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CITY OF Lincoln COUNCIL

EXECUTIVE

Monday, 22 November 2021 | **6.00 pm** | **Committee Rooms 1 and 2, City Hall**

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

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

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A G E N D A

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.

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

Executive **25 October 2021**

Present: Councillor Ric Metcalfe *(in the Chair)*, Councillor Chris Burke, Councillor Sue Burke and Councillor Bob Bushell

Apologies for Absence: Councillors Donald Nannestad and Neil Murray

39. Confirmation of Minutes - 20 September 2021

RESOLVED that the minutes of the meeting held on 20 September 2021 be confirmed and signed by the Chair as a correct record.

40. Declarations of Interest

No declarations of interest were received.

41. Localised Council Tax Support Scheme 2022/23

Purpose of Report

To propose options for consultation on a 2022/23 Council Tax Support scheme, and an accompanying Exceptional Hardship Payments scheme.

Decision

(1) That the potential options for a Council Tax Support scheme for 2022/23 (as detailed in Section 5 of the report to the Executive) be approved for public consultation and scrutiny.

(2) That public consultation and scrutiny be approved on an Exceptional Hardship Payments scheme fund of £25,000 for 2022/23 (which would represent an increase of £5,000), to augment the Council Tax Support scheme awards, and which would be funded through the Collection Fund.

(3) That a public consultation on the proposals in (1) and (2) above begin on 27 October 2021 and conclude on 8 December 2021, and include members of the public, appropriate organisations and the major precepting authorities; and the Policy Scrutiny Committee on 23 November 2021.

Alternative Options Considered and Rejected

As set out in Section 5 of the report to the Executive, three options for a Council Tax Support scheme would be subject to public consultation and scrutiny:

- Option 1: No change to the current scheme.
- Option 2: ‘All working age’ banded scheme (as detailed in paragraph 5.6 of the report).
- Option 3: ‘De Minimis’ scheme (as detailed in paragraph 5.7 of the report).

There would be public consultation on the Exceptional Hardship Payments Scheme, as detailed in paragraph 5.9 of the report.

The outcome of the public consultation would be considered by the Executive on 4 January 2022 and the proposed 2022/23 scheme would require a decision by the Council.

Reasons for the Decision

The Council Tax Support Scheme (CTS), which replaced the national Council Tax Benefit system on 1 April 2014, may be determined by each billing authority, after consultation with precepting authorities, key stakeholders and residents.

As at the end of August 2021, there were 8,870 residents claiming CTS in Lincoln, of whom 2,704 were pensioners who were protected under the CTS. There was discretion to determine the level of support to the remaining 6,166 working age claimants where a decision by the Council would be required to apply the CTS to non-vulnerable working age adults. Historically CTS would be applied to vulnerable working-age adults, which included people in receipt of certain disability premia, a war pension or the Employment and Support Allowance.

The current, 2021/22 scheme had the following features for working age adults:

- a capital limit £6,000;
- a minimum entitlement of £2 per week;
- property banding capped at band B, so that a customer residing in a band C and above property, would only have their CTS calculated on band B liability;
- backdating restricted to one month; and
- any temporary absence from home was in line with Housing Benefit regulations.

Modelling for each of the proposed Council Tax Support Scheme options had been based on assumptions such as the freeze on social security benefits, based on current national policy; Council Tax increases of between 1.9% and 2.5%; an increase in caseload for 2022/23 of no more than 5%; and a collection rate of 98.75%.

The Exceptional Hardship Payments (EHP) provided a further financial contribution where an applicant was in receipt of CTS, but the level of support did not meet their full Council Tax liability. The Council was required to provide financial assistance to the most vulnerable residents, who have been disproportionately affected by the changes made in 2021 to the CTS.

Since April 2013, the Council had operated an EHP scheme each year, to provide a safety net for those in receipt of CTS, who were experiencing difficulty paying their Council Tax. The current EHP budget was £20,000 and the cost of EHP is borne solely by City of Lincoln. As at 31 August 2021, a total of £9,070 of EHP had been awarded for 2021/22. The government-funded Council Tax Hardship Scheme, available in 2020/21 and 2021/22, was not expected to be available in 2022/23. It was therefore agreed that the proposed EHP budget be increased from £20,000 to £25,000 for 2022/23.

42. Review of Public Spaces Protection Order Allowing for the Gating of St Peter's Passage

Purpose of Report

To advise on the process and consideration given to date, to review an existing Public Space Protection Order allowing for the gating of St Peter’s Passage in the City Centre area of Lincoln. To seek approval from the Executive on proposals regarding the review of the existing Public Space Protection Order (PSPO), which prevents access to this passageway.

Decision

(1) That the comments from the Policy Scrutiny Committee be noted.

(2) That the Public Space Protection Order to remit the gating of St Peter’s Passage be renewed for a further period of three years.

Alternative Options Considered and Rejected

None.

Reasons for the Decision

In 2018, the City Council exercised powers under the Anti-Social Behaviour, Crime and Policing Act, and applied a Public Space Protection Order to St Peter’s Passage for a period of three years. This was because St Peter’s Passage had attracted anti-social behaviour and criminal activity. The gating of St Peter's Passage had removed the crime and anti-social behaviour, as well as removing the public health risk posed to the public, street cleaning employees and partner agencies, as the Passage was often in an unsanitary condition. It was not possible to rely on natural surveillance, as the passage was not overlooked.

A consultation exercise had been undertaken between 2 and 30 August 2021 and nine responses had been received to the consultation and all were in support of the continued gating of St Peter’s Passage. Furthermore, the proposal to continue with the gating of St Peter’s Passage gating had been supported by the Policy Scrutiny Committee on 5 October 2021 for a further three years.

There was no evidence to suggest that the antisocial behaviour experienced at St Peter’s Passage had been displaced to other areas of the City. There had been reports of similar antisocial behaviour reported at St Peter in the arches, however from the CCTV images this had not been from the same cohort that once used St Peter’s Passage and was attributed to the night-time economy.

43. Green Homes Grant Local Authority Delivery Scheme (LAD)

Purpose of Report

To update the Executive and seek comments on the Local Authority Delivery (LAD) element of the Green Homes Grant scheme phase 1 (LAD 1). To request approval, subject to a successful application, for delegated authority for the City Solicitor and Chief Finance Officer to accept the offer of funding, sign the Memorandum Understanding, proceed with implementation of the LAD2 scheme and to include the project in the General Investment Programme.

Decision

(1) That, subject to the approval of proposed delivery profile by the Department for Business, Energy and Industrial Strategy, authority be delegated to the City Solicitor and to the Chief Finance Officer to accept the offer of funding for the Green Homes Local Authority Scheme – Phase 2; to sign the Memorandum Understanding; and to proceed with its implementation.

(2) That, subject to (1) above, authority be delegated to the Chief Finance Officer to include the final scheme cost in the General Investment Programme (to be fully funded by external grant).

Alternative Options Considered and Rejected

None.

Reasons for the Decision

On 26 June 2021, the Executive had approved the Council's acceptance of £479,600 in capital funding to retrofit up to 40 energy inefficient homes in Lincoln, where households had been identified to be living in fuel poverty. The Council had confirmed a contract to deliver the Green Homes Grant Local Authority Delivery Scheme Phase 1, which was due to be completed by March 2022.

In August 2021, the Council was invited to submit a funding application for the Sustainable Warmth Fund (LAD 2) for funding to extend the scheme until March 2023. The Council was awaiting the outcome of the bid. However, owing to the limited timeframe to accept any offer of funding, a delegation to the City Solicitor and the Chief Finance Officer to accept the offer of funding. The Council had submitted an expression of interest for £2.8 million funding to enable retrofit works to be undertaken on a further 300 homes. Total funding of £3,432,262 had been allocated to the City of Lincoln, of which £514,622 would be spent on capitalisation costs (to cover administration, employee, ancillary costs) and £2,917,640 would be allocated for energy efficiency measures. The Council had developed a delivery profile to target 300 homes with an upgrade to their energy efficiency rating. A total of 2,153 of the Council's properties had an energy rating of D or below, and work was in hand identifying properties most in need.

44. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following item of business, because it was likely that if members of the public were present there would be a disclosure to them of ‘exempt information’ as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

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

45. CCTV Update

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

(1) That the comments of the Performance Scrutiny Committee and the Policy Scrutiny Committee be noted.

(2) That the recommendations to the Executive, as set out in the exempt report, be approved.

Alternative Options Considered and Rejected

As detailed in the exempt report to the Executive.

Reasons for the Decision

As detailed in the exempt report to the Executive.

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Item No. 3

EXECUTIVE **22 NOVEMBER 2021**

SUBJECT	**LOCAL TRANSPORT PLAN 5 CONSULTATION DRAFT**
DIRECTORATE:	**COMMUNITIES AND ENVIRONMENT / MAJOR DEVELOPMENTS**
REPORT AUTHOR:	**TOBY FORBES TURNER, PLANNING POLICY MANAGER**

1. Purpose of Report

1.1 To brief Executive members about the Local Transport Plan (LTP5) Consultation Draft and recommend a response on behalf of the Council.

2. Executive Summary

2.1 On 20th October 2021, Lincolnshire County Council released the LTP 5 for public consultation with a closing date of responses due by Wednesday 1st December 2021. The LTP is produced every 10 years by the County Council and covers the short, medium and longer-term time horizons for transport and highways for the whole county.

2.2 This LTP has been produced under a period of rapid change in the transport sector. With the key driver being the mitigation of climate change coupled with the impact of Covid 19 the LTP needs to be very different from previous versions. Changes in technology, lifestyles, working patterns and environmental concerns mean that the LTP needs to reflect these issues and how transport can address these issues over the short, medium and long term.

3. Background

3.1 Under the Local Transport Act 2008, local transport authorities, in this case Lincolnshire County Council, have a statutory duty to produce a LTP. The LTP assesses an area's transport needs and challenges and sets out different ways in which these challenges will be addressed.

3.2 Since the last LTP (4) was produced in 2013, significant changes have taken place in relation to local transport. The Government's announcement banning the sale of both new petrol and diesel cars by 2030 and the steps in tackling climate change with the commitment to be net-zero carbon by 2050, will have a significant bearing on what happens to transport during the time-scale of this next LTP. Growth in the form of new housing (Central Lincolnshire Draft Local Plan is anticipating the need for 29,000 new homes up to 2040) and new employment provision (15,000 new jobs across Central Lincolnshire) will increase the pressure on the existing transport infrastructure.

3.3 A number of transport-focussed schemes have been completed locally since the last LTP, most notably the completion of the Lincoln Eastern Bypass and the new

Lincoln Central bus station. Improvements to rail services (including frequency to London) and funding to support active travel (cycling & walking) has assisted in encouraging people to use sustainable modes of transport but clearly there is a lot more to be done.

3.4 The impact caused by the Covid-19 pandemic on transport and movement has been genuinely seismic and in the introduction to the LTP it states '*it seems likely that flexible working from home will remain to some extent for many people, and so there will likely be changes to commuting times going forward. Access to education will return to something approaching normal, but access to health and shopping activities have altered in ways that seem irreversible, at least in part. Travelling less – and for different reasons will require reassessment of transport programmes, with a likely growth in leisure travel expected*'.

3.5 The Draft LTP is framed under the challenges outlined above and sets out the current context in which the document has been prepared as follows:

3.6 *'Lincolnshire's fifth Local Transport Plan has been produced under highly unusual circumstances – a period of rapid change and upheaval that is presenting us with significant challenges but also exciting opportunities. To be ready for the future we need to clearly identify the challenges we face, so we can respond to them intelligently, effectively and flexibly. But we also need to take advantage of changes in technologies and lifestyles, influenced by factors including the recent pandemic and growing environmental awareness. By doing so we can create a better, more sustainable transport system that will contribute to the health, prosperity and wellbeing of everyone in Lincolnshire'.*

4. Structure of the Draft LTP

4.1 The LTP is divided into four parts each having a separate role.

4.2 Part 1 – The Core Document: Lincolnshire's Integrated Transport Strategy

4.3 This part of the LTP provides the context, evidence and the high-level policy and strategy content. It provides a link from the District Local Plans, the county council's Corporate and Green Master Plans and also links transport policy into the Local Industrial Strategy, the Tourism Action Plan, the Joint Strategic Needs Assessment and a wide range of other higher-level policy and strategy documents covering the socio-economic, environmental and health agendas.

4.4 Part 2- Delivery and Implementation Plan

4.5 The second part of the LTP (contained within chapter 5) contains the proposed implementation plan and priority list of improvements and includes reference to the respective the Local Transport Boards, one of which is the Lincoln Transport Board.

4.6 Part 3 – Supplementary and Supporting Modal Strategies

4.7 The LTS is supported by a range of other strategies and plans that provide more detail and expand on the policies and proposals of a particular transport mode with a focus on a shorter-time frame. These strategies and plans are designed to be more fluid and able to react more quickly to changing circumstances. It is hoped to make these parts of the LTP more of a “living” document that can reflect on the changes and demands in terms of available funding and what is happening on the ground.

4.8 The supporting modal strategies accompanying the LTS are:

- Bus Strategy
- Cycling Strategy
- Walking Strategy
- Electric Vehicle Strategy
- Passenger Rail Strategy
- Rail Infrastructure Strategy
- Freight Strategy

4.9 There are also a number of accompanying technical and evidence base reports supporting the LTS:

- Ultra low emissions vehicle study
- Low emission bus study
- Lincolnshire Passenger Rail Strategy
- Greater Lincs Rail Strategy
- Transport Monitoring Report

4.10 Part 4 – Monitoring and Evaluation

The LCC Annual Monitoring Report provides an update on performance from previous LTPs as well as an indication of the state of play across the whole transport and highway network. Moving forward as new technologies develop, a review of how data is collected and monitored will be undertaken to ensure the measurement of the LTP's success is kept up to date**.**

4.11 Finally, there is an LTP Prospectus which in essence is a short executive report of the full LTP report itself, provides a useful summary of the key content of the main report and is a helpful public-facing document.

4.12 Detail Contained within the LTP

4.13 Chapter 4 of the LTP states that transport planning should start with place making and that great places reduce the need to travel longer distances and more journeys can be take place by foot, cycle or public transport. The LTP sets out to alter the way transport planning is carried out in Lincolnshire and focuses far more on creating the communities and the streets rather than on the movement of vehicles and traffic. It also seeks to better integrate modes and focuses on connectivity, mobility and movement as a whole.

4.14 Achieving wider policy objectives such as improving health, reducing carbon emissions and supporting economic growth all form part of the broader agenda and the draft LTP sets out to achieve the creation of a new approach to benefit everyone.

4.15 The document goes on to set out six main themes, and under those themes a series of strategic objectives were developed to help identify, prioritise and support the future delivery of transport across Lincolnshire. The themes themselves have been based on a review of existing policy documentation, including all District Local Plans, the Local Industrial Strategy, Green Master Plan, Joint Strategic Needs Assessment etc. By reviewing all relevant policy documents it is hoped this '*embeds the foundation of the LTP in the spatial, socio-economic, health and environmental objectives for the county from a range of partners as well as LCC itself*'.

4.16 The Key Themes are:

- Supporting Economic Growth
- Future ready, green transport
- Promote thriving environments
- Supporting safety, security and a healthy lifestyle
- Promoting high aspirations
- Improve quality of life

4.17 Under each theme there are objectives with proposed policies aimed at delivering each of the objectives. For example under Theme 2, Objective 2a: Support the introduction of low-carbon technologies and thus reduce reliance on fossil fuels.

4.18 This objective is supported by a number of policies including:

Policy Green 1: We will work with partners and take the necessary steps at a local level to reduce emissions from road-based transport and contribute towards the net-zero carbon target by 2050 as required by the 2008 Climate Change Act.

Policy Green 3: Through our Local Transport Boards, other Council policies and the Development Plan process we will support the provision of local facilities and services to enable people to live locally and lower their carbon footprint by reducing travel distances.

Policy Green 4: We will use the local and strategic development management processes to ensure that development is planned, delivered and managed to reduce the need to travel and support the delivery of sustainable transport modes. We will support the provision of improved walking, cycling and public transport services and facilities as part of new developments and actively encourage innovative solutions such as car clubs, mobility hubs, active travel plans and other sustainable solutions as opposed to single occupancy car use.

4.19 Implementation Plan

4.20 Chapter 5 of the document sets out how the LTP will be delivered by setting out the various implementation plans and priorities, listing which stakeholders need to be involved, actions required and timescales. By way of summary, the plans are:

- Walking Implementation Plan
- Cycling Implementation Plan
- Bus Implementation Plan
- Rail Implementation Plan
- EV Implementation Plan
- Freight Implementation Plan
- Highways Asset Management Plan Implementation Plan

4.21 Key Issues for the City

4.22 In general, the overall approach to transport outlined in the LTP is welcomed in helping to address social, environmental and economic challenges in the future and the 6 key themes are all ones which are supported in principle.

4.23 For the City, a number of transport related issues and challenges remain that will require continued working on with Lincolnshire County Council and key stakeholders throughout the development and delivery of LTP5. These include:

- Supporting delivery of sustainable modes of transport
- Improving provision of public transport
- Maximising opportunities for non-car based travel in new developments including Sustainable Urban Extensions
- Supporting the uptake of Electric Vehicles and associated EV infrastructure
- Ensure the City's updated parking strategy supports principles of the LTP and Lincoln Transport Strategy (parking strategy work is currently being scoped)

4.24 Responding to the Consultation

Public consultation closes on 1st December and responses are sought via an on-line survey form (see Appendix 1). The first section of questions asks for responses on a scale between strongly agree through to strongly disagree on the 6 Themes. The second section asks respondents to rank the themes in order of priority and the third section seeks views on ideas contained within the Prospectus. The final section provides an opportunity to provide open comments about the LTP as a whole.

4.25 Detailed comments to the LTP consultation are being gathered from both officers and members in time for the consultation deadline.

5. Strategic Priorities

5.1 <u>Let's drive inclusive economic growth</u>

An effective Local Transport system is vital to supporting the local economy as well as ensuring those with limited or no access to cars are able to get access to employment and leisure opportunities. Supporting the local economy is a key theme in the LTP with a number of objectives and policies aimed toward this priority.

5.2 <u>Let's reduce all kinds of inequality</u>

Theme 5 (Promoting high aspirations) and Theme 6 (Improve quality of life) seek to address how the LTP can support transport measures which improve the accessibility of transport for all.

5.3 <u>Let's enhance our remarkable place</u>

A key aim of the LTP is to provide a local transport system that will support the sustainable growth of the area through delivering new houses and jobs, whilst reducing carbon emissions and supporting the recovery from the COVID-19 pandemic.

5.4 **Let’s address the challenge of climate change**

As transport is a significant contributor to carbon emissions, reducing them is a fundamental part of the LTP. As well as helping meet the national zero carbon deadline, lowering emissions is a starting point for creating a healthy, pleasant and clean environment for everyone with better air quality and more peaceful outdoor spaces.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct financial implications resulting from the LTP itself but ongoing partnership working will be required throughout its implementation and delivery on a project by project basis which may require the Council to consider funding transport related initiatives.

6.2 Legal Implications including Procurement Rules

None arising from this report.

6.3 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

The production of the LTP is a statutory requirement for Local Highways Authorities and the requirements for consideration of equality, diversity and human rights will have been included in the drafting of the document. For further information see https://www.letstalk.lincolnshire.gov.uk/local-transport-plan

6.4 Human Resources

Not applicable.

6.5 Land, Property and Accommodation

Not applicable.

6.6 Significant Community Impact

Not applicable.

6.7 Corporate Health and Safety implications

Not applicable.

7. Risk Implications

7.1 (i) Options Explored

No response or objection to the LTP would jeopardise the Council's ability to shape and influence the development of the LTP which would be detrimental to the future transport plans for Lincoln.

7.2 (ii) Key Risks Associated with the Preferred Approach

None

8. Recommendation

8.1 The Executive endorses officer's recommendation to provide broad support to the Draft LTP.

8.2 Delegate authority to the Director of Major Developments and to the Assistant Director of Planning for detailed comments to be made on the Draft LTP prior to submission deadline of 1st December 2021.

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?	1
List of Background Papers:	None

Lead Officer: Toby Forbes Turner, Planning Policy Manager
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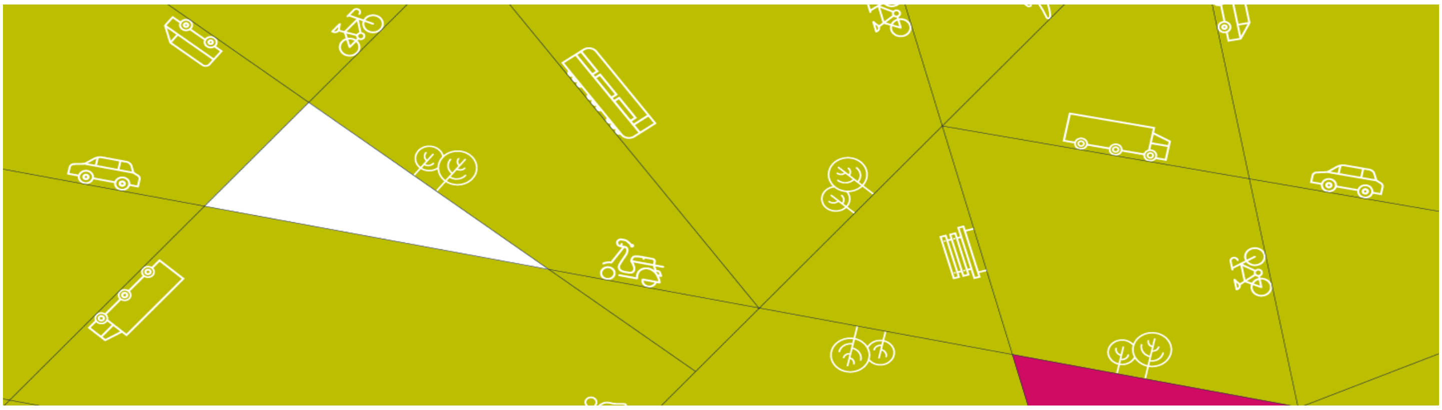

Local Transport Plan Survey

Our last Local Transport Plan was published in 2013, and there are new challenges that we need to address in the new Strategy. Prior to adopting a new plan we are taking the opportunity to ask for your opinion on the themes and thinking behind the new document. We need to ensure that the people of Lincolnshire, its business community, and our partners buy into the vision, agree with the challenges, and support the solutions we have laid out in the prospectus and consultation draft opposite. We recommend you have a read through the prospectus and any of the supporting documents and let us know your thoughts via the on-line questionnaire.

The closing date is Wednesday 1st December 2021, 11.59pm.

This questionnaire gives you the opportunity to contribute directly to the LTP process to help shape the development of transport improvements for the next 10-15 years. In turn, those improvements make a difference to our environment, economic growth and quality of life. These are all issues that come out as areas for improvement in the County Views Panel survey. Here, you have an opportunity to think about what is done to help that become a reality. It should only take 15 minutes to complete.

As this questionnaire is intended to be anonymous, please do not to include any personal or sensitive information in your 'open text' responses.

In what capacity are you completing this questionnaire? Please tick all that apply

Business	
County Councillor	
District Councillor	
Town/parish Councillor	
Lincolnshire resident	
Operator	
Someone who works in the area	

Other	

If other please specify

Section 1 – The thinking

Developing a plan for local transport involves listening and learning from a wide range of sources. We've looked at the existing Local Development Plans, data from the current transport system, and lots of other strategies and plans from across Lincolnshire. What we've found has helped us identify the six major themes you'll find in the prospectus on page 10, which tackle environmental, economic and future sustainability goals and challenges. We believe working on these themes in a coordinated way will help us transform our transport system and the people and places it serves.

We are keen to know what you think of our themes and if you agree or disagree with them.

Theme 1 - Supporting economic growth

To what extent do you agree or disagree with the following?

Questions	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Improve connectivity throughout Lincolnshire and to the East Midlands, the rest of the UK and beyond					
Ensure a resilient and reliable transport system for the movement of people, goods and services					
Support the vitality and viability of our town centres and rural communities					
Improve connectivity to jobs and employment opportunities					
Provide a transport system that supports the priority sectors identified in the Local Industrial Strategy (see page 9 of the Prospectus)					

Theme 2 - Future ready, green transport

To what extent do you agree or disagree with the following?

Questions	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Support the introduction of low carbon technologies and thus reduce reliance on fossil fuels					
Develop and support communities to flourish locally and thereby help reduce the need to travel					
Deliver sustainable development by ensuring that new developments are designed to reduce the need to travel, minimise car use and support the use of more sustainable transport modes					

Ensure the transport network is made resilient to climate change					

Theme 3 - Promote thriving environments

To what extent do you agree or disagree with the following?

Questions	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Develop opportunities to both protect and enhance the built and natural environment					
Minimise waste and make the best the use of available resources					
Provide sustainable access to Lincolnshire's wonderful environment and heritage					

Theme 4 - Supporting safety, security, and a healthy lifestyle

To what extent do you agree or disagree with the following?

Questions	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Improve road safety					
Increase confidence in a safer and more secure transport network					
Reduce the impacts of air quality and noise and light pollution					
Improve the health of our communities through the provision for active travel					

Theme 5 - Promoting high aspirations

To what extent do you agree or disagree with the following?

Questions	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Improve connectivity and access to education, healthcare and leisure					
Improve the accessibility of the transport system and in particular access onto public transport					
Encourage wider community participation in developing and delivering transport services					

Theme 6 - Improve quality of life

To what extent do you agree or disagree with the following?

Questions	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
To deliver on the first five themes above					
To improve the quality of place and reduce the overall negative impacts of transport on people's lives, eg feeling unsafe, transport intrusion, congestion/air pollution, inability to get to appointments					

Is there anything missing from the themes, which you would have expected to see in the LTP? Please list headings briefly here

Section 2 – The priorities

Please rank the themes in order of importance to **you**.

One is the most important priority and six is the least important priority. Think about this in relation to impact on you and your family, disadvantages/benefits to you and your family in the future and what you'd like to see addressed more urgently.

Theme	Please rank the themes using 1 - 6
Theme 1 Supporting economic growth	
Theme 2 Future ready, green transport	
Theme 3 Promote thriving environments	
Theme 4 Supporting safety, security, and a healthy lifestyle	
Theme 5 Promoting high aspirations	
Theme 6 Improve quality of life	

Please list the reason(s) you gave your chosen theme a ‘1’

Please list the reason(s) you gave your chosen theme a ‘6’

Please rank the themes in order of importance to the **county** as a whole.

One is the most important priority and six is the least important priority. Think about this in relation to the impact on the area, sustainability and development for the future and what you’d like to see addressed more urgently as and when funds and capacity allows.

Theme	**Please rank the themes using 1 - 6**
Theme 1 Supporting economic growth	
Theme 2 Future ready, green transport	
Theme 3 Promote thriving environments	
Theme 4 Supporting safety, security, and a healthy lifestyle	
Theme 5 Promoting high aspirations	
Theme 6 Improve quality of life	

Please list the reason(s) you gave your chosen theme a ‘1’

Please list the reason(s) you gave your chosen theme a ‘6’

Section 3 – The ideas

To deliver the LTP will require significant investment in a range of interventions and activities. Some of these interventions are well developed some are new ideas using emerging technologies, a list of ideas is included in the prospectus on pages 21 to 25. Consider your ‘local area’ as 15-20 minute walk of your home/place of work.

Tell us whether you like or dislike the ideas in this list

Questions	**Good idea in principle**	**I’d like to see this in my local area**	**I wouldn’t want this in my local area**	**Don’t like this idea at all**	**N/A to me**
Active travel, e.g. low traffic areas					
Support the Bus Service Improvement Plan, inc. electric bus towns					
Transport integration, e.g. transport hubs and rural stations					
Personal and public transport, e.g. find creative solutions					

Rail transport, e.g. upgrade track, speed and capacity					
Freight transport, HGV driver training and access to ports					
Highway transport, e.g. A1 upgrade					

Section 4 – Your thoughts

If there is anything you would like to add to this survey about the Local Transport Plan please tells us briefly here:

Section 5 - About you

It helps us establish where there is support or opposition to ideas if we know roughly where you live. We will not use any of this data to identify you.

Please give the first part of your postcode, eg LN1 2 or PE25 3

Equality

The Equality Act 2010 places organisations under a duty to ascertain how people with 'protected characteristics' (listed below) are impacted by the organisation's activity and how steps may be taken to mitigate or eliminate adverse impact(s). It is your choice to answer the following questions. If you do choose to answer them, this will help us to make informed decisions.

Age – What age group are you in? (Choose any one option)

16 and under		55-64	

17-24		65-74	
25-34		75-84	
35-44		85 and over	
45-54		Prefer not to state	

Disability

The Equality Act 2010 defines a person as disabled if they have (or previously had) a physical or mental impairment which has (or had) a substantial and long term adverse effect on their ability to carry out normal day to day activities. Special provisions also apply to people with HIV infection and cancer.

You should answer yes to the question if you have a physical or mental impairment or long-term health condition which is expected to last, or has lasted, for a year or more, which makes it difficult for you to do things that most people do on a fairly regular and frequent basis. This includes people who are receiving treatment or using equipment, (except glasses or contact lenses) that alleviates the effects of an impairment or a condition, people with an impairment or condition that is likely to reoccur, people who have conditions that will get worse over time and people with severe disfigurements.

Do you consider yourself to have a disability? (Please tick all that apply)

Yes, a physical disability	
Yes, a mental health disability	
Yes, a learning disability	
Yes, a sensory impairment (for example hearing or vision)	
No	
Prefer not to state	

Item No. 4

EXECUTIVE **22 NOVEMBER 2021**

SUBJECT:	**OPERATIONAL PERFORMANCE REPORT Q2 2021/22**
DIRECTORATE:	**CHIEF EXECUTIVE'S**
REPORT AUTHOR:	**PAT JUKES – BUSINESS MANAGER CORPORATE POLICY**

1. Purpose of Report

1.1 To present to Executive an outturn summary of the council's performance in Q2 of 2021/22.

2. Executive Summary

2.1 This report covers the second quarter of 2021/22, with the data found in three Appendices A, B and C

There are 18 quarterly measures with RED (below target) statuses – all of which have been worsened as a direct or indirect result of the pandemic situation
There are also 15 quarterly measures with GREEN (above target) statuses, with the remaining 14 being within their acceptable boundaries.

It should be noted that we are still facing unprecedented circumstances within many of our services, and in addition to the normal review of service performance – this quarter there are additional contextual background notes to support members in understanding the level of disruption that we are still facing.

3. Background

3.1 City of Lincoln Council, like all other local authorities, has had to make dramatic changes as a result of the three national lockdowns resulting from the COVID-19 pandemic, not only to ensure that we kept our critical services functioning, but also to deliver a community leadership role for our city in a time of crisis.

3.2 Whilst formal performance reporting was limited in the first half of 2020/21, we restarted reporting in quarter four and we are now able to report performance figures for our key services and have resumed our usual performance reporting format. Thus, this report will present the performance of service areas and directorates against our agreed performance measures and targets, as well as corporate performance measures.

4. The Data Appendices

4.1 The full report is attached as **Appendix A**, with the Strategic Measures Dashboard attached as **Appendix B** and the Annual measures attached as **Appendix C**.

Between them this provides a narrative summary of performance for Q2 for each of the key services plus a summary table of results by directorate.

4.2 The written report focuses mainly on service areas that have surpassed or not met their targets. It offers commentary on why this is the case and what steps are in place to remedy any issues.

5. Strategic Priorities

5.1 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.

6. Organisational Impacts

6.1 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.

Legal Implications including Procurement Rules - There are no direct legal implications

6.2 Equality, Diversity and Human Rights There are no direct equality implications as a result of this report.

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

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

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

This report has no direct effect on Equality in itself, but through measurement of services we are constantly able to review the quality of them for all recipients.

