date was amended to 30th November 2020. The timescales involved with the approval of the Statement of Accounts for 2019/20 are:

a) Report draft accounts to Audit Committee	27 th August 2020
b) Report to Audit Committee	17 th November 2020
c) Report to the Executive	23 rd November 2020
d) Approval by Council	30 th November 2020

3.2 In order to ensure that the statutory deadline of 30th November 2020 is met Mazars must complete their audit and issue the relevant audit opinion. There were no material changes required to the Statement of Accounts, however a small number of presentation changes have been made following the external audit review, (these are fully reflected in the Statement of Accounts at Appendix B). At the date of preparing this report the majority of audit work was completed but is subject to the satisfactory conclusion of any outstanding work, particularly in relation to the valuation of plant, property and equipment. Mazars will attend the Committee to provide an update on the audit progress and have provided an Audit Progress Report that appears elsewhere on this agenda.

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

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

4. Summary of Key Issues in the Financial Statements

4.1 The Comprehensive Income and Expenditure Statement

4.1.1 **The Comprehensive Income and Expenditure Statement (CIES)** (SOA page 22) – in line with statutory accounting practice the Comprehensive Income and Expenditure Statement (CIES) shows the Council's actual performance for the year measured in terms of the resources consumed and generated over the last 12 months. It should not be misinterpreted as the financial outturn position of the

Council as this statement contains a number of accounting entries required under International Financial Reporting Standards (IFRS). Regulation allows local authorities to reverse these amounts out of the accounts before determining their outturn position. There is a note to the accounts (Expenditure & Funding Analysis (SOA page 53)) that adjusts the expenditure that is chargeable to general fund and the HRA balances (as per the actual outturn position) to the accounting entries in the CIES under IFRS. To further assist members interpretation of the CIES the table below summarises the reconciliation between the net surplus on the Provision of Services of £6.188m in the CIES to the outturn position of an increase in General Fund Balances of £0.387m as reported in the Financial outturn report (Executive 27th July 2020).

	£m	£m
Net (surplus)/deficit on the Provision of Services		(6.188)
<i>Adjust for:</i>		
Depreciation, revaluation losses and gains & impairment of non-current assets	1.328	
Revenue expenditure funded from capital under Statute	(0.479)	
Direct Revenue financing of capital expenditure	0.200	
Gain/loss on the sale of non-current assets	0.766	
Contribution to/from the pensions reserve	(4.973)	
Debt repayment and premiums & discounts on debt	0.997	
Short-term compensated absences	(0.034)	
Contribution to Government's Housing Capital Receipts Pool	(0.729)	
Capital grants & contributions unapplied credited to CI&ES	6.418	
Adjustment for Collection Fund	(0.944)	
Transfer to/from the HRA	3.637	
Transfer to/from Earmarked reserves	(0.357)	
Reduction in HRA Balances	(0.029)	
Total Adjustments		5.801
(Increase)/decrease in General Fund Balances		(0.387)

- 4.1.2 Clearly the most significant issue for Members to be aware of from the Comprehensive Income and Expenditure Statement is how the Council performed financially in 2019/20, in comparison to the revised budget for the year. As previously reported, there was a projected overspend against the General Fund budget of £0.222m at quarter 3, this overspend decreased and the outturn was an overall budget shortfall of £0.167m.

4.1.3 The Housing Revenue Account reported an overspend against the revised budget of £0.081m. Allowing for this adjustment HRA balances were reduced by £0.029m to £0.996m and the HRA Repairs Accounts balance was £0.595m as at 31st March 2020.

4.1.4 Further details on these are provided in the Narrative Report in the Statement of Accounts (SOA page 3) and were subject to a separate report to Executive and Performance Scrutiny Committee 8th July 2020 and 27th July 2020 respectively.

4.2 The Balance Sheet (SOA page 23)

4.2.1 **The Balance Sheet** is fundamental to understanding the Council's financial position at the year-end. It shows the Council's balances and reserves, long-term indebtedness, and the non-current and current assets employed in the Council's operations. The key information for members to be aware of in the Balance Sheet as at 31st March 2020 are:

4.2.2 **General Balances** – General balances have increased by £0.269m during the year, as analysed below:

Description	Opening Balance £m	Closing Balance £m	Increase/ (Decrease) £m
General Fund balances	1.849	2.236	0.387
HRA balances	1.025	0.996	(0.029)
HRS	0.089	0	(0.089)
Total	2.963	3.232	0.269

4.2.3 **Earmarked Reserves** - in total monies carried forward to pay for specific future commitments (including the insurance fund) have decreased by £0.356m, as analysed below:

Description	Opening Balance £m	Closing Balance £m	Increase/ (Decrease) £m
Other Specific Reserves	11.946	11.590	(0.356)

This is due to a number of contributions to and from earmarked reserves as reported as part of the 2019/20 Provisional outturn to the Executive 27th July 2020 and as detailed in Note 10 (Transfers to/ from Earmarked Reserves) in the Statement of Accounts (SOA page 62).

4.2.4 **Liquidity** – a reliable indication of liquidity is the ratio of current assets (excluding inventories) to current liabilities. The Council's current assets (excluding inventories) of £43.616m exceed current liabilities of £27.05m by a ratio of 1.38:1, which represents an increase from the previous year's ratio of 1.2:1. This is due to a decrease in short term borrowing (as per the Council's borrowing strategy).

4.2.5 **Debtors** – debtors have decreased by £1.728m to £11.506m. The increase is largely due to increases in standard rent allowances, collection fund and housing rent debtors as a result of timing differences and accruals accounting.

4.2.6 **Creditors** – have increased by £2.277m to £15.265m. This is mainly due to a Business Rates adjustment account, which absorbs the timing differences between statutory accounting requirements and full accruals accounting.

4.3 Cross Cutting Key Issues

4.3.1 There are a number of areas that have significant impacts or are of particular interest that sit both within the Comprehensive Income and Expenditure Statement and the Balance Sheet. To aid members understanding of the Accounts these are summarised below:

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

- **The value of non-current assets and assets held for sale in the Balance Sheet has increased by £18.9m (5%) to £418.7m between 31st March 2019 and 31st March 2020 (see the Balance Sheet and Notes 14, 15 and 16 for further detail). This net increase is the result of a number of factors:**

- **Revaluations** - The Council's Assets are valued on a rolling programme, which ensures each asset is re-valued every 5 years as at the 1st April. In addition to this, all assets are reviewed for any material change in their value at the end of each financial year. The results for 2019/20 have seen an **overall increase in value of £19m**, which is the net result of valuation gains and losses across a range of assets.

Accounting rules require that where a balance has not built up on the Revaluation Reserve for an individual asset (a reserve which holds accumulated gains following previous revaluations upwards) then any revaluation losses (downwards revaluation in asset values) must be recognised in the Comprehensive Income and Expenditure Statement (CI&ES) and then reversed out in the Movement in Reserves Statement before it impacts on Council Tax payers. Accounting rules also require that where a revaluation loss previously recognised in the CI&ES on an individual asset is subsequently reversed by an upwards revaluation, then the revaluation gain should be recognised in the Comprehensive Income and Expenditure Statement up to the value of the original revaluation loss. Within the £19m net upwards movements due to revaluation gains and losses in 2019/20, there were:

- **£3.4m of net revaluation gain** required to be charged to Cost of Services in the CIES. This is mainly due to reflecting the social housing value of housing stock (£5.85m).

- **£5m of net upwards revaluations** were reflected in the Revaluation Reserve (shown in Other Comprehensive Income and Expenditure in the CIES). This was mainly due to the upward revaluation (£3m) an increase in the council's land and buildings.
- **Additions - New capital investment in assets belonging to the Council totalled £21.5m.** The main areas of expenditure include £10.768m spent improving Council dwellings including re-roofing, kitchens and landscaping, and the purchase of a number of council dwellings. The other main areas of spend were £6.9m on purchasing investment properties. To pay for this investment, the Council has used £1.8m of capital grants and contributions, £1.5m of capital receipts, £6.8m of the Major Repairs Reserve, £11.8m of unsupported borrowing, and £0.2m of direct revenue financing.
- **Depreciation** – a charge is made to the Comprehensive Income and Expenditure account for depreciation to reflect the use of assets in the provision of services during the year. The value of non-current assets in the Balance Sheet is reduced by an equivalent amount. For General Fund services this charge is reversed out in the Movement in Reserves Statement (MiRS) and replaced with a statutory charge for the repayment of debt. In the HRA under self financing, depreciation is a real charge to the service however, it is set aside in the Major Repairs Reserve for future investment in the housing stock. **In 2019/20 total depreciation was £8.67m** (of which £2.066m was charged for non-HRA dwellings and was replaced in the MiRS with £0.95m for the repayment of debt and £6.6m depreciation was charged to the HRA which is available in the Major Repairs Reserve for future investment).
- **Disposals – assets valued at £2.168m in the Balance Sheet were disposed** of in 2019/20. This included 57 Right to Buy sales of council dwellings.

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

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

- The financial statements reflect the liabilities arising from the Council's retirement obligations.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities

Full details are provided in Note 44 to the accounts – Defined Benefit Pension Schemes (*SOA page 101*). The impact of these accounting requirements in the core financial statements are:

- **Comprehensive Income & Expenditure Statement (CIES)** - The cost of retirement benefits in the CIES is shown as an actuarial estimate of £4.973m reflecting the retirement benefits earned during 2019/20 and to be funded in the future. This includes £6.844m current service costs and a net interest cost on the defined benefit obligations of £2.451m. This net cost is reversed out in the Movement in Reserves Statement (MiRS) and is replaced by the actual amount charged for pension contributions in the year of £4.323m.
- **Balance Sheet** – The Pension Reserve shows the underlying commitments that the Council has in the long term to pay retirement benefits based on an assessment by the pension schemes actuary. The balance on the Pensions Reserve is the net position of the scheme's liabilities and assets. During 2019/20 the net liability has decreased by £18.7m to £81.989m. The actuarial assumptions are detailed in note 44 to the accounts 'Defined benefit pension scheme'.

It is important for members to be aware that the statutory arrangements for funding the remaining liability of £81.989m means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The financial position of the Council remains healthy.

4.3.4 **Officer remuneration** – note 35 to the accounts (*SOA page 92*) details senior staff salaries and the number of employees receiving more than £50k remuneration during the year (this includes receipt of any redundancy payments). Also detailed within the note is the redundancy/pension/payment in lieu costs paid in year, in line with Executive approvals of service review business cases and the Council's redundancy policy.

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

- Between 31st March 2019 and 31st March 2020, the Council's total borrowing increased to £120.1m (excluding accrued interest which is shown in the Balance Sheet under short-term borrowing as at 31st March 2019).
- The total borrowing can be split between short term borrowing

(payable within 12 months) of £9.7m and long term borrowing of £110.4m.

- The average rate of interest payable on borrowing was 3.62% which is a slight increase on 2018/19 (3.24%) and due to the new longer-term loans taken being.
- The Comprehensive Income and Expenditure Statement for 2019/20 includes £3.9m interest payable on borrowing (excluding leases) of which £1.5m relates to the General Fund and £2.4m to the HRA.

The maturity profile of the outstanding borrowing as at 31st March 2020 is as follows:

Within	£m	% of Total Debt
1 year	9.7	8.08%
1 – 2 years	2.7	2.25%
2 – 5 years	2.7	2.25%
5 -10 years	5	4.16%
10 years and over	100	83.26%
Total	120.1	100.00%

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

- As at 31st March 2020, total investments had increased by £1.35m from £29.2m to £30.55m compared to the previous year end.
- Average investment balances during 2019/20 were £28.8m, compared to £22.3m in 2018/19.
- The average interest rate received on investments in 2019/20 was 0.84% (a small increase of 0.06% on the average rate achieved in 2018/19), which was 0.31% above the target 7-day LIBID rate.

5. Strategic Priorities

5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2020 and Strategic Priorities during the financial year 2019/20.

5.2 Communication - The draft Statement of Accounts is available on the Council's website and the period of public inspection has been advertised. The completion of the audit of the Council's Statement of Accounts will be published on the Council website by 30th November 2020. The Statement of Accounts will also be made available on the website with a summary version of the accounts published in the Council's Annual Report.

6. Organisational Impacts

- 6.1 Finance - The financial implications are contained throughout this report.
- 6.2 Legal - In accordance with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 30th November 2020.

7. Risk Implications

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

8. Recommendation

- 8.1 The Executive are invited to scrutinise the Statement of Accounts and make any comments to full Council on 30th November 2020.

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 2019-2024
Financial Performance - Outturn 2019/20

Lead Officer: Colleen Warren, Financial Services Manager
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STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020



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An introduction to the City of Lincoln's 2019/20 Statement of Accounts by J Gibson, Chief Finance Officer, Section 151 Officer.

The Statement of Accounts

The purpose of the Accounts, which follow, is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The Accounts show the financial performance for 2019/20 and the financial position at 31 March 2020. The Accounts present expenditure and income incurred by the Council in the financial year 2019/20 and highlight changes in the financial position of the Council over the course of the year.

The accounts of the Council are, by their nature, both technical and complex. The information contained within the Accounts for 2019/20 is presented as simply and clearly as possible and the Narrative Report explains some of the statements and provides a summary of the Council's financial performance as at 31st March 2020 and its financial prospects.

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

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

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

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

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

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

The Core Financial Statements, comprising:

- **The Movements in Reserves Statement** – this statement shows the movement in year on the different reserves held by the Council, analysed into 'usable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves.
- **The Comprehensive Income and Expenditure Statement (CIES)** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount funded from taxation. The Council raises taxation to cover the cost of expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **The Balance Sheet** – this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) of the Council are matched by the reserves held by the Council.
- **The Cash Flow Statement** – this statement shows the changes in cash and cash equivalents of the Council during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

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

The Supplementary Statements, comprising:

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

deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

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

Financial Summary 2019/20

The City of Lincoln Council is a high performing an innovative organisation, focussed on providing quality services and delivering outcomes that matter. Our Vision 2020, a 3-year programme of activity through to 2019/20, has helped us to continue to transform both the Council and the City through our strategic priorities.

Over the last decade the Council, alongside the majority of other local authorities, has experienced unprecedented financial challenges in various forms and have had to adapt to; the impact of severe, unprecedented, central government funding reductions; radical reform of the methodology for funding local government - where councils are self-sufficient; changes in the use and demand for services; as well as escalating costs.

In response to this challenging financial environment the Council has embraced a forward thinking, ambitious and commercial approach in maintaining a sound financial position. We have a strong track record of planning ahead, securing savings in advance, shifting away from traditional cost cutting exercises to more ambitious and forward thinking opportunities, re-investing in more efficient ways of working, adopting a more commercial approach, prioritising resources for economic development measures, whilst making careful use of reserves to meet funding gaps and mitigate risks. This is an approach that has served the Council well and allowed us to deliver savings in excess of £8.5m over a ten-year period, a significant reduction in comparison to the overall net expenditure budget.

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

However, the COVID19 pandemic, has had such devastating effect on our lives, families, friends, neighbours, communities and of course on our workplaces. The 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 are now

leading on supporting our communities as we tackle the social and economic challenges ahead.

Performance

The Council's current Vision 2020 covered the period April 2017 to March 2020. It is a vision for the City shared with key stakeholders and partners, encapsulated in the key vision statement:

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

To celebrate the success of Vision 2020 towards achieving this vision a Celebrating Vision 2020 document was produced, and can be found on the Council's website www.lincoln.gov.uk, this aims to provide a snapshot of some of the key achievements over the life of the plan.

In addition, the Council has produced a review of 2019/20 incorporating its performance indicators for the year along with the initial response to the COVID19. This document sets out in more detail how the Council has performed against its service specific indicators and targets.

Together these two documents provide a summary of how the Council has continued to transform, invest and support the City and its communities as well as continue to deliver the key services that matter the most.

Revenue Income and Expenditure

General Fund

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

For 2019/20, the approved net expenditure budget for General Fund services was £13,101m. After allowing for planned contributions of £0.554m to non-earmarked general reserves the total Net General Fund Budget for 2019/20 was £13.655m.

The Net General Fund Budget of £14,276m assumed the achievement of £0.695m further savings which were to be delivered in 2019/20 as part of the Council's Towards Financial Sustainability Programme. Although this target was not achieved in full during 2019/20, due to reprofiling of one scheme, the programme still continues to be successful and has now delivered total savings of £4.448m. Work continues in developing and delivering new projects as part of the programme to secure the additional savings required in 2020/21 and future years.

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



	ACTUAL 2019/20 £'000	REVISED BUDGET 2019/20 £'000	VARIANCE 2019/20 £'000
Chief Executive and Town Clerk	2,916	2,840	76
Directorate of Housing & Regeneration	709	736	(27)
Directorate of Communities & Environment	229	239	(10)
Directorate of Major Developments	5629	5559	70
Corporate	1,840	1,756	84
Net Operational Expenditure	11,323	11,130	193
Specific Grants	(756)	(778)	22
Savings Target	0	(202)	202
Earmarked Reserves	7	(443)	450
Capital Accounting Adjustment	960	2,994	(2,034)
Contingencies	0	158	(158)
Total Expenditure	11,534	12,859	(1,325)
Contribution To General Balances	1,879	554	1,325
Total Net Budget	13,413	13,413	0
Business Rates -			
Retained Business Rates Income	(16,918)	(16,918)	0
Tariff	12,884	12,884	0
Section 31 grant	(1,552)	(1,552)	0
Levy Payment	462	462	0
Revenue Support Grant	(22)	(22)	0
Council Tax	(6,679)	(6,679)	0
Council Tax Surplus	(42)	(42)	0
NNDR Deficit	(1,546)	(1,546)	0
Total Resources	(13,413)	(13,413)	0

While total expenditure was £13,301m (£2.172m more than budget) this is offset by £1.325m increase in the actual contribution to general balances. The actual contribution to general balances was £1.879m compared to the approved budget of £0.554m.

As at 31 March 2020, the Council held £8.914m General Fund revenue reserves, comprising £6.678m earmarked reserves (to cover specific or potential financial risks and liabilities) and £2.236m non-earmarked general reserves. This latter balance represents 16.7% of the 2019/20 annual net service budget and provides an adequate level of reserves to cover unforeseen financial risks. General Balances are currently above the

prudently assessed minimum requirements in the Council's Medium Term Financial Strategy, which will provide additional resilience for the financial effects of COVID19.



Housing Revenue Account

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

For 2019/20, the approved net operating budget for the Housing Revenue Account was a surplus of £0.052m. Actual net expenditure for 2019/20 was £0.029m deficit, resulting in a £81k deficit variance against the budget.

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

	ACTUAL 2019/20 £'000	REVISED BUDGET 2019/20 £'000	VARIANCE 2019/20 £'000
<u>Operational Expenditure</u>			
Repairs & Maintenance	8,671	8,660	11
Supervision & Management	7,451	7,498	(47)
Provisions (including Bad Debt)	285	288	(3)
Capital Financing	(3,035)	6,274	(9,309)
Sub Total	13,372	22,720	(9,348)
<u>Add:</u>			
HRS – repatriation of surplus	(110)	0	(110)
Contribution to/(from) HRS (IAS19 & Insurance Fund)	849	0	849
Interest Payable & Similar Charges	2,424	2,352	72
Total Expenditure	16,535	25,072	(8,537)
<u>Income</u>			
Rents & Service Charges	(28,536)	(28,592)	56
Interest	(77)	(37)	(40)
Net Expenditure	(12,078)	(3,557)	(8,521)
<u>Less:</u>			
Capital Accounting Adjustment	9,691	0	9,691
Appropriation to/(from) Major Repairs Reserves	3,637	4,077	(440)
Appropriation to/(from) Pension Fund Liability	(857)	0	(857)
Appropriations to/(from) Earmarked Reserves	(364)	(572)	208
Net HRA (Surplus)/Deficit	29	(52)	81

As at 31 March 2020, the Council held £2.317m HRA revenue reserves, comprising £1.420m earmarked reserves (to cover identified specific, potential financial risks and liabilities) and £0.997m non-earmarked general reserves.

Capital Expenditure

(Note 39)

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

Capital spending in the year was £22m compared to the revised approved programme budget of £27.4m, representing an underspend of £5.4m against the profiled budget. The variance in 2019/20 is mostly due to the re-profiling of schemes within the general fund and housing programmes. The 2019/20 capital spending and funding position is summarised as follows:

	ACTUAL 2019/20 £'000	BUDGET 2019/20 £'000	VARIANCE 2019/20 £'000
Capital Expenditure			
General Fund	10,057	12,510	(2,453)
Housing Revenue	11,977	14,906	(2,929)
Total Expenditure	22,034	27,416	(5,382)
Financed by:			
Borrowing	11,750	14,060	(2,310)
Capital Receipts	1,534	1,653	(119)
Capital Grants and Contributions	1,758	2,723	(965)
Major Repairs Reserve	6,790	8,368	(1,578)
Revenue Contributions	202	612	(410)
Total Financing	22,034	27,416	(5,382)

Major Capital works carried out during 2019/20 are set out in the following table:

	£'000
Housing	
Decent Homes and improvements to Council dwellings	5,823
Health & Safety	217
Council house schemes	5,157
Other major works to housing stock	780
General Fund	
Purchase of Land and Buildings	6,888
Leisure Centre/Sports Provision	1,822
Enhancements to corporate properties	223
Car Park enhancements	235
Disabled Facilities Grants	470
Other Schemes	419
Total	22,034

Capital Financing

The Council's capital programme is funded by a number of sources including the application of capital receipts, capital grants, contributions from the revenue account and long term borrowing. A summary of significant transactions in capital funding in 2019/20 is provided below:

Capital Receipts (Note 9)

The Council received £2.3m of HRA receipts. These will be used to support the new build programme within the Housing Investment Programme and investment in the housing stock.

Major Repairs Reserve (Note 9)

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



Long Term Borrowing (Note 18)

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

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

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

The Council's level of total principal long-term debt outstanding, (excluding loans of £0.03m which the Council holds for local charities and Bonds worth £0.003m), as at 31 March 2020 was £120.2m.

Total Long Term Borrowing Outstanding

31/03/19	Source of loan	31/03/20
£'000		£'000
71,793	Public Works Loan Board	94,592
23,000	Market and Other Long-Term Loans	25,000
561	Other (3% stock)	561
95,354	Total	120,153

Long-term borrowing of £25m was taken during 2019/20. Short term borrowing of £20m was repaid during 2019/20. This represents a net increase of £5m of borrowing since 31 March 2019. The Council remains under borrowed by £10.6m (i.e. the Council's actual borrowing is £10.6m less than its borrowing requirement at 31 March 2020). This means that the borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered prudent whilst investment returns are currently low and internal balances allow for this. Additional long-term borrowing will be taken in 2020/21 and future years to bring levels up to the Council's borrowing requirement, subject to liquidity requirements, if preferential interest rates are available.

Pension Costs

(Note 44)

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

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

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

The Balance Sheet presents a reduction in the estimated Pension Fund Reserve net liability over the 2019/20 year of £18.701m, down from £100.690m at 1 April 2019 to £81.989m at 31 March 2020. This decrease in the Pension Fund deficit resulted mainly from changes in financial assumptions following the latest triennial review. This is recognised as re-measurements on defined benefit obligation, which is shown in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

The statutory arrangements for funding the remaining liability of £81.989m means that this deficit will be made good by the increased level of annual employer contributions payable to the

Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2019, the results at that time identified that there has been a significant improvement in the funding position since the last actuarial review from a 69% funding level to 84%. The next actuarial revaluation is due as at 31st March 2022.

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

This stabilisation approach has allowed the annual increase in the contribution rate to be capped at 1% p.a. over the period 2017/18 to 2019/20. Based on the latest triennial valuation rates will continue to be capped at 1% p.a. over the next three year period to 2022/23.



Future Plans

Moving forward from the COVID19 pandemic, as the Country continues through 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£1.8m in 2020/21 after the allocation of government grant funding and the recently announced income compensation scheme. 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 taking a number of urgent actions:

- Lobbying and media campaign
- Controls to limit expenditure in the short term
- Revised budget proposals for 2020/21
- Repurposing of Vision 2025

The Council's new Vision 2025, approved in March 2020, sets out the Council's vision for the future of the city, strategic priorities and core values. Although the Vision looks ahead for up to 30 years it specifically includes a programme of activity up to 2025, which seeks to not only deal with the most pressing issues in the city, but also details how the Council will work, with others, to further grow Lincoln's economy.

The Council's vision for 2025 remains as;

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

Underpinning this vision are now five strategic priorities, each with a number of supporting aspirations. The aspirations are in turn supported by groups of projects that will be

delivered throughout the five-year programme.

The five strategic priorities are:

- 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 change

Although the new Vision 2025 was adopted in March there was no formal public launch due to COVID-19. The council's response to the pandemic was to proactively divert resources to tackle the emergency and all projects and programmes that could be paused/had not already commenced were stopped in a planned way. Tackling the emergency situation and resulting recovery phase has been a long process due to the prevalence of COVID-9 nationally and there is now a need to review Vision 2025 in light of COVID-19, re-profile the commitments in the strategy and then communicate it widely. This will ensure that we target our 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.

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 revised budget estimates for consideration by Executive in September which will provide options for the council's financial security going forward.



General Fund

The General Fund is currently estimating a budget shortfall as a result of COVID in the region of £1.8m in 2020/21. Proposals, of a one-off nature, to ensure a revised balanced budget will be presented to the Executive in September 2020.

Despite these measures in ensure the in-year budget remains balanced beyond 2020/21 the Council is set to face ongoing reductions in local income sources, such as fees and charges, Council Tax and Business Rates receipts, and increased service costs from the legacy of impacts of COVID19.

Alongside these threats to local income sources, local government financing is still set for future significant reform. The Fair Funding Review will re-establish the baseline need of every local authority, and, at the same time, business rates baselines will be reset for the first time. The government also intends to redesign the business rates retention system, moving to 75% local retention, while restructuring the system of risk and rewards. All of this has currently been delayed due to the current COVID19 pandemic and the current implementation date is expected to be 2022/2023. The implications arising from these reforms, whilst yet unquantifiable, will have significant, detrimental, implications for the Council.

In addition, the ongoing impact of Brexit and the consequent impact on the economic and political landscapes poses significant uncertainty for local government and the Council.

The combined potential impact of these financial risks is greater than that experienced in 2020/21 and will require ongoing reductions in the net cost base to ensure the Council lives within a significantly reduced resources envelope and maintains a sustainable financial position.

Ahead of this the Council's General Fund continues to face a significant financial challenge if it is to deliver its Vision 2025 priorities and to deliver services to the public within a reduced, and more variable funding envelope.

Over the last 10-year period the Council has delivered savings in excess of £8.5m, a significant reduction in comparison to the overall net expenditure budget. However, the Medium Term Financial Strategy currently includes a savings of £1.25m by 2022/23. As a result of the new financial challenges that the Council is facing this target is likely to need to increase by a further £1m - £1.5m p.a. This is a significant target for the Council to achieve, particularly in light of the annual revenue reductions already achieved.

The Towards Financial Sustainability (TFS) programme will continue to be the vital element in ensuring that the Council maintains delivers the required reductions in the net cost base. The programme itself is being refocused to reflect the; new environment in which the Council now operates; it's priorities under Vision 2025; and an increased savings target. The Council will ultimately face some difficult decisions over the next 12 months as it prioritises

which services it can afford to continue to deliver.

Housing Revenue Account (HRA)

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

It was anticipated that there would be greater certainty about future income as councils were no longer subject to annual funding decisions by Central Government, enabling them to develop long-term plans, and to retain income for reinvestment.

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

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

deliver, a significant number of new Council dwellings.

A review of the current Business Plan is scheduled for completion in 2021.

Of immediate priority to the HRA is to ensure it too maintains a balanced budget position in 2020/21. With an estimate budget shortfall of £0.7m revised, one-off, budget proposals will be presented to the Executive in September 2020. Beyond this the legacy impacts of COVID19 are not as great as those experienced by the General Fund but will still require some ongoing adjustments to the Business Plan to ensure financial sustainability of the HRA.

Capital Expenditure

Despite the pressures the Council's revenue budgets face investment in the Council's assets, to maintain income generating assets, provide new income generating assets and support service delivery is still critical. The Council's capital strategy plans to deliver projects to the value of £107m over the next five years, with £50m estimated to be spent in 2020/21. This includes significant investment in the Council's key strategic projects notably the Western Growth Corridor development, the construction of an extra care facility at De Wint Court in addition to further investment on Council dwellings and Council buildings, including the construction of new council housing.



Capital resources for the next five years include capital receipts,

government grants, contributions from third parties and revenue contributions.

The Housing element of the capital programme represents the largest element of capital expenditure over the next 5 years and is funded through a combination of borrowing and revenue contributions from the Housing Revenue Account (HRA) through both depreciation charges and direct revenue contributions. The HRA Business Plan includes the release of capital resource to fund significant capital investment in new housing stock over the medium term. It is critical that there continues robust budget management of the HRA to continue to allow the required investment.

Cash flows

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

- Actual Business Rates base in year compared to the assumed levels in the budget, and the ongoing risk of funding the backdated costs of any successful valuation office appeals by businesses within the city as well as potential reductions arising from the current economic conditions and legacy of COVID19.
- Collection rates for Council Tax, Business Rates and Rents, which are currently being detrimentally impacted by COVID19.
- Income received compared to income targets (e.g. car parking, planning and building control), income in these areas

plummeted during 'lockdown' and whilst they are now beginning to recover there is a significant shortfall in comparison to pre-COVID19 levels.

- Interest rates achieved on investments and secured on new borrowing
- Timescale for payment of invoices and collection of debts.
- Profile of capital spending and funding over the MTFS.
- Grant support provided by Central Government to mitigate cash-flow implications arising from COVID19.

Summary

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

Vision 2025 is supported by a programme of activity, resourced through the Medium Term Financial Strategy, that seeks to not only deal with the most pressing issues in the city, but also how the Council will work, with others, to embrace and maximise Lincoln's economy through schemes such as delivering homes and infrastructure, stimulating jobs and growth, tackling climate change, providing and enhancing support systems for our vulnerable residents, and pursuing a Towns Fund Deal. The recovery and growth of the City's economy is now more important than ever.



Group Accounts

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



The Council has a collaborative arrangement with North Kesteven and West Lindsey District Councils to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council contributed £99k to the service which is contained within the Communities and Environment line of the CIES. The Council also has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is hosted by the City of Lincoln Council. The Council contributed £1.267m to the service which is contained within

the Chief Executive's Directorate line in the CIES. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. Under these arrangements the ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for separately within the Core Financial Statements.

Further Information

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

J Gibson ACCA
Chief Finance Officer
(Section 151 Officer)

COUNCIL APPROVAL

The Statement of Accounts for the year 1 April 2019 to 31 March 2020 has been prepared and I confirm that these Accounts were approved by the City of Lincoln Council, at the meeting held on **To Be Confirmed**

Councillor Sue Burke
Chair of Council

Date: 24th September 2019

THE STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required:

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

The Chief Finance Officer Responsibilities

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

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

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

The Chief Finance Officer has also:

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

The Accounts present a true and fair view of the financial position of the Authority at 31 March 2020 and its income and expenditure for the year ended on that date.

J Gibson ACCA
Chief Finance Officer
Date: 28th August 2020

MOVEMENT IN RESERVES

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2018	1,610	10,170	1,021	12,841	9,245	385	35,272	165,464	200,736
Movement in reserves during 2018/19									
Surplus or (deficit) on provision of services	(83)	0	4,821	0	0	0	4,738	0	4,738
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	600	600
Total Comprehensive Expenditure and Income	(83)	0	4,821	0	0	0	4,738	600	5,338
Adjustments between accounting basis & funding basis under regulations (note 9)	2,418	0	(5,137)	(7,166)	(4,671)	179	(14,377)	14,377	0
Other adjustments	0	0	0	0	0	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	2,335	0	(316)	(7,166)	(4,671)	179	(9,639)	14,977	5,338
Transfers (to)/from Earmarked Reserves	(2,096)	1,776	320	0	0	0	0	0	0
Increase/Decrease in Year	239	1,776	4	(7,166)	(4,671)	179	(9,639)	14,977	5,338
Balance at 31 March 2019 carried forward	1,849	11,946	1,025	5,675	4,574	564	25,633	180,441	206,074

MOVEMENT IN RESERVES

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Movement in reserves during 2019/20									
Surplus or (deficit) on provision of services	(5,712)	0	11,900	0	0	0	6,188	0	6,188
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	28,562	28,562
Total Comprehensive Expenditure and Income	(5,712)	0	11,900	0	0	0	6,188	28,562	34,750
Adjustments between accounting basis & funding basis under regulations (note 9)	6,106	0	(12,294)	10,234	723	4,660	9,430	(9,430)	0
Other adjustments	0	0	0	0	0	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	394	0	(394)	10,234	723	4,660	15,618	19,132	34,750
Transfers (to)/from Earmarked Reserves	(7)	(357)	364	(6,790)	(150)	0	(6,940)	6,940	0
Increase/Decrease in Year	387	(357)	(30)	3,444	573	4,660	6,728	26,072	34,750
Balance at 31 March 2020 carried forward	2,236	11,589	995	9,119	5,147	5,224	34,310	206,513	240,823

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2019/20

2018/19			Note	2019/20		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
40,559	(34,045)	6,514		36,366	(29,507)	6,859
2,957	(2,165)	792		3,462	(2,389)	1,074
20,804	(28,415)	(7,611)		17,279	(28,578)	(11,299)
18,721	(10,941)	7,780		19,757	(11,174)	8,583
960	(371)	589		681	(548)	133
1,152	(423)	729		(92)	(50)	(141)
85,153	(76,360)	8,793	Cost of Services	77,453	(72,246)	5,207
		1,393	Other Operating Expenditure			813
		2,699	Financing and Investment Income and Expenditure	11		7,434
		(17,625)	Taxation and Non-Specific Grant Income	12		(19,643)
		(4,738)	(Surplus) or Deficit on Provision of Services	13,37		(6,188)
		(10,320)	(Surplus) or deficit on revaluation of non-current assets	14,22		(4,914)
		0	Impairment Losses on Non- Current Assets charged to the Revaluation Reserve			0
		(325)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income	26e		26
		10,045	Total re-measurements on defined benefit obligation	44		(23,674)
		(600)	Other Comprehensive Income and Expenditure			(28,562)
		(5,338)	Total Comprehensive Income and Expenditure			(34,750)

BALANCE SHEET AS AT 31 MARCH 2020

31 March 2019 £'000	Notes	31 March 2020 £'000
361,380	Property, Plant & Equipment	14,39,41
6,092	Heritage Assets	15
30,478	Investment Property	14,16
361	Intangible Assets	14,17,39
798	Long Term Investments	18,47
1,035	Long Term Debtors	18,47
400,144	Long Term Assets	376,194
		6,092
		34,646
		309
		772
		950
		418,962
1,500	Assets Held for Sale	22
29,216	Short Term Investments	18,47
88	Inventories	19
1	Cash at Bank	21
9,778	Short Term Debtors	18,20,47
40,583	Current Assets	1,500
		30,609
		138
		3
		11,506
		43,756
(613)	Cash and Cash Equivalents	18,21,47
(21,476)	Short Term Borrowing	18,47
(12,987)	Short Term Creditors	18,23,47
(35,076)	Current Liabilities	(326)
		(11,460)
		(15,265)
		(27,051)
(105)	Long Term Creditors	18,47
(3,428)	Provisions	24
(95,354)	Long Term Borrowing	18,47
(100,690)	Other Long Term Liabilities	44
(199,577)	Long Term Liabilities	0
		(2,405)
		(110,448)
		(81,989)
		(194,842)
206,074	Net Assets	240,823
25,633	Usable reserves	10,25
180,441	Unusable Reserves	26
206,074	Total Reserves	34,312
		206,511
		240,823

CASH FLOW STATEMENT

2018/19		Notes	2019/20
£'000			£'000
4,739	Net surplus or (deficit) on the provision of services		6,188
14,010	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	28	15,671
(5,613)	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	29	(9,352)
13,136	Net cash flows from Operating Activities		12,507
(45,724)	Investing Activities	30	(13,907)
31,100	Financing Activities	31	1,690
(1,488)	Net (increase) or decrease in cash and cash equivalents		290
876	Cash and cash equivalents at the beginning of the reporting period		(612)
(612)	Cash and cash equivalents at the end of the reporting period	21	(322)

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NOTES TO THE ACCOUNTS

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

Note 1 – Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Statement of Accounts has been prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the Accounts and Audit Regulations 2015.

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

2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

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

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

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

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

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

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

5. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is referred to as the Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP). The Council's policy on MRP is approved by Council in March each year as part of the Treasury Management Strategy. Depreciation, revaluation and impairment losses and amortisation are

replaced by the MRP and VRP, by way of an adjusting transaction between the Capital Adjustment Account and the General Fund Balance in the Movement in Reserves Statement, for the differences between the two.

6. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payment due under the statutory arrangements will not be made, the asset is written down and a charge made. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

7. Employee Benefits

Benefits payable during employment

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

Termination benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

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

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

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

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

The change in the net pension's liability is analysed into the following components:

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

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result

of an award to any member of staff are accrued in the year of decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events After the Balance Sheet Date

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

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

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

9. Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, with interest receivable within one year shown under short term investments and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has a number of loans to local organisations. It may not have reasonable and verifiable information to support the measurement of lifetime losses on individual loans without undue cost or effort to support the measurement of lifetime expected losses. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into four groups for assessing loss allowances:

- Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.
- Group 2 – Loans to related parties. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.
- Group 3 – Money Market funds. Loss allowance will be assessed on market value of the investment in the fund.

Financial Assets measured at fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.

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

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

10. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where material amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses, if material, are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

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

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

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

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

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

Business Improvement Districts

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable development for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport and schools) to support the development of the area.

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

12. Intangible Assets

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

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

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

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

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

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

13. Interests in Companies and other Entities

Councils are required to produce Group Accounts to include services offered to Council Tax payers by organisations other than the Council itself but in which the Council has an interest. There are a number of criteria set out by which the Council must determine whether the value of the company and the Council's interest is significant enough for Group Accounts to be produced. The Council has complied with the Code of Practice on Local Authority Accounting, and while it has identified a company over which it has joint control, it has concluded that the company does not meet the criteria that would require consolidation into the Council's accounts on materiality grounds.

14. Inventories and Long-Term Contracts

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

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

15. Investment Property

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

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

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

16. Joint Operations

Joint Operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

17. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life

(where ownership of the asset does not transfer to the Council at the end of the lease period).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefiting from use of the leased asset. Charges are made on a straight-line basis over the term of the lease, even if this doesn't match the pattern of payments.

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

18. Overheads and Support Services

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

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

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the

relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and Other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of each class of asset

Where an item of property, plant or equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

In relation to Council Dwellings, depreciation is based on the Existing Use Social Housing Value (EU-SHV) on the components, deemed to be land and buildings.

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

20. Heritage Assets

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

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

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

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

- **Civic Insignia**

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

- **Art and Sculptures**

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

- **Musical Instruments**

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

- **Vehicles**

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

- **Ancient Monuments and War Memorials**

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

- **Miscellaneous**

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

Heritage Assets – General

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

21. Disposals and Non-Current Assets Held for Sale

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

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses

in the Surplus and Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

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

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

22. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

23. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

24. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been

charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

25. VAT

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

26. Fair Value

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

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

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

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

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

- Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can assess at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Note 2 – Accounting Standards Issued But Have Not Yet Been Adopted

The following Accounting Standards and amendments have been issued but will not be adopted until the 2020/2021 financial year.

- **Amendments to IAS28 Investments in Associates and Joint Ventures** – clarifies that IFRS9 applies to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- **Annual Improvements to IFRS Standards 2015 – 2017 Cycle.**
- **Amendments to IAS19 Employee Benefits** – When a plan amendment, curtailment or settlement occurs during a reporting period, entities use updated actuarial assumptions to determine current service cost and net interest for the remaining annual reporting period (only where material for the readers of the accounts).

These accounting changes will be required from 1 April **2020**.

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

Note 3 – Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- **Local Government funding** - There is a high degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision. The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. As the Council cannot be dissolved without statutory prescription, the accounts will be prepared on a going concern basis.
- **Group Boundaries** - The Council has a collaborative arrangement with Lincolnshire County Council, North Kesteven and West Lindsey District Council to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council also has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is hosted by the City of Lincoln Council. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. These arrangements are considered as a Joint Operation, where ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for separately within the Core Financial Statements.
- **Leases** - The Council has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- **Investments** - Investment in banks and other financial institutions are secure and will not suffer impairments.
- **Brexit** – The decision to leave the European union (EU) was made in 2016/17 and the UK left the EU on 31 January 2020. This began the transition period that is set to end on the 31 December 2020. It is still unclear at this point what the implications of withdrawal from the EU might be for this Council and Local Government.

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

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

The items in the Council's Balance Sheet as at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Revenue Costs and Reserves	The outbreak of COVID19, declare by the World Health Organisation as a Global Pandemic on the 11 March 2020 has impacted on global financial markets and market activity is being impacted in many sectors. On the 23 March 2020 the UK was placed in lockdown to try and reduce the impact of the virus. This has significantly impacted on the Council's ability to generate income. The Council has also had to perform additional duties which has resulted in additional costs. Whilst there has been some financial support from Government the full impact of this will not be known until later in 2020/21.	
Business Rates (Balance Sheet 31 March 2020 – Provision for Business Rate Appeals £2.275m)	Since the introduction of the Business Rates Retention Scheme effective from April 2013, local authorities are liable for successful appeals against business rates charges to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to the 31 st March 2020. A third-party independent specialist has been used to estimate the required provision using the latest Valuation Office ratings list of appeals and an analysis of successful appeals to date.	The Council's share (40%) of the balance of business rates appeals at 31 March 2020 amounted to £2.275m, an decrease of £1.011m (30.8%) from the previous year. This is mainly due to leaving the 'pilot' scheme which the Council participated in during 2018/19 which increased the Council's share of appeals from 40% to 60%. An increase or reduction of 10% of the estimated provision would increase/decrease the Council's share of NNDR appeals provision by £0.227m.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment (PPE)</p> <p>(Balance Sheet 31 March 2020 – PPE £376m)</p>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.</p> <p>Due to many economic factors that impact on the property investment and letting markets and the uncertainty around the UK leaving the EU, there is potential for significant change in the value in the retail property market.</p> <p>In addition, COVID19 has impacted in global financial markets and market activity is being impacted in many sectors. This has resulted in difficulties in attaching weight to previous market evidence for comparison purposes, to inform opinions of value. The property valuations have therefore been reported by our valuers on the basis of 'material valuation uncertainty'. The valuations therefore have less certainty and should be viewed with a higher degree of caution than would normally be the case.</p>	<p>If the useful lives of the assets reduce, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.073m and for council dwellings £0.216m for every year that the useful lives had to be reduced.</p>
<p>Assets held for sale and investment properties</p> <p>(Balance Sheet 31 March 2020</p> <ul style="list-style-type: none"> - assets held for sale £1.5m - Investment properties £34.3m) 	<p>Assets classified as Held for Sale or as Investment Property are carried at fair value based on a recently observed market price. Market prices can fluctuate considerably due to global events. The value of these assets was current at the Balance Sheet date, but it cannot be determined for how long this value will be correct.</p>	<p>A 1% reduction in the value of investment properties and assets held for sale would result in a charge to the Comprehensive Income & Expenditure Statement of £0.358m; a 1% increase in value would result in the recognition of a gain of £0.358m in the Comprehensive Income & Expenditure Statement.</p>

<p>Arrears</p> <p>Balance Sheet 31 March 2020 - Debtors total of £16m includes £3.93m debtors (subject to arrears)</p>	<p>As at 31 March 2020, the Council had a balance on current debtors of £16m. A review of significant balances suggested that an impairment of doubtful debts of £3.93m was required.</p>	<p>If collection rates were to deteriorate by 5% the amount of the impairment of doubtful debts would require an additional £0.2m to be set aside as an allowance.</p>
<p>Pension Liability</p> <p>(Balance Sheet 31 March 2020 - pensions liability £81.989m)</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and the expected return on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) is engaged to provide the Council with expert advice about the assumptions to be applied. For more information on the Defined Benefit Pension Scheme please refer to note 44.</p>	<p>The effects on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £19.325m.</p>
<p>Investments</p> <p>(Balance Sheet 31 March 2020 - Short term investments £30.55m - Long term investments £0.95m)</p>	<p>At 31 March 2020, the Council held £30.55m of short term investments. These comprise £18.55m invested in AAA-rated instant access Money Market Funds and £12m invested in A-rated UK banks, all for periods of up to 1 year.</p>	<p>As most of the investments are either in AAA-rated MMF's or short term deposits in A-rated UK banks, the risk of impairment is considered to be minimal.</p>

Note 5 – Prior Period Adjustment

There were no prior period adjustments in 2019/20.

Note 6 – Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31st August 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The decision to leave the European Union (EU) was made in 2016/17 and the UK left the EU on 31 January 2020. This began a transition period that is set to end on 31 December 2020, during which the UK and EU will negotiate their future relationship. It is still unclear what the implications of withdrawal from the EU might be for this Council and Local Government as a sector.

