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# CITY OF LINCOLN COUNCIL

## Sir/Madam,

You are hereby summoned to attend the meeting of the COUNCIL of the City of Lincoln to be held at The Guildhall, Saltergate, Lincoln, LN1 1DH on Tuesday, 29 November 2022 at 6.30 pm.

Angelen Andrews

Chief Executive and Town Clerk

Angela Andrews

# AGENDA

#### **SECTION A**

- 1. Confirmation of Minutes 18 October 2022
- 2. Declarations of Interest

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

- 3. Mayor's Announcements
- 4. Receive Any Questions under Council Procedure Rule 11 from Members of the Public and Provide Answers thereon
- 5. Receive Any Questions under Council Procedure Rule 12 from Members and Provide Answers thereon
- 6. Receive Reports under Council Procedure Rule 2 (vi) from Members
  - (a) Report by Councillor Neil Murray, Portfolio Holder for Economic **15 20** Growth
  - (b) Report by Councillor Naomi Tweddle, Chair of Equality and **21-56** Diversity Advisory Panel
- 7. To Consider the Following Recommendations of the Executive and Committees of the Council
  - (a) Statement of Accounts 2021/22

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8. To Confer the Position of Honorary Recorder of the City of Lincoln Upon His Honour Judge Simon Hirst

Order of Proceedings

a) The Mayor will call upon Councillor Ric Metcalfe to propose the following resolution: -

That in pursuance of the statutory powers derived from the Court Acts 1971 and the Local Government Act 1972, His Honour Judge Simon Hirst be appointed Honorary Recorder of the City.

- b) The Mayor will call upon Councillor Donald Nannestad to second the resolution.
- c) The Honorary Recorder will be invited to subscribe to a Declaration of Acceptance of Office at a later date to formalise his appointment.

Council

Present:	Councillor Rosanne Kirk <i>(in the Chair)</i> , Councillor Debbie Armiger, Councillor Biff Bean, Councillor Alan Briggs, Councillor Chris Burke, Councillor Sue Burke, Councillor Bob Bushell, Councillor Liz Bushell, Councillor Martin Christopher, Councillor Matthew Fido, Councillor Gary Hewson, Councillor Jackie Kirk, Councillor Jane Loffhagen, Councillor Rebecca Longbottom, Councillor Bill Mara, Councillor Adrianna McNulty, Councillor Ric Metcalfe, Councillor Neil Murray, Councillor Donald Nannestad, Councillor Lucinda Preston, Councillor Clare Smalley, Councillor Hilton Spratt, Councillor Mark Storer, Councillor Rachel Storer, Councillor Naomi Tweddle, Councillor Pat Vaughan, Councillor Calum Watt, Councillor Joshua Wells, Councillor Emily Wood and Councillor Loraine Woolley
Apologies for Absence:	Councillor David Clarkson, Councillor Thomas Dyer and

#### 17. <u>Moment of Silence</u>

The Council observed a minute's silence to mourn the passing of Her Majesty The Queen Elizabeth II.

**Councillor Edmund Strengiel** 

The Council also observed a minute's silence in memory of former city councillor, mayor and sheriff, David Jackson.

#### 18. Declarations of Interest

Councillor Pat Vaughan declared a Personal Interest with regard to the agenda item titled 'Councillor R Metcalfe, Portfolio Holder, Our People and Resources'.

Reason: His daughter worked within the benefits department at the City of Lincoln Council, and similarly his granddaughter worked in the finance department.

# 19. Confirmation of Minutes - 21 June 2022

RESOLVED that the minutes of the meeting held on 18 October 2022 be confirmed and signed by the Mayor as a correct record.

#### 20. <u>Mayor's Announcements</u>

The Mayor referred to her engagements since the last meeting of the Council, some of which had included:

- The Birmingham 2022 Commonwealth games Queen's Baton Relay, which had visited Lincoln.
- Bishop Grosseteste University graduation.
- Ceremonies to mark the passing of Her Majesty The Queen Elizabeth II.
- Local Proclamation ceremonies for King Charles III.
- RAF Scampton Closure Parade.
- The launched of a TikTok account for the Mayor of Lincoln.

• The unveiling of the George Boole Statue at Lincoln Central Railway Station.

The Mayor also took the opportunity to promote two events to raise money for her chosen charities.

## 21. <u>Receive Any Questions under Council Procedure Rule 11 from Members of the</u> <u>Public and Provide Answers thereon</u>

No questions had been submitted by members of the public.

# 22. <u>Receive Any Questions under Council Procedure Rule 12 from Members and</u> <u>Provide Answers thereon</u>

Councillor Clare Smalley to Councillor Ric Metcalfe, Leader of the Council and Portfolio Holder for Our People and Resources

Question

Whilst cost of living remained a concern, with food and bills rising, and the council is under similar pressures, what assurances could be given to residents and tenants that essential services would not be cut?

#### Reply

All political groups across the council had been briefed by senior finance colleagues on the financial position of the Council. A range of options were currently being explored by the Council to close the financial shortfall. However, all options would include difficult decisions to be made and therefore it was not possible to provide any assurances. Options would continue to be explored and shared with all councillors in due course.

Councillor Martin Christopher to Councillor Donald Nannestad, Portfolio Holder for Quality Housing

#### Question

How many homes would be needed to provide adequate housing provision for every family currently on our waiting list?

#### Reply

It was noted that the Council did not operate a waiting list, it had a housing register, which was split into bands 1,2 and 3.