7. Risk Implications

7.1 (i) Options Explored – n/a

7.2 (ii) Key Risks Associated with the Preferred Approach – n/a

8. Recommendation

8.1 Executive is asked to comment on the achievements and issues identified this quarter.

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?	Three (A, B and C)
List of Background Papers:	None
Lead Officers:	Pat Jukes Business Manager, Corporate Policy Scott Lea, Acting Performance & Engagement Officer

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Operational Performance Report Q2 2021/22

Pat Jukes

Business Manager, Corporate Policy

October 2021

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Introduction

Members will recall that many services have, during 2021/22, faced an uphill challenge to restore services within the context of continued covid restrictions. More latterly, whilst restrictions have lifted, those challenges continue as service managers grapple with the need to re-introduce many of the cyclical inspections that were suspended both nationally and locally during the pandemic.

Services such as Private sector housing licensing inspections, Food premises inspections, gas and electrical safety inspections of our council houses are all facing significant restoration programmes that in some cases will take 18 months (as defined by governing bodies) to complete – with focus on the higher risk areas first (but noting that the highest risk inspections continued during the pandemic).

In other areas, such as Disabled facilities grants, we are finding that many customers are only more lately happy for our staff to enter their homes once more.

Layered over the top of this is additional activity in income generating areas to restore income levels as far as possible to pre -covid levels – areas such as car parking is working hard to generate income above current levels and our leisure provider is attracting new customers to replace those lost in lockdown.

Finally the council is having to find staff capacity to help the High Street recover - be that through the Town Fund administration or rolling out the Welcome Back Fund. Both take significant staff resource away from other activity to administer them.

Other aspects of council work also impacts service delivery:

- We are nearly through the 2021 ‘Towards Financial Sustainability’ programme, which is designed to stabilise our financial situation post covid. There will inevitably be performance changes seen within some services as a result of financial and/or resource reductions, and targets may need to be adjusted in future years to reflect this permanent position
- In some areas we are still seeing additional demand which has been pent up through the last year and now that things are nearing a new normality, customers are making requests they have not felt able to for quite some time. This can clearly be seen through the rising number of contacts to the Customer Services team
- Members have and will continue, to take decisions on Policy that could affect performance, which will need to be reflected in the measures captured and the target aims for future years

Through all of the above we are still dealing with daily business; customers still need services to function as near normal as possible

So in summary, we remain a long way from business as usual and this is reflected in the report that follows.

INTERIM TARGET REVIEW

As we committed to committee in August 2021, we have reviewed the 19 targets which had been changed from the previous year, with the following results:

1 target will be revised back to the 2020/21 rate (Rent collection)

1 measure is no longer applicable as it no longer exists (return on NEW commercial investments)

2 measures will be left as volumetric until next year when they will revert to measures (Work Based Learning – number and achievements of apprentices)

2 targets had already been increased - so these will both stay at the higher level

3 customer satisfaction measures that we are unable to collect in Customer Services, will not be re-started yet as we have not yet got an alternative process in place

The remaining 10 targets will stay as they have been for Q1 and Q2 as none of these are able to achieve their revised targets consistently.

How to read this report

Measures belonging to **Chief Executives Directorate** – predominantly covering “Reducing all kinds of inequality”

Measures belonging to **Directorate for Communities and Environment** – predominantly covering “Lets enhance our remarkable place”

Measures belonging to **Directorate for Housing and Investment** - predominantly covering “Lets deliver quality housing”

Directorate for Major Developments doesn't monitor performance through strategic measures, and instead is performance managed by the progress of the various projects DMD owns under "Driving Inclusive Economic Growth" and “Let’s Address the Challenge of Climate Change”

The report details all measures by individual directorate grouping, with annual and quarterly measures split separately.

The report also includes data on our corporate measure categories:

- Health & wellbeing including sickness data
- Corporate complaints including Ombudsman rulings
- Resource information
- Appraisal information

G At or above target

R Below target

V Volumetric/contextual measures that support targeted measures

A Acceptable performance - results are within target boundaries

Performance has improved since last quarter/year

Performance has deteriorated since last quarter/year

Performance has stayed the same since last quarter/year

Authority Wide Performance Summary

Below is a summary of the performance measures status for each directorate and as an authority. The information is presented as a count of the measures, broken down by the directorates, status, and direction, as well as a total.

G	At or above target
R	Below target
V	Volumetric/contextual measures that support targeted measures
A	Acceptable performance - results are within target boundaries

	Quarterly Strategic measure performance by status				
Directorate	Below Target	Acceptable	Above target	Volumetric	Total
CX	5	3	5	5	18
DCE	5	9	7	8	29
DHI	8	2	3	5	18
Total	18	14	15	18	65

	Quarterly Strategic measure performance by direction				
Directorate	Deteriorating	No change	Improving	Volumetric	Total
CX	7	1	5	5	18
DCE	6	6	9	8	29
DHI	10	1	2	5	18
Total	23	8	16	18	65

Chief Executives Directorate Performance

Service Area	Measure	Current Value	Status	Direction
Communications	Percentage of media enquiries responded to within four working hours	78.00	A	
Communications	Number of proactive communications issued that help maintain or enhance our reputation	26	A	
Work Based Learning	Percentage of apprentices completing their qualification on time	0.00	R	
Work Based Learning	Number of new starters on the apprenticeship scheme this quarter	2	V	
Work Based Learning	Percentage of apprentices moving into Education, Employment or Training	0.00	V	
Customer Services	Number of face-to-face enquiries in customer services	72	V	
Customer Services	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	31,960	V	
Customer Services	Average time taken to answer a call to customer services	413	R	
Accountancy	Average return on investment portfolio	0.13	A	
Accountancy	Average interest rate on external borrowing	3.15	G	
Revenues Administration	Council Tax - in year collection rate for Lincoln	49.58	R	
Revenues Administration	Business Rates - in year collection rate for Lincoln	55.70	R	
Revenues Administration	Number of outstanding customer changes in the Revenues team	3,737	R	
Housing Benefit Administration	Average (YTD) days to process new housing benefit claims from date received	17.50	G	
Housing Benefit Administration	Average (YTD) days to process housing benefit claim changes of circumstances from date received	5.49	G	
Housing Benefit Administration	Number of Housing Benefits / Council Tax support customers awaiting assessment	1,411	G	
Housing Benefit Administration	Percentage of risk-based quality checks made where Benefit entitlement is correct	95.26	G	
Housing Benefit Administration	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	1,995	V	

Communications

In Q2, 78% of media enquiries were responded to within our four-hour target. This is a slight increase on the previous quarter (76%) and remains within target boundaries.

As is usual over the summer months, the number of media enquiries dropped and, subsequently, the number of overlapping enquiries was also lower. This allowed a quicker response time for most enquiries.

A variety of enquiries were submitted and responded to, ranging from us reaching agreement with the county council on the future of the Usher Gallery to the ongoing (at the time) protest around the proposed closure of some public toilets and the repeated vandalism of the statues on the Imp Trail.

As the number of enquiries dropped, then so did the need to issue proactive communications to help maintain or enhance our reputation. During Q2 we issued 26 of these, the majority of which related to stories around the perceived cleanliness of the high street, the number of weeds growing around the city and fly-tipping on private land. These factual communications were issued to correct any misunderstandings resulting from a media article or comments on social media.

Work Based Learning

As indicated in the last report, we have been working with service areas to identify apprenticeship opportunities and are now recruiting where services have confirmed that they can support an apprentice. We have been able to recruit a further two apprentices this quarter bringing the yearly total to six (including the two for WLDC). However, we also have two more waiting for a start date, one at shortlisting stage and one more vacancy. There are also apprenticeship opportunities for our existing employees where it supports their development and is aligned to the delivery of our strategic objectives and required skills. Currently we have 11 of these in place, nine of which are managed by Work Based Learning.

In Q2 there were no apprentices expected to complete their courses. So whilst the measure WBL1 (on appendix B and the table above) shows as red – that is simply that due to the lack of new starters during 2020 due to the effects of Covid, meaning that we are not yet in a position where we have apprentices coming towards the end of their courses.

Customer Services

During Q2, Customer Services has seen a total of 72 face to face customers at City Hall, as we continue to offer appointments for complex and essential visits only.
Customers are still given assistance with routine enquiries through emails and telephone calls, but complex queries about benefits, council tax accounts or tenancy matters remain by appointment only. Demand from the public is still relatively low, having only increased from 53 in Q1. This system seems to be working well for both customers and staff

In total 187 customers have been seen face to face across all services. This includes people seen by the Welfare Team, Housing Officers, Homelessness and Parking. The majority of appointments have been with the Welfare team.

This quarter we have seen a total of 32356 calls – compared against 28477 received in Q2 2019/20 which was the last pre-covid comparison and 29,934 received last Q2. We have also seen an uplift on the number of calls received in the key channel shift areas, (see table below). The team does now handle a significant and growing number of Housing Solution calls, which were transferred to the team from Q2 last year. Call numbers have increased from Q1 this year, when the total number of calls received was 31,530.

Service	**No. calls Q2 2020**	**No. calls Q2 2021**	**Average Length of calls in Q2**
Refuse/environmental	5092	5204	Refuge 5m 59secs Environmental 5m 48secs
Housing solutions /homeless	3914	5201	Housing Solutions 10m 59 secs Homelessness 10m11sec
Housing (tenants)	12983	12352	Housing 9m 33secs Repairs 8m 51secs
Council Tax/Benefit	7615	9203	Revenues 9m 5secs
Sub-total	29,604	31,960	
Others	330	394	Green waste – 5m 47secs
Total	29,934	32,356	Overall 9 min 3 seconds

Table 1 – Calls to Customer Services split by Channel Shift areas

Calls in Q2 were answered on average in 413 seconds, which is outside of the target boundaries of 3-5 minutes. As already indicated, the number of calls answered has risen in comparison to the previous Q2. The complexity of calls that the COVID-19 legacy has left for some customers has unfortunately extended the length of the call needed. As of the end of September, the average length of call is now at 9 minutes 3 seconds compared to 5 minutes 33 seconds in Q2 2020.

Whist in Q1 we reported that the team had faced a sudden unplanned staff shortage, it is pleasing to report that all vacancies except one have been filled and training for the new starters is underway.

Accountancy

The average return on our investment portfolio currently stands at 0.13%, which is now just inside the target of 0.12 to 0.18, and in line with the Bank of England base rate of 0.10%. We expect that interest rates will increase during 2022, which will be considered as part of the development of the new MTFS.

We continue to do well on the average rate of interest on external borrowing which, at 3.15% is still below the lower target boundary of 3.75%, with further shorter-term borrowing expected during Q3, details of which will be in the Q3 Financial report.

Revenues Administration

At the end of Q2 the Council tax collection figure was 49.58% which is just 0.42% below the target boundaries for this measure, and 0.95% below the figure at the end of Q2 in 2020-2. However, this does mean that we are currently showing a red status for this measure.

Recovery of monies due to the council has been delayed a little this year due to the Covid Pandemic. However, there was a court hearing on 24th September 2021 which is the first one for the 2021 debt. In normal circumstances the first large court hearing for the year would take place in July of the relevant year, therefore recovery for 2021 is delayed by approximately 2 months due to the pandemic. We have outstanding hardship relief money for Council Tax which will be awarded over the remainder of the year, which will not only assist residents, but also have a positive effect on in year collection.

The NDR collection figure of 55.7% is approximately 9.45% below the figure at the end of Quarter 2 in 2020-21, and outside of Q2 targets of 58.5% to 58.58%
However, the Expanded Retail Relief is creating an issue with the mathematics of how we calculate the collection figure. In 2020-21, the liability for the year was generally evenly distributed over the 12 months of the year. However, for 2021-22, 945 customers have nothing to pay for the first 3 months of the year which moves the sums that they are due to pay, into the last 9 months of the year. Of these 945, 606 also claimed the 66% reduction for July to March meaning that these customers will only pay approximately 25% of their annual liability, in instalments from July to March. Customers without the Expanded Retail Relief still have to pay their liability from April to January/March. When calculating the collection figures, we are calculating as if the liability is spread over the 12 months when for a number of customers this isn't the case. This is making comparison to last year's collection figures difficult as we are not comparing like for like and our reports cannot provide information on individual cases just on the debt and payments as a whole.

Recovery/court for NDR has not been delayed this year, court hearings for unpaid bills for NDR started in June for the customers who had instalments starting from April, and - court hearings for unpaid bills for NDR started in September for the customers who had instalments starting in July.

There has been an expected increase in the number of outstanding customer changes, rising from 2,665 last quarter to 3,737 in Q2, meaning this measure remains at red status. New staff have been appointed to the vacancies in the Council Tax Administration Team, which has temporarily resulted in experienced officers undertaking training with new colleagues. In addition to this, court hearing dates have re-started, and this has had the effect of increasing the number of phone calls received, thus reducing the time that officers can respond to other correspondence.

The total numbers of correspondence received by the Revenues teams during Q2 is 13,829, and in the same period the team answered 11,900 phone calls.
Outstanding customer e-mails are now also being captured in the Revenues Document Management System, which was not the case in previous years – so these are now

also included as outstanding work waiting to be processed. Therefore, the reported figure at the end of Quarter 1 2021/22 effectively becomes the new ‘baseline’, and future targets will need to be amended to reflect this.
We have had unforeseen reduction in revenue staffing resources during the year, however, there is a plan in place to address this.

As indicated in the Q1 report, we expect to bring workloads down to nearer the targets by the end of Q3 as training reduces and new team members begin to clear higher levels of workload. However, this is still a significant challenge with work demands on the Revenues Team remaining high.

Benefit Administration

It is worth noting that the Benefits Administration team has achieved a green above target status for all four of its measures in Q2, a significant achievement considering they have had to deal with the many changes in circumstances that our residents have faced over the last year.

In Q2, the average time to process new housing benefit claims was better than its target, achieving 17.5 days, which is slightly slower than in Q1 when it was 16.81 days. We continue to have weekly monitoring of claims progress to enable prompt decision making.

In respect of processing changes of circumstance, whilst there has been a small increase in the time taken since Q1 (which achieved 4.88 days), the performance at 5.49 days is still better than the target of 7 days. The increase is down to monthly changes in Universal Credit and in particular as furlough ended and people started or ended work, the changes in resident’s circumstances continued to be high.

In Q2, the number of Housing Benefits/Council Tax support customers awaiting assessment has decreased, from 2098 in Q1 to 1411 this quarter, which is well under the 1,500 target. Of this number 1098 are still awaiting a first contact.

It is also good to see that the team has managed to retain a high-quality level achieving 95.26% of correct benefit entitlement as found in the risk-based quality checks conducted.
In terms of the claims checked that were ‘correct, first time’ (with even £0.01p ‘out’ being classified as an incorrect assessment), at the end of Quarter 2 2021/22:

- City of Lincoln: 95.26% *(261 out of 274 checked)*, cumulative YTD

These checks are in addition to the significant number of checks also carried out under the audit requirements of the annual Housing Benefit Subsidy claims.


wilko
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H&M
next
ice
cream

Directorate for Communities and Environment - Performance

Service Area	Measure	Current Value	Status	Direction
Food and Health & Safety Enforcement	Percentage of premises fully or broadly compliant with Food Health & Safety inspection	0.00	A	▬
Food and Health & Safety Enforcement	Average time from actual date of inspection to achieving compliance	33.21	R	▼
Food and Health & Safety Enforcement	Percentage of food inspections that should have been completed and have been in that time period	0.00	A	▬
Development Management (Planning)	Number of applications in the quarter	235	V	▬
Development Management (Planning)	End to end time to determine a planning application (Days)	61.91	G	▼
Development Management (Planning)	Number of live planning applications open	135	A	▼
Development Management (Planning)	Percentage of applications approved	97.00	G	▬
Development Management (Planning)	Percentage of decisions on planning applications that are subsequently overturned on appeal	0.00	G	▬
Development Management (Planning)	Percentage of Non-Major Planning Applications determined within the government target (70% in 8 weeks) measured on a 2-year rolling basis	94.00	G	▲
Development Management (Planning)	Percentage of Major Planning Applications determined within the government target (60% in 13 weeks) measured on a 2-year rolling basis	88.00	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)	30.80	R	▼
Private Housing	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	13.60	V	▬
Private Housing	Number of empty homes brought back into use	12	A	▲
Public Protection and Anti-Social Behaviour Team	Number of cases received in the quarter (ASB)	88	V	▬
Public Protection and Anti-Social Behaviour Team	Number of cases closed in the quarter	849	V	▬
Public Protection and Anti-Social Behaviour Team	Number of live cases open at the end of the quarter	189	G	▲
Public Protection and Anti-Social Behaviour Team	Satisfaction of complainants relating to how the complaint was handled	0.00	A	▬

Sport & Leisure	Quarterly visitor numbers to Birchwood and Yarborough Leisure Centres	122,034	R
Sport & Leisure	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	790.00	G
CCTV	Total number of incidents handled by CCTV operators	2,665	V
Waste & Recycling	Percentage of waste recycled or composted	35.39	R
Waste & Recycling	Contractor points achieved against target standards specified in contract - Waste Management	125	A
Street Cleansing	Contractor points achieved against target standards specified in contract - Street Cleansing	75	A
Grounds Maintenance	Contractor points achieved against target standards specified in contract - Grounds Maintenance	75	A
Allotments	Percentage occupancy of allotment plots	97.00	G
Parking Services	Overall percentage utilisation of all car parks	40.00	R
Parking Services	Number of off-street charged parking spaces	3,796	V
Licensing	Total number of committee referrals (for all licensing functions)	6	V
Licensing	Total number of enforcement actions (revocations, suspensions and prosecutions)		V

Annual Measures

Service Area	Measure ID	Measure	Current Value	Status
Grounds Maintenance	GM 2	Satisfaction with play areas, parks and open spaces (collected via Citizens' Panel)	**77.80**	R
Street Cleansing	SC 2	Satisfaction that public land and public highways are kept clear of litter and refuse (Street Cleansing) (collected via Citizens' Panel)	**76.00**	A

Food Health and Safety

The food premise inspection programme has continued to be partially suspended this quarter due to the pandemic and lockdown measures. A recovery plan was drawn up at the end of September under the instruction of the Food Standards Agency, which has essentially reset the inspections that are overdue, it is anticipated feedback will be provided on this in Q3. The Food Standards Agency provided a framework on how Local Authorities should manage food official controls, focused on new premises, those food premises where the risk to public health is high or where the risk is unknown.

Full recovery of the inspection programme is not expected by the FSA until March 2023 but under the new guidelines, 81 inspections have been carried out focusing on new businesses and also focusing on those businesses that present the greatest risk to public health, typically evening economy takeaways and restaurants.

We are currently showing red status against the measure of time taken from the inspection to achieving compliance – this is due to resource pressures within the team. However, we have now been able to recruit a newly qualified officer who is undergoing local training currently and will be able to undertake official controls within 6 months.

Development Management (Planning)

Overall, Development Management has shown excellent progress in Q2, with four of their six measures above target and the other two on target.

In Q2, there were 235 planning applications submitted which remains relatively high and continues to show an increased confidence in the development sector. It took 61.91 days on average to determine the outcome of live planning applications, coming in at just under the target of 65 days. Although very slightly increased from Q1, this was due to more major developments being submitted which do take a little longer. The number of planning applications that are still being worked on increased slightly from 128 to 135 this quarter but remains in the acceptable range for this measure and continues to remain consistent and within current resource levels.

Performance also continues to be high on applications approved standing at 97% which maintains the positive approach of the service with no appeals being overturned in Q2 – reflecting the quality and robustness of the decisions made

The key measures required by central government are the percentage of non-major and major planning applications determined within the government target).

In Q2, 94% of our non-major planning applications and 88% of our major planning applications were determined within government targets, comfortably above the required national threshold for both non-majors and majors.

Private Sector Housing

We are now starting to see an improvement in the numbers of disabled facility applications that can be taken forwards – with 24 applications progressed in Q2, completed in an average of 30.8 weeks each, which (in Q2 alone) is outside of the 19–26-week target boundary. There was an increase in the average time from an Occupational Therapy notification to the works being completed, this has been around the challenge of having a valid application submitted and approving the application. Delays for some cases have been where we have been awaiting the property owner's permission to be able to carry out the adaptation to the property. The average time once the application has been approved to completion of works for Q1 and Q2 year to date was only 14 weeks.

Q2 has seen the resumption of collection on the "Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level", with 38 disrepair and condition cases resolved. It is important to note that some of these cases have taken longer to resolve with a reduced number of onsite inspections taking place over this period, however it is anticipated this will resume later on in the year whilst ensuring COVID19 practises are adhered to.

In Q2, twelve empty properties have been returned to use year to date – however, we anticipate that we will be able to build on this in Q3 and Q4 as the Empty Homes Officer has now been returned to his substantive role again, although as this is a shared position, this is still only 2.5 days a week. One of the tasks for this officer to conduct during 2022/23 will be to review the Empty Homes Strategy, with the aim of introducing more actions and ways of enforcement. This will also include a review of the targets.

There are currently 356 privately owned properties which have been empty and unoccupied for 6 months and of those 122 have been empty for more than a 2-year period. Of these there are 23 properties that fall within the threshold of being affected by the council tax additional premium charge of 300% for any property over 10 years empty, which commenced from 1st April 2021.

Public Protection and Anti-Social Behaviour (PP-ASB)

The number of ASB cases received in any quarter is a volumetric measure (meaning it is not something the team can influence), but this has decreased from Q1's figure of 115 to 88 in Q2, which is in line with what is normally expected and indicates demand is returning to normal following previously higher figures during the lockdown periods.

Q2 has seen a high number of service requests received with a total of 1,065 which continues to reflect the consistent high demand on the team, which is significantly higher than the same period in 2020/2021. The number of cases closed this quarter stands at 849 which is proportionate to this level. The number of cases still open in Q2 is 189 which is the normal amount expected and still falls well within the target of 220.

Satisfaction of complainants relating to how the complaint was handled is not currently being collected in Customer Services team and a possible new methodology is being reviewed within the One Council programme.

Sports and Leisure

In Q2, visitor numbers to leisure centres continued to increase reporting at 122,034 which is more than double those in the previous quarter. (Yarborough has gone up 47,606 visits on last quarter and Birchwood has gone up 14,319 visits on Q1).

Members will know that leisure centres were impacted significantly during the key Covid lockdown times with only very short periods where they were able to open at all, however due to pandemic restrictions easing further, numbers are starting to return to an expected rate. It is important to note that figures are still below pre-pandemic levels and that national resistance to visiting gyms is having an affect across the country due to visitors diverting away to other forms of exercise during the pandemic.

Artificial Grass Pitch (AGP) usage at Yarborough Leisure Centre & Birchwood Leisure Centre, has seen 790 hours of use over the last quarter. We are happy to report that clubs have returned to Birchwood and Yarborough since the lockdown has been lifted on outside spaces, however Q2 accounts for only the start of the football season and it is anticipated this figure will grow further as the season continues.

Waste and Recycling

Note that the quarterly data presented here is, as usual, lagged by one quarter and thus refers to Q1 2021/22. In Q1, 17.11% of waste was recycled and 18.28% of waste was composted equating to an overall figure of 35.39% of waste being composted or recycled. The overall amount of waste disposed reduced by 3.5%, which is a positive result. It is important to note that composting tonnages are very much related to the weather and will vary seasonally.

Contractor points given against target standards for waste management remained on target this quarter falling within the target boundary of 50-150 reporting at 125 points collectively with 55 points in July, 40 points in August and 30 points in September.

Street Cleansing and Grounds Maintenance

We have recorded 75 contractor points against the Street Cleansing team and 75 against the Grounds Maintenance team. This means that both teams are within their target boundaries.

Annual satisfaction levels of play areas, parks and open spaces collected via the Lincoln Citizens’ Panel has reported at 77.8% of respondents being satisfied overall with how these are managed. This takes this measure into a red status, but it is important to note that this figure is not a reflection on the Grounds Maintenance service as a whole and from comments provided through the survey, respondents perceived that there was a significant impact of excessive littering on these areas over the Covid period as user numbers were considerably higher than normal.

Allotments

As at the end of Q2, 1,057 plots of a total 1,147 were let. Of the 1,147 total plots, 1,091 plots are currently lettable, which equates to an overall occupancy rate of 97% which falls comfortably above the target of 88%.

The demand for allotment tenancies continues to operate at a steady rate and all allotment sites currently have waiting lists for plots now; so when plots become available the team are working towards re-letting of plots as quickly as possible.

Parking

The car parks and bus station have remained open during all the lockdown periods. We are now experiencing an increase in demand for car parking due to increased footfall as non-essential shops have re-opened and workers have returned to the office. The team continue to ensure a clean, safe experience for customers and staff.

The overall percentage utilisation of all car parks, obviously continues to be at a much lower level in comparison to previous years, reporting at 40% over Q2, but this is an improvement on the 36% seen in Q1, due to an increase in both shoppers and workers returning to the office.

Directorate of Housing and Investment Performance

Service Area	Measure	Current Value	Status	Direction
Housing Investment	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	1.50	R	▲
Housing Investment	Number of properties 'not decent' as a result of tenant’s refusal to allow work (excluding referrals)	188	V	–
Housing Investment	Percentage of dwellings with a valid gas safety certificate	99.26	R	▼
Control Centre	Percentage of Lincare Housing Assistance calls answered within 60 seconds	98.25	A	–
Rent Collection	Rent collected as a proportion of rent owed	97.61	G	▼
Rent Collection	Current tenant arrears as a percentage of the annual rent debit	4.88	R	▼
Housing Solutions	The number of people currently on the housing list	1,338	V	–
Housing Solutions	The number of people approaching the council as homeless	461	V	–
Housing Solutions	Successful preventions and relief of homelessness against total number of homelessness approaches	45.93	R	▼
Housing Voids	Percentage of rent lost through dwelling being vacant	1.37	R	▼
Housing Voids	Average re-let time calendar days for all dwellings - standard re-lets	44.83	R	▼
Housing Voids	Average re-let time calendar days for all dwellings (including major works)	53.09	R	▼
Housing Maintenance	Percentage of reactive repairs completed within target time (priority and urgent repairs) - HRS only	91.74	R	▼
Housing Maintenance	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	91.95	A	▼
Housing Maintenance	Appointments kept as a percentage of appointments made (priority and urgent repairs) - HRS only	99.40	G	▲
Business Development	Number of users logged into the on-line self-service system this quarter	10,515	G	▼
IT	Number of calls logged to IT helpdesk	927	V	–
IT	Percentage of first-time fixes	56.30	V	–

Housing Services are operating in unprecedented times. Whilst as a nation we are emerging from the pandemic and the fallout of Brexit, the impact on these two events is still being felt across the department and, as everything we do in terms of service delivery is in some way connected, no area is immune from impacts.

At this time, we have record levels of applications for our housing register, we have very high-level requests for homeless support, and we are still obliged to let properties to the those deemed most needy of housing (usually Rough Sleepers or those in danger of being homeless). We have a backlog of voids in our system due to the Covid restrictions and the contraction of the workforce as people stayed at home due to the risks associated with their underlying health conditions. This backlog is added to week on week as the council continues to have a high level of tenancies ending as a result of:

- people now seeking to move post pandemic,
- sadly an unprecedented number of deaths in our properties
- people leaving due to other more restrictive reasons such as being detained in prison by the courts.

Vacancies of this nature are difficult to move quickly through the void process as the council is required to enact legal provisions to gain access to the properties, this can take a great deal of time. We are also aware that many of our tenancies now end much earlier and quicker than previously due to the fact we are letting many one-bedroom properties to vulnerable people who have high levels of need and very chaotic lives which restricts their ability to maintain their tenancies.

Additionally the Council made the decision to bid for external grant from the Next Steps Accommodation Programme and the Rough Sleeping Accommodation programme. These bids were successful and as a result the council has received matched funding to provide 30 units of move in accommodation across the City to alleviate the pressure on temporary accommodation and negate the use of bed and breakfast facilities. Whilst this has been successful and consequently saved the general fund huge costs the pressure has fallen on HRS to bring these 30 properties up to letting standards before they can be occupied. This has added to the numbers being managed through the void process.

Unfortunately, in the summer our designated contractor for voids went into administration at short notice leaving us without a key resource to respond to growing void numbers.

Housing Repairs Service are currently carrying 15 staff vacancies, this is 20% of our workforce. This is largely as a result of lifestyle changes, retirement and offers of more lucrative employment in the private sector. We are trying to fill this productivity gap with local sub-contractors however, they are struggling with the same labour shortages. Any contracts awarded to help alleviate the system are now at hugely inflated prices which reflects the sector as a whole. A lack of our own labour resource also compounds our ability to respond to the growing number of voids in our system.

It should also be noted that we also have vacancies in ancillary support teams such as resource planners, housing officers, caretakers, in the safety advisory team, resident involvement team as well as long-term sickness in key areas.

We continue to struggle with the materials supply chain. Although we have an effective working relationship with our managed stores provider, they are only available to provide what is made available to them from suppliers, this is hampered by materials being effectively rationed in order that the limited supply is equally distributed across the sector.

The labour and materials shortages have an equal impact on our repairs process. Certain types of repairs are unavoidably delayed e.g. Plastering, Electrical works. It should be stated that all emergency repairs are responded to and 99% of 3-day repairs completed on time with an average turnaround time of 2.5 days.

These difficulties have a knock-on effect on the number of phone calls, emails etc. the council gets from customers chasing resolution to repairs issues and housing registrations and allocations. This in turn results in more complaints and member enquiries. Which all divert officer resource from dealing with the problems that are driving the correspondence.

Additionally we are now seeing sickness levels increase as staff start to feel the effects of responding to the pandemic and are dealing with record levels of demand with a decreasing resource base of staff.

The rent debit is equally under pressure as a result of tenants struggling to pay during the pandemic and the courts system being effectively halted until very recently. Despite direct action through moving rent-free weeks and offering hardship payments uncollected debt is growing. At this stage eviction is not the preferred solution as this adds pressure in other areas of the housing system – not least voids and homelessness.

Ordinarily, in a normal year, we could see one or two of these issues emerge unfortunately we can see that we have been hit by many coming together at one time which is having a fundamental effect on service delivery.

The Housing Management Team have instigated a range of measures aimed at combating the areas and issues that the Council has some control or influence over:-

- We have engaged four local subcontractors to support the void process
- We have instigated different recruitment processes; advertising in different areas and using different channels, offering fixed term and variable contracts as well as extoling the benefits of working in the public sector (sick pay, pensions, holiday entitlement etc.)
- We have looked at the data we have on why properties are becoming void to effectively see if we can slow down the flow into the void system
- We have assessed the feasibility of lowering the void standards so less works need be done prior to sign up, with a commitment to complete works once the tenancy is initiated. [At this stage we have ruled this one out.]
- We are seeking to invest in tenancy sustainment officers to help new tenants, particularly those from vulnerable groups, manage and effectively maintain their tenancy
- We have done detailed analysis of what is driving our void process and now can look to head off any property entering the system if at all possible
- We are using the legal process to access properties where tenants have refused access for gas and electrical testing

- We have sourced new contractors to pick up issues such as fire door upgrades that were left outstanding by our previous investment contractor
- We have increased communications in the local media making tenants and the wider public aware of the operating constraints we are facing
- We have worked with the Lincoln Tenants Panel on messaging through their channels
- We have worked with finance colleagues on uplifting recharge rates to reflect the higher construction sector
- We have added further temporary resource to our housing solutions team to alleviate pressure on the application process for the housing register
- We continue to bring move on accommodation into our stock to reduce the need to use B&B accommodation and relieve the pressure on Temporary Accommodation which is acute at this time
- We have moved the rent-free weeks forward, and offered hardship payments to tenants struggling to pay their rent as a result of Covid 19
- We have re-introduced home visits for those tenants in arrears

Effective financial management of both the HR and the HRS trading account has put us in a position that will allow us to weather this “storm” in the short term. Many of the actions taken above will start to have an impact on these issues in the coming weeks and months but may not be enough to turn service and financial performance by the year end.