The outbreak of the COVID-19, declared by the World Health Organisation as a Global Pandemic on 11 March 2020 has impacted on global financial markets and market activity is being impacted in many sectors. On the 23 March 2020 the UK was placed in lockdown to try and reduce the impact of the virus with no determined end date. The impact of the virus presents uncertainty for the UK and its economy and Local Government as a sector. On the 1 April 2020, the Government provided the council with £22.188m grant funding for business support packages to be delivered by the council. The council will receive a further £1.2m in respect of NNDR reliefs.

These events are non-adjusting for which no estimates of its financial effect on the reporting entry has been made.

Note 7 – Expenditure and Funding Analysis

2018/19

2019/20

Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
6,166	519	(171)	6,514	Chief Executive's Directorate	4,994	349	1,516	6,859
296	0	496	792	Housing and Regeneration	717	0	356	1,073
(2,997)	0	(4,614)	(7,611)	Housing Revenue Account (HRA)	(2,849)	0	(8,450)	(11,299)
5,492	107	2,181	7,780	Communities and Environment	5,674	99	2,810	8,583
452	0	137	589	Major Developments	229	0	(96)	133
43	818	(132)	729	Corporate Services	194	818	(1,154)	(142)
9,452	1,444	(2,103)	8,793	Net Cost Of Services	8,960	1,266	(5,019)	5,207
(11,471)	(1,444)	(616)	(13,531)	Other Income and Expenditure	(8,960)	(1,266)	(1,170)	(11,396)
(2,019)	0	(2,719)	(4,738)	(Surplus) or Deficit on Provision of Services	0	0	(6,189)	(6,189)
<u>GF</u>		<u>HRA</u>	<u>Total</u>		<u>GF</u>		<u>HRA</u>	<u>Total</u>
(11,689)		(1,112)	(12,801)	Opening Balance	(13,706)		(1,115)	(14,821)
(2,017)		(3)	(2,020)	Less/ Plus Surplus or (Deficit) in Year	(120)		120	0
(13,706)		(1,115)	(14,821)	Closing Balance at 31 March	(13,826)		(995)	(14,821)

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

Note 7A – Note to the Expenditure and Funding Analysis

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

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS

2018/19					2019/20			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s
(1,153)	992	(10)	(171)	Chief Executive's Directorate	188	1,316	12	1,516
187	307	2	496	Housing and Regeneration	2	347	7	356
(5,878)	1,266	(2)	(4,614)	Housing Revenue Account (HRA)	(10,254)	1,796	8	(8,450)
1,389	794	(2)	2,181	Communities and Environment	1,740	1,067	3	2,810
74	61	2	137	Major Developments	(196)	96	4	96
0	(132)	0	(132)	Corporate	0	(1,154)	0	(5,019)
(5,381)	3,288	(10)	(2,103)	Net Cost of Services	(8,521)	3,468	34	
(1,369)	1,499	(746)	(616)	Other Income & Expenditure from the Funding Analysis	(3,619)	1,505	944	(1,170)
(6,750)	4,787	(756)	(2,719)	Difference between General Fund Surplus/ Deficit and CIES Income & Expenditure Statement Surplus/ Deficit	(12,140)	4,973	978	(6,189)

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Note 7B – Segmental Income Analysis

Income received on a segmental basis is analysed below:

	Income from Services	Income from Services
Services	2018/19	2019/20
	£'000s	£'000s
Chief Executive's Directorate	(4,787)	(6,031)
Housing & Regeneration	(896)	(982)
Housing Revenue Account (HRA)	(28,911)	(29,033)
Communities & Environment	(10,355)	(11,052)
Major Developments	(156)	(412)
Corporate	(0)	(0)
Total Income analysed on a Segmental Basis	(45,104)	(47,510)

Note 8 – Expenditure and Income Analysed by Nature

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

	2018/19	2019/20
	£'000s	£'000s
Expenditure/ Income		
Expenditure		
Employee Benefit Expenses	24,528	26,148
Other Services Expenses	65,651	64,163
Support Service Recharges	2,672	2,815
Depreciation, Amortisation and Impairment	5,768	5,068
REFCUS	0	479
Interest Payments	9,144	9,708
Precepts and Levies	818	828
Payments to Housing Capital Receipts Pool	760	729
Total Expenditure	109,341	109,938
Income		
Fees, Charges and other Service Income	(61,920)	(64,890)
Interest and Investment Income	(3,679)	(3,582)
Income from Council Tax and Non-Domestic Rates	(15,409)	(12,462)
Government Grants and Contributions	(32,512)	(34,427)
Gain/Loss on Disposal	(560)	(766)
Total Income	(114,080)	(116,128)
Surplus or Deficit on the Provision of Services	(4,739)	(6,188)

Note 9 – Adjustment between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied

to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2019/20	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	3,177	1,796	0	0	0	4,973
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	(2)
Council Tax and NNDR transfers to (or from) the Collection Fund Adjustment Account	944	0	0	0	0	944
Holiday Pay (transferred to the Accumulated Absences Reserve)	26	8	0	0	0	34
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,429	(9,695)	0	6,646	6,418	5,797
Total Adjustments to Revenue Resources	6,573	(7,891)	0	6,646	6,418	11,746
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	(766)	2,934	0	0	2,168
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	729	0	(729)	0	0	0
Posting of HRA resources to the Major Repairs Reserve	0	(3,637)	0	3,637	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(995)	0	(150)	0	0	(1,145)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(202)	0	0	0	0	(202)
Total Adjustments between Revenue and Capital Resources	(467)	(4,403)	2,055	3,637	0	821
Adjustments to Capital Resources						

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2019/20	Usable Reserves					Movement In Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(1,482)			(1,482)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(6,790)	0	(6,790)
Application of Capital grants to finance capital expenditure	0	0	0		(1,758)	(1,758)
Total Adjustments to Capital Resources	0	0	(1,482)	(6,790)	(1,758)	(10,030)
Total Adjustments	6,106	(12,294)	573	3,493	4,660	2,537

2018/19	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	3,521	1,266	0	0	0	4,787
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	(2)
Council Tax and NNDR transfers to (or from) the Collection Fund Adjustment Account	(746)	0	0	0	0	(746)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(8)	(2)	0	0	0	(10)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,337	172	0	6,206	1,183	9,898
Total Adjustments to Revenue Resources	5,102	1,436	0	6,206	1,183	13,927
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(2,364)	(2,067)	4,431	0	0	0
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	760	0	(760)	0	0	0
Posting of HRA resources to the Major Repairs Reserve	0	(4,506)	0	(212)	0	(4,718)
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(842)	0	(150)	0	0	(992)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(238)	0	(7)	0	0	(245)
Total Adjustments between Revenue and Capital Resources	(2,684)	(6,573)	3,514	(212)	0	(5,955)
Adjustments to Capital Resources						

2018/19	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(8,185)	0	0	(8,185)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(13,160)	0	(13,160)
Application of Capital grants to finance capital expenditure	0	0	0	0	(1,004)	(1,004)
Total Adjustments to Capital Resources	0	0	(8,185)	(13,160)	(1,004)	(22,349)
Total Adjustments	2,418	(5,137)	(4,671)	(7,166)	179	(14,377)

Note 10 – Movements in Earmarked Reserves

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

	Balance @ 31.03.18 £'000	Movements	Appropriations		Balance @ 31.03.19 £'000	Movements	Appropriations		Balance @31.03.20 £'000
			Transfers In £'000	Transfers Out £'000			Transfers In £'000	Transfers Out £'000	
General Fund									
Business Rates Volatility	539	0	917	0	1,456	0	800	(297)	1,959
Strategic Projects	496	0	0	(193)	303	0	0	(157)	146
Budget Carry Forwards	324	(46)	47	(130)	194	(22)	34	(72)	134
Grants & Contributions	787	0	850	(93)	1,545	(79)	1,476	(1,836)	1,106
Invest to Save (GF)	307	69	137	(86)	427	0	32	(123)	336
Mercury Abatement	378	0	94	(58)	414	0	14	(56)	371
Strategic Growth (GF)	100	0	0	(86)	14	0	43	0	57
Unused DRF	221	109	111	(238)	203	0	0	0	203
Backdated Rent Review	220	0	0	0	220	0	0	(50)	170
Funding for Strategic Priorities	28	(60)	1,337	(91)	1,214	5	0	(292)	926
IT Reserve	217	0	100	(317)	0	0	129	(35)	94
Revenues & Benefits Shared Service	163	0	45	(45)	163	0	25	(163)	25
Asset Improvement	72	0	0	(17)	55	0	0	(51)	4
Tree Risk Assessment	106	0	37	(35)	108	0	36	(38)	106
MA Reserve	51	0	0	(51)	0	0	0	0	0
Organisational Development	8	0	76	0	85	0	0	(85)	0
Mayoral Car	47	0	0	0	47	0	0	0	47
Yarborough Leisure Centre	2	0	0	0	2	0	0	0	2
Private Sector Stock Condition Survey	63	0	12	(30)	45	0	48	(48)	45
Property Searches	36	0	0	(32)	4	0	0	0	4
Managed Workspace	35	0	0	(35)	0	0	0	0	0
Boston Audit Contract	14	0	0	0	14	0	0	0	14
Section 106 Interest	32	0	0	0	32	0	0	0	32
Crematorium	0	0	0	0	0	100	0	(100)	0
Christmas Decorations	17	0	0	0	17	(3)	0	0	14
Electric Van Replacement	22	(16)	4	0	11	0	4	0	15

	Balance	Movements	Appropriations		Balance	Movements	Appropriations		Balance
	@ 31.03.18		Transfers In	Transfers Out	@ 31.03.19		Transfers In	Transfers Out	@31.03.20
	£'000		£'000	£'000	£'000		£'000	£'000	£'000
Air Quality Initiatives	23	0	6	(18)	10	0	5	0	15
Commons Parking	27	0	6	(8)	25	0	11	(9)	27
Tank Memorial	10	0	0	0	10	0	0	0	10
Income Volatility Reserve	178	0	0	(178)	0	0	0	0	0
HRS Reserve	89	0	0	0	89	0	0	(89)	0
City Hall Sinking Fund	36	0	24	0	60	0	0	0	60
Birchwood Leisure Centre	0	0	0	0	0	0	26	0	26
Covid Response	0	0	0	0	0	0	354	0	354
MSCP & Bus Station	0	0	0	0	0	0	60	0	60
Western Growth Corridor Plan	0	0	0	0	0	0	150	0	150
Total General Fund Earmarked Reserves	4,648	56	3,803	(1,741)	6,766	0	3,247	(3,501)	6,512
HRA									
HRA Strategic Growth	178	0	0	(153)	25	0	76	0	101
HRA Invest to Save	140	0	0	0	140	0	0	(7)	133
Capital Fees Equalisation	238	0	0	(56)	182	0	0	(42)	140
HRA Strategic Priority	240	0	0	0	240	0	0	(64)	176
De Wint Court	73	0	0	0	73	0	0	0	73
HRA Repairs Account	624	0	13	(58)	579	0	17	0	595
HRA Survey Works	57	0	3	0	60	0	3	(9)	54
Stock Retention	22	0	0	0	22	0	0	0	22
Housing Repairs Service	0	0	0	0	0	0	126	0	126
Total HRA Earmarked Reserves	1,572	0	16	(267)	1,321	0	222	(122)	1,420
Total Earmarked Reserves	6,220	56	3,819	(2,008)	8,087	0	3,469	(3,623)	7,932
Insurance Fund	3,950	0	139	(227)	3,862	0	445	(650)	3,657
Total Earmarked Reserves	10,170	56	3,958	(2,235)	11,949	0	3,914	(4,273)	11,589

Insurance Reserve

The insurance fund has been set up to ensure adequate funding for the insurance risk covered by the City of Lincoln Council. In **2019/20** the risk in respect of Public Liability Insurance had an excess of £100,000 (per claim) with no cap ceiling. The movements on the fund are as follows:

RESTATED		2019/20
2018/19		£'000
£'000		£'000
3,950	Opening Balance	3,862
(247)	Funding of claims/losses	(150)
425	Contributions from revenue	425
20	Interest on balances	20
(286)	Contributions from reserve	(500)
<u>3,862</u>	Closing Balance	<u>3,657</u>

Note 11 – Other Operating Expenditure

2018/19		2019/20
£'000		£'000
818	Levies	828
760	Payments to the Government Housing Capital Receipts Pool	729
(185)	(Gains)/losses on the disposal of non-current assets	(744)
<u>1,393</u>	Total	<u>813</u>

Note 12 - Financing and Investment Income and Expenditure

2018/19		2019/20
£'000		£'000
3,302	Interest payable and similar charges	3,916
2,337	Net interest on the net defined liability	2,452
(2,769)	(Surplus)/Deficit on Trading Operations	1370
0	Dividends Receivable	(26)
(171)	Interest Receivable and similar income	(230)
<u>2,699</u>	Total	<u>4,693</u>

Note 13 – Taxation and Non-Specific Grant Income

2018/19		2019/20
£'000		£'000
(6,452)	Council Tax income	(6,675)
(8,958)	Retained Business Rates income and expenditure	(6,062)
(1,031)	Non ring-fenced government grants	(488)
(1,183)	Capital grants and contributions	(6,418)
<u>(17,624)</u>	Total	<u>(19,643)</u>

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

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

Movements in 2019/20											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 April 2019	249,411	93,811	10,680	0	4,955	11,823	1,679	372,358	1,932	30,478	404,768
Additions	10,768	236	2,203	0	256	0	1,126	14,589	55		14,644
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	74	3204	0	0	0	89	0	3,368			3,368
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(442)	(152)	0	0	0	0	(53)	(646)		(2,741)	(3,387)
De-recognition and disposals	(2,202)	0	0	0	0	0	0	(2,202)		(20)	(2,222)
Other movements in cost or valuation	(2)	(7,879)	7	0	0	7,838	(12)	(48)		6,929	6,881
At 31 March 2020	257,607	89,222	12,890	0	5,211	19,750	2,740	387,418	1,992	34,646	424,056
Depreciation											
At 1 April 2019	(14)	(2,739)	(8,102)	0	(119)	(5)	0	(10,980)	(1,571)	0	(12,551)
Depreciation for year	(6,354)	(1,699)	(544)	0	0	(2)	0	(8,600)	(112)	0	(8,712)
Depreciation written out to the Revaluation Reserve	0	1,545	0	0	0	1	0	1,546	0	0	1,546

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Movements in 2019/20											
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,294	435	0	0	0	0	0	6,729	0	0	6,729
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
De-recognition – disposals	54	0	0	0	0	0	0	54	0	0	54
De-recognition – other	0	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	1	0	0	0	(1)	0	0	0)	0	(0)
At 31 March 2020	(20)	(2,457)	(8,646)	0	(119)	(7)	0	(11,249)	(1,683)	0	(12,932)
Net book value of assets at 31.03.20											
	257,587	86,763	4,244	0	5,092	19,744	2,740	376,168	309	34,646	411,123
Net book value of assets at 31.03.19											
	249,397	91,072	2,578	0	4,836	11,818	1,679	361,379	360	30,478	392,217
Owned											
	257,587	86,763	4,053		5,092	19,743	2,740	375,977	309	34,646	412,882
Finance lease											
			191					191	0	0	191

Movements in 2018/19											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 April 2018	228,597	92,544	10,346	0	4,306	2,864	4,898	343,555	1,882	16,225	361,662
Additions	13,608	718	433	0	680	1,935	9,413	26,787	50	11,220	38,057
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	58	3,299	0	0	17	5,824	0	9,198	0	0	9,198
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,764)	(1,626)	0	0	(15)	0	0	(4,405)	0	1,620	(2,785)
De-recognition and disposals	(1,704)		(519)	0	0	0	0	(2,223)	0	(322)	(2,545)
Other movements in cost or valuation	11,615	(1,124)	420	0	(33)	1,200	(12,632)	(554)	0	1,735	1,181
At 31 March 2019	249,410	93,811	10,680	0	4,955	11,823	1,679	372,358	1,932	30,478	404,768
Depreciation											
At 1 April 2018	(10)	(2,304)	(8,138)	0	(119)	(5)	0	(10,576)	(1,313)	0	(11,889)
Depreciation for year	(5,852)	(1,531)	(448)	0	0	(3)	0	(7,834)	(234)	0	(8,068)
Depreciation written out to the Revaluation Reserve	5	1,116	0	0	0	0	0	1,121	0	0	1,121
Movements in 2018/19											
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,800	0	0	0	0	0	0	5,800	0	0	5,800
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0

Movements in 2018/19											
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
De-recognition – disposals	43	0	519	0	0	0	0	562	0	0	562
De-recognition – other	0	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	(20)	(36)	0	0	3	0	(53)	(24)	0	(77)
At 31 March 2019	(14)	(2,739)	(8,102)	0	(119)	(5)	0	(10,980)	(1,571)	0	(12,551)
Net book value of assets at 31.03.19	249,397	91,072	2,578	0	4,836	11,818	1,679	361,379	360	30,478	392,217
Net book value of assets at 31.03.18	228,587	90,240	2,208	0	4,187	2,859	4,898	332,979	569	16,225	349,772
Owned	249,397	91,072	2,194	0	4,836	11,818	1,679	360,995	360	30,478	391,833
Finance lease	0	0	384	0	0	0	0	384	0	0	384

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During 2018/19 the Asset Register and the ledger were aligned with minor restatements as above resulting in movements in the capital adjustment account (see note 26) which have been treated as in year transactions.

Valuation

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment and Investment Properties required to be measured at fair value are revalued at least every five years.

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

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

The table below shows the assets valued in each accounting period:

	Council Dwellings	Land & Buildings	Community Assets	Vehicles Plant & Equip.	Surplus Assets	Assets Under Construction
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation at historical cost			5,092	4,053		2,740
Valued at current value as at:						
31/03/2020	257,474	38,594			1,504	
31/03/2019	67	23,399			17,126	
31/03/2018		6,433			905	
31/03/2017		14,157			0	
31/03/2016		2,409			126	
Total cost or valuation	257,541	84,992	5,092	4,053	19,661	2,740

Depreciation

Tangible Assets

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

<u>Category Of Asset</u>	<u>Useful Economic Life</u>
Council Dwellings	60 years for new properties 30 years for properties over 30 years old
Other Land & Buildings	
- Council Buildings	50 years
- Car Parks	60 years
- Cemeteries	50 years
- Crematorium	21 years
- Community Centres	50 years

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

Intangible Assets

Intangible assets are amortised to service headings within cost of services as part of the Comprehensive Income and Expenditure Statement on a straight-line basis, as stated in the Accounting Policies. The standard useful life, used for amortisation purposes is:

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

Note 15 – Heritage Assets

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

	Heritage Vehicles £'000	Musical Instruments £'000	Civic Insignia £'000	Other £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2018	38	3,285	2,359	409	6,091
Additions					0
De-recognitions					0
Revaluations					0
At 31 March 2019	38	3,285	2,359	409	6,091
Cost or Valuation					
At 1 April 2019	38	3,285	2,359	409	6,091
Additions					0
De-recognitions					0
Revaluations					0
At 31 March 2020	38	3,285	2,359	409	6,091

Heritage Vehicles

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

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

Musical Instruments

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

Civic Insignia

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

Other Heritage Assets

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

Heritage Assets not recognised in the Balance Sheet

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

Scheduled Ancient Monuments

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

Memorials

High Street	War memorial
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Memorials

Dixon Street	War memorial
Birchwood Avenue	War memorial
Newark Road/Maple Street	War memorial

Public Art

The Chimes, Brayford Wharf North	Artwork
Empowerment, Waterside	Artwork
Exotic Cone I and II	Artwork
Lilies, Altham Terrace	Artwork
Lion, Arboretum	Artwork
Love Seat, The Lawn	Artwork
Dr Charlesworth Statue, The Lawn	Artwork
Mother and Child, The Lawn	Artwork
St Marks Obelisk	Artwork
Light Sculpture, Wigford Bridge	Artwork

Note 16 – Investment Properties and Surplus Assets

Movements in the value of Investment Properties are shown in note 14. The current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

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

2018/19 £'000		2019/20 £'000
1,196	Rental income from investment property	2,329
(198)	Direct operating expenses arising from investment property	(83)
1,620	Fair value gains/(losses) on investment properties	(2,741)
374	Gains/(losses) on disposal of investment properties	22
2,993	Net gain/(loss)	(473)

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

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

2018/19 £'000		2019/20 £'000
16,225	Balance at 1 April	30,478
11,220	Additions	6,888
(322)	Disposals	(20)
1,620	Net gain/loss from Fair Value Adjustment	(2,741)
1,735	Transfers (to)/from Other Land and Buildings	41
30,478	Balance at 31 March	34,646

Fair Value Hierarchy

The Council's Investment Properties have been assessed as being Level 2 on the Fair Value Hierarchy (See Note 1 Accounting Policies, point 25 for an explanation of fair value levels).

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

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

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

Highest and Best Use of Investment Properties

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

Valuers

The Investment Properties that were valued at 31 March 2020 were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

Surplus Assets

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

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

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

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

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

Note 17 – Intangible Assets

Movements in the value of Intangible Assets are shown in note 14. No internally generated intangible assets are recognised in the Balance Sheet. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £112k was charged to service headings in the Cost of Services.

Note 18 – Financial Instruments

The Council has the following investments at 31 March 2020:

Investors in Lincoln – on 1 April 2018 the Council held shares at cost of £14,000 which have been designated as fair value through Other Comprehensive Income. The fair value of the shares derived using IFRS13 Fair Value Measurement was £245k. No dividends are received for these instruments.

Dunham Bridge – On 1 April 2018 the Council held shares at a fair value, based on market evidence, of £458k with the accumulated gains being held in the Available for Sale Reserve. The fair value of the shares remained unchanged. Dividends are received for these instruments. Upon reclassification to fair value through Other Comprehensive Income the accumulated gains were transferred from the Available for Sale Reserve to the Financial Instruments Revaluation Reserve (see note 26).

All investments classified as loans and receivables have been classified as Amortised Cost as they are all simple principal and interest investments with no impairment allowance or other cash flows associated with them. The investments are carried at the same value on the Balance Sheet and any transactional costs are charged directly to the Income and Expenditure Account as they are incurred.

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

Fair Value of Equity Instruments designated at fair value through other comprehensive income include the following:

	31/03/2019	31/03/2020
	£000	£000
Non-listed securities	504	504
Total	504	504

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

31 March 2020

	Unquoted Shares	Other	Total
	£000	£000	£000
Opening Balance	294	0	294
Transfers into level 3	0	0	0
Transfers out of Level 3	0	0	0
Total gains or losses for the period			
- Included in Surplus or Deficit on the Provision of Services	0	0	0
- Included in Other Comprehensive Income and Expenditure	(26)	0	(26)
Additions	0	0	0
Disposals	0	0	0
Closing Balance	268	0	268

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

Summary of Financial Instruments		31/3/19	31/3/20
		£000s	£000s
Financial Liabilities at amortised cost			
Long Term Borrowing	Level 1	(95,354)	(110,448)
Short Term Borrowing	Level 1	(21,475)	(11,254)
Long Term Creditors	Level 1	(105)	0
Short Term Creditors	Level 1	(6,636)	(8,844)
Cash and Cash Equivalents	Level 1	(613)	(626)
Total Financial Liabilities		(124,183)	(131,172)
Financial Assets at amortised cost			
Short Term Investments	Level 1	29,216	30,609
Long Term Debtors	Level 1	1,035	950
Short Term Debtors	Level 1	9,770	10,516
Cash and Cash Equivalents	Level 1	0	0
Total Financial Assets		40,021	42,075
Financial Assets at FVOCI*			
Long Term Investments	Level 2/3**	798	772
Total Assets at FVOCI		798	772

*Fair Value through Other Comprehensive Income

** See table below for detail

There have been no transfers between levels in the hierarchy during 2019/20.

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

Financial Instrument Gains/Losses

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

2019/20	Financial Liabilities		Financial Assets		Total
	Amortised Cost		FVOCI		
	£000	£000	£000	£000	
Interest Expense	3,916				3,916
Interest Income credited to services		(225)			(225)
Dividend Income			(26)		(26)
Surplus or deficit arising on revaluation of financial assets			26		26
Net (gain)/loss for the year	3,916	(225)	0		3,691

2018/19				
Interest Expense	3,302			3,302
Interest Income		(147)	(24)	(171)
Surplus or deficit arising on revaluation of financial assets			(326)	(326)
Net (gain)/loss for the year	3,302	(147)	(350)	2,805

Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy**	Valuation technique used to measure fair value	As at 31/3/20	As at 31/3/19
			£'000	£'000
Fair Value OCI /Available for Sale				
Equity shareholding in Dunham Bridge Company	Level 2	Average price obtained during the last three share sales	504	504
Equity shareholding in Investors in Lincoln	Level 3	Discounted cash flow *	268	294
Total			772	798

* The Authority's shareholding in Investors in Lincoln - the shares in this company are not traded in an active market and fair value of £267,793 has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts and assuming future profit will remain the same as current year profit.

**See Glossary for a definition of Fair Value Input Levels

Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;

- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

31/03/19			31/03/20	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
72,959	85,814	PWLB Debt	96,116	102,874
16,175	26,771	Money Market Debt	16,175	26,540
565	565	Stock	565	561
27,130	27,126	Other	9,017	9,074
105	105	Lease Liabilities	0	0
116,934	140,381	Total Debt	121,873	139,049

The Council has £561,000 of listed debt. This stock has not been traded in recent years. Due to this debt being immaterial and the lack of market activity its fair value has been assessed to be its 'par' (or face) value inclusive of accrued interest at the year end.

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

Financial Assets

31/03/19			31/03/20	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
29,216	29,216	Money Market Investments <1 year	30,609	30,609
0	0	Money Market Investments >1 year	0	0
1,035	1,035	Long Term Debtors	950	950
30,251	30,251	Total Investments	31,559	31,559

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

The fair value of Public Works Loan Board (PWLB) loans of £102.874m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty Interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £96.116m would be valued at £102.874m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £142.287m.

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

Note 19 – Inventories

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

	Consumable Stores		City Maintenance Services Materials		City Maintenance Services Work in Progress		Total	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Balance outstanding at the start of the year	73	85	5	2	142	0	220	87
Purchases	24	58	0	0	0	0	24	58
Recognised as an expense in the year	(11)	(5)	(3)	0	(142)	0	(156)	(5)
Balance outstanding at the year-end	85	138	2	2	0	0	88	140

Note 20 – Debtors

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

31/03/19		31/03/20
£'000		£'000
1,473	Central Government Bodies	1,163
2,044	Other Local Authorities	3,195
1	NHS Bodies	2
10,328	Other Entities and Individuals	11,076
13,846	Total Short-Term Debtors	15,436
(4,068)	Less Impairment Loss Allowance	(3,930)
9,778	Net Short-Term Debtors as per Balance Sheet	11,506

Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

31/03/19		31/03/20
£'000		£'000
127	Less than three months	109
268	Three to six months	316
606	Six months to one year	545
5,268	More than one year	5,854
6,269	Total	6,824

Note 21 – Cash and Cash Equivalents

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

31/03/19		31/03/20
£'000		£'000
1	Cash held by the Council	3
(613)	Bank Current accounts	(329)
(612)		(326)

The overdrawn balance at 31/3/2019 shows the financial position which includes creditor payments awaiting clearance through the bank account.

Note 22 – Assets Held for Sale

The Authority had 1 piece of development land as assets held for sale at the beginning of the year. The sale of the asset has been approved but was not completed as at 31st March 2021. The asset is included as Current Assets as at 31st March 2021.

Current 2018/19 £000		Current 2019/20 £000
4,575	Balance at start of the year	1,500
0	Additions	0
	Newly classified:	
15	- Property Plant & Equipment	0
0	Revaluation gain/(loss)	0
(1,200)	Transfers from AHFS	0
(1,890)	Disposals	0
<u>1,500</u>	Closing Balance	<u>1,500</u>

Note 23 – Creditors

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

31/03/19 £'000		31/03/20 £'000
(1,137)	Central Government Bodies	(6,740)
(3,422)	Other Local Authorities	(567)
(8,428)	Other Entities and Individuals	(7,958)
<u>(12,987)</u>	Total	<u>(15,265)</u>

Note 24 – Provisions

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

	Business Rates RV Reduction the Think Tank	Compulsory Purchase Order	Local Authority Mortgage Scheme	Business Rates Appeals
	£'000	£'000	£'000	£'000
Balance at 1 April 2019	(37)	(91)	(14)	(2,191)
Additional Provisions made in 2019/20	0	(3)	0	(637)
Amounts used in 2019/20	0	0	14	23
Unused Amounts Reversed in 2019/20	0	0	0	530
Unwinding of Discounting in 2019/20	0	0	0	0
Balance at 31 March 2020	(37)	(94)	0	(2,275)

The provision for business rate appeals represents the Council's share (40% of £5.477m) of the total provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2020. The total provision is accounted for in the Collection Fund. The amount and timing of outflows against the Business Rates Appeals provision is dependent on the processing and determination of business rates appeals by the Valuation Office.

Note 25 – Usable Reserves

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

Note 26 – Unusable Reserves

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

Reserve	Balance 31/03/19	Net Movement in Year	Balance 31/03/20	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Revaluation Reserve	30,794	4,570	35,365	Store of gains on revaluation of assets	a) below
Pensions Reserve	(100,690)	18,701	(81,989)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 44 to the financial statements
Capital Adjustment Account	248,888	3,7552	252,643	Store of capital resources set aside to meet past expenditure	b) below
Deferred Capital Receipts	57	0	57	Expected future repayments from sales of assets received in instalments	c) below
Financial Instruments Adjustment Account	(55)	2	(53)	Balancing mechanism between the rates at which gains and losses are recognised under the Code of Practice	d) below
Financial Instruments Revaluation Reserve	783	(26)	757	Store of gains on revaluation of investments not yet realised through sales	e) below
Collection Fund Adjustment Account – Council Tax	72	(46)	26	Store of Council's share of accumulated surpluses and deficits in relation to Council Tax on the Collection Fund	f) below

Reserve	Balance 31/03/19	Net Movement in Year	Balance 31/03/20	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Collection Fund Adjustment Account - NNDR	1,016	(898)	118	Store of Council's share of accumulated surpluses and deficits in relation to NNDR on the Collection Fund	f) below
Accumulated Absences Account	(425)	(34)	(460)	Absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year (i.e. annual leave entitlement carried forward at 31 March	g) below
	180,440	26,024	206,464		

a) Revaluation Reserve

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

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

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

2018/19 £'000		2019/20 £'000
(20,604)	Balance 1 April	(30,795)
(10,335)	Upward Revaluation of assets	(4,914)
14	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	0
<hr/>		<hr/>
(10,321)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(35,709)
130	Difference between fair value depreciation and historical cost depreciation	0
0	Accumulated gains on assets sold or scrapped	0
0	Amounts written out to the Capital Adjustment Account	343
0	Amounts written out to the Capital Adjustment Account Prior period adjustment	0
<hr/>		<hr/>
<u>(30,795)</u>	Balance 31 March	<u>(35,366)</u>

b) Capital Adjustment Account

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

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

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

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

2018/19 £'000		2019/20 £'000
(230,354)	Balance 1 April	(248,888)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
8,064	Charges for depreciation and amortisation of non-current assets	8,712
76	Other movements of depreciation	0
(1,394)	Revaluation (gains)/losses and impairments on Property, Plant and Equipment	(3,394)
(1,620)	Fair value movements on Investment Properties	
897	Revenue expenditure funded from capital under statute	479
3,872	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,168
5	Other adjustments	
9,900		7,965
(131)	Adjusting amounts written out of the Revaluation Reserve	(344)
9,769	Adjusting amounts written out of the Revaluation Reserve prior period adjustment	
	Net written out amount of the cost of non-current assets consumed in the year	7,621
	Capital Financing applied in year:	
(8,192)	Use of Capital Receipts to finance new capital expenditure	(1,758)
(150)	Use of Capital Receipts to reduce capital financing requirement	(150)
(13,160)	Use of the Major Repairs Reserve to finance new capital expenditure	(6,790)
(4,956)	Capital expenditure charged against the General Fund and HRA balances	(202)
(1,004)	Application of Capital Grants to finance new capital expenditure	(1,482)
(842)	Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances (MRP/VRP)	(995)
(28,303)		(11,376)
(248,888)	Balance 31 March	(252,643)

c) **Deferred Capital Receipts**

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

2018/19 £'000		2019/20 £'000
(57)	Balance 1 April	(57)
0	Council's share of (surplus)/deficit for the year	0
(57)	Balance 31 March	(57)

d) Financial Instruments Adjustment Account

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

2018/19 £'000		2019/20 £'000
58	Balance 1 April	55
0	Proportion of discounts incurred in previous financial years to be credited to the General Fund Balance in accordance with statutory requirements	0
(3)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)
55	Balance 31 March	53

e) Financial Instruments Revaluation Reserve and Available for Sale Financial Instruments Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases on the value of its investments measured at Fair Value through Other Comprehensive Income. The balance is reduced when investments with accumulated gains are either revalued downwards or impaired and the gains lost or disposed of and the gains are realised.

Financial Instruments Revaluation Reserve	2019/20 £'000
Balance 1 April	0
Transfer from Available for Sale Financial Instruments Reserve	(783)
(Gain)/Loss on FVOCI revaluations in year	26
Balance 31 March	(757)

f) Collection Fund Adjustment Account – Council Tax

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

2018/19 £'000		2019/20 £'000
(45)	Balance 1 April	(72)
(27)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	46
<u>(72)</u>	Balance 31 March	<u>(26)</u>

f) Collection Fund Adjustment Account – NNDR

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

2018/19 £'000		2019/20 £'000
(297)	Balance 1 April	(1,016)
(719)	Amount by which council non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	898
<u>(1,016)</u>	Balance 31 March	<u>(118)</u>

g) Accumulated Absences Account

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

2018/19 £'000		2019/20 £'000
435	Balance 1 April	425
(435)	Settlement or cancellation of accrual made at the end of the preceding year	(425)
425	Amounts accrued at the end of the current year	460
(10)	Amount by which officer remuneration charged in the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	34
425	Balance 31 March	460

Note 27 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £'000		2019/20 £'000
147	Interest received	187
(3,121)	Interest paid	(3,638)
0	Dividends Received	26
<u>(2974)</u>		<u>(3,425)</u>

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

2018/19 £'000		2019/20 £'000
7,906	Depreciation	8,600
(3,016)	Impairment and downward valuations	(6,135)
234	Amortisation	112
0	Increase/(decrease) in impairment for bad debts	0
(309)	Increase/(decrease) in creditors	6,014
182	(Increase)/decrease in debtors	(1,709)
132	(Increase)/decrease in inventories	(50)
4,786	Movement in pension liability	4,973
3,872	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,148
223	Other non-cash items charged to the net surplus or deficit on the provision of services	1,718
<u>14,010</u>		<u>15,671</u>

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

2018/19 £'000		2019/20 £'000
(4,430)	Proceeds from sale of PPE, investment property and intangible assets	(2,934)
(1,183)	Any other items for which the cash effects are investing or financing cash flows	(6,418)
<u>(5,613)</u>		<u>(9,352)</u>

Note 30 – Cash Flow Statement - Investing Activities

2018/19 £'000		2019/20 £'000
(37,673)	Purchase of property, plant and equipment, investment property and intangible assets	(21,975)
(29,200)	Purchase of short-term and long-term investments	(131,555)
(902)	Other payments for investing activities	0
4,430	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,934
15,600	Proceeds from short-term and long-term investments	130,205
2,021	Other receipts from investing activities	6,484
<u>(45,724)</u>	Net cash flows from investing activities	<u>(13,907)</u>

Note 31 – Cash Flow Statement - Financing Activities

2018/19 £'000		2019/20 £'000
(234)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(237)
38,000	Cash receipts of short & long-term borrowing	250,001
5	Other receipts from financing activities	0
(3,750)	Repayments of short- and long-term borrowing	(20,201)
(2,921)	Other payments for financing activities	(2,873)
<u>31,100</u>	Net cash flows from financing activities	<u>1,690</u>

Reconciliation of liabilities arising from financing activities

2019/20	RESTATED 01/04/2019	Financing Cash Flows		Non-Cash movements	31/03/2020
		New loans	Repayments		
	£'000	£'000	£'000	£'000	£'000
Long Term Borrowing	95,354	25,000	(201)	(7,205)	112,948
Short Term Borrowing	21,476		(20,000)	7,205	8,681
Lease liabilities	342	0	(237)		105
Total Liabilities from financing activities	117,172	38,000	(20,438)	91	121,734

Note 32 – Trading Operations

The Council operates a Housing Repairs Service (HRS), which carries out day to day maintenance on council housing and other public buildings as well as environmental works, street furniture etc. The Council also owns and manages a fruit, vegetable and retail market situated within the City Centre and also operates and manages a bus station and several car parks located throughout the city. It also manages a number of industrial estates and commercial properties.

2018/19				2019/20		
Exp. £'000	Inc. £'000	Net £'000		Exp. £'000	Inc. £'000	Net £'000
170	(234)	(64)	Markets	154	(232)	(78)
1,937	(5,054)	(3,117)	Car Parks	2,102	(5,559)	(3,457)
2,107	(5,289)	(3,182)	(Surplus)/Deficit applicable to a service	2,256	(5,791)	(3,535)
7,527	(7,412)	116	HRS	8,473	(7,734)	739
271	(164)	107	City Bus Station	267	(168)	99
53	(1,535)	(1,482)	Industrial Estates	(210)	(378)	(588)
145	(1,655)	(1,511)	Lincoln Properties	3,072	(1,951)	1,120
7,997	(10,766)	(2,769)	(Surplus)/Deficit not applicable to a service	11,601	(10,231)	1,370
10,104	(16,055)	(5,951)	Total (Surplus)/Deficit	13,857	(16,022)	(2,164)

Note 33 – Agency Services

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

Note 34 – Members’ Allowances

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

The payments made to the City of Lincoln Council members during 2019/20 totalled £242,113 (£237,618 in 2018/19).

Payments are defined as:

- i. Basic Allowance
- ii. Special Responsibility Allowance
- iii. Other allowances

Note 35 – Officers’ Remuneration

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

For the purposes of the regulation senior employees are persons whose salary is in excess of £150,000 per year or whose salary is £50,000 or more and are deemed to have responsibility for the management of the Council to the extent that they have the power to direct or control the major activities. The remuneration paid to the Council’s senior employees is as follows:

Officers’ Emoluments – Senior Employees

2019/20						
Post Title	Salary	Bonuses	Expense Allowances	Compensation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive ¹	130,256	0	516	0	20,841	151,613
Strategic Director of Housing & Regeneration ²	91,197	0	321	0	14,592	106,110
Strategic Director of Communities & Environment	92,490	0	278	0	14,698	107,465
Strategic Director of Major Developments	91,008	0	0	0	14,561	105,569
Total	404,950	0	1,115	0	64,691	470,757

2018/19						
Post Title	Salary	Bonuses	Expense Allowances	Compensation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive ¹	120,268	0	629	0	19,243	140,140
Strategic Director of Housing & Regeneration ²	11,125	0	80	0	1,780	12,985
Strategic Director of Housing & Regeneration ³	40,618	0	111	0	6,499	47,228
Strategic Director of Communities & Environment	86,279	0	156	0	13,781	100,216
Strategic Director of Major Developments	85,288	0	0	0	13,646	98,934
Total	343,577	0	976	0	54,948	399,503

- 1) The salary costs for the Chief Executive include £6.9k relating to election expenses in 2019/20.
- 2) The salary costs for the Director of Housing & Regeneration is higher than 2018/19 due to previous year vacancy.

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

Remuneration Band £	Number of Employees	
	2019/20	2018/19
50,000 - 54,999	9	4
55,000 - 59,999	2	0
60,000 - 64,999	1	4
65,000 - 69,999	3	2
70,000 - 74,999	0	2
75,000 - 79,999	2	0
80,000 - 84,999	0	0

For employees receiving remuneration of £85,000 or more for the year see previous table 'Officers' Emoluments – Senior Employees'.

The figure above for 2019/20 includes no employees for whom an exit package was agreed.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [b + c]		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
							£	£
£0 - £20,000	1	0	3	0	4	0	49,546	0
£20,001 - £40,000	0	0	0	1	0	1	0	36,398
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0	0	0
Total cost included in bandings							49,546	36,398
Add: Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							49,546	36,398

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

Note 36 – External Audit Costs

In 2019/20 the following fees relating to External Audit and Inspection were incurred and paid to Mazars, the Council's external auditors:

2018/19		2019/20
£'000		£'000
	<u>Fees payable for statutory audit services</u>	
36	Fees Payable with regard to external audit services carried out by the appointed auditor	36
36		36
	<u>Fees payable for other audit services</u>	
5	Fees payable with regard to other audit work	5
14	Fees payable for the certification of grant claims and returns	10
55	Total fee payable to external auditors	51

The fees relating to grant claims can vary from year to year depending on the number of claims to be audited. The figure for 2019/20 is an estimate, as the work will be carried out in the period August to December 2020.

Note 37 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

2018/19 £'000	Credited to Taxation and Non-Specific Grant Income	2019/20 £'000
0	Revenue Support Grant	(22)
(1,006)	New Homes Bonus	(721)
(8)	Transparency Code Setup Grant	0
(17)	Brexit	(35)
(1,031)	Total Non-Ring-fenced Grants shown on CIES	(778)
(777)	Disabled Facilities Grants	(756)
0	Section 106 agreement	(279)
0	Lincolnshire County Council	(1,400)
(47)	Heritage Lottery Fund	(37)
0	Football Foundation	(864)
0	Sport England	(81)
(82)	Leaseholder Contributions	(29)
0	Homes England	(2,954)
(225)	National Rail	0
(52)	Other Capital Grants and Contributions	(18)
(1,183)	Total Capital Grants and Contributions shown on CIES	(6,418)
(1,917)	S31 Grants included in Non-Domestic Rates Income on CIES	(1,953)
(4,132)	Total Non-Ringfenced Grants included in CIES	(9,148)
2018/19 £'000	Credited to Services	2019/20 £'000
(13,923)	Rent Allowances	(12,364)
(13,916)	Rent Rebates	(12,161)
(172)	Discretionary Housing Payments	(179)
(391)	Housing Benefit Administration	(345)
(213)	New Burdens Grant Determination	(154)
(313)	DCLG – Rogue Landlords	0
(143)	Local Council Tax Support Admin Subsidy	0
(66)	Home Office	(56)
0	Towns Fund	(173)
(780)	Homeless Specific	(1,281)
(143)	Controlling Migration	0
(229)	Other Grants	(225)
(30,290)	Total Grants and Contributions credited to Services	(26,936)
(34,421)	Total Grants, Contributions and Donated Assets	(36,085)

There was one grant received in advance in 2019/20. This was accrued into 2020/21.

Note 38 – Related Parties

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

Members/Officers - For 2019/20 the Council sent a letter, dated 1 April 2020, to all Members, Chief Officers and Assistant Directors, requesting disclosure of any 'related party transactions'. All letters were returned, no Members or Officers declared pecuniary interests in accordance with section 117 of the Local Government Act 1972.

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

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

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

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

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

Other Bodies - transactions with other bodies levying demands on the Council Tax - Levying bodies in 2019/20 were as follows:

2018/19		2019/20
£'000		£'000
433	Upper Witham Drainage Board	442
129	Witham 1 st Drainage Board	129
256	Witham 3 rd Drainage Board	257
818	Total	828

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

2018/19		2019/20
£'000		£'000
217	Lincoln Arts Trust	202
52	Lincoln Dial-a-Ride	52
56	Citizens Advice Bureau	56
32	Lincoln Shopmobility	32

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

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

The company's accounting year-end is 31st March and the latest (audited) accounts are for the year ended 31st March 2019, showing net assets of £4.669m and a profit of £50,875. The accounts of the company may be obtained from The Company Secretary, c/o The Managed Workspace, Greetwell Place, 2 Lime Kiln Way, Lincoln LN2 4US.

The Council is fully responsible for meeting the first £100,000 of any cumulative deficit on operating the managed workspace units. In the event that the cumulative deficiency exceeds £100,000 the Council shall meet 75% of the deficiency. In 2019/20 a surplus on the managed workspace units of £16,523 was attributable to the Council.

Details of amounts received from IIL during 2019/20 are shown below:

2018/19		2019/20
£'000		£'000
129	Property Management costs	132
90	Facility Fee	90
5	Management Fee	5

An amount of £16,818 was owed to IIL at 31st March 2020 in respect of property management costs, facility fees and management fees. This is included in the creditors balance in the Council's Balance Sheet.

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

Note 39 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically that has yet to be financed. The CFR is analysed in the second part of this note.