Bands 1 and 2 relate to demonstratable housing need:-Requirement:-1 Bed 282 2 Bed 192 3 bed 227 4+ Bed 30

Therefore to accommodate this need the council would require 731 properties split in house type as above.

Band 3 is defined as having very little or no housing need. Requirement:-1 Bed 530 2 Bed 233 3 Bed 69 4+ Bed 1

Therefore, if the council were to accommodate all band three customers as well, the council would need an additional 833 properties split in the house type as above.

In summary, to accommodate all those on the current register the Council would require:

812 one-bedroom homes425 two-bedroom homes296 three-bedroom homes32 four (+) bedroom homes.

This would create a grand total of 1,565 additional homes.

However, it was clearly not as simple as this as you would normally provide approximately 15% of unmet housing need, because if you provide for everyone then when a property becomes vacant arguably you would have no new tenants to take up the void.

#### Supplementary

If there were 1,565 inadequately housed, why was it that this number did not appear on the housing register?

#### Reply

It was reiterated that there were 833 considered to be inadequately housed. However, it could simple be that a large proportion of this number included tenants that simply just wished to move elsewhere.

# Councillor Mark Storer to Councillor Neil Murray, Portfolio Holder for Economic Growth

#### Question

What assessment has been made on the additional costs of this year's Christmas market given the predicted reduction in stallholders and contractual cost increases?

#### Reply

The Christmas market budget was made up of a number of aspects:

- expenditure primarily related to the many contracts required to deliver the market; and
- income mainly derived from stall fees and park and ride usage.

The budget for the market was a difficult balancing act, , which was why the Performance Scrutiny Committee had taken a detailed interest in the estimated budget and then the out-turn position after the event each year.

For 2022/23, the fortieth year of the market, the council had experienced an increase in contract costs, not least because approximately nineteen contracts had been re-tendered. In some areas the council had reduced costs. For example, visitors to the park and ride would now pay on the bus rather than at a separate ticket booth. In addition, the recovery from Covid-19, now impacted further by the cost-of-living crises, had affected the number of stalls. Currently the council had approximately 150 stalls providing a good mix of offer. This was below the usual number of stalls, approximately 190-200.

The budget for 2022/23 had predicted a subsidy from the city council of £43k. Officers were working hard to mitigate this, but currently it would be a challenge to reach that level of subsidy. Until the level of success at the park and ride was determined, and the extent of any additional expenditure required during the market itself to tackle unforeseen circumstances such as adverse weather, it was difficult to predict a final out turn beyond the budget.

The portfolio committed to reporting the provisional out turn to a meeting of the Performance Scrutiny Committee in the new year as per normal arrangements.

#### Supplementary

Council a full assessment be undertaken to secure the future of the Lincoln Christmas Market?

#### Reply

Yes. It was also highlighted that a lot of planning went into the preparation for the Lincoln Christmas Market throughout the year, each year. It was hoped that the Market in 2022 would continue to be a success, with higher numbers of visitors expected, as other councils had cancelled their markets. As a result, it was hoped that the subsidy would be reduced owing increased attendance.

# Councillor Hilton Spratt to Councillor Bob Bushell, Portfolio Holder for Remarkable Place

#### Question

Will the Council achieve its target to reach net zero by 2030?

#### Reply

The Council had declared, in which it had committed to 'Join with Parliament and other Councils in declaring a Climate and Environment Emergency, and commit to the vision of a carbon neutral Lincoln by 2030 at the latest.' Also to facilitate the work of the Lincoln Climate Commission a carbon reduction roadmap had been devised.

In September 2022, the Lincoln Climate Commission had approved the Lincoln 2030 Climate Action Plan (CAP) reaffirming the net zero carbon target and outlining how this could be achieved. The CAP outlined the challenges and opportunities to delivering a net zero carbon target by 2030, the need for a joined-

up approach; and the national and local factors that would be required so Lincoln could be net zero by 2030. Many of these factors were outside the control of the local authority but by working with Commission members and Central Government, the Council was fully committed to achieving this ambitious target and addressing the issue of climate change as it was embedded across the Council's vision.

# Supplementary

Is this target entirely reasonable given the council's financial pressures, as outlined in Councillor Ric Metcalfe's earlier answer to a question?

# Reply

It was acknowledged that there were some external factors beyond the Council's control. However, the Council remained committed to achieving this target and there was a clear need for renewable energy. It was highlighted that it would be detrimental to the council services should the Government use fracking in search of fossil fuels, rather than invest more heavily in renewable energy.

# Councillor Matthew Fido to Councillor Neil Murray, Portfolio Holder for Economic Growth

# Question

At a recent meeting of the Community Leadership Scrutiny Committee, the prospect of Lincoln applying to be City of Culture in 2029 had been discussed and was something that was met warmly by the Committee. Can the portfolio holder please tell the Council, what preliminary discussions if any, had been held with relevant stakeholders, such as the universities, local groups, and private sector, in regard to putting a bid together to this?

# Reply

The Council was part of a wider long-standing network of cultural organisations across the city including the University of Lincoln, Lincoln BIG, Visit Lincoln, County Council and various providers. This partnership was called the "Lincoln Cultural and Arts Partnership" and had to date been chaired by the University. Only a very early exploratory conversation had taken place to test the appetite with partners for aspiring to be UK City of Culture for 2029, either on a city footprint or wider. There was an appetite to indeed look at this further but a full gap analysis would be required to assess where the city was now in terms of cultural offer compared to where it would need to be and the level of financial investment required. The city would need to develop that strong cultural offer over the years ahead, on which partners were working at present through various applications for grant funding.