A cross departmental short life working group has been established which will report to CMT monthly in order to consider what short term actions can be taken to improve the position in the coming weeks and months.

As always we have included separate commentary against each service – but this summary covers most of the effects that Housing teams are facing at this moment.

Housing Investment

The percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals) has improved from the 2.1% reported in Q1 to 1.5% in Q2. This is still a red status as the target that we aim for is within 1%

The replacement door programme has now come on stream and is beginning to reduce the number of non-decent properties. However, as previously reported, we are also inspecting a number of doors and identifying further properties needing replacements. Electrical testing has reduced the number of failures due to 'Electrics'

Of the 116 properties failing - they are split :92 doors, 21 Electrics, 2 roofs, 1 window

Long term access issues to carry out electrical testing persist, despite attempts working across the council to gain entry. Tenants have the option to refuse improvement works, with various reasons for refusal offered such as health issues and a lack of willingness to cooperate. We currently have 188 properties which are considered 'not decent standard' as a result of tenants refusing us entry to complete necessary works, which is down only one on Q1 results.

Housing Investment are currently working on a programme of procurement for the smaller Investment contracts and the areas with the Asset Management Plan that need renewing within the next 1-4 years, this includes door entry, communal doors and fire doors.

The Health and Safety Executive advised that gas servicing must continue throughout the COVID-19 pandemic, so we have continued to follow our gas servicing procedures and as of the end of Q2 have achieved 99.26% properties with a valid gas safety certificate. This is very slightly down on the 99.46% that we achieved in Q1 – but again under the minimum target we have set ourselves of 99.8%. We are still experiencing a small number of failed access cases having not achieved access prior to deadline date for servicing. These outstanding cases are now at the legal referral stage. We do have some failed access from households isolating due to Covid. We continue to work closely with those tenants to rearrange appointments in these circumstances.

To enable us to continue with our gas servicing programme, our contractor revised risk assessments and method statements in accordance with government guidance to ensure the safety of our customers when working within properties. We worked closely with our most vulnerable customers and individually risk assessed those properties, then reviewed when gas servicing appointments would take place.

Control Centre

Lincare has continued to operate its 24/7 telecare services for clients throughout the pandemic. The data from Q2 shows that the percentage of calls responded to within 60 seconds remained within target boundaries - reporting at 98.25%.

Rent collection (Tenancy Services)

Rent collection for quarter two stands at 97.61% which is ahead of its stretch target of 97%. Although income management has been challenging throughout the last 18 months Tenancy Services continues to prioritise rent collection. The rent-free weeks in December 2021 will also have a positive impact on the % of income collected.

Current tenant arrears as a % of the debit stands at 4.88% (c£1.4m), which is behind the target of 3.5 to 4.5%, and higher than the Q1 outturn of 4.2%

As members are aware, the pandemic and the Governments response to ensure that no evictions took place have resulted in arrears rising nationally. Some of the restrictions that have been in place have been removed and the notice period is now 28 days and the Courts have started to hear cases.
If there are no changes to eviction protocols going forward, we would anticipate that performance against this indicator would improve.

Housing Solutions
Since the easing of pandemic restrictions, we have seen a rise in the number of homelessness applications. There were 461 applications in Q2, an increase of 210 (84%) on applications received in Q1.

The percentage of successful preventions against total number of homelessness approaches for Q2 has decreased from 52.4% in Q1 to 45.93% in Q2 against a target of 50-55%, meaning this measure has moved to red status. Prevention work remains difficult, due to the increased numbers of people finding themselves in this position and also it being especially difficult in the private rented sector, due to low numbers of available properties and high rental prices. At the end of September, we had 15 cases that are 'under prevention' and 37 at 'under relief' stage.

Throughout the Covid pandemic we have continued to receive a consistent number of housing applications. We expected this number to increase as restrictions are lifted and furlough and the eviction bans are lifted. At the end of Q2 there were 1338 people on the housing list – up from 1183 in Q1.

Housing Voids
The average number of days to repair properties including major works has increased to 53.09 days on average against the target of 35-38 days, an increase on the 48.17 days taken in Q1. In addition the average number of days to repair standard re-lets this quarter stood at 44.83 days. Both these figures mean that we are currently seeing an increase in the percentage of rent lost through the dwelling being vacant.

As discussed with members, there have been a number of challenges facing the Voids Team when repairing properties. The loss of the Voids contractor has been addressed by the emergency procurement of local and regional companies to work alongside HRS to carry out the works as required to enable the properties to be relet. There has also been a national shortage of materials. This has resulted in additional delays when sourcing materials for properties requiring major works. Examples of materials in short supply include:

- Plasterboard
- Timber products
- Loft insulation
- Adhesives
- Sanitary items

HRS usually carry enough stock to manage for 5 days without the need for a materials order replenishment, however due to the current situation, items such as plasterboard for example, are on "allocation" and could be 4 weeks between deliveries. Availability of building supplies is a very fluid situation and HRS are working with their supplier to minimise disruption, but the market remains difficult.

The Voids Team are working to improve all aspects of the process to ensure the performance improves for year end and a working group involving the AD's and key staff will be driving improvements going forward.

Housing Maintenance
All our repairs' indicators with one exception (see below) are on target or exceeding target. Prioritising repairs for our customers remain our priority and we are striving to ensure that despite difficulties securing some building products and materials, we continue to exceed repairs targets.

Performance for the percentage of reactive repairs completed within target time measure remains below target (of 97%-99%) at 91.74%, having decreased slightly from 91.9% in Q1. Whilst there are some mitigating factors e.g. construction sector wide shortage of materials, difficult recruitment conditions etc, our priority focus is on quickly bringing this important measure back to previous high levels. We have introduced some actions to improve performance including flexible recruitment campaigns, communications on future supply warnings and/or issues to our customers and reviewing the vehicle stocks within our fleet. Once the labour is in place this will be reflected positively in year-end figures.

First time fix performance for urgent and priority repairs remains on target at 91.95% fixed first time. As these are repairs that are required to be completed in either 24 hours or 3 working days, most of these repairs are completed on the first visit with van stock, and without the requirement to raise a follow-on repair to attend at a later date. HRS has been affected by a shortage in some materials, as well as some shortages in the required skillsets.

Performance in Q2 for appointments made and kept remains consistently high at 99.4%. To ensure we operate efficiently we offer a variety of appointment slots via the scheduled repairs pilot, in order to give us and the customer flexibility. We also have the ability to pull appointments forward in agreement with the customer should an earlier appointment be made available, thus ensuring we provide the best service.

Business Development
The number of users logged onto the online self-service system on our City of Lincoln website this quarter dropped slightly to 10,515 (from 11,625 in Q1). There is a slight seasonal effect involved here as there is less immediate demand for services such as council tax and green bin renewals the further into the year we get. However, as part of the One Council work, the IT team is reviewing the current system to make improvements and thus increase take up.

In-house IT – we have seen the number of calls logged by staff to the help desk stay reasonably steady at 927, the slight drop (from 990) may simply be less staff working due to this being a holiday period.

The percentage of calls fixed first time within our IT department has slightly increased to 56.3% (from 53.5% last quarter), we believe this is as a result of improving the 'logging at first point' process.


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Authority Wide Measures

Health and Wellbeing

Between July and September 2021, the council made 22 Occupational Health referrals.

Also, during July to September 2021, 129 employees participated in the Virgin Pulse Go Challenge, and this year the challenge focused on a range of health and wellbeing initiatives beyond physical activity including weight management, reducing stress, mindfulness, improving sleep, managing finances and acting sustainably. We are currently awaiting the final results of the challenge and therefore headline figures will be available in due course. Although the team competition has ended, the platform remains open until 29th November 2021 where employees will be able to access any resources and continue to create habit/step challenges for themselves and/or as part of a group.

In due course the council will be looking to raise awareness of World Mental Health day and Menopause awareness week. In addition, the HR team will be shortly be rolling out Mental Health briefings for Team Leaders and above.

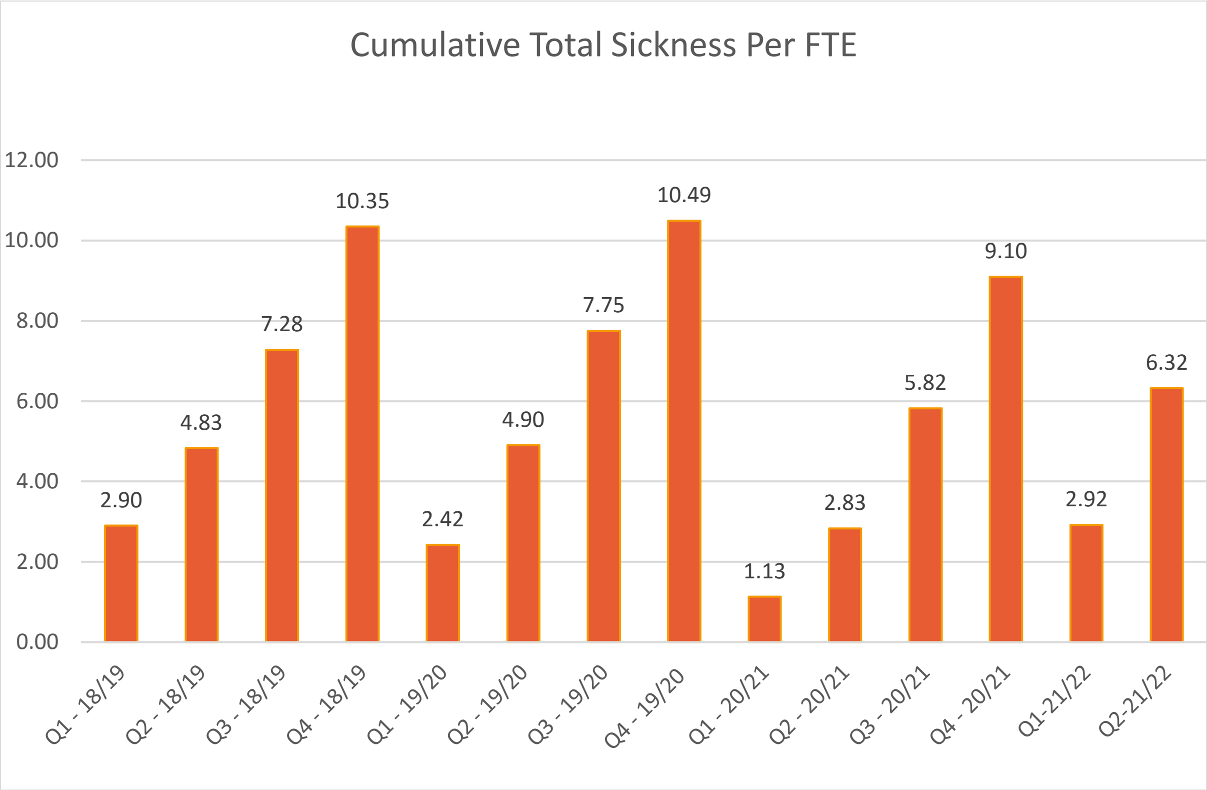
Sickness performance

Overall average sickness absence rate of 3.40 days per FTE has risen against the same quarter in 2020/21, where it stood at 2.83 days per FTE, and is now significantly higher than the data from the previous two years before the Covid effect.
However, it is worth noting that whilst short term sickness is down year on year by 0.05, the long-term sickness figure is up by 2.81 days per FTE compared to 2020/21.
CMT have noted the increase in Long-term sickness and have commissioned a piece of work from HR to look into this, including regular reports. This will include preventative work as well as long-term sickness management and will be shared with all Assistant Directors and Service Managers

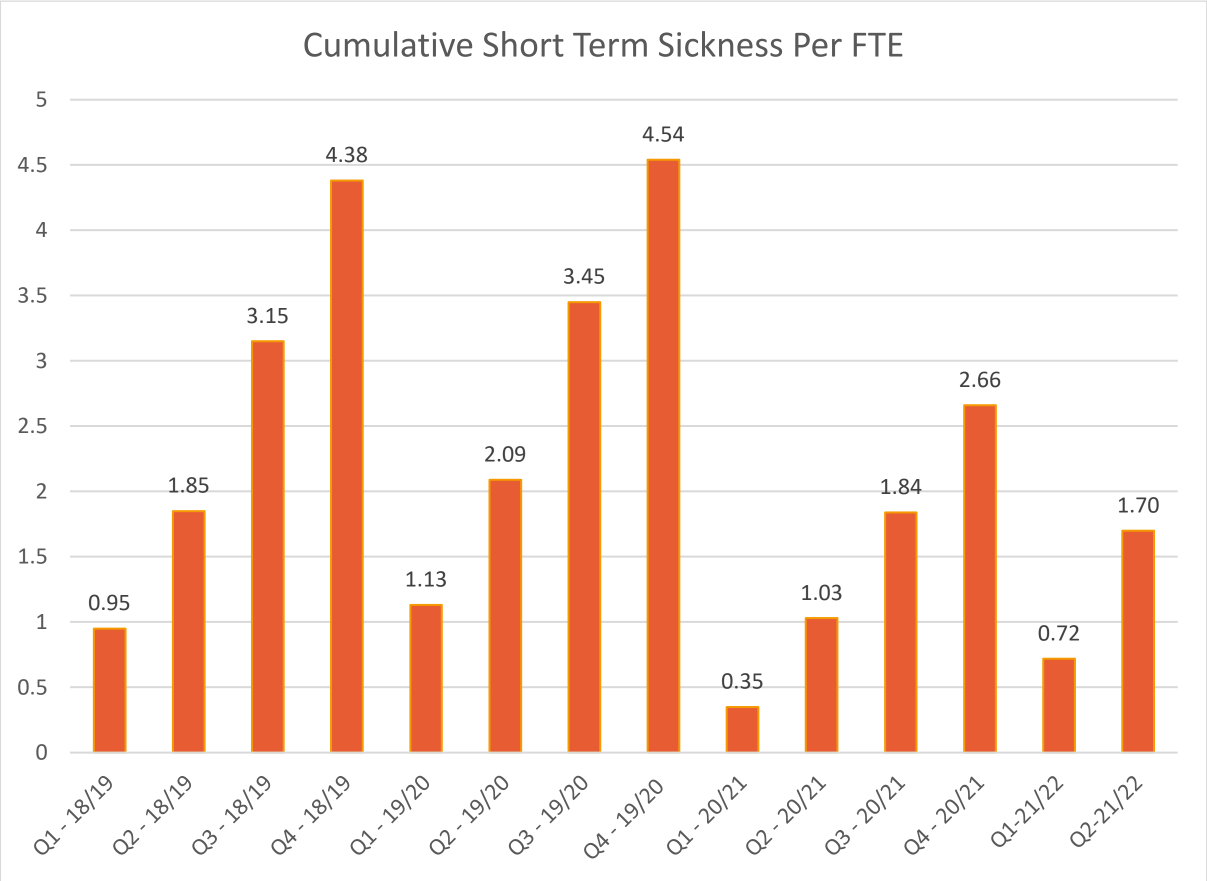
Q2 2021/22 ONLY

Directorate	CX (Excluding Apprentices)	DCE	DMD	DHI	Total (Excluding Apprentices)	Apprentice Sickness
Short Term Days Lost	158	95.5	9	267	529.5	2
Long Term Days Lost	290	380	0	631	1,301	0
Total days lost	448	475.5	9	898	1,830.5	2
Number of FTE	169.6	135.97	14.26	218.38	538.21	4
Average Short-Term Days lost per FTE	0.93	0.70	0.63	1.22	0.98	0.50
Average Long-Term Days lost per FTE	1.71	2.79	0.00	2.89	2.42	0.00
Average Total Days lost per FTE	2.64	3.49	0.63	4.11	3.40	0.50

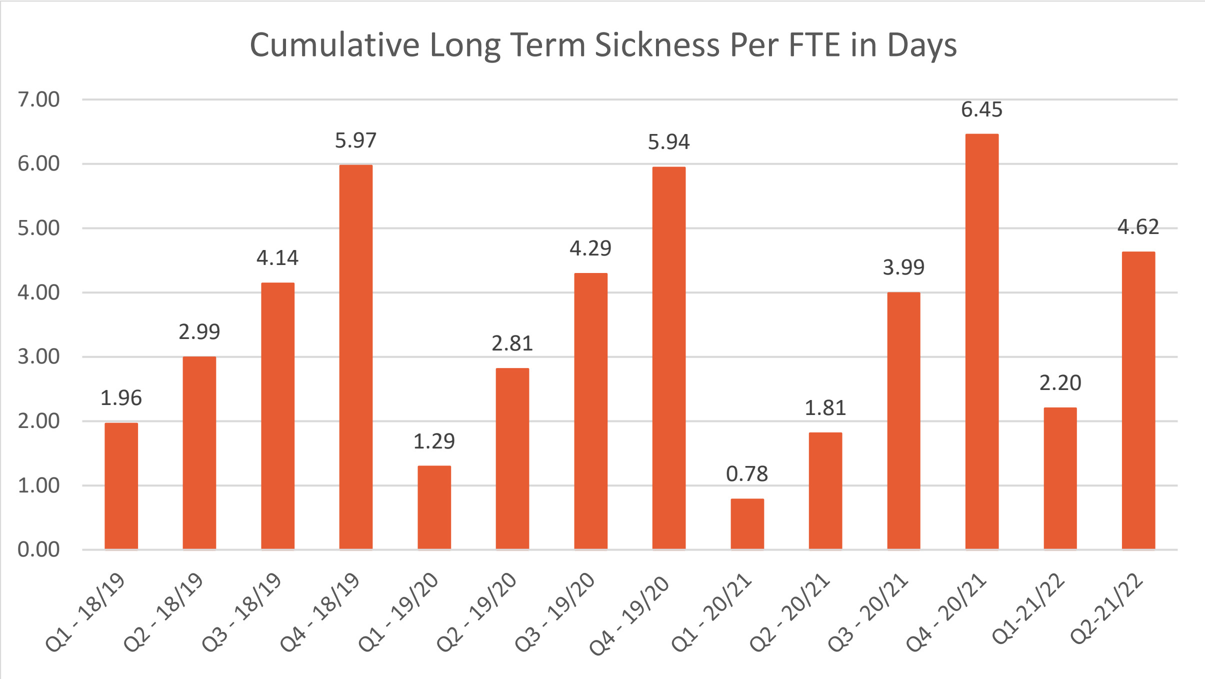
Cumulative Total Sickness Per FTE (excluding apprentices)



Cumulative Short-Term Sickness Per FTE in Days



Cumulative Long-Term Sickness Per FTE in Days

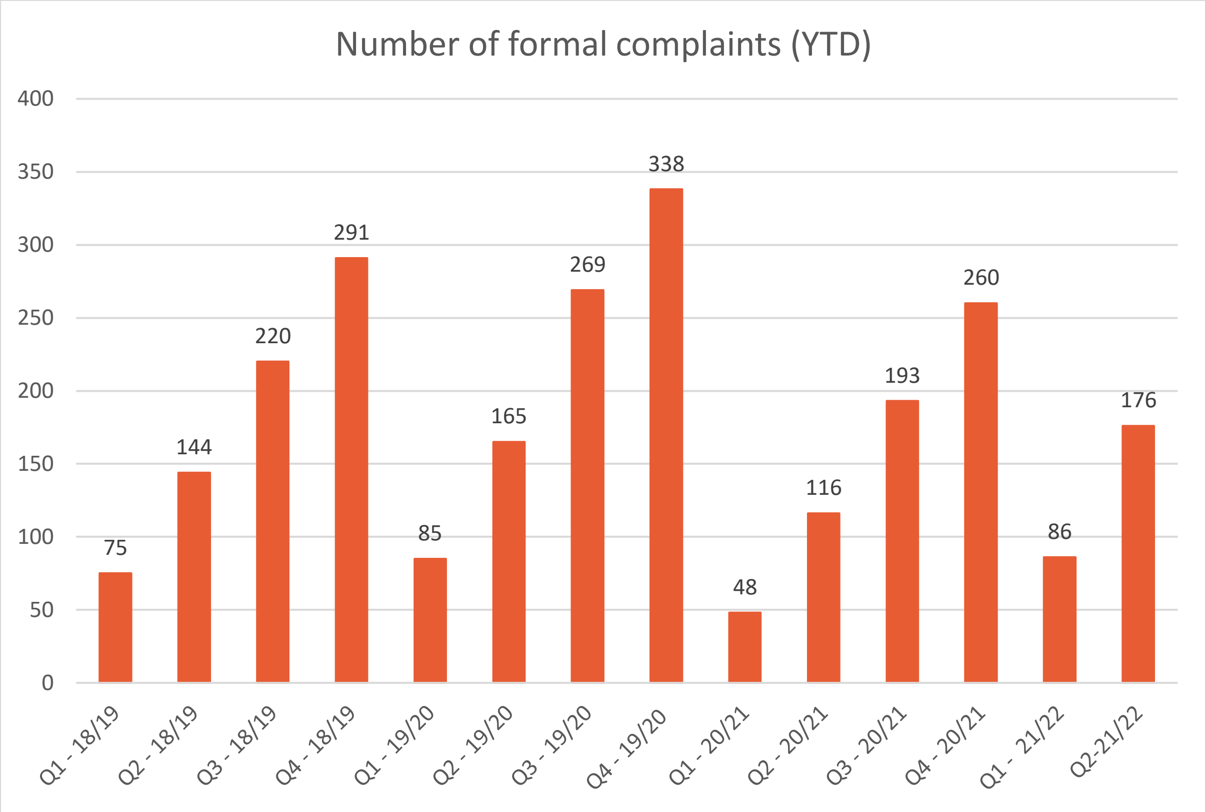


Complaints Performance

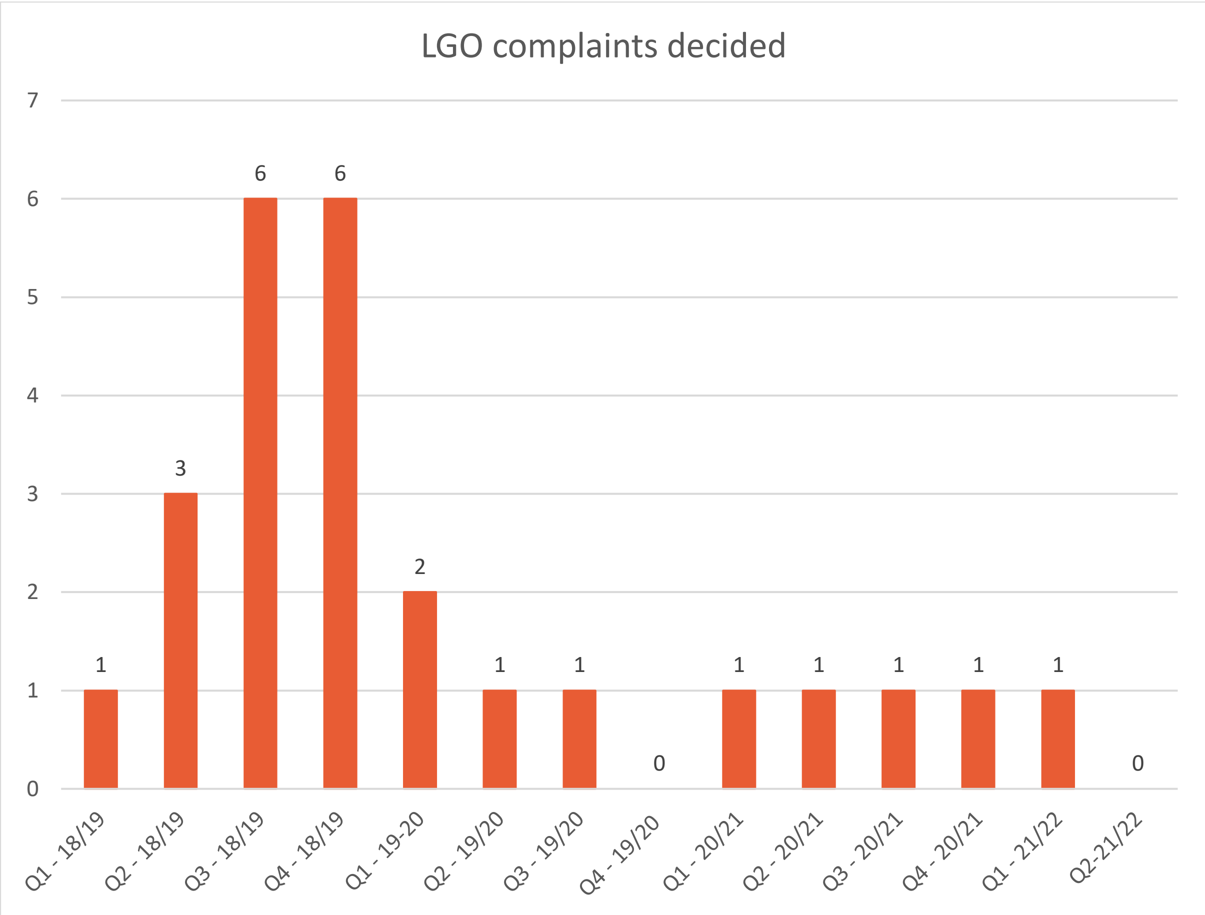
In Quarter two there were 90 complaints investigated, which although higher than last year Q2 – is still under previous years. Following a review of complaints, we have now instigated targets for the two stages of complaints – Stage 1 - to be completed within 10 days and stage 2 to be completed within 20 days. The percentage of responses to formal complaints within target time across all directorates is 57% year to date. In quarter two, we had no LGO complaints decided

	CX	DCE	DMD	DHI	TOTAL
Number of Formal complaints dealt with this quarter	**4**	**11**	**1**	**74**	**90**
Number of Formal complaints Upheld this quarter	**2 (50%)**	**3 (27%)**	**1 (100%)**	**36 (49%)**	**42 (47%)**
YTD total number of complaints investigated Cumulative (Q2)	**14**	**28**	**3**	**131**	**176**
YTD Number of Formal complaints Upheld	**7 (50%)**	**7 (25%)**	**2 (66%)**	**71 (54%)**	**87 (49%)**
% of responses within target time this quarter	**75%**	**100%**	**0%**	**62%**	**67%**
% of responses within target time YTD	**86%**	**93%**	**66%**	**47%**	**57%**
LGO complaints decided	**0**	**0**	**0**	**0**	**0**

Number of formal complaints (YTD)



Local Government Ombudsman Complaints Decided in Q2 2021/22



Resource Information

The total number of FTE employees (excluding apprentices) at the end of Q2 was 538.21 with an average of 4 apprentices over the period. In terms of the level of vacancies at Q2 - budgeted establishment unfilled positions (FTE) stood at 69 FTE. It should be noted that the Council are actively recruiting 32.03 FTE, with a strong focus on essential and business critical roles due to the financial environment.

The percentage of staff turnover at the end of quarter two was 2.29% (excluding apprentices). Appraisals have now been restarted as of April 2021 with an extended deadline of September 2021 and figures reported below are for Q1 and Q2 cumulatively.

Directorate	CX (Excluding Apprentices)	DCE	DMD	DHI	Total (Excluding Apprentices)
Number of FTE employees	169.60	135.97	14.26	218.38	538.21
Average number of apprentices (as at quarter end)	Authority Wide				4
Percentage of staff turnover	Authority Wide				2.29%
Total number of FTE vacancies (in i-Trent)	Authority Wide				69.00
Active vacancies which are being recruited (FTE)	Authority Wide				32.03

Appraisals completed as of Q2 2021/22

Please note the following appraisal figures are based upon the number of appraisals completed in Q1-Q2 versus the number of employees at the start of Q1.