Total Capital expenditure and financing during the year:

2018/19		2019/20
£'000		£'000
	Capital investment	
38,007	Property, Plant and Equipment	21,448
50	Intangible Assets	55
897	Revenue Expenditure Funded from Capital under Statute	479
38,954		21,982
	Sources of finance	
(8,192)	Capital Receipts	(1,482)
(1,004)	Government grants and other contributions	(1,758)
(4,956)	Revenue Contributions	(202)
(13,160)	Major Repairs Reserve	(6,790)
11,642	Capital Financing Requirement	10,232
	Capital Financing Requirement - Funded by:	
11,642	Unsupported Borrowing	11,750
11,642		11,750

Analysis of movements in the Capital Financing Requirement in Year:

109,480	Opening CFR	120,130
11,642	Unsupported borrowing	11,750
0	Adjustments in respect of leases disposed under finance lease	0
(842)	Minimum Revenue Provision/Voluntary Revenue Provision	(995)
(150)	Application of capital receipts to reduce CFR	(150)
0	Other	(50)
120,130	Closing CFR	130,686

The Council has a five-year Housing Investment programme, of which £9.76m is contractually committed. This relates to a partnership arrangement to ensure all our properties continue to meet Decent Homes Standard and move towards achieving The Lincoln Standard.

In addition to this the Council also has a five-year General Investment Programme, of which £0.478m is contractually committed. £0.162m relates to land and property expenditure in 2020/21 with the remainder to allow completion of schemes for Artificial Grass Pitches (£0.188m), Allotment Capital Improvement Programme (£0.001m), IT and Telephony schemes (£0.033m) and Car Park improvements (£0.094m).

Note 40 – Leases

Council as Lessee

Finance Leases

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

31/03/19		31/03/20
£'000		£'000
384	Vehicles, Plant and Equipment	192
384		192

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31/03/19		31/03/20
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments)	
237	Current	105
105	Non-current	0
24	Finance costs payable in future years	2

	<u>Minimum Lease Payments</u>		<u>Finance Lease Liabilities</u>	
	31/03/19	31/03/20	31/03/19	31/03/20
	£'000	£'000	£'000	£'000
Not later than one year	258	107	237	105
Later than one year and not later than five years	108	0	105	0
Later than five years	0	0	0	0
	366	107	342	105

Operating leases

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

There are no future minimum lease payments due under non-cancellable leases in future years

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

RESTATED			
2018/19			2019/20
£'000			£'000
448	Vehicles Plant & Equipment		275
448	Minimum lease payments		275

Council as Lessor

Finance Leases

The Council has granted a long-term lease to Lincolnshire County Council for the use of The Collection (City and County Museum) accounted for as a finance lease. Rental is at a peppercorn, meaning no rentals are receivable. There was no net investment in this asset in 2019/20.

Operating Leases

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

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

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

2018/19		2019/20
£'000		£'000
2,286	Not later than one year	1,928
4,573	Later than one year and not later than five years	7,432
19,728	Later than five years	23,554
26,587		32,914

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as rent reviews. In 2019/20, £0.381m contingent rents were received by the Council (2018/19 £0.335m).

Note 41 – Impairment Losses

There were no impairment losses during 2019/20.

Note 42 – Capitalisation of Borrowing Costs

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

Note 43 – Termination Benefits

The Council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £0.036m (£0.050m in 2018/19) – see note 35 for the number of exit packages and total cost per band. These costs exclude any ill health retirements or departures as they are not termination benefits in accordance with the requirements of the code.

Note 44 – Defined Benefit Pension Scheme

Participation in Pension Schemes

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

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

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

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

Transactions Relating to Retirement Benefits

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

2018/19 £'000		2019/20 £'000
	<u>Comprehensive Income & Expenditure Statement</u>	
	Net Cost of Services:	
5,497	Current Service Cost	6,844
968	Past Service Costs (including curtailments)	0
	Financing and Investment Income and Expenditure:	
2,337	Net Interest Expense	2,451
8,802	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	9,295

2018/19 £'000		2019/20 £'000
	Re-measurement of the net defined benefit liability comprising:	
(7,155)	Return on plan assets (excluding the amount included in the net interest expense)	14,077
0	Actuarial gains and losses arising on changes in demographic assumptions	(8,342)
17,138	Actuarial gains and losses arising on changes in financial assumptions	(19,888)
62	Other	(9,520)
10,045	Total re-measurements recognised in Other Comprehensive Income and Expenditure	(23,673)
18,847	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(14,378)

2018/19 £'000		2019/20 £'000
<u>Movement in Reserves Statement</u>		
8,802	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	9,295
(4,015)	Actual amount charged against the General Fund Balance for pensions in the year:	(4,323)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2018/19 £'000		2019/20 £'000
(240,313)	Present value of the defined obligations	(209,420)
139,623	Fair value of plan assets	127,431
<u>(100,690)</u>	Net liability arising from defined benefit obligation	<u>(81,989)</u>

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

2018/19 £'000		2019/20 £'000
130,801	Opening fair value of scheme assets	139,623
3,505	Interest Income	3,341
7,155	The return on plan assets, excluding the amount included in the net interest expense	(14,077)
4,015	Contributions from employer	4,323
902	Contributions from employees into the scheme	965
(6,755)	Benefits Paid	(6,744)
<u>139,623</u>	Closing Fair value of scheme assets	<u>127,431</u>

Reconciliation of Present Value of the scheme liabilities:

2018/19 £'000		2019/20 £'000
216,659	Opening balance at 1 April	240,313
5,497	Current Service Cost	6,844
5,842	Interest Cost	5,792
902	Contributions from scheme participants	965
	Re-measurement (gains) and losses:	
0	Actuarial gains/losses arising from changes in demographic assumptions	(8,342)
17,138	Actuarial gains/losses arising from changes in financial assumptions	(19,888)
62	Other	(9,520)
968	Past Service Cost	0
(6,755)	Benefits Paid	(6,744)
<u>240,313</u>	Closing Balance at 31 March	<u>209,420</u>

Local Government Pension Scheme assets comprised:

2018/19 £'000		2019/20 £'000
1,539	Cash and Cash Equivalents	762
	Equity Securities by industry type:	
15,746	Consumer	5,563
5,684	Manufacturing	3,735
3,183	Energy and utilities	1,512
8,283	Financial Institutions	3,568
6,186	Information Technology	4,458
9,403	Health and Care	8,726
0	Other	1,301
48,485	Sub-total equity	28,862
	Debt Securities by Sector	
0	Corporate	0
0	Government	0
0	Other	0
0	Sub-total bonds	0
	Real Estate	
11,165	UK Property	10,643
878	Overseas Property	837
12,043	Sub-Total property	11,480
	Private Equity:	
1,465	All	1,103
1,465	Sub-Total private equity	1,103
	Investment Funds and Unit Trusts	
38,540	Equities	39,894
2,637	Infrastructure	23,815
16,802	Bonds	2,844
18,112	Other	18,671
76,091	Sub-Total Investment Funds and Unit Trusts	85,224
139,623	Total assets	127,431

Cash, Equity Securities and Investment Funds and Unit Trusts assets have quoted prices in active markets. The remaining assets, Real Estate and Private Equity do not have quoted prices in active markets.

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme has been assessed by Hymans Robertson, an independent firm of actuaries; estimates for the Lincolnshire Pension Fund are based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

2018/19		2019/20
	Mortality assumptions:	
	<u>Longevity (in years) at 65 for current pensioners:</u>	
22.1	Men	21.4
24.4	Women	23.7
	<u>Longevity (in years) at 65 for future pensioners:</u>	
24.1	Men	22.4
26.6	Women	25.2
2.9%	Rate of increase in salaries	2.2%
2.5%	Rate of increase in pensions	1.9%
2.4%	Rate for discounting scheme liabilities	2.3%

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

	<u>Approximate % Increase to Employer Liability</u>	<u>Value £'000</u>
0.5% Decrease in Real Discount Rate	9%	19,325
0.5% Increase in the salary increase rate	1%	2,248
0.5% Increase in the pension increase rate	8%	16,889

Impact on the Council's Cash Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

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

Employer contributions payable to the scheme in 2020/21 are estimated to be £4.341m.

Note 45 – Contingent Liabilities

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Where a material loss can be estimated with reasonable accuracy a provision is accrued within the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, a contingent liability will be disclosed in a note to the Balance Sheet. There are two contingent liabilities as at 31 March 2020.

As with other councils across the country a potential VAT liability exists in relation to an HMRC review of VAT treatment of market fees and the Council is liaising with their VAT advisor on this matter.

The Council has identified potential remediation liabilities within its property portfolio, the details of which require further clarification.

Note 46 – Contingent Assets

The Council has no Contingent Assets as at 31st March 2020.

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

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

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

Overall Procedures for Managing Risk

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

- ✓ by formally adopting the requirements of the Code of Practice;
- ✓ by the adoption of a Treasury Management Policy Statement and treasury management clauses within its standing orders;
- ✓ by approving, annually in advance, prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;

- Its maximum and minimum limits on the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- ✓ by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

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

The annual Treasury Management Strategy, which incorporates the prudential indicators was approved by Council on 24th February 2020. The strategy is updated at the mid-year point and revised estimates calculated as below. It is available on the Council's website (www.lincoln.gov.uk). The key issues during 2019/20 were:

- The Authorised Limit for 2019/20 was forecast to be £151m (revised to £148.45m). This is the maximum limit of external borrowings or other long-term liabilities during the year.
- The original Operational Boundary was expected to be £137.4m (revised to £133.25m). This is the expected level of debt and other long-term liabilities during the year. The maximum amounts of fixed and variable interest rate exposure were set at £112.1m and £47.3m based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

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

Credit risk

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

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

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

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

The full Investment Strategy for 2019/20 was approved by full Council on 24th February 2020.

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

	Carrying Values at 31/03/20	Historical experience of default	Adjustment for market conditions at 31/03/20	Estimated maximum exposure to default
	£'000	%	%	£'000
	a	b	c	(a * c)
Deposits with banks and financial institutions				
• AAA* rated counterparties (investments up to 1 year)	18,557	0.0000%	0.0000%	0
• AA-* rated counterparties (investments up to 1 year)	5,978	0.0005%	0.0005%	0
• A* rated counterparties (investments up to 1 year)	1,001	0.0024%	0.0024%	0
• A+* rated counterparty (investments up to 1 year)	5,073	0.011%	0.011%	1
Debtors	10,516	7.17%**	7.17%	754
	41,125			755

*See Glossary for a definition of ratings

**based on historical experience – this may change in future years due to the effect of Covid 19.

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

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

Analysis of Investments by country of origin

	Principal invested	Short term		Long term	
		Fixed rate	Variable rate	Fixed rate	Variable rate
		£'000	£'000	£'000	£'000
<u>UK Local Authorities</u>					
South Somerset District Council	1,000	1,000	0	0	0
Peterborough City Council	3,000	3,000	0	0	0
Highland Council	2,000	2,000	0	0	0
<u>UK Banks & Building Societies</u>					
Lloyds TSB Bank plc	5,000	5,000	0	0	0
Santander	1,000	1,000	0	0	0
<u>UK Money Market Funds</u>					
Aberdeen Standard MMF	5,000	0	5,000	0	0
BNP Paribas MMF	1,450	0	1,450	0	0
Federated MMF	5,000	0	5,000	0	0
Black Rock MMF	5,000	0	5,000	0	0
Morgan Stanley MMF	2,100	0	2,100	0	0
Total Investments	30,550	12,000	18,550	0	0

The Council allows credit for its trade debtors, such that £1,587,643 of the £2,484,257 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31/03/19		31/03/20
£'000		£'000
301	Less than three months	218
192	Three to six months	300
90	Six months to one year	203
676	More than one year	866
1,259	Total	1,588

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

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to

provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows: -

31/03/19		31/03/20
£'000		£'000
21,475	Less than one year	11,459
9,500	Between one and two years	2,710
5,897	Between two and five years	2,669
<u>79,957</u>	More than five years	<u>105,069</u>
<u>116,829</u>	Total	<u>121,906</u>

Market risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

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

2018/19		2019/20
£'000		£'000
(137)	Increase in interest receivable on variable rate investments	(155)
(137)	Impact on Income and Expenditure Account	(155)
<hr/>		
(65)	Share of overall impact credited to the HRA	(60)
(72)	Share of overall impact credited to the General Fund	(95)
(137)	Total	(155)

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

Price risk - The Council does not generally invest in equity shares but does have shareholdings to the value of £0.77m in a number of joint ventures and in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The majority of the shareholdings are in the Dunham Bridge Company (£0.504m) and Investors in Lincoln (£0.268m). A representative of the Council sits on the Investors in Lincoln Board, enabling the Council to monitor factors that might cause a fall in the value of specific shareholdings.

The shares are all held at Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

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

HRA INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2020

2018/19	Notes	2019/20	2019/20
£'000		£'000	£'000
	Expenditure		
(8,939)	Repairs and Maintenance 5	(8,671)	
(6,583)	Supervision and Management	(7,250)	
(198)	Rents, rates, taxes and other charges	(243)	
(4,799)	Depreciation, impairment and other adjustments for non-current assets	(797)	
0	Debt management costs	(8)	
0	Change in Social Housing Discount Factor	0	
(284)	Movement in the allowance for bad debts	(285)	
(20,803)	Total Expenditure		(17,254)
	Income		
27,286	Dwelling rents 8	27,482	
603	Non-dwelling rents	632	
526	Charges for services and facilities	464	
28,415	Total Income		28,578
7,612	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		11,324
(116)	Transfer from HRS		(739)
7,496	Net Cost for HRA Services		10,585
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
406	Gain or (loss) on the sale of HRA assets		766
(2,352)	Interest payable and similar charges		(2,424)
68	Interest and investment income		77
(879)	Pensions interest income on plan assets and interest cost on defined benefit obligation 9		(947)
82	Capital grants and contributions receivable		3,844
4,821	Surplus or (deficit) for the year on HRA services		11,901

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2018/19		2019/20
£'000		£'000
1,021	Balance on the HRA at the end of the previous year	1,025
4,821	Surplus or (deficit) for year on the HRA Income and Expenditure Statement	11,901
(5,137)	Adjustments between accounting basis and funding basis under statute	(12,294)
(316)	Net increase or (decrease) before transfers to or from reserves	(393)
320	Transfers (to) or from reserves	364
<u>4</u>	Increase or (decrease) in year on the HRA	<u>(29)</u>
<u>1,025</u>	Balance on the HRA at the end of the current year	<u>996</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

Note 1 – Assets

The number of dwellings in the Council's housing stock, as at 31 March 2020, totalled 7,761 properties. The type of properties and the period in which they were built, were as follows:

Property Type	<1945 No.	1945-64 No.	1965-74 No.	>1974 No.	TOTAL No.
Low Rise Flats (Blocks up to 2 Storeys)					
1 Bed	43	895	560	539	2,037
2 Bed	5	117	81	103	306
3 Bed	0	0	12	1	13
Sub-Total	48	1,012	653	643	2,356
Medium Rise Flats (Blocks of 3 up to 5 Storeys)					
1 Bed	0	50	235	214	499
2 Bed	0	225	111	127	463
3 Bed	0	15	3	1	19
Sub-Total	0	290	349	342	981
High Rise Flats (Blocks of 6 Storeys or more)					
1 Bed	0	56	138	0	194
2 Bed	0	30	72	0	102
Sub-Total	0	85	210	0	296
Houses / Bungalows					
1 Bed	158	143	32	23	356
2 Bed	728	765	97	323	1,913
3 Bed	804	545	70	296	1,715
4 or more Beds	96	21	0	28	144
Sub-Total	1,786	1,473	199	670	4,128
Total Dwellings 31 March 2019	1,834	2,861	1,411	1,655	7,761

Note 2 – Housing Revenue Account Assets Valuation

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

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

	£ 000
Vacant possession value of council dwellings at 31 March 2020	611,890
Balance sheet valuation applying the Social Housing discount factor	256,994

The Balance Sheet value of HRA Assets is as follows:

2018/19 £'000		2019/20 £'000
248,962	Council Dwellings	256,994
5,774	Other Operational Assets	6,158
16,663	Non-Operational Assets	17,658
271,399	Total at 31 March	280,809

Note 3 – Depreciation and Impairment

The Depreciation and Impairment of HRA Assets is as follows:

Depreciation:			2019/20 £'000
2018/19 £'000	Operational Assets:		£'000
5,842	Council Dwellings		6,337
364	Other Operational Assets		261
6,206	Total at 31 March		6,598

Impairment:			2019/20 £'000
2018/19 £'000	Operational Assets:		£'000
3,665	Revaluation Gains/(Losses)		5,851
3,665	Total at 31 March		5,851

Note 4 – Major Repairs Reserve

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

2018/19 £'000		2019/20 £'000
(12,842)	Balance on 1 April	(5,676)
	Amount transferred from the HRA	
	- Depreciation	
(5,842)	Dwellings	(6,337)
(364)	Other Assets	(309)
0	- Other revenue contributions	(3,637)
(19,048)		(15,959)
13,372	- HRA Capital Expenditure	6,790
(5,676)		(9,169)

Note 5 – Housing Repairs Account

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

2018/19 £'000		2019/20 £'000
(624)	Balance on 1 April	(579)
	Expenditure in year	
3,244	Tenant Notified Repairs	3,274
2,042	Void Repairs	1,539
1,588	Servicing Contracts	1,688
585	Painting Programme	561
11	Asbestos Removal/Surveys	4
414	Aids & adaptations	415
39	Decoration Grants	55
1,074	Other Expenditure	1,134
8,997		8,670
	Income in year	
(8,997)	Contribution from HRA	(8,671)
	Contribution to HRA	
58	Reduction in Repairs Reserve	0
(1)	Contribution from Leaseholders	(1)
(12)	Interest Received in year	(16)
(8,952)		(8,688)
(579)	Surplus Balance on 31 March	(579)

Note 6 – Capital Expenditure in the year

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

2018/19 £'000		2019/20 £'000
	Capital investment	
24,960	Property, Plant and Equipment – HRA	11,969
0	Property, Plant and equipment – GF used as council housing	0
0	Non-Current Assets held for sale	0
25	Intangible Assets	8
0	Revenue Expenditure funded from Capital under Statute	0
24,985		11,977
	Sources of funding	
(7,107)	Capital Receipts	(1,321)
(4,718)	Revenue Contributions	0
(13,160)	Major Repairs Reserve	(6,790)
0	Prudential Borrowing	(3,866)
(0)	Government grants and other contributions	(0)
(24,985)		(11,977)
0	Balance unfunded at 31 March	0

* REFCUS is created when expenditure has been incurred on items that are not capitalised as assets but have been financed from capital resources. It is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. The total amount of REFCUS is £0.000m for 2019/20 (£0.000m in 2018/19).

Prior to the implementation of HRA Self-financing on 1 April 2012, supported borrowing levels had been issued annually by Central Government, authorising the Council to borrow monies, which were funded by Central Government to cover capital expenditure. Additionally, the Council was able to take out unsupported or prudential borrowing, which must be financed from its own resources. Post self-financing implementation and the end of the housing subsidy system, all borrowing will be prudential borrowing. In 2019/20, there was £3.866m of prudential borrowing undertaken to fund the HRA capital investment.

Note 7 - Capital Receipts

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

2018/19 £'000		2019/20 £'000
(2,002)	Council dwellings	
0	- Right to Buy	(2,946)
	- Discounts repaid	0
	Other Receipts	
	- Land Sales reimbursements	
(70)	- Reimbursement of expenditure on General Fund property on sale	(62)
(2,072)	Land receipts	(3,008)
760	Less Pooled (Paid to Central Government)	729
(1,312)	Total	(2,279)

Note 8 - Rent Arrears

During the year 2019/20 total rent arrears increased by £0.080m or 4.34%, to £1.925m. A summary of rent arrears and prepayments is shown in the following table:

2018/19 £'000		2019/20 £'000
901	Current Tenant Arrears @ 31 March	956
944	Former Tenant Arrears @ 31 March	969
1,845	Total Rent Arrears	1,925
(312)	Prepayments @ 31 March	(430)
1,533	Net Rent Arrears	1,495

A bad debt provision of £285,312 has been made in this year's accounts in respect of potentially non-collectable rent arrears, as detailed above, and associated miscellaneous debts. The value of the bad debt provision held in the Balance Sheet at 31 March 2020 is £1.778m (£1.664m at 31 March 2019).

Note 9 - Pension Costs

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

2018/19		2019/20
£'000		£'000
HRA Income & Expenditure Statement		
1,897	Current Service Cost	2,519
0	Past Service Costs	0
879	Net interest expense	947
2,776	Total	3,467
(1,510)	Amount to be met from HRA	(1,671)
1,266	Movement on Pension Reserve	1,796

THE COLLECTION FUND STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

2018/19 £'000 Total		2019/20 £'000 Council Tax	2019/20 £'000 NDR	2019/20 £'000 Total	Note
INCOME					
(41,617)	Council Tax Payers	(44,185)	0	(44,185)	2
(103)	Income from Ministry of Defence	(112)	0	(112)	
(43,462)	Income from Business Ratepayers	0	(44,375)	(44,375)	3
(85,182)		(44,297)	(44,375)	(88,672)	
EXPENDITURE					
Precepts:					
6,393	- City of Lincoln Council	6,679	0	6,679	
29,485	- Lincolnshire County Council	31,405	0	31,405	
5,206	- Police & Crime Comm. Lincolnshire	5,865	0	5,865	
Business Rates:					
35	- Payments to Government	0	21,028	21,028	3
26,032	- Payments to City of Lincoln Council	0	16,791	16,791	3
17,355	- Payments to Lincs County Council	0	4,198	4,198	3
145	- Cost of Collection	0	145	145	
Bad and Doubtful Debts					
202	- Provisions	171	(165)	6	
202	- Write Offs	210	546	756	
(2,165)	- Provision for appeals	0	210	210	
1,268	Transfer of Collection Fund Surplus	268	2,464	2,732	4
84,158		44,598	45,217	89,815	
(1,024)	Deficit / (Surplus) for the year	301	842	1,143	
COLLECTION FUND BALANCE					
(1,029)	Balance brought forward at 1 st April	(471)	(1,581)	(2,051)	
(1,024)	Deficit/(Surplus) for the year (as above)	301	842	1,143	
(2,053)	Balance carried forward at 31st March	(170)	(739)	(908)	
Allocated to:					
(1,090)	- City of Lincoln Council	(26)	(118)	(144)	
(1,071)	- Lincolnshire County Council	(121)	191	70	
(62)	- Police & Crime Comm. Lincolnshire	(22)	0	(22)	
170	- Government	0	(809)	(809)	
(2,053)		(169)	(736)	(905)	

NOTES TO THE COLLECTION FUND

Note 1 - General

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

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

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

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

The scheme allows the Council to retain a proportion of the total NNDR received. For 2019/20, the City of Lincoln ended the 'pilot' scheme it was part of in 2018/19 which meant its retained share reverted back to that of previous years as follows:

	2018/19 'Pilot'	2019/20 'Pool'
City of Lincoln	60%	40%
Lincolnshire County Council	40%	10%
Central Government	0%	50%

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

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

Note 2 - Council Tax Base

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

The Council Tax base for 2019/20 was 24,300 (23,943 in 2018/19). The increase between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax Discounts and Exemptions. The tax base for 2019/20 was approved at the Executive on 7th January 2019 and was calculated as follows:

Band	Ratio	Dwellings	Equivalent Dwellings after discounts, exemptions and reliefs	Equivalent Band D Dwellings
A Reduced	5/9	0	58	31
A	6/9	27,573	22,479	14,986
B	7/9	8,878	7,610	5,920
C	8/9	4,899	4,359	3,875
D	9/9	2,530	2,277	2,277
E	11/9	1,282	963	1,177
F	13/9	402	360	521
G	15/9	135	132	220
H	18/9	45	7	14
Total		45,744	38,245	29,020
Deduction for Non-Collection				(363)
Crown Properties Adjustment				60
Adjusted to Band D Equivalent				28,717
Council Tax Relief Scheme				(4,418)
Tax Base for the Calculation of Council Tax				24,299

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

Income received from Council Taxpayers in 2019/20 was £44.185m (£41.616m in 2018/19).

Note 3 - Income from Business Ratepayers

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

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. For 2019/20, the City of Lincoln ended the 'pilot' scheme it was part of in 2018/19 which meant its retained share reverted back to that of previous years as follows:

	2018/19 'Pilot'	2019/20 'Pool'
City of Lincoln	60%	40%
Lincolnshire County Council	40%	10%
Central Government	0%	50%

The business rates shares payable for 2019/20 were estimated before the start of the financial year as **£20,989m** (£0.035m in 2018/19) to Central Government, **£4,198m** (£17.355m in 2018/19) to LCC and **£16,791m** (£26.032m in 2018/19) to the City of Lincoln Council. These sums have been paid in 2019/20 and charged to the Collection Fund in year. The significant changes to these values between financial years is due to being in a 'pilot' scheme in 2018/19.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government or to Top-up authorities within an NNDR Pooling arrangement are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. City of Lincoln Council was part of the Lincolnshire NNDR Pilot in 2018/19 alongside Lincolnshire County Council, North Lincolnshire Council and the other 6 Lincolnshire District Councils. In 2019/20 the City of Lincoln made a tariff payment from the General Fund to the County Council to the value of **£12.884m** (£12.471m in 2018/19).

The total income from business rate payers collected in 2019/20 was **£44.375m** (£43.462m in 2018/19).

In addition to the top up/tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income (either through support from Central Government if they are not in a NNDR Pool/Pilot or as first call on gains from pooling/pilot if authorities are members of an NNDR Pool/Pilot). For the City of Lincoln the value of the safety net figure (net of tariff) is **£3.472m** (£4.071m in 2018/19). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief and other reliefs not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2019/20.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31st March 2020. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. **The total provision withdrawn from the**

collection fund for 2019/20 has been calculated at £0.210m (£2.165m was added in 2018/19).

For 2019/20, the total non-domestic rateable value at the year-end is **£112.7m** (£112.1m in 2018/19). The national multipliers for 2019/20 were **49.1p** for qualifying Small Businesses, and the standard multiplier being **50.4p** for all other businesses (48.0p and 49.3p respectively in 2018/19).

Note 4 - Contributions to Collection Fund Surpluses and Deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2019 it was estimated that the Collection Fund would have a Council Tax surplus of **£0.268m** (£0.188m in January 2018) and a Business Rates surplus of **£2.464m** (£1.081m deficit in January 2018), a combined Collection Fund surplus of **£2.732m** (£1.269m deficit in January 2018) and so the following amounts were due to or from the preceptors in 2019/20:

2018/19		2019/20
£'000		£'000
(462)	City of Lincoln Council	(1,588)
(243)	Lincolnshire County Council	(1,279)
(24)	Police & Crime Comm. Lincolnshire	(34)
(540)	Central Government	169
(1,269)	Total	(2,732)

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF CITY OF LINCOLN
COUNCIL**

❖ 1 The council's responsibility for sound governance

1.1 Scope of responsibility

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

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

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

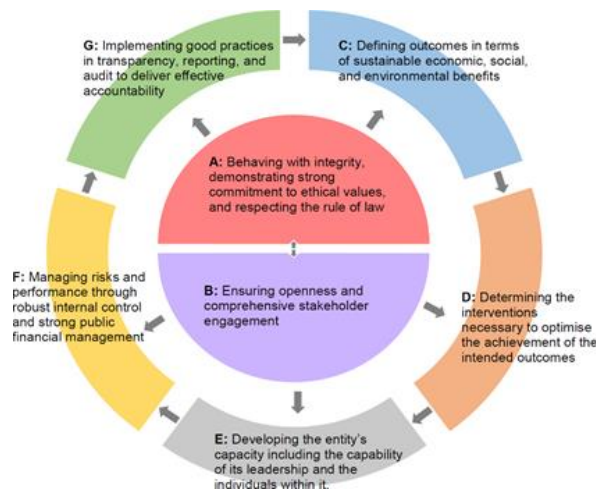
The council's Code of Corporate Governance, comprehensively reviewed in 2017, is updated annually. The last update took place in April 2019, with the 2020 review has been delayed due to the COVID-19 pandemic. A more comprehensive review will be undertaken in 2020/21 to take account of any potential longer-term changes arising from the impact of COVID-19.

This Annual Governance Statement details how the city council has complied with its own Code of Corporate Governance over the last year and meets the statutory requirements for all relevant bodies to prepare such a statement. It also includes a section on the impact on the council, and actions taken as a result, of the COVID-19 pandemic.

For a glossary of terms used – see Appendix B

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

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



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

KEY ELEMENTS OF COUNCIL'S GOVERNANCE FRAMEWORK Key elements of the governance framework at City of Lincoln Council are summarised below:		
Council, Executive, Leader <ul style="list-style-type: none"> ❖ Provide leadership; set, develop and implement policy ❖ Ensure the Vision 2020 and Vision 2025 strategies are taken forward ❖ Develop, adopt and implement the budget framework ❖ Support the city's diverse communities and neighbourhoods to thrive 	Leadership and decision making <ul style="list-style-type: none"> ❖ All decision meetings held in public (except those identified as 'part B') ❖ Decisions recorded on the council's public website ❖ Resources directed according to priorities as set out in Vision 2020 and Vision 2025 	Risk management <ul style="list-style-type: none"> ❖ Risk registers identify both operational and strategic risks ❖ Strategic risks are considered by CMT and Executive every quarter ❖ Internal audit provides independent objective assurance ❖ Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit
Scrutiny and review <ul style="list-style-type: none"> ❖ Scrutiny committees review council policy and can challenge decisions to hold Executive to account ❖ Audit and Performance committees review governance, costs vs budget, risk, internal control and delivery of agreed plans ❖ Ethics and Engagement Committee and/or Monitoring Officer deals with complaints about, or suspected breaches of member conduct ❖ Any two members can hold the Executive to account outside of scrutiny and review by requesting Call-In and reconsideration of an Executive decision 	Corporate Management Team (CMT) <ul style="list-style-type: none"> ❖ The CX is the Head of Paid Service and is responsible for all council staff and for leading an effective Corporate Management Team (CMT) ❖ CMT ensures there is clear accountability for the use of resources in achieving desired outcomes for service users and the community ❖ The Chief Finance Officer (CFO) is the council's Section 151 Officer and is responsible for safeguarding the council's financial position and securing value for money. The council's financial management arrangements comply with the governance requirements of the CIPFA Statement on the role of Chief Financial Officer in Local Government ❖ The City Solicitor is the council's Monitoring Officer and is responsible for ensuring legality, good governance and promoting high standards of conduct 	

1.4 In the following sections the AGS considers whether the Code has been applied effectively providing commentary on how the framework itself has operated over the last 12 months. The first of these sections covers how the council has maintained

good governance during the COVID-19 pandemic – some of the activities mentioned are also mentioned under the core principles.

1.5 Impact of COVID-19 and maintaining good governance

As with all councils the COVID-19 pandemic has caused major disruption to the day to day work of the council, including cancellation of committee meetings, and changing priorities to protect our most vulnerable residents and local businesses. This has meant there has been a need to initiate business continuity procedures as well as introducing new or varied governance arrangement in some areas. In addition it has been necessary to vary the process followed to produce the Annual Governance Statement for 2019/20 from that referred to in the Code of Corporate Governance.

Actions taken to address the impact of the COVID-19 pandemic:

- Co-ordinated response to the pandemic working with Lincolnshire Local Resilience Forum
- Review of governance arrangements following introduction of the Coronavirus Act 2020, including introduction of virtual council and other key meetings
- Prioritisation of resources to ensure ongoing provision of key services
- Development of a befriending and community help service to support the most vulnerable, including council tax support discounts
- Reallocation of teams to support COVID-19 response, e.g. Audit and Policy Teams
- Support for local businesses in applying for business ratepayers discounts and business grants payments
- Initial response to the pandemic in terms of delivery of critical services, protection of staff, support for community and vulnerable persons, impact on the local economy and financial impacts on the council
- Several HR interim procedures and checklists for managers were introduced to support employees working from home and support their health and wellbeing

Proposed activity for the coming year:

- Development of activities to support the city and high street, including leading on multi-agency partnership to support high street recovery.
- One Council – under the Organisational Development pillar we will be putting processes in place and revising policies as required in response to COVID-19, particularly around work styles and support for staff and members to ensure we have the governance in place to make sure these new ways of working and new activities are fit for purpose
- Implementation of ongoing support of community and vulnerable persons through working with partner organisations
- Re-establishment of committee meetings via electronic means to ensure democratic responsibility
- Development of policies and procedures to enable delivery of services, including critical services, whilst ensuring protection of staff and customers.

- Transfer of befriending service to voluntary sector organisations
- Ensure processes in place to enable businesses in the city to access support, e.g. Environmental Health Officer utilising legal powers to manage re-opening of businesses under COVID-19
- Management of the financial impacts of COVID-19
- Performance report for Q4 2019/20 to take the form of a review of 2019/20 including our COVID-19 response
- Combined Q1 and Q2 Performance report to help assess impact of COVID-19
- Review of Vision 2025 Year 1 Delivery Action Plan to focus on remobilising services, savings, legacy projects and further developing One Council
- Review of actions taken, and lessons learned from response to the COVID-19 pandemic
- Many of these actions are covered under the key principles below and further activities will be identified once the council emerges from the current recovery stage

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

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

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

Activity within Principle A in 2019/20:

- Member induction for those new Members elected in May 2019
- Anti-bribery Policy reviewed and approved
- Whistleblowing Policy and Guidance updated
- Member Code of Conduct updated and approved
- New website launched
- Safeguarding Policy approved
- Modern Slavery Charter and Statement reviewed
- Equality Objectives for 2020-24 developed and approved by Executive

Proposed activity for the coming year:

- Update Code of Corporate Governance

- Re-establish regular portfolio holder meetings following COVID-19
- Update member code of conduct in accordance with government guidelines
- The internal audit plan was approved by Corporate Management Team but due to COVID-19 a revised audit plan will be developed and presented to the Audit Committee in September 2020.
- Further activities to be identified once the council emerges from the current recovery stage

1.7 CORE PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

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

Activity within Principle B in 2019/20:

- Consultation conducted in January 2020 on Vision 2025 with residents and businesses
- Consultation with residents, elected members and staff on Equality Objectives
- Engagement with the voluntary sector on Equality Action Plan
- Equality Objectives for 2020-24 developed and approved
- Annual staff roadshows
- Daily briefings to staff during COVID-19 emergency

Proposed activity for the coming year:

- Review Consultation and Engagement Strategy
- Consultation with Befriending Service users prior to transfer to alternative providers
- Citizen Panel consultation regarding High Street recovery to inform action plan
- Undertake consultation in respect of repurposing of Vision 2025
- Further activities to be identified once the council emerges from the current recovery stage

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

Vision 2020 was a three-year strategy and delivery plan, developed using an evidence base from the Lincoln City Profile and following wide consultation, with an inclusive vision to deliver Lincoln's ambitious future, and the forerunner to the current strategic plan, Vision 2025. It highlighted four priorities for the city, acknowledging that the council could not deliver everything needed by itself and must work in partnership and collaboration to achieve the ambitious plans. These were:

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

These priorities were underpinned by the need to deliver 'Professional high performing services'.

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

Vision 2020 has now been replaced by Vision 2025, the council's vision for the next five years to 2025. As with previous strategic plans, Vision 2025 was developed using a robust evidence base including information gained through consultation with local residents and businesses. The priorities in Vision 2025 remain broadly similar, but with the addition of a priority to address the challenges of climate change:

- ▶ 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 change

Activity within Principle C in 2019/20:

- Approval of the MTFS which is a financial representation of the council's Vision 2020 and the new Vision 2025
- Ongoing implementation on the place strategy for Park Ward/Sincil Bank, highlighted as an area for regeneration. Three key strands of work are underway.
- Ongoing development for embedding sustainability over the next 3 to 5 years
- Plans developed to improve Lincoln Crematorium
- Celebrating Vision 2020 published, detailing progress made against priorities within the council's strategic plan for 2017-20, Vision 2020.
- Vision 2025, the council's strategic plan for 2020-25 developed and adopted
- One Council programme established
- Participant in Business and Economy recovery cell for Greater Lincolnshire and Rutland with six-month economic recovery plan developed.

Proposed activity for the coming year:

- Repurpose Vision 2025 to support the recovery of the city and council economically and ensure community support
- Review the delivery plan for Vision 2025 to take account of the impact on the council of COVID-19.

- Working closely with Lincolnshire Resilience Forum partners to support recovery
- Lead on implementation of Business and Economy Recovery Cell short term forward plan for construction sector and place marketing.
- Develop 5 year recovery plan linked to Town Investment Plan for the City.
- Key partner in Infrastructure Recovery Cell covering Lincolnshire, which includes housing, to ensure infrastructure is in place enabling growth plans to be implemented
- Sign up to civic university agreement with BGU and Lincoln University

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

The council clearly defines its priorities and plans which are aimed at delivering the outcomes it intends. Whilst service plans for 2020/21 have not been completed work is ongoing to ensure robust service management as we enter the recovery stage. All projects are subject to the Lincoln Project Management Model (LPMM), through which we continuously assess the risks of not fully delivering plans and ensure that there are mitigating actions in place to support the achievement of intended outcomes.

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

Activity within Principle D in 2019/20:

- Ongoing implementation of the Capital Programme Group to ensure financial responsibilities in all capital projects are conducted correctly
- The TFS programme Team has worked on a phase 7 programme to meet the increased MTFS savings target
- Development of One Council – Scopes defined for four pillars – Organisational Development, Value Processes, Use of Assets and Technology
- Pilot of Office 365
- Pilot of desktop refresh
- Technology introduced to adapt to COVID-19
- Review of workstyles to understand technology required
- Refreshed infrastructure platform

Proposed activity for the coming year:

- Conduct a PIR on implementation of the Lincoln Project Management Model
- Development of TFS programme incorporating impact of COVID-19 emergency
- Refresh of Vision 2025 and identification of actions to be brought forward in the delivery plan

- Complete roll out of Office 365
- Complete desktop refresh
- Look at investment in IT required to support new ways of working
- Establish micro-sites for key services, e.g. Christmas Market, Building Control, Visitor services.
- Identify top 10 interactions with customers and move to online forms where possible to take pressure off contact centre.
- Housing repairs online pilot – to enable booking of repairs online.
- Review of my-info.
- Further activities to be identified once the council emerges from the current recovery stage

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

The council ensures a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the council objectives. We have a programme in place under the organisational development pillar of our One Council approach which will ensure the workforce has the necessary skills and behaviours to deliver the vision for the city and is effectively engaged to champion the council's priorities. Partnership working extends the capacity for key projects beyond the council's own resource and is embedded within the Vision 2020 objectives.

Activity within Principle E in 2019/20:

- More HR policies have been reviewed with training delivered to managers
- Policies put in place to cover home working during COVID-19 emergency
- Continued HR line management briefings
- Needs analysis to be completed on Leadership Development
- Staff consultation on the new staff charter
- Daily briefings from Chief Executive during COVID-19 emergency
- Ongoing implementation of the People Strategy
- Development of One Council pillars – Organisational Development and Create Value Processes, including piloting Office 365 and remote working and introduction of Microsoft Teams for all staff
- Commissioned consultants to undertake a review of space at City hall and Hamilton House to support new ways of working
- Visitor information centre successfully brought back in house

Proposed activity for the coming year:

- Adapt our policies and procedures to ensure we adopt new ways of working moving forward in the immediate and longer term
- Further review of space at City Hall and Hamilton House following COVID-19. This will also include community centres and other buildings
- Look at ways to increase and strengthen City hall as a public sector hub
- Further activities to be identified once the council emerges from the current recovery stage

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

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

Activity within Principle F in 2019/20:

- A successful savings and income generation programme was developed and implemented to address reductions in central government funding in 2019/20.
- Increase the level of purchase order usage across the authority to ensure full control
- Development of One Council activities
- Development of the quarterly dashboard report for Executive members and senior officers summarising progress with key strategies, strategic plan projects, risk governance and performance
- Publication of Celebrating Vision 2020, reporting on our strategic plan for 2017-20
- The External auditor issued an unqualified opinion on the authority's 2018/19 final statement of accounts although further areas of development were identified. This included significant improvements in the close down of accounts from the previous financial year.

Proposed activity for the coming year:

- Continuing to develop the council's response to the emerging financial situation including, ensuring strong financial management to make sure that we manage public funds correctly, e.g. revised budget estimates, TFS programme, expenditure control budget review process, lobbying strategy.
- A key piece of work will be to review control systems to ensure they continue to be fit for purpose with the new ways of working
- Development of measures to report progress on Vision 2025

- Further activities to be identified once the council emerges from the current recovery stage

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

The council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in an open, transparent and proportionate manner. Performance is managed under the principles of the Performance Management Framework

Activity within Principle G in 2019/20:

- Launch and content management of new website
- Introduction of PIMS, a new performance management system

Proposed activity for the coming year:

- Further development of the performance management system
- Review of Lincoln Performance Management Framework
- Due to COVID-19 a revised audit plan will be developed and presented to the Audit Committee in September 2020.
- Further activities to be identified once the council emerges from the current recovery stage

2 Review of effectiveness of the governance framework

We undertook an assessment of the council's governance framework during 2018/19. The 2019/20 assessment has been delayed in order to consider any new requirements arising following the COVID-19 pandemic.

The Head of Internal Audit is required annually to give an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it. For 2019/20 substantial (green) assurance was provided over governance, risk management and internal control.

Supporting this assessment is the detailed work undertaken by Internal Audit during the course of the year. Whilst this identified a number of minor issues none were considered significant enough to highlight any significant governance issues.

There was one limited assurance report on Project Management. The recommendations in this audit were already being addressed as part of the Post Implementation Review of the Lincoln Project Management Model. This is not considered a significant issue but will be monitored by Corporate Management Team over 2020/21 as a post implementation review of project management arrangements is currently in progress.

There were three areas of combined assurance assessed as red, but the risks have been managed and they are no longer considered significant.

As at March 2020 there were a number of high priority audit recommendations both made and outstanding. Outstanding agreed actions were in respect of the following: ICT Mobile Devices, Tenancy Services, HMO licensing, IT applications and Malware/anti-virus user training. Progress towards addressing these recommendations will be monitored through existing monitoring arrangements and none are considered as significant governance issues.

3 Level of assurance provided

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

4 Status of significant governance issues monitored from 2018/19

The council has regularly monitored its 2018/19 significant governance issue through senior management and the Audit Committee during 2019/20. One issue was identified for monitoring:

- **The Disaster Recovery plan in place for IT arrangements:** during 2019/20 significant progress was made towards alignment with the Business Continuity plans that are in place for restoring key services in terms of IT needs. Overall, all but one action has been completed.

5 Significant governance issues identified from 2019/20

Significant issues carried forward from 2018/19 – As noted above there was one significant governance issue monitored during 2019/20 which still remains as an issue for monitoring during 2020/21:

- **The Disaster Recovery plan in place for IT arrangements** is not sufficiently aligned with the Business Continuity plans that are currently in place for restoring key services in terms of IT needs.

There is already an action plan in place for addressing this significant issue and all but one of the 35 actions have now been completed. The outstanding action relates to the full implementation of the secondary data site which is in progress. Progress on this action will be reported regularly to Audit Committee.

New significant issues identified from 2019/20 – In terms of new significant governance issues the following two additional issues have been identified:

- **Review of impact of Coronavirus on the council's service delivery and embedding new ways of working for staff.** COVID-19 has had a significant impact on the council's budget resulting in the need to undertake a comprehensive review of how and what services are delivered ensuring our statutory requirements are met. The council was already undertaking a pilot to enable more agile working and with the lockdown the council fast tracked this approach and the council now needs to review the effectiveness of working conditions for staff and members and look to the future. The issue is that we will need to ensure that as the council develops its different approaches to service delivery and new ways of working it ensures governance is at its heart, recognising that governance arrangements may need to adapt and change in order that they remain fit for purpose in the new world.
- **Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19.** The strategy was adopted but there was no formal public launch due to COVID-19. The council's response to the pandemic was to proactively divert resources to tackle the emergency and all projects and programmes that could be paused/had not already commenced were stopped in a planned way. Tackling the emergency situation and resulting recovery phase has been a long process due to the prevalence of COVID-9 nationally and there

is now a need to review Vision 2025 in light of COVID-19, re-profile the commitments in the strategy and then communicate it widely. This process started in late August 2020.

Several lesser concerns were raised during the process of developing this statement and these will be passed to the Corporate Management Team for quarterly monitoring alongside performance and reported to Leadership.

6 Conclusion

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

Signed



Leader (Cllr Ric Metcalfe) **Date:** 17th August 2020



Chief Executive (Mrs Angela Andrews) **Date:** 17th August 2020

GLOSSARY OF TERMS USED IN THE GOVERNANCE STATEMENT

AGS	Annual Governance Statement
CFO	Chief Finance Officer
CMT	Corporate Management Team
CX	Chief Executive
HMO	Houses in Multiple Occupation
HR	Human Resources
ICT	Information and Communications Technology
LPMM	Lincoln Project Management Model
MTFS	Medium Term Financial Strategy
PIMS	Performance Information Management System
PIR	Post Implementation Review
TFS	Towards Financial Sustainability
Vision 2020	The council's strategic plan 2017-20
Vision 2025	The council's strategic plan 2020-25

AAA FITCH RATING

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

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The modifier "+" or "-", may be appended to the rating to denote relative status within the category.