# Councillor Rachel Storer to Councillor Sue Burke, Portfolio Holder for Reducing Inequality

# Question

What assessment had been made of how integral the council operated CCTV was for the policing of our high-street?

# Reply

As confirmed by Chief Superintendent Jon McAdam, at the recent meeting of the Community Leadership Scrutiny Committee, CCTV was an important tool for the police to call upon. The police have invested extensively in policing the city centre, with the creation of a dedicated city centre team. This was supported by the CCTV system and a network of partners day and night through the shop watch radio link system in the day and the Pub Watch Radio system in the evening economy. These provided additional "eyes and ears" on the ground working effectively with the police and CCTV. So CCTV was indeed well used by the Police and other partners but it was that partnership itself that provided the Police with the most support and helped enable convictions.

The Council continually kept the CCTV operation under review to assess how the Police could maximise the use of the technology that the CCTV system offers and also keep city council costs as low as possible.

# Supplementary

Could the portfolio holder assure the Council that this would not form part of any cuts in service?

#### Reply

Whilst funding was available, this service would continue to be funded.

#### Councillor Bill Mara to Councillor Chris Burke, Portfolio Holder for Customer Experience and Review

#### Question

What preparation, including public communications plan, is being put together by the council ahead of the expected voter ID requirement ahead of the 2023 local elections?

# Reply

The Elections Act 2022 had received Royal Assent on 28 April 2022. This legislation contained substantial changes for polling at elections, as well as electoral registration in the UK, including the requirement for voter identification at polling stations. A total 173 days had passed since Royal Assent and the government had so far failed to issue the required regulations with the much-needed detail on how the changes would affect voters. They were currently expected in November 2022.

In spite of its continued failure to issue regulations, the government continued to insist that polls on 4 May 2023 would be the first date to implement voter identification. The Association of Electoral Administrators, which was the national representative professional body, had expressed serious concerns to the relevant minister in the Department for Levelling Up, Housing and Communities.

Even if regulations were issued in November, this provided very little time for the Electoral Commission to draft guidance for electoral registration officers, returning officers, candidates and agents. Furthermore, it provided councils with very little time to implement such major changes.

However, in preparation for these changes, members of the electoral services team had been attending training events and seminars. At one of these events, there had been a demonstration of the digital platform, which would be used to process requests for voter identification, which electoral services would be required to administer. In addition, there was a programme board of officers in place to oversee the changes, which would include a communications plan.

The electoral services team could only go so far, but while the government kept failing to issue the regulations, it was difficult for anything other than outline preparations to be made.

# Councillor Alan Briggs to Councillor Ric Metcalfe, Leader of the Council and Portfolio Holder for Our People and Resources

#### Question

Due to the City Hall's outdated heating system, which is incredibly inefficient and cannot be turned off over winter – even if entire floors are empty, how does the Council plan to reconcile this with its net zero ambitions?

#### Reply

Investment in City Hall had been considered and costed to ensure they maximise the carbon savings, as well as achieve financial savings for the Council. As a result, the energy performance of City Hall had been rated as a 'C' and that the overall building performance, including the heating system performed well when benchmarked against similar size, age and type of buildings. The radiators in City Hall were part of the original heating system and could not be removed without considerable cost and would result in a minimal carbon and cost saving.

Turning the heating system off over winter for parts of City Hall would cause other problems, for example condensation, and would risk damaging the fabric of the building.

Over the last ten years City Hall had been refurbished and facilities upgraded including:

- Replacing the heating with a more energy efficient system and heating controls to ensure an even distribution of heating throughout the building.
- Improvements to roof insulation to reduce heat loss.
- Installation of solar thermal hot water.
- Installation of photovoltaic arrays.
- Replacement of the lifts to reduce electricity consumption.
- Server virtualisation to reduce the number of servers and requirement for air conditioning in the server room.

#### Supplementary

As the building is considered energy inefficient, should consideration be given as to whether City Hall was adequate and good value for money for tax payers?

# Reply

As the country is currently facing a cost of living crisis, it was not considered appropriate timing to be looking to acquire a new building.

# 23. <u>Receive Reports under Council Procedure Rule 2 (vi) from Members</u>

# (a) <u>Councillor R Metcalfe, Portfolio Holder, Our People and Resources</u>

Councillor Ric Metcalfe, Leader of the Council and Portfolio Holder for Our People and Resources, presented his report to Council, which had been set out on pages 17 - 38 of the agenda.

The report was noted.

# (b) <u>Councillor G Hewson, Chair of Performance Scrutiny Committee</u>

Councillor Gary Hewson, Chair of Performance Scrutiny Committee, presented his report to Council, which had been set out on pages 39 – 42 of the agenda. Councillor Hewson thanked all members and officers involved in the Committee.

The report was noted.

# (c) <u>Councillor J Loffhagen, Chair of Community Leadership Scrutiny Committee</u> (2021/22)

Councillor Jane Loffhagen, former Chair of Community Leadership Scrutiny Committee (2021/22), presented her report to Council, which had been set out on pages 43 - 52 of the agenda. Councillor Loffhagen thanked all members and officers involved in the scrutiny reviews, details of which were included within her report.

The report was noted.

# (d) <u>Councillor C Watt, Member Safeguarding Champion</u>

Councillor Calum Watt, Member Safeguarding Champion, presented his report to Council, which had been set out on pages 53 – 56 of the agenda. The Council was provided with an opportunity to ask questions, where the following points were noted:

- The Modern Slavery member development session, which had been cancelled owing to the death of Her Majesty The Queen Elizabeth II, would be rescheduled for a later date.
- It would be fed back to officers that there was a desire for a streamlined way of signposting safeguarding information, which would be particularly helpful for councillors.
- It was confirmed that future reports would include detail on funding and where monies were spent.