Directorate	CX (Excluding Apprentices)	DCE	DMD	DHI	Total (Excluding Apprentices)
% of appraisals completed	57%	70%	88%	26%	

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PERFORMANCE INFORMATION MANAGEMENT SYSTEM

Quarterly Measures Dashboard | Annual Measures Dashboard | Corporate Measures Dashboard Measures | Interactive Status Cards | Directorate Status Summary Dashboard

Q1 Q2 Q3 Q4

CITY OF Lincoln COUNCIL

QUARTERLY MEASURES

To add data, click **here**

G At or above target
A Acceptable performance - results are within target boundaries
R Below target
V 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 - 21/22	76.00	Q2 - 21/22	78.00	%	A	▲	As is usual over the summer months, the number of media enquiries dropped and, subsequently, the number of overlapping enquiries was also lower. This allowed a quicker response time for most enquiries. A range of enquiries were submitted and responded to, ranging from us reaching agreement with the county council on the future of the Usher Gallery to the ongoing (at the time) protest around the proposed closure of some public toilets and the repeated vandalism of the statues on the Imp Trail.
	Communications	COM 2	Number of proactive communications issued that help maintain or enhance our reputation	High is good	25	40	Q1 - 21/22	31	Q2 - 21/22	26	Number	A	▼	As the number of enquiries dropped (see COM 1) then so did the need to issue proactive communications to help maintain or enhance our reputation. The majority issued this quarter related to stories around the perceived cleanliness of the high street, the number of weeds growing around the city and fly-tipping on private land.
	Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	High is good	92.00	95.00	Q1 - 21/22	100.00	Q2 - 21/22	0.00	%	R	▼	In Q2 2021/22 there were no completers. The reason being due to not having any apprentices who were expected to complete their apprenticeships within this period
	Work Based Learning	WBL 2	Number of new starters on the apprenticeship scheme	N/A	Volumetric	Volumetric	Q1 - 21/22	4	Q2 - 21/22	2	Number	V		We had 2 new starts within Q2. The cumulative figure up to Q2 is 6
	Work Based Learning	WBL 3	Percentage of apprentices moving into Education, Employment or Training	N/A	Volumetric	Volumetric	Q1 - 21/22	100.00	Q2 - 21/22	0.00	%	V		In Q2 2021/22 there were no completers so no data available for WBL 3. *Please see notes for WBL1
	Customer Services	CS 1	Number of face to face enquiries in customer services	N/A	Volumetric	Volumetric	Q1 - 21/22	53	Q2 - 21/22	72	Number	V		We are operating an appointment only system which is working well. Other sections are also using pre-booked appointments, 187 customers seen in total
	Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	N/A	Volumetric	Volumetric	Q1 - 21/22	29,980	Q2 - 21/22	31,960	Number	V		We had more calls compared to the previous quarter and the same quarter last year. 5204 Refuse/environmental calls, 5201 Housing solutions/homeless calls, 12352 Housing calls and 9203 Council tax/benefits calls and 394 other calls, 32356 in totals. Compared to quarter 2 last year when we took 5092 for Refuse/environment, 3914 for Housing solutions/homeless, 12983 Housing, 7615 Council tax/benefits and 330 others.
	Customer Services	CS 3	Average time taken to answer a call to customer services	Low is good	300	180	Q1 - 21/22	291	Q2 - 21/22	413	Seconds	R	▼	We have filled our vacancies all bar one and training of new staff has started, we again received slightly more calls than Q2 last year. Nearly 5000 calls were from customers with repeat calls
	Accountancy	ACC 1	Average return on investment portfolio	High is good	0.12	0.18	Q155.7 - 21/22	0.10	Q2 - 21/22	0.13	%	A	▲	BoE base rate remains at 0.10 - interest rates forecast to rise during 2022.
	Accountancy	ACC 2	Average interest rate on external borrowing	Low is good	4.75	3.75	Q1 - 21/22	3.15	Q2 - 21/22	3.15	%	G	—	3.15% on average borrowing level in the quarter - further shorter-term borrowing expected during Q3
	Revenues Administration	REV 1	Council Tax - in year collection rate for Lincoln	High is good	50.00	53.00	Q1 - 21/22	25.10	Q2 - 21/22	49.58	%	R	▲	The Council Tax Collection figure is 0.95% below the figure at the end of Quarter 2 in 2020-21. Recovery has been delayed a little this year due to the Covid Pandemic. However, there was a court hearing on 24th September 2021 which is the first one for the 2021 debt. In normal circumstances the first large court hearing for the year would take place in July of the relevant year, therefore recovery for 2021 is delayed by approximately 2 months due to the pandemic.
	Revenues Administration	REV 2	Business Rates - in year collection rate for Lincoln	High is good	58.50	58.58	Q1 - 21/22	29.10	Q2 - 21/22	55.70	%	R	▲	The NDR collection figure is approximately 9.45% below the figure at the end of Quarter 2 in 2020-21. However, the Expanded Retail Relief is creating an issue with the mathematics of how we calculate the collection figure. In 2020-21, the liability for the year was generally evenly distributed over the 12 months of the year. However, for 2021-22, 945 customers have nothing to pay for the first 3 months of the year which moves the sums that they are due to pay, into the last 9 months of the year. Of these 945, 606 also claimed the 66% reduction for July to March meaning that these customers will only pay approximately 25% of their annual liability, in instalments from July to March. Customers without the Expanded Retail Relief still have to pay their liability from April to January/March. When calculating the collection figures, we are calculating as if the liability is spread over the 12 months when for a number of customers this is not the case. This is making comparison to last year's collection figures difficult as we are not comparing like for like and our reports cannot provide information on individual cases just on the debt and payments as a whole. Recovery/court for NDR has not been delayed this year, other than, - court hearings for unpaid bills for NDR started in June for the customers who had instalments starting from April, and - court hearings for unpaid bills for NDR started in September for the customers who had instalments starting in July
	Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues team	Low is good	750	650	Q1 - 21/22	2,665	Q2 - 21/22	3,737	Number	R	▼	There has been an expected increase in the number of outstanding documents. New staff have been appointed to the vacancies in the Council Tax Administration Team and this has resulted in experienced officers undertaking training with these new team members. In addition to this, the court hearing dates have restarted after a long period of little/no court hearings and this has increased phone calls reducing the time that officers can respond to emails and correspondence. Total correspondence received by the revenues teams during quarter 2 is 13,829 phone calls into the section continue to impact onto the workload - quarter 2 answered 11,900 phone calls. Due to unforeseen circumstances, there have been periods of longer-term absence and vacancies

														on the Revenues Team, - however these matters are being addressed.
	Housing Benefit Administration	BE 1	Average (YTD) days to process new housing benefit claims from date received	Low is good	20.00	18.50	Q1 - 21/22	16.81	Q2 - 21/22	17.50	Days	G		Weekly monitoring of HB claims continues to enable prompt decision making
	Housing Benefit Administration	BE 2	Average (YTD) days to process housing benefit claim changes of circumstances from date received	Low is good	9.00	7.00	Q1 - 21/22	4.88	Q2 - 21/22	5.49	Days	G		monthly changes in UC and changes in people's circumstances continue to be high as furlough ends and people start/end work.
	Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Low is good	1,750	1,500	Q1 - 21/22	2,098	Q2 - 21/22	1,411	Number	G		1,411 Customer of which 1,098 are awaiting a first contact.
	Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where Benefit entitlement is correct	High is good	87.00	90.00	Q1 - 21/22	95.94	Q2 - 21/22	95.26	%	G		Smaller amount of quality assurance completed due to officer leave over the summer period.
	Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	N/A	Volumetric	Volumetric	Q1 - 21/22	973	Q2 - 21/22	1,995	Number	V		436 Housing Benefit and 1,559 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	96.00	98.00	Q1 - 21/22	0.00	Q2 - 21/22	0.00	%	A		We cannot give accurate data for this period because the normal pre pandemic inspection programme was not being followed during this quarter, as advised by the Food Standards Agency. Further instruction was given by the FSA to prepare a Recovery Plan by the end of September 2021 to prioritise official controls of new businesses and to plan to undertake official controls of high risk and non-compliant business over the period 1/10/21-31/3/22. The Recovery Plan has been completed and was implemented from 1/10/21 and so we will be able to provide feedback at the end of the next quarter.
	Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Low is good	13.00	8.00	Q1 - 21/22	15.80	Q2 - 21/22	33.21	Days	R		During this quarter we have had a member of the team off long term sick. With holiday leave and a vacancy, that has left 1.5 FTE officers available throughout most of the quarter, to carry out official controls as well as dealing with covid related matters and other service requests. We have recently recruited a newly qualified officer, although he cannot undertake official controls at present he is being trained and should be assessed as being competent within 6 months.
	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	Q1 - 21/22	11.00	Q2 - 21/22	0.00	%	A		The FSA Recovery Plan has essentially reset those inspections that are overdue and so we will be seeking to change the measures with senior management agreement so that we can report back at the next quarter.
	Development Management (Planning)	DM 1	Number of applications in the quarter	N/A	Volumetric	Volumetric	Q1 - 21/22	224	Q2 - 21/22	235	Number	V		This figure remains relatively stable and continues to indicate a slow building in confidence within the development sector
	Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Low is good	85.00	65.00	Q1 - 21/22	56.26	Q2 - 21/22	61.91	Days	G		A small increase in end to end times due to more major developments being submitted and a small increase in workload altogether
	Development Management (Planning)	DM 3	Number of live planning applications open	Low is good	180	120	Q1 - 21/22	128	Q2 - 21/22	135	Number	A		This reflects the increase in submissions but remains consistent and within current resource levels
	Development Management (Planning)	DM 4	Percentage of applications approved	High is good	85.00	97.00	Q1 - 21/22	97.00	Q2 - 21/22	97.00	%	G		This remains consistently high reflecting the positive approach of the service
	Development Management (Planning)	DM 5	Percentage of decisions on planning applications that are subsequently overturned on appeal	Low is good	10.00	5.00	Q1 - 21/22	0.00	Q2 - 21/22	0.00	%	G		Continuance of no decisions overturned reflecting the quality and robustness of the decisions made.
	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	Q1 - 21/22	90.00	Q2 - 21/22	94.00	%	G		Figure remains strong and above the national threshold.
	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	Q1 - 21/22	75.00	Q2 - 21/22	88.00	%	A		This figure remains high and above the nationally set threshold.
	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	Q1 - 21/22	21.40	Q2 - 21/22	30.80	Weeks	R		There was an increase in the average time from an OT notification to the works being completed, this has been around the challenge of having a valid application submitted and approving the application. Delays for some cases have been where we have been awaiting the property owner's permission to carry out the adaptation to the property. The average time once the application has been approved to completion of works for Q1 and Q2 was only 14 weeks.
	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	Q1 - 21/22	0.00	Q2 - 21/22	13.60	Weeks	V		This is average time from receiving a complaint about disrepair in a private rented property to the property being declared free of any serious hazards. During this quarter 38 housing disrepair/condition cases were resolved. 66% of the cases were in Park and Abbey wards in the City. Some of the cases have taken longer to resolve as we have been working remotely with less onsite inspections taking place. As from the beginning of September 2021 we are now undertaking more onsite visits whilst still applying Covid19 safe practices.
	Private Housing	PH 3	Number of empty homes brought back into use	High is good	7	13	Q1 - 21/22	3	Q2 - 21/22	12	Number	A		12 properties for the year to date have been bought back into use with our interventions. There are 356 privately owned properties which have been empty and unoccupied for more than 6 months of those 122 are more than 2 years empty which are affected by the council tax additional premium.
	Public Protection and Anti-Social Behaviour Team	ASB 1	Number of cases received in the quarter (ASB)	N/A	Volumetric	Volumetric	Q1 - 21/22	115	Q2 - 21/22	88	Number	V		This appears to be in line with what we would normally expect however given the previous 2 quarters were high this may be an indication that demand is returning to normal.
	Public Protection and Anti-Social Behaviour Team	ASB 2	Number of cases closed in the quarter	N/A	Volumetric	Volumetric	Q1 - 21/22	861	Q2 - 21/22	849	Number	V		the demand on the team remains high across July, August, and September there is a consistent high demand compared with those months in 2020/21. During Q2 2021/22 the demand on the team was 1065 service requests and so the number of cases closed is proportionate

	Public Protection and Anti-Social Behaviour Team	ASB 3	Number of live cases open at the end of the quarter	Low is good	260	220	Q1 - 21/22	234	Q2 - 21/22	189	Number	G	▲	this is a normal amount of cases to be open. demand on the team in this quarter has been 1065 service requests which is high and so it is positive that the team are managing open case numbers
	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 - 21/22	0.00	Q2 - 21/22	0.00	%	A	–	still not being undertaken currently, update on this requested from CS
	Sport & Leisure	SP 1	Quarterly visitor numbers to Birchwood and Yarborough Leisure Centres	High is good	213,355	213,991	Q1 - 21/22	60,109	Q2 - 21/22	122,034	Number	R	▲	Quarter 2 is up 61,925 visits on Quarter 1 2021. This is due to pandemic restrictions being eased over Quarter 1 and the beginning of Quarter 2. Yarborough has gone up 47,606 visits on last quarter and Birchwood has gone up 14,319 visits on the last quarter. Visits are up on Q2 last year 2020 due to the pandemic restrictions, however they are still down on pre pandemic levels 2019, Yarborough down 102,566 visits, Birchwood down 22,589. Resistance to re-join fitness gyms is industry wide (nationally), which is impacting on some smaller gyms businesses, currently the reasoning is not known, but thoughts could be that people have diverted away to other forms of exercise during the pandemic, others could still be resistant to going back into public places.
	Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	High is good	520.00	650.00	Q1 - 21/22	895.00	Q2 - 21/22	790.00	Hours	G	▼	Quarter 2 takes into account the summer and the first month of the football season, it will be lower than months exclusively in the football season.
	CCTV	CCTV 1	Total number of incidents handled by CCTV operators	N/A	Volumetric	Volumetric	Q1 - 21/22	2,549	Q2 - 21/22	2,665	Number	V		Incidents have steadily risen as the city opens up to business. Public order, shoplifting and mental health issues provide the highest number of incidents for operators to deal with.
	Waste & Recycling	WM 1	Percentage of waste recycled or composted	High is good	36.00	39.00	Q1 - 21/22	29.34	Q2 - 21/22	35.39	%	R	▲	This figure relates to Quarter 1 (April - June 2021). 17.11% has been recorded as waste being recycled, whereas 18.28% was recorded of waste being composted, equating to 35.39% 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 - 21/22	135	Q2 - 21/22	125	Number	A	▲	125 points were recorded collectively. This has been broken to 55 points in July, 40 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 - 21/22	90	Q2 - 21/22	75	Number	A	▲	75 points were recorded in Quarter 2. This has been broken down to 15 points in July, 25 points in August and 35 points in September.
	Grounds Maintenance	GM 1	Contractor points achieved against target standards specified in contract - Grounds Maintenance	Low is good	150	50	Q1 - 21/22	20	Q2 - 21/22	75	Number	A	▼	Points were recorded as 75 collectively. These were broken down into 15 points from June, 55 in August and 5 in September.
	Allotments	AM 1	Percentage occupancy of allotment plots	High is good	84.00	92.00	Q1 - 21/22	97.00	Q2 - 21/22	97.00	%	G	–	As at the end of September 2021, 1057 plots of a total 1147 were let. Of the 1147 total plots, 1091 plots are currently lettable. 1057 occupied lettable plots equates to 97% occupancy rate. There continues to be a steady demand for allotment tenancies. All allotment sites currently have waiting lists for plots now and when plots become available, we try to re-let the plots to those on the waiting lists as quickly as possible.
	Parking Services	PS 1	Overall percentage utilisation of all car parks	High is good	50.00	60.00	Q1 - 21/22	36.00	Q2 - 21/22	40.00	%	R	▲	Footfall has increased over the Summer months which is reflected in the figure - more shoppers and increase in workers returning to the office.
	Parking Services	PS 2	Number of off street charged parking spaces	N/A	Volumetric	Volumetric	Q1 - 21/22	3,750	Q2 - 21/22	3,796	Number	V		Following a recent recount of spaces, the figure is now 3796
	Licensing	LIC 1	Total number of committee referrals (for all licensing functions)	N/A	Volumetric	Volumetric	Q1 - 21/22	0	Q2 - 21/22	6	Number	V		1 sex establishment variation, 1 Licensing Act 2003 contested application, 4 Private Hire drivers due to points/convictions.
	Licensing	LIC 2	Total number of enforcement actions (revocations, suspensions, and prosecutions)	N/A	Volumetric	Volumetric	Q1 - 21/22	1	Q2 - 21/22		Number	V		No enforcement actions of this nature were taken during this quarter.
DHI	Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	Low is good	1.00	0.00	Q1 - 21/22	2.10	Q2 - 21/22	1.50	%	R	▲	The replacement door programme has now come on stream and is beginning to reduce the number of non-decent properties. However, as previously reported, we are also inspecting a number of doors and identifying further properties needing replacements. Electrical testing has reduced failures due to Electrics Of the 116 properties failing: x92 doors, x21 Electrics, 2x roofs, 1x windows
	Housing Investment	HI 2	Number of properties 'not decent' as a result of tenant's refusal to allow work (excluding referrals)	N/A	Volumetric	Volumetric	Q1 - 21/22	189	Q2 - 21/22	188	Number	V		Tenants have the option to refuse improvement works. Various refusal reasons are offered by tenants, examples include health issues and willingness to cooperate. At the end of quarter two there were 188 refusals of decent home works on non-decent properties, down by one (189) from quarter one.
	Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	High is good	99.80	99.96	Q1 - 21/22	99.46	Q2 - 21/22	99.26	%	R	▼	We continue to have a small number of properties that we have failed to access, before deadline date each month. The team and our contractor have followed the gas servicing processes and these outstanding cases are now at the legal referral stage. We do have some failed access from households isolating due to Covid. We continue to work closely with these tenants to rearrange appointments in these circumstances.
	Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	High is good	97.50	98.75	Q2 - 21/22	98.25	Q2 - 21/22	98.25	%	A	–	A continued improvement can be seen over this Quarter, so the target is continuing to be met.
	Rent Collection	RC 1	Rent collected as a proportion of rent owed	High is good	96.00	97.00	Q1 - 21/22	99.31	Q2 - 21/22	97.61	%	G	▼	Collection for quarter two stands at 97.61% which is ahead of target. Although income management has been challenging throughout the last 18 months Tenancy Services continues to prioritise rent collection. The rent-free weeks in December 2021 will also have a positive impact on the % of income collected.
	Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	Low is good	4.50	3.50	Q1 - 21/22	4.20	Q2 - 21/22	4.88	%	R	▼	Current tenant arrears as a % of the debit stands at 4.88% (c£1.4m), which is behind the target of 4.65%. As members are aware, the pandemic and the Governments response to ensure that no evictions took place have resulted in arrears rising nationally. Some of the restrictions that have been in place have been removed and the notice period is now 28 days and the Courts have started to hear cases. If there are no changes to eviction protocols going forward, we would anticipate that performance

													against this indicator would improve.
Housing Solutions	HS 1	The number of people currently on the housing list	N/A	Volumetric	Volumetric	Q1 - 21/22	1,183	Q2 - 21/22	1,338	Number	V		A slight rise in numbers on the Register although in reality numbers of applications remain reasonably consistent
Housing Solutions	HS 2	The number of people approaching the council as homeless	N/A	Volumetric	Volumetric	Q1 - 21/22	251	Q2 - 21/22	461	Number	V		A rise in the number of homelessness applications as anticipated following the easing of pandemic restrictions
Housing Solutions	HS 3	Successful preventions and relief of homelessness against total number of homelessness approaches	High is good	50.00	55.00	Q1 - 21/22	52.40	Q2 - 21/22	45.93	%	R	▼	Prevention work remains difficult, especially into the private rented sector, due to low numbers of available properties and high rental prices
Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	Low is good	0.80	0.90	Q1 - 21/22	1.28	Q2 - 21/22	1.37	%	R	▼	During the pandemic, the voids contractor used to repair the majority of our vacant properties, went into administration. This put additional pressure onto an already stretched labour force. HRS have worked to procure additional contracts to repair the void properties, but this has resulted in an increase in the % of rent lost through properties being vacant. There is a national shortage of labour that is also making it difficult for contractors to source labour. The Voids Team are working to improve all aspects of the process to ensure the performance improves for year end.
Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Low is good	32.00	29.00	Q1 - 21/22	40.39	Q2 - 21/22	44.83	Days	R	▼	As explained in the commentary in HV1, the Voids Team have faced significant challenges when repairing properties, resulting in the number of days taken on average increasing to 44.83 against the target of 32. Issues with contracting work, recruiting labour and delays when letting properties due to Covid restrictions and difficulty moving has resulted in this increase. The Voids Team are working to improve all aspects of the process to ensure the performance improves for year end.
Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Low is good	38.00	35.00	Q1 - 21/22	48.17	Q2 - 21/22	53.09	Days	R	▼	The average number of days to repair properties including major works has increased to 53.09 on average against the target of 38. There have been a number of challenges facing the Voids Team when repairing properties. There has also been a national shortage of materials. This has resulted in additional delays when sourcing materials for properties requiring major works. The Voids Team are currently reviewing their processes and prioritising empty dwellings with the aim of reducing the average number of days before year end.
Housing Maintenance	HM 1	Percentage of reactive repairs completed within target time (priority and urgent repairs) - HRS only	High is good	97.00	99.00	Q1 - 21/22	91.90	Q2 - 21/22	91.74	%	R	▼	Performance for the percentage of reactive repairs completed within target time measure remains below target at 91.74%,. Whilst there are some mitigating factors e.g. construction sector wide shortage of materials, difficult recruitment conditions etc, our priority focus is on quickly bringing this important measure back to previous high levels. We have introduced some actions to improve performance including flexible recruitment campaigns, communications on future supply warnings and/or issues to our customers and reviewing the vehicle stocks within our fleet. Once the labour is in place this will be reflected positively in year-end figures.
Housing Maintenance	HM 2	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	High is good	90.00	93.00	Q1 - 21/22	92.48	Q2 - 21/22	91.95	%	A	▼	This measure has been adversely affected by external factors such as materials shortages but can also be a reflection of the skills available internally, something we will look to continuously improve.
Housing Maintenance	HM 4	Appointments kept as a percentage of appointments made (priority and urgent repairs) - HRS only	High is good	94.00	97.00	Q1 - 21/22	99.07	Q2 - 21/22	99.40	%	G	▲	A result we would expect to achieve. Demonstrating we are getting the basics right.
Business Development	BD 1	Number of users logged into the on-line self-service system this quarter	High is good	8,409	8,700	Q1 - 21/22	11,625	Q2 - 21/22	10,515	Number	G	▼	Drop from year end period - The system is being reviewed to increase uptake
IT	ICT 1	Number of calls logged to IT helpdesk	N/A	Volumetric	Volumetric	Q1 - 21/22	990	Q2 - 21/22	927	Number	V		General variation - partially caused by lower staff numbers due to holiday period
IT	ICT 2	Percentage of first time fixes	N/A	Volumetric	Volumetric	Q1 - 21/22	53.50	Q2 - 21/22	56.30	%	V		Slight increase due to issues with logging in being resolved at first point

Operational 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

PERFORMANCE INFORMATION MANAGEMENT SYSTEM

Quarterly Measures Dashboard | Annual Measures Dashboard | Corporate Measures Dashboard Measures | Interactive Status Cards | Directorate Status Summary Dashboard

Q1 Q2 Q3 Q4

ANNUAL MEASURES - Q2

To add data, click **here**

G At or above target | A Acceptable performance - results are within target boundaries | R Below target | V Volumetric/contextual measures that support targeted measures

Strategic Measures

	Service Area	Measure ID	Measure	High Or Low	Low Target	High Target	Previous Data Period	Previous Value	Current Year	Current Value	Unit	Status	Commentary
DCE	Grounds Maintenance	GM 2	Satisfaction with play areas, parks and open spaces (collected via Citizens' Panel)	High is good	85.00	90.00	2019/20	90.00	2020/21	**77.80**	%	R	77.8% of respondents reported being very satisfied or satisfied with the overall management of our parks and open spaces. This figure reflects the significant impact on parks and open spaces over the covid period with visitor numbers being considerably higher.
	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	68.00	80.00	2019/20	69.00	2020/21	**76.00**	%	A	Citizen Panel results show 76% of those asked were satisfied or very satisfied with the cleanliness of highways and open spaces

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Item No. 5

EXECUTIVE **22 NOVEMBER 2021**

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 2021/22.

2. Background

2.1 An update of the Strategic Risk Register was developed under the risk management approach of 'risk appetite', was last presented Members in August 2021 and contained thirteen strategic risks.

2.2 Since reporting to Members in August, 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 has been operating since the onset of Covid19 and the different challenges and opportunities it now faces. This review has identified that there have been some positive movements in the register.

2.3 The updated Register is contained with Part B of this agenda, it contains thirteen strategic risks which are listed below, along with details of relevant mitigations.

3. Strategic Risks

3.1 The Strategic Risk Register now 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 deliver key strategic projects.

10) Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money

11) Failure to put in place safe working practices and social distancing measures to protect officers and service users.

12) Failure to protect the vulnerable in relation to the Council's PREVENT and safeguarding duties.

13) Failure to mitigate against the risk of a successful cyber-attack against the council

3.2 A number of control actions have now been progressed or completed and the key movements are outlined as follows:

- Risk No 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 – As from September the Council's New Ways of Working has commenced with officers adopting new workstyles, at the heart of this remains the focus on the customers needs. This has been supported by a new 'how to guide' along with FAQ's and support to managers. The Council's the intranet was also launched in September prompting the key values and Lincoln Charter.

- Risk No 8. Decline in the economic prosperity of the City Centre – the business case for Council's Central Market redevelopment scheme has been approved by the Towns Fund Investment Board for grant funding, the scheme will now progress to implementation, this represents a significant investment in the City Centre. In addition, the Towns Fund Board have approved a number of other schemes to be delivered by partner organisations. The Council has also been successful in securing Welcome Back funding which will be utilised during quarter 3 and 4.
- Risk No 10. Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money – the Council continues to implement a range of measures including working alongside contractors to manage price risk, splitting contracts into smaller lot sizes, seeking bonds/guarantees etc In addition regular communication on the Council's website is undertaken to inform customers of potential delays e.g housing repairs.

- Risk No 11. Failure to put in place safe working practices and social distancing measures to protect officers and service users – all Council buildings have now reopened with appropriate measures in place; all services have remobilised with appropriate measures in place however in some instances different delivery models, in comparison to pre-pandemic methods, are now in place; and all staff have now returned to working in Council offices/buildings and have adapted their workstyles as part of the Council's One Council ways of working.
- Risk No 12. Failure to protect the vulnerable in relation to the Council's PREVENT and safeguarding duties – a recent Section 11 audit was undertaken which concluded in a positive result and report from LSCP.

3.3 The above movement in control actions has resulted in a change to the assessed levels of likelihood and impact of two risks identified on the risk register:

- Risk 11 has been decreased from Amber: Hardly Ever/Major to Green Hardly Ever/Minor – as this now a green risk it will be monitored for 6 months and then removed from the SRR
- Risk 12 has decreased from Red: Probable/Critical to Amber: Possible/Critical.

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, 10 & 13	Red/High	Probable	Critical
7	Red/High	Almost Certain	Major
9	Amber/Medium	Probable	Major
12	Amber/Medium	Possible	Critical
1, 4, 5 & 6	Amber/Medium	Possible	Major
11	Green/Low	Hardly Ever	Minor

Control actions continue to be implemented and risks managed accordingly.

3.4 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.

Due to the nature of the report, no specific Equality Impact Analysis is required.

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 Executive are asked to note and comment on the Council's strategic risks as at the end quarter 2 2021/22.

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

Item No. 6

EXECUTIVE **22 NOVEMBER 2021**

SUBJECT:	**FINANCIAL PERFORMANCE – QUARTERLY MONITORING**
DIRECTORATE:	**CHIEF EXECUTIVE & TOWN CLERK**
LEAD OFFICER:	**COLLEEN WARREN, FINANCIAL SERVICES MANAGER**

1. Purpose of Report

1.1 To present to Executive the second quarter's performance (up to 30th September), on the Council's:

- General Fund
- Housing Revenue Account
- Housing Repairs Service
- Capital Programmes

And to seek approval for changes to both the revenue and 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.

2.2 Following the unprecedented impact of Covid19 on the Council's finances in 2020/21, budgets for 2021/22 were revised as part of the MTFS 2021-26 based on a number of assumptions around the speed and extent of the national and local recoveries particularly in relation to income budgets. Whilst in many cases these assumptions reflect the actual position to date, there are still some areas where the rate of recovery is impacting adversely on the Council's finances. In addition, the impact of Covid19 is still being felt throughout the authority in relation to service delivery both in terms of backlogs of outstanding work but also due to the current economic operating conditions in terms of supply chain issues, escalating costs and availability of labour etc, whilst these issue are being addressed, they are likely to continue in the medium term and impact on the Council's finances. Furthermore, the imposition of any new national restrictions over the winter period will adversely affect the forecast outturns provided within this report. Close monitoring of the position and implementation of mitigating actions over quarters 3-4 will be key to ensuring the Council maintains a balanced budget position for 2021/22.

2.3 Based on a significant number of planning variables, as at the end of the second quarter (up to 30th September), the forecast financial position of the Council for 2021/22 is:

	2021/22		
	Budget following Q1 report £'000	**Forecast @ Q2 £'000**	**Variance @ Q2 £'000**
Revenue Accounts			
General Fund – Contribution to/(from) balances	(477)	(524)	(47)
Housing Revenue Account (HRA) (Surplus)/Deficit in year	15	156	141
Housing Repairs Service	0	811	811

Capital Programmes			
General Investment Programme	17,451	20,398	0
Housing Investment Programme	29,047	30,248	0

Reserves & Balances			
General Fund Balances	(2,193)	(2,149)	(47)
HRA Balances	(1,059)	(918)	(141)
HRS Balances	0	0	0
General Fund Earmarked Reserves	(11,619)	(12,384)	(765)
HRA Earmarked Reserves	(57)	(177)	(120)

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

3. General Fund Revenue Account

3.1 For 2021/22 the Council's net General Fund revenue budget was set at £978,410 including a planned contribution from balances of £477,240 (resulting in an estimated level of general balances at the year-end of £2,193,359, after allowing for the 2020/21 outturn position).

3.2 The General Fund Summary is currently projecting a forecast overspend of £46,366 (appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,146,993.

3.3 There are a number of forecast year-end variations in income and expenditure against the approved budget, full details of the main variances are provided in Appendix B while the table below sets out the key variances:

	Forecast £'000
Potential pay award	150
Sales, Fees & Charges income losses	215
Additional SFC income compensation	(66)
Government Grants (New Burdens, Test & Trace support)	(169)
Additional planning income from Major Applications	(123)
Housing benefit under recovery of overpayments	50
Net other variances	(10)
Overall forecast budget shortfall/(surplus)	**47**

3.4 The most significant of the adverse forecast variations is in relation to fees and charges income which is currently forecasting a reduction in income of £215,376. This shortfall has mainly arisen during the first two quarters due to the extended national restrictions in quarter one and a slower than anticipated recovery in quarter two, in addition there is an income shortfall for the crematorium due to the impact of the refurbishment works. This shortfall is however partially offset by additional income of £66,348, through the Government's Sales, Fees and Charges Income Compensation scheme which provided additional financial support for losses in quarter one only. All key income budgets are monitored closely and reported to Corporate Management Team on a monthly basis. Officers are responding to, and will continue to do so through quarters 3-4, to identify and implement appropriate mitigations to ensure the budget remains balanced in 2021/22.

3.5 Although the forecast outturn for the General Fund is a deficit of £46,366 at this stage, the forecast outturn remains difficult to predict due to volatility, and uncertainty, particularly around the imposition of any future national restrictions over the winter period.

3.6 **Contributions to/from Earmarked Reserves**

Included in the forecast outturn overspend of £46,366 is the following proposed additional contributions (to)/from earmarked reserves:

Directorate	Reserve	Amount £
CX	17/18 Carry Forward – drawdown of funding for outsourced Legal work	8,000
DHI	Homelessness Grant – drawdown to repay MHCLG grant received in error (transferred into reserves 19/20 until reclaimed)	68,560
DCE	Invest to Save Reserve – drawdown to resource TFS redundancy costs	103,940
DCE	Vision 2025 – drawdown to fund TRO costs for RPS Sincil Bank	84,000
	Total Contribution from Reserves	**264,500**

3.7 Further details of the General Fund earmarked reserves are set out in paragraph 6 and Appendix G.

3.8 **Towards Financial Sustainability Programme**

The savings target included in the MTFS for 2021/22 was £850,000. Progress against this target, based on quarter 2 performance shows that secured savings total £514,400. A summary of the specific reviews that have contributed to this target are shown in Appendix N.

4. Housing Revenue Account

4.1 For 2021/22 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £14,910 use of balances, resulting in an estimated level of general balances at the year-end of £1,059,743, after allowing for the 2020/21 outturn position.

4.2 The HRA is currently projecting an in-year variance of a £156,480 overspend, which would decrease the General Balances to £918,173 at the end of 2021/22.

4.3 There are a number of forecast year-end variations in income and expenditure against the approved budget, full details of the main variances are provided in Appendix D while the table below sets out the key variances:

	Forecast £'000
Reduced dwelling rent income for Affordable, Social Housing and Leases	317
Reduced income from Contracts	280
Increased utility and Council Tax charges	102
Reduced repairs and maintenance expenditure	(1,394)
HRS deficit forecast	811
Depreciation	715
Reduced MRR contribution	(715)
Net other variances	25
Overall forecast budget deficit	**141**

4.4 The financial pressures that the HRA is facing, and the HRS (set out further in section 5), is a direct result of the ongoing impacts of Covid19 and the current economic position in the UK.

4.5 The largest variance for HRA is the current forecast underspend on Repairs and Maintenance. This is due to the ongoing impact of Covid19 affecting the ability to carry out repairs, the current reduction in charges from HRS (detailed in section 5 below) and the lack of tradespeople to carry out the repairs required. HRA and HRS are working hard to address these issues and so this underspend may be reduced over the remainder of the year. In part this is offset by large overspend forecast by HRS due to a reduction in rechargeable works and inability to recover the overhead costs of HRS (details of which are contained within section 5.2).

4.6 In addition, there is forecast reduction in dwelling rental income of £317,163, this is due to increased voids, a reduction in leasing income and lost rents from RTB sales. Void properties are currently on the increase due to a lack of labour force in the HRS and as a result of the designated Voids contractor entering into administration at short notice leaving the service without a key resource to respond to growing void numbers. Void numbers have increased due to a backlog created over the last 18 months as national restrictions were imposed. This has then been compounded by a high level of tenancies ending as a result of; people now seeking to move post pandemic, an unprecedented (sadly) number of deaths in Council properties and people leaving due to other more restrictive reasons such as being detained in prison by the courts. In addition, as a result of the successful bids for the Next Steps and Rough Sleeping Accommodation Programmes, the HRA has acquired a number of units of move accommodation across the City to alleviate the pressure on temporary accommodation and negate the use of bed and breakfast facilities. Whilst this has been successful and consequently saved the general fund huge costs the pressure has fallen on HRS to bring these units up to letting standards before they can be occupied. This has added to the numbers being managed through the void process. At budget setting voids are budgeted at 1% of the current housing stock, currently voids are closer to 1.7% of the current housing stock. Should this percentage be maintained throughout the rest of the year there is a potential for a further overspend of approximately £50,000.

4.7 This is further compounded by a loss of income from the termination of one of our main contractors resulting in a loss of income of approximately £280,000 from the admin recharge.

4.8 The current outturn is a swing from Quarter 1 of £366,217, mainly due to the reduction in the rents forecast and the loss of income from contractors, as a result of this the proposed contribution to Direct Revenue Financing of £500,000, made at quarter 1 to utilise the forecast underspend, has been removed.