A FITCH RATING

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

ACCOUNTING PERIOD

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

ASSET

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

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

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

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

BORROWING

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CLAW-BACK

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONSISTENCY

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

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

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

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

DEFERRED CHARGES

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

DEFINED BENEFIT PENSION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS (PENSIONS)

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

EQUITY

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

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FAIR VALUE INPUT LEVELS

Basis for recurring fair value measurements:

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

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount in the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NET BOOK VALUE

The amount at which assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services

NON-OPERATIONAL ASSETS

Assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWL B)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Code requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date, which should be accounted for.

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SUBJECT:	FINANCIAL PERFORMANCE – QUARTERLY MONITORING
DIRECTORATE:	CHIEF EXECUTIVE
LEAD OFFICER:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

1.1 To present to the Executive the second quarter’s performance (up to 30th September), specifically including the financial impact of the Covid19 pandemic, on the Council’s:

- General Fund
- Housing Revenue Account
- Housing Repairs Service
- Capital Programmes

1.2 Financial Procedure Rules require members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report is designed to meet this requirement.

2. Executive Summary

2.1 This report covers the General Fund Revenue, Housing Revenue Account budgets and Investment Programmes for the current financial year. It sets out the estimated impact on the budget of the COVID19 pandemic following the application of the budget revisions, approved at Q1, in order to maintain a balanced budget for 2020/21. The applied budget changes are temporary changes for this financial year; the impact on future years budgets and the MTFS are considered in a separate report.

2.2 COVID19 has taken its toll on the financial resilience of the Council as income streams have plummeted and there has been a requirement to incur costs to ensure services are being provided throughout this difficult period and to respond to consequences of the pandemic. The impacts of this are not simply restricted to the current financial year but will have a significant impact over the period of the current MTFS and possibly beyond. In terms of the current financial year, 2020/21, the key challenges faced are in respect of:

- Exceptional costs of dealing with Covid19 and increased service demand
- Loss of income

The cumulative impact of these challenges has resulted in significant shortfalls on the General Fund and on the Housing Revenue Account prior to the offset of any Government funding.

- 2.3 In response to calls from the sector the Government have allocated a total of £4.6bn of general purpose grant funding to support local authorities to cover expenditure related pressures and announced an income compensation scheme to recompense councils for approx. 75p in every £1 of lost sales, fees and charges income. To date the Council has received funding support of £1.877m for COVID19 related pressures and is forecasting to receive c£2.980m through the income compensation scheme. There has however been no additional financial support provided to the Housing Revenue Account.
- 2.4 Despite this financial support package announced by the Government the General Fund and HRA cannot absorb the level of budget shortfalls without having to take some measures to reduce some areas of expenditure. This decisive action taken by the Council, approved at Q1, has allowed the Council to be able to continue to deliver its critical services in 2020/21 and to ensure it's balances remain at an adequate level to provide resilience for future years.
- 2.5 Based on a significant number of planning variables, and after offsetting the government funding support package and measures taken to address the budget pressures, as at the end of the second quarter (up to 30th September), the forecast financial position of the Council for 2020/21 is:

	2020/21		
	Budget £'000	Forecast @ Q2 £'000	Variance @ Q2 £'000
Revenue Accounts			
General Fund – Contribution to/(from) balances	286	102	184
Housing Revenue Account (HRA) (Surplus)/Deficit in year	75	(404)	(479)
Housing Repairs Service	0	(169)	(169)

Capital Programmes				
General Investment Programme		16,430	11,104	(5,326)
Housing Investment Programme		28,505	22,286	(7,038)

Reserves & Balances				
General Fund Balances		2,522	2,338	184

HRA Balances	921	1,400	(479)
HRS Balances	127	127	0
General Fund Earmarked Reserves	6,513	6,342	171
HRA Earmarked Reserves	1,403	1,270	133

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

3. General Fund Revenue Account

3.1 For 2020/21 the Council's net General Fund revenue budget was set at £12,963,220, including a planned contribution from balances of £286,310 (resulting in an estimated level of general balances at the year-end of £2,522,188, after allowing for the 2019/20 outturn position).

3.2 The General Fund Summary is currently projecting a forecast budget shortfall of £183,968 (appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,338,220 (subject to any final contributions to earmarked reserves). There are a significant number of forecast year-end variations in income and expenditure against the approved budget, primarily as a result of Covid-19 along with variances arising from measures taken to address the budget pressures and the financial support provided by Government. Full details of the main variances are provided in appendix B while the table below sets out the key variances:

	Forecast £'000
Increased expenditure arising as a result of Covid19	615
Income losses as a result of Covid19	6,341
Income Compensation Scheme	(2,980)
Government Grants (Covid19, Rough Sleeping, New Burdens, Test & Trace support. Re-Opening High Street & Compliance & Enforcement).	(2,276)
Measures approved at Q1 (budget review, furlough, review of capital, increased TFS)	(1,898)
Contribution to earmarked reserves of Tranche 4 of Covid funding	622
Coronavirus Job Retention Scheme (in addition to Q1)	(50)
2020/21 national pay award implications	110
Net other variances	(300)
Overall forecast budget shortfall	184

3.3 The following paragraphs, 3.4 – 3.8 set out further detail on the key financial challenges arising as result of Covid19 that the Council is facing in 2020/21.

3.4 **Exceptional costs of dealing with Covid19 and increased service demand**

In response to the emergency situation arising in March 2020, the Council has had to adjust its service provision to meet the needs of its users and residents as well as establish new services/responses cells and meet increased costs through contractual arrangements. This has increased costs across of a range of services including:

- **Setting up the Civic Society (including the befriending service) and Business Support Cells** – these support cells saw; the establishment of a community help phone line to provide signposting support e.g. to community support and referrals to foodbanks; the establishment of a befriending service to prevent feelings of loneliness; and the provision of supporting to businesses impacted by COVID19 by awarding grant funding to all eligible businesses in accordance with the Government schemes.
- **Moving rough sleepers into temporary accommodation** – early on in the pandemic all local authorities were asked to house all rough sleepers in appropriate temporary accommodation. Although an element of these costs are reclaimable though Housing Benefit there is still a cost to the Council of providing the accommodation as well as the provision of furniture, food and cleaning services.
- **Provision of PPE and COVID secure status for Council services and buildings** – during the national lockdown, although the significant majority of Council officers were able to continue to deliver services from their homes there were still a number of service areas where this was not possible, in these such circumstances the Council had to ensure that sufficient measures were in place to protect both the officers as well as service users. In addition, as services recover and Council buildings are re-opened the Council must ensure that these meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc.
- **Requirements under existing contracts for services** – in some cases the Council has contractual arrangements in place which allow for a profit share with its partners, these agreements also provide for the sharing of any losses incurred, e.g. the Council is required to share in losses of income of its leisure provider.
- **Increased demand on the Revenues and Benefits Service** – the service has seen a significant increase in the number of both new and change in circumstances claims for Housing Benefits as well as a large increase in the number of new Local Council Tax Support scheme claims.
- **Increased demand on Licensing and Health & Safety Teams** – both service areas have supported the recovery phase including the re-opening of retail, hospitality and leisure services as well as providing support to local test and trace and outbreak planning services.

- **Other costs** – in addition to the key areas of increased costs set out above there have also been a number of other costs incurred in order to keep services running and respond to service pressures e.g. increased fly tipping.

3.5 In total the estimated cost in supporting the response to the emergency situation and recovery phase, as well as meeting rising demand for some services is currently estimated to be £0.609m in the General Fund.

3.6 **Income losses**

The most significant impact of Covid19 has been on the Council's income streams with monthly income levels plummeting across a range of discretionary services as well as through investments and rental streams, as a result of the shutdown of the economy and its likely phased path to recovery. The Council's reliance on local income streams has increased significantly in recent years as Government funding has reduced through austerity measures and new funding mechanisms have been introduced resulting in the Council having to be more self-sufficient and secure its own funding sources. Prior to the implement of new funding mechanisms in 2013 less than 20% of the Council's funding sources were subject to any level of volatility, for 2020/21 90% is now subject to volatility and emphasises the financial risk that the Council faces from its income streams.

3.7 The most significant of income losses has been:

- **Car parking** – as a result of the lockdown measures that were imposed in March people were staying at home except for essential journeys, and key workers who have had to use their cars have been given free parking. This has had a profound effect on carpark usage with income down by 97% in April and May resulting in a loss of income against budget of £1.038m. Although the retail sector re-opened mid-June with the hospitality and leisure sectors following in July and August income levels are still significantly below budgeted levels with losses of a further £1.073m in June - September. A further national lockdown will further exacerbate the losses, and beyond this income levels cannot be forecasted to return to normal levels, as a result of both ongoing changes in peoples habits and their concerns about 'going out'; and changing business operations e.g. a number of large local employers are advising their workforces to work at home for the foreseeable future. Based on a range of assumptions it is anticipated that further income losses of £1.739m can be expected during the second half of the year, taking total forecasted losses to £3.850m
- **Development Management, Land Charges & Building Control** – income levels for these service areas have fallen by 40% over the first two quarters and are estimated to remain at around 60% of normal levels for the remainder of the year. The recovery of this income source will be dependent on the local economy and how it responds to the current financial climate and whether the housing and development market is able to return to its pre-COVID levels or whether the impending recession will dampen growth, as well as the length and impact of the second national lockdown.

- **Leisure, Recreation & Tourism** – as a result of lockdown measures the majority of our facilities in this area were closed at the end of March. This covers our recreation grounds, Hartsholme Country Park campsite and activities programme, our community centres and Tourist Information Centres. Whilst some of these services re-opened for a period of time, others remain closed for now.
- **Christmas Market** – Following the decision to not hold a Christmas Market in 2020 the Council will suffer income losses of £651,200, however these losses are offset by a reduction in costs incurred of £603,930, a net loss of income of £47,270.
- **Commercial Rents** – COVID19 has had a significant impact on many of the businesses in premises owned by the Council. The majority of them were initially required to close, had then re-opened and begun adapted to a new operating environment and now face prospect of further closures. Whilst the Government has provided a package of financial support for 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 be unable to pay their rent in full this year. The Council has been supporting its tenants who are experiencing financial difficulties and signposting them to the relevant Government support however in some circumstances it has been agreed that rental payments can be deferred and repaid over the course of the financial year. Despite all of this support it is inevitable that some businesses will look to terminate their leases, some may fall into administration and others will look to use options such as Company Voluntary Agreements. Total losses of £0.698m are predicated over the year, a total loss of income of approx. 28% of the rental yield.
- **Treasury Management** – following the drop in interest rates on 19th March 2020 to 0.1% the level of investment interest earned by the Council is set to reduce. Although a number of fixed term deposits are currently in place as these expire during the course of the year the level of interest earned on new investments will fall away.
- **Court Cost charges** – as a result of the closure of the Court service the Council has been unable to progress on Council Tax and Business Rate arrears through the court system and has subsequently not generated fees payable by the taxpayer in addition to the arrears.
- **Other income areas** – in addition to the key income areas set out above the Council is also experiencing income losses through licensing fees, public conveniences which are either closed or being offered free of charge, bus station departure charges due to a reduction in bus services and the non-issuing for enforcement fines in the City Centre.

3.8 The table below set out the losses incurred during quarter one and two of 2020/21 along with estimates, based on a 'most likely scenario' of what the income losses are forecasted to be over the remainder of the year. Although based on a set of

planning assumptions the accuracy of these estimates will ultimately be impacted by the length of the phased recovery period and the local and national economies ability to recover. It is expected that some of this lost income will be impaired permanently and will never recover to previous levels. Actual income continues to be closely monitored alongside performance/usage information (this figures are gross income losses prior to compensation through MHCLG).

Income Area	2020/21 Budget	Income Loss Q2	Forecast Income Loss Q3-Q4	2020/21 Total Forecast Income Loss
	£'000	£'000	£'000	£'000
Car Parks	5,996	2,111	1,739	3,850
Hartsholme Country Park	75	36	13	49
Leisure Services	85	35	35	70
Community Centres & Rec Grounds	81	41	41	81
Visitor Information Centre	146	58	57	115
Development Management	420	86	124	210
Land Charges	127	26	16	42
Building Control	211	38	34	71
Licensing	126	10	1	11
Hackney Carriages & Private Hire	122	19	4	23
Enforcement Officer	25	12	12	24
Public Conveniences	32	10	6	16
Fairs & Circuses	18	9	9	18
Events	651	0	651	651
Bus Station	133	28	26	54
Markets	219	21	26	47
Lincoln Properties	1,988	287	309	596
The Terrace	272	27	28	55
Court Cost Income - CT	310	155	155	310
Treasury Investment Income	89	0	49	49
Total Income at risk	11,127	3,006	3,335	6,341

3.9 MHCLG Financial Support

Financial support received from the Government has been provided through a package of measures:

- £4.6bn of un-ringfenced funding to respond to spending pressures – from this allocation of funding the Council has received three allocations totalling £1,876,803.
- An income compensation scheme recognising the unprecedented impact the pandemic has had on councils' income the government is introducing a scheme to compensate them for these losses. The new income loss scheme will involve a 5% deductible rate, whereby

councils will pay the first 5% of all lost planned sales, fees and charges income, with the government compensating them for 75p in every pound of net loss (after deducting expenditure saving and other funding e.g. CRJS) thereafter. Although commercial and investment income is specifically excluded from the scheme the Council estimates that c£2.980m of lost income will be compensated for.

- Targeted grants in relation to specific costs pressures and new burdens arising during Covid19, for the Council these include:
 - New Burdens: Business Support Grants - £130,000
 - Rough Sleepers - £82,276
 - Test & Trace (ringfenced) - £41,383 (currently allocated in line with expenditure, total available £100k).
 - Re-Opening High Streets Safely (ringfenced) - £87,816
 - Compliance and Enforcement (ringfenced) - £58,022

The total of this package of financial support is currently estimated to be £5.256m which still leaves the General Fund facing a budget shortfall of £1.7m, prior to the offset of any expenditure savings arising as a result of Covid19.

3.10 Measures to address budget shortfall

As the General Fund could not absorb this level of budget shortfall a range of measures aimed at reducing expenditure in the current financial year were approved at Q1, these included:

- **Budget Review** – A review of all of the Council’s revenue budgets undertaken to identify one off budget reductions.
- **Coronavirus Job Retention Scheme** – a range of staff from primarily income generating areas were placed on furlough.
- **Towards Financial Sustainability** – in the year savings programme target was increased.
- **Direct Revenue Finance (DRF)** – a review of capital financing was undertaken.
- **Covid19 Reserve** – monies allocated as part of the 19/20 closedown process and held in an earmarked reserve.

The total of these measures amounted to £2.194m, although as a result of further government grant allocations the use of the Covid19 reserve is not currently required in 2020/21, resulting in measures totalling £1.898m.

- 3.11 As a result of the decisive action taken by the Council during the initial response to the pandemic, these effect of these measures now currently exceed the forecasted in-year shortfall of Covid income losses/expenditure pressures of £1.7m. In addition, the General Fund is forecasting further overspends in a number of services due to the pro-longed recovery period and further lockdowns. It is therefore proposed that the latest tranche of MHCLG Covid19 un-ringfenced grant support is allocated to the Covid Recovery Reserve to support the financial pressures in future years that will arise from the legacy of Covid. However, as the forecast budget shortfalls are based on a number of planning assumptions which

will no doubt change over the course of the next 6 months dependent on national or local lockdowns and subsequent recovery periods, this proposed allocation to reserves will still be subject to the final outturn position.

3.12 Although the measures taken were primarily one-off opportunities and not ongoing reductions in services they will still, in some circumstances, reduce service standards and performance during 2020/21 as recruitment activity has been restricted, expenditure budgets have been reduced and staff were placed on furlough for period of time.

3.13 Contributions from Earmarked Reserves

Included in the forecast outturn of £0.184m are a number of proposed additional contributions to and from earmarked reserves that are required, as follows:

Directorate	Reserve	Amount £
CX	Invest to Save Reserve – Travelodge Valuation Fees	5,000
CX	Vision 2025 – The Harlequin – Steep Hill & Michaelgate	6,440
DCE	2019/20 Cfwd Reserve – Housing Regeneration Agency funding	15,000
DCE	Invest to Save Reserve – Drill Hall SLA (as per Executive 15.10.20)	68,774
	Total additional reserve contribution required:	95,214

Further details of the General Fund earmarked reserves are set out in paragraph 6 and Appendix G.

4. Housing Revenue Account

4.1 For 2020/21 the Council’s Housing Revenue Account (HRA) net revenue budget was set at a £75,000 use of balances, resulting in an estimated level of general balances at the year-end of £921,071, after allowing for the 2019/20 outturn position.

4.2 The HRA is currently projecting an in-year variance of a £479,378 underspend, which would increase the General Balances to £1,400,449 at the end of 2020/21.

4.3 Although the forecast position is an underspend there are a number of forecast year-end variations in income and expenditure as a result of Covid19 along with variances arising from measures taken to address the budget pressures. Full details of the main variances are provided in Appendix D while the table below sets out the key variances:

	Forecast £'000
Increased expenditure arising as a result of Covid19	117
Income losses as a result of Covid19	446
Earmarked reserve to fund new Rent Hardship Fund	(100)
Reduced repairs and maintenance expenditure	(229)
Measures approved at Q1 (budget review, furlough)	(370)
Coronavirus Job Retention Scheme (in addition to Q1)	(52)
2020/21 national pay award implications	46
Increased rental income arising from Buy-Backs	(181)
HRS Repatriation	(66)
Net other variances	(90)
Overall forecast budget surplus	(479)

4.4 The following paragraphs, 4.5 – 4.6 set out further detail on the key financial challenges arising as result of Covid19 that the Council is facing in 2020/21.

4.5 **Exceptional costs of dealing with Covid19**

In response to the emergency situation arising in March 2020, the Council has had to adjust its service provision in order to meet the needs of its tenants. This has increased costs as follows:

- **Establishment of Housing Rent Hardship Fund** – in support of the existing Discretionary Housing Payments scheme the Council established an additional hardship fund specifically for Council tenants who were experiencing problems with meeting their housing rent payments.
- **Provision of PPE and COVID secure status for HRA services and buildings** – during the national lockdown, although the significant majority of Council officers were able to continue to deliver services from their homes there were still a number of service areas where this was not possible, in these such circumstances the Council had to ensure that sufficient measures were in place to protect both the officers as well as service users. In addition as services recover and Council buildings are re-opened the Council must ensure that these meet the COVID secure status which has required additional cleaning regimes, physical changes to public spaces, signage etc

4.6 The more significant pressure facing the HRA is in relation to its income streams, primarily it's housing rent income, as follows:

- **Housing Rents** – in order to provide assistance to the Council's housing rent payers the Council undertook a number of positive actions by moving the 2-week rent free period usually awarded in December to the beginning of April as well as establishing a specific hardship fund. These positive actions helped in keeping rent arrears in a positive position. However, as the impact of these measures has already been applied and as the

financial impacts in the economy begin to take effect it is estimated that the level of rent arrears will increase to around £1.2m-£1.5m by the end of March 2021 (from £0.825m at March 2020). Whilst a provision for bad debts is maintained this increase in arrears will require additional contributions to the provision of approx. £375,000. The Council will though continue to support its housing tenants with the aim of keeping arrears as low as possible.

- **Housing Voids** – during the period of lockdown it was not possible to re-let a number of void properties in the Council's housing stock resulting in a loss of rental income. As the restrictions of lockdown are reducing the Council is still experiencing a higher than average level of voids just to social distance measures in place increasing the amount of time that it takes for newly void properties to be prepared for re-letting.
- **Treasury Management** – following the drop in interest rates on 19th March 2020 to 0.1% the level of investment interest earned by the Council is set to reduce. Although a number of fixed term deposits are currently in place as these expire during the course of the year the level of interest earned on new investments will fall away.
- **Court Cost charges** – as a result of the closure of the Court service the Council has been unable to progress on Housing Rent arrears through the court system and has subsequently not generated fees payable by the rent payer in addition to the arrears.

4.7 As per the General Fund, the HRA could not absorb this level of budget shortfall without a range of measures aimed at reducing expenditure in the current year. The measures taken to ensure the HRA maintains a balanced budget for 2020/21 were similar to those in the General Fund and are summarised as follows:

- **Budget Review** – A review of all of the Council's revenue budgets undertaken to identify one off budget reductions.
- **Coronavirus Job Retention Scheme** – a range of staff from primarily income generating areas were placed on furlough.
- **Savings through Repairs and Maintenance** – further savings in addition to the budget review.
- **Earmarked Reserves** - When announcing the Rent Hardship Fund, as set out above, funding for the initiative was agreed from a specific earmarked reserve.

4.8 As a result of the decisive action taken by the Council at the start of the pandemic the total of these measures along with other income and expenditure variances in year have resulted in the HRA currently forecasting a budget underspend at the year end. As with the General Fund there are a number of financial assumptions which may change during the course of the next 6 months and could reduce the current forecast position. At this point it is therefore proposed that the use of the earmarked reserve to resource the Rent Hardship is reviewed following

the final outturn position and in addition that the underspend on repairs and maintenance is considered for allocation, subject to the final outturn position.

5. Housing Repairs Service

- 5.1 For 2020/21 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2 At quarter 2 HRS are forecasting a surplus of £169,909 in 2020/21 (appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F.

6. Earmarked Reserves

- 6.1 The details of all the earmarked reserves and their forecast balance as at 31st March 2021 are attached in Appendix G. In summary:

	Opening Balance	Contribution	Actuals Q1-Q2	Forecast Q3-Q4	Forecast Balance
	01/04/20				31/03/21
	£'000	£'000	£'000	£'000	£'000
General Fund	6,513	(460)	(300)	589	6,342
HRA	1,403	(34)	-	(100)	1,270
Capital Resources	19,490	(8,372)	1,385	(8,372)	11,118

7. Capital Programme

7.1 General Investment Programme

- 7.2 The original General Investment Programme for 2020/21 in the MTF5 2020-25 amounted to £15.586m. This was increased to £16.430m following quarter 4 approvals and year end re-profiles from 2019/20. There were no changes to the programme at quarter 1. At quarter 2 the programme has been reduced by £5.326m to £11.104m, as shown below.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	16,430	3,699	740	508	500
Budget changes Approved by CFO Q2	(6,625)	6,821	0	0	0
Budget Changes for Approval by Exec Q2	1,299	450	420	440	0
Revised Budget	11,104	10,970	1,160	948	500

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 following budget changes/re-profiles were approved by the Chief Finance Officer during the second quarter:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Flood alleviation scheme - Hartsholme Park	(10)	10	0	0	0
Central Markets	(263)	263	0	0	0
Western Growth Corridor (Phase 1 Development)	(6,313)	6,313	0	0	0
Deacon Road	(12)	0	0	0	0
Capital Contingencies	(27)	0	0	0	0
Compulsory Purchase orders (from 19/20)	0	235	0	0	0
	(6,625)	6,821	0	0	0

7.4 There are no changes that require Executive approval for the second quarter

7.5 New projects agreed at Capital Programme Group are then subject to Executive Approval.

During the second quarter the following were considered and approved by Executive:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Heritage Action Zone (Exec approval 27/07/20)	260	450	420	440	0
Town's Fund (Exec approval 26/10/20)	1,000	0	0	0	0
Brayford Viewing Platform (Delegate approval 6/10/20)	39	0	0	0	0
	1,299	450	420	440	0

7.6 The table below provides a summary of the projected outturn position for the General Investment Programme:

	2020-21 Budget following Q1 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Investment	50	50	50	0
Communities & Environment	2,657	2,907	2,907	0
Chief Executive	709	736	736	0
Major Developments	7,577	2,000	2,000	0
Total Active Schemes	10,993	5,693	5,693	0
Schemes on Hold/Contingencies	5,437	5,411	5,411	0
Total Capital Programme	16,430	11,104	11,104	0

7.7 The overall spending on the General Investment Programme for the first and second quarter is £0.58m, which is 5.2% of the 2020/21 programme and 10% of the active programme. This is detailed further at Appendix J.

Although this appears to be a relatively low percentage of expenditure at this stage of the financial year, quarter 1 was constrained by the national lockdown as well as the diversion of internal resources to focus on the Covid19. During quarter 2 the majority of schemes recommenced either on site or in terms of their development stages, however it is likely that a number of schemes will not be complete by their original targets and that budgets will have to be re-profiled further.

7.8 Housing Investment Programme

7.9 The original Housing Investment Programme for 2020/21 in the MTFs 2020-25 amounted to £25.640m. This was increased to £28.505m following approvals and year end re-profiles as part of the 2019/20 outturn. This was been further adjusted to £29.324m during the first quarter of 2020/21 and adjusted to £22.286m during quarter 2. A summary of the changes are shown below:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	29,324	17,638	14,537	10,567	10,769
Budget changes Approved by CFO Q2	(6,660)	0	0	0	0
Budget Changes to be Approved by Exec Q2	(377)	3,824	350	815	0
Revised Budget	22,286	21,462	14,887	11,382	10,769

7.10 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. Changes approved by the Chief Finance Officer during the second quarter were:

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
	£'000	£'000	£'000	£'000
New Build Programme 70% Match funding	0	0	0	(273)
New Build Programme (141 eligible)	0	0	0	(117)
New Build- De Wint Court	9,326	(4,344)	4,983	4,344
Western Growth Corridor	1,260	(1,250)	10	1,250
Property Acquisitions	4,377	390	4,767	0
New Build Programme	14,963	(5,203)	9,760	5,203
<u>Decent Homes</u>				
Bathrooms & WC's	456	(190)	266	190
Thermal Comfort Works	100	(70)	30	70
Structural Defects	102	(50)	52	50
Door Replacement	808	(200)	608	200
New services	38	(10)	288	0
Total Decent Homes	1,505	(520)	985	510
<u>Lincoln Standard</u>				
Over bath showers (10 year programme)	292	(92)	200	92
Total Lincoln Standard	292	(91)	200	92
<u>Health & Safety</u>				
Replacement Door Entry Systems	106	(50)	56	50
Renew stair structure	43	(43)	0	43
Total Health & Safety	149	(93)	56	93
<u>Other</u>				
Environmental new works	1,193	(693)	500	693
Garages	139	(50)	89	50
Communal TV Aerials	31	(10)	21	10
Total Other	1,362	(753)	609	753

Total budget movements approved by CFO	18,270	(6,660)	11,609	6,650
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*Indicates budget has been reduced and returned to available resources

7.11 The following changes require Executive approval for the second quarter:

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
	£'000	£'000	£'000	£'000
<u>Decent Homes</u>				
*Kitchen Improvements	661	(200)	461	0
*Re-roofing	296	(100)	196	0
*Lincoln Standard Windows Replacement	677	(77)	600	0
Total budget movements to be approved by Executive	1,635	(377)	1,258	0

*Indicates budget has been reduced and returned to available resources

7.12 New projects agreed at Capital Programme Group are subject to Executive Approval.

There were no new projects approved by the Executive during the second quarter.

7.13 The table below provides a summary of the 2020/21 projected outturn position:

	20/21 Budget following Q1 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Decent Homes/ Lincoln Standard	6,802	5,813	5,813	0
Health and Safety	562	470	470	0
Contingent Major Repairs/ Works	500	500	500	0
New Build Programme	19,328	14,124	14,124	0
Land Acquisition Fund	95	95	95	0
Other Schemes	1,516	763	763	0
Computer Fund	521	521	521	0
Total Capital Programme	29,324	22,286	22,286	0

- 7.14 Expenditure against the HIP budget during the second quarter was £6.69m, which is 30% of the revised programme. A further £1.051m has been spent as at the end of October 2020. The expenditure is detailed further at Appendix L.

Although this is a lower percentage than would be expected at this stage of the financial year, quarter 1 was constrained by the national lockdown as well as the diversion of internal resources to focus on the Covid19. The majority of schemes have now recommenced either on site or in terms of their development stages, some schemes have been reprofiled into future years however it is likely further schemes will need re-profiling at quarter 3.

8. Strategic Priorities

- 8.1 The MTFs underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. Vision 2025 identifies the Council's strategic priorities, setting the vision and direction for the council and the city for the next five years. The proposals in this report allow the Council to maintain a balanced budget position in 2020/21 in order that we can continue to deliver services in support of Vision 2025.

9. Resource Implications

- 9.1 The financial implications are contained throughout the report.

Under the Local Government Act 2003 the Chief Finance Officer (S151 Officer) is required to give Council an opinion on the robustness of the budget estimates and the adequacy of reserves. Although there remains some uncertainty around the latest budget estimates based on the information to date on income and expenditure it is evident that without a number of measures being taken the Council would face a significant budget shortfall, even after Government funding.

General Balances, on both the General Fund and HRA, are the only resource not ear-marked to a particular future need. The prudent minimum level of balance that should be maintained on the General Fund is between £1.5m-£2m and £1m-£1.5m on the HRA. Based on the latest forecasts of income and expenditure and measures to be applied the level of balances in 2020/21 will be maintained within these ranges.

Although the primary focus of this report has been to set out the financial challenges being faced in the current financial year and the measures actioned to mitigate the budget shortfalls, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges, as they are currently assessed, have been addressed. Beyond 2020/21 the Council is set to face ongoing reductions in resources and increased service costs from the legacy of impacts of Covid19. The combined potential impact in future is possibly greater than that experienced in 2020/21 and will require ongoing reductions in the net cost base in order to live within a significantly reduced resources envelope.

A report updating the financial planning assumptions for the Budget 2021/22 and MTF5 2021-2026 will be presented to the Executive on 23rd November 2020. Work also continues on a TFS Phase 7 programme aimed at delivering a significantly higher savings target which will be required to ensure the longer term sustainability of the MTF5.

9.2 Legal Implications including Procurement Rules

There are no legal implications arising from this report.

9.3 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

10. Risk Implications

- 10.1 As set out in the report the measures actioned to maintain a balanced budget position in 2020/21 are primarily one-off opportunities and not ongoing reductions in services. However, they will still, in some circumstances limit service standards and performance during 2020/21 as recruitment has been restricted, expenditure budgets have been reduced and staff were furloughed. These interventions are not all 'easy wins' and will have implications for the Council both now and in future years.

11. Recommendations

Executive are recommended to:

- 11.1 Note the financial performance for the period 1st July to 30th September 2020, the projected outturns for 2020/21, and the impact of Covid19 on the Council's financial position.
- 11.2 Assess the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and appendix B), 4.3 (and appendix D), and 5.2 (and appendix F).
- 11.3 Approve the proposed contribution to earmarked reserves as set out in paragraph 3.11.
- 11.4 Approve the proposed contributions from earmarked reserves as set out in paragraph 3.13.

11.5 Review the changes to the General Fund Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraph 7.3 and 7.10 respectively.

11.6 Approve the changes to the Housing Investment Programme as detailed in paragraphs 7.11.

11.7 Consider any specific recommendations to be referred to the Executive when considering this report.

Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? Eleven

List of Background Papers: MTFS 2020-2025

Lead Officer: Jaclyn Gibson, Chief Finance Officer
Telephone (01522) 873258

GENERAL FUND SUMMARY - AS AT 30 SEPTEMBER 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Strategic Development	A	1,653	1,754	101
Chief Finance Officer (S. 151)	B	(698)	373	1,071
City Solicitor	C	1,450	1,399	(51)
Housing	D	902	929	27
Growth & Regeneration	E	0	0	0
Director of Major Developments	F	480	486	6
Communities and Street Scene	G	3,538	7,487	3,949
Health & Environmental Services	H	5	430	425
Planning	I	890	1,137	247
		8,220	13,975	5,755
Corporate Expenditure	J	1,817	1,737	(80)
TOTAL SERVICE EXPENDITURE		10,037	15,702	5,665
Capital Accounting Adjustment	K	3,038	3,045	7
Specific Grants	L	(771)	(2,648)	(1,877)
Contingencies	M	1,313	(2,950)	(4,264)
Savings Targets	N	(193)	(193)	0
Earmarked Reserves	O	(793)	(171)	622
Insurance Reserve	P	45	45	0
TOTAL EXPENDITURE		12,677	12,861	184
CONTRIBUTION TO BALANCES		286	102	(184)
NET REQUIREMENT		12,963	12,963	0
Retained Business Rates Income	Q	5,823	5,823	0
Tariff	R	0	0	0
Section 31 grant	S	0	0	0
Levy	T	0	0	0
Collection Fund surplus/ (deficit)	U	202	202	0
Revenue Support Grant	V	23	23	0
Council Tax	W	6,915	6,915	0
TOTAL RESOURCES		12,963	12,963	0

General Fund Forecast Variances - Quarter 2

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref		£	Reason for variance
	<u>Additional Expenditure</u>		
B	Buildings Cleaning/City Hall	49,860	Additional costs of enhanced cleaning regimes and other Covid secure buildings measures.
B	Property Management	60,910	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
D	Rough Sleeping	97,140	Costs incurred in ensuring all rough sleepers are provided accommodation as part of Covid-19 measures (net cost after offset of housing benefit).
D	Control Centre	32,170	Additional costs due to supplying digital equipment rather than analogue as a result of Covid restrictions.
H	Service Contracts	75,000	Contingency for any future claims arising from contractors in event of 2 nd wave/local lockdown.
H	Health & Safety	41,380	Additional staffing requirements to support testing, tracing, outbreak planning and support to businesses (offset by funding from Government)
H	Health & Safety	58,020	Additional costs incurred relation to compliance and enforcement (Covid marshalls) ((offset by Government grant).
G	City Services	87,820	Additional costs incurred in supporting the re-opening of the High Street and City Centre (offset by Government grant)
I	Corporate Services	35,000	Anticipated share of LGR Consultancy Fees and Investor Membership in Lincoln Business Improvement Group
M	Staffing Costs	110,000	Estimated additional cost of national 2.75% pay award in excess of budget assumption of 2%.
M	Annual vacancy savings target	72,680	Vacancy savings target, offset by vacancies within service areas.
	<u>Reduced Income</u>		
A	Land Charges	41,840	Anticipated shortfall in income due reduced demand during lockdown.

Ref		£	Reason for variance
B	The Terrace	54,830	Reduction in Rental & Fees & Charges income as a result of Covid-19 and lower occupancy levels (offset by reduced expenditure below).
B	Lincoln Properties	596,345	Reduction in rental income as a result of Covid, including impact of CVA for Travelodge.
B	Council Tax	310,200	Expected reduction in court cost income due to closure of courts as a result of Covid.
B	Treasury Investment Income	48,630	Expected reduction in interest received due to lower base rate.
F	Car Parks	3,849,920	Anticipated loss of income following Covid lockdown and ongoing impact of local economic recovery.
F	Bus Station	54,320	Reduction in departure fees due to reduction in the service levels during Covid and recovery period (offset by reduced expenditure below).
F	Hartsholme Country Park	49,160	Reduction of income due to park and camp site being closed during lockdown periods.
G	Enforcement Officer	24,420	Anticipated shortfall of income following Covid disruption.
G	Visitor Information Centre	114,500	Loss of income at VIC due to Covid closure and impact on footfall and tourism during recovery (see reduced expenditure below).
G	Markets	47,320	Reduction in stall licence fee income as a result of Covid and lower occupancy levels.
G	Xmas Market	651,200	Loss of income from cancellation of 2020 Xmas Market (see reduced expenditure below).
G	Yarborough/Birchwood Leisure Centres	70,030	Loss of swimming and pitch income due to closure of centres during to lockdown and ongoing impact of social distancing.
G	Community Centre & Recreational Grounds	81,030	Loss of income due to ongoing closure of centres and reduction in demand at recreational grounds (see reduced expenditure below).
H	Building Control	71,060	Fees and charges losses anticipated following Covid and subsequent impact on local economy and market conditions.
H	Development Control	210,000	Fees and charges losses anticipated following Covid and subsequent impact on local economy and local development.

Reduced Expenditure

Ref		£	Reason for variance
L	Contingencies – Budget measures taken Q1	(1,168,170)	A combination of all the budgets measures approved at Q1 to offset the income and expenditure pressures as a result of the national lockdown and subsequent recovery period.
B	The Terrace	(44,040)	Underspend on Direct Business Rates and Utilities as a result of lower occupancy levels due to the ongoing impact of covid restrictions (offsets income losses above, net effect £10,790).
C	Civic	(25,110)	Underspend due to a reduction in Civic activities as a result of ongoing Covid restrictions.
C	Municipal Elections	(30,000)	Underspend due to the postponement of the Elections until May 2021 as a result of Covid restrictions.
F	Bus Station	(50,750)	Underspend on repairs and maintenance requirements, potential to contribute to Bus Station Sinking Fund subject to year-end outturn.
G	Xmas Market	(601,730)	Savings arising from non-delivery of 2020 Christmas Market (offsets income losses above, net effect £49,470).
G	Community Centre & Recreational Grounds	(26,990)	Underspend on utilities & cleaning costs due to ongoing closure of centres and reduction in demand at recreational grounds (offsets income losses above, net effect £52,250).
G	Visitor Information Centre	(23,420)	Reduced costs at VIC due to Covid closure and impact on footfall and tourism during recovery (offsets income losses above, net effect £82,580).
H	Development Control	(28,470)	Vacancy savings, not identified during budget review (will offset against vacancy savings target)
<u>Additional Income</u>			
H	Health & Safety	(58,020)	Ring fenced Government grant for Local Authority Compliance and Enforcement.
G	City Services	(87,820)	Ring fenced Government grant for Reopening High Streets Safely Fund.
G	Health & Safety	(41,380)	Additional funding to resource staffing requirements to support testing, tracing, outbreak planning and support to businesses.

Ref		£	Reason for variance
I	Corporate Services	(130,000)	New Burdens funding to compensate for work associated with administering the business support grants.
L	Contingencies – Income	(38,630)	No asset sales anticipated in year with income losses.
L	Contingencies – Job Retention Scheme	(50,440)	Anticipated funding through access to Job Retention Scheme, income relates to August and September claims (previous months included in Q1 measures).
L	Contingencies – Income Compensation Scheme	(2,980,000)	Estimate of income losses arising as result of Covid to be compensated for through government scheme. Net income losses, after a 5% deductible and offset for savings arising during period, are compensated for a 75p for each £1 loss.
L	Government Grant	(1,876,800) 622,107	Government funding to offset local authority expenditure pressures arising due to Covid-19. (Tranche 4 £622,107 to be contributed to earmarked reserves).
L	Government Grant	(82,276)	Grant received in respect of increased rough sleeping costs as a result of Covid-19 measures (additional expenditure set out above)

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 30 SEPTEMBER 2020

	Ref	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Gross Rental Income	A	(28,666)	(28,699)	(32)
Charges for Services & Facilities	B	(306)	(298)	7
Contribn towards Expenditure	C	(50)	(40)	10
Repairs & Maintenance	D	8,959	8,731	(229)
Supervision & Management:	E	6,860	6,899	38
Rents, Rates and Other Premises	F	95	94	(1)
Increase in Bad Debt Provisions	G	297	672	375
Insurance Claims Contingency	H	106	106	0
Contingencies	I	452	(56)	(504)
Depreciation	J	6,637	6,637	0
Debt Management Expenses	K	12	12	0
HRS Trading (Surplus) / Deficit	L	(104)	(170)	(66)
Net Cost of Service	M	(5,707)	(6,109)	(402)
Loan Charges Interest	N	2,530	2,530	0
Investment/Mortgage Interest	O	(43)	(20)	23
Net Operating Inc/Exp		(3,219)	(3,599)	(379)
Major Repairs Reserve Adjustment	P	3,184	3,184	0
Transfers to/from reserves	Q	111	11	(100)
(Surplus)/Deficit in Year		75	(404)	(479)

Housing Revenue Account Variances - Quarter 2

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref		£	Reason for variance
	<u>Reduced Expenditure</u>		
I	Contingencies – Budget Measures taken Q1	(369,835)	A combination of all the budgets measures approved at Q1 to offset the income and expenditure pressures as a result of the national lockdown and subsequent recovery period.
I	Towards Financial Sustainability Programme	(43,050)	Savings attributable to the HRA and HRS arising from savings reviews undertaken in the General Fund as part of the TFS programme.
I	Contingencies – Job Retention Scheme	(52,490)	Anticipated funding through access to Job Retention Scheme, income relates to August and September claims (previous months included in Q1 measures).
D	Repairs & Maintenance	(228,610)	External decoration & painting and asbestos survey savings incurred during lockdown and recovery period.
	<u>Increased Expenditure</u>		
O	Investment Interest	22,550	Expected reduction in interest received due to lower base rate.
H	Bad Debt Provision	374,460	Additional year end contribution forecasted due to anticipated increase in level of housing rent arising due to Covid19.
I	Staffing Costs	46,000	Estimated additional cost of national 2.75% pay award in excess of budget assumptions of 2%.
	<u>Increased Income</u>		
L	HRS Trading Surplus	(66,000)	Estimated surplus as at Q2 from trading activities, see HRS variances for further detail.
A	Gross Rental Income	(202,000)	Additional affordable and social rental income arising due to an increased number of property buybacks.
	<u>Reduced Income</u>		

Ref		£	Reason for variance
A	Dwelling Rents	49,000	Increase in void numbers during lockdown and increased length of time voids being re-let due to social distancing requirements resulting in lost rental income.

HOUSING REPAIRS SERVICE SUMMARY - AS AT 30 SEPTEMBER 2020

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Employees	3,222	3,055	(167)
Premises	40	40	0
Transport	760	782	22
Materials	1,415	1,415	0
Sub-Contractors	1,916	1,916	0
Supplies & Services	218	298	80
Central Support Charges	(137)	(241)	(104)
Capital Charges	0	0	0
Total Expenditure	7,434	7,265	(169)
Income	(7,434)	(7,434)	0
(Surplus)/Deficit	0	(169)	(169)

Housing Repairs Service Variances - Quarter 2

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

	£	Reason for Variance
<u>Reduced Spending</u>		
Towards Financial Sustainability Programme	(3,390)	Savings attributable to the HRS arising from savings reviews undertaken in the General Fund as part of the TFS programme.
Contingencies	(52,740)	Funding though access to the Job Retention Scheme for the period June – September.
Budget Review	(47,720)	A review of all revenue budgets, to identify one-off reductions arising as a result of lockdown and subsequent recovery period or budgets were expenditure can be deferred during the year. This includes any attributable savings arising in General Fund and HRA support services.
Employee Costs	(167,120)	Operative/labourer vacancies
<u>Increased Spending</u>		
Supplies & Services	79,195	Additional equipment hire costs.
Transport	21,865	Hire of additional truck and increased repairs.

EARMARKED RESERVES – Q2 MONITORING 2020/21

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q2 £'000	Forecast Q3-Q4 £'000	Forecast Balance 31/03/2021 £'000
General Fund					
Grants & Contributions	987	(140)	0	(80)	766
Budget Carry Forwards	90	0	(15)	(24)	52
Active Nation Bond	0	0	0	83	83
Air Quality Initiatives	5	6	0	0	11
Asset Improvement	4	0	0	0	4
Backdated Rent Review	0	0	0	0	0
Birchwood Leisure Centre	26	0	0	20	46
Boston Audit Contract	0	0	0	0	0
Business Rates Volatility	1,959	27	0	0	1,987
Christmas Decorations	14	0	0	0	14
City Hall Sinking Fund	60	0	0	0	60
Commons Parking	27	0	0	0	27
Corporate Training	45	0	0	0	45
Covid-19 Recovery	425	0	0	0	425
Covid-19 Response	354	0	0	622	1,047
Crem Income	0	0	0	0	0
DRF Unused	199	(167)	113	0	145
Electric Van replacement	15	4	0	0	19
Funding for Strategic Priorities	721	(276)	(272)	0	174
Income Volatility Reserve	0	0	0	0	0
Invest to Save (GF)	336	7	(83)	0	260
IT Reserve	94	29	0	0	124
Mayoral Car	27	0	0	0	27
Mercury Abatement	371	(54)	0	0	317
MSCP & Bus Station Sinking Fund	60	0	0	0	60
Organisational Development	0	0	0	0	0
Private Sector Stock Condition Survey	15	12	0	0	27
Property Searches	0	0	0	0	0
Revenues & Benefits Share Service	25	0	(25)	0	0
Section 106 Interest	32	0	0	0	32
Strategic Growth Reserve	57	0	0	0	57
Strategic Projects – Revenue Costs	131	(120)	(11)	0	0
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	106	20	0	(33)	93
Vision 2025	220	191	(6)	0	404
WGC Planning	100	0	0	0	100
Yarborough Leisure Centre	0	0	0	0	0
	6,513	(460)	(300)	589	6,342

Appendix G

	Revised Opening Balance 01/04/2020 £'000	Budgeted Contribution £'000	Actuals Q1-Q2 £'000	Forecast Q3-Q4 £'000	Forecast Balance 31/03/2021 £'000
HRA					
Capital Fees Equalisation	140	(30)	0	0	110
De Wint Court	73	0	0	0	73
Housing Business Plan (New)	0	77	0	0	77
Housing Repairs Service	126	0	0	0	126
HRA Repairs Account	579	(79)	0	0	500
Housing Strategic Priority	176	75	(100)	0	151
HRA Survey Works	54	(54)	0	0	0
Invest to Save (HRA)	133	0	0	0	133
Rent Hardship Fund (New)	0	0	100	(100)	0
Stock Retention Strategy	22	(22)	0	0	0
Strategic Growth Reserve	101	0	0	0	101
	1,403	(33)	0	(100)	1,270
Total Earmarked Reserves	7,916	(493)	(300)	489	7,612

CAPITAL RESOURCES – Q2 MONITORING 2020/21

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2020
	£'000	£'000	£'000	£'000
Capital Grants/Contributions	5,225	3,081	(8,164)	142
Capital receipts General Fund	801	0	(273)	528
Capital receipts HRA	1,065	400	(1,303)	162
Capital receipts 1-4-1	3,280		(1,757)	1,523
Major Repairs Reserve	5,061	6,750	(7,568)	4,243
HRA DRF	4,058	3,184	(2,722)	4,520
Total Capital Resources	19,490	13,415	(21,787)	11,118

As the contributions for 1:4:1 receipts depend upon levels of RTB sales no budget is set for these receipts. The amount of 1:4:1 receipts which require spend on eligible developments creating new social housing units is £1.3m in 19/20, to avoid repayment to MHCLG. Currently the HIP has firm schemes to facilitate this. The expected amount to be spent in 20/21 shown above represents 30% of eligible spend (therefore £3.43m of funding is required to support eligible planned spend). At quarter 2 there was £2,594k of 1:4:1 eligible spend 30% of which will be funded by 1-4-1 receipts. The Covid 19 pandemic has impacted on the RTB sales during 20/21 resulting in lower than projected capital receipts being forecast for the year.