The report was noted.

#### 24. <u>To Consider the Following Recommendations of the Executive and</u> <u>Committees of the Council</u>

#### (a) <u>Review of Hackney Carriage Fares</u>

It was moved by Councillor Loraine Woolley and seconded by Councillor Ric Metcalfe that Option 2, as detailed in the report and Appendix D, be adopted by the Council for implementation, provided that the unit of measurement be converted from metres to miles and yards.

On being put to the meeting, the motion was declared carried.

#### RESOLVED

That Option 2, as detailed in the report and Appendix D, be adopted by the Council for implementation, provided that the unit of measurement be converted from metres to miles and yards.

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# COUNCIL

# **REPORT UNDER RULE 2(VI) OF THE COUNCIL PROCEDURE RULES**

# Report by Councillor Neil Murray – Portfolio Holder for Economic Growth

#### ECONOMIC REGENERATION

I made a report to Full Council in November last year and a lot has changed since then. Inflation has increased dramatically and the insecurities of Covid have been replaced by the insecurities of a Cost Of Living Crisis and an economy crashed by incompetent government ministers.

Public Services are in crisis after 12 years of Austerity and the latest Tory Prime Minister has been forced to continue with Austerity after his immediate predecessor managed to crash the economy. As I write this report it is unclear if Levelling Up has been abandoned.

We will do whatever we can to help our local economy and my report is a political overview of our activities in recent months.

It is very sad that the Tory government has contrived to damage the economy so badly that many Lincoln people are now looking at much bigger mortgage payments every month and that many other young Lincoln people are having to abandon or postpone obtaining a mortgage to buy their own home.

# SWANPOOL. THE BIGGEST LEVELLING UP PROJECT IN LINCOLN'S HISTORY?

At long last the development of the Swanpool/Western Growth Corridor is in sight. This development was held up for years by our colleagues at the County Council when they could, as the Highway Authority, have assisted us with access into the site. Our Conservative colleagues on the City Council opposed the development to a man, and, to reinforce their clear opposition to the single biggest Levelling Up project in Lincoln's history. They even recorded their opposition for posterity.

At the time of writing, it is not known if the Levelling Up agenda will be maintained.

Whilst we await the results of the Levelling Up Funding Process officers have been working jointly with the other Swanpool landowner Lindum Western Growth Community Limited focussing on the technical details of the opening up of infrastructure from Skellingthorpe Road. Approval for these plans is expected by the close of 2022.

Once the approval is in place the works can be tendered and commenced in mid-2023. We will be consulting with residents in the next few months to fully explain the detail of the works in order to mitigate problems and keep disruption to a minimum.

As I said earlier the council is working with Karl McCartney as the local Member of Parliament on a bid for £20 million which will accelerate the delivery of a vehicle/cycle/pedestrian bridge from Tritton Road into the Swanpool area and a

pedestrian/cycle bridge which will replace the existing pedestrian rail crossing at Oak Farm.

This is vitally important as it could enable the bridge to be constructed in 2025, significantly ahead of the original date and would further minimise disruption in the area. Officers will present a full report to the Executive when we know the outcome of the Levelling Up funding process.

# TOWNS FUND PROJECTS IN LINCOLN

# CENTRAL MARKET TRANSFORMATION

The Transformation of the Central Market and the adjacent area is well underway. The old Butcher's corridor has been demolished to make room for a new food/beverage venue. Some of the blind arches have been removed and glazing will be installed and the roof will be glazed. The next phases will see further refurbishment of the market building and the upgrading of the public realm across City Square.

Delivery timescales:

- New A3 food and drink unit, handover to tenant for fit-out in summer 2023.
- Market hall Summer 2023.
- City Square repaving works Autumn 2023.
- OTHER TOWNS FUND SCHEMES IN LINCOLN
  - Lincoln City Football Club Community Skills and Education Hub.
  - Development of the Drill Hall Arts Centre Project.
  - The Barbican Production and Maker Hub for Creative Industries.
  - Lincoln Made Smarter.
  - Store of Stories.
  - Re-imagining Greyfriars.
  - HEAT Institute.
  - Lincoln Connected.
  - Sincil Bank Regeneration.
  - Wigford Way.
  - Tentercroft Street.
  - Lincoln Science and Innovation Park.

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UNITED KINGDOM SHARED PROSPERITY FUND - UKSPF

This fund partially replaces the former ESF/ERDF European Social Fund which Britain was a part of before Brexit. As part of the Levelling Up agenda, it is designed to be spent on improving skills, community cohesion and economic activity.

The City Council has been allocated  $\pounds$  2,810,773 and we are awaiting confirmation from government that our plans for local delivery are in line with their aspirations and we will be working with our communities to deliver the activities which contribute to the Levelling Up process.

# LINCOLN'S HERITAGE

It has been announced recently that the National Lottery Heritage Fund will be putting  $\pounds$  1.95 million towards the refurbishment and regeneration of the Greyfriars building. The council will also utilise Towns Fund money to finally make the Re-imagining project a reality.

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This is very good news but has taken an age and highlights how the government ignores our heritage despite its obvious cultural value. I hope we do not have to wait till other ancient monuments start to fall over for central government to wake up to the problem and opportunities in regard to historic monument preservation.