4.9 **Contributions to/from Earmarked Reserves**

Included in the forecast outturn underspend of £153,634 is the following proposed additional contribution (to)/from earmarked reserves:

Directorate	Reserve	Amount £
HRA	HRA Strategic Priorities – drawdown for extension of 3rd AD post from 01.12.21 to 31.03.22	28,680
HRA	HRA Strategic Priorities – Hermit Street Feasibility Studies	66,000
	Total Contribution from Reserves	**94,680**

4.10 In addition to the above, there is a further proposed contribution (to)/from earmarked reserves to fund costs:

Directorate	Reserve	Amount £
HRA	HRA Invest to Save – drawdown to fund 3 1 year fixed term Housing Officers in the Tenancy Services Team from 01.01.22 to 31.03.22	26,350
	Total Contribution from Reserves	**26,350**

These costs are not currently included within the forecast outturn as the start date is still unknown, but approval is sought on the basis they could start within the final quarter of the year.

4.11 Further details of the HRA earmarked reserves are set out in paragraph 6 and Appendix G.

5. Housing Repairs Service

5.1 For 2021/22 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 deficit of £811,418 in 2021/22 (Appendix E provides a forecast HRS Summary), with full details of the main variances provided in appendix F.

5.3 The main contributory factor for this deficit is the ongoing impact of Covid19. The loss of one of the main sub-contractors locally (due to administration) and the inability to recruit to the workforce (HRS currently has a 20% vacancy rate) is causing problems with repairs scheduling and void turnarounds. Repairs numbers are down, at a time of high demand, as a result lower recharges are being made to the HRA due to less work being carried out by the Council's workforce. Although the reduction in staffing costs offsets the reduction in income recharged to the HRA, the overhead cost of the repairs service, which is ordinarily charged in addition to the service hourly rate is not being recovered due to the reduction in internal jobs, this is creating the majority of the forecast overspend. In addition, in order to try and fill the productivity gap, local sub-contractors are being utilised however, they are struggling with the same labour shortages. Any contracts awarded to help alleviate the system are now at hugely inflated prices which reflects the sector as a whole. This use of more expensive subcontractors has increased costs which at this stage are not reflected in the service hourly rate and therefore also contributes to the forecast overspend.

5.4 The forecast overspend reflects the national position in relation the construction industry. A significant number of companies are going into liquidation for many reasons. This is putting huge pressure on the those remaining in the sector, contract prices are increasing significantly reflecting increasing material and labour costs. Qualified and skilled labour is becoming increasingly hard to recruit. Locally, as evidenced in recruitment, the Council is not immune from this environment and HRS are in a difficult "trading position".

5.5 In response to the financial and service delivery challenges that the HRA/HRS are facing the Housing Management Team have instigated a range of measures aimed at combating the areas and issues that the Council has some control or influence over;

- Engaged four local subcontractors to support the void process
- Instigated different recruitment processes; advertising in different area and using different channels, offering fixed term and variable contracts as well as extoling the benefits of working on the public sector (sick pay, pensions, holiday entitlement etc etc)
- Looked that the data we have on why properties are becoming void to effectively see if we can slow the flow into the void system down.
- Seeking to invest in tenancy sustainment officers to help new tenants, particularly those from vulnerable groups, manage and effectively maintain their tenancy.
- Undertaken detailed analysis of what is driving the void process and now can look to head off any property entering the system if at all possible.
- Using the legal process to access properties where tenants have refused access for gas and electrical testing
- Sourced new contractors to pick up issues such as fire door upgrades that were left outstanding by our previous investment contractor.
- Increased communication in the local media making tenants and the wider public aware of the operating constraints we have.

- Worked with the LTP on messaging through their channels.
- Assessed uplifting recharge rates to reflect the higher construction sector.

In addition, a cross departmental short life working group has been established which will report to CMT monthly in order to consider what short term actions can be taken to improve the position in the coming weeks and months.

Many of the actions taken above will start to have an impact on these issues in the coming weeks and months but may not be enough to reduce the forecast overspends by the end of the current financial year.

5.6 It should be noted that consequential costs in the HRA are also greatly reduced (as noted earlier in the report) and therefore financial picture for the directorate is not as unhealthy as the HRS position alone implies. Surpluses from HRS have been repatriated to the HRA over the last few years and as such healthy reserves remain within the HRA. These reserves were increased at the end of last financial year to allow for HRS to catch up with any back log of repairs that had built up due to Covid19 restrictions.

6. Earmarked Reserves

6.1 The details of all the earmarked reserves and their forecast balance as at 31st March 2022 are attached in Appendix G. In summary:

	Opening Balance	**Budgeted Contribution**	**Actuals Q1-Q2**	**Forecast Q3-Q4**	**Forecast Balance**
	01/04/21				**31/03/22**
	£’000	**£’000**	**£’000**	**£’000**	**£’000**
General Fund	(19,563)	11,619	487	278	(7,179)
HRA	(2,617)	57	95	26	(2,439)
Capital Resources	22,708	(11,113)	3,441	(14,554)	11,595

7. Capital Programme

7.1 General Investment Programme

7.2 The revised General Investment Programme for 2021/22 amounted to £17.451m following Quarter 1 report. At quarter 2 the programme has been increased by £2.947m to £20.398m, as shown below:

	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revised budget Quarter 1	17,451	1,160	970	683	500
Budget changes for approval	2,947	5,920	902	0	0
Revised Budget	**20,398**	**7,080**	**1,872**	**683**	**500**

7.3 Included in the budget changes for approval are Town’s Funds schemes considered by the Town’s Fund Board. The Town’s Fund was considered by

Executive in February 2021 and external schemes will be added to the general investment programme following delegated approval by the Chief Finance Officer and the Town's Fund Investment Board. Schemes that are to be delivered directly by the Council, but with funding through the Town's Fund will still require separate Executive approval of the scheme prior to inclusion in the GIP. The changes related to the Town's Fund reflected in the second quarter are:

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Schemes delivered by CoLC			
Lincoln Central Market & Vibrancy Project – Executive approved 26/07/21	1,655	5,700	966
Schemes delivered by partners			
Lincoln City FC and Foundation	300	500	0
Drill Hall	1,000	0	0
Wigford Way	29	0	0
Sincil Bank	33	0	0

Approval of the Central Market project including the use of HAZ funding as well as City Council resources, as set out in the Executive report, these funding changes have now been reflected in the GIP.

The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. The following changes were approved by the Chief Finance Officer during this quarter.

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Housing Renewal Area – resources transferred to deliver HAZ scheme	(40)	20	20
City Hall improvements	(1)	0	0
City Hall 3rd Floor Fire works	(5)	0	0
Guildhall	(1)	0	0
Play Area Surfacing works	10	0	0
Monks Abbey External Works	2	0	0
Guildhall Access Improvements	1	0	0
Grandstand Improvements	2	0	0
Broadgate Fire Alarm	8	0	0
St Nicholas Church wall	11	0	0
Canwick Road Cemetery railings	10	0	0
Planned Maintenance	(37)	0	0
Total schemes approved by CFO	(40)	20	20

7.4 All changes over the approved limit require approval by the Executive. The following changes require Executive approval for the second quarter.

	2021/22
	£'000
St Mary's Guildhall – inclusion of a scheme to be directly delivered by the Council and funded from the Heritage Action Zone	109
Heritage Action Zone – reduction of externally delivered schemes budget as resources transferred for St Mary's Guildhall as above	(109)
High Bridge Café Roof works – transfer from planned maintenance pot for specific works	50
Planned Maintenance – transfer from corporate pot to specific scheme as above.	(50)
Boultham Park Lake – additional grant funding and use of bequest	90

In addition, there is one further new project that requires the approval of the Executive;

	2021/22
	£'000
Safer Streets - Delivery the CCTV elements of the Lincoln Safer Streets project including upgrades to existing equipment, new CCTV and the development of a 'chaperone' app. Fully funded through a grant from the Police and Crime Commissioner for Lincolnshire.	184
Total Executive approvals (inc changes above)	**274**

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

7.6 The overall spending on the General Investment Programme for the second quarter of 21/22 is £3.111m, which is 15% of the 2021/22 programme and 15% of the active programme. This is detailed further at Appendix J.

Although this is low percentage of expenditure at this stage of the financial year, further expenditure is expected on Disabled Facilities Grants, Boultham Park Lake, the Crematorium, HAZ Schemes, Towns Fund schemes and various capitalised maintenance schemes.

7.7 Housing Investment Programme

	2021-22 Budget following Q1 report	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000
Active Programme				
Housing & Investment	360	320	320	0
Communities & Environment	5,972	5,767	5,767	0
Chief Executive	1,041	1,041	1,041	0
Major Developments	9,772	11,805	11,805	0
Externally Delivered Towns Fund Schemes	0	1,362	1,362	0
Total Active Schemes	**17,145**	**20,295**	**20,295**	**0**
Schemes on Hold/Contingencies	306	306	306	0
Total Capital Programme	**17,451**	**20,601**	**20,601**	**0**

7.8 The Housing Investment Programme for 2021/22 following the Quarter 1 report amounted to £29.047m. This has been further adjusted to £30.248m during the second quarter of 2021/22. A summary of the changes are shown below:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Revised budget following Q1 Report	29,047	18,563	12,918	10,802	11,328
Budget changes to be approved during Q2	1,201	396	0	0	0
Revised Budget	30,248	18,959	12,918	10,802	11,328

7.9 The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. The following changes were approved by the Chief Finance Officer during this quarter.

Project Name	2021/22 Budget following Q1	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
	£’000	£’000	£’000	£’000
Decent Homes				
Re-roofing	50	(30)*	20	0
Door Replacement	987	(237)	750	237
New Services	51	(21)*	30	0
Lincoln Standard				
Over bath showers	26	(21)*	5	0
Other				
Environmental Works	748	(500)	248	500
Communal Electrics	137	(100)	37	100

Garages	164	(120)	44	120
CCTV	27	20*	47	0
Housing New Build				
New Build 70% match funding	889	393	1,282	(393)
New Build 141 Eligible	381	168	549	(168)
Rookery Lane	3,345	24	3,369	0
NSAP Properties	637	(46)	591	0
Total	**7,442**	**(470)**	**6,972**	**396**

*See movement to contingency reserve in table 7.10

7.10 All changes over the approved limit require approval by the Executive. The following changes require Executive approval for the second quarter:

Project Name	**2021/22 Budget following Q1**	**Budget increase/ (reduction)**	**Budget to be Approved**	**Reprofile to/(from) future years**
Decent Homes				
Bathrooms & WC's	100	(85)	15	0
Kitchen Improvements	200	(150)	50	0
Contingency Schemes				
Contingency Reserve	3,922	287*	4,209	0
Housing New Build				
New Build 70% match funding	1,282	(1,282)	0	0
New Build 141 Eligible	549	(549)	0	0
Property Acquisitions	508	1,831	2,339	
RSAP Properties	0	1,619	1,619	
Total budget movements to be approved by Executive	**6,561**	**1,671**	**8,232**	**0**

*includes movements approved by CFO in table 7.9

7.11 All new projects are subject to Executive approval. During the second quarter the following scheme was added to the HIP, having been considered by the Executive during the quarter;

	2021/22
	£'000
Housing Delivery Programme RSAP Properties – Approved by Executive on 26th July 2021. Scheme is funded through external grant funding and prudential borrowing.	1,619
	1,619

7.12 The table below provides a summary of the 2021/22 projected outturn position:

	2021/22 Budget Following Q1 Report	Revised Budget	Forecast Outturn	Variance
	£'000	**£'000**	**£'000**	**£'000**
Decent Homes/ Lincoln Standard	5,378	4,834	4,834	0
Health and Safety	507	507	507	0
Contingent Major Repairs/ Works	3,922	4,210	4,210	0
New Build Programme	17,481	19,640	19,640	0
Land Acquisition Fund	95	95	95	0
Other Schemes	1,150	450	450	0
Computer Fund	513	513	513	0
Total Capital Programme	**29,047**	**30,248**	**30,248**	**0**

7.13 Expenditure against the HIP budget to the second quarter was £5.339m, which is 17.65% of the revised programme. A further £0.96m has been spent as at the end of October 2021. 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, works have been constrained by the ongoing issues arising during the Covid19 pandemic and the availability of contractors to carry out works to properties following the cessation of the planned maintenance contract.

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 2021/22 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 2021/22 for the General Fund will be maintained within these ranges. However, based on the forecast overspend the HRA balance is estimated to fall slightly below the prudent level by year end. Work is currently underway to mitigate the pressures being faced to alleviate the impact on balances, the use of earmarked reserves will also be considered as part of the year end position.

Although the primary focus of this report has been to set out the financial variances being faced in the current financial year, beyond 2021/22 the Council still faces significant financial challenges. Ongoing reductions in resources and increased service costs from the legacy of impacts of Covid19 require ongoing reductions in the net cost base if the Council is to live within a significantly reduced resources envelope. The MTFS 2021-2026 approved by Full Council in March 2021 sets out the financial challenges the Council faces.

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

Due to the nature of this report there are no direct equality, diversity or human rights implications,

10. Risk Implications

10.1 A full financial risk assessment is included in the Medium Financial Strategy 2021-26.

11. Recommendations

Executive are recommended to:

11.1 Note the financial performance for the period 1st April to 30th September 2021, and the projected outturns for 2021/22.

11.2 Assess the underlying impact of the pressures and underspends identified in paragraphs 3.3 (and appendix B), 4.3 (and appendix D), and 5.2 (and appendix F).

11.3 Approve the proposed contributions from earmarked reserves as set out in paragraph 3.6 and paragraph 4.9 and 4.10.

11.4 Review the changes made by the Executive/to be approved by the Executive to the General Investment Programme and the Housing Investment Programme as detailed in paragraphs 7.4, 7.10 and 7.11.

11.5 Approve the changes to the General Investment Programme as detailed in paragraph 7.4.

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?	Fourteen
List of Background Papers:	MTFS 2021-2026
Lead Officer:	Colleen Warren, Financial Services Manager Telephone (01522) 873361

GENERAL FUND SUMMARY - AS AT 30 SEPTEMBER 2021

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	2,029	2,015	(14)
Chief Finance Officer (S. 151)	B	(470)	(525)	(55)
City Solicitor	C	1,603	1,536	(68)
Housing	D	953	926	(27)
Director of Major Developments	F	319	296	(23)
Communities and Street Scene	G	4,896	4,928	32
Health & Environmental Services	H	342	377	35
Planning	I	904	785	(119)
		10,577	**10,338**	**(239)**
Corporate Expenditure	J	2,057	2,044	(13)
TOTAL SERVICE EXPENDITURE		**12,634**	**12,382**	**(253)**
Capital Accounting Adjustment	K	3,311	3,311	0
Specific Grants	L	(1,320)	(1,320)	0
Contingencies	M	28	327	299
Savings Targets	N	(336)	(336)	0
Earmarked Reserves	O	(12,384)	(12,384)	0
Insurance Reserve	P	(478)	(478)	0
TOTAL EXPENDITURE		**1,456**	**1,502**	**46**
CONTRIBUTION FROM BALANCES		**(477)**	**(524)**	**(46)**
NET REQUIREMENT		**978**	**978**	**0**
Retained Business Rates Income	Q	5,143	5,143	0
Tariff	*R*	*0*	*0*	*0*
Section 31 grant	*S*	*0*	*0*	*0*
Levy	*T*	*0*	*0*	*0*
Collection Fund surplus/ (deficit)	U	(11,143)	(11,143)	0
Revenue Support Grant	V	23	23	0
Council Tax	W	6,956	6,956	0
TOTAL RESOURCES		**978**	**978**	**0**

Appendix B

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
	Additional Expenditure		
A	Call Monitoring	43,160	Additional telephone systems resulting from current working from home arrangements.
B	Property Management	28,395	Agency costs incurred to cover vacant post and consultancy fees for asset appraisals/schemes.
B	Benefits	28,435	Additional overtime costs for administration of Test and Trace payments (offset by additional grant).
D	Control Centre	35,134	Additional costs due to supplying digital equipment rather than analogue as a result of Covid restrictions.
G	Anti Social Behaviour	27,256	Additional temporary overtime payments
H	Development Control	25,000	Court fees incurred as a result of a planning challenge, less compensation received.
M	Pay Award	150,000	The 2021/22 assumed an in year pay freeze in line with the Government Autumn Statement that public sector pay would face a pay freeze. Although the local government pay award has not been agreed a pay increase is now currently forecasted.
M	Vacancy Savings Target	151,500	Vacancy savings target, offset by savings in service areas.
	Reduced Income		
B	Housing Benefits	50,000	Anticipated reduction in overpayments funded through housing subsidy due to overall reduction in overpayments raised and improved collection of arrears.
B	Housing Benefits	40,816	Funding allocation shortfall, offset by additional New Burdens funding.
C	CX Work Based Learning	47,740	Reduced income through national scheme due to lower apprentice numbers during Covid19 .

Ref		£	Reason for variance
F	Car Parks	74,990	Anticipated loss of income following Covid lockdown and ongoing impact of local economic recovery.
G	Private Hire	28,410	Anticipated loss in income as a result of a reduced applications due to Covid and local recovery.
G	Xmas Market	40,028	Anticipated shortfall in income from stallholders and park and ride.
G	Crematorium	60,550	Reduced income as a result of ongoing refurbishment works.
G	Markets	20,654	Reduction in stall licence fee income as a result of Covid and expectation of lower occupancy levels during quarter 4 ahead of redevelopment works.
G	Community Centre	30,772	Loss of income due to closure of centres until quarter two.
	Reduced Expenditure		
A	Business Dev & IT Manager	(68,382)	Vacancy savings after proposed contribution towards the One Council savings target.
C	Civic	(29,495)	Underspend due to a reduction in civic activities as a result of Covid restrictions.
C	CoLC Apprentices	(87,430)	Underspend, after proposed contribution to TFS, as a result of a reduced number of Apprentices in year due to ongoing impact of Covid19.
D	Control Centre	(29,195)	Vacancy savings offset against corporate vacancy savings target.
E	DMD Director	(35,567)	Vacancy savings offset against corporate vacancy savings target.
G	Health and Safety	(39,070)	Vacancy savings and Outbreak Prevention recharges, offset against corporate vacancy savings target.
G	Food Health and Safety	(103,729)	Vacancy savings and Outbreak Prevention recharges, offset against corporate vacancy savings target.
G	Housing Regeneration	(34,405)	Vacancy savings offset against corporate vacancy savings target.

Ref	Additional Income	£	Reason for variance
B	Test & Trace Support	(133,524)	New Burdens funding to compensate for work associated with administering the Test & Trace Support Payment grants.
B	Benefits	(76,358)	Additional New Burdens funding including HBAA, VEP and Welfare Reform.
D	Housing Development & Strategy	(28,000)	Additional fee income from the purchase of RSAP and P&R properties.
F	Car Parks	(85,210)	SFC Income Compensation Scheme in excess of budget assumptions, offsets loss of income above.
G	Visitor Information Centre	(34,141)	Anticipated over-achievement of income due to increased visitors throughout summer.
H	Development Control	(123,300)	Additional income from major applications received in year, less reduction in SFC Income Compensation.

Appendix C

HOUSING REVENUE ACCOUNT FUND SUMMARY - AS AT 30 SEPTEMBER 2021

	Ref	Revised Budget	Forecast Outturn	Variance
		£'000	£'000	£'000
Gross Rental Income	A	(29,433)	(28,926)	507
Charges for Services & Facilities	B	(311)	(318)	(7)
Contribn towards Expenditure	C	(50)	(20)	30
Supervision & Management Income	D	(912)	(733)	179
Repairs Account Income	D2	0	(5)	(5)
Repairs & Maintenance	E	9,574	8,180	(1,394)
Supervision & Management: Expenditure	F	7,944	7,953	9
Rents, Rates and Other Premises	G	334	436	102
Increase in Bad Debt Provisions	H	304	304	0
Insurance Claims Contingency	I	63	63	0
Contingencies	J	(46)	(46)	0
Depreciation	K	6,735	7,450	715
Debt Management Expenses	L	11	11	0
HRS Trading (Surplus) / Deficit	M	0	811	811
Net Cost of Service	M	**(5,787)**	**(4,840)**	**(947)**
Loan Charges Interest	O	2,650	2,650	0
Investment/Mortgage Interest	-P	(20)	(16)	4
Net Operating Inc/Exp		**(3,157)**	**(2,206)**	**(951)**
Major Repairs Reserve Adjustment	Q	3,042	2,327	(715)
Transfers to/from reserves	R	130	36	(94)
(Surplus)/Deficit in Year		**15**	**156**	**141**

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
	Reduced Expenditure		
F	Supervision & Management	(226,852)	Staff vacancies across HRA.
T	Major Repairs Reserve Adjustment	(715,030)	Reduced DRF contribution following revaluation of Council's Housing Stock and subsequent increase in deprecation charge (offset below).
E	Repairs & Maintenance	(1,749,651)	Reduced expenditure on minor works, responsive repairs, voids and external decoration due to Covid19 and current impacts within HRS.
	Increased Expenditure		
L	HRS Trading Deficit	811,418	Estimated deficit position for HRS (refer to HRS vacancies).
G	Rent, Rates and Other Premises	101,584	Increased costs for Amenity and Footpath lighting & void Council Tax charge.
E	Repairs & Maintenance	355,563	Increase in expenditure due to HRA electrical testing, skip charges & works to improve community assets.
A	Gross Rental Income	63,201	Payment to HMRC for previous financial year understated private garage rent VAT.
F	Supervision & Management	80,000	Overspend on work on void properties in relation to property clearance.
K	Depreciation	715,030	Increase in depreciation charge within financial year post valuation of Council's Housing Stock (offset above).

Ref		£	Reason for variance
	<u>Reduced Income</u>		
A	Gross Rental Income	317,163	Reduction of rental income predominantly due to large number of voids within financial year, and reduction of houses from Housing Stock due to RTB sales & decants to De Wint Court and reduction in leasing income.
C	Contributions towards Expenditure	30,000	Court income reduction due to courts being closed due to Covid19.
D	Supervision & Management	280,000	Lower than budgeted 5% admin fee income for invoice processing – predominantly due to loss of contractor, and reduction of contracted works.
	<u>Increased Income</u>		
D	Supervision & Management	(61,900)	Additional income from RSAP, P&R properties & Garden Voids income.

Appendix E

HOUSING REPAIRS SERVICE SUMMARY - AS AT 30 SEPTEMBER 2021

	Revised Budget	Forecast Outturn	Variance
	£'000	**£'000**	**£'000**
Employees	3,351	2,905	(446)
Premises	55	115	61
Transport	333	333	0
Materials	1,415	949	(467)
Sub-Contractors	1,969	2,847	877
Supplies & Services	272	327	55
Central Support Charges	572	572	0
Capital Charges	0	0	0
Total Expenditure	**7,967**	**8,047**	**80**
Income	(7,965)	(7,236)	729
(Surplus)/Deficit	**3**	**811**	**809**

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
Reduced Expenditure		
Employee Costs	(446,145)	Operative/labourer vacancies, due to current market conditions recruitment to posts has been difficult.
Supplies & Services	(466,774)	Reduction in use of direct materials due to fewer jobs being carried out.
Increased Expenditure		
Supplies & Services	877,122	Additional use of sub-contractors due to current vacancies and the conclusion of the Planned Maintenance contract.
Reduced Income		
Premises	60,732	Reduced rental income for Hamilton House due to the conclusion of Planned Maintenance contract.
Income	728,655	Reduction in income due to a reduction of jobs carried out by CoL operatives and therefore a reduction in admin overhead recharged along with a backlog of jobs due to contractor going into administration (see paragraph 5.3)

Appendix G

EARMARKED RESERVES – Q2 MONITORING 2021/22

GENERAL FUND	Revised Opening Budget	Budgeted Contribn	Actuals Q1-Q2	Forecast Q3-Q4	Closing Balance
Grants & Contributions	1,385	(71)	0	(103)	1,210
Carry Forwards	482	(49)	(35)	(8)	390
Active Nation Bond	180	0	0	0	180
AGP Sinking Fund	2	0	0	41	43
Air Quality Initiatives	11	6	0	0	16
Asset Improvement	0	0	0	0	0
Backdated rent review	0	0	0	0	0
Birchwood Leisure Centre	46	0	0	20	66
Boston Audit Contract	0	0	0	0	0
Business Rates Volatility	13,376	(11,666)	0	0	1,710
Christmas Decorations	14	0	0	0	14
City Hall Sinking Fund	60	0	0	0	60
Commons Parking	20	0	0	0	20
Corporate Training	60	0	0	0	60
Council Tax Hardship Fund	531	0	0	0	531
Covid-19 Recovery	1,047	0	0	0	1,047
Covid-19 Response	354	0	0	0	354
DRF Unused	341	(129)	(196)	0	16
Electric Van replacement	19	4	0	0	24
Funding for Strategic Priorities	174	(85)	0	0	89
Income Volatility Reserve	0	0	0	0	0
Invest to Save (GF)	453	15	(202)	(104)	162
IT Reserve	124	28	0	12	165
Lincoln Lottery	9	0	0	0	9
Mayoral car	27	0	0	0	27
Mercury Abatement	317	(317)	0	0	0
MSCP & Bus Station Sinking Fund	60	44	0	0	104
Organisational Development	0	0	0	0	0
Private Sector Stock Condition Survey	27	12	0	0	39
Property Searches	0	0	0	0	0
Revenues & Benefits shared service	0	0	0	0	0
Section 106 interest	32	0	0	0	32
Strategic Growth Reserve	17	0	0	0	17
Strategic Projects - revenue costs	2	0	(2)	0	0
Tank Memorial	10	0	0	0	10
Tree Risk Assessment	97	20	0	(19)	99
Vision 2025	204	568	(52)	(84)	637
WGC Planning	80	0	0	(34)	46
Yarbrough Leisure Centre	0	0	0	0	0
	19,563	**(11,619)**	**(487)**	**(278)**	**7,179**

HRA	**Revised Opening Budget**	**Budgeted Contribn**	**Actuals Q1-Q2**	**Forecast Q3-Q4**	**Closing Balance**
Capital Fees Equalisation Reserve	110	0	0	0	110
De Wint Court Reserve	73	0	0	0	73
Housing Business Plan Reserve (NEW)	0	77	0	0	77
Housing Repairs Service	126	0	0	0	126
HRA DRF	0	0	0	0	0
HRA Repairs Account	1,351	0	0	0	1,351
HRA Strategic Priority Reserve	722	(57)	(95)	0	571
HRA Survey Works	54	(54)	0	0	0
Invest to Save (HRA)	133	0	0	(26)	106
Stock Retention Strategy	22	(22)	0	0	0
Strategic Growth Reserve	26	0	0	0	26
	2,617	**(57)**	**(95)**	**(26)**	**2,439**

Total Earmarked Reserves	**22,180**	**(11,676)**	**(582)**	**(304)**	**9,618**

CAPITAL RESOURCES – Q2 MONITORING 2021/22

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/2022
	£'000	**£'000**	**£'000**	**£'000**
Capital Grants/Contributions	3,773	12,705	(16,478)	0
Capital receipts General Fund	623	7,210	(6,184)	1,649
Capital receipts HRA	1,674	500	(2,142)	32
Capital receipts 1-41	2,214	0	(702)	1,512
Major Repairs Reserve	7,763	7,450	(10,514)	4,699
HRA DRF	6,661	3,042	(6,000)	3,703
Total Capital Resources	**22,708**	**30,907**	**(42,020)**	**11,595**
As the contributions for 1:4:1 receipts depend upon levels of RTB sales, no budget is set for these receipts. Currently the HIP has schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 21/22.				