General Investment Programme – Summary of Financial Changes

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	16,430	3,699	740	508	500
Budget changes for Executive approval at Q2	-5,326	7,271	420	440	0
Revised Budget	11,104	10,970	1,160	948	500
Approved by Chief Finance Officer					
Flood alleviation scheme - Hartsholme Park	-10	10	0	0	0
Central Markets	-263	263	0	0	0
Western Growth Corridor (Phase 1 Development)	-6,313	6,313	0	0	0
Deacon Road	-12	0	0	0	0
Capital Contingencies	-27	0	0	0	0
Compulsory Purchase orders	0	235	0	0	0
	-6,625	6,821	0	0	0
Approved by Executive					
Heritage Action Zone	260	450	420	440	0
Town's Fund	1,000	0	0	0	0
Brayford Viewing Platform	39	0	0	0	0
	1,299	450	420	440	0
Total Changes	-5,326	7,271	420	440	0

General Investment Programme – Summary of Expenditure as at 30th SEPTEMBER 2020

Scheme	Revised Budget following Q1 report	Budget to be approved	Actuals as at Q2	Variance	Spend	
	£	£	£	£	%	
ACTIVE SCHEMES						
DCE - Communities & Environment						
Disabled Facilities Grant	1,504,472	1,504,472	281,312	-1,223,160	19%	
Transformation of Birchwood Leisure Centre	30,000	30,000	0	-30,000	0%	
Artificial Grass Pitches (AGP)	188,301	188,301	95,405	-92,896	51%	
New Software- Crematorium	11,375	11,375	0	-11,375	0%	
Swift Gardens Play Area	74,200	74,200	74,200	0	100%	
	1,808,348	1,808,348	450,917	-1,357,431		
DCE - Community Services						
Flood alleviation scheme - Hartsholme Park	10,000	0	0	0	0%	Re-profiled to 21/22
Boultham Park Masterplan	49,700	49,700	0	-49,700	0%	
Boultham Park Lake	695,026	695,026	60,371	-634,655	5%	
Allotment Capital Improvement Programme	679	679	0	-679	0%	
Car Park Improvements - ticket machines	87,360	87,360	0	-87,360	0%	
Car Park Improvements - CCTV in MSCPs	6,142	6,142	0	-6,142	0%	
	848,907	838,907	60,371	-778,536		
DCE - Planning						
Heritage Action Zone	0	260,000	0	-260,000	0%	
	0	260,000	0	-260,000	0	
DCE Total	2,657,255	2,907,255	511,288	-2,395,967	0	

Appendix J

General Fund Housing						
Housing Renewal Area Unallocated	50,000	50,000	9,985	-40,015	20%	
	50,000	50,000	9,985	-40,015		
Major Developments						
Lincoln Transport HUB	0	0	-104,202	-104,202	0%	Retention Payment
Central Markets	263,383	0		0	0%	Re-profiled into 21/22
Western Growth Corridor (Phase 1 Devt)	7,313,010	1,000,000	517	-999,483	0%	Re-profiled into 21/22
Towns Fund	0	1,000,000	48,217	-951,783	5%	New grant funding
	7,576,393	2,000,000	-55,468	-2,055,468		
Chief Executives - Corporate Policy						
New Telephony System	16,066	16,066	0	-16,066	0%	
New Website	2,240	2,240	0	-2,240	0%	
Infrastructure Upgrade	3,772	3,772	0	-3,772	0%	
	22,078	22,078	0	-22,078		
Chief Executives - Chief Finance Officer						
Planned Capitalised Works	127,759	127,759	0	-127,759	0%	
Allotments Asbestos Sheds	33,795	33,795	0	-33,795	0%	
City Hall Improvements	931	931	0	-931	0%	
Guildhall Works	17,630	17,630	0	-17,630	0%	
Stamp End Demolition	139,400	139,400	0	-139,400	0%	
Greyfriars Roof Improvements	4,050	4,050	0	-4,050	0%	
City Hall 3rd Floor Fire Works	5,001	5,001	0	-5,001	0%	
Guildhall	609	609	0	-609	0%	
Michaelgate Structural Works	2,283	2,283	0	-2,283	0%	
Long Leys Road Drainage	10,438	10,438	0	-10,438	0%	
Lucy Tower Lifts	137,005	137,005	116,106	-20,899	85%	
YLC Diving Boards	42,550	42,550	0	-42,550	0%	
BLC Roof	3,267	3,267	0	-3,267	0%	

Appendix J

The Terrace	0	0	-2,712	-2,712	0%	Retention Payment
Greetwell Hollow	150,000	150,000	0	-150,000	0%	
Deacon Road	12,287	20	20	0	0%	Retention Payment
Brayford Viewing Platform	0	38,900	0	-38,900	0%	
	687,005	713,638	113,414	-600,224		
TOTAL BUDGET FOR ACTIVE SCHEMES	10,992,731	5,692,971	579,219	-5,113,752		
Schemes Currently Under Review						
Capital Contingencies	666,910	640,277	0	-640,277	0%	
IT Reserve	70,562	70,562	0	-70,562	0%	
Crematorium - remodelling	4,700,000	4,700,000	0	-4,700,000	0%	
	5,437,472	5,410,839	0	-5,410,839		
TOTAL GENERAL INVESTMENT PROGRAMME	16,430,203	11,103,810	579,219	-10,524,591		

Housing Investment Programme – New Build/Acquisitions Programme– Summary of Financial Changes

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Unallocated new build budget	1,330,282	0	1,330,282	0
New Build Programme 70% Match funding	0	0	0	-273,210
New Build Programme (141 eligible)	0	0	0	-117,090
New Build Capital Salaries	40,560	0	40,560	0
New Build- De Wint Court	9,326,313	-4,343,759	4,982,554	4,343,759
New Build - Markham House	510,118	0	510,118	0
New Build – Searby Road	62,497	0	62,497	0
Western Growth Corridor	1,259,766	-1,250,000	9,766	1,250,000
New Build - QER	195,051	0	195,051	0
Rookery Lane	446,935	0	446,935	0
Property Acquisitions	4,376,933	390,300	4,767,233	0
New Build Acquisition - Riseholme Road	1,779,149	0	1,779,149	0
New Build Programme	19,327,604	-5,203,459	14,124,145	5,203,459
Land Acquisition				
Land Acquisition fund	94,689	0	94,689	0
Land Acquisition	94,689	0	94,689	0
Total New Build/Acquisitions	19,422,293	-5,203,459	14,218,834	5,203,459

Housing Investment Programme – Decent Homes– Summary of Financial Changes

Project Name	2020/21 Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from)future years
	£	£	£	£
<u>Decent Homes</u>				
Bathrooms & WC's	456,011	-190,000	266,011	190,000
DH Central Heating Upgrades	1,728,972	0	1,728,972	0
Thermal Comfort Works	100,000	-70,000	30,000	70,000
*Kitchen Improvements	661,147	-200,000	461,147	0
Rewiring	28,791	0	28,791	0
*Re-roofing	296,442	-100,000	196,442	0
*Lincoln Standard Windows Replacement	677,233	-77,233	600,000	0
Structural Defects	102,361	-50,000	52,361	50,000
Door Replacement	808,378	-200,000	608,378	200,000
*New services	37,964	-10,000	27,964	0
Void Capitalised Works	1,334,628	0	1,334,628	0
Fire doors	238,680	0	238,680	0
Fire compartment works	40,000	0	40,000	0
Total Decent Homes	6,510,607	-897,233	5,613,374	510,000
Lincoln Standard				
Over bath showers (10 year programme)	291,653	-91653	200,000	91,653
Total Lincoln Standard	291,653	-91,653	200,000	91,653
Health & Safety				
Asbestos Removal	183,816	0	183,816	0
Asbestos Surveys	189,885	0	189,885	0
Replacement Door Entry Systems	105,890	-50,000	55,890	50,000

Renew stair structure	42,799	-42,799	0	42,799
Fire Alarms	40,000	0	40,000	0
Total Health & Safety	562,390	-92,799	469,591	92,799
Other				
Environmental new works	1,192,517	-692,517	500,000	692,517
Gunby Avenue	3,333	0	3,333	0
Communal Electrics	81,150	0	81,150	0
Garages	138,778	-50,000	88,778	50,000
HRA Assets - Shops/Buildings	42,962	0	42,962	0
CCTV	26,685	0	26,685	0
Communal TV Aerials	30,376	-10,000	20,376	10,000
Total Other	1,515,801	-752,517	763,284	752,517
Contingency Schemes				
Contingency Reserve	500,000	0	500,000	0
Total Contingency Schemes	500,000	0	500,000	0
Other Schemes				
Housing Support Services Computer Fund	231,156	0	231,156	0
Infrastructure Upgrade	251,633	0	251,633	0
Operation Rose	38,611	0	38,611	0
Total Other Schemes	521,400	0	521,400	0
Total Housing Investment	9,901,851	-1,834,202	8,067,649	1,446,969

*Budgets returned to available resources

Housing Investment Programme – Summary of Expenditure as at 30th September 2020

Project Name	2020/21 Budget following Q1 report	Revised Budget	Q2 Budget Change	Actuals as at Q2	Variance	Spend
	£	£	£	£	£	%
Decent Homes						
Bathrooms & WC's	456,011	266,011	-190,000	80,785	-185,226	30.37%
DH Central Heating Upgrades	1,728,972	1,728,972	0	493,068	-1,235,904	28.52%
Thermal Comfort Works	100,000	30,000	-70,000	1,330	-28,670	4.43%
Kitchen Improvements	661,147	461,147	-200,000	121,086	-340,061	26.26%
Rewiring	28,791	28,791	0	2,008	-26,783	6.97%
Re-roofing	296,442	196,442	-100,000	0	-196,442	0.00%
Lincoln Standard Windows Replacement	677,233	600,000	-77,233	0	-600,000	0.00%
Structural Defects	102,361	52,361	-50,000	0	-52,361	0.00%
Door Replacement	808,378	608,378	-200,000	23,738	-584,640	3.90%
New services	37,964	27,964	-10,000	5,657	-22,307	20.23%
Void Capitalised Works	1,334,628	1,334,628	0		-1,334,628	0.00%
Fire Doors	238,680	238,680	0		-238,680	0.00%
Fire Compartment Works	40,000	40,000	0		-40,000	0.00%
<i>Prelim Costs to be allocated</i>			0	30,669	30,669	
Decent Homes	6,510,607	5,613,374	-897,233	758,341	-4,855,033	
Lincoln Standard						
Over bath showers (10 year programme)	291,653	200,000	-91,653	8,929	-191,071	4.46%
Lincoln Standard	291,653	200,000	-91,653	8,929	-191,071	
Health & Safety						

Asbestos Removal	183,816	183,816	0	56,245	-127,571	30.60%
Asbestos Surveys	189,885	189,885	0	26,771	-163,115	14.10%
Replacement Door Entry Systems	105,890	55,890	-50,000	0	-55,890	0.00%
Renew stair structure	42,799	0	-42,799	0	0	0.00%
Fire Alarms	40,000	40,000	0	0	-40,000	0.00%
Health & Safety	562,390	469,591	-92,799	83,015	-386,576	
New Build Programme						
Unallocated New Build	1,330,282	1,330,282	0	0	-1,330,282	0.00%
New Build Programme	4,294,076	3,044,076	-1,250,000	2,186,962	-857,114	71.84%
Purchase and repair	4,376,933	4,767,233	390,300	2,455,438	-2,311,795	51.51%
De Wint Court	9,326,313	4,982,554	-4,343,759	1,197,689	-3,784,865	24.04%
New Build Programme	19,327,604	14,124,145	-5,203,459	5,840,089	-8,284,056	
Land Acquisition						
Land Acquisition Fund	94,689	94,689	0	0	-94,689	0%
Land Acquisition	94,689	94,689	0	0	-94,689	0
Other						
Environmental works	1,192,517	500,000	-692,517	0	-500,000	0%
Gunby Avenue	3,333	3,333	0	0	-3,333	0%
Communal Electrics	81,150	81,150	0	0	-81,150	0%
Garages	138,778	88,778	-50,000	0	-88,778	0%
HRA Assets - Shops/Buildings	42,962	42,962	0	0	-42,962	0%
CCTV	26,685	26,685	0	0	-26,685	0%
Communal TV Aerials	30,376	20,376	-10,000	0	-20,376	0%
Other	1,515,801	763,284	-752,517	0	-763,284	
Contingency Schemes						

Contingency Reserve	500,000	500,000	0	0	-500,000	0%
Contingency Schemes	500,000	500,000	0	0	-500,000	-
<u>Other Schemes</u>						
Housing Support Services Computer Fund	231,156	231,156	0	0	-231,156	0%
Operation ROSE	38,611	38,611	0	0	-38,611	0%
IT Infrastructure Upgrade	251,633	251,633	0	0	-251,633	0%
Other Schemes	521,400	521,400	0	0	-521,400	
GRAND TOTALS	29,324,144	22,286,483	-7,037,661	6,690,374	-15,596,109	

SUBJECT: TREASURY MANAGEMENT AND PRUDENTIAL CODE UPDATE REPORT – HALF YEAR ENDED 30 SEPTEMBER 2020

DIRECTORATE: CHIEF EXECUTIVE

LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. **Purpose of Report**

1.1 This report covers the Council's treasury management activity and the actual prudential indicators for the period April 1st to September 30th 2020. This is in accordance with the requirements of the Prudential Code.

2. **Executive Summary**

2.1 Treasury Management position and performance results for the 6 months ended 30th September 2020.

2.1.1 **Investment portfolio**

The Council held £33million of investments at 30th September 2020. The investment profile is shown in Appendix A.

Of this investment portfolio 100% was held in low risk specified investments, the requirement for the year being a minimum of 25% of the portfolio to be specified investments. During the 6 months to 30th September on average 92% of the portfolio was held in low risk specified investments and an average of 8% of the portfolio was held in non-specified investments (with other local authorities).

Liquidity – The Council seeks to maintain liquid short-term deposits of at least £5 million available with a week's notice. The weighted average life (WAL) of investments for the year was expected to be 0.25 years (91 days). At 30th September 2020 the Council held liquid short term deposits of £23 million and the WAL of the investment portfolio was 0.07 years (24 days). The decrease in the WAL of the investment portfolio is due to a larger proportion of the portfolio being placed in shorter term investments to ensure the council has enough liquid resources available at short notice during the pandemic.

Security - The Council's maximum security risk benchmark for the portfolio as at 30th September 2020 was 0.003%, which equates to a potential loss of £0.001m on an investment portfolio of £33m. This is lower than budgeted maximum risk of 0.009% in the Treasury Management Strategy. It represents a very low risk investment portfolio.

Yield – The Council achieved an average return of 0.32% on its investment portfolio for the 6 months ended 30th September 2020. This compares favourably with the target 7 day average LIBID at 30th September of -0.0555% and is significantly lower than the budgeted yield of 0.85% for 2020/21 in the MTFS 2020-25. This is

primarily due to reductions in the Bank of England base rate as a result of the Covid 19 pandemic and the effects on rates available in the market as a result.

2.1.2 External borrowing

At 30th September 2020 the Council held £117.551 million of external borrowing, of which 100% were fixed rate loans (Appendix A).

As at 30th September 2020, the average rate of interest paid during quarters 1 and 2 on external borrowing was 3.7%. This is lower than the budgeted rate set in the MTF5 2020-25; there has been a reduction in external borrowing during the first 6 months of the year as some borrowing has been repaid.

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 includes a review of compliance with Treasury and Prudential Limits and the Prudential Indicators at 30th September 2020. The Treasury Management Strategy and Prudential Indicators were previously reported to and approved by Council on 03 March 2020.

3.2 This Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis.

3.3 This report highlights the changes to the key prudential indicators, to enable an overview of the current status of the capital expenditure plans. It incorporates any new or revised schemes previously reported to Members. Changes required to the residual prudential indicators and other related treasury management issues are also included.

4. Prudential Indicators

4.1 This part of the report is structured to provide an update on:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing.

4.2 Capital Expenditure

The table below summarises the changes to the capital programme that have been approved by or are subject to Executive approval since Council approved the original budget in March 2020.

Capital Expenditure	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
General Fund	15,586	11,104	2,847	10,971	703	1,160
HRA	25,640	22,287	16,608	21,462	13,761	14,887
Total	41,226	33,391	19,455	32,433	14,464	16,047

4.3 Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above) and the expected financing arrangements for this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council in the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt.

Indicators 1 & 2	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Capital Expenditure						
Total Spend	41,226	33,391	19,455	32,433	14,464	16,047
Financed by:						
Capital receipts	2,344	3,183	4,330	3,586	1,374	1,925
Capital grants & contributions	6,414	8,164	3,310	4,079	300	720
Major Repairs Reserve (Depreciation)	10,673	7,568	6,520	9,384	6,099	7,559
Revenue/Reserve Contributions	4,361	2,751	3,344	7,550	3,991	2,736
Net borrowing for the year	17,434	11,725	1,951	7,834	2,700	3,107

The principal changes in the financing, from the original estimates approved in March 2020 are as a result of the re-profiling of expenditure.

4.4 The Capital Financing Requirement and External Debt

The table below shows the Council's Capital Financing Requirement (CFR), which is the Council's underlying need to borrow for a capital purpose. It also shows the expected debt position over the period.

Indicators 3 & 4	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
General Fund	78,739	73,507	77,335	78,531	75,923	77,153
HRA	68,807	67,297	70,558	68,502	73,058	71,373
Total CFR	147,546	140,805	147,893	147,033	148,981	148,526
Net movement in CFR	15,757	10,069	347	6,228	1,088	1,493
Indicator 5	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Borrowing	127,000	127,000	127,000	127,000	125,000	127,000
Other long term liabilities *	Nil	Nil	Nil	Nil	Nil	Nil
Total Debt 31 March	127,000	127,000	127,000	127,000	125,000	127,000

* Other long term liabilities includes Finance leases- a change in accountancy practice will result in finance liabilities in 21/22 onwards which will be reported in the Treasury management Strategy

The Council is currently under-borrowed against the CFR, as, whilst the Council has adequate cash balances and employs internal resources until cash flow forecasts indicates the need for additional borrowing or rates are available that reduce the cost of carrying debt. PWLB borrowing rates have decreased and are currently forecast to remain steady over the next year. Borrowing has been arranged for later in 2020/21 some of which has replaced short term borrowing (£5m) - further borrowing of £2m is anticipated to replace borrowing which is maturing in the forthcoming months.

The HRA borrowing requirement is considered independently from that of the General Fund and a recent change in the rates available have made it advantageous for the HRA to borrow rather than employ internal balances. Further borrowing of £2m is anticipated and will be reported as part of the MTFs and Treasury Management Strategy.

4.5 Limits to Borrowing Activity

The first key control over the Council's borrowing activity is a prudential indicator to ensure that over the medium term, net borrowing will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent.

Indicator 6	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Gross Borrowing	127,000	127,000	128,000	128,000	125,000	127,000
Investments	(18,500)	(18,500)	(18,500)	(18,500)	(18,500)	(18,500)
Net Borrowing	108,500	108,500	109,500	109,500	106,500	108,500
CFR	147,546	140,805	147,893	147,033	148,981	148,526
Net borrowing is below CFR	38,192	32,305	36,685	37,533	40,773	40,026

*revised estimates as at 31 March

Due to changes in accounting practice the CFR in future years will include lease liabilities that are currently not recognised on the balance sheet. The council is engaged in establishing the amounts of these liabilities (previously treated as operating leases and treated as rental expenditure) and estimates will be made in the Treasury Management Strategy.

The Chief Finance Officer reports that no difficulties are envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in the budget report.

A breakdown of the loans and investments profile is provided in Appendix A.

A further two prudential indicators control the overall level of borrowing. These are:

1. **The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
2. **The Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. CIPFA anticipate that this should act as an indicator to ensure the authorised limit is not breached.

Indicator 7	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Authorised limit for external debt*						
Borrowing	156,855	120,678	157,605	125,863	154,890	128,498
Other long term liabilities**	1,200	1,380	1,200	1,380	1,200	1,380
Total Authorised limit	158,055	150,648	158,805	155,833	156,090	158,468
Indicator 8	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Operational boundary for external debt*						
Borrowing	141,855	134,355	142,605	139,605	139,890	142,240
Other long term liabilities**	1,200	1,200	1,200	1,200	1,200	1,200
Total Operational Boundary	143,055	135,555	143,805	140,805	141,090	143,440

* The highest level of external debt during the first half of 2020/21 was £120.154m.

** Other long term liabilities include Finance leases.

There have been revisions to the capital programme since the Medium Term Financial Strategy was set in March 2020 which have impacted on authority's capital financing requirement and as a result, to the figures calculated for the operational boundary for borrowing. The limits for the Operational Boundary allow for previous use of internal borrowing to be replaced by external borrowing should the Chief Finance Officer decide that it is appropriate and prudent to do so.

Other Prudential Indicators

4.6 Appendix B details the updated position on the remaining prudential indicators and the local indicators.

5. Treasury Management Strategy 2020/21 to 2022/23 Update

5.1 Economic Update

- 5.1.1
- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
 - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
 - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
 - It forecast that there would be excess demand in the economy by

Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.
- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and 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. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

5.1.2 Current medium term interest rate forecasts are shown below:

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

5.2 Borrowing activity

5.2.1 The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.

5.2.2 Long-term fixed interest rates are currently low, Interest rates are expected to rise slowly over the three-year treasury management planning period. The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. The approved funding of the current capital programme does require borrowing to be taken during 2020/21 and 2020/21. In addition to this there has been internal borrowing (i.e. using cash balances), to fund previous years' capital expenditure, which may need to be replaced at some point in the future with external borrowing. The current key challenge is anticipating the optimum point at which any future borrowing should be taken. Any future borrowing will increase cash holding at a time when counterparty risk remains high and

investment returns are low. In this scenario, borrowing is likely to be postponed until cash flow need is more apparent.

- 5.2.3 Opportunities for debt restructuring will be continually monitored. Action will be taken when the Chief Finance Officer feels it is most advantageous.

5.3 Investment Strategy 2020/21 to 2022/23

- 5.3.1 The objectives of the Council's investment strategy are the safeguarding of the repayment of the principal and interest of its investments on time first, and ensuring adequate liquidity second – the investment return being a third objective. Following on from the economic background above, the current investment climate is one of over-riding risk consideration i.e. that of counterparty security risk. As a result of these underlying concerns, officers continue to implement an operational investment strategy, which tightens the controls already in place in the approved investment strategy.

- 5.3.2 The Council held £33million of investments at 30th September 2020 and the investment profile is shown in Appendix A.

5.4 Risk Benchmarking

The Investment Strategy for 2020/21 includes the following benchmarks for liquidity and security. Yield benchmarks are contained within section 6.

- 5.4.1 *Liquidity* – The Council has no formal overdraft facility and seeks to maintain liquid short-term deposits of at least £5 million available with a weeks' notice which has been increased in the light of the pandemic to ensure adequate liquidity.

The weighted average life (WAL) of investments for the year was expected to be 0.25 years (91 days). At 30th September 2020 the Council held liquid short term deposits of £23 million and the WAL of the investment portfolio was 0.07 years (24 days). The shorter length in the WAL of the investment portfolio is due to investments being held in shorter term accounts to service cash flow requirements and a lower return environment.

The Chief Finance Officer can report that liquidity arrangements were adequate during the year to date

- 5.4.2 *Security* – The Council's maximum security risk benchmark for the portfolio as at 30th September 2020 was 0.003%, which equates to a potential loss of £0.001m on an investment portfolio of £33m. This is lower than the budgeted maximum risk of 0.009% in the Treasury Management Strategy. It represents a very low risk investment portfolio which carries a very much lower level of risk than Link's model portfolio and other local authorities within our benchmarking group.

The target set within the 2020/21 Strategy is that a minimum of 25% of the portfolio must be held in low risk specified investments. The Chief Finance Officer can report that the investment portfolio was maintained within this overall benchmark during the year to date. At 30th September 2020, 100% of the investment portfolio was held in low risk specified investments.

6. Yield Benchmarking

6.1 The Council participates in a benchmarking group run by our Treasury Management advisors (Link). For the month ending 30th September 2020 the benchmarking group achieved average yields of 0.28% on an average portfolio of investments of £82m with a weighted average maturity of 69 days compared to City of Lincoln's yield of 0.15% on £33m of investments with a weighted average maturity of 24 days – the results reflect the council's approach to keeping investments shorter term.

7. **Strategic Priorities**

7.1 High Performing Services - 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.

8. **Organisational Impacts**

8.1 Finance - The financial implications are covered in the main body of the report.

8.2 Legal - The Treasury Management Strategy and Prudential Indicators meet the requirements under legislation and code of practice.

9. **Recommendations**

9.1 It is recommended that the Executive note the Prudential and Local Indicators and the actual performance against the Treasury Management Strategy 2020/21 for the half-year ended 30th September 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? Two

List of Background Papers: Treasury Management Strategy 2020/21 (Approved by Council March 2020)

Lead Officer: Colleen Warren, Financial Services Manager
Telephone (01522) 873361

Borrowing Profile at 30th September 2020

	Long term borrowing	
	Fixed rate	Variable rate
	£ 000	£ 000
PWLB loans	91,990	0
Other Market loans	16,000	0
Local Authority loans	9,000	
3% stock	561	0
TOTAL	117,551	0

Investment Profile at 30th September 2020

	Total Principal invested	Short term	
		Fixed rate	Variable rate
	£ 000	£ 000	£ 000
UK Banks & Building societies (including Call accounts)	10,000	10,000	0
UK Money Market Funds	23,000	0	23,000
TOTAL	33,000	10,000	23,000

Updated Position on the Remaining Prudential and Local Indicators

Affordability Prudential Indicators

Actual and estimates of the ratio of financing costs to net revenue stream – This indicator identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the net revenue stream.

Table 5. Ratio of Financing Costs to Net Revenue Stream

Indicators 9 & 10	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
General Fund	24.3%	23.8%	26.3%	26.1%	23.5%	25.2%
HRA	31.0%	30.9%	30.6%	30.5%	30.9%	30.1%

The General Fund ratio is expected to increase in 2020/21 and 2021/22 as a result of additional interest and MRP payments on the borrowing that is taken to finance the capital programme. The HRA ratios have increased in 2020/21 and are expected to decrease slightly in future years as the four year period of a 1% annual reduction in rents comes to an end.

Treasury Management Prudential Indicators

The first treasury indicator requires the adoption of the CIPFA Code of practice on Treasury Management. This Council adopted the Revised Code of Practice on Treasury Management on 1st March 2011, and as a result adopted a Treasury Management Policy & Practices statement (1st March 2011).

There are four further indicators:

Upper Limits On Variable Rate Exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.

Upper Limits On Fixed Rate Exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

These indicators are complemented by four local indicators:

- Limit on fixed interest rate investments
- Limit on fixed interest rate debt
- Limit on variable rate investments
- Limit on variable rate debt

During the first half of the year the highest and lowest exposure to fixed and variable rates were as follows:

Indicators 11 & 12	2020/21 Limit (Upper) £million	2020/21 Max Q1 & Q2 £million	2020/21 Min Q1 & Q2 £million
Upper limits on interest rate exposures			
Upper limits on fixed interest rates	120	108.2	107.2
Upper limits on variable interest rates	49.9	41.4	16

	2020/21 Limit %	2020/21 Max Q1 & Q2 %
Local indicator limits based on debt only		
Limits on fixed interest rates	100%	100%
Limits on variable interest rates	40%	0%
Local indicator limits based on investments only		
Limits on fixed interest rates	100%	22.5%
Limits on variable interest rates	75%	77.52%

The use of variable rate, instant access instruments increased at the beginning of the pandemic to ensure that the council had liquid funds available to meet payments to support businesses and council activities. The 75% limit on variable rate investments was exceeded on 34 days between April and June.

Maturity Structures Of Borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing.

Indicator 13	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Maturity Structure of fixed borrowing (Upper Limits)						
Under 12 months	40%	40%	40%	40%	40%	40%
12 months to 2 years	40%	40%	40%	40%	40%	40%
2 years to 5 years	60%	60%	60%	60%	60%	60%
5 years to 10 years	80%	80%	80%	80%	80%	80%
10 years and above	100%	100%	100%	100%	100%	100%
Maturity Structure of fixed borrowing (Lower Limits)						
Under 12 months	0%	0%	0%	0%	0%	0%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above*	10%	10%	10%	10%	10%	10%

As at 30th September 2020 the maturity structure of borrowing during the first half of the year was as follows:

Indicator 13	At 30/9/2020	At 31/3/2021
Maturity Structure of fixed borrowing	%	%
Under 12 months	8%	7%
2 years to 5 years	5%	5%
5 years to 10 years	9%	9%
10 years to 15 years	10%	13%
15 years to 25 years	21%	19%
25 years to 30 years	4%	4%
30 years to 40 years	17%	18%
40 years and over	25%	25%

Total Principal Funds Invested – These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.

Indicator 14	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000
Maximum principal sums invested > 1 year	£5m	£0m	£5m	£0m	£5m	£0m

As at 30th September 2020, there were no principal funds invested over 1 year.

Local Prudential Indicators

In addition to the statutory and local indicators listed above the Director of Resources has set four additional local indicators aimed to add value and assist in the understanding of the main indicators. These are:

1. Debt – Borrowing rate achieved against average 7 day LIBOR

	2020/21 Target %	2020/21 Actual – 30 th September %	2021/22 Target %	2022/23 Target %
Debt – borrowing rate achieved (i.e. temporary borrowing of loans less than 1 year)	Less than 7 day LIBOR	No temporary loans taken 7 day LIBOR rate 0.06949%	Less than 7 day LIBOR	Less than 7 day LIBOR

2. Investments – Investment rate achieved against the average 7 day LIBID

	2020/21 Target %	2020/21 Actual – 30 th September %	2021/22 Target %	2022/23 Target %
Interest rate achieved	Greater than 7 day LIBID	Achieved average 0.32% compared to -0.05551% LIBID	Greater than 7 day LIBID	Greater than 7 day LIBID

The interest rate achieved on investments compares favourably to the 7 day LIBID due to the use of fixed term, fixed rate investments, plus the greater use of semi-fixed rate call accounts and money market funds which pay a premium over the LIBID rate.

3. Average rate of interest paid on the Council's debt during the year (this will evaluate performance in managing the debt portfolio to release revenue savings).

	2020/21 Target %	2020/21 Average Q1&Q2 %	2021/22 Target %	2022/23 Target %
Average rate of interest paid on Council debt	4.75%	3.7%	4.75%	4.75%

The average rate on debt outstanding at 30 September is 3.69%, the average rate paid during quarters 1 and 2 is 3.7% and the average rate expected for 2020/21 to be paid is 3.67%.

4. The amount of interest on debt as a percentage of gross revenue expenditure. The results against this indicator will be reported at the year-end.

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SUBJECT: STRATEGIC RISK REGISTER – QUARTERLY REVIEW

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 of the revised Strategic Risk Register as at the end of the second quarter 2020/21.

2. Background

- 2.1 An update of the Strategic Risk Register was developed under the risk management approach of 'risk appetite', was last presented the Executive in August 2020 and contained thirteen strategic risks.
- 2.2 Since reporting the Executive in August 2020, the Strategic Risk Register has been refreshed and updated by the Corporate Leadership Team. The Strategic Risk Register reflects the significant change in circumstances in which the Council is now operating and the different challenges and opportunities it faces. This review has identified that there have been some positive movement in the register along with the addition of two new, emerging, risks.
- 2.3 The updated Register is contained with Part B of this agenda, it contains fifteen strategic risks which are listed below, along with details of relevant mitigations.

3. Strategic Risks

- 3.1 The Strategic Risk Register currently contains thirteen existing risks, as follows:
- 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.
 - 2) Failure to deliver a sustainable Medium Term Financial Strategy (that supports delivery of Vision 2025).
 - 3) Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council.
 - 4) Failure to ensure compliance with statutory duties/functions and appropriate governance arrangements are 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.
- 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.
- 7) Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council.
- 8) Decline in the economic prosperity within the City Centre.
- 9) Failure to mitigate against the implications for the Council following the outcome of Brexit.
- 10) Failure to deliver key strategic projects.
- 11) Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money
- 12) Failure to work in partnership to sustain support to vulnerable residents post COVID19.
- 13) Failure to put in place safe working practices and social distancing measures to protect officers and service users.

3.2 A number of control actions have now been progressed or completed and the key movements are outlined as follows:

- Risk 2. Failure to deliver a sustainable Medium Term Financial Strategy that supports delivery of Vision 2025 – as a result of the significant financial implications of Covid19 the Council has implemented a number of short term measures, which along with a package of funding from government will ensure the Council maintains a balanced budget in 2020/21. These budget revisions were agreed by the Executive in September 2020.
- Risk 3. Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council – Development of a new phase of TFS programme, required to meet an increased savings target, from 2021/22 onwards, following Covid-19 outbreak has now been undertaken. Detailed business cases will start to be developed in quarter three.
- Risk 4. Failure to ensure compliance with statutory duties / functions and appropriate governance arrangements are in place – The Council's Annual Governance Statement has now been agreed which concludes that the overall level of assurance provided in 2019/20 was substantial (green) and is in line with the Code of Corporate Governance. However, it did identify three defined significant issues, for which action plans will now be developed.

- Risk 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 – During quarter two work commenced on a high business case to support options for local government re-organisation in Greater Lincolnshire. Following notification from the Secretary of State as to which areas will move forward in this first phase of re-organisation, work on this has now paused.
- Risk 6. Unable to meet the emerging changes required in the Council's culture, behavior and skills to support the delivery of the council's future Vision and the transformational journey to one Council approach – Whilst the refresh of recruitment process is currently on hold, work is underway to review flexible working options (during and post Covid-19) with policy and development plan to support managers working in a remote working environment, with the Lincoln Way being finalised and adopted in quarter three. Revision of workstyles has progressed alongside Office 365 rollout commencing to enhance new ways of working.
- Risk 8. Decline in the economic prosperity within the City Centre – Whilst we continue to work with businesses and partnership working to share intelligence and enable effective response e.g. Lincoln BIG, High Streets, Town Board we are offering immediate support to businesses via grant distribution (£22.5m of grants distributed), providing advice and guidance via our business cell and through our Environmental Health Officers during the pandemic. During quarter two the High Street Heritage Action Zone contract with Historic England was entered into for c£1.6m of intervention in the City, in addition £1m was awarded through the Accelerated Towns Fund to regenerate the Cornhill.
- Risk 10. Failure to deliver key strategic projects – following the ceasing of the majority of key projects during quarter one due to closing down of construction sites and the redeployment of officers in response to the pandemic, quarter two has seen all key projects recommence, although it is accepted that revised timescales will now be in place and in some instances additional costs are being incurred.
- Risk 13. Failure to put in place safe working practices and social distancing measures to protect officers and service users – The Council continues to review and follow government guidance on working practices to allow staff to come into work safely where required. An appointments system is in place to control customers coming into the buildings with regular monitoring of City Hall and Hamilton House occupancy.

3.3 In addition to the thirteen existing risks, two new risks have emerged, as follows:

- Risk 14. Failure to comply with current safeguarding legislation and procedures – Red (Critical/Probable)
- Risk 15. Failure to Meet the councils PREVENT duties – Amber (Critical/Possible)

- 3.4 The above movement in control actions has resulted in a change to the assessed levels of likelihood and impact of one risk identified on the risk register:
- Risk 5 has been decreased from Red: Almost Certain/Major to Amber: Probable/major.

The levels of assessed risks for all risks are summarised as follows:

Risk No.	Risk Rating	Likelihood	Impact
8	Red/High	Almost Certain	Critical
2, 3, 11 &14	Red/High	Probable	Critical
7	Red/High	Almost Certain	Major
1, 5, & 10	Amber/Medium	Probable	Major
4, 6, 9, 12 &13	Amber/Medium	Possible	Major
15	Amber/Medium	Possible	Critical

Control actions continue to be implemented and risks managed accordingly.

- 3.5 The revised Strategic Risk Register is contained within Part B of this agenda.

4. Strategic Priorities

- 4.1 Sound risk management is one way in which the Council ensures that it discharges it's 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 The Strategic Risk Register contains the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that is being taken to manage these risks would undermine the Council's governance arrangements.

7. Recommendation

- 7.1 The Executive are asked to note and comment on the Council's strategic risks as at the end of the second quarter 2020/21.

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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SUBJECT: OPERATIONAL PERFORMANCE REPORT

DIRECTORATE: CHIEF EXECUTIVE

REPORT AUTHOR: HEATHER GROVER – PRINCIPAL POLICY OFFICER

1. Purpose of Report

- 1.1 To present to Members a summary of the operational performance position for quarters one and two of the financial year 2020/21 (from April 2020 to September 2020)

2. Executive Summary

- 2.1 City of Lincoln Council, like all other businesses, has had to make dramatic changes as a result of the lockdown resulting from the COVID19 pandemic, not only to ensure that we kept 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.
- 2.2 As a result, the council was not in a position to produce a performance report for quarter one, and therefore we have now produced a combined report for the first two quarters of 2020/21. This gives an indication, beyond the usual operational measures, of how the whole council has performed in effectively leading our communities during the emergency response and rising to the challenge of reprioritising our workload to meet different needs.

3. Main body of report

- 3.1 The full report is attached as Appendix A and provides information on performance for quarters one and two. It covers key operational performance measures identified by Members and CMT as of strategic importance.
- 3.2 Not all data is available because of the changes which arose as a result of the different needs and ways of working required in our response to the first period of lockdown. The report therefore includes in addition to commentary on operational performance measures further commentary on how service areas, including many not usually reported on, responded to the pandemic. Where it has not been possible to get data, commentary has been provided for that service.
- 3.3 We have also taken this opportunity to record how, many staff have gone above and beyond in their service to the council, city and its residents during the pandemic. The statistics do not measure this response, but it is evidence which demonstrates the council's performance in responding to the challenges of the current situation.

- 3.4 Appendix B provides the full quarterly measures table for all directorates.
- 3.5 The format for the report has been changed. This is to ensure better web accessibility in line with new legislation.

4 Strategic Priorities

- 4.1 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 change – As this report is purely concerned with service performance there are no direct impacts on Strategic Priorities, although clearly the better the performance the more services can contribute towards 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 financial performance quarterly report elsewhere on the agenda.
- 5.2 Legal Implications including Procurement Rules – There are no direct legal implications
- 5.3 Equality, Diversity & Human Rights - Any impact of poor performance on individual groups is the responsibility of the relevant service area to consider. This report is simply a summary monitoring tool.

6. Risk Implications

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

7. Executive is asked to:

- 7.1 a) Comment on the achievements, issues and any future concerns noted this quarter
- 7.2 b) Relevant portfolio holders to ensure management has a local focus on those highlighted areas showing deteriorating performance

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules apply? No

How many appendices does the report contain? Two - Appendices A and B

List of Background Papers: None

Lead Officer:

Nathan Walker – Senior
Corporate Performance and
Engagement Officer - Ext 3315

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CITY OF
Lincoln
COUNCIL

Quarter 1 and Quarter 2 2020/2021 Operational Performance Report

Heather Grover – Principal Policy Officer
November 2020

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Comments

Awards



Introduction

Performance measures are reported by directorate and include comment on how the service is contributing to helping the council in its response to COVID-19. The report details all measures by individual directorate grouping, with annual and quarterly measures split separately. The values are for quarter 2 performance.

Measures are included for:




- ▶ Directorate for Communities and Environment
- ▶ Measures belonging to Directorate for Housing and Investment
- ▶ Measures belonging to Chief Executives Directorate
- ▶ Corporate measures across the authority

Directorate for Major Developments does not monitor its performance through strategic measures, and instead its performance is managed by the progress of the various projects DMD owns under "Driving Economic Growth". However, a section is included in this report for the directorate providing information on their role in helping the council and local businesses during the pandemic.

The report also includes data on our corporate measures under the following categories:

- ▶ Sickness
- ▶ Corporate complaints including Ombudsman rulings
- ▶ Resource information

Key: How to read this report

R	Below Target
A	Acceptable performance – results are within target boundaries
G	At or above target
V	Volumetric/contextual measures that support targeted measures
	Performance has improved since Q1 2020/21
	Performance has deteriorated since Q1 2020/21
	Performance has stayed the same since Q1 2020/21



Chief Executive's Directorate Performance

A message from Angela Andrews, Chief Executive:

"CX Directorate has a mix of frontline and support services, and I am hugely proud of the dedication and support provided by staff in all of these teams. Customer Services, including the Welfare Team, together with both the Revenues and Benefits teams have done a fantastic job in supporting some of our most vulnerable residents, with Communications getting messages out to staff and residents about what the council is doing to provide help and support during the pandemic. At the start of lockdown we quickly established new services and I am massively impressed by how back office staff from Democratic and Electoral Services, Policy, Central Support Services, Procurement, Civic and Twinning and Audit came forward to work with other teams to provide immediate help. Financial Services worked under difficult circumstances to successfully deliver our year end accounts as well as assisting in a time of severe financial strain. Working from home has been a big challenge for some, both physically and mentally, and our HR team have worked tirelessly to provide guidance to managers and support to staff to ensure their wellbeing, with additional remote support for apprentices from WBL. Throughout the whole of Q1/2 our Property Services, including the Facilities Management team have ensured City Hall and Hamilton House are safe and 'Covid clean' environments to work in and Legal Services have continued their vital behind the scenes work to provide legal support, advice and guidance as required."



Considering we are amid a pandemic, quarter two sees a long list of positive results in Chief Executives, with 8 out of 20 measures above their target. Just 4 of 20 measures were below target in CX, and whilst 5 measures negatively changed direction, most of these measures remain above or within target and have positively changed direction. Two of the measures had no data collected, with an additional 5 annual measures also having no data available.

Service Area	Measure	Current Value	Status	
Communications	Percentage of media enquiries responded to within four working hours	86%	G	▲
Communications	Number of proactive communications issued that help maintain or enhance our reputation	38	A	▲
Work Based Learning	Percentage of apprentices completing their qualification on time	100.00	G	▬
Work Based Learning	Number of new starters on the apprenticeship scheme	2	V	▼
Work Based Learning	Percentage of apprentices moving into Education, Employment or Training	100.00	G	▬
Customer Services	Number of face to face enquiries in customer services	67	V	▬
Customer Services	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	25,690	V	▬
Customer Services	Average time taken to answer a call to customer services	109	A	▲
Customer Services	Average customer feedback score (face to face enquiries - score out of 10)	Not being collected due to impact on customer services due to COVID-19		
Customer Services	Customer satisfaction with their phone call to Customer Services	Not being collected due to impact on customer services due to COVID-19		
Accountancy	Average return on investment portfolio	0.18	R	▼
Accountancy	Average interest rate on external borrowing	3.69	G	▬
Revenues Administration	Council Tax - in year collection rate for Lincoln	50.53	R	▲
Revenues Administration	Business Rates - in year collection rate for Lincoln	65.15	G	▲
Revenues Administration	Number of outstanding customer changes in the Revenues team	685	R	▼
Housing Benefit Administration	Average (YTD) days to process new housing benefit claims from date received	16.69	G	▲
Housing Benefit Administration	Average (YTD) days to process housing benefit claim changes of circumstances from date received	4.63	G	▲
Housing Benefit Administration	Number of Housing Benefits / Council Tax support customers awaiting assessment	1,338	R	▼
Housing Benefit Administration	Percentage of risk-based quality checks made where Benefit entitlement is correct	91.52	G	▼
Housing Benefit Administration	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	3,073	V	▬
Procurement Services (Annual)	Percentage spend on contracts that have been awarded to "local" contractors (as the primary contractor)	No data has been supplied		
Procurement Services (Annual)	Percentage value of the top 10 spend contracts that have been sub-contracted (wholly or partly) to "local" suppliers to deliver			
Procurement Services (Annual)	Percentage of total contract spend that is with an SME			
Procurement Services (Annual)	Percentage of total contract spend that is with an SME who meets the "local" definition			
Procurement Services (Annual)	Return on new commercial investments - (Annual rental yield = Net Income/Purchase Price plus initial purchase costs)			



Communications

The Communications team continues to work from home, as do many other officers in the organisation. This has meant that all but the most difficult of enquiries can be responded to within the upper target of 85%. In both quarter one and two, the percentage of media enquiries responded to within four working hours was above its target of 85% with figures of 89% and 86% respectively. The number of proactive communications issued that help maintain or enhance our reputation was above target in quarter one with a figure of 46, decreasing slightly to 38 in quarter two, the slight drop on quarter one being due to the normal quietening of activities over the summer period. We continue to highlight all we are doing at this unprecedented time, both relating to COVID-19 and other work across the council. We have also had a focus on social media to get messages relating to COVID-19 out to as many people as possible.