Some of the highlights of the Heritage Team's recent work –

- Archaeological Borehole sampling at the former large Co-op shop on Waterside South confirms the former course of the River Witham in the area and shows where archaeological remains could be found. This includes Narrowing down the area in which nationally significant Middle Saxon remains are likely to be found. This will be used to inform new development in the area.
- The council facilitated a student training excavation at the Lawn in the summer by the Archaeology department of Bishop Grosseteste University in the grounds. This revealed some interesting finds from the Medieval period including a Viking gaming piece in the style of the Lewis chess men and a coin from the reign of King Stephen (1135-1153).
- For their next training dig BGU would like to investigate in the Swanpool area looking at the Monastic settlement of Haw Hill. This could be a multi-year excavation and has the potential to create new educational and tourist opportunities in the area.

HIGH STREET HISTORIC ACTION ZONE PROJECT (HSHAZ).

This project has successfully utilised Heritage England funds to improve historic buildings in and around the High Street. Among these are –

- St Mary's Guildhall. Long awaited refurbishment of the fabric of this historic building is now ongoing. New roofing materials have been used to match the original tiles. The stonework has been repaired and new buttresses added to keep the building safe.
- Central Market. Some of the historic features have been repaired using HAHAZ funding.
- St Mary Le Wigford church. We are hoping to build a new wall around the historic church.
- North End of Sincil Street. HAHAZ funds have been used to repair historic features of rare back to back houses.
- The Albion Hotel/Barbican. Work is being carried out to repair and clean the stonework and repair the windows. Discussions continue regarding internal works.

# PLANNING POLICY

#### SWANPOOL

The council's planning officers did great work in conducting the planning process for the Swanpool project. The project is massively important for the future of Lincoln and there will be great boost to the local economy. I was very pleased at the response of members of the public who attended the Planning meeting or watched it unfold on the internet. They were all impressed by the professionalism of the officers and the event itself which reflects very positively on the council as a whole. Well done.

That was an exceptional event and application. The day to day performance of Development Control is also impressive with the targets set by central government being met comfortably. Tellingly no planning applications have been overturned at appeal by Inspectors up to now which highlights the robustness of the decisions made by the Planning Committee.

#### LOCAL LISTING

I would like to thank the volunteers from the Society for Lincolnshire History and Archaeology for their help in the Local Listing project. This is valuable work in helping the council identify significant buildings in the city which merit Listing.

#### LOCAL PLAN

The Local Plan rolls on and the draft document has been submitted to the Planning Inspectorate. Public Hearing sessions are due to begin in November.

Milestones in the last year or so:

- Central Lincolnshire Joint Strategic Planning Committee (CLJSPC) Annual General Meeting took place in June 2021 where the committee agreed the consultation draft of the plan and the eight week consultation period which took place during July and August 2021.
- Analysis of the public responses to the draft plan and preparation for the next stage of the process.
- In February, this year agreement by the CLJSPC of amended draft plan for submission.
- Late July Plan submitted for Examination and Hearing sessions to come in November and adoption of the Plan expected in April 2023.

# FUTURE POLICY.

It is important to think how we can improve our planning policies where we are not so strong. I think we need to look closely at the way in which community assets can be easily changed into development opportunities. We need a more robust policy on the retention of buildings which have a social value to neighbourhoods. For example, I am thinking of pubs which are valued by residents.

#### SMALL BUSINESS SUPPORT.

The council operates two managed workspaces in the city, the Terrace for the creative industries and Greetwell Place which is open to all businesses. At Greetwell Place We provide excellent reception services for the tenants and administrative services including typing, photocopying and telephone answering services. Our occupancy rates are consistently high and we have a waiting list.

#### CAR PARKS/PARKING

As we are all aware our car parking services are important for people to get to work, into town or for leisure. We also manage on-street parking in the Resident Parking Scheme areas.

Our car parks are also important in terms of revenue income to the council. Over the years we have invested heavily in the car parks and we provide a good service to the public. Usage of the car parks recovered well after Covid but it could reduce again as the Cost of Living Crisis gets worse. Parking income for September 2021 and August 2022 was  $\pounds$  5.4 million as against a target of  $\pounds$  4.6 million. Usage dipped in August and it could well be a new, downward, trend.

After a very long, frustrating delay, the County Council have approved new RPS zones in Boultham and Park wards. Zone 5B should be implemented in February 2023. They will be advertising the proposed zone 5C in the next few weeks and hopefully 5D will follow next year.

I was very surprised the County Council chose to ignore residents of the Bailgate who requested an extension of the RPS scheme into their area. The City Council put forward a compromise solution which would have shared parking in the area between shoppers and residents. The compromise was supported by the local county councillors but ignored by their County Council colleagues. It is a good example of why we need local people deciding on our services rather than people who do not represent Lincoln wards.

#### RESIDENT'S PARKING SCHEME.

The RPS scheme is not a magic system to cure parking issues but it is a useful way of bringing some order to parking chaos. It can transform an area from a free car park for shoppers and commuters into a quieter, less busy area with room for residents to park near their homes.

#### PARKING STRATEGY REVIEW

An Internal Review group met recently and it will discuss vision and the timeline for the review.

#### WELL DONE.

I would like to thank the Parking Services team for their efforts since my last report. They get on with their jobs in sometimes very difficult circumstances.

#### PARK WARD REGENERATION.

Planning for the transformation of Hermit Street continues. We look forward to reconfigured and refurbished flats and new houses to regenerate the area. In the wider Sincil Bank area the introduction of RPS will have a beneficial effect on the quality of life of residents.