Appendix I

General Investment Programme – Summary of Financial Changes

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revised budget following Q1 Report	**17,451**	**1,160**	**970**	**683**	**500**
Budget changes at Q2	2,946	5,920	902	0	0
Revised Budget	**20,397**	**7,080**	**1,872**	**683**	**500**
Approved by Chief Finance Officer					
Housing Renewal Area	(40)	20	20	0	0
City Hall Improvements	(1)	0	0	0	0
City Hall 3rd Floor Fire Works	(5)	0	0	0	0
Guildhall	(1)	0	0	0	0
Play Area Surfacing Works	10	0	0	0	0
Monks Abbey Bowls Pavilions External Improvements	2	0	0	0	0
Guildhall Walkway/ Access Improvements.	1	0	0	0	0
Grandstand Terracing Improvements	2	0	0	0	0
Broadgate Fire Alarm	8	0	0	0	0
St Nicholas Church - Wall	11	0	0	0	0
Canwick Rd Cemetery Railings	9	0	0	0	0
Planned Maintenance	(36)	0	0	0	0
Lincoln Central Market & Vibrancy Project (Executive approved)	1,655	5,700	966	0	0
Lincoln City FC and Foundation	300	500	0	0	0
Drill Hall	1,000	0	0	0	0
Wigford Way	29	0	0	0	0
Sincil Bank	33	0	0	0	0
For approval by Executive					
St Mary's Guildhall	109	0	0	0	0
Heritage Action Zone	(109)	0	0	0	0
Heritage Action Zone	(205)	(300)	(84)	0	0

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Markets	(100)	0	0	0	0
High Bridge Cafe	50	0	0	0	0
Planned Maintenance	(50)	0	0	0	0
Boultham Park Lake	90	0	0	0	0
Safer Streets	184	0	0	0	0
Total changes	**2,946**	**5,920**	**902**	**0**	**0**

General Investment Programme – Summary of Expenditure as at 30th September 2021

Scheme	Revised Budget following Q1 report	Budget to be approved	Actuals as at Q2	Variance	Spend
	£	£	£	£	**%**
ACTIVE SCHEMES					
DCE (Communities & Environment)					
Disabled Facilities Grant	1,849,085	1,849,085	193,425	(1,655,650)	10%
Artificial Grass Pitches (AGP)	88,307	88,307	0	(88,307)	0%
New Software (Crem)	2,250	2,250	0	(2,250)	0%
Crematorium	2,487,550	2,487,550	1,806,459	(681,091)	73%
Whittons Park Play Area	130,000	130,000	0	(130,000)	0%
	4,557,192	**4,557,192**	**1,999,844**	**2,557,308**	**44%**
DCE (Community Services)					
Flood alleviation scheme (Hartsholme Park)	55,415	55,415	650	(54,765)	1%
Boultham Park Masterplan	49,700	49,700	0	(49,700)	0%
Boultham Park Lake	181,893	272,306	299,355	27,049	110%
Car Park Ticket Machines	0	0	(6,200)	(6,200)	0%
Car Park Improvements (CCTV in MSCPs)	6,142	6,142	1,860	(4,282)	30%
EV Charging Points	43,982	43,982	26,389	(17,593)	60%
Traveller deterrent	30,000	30,000	0	(30,000)	0%
Safer Streets		184,126	0	(184,126)	0%
	367,132	**641,671**	**322,054**	**(319,617)**	**50%**
DCE (Planning)					
Heritage Action Zone	568,038	254,505	85,782	(168,723)	33%

St Mary's Guildhall	0	109,000	0	(109,000)	0%
	568,038	**363,505**	**85,782**	**(277,723)**	**24%**
DCE Total	**5,492,362**	**5,562,368**	**2,407,720**	**(3,154,638)**	**42%**
General Fund Housing					
Housing Renewal Area Unallocated	360,152	320,152	-	(320,152)	0%
	360,152	**320,152**	**-**	**(320,152)**	**0%**
Major Developments					
Lincoln Transport HUB	-	-	(59,202)	(59,202)	0%
Central Markets	263,383	163,383	389	(162,994)	0%
Western Growth Corridor (Phase 1 Devt)	9,339,303	9,339,303	154,015	(9,185,288)	2%
Towns Fund	169,010	169,010	441,359	272,349	161%
LAD 2 Green Homes	479,600	479,600		(479,600)	0%
Lincoln Central Market & Vibrancy Project	0	1,654,533	97,515	(1,557,018)	6%
Externally delivered Town's Fund Schemes					
Lincoln City FC and Foundation	0	300,000	-	(300,000)	0%
Drill Hall	0	1,000,000	-	(1,000,000)	0%
Wigford Way	0	29,000	-	(29,000)	0%
Sincil Bank	0	33,000	-	(33,000)	0%
	10,251,296	**13,167,829**	**634,076**	**(12,533,753)**	**5%**
Chief Executives (Corporate Policy)					
New Telephony System	24,099	24,099	-	(24,099)	0%
Infrastructure Upgrade	3,772	3,772	-	(3,772)	0%
	27,871	**27,871**	**-**	**(27,871)**	**0%**
Chief Executives (Chief Finance Officer)					
Planned Capitalised Works	273,944	187,541	-	(187,541)	0%
Allotments Asbestos Sheds	33,795	33,795	-	(33,795)	0%
City Hall Improvements	931	0	-	0	0%

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Guildhall Works	17,630	17,630	-	(17,630)	0%
Stamp End Demolition	139,400	139,400	-	(139,400)	0%
Greyfriars Roof Improvements	4,050	4,050	-	(4,050)	0%
City Hall 3rd Floor Fire Works	5,001	0	-	0	0%
Guildhall	609	0	-	0	0%
Michaelgate Structural Works	2,283	2,283	-	(2,283)	0%
Play Area Surfacing Works	11,639	21,446	-	(21,446)	0%
Long Leys Road Drainage	10,438	10,438	7,163	(3,275)	69%
YLC Diving Boards	39,825	39,825	-	(39,825)	0%
The Terrace	0	0	(2,142)	(2,142)	0%
The Terrace Heat Mitigation Works	246,547	246,547	-	(246,547)	0%
Brayford Viewing Platform	8,246	8,246	-	(8,246)	0%
Greyfriars	174,317	174,317	65,046	(109,271)	37%
Monks Abbey Bowls Pavilions External Works	9,061	11,125	-	(11,125)	0%
Guildhall Walkway/ Access Improvements.	11,219	11,959	-	(11,959)	0%
Grandstand Terracing Improvements	12,837	15,000	-	(15,000)	0%
West Common External Rendering Improvements	4,980	4,980	-	(4,980)	0%
City Hall Lightning Protection	6,104	6,104	-	(6,104)	0%
High Bridge Cafe	0	50,000	-	(50,000)	0%
Broadgate Fire Alarm	0	7,545	-	(7,545)	0%
St Nicholas Church Wall	0	11,125	-	(11,125)	0%
Canwick Road Cemetery Railings	0	9,500	-	(9,500)	0%
	1,012,856	**1,012,856**	**70,067**	**(942,789)**	**7%**
TOTAL BUDGET FOR ACTIVE SCHEMES	**17,144,537**	**20,091,076**	**3,111,293**	**(16,979,783)**	**15%**
Schemes Currently Under Review					
Capital Contingencies	2,424	2,424	-	(2,424)	0%

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IT Reserve	70,562	70,562	-	(70,562)	0%
Compulsory Purchase Orders	233,481	233,481	-	(233,481)	0%
	306,467	**306,467**	**-**	**(306,467)**	**0%**
TOTAL GENERAL INVESTMENT PROGRAMME	**17,451,004**	**20,397,542**	**3,111,293**	**(17,286,250)**	**15%**

Appendix K

Housing Investment Programme – New Build/Acquisitions Programme– Summary of Financial Changes

Project Name	2021/22 MTFS Budget Following Q1 report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from) future years
Unallocated new build budget	1,203,265	0	1,203,265	0
New Build Programme 70% Match funding	889,208	-889,208	0	-392,595
New Build Programme (141 eligible)	381,089	-381,089	0	-168,255
New Build Capital Salaries	42,416	0	42,416	0
New Build (De Wint Court)	9,126,588	0	9,126,588	0
New Build (Searby Road)	62,497	0	62,497	0
Western Growth Corridor	1,259,766	0	1,259,766	0
New Build (QER)	26,761	0	26,761	0
Rookery Lane	3,345,420	24,000	3,369,420	0
Next Steps Accommodation Project	636,723	-45,618	591,105	0
Property Acquisitions	507,543	1,831,146	2,338,689	0
Rough Sleepers Accomodation Project		1,619,250	1,619,250	0
New Build Programme	**17,481,276**	**2,158,481**	**19,639,757**	**-560,850**
Land Acquisition				
Land Acquisition fund	94,689	0	94,689	0
Land Acquisition	**94,689**	0	**94,689**	0
Total New Build/Acquisitions	**17,575,965**	**2,158,481**	**19,734,446**	**-560,850**

Housing Investment Programme – Decent Homes– Summary of Financial Changes

Project Name	2021/22 MTFS Budget Following Q1 Report	Budget increase/ (reduction)	Budget to be Approved	Reprofile to/(from)future years
	£	£	£	£
Decent Homes				
Bathrooms & WC's	100,000	(85,000)	15,000	0
DH Central Heating Upgrades	2,060,491	0	2,060,491	0
Thermal Comfort Works	0	0	0	0
*Kitchen Improvements	200,000	(150,000)	50,000	0
Rewiring	50,000	0	50,000	0
*Reroofing	50,000	(30,000)	20,000	0
*Lincoln Standard Windows Replacement	295,159	0	295,159	0
Structural Defects	10,000	0	10,000	0
Door Replacement	987,162	(237,162)	750,000	237,162
*New services	51,401	(21,401)	30,000	0
Void Capitalised Works	1,500,000	0	1,500,000	0
Fire doors	47,879	0	47,879	0
Fire compartment works	0	0	0	0
Total Decent Homes	**5,352,092**	**(523,363)**	**4,828,529**	**237,162**
Lincoln Standard				
Over bath showers (10(year programme)	25,785	(20,785)	5,000	0
Total Lincoln Standard	**25,785**	**(20,785)**	**5,000**	**0**
Health & Safety				
Asbestos Removal	195,850	0	195,850	0
Asbestos Surveys	167,640	0	167,640	0

Replacement Door Entry Systems	93,740	0	93,740	0
Renew stair structure	10,000	0	10,000	0
Fire Alarms	40,000	0	40,000	0
Total Health & Safety	**507,230**	**0**	**507,230**	**0**
Other				
Environmental new works	748,293	(500,000)	248,293	500,000
Gunby Avenue	3,333	0	3,333	0
Communal Electrics	137,469	(100,000)	37,469	100,000
Garages	164,409	(120,000	44,409	120,000
HRA Assets (Shops/Buildings)	60,094	0	60,094	0
CCTV	26,685	20,000	46,685	0
Communal TV Aerials	10,000	0	10,000	0
Total Other	**1,150,283**	**(700,000)**	**450,283**	**720,000**
Contingency Schemes				
Contingency Reserve	3,922,377	287,186	4,209,563	0
Total Contingency Schemes	**3,922,377**	**287,186**	**4,209,563**	**0**
Other Schemes				
Housing Support Services Computer Fund	179,602	0	179,602	0
Infrastructure Upgrade	251,633	0	251,633	0
Operation Rose	81,769	0	81,769	0
Total Other Schemes	**513,004**	**0**	**513,004**	**0**
Total Housing Investment	**11,470,770**	**(957,162)**	**10,513,608**	**957,162**

Appendix M

Housing Investment Programme – Summary of Expenditure as at 30th September 2021

Housing Investment

Project Name	2021/22 Budget following Q1 report	Q2 Budget Changes	Revised Budget	Actual expenditure as at Q2	Variance	% Spend
Decent Homes						
Bathrooms & WC's	100,000	(85,000)	15,000	(4,447)	(19,447)	0%
DH Central Heating Upgrades	2,060,491	0	2,060,491	858,498	(1,201,993)	42%
Thermal Comfort Works	0	0	0	(822)	(822)	0%
Kitchen Improvements	200,000	(150,000)	50,000	(15,833)	(65,833)	0%
Rewiring	50,000	0	50,000	21,940	(28,060)	44%
Reroofing	50,000	(30,000)	20,000	(2,290)	(22,290)	0%
Lincoln Standard Windows Replacement	295,159	0	295,159	(1,846)	(297,005)	0%
Structural Defects	10,000	0	10,000	(177)	(10,177)	0%
Door Replacement	987,162	(237,162)	750,000	4,091	(745,909)	1%
New services	51,401	(21,401)	30,000	5,550	(24,450)	19%
Void Capitalised Works	1,500,000	0	1,500,000	133,175	(1,366,825)	44%
Fire Doors	47,879	0	47,879	(1,499)	(49,378)	0%
Fire Compartment Works	0	0	0	(1,915)	(1,915)	0%
Total Decent Homes	**5,352,092**	**(523,563)**	**4,828,529**	**994,921**	**(3,833,607)**	**21%**

Lincoln Standard						
Over bath showers (10(year programme)	25,785	(20,785)	5,000	(585)	(5,585)	0%
Total Lincoln Standard	**25,785**	**(20,785)**	**5,000**	**(585)**	**(5,585)**	**0%**

Health & Safety						
Asbestos Removal	195,850	0	195,850	31,791	(164,059)	16 %
Asbestos Surveys	167,640	0	167,640	27,861	(139,779)	17%
Replacement Door Entry Systems	93,740	0	93,740	0	(93,740)	0%
Renew stair structure	10,000	0	10,000	0	(10,000)	0%
Fire Alarms	40,000	0	40,000	33,309	(6,691)	83%
Total Health & Safety	**507,230**	**0**	**507,230**	**92,961**	**(414,269)**	**18%**
Other						
Environmental works	748,293	(500,000)	248,293	(1,917)	(250,210)	0%
Landscaping & Boundaries	0	0	0	(6,052)	(6,052)	0%
2 Gunby Avenue	3,333	0	3,333	0	(3,333)	0%
Communal Electrics	137,469	(100,000)	37,469	(795)	(38,264)	0%
Garages	164,409	(120,000)	44,409	0	(44,409)	0%
HRA Assets (Shops/Buildings)	60,094	0	60,094	0	(60,094)	0%
CCTV	26,685	20,000	46,685	0	(46,685)	0%
Communal TV Aerials	10,000	0	10,000	0	(10,000)	0%
Total Other	**1,150,283**	**(700,000)**	**450,283**	**(8,764)**	**(459,047)**	**0%**
Contingency Schemes						
Contingency Reserve	3,922,377	287,186	4,209,563	0	(4,209,563)	0.00%
Total Contingency Schemes	**3,922,377**	**287,186**	**4,209,563**	**0**	**(4,209,563)**	**0.00%**
Other Schemes						
Housing Support Services Computer Fund	179,602	0	179,602	0	(179,602)	0%
Operation ROSE	81,769	0	81,769	22,520	(59,249)	28%

Appendix M

IT Infrastructure Upgrade	251,633	0	251,633	0	(251,633)	0%
Other Schemes	**513,004**	**0**	**513,004**	**22,520**	**(490,484)**	4%

Total Housing Investment	**11,470,770**	**(957,162)**	**10,513,608**	**1,101,052**	**(9,412,556)**

Housing Strategy

New Build Programme						
Unallocated New Build	1,203,265		1,203,265	0	(1,203,265)	0%
New Build Programme	1,401,971	(1,270,296)	131,675	0	(131,675)	0%
Purchase and repair	507,543	1,831,146	2,338,689	826,916	(1,511,773)	35%
Rookery Lane	3,345,420	24,000	3,369,420	312,969	(3,056,451)	9%
Western Growth Corridor	1,259,766		1,259,766	0	(1,259,766)	0%
NSAP Properties	636,723	(45,618)	591,105	591,105	0	100%
De Wint Court	9,126,588		9,126,588	2,664,479	(6,462,109)	29%
RSAP Properties	0	1,619,250	1,619,250	124	(1,619,126)	1%
Total New Build Programme	**17,481,276**	**2,158,482**	**19,639,758**	**4,395,593**	**(15,244,165)**	**22%**

Land Acquisition						
Land Acquisition Fund	94,689	0	94,689	0	(94,689)	0.00%
Total Land Acquisition	**94,689**	**0**	**94,689**	**0**	**(94,689)**	**0.00%**

Total Housing Strategy	**17,575,965**	**2,158,482**	**19,734,447**	**4,395,593**	**(15,338,834)**

Total Housing Investment & Strategy	**29,046,735**	**1,201,320**	**30,248,055**	**5,496,646**	**(24,751,409)**	**18%**

Appendix N

TFS Phase7 programme: progress at Q2 - 2021/2022

Service	Summary of project	Dir.	Total savings in 2021/22 £000's	GF savings in 2021/22 £000's	HRA savings in 2021/22 £000's	Comments
ACTIONS COMPLETED AS OF END Q1 2021/22						
Major Developments	Carry forward of new burdens funding	DMD	35	35	0	Complete for 21/22 – future business case required
Revenues & Benefits Shared Service	Deletion of vacant hours/post	CX	35	35	0	Complete
Sports, Leisure & City Services	Review of Recreational Services	DCE	21	21	0	Executive 17.03.21
Development Control	Review of Development Control	DCE	32	32	0	Executive 17.03.21
Development Control	Reinstatement	DCE	(36)	(36)	0	Complete
Business Development & IT	Review of Systems & Info Team	CX	27	26	1	Executive 17.03.21
Council-Wise	Mutually Agreed Resignation Scheme	ALL	254	194	59	Executive 22.02.21
Property Services	Transfer of HRA shops to General Fund	CX	117	117	0	Executive 17.03.21
Corporate	Review of funding support to The Network	CORP	4	4	0	Complete
Facilities Management	Deletion of vacant post	CX	10	10	0	Complete
Community Services	Review or public conveniences	DCE	38	38	0	Executive 24.06.21
Parking Services	Deletion of vacant posts	DCE	39	39	0	Complete
TOTAL			**576**	**515**	**60**	

Item No. 7

EXECUTIVE **22 NOVEMBER 2021**

SUBJECT:	**TREASURY MANAGEMENT AND PRUDENTIAL CODE UPDATE REPORT – HALF YEAR ENDED 30TH SEPTEMBER 2021**
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 2021. 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 2021.

2.1.1 Investment Portfolio

The Council held £46million of investments at 30th September 2021. 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 96% of the portfolio was held in low risk specified investments and an average of 4% 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 0.11 years (40 days). At 30th September 2021 the Council held liquid short term deposits of £22 million and the WAL of the investment portfolio was 0.12 years (46 days). The WAL of the investment portfolio is slightly higher than expected.

Security - The Council's maximum security risk benchmark for the portfolio as at 30th September 2021 was 0.011%, based on the historic risk of default of the counterparties and types of accounts in which the council's funds are place – this equates to a potential loss of £0.005m on an investment portfolio of £46m. This is slightly higher than budgeted maximum risk of 0.009% in the Treasury Management Strategy however, it represents a very low risk investment portfolio.

Yield – The Council achieved an average return of 0.11% on its investment portfolio for the 6 months ended 30th September 2021. This compares favourably with the target 7 day average LIBID at 30th September of -0.083% but is lower than the budgeted yield of 0.18% for 2021/22 in the MTFS 2021-26. This is primarily due to historical low rates of 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 2021 the Council held £120.946 million of external borrowing, of which 100% were fixed rate loans (Appendix A).

As at 30th September 2021, the average rate of interest paid during quarters 1 and 2 on external borrowing was 3.15%. This is lower than the budgeted rate set in the MTFS 2021-26; there has been a reduction in external borrowing during the first 6 months of the year as some borrowing has been repaid and internal balances used to fund expenditure.

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 2021. The Treasury Management Strategy and Prudential Indicators were previously reported to and approved by Council on 02 March 2021.

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 <u>Capital Expenditure</u>

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 2021.

Capital Expenditure	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
General Fund	14,393	20,398	1,160	7,080	948	1,872
HRA	22,491	30,248	14,959	18,959	12,171	12,918
Total	**36,884**	**50,646**	**16,119**	**26,039**	**13,119**	**14,790**

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	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
Capital Expenditure						
General Fund	14,393	20,398	1,160	7,080	948	1,872
HRA (including New Build)	22,491	30,248	14,959	18,959	12,171	12,918
Total Expenditure	**36,884**	**50,646**	**16,119**	**26,039**	**13,119**	**14,790**
Financed by (General Fund):						
Capital receipts	2,825	2,812	195	195	0	0
Capital grants & contributions	2,596	8,270	720	5,891	740	678
Revenue/Reserve Contributions	129	186	8	8	8	8
Borrowing need	8,843	9,129	237	986	200	1,186
Financed by (HRA):						
Capital receipts	1,539	2,844	1,730	1,495	713	470
Capital grants & contributions	2,205	6,944	0	495	0	0
Depreciation (HRA only)	9,138	10,514	7,942	8,178	7,157	7,157
Revenue/Reserve Contributions	7,271	6,000	2,417	3,137	4,301	4,301
Borrowing need	2,338	3,947	2,870	5,654	0	990

The principal changes in the financing, from the original estimates approved in March 2021 are as a result of the re-profiling of expenditure and new projects funded by a combination of grants and borrowing.

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	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimat e £000	2022/23 Revised Estimat e £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
General Fund	71,921	71,815	68,291	68,917	66,750	68,347
HRA	69,189	74,220	72,059	79,874	72,059	80,863
Total CFR	141,110	146,035	140,350	148,791	138,809	149,210
Net movement in CFR	6,353	**8,260**	(760)	**2,756**	(1,541)	**419**
Indicator 5	**2021/22 Original Estimate £000**	**2021/22 Revised Estimate £000**	**2022/23 Original Estimat e £000**	**2022/23 Revised Estimat e £000**	**2023/24 Original Estimate £000**	**2023/24 Revised Estimate £000**
Borrowing	129,000	136,000	131,000	142,500	126,000	137,500
Other long term liabilities *	0	0	0	1,380	0	1,380
Total Debt 31 March	**129,000**	**136,000**	**131,000**	**143,880**	**126,000**	**137,880**

* Other long term liabilities includes Finance leases- a change is accountancy practice is currently estimated to result in finance liabilities in 22/23 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. Short term borrowing has been arranged for later in 2021 to replace short term borrowing (£5m) - further borrowing is anticipated to fund capital expenditure.

The HRA borrowing requirement is considered independently from that of the General Fund. Further borrowing is anticipated during 21/22 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 2021/22 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	**2021/22 Original Estimate £000**	**2021/22 Revised Estimate £000**	**2022/23 Original Estimate £000**	**2022/23 Revised Estimate £000**	**2023/24 Original Estimate £000**	**2023/24 Revised Estimate £000**
Gross Borrowing	129,000	136,000	131,000	142,500	126,000	137,500
Investments	(22,000)	(33,000)	(20,000)	(24,000)	(19,000)	(25,000)
Net Borrowing	107,000	103,000	111,000	118,500	107,000	112,500
CFR	141,110	146,035	140,350	148,791	138,808	149,211
Net borrowing is below CFR	36,110	43,035	29,350	30,291	31,808	36,711

*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	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
Authorised limit for external debt*						
Borrowing	158,453	162,133	160,738	169,618	155,664	164,544
Other long term liabilities**	1,380	1,500	1,380	1,500	1,380	1,500
Total Authorised limit	159,833	163,633	162,118	171,118	157,044	166,044
Indicator 8	**2021/22 Original Estimate £000**	**2021/22 Revised Estimate £000**	**2022/23 Original Estimate £000**	**2022/23 Revised Estimate £000**	**2023/24 Original Estimate £000**	**2023/24 Revised Estimate £000**
Operational boundary for external debt*						
Borrowing	143,633	148,633	145,918	154,918	140,844	149,844
Other long term liabilities**	1,200	1,200	1,200	1,200	1,200	1,200
Total Operational Boundary	144,833	160,833	147,118	156,118	142,044	151,044

* The highest level of external debt during the first half of 2021/22 was £123.653m.

** 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 2021 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.

4.6 Other Prudential Indicators

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 Economics Update

5.1.1 MPC Meeting 24.9.21

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of

ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**

- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **Supply shortages**. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

5.1.2 Current Medium Term Interest Rate Forecasts are shown below:

Link Group Interest Rate View	29.9.21									
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

5.2 <u>Borrowing Activity</u>

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 21/22 and the forthcoming years. 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 2021/22 to 2023/24

5.3.1 The objectives of the Council's investment strategy are the safeguarding of the re-payment 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 £46million of investments at 30th September 2021 and the investment profile is shown in Appendix A.

5.4 Risk Benchmarking

The Investment Strategy for 2021/22 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 0.11 years (40 days). At 30th September 2021 the Council held liquid short term deposits of £22 million and the WAL of the investment portfolio was 0.12 years (46 days), slightly higher than expected.

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 2021 was 0.011%, which equates to a potential loss of £0.005m on an investment portfolio of £46m. This is higher than the budgeted maximum risk of 0.006% 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 2021/22 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 2021, 96% of the investment portfolio was held in low risk specified investments.

6. Yield Benchmarking

6.1 At the point of writing this report the benchmarking information is unavailable however, should this become available before the meeting a supplementary report will be tabled.

7. Strategic Priorities

7.1 One Council - 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 2021/22 for the half-year ended 30th September 2021.

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 2021/22 (Approved by Council March 2021)
Lead Officer:	Colleen Warren, Financial Services Manager Telephone (01522) 873361

APPENDIX A

Borrowing Profile at 30th September 2021

	Long term borrowing	
	Fixed rate	**Variable rate**
	£ 000	**£ 000**
PWLB loans	89,283	0
Other Market loans	16,000	0
Local Authority loans	15,000	
3% stock	561	0
TOTAL	**120,843**	**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)	**24,000**	24,000	0
UK Money Market Funds	**22,383**	0	22,383
TOTAL	**46,383**	**24,000**	**22,383**

APPENDIX B

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	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
General Fund	26.7%	26.6%	30%	29.5%	28.2%	27.9%
HRA	30.8%	30.7%	29.9%	30.2%	29.1%	29.2%

The ratios are broadly in line with expectations. The General Fund ratio is expected to change from 22/23 onwards when the leases for the new fleet are taken onto the balance sheet – at this points the ratios above do not reflect this change as this cannot be estimated until the lease arrangements are confirmed.

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	2021/22 Limit (Upper) £million	2021/22 Max Q1 & Q2 £million	2021/2 Min Q1 & Q2 £million
Upper limits on interest rate exposures			
Upper limits on fixed interest rates	125.3	108.5	96.9
Upper limits on variable interest rates	53.5	(24)*	(15.1)*

*Indicators are negative as they relate to investments only – the council has no variable rate debt

	2021/22 Limit %	2021/22 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%	59%
Limits on variable interest rates	75%	64%

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 nil days between April and September.

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 2021 the maturity structure of borrowing during the first half of the year was as follows:

Indicator 13 Maturity Structure of fixed borrowing	At 30/9/2021 %	At 31/3/2022 %
Under 12 months	4%	5%
2 years to 5 years	11%	7%
5 years to 10 years	6%	8%
10 years to 15 years	11%	15%
15 years to 25 years	23%	19%
25 years to 30 years	4%	4%
30 years to 40 years	17%	17%
40 years and over	24%	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	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Original Estimate £000	2022/23 Revised Estimate £000	2023/24 Original Estimate £000	2023/24 Revised Estimate £000
Maximum principal sums invested > 1 year	£5m	£0m	£5m	£0m	£5m	£0m

As at 30th September 2021, 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

	2021/22 Target %	2021/22 Actual – 30th September %	2021/22 Target %	2022/23 Target %
Debt – borrowing rate achieved (i.e. temporary borrowing of loans less then 1 year)	Less than 7 day LIBOR	No temporary loans taken 7 day LIBOR rate 0.04113%	To be developed following cessation of LIBOR rate	To be developed following cessation of LIBOR rate

2. Investments – Investment rate achieved against the average 7 day LIBID

	2021/22 Target %	2020/21 Average Actual – 30th September %	2021/22 Target %	2022/23 Target %
Interest rate achieved	Greater than 7 day LIBID	Achieved average 0.11% compared to -0.08289% average 7 day 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).

	2021/22 Target %	2021/22 Average Q1&Q2 %	2022/23 Target %	2023/24 Target %
Average rate of interest paid on Council debt	4.25%	3.15%	4.25%	4.25%

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.

Item No. 8

EXECUTIVE **22 NOVEMBER 2021**

SUBJECT:	**SETTING THE 2021/22 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2022/23 – 2026/27**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**JACLYN GIBSON, CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1 This report updates the Executive on the latest Medium Term Financial Strategy (MTFS) position for the Council, including; the challenges in preparing for the 2022/23 and future years budget, setting out the parameters within which the Council will prepare these budgets, and confirms the Council's approach to development of the budget and MTFS.

1.2 Included in the report is an update on the current economic position and developments in national policy, specifically the high level of uncertainty surrounding local government financing and reforms. This, along with the ongoing implications of the Covid19 pandemic on demand for Council's services, escalating cost pressures and reductions in income, will inform the development of the MTFS.

2. Executive Summary

2.1 The Council's Vision 2025 and five strategic priorities drive the medium-term financial planning process, with changes in resource allocation determined in accordance with policies and priorities. The MTFS provides the framework for the development of annual budgets in line with the aims of the Council's strategy and priorities.

2.2 In March 2021, Council agreed the budget for 2021/22 and MTFS 2021-2026, which recognised that there was a funding gap forecast in 2021/22 and across the remaining years of the MTFS. The MTFS is refreshed annually and rolled forward one year.

2.3 The refreshed MTFS will include financial projections for the five-year financial planning period through to 2026/27. It will set out the financial parameters within which the Council is required to work and the recommended approach to addressing the financial challenges the Council faces to develop a balanced, sustainable budget and set a Council Tax for 2022/23.

2.4 The refresh of MTFS needs to be seen in the context of significant inherent uncertainty for the Council, with the ongoing impact of the Covid19 pandemic on income and expenditure assumptions, and a lack of any form of clarity on future funding settlements from government. It is a long time since the Council had any certainty during budget setting and 2022/23 looks set to continue this tradition, which makes financial planning in this climate extremely challenging.

2.5 The Covid-19 pandemic continues to cast a shadow on the Council's finances with budget pressures arising from demand for services, the availability of goods and services, escalating costs and ongoing, permanent, reductions in income.

2.6 Alongside these service pressures, the Council continues to face a lack of clear direction over whether and when each of the planned local government finance reforms will be implemented. These reforms, together, have the ability to fundamentally alter the course of the MTFS. Providing certainty on these issues would make a significant difference to the Council's financial planning and therefore the services it delivers.

2.7 Against this backdrop of significant uncertainty this report sets out the financial planning assumptions that will form the basis of the MTFS refresh. This medium-term financial planning is critical to ensuring that the Council has an understanding of the likely level of available resources and the potential costs of delivering services, identifying budget shortfalls at the earliest opportunity.

2.8 The current MTFS 2021-2026 set out need to continue to make reductions in the net cost base of the General Fund. Based on what is currently known, or can be reasonably assumed, at this stage in the development of the MTFS there is no current need to alter the trajectory of the savings target. This report does however highlight a short-term one-off gain in resources as a direct result of delays in implementation of funding reforms. This does not though alter the underlying financial position of the Council, there remains a requirement to deliver the significant level of reductions in the net cost base if the Council is to remain sustainable in the medium term. The Council's overriding financial strategy should continue to be, to drive down its net cost base to ensure it maintains a sustainable financial position.

2.9 Now more than ever, careful financial management is required to ensure that the Council is able to carefully balance the reductions required in the net cost base, ensuring it remains in a sustainable financial position, whilst driving forward it's Vision 2025.

3. Background

Economic Climate

3.1 The UK's economic recovery from the Covid19 pandemic has so far proven to be rapid, but as yet; un-sustained; imbalanced; incomplete; and dampened by the fallout of Brexit. The UK economy contracted by a record 9.7% in 2020, the largest recession on record. This contraction continued into 2021 with a decline in the economy of 1.4% in quarter one. The easing of Covid restrictions during quarter two triggered an economic bounce-back, with the UK economy growing by 5.5%, which was higher than the previous estimate of 4.8% - although still 3.3% smaller than in the final quarter of 2019, before the pandemic hit. However, while spending soared during quarter two, more recent figures indicate that there is a loss of momentum with the recovery appearing to have stagnated. In July, growth was dented by the "pingdemic" which saw many employees self-isolating. Growth was just 0.1% in July, down from 1.4% in June, rising to 0.4% in August

3.2 The recovery is now being hampered by supply chain and staffing problems affecting sectors from fuel supply to supermarkets. The supply chain issues have arisen both, globally as the world's economy sluggishly wakes up from lockdown, and in the UK due to fewer European workers and the imposition of non-tariff barriers on trade with the rest of Europe. Coupled with a sharp rebound in consumer demand, these supply distributions and depleted stores of goods have pushed up prices and shipping costs around the world. In addition, the high number of job vacancies in the UK, compounded by Brexit, is putting an upward pressure on wages.

3.3 These factors are pushing up general prices and resulting in the higher than target inflation levels. CPI inflation in August 2021 rose by the largest ever increase recorded to 3.2%. Current forecasts anticipate CPI to temporarily hitting a 10-year high of 4% by the beginning of 2022. At the same time as rising prices, the Government is ending support through the furlough scheme, as well as removing the temporary increase in Universal Credit support. The consequent impact of these factors will in turn result in consumers reining in spending and hence future growth in the economy will be hampered.

3.4 In response to rising inflation in the economy, in an effort to bring inflation back down to the target rate of 2%, the Bank of England is expected to raise interest rates, with forecasters predicting an increase to 0.4% by early 2022. To date the Bank has stopped short of taking action, with it's last Monetary Policy Committee (MPC) voting 7:2 to maintain interest rates at 0.1%. It has however ramped up it's warnings on rising prices and a weaker level of growth than previously estimated. The next MPC vote is on 16th December 2021.

Public Sector and Local Government

3.5 There has been great uncertainty in local government finance for a number of years due to the delay in funding reforms, as a result of Brexit and Covid19, and after a long period of funding reductions. It had been hoped that 2021/22 would bring some much-needed clarity in terms of the future of local government funding. Whilst the Spending Review has delivered some certainty, it still leaves many unanswered questions. Local authorities need certainty over their financial planning and clarity over whether and when each of the planned local government finance reforms will be implemented. Providing certainty on these issues would make a significant difference to the Council's financial planning and therefore the services it delivers.

3.6 In terms of key funding reforms that are pending for local government finance these include:

- Multi Year Spending Review – originally intended in 2019
- The Fair Funding Review – originally intended to be applied from 2020/21
- The Business Rates System Reset and introduction of 75% Rates Retention - originally intended to be applied from 2020/21

3.7 Spending Review

For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the pandemic. However, on 27th October 2021, the Chancellor, set out the Spending Review and Autumn Budget 2021, representing the first return to multi-year statements since 2015.

3.8 As a result of short-term forecasts for the economy, provided by OBR, which revised up its 2021 growth forecast and reduced its estimate of the long-term “scarring” to the economy from the pandemic, coupled with the money raised from last month’s announcement of higher national insurance to pay for health and social care, the Chancellor was able to announce a major spending boost in the Budget. Together these two ‘windfalls’ provided additional resources of c£50bn, which on the whole has been used to; mainly increase spending with increases in spending for all government departments for the next three years; some small tax cuts; and some reduction in borrowing in order to adhere to the new fiscal rules. The published Autumn Budget and SR21 is laid out across the following key themes:

- Investing in growth
- Supporting people and businesses
- Building back greener
- Levelling up
- Advancing global Britain
- Seizing opportunities of Brexit

The government announced its top priorities in the SR21, to where much of the additional funding has been allocated, and this includes:

- Health and social care
- Education
- Housing
- Criminal justice
- Local government

3.9 The main points from the Chancellor’s Budget Statement that are relevant to local government are as follows:

- Total departmental spending set to grow in real terms at 3.8% a year on average– a cash increase of over £150 billion a year by 2024-25 (£90 billion in real terms).

- Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR21 period. This includes £3.6bn to fund social care reforms, the increase for councils’ existing responsibilities will be 1.8% a year on average.

- New grant funding for local government has been announced over the next three years, worth £4.8bn. This is front loaded providing £1.6bn in 2022/23 followed by two cash flat settlements for 2023/24 and 2024/25. The details of how this funding will be distributed and which services it will be allocated to were not included in the speech, although this will include a £200m commitment to increase Supporting Families funding, funding for cyber security and funding to improve local delivery and transparency. In addition, it has been subsequently been confirmed that the additional funding, will also have to meet the additional costs from higher wage bills in relation to the increase in National Insurance Contributions.