Customer Services

During quarters one and two, Customer Services have seen some dramatic decreases in the number of faces to face enquiries held at City Hall. Through the national lockdown, face to face enquiries were limited to only essential appointments only. As a result, in quarter four, 2,403 people held a face to face appointment, this dropped to just 13 face to face enquires during quarter one, increasing only to 67 during quarter two as restrictions were lifted across the country.

Please note that as there has been such a large decrease in the number of faces to face enquiries, there is no reliable data to report for the average customer feedback score for face to face enquiries.

With this decrease of face to face enquiries in mind, it is therefore likely that those appointments will now be made over the phone. However, in both quarters one and two, the number of phones enquires answered is still lower than this point last year, and previous quarters. At 18,086 in quarter one, this is substantially lower than the 29,739 calls answered in quarter four. In quarter two, calls have returned to a more “normal” level of 25,690, but as stated is still below those figures from all of 2019/20.

Of those calls answered in quarter one, they were answered on average, in 124 seconds. This is another pleasing decrease from the 142 seconds reported in quarter four, and is the third consecutive decrease, from its high of 197 this time last year. In quarter two, this has further decreased to 109 seconds, despite the number of calls increasing as stated above from quarter one to quarter two.

Customer satisfaction with housing repairs calls was also suspended at the beginning of lockdown, when non urgent repairs were deferred until restrictions were eased. Now that restrictions have been eased, the logging of customer satisfaction with phone calls will resume in early November. Because of the above, there is no reliable data to provide for customer satisfaction with phone calls.

Obviously taking a high volume of calls in a home environment is very different from being in a contact centre with the support of colleagues and management on hand. Staff have had to handle very difficult and challenging calls – which seem much worse for being in their own home, because they then don't have anyone to turn to for instant support. I'm proud to say that we have managed to provide customers with a seamless service. There has not been a single minute when the council have not offered phone access to a real person for our customers, even at the height/start of the lockdown. The team have had to deal with things differently including supporting additional teams who have seen their own demands change.



Revenues Administration

One of the three targeted measures within Revenues Administration has reported as below target. The collection rate for Council Tax reported at 50.53%, below its cumulative quarter two lower target of 52.50%. Collection is therefore 2.34% below the same point in 19/20, equating to £1,079,296. As a result of COVID-19, the team has undertaken deferrals (on request) of April and May instalments, totalling 636 customers with a value of £135,247. These instalments will now be due in February and March 2021. Council Tax Support Hardship funding has also been awarded to 6,331 customers to a value of £331k. Throughout the rest of this financial year, the team still has £891k of funding to award which should help to reduce the gap in collection by 1.93%. Reminders began to be issued from the 7 September (for the first time this year) for all instalments due for April to June. Those who were due a reminder in July to September were issued as part of a new batch of reminders sent in October.

The collection rate for Lincoln Business Rates is reporting above its quarter two target of 59.50% with a figure of 65.15%, which is also an increase on quarter one's above target figure of 34.50% with a figure of 41.31%. Business rates collection is 5.57% above the same point in 2019/20, however because of COVID-19 a significant amount of this increase in collection is due to the award of the Expanded Retail Discount - reducing the net liability and making it more difficult to enable a true comparison to previous quarters and the same point last year. The collection rate of 65.15% means that we have collected £12,502,176 of the £19.2m liability (roughly £2.08m a month) - which leaves £6,687,657 to collect between now and the 31st March, approximately £1.128m per month.

The number of outstanding changes in the revenues team reported at 249 in quarter one, which was above its target of 600. Although reporting at an increased 685 in quarter two, this is still a reduction of 492 compared to September 2019 and is classed as acceptable performance. As a result of national COVID-19 lockdown restrictions being eased, workload has increased due to the increased number of house moves and changes to households that can now take place under the new guidelines. In quarter one, we also launched our new digital e-form. The e-forms are interactive and will ask the customer questions based on previous answers, which reduces the need for interaction between staff and residents to make changes. The e-form is integrated into the Revenues system, resulting in quick and efficient changes taking place and amended bills being issued.

All team members are currently working from home and although face to face contact was limited prior to COVID-19, there has been no physical contact with the Benefits team since March, other than through appointments with the Welfare Team. This has meant customers have been asked to provide documents in other ways, causing email correspondence to increase. In the first 2 months of this financial year the number of new claims for Council Tax Reduction (CTR) processed was 1,311 compared to 613 in the first 2 months of last year, changes in circumstances for CTR customers for the same period this year were 7292, and last year 4956, which shows the increase in workload experienced. Despite this processing times have not shown a significant increase. From the end of September 2020, the Benefits Team has also been responsible for processing Test and Trace Support Payments. There have also been legislation changes and the introduction of the Self-Employed Income Support Scheme and Furlough schemes resulting in customers having changes in circumstances, which in turn increases workload and interactions with customers. There has been six times the number of new claims received, a 79% increase in emails received relating to benefit support, and a 163% increase in Universal Credit related documents.



Housing Benefit Administration

In quarters one and two, the average time to process new housing benefit claims was above its respective cumulative target of 26 days in quarter one, and 25 days in quarter two, with a figure of 15.89 in quarter one and 16.69 in quarter two. Officers continue to undertake ongoing weekly monitoring to ensure prompt decision making, and although there has been a slight slip in days to process, the team are still well above their respective quarter one and two targets. In respect of processing changes of circumstance, whilst there has been a small increase since Q4 of 2019/20, quarters one and two are both above their respective cumulative targets for 7.50 in quarter one and 7 in quarter two with figures of 4.22 and 4.63 respectively. In quarters one and two, the number of Housing Benefits/Council Tax support customers awaiting assessment has decreased, from 1,510 in quarter four, to 1,365 in quarter 1 and finally 1,338 in quarter two. Both respective figures are below their lower targets of 1,250, however this can for the most part be explained by the increased numbers of people seeking financial support as COVID-19 continues to place pressure on families facing unemployment and reduced income.

Procurement

COVID-19 impacted on the Procurement Service in a variety of ways. Initially it was anticipated that there would be a downturn in the requirement for procurement support, hence the Procurement Manager being trained to support the Lincare function, but the opposite happened. Government issued various Procurement Policy Notes in respect of ensuring that support would be provided to current suppliers through the Supplier Relief Scheme. In addition to this there was also the impact of suppliers within the marketplace furloughing staff which meant that it was not feasible to undertake procurement exercises during the lockdown period. This meant that we had to review legislation to ensure that we acted compliantly whilst ensuring contract provisions continued to be delivered.

HR and Work Based Learning

This service is another area which has seen a huge change in the way it delivers its service. HR have produced a whole range of new procedures and guidance, particularly to support health and wellbeing of employees, as well as updated recruitment procedures to include Teams interviews, annual leave procedures, flexi time procedures and working from home. The team has undertaken several surveys including on staff health and wellbeing, training required by managers, and a working from home survey. Other work specifically relating to the pandemic has been extra administration required for furloughing of employees keeping records of employees who are self-isolating, those who have had tests and whether they were positive/negative and other related information. The team has also had to ensure full understanding of national guidance for employers. There have been some positive outcomes from the new ways of working in that we are learning how staff can work more flexibly for the benefit of both personal and business needs. The council once again participated in the Virgin Pulse Go Challenge with 152 registered participants spread over 24 teams. Work Based Learning have had to develop remote support for apprentices including training, reviews, planning and feedback, resulting in reduced progress and achievement of targets. Keeping in touch has been a challenge, especially when on furlough.



Support Services

This includes all other service areas within CX which are not normally reported on but have undertaken essential work during the pandemic to support, enable, and in some cases deliver, critical services.

As a support service, **Legal Services** do not have any operational measures. However, legal support from both the team and City Solicitor for other service areas is vital to the work of the council in providing advice and guidance on legal matters and in taking legal action where required. For example, during the pandemic legal advice was provided on the regulations in relation to member meetings and suspension of elections and the AGM, and new procedures and member training for virtual committees were provided. Advice was given to housing and homelessness in respect of the stay of evictions and more recently the lifting of this stay, assistance was also provided to the Council Tax Team in administering Small Business Grant Relief including considering appeals and the team helped Licensing to set up and decide pavement licence applications. Legal staff have continued to attend court cases virtually or over the phone, as well as continuing with normal day to day work.

Financial Services assisted with the emergency budget, with the issuing of the Business Rates grants and Discretionary grants, carried out additional financial assessments, assisted with COVID-19 schemes in terms of financing and reconciliations for things such as Homelessness and Rough Sleepers. This was in addition to the usual day job, including preparation of year end accounts.

With the 20-21 **Internal Audit** planned work mainly postponed until September 2021, planned audit days have been reduced. The team has therefore been able to support other service areas including undertaking some core benefits work and supporting the Business Support Service linked to COVID-19 business grants led by Major Developments.

The work of the **Property Services** team includes both the property management side and the caretakers. From the property management and valuation side, restrictions on travel, guidance on undertaking internal inspections and viewings, etc have meant changes in approach to get details for right to buys etc. In terms of the commercial portfolio, COVID-19 and the impact on businesses and the economy has increased work with increased interactions with business tenants forced to close or otherwise struggling at this time, with requests for e.g. rent holidays or deferments. The work of the caretakers has been vital in keeping our buildings safe, compliant, and providing a safe environment for customers visiting the council and DWP. Additional cleaning has been undertaken on a daily basis, furniture and equipment delivered to staff at home, as well as increased operational hours at City Hall for DWP including weekends and bank holidays. The team was supported by staff from other areas to cover for those shielding

The **Democratic Services** Team have had to come to terms with a completely new way of working and support committees to operate virtually. Alongside this the whole service area was involved in delivering the Community Helpline at the start of the pandemic. Business Administration have continued to provide support for CMT, as well as making befriending calls. The Policy Team also had significant involvement with the Befriending Service, not only making calls, but also in maintaining the databases, allocating calls to befrienders, and regular reporting of statistics for CMT.



Directorate for Communities and Environment Performance



A message from Simon Walters, Strategic Director for Communities and Environment:

"I am immensely proud as director of how all of the staff within the directorate have adapted to operate in new and flexible ways during this pandemic. Through that willingness to work in different ways, to go "the extra mile" for customers and to help deliver services in different ways, we have maintained standards of service beyond what we could have envisaged in March 2020.

This on top of being at the forefront of the COVID-19 response, be that our Environmental Health Officers offering advice and assistance to businesses, our licensing team similarly out on the streets advising a range of businesses, our Health and Safety team making sure our services remain COVID-19 compliant, our Public Sector Housing team making sure landlords know their responsibilities, our Leisure team working so hard with our leisure centre provider to get them open as soon as we could to benefit people's mental and physical health, our Bereavement Services team who have prepared so well for such difficult operating conditions earlier in the year (and have had to prepare once again during this second wave), and to all the other staff within the directorate that have embraced mobile/home working to keep delivering be it Planning, Building Control, Waste and Cleansing, CCTV, Public Protection and Anti-social Behaviour, indeed all of the services we offer in the directorate and beyond.

The statistics don't measure this response, but the stories from the staff on just how they have kept services functioning over the summer or have readily got involved in areas of work they have not experienced before do capture the central role played (and we continue to play) in tackling this pandemic."



Out of 31 measures (of which two are annual measures), five reported above target, six were volumetric and therefore have no status, three were below target, six reported as Acceptable, with the remaining 11 measures reporting no data as a result of COVID-19. Eleven targeted measures positively changed direction, whilst just two changed in a negative direction.

Food and Health & Safety Enforcement	Percentage of premises fully or broadly compliant with Food Health & Safety inspection			Unlikely to have data supplied for quarter two	
Food and Health & Safety Enforcement	Average time from actual date of inspection to achieving compliance				
Food and Health & Safety Enforcement	Percentage of food inspections that should have been completed and have been in that time period				
Development (Planning)	Management	Number of applications in the quarter	233	V	▲
Development (Planning)	Management	End to end time to determine a planning application (Days)	74.91	A	▲
Development (Planning)	Management	Number of live planning applications open	105	A	▲
Development (Planning)	Management	Percentage of applications approved	93.06	A	▲
Development (Planning)	Management	Percentage of decisions on planning applications that are subsequently overturned on appeal	0.96	G	▲
Development (Planning)	Management	Percentage of Non-Major Planning Applications determined within the government target (70% in 8 weeks) measured on a 2 year rolling basis	96	G	▲
Development (Planning)	Management	Percentage of Major Planning Applications determined within the government target (60% in 13 weeks) measured on a 2 year rolling basis	88.37	A	▼
Private Housing	Average time in weeks from occupational therapy notification to completion of works on site for a DFG grant (all DFG's exc. extensions)				Unlikely to have data supplied for quarter two
Private Housing	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level				
Private Housing	Number of empty homes brought back into use				
Public Protection and Anti-Social Behaviour Team	Number of cases received in the quarter (ASB)	93		V	▲
Public Protection and Anti-Social Behaviour Team	Number of cases closed in the quarter	730		V	▲
Public Protection and Anti-Social Behaviour Team	Number of live cases open at the end of the quarter	201		G	▲
Public Protection and Anti-Social Behaviour Team	Satisfaction of complainants relating to how the complaint was handled				Not being collected due to impact on customer services due to COVID-19-
Sport & Leisure	Quarterly visitor numbers to Birchwood and Yarborough Leisure Centres	37,412		R	▲
Sport & Leisure	Artificial Grass Pitch usage at Yarborough Leisure Centre (exp. to open July 19) & Birchwood Leisure Centre (exp. to open June 19)	315.00		R	▲
CCTV	Total number of incidents handled by CCTV operators	3,082		V	▲
Waste & Recycling	Percentage of waste recycled or composted	38.07		G	▲
Waste & Recycling	Contractor points achieved against target standards specified in contract - Waste Management	100		A	▲
Street Cleansing	Contractor points achieved against target standards specified in contract - Street Cleansing	90		A	▼
Grounds Maintenance	Contractor points achieved against target standards specified in contract - Grounds Maintenance				No points have been recorded throughout Q2
Allotments	Percentage occupancy of allotment plots	95.00		G	▲
Parking Services	Overall percentage utilisation of all car parks	37.00		R	▲
Parking Services	Number of off street charged parking spaces	3,750		V	▲
Licensing	Total number of committee referrals (for all licensing functions)	3		V	▲
Licensing	Total number of enforcement actions (revocations, suspensions and prosecutions)				No data to provide for Q2
Grounds Maintenance (Annual)	Satisfaction with play areas, parks and open spaces (collected via Citizens' Panel)				No results available
Street Cleansing (Annual)	Satisfaction that public land and public highways are kept clear of litter and refuse (Street Cleansing) (collected via Citizens' Panel)				No results available



Development Management (Planning)

Quarter two saw 233 planning applications submitted. Work levels have increased significantly in this area, as smaller scale domestic applications are being submitted as more people are staying at home. Overall, the time taken to determine these applications has taken 74.91 days in quarter two. Whilst this figure is an increase on quarter one, this is largely due to the reduced staffing capacity during quarter one, combined with a natural progressive increase in workload. This figure is still within a manageable tolerance and will reduce now the team is back to full strength. As well as that, we have 105 planning applications still open. This increase reflects the increase in work over the quarter but is being managed now all staff have returned from furlough. The key measures now required centrally are the percentage of non-major and major planning applications determined within the government target (70% in eight weeks and 60% in 13 weeks respectively measured on a two-year rolling basis). These have maintained well since last quarter, with non-major applications above the high target of 90% at 96% and major applications reporting at 88.37%. The Development Management team continues to prioritise major developments and manages the timescales effectively with the applicant to ensure that this level of performance is maintained. This workload was completed against a background where 93.06% of planning applications were approved, with a 96% success rate at appeals.

Public Protection and Anti-Social Behaviour Team

The number of cases received in the quarter has increased from quarter one's figure of 76, to 93 in quarter two. This is up slightly on the equivalent quarter two 2019/20 figure and up considerably from quarter one which can be explained by the initial lockdown period of quarter four and one. This quarter there have been 705 requests for service (not cases) received, with 730 service requests being completed and closed. This is significantly higher than the service requests made in the same quarter last year. This is on top of the team managing an increase in workload, with some staff being furloughed during one, as well as working remotely. The number of live cases open at the end of quarter two is above target at 201 and is lower than the 226 reported in quarter one. In quarter two, this is broken down into:

- July - 242
- August - 248
- September – 201

Satisfaction of complainants relating to how the complaint was handled is not currently being collected due to the impact on our Customer Services because of COVID-19. COVID-19 has of course had the usual impact of the team working from home including taking all calls from home. For PPASB COVID-19 has brought a number of challenges, due to the nature of the work the support and camaraderie of being part of a physical team is critical and working from home has been a strain on the team, they've had to adapt processes, temporarily halt some investigations and reduced staffing capacity means that we have had to reduce services, increase wait times and stop doing some functions.

Sport and Leisure

Leisure Centres opened part way through July, with a phased re-opening of the usual activities due to pandemic social distancing and compliant facility UK rules. The amount of spaces available for activities has been reduced by the protective measures and all activities are bookable in advanced. The return of members is increasing as members are reporting good experiences with the activities on offer and the protective measures put in place at the



centres. Leisure Centres could re-open the all-weather pitches on 25 July with limited return of teams, initially for training purposes for professional and amateur teams approved by the Football Association, followed later by local grass roots training. Football games recommenced in September under controlled conditions. Other sports returning when governing bodies allow, with some still waiting to return. This means that uptake is still reduced from pre COVID-19 times.

We have been keeping all enquirers up to date and informed on the most recent guidance, including why the centres are not able to open, as well as informing about progress on when we might have the potential to reopen. In terms of football bookings, our pitches are now open (although with reduced capacity). We are supporting all bookings in finding pitches to accommodate all our local teams, including keeping everyone updated on government guidance on pitches. We have also been adhering to not only central government guidance, but also Football Association regulations to ensure we are fully compliant. We have also been assisting the Football Association in accommodating teams from outside Lincoln with pitch problems, to ensure physical exercise can be supported to people outside Lincoln. We have worked hard over the last couple of months to convert all our physical paper files to electronic files in order to better facilitate working from home. (note this is up to end September, thus before Lockdown 2)

Waste and Recycling

Note that the data presented here is as usual lagged and thus refers to quarter one 2020/21. The percentage of waste recycled or composted is slightly higher in quarter one this year with a figure of 38.07%, compared to 37.13% for the same quarter last year. This is however within target boundaries and is classed as acceptable performance. Acceptable performance is not usually reported on in this report, however, it has been almost a year (previous three quarters) since this measure has been above its lower target of 35%. 19.92% of waste was composted, and 18.15% of waste was recycled.

These services have continued throughout the period from restrictions first being put in place in March, with minimal impact on our customers. Officers worked with contractors on early business continuity planning and there are plans in place should operational staff be affected by COVID-19 to the extent that services are impacted. We continue to work closely with contractors so that we will be as prepared as possible should this be the case. COVID-19 risk assessments in relation to our own staff were implemented at the start so that site visits and customer complaints could continue to be dealt with without interruption

Grounds Maintenance

These services have continued throughout the COVID-19 period. COVID-19 risk assessments in relation to our own staff were implemented at the start so that site visits and customer complaints could continue to be dealt with without interruption.

Parking Services

The overall percentage utilisation of all car parks has for obvious reasons seen large decreases. In quarter one, surveys were not completed as resources were focused on immediate COVID-19 recovery, however in quarter two our utilisation surveys have resumed and has reported at 37%. Whilst this is below its target of 45%, some lenience should be given to this area of performance, as the guidance during quarter one and even early quarter two, was to avoid unnecessary travel, which will of course affect utilisation as more people stay at home. During quarter two, pay and display



income has continued to grow since the end of lockdown but is of course still significantly under budget. There has been a significant decline in season ticket income as many previous commuters are now working from home. Following the end of the reduced prices offer on PayByPhone and at the Central car park demand has remained reasonably solid. The shortfall on income is now £2,101,760, with the year-end shortfall being mitigated by central government support up to a maximum of 75% of lost income, after allowing for a 5% deductible and net of reduced operating expenditure.

Civil Enforcement team have maintained the sites throughout the pandemic and have assisted for a short while on the government COVID-19 testing at Yarborough Leisure Centre. A comprehensive COVID-19 risk assessment is in place to protect the public and staff.

CCTV

CCTV has continued to work 24/7 throughout the pandemic and has been the 'eyes and ears' for other services including Environmental Health, Licensing, PPASB, Homelessness and Parks as well as Lincolnshire Police. The nature of the work changed in early lockdown, when the types of incidents, and the focus of monitoring, changed to meet the new legislation and restrictions. As the city centre has returned to something like normal, so has the focus of much of the CCTV monitoring and incidents, but alongside this there is now the ongoing importance of ensuring compliance with COVID-19 restrictions. In the first quarter, there was an increase in the number of incidents (compared with the previous quarter and the same quarter last year).

Despite most shops and night-time establishments being closed, there were many occasions when CCTV operators picked up COVID-19 restriction infringements, which were forwarded to Lincolnshire Police, Lincolnshire Resilience Forum (LRF) etc. CCTV was used to help locate people sleeping on the street as well as gatherings of people, people not social distancing and businesses not complying with the rules. The 'usual' offences / incidents continued, if at a lower level in many cases. For example, there was generally less shop lifting whilst most shops were closed, but shoplifting activity still took place. Many businesses have relied on CCTV more than ever as their premises were closed and therefore at higher risk of break-ins or vandalism. Critical strategic information was provided daily by CCTV to the LRF, helping to support the decisions being made.

In quarter 2, The total number of incidents dropped, largely due to there being fewer COVID-19 restriction violations as some restrictions were lifted. Other crimes / public order incidents began to rise again. Based on total incidents, the first half of 2020/21 had 2.7% fewer than 2019/20. This is a remarkably small difference given that city centre businesses were largely closed for all of quarter 1. The rota, which was previously mostly single staffed with some double staffed periods (linked to the typical high-demand periods), has moved to single staffed only. This reduces the risk of COVID-19 transmission within the team and provides additional flexibility and resilience to ensure 24/7 coverage.

Parks and Open Spaces

Our parks and open spaces have been very well used throughout COVID-19, with many people relying on them for their exercise, fresh air and to feel part of their community, especially when they weren't seeing people otherwise. We have received compliments in respect of the good maintenance of our parks, and that the main operations have all continued throughout. People are aware more than ever of the importance of public open spaces, and the benefit that well-managed green space has on mental and physical well-being. The campsite at Hartsholme Country Park was forced to close



for a period in response to COVID-19 requirements and re-opened in July. The Visitor Centre at Hartsholme Country Park has been closed since the start of lockdown, and events / activities in the park have stopped for now.

At Boutham Park, it has been a key year for the Lake Restoration project as the delivery phase started. COVID-19 affected the timetable for project staff recruitment, activities, volunteer works and main contractor procurement. The hard work and determination of the project team of city council officers and external consultants has allowed the project to keep moving throughout, and we are very close to programme schedule. Activities and volunteering have been, and will continue to be, impacted by COVID-19 restrictions but we have a plan in place to deal with that so that the main project outcomes are still met. The Board has continued to be involved, thanks to the internal team and external board members from the Park Advisory Group Chair and Lincolnshire Wildlife Trust. We have been complimented by the National Lottery Heritage Fund on keeping the project progressing despite the very many hurdles that COVID-19 has created

Street Cleansing

These services have continued throughout the COVID-19 period. COVID-19 risk assessments in relation to our own staff were implemented at the start so that site visits and customer complaints could continue to be dealt with without interruption.

Public Toilets

Except for the bus station, public toilets were closed at the outbreak of COVID-19. The bus station facilities have remained open throughout. Castle Square toilets were reopened in July in response to public demand. One public toilet attendant worked as a City Hall caretaker for a period, to help with covering that service, whilst public toilets were largely closed.

Allotments

At the end of September 2020, 1,033 of the 1,090 currently lettable allotment plots were let. This equates to the 95% occupancy rate. There has been a significant increase in demand for allotment tenancies since the COVID-19 pandemic began. This occupancy level is the highest it has been for several years. It is hoped that the high levels of occupancy remain when “normality” resumes, as we have always communicated both the mental and physical benefits of owning an allotment plot, and whilst these benefits are especially important during a pandemic (when many people’s social and active lifestyles can be limited), the benefits are equally important outside of a pandemic. For the first time in several years, there is now a waiting list on most sites, totalling 99 people at the end of quarter two. We are often asked why we have less than 100% occupancy when there is a waiting list, and that is because prospective allotment tenants usually request a plot on a specific site or sites which are local to them, and so would rather be on the waiting list than take the first plot available.

Licensing

Licensing have been at the forefront of much of the response work to COVID-19 through the recovery phases. This has included implementing new processes on pavement licences, undertaking city patrols to monitor compliance, providing additional guidance and assistance to businesses, undertaking enforcement and working in partnership. This is in addition to delivering the normal licensing services.



Bereavement Services

Although there are no regularly reported measures, Bereavement Services has been classed as a critical service over quarters one and two and therefore data has been requested from the service. This shows that the number of burials and cremations has been slightly less than in previous years with a total of 147 burials and 946 cremations during the period compared to 161 and 964 respectively in the same period last year.

Although the number of burials and cremations has not increased, this does not reflect the impact of the pandemic on the work of the team with new rules and regulations being implemented. This has meant keeping up with new announcements and changes such as the number of people able to attend services which at one point was six but has now risen to 30 people in attendance. Additional tasks, for example sanitising the chapel, has also needed to be worked into preparations for each service, which has been achieved whilst still offering the same number of services each week. The service was also initially offered for extended periods at weekends and Bank Holidays. There has also been a big increase in the number of enquiries received by phone. Generally, people have been very understanding and the service has a good working relationship with funeral directors and ministers.

To ensure staff sickness through COVID-19 does not impact on the service staff have now been split into two teams working alternate weeks, with one team working and the other on standby. As reported in quarter 4, two additional staff have been trained as cremator technicians but so far have not been required.

The reception room and Book of Remembrance at the Crematorium remain closed. However, a software upgrade, put on hold at the start of the year, is now progressing and should go live before the end of the year.

Events, including Visitor Information Centre

There have been no physical events in the reporting year for City of Lincoln Council and therefore we have been concentrating on alternatives and working with partners as well as supporting other service areas within the organisation. Our focus now is delivering a virtual Lincoln Christmas Market. Over the last six months, our overall responsiveness to queries from businesses and our partners has been much quicker, as we have naturally had a lot less interaction with the public. A member of the team helped with the implementation in the first round of Business Rates Grants until June, with another member of staff supporting our Lincare service with calls when they needed support, and more recently has been supporting our Environmental Health team.



Directorate for Housing and Investment Performance

A message from Daren Turner, Director for Housing and Investment

“Quarter 2, being September, brings to the end of one of the most testing periods in my Local Government career to date and no doubt that can be echoed across the council and our housing directorate. We have performed incredibly well under the most challenging of circumstances and we continue to do so. Whether this has been the incredible work of tenancy services and elderly services keeping tenants safe and a roof over their heads, or the fantastic work of the Housing Repairs team and caretakers keeping our homes secure, clean, and in good working order! We have brought properties back into use quickly with our voids team pulling out all the stops to meet unprecedented demand. Despite all the COVID-19 challenges we have improved our stock thanks to our brilliant partnership arrangements and investment team. We continue to help people find a home through the superb solutions team and have continued to help the most vulnerable find a safe place to stay as result of the tireless interventions and hard work of the homelessness and rough sleeping team. None of this, what we could call customer facing activity, would be possible without the hard work of our admin teams, resident involvement team, IT support and Safety assurance team; also the troops who work with our lease holders ensuring direct debits are set up and paid and that the Right to Buy process is smooth for those who want to buy their council home. We still aim to grow our stock and the housing strategy team, working alongside colleagues in Major Developments, continue to build new homes and buy back the properties we need today and in the future as well as planning for the next chapter of Housing in the City. It is difficult to express my gratitude to everyone who has played their part in teams across the directorate. You all amaze me every day”.



There are 19 measures in total, with five out of those 19 measures have reported as below target for quarter 2, and two have reported above target. Three of these measures are volumetric and therefore do not return a status. Three measures reported as acceptable, with the remaining 6 having no data supplied for the reporting period.

Service Area	Measure	Current Value	Status	
Housing Investment	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	0.81	R	▲
Housing Investment	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	207	V	▬
Housing Investment	Percentage of dwellings with a valid gas safety certificate	93.58	R	▲
Control Centre	Percentage of Lincare Housing Assistance calls answered within 60 seconds	97.67	A	▼
Rent Collection	Rent collected as a proportion of rent owed	100.75	G	▼
Rent Collection	Current tenant arrears as a percentage of the annual rent debit	3.47	A	▼
Housing Solutions	The number of people currently on the housing list	1,418	V	▬
Housing Solutions	The number of people approaching the council as homeless	290	V	▬
Housing Solutions	Successful preventions against total number of homelessness approaches	259	A	
Housing Voids	Percentage of rent lost through dwelling being vacant	0.99	R	▼
Housing Voids	Average re-let time calendar days for all dwellings - standard re-lets	46.16	R	▲
Housing Voids	Average re-let time calendar days for all dwellings (including major works)	46.16	R	▲
Housing Maintenance	Percentage of reactive repairs completed within target time	No data available - no surveys completed in quarter two		
Housing Maintenance	Percentage of repairs fixed first time	90.11	A	▲
Housing Maintenance	Percentage of tenants satisfied with repairs and maintenance	No data available - no surveys completed with quarter		
Housing Maintenance	Appointments kept as a percentage of appointments made	99.95	G	▲
Business Development	Number of users logged into the on-line self-service system this quarter	No data has been supplied for quarter two		
IT	Number of calls logged to IT helpdesk			
IT	Percentage of first-time fixes			



Housing Investment

The percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals) has increased from the 0.23% reported in quarter four, to 0.88% in quarter, but decreased slightly to 0.81% in quarter two. Failures can now be broken down into the following categories:

- Doors x41,
- Electrical Testing x23,
- Roofs x2
- Thermal Comfort x1 (x4 properties failing on two of the above criteria)

The number of properties 'not decent' as a result of tenant's refusal to allow work (excluding referrals), has also decreased from quarter one's figure of 216 to 207 this quarter.

The percentage of dwellings with a valid gas safety certificate has increased from 85.84% in quarter one to 93.58% in quarter two. The number of gas services not completed by the deadline date has seen a steep rise this year due to COVID-19. Additional COVID-19 guidance has increased the number of failed gas service attempts as older people were asked to be shielded. The Health and Safety Executive instructed landlords that the annual gas service must still be undertaken during the pandemic. This left the Investment Team and our gas contractor Aaron Services with a tough challenge over the last few months to continue to deliver the annual gas servicing programme.

Collectively we have worked very hard with our tenants to provide reassurance that our contractor had the appropriate Risk Assessments and Method Statements in place, in accordance with the latest government guidance to protect everyone during the annual gas service visit. In May we reached a peak of 135 households without a current gas safety inspection due to refused access. We have seen the numbers fall in subsequent months and now have only a small number of failed accesses. We have also recently taken legal action in a couple of instances to address failed access that was not linked to COVID-19. The response and performance of the council's gas servicing team and our contractor Aaron Services has been exceptional during the last few months in managing the gas servicing programme.

Rent Collection

Despite the substantial impact of COVID-19 on tenants, Tenancy Services continues to successfully mitigate against the impact on rent arrears and collection. Rent arrears are currently £64,617 less than the same point last year with 100.75% collection rate which is an increase of 2.71% from last year. This month has seen £820,000 collected which is the highest collection rate since April 2020. The number of Universal Credit claims continues to increase with 1,899 claimants which is also 632 more than September last year. The number of tenants that are under occupying their property continues to decrease as officers work with tenants to ensure accommodation is adequate for the number in the household. Moving the rent-free weeks has made it difficult to directly compare rent arrears with the previous financial year, and it is likely that we will not see the true impact on rent arrears until the end of March 2021. The forecast for rent arrears provided to Ministry for Housing and Local Government for this year end is between £1.2-£1.5 million and the team continues to work hard to support tenants and reduce arrears. The success of the Discretionary Rental Hardship Fund has assisted 179 tenants at a time of financial hardship and is an example of one of the positive actions we have taken.



Housing Voids

As of 30 September 2020, there were 65 properties in the void process. Of the 65 properties:

- ▶ 37 were in the repairs process
- ▶ 28 were in the early void stages (lock change, asbestos check, cleansing or works ordering)
- ▶ 16 were ready to let

Of the 16 that were ready to let:

- ▶ 4 supported living properties had no one placing bids on these properties
- ▶ All the other properties that were ready to let had offers on and we were in the process of signing everyone up

The percentage of rent lost through dwelling being vacant, has increased from quarter one's figure of 0.90 to 0.99 in quarter two, which is below target. The average re-let time for standard re-lets and major work re-lets has also increased, 47.81 and 40.40 in quarter one respectively, to a joint 46.16 in quarter two.

Housing Maintenance

Of the four housing maintenance measures two have not been collected over the past two quarters. As a result, data for the percentage of reactive repairs completed within target time is not available but is expected to be available again from quarter three.

The percentage of tenants satisfied with repairs and maintenance is the other measure which due to COVID-19 prioritising resources to other areas, has not been able to be collected. It is expected for this to be available in quarter three.

The percentage of repairs fixed first time has increased from quarter one's figure of 89.57%, to 90.11% in quarter two. Whilst this is an increase and is between its lower and upper target (making it acceptable performance), it is still a decrease compared to the previous year due to COVID-19 and the subsequent changes enforced to the responsive repairs service, to ensure compliance with government safety guidelines.

Appointments kept as a percentage of appointments made is again above target, rising from 99.57% in quarter one, to an almost unbeatable 99.95% in quarter two. This is a significant upturn in performance on the previous year. Due to COVID-19, and our move towards scheduled repairs (see below), we now have less responsive repairs (1-and 3-day tickets) coming through with associated appointments.

In quarter one of 2020, we introduced a new way of managing housing repairs. These are called 'Scheduled Repairs' and will be carried out at set times of the year across set areas of the city. We will continue to carry out our priority repairs within 24 hours and urgent repairs within 3 days. Moving to this way of managing repairs allows us to plan all the work in each area and ensure that we have all the right resources and materials in the right place so we can complete any repairs reported in one visit. This gives everyone more certainty that the repair will be carried out on the expected date.

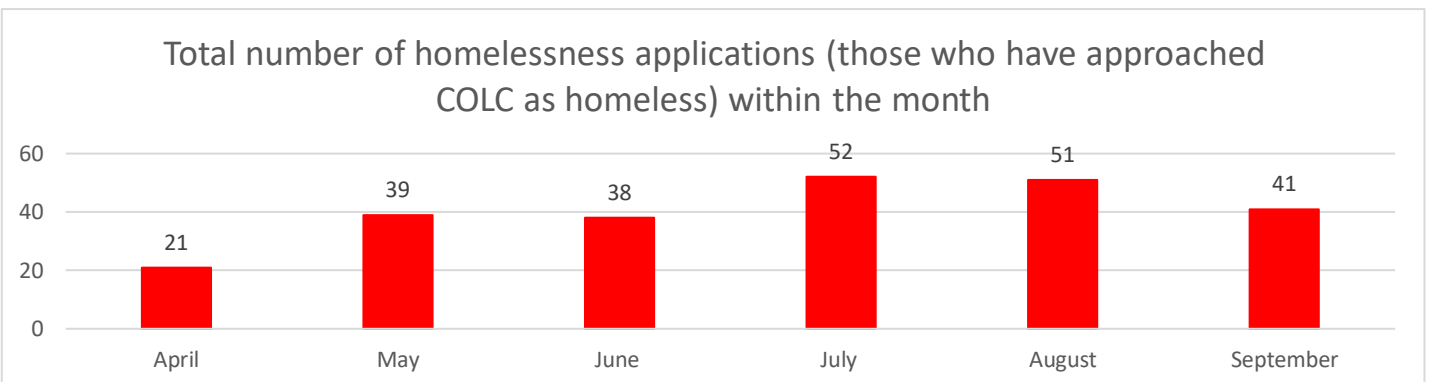


Housing Solutions - Rough Sleeping

The Rough Sleeping Team have continued to work from City Hall throughout the pandemic. In order to do this, they have created 'team bubbles' and worked to strict COVID-19 guidelines. There has been significant pressure on the team as other service providers stopped doing any face to face work at the beginning of lockdown, providing at best a telephone service. The team have therefore helped with arranging food packages, furniture, clothing, medication and other support, which would normally have been provided through signposting to other services. The successful action taken to ensure all street sleepers were provided with safe internal accommodation through the central government 'Everyone In' scheme was reported in the quarter four report. Initially this reduced the number of street sleepers to just four people, but as the pandemic has progressed the numbers have risen again during August and into September. The team have been continuing to work with providers and putting people into temporary accommodation and the numbers are now coming down again. They have had help from caretakers in Tenancy Services in preparing temporary accommodation.

Housing Solutions – Homelessness

Whilst initially there was no increase in homelessness, the number of enquiries has gone up. The team have all been working remotely and therefore have had to cope with dealing with people over the phone who are often very vulnerable and may be frightened or confused with very shocking stories to tell. There has been an increase too in the number of email enquiries, and more complex cases including domestic abuse. During lockdown sourcing temporary accommodation was a challenge as although hotels could stay open to support people in specific categories, which included those who were homeless, not all these premises remained open. As a result it took longer to find accommodation.



Supported Housing

Supporting some of our most vulnerable tenants the service has needed to adapt to provide the assistance needed by residents in our Supported Housing schemes. The service went from making six monthly contact with residents to making weekly phone calls. This meant the team were making an average of 207 welfare calls a day in June. In addition, at the beginning of July the team took on 183 council residents to make befriending calls to, with a total of 548 befriending calls made in the month. As people came out of shielding and families became more involved the average number of welfare calls fell to 167 in August and September, with the team able to revert to less than weekly calls. All community halls were closed at the beginning of lockdown. Additional work to deep clean the halls prior to planned re-opening took place during August, but in the event halls remained closed. Staff were mostly working from home but went into City Hall to make calls and undertake routine maintenance such as Legionella checks. Both Derek Miller Court and Broomhill have resident Independent Living Co-ordinators who were able to provide some limited help with shopping and ensured those who needed it were referred to the helpline.



Control Centre

As a critical service, Lincare has continued to operate its 24/7 telecare services for clients throughout the pandemic. In order to protect staff, the team is now split with 50% working at home and 50% in the office. The data shows that response times have fallen slightly, although there is no obvious reason for this. Calls are still being answered in the acceptable range and the flexibility of working from home also has benefits for some staff.

Neighbourhood Working

The Neighbourhood Team usually work out of Sincil Bank Community Hub in Portland Street, but during the initial lockdown period this office was closed. During this time the team took a leading role in running the Befriending Service which operated for four months from the end of March to 31 July 2020. The scale and speed at which the project was developed was impressive with over 18,000 people being contacted to see if they wanted calls. During May over 500 people were benefitting from the service, with almost 65 befrienders across the council making calls. At the start of August, as shielding ended and people were able to meet up more, many felt they no longer needed the service and those who wished to continue to receive calls were transferred to external agencies. On winding down the service, we asked those receiving calls if they would like us to retain their details for a period of six months in case of a second wave of Coronavirus or further lockdown and most agreed to this. Therefore, we can consider re-introducing the service if the need arises. A Community Signposting Helpline was also supported by the team, providing an independent source to verify the service, as well as signposting where to go to get support in acquiring food and medication deliveries for those who needed it. They also supported Befriending Service staff, and other voluntary sector organisations reach the people who needed the services they were providing. The Neighbourhood team was able to reopen the Community Hub for a week in mid-September on a part time basis to offer support to residents in Sincil Bank on a range of issues including school admissions and applying for the EU settlement scheme.

Business Development and IT

With staff and members being required to work from home for the majority of the past few months Business Development and IT has been busy throughout the reporting period. As part of enabling home working this has included enabling remote committee meetings, facilitating remote phone calls, provision of Microsoft Teams to all staff on personal devices, developing new ways of working and technologies, support for COVID-19 related initiatives such as Test and Trace payments and Business Support, enabling online services, consideration of IT Security measures and developing an appointments system for 'in person' issues. The team have been continuing to work on other projects and Business Development have been working on ensuring our website is fully accessible to meet new regulations brought in on 23 September 2020. Whilst the usual strategic performance measures are unavailable this quarter, quarterly call volumes to the helpdesk are provided as an indication of activity these are not like-for-like with previous years, as processes for monitoring and collection have changed.

- ▶ Q1 2020/2021 – 1,127
- ▶ Q2 2020/2021 – 863



Directorate for Major Developments

A message from Kate Ellis, Director for Major Developments

“Proud To Be Lincoln” has never been more true for me than when reviewing our response to the COVID pandemic. The work of the Major Development Team does not normally feature in the performance report, as so much of it is project based over long time periods and in support of other areas in a way that does not lend itself to statistics reporting. True performance by every single member of the team has been absolutely outstanding - whether as individuals, as a part of the Major Developments team, as part of corporate working teams or as part of a team delivering with external partner organisations. In a crisis, you all stepped up, continued to go above and beyond and are delivering to the very highest standards. The speedy and early delivery of business grants to our City’s small businesses was exemplary – getting key building and project schemes back up and running within the restrictions was fantastic – supporting the community helpline was selfless -supporting the Greater Lincolnshire economic recovery plans was amazing - and then added to that the team submitted the Town Investment Plan in a bid to secure up to £24.5M in grant funding to kickstart the city’s economic recovery with a high quality and professional approach which was brilliant. Working in the Lincoln Way, collaboratively, flexibly and dynamically both within and outside of the organisation – definitely Proud to be Lincoln!”



Directorate for Major Developments Performance

This directorate does not have any performance key operational performance measures but has nevertheless made a significant contribution to the council’s response to COVID-19.

At the beginning of lockdown, the government made available various options to help support businesses. As reported in the quarter 4 report, Major Developments led a cross directorate team of around 20 staff to ensure local businesses were able to access the support they needed, and this included administration of two business support grant schemes.

The team drew staff from a wide range of service areas across the council with staff from Events, Finance, Audit, Revenues, Democratic Services and Business Development as well as legal support from the Legal Team. This enabled the council to provide support to local businesses in a timely manner and shows the value of the One Council approach.