#### TOURISM

Tourism in Lincoln bounced back from Covid. The Staycation phenomenon was evident in the city when restrictions were lifted. We await figures from this Summer and it will be interesting to see if the Cost of Living Crisis affects visitor numbers as we go forward. On a positive note, well done to the staff at the Visitor Information Centre who were awarded the Travellers Choice 2022 status by TripAdvisor.

#### CHRISTMAS MARKET 40<sup>th</sup> ANNIVERSARY

Our Christmas Market came back last year and it was excellent. Council officers' preparatory work and the public's appetite for enjoying the Christmas period made it a great success.

This year is the 40<sup>th</sup> anniversary and something we should be very proud of. The market is a world class event organised by a small District Council. We are in a difficult financial moment again but hopefully the market will attract lots of people to the city again this year and we can enjoy the special anniversary. We have some new ideas to mark our 40<sup>th</sup> and make it really special.

# COUNCILLOR NEIL MURRAY - EXECUTIVE MEMBER, FOR ECONOMIC GROWTH

# COUNCIL

# Report by Councillor Naomi Tweddle, Chair of Equality and Diversity Advisory Panel

# Introduction

I have been chair of the Equality and Diversity Advisory Panel since September 2017. This latest report brings council members up to date with the most recent work of the panel over the past year in line with Council reporting timescales.

I would like to thank each member of the Equality and Diversity Advisory Panel and officers for their ongoing support.

The Equality and Diversity Advisory Panel is an informal advisory working group rather than a formal committee. The membership of the panel comprises of elected members and officers and is an important part of council functions. The panel gives elected members an opportunity to discuss equality and diversity with the relevant officers and to give members the chance to share their views. It also allows the council to look at its policies, services and practices and consider whether there needs to be further equality adjustments made.

The members who sit on the Equality and Diversity Advisory Panel are:

- Cllr Naomi Tweddle (Chair)
- Cllr Sue Burke (Vice-Chair)
- Cllr Matthew Fido
- Cllr Gary Hewson
- Cllr Jane Loffhagen
- Cllr Ric Metcalfe
- Cllr Clare Smalley
- Cllr Rachel Storer
- Cllr Joshua Wells

In addition, a range of council officers also sit on this panel, each having a connection to the topic of equality and diversity through their areas of work.

# Summary of Main Work

The Equality Act 2010 Public Sector Equality Duty requires public sector organisations to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The panel has met on two occasions in the past year. These meetings were as follows:

Tuesday 2<sup>nd</sup> March 2022

Agenda items -

- 1. Equality & Diversity Member Training
- 2. Equality & Diversity Member Survey
- 3. City of Lincoln Council Gender Pay Gap
- 4. Update on the Equality and Diversity Action Plan

# Wednesday 12<sup>th</sup> October 2022

Agenda items -

- 1. Equality Journal 2021/22
- 2. Update on the Equality and Diversity Action Plan
- 3. Census 2021 update
- 4. Recruitment Report

We continue to focus the Equality and Diversity Advisory Panel agenda on working towards the council's five equality objectives for the period 2020 – 2024. As a reminder these objectives are:

- Objective 1: Our services are more accessible and do not discriminate on any unjustifiable grounds
- Objective 2: Local communities and stakeholders are empowered to influence the way our services are provided to them
- Objective 3: Equality is at the heart of decision making at all levels within the council
- Objective 4: Our workforce at all levels reflects the makeup of the local community
- Objective 5: Equalities, social inclusion and community cohesion have all improved with our communities

Every year we produce an Equality Journal, which provides statistical information on the makeup of the city and compares that to the makeup of our workforce. It also provides information on all of the work we have done over the year to promote equality and diversity at City of Lincoln Council. The Equality Journal for 2021/22 was presented to the Corporate Management Team in September 2022 and the Equality & Diversity Advisory Panel in October 2022. The Equality Journal 2021/22 will also be presented to Council on 29<sup>th</sup> November 2022.

# Key equality achievements

I have included below a brief insight into some of the council's key equality achievements as highlighted within the latest Equality Journal 2021/22. Included below are also a couple of additional equality related achievements since the Equality Journal 2021/22 was completed.

# Gender Pay Gap

The latest mean gender pay gap for the whole economy (according to the October 2021 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 11.9%, whilst in the construction sector this is 5.1%. At 3.5%, the council's latest mean gender pay gap is lower than both.

The latest median gender pay gap for the whole economy (according to the October 2021 ONS ASHE figures) is 7.9%, while in the construction sector this is 9.6%. At 1.6%, our latest median gender pay gap is significantly lower than both.

# Council policies

The Corporate Policy Team working with the Legal Services Manager continues to monitor all council policies on a quarterly basis to ensure they are reviewed at the required frequency by service areas and continue to meet the needs of the council and national legislation. Of these policies, 36 are owned and maintained by the Human Resources Team, with the majority having direct or indirect links to the topic of equality and diversity.

# Fostering Friendly Employer

The council has recently been officially approved as a Fostering Friendly Employer. The initiative helps employers to support and recognise the roles of their employees who foster. As required by this accreditation the council has included within its Maternity Policy details of the council's commitment to those staff who have fostering responsibilities. This commitment includes offering foster carers flexible working, together with paid time off for training and settling a new child into their home.

# Retained accreditation to the Carers Charter Quality Award

In December 2021 City of Lincoln Council was successfully re-assessed by Employers for Carers for the Carers Charter Quality Award. The focus of the award is in ensuring that as an employer we are well placed to support and manage employees with unpaid caring responsibilities.

Retained accreditation as a Mindful Employer and Disability Confident Employer

Under this accreditation the council has demonstrated its ongoing commitment to employing disabled people, and that it has met the required criteria regarding employment, retention, training, and career development of disabled employees. The council continues to be proud to display the Mindful and Disability Confident symbol.