- In addition to the new grant funding of £4.8bn, £3.6 billion of the previously announced £5.4bn for the adult social care sector, funded through the new National Insurance levy, will be routed through local authorities.

- There was also no announcement on funding reform, and no confirmation that the business rates reset would be delayed beyond 1st April 2022.

- The Spending Review document confirms that the Council Tax referendum limit is expected to remain at 2% per annum for the Spending Review Period, with an additional 1% per annum flexibility for social care authorities to increase the Social Care Precept.

- The Business Rates multiplier will, again, be frozen, rather than rising by inflation, as in 2021/22. It is expected that this will be funded by government through a further increase to the multiplier cap compensation grant. The conclusion of the review of business rates was published alongside the SR21, which included 3-yearly revaluations from 2023, and a new business rates improvement relief, which, from 2023, will allow businesses to make improvements and pay no extra business rates for 12 months (it is expected that this relief would be funded for local government).

- Retail, Hospitality and Leisure relief will be extended at 50% for 2022/23, subject to a £110,000 cash cap. This is £5,000 higher than the cap currently applicable to the 66% relief to businesses, which were not (or would not have been) required to close on 5th January 2021. The government estimates the relief will be worth £1.7bn to business. Again, it is expected that this will continue to be fully funded for local government.

- £560m will be provided for youth services as part of the levelling up agenda. There will also be new funding for community football pitches (£200m+), to support museums and libraries (£800m), and for 100 new 'pocket parks' on small areas of derelict land.

- A nearly £24bn multi-year settlement for housing, including up to 180,000 affordable homes through investment of £11.5 billion in the Affordable Homes Programme. Funding for locally-led grant funding to unlock smaller brownfield sites for housing. An additional £65 million investment to improve the planning regime, through a new digital system. £9 million in 2022-23 to fund more than 100 green spaces across the UK on unused, undeveloped, or derelict land. £639 million resource funding by 2024/25 as part of the government's commitment to end rough sleeping.

- Funding of more than £300 million to implement free, separate food waste collections in every local authority in England from 2025. There was however no mention of DEFRA's proposed policy of free garden waste collections.

- The public sector pay freeze will not continue, and the intention is to return to the usual system of independent pay commission recommendations for 'fair and affordable' pay rises over the whole Spending Review period. The minimum wage will be increased to £9.50 per hour, accepting the Low Pay Commission's recommendation.

- Other announcements include a reduction to the Universal Credit taper from 63% to 55% (which is the amount that Universal Credit falls as income rises from work).

3.10 The announcement of an additional investment of £4.8bn in local government is hugely welcome. It will go some way to meet some of the pressures of inflation, higher wages and ongoing covid costs/income losses that Councils are facing. But, although it was better than expected it is not enough to address the funding gap created by previous cuts and demand pressures. The specific distribution and implications for the Council will not be known for certain until the announcement of the Local Government Finance Settlement. To provide further certainty this Finance Settlement must also be on a multi-year basis to allow for better financial planning and ultimately better use of resources.

3.11 Fair Funding Review

The Fairer Funding Review was intended to create a new formula for the distribution of resources across local authorities by establishing new baselines at the start of the 75% Business Rates Retention scheme. The Review was expected to be completed last year alongside a multi-year Spending Review, to revise the formula for calculating how government funding is split between local authorities.

3.12 Although previous technical consultations had been published, prior to the pandemic, which indicated a shift in resources from district councils towards statutory social services a county and unitary level, there had been no new consultation on the proposed new formula. However, in releasing funding to support local authorities with Covid19 expenditure pressures in 2020/21 the MHCLG decided to use a new formula based on elements of the Fair Funding Review, perhaps indicating the possible outcomes of the review.

3.13 With no further announcements made in the SR21 as to the future of the Review, local authorities continue to await confirmation as to whether and when it will be implemented.

3.14 Business Rates Reform

Business Rate Reform, including the business rates reset and future plans for busines rates retention was also planned to be introduced alongside the Fair Funding Review and as part of a multi-year settlement. The reset in particular has significant financial implications for the majority of local authorities, for those below their baselines this would be a positive move, but it presents a serious threat to those with high growth above baselines, with a punitive, cliff-edge reset.

3.15 No announcement was made in the SR21 about the plans for these reforms, both of which were originally expected to be implemented in 2020/21, but which have been delayed a number of times. However, the government has announced that it is expecting the business rates pilots to continue throughout the SR21 period, applications for 2022/23 have already been submitted. It was expected that the pilots would end when there was a reset, so the continuation represents a strong signal that a reset might not be expected during this SR period. In addition, the OBR tables for local government finance show that income from business rates retention is expected to increase through the SR21 period. There is only a fall in income expected for local government from BRR in 2025/26, and this fall is fully offset by an unusually large increase in grant funding. This looks like a reset, though the OBR do not specify how these figures were calculated. Until clarity is received these reforms leave local authorities facing significant uncertainty in medium term financial planning.

3.16 <u>Local Government Financial Resilience</u>

The last decade has seen significant changes to local government finances, with many local authorities in a precarious financial position and with a heavy reliance on reserves. There have been a number of high profile ‘failures’ and calls for a change in the Section 114 notice regime (issued when a council concludes it cannot balance it’s in year budget). After a decade of reductions in funding and rising demands, local authorities were subsequently hit with the immediate financial impact of Covid19 (the impact in 2020/21 was an estimated £9.5bn) and now face a legacy of structural changes in income levels and demands for services bought about by new habits and preferences, new ways of businesses operating and new customer needs.

3.17 Recent Local Government Association (LGA) analysis estimates that the average increase in annual cost pressures facing councils is £2.6 billion per year to maintain services at their current level of access and quality, meaning that the same services will cost around £7.8 billion more to provide in three years’ time. This does not include any continued impact of Covid19, for example the health impacts of ‘long Covid’, or the longer-term effects on sales, fees and charges or commercial income. For all these pressures to be met through council tax alone, income from council tax would have to increase by 8 per cent each year, which is not sustainable. However, if no funding is found, councils would have to make savings worth the entirety of their spending on museums, sports facilities, swimming pools, libraries and parks – each year.

3.18 Ahead of the Spending Review the Institute for Fiscal Studies (IFS) independently reviewed the future funding outlook for public finances including local government, concluding that local authorities will need billions more from Government and large council tax rises to maintain services and pay for social care reforms. Their review estimates that under current government spending plans, council tax increases of 3.6% per year will be needed for the next three years just to ensure councils can provide the same range and quality of services in 2024/25 as was provided pre-pandemic. In fact, this is likely to be a minimum requirement. Bigger increases in underlying demand and cost pressures, or top-ups to other budgets (such as schools) which eat into the amount available for grants to councils, could easily push up the necessary council tax rises to 5% per year by 2024/25. It goes on to state that, although the government stepped up with billions in additional funding for councils to support them through the last 18 months, it is likely to have to find billions more for councils over the next couple of years if they are to avoid cutting back on services, even if they increase council tax by 4% a year or more. The coming financial year is likely to be especially tough, with the likelihood of at least some ongoing Covid19 related pressures, and a particularly tight overall spending envelope. At the same time, government needs urgently to deal with a local government funding system which is becoming hopelessly out of date, being based on population levels and characteristics in 2013. This results in unfairness in the distribution of resources between councils.

3.19 Although the analysis by the LGA and IFS differs in the assessment of the scale of financial pressures local government is facing, and the subsequent increase required in council tax to resource this, what is clear is that council tax increases alone are not the solution and that ultimately without further, substantial, financial support the financial resilience of councils will continue to be undermined with the likelihood of an onset of further section 114 notices being issued. The announcement in the Spending Review that new grant funding of £1.6bn per year, along with the previous announcement on social care funding, will help meet some, but not all, of the extra cost and demand pressures local authorities face just to provide services at today's levels.

3.20 In October 2020 the Housing, Communities and Local Government Committee launched a new inquiry into The Spending Review and Local Government Finance. This was subsequently expanded in December 2020, following the issuing of a further section 114 notice by a local authority, to inquire into local authority financial sustainability and the section 114 regime. The inquiry reported in July 2021 and concluded that reforms are needed to ensure the sustainability of local government finances, including an urgent solution to the funding of social care. The report recognised that councils have faced a variety of budget pressures in recent years, including increased demand for services and that these financial challenges have been exacerbated by Covid19. The report makes a range of recommendations, including that the Government should:

- urgently reform the funding of social care in England;
- implement the Fair Funding Review and business rates reset as soon as possible.
- implement changes to council tax and consider wider options for reform; and
- widen the funding base of local government to make it less vulnerable to shocks such as the covid-19 pandemic, including by giving councils more flexibility over local taxes and other revenue-raising powers.

The report also makes recommendations on local government financial audit and the section 114 regime. Northamptonshire in 2018, Croydon in late 2020, and Slough in July 2021 issued Section 114 notices – essentially declaring they had run out of money – and approached the DLUCH for financial assistance. The report expresses concern that the Section 114 regime may be hindering good financial management and recommends the Government introduce an intermediary “yellow card” measure that a Chief Financial Officer could apply to force a council to confront much sooner the seriousness of its financial position.

3.21 The Government responded to the report in October 2021, stating that moving forward they will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline services and support other government priorities. They also planned to take stock, including the impact of the pandemic on local authority resources and service pressures, to determine future reforms, stating that decisions on the way forward will be taken at the ongoing Spending Review.

3.22 The response also stated that there were no plans to replace or fundamentally reform Council Tax and that an important step in the funding of social care had been taken with the announcement of the new levy. The government were also not in favour by a committee recommendation to change the section 114 regime to provide chief finance officers with an opportunity to flag up financial difficulties at an earlier stage. The government response said, Section 114 notices exist within a wider system of checks and balances, such as the statutory requirement for section 151 officers to report on the robustness of budget estimates and adequacy of reserves as part of the annual budget setting process; or the additional powers and duties afforded to external auditors under the Local Audit and Accountability Act 2014, for example to issue statutory recommendations or reports in the public interest, to highlight concerns about an authority’s finances. Meaning that they would expect councils to take a number of steps to address financial challenges before reaching a point where issuing a notice was necessary.

3.23 The Council therefore finds itself, once again, refreshing the MTFS in unprecedented times against the backdrop of the legacy of the Covid19 pandemic and a lack of any form of clarity on the funding reforms for local government.

4. Integrating Strategic, Service and Financial Planning

4.1 The Council’s Vision 2025 and five strategic priorities drive the medium-term financial planning process, with changes in resource allocation determined in accordance with policies and priorities. The MTFS provides the framework for the development of annual budgets in line with the aims of the Council’s Vision and priorities.

4.2 In developing the MTFS the Council has to ensure that the correct balance is struck between ensuring that it directs resources towards its strategic priorities and ensuring that it maintains a sustainable financial position in the medium to longer term, this is ever more difficult when facing unprecedented financial pressures. During the development of the MTFS striking this balance manifests itself in two main ways; it guides decision making in terms of proposals presented in order to achieve any savings targets; and it determines the allocation of resources towards strategic priority areas both in operational service delivery and project implementation.

4.3 The development of Vision 2025, prior to the Covid pandemic, included a mix of exciting, high profile projects that will shape the future of the city, with a range of other projects in keeping with the financial and officer capacity available at that time. The detail of what will be delivered each year, to work towards the end goal, is delivered through a specific Annual Delivery Plan (ADP) for each year, in which individual projects are agreed in priority order. These ADP's are currently in the process of being refreshed to reflect the impact the pandemic has had on the Council, the City and it's residents and business, to ensure that the correct priority areas are focussed upon. Reflecting on the disproportionate impact Covid19 has had on the economically disadvantaged in the City, new schemes focusing on health inequalities and 'greening our space' will be a key feature of the ADP's. A further key element of the ADP's will be the officer resource to support the delivery of the savings programme, whilst also ensuring that resource is available to maximise external funding opportunities to bring forward new development to support the City and its economy.

4.4 The majority of new investment in the ADP's is primarily of a capital nature, aimed at supporting the economic prosperity of the City and is largely funded through external grant funding. There are however a number of revenue schemes to be delivered, which will be funded from the existing Vision 2025 earmarked reserve.

5. Development of the Budget and MTFS

5.1 The Covid19 pandemic fundamentally affected the way in which the Council works and will have long term and societal impacts. Elements of this change which related directly to the emergency response have largely reverted back to normal. However, an event of this magnitude has undoubtedly meant that the Council has to consider how its business and services should operate in the future and the impact of the changing needs and demands of, residents, businesses and customers, on those services.

5.2 The measures introduced nationally to combat the virus had direct and indirect negative impacts on the Council's finances which fundamentally altered the direction of the current MTFS. Despite the relaxation of national restrictions and in some instances a return to normal, there still remains potential longstanding impacts on the Council's income sources due to changes in behaviour, working practices and spending patterns in the city.

5.3 These impacts affect the Council both in terms of demand for and cost of services, and through reductions in income. In terms of service demands, the Council plays a vital role in supporting the most vulnerable in the City. The impact of Covid19 has been felt hardest by those who are the most economically disadvantaged due to the interlinkages with existing health inequalities and social conditions. These impacts manifest themselves directly in the short term through increased demand for social housing, welfare advice, housing benefits, housing solutions, homelessness support etc. The longer term affects and the impacts on health and wellbeing will continue to shape the MTFS for many years.

5.4 It is though the threat to the Council's income streams, through local sources (Council Tax, Business Rates, Fees & Charges) that poses the most significant risk to the MTFS. 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 2021/22 90% is now subject to volatility and emphasises the financial risk that the Council faces from its income streams.

5.5 The financial assumptions on which to base the MTFS continue to be challenging to estimate with certainty. There continues to be a number of unknowns in terms of how long the pandemic will continue to affect communities and the economy; will further restrictions be imposed; will the bounce back recovery dampen or rebounce, and by how much; and how will customers/residents/businesses behave over time and how will their needs change. Coupled with the state of flux in the economy with; rising inflation; labour shortages; and supply chains issues; and with a lack of uncertainty on future funding reforms, the tradition of budget setting amidst uncertainty looks set to continue.

5.6 Whilst assumptions were made in the development of the current MTFS there is a requirement to refresh the MTFS in light of developments over the last 12 months and to address the impact the new and emerging challenges on the overall level of resources available to support the Council's budget, and to roll the strategy on for a further year so that it now incorporates the five years to 2026/27.

5.7 Against this backdrop of uncertainty, the development of the budget and MTFS, will include the preparation of indicative net base service budgets by the Directorates and Financial Services Team. When reviewing budgets officers will;

- prepare these on an incremental basis and will update in accordance with the assumptions detailed in Appendix A;
- adjust for the ongoing impacts of Covid19 and subsequent levels of recovery on e.g. sales, fees and charges income levels against the existing budget assumptions, both positive and negative impacts,
- highlight cost and demand pressures and potential mitigating actions; including where possible managing pressures arising in service areas through corresponding reductions in base budgets.

Alongside this the overall level of resources from Council Tax, Business Rates, Housing Rents, Government Grants etc will be estimated in line with the assumptions detailed in Appendix A.

5.8 General Fund

As referred to above the preparation of the base budgets and resource levels are based on a range of assumptions for key variables, e.g., inflation, interest rates, council tax base, business rates base etc. These assumptions are reviewed on a continual basis and will be subject to change as the development of the budget progresses. The main changes to the assumptions (further detail is set out in Appendix A) for the General Fund, at this point in time, which will have a financial impact are set out below:

	2021/22 £'000	2022/23 £'000	2023/23 £'000	2024/25 £'000
Budget Gap as per MTFS 2020-25				
Business Rate Yield	(1,416)	362	(10)	(75)
Council Tax Yield	(88)	(121)	(110)	(113)
Business Rates Surplus/Deficit	(598)	0	0	0
Revenue Support Grant	(23)	0	0	0
Lower Tier Services Grant	(133)	0	0	0
Pay Inflation	268	273	278	285
Inflation	88	90	92	95
Treasury Management (net borrowing/investment)	(59)	(59)	(87)	(76)
Total Changes in Assumptions	**(1,961)**	**545**	**163**	**116**

Although the above table highlights the potential for additional resources over the period of the MTFS of £1.137m, this does yet take into account any service budget pressures that may arise from the preparation of the base budgets. It is also important to note that these additional resources are not ongoing and arise primarily due to the one-year delay in local government finance funding reforms. The underlying financial position of the Council has not, at this stage, changed and there remains a requirement to deliver a significant level of reductions in the net cost base if it is to remain sustainable in the medium term.

5.9 The allocation of the estimated additional resources, set out in the above table, will be considered further as part of the development of the MTFS. It will be essential that some of these additional resources are used to replenish a number of earmarked reserves, that were reduced as part of the current MTFS in order to provide further financial resilience, as well as giving consideration to existing liabilities in relation to corporate assets.

5.10 It must also be stressed though that the forecasted additional resources shown above is based on a number of assumptions which are subject to constant change. The most fundamental of these uncertainties is in relation to the timing and extent of local government funding reforms. Any further delay beyond 2022/23, for the period of the SR, could result in additional resources of c£0.500m p.a. for 2023/24 and 2024/25 and would be alter the direction of the MTFS.

5.11 This uncertainty runs alongside service demand and service income pressures which may emerge during the budget development process. At this stage the revised budget is based on the most appropriate assumptions, but these will be closely monitored and updated as necessary to ensure that the draft budget and MTFS presented in January reflects the most accurate and up to date assumptions.

5.12 On the basis of the change in assumptions as set out above, there is no current need to alter the trajectory of savings as set out in the current MTFS. The planning assumption for the MTFS will therefore remain on the basis of the following targets:

2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
850	1,350	1,750	1,750	1,750

In terms of progress to date, despite the impact of Covid19 on staffing resources the Council has still made good progress towards the 2021/22 target, however, there remains a significant target still to achieve for 2022/23 onwards, as follows:

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Savings Target	850	1,350	1,750	1,750	1,750
Savings Secured	(514)	(588)	(596)	(605)	(615)
Balance to be achieved	**336**	**762**	**1,154**	**1,145**	**1,135**

5.13 The key mechanism for delivering the required budget savings is through the Towards Financial Sustainability (TFS) Programme, which seeks to bring net service costs in line with available funding. Over the last decade, through it's TFS Programme and precursor programmes, the Council has delivered annual savings in excess of £9.5m, a significant amount in comparison to it's overall net budget. This level of savings has been achieved by re-investing in more efficient ways of working; adopting a more commercial approach; and prioritising resources for economic development measures, whilst making careful use of reserves to meet funding gaps.

5.14 However, it has become much more difficult to find additional efficiency savings and some being considered need to be delivered as part of longer-term transformational changes to the organisation, the Council is taking a more prudent approach to commercial ventures; and it cannot deliver the benefits from economic development measures in the short term. The Council is left with little option but to revert to a more traditional cost cutting measures approach in order to deliver the scale of reductions required within the short lead in time. Work to deliver the current programme is progressing well and every possible effort is being made to find the least painful solutions and minimise the impact on jobs and services, but it simply isn't possible to achieve the level of savings required through the more forward thinking of ambitious approaches previously adopted. Individual, specific proposals have been presented to the Executive over the course of the last 12 months and will continue to be presented as the full programme is delivered.

5.15 Housing Revenue Account

A key element of the HRA self-financing regime is the Council's 30-year Business Plan. 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 current Business Plan was scheduled for review during 2020/21, following completion of refreshed stock condition surveys, agreement of a Lincoln housing specification, refresh of the Lincoln standard to reflect low carbon/climate change, to include the implications arising from the Social Housing White Paper and to ensure the priority schemes emerging from Vision 2025 were fully reflected. Whilst a high-level review is being undertaken during 2021, which will shape the 5-year MTFS, the full review of the 30-year Plan will now take place during 2022.

5.16 The revised MTFS will continue to be based on the approved Business Plan, updated for revised financial assumptions (as outlined in Appendix A) and high-level review of the Plan, any government policy changes, updated development and investment profiles and other emerging service factors. The main changes to the assumptions for HRA, at this point in time, which will have a financial impact are set out below, with further details provided in Appendix A:

Figures in ( ) equate to a surplus	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**
Pay Awards	122	124	126	129
Inflation	59	60	61	63
Housing Rents – Rent Increase	(321)	(329)	(349)	(357)
Treasury Management income	(16)	(21)	(28)	(34)
Total changes in assumptions	**(156)**	**(166)**	**(190)**	**(199)**

5.17 Whilst the above table identifies additional resources for the HRA, this does not yet take account of any service budget pressures. As set out in a separate report on this agenda, the quarter two financial monitoring report sets out a number of emerging financial pressures for the HRA, which are likely to have ongoing financial implications. Not least of which is the financial pressures that are faced in the Housing Repairs Service and as a result of labour and contractor shortages.

5.18 In addition, the critical element of the HRA budget, and primary source of funding is the rental income from dwellings. Whilst the assumptions in Appendix A highlight additional rental income due to inflation, the level of income is also heavily influenced by collection rates, void level, Right-to-Buy sales and the delivery of new homes. As is shown in the financial monitoring report elsewhere on this agenda, the level of voids in the system is currently higher than estimated and along with other factors, such as increased RTB sales, has led to a significant reduction of rental income. Although mitigating actions are being taken to address these issues, it may be necessary to amend the budget assumptions in the short term.

5.19 Management of these in-year pressures will be closely monitored and any required changes to the underlying assumptions will be taken into account as per of the development of the budget and MTFS.

5.20 <u>Investment Programmes and Capital Strategy</u>

The development of the General Investment Programme (GIP) for 2022-27 will focus on delivery of schemes in Vision 2025 and investment in existing assets to either maintain service delivery or existing income streams. Due to a lack of available capital receipts and the lack of revenue resources to fund prudential borrowing it is essential that other sources of funding such as grant allocations and partner contributions continue to be sought. The Council is currently delivering a £1.6m contact with English Heritage for the High Street Heritage Action Zone, a

£0.175m development phase for Re-imaging Greyfriars, funded from National Lottery Heritage Fund, a Green Homes Local Authority Delivery Grant of £0.480m and is utilising £2.1m of Homes England funding to bring forward the Western Growth Corridor development. However, the most significant scheme is the Lincoln Towns Deal Programme. The Towns Deal Board were successful in securing £19m of funding to support a number of projects to deliver long-term economic growth in the City. Of this £19m, £6.24m is being utilised on projects delivered directly by the Council, those being the redevelopment of the Central Market and the Tentercroft Street redevelopment feasibility works. External grant funding will continue to be sought as the main funding source to enable the delivery of the Council's Vision 2025 and strategic priorities. The use of prudential borrowing will only be considered for schemes that generate a revenue return sufficient to cover the cost of borrowing and in exceptional cases to maintain existing operational assets.

5.21 There are currently a significant number of maintenance liabilities arising on the Council's corporate property portfolio. These are mainly in relation to operational assets, which will require investment in order to remain in service delivery, but the liabilities also extend to some of the Council's natural assets. Work is currently in progress to assess the scale of these liabilities, the allocation of any surplus capital resources and/or consideration for the use of prudential borrowing will be assessed as part of the development of the MTFS, interlinked with the General Fund revenue budget development.

5.22 The development of the Housing Investment Programme (HIP) for 2022-27 will be in line with the current HRA Business Plan as per paragraph 5.15 above. In terms of housing strategy, the focus continues to be on maximising the use of 1-4-1 retained right to buy receipts, assessing the use of prudential borrowing and seeking government grant funding for new build schemes or purchase & repair schemes that generate a rental stream, as well as considering partnering options to bring forward larger new build developments. During 2021/22 the Council have been successful in securing Homes England funding to deliver a new build scheme at Rookery Lane, as well as MHCLG funding to deliver further rough sleeping accommodation. In relation to housing investment the HIP will continue to focus on the allocation of resources to the key elements of decent homes and supporting the Lincoln Standard as well as managing the impacts of the insourcing of the housing planned maintenance works.

5.23 Across both the GIP and HIP capital projects have been impacted result of the current challenges in the construction sector particularly around supply of skilled labour, availability of materials and costs of materials. The Council has adopted a collaborative approach with contractors to ensure that the impacts are minimised using a range of mechanisms including; rescheduling the programme to absorb delays, changing materials, accepting time delay but without imposing a time penalty to counter cost increase, use of contingencies and sharing cost increase. Inevitably some projects have or will be delayed in terms of completion dates and we are expecting some cost impacts on projects that are currently being developed. The MTFS will though be revised to reflect any delivery timescale revisions with any cost implications being approved in accordance with Financial Procedure Rules.

5.24 The Capital Strategy, which summarises the Investment Programmes as well as outlining how the Council deploys and subsequently manages its capital resources, will be updated to reflect planned changes in the Prudential and Treasury Management codes as well as the PWLB reforms designed to prevent debt-for-yield investments.

5.25 The culmination of the above processes will result in a set of budget proposals, including a revised savings target that will deliver a balanced budget in line with the Council's strategic priority areas. This will then be subject to public consultation and Member engagement.

<u>Consultation and Engagement</u>

5.26 The Council is under a duty to annually consult externally as part of its council tax setting process. Therefore, consultation will be undertaken in December – February, this will be based on an online survey and through the Citizens Panel, the key purpose of which will be to;

1. Highlight the proposed budget and Council Tax for 2022/23, seeking views on the proposed increase.

2. Outline the scale of significant financial challenges facing the Council.

5.27 In addition to the public consultation the Council will also consult directly with the business community, specific plans will be developed prior to January.

5.28 Following the success in recent years of the all Member workshops and Budget Scrutiny process a similar process will be followed in early 2022 to ensure that all Members have the opportunity to consider and fully understand the proposed budget, MTFS and council tax recommendations and that a robust scrutiny of the proposals is undertaken.

5.29 A financial planning timetable to deliver a balanced and affordable five-year revenue budget strategy and capital programme, in line with Vision 2025, is attached at Appendix B.

6. Strategic Priorities

6.1 The Medium-Term Financial Strategy seeks to deliver the key priorities of the Council within the available level of resource, both revenue and capital.

7. Organisational Impacts

7.1 Finance

The financial implications are as set out in the report.

7.2 Legal Implications including Procurement Rules

Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform it's functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from the General Fund to the Collection Fund.

These proposals will eventually be referred to Council so that it can approve the budget and set the Council Tax, which it is required under statute to do so for 2022/23 by 11th March 2022.

7.3 Equality, Diversity and Human Rights

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

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

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

This report provides a summary of the financial planning activities across the Council. As a consequence of the development of the MTFS and budget for 2022/23 there may be an impact on certain council services which will be subject to review through the Towards Financial Sustainability Programme. Where individual projects or reviews are being developed, specific equalities implications will be assessed and relevant impact assessments and/or statutory consultation with service users will be carried out accordingly. As the overarching strategic document, a separate equality impact assessment will not be undertaken for the MTFS 2022-2027.

7.4 Human Resources

There are staffing implications associated with the report, especially in relation to the Financial Services Team, where staff will be significantly involved in the preparation of the budgets and MTFS. This resource has been provided for within the Service Plan of the team.

Specific staffing implications may arise where certain Council services are subject to review through the Towards Financial Sustainability Programme. In such cases the Council's Management of Change Policy will be adhered to.

8. Risk Implications

8.1 There are significant, unprecedented risks to the Council's budget strategy, particularly in the short-term as a result of;

- The Covid19 pandemic and the ongoing impact on local income streams, whilst an estimate of future levels can be made based on a number of assumptions these are difficult to predict with certainity, along with increases in service demands.

- While the Spending Review has been announced, as yet there is no specific information regarding funding for the 2022/23 financial year. The uncertainty as to when the Fair Funding Review, Business Rates Reset/75% Retention and multi-year Finance Settlement will be does not give any certainty of the level of future funding.

- The impact of national government policies on the local authorities. These include impacts on; employment; businesses, household incomes etc affecting the overall prosperity of the city and ultimately levels of Business Rates and Council Tax.

- The effect of the current economic climate on the Council's escalating costs and ability to secure services and supplies; and the financial sustainability of key contractors.

- Pension Fund risks include changing economic conditions and investment returns less than assumptions in the Pension Fund's investment strategy increases the risk of a deterioration in the Pension Fund's funding position and as a consequence there is a risk of an increase in the employer's contribution from 2023/24 onwards.

- Changes in legislation or imposition of new responsibilities imposed upon the Council without adequate funding allocated to the Council.

- Impact of variations to forecast interest rates, both in terms of investment returns and also on assumptions made on borrowing costs.

- The capacity to continue to deliver a significant level of savings. Although regular monitoring and reporting takes place the size of the budget reductions increases the level of the risk.

The budget process includes the recognition of these risks in determining the 2022/23 budget and MTFS, but it will be imperative that the Council continues to build upon its record of delivering significant savings and maintains the strong focus on its Towards Financial Sustainability Programme in order to maintain a sustainable financial position.

9. Recommendation

9.1 Executive is asked to:

a) note the significant financial challenges and risks that the Council faces, particularly the lack of clarity surrounding future funding reforms;

b) note the projected budget parameters for 2022/23 and future years and note the planning assumptions, as set out in Appendix A; and

c) note the budget, strategic and service planning preparation programme, set out in Appendix B.

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:	None
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Telephone (01522) 873258

APPENDIX A

KEY BUDGET ASSUMPTIONS MTFS 2022 – 2027

1. The base budget estimates will be prepared on the basis of a number of key assumptions as follows;-

2. Business Rate Tax Base

2.1 The current Business Rates Retention (BRR) scheme was introduced by the government in April 2013 and replaced an element of grant funding. The calculation of income to be received through the BRR scheme is critical in determining the amount of resources that the Council will have available to fund local services.

2.2 <u>Deficit position 2020/21</u>

When forecasting the position on the Council's share of the Business Rates Collection Fund balance for 2020/21, a deficit of £12.002m was declared, on the basis of the in-year monitoring position and estimated appeals provisions at that point in time. By the time of closing the 2020/21 accounts the situation had reduced the deficit by £0.598m, this reduction in the deficit will be released to the General Fund in 2022/23.

2.3 <u>In year position 2021/22</u>

In relation to the business rate base for 2021/22 this was estimated to be £42.910m. Movements in this base are usually monitored on a monthly basis so that the Council has an early indication of any significant changes, however as a result of the current uncertainty and volatility the position is being closely monitored. There has been a significant reduction in the level of business rates payable in year primarily due to the Government extending the rate reliefs that were given to ratepayers to provide financial support during Covid19. Councils will be compensated through s.31 grant payments for this loss of income, but due to the nature of accounting for business rates the s.31 payments will be received in 2021/22 whereas the 'deficit' arising from the reduced rates will be declared in 2022/23. As Councils will receive grant for this loss of income it is not a 'real' deficit and will have no overall budgetary impact other than a 'timing' impact.

2.4 It should be noted that the collection rate in year is currently lower than the equivalent for 2020/21 by 6.19%. However, due to the nature of Government rate reliefs awarded in 2020/21 and in the current year, it is extremely difficult to make any meaningful comparisons between the two years. It is though evident that are a greater number of businesses currently in arrears than at the same point in 2020.

2.5 During 2020/21 there was a significant number of businesses submitting business rates appeals on the basis of a material change in circumstances (MMC) arising from Covid19. However, the Government announced in March 2021 new measures to limit the use of MMC provisions during the covid period. This left a significant number of business in the position of having no rate relief awarded and no ability to seek a reduction in rates. Instead, the Government announced a new £1.5bn of support for businesses who had not already benefited from business rate reliefs. This new funding is be to allocated and awarded through local authorities. To date though there has been no further announcements of what individual authorities allocations will be or what award criteria may be in place. Once the Council receive it's allocation it may have a positive impact on the arrears position if such businesses are able to benefit from it.

2.6 In addition to a loss of business rates payable through reliefs there has also been a reduction in rates payable to date in 2021/22 due to a significant increase in properties claiming empty property rate relief. In 2020/21 empty property relief of £2.435m was awarded for the full year, year to date in 2021/22 £2.659m has been awarded.