Authority Wide Corporate Measures

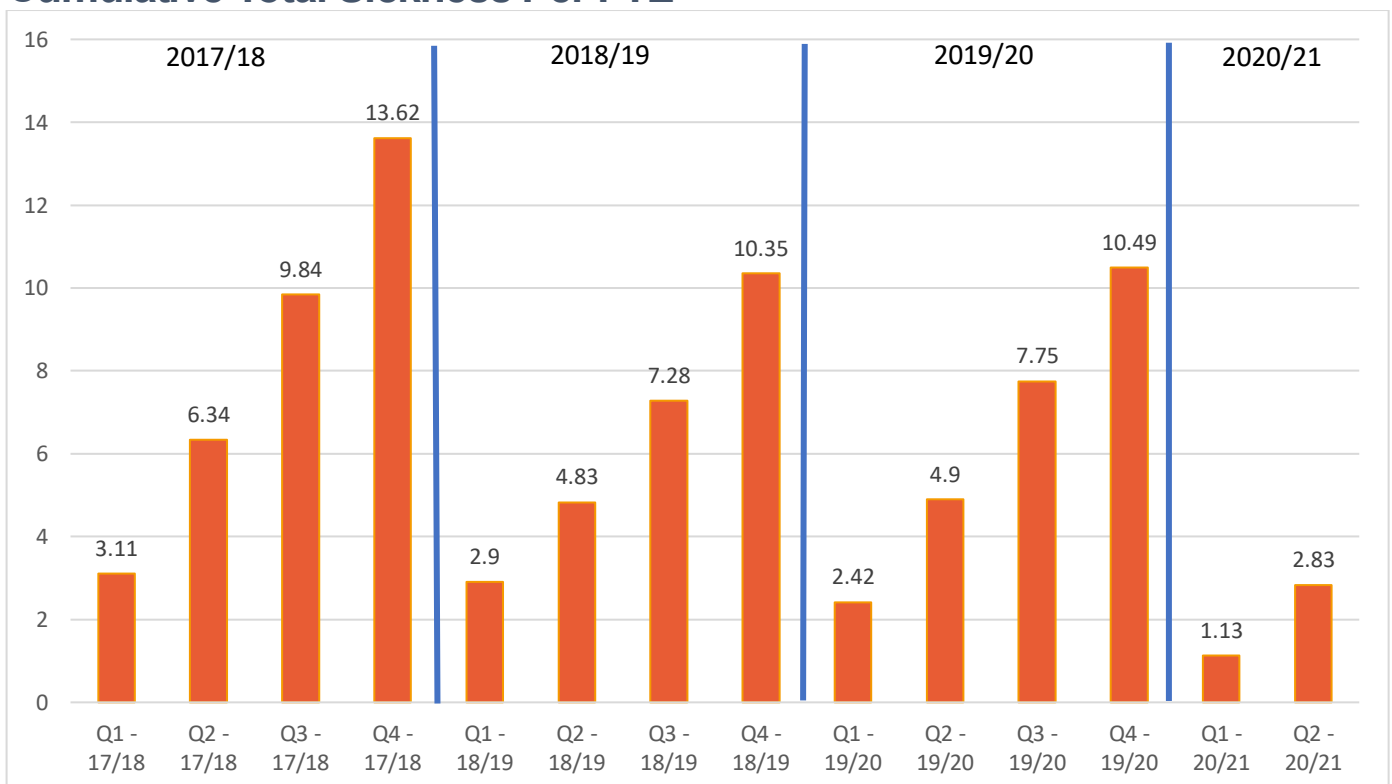
Sickness performance

Whilst overall sickness absence rates have reduced since the COVID-19 pandemic and staff began working from home, health and wellbeing remains a priority. The HR team regularly provides a range of advice and guidance to support all staff with their physical and mental wellbeing

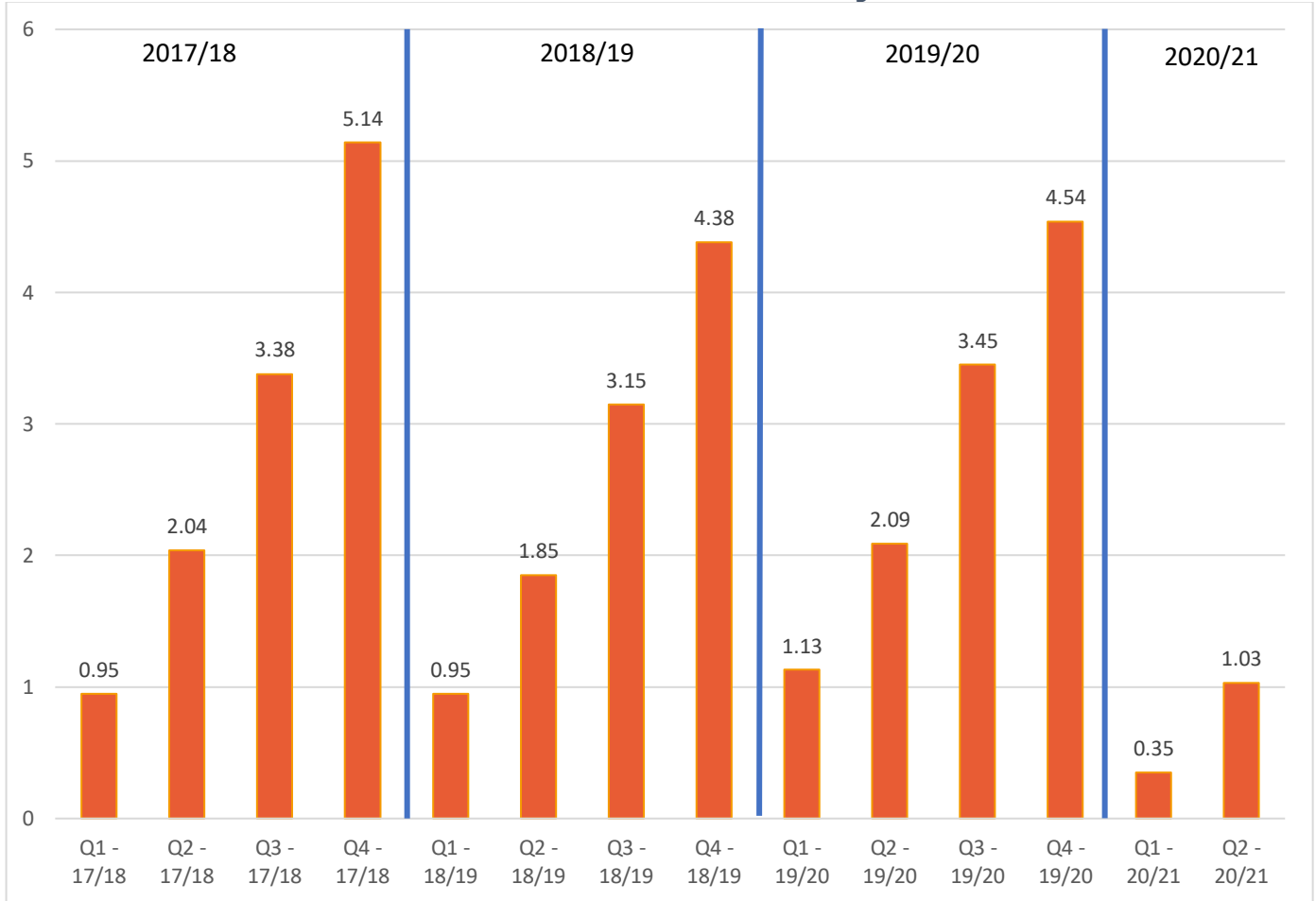
Q2 2020/21 ONLY

Directorate	Short Term Days Lost	Long Term Days Lost	Total days lost	Number of FTE	Average Short-Term Days lost per FTE	Average Long-Term Days lost per FTE	Average Total Days lost per FTE
CX (Excluding Apprentices)	121	109	230	184.61	0.66	0.59	1.25
DCE	27	25	52	141.5	0.19	0.18	0.37
DMD	0	0	0	8.4	0	0	0
DHI	232.5	441	673.5	226.43	1.03	1.95	2.97
Total (Excluding Apprentices)	380.5	575	955.5	560.94	0.68	1.03	1.70
Apprentice Sickness	0	0	0	12.8	0	0	0

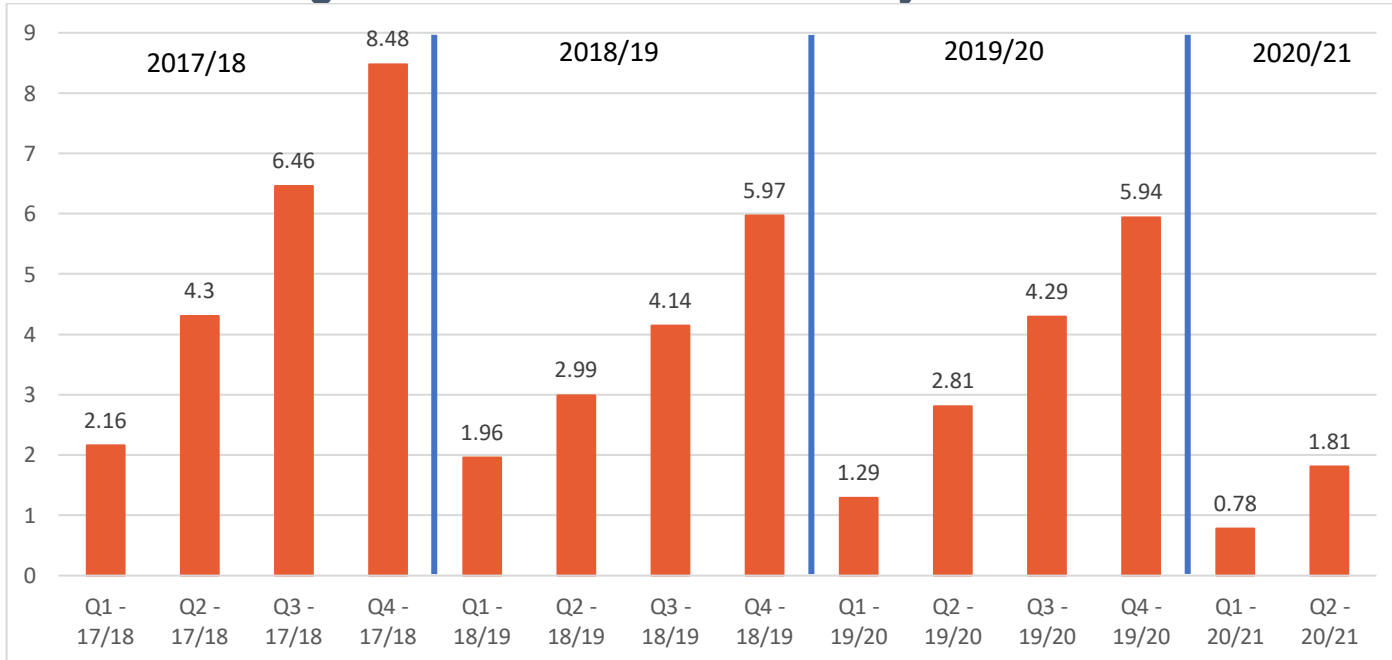
Cumulative Total Sickness Per FTE



Cumulative Short-Term Sickness Per FTE in Days



Cumulative Long-Term Sickness Per FTE in Days

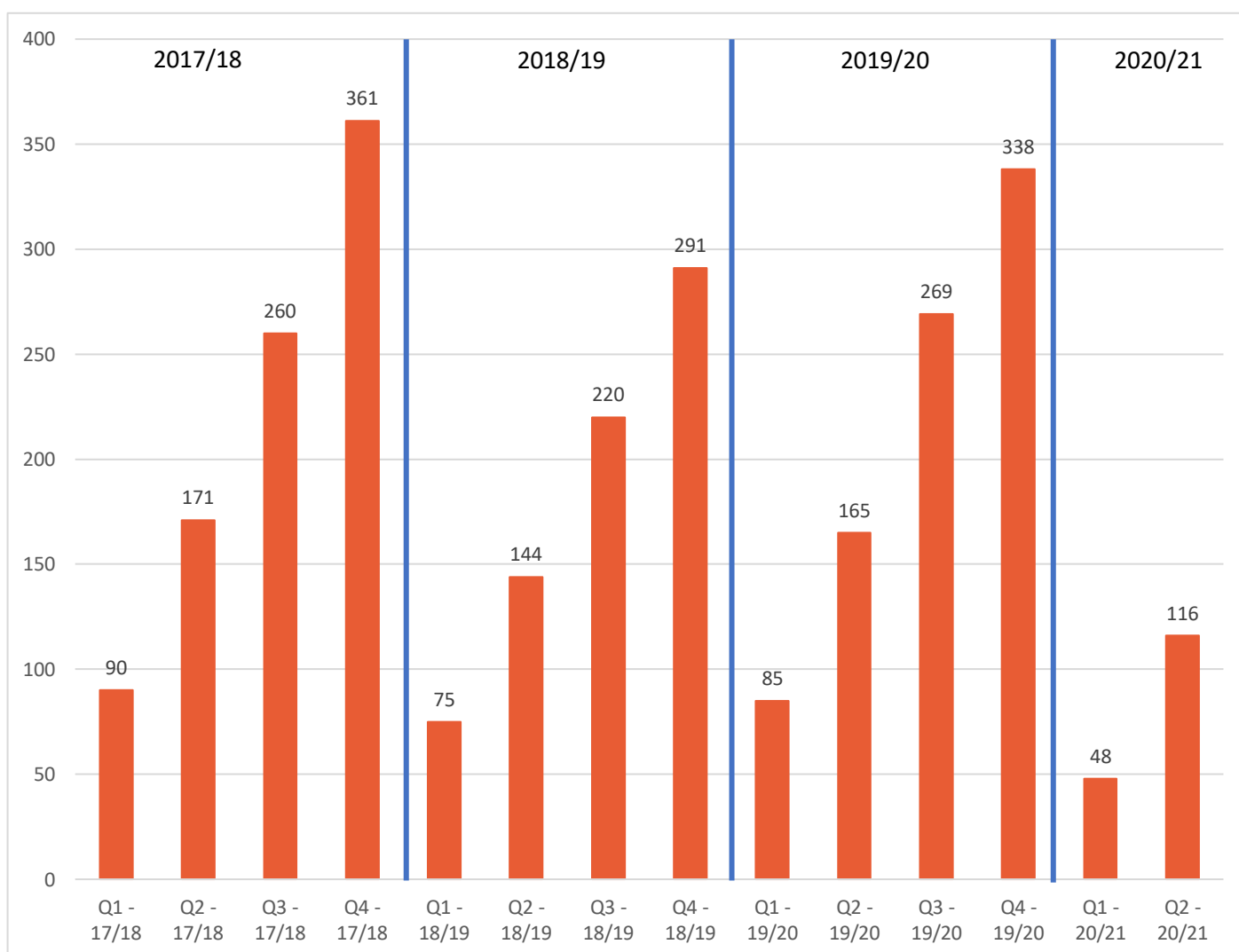


Complaints Performance

In quarter two there were 68 complaints. The cumulative average time year to date across all directorates to respond to formal complaints was 5.1 days. In quarter two, we had one LGO complaint decided - which was upheld.

	Number of Formal complaints dealt with this quarter	Number of Formal complaints Upheld this quarter	YTD total number of complaints investigated Cumulative (Q1)	Average response time in days this quarter	LGO complaints decided	Number of ombudsmen decisions upheld	YTD Number of Formal complaints Upheld	YTD average response time
CX	7	4	11	7	0	0	7	5.3
DCE	20	4	31	2.8	1	1	7	2.6
DMD	0	0	1	4	0	0	1	6.2
DHI	41	11	73	6.9	0	0	22	4
TOTAL	68	19	116	5.7	1	1	37	5.1

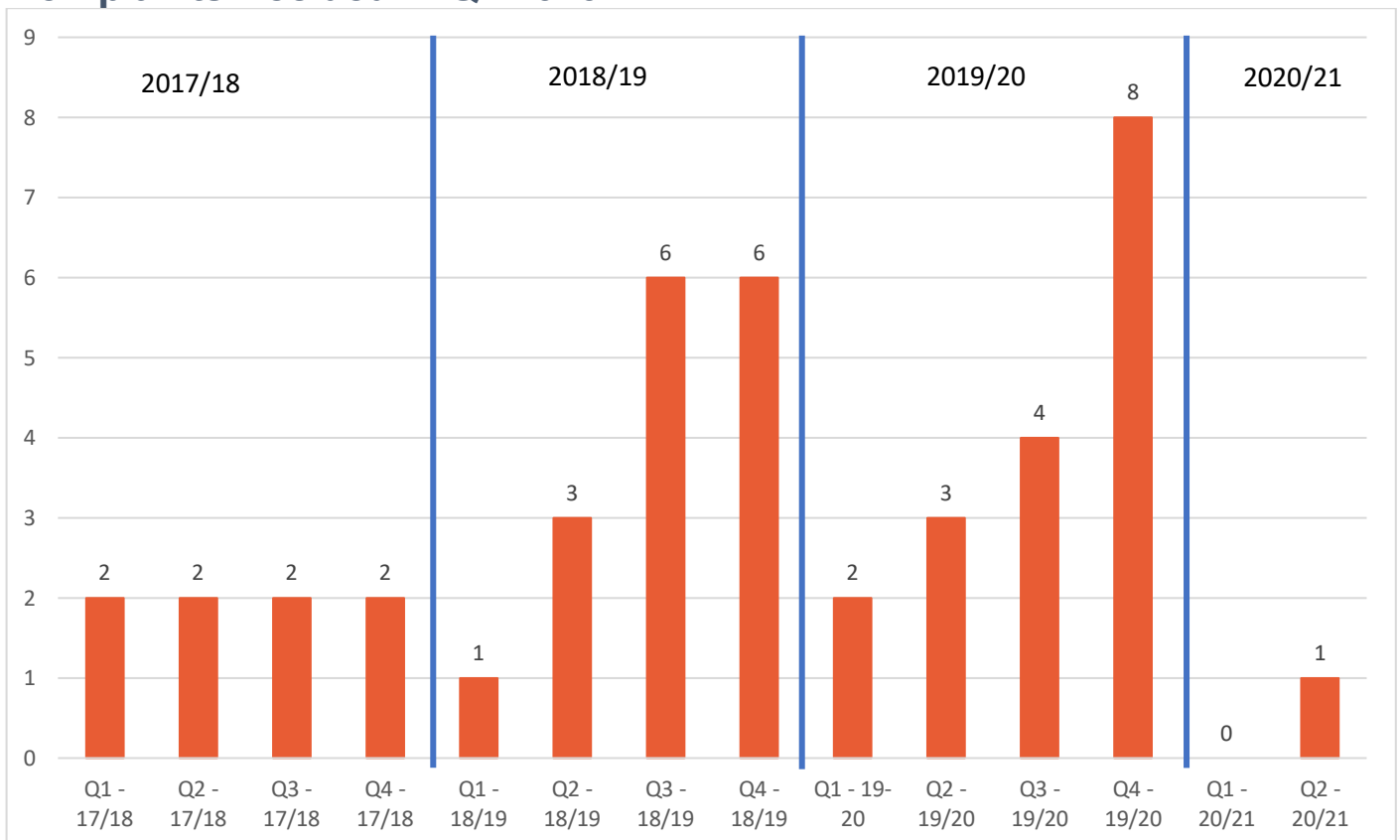
Number of formal complaints (YTD)



Average time to respond to formal complaints in Q2 2020/21



Local Government Ombudsman and Local Housing Ombudsman Complaints Decided in Q2 2020/21



Resource Information

The total number of FTE employees (excluding apprentices) at the end of quarter two was 560.94 with an average of 13 apprentices over the period. In terms of the level of vacancies at quarter two - budgeted establishment unfilled positions (FTE) stood at 82.7. This figure has increased from that reported at quarter two. It should be noted that the Council are actively recruiting 15.6 FTE. The percentage of staff turnover at the end of quarter two was 2.44% (excluding apprentices). Appraisals are currently on hold whilst COVID-19 takes priority and therefore there is nothing to report this period.

Q2 2020/21

Directorate	Number of FTE employees	Average number of apprentices across the board	Percentage of staff turnover	I-Trent budgeted establishment positions (FTE)	Active vacancies which are being recruited (FTE)
CX (Excluding Apprentices)	184.61	Authority Wide	Authority Wide	Authority Wide	Authority Wide
DCE	141.50				
DMD	8.4				
DHI	226.43				
Total (Excluding Apprentices)	560.94	13	2.44%	82.7	15.6

Directorate	Active vacancies per directorate per FTE
CX (Excluding Apprentices)	2
DCE	3
DMD	0
DHI	10.6
TOTAL (Excluding Apprentices)	15.6



Above and beyond

During the first two quarters of 2020/21 staff and members had to get used to doing things differently, with new working arrangements, changes in the way services were delivered and for some doing different work altogether. As well as highlighting awards, this time we are also providing some comments offered by the Leader, Cllr Ric Metcalfe and extracts from Chief Executive, Angela Andrews' updates to staff throughout the reporting period recognising the work of staff. Although only a small selection of comments made in the updates, they illustrate where staff have gone above and beyond to keep the council operating and achieve an enviable level of performance.

Comments from the Leader, Councillor Metcalfe at the Council meeting on 28 May 2020.

“Councillor Ric Metcalfe as leader and took the opportunity to place on record his thanks and pay tribute on behalf of all members to the Council’s staff who had ensured that essential services continued to run during the coronavirus outbreak, whilst supporting communities, in particular the most vulnerable in the city, and protecting future jobs and employment in the city by supporting local businesses. Many staff had continued to provide these services in difficult circumstances whilst working from home, working overtime or being re-trained to undertake duties completely different to their usual role at the Council. Councillor Metcalfe said that the response from staff had been magnificent and that this was an extraordinary example of ‘One Council’.”

Councillor Hilton Spratt, Leader of the Opposition, associated himself and his group with the Leader’s sentiments and said that: *“the Council’s response to the crisis had been magnificent – fabulous praise to you all from our members – their thanks for your hard work and incredible efforts is now on record for ever in our Council Minutes – it will become history.”*

From Angela’s updates:

7 April 2020. *“... we are so very thankful that many of you have offered your skills to undertake some completely different critical roles that are so desperately needed – we have also needed to adapt shifts and redeploy some staff to different roles ... so I am so very grateful to you all who are wearing the incredible ‘one council’ virtual badge.”*

14 April 2020. *“... thank you tonight to Keeley and Gareth in housing ... really impressive analysis of rent arrears ... Great work!”*

15 April 2020. *“... a big thank you to a member of the finance team, Ian Davison, who has been essential in ensuring that our Lincoln businesses received very promptly the grants that they’re entitled to, now over £14million ... to make sure we are making payments to suppliers every day to keep their cashflow going in these very tricky times - Many thanks Ian”*

16 April 2020. *“...thank you tonight to members of the Rough Sleeping team who worked tirelessly to get all rough sleepers in accommodation for the bank holiday weekend.”*

17 April 2020. *“Our IT team continue to do a fabulous job – using Citrix to get most of you working from home, utilising M365 for some of us with a roll out planned and also now looking at solutions for virtual member/public meetings.”*

22 April 2020. *“... thank you to Claire Moses and her team who have, behind the scenes, been manually checking over 1,000 business rates accounts ...”*



22 April 2020. "... a big thank you to all of our Refuse Collection Team – we contract with Biffa to provide our Refuse Collection service and they are doing an amazing job in incredibly difficult circumstances – The team receive such fabulous feedback please see the wonder wall attached."



14 May 2020. "... excellent feedback from DWP Contact Centre and Job Centre for the work our cleaners are doing for them. The cleaners are at reduced staffing now due to the Coronavirus, they are working very hard ensuring City Hall is clean and tidy and all high contact surfaces are wiped down for the buildings occupants – thank you so much for all your hard work it is much appreciated. ... Also, our fabulous volunteer caretakers are getting amazing feedback from the DWP ... we couldn't operate without you all stepping in."

26 May 2020. "... a big thank you tonight to all our staff who were working over the Bank Holiday weekend ensuring that we continued to operate so many services that touch so many lives, help keep the City safe and clean, and keep the vulnerable protected – well done team."

12 June 2020. "COVID-19 has had such an impact on everything we do ... but we have still been able to continue with some amazing projects ... work that is currently being undertaken on Queen Elizabeth Road as planned - fabulous work by all involved in this from both Housing and Major Developments."

"Work is still progressing on Boutham Park ... a huge thank you to Steve and Caroline Bird and all the corporate teams ensuring that this project stays on track. Heritage Lottery Fund (our funder) ... were very impressed that we had kept this moving, where they have had so many projects fall back or by the wayside of late."

"And ... a final thank you tonight to all in Corporate Health and Safety – I have had numerous compliments and praise for the work that you have undertaken in many services to ensure the best advice is available to protect our staff, customers and businesses."

18 June 20. Following meetings across Lincolnshire about the longer term impact of the pandemic Kate Ellis said "What is coming through time after time is that the work we are all doing in Lincoln is ahead of the game, whether it is where we have used the last few months to review and redesign services; innovate methods of service delivery; re-examined priorities or challenged our approaches – we are all working to ensure that Lincoln emerges from the crisis in the best possible shape."

29 June 2020. "Some of the work done and outcomes achieved has been fantastic:

- Tenancy Services set up a Tenancy Hardship fund to directly help those tenants impacted on financially
- Rent collection levels have been maintained within the Council's target and rent arrears have not risen significantly, demonstrating we are working hard to help our tenants



- *The Rough Sleeping Team had to get 'everybody in' at the start of the pandemic, the team successfully found accommodation for all the rough sleepers in Lincoln and have helped people maintain this accommodation by visiting and supporting them at this difficult time*
- *The Homelessness Team currently have 123 open homelessness applications and are working hard to prevent homelessness or find alternative accommodation*
- *The Allocations Team and Voids teams are dealing with an average of 85 applications per week, but we are only getting about 4 properties becoming void every week*
- *Independent Living Coordinators (equivalent to 8ftes) are making on average 284 calls per day to council tenants plus currently an extra 35+ Befriending Calls per day*
- *LinCare Control Centre receive and make on average 3200 calls per week;*
- *Within our Independent Living accommodation, we have had no reported symptoms/cases of COVID-19; this is down to ensuring residents maintain social distancing and thorough cleaning of all areas within the accommodation."*

2 July 2020. *"Francesca has been coordinating a multi-agency team ... out patrolling the retail area from St Marks to Newport Arch 6 days a week ensuring advice and support is given to those businesses that have been reopening and ensuring that queuing in public areas has been managed well, with Louise's team ensuring that inside the businesses are 'covid complaint' - well done from us all!*

15 September 2020. *At Corporate Management Team today we had a report from Paul Carrick on an assessment of the Befriending Scheme ... I know I have talked about it many times BUT my goodness what an amazing life line that was developed at incredible speed to support the most vulnerable in the City ... Contact was made initially to around 18,000 residents to ascertain needs and then a regular call programme to tackle basic needs and loneliness ... our scheme has had national recognition because it deserved it ... well done to everyone involved."*



Awards

- Our Visitor Information Centre has received the Travellers' Choice award by TripAdvisor
- Winners of 'The Top Employer for the Public Sector' award at the national Virtual School Leavers Award Ceremony. This was the national school leavers award and there were huge companies involved here, including NHS, Goldman Sachs, McDonald's, TUI
- Awarded the 'Lincolnshire Carers Quality Award – You Care, We Care' recognising the commitment organisations demonstrate in valuing the important role carer's play and recognises that carers are an important source of information about those they care for.
- Achieved a Silver Award from Investors in the Environment. The team drawn from across the council is evidence of our successful One Council approach.
- The Arboretum, Boultham Park and Hartsholme Country Park have all been given Green Flag Awards, which recognises well managed parks and green spaces.
- Attained 'Loo of the Year' awards for Castle Square and Bus Station toilets again this year.

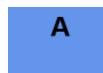
And last but not least – *“a lovely good news story from Carole Priestley. During lock down she joined a group called 'For the love of Scrubs Lincolnshire'. ... Carole has been making scrubs and masks since the middle of March and has already got through one old sewing machine. The group have been making Noah rainbow scrubs and these have been handed over to ICU and A and E at Lincoln County hospital ... well done Carole – we are very proud of you.”*



Q1+2 2020/21 Quarterly Strategic Measures – CX/DCE/DHI



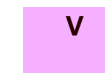
At or above target



Acceptable performance - results are within target boundaries



Below target



Volumetric/contextual measures that support targeted measures



Performance has improved since last quarter



Performance has stayed the same since last quarter



Performance has deteriorated since last quarter

Strategic Measures

Service Area	Measure ID	Measure	High Or Low	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Unit	Status	Commentary	
CX	Communications	COM 1	Percentage of media enquiries responded to within four working hours	High is good	70.00	85.00	Q1 - 20/21	89.00	Q2 - 20/21	86.00	%	G ▼ The communications team continues to work from home, as do many other officers. This has meant that all but the most difficult of enquiries can be responded to within the timeframe.	
	Communications	COM 2	Number of proactive communications issued that help maintain or enhance our reputation	High is good	25	40	Q1 - 20/21	46	Q2 - 20/21	38	Number	A ▼ A slight drop on Q1 due to the normal quietening of activities over the summer period, but we continue to highlight all we are doing at this unprecedented time.	
	Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	High is good	92.00	95.00	Q1 - 20/21	100.00	Q2 - 20/21	100.00	%	G — In Q2 2020/21 7/7 apprentices completed their apprenticeships on time	
	Work Based Learning	WBL 2	Number of new starters on the apprenticeship scheme	High is good	Volumetric	Volumetric	Q1 - 20/21	3	Q2 - 20/21	2	Number	V ▼ We had 2 new starts within Q2 - both of which were progressions. The cumulative figure up to Q2 is 5	
	Work Based Learning	WBL 3	Percentage of apprentices moving into Education, Employment or Training	High is good	92.00	95.00	Q1 - 20/21	100.00	Q2 - 20/21	100.00	%	G — In Q2 2020/21 100% of apprentices on programme moved into Employment Education or Training	
	Customer Services	CS 1	Number of face to face enquiries in customer services	N/A	Volumetric	Volumetric	Q1 - 20/21	13	Q2 - 20/21	67	Number	V Limited appointments mainly for the collection of communal door keys	
	Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	N/A	Volumetric	Volumetric	Q1 - 20/21	18,086	Q2 - 20/21	25,690	Number	V In quarter two, calls have returned to a more "normal" level of 25,690, but as stated is still below those figures from all of 2019/20.	
	Customer Services	CS 3	Average time taken to answer a call to customer services	Low is good	120	90	Q1 - 20/21	124	Q2 - 20/21	109	Seconds	A ▲ This is lower than previous quarter even though the number of calls has gone up	
	Customer Services	CS 4	Average customer feedback score (face to face enquiries - score out of 10)	High is good	8	10	Q1 - 20/21		Q2 - 20/21				Not being collected due to impact on customer services due to COVID-19
	Customer Services	CS 5	Customer satisfaction with their phone call to Customer Services	High is good	80.00	95.00	Q2 - 19/20	98.00	Q2 - 20/21				
	Accountancy	ACC 1	Average return on investment portfolio	High is good	0.75	0.85	Q1 - 20/21	0.45	Q2 - 20/21	0.18	%	R ▼ 0.18% in Q2, average for the year to 30/9/20 = 0.32% BoE base rate = 0.10%	
	Accountancy	ACC 2	Average interest rate on external borrowing	Low is good	4.75	3.75	Q4 - 19/20	3.69	Q2 - 20/21	3.69	%	G — 3.69% in Q2, average for the year to 30/9/20 = 3.70%	
	Revenues Administration	REV 1	Council Tax - in year collection rate for Lincoln	High is good	52.50	53	Q1 - 20/21	25.90	Q2 - 20/21	50.53	%	R ▲ Collection is 2.34% below 19/20 - this equates to £1,079,296. As a result of COVID, we have undertaken deferrals (upon request) of April & May instalments - a total of 636 customers with a value of £135,247. These instalments will now be due later in the year (February and March 2021). Council Tax Support Hardship funding has been awarded to 6,331 customers to a value of £331k. We still have £891k of funding to award throughout the year - this will help to reduce the gap in collection by 1.93%.Reminders started to be issued from 7 September (for the first time this year). All instalments due for April to June have had a reminder. July to September will be issued in batches from WC 5 October.	
	Revenues Administration	REV 2	Business Rates - in year collection rate for Lincoln	High is good	58	59.50	Q1 - 20/21	41.31	Q2 - 20/21	65.15	%	G ▲ Collection is 5.57% above 2019/20. However, a significant amount of this is due to the award of the Expanded Retail Discount - which has reduced the net liability and so this does not enable a true comparison. The collection rate of 65.15% means that we have collected £12,502,176 of the £19.2m liability (roughly £2.08m for each of the 6 months) - which leaves £6,687,657 to collect between now and 31 March - which is £1.128m per month	
	Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues team	Low is good	750	600	Q1 - 20/21	249	Q2 - 20/21	685	Number	A ▼ Although this is an increase from Q1, this is a reduction of 492 compared to September 2019. As a result of COVID lockdown being eased, the workload has increased due to the increased number of house moves and changes to households. Our customers are contacting us using smart digital e-forms. The e-forms are interactive and will ask the customer questions based on previous answers. The e-form is integrated into the Revenues system resulting in quick and efficient changes taking place and amended bills being issued.	
	Housing Benefit Administration	BE 1	Average (YTD) days to process new housing benefit claims from date received	Low is good	27.00	25.00	Q1 - 20/21	15.89	Q2 - 20/21	16.69	Days	G ▼ Increase in workload over the period has led to a slight slip in days to process - weekly monitoring is ongoing.	
	Housing Benefit Administration	BE 2	Average (YTD) days to process housing benefit claim changes of circumstances from date received	Low is good	9	7	Q1 - 20/21	4.22	Q2 - 20/21	4.63	Days	G ▼ slight increase due to increase in workload over the last few months	
	Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Low is good	1200	1050	Q1 - 20/21	1,365	Q2 - 20/21	1,338	Number	R ▲ Of 1338 customers 952 are waiting a first contact from us.	
	Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where Benefit entitlement is correct	High is good	86	89	Q1 - 20/21	94.03	Q2 - 20/21	91.52	%	G ▼ Increase in the amount of Housing Benefit checks.	
	Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	N/A	Volumetric	Volumetric	Q1 - 20/21	1,987	Q2 - 20/21	3,073	Number	V — 466 Housing benefit and 2607 Council Tax Reduction	
DCE	Food and Health & Safety Enforcement	FHS 1	Percentage of premises fully or broadly compliant with Food Health & Safety inspection	High is good	95.00	97.00	Q3 - 19/20	98.40	Q2 - 20/21				Unlikely to have data supplied for quarter two
	Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Low is good	13.00	8.00	Q4 - 19/20	17.00	Q2 - 20/21				
	Food and Health & Safety Enforcement	FHS 3	Percentage of food inspections that should have been completed and have been in that time period	High is good	85.00	97.00	Q3 - 19/20	93.80	Q2 - 20/21				

Development Management (Planning)	DM 1	Number of applications in the quarter	N/A	Volumetric	Volumetric	Q3 - 19/20	209	Q2 - 20/21	233	Number	V	Quarter two saw 233 planning applications submitted. Work levels have increased significantly in this area, as smaller scale domestic applications are being submitted as more people are staying at home.
Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Low is good	85.00	65.00	Q3 - 19/20	67.25	Q2 - 20/21	74.91	Days	A	Overall, the time taken to determine these applications has taken 74.91 days in quarter two. Whilst this figure is an increase on quarter one, this is largely due to the reduced staffing capacity during quarter one, combined with a natural progressive increase in workload.
Development Management (Planning)	DM 3	Number of live planning applications open	Low is good	180	120	Q3 - 19/20	95	Q2 - 20/21	105	Number	A	This increase reflects the increase in work over the quarter but again is being managed now all staff have returned
Development Management (Planning)	DM 4	Percentage of applications approved	High is good	85.00	97.00	Q3 - 19/20	95.00	Q2 - 20/21	93.06	%	A	This figure remains consistently high to reflect how the service operates
Development Management (Planning)	DM 5	Percentage of decisions on planning applications that are subsequently overturned on appeal	Low is good	10.00	5.00	Q2 - 20/21	74.91	Q2 - 20/21	0.96	%	G	This figure remains very low and reflects the quality and robustness of the decisions we make
Development Management (Planning)	DM 6	Percentage of Non-Major Planning Applications determined within the government target (70% in 8 weeks) measured on a 2 year rolling basis	High is good	70.00	90.00	Q3 - 19/20	93.67	Q2 - 20/21	96	%	G	This figure remains consistently high to reflect how the service operates
Development Management (Planning)	DM 7	Percentage of Major Planning Applications determined within the government target (60% in 13 weeks) measured on a 2 year rolling basis	High is good	60.00	90.00	Q3 - 19/20	93.02	Q2 - 20/21	88.37	%	A	This remains high despite the current pressure and is due to the way we prioritise the decision making on those areas where we are measured nationally
Private Housing	PH 1	Average time in weeks from occupational therapy notification to completion of works on site for a DFG grant (all DFG's exc. extensions)	Low is good	26.00	19.00	Q4 - 19/20	7.80	Q2 - 20/21	Unlikely to have data supplied for quarter two			
Private Housing	PH 2	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	N/A	Volumetric	Volumetric	Q4 - 19/20	2.80	Q2 - 20/21				
Private Housing	PH 3	Number of empty homes brought back into use	High is good	Volumetric	Volumetric	Q4 - 19/20	54	Q2 - 20/21				
Public Protection and Anti-Social Behaviour Team	ASB 1	Number of cases received in the quarter (ASB)	N/A	Volumetric	Volumetric	Q1 - 20/21	76	Q2 - 20/21	93	Number	V	This is up slightly on Q2 2019/20 and up considerably from Q1 which was most likely down due to the initial lockdown period of Q1.
Public Protection and Anti-Social Behaviour Team	ASB 2	Number of cases closed in the quarter	High is good	Volumetric	Volumetric	Q1 - 20/21	553	Q2 - 20/21	730	Number	V	This quarter there have been 705 requests for service received and 730 service requests completed and closed. this is significantly higher than the service requests made in the same quarter last year, it is also worth noting that the team have managed this increase of demand whilst dealing with less staff capacity.
Public Protection and Anti-Social Behaviour Team	ASB 3	Number of live cases open at the end of the quarter	Low is good	780	660	Q1 - 20/21	226	Q2 - 20/21	201	Number	G	This is slightly lower than the monthly number of live cases as reported across the monthly number of live cases. In Q2 these have been July 242, August 248 and September 201
Public Protection and Anti-Social Behaviour Team	ASB 4	Satisfaction of complainants relating to how the complaint was handled	High is good	75.00	85.00	Q1 - 20/21	0.00	Q2 - 20/21	Unlikely to have data supplied for quarter two			
Sport & Leisure	SP 1	Quarterly visitor numbers to Birchwood and Yarborough Leisure Centres	High is good	213,355	213,991	Q1 - 20/21		Q2 - 20/21	37,412	Number	R	Leisure Centres opened in July (only part month), phased reopening of activities due to pandemic social distancing and compliant facility UK rules. The amount of spaces available for activities has been reduced by the protective measures and all activities are bookable in advanced. The return of members is increasing as members are reporting good experiences with the activities on offer and the protective measures put in place at the centres.
Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre (exp. to open July 19) & Birchwood Leisure Centre (exp. to open June 19)	High is good	520.00	650.00	Q1 - 20/21	0.00	Q2 - 20/21	315.00	Hours	R	Quarter 2, Leisure Centres could reopen the AGP's on the 25th of July, limited return of teams, initially for training purposes for professional and amateur teams approved by the FA, followed at a later date by local grass roots training. Football games recommenced in September under controlled conditions. Other sports returning when governing bodies allow, some are still waiting to return. This means that uptake is still reduced from pre Covid times.
CCTV	CCTV 1	Total number of incidents handled by CCTV operators	N/A	Volumetric	Volumetric	Q1 - 20/21	3,649	Q2 - 20/21	3,082	Number	V	The type of incidents has changed to a degree since the start of the Covid-19 restrictions. There was something of a return to 'normal' in the second quarter, although the nature of incidents and the peak times were still different. We continue to monitor for Covid-19 issues as well as the usual type of incidents and public health and safety issues.
Waste & Recycling	WM 1	Percentage of waste recycled or composted	High is good	35.00	38.00	Q1 - 20/21	28.70	Q2 - 20/21	38.07	%	G	This figure relates to Quarter 1 1.19.92% of waste was composted, 18.15% of waste was recycled, equating to 38.07% of waste being composted or recycled.
Waste & Recycling	WM 2	Contractor points achieved against target standards specified in contract - Waste Management	Low is good	150	50	Q1 - 20/21	115	Q2 - 20/21	100	Number	A	Contractor points were collected as 100 collectively, broken down by 40 points in July, 30 points in August and 30 points in September.
Street Cleansing	SC 1	Contractor points achieved against target standards specified in contract - Street Cleansing	Low is good	150	50	Q1 - 20/21	45	Q2 - 20/21	90	Number	A	The street cleansing contractor points were collected as 90 overall. This has been broken down to 15 in July 20 in August, and 55 in September.
Grounds Maintenance	GM 1	Contractor points achieved against target standards specified in contract - Grounds Maintenance	Low is good	150	50	Q1 - 20/21	15	Q2 - 20/21	No points have been recorded throughout quarter 2 of 2020/21 year			
Allotments	AM 1	Percentage occupancy of allotment plots	High is good	80.00	88.00	Q1 - 20/21	92.00	Q2 - 20/21	95.00	%	G	As at the end of September 2020, 1090 plots of a total 1135 were let. Of the 1135 total plots, 1090 plots are currently lettable. 1090 occupied lettable plots equates to 95% occupancy rate. There has been a significant increase in demand for allotment tenancies since the Covid-19 pandemic

														began. This occupancy level is the highest it has been for a number of years. It is hoped that the high levels of occupancy remain when some kind of normality resumes and hope that people continue with the plots they have chosen and not decide to give them up. Most sites now have waiting lists for plots.
Parking Services	PS 1	Overall percentage utilisation of all car parks	High is good	45.00	50.00	Q1 - 20/21	0.00	Q2 - 20/21	37.00	%	R	▲	As expected, car park footfall affected by Covid - people working from home etc	
Parking Services	PS 2	Number of off street charged parking spaces	N/A	Volumetric	Volumetric	Q1 - 20/21	3,750	Q2 - 20/21	3,750	Number	V		No change	
Licensing	LIC 1	Total number of committee referrals (for all licensing functions)	N/A	Volumetric	Volumetric	Q2 - 20/21	3	Q2 - 20/21	3	Number	V		1 PH vehicle referral due to falling outside of policy (TukTuk) 2 PH drivers referred due to non-disclosure.	
Licensing	LIC 2	Total number of enforcement actions (revocations, suspensions and prosecutions)	N/A	Volumetric	Volumetric	Q1 - 20/21	1	Q2 - 20/21					Premises licences given a grace period to pay fees due to current situation therefore no resultant suspensions. No PH/Taxi drivers suspended at committee. Therefore, no data to supply for Q2	
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	Q1 - 20/21	0.88	Q2 - 20/21	0.81	%	R	▲	The percentage of non-decent homes excluding refusals is 0.81%. Failures are now: Doors x41, Electrical Testing x23, Roofs x2 and Thermal Comfort x1 (x4 properties fails on two criteria)
	Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	N/A	Volumetric	Volumetric	Q1 - 20/21	216	Q2 - 20/21	207	Number	V		The number of properties 'not decent' as a result of tenant's refusal to allow work (excluding referrals), has also decreased from quarter one's figure of 216 to 207 this quarter.
	Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	High is good	99.80	99.96	Q1 - 20/21	85.84	Q2 - 20/21	93.58	%	R	▲	The number of gas services not completed within deadline date has seen a steep rise this year due to Covid 19. As everyone is aware Covid 19 resulted in the Country going into lockdown, additional government guidance to shield certain individuals resulted in a significant increase in the number of failed gas service attempts. The Health and Safety Executive instructed landlords that the annual gas service must still be undertaken during the pandemic. This left the Investment Team and our gas contractor Aaron Services with a tough challenge over the last few months to continue to deliver the annual gas servicing programme. Collectively we have worked very hard with our tenants to provide reassurance that our contractor had the appropriate Risk Assessments and Method Statements in place, in accordance with the latest government guidance to protect everyone during the annual gas service visit. In May we reached a peak of 135 households without a current gas safety inspection due to refused access. We have seen the numbers fall in subsequent months and now have only a small number of failed accesses. We have also recently taken legal action in a couple of instances to address failed access that was not linked to Covid 19. The response and performance of the Council's gas servicing team and our contractor Aaron Services has been exceptional during the last few months in managing the gas servicing programme.
	Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	High is good	97.50	98.75	Q1 - 20/21	97.85	Q2 - 20/21	97.67	%	A	▼	The data shows that response times have fallen slightly, although there is no obvious reason for this. Calls are still being answered in the acceptable range and the flexibility of working from home also has benefits for some staff.
	Rent Collection	RC 1	Rent collected as a proportion of rent owed	High is good	96.50	98.00	Q1 - 20/21	103.14	Q2 - 20/21	100.75	%	G	▼	Despite the substantial impact of Covid-19 on tenants, Tenancy Services continues to successfully mitigate against the impact on rent arrears. Rent arrears are currently £64,617 less than the same point last year with 100.75% collection rate which is an increase of 2.71% from last year. This month has seen £820,000 collected which is the highest collection rate since April. The number of Universal Credit claims continues to increase with 1899 claimants which is 632 more than September last year. The number of tenants under occupying continues to decrease as officers work with tenants to ensure accommodation is adequate for the number in the household. Moving the rent-free weeks has made it difficult to directly compare rent arrears with the previous financial year and it is likely that we will not see the true impact on rent arrears until the end of March. The forecast for rent arrears provided to MHCLG for year end is between £1.2-£1.5 million and the team continues to work hard to support tenants and reduce arrears. The success of the Discretionary Rental Hardship Fund has assisted 179 tenants at a time of financial hardship and is an example of one of the positive actions we have taken.
	Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	Low is good	4.00	3.00	Q1 - 20/21	3.26	Q2 - 20/21	3.47	%	A	▼	Despite the substantial impact of Covid-19 on tenants, Tenancy Services continues to successfully mitigate against the impact on rent arrears. Rent arrears are currently £64,617 less than the same point last year with 100.75% collection rate which is an increase of 2.71% from last year. This month has seen £820,000 collected which is the highest collection rate since April. The number of Universal Credit claims continues to increase with 1899 claimants which is 632 more than September last year. The number of tenants under occupying continues to decrease as officers work with tenants to ensure accommodation is adequate for the number in the household. Moving the rent-free weeks has made it difficult to directly compare rent arrears with the previous financial year and it is likely that we will not see the true impact on rent arrears until the end of March. The forecast for rent arrears provided to MHCLG for year end is between £1.2-£1.5 million and the team continues to work hard to support tenants and reduce arrears. The success of the Discretionary Rental Hardship Fund has assisted 179 tenants at a time of financial hardship and is an example of one of the positive actions we have taken,
	Housing Solutions	HS 1	The number of people currently on the housing list	N/A	Volumetric	Volumetric	Q1 - 20/21	1,437	Q2 - 20/21	1,418	Number	V		This figure has decreased by 19 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.
	Housing Solutions	HS 2	The number of people approaching the council as homeless	N/A	Volumetric	Volumetric	Q1 - 20/21	130	Q2 - 20/21	290	Number	V		To date, we have had 290 homelessness approaches to the council. 242 of which have come via our Housing Solutions Team and 42 through our Rough Sleeper Team.
	Housing Solutions	HS 3	Successful preventions against total number of homelessness approaches	High is good	150.00	300.00	Q1 - 20/21	114.00	Q2 - 20/21	259.00	%	A	▲	During Q2 we had 259 preventions. This is including successful preventions recorded on Abrisas, as well as methods including Sanctuary scheme, Private Landlord schemes and Direct lets. In addition, we have also successfully relieved 110 cases through our Housing Solutions Team and Rough Sleeper Team. At the end of Q2, we also had 7 cases at "under prevention" stage and 30 cases at "under relief" stage.
	Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	Low is good	0.90	0.80	Q1 - 20/21	0.90	Q2 - 20/21	0.99	%	R	▼	The percentage of rent lost through dwelling being vacant, has increased from quarter one's figure of 0.90 to 0.99 in quarter two, which is below target. The average re-let time for standard re-lets and major work re-lets has also increased, 47.81 and 40.40 in quarter one respectively, to a joint 46.16 in quarter two.
	Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Low is good	26.00	23.00	Q1 - 20/21	47.81	Q2 - 20/21	46.16	Days	R	▲	

Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Low is good	31.00	28.00	Q1 - 20/21	49.40	Q2 - 20/21	46.16	Days	R	▲	
Housing Maintenance	HM 1	Percentage of reactive repairs completed within target time	High is good	96.00	98.00	Q1 - 20/21	98.00	Q2 - 20/21	Data for the percentage of reactive repairs completed within target time is not available but is expected to be available again from quarter three.				
Housing Maintenance	HM 2	Percentage of repairs fixed first time	High is good	90.00	93.00	Q1 - 20/21	89.57	Q2 - 20/21	90.11	%	A	▲	Performance down compared to the previous year due to C-19 and the subsequent changes enforced to the responsive repairs service.
Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	High is good	94.00	96.00	Q1 - 20/21	97.00	Q2 - 20/21	Data for the percentage of tenants satisfied with repairs and maintenance is not available but is expected to be available again from quarter three.				
Housing Maintenance	HM 4	Appointments kept as a percentage of appointments made	High is good	94.00	96.00	Q1 - 20/21	99.57	Q2 - 20/21	99.95	%	G	▲	A significant upturn in performance on the previous year. Due to C-19 and our move towards scheduled repairs we now have less responsive repairs (1- and 3-day tickets) coming through with associated appointments.
Business Development	BD 1	Number of users logged into the on-line self-service system this quarter	High is good	8,084	8,321	Q2 - 19/20	8,427	Q2 - 20/21	No data has been supplied for quarter two				
IT	ICT 1	Number of calls logged to IT helpdesk	N/A	Volumetric	Volumetric	Q2 - 19/20	1,087	Q2 - 20/21					
IT	ICT 2	Percentage of first-time fixes	High is good	Volumetric	Volumetric	Q2 - 19/20	52.50	Q2 - 20/21					

Annual Q2 Measures – CX/DCE

Service Area	Measure ID	Measure	High Or Low	Low Target	High Target	Previous Data Period	Previous Value	Current Year	Current Unit Value	Status	Commentary
CX	Procurement Services	PRO 1	Percentage spend on contracts that have been awarded to "local" contractors (as the primary contractor)	High is good	20.00	45.00		2019/20	This data is unavailable in Q2, and will be updated in Q3		
	Procurement Services	PRO 2	Percentage value of the top 10 spend contracts that have been sub-contracted (wholly or partly) to "local" suppliers to deliver	High is good	70.00	90.00		2019/20			
	Procurement Services	PRO 3	Percentage of total contract spend that is with an SME	High is good	20.00	40.00		2019/20			
	Procurement Services	PRO 4	Percentage of total contract spend that is with an SME who meets the "local" definition	High is good	20.00	40.00		2019/20			
	Procurement Services	PRS 1	Return on new commercial investments - (Annual rental yield = Net Income/Purchase Price plus initial purchase costs)	High is good	5.00	7.00		2019/20			
DCE	Grounds Maintenance	GM 2	Satisfaction with play areas, parks and open spaces (collected via Citizens' Panel)	High is good	85.00	90.00	2018/19	87.00	2019/20	These results usually come from the Citizens Panel, but as this has yet to be sent out (due to COVID-19) – so the results are now lagged until the next Citizens Panel due in November – so these results will be updated in quarter three.	
	Street Cleansing	SC 2	Satisfaction that public land and public highways are kept clear of litter and refuse (Street Cleansing) (collected via Citizens' Panel)	High is good	70.00	80.00	2019/20	69.00	2019/20		

SUBJECT:	EXTRACT FROM COMMITTEE – EQUALITY AND DIVERSITY GROUP – 14 OCTOBER 2020 - EQUALITY, DIVERSITY AND HUMAN RIGHTS POLICY REVIEW
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER:	ALI HEWSON, DEMOCRATIC SERVICES OFFICER

1. Matter for Executive

1.1 To approve the changes to the Equality, Diversity and Human Rights Policy.

List of Background Papers: Equality and Diversity Group 14 October 2020, Report +Minute.