# Kept under review the impact of the ongoing pandemic on vulnerable residents and initiated support as required

Throughout 2021/22, the Revenues and Benefits service has closely monitored the ongoing impact of the pandemic on our vulnerable residents. To help mitigate these impacts, during this period the team focused on the following activities to support vulnerable residents:

• Prompt processing of Housing Benefit and Council Tax Support claims

- Assessment and payment of Test and Trace Support Payment applications
- Assessment and payment of a Winter Grant Scheme to specific cohorts
- Holistic welfare reform support through the Welfare Reform Support Team
- Benefits, money, and debt advice through the Welfare Team
- Proactive utilisation of Discretionary Housing Payments
- Proactive utilisation of Council Tax Hardship Fund
- Deferrals of Council Tax instalments due for appropriate cases where undue hardship to taxpayers may occur
- Support to businesses through administration of reliefs and support for business grants schemes

# De Wint Court Redevelopment

Jointly funded between City of Lincoln Council, Homes England and Lincolnshire County Council, the De Wint Court facility plays a vital part in the council's commitment to providing quality homes at affordable rents to meet the diverse housing need within the city.

De Wint Court aims to enhance quality of life and give people the provision to stay within their local communities and access services close to home.

A total of 70 apartments (50 one bed and 20 two bed) have been provided at the extra care facility, which opened on 22<sup>nd</sup> March 2022.

# Forward look

# Equality Action Plan 2022/23

The Equality and Diversity Action Plan 2022/23 contains a range of equality and diversity related actions being delivered across the council between April 2022 and March 2023. The actions set out in the action plan serve to demonstrate how the council is meeting its Equality Objectives and complying with the Equality Act and the Public Sector Equality Duty.

The actions included within the Equality and Diversity Action Plan 2022/23 consist of:

- Equality related actions drawn from Assistant Director Service Plans for 2022/23
- A range recurring equality related actions, which are delivered annually
- Actions suggested for inclusion by the Equality & Diversity Advisory Panel
- Actions which have been identified by service areas

At the time of writing this report there are **25** actions within the Equality and Diversity Action Plan 2022/23. Of these actions:

- **13** actions are on target
- **0** actions are overdue
- 2 actions have been completed
- **10** actions are yet to be started

The actions delivered within this plan will form the basis of the Equality Journal 2022/23.

# **Concluding Comments**

I would like to thank council members and officers for their commitment towards the topic of equality and diversity over the past twelve months.

Looking ahead it is important that we continue to strive to ensure that equality and diversity is at the heart of everything we do. This is particularly pertinent when we are changing services or working on projects.

The next Equality and Diversity Advisory Panel meeting is scheduled to take place in February 2023.

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# SUBJECT: EQUALITY JOURNAL APRIL 2021 TO MARCH 2022

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

**REPORT AUTHOR: GRAHAM ROSE – SENIOR STRATEGIC POLICY OFFICER** 

#### 1. Purpose of Report

1.1 To present the Equality Journal 2021/22 to Council for information.

#### 2. Executive Summary

2.1 The Equality Journal 2021/22 is a record of the key corporate equality actions progressed between April 2021 and March 2022 towards meeting City of Lincoln Council's five Strategic Equality Objectives.

#### 3. Main body of the report

- 3.1 Adopted in early 2020 in line with the council's refreshed strategic plan, Vision 2025, were the council's revised equality objectives for the four-year period from April 2020.
- 3.2 The objectives are underpinned by the annual Equality Action Plan. The actions set out in the action plan serve to demonstrate how the council is meeting its equality objectives on an annual basis.
- 3.3 The Equality Journal at Appendix A reviews the equality actions progressed during the past year and is in effect the council's Equality and Diversity Annual Report. The Journal also acts as an evidence base for what the City of Lincoln Council has undertaken to meet our equality objectives and to comply with the Equality Act 2010 and the Public Sector Equality Duty during the past year. The Equality Journal also includes the latest City of Lincoln Council workforce demographics using data provided by the Council's Human Resources team, together with the latest demographics for the City of Lincoln collated from the Office for National Statistics.

#### 4. Strategic Priorities

4.1 Consideration of equality and diversity is an integral part of the council's strategic plan, Vision 2025, particularly the priority 'Let's reduce all kinds of inequality'. During 2021/22 the council continued to support equality and diversity across all Vision 2025 priorities, whilst also continued to demonstrate its commitment to meeting the requirements of the Equality Act 2010, together with the Public Sector Equality Duty. Moving forward, we will ensure the council continues to adapt to the changing needs of our residents and staff from different backgrounds.

# 5. Organisational Impacts

# 5.1 Finance

There are no direct financial implications arising from this report.

# 5.2 Legal Implications including Procurement Rules

The information and activities stated in this report contribute to the implementation of and the monitoring of progress towards meeting the council's Strategic Equality Objectives and the requirements of the Equality Act 2010 and the Public Sector Equality Duty.

# 5.3 Equality, Diversity & 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 Journal provides information on the activities undertaken by the City of Lincoln Council towards meeting the requirements of the Equality Act 2010, the Public Sector Equality Duty, and our five Strategic Equality Objectives.

#### 6. Risk Implications

- 6.1 (i) Options Explored N/A
- 6.2 (ii) Key risks associated with the preferred approach N/A

# 7. Recommendation

7.1 That Council notes the contents of the Equality Journal April 2021 to March 2022 included at Appendix A, in advance of the Journal being published on the council's website.