2.7 Despite the pressures on business rates income in year, as a result of prudent assumptions made when setting the 2021/22 budget the levels of income currently forecasted from business rates remains largely in line with budget expectations. A deficit for 2021/22 will however be declared due to the timing differences on the funding of in year rate reliefs as set out in para 2.3 above.

2.8 The Council maintains a Business Rates Volatility Reserve to cushion the impact of fluctuations in retained income and collection fund deficits. The estimated available balance on the reserve is £0.598m. This reserve was significantly reduced as part of the development of the current MTFS in order to absorb the deficit incurred in 2020/21, limiting the impact on the General Fund. This was done so on the basis that it would leave the reserve depleted with limited ability to cushion future fluctuations in business rates until the Council is in a position to rebuild the reserve. It is essential that the Council seeks to replenish this reserve to provide for future fluctuations as soon as possible. It will be proposed, as part of the budget process, that £0.152m from the reduction in deficit of £0.598m, as set out in para 2.2, is contributed to the reserve to replenish it to £0.750m.

2.9 <u>2022/23 – 2026/27</u>

The level of outstanding appeals continues to create a high level of uncertainty both in respect of the outstanding appeals from the 2010 and 2015 ratings lists already lodged with Valuation Office, but also in relation to appeal to the 2017 list that are submitted under the new Check, Challenge Appeal process. The Collection Fund is required to fully provide for the expected result of all appeals and using external assessments as to the likely level and value of these appeals. The current provision of outstanding appeals stands at £6.119m, of which the Council's share is £2.448m. In addition to the backdated element of these appeals there is also an ongoing impact due to the reduction in the business rates base, which ultimately reduces the level of income to be retained in the future by the Council. The current MTFS assumes a £2m p.a. reduction in retained rates due to outstanding appeals, this was increased in 2020/21 due to the significant number of MMC appeals received. In light of the Government's announcement to limit the use of MMC's this assumption will now be decreased to £1.5m p.a.

2.10 The current MTFS assumed a decline in the business rates base due to increased empty properties and lack of growth in 2021/22, but that for 2022/23 growth of 1%, rising to 2% from 2023/24 onwards would be assumed. This growth over the MTFS planning period was to reflect some of the major developments scheduled to be undertaken in the City which should result in business rate growth in the medium term. At this stage in budget planning the assumption will remain unchanged.

2.10 The Council is currently part of a Business Rates Pool for 2021/22 along with the County Council and five other Lincolnshire District Councils. The benefit of pooling is that the authorities in the pool can be better off collectively through a reduction in the amount of levy paid to the Government. The arrangements for the current pool are that this retained levy is allocated 40% to the County Council and 60% allocated to the District Council that has generated the business rates growth. The current MTFS had assumed that as a result of the introduction of 75% retained business rates that pooling would cease from 2021/22. However, the Government has now announced it will welcome proposals for business rate pools in 2022/23. The Council will therefore express an interest in continuing the current pool arrangements. This is estimated to generate the Council an additional £0.534k in 2022/23. The MTFS already assumes that there will be no further pooling gains from 2023/24 onwards.

2.11 Again, as set out in the main body of this report the move to a 75% retention scheme and the consequent full reset of business rate baselines to better reflect how much local authorities are actually collecting in business rates looks likely to be now to be delayed until at least 2023/24. These changes, when implemented, will wipe out gains the Council has built up since the launch of the current system in 2013/14. Clarity over the timing of the reset is essential for the Council to be able to undertake financial planning with a greater degree of certainty. The financial implications of a reset are critical to the Council and have the ability to alter the course of the MTFS. Based on the SR21 there is reason to believe that the reset might be pushed back until 2025/26, this would allow the Council to retain a significant amount of business rates resources.

2.12 The current MTFS was prepared on the basis of this full reset and subsequent loss of gains made from 2022/23. The delay in implementation by one further year will result in additional one-off resources in 2022/23, in addition to the gains arising from an extension to pooling arrangements. However, as a result of the delay in the reset, forecast resources in 2023/24 are set to reduce slightly due to the no gains above baseline being retained in the year of reset.

2.13 The overall impact of changes in the assumptions to the level of retained business rates is as follows:

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Current MTFS 2021-26	4,141	4,539	4,966	5,396
Latest forecast	5,557	4,177	4,976	5,471
Change in resources	**(1,416)**	**362**	**(10)**	**(75)**

2.14 Any further delay in the reset beyond 2022/23 could result in additional resources of c£0.500m in 2023/24 and 2024/15, which has the ability to alter the course of the MTFS.

3. Revenue Support Grant

3.1 The Council's Revenue Support Grant (RSG) was set to cease in 2019/20 at the end of the previous four-year funding settlement period. In 2020/21 and again in 2021/22, due to delays in the implementation of the 75% BRR scheme the level of 2019/20 RSG, adjusted for inflation, was rolled over into 2020/21 and 2021/22, a total of £0.023m p.a. Beyond this the MTFS assumed that there will be no further RSG payable by the Government. On the basis of, at least, a further one-year delay in the implementation of the new funding mechanisms a further roll forward of RSG at £0.023m in 2022/23 only will be assumed.

3.2 Should the implementation of the proposed finance reforms be delayed to 2025/26, as per the business rates reforms set out above, then it could be assumed at RSG of c£0.024m would be payable in 2023/24 and 2024/25.

4. Council Tax

4.1 This increased importance of Council Tax, alongside Business Rates, as the principle means of raising revenue makes decisions taken in relation to the levels of Council Tax critical to the delivery of a sustainable MTFS.

4.2 Council Tax collection rates have suffered during 2021/22 as a result of Covid19 and residents ability to make payments. Whilst support through the LCTS, Govt funded Hardship Fund and the Council's own Hardship Fund is available collection rates are still below normal levels. As at the end of October 2021 the collection rate was 57.91% which is 1.18% below the same point last year and 3.66% below October 2019. The in-year collection rate has been impacted by a lack of court dates for arrears cases, these have now restarted and it is anticipated that the collection rate will start to improve from November onwards.

4.3 The current collection rates assumed in the MTFS were set at 97.75% in 2021/22, increasing to 98.75% p.a. from 2022/23 onwards. This temporary reduction in 2021/22 was to reflect the lower collection rates arising due to Covid. Based on the performance of the collection rates during the current year and the likely ongoing impact on household incomes it is considered prudent to reduce the collection rate by 0.5% in 2022/23 to 98.25% returning to the current assumption of 98.75% from 2023/24 onwards. These will however be kept under review.

4.4 In calculating the Council Tax base the overall yield is reduced by the estimated numbers of claimants entitled to support under the Council's Local Council Tax Support (LCTS) scheme and the eligibility criteria of the scheme. The more Council Tax support that is awarded the more the taxbase is reduced, limiting the ability to raise Council Tax.

4.5 Since the introduction of the scheme in 2013/14 the number of claimants had as at April 2020 decreased by over 20%. However, during 2020/21, as a result of Covid19 and the impact on household incomes, the caseload significantly increased, peaking at 5.9% in September 2020. The caseload then plateaued until the spring of 2021 with month-on-month reductions now being seen. The current caseload is now at 3% of pre-covid levels. Although impossible to predict with certainty, there is the potential for the caseload to rise again slightly in the latter half of 2021/22 due to certain national 'protections' ending e.g, furlough scheme. Whether or not an increased CTS caseload continues into 2022/23 very much depends on the economic climate and impact on jobs and businesses from the Covid-19 pandemic.

4.6 The current MTFS assumed a further increase in caseload in 2021/22, above the position as at October 2020, with a gradual reduction of 1% p.a. over the period of the MTFS. Based on the latest caseload numbers and allowing for a further increase in 2021/22 due to the end of national restrictions, the cost of the LCTS is still below that assumed in the current MTFS. The revised MTFS will therefore be based on a reduction in caseload of 0.5% in 2022/23, then reducing by 1% p.a. over the period of the MTFS back to pre-covid levels.

4.7 At this stage in the development of the MTFS current entitlements under the LCTS Scheme are being reviewed with public consultation taking place during November. Any adjustments to the scheme or indeed to the Council Tax discretions that are applied will be reflected in the final MTFS following consultation and subsequent Executive approval. These are not yet included in the Council Tax modelling below.

4.8 The current MTFS assumes an annual increase in the council tax base of 1.25% as a result of new property development. Although the Council aims to bring forward significant housing development on the Western Growth Corridor site, until a planning determination has been made no further increases in the council tax base will be assumed. The revised MTFS will therefore continue to be based on the assumption of growth of 1.25% p.a.

4.8 As is customary the Government will consult on the Council Tax Referendum Principles later in the year as part of the Local Government Finance Settlement, at this stage it is assumed, as per announcements in the SR21, that the existing levels for district councils of a increases of less than 2% will remain in place. The current MTFS assumes Council Tax increases from 2022/23 onwards of 1.9% p.a. Until further details are released in the Finance Settlement the MTFS will continue to be prepared on this basis.

4.9 Based on the assumptions as set out above and using the latest Council Tax base position, estimated Council Tax yields are as follows:

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Current MTFS 2021-26	7,307	7,583	7,868	8,149
Latest forecast	7,395	7,704	7,978	8,262
Increase in resources	**(88)**	**(121)**	**(110)**	**(113)**

4.10 In recognition of the reduction in Council Tax income as a result of increased LCTS claimant numbers during 2021/22, the Finance Settlement announced

£670m of grant funding to broadly meet the additional costs in 2021/22. This funding was un-ringfenced and could be used to provide other support to vulnerable households as well as offsetting the loss in Council Tax income. The Council's allocation for 2021/22 was £0.200m and was used to offset the loss in Council Tax income. No further funding from this grant is assumed in the MTFS.

5. Other Government Grants

5.1 New Homes Bonus

Previously Government announced that a Spring 2020 consultation on the future of the New Homes Bonus scheme would be undertaken, stating that 'it is not clear that the NHB in its current form is focused on incentivising homes where they are needed most' and the consultation will 'include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance'. Due to Covid19 this consultation was delayed until February 2021.

5.2 The consultation, when launched, focused on a continuation of the scheme but with reform of some of the key elements of the existing scheme, including:

- raising the baseline percentage
- rewarding improvement on average past housing growth
- rewarding improvement or high housing growth
- support infrastructure investment in areas with low land values
- introducing a premium for modern methods of construction (MMC)
- introducing an MMC condition on receipt of funding
- requiring an up-to-date local plan

Due to the number of variables being considered it is not possible to assess what future funding might be attributable to the Council. The Government is currently analysing the responses to the consultation and is likely to announce the outcome and new scheme as part of the Finance Settlement 2022/23. There was no reference to the future of NHB scheme in the SR21.

5.3 The current MTFS is based on the allocations announced in the Finance Settlement 2021/22, with a legacy allocation from the existing scheme of £0.050m in 2022/23, and with no further funding beyond this. Whilst the consultation does not specifically address whether there will be a final legacy payment in 2022/23, it does seem, by omission, to suggest that this payment might not be made. Until further announcements on the future of the scheme are made no further NHB will be assumed beyond the £0.050m in 2022/23.

Housing Benefit/Council Tax Support Admin Grant

5.4 It continues to be difficult to forecast the likely level of future funding in respect of Housing Benefit Admin Grant due to the gradual and delayed roll out of Universal Credit (UC). The Council began roll out of the full service for UC in March 2018, in respect of new UC claims previously eligible for the six separate benefits. All new UC claimants have their housing cost element included in their monthly UC payment which is administered by the DWP, and as a result, they will not make a Housing Benefit claim but can still make a claim for Local Council Tax Support. The next stage requires the migration of all remaining existing claimants to full UC by 2023, this process commenced in 2019 and was due to finish in July 2020. Due to Covid19, the pilot was suspended and no announcement has been made about re-commencing it. There is still much debate and decisions to be made by the Government as to what role local authorities will play in the longer term, but there is a commitment from the DWP to work with authorities until all working age claimants are transferred, 2023 at the earliest.

5.5 Although this commitment has been made the DWP have yet to announce a permanent funding model going forward and the Council continues to face the issue of one-year funding announcements, supplemented by New Burdens arrangements. In addition, the Council also receives a grant from the DLUCH in respect of the Council Tax Support element of administration funding, again this is only announced on a one-year funding basis.

5.6 As there is no clear position on what future grant levels are likely to be the Council continues to face an annual wait for funding announcements to be made. At this stage the MTFS will be prepared on the basis of the current level of overall core grant funding, which may ultimately be received through a combination of Administration Grant and any New Burdens funding. Once the grant allocations are announced due regard will need to be taken of this in terms of the service planning for the revenues and benefits service.

5.7 <u>Lower Tier Services Grant</u>

Included in the Finance Settlement 2021/22 was the announcement of a new, one off, Lower Tier Services grant of £111m for 2021/22, of which the Council's allocation was £0.266m. The current MTFS assumes no further allocations under this grant.

5.8 Although no further announcements on the grant were made in the SR21, on the basis that this grant was announced in order to ensure authorities received at least the same core spending power in 2021/22, then it is likely this grant could continue, at least until the future reforms were implemented. The amount is unlikely to be as high as the current year's allocation due other changes in core spending power, based on estimates additional resources of c£0.133m p.a. could in be received in 2022/23 – 2024/25. Until further clarity is received as part of the Finance Settlement, the MTFS will assume £0.133m in 2022/23, as result of the delays in implementing the reforms, but then no further funding through this grant stream.

5.8 <u>Covid 19 Support</u>

Recognising that local authorities would continue to face additional costs, arising from Covid19, in 2021/22 the Finance Settlement announced a further £1.55bn of unringfenced grant for 2021/22. The Council's allocation was £0.640m. The current MTFS assumes no further allocations under this grant.

6. **Inflation**

6.1 CPI significantly increased by 1.2% to 3.2% in August 2021, this was the largest month on month increase since records began. The rate as at September 2021 had dipped slightly to 3.1%. Latest forecasts are that it is likely remain high during 2021 and early 2022, potentially peaking at 4.4% but that this increase will be short lived will fade towards the end of 2022 and will eventually settle back in line with the Government's target rate of 2% in the medium term.

6.2 Annual price increases in a number of the Council's contracts are linked to CPI at a defined date in the year, primarily September and March. In addition, the general inflationary increase applied within the MTFS is normally maintained in line with CPI projections. The current MTFS assumes a 2% p.a. Based on the likelihood of a temporary increase above the target rate of 2%, the revised MTFS will assume CPI at 3% in 2022/23, reducing to 2% p.a. from 2023/24 onwards. This will result in additional costs of:

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
General Fund	76	77	79	81
Housing Revenue Account	59	60	61	63

6.3 Whilst the majority of the Council's main contracts are linked to annual price increases in line with CPI, there are also a small number that are linked to RPI or RPIX. The latest forecasts are that RPI will temporarily rise from 4.9% in September 2021 in line with CPI, falling back to around 3% in late 2022. The current MTFS assumes a 3% p.a. RPI increase. In light of the temporary increase in RPI the revised MTFS will be based on a rate of 4% in 2022/23, reducing back to 3% p.a. from 2023/24 onwards. This will result in additional costs of:

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
General Fund	12	13	13	14

7. Pay

7.1 The current pay award for 2021/22 is still the subject of negotiation between the National Employers and NJC Trade Unions. The final offer from the National Employers is an increase of 1.75%, with 2.75% for the lowest paid. During September, all three unions consulted their memberships with a recommendation to reject the final offer, this was approved. The unions are all now preparing to conduct industrial action ballots. In response the National Employers agreed by a majority to reaffirm that the pay offer they made is full and final and informed the unions that they could not accede to their request to reopen negotiations on the basis that the final offer represents the limit of affordability and there is no prospect of this offer being increased.

7.2 On the basis of the Spending Review 2020 announcement that public sector pay increases would be paused for one year in 2020/21 (whilst still recognising local government pay was subject to collective bargaining) the MTFS assumed no pay award in 2020/21, except for those earning below £24,000 p.a. A pay award of 1.75% in 2021/22 will therefore create an additional cost pressure for the Council.

7.3 Beyond 2021/22 any future pay awards will be subject to a further negotiation between the National Employers and NJC Trade Unions. The current MTFS assumes an increase of 1.5% in 2022/23, increasing to 2% p.a. from 2023/24 onwards. Given the current negotiations on the 2021/22 pay award, the assumption of an increase of 1.5% in 2022/23 will now be increased to 2% p.a. from 2023/23 onwards. This change in assumption for 2022/23 along with allowing for a 1.75% award in 2021/22 has the following effect on current pay budgets:

	2022/23 £'000	**2023/23 £'000**	**2024/25 £'000**	**2025/26 £'000**
General Fund	268	273	278	285
HRA	122	124	126	129

7.4 In addition, the Council remains committed to paying its lowest paid workers at the level of the Living Wage, as recommended by the Living Wage Foundation as opposed to the Government's National Living Wage. An assumption of annual increases of 3%, in line with RPI projections, are currently built into the MTFS to reflect this commitment to maintain the Living Wage. It light of the current forecasts for RPI, this assumption will be increased to 4% for 2022/23 returning to 3% p.a. from 2023/23 onwards. The costs of this are included in the table above.

7.5 In September 2021 the Government announced a new social care package, called "the biggest catch-up programme" in the NHS's history, which is to be funded through a new, UK-wide 1.25% health and social care levy' from April 2022, based on National Insurance contributions. The Levy will be effectively introduced from April 2022, when NICs for working age employees, self-employed and employers will increase by 1.25%. From April 2023, once HMRC's systems are updated, the 1.25% Levy will be formally separated out and will also apply to individuals working above State Pension age, and NICs rates will return to their 2021/22 levels. Revenues will be ring-fenced for health and social care. It was also announced that the government intends to compensate departments and other public sector employers at SR21 for the increased cost of the Levy.

7.6 The estimated cost to the Council of the increase in Employers NIC's is as follows:

	2022/23 £'000	**2023/23 £'000**	**2024/25 £'000**	**2025/26 £'000**
General Fund	101	103	107	109
HRA (incl HRS)	45	47	48	49

Although there was no specific reference to the funding from Government in the SR21 it has been subsequently confirmed that the additional £1.6bn p.a. funding for local authorities includes funding for the levy. Until specific allocations are received the Council is unable to establish whether this will fully meet the cost of the levy.

8. Local Government Pension Scheme

8.1 The last triennial review of the Council's Pension Fund took place as at 31st March 2019 and the results identified that there had been a significant increase in the funding position since the last actuarial review from a 69% funding level to 84%. Although the overall funding position had improved the employer contribution rates were increased to improve the funding position further. For employers such as local authorities the actuary, because of the guaranteed nature of the funding, was able to recommend a stabilisation approach whereby the employer contribution is capped at an affordable level. This has allowed the contribution rate to be capped at 1% p.a. for the three years covering the valuation period 2020/21 – 2022/23.

8.2 A further actuarial review will take place in April 2022, which will inform the employer contributions from 2023/24 onwards. No further increase is currently assumed above the 1% p.a. from 2020/21 – 2022/23.

9. Fees and Charges

9.1 As part of the normal, annual, budget cycle fees and charges income budgets are increased by 3% per annum for their total yield. This increase of 3% does not preclude individual fees and charges being increased by more or less than 3%. However, as a result of Covid19 many sources of fees and charges income were severely affected in 2020/21 with the impact continuing into 2021/22. Each source of fees and charges income was therefore assessed for 2021/22 to model the impact of Covid on overall yield levels and the level of increase that could be sustained for each individual fee and charge.

9.2 This assessment resulted in a reduction in fees and charges income of £2.420m in 2021/22. Whilst some of this income was expected to bounce back to pre-covid levels by 2022/23, other areas such as car parking were forecast to have an impact over the life of the current MTFS.

9.3 Whilst the position in 2021/22 is showing positive signs against in year budgets, there are still some stepped changed in income levels assumed for 2022/23 onwards. At this stage the planning assumption of an overall yield increase of 3% p.a., in addition to the stepped changes assumed in the current MTFS, will continue but an assessment of the ongoing impacts of Covid on overall yields will be undertaken as part of the budget development process.

9.4 During 2020/21 and for the first quarter of 2021/22 the Government provided financial support to local authorities for the loss of sales, fees and charges income through the SFC compensation scheme. The Council received compensation of £3.013m in 2020/21 and is forecasting income of £0.427m in 2021/22. The MTFS will not assume any further compensation will be payable for ongoing losses of sales, fees and charges income.

10. Commercial Income

10.1 Covid19 had a significant impact on many of the businesses in premises owned by the Council. Despite the financial support provided by the Government, and through the assistance of the Council it was inevitable that there would be some impact on the Council's commercial income. These impacts were factored into the current MTFS with a reduction of resources in 2021/22, returning to existing levels of yield from 2022/23 onwards. This assumption will remain for the revised MTFS.

11. Investment Interest and Borrowing Costs

11.1 The Council continues to experience significantly low level of investment rates due to the low Bank of England Base Rate, as set out in the main body of the report. However, with rising inflation and a warning from the Bank of England that it "will have to act" there is a strong indication that interest rates will soon rise from their current record low of 0.1%.

11.2 Based on revised assumptions for the level of interest rates over the period of the MTFS and assumed levels of available cash balances split between fixed and variable rate investments, the latest forecasts in comparison to those assumed in the current MTFS, are as follows:

	2022/23	**2023/24**	**2024/25**	**2025/26**
Revised Average Investment Rate	0.20%	0.28%	0.40%	0.50%
Current MTFS	0.18%	0.25%	0.25%	0.25%
General Fund	**£'000**	**£'000**	**£'000**	**£'000**
Current MTFS	18	19	28	28
Revised interest	22	33	40	40
Increase in resources	**(4)**	**(14)**	**(12)**	**(16)**
HRA	**£'000**	**£'000**	**£'000**	**£'000**
Current MTFS	9	9	5	5
Revised interest	26	31	33	39
Increase in resources	**(16)**	**(21)**	**(28)**	**(34)**

11.3 The Council's sensitivity to changes in interest rates is linked more markedly to investments rather than to the portfolio of borrowing as all borrowing is at fixed interest rates. Based on the current forecasts for interest payable on new borrowing, averaging 2.2% in 2022/2023 and any short term temp borrowing undertaken, averaging 0.5%, the latest forecasts for borrowing costs in comparison to those in the MTFS are as follows:

General Fund

	2022/23	**2023/24**	**2024/25**	**2025/26**

	£'000	£'000	£'000	£'000
Current MTFS 2021-26	1,555	1,555	1,550	1,535
Latest forecast	1,500	1,510	1,475	1,475
Increase in resources	**(55)**	**(45)**	**(75)**	**(60)**

A light touch review of the current HRA business plan is underway currently and will inform future borrowing requirements in the HRA.

12. Housing Rents

12.1 The current MTFS is in line with the Government's announcement in October 2017 that from April 2020 social rents will increase by CPI+1% for 5 years. The approach beyond 2025 remains uncertain but there is an expectation that social rent increases will remain. Budgeted increases for supported accommodation will continue to be assumed on the same basis. The MTFS will continue to be prepared on this basis.

12.2 Including in the Council's housing stock are a number of properties that were partly funded by HE grants on the condition that they are to be let on the basis of an affordable rent rather than on social rents. In addition, there are a number of other dwellings that are let on the basis of an affordable rather than social rent. Affordable rents are not subject to Government Rent Restructuring Policies and are let at 80% of market rent levels in the local area. The current MTFS assumes rental increases in line with social rents for its affordable rents and will continue to be developed on this basis.

12.3 The current MTFS assumes CPI at 2% p.a., therefore rent increases are assumed at 3% p.a. Based on the rate of CPI as at the end of September 2021 at 3.1% (the prevailing date for social rent increases), rent increases above those assumed in the MTFS are estimated to be, as follows:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Current MTFS 2021-26	30,077	30,840	31,564	32,302
Latest forecast	30,398	31,169	31,913	32,659
Increase in resources	**(321)**	**(329)**	**(349)**	**(357)**

This forecast is based on rent uplift only and does not model any changes in the assumptions on stock numbers due to RTB sales or acquisitions/new builds.

12.3 As a result of Covid19 and the impact on household income the level of housing rent arrears has been affected, to the detriment. Whilst Tenancy Services has continued to support tenants through the Hardship Fund, DHP and general advice and guidance, Government's restrictions on enforcement action for rent arrears in response to the Covid-19 pandemic has not permitted robust action to be taken when tenants have the means to pay but fail to do so. As a result the level of rent arrears has gradually increased and currently stands at 4.89% of the net debit compared to 3.85% at the same point in 2019, which equates to an increase of £0.321m. The in-year collection rate at the end of October was 97.86% compared to 97.79% at October 2019. Whilst this is likely to require an increase in bad debts provision in 2021/22, an ongoing increase in contributions/reduction in collection rate will be considered as part of the development of the MTFS. This will be considered particularly in light of the level of CPI and higher annual rent increase. An 0.5% increase in the level of non-collection equates to an income loss of c£0.145m p.a.

13. **Level of Revenue Reserves** - The prudent minimum level of reserves for the General Fund has been increased in recent years, in light of the increased level of volatility in funding and the level of the increased risk to which the Council is now exposed, to between £1.5m-£2m. This increase has allowed the Council to cushion the impact that Covid19 has had on it's finances and will continue to do so in future years. Whilst the overall level of balances are budgeted to be maintained over the period of the MTFS there are planned use of balances in the 3-years from 2022/23, with a positive contribution forecasted in 2025/26. In light of the changes in assumptions set out in this report the use of/contribution to balances will be assessed as part of the budget development. However, the overriding principle of maintaining a balance between £1.5m-£2m and seeking to make positive contribution in the medium term will remain. In terms of the HRA it is currently assumed that the optimum level of reserve holdings will be maintained at c£1m.

APPENDIX B

BUDGET AND FINANCIAL PLANNING TIMETABLE 2022/23

No.	Target Date	Group	Deliverable	Responsible Officer
1.	**Member Briefing Sessions**			
1.1	19th Jan 22	All Members	All member workshop presenting the draft budget proposal for 2021/22 and Medium Term Financial Strategy 2022-2027.	CFO
2.	**Base Budget Preparation**			
2.1	7th Oct 21	AD's/ Service Managers	Budget guidance and working papers circulated to Assistant Directors and Service Managers for preparation of base budgets, including notification of Directorate Cash Limits.	Finance Team
2.2	29th Oct 21	AD's/ Service Managers	Completion of service cash limit budgets by budget managers.	Finance Team
2.3	12th Nov 21	DMT's	Review of summary cash limit budgets and appropriate revisions made with AD's and DMT's.	Finance Team
2.4	30th Nov 21	CMT	Review of summary cash limit budgets and consideration of unfunded budget items. Review of funding assumptions of existing capital programme and consideration of allocation of resources to strategic schemes/contingencies.	FSM
2.5	30th Nov 21	CMT	Review of Fees & Charges Schedules for 2022/23	FSM
2.5	17th Dec 21	Financial Services	Completion of consolidated base budgets and capital programmes.	Finance Team
2.6	21st Dec 21	CMT	Review of draft budget proposal for 2022/23 and Medium Term Financial Strategy 2022-2027.	CFO
3.	**Service Planning Preparation**			
3.1	Oct 2021	Working with all CMT and Directorates	Service planning under way, through the development of the TFS and ADP plans. This year there is to be a key focus on: • Year 2/3 Vision 2025 Annual Deliver Plans • Completing TFS Phase 7 projects • Key One Council projects	Corporate Policy
3.2	Mid Nov 21	CLT and SM Group	Service Planning priorities launched at CLT and SM Group	Corporate Policy

No.	Target Date	Group	Deliverable	Responsible Officer
3.3	End Nov 21	CMT	Y3 Annual Delivery Plan for Vision 2025 to be agreed.	CMT
3.4	End Nov 21	CMT	One Council projects for 2022/23 to be identified	Change Manager
3.5	December 2021	Exec	Y3 Annual Delivery Plan for Vision 2025 to be agreed at Executive	CX/DCE
3.6	Dec 21 /Early Jan 22	Directorates	Directorates to identify local projects that need to be included without impacting the key corporate ones. These might be: • Legacy projects not in Vision 2025 • Service projects needed to keep services functioning	AD's
3.7	Mid Jan 22	CMT	Agree list of ALL projects – TFS, ADP, One Council and local projects for each directorate, and identify 'Top 10 key priorities'	Directors
3.8	End Jan 22	Portfolio Holder mtgs	Ensure that all PH's have signed up to their own sections in each service plan.	Directors and AD's
3.9	By 28th Feb 22	EDMT's	Draft service plans for the year ahead reflecting the projects identified from the sources agreed in section 3.1.	AD's
3.10	16th Mar 22	CLT	Progress on service plans	Corporate Policy
3.11	17th Mar 22	SM Forum	Update on progress with Service Plans for information.	Corporate Policy
3.12	28th Mar 22	DMT's	Final service plans completed and signed off by Director.	AD's
3.13	31st Mar 22	A/Wide or HUB	Service plans published.	Corporate Policy
3.14	Oct 22	AD's/ Service Managers	Service planning for 2023/24 launched with a focus on delivering progress against year 4 strategic priorities.	Corporate Policy
4.	**Consultation and Scrutiny**			
4.1	Dec-Feb 22 *– dates to be confirmed*	General Public Stakeholders	Online budget consultation Specific stakeholder events	CFO CMT
4.2	1st Feb 22	Audit Committee	Consider and review: • Prudential Indicators 2022/23-2024/25 • Treasury Management Strategy 2022/23 with responses to the Executive	FSM

No.	Target Date	Group	Deliverable	Responsible Officer
4.3	2nd Feb 22	Budget Scrutiny Review Group	Consider and review the draft budget proposal for 2022/23 and Medium Term Financial Strategy 2022-2027, making any recommendations to the Executive.	CFO
4.4	17th Feb 22	Performance Scrutiny Committee	Performance Scrutiny Committee – Consider response from Budget Review Group and refer to the Executive.	CFO
5.	**Committee Approval Process**			
5.1	22nd Nov 21	Executive	Consideration of the budget strategy to be adopted for the 2022/23 process, including; • Update on economy and financial environment, • A revision of MTFS assumptions • Consultation proposals (both public and with Members)	CFO
5.2	13th Dec 21	Portfolio Holders	Assessment of Fees & Charges Schedules for 2022/23	FSM
5.3	4th Jan 22	Executive	Approval of Council Tax Base for 2022/23, Council Tax Support Scheme 2022/23 and Estimated Collection Fund Balance for 2022/23 for Council Tax.	FSM/HSRB
5.4	4th Jan 22	Portfolio Holders	Assessment of overall capital and revenue budgets	CFO
5.5	17th Jan 22	Executive	Approval of a draft budget proposal for 2022/23 and Medium Term Financial Strategy 2022-2027 for formal consultation.	CFO
5.6	17th Jan 22	Executive	Approval of Estimated Collection Fund Balance for 2021/22 for Business Rates.	FSM/HSRB
5.7	17th Jan 22	Executive	Consideration and recommendation to Council for approval of the Housing Rent Levels for 2022/23.	AD-H
5.8	18th Jan 22	Council	Approval of Council Tax Base for 2022/23 and Council Tax Support Scheme 2022/23.	FSM/HSRB
5.9	21st Feb 22	Executive	Approval for referral to Council of: • Final budget proposals for 2022/23 • Medium Term Financial Strategy 2022-2027 • Treasury Management Strategy 2022/23 & Prudential Indicators • Council Tax levels for 2022/23	CFO

No.	Target Date	Group	Deliverable	Responsible Officer
			• Fees and Charges levels for 2022/23	
5.10	22nd Feb 22	Council	Approval of the Housing Rent Levels for 2022/23.	AD-H
5.11	1st Mar 22	Council	Approval of; • Final budget proposals for 2022/23 • Medium Term Financial Strategy 2022-2027 • Treasury Management Strategy 2022/23 & Prudential Indicators • Council Tax levels for 2022/23 • Fees and Charges levels for 2022/23	CFO

Item No. 9

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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