Lead Officer: Ali Hewson, Democratic Services Officer
Telephone – 873370

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59. **Equality, Diversity and Human Rights Policy Review**

Heather Grover, Principal Policy Officer:

- a. presented the updated Equality, Diversity and Human Rights Policy to members for comment as detailed at Appendix A of her report, first adopted in September 2012, building on the Statement of Intent approved in April 2012
- b. reported that this latest version brought the policy in line with the council's strategic plan, Vision 2025, adopted in February 2020 and the current officer structure in the council
- c. highlighted that the aim of the policy was to define and promote the City of Lincoln Council's approach to equality, diversity and human rights, and to ensure there were defined guidelines for employees to follow
- d. stated that the City Council was committed to equality of opportunity for all regardless of race, gender, gender identity, religion, belief, sexual orientation, age, disability, pregnancy, maternity, marriage and civil partnership, and the organisation would also strive to uphold the human rights of all of its staff and service users in accordance with the Human Rights Act 1998
- e. reported that The Equality Act 2010 and the Equality Duty came into force in October 2010 and April 2011 respectively and in response to this legislation a new Equality and Diversity and Human Rights policy was adopted in September 2012
- f. added that the policy was last updated in 2017; this current review aligned the policy with the council's new strategic plan adopted in February 2020, Vision 2025, and also updated responsibilities in line with recent changes in the council
- g. highlighted that it was proposed that the policy should be next reviewed in October 2022; The Equality and Diversity Group (soon to be renamed Equality and Diversity Advisory Panel) had requested that the policy be monitored by officers and that any significant changes required before that time should be taken back to the group
- h. invited members' questions and comments.

RESOLVED that:

1. The proposed changes to the Equality, Diversity and Human Rights Policy be agreed and forward to Executive for approval.
2. The next review date of the Equality, Diversity and Human Rights Policy in October 2022 be agreed.

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SUBJECT:	EQUALITY, DIVERSITY AND HUMAN RIGHTS POLICY REVIEW
REPORT BY:	CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER:	HEATHER GROVER, PRINCIPAL POLICY OFFICER

1. Purpose of Report

- 1.1 To present the Council's updated Equality, Diversity and Human Rights Policy to the Group for comment.

2. Executive Summary

- 2.1 The current policy was first adopted in September 2012, building on the Statement of Intent approved in April 2012. It has since been reviewed several times to ensure it is up to date reflecting current legislation, the strategic direction of the council and the current structures in the council. This latest version brings the policy in line with the council's strategic plan, Vision 2025, adopted in February 2020 and the current officer structure in the council.

3. The Council's Equality, Diversity and Human Rights Policy

- 3.1 The aim of this policy is to define and promote the City of Lincoln Council's approach to equality, diversity and human rights, and to ensure there are defined guidelines for employees to follow.
- 3.2 The City Council is committed to equality of opportunity for all regardless of race, gender, gender identity, religion, belief, sexual orientation, age, disability, pregnancy and maternity and marriage and civil partnership. The organisation will also strive to uphold the human rights of all of its staff and service users in accordance with the Human Rights Act 1998
- 3.3 The Equality Act 2010 and the Equality Duty came into force in October 2010 and April 2011 respectively. In response to this legislation a new Equality and Diversity and Human Rights policy was adopted in September 2012.
- 3.4 The policy was last updated in 2017. This current review aligns the policy with the council's new strategic plan adopted in February 2020, Vision 2025, and also updates responsibilities in line with recent changes in the council.
- 3.5 It is proposed that the policy should be next reviewed in October 2022. The Equality and Diversity Group (to be renamed Equality and Diversity Advisory Panel) requested that the policy be monitored by officers and any significant changes required before that time should be taken back to the group.

4. STRATEGIC PRIORITIES

- 4.1 The Public Sector Equality Duty seeks to make society fairer by tackling discrimination and providing equality of opportunity for all. A clearly communicated and effectively monitored Equality, Diversity and Human Rights Policy is therefore likely to have a positive impact on all the strategic priorities.

5. Organisational Impacts

- 5.1 Finance: There are no direct financial implications. Should there be any future financial impacts as a result of compliance with the policy these will be the subject of separate reports.

- 5.2 Legal Implications: In applying this policy, City of Lincoln Council recognises its duties under:

1. The Equality Act 2010
2. The Human Rights Act 1998

The Equality Act 2010 requires City of Lincoln Council to:

- Promote equality across all its functions for all protected groups
- Eliminate discrimination
- Promote good relationships between different groups of people.

Duties under The Human Rights Act 1998 are to ensure that all staff and service users are equally able to access all their human rights as set out in the Act, both as employees and service users of City of Lincoln Council.

- 5.3 Equality and Diversity Implications: See legal implications

6. Risk Implications

- 6.1 The risks of not having a clearly communicated and effectively monitored Equality, Diversity and Human Rights Policy include:

1. Individuals may experience discrimination, harassment or victimisation.
2. Individuals may have their human rights breached.
3. The organisation may not be compliant with equality legislation including our public equality duties.
4. The organisation may not be compliant with the Human Rights Act 1998

7. Recommendations

- 7.1 That members agree the proposed changes to the Equality, Diversity and Human Rights Policy and forward to Executive Committee for approval.

- 7.2 Agree the next review for October 2022.

Does the report contain Appendices? Yes: **Appendix A**

Lead Officer Heather Grover, Principal Policy Officer, Extension 3326

City of Lincoln Council Equality, Diversity and Human Rights Policy 'Promoting Social Justice'



October 2020 (Review date: October 2022)

Document control

Organisation	City of Lincoln Council
Title	Equality, Diversity and Human Rights Policy
Author - name and title	Heather Grover, Principal Policy Officer
Owner - name and title	Heather Grover, Principal Policy Officer
Date	October 2020
Approvals	Executive
Filename	
Version	V.05
Next review date	October 2022

Note: The Equality, Diversity and Human Rights Policy – a desktop check is undertaken every 6 months to ensure the details within the policy are up to date and to ensure the policy complies with the Equality Act 2010 and with the Human Rights Act 1998 and that it continues to do so.

Document Amendment history

Revision	Originator of change	Date of change	Change description
V.03	Heather Grover	March 2016	Updated to bring in line with changes to organisational structure and strategic direction.
V.04	Heather Grover	September 2017	Section 'Setting the Corporate Context' updated in line with Vision 2020, plus other minor updates.
n/a	Pat Jukes	July 2020	Noted that a review had been planned late 2019, but due to key staff shortage and then the impact of COVID 19, the review has been deferred until December 2020
V.05	Heather Grover	October 2020	Updated to bring in line with changes to organisational structure and section 'Setting the Corporate Context' updated in line with Vision 2025

INTRODUCTION

The aim of this policy is to define and promote City of Lincoln Council's approach to equality, diversity and human rights, and to ensure there are defined guidelines for employees to follow.

The Equality, Diversity and Human Rights policy is for the benefit of all staff, members, service users and our commissioned services. This policy covers the areas of:

- Employment
- Service Delivery
- Community Leadership

The City Council is committed to equality of opportunity for all taking into account the differences of race, gender, gender identity, religion, belief, sexual orientation, age, disability, pregnancy and maternity and marriage and civil partnership. The organisation will also strive to uphold the human rights of all of its staff and service users in accordance with the Human Rights Act 1998

City of Lincoln Council is one of the largest single employers in Lincoln, employing around 650 people and serving residents of and visitors to the city. Every year we directly provide, or buy from other organisations, some of the key services in the City.

By adopting and implementing an Equality, Diversity and Human Rights Policy we accept our responsibility for addressing and tackling the imbalances caused by disadvantage and discrimination, so that we can make sure all communities have opportunities to access our services, be involved in what we do and be part of our workforce. We have made significant progress but recognise that there is a great deal of work we still need to do and this policy will act as a means for carrying out this important work.

We expect all our staff to comply with this policy, and where failings occur this can result in the application of the council's disciplinary procedure.

We also expect our contractual partners to comply with the council's Equality, Diversity and Human Rights Policy. If any partners are found to be in breach of any of the principles within the policy this could lead to termination of partnership. Conversely, when reviewing the policy, we will embrace appropriate good practice identified through partnership working.

Setting the Corporate Context

Vision 2025 is City of Lincoln Council's Strategic Plan to 2025. The overall vision is:

Together, let's deliver Lincoln's ambitious future

The council has five strategic priorities under the vision which are:

- Let's drive inclusive economic growth
- Let's deliver quality housing
- Let's reduce all kinds of inequality
- Let's enhance our remarkable place
- Let's address the challenge of climate change

The City of Lincoln Council is passionate about promoting Equality and Diversity and this runs through the council's priorities. Consideration of equality, diversity and human rights in these areas will therefore form an important part of the council's work.

Our statutory duty under the Equality Act 2010

As a public body leading and speaking on behalf of the community the City Council must play its part in making society fairer by tackling discrimination and providing equality of opportunity for all. The Equality Act 2010 places a Public Sector Equality Duty on the Council to work to:

- Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between persons who share a protected characteristic and persons who don't share it
- Foster good relations between persons who share a relevant protected characteristic and person's who don't share it

No individual will be unjustifiably discriminated against. This includes, but is not limited to, discrimination because of the following characteristics (known as protected characteristics under the Act):

- Age,
- Disability,
- Gender reassignment,
- Marriage and civil partnership,
- Pregnancy and maternity,
- Race,
- Religion and belief,
- Sex
- Sexual orientation.

We will engage with people to ensure the service is relevant and meets their needs.

We will empower people to recognise and counter discrimination and be supportive in doing so.

No form of intimidation, bullying or harassment will be tolerated.

We will also monitor the work of the Council to ensure that human rights are respected and valued and that the Human Rights Act is complied with in service provision.

The Human Rights Act sets out the fundamental rights and freedoms that individuals in the UK have access to. They include:

- Right to life
- Freedom from torture and inhuman or degrading treatment
- Right to liberty and security
- Freedom from slavery and forced labour
- Right to a fair trial
- No punishment without law
- Respect for your private and family life, home and correspondence
- Freedom of thought, belief and religion
- Freedom of expression
- Freedom of assembly and association
- Right to marry and start a family
- Protection from discrimination in respect of these these rights and freedoms
- Right to peaceful enjoyment of your property
- Right to education
- Right to participate in free elections

Our commitment to Equality, Diversity and Human Rights as a Community Leader

As a community leader, working with our partners, to ensure a combined effort to tackling inequality:

- We recognise the value of an energetic and creative voluntary sector and will work with groups, individuals and organisations to provide culturally specific services, with equalities firmly embedded in those relationships and projects – this covers the work we do on community cohesion, anti-poverty, as well as the work in our neighbourhoods
- We will encourage real participation in local democracy and representation on various bodies and in our processes, from people who may normally feel excluded from decision-making processes

- We will comply with all our legal obligations and follow best practice guidance
- We will embed equality and diversity into the business planning process of the Council, ensuring that equality responsibilities are set out in a tree of responsibility and form part of all service plans, core elements of officer job descriptions and Member role description and that equality is an essential aspect of our Code of Corporate Governance. We will lead by example so other organisations can aspire to the standards we set.
- Training on equality and diversity is provided for all staff and to new staff at induction as well as for Members. Online training is available on City People and equality and diversity issues are covered in the corporate induction process.
- We will monitor City Council procurement activity to ensure that statutory equality and diversity duties relating to procurement are observed. This extends to working in partnerships with other agencies. We will set high standards for others to follow in the way we procure goods and services

Our commitment to Equality, Diversity and Human Rights as a Service Provider

As a service provider, ensuring that our services are tailored to the needs of the individual, and that staff are aware of and responsive to the needs of different sectors of our community:

- We will work to ensure that Council information, services and events are accessible. We will work to reduce the barriers people may face due to disability or language by arranging appropriate translation, interpretation or transcription materials or equipment when necessary
- We will publish and implement an Equality Objectives and action plan, outlining how the Council will improve equality and diversity performance. We will ensure that these actions are monitored and reviewed
- We will embed our equality analysis toolkit into the culture of the Council to ensure that any adverse impacts that our policies and functions could have on particular groups will be removed, or reduced where they cannot be avoided entirely. We will also include human rights as part of this assessment process. All our equality analysis documents will be published on our website.
- We will include equality and human rights implications sections in all Full Council and Executive committee reports to ensure that issues of importance or concern are highlighted. The Council's Corporate Management Team will monitor these sections within Council reports as part of draft Executive reports and consider their implications where needed.

- We will ensure that via our **Equality and Diversity Advisory Panel**, we continuously scrutinise Council performance on equality, diversity and human rights issues and that we appropriately challenge the Council where any areas of concern arise.
- We will carry out equality monitoring activities when we consult with the community in order to ensure that the views are representative of our communities and to understand the different views different groups of people may have. We will aim to conduct specific consultation exercises with groups shown to be under-represented in our consultation campaigns.
- We will carry out equality monitoring activities among service users/non-users in order to ensure services are relevant to meet their needs. We will take action to overcome under representation where needed.

Our Commitment to Equality, Diversity and Human Rights as an Employer

As an employer we aim to ensure that we promote a workplace culture whereby all employees and members feel valued and respected, and where nobody carries out their role in fear of prejudice, discrimination, bullying or harassment. We recognise that harassment can take many forms, not all of which may be obviously overt.

Any reported cases of harassment within the Council will be dealt with promptly and sensitively, using the City of Lincoln Council's Dignity at Work Procedure. Overall, the Council aims for all employees and Members to feel comfortable at work and to be treated with dignity and respect.

No form of intimidation, victimisation, bullying or harassment will be tolerated.

In order to ensure that we are effectively working towards the implementation of the aims of this policy:

- We will publish and implement an Equality Objectives and action plan, outlining how the Council will improve equality and diversity performance as an employer. We will ensure that these actions are monitored and reviewed.
- We will ensure that via our **Equality and Diversity Advisory Panel** we continuously scrutinise Council performance on equality, diversity and human rights employment issues and that we appropriately challenge the Council where any areas of concern arise.
- We will embed equality and diversity into the business planning process of the Council, ensuring that equality responsibilities are core elements of officer job descriptions and Member role description and that equality is an essential aspect of our Code of Corporate Governance.

- We will carry out equality monitoring activities among job applicants and employees in order to be aware of representation of all protected characteristics within the Council. We will take action to overcome under representation where needed.
- We will ensure that our employee appraisal systems take account of the need to abide by this policy and to actively promote equality and human rights within all roles. We will have regard for dependant and caring responsibilities within our employment practices, using City Council policies and procedures on work life balance. A flexi time working system is offered to all staff (excluding apprentices)
- We will ensure that all City of Lincoln Council recruitment and selection processes – including those of staff, and Members – will be conducted fairly and in accordance with this policy and other internal recruitment policies.

Making sure our colleagues know about the policy

This policy will be available on the intranet and any updates will be circulated to all staff via intranet briefings. We will also provide training and advice to our colleagues on their specific responsibilities under this policy.

City Council staff are required to comply with and support the council's policies in relation to equality, diversity and human rights. Failure to do so may result in disciplinary action being taken against them.

The City Council will ensure that all its staff receive ongoing training to ensure they:

- Are made fully aware of the Equality, Diversity and Human Rights Policy and how it affects their work;
- Understand any action plans relevant to them and their responsibilities for implementing these plans;
- Are provided with a copy of a summary statement version of this policy; and
- Receive information in the form of targeted training and briefings to embed consideration of equality issues and share good practice in all services.

We will also ensure any contractor, sub contractor or organisation employed by the City Council to carry out work on our behalf complies with the Council's required standards in respect of Equality and Diversity. It is so that anyone seeking work knows about our policy and that anyone seeking contracts or work from us will be clear about the expectations that the City Council will have of them and their own colleagues

Responsibility

The ultimate responsibility for this policy rests with the City Council's Executive Committee, which is chaired by the Leader of the City Council, and with the Chief Executive, the Head

of Paid Service. They ensure that there are systems in place to put this policy into practice on a day-to-day basis.

All City Council Members and staff have a responsibility to:

- Listen to what others have to say in respect of their views;
- Report any incidences of discrimination, bullying, harassment, verbal or physical abuse or aggression;
- Challenge own prejudices and those of others;
- Know their individual rights and responsibilities in relation to the law;
- Participate in relevant training;
- Proactively promote and celebrate diversity.

The Principal Policy Officer (Policy and Strategy) will ensure we meet our duties under the Equality Act 2010 in respect of setting equality objectives and provision of advice when council services and policies are introduced, changed or withdrawn.

The Human Resources and Work Based Learning Manager will be responsible for ensuring staff have access to relevant equality and diversity training, the Legal Services Manager will be responsible for advising from a legal perspective, and the Democratic and Elections Manager will be responsible for ensuring elected Members receive appropriate training.

This policy will be monitored by the Council's Equality and Diversity Advisory Panel, chaired by the Council's Member Equality Champion, with any concerns reported to Council.

The Equality and Diversity Advisory Panel will receive regular reports from city council officers with responsibility for equality and diversity on the progress of this policy and other equalities initiatives, including progress against the council's Equality Objectives.

In addition, the Corporate Management Team, which consists of the Directors of the City Council, is tasked with driving forward the City Council's work on equality and diversity under the leadership of the Corporate Management Team Champion as the Council's Officer Equality Champion. Each Director, through Assistant Directors will be responsible for ensuring that the Directorate they are responsible for carries out the work necessary to adopt and implement this policy as recorded in service plans.

Service managers will be responsible for ensuring equality, diversity and human rights are fully considered in all service and related policy developments and monitored following implementation.

The Equality and Diversity Advisory Panel will hold managers to account for delivering the above through consideration and monitoring of the Equality Objectives Action Plan and Equality Journal.

We recognise that every colleague, and every contractor, partner or organisation that receives funding from the City, has an obligation to put this or similar approved policies into practice.

What to do if something goes wrong

Members of the public

If you think we are not providing a service in line with this policy or you think you have been treated unfairly in any way, you can complain to the City Council. Our Complaints Procedure explains how you can do this. You can obtain a copy of this procedure from most City Council buildings, by telephoning 01522 881188, or emailing complaints@lincoln.gov.uk.

You can make a complaint by telephoning or by writing to City of Lincoln Council Customer Services the address below:

Customer Services
City of Lincoln Council
City Hall
Beaumont Fee
Lincoln, LN1 1DD

City Council employees

If you are concerned about any equality issues relating to your employment you can speak to your line manager, or to the City Council's Human Resources Team.

If you feel embarrassed, humiliated, offended, distressed, alarmed, apprehensive or fearful because of someone else's behaviour towards you, you have the right to make a complaint and ask for the appropriateness of the behaviour to be reviewed. The City Council's Dignity at Work Policy and Procedure explains how to do this. You can find out more information by speaking to the City Council's Human Resources Team or from the City Council's Intranet.

You also have the right to take up issues through the Grievance Procedure. You can obtain information about this procedure from your line manager, City Council's Human Resources Team or the City Council's Intranet.

If you are in a Trade Union, you can contact them for advice and support. Please refer to your local Trade Union representative for more details.

Where you feel a manager, director, elected member or other officer has handled an aspect of service delivery or management related to equality, diversity or human rights particularly well you can feed this information back through the appraisal system.

Let us know what you think

If you wish to discuss this policy or make any comments or suggestions on the work we are aiming to do to carry out this policy please contact the Policy Unit at

City of Lincoln Council
City Hall
Beaumont Fee
Lincoln
LN1 1DD

Tel: 01522 873326

Email: policy@lincoln.gov.uk

Website: www.lincoln.gov.uk

The City of Lincoln Council is passionate about promoting equality and diversity. If you have difficulty in understanding anything in this document, please call us on 01522 881188, or email us at customer.services@lincoln.gov.uk, where we can call in an interpreter for you.

Arabic

تهتم بلدية مدينة لينكولن Lincoln بتشجيع المساواة والتنوع فيها. وإذا واجهتك أية صعوبة في فهم أي من الأمور الواردة في هذه الوثيقة، فيرجى منك الاتصال بنا على رقم الهاتف: 01522 881188 أو إرسال رسالة إلكترونية إلينا إلى العنوان الإلكتروني التالي: customer.services@lincoln.gov.uk، حيث سنكون قادرين بأن نحضر مترجم لمساعدتك في فهم هذه الوثيقة.

Bulgarian

Община Линкълн изключително много държи да насърчава равенството и разнообразието. Ако се затруднявате да разберете нещо в този документ, моля, обадете ни се на номер 01522 881188 или ни изпратете имейл на customer.services@lincoln.gov.uk, където можем да Ви свържем с преводач.

Chinese (Simplified, PRC)

林肯市议会 (the City of Lincoln Council) 热衷于促进平等与多样性。

如果您难以理解本文档中的任何内容，请致电01522

881188与我们联系，或发送电子邮件customer.services@lincoln.gov.uk，我们可以为您提供翻译服务。

Chinese (Traditional Taiwan)

林肯市議會 (the City of Lincoln Council) 熱衷於促進平等與多樣性。

如果您難以理解本文檔中的任何內容，請致電01522

881188與我們聯繫，或發送電子郵件customer.services@lincoln.gov.uk，我們可以為您提供翻譯服務。

Czech

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Dari (Afghanistan)

کانسل شهر لینکلن به ارتقاء برابری و تنوع علاقه بسیار دارد. اگر در درک این سند مشکل دارید ، لطفاً با ما با نمبر 01522 881188 تماس بگیرید ، یا به ما به آدرس customer.services@lincoln.gov.uk ایمیل روان کنید تا بتوانیم برای شما یک ترجمان بوک کنیم.

Greek

Η δημοτική αρχή της πόλης του Λίνκολν στηρίζει ενεργά την προώθηση της ισότητας και της διαφορετικότητας. Αν δυσκολεύεστε να κατανοήσετε οτιδήποτε περιλαμβάνεται στο παρόν έγγραφο, καλέστε μας στο 01522 881188 ή στείλτε μας e-mail στη διεύθυνση customer.services@lincoln.gov.uk και μπορούμε να καλέσουμε ένα διερμηνέα για εσάς.

Lithuanian

Linkolno savivaldybė aistringai skatina lygybę ir įvairovę. Jei jums sunku suprasti tai, kas parašyta šiame dokumente skambinkite mums 01522 881188 arba rašykite el. paštu customer.service@lincoln.gov.uk ir mes galėsime jums suorganizuoti vertėją.

Persian (Afghanistan)

شهرداری شهر لینکلن به ارتقاء برابری و تنوع علاقه بسیار دارد. اگر در درک این مدرک مشکل دارید ، لطفاً با ما با شماره 01522 881188 تماس بگیرید ، یا به ما به آدرس customer.services@lincoln.gov.uk ایمیل بفرستید تا بتوانیم برای شما درخواست یک مترجم نمایم.

Polish

Radzie Miasta Lincoln zależy na promowaniu równości i różnorodności. Jeżeli mają Państwo trudności ze zrozumieniem treści zawartych w niniejszym dokumencie, prosimy skontaktować się z nami pod numerem telefonu 01522 881188 lub wysyłając e-maila na adres customer.services@lincoln.gov.uk, w ten sposób będziemy w stanie zamówić usługi tłumaczeniowe dla Państwa.

Portuguese

A Câmara Municipal da cidade de Lincoln dedica-se fortemente a promover a igualdade e a diversidade. Se tiver dificuldade em compreender alguma coisa neste documento, por favor, ligue-nos para o número 01522 881188 ou envie-nos um e-mail para customer.services@lincoln.gov.uk, onde poderemos agendar-lhe um intérprete.

Romanian

Consiliul oraşului Lincoln este pasionat de promovarea egalităţii şi a diversităţii. În cazul în care întâmpinaţi dificultăţi în a înţelege ceva din acest document, vă rugăm să ne sunaţi la 01522 881188 sau să ne trimiteţi un e-mail la customer.services@lincoln.gov.uk, şi vă putem chema un interpret.

Russian

Городской совет г. Линкольн пропагандирует принципы равенства и культурного разнообразия. Если Вы не уверены, что можете прочитать и понять данный документ или его части, убедительная просьба позвонить нам по телефону 01522 881188 или написать по адресу customer.services@lincoln.gov.uk. Мы запросим для Вас услуги переводчика.

Slovak

Rada mesta Lincoln sa oduševnene venuje propagácii rovnosti a diverzity. Ak máte problém s pochopením čohokoľvek v tomto dokumente, zavolajte nám na číslo 01522 881188, alebo nám pošlite e-mail na adresu customer.services@lincoln.gov.uk, kde vám môžete zabezpečiť tlmočníka.

Turkish

Lincoln Şehri Belediyesi eşitlik ve farklılığın teşvik edilmesinde tutkuludur. Bu dokümandaki herhangi birşeyi anlamakta zorluğunuz var ise bizi lütfen 01522 881188 numaralı telefon numarasından arayınız, ya da sizin için bir tercüman çağırabileceğimiz customer.services@lincoln.gov.uk e-posta adresinde bize yazınız.

If you would like this information in an alternative format:- large print or electronically, please do not hesitate to contact us on (01522) 873326 or email policy@lincoln.gov.uk

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SUBJECT: SAFER LINCOLNSHIRE PARTNERSHIP CHARTER AGAINST MODERN SLAVERY AND HUMAN TRAFFICKING

DIRECTORATE: HOUSING AND INVESTMENT

REPORT AUTHOR: PAULA BURTON – SAFEGUARDING OFFICER

1. Purpose of Report

- 1.1 To inform the committee of the councils roles and responsibilities relating to Modern Slavery.
- 1.2 To update the committee of the request that we adopt the Modern Slavery Charter proposed by the Safer Lincolnshire Partnership.

2. Executive Summary

- 2.1 The report sets out the council’s commitment to recognising and reducing risk around Modern Slavery and Human Trafficking within Lincolnshire and the proposal to adopt the Charter against Modern Slavery and Human Trafficking.

3. Modern Slavery

- 3.1 Modern Slavery is a broad term that can include:
 - Forced labour – any work or services, which people are, forced to do against their will under the threat of some form of punishment.
 - Debt bondage or bonded labour – the world’s most widespread form of slavery, when people borrow money they cannot repay and are required to work to pay off the debt, then losing control over the conditions of both their employment and the debt.
 - Human trafficking– involves transporting, recruiting or harbouring people for the purpose of exploitation, using violence, threats or coercion.
 - Descent-based slavery – where people are born into slavery because their ancestors were captured and enslaved; they remain in slavery by descent.
 - Child slavery – many people often confuse child slavery with child labour, but it is much worse. Whilst child labour is harmful for children and hinders their education and development, child slavery occurs when a child is exploited for someone else’s gain. It can include child trafficking, child soldiers, child marriage and child domestic slavery.

- Forced and early marriage – when someone is married against their will and cannot leave the marriage. Most child marriages can be considered slavery.

3.2 City of Lincoln Councils role in preventing Modern Slavery;

- Ensuring staff have a clear understanding of Modern Slavery and know how to recognise and report signs.
- Ensuring all staff are complying with the Council's training requirements.
- Communicating and promoting materials highlighting Modern Slavery as an issue within Lincolnshire.
- Ensuring our policies and procedures are in line with the Modern Slavery Charter and current guidance.

4. The Charter

4.1 The Charter against Modern Slavery and Human Trafficking (Appendix A) is asking that all partners within the Safer Lincolnshire Partnership commit to having adequately trained staff and procedures in place to ensure that they commit to tackling the issues of Modern Slavery and Human Trafficking and also contribute to the wider collective effort to protect communities across Lincolnshire.

4.2 The Charter contains 7 commitments for partners. Officers have reviewed these and the commitments are currently being achieved or they are able to be achieved within existing resources. Appendix B gives reassurance under each commitment of how the commitment is being or will be met.

4.3 The Charter will be formally launched by the Safer Lincolnshire Partnership in January 2021.

5. Strategic Priorities

5.1 Professional, High Performing Service Delivery

This underpins our ability to achieve our strategic priorities.

5.2 Let's Reduce inequality

This Charter will demonstrate that the Council commits to working with other partners across Lincolnshire to provide safer communities for people to live in and work in.

6. Organisational Impacts

6.1 Legal Implications

There are no legal implications as a result of this report

6.2 Financial Implications

There are no financial implications as a result of this report

6.3 Equality & Diversity implications

The potential for any Equality and Diversity issues to arise has been considered and it is concluded that no issues relating to this, nor the Human Rights Act 1988 are relevant.

7. Recommendation

7.1 That the Executive consider formally adopting the Charter.

How many appendices does the report contain? 2

List of Background Papers: Appendix A – Safer Lincolnshire Partnership Charter against Modern Slavery and Human Trafficking
Appendix B – Equality Impact Assessment

Lead Officer: Paula Burton – Safeguarding Officer

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CHARTER AGAINST MODERN SLAVERY AND HUMAN TRAFFICKING

The Safer Lincolnshire Partnership's Charter against Modern Slavery and Human Trafficking commits organisations to proactively take steps internally to tackle the issue; whilst at the same time ensuring that they are contributing to the wider collective effort to protect communities across Lincolnshire.

(Your Organisation) will:

1. Attend and actively contribute to the Safer Lincolnshire Partnership core priority group to ensure that the objectives of the group, as set out in the Safer Lincolnshire Partnership Modern Slavery delivery plan, are met.
2. Identify staff who require training in awareness, identification and action to be taken related to suspicion or disclosures of Modern Slavery taking into account the different competence requirements of particular roles.
3. Have an effective Modern Slavery policy or procedure in place detailing how to respond to suspicion or disclosures of Modern Slavery. This will include the process for notifying Lincolnshire Police & onward action as per the Lincolnshire multi-agency Modern Slavery process.
4. Have a process for escalating concerns related to Modern Slavery where appropriate action is believed not to have occurred to protect victims of Modern Slavery.
5. Ensure information about Modern Slavery is included on its website with links to the national Victim Care Contract prime provider as well as the Modern Slavery helpline.
6. Ensure Modern Slavery resources are displayed, in different languages where relevant to local communities and are also available in alternative formats such as large print upon request.
7. Report publicly on the implementation of this Charter annually.

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SECTION A

Name of policy / project / service	Adoption of Modern Slavery Charter for Lincolnshire
Background and aims of policy / project / service at outset	Serious Organised Crime Group – Modern Slavery have requested that all partners adopt the Modern Slavery Charter to promote awareness and improve knowledge about Modern Slavery.
Person(s) responsible for policy or decision, or advising on decision, and also responsible for equality analysis	Daren Turner – DHI Simon Walters - DCE
Key people involved <i>i.e. decision-makers, staff implementing it</i>	Daren Turner Simon Walters Yvonne Fox Simon Colburn Francesca Bell Paula Burton

(Please note – once you have completed sections A, B and C – you may delete the guidance notes)

SECTION B This is to be completed and reviewed as policy / project / service development progresses

	Is the likely effect positive or negative? (please tick all that apply)			Please describe the effect and evidence that supports this and if appropriate who you have consulted with*	Is action possible to mitigate adverse impacts?	Details of action planned including dates, or why action is not possible
	Positive	Negative	None			
Age			*		NA	
Disability including carers (see Glossary)			*		NA	
Gender re-assignment			*		NA	
Pregnancy and maternity			*		NA	
Race			*	<i>*Evidence could include information from consultations; voluntary group feedback; satisfaction and usage data (i.e. complaints, surveys, and service data); and reviews of previous strategies</i>	NA	
Religion or belief			*		NA	
Sex			*		NA	
Sexual orientation			*		NA	
Marriage/civil partnership			*		NA	
Human Rights (see page 8)	*			Human Rights Act – Freedom from Slavery and Forced Labour	Y	SOC – MS Group have an action plan that all partners are working in a co-ordinated way to deliver for the county.

Did any information gaps exist?	Y/N/NA N	If so what were they and what will you do to fill these?
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SECTION C

Decision Point - Outcome of Assessment so far:

Based on the information in section B, what is the decision of the responsible officer (please select one option below):

Tick here

- **No equality or human right Impact** (your analysis shows there is no impact) - sign assessment below [*]
- **No major change required** (your analysis shows no potential for unlawful discrimination, harassment)- sign assessment below []
- **Adverse Impact but continue** (record objective justification for continuing despite the impact)-complete sections below []
- **Adjust the policy** (Change the proposal to mitigate potential effect) -progress below only AFTER changes made []
- **Put Policy on hold** (seek advice from the Policy Unit as adverse effects can't be justified or mitigated) -STOP progress []

Conclusion of Equality Analysis (describe objective justification for continuing)	To adopt the Modern Slavery Charter
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When and how will you review and measure the impact after implementation?*	Progress and performance will be reviewed by the SOC-MS Group and information shared with the Protecting Vulnerable People Group and CMT as required.
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Checked and approved by responsible officer(s) (Sign and Print Name)	Paula Burton	Date	13/11/2020
Checked and approved by Assistant Director (Sign and Print Name)	Yvonne Fox	Date	13/11/2020

When completed, please send to policy@lincoln.gov.uk and include in Committee Reports which are to be sent to the relevant officer in Democratic Services

The Equality and Human Rights Commission guidance to the Public Sector Equality Duty is available via: www.equalityhumanrights.com/new-public-sector-equality-duty-guidance/

City of Lincoln Council Equality and Human Rights Analysis Toolkit: Glossary of Terms

Adult at Risk - an adult at risk is a person aged 18 years or over who is or may be in need of community care services by reason of mental health, age or illness, and who is or may be unable to take care of themselves, or protect themselves against significant harm or exploitation.

Adverse Impact. Identified where the Council's operations has a less favourable effect on one or more groups covered by the Equality Act 2010 than it has on other groups (or a section of a group)

Carer - see also disability by association. A carer is a person who is unpaid and looks after or supports someone else who needs help with their day-to-day life, because of their age, long-term illness, disability, mental health problems, substance misuse

Disability by association. Non-disabled people are also protected from discrimination by association to a disabled person. This might be a friend, partner, colleague or relative. This applies to carers who have a caring responsibility to a disabled person.

Differential Impact. Identified where a policy or practice affects a given group or groups in a different way to other groups. Unlike adverse impact, differential impact can be positive or negative.

Disability. It is defined under the Equality Act 2010 as 'having a physical or mental impairment which has a substantial and adverse long term effect on a person's ability to carry out normal day to day activities'.

Physical impairment is a condition affecting the body, perhaps through sight or hearing loss, a mobility difficulty or a health condition.

Mental impairment is a condition affecting 'mental functioning', for example a learning disability or mental health condition such as manic depression

Diversity. Diversity is about respecting and valuing the differences between people. It is also recognising and understanding the mix of people and communities who use services and their different needs.

Discrimination. Discrimination has been defined as 'the unequal treatment of individuals or groups based onless because of a protected characteristic – see protected characteristic. This includes discrimination by association, perception, direct and indirect discrimination.

Example of discrimination: An employer does not offer a training opportunity to an older member of staff because they assume that they would not be interested, and the opportunity is given to a younger worker

Equality. The right of different groups of people to have a similar social position and receive the same treatment:

Equality Analysis. This is a detailed and systematic analysis of how a policy, practice, procedure or service potentially or actually has differential impact on people of different Protected Characteristics

Equality Objectives. There are specific strategic objectives in the area of equalities and should set out what services are seeking to achieve in each area of service in terms of Equality.

Equality of Opportunity. Equality of opportunity or equality opportunities may be defined as ensuring that everyone is entitled to freedom from discrimination. There are two main types of equality encompassed in equal opportunities:

1. Equality of treatment is concerned with treating everyone the same. Thus, in an organisational context it recognises that institutional discrimination may exist in the form of unfair procedures and practices that favour those with some personal attributes, over others without them. The task of equal opportunities is therefore concerned with the elimination of these barriers.
2. Equality of outcome focuses on policies that either have an equal impact on different groups or intend the same outcomes for different groups.

Evidence. Information or data that shows proof of the impact or non-impact - evidence may include consultations, documented discussions, complaints, surveys, usage data, and customer and employee feedback.

Foster good relations. This is explicitly linked to tackling prejudice and promoting understanding.

General Equality Duty. The public sector equality duty on a public authority when carrying out its functions to have 'due regard' to the need to eliminate unlawful discrimination and harassment, foster good relations and advance equality of opportunity.

Gender reassignment. The process of changing or transitioning from one gender to another – for example male to trans-female or female.

Harassment. This is unwanted behaviour that has the purpose or effect of violating a person's dignity or creates a degrading, humiliating, hostile, intimidating or offensive environment.

Human Rights – Human rights are the basic rights and freedoms that belong to every person in the world - **see below**

Marriage and Civil Partnership. Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters. Single people are not protected. Discrimination on grounds of marriage or civil partnership is prohibited under the Act. The prohibition applies only in relation to employment and not the provision of goods and services.

Pregnancy and Maternity. Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.

Protected Characteristics. These are the grounds upon which discrimination is unlawful. The characteristics are:

- Age
- Disability
- Gender reassignment
- Race
- Religion and belief (including lack of belief)
- Sex/gender
- Marriage and civil partnership
- Pregnancy and maternity
- Sexual orientation

Public functions. These are any act or activity undertaken by a public authority in relation to delivery of a public service or carrying out duties or functions of a public nature e.g. the provision of policing and prison services, healthcare, including residential care of the elderly, government policy making or local authority services.

Race. This refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

Religion or belief. Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

Section 11 of the Children Act. This duty is a duty under the Children Act 2004 that requires all agencies with responsibilities towards children to discharge their functions with regard to the need to safeguard and promote the welfare of children. They must also ensure that anybody providing services on their behalf must do the same. The purpose of this duty is that agencies give appropriate priority to safeguarding children and share concerns at an early stage to encourage preventative action.

Sex. It refers to whether a person is a man or a woman (of any age).

Sexual Orientation. A person's sexual attraction is towards their own sex; the opposite sex; or to both sexes: *Lesbian, Gay or Bisexual*

Victimisation. Victimisation takes place where one person treats another less favourably because he or she has exercised their legal rights in line with the Equality Act 2010 or helped someone else to do so.

Vulnerable Adult. A Vulnerable Adult is defined as someone over 16 who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of him/herself or unable to protect him/herself against significant harm or exploitation'

Human Rights - Human rights are the basic rights and freedoms that belong to every person in the world. They help you to flourish and fulfill your potential through:

- [being safe and protected from harm](#)
- [being treated fairly and with dignity](#)
- [living the life you choose](#)
- [taking an active part in your community and wider society.](#)

The Human Rights Act 1998 (also known as the Act or the HRA) came into force in the United Kingdom in October 2000. It is composed of a series of sections that have the effect of codifying the protections in the European Convention on Human Rights into UK law.

The Act sets out the fundamental rights and freedoms that individuals in the UK have access to. They include:

- [Right to life](#)
- [Freedom from torture and inhuman or degrading treatment](#)
- [Right to liberty and security](#)
- [Freedom from slavery and forced labour](#)
- [Right to a fair trial](#)
- [No punishment without law](#)
- [Respect for your private and family life, home and correspondence](#)
- [Freedom of thought, belief and religion](#)
- [Freedom of expression](#)
- [Freedom of assembly and association](#)
- [Right to marry and start a family](#)
- [Protection from discrimination in respect of these rights and freedoms](#)
- [Right to peaceful enjoyment of your property](#)
- [Right to education](#)
- [Right to participate in free elections](#)

Many every day decisions taken in the workplace have no human rights implications. However, by understanding human rights properly you are more likely to know when human rights are relevant and when they are not. This should help you make decisions more confidently, and ensure that your decisions are sound and fair.

SUBJECT:	EXCLUSION OF THE PRESS & PUBLIC
DIRECTORATE:	CHIEF EXECUTIVE & TOWN CLERK
REPORT AUTHOR:	CAROLYN WHEATER, MONITORING OFFICER

1. Purpose of Report

1.1 To advise members that any agenda items following this report are considered to contain exempt or confidential information for the reasons specified on the front page of the agenda for this meeting.

2. Recommendation

2.1 It is recommended that the press and public be excluded from the meeting at this point as it is likely that if members of the press or public were present there would be disclosure to them of exempt or confidential information.

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