Is this a key decision? Do the exempt information categories apply?	No No
Does Rule 15 of the Scrutiny	No
Procedure Rules (call-in and urgency) apply?	
How many appendices does the report contain?	One
List of Background Papers:	None
Lead Officer:	Graham Rose, Strategic Senior Polic

Graham Rose, Strategic Senior Policy Officer Telephone (01522) 873658

# Equality Journal April 2021 to March 2022



Together, let's deliver Lincoln's ambitious future

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Organisation	City of Lincoln Council		
Title	Equality Journal April 2021 to March 2022		
Author - name and title	Graham Rose, Senior Strategic Policy Officer		
Owner - name and title	Graham Rose, Senior Strategic Policy Officer		
Date	8 <sup>th</sup> August 2022		
Approvals	Kate Ellis - Strategic Director – Major Developments – 8 <sup>th</sup> August 2022, CMT – 13 <sup>th</sup> September 2022, E&D Advisory Panel – 12 <sup>th</sup> October 22		
Filename	Appendix A Equality Journal 2021-22		

# Forward

Welcome to the 2021-22 City of Lincoln Council Equality Journal. The purpose of the Equality Journal is to demonstrate how we have continued to meet our equality objectives through the delivery of a range of actions during the year 2021/22. The Journal also provides information on the makeup of the city, together with the makeup of the Council's workforce.

The Journal has been produced on behalf of the Council's Equality and Diversity Advisory Panel. The panel is an informal advisory working group formed of councillors and officers overseeing equality and diversity at the Council and monitoring the progress against the Council's Equality Objectives.

During the year we saw a range of actions completed across the council, and we are extremely proud of what the Council achieved during a time of ongoing uncertainty as a result of the pandemic. The completion of these actions would not have been possible without the dedication and efforts made by our staff and councillors.

Looking ahead it is important that we continue to provide equal opportunity and foster good relations between our residents, which will be more important than ever before as we continue to navigate the ongoing impacts of the pandemic and increases in the cost of living.



Councillor Naomi Tweddle - Chair of Equality and Diversity Advisory Panel

# 1. Introduction

The purpose of the Equality Journal is to provide an update on the activities City of Lincoln Council has undertaken towards meeting the Council's Equality Objectives between 1st April 2021 and 31st March 2022, and to provide in one place up to date equality information. It is in effect the Council's Equality and Diversity Annual Report.

In addition, the Equality Journal also includes information on City of Lincoln Council's workforce demographics and Lincoln's resident demographics, both of which are used to inform decision making.

# Equality Act (2010) and Public Sector Equality Duty

As a reminder there are three aims outlined in the Equality Act (2010) and the Public Sector Equality Duty. These are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The nine protected characteristics are:

- Age
- Disability
- Race
- Sexual orientation
- Gender
- Pregnancy and maternity
- Religion and belief
- Gender reassignment
- Marriage and civil partnership

# 2. Our Equality Objectives

The Council's current Equality Objectives were adopted in 2020 in line with the Council's refreshed strategic plan, Vision 2025. These objectives will remain in place for four years through to 2024.

These objectives are:

- Our services are more accessible and do not discriminate on any unjustifiable grounds
- Local communities and stakeholders are empowered to influence the way our services are provided to them
- Equality and Diversity is at the heart of decision making at all levels within the Council
- Our workforce at all levels reflects the make-up of the local community
- Equalities, Social Inclusion and Community Cohesion have all improved within our communities

The continued close alignment of the Council's equality objectives with its strategic priorities as set out within Vision 2025 provide solid foundations for ensuring equality and diversity are embedded in the work of the Council.

# Service responsibilities

The Customer Services Team continues to lead on providing customer facing support and guidance to Lincoln's residents, ensuring their individual needs are fully considered and respected at all times.

Internally the Corporate Policy Unit continues to retain responsibility for monitoring the Equality Action Plan and providing overall equality information for the Council in this annual Journal.

Human Resources continue to manage staff training in respect of equality and diversity, provide information relating to the Council's workforce and provide employment advice around equality and diversity (e.g., recruitment).

Legal advice continues to be provided by the Legal team, together with guidance on completing Equality Impact Assessments and general equality guidance.

Support and training for members continues to be provided by Democratic Services.

# Equality Objectives Action Plan for 2021-22

An underpinning Equality Objectives Action Plan for 2021-22 set out specific actions identified by service areas and demonstrates progress against the five overarching objectives.

The plan uses a traffic light system to indicate where we are in terms of achieving progress against specific actions and who is responsible.

At the end of the year **15** out of the **21** actions from the 2021/22 action plan had been completed. The remaining six actions within the plan were not progressed within the year. This was either due to resource pressures, or it not being possible to progress the actions due to other influencing factors. However, all actions not progressed within the 2021/22 have been carried forward into the 2022/23 action plan and will be progressed during 2022/23.

The following pages list the main activities progressed between April 2021 and March 2022, which go towards meeting each of the Council's Equality Objectives. This includes those key actions completed within the 2021/22 action plan alongside a range of others progressed across the Council.

Please note, the activities below have been placed under the most relevant City of Lincoln Council Equality Objective. However, in many cases the activities also feed into and support more than one objective.

# 2.1 - Our services are more accessible and do not discriminate on any unjustifiable grounds

Key actions progressed between April 21 and March 22:

- Completed the Boultham Park Lake capital works, which included specific works targeted at protected characteristics including older people and people with learning disabilities
- Completed the redevelopment of De Wint Court residential facility
- Completed annual review of alternative languages and supporting text for Council publications to ensure this included the most frequently spoken languages in the city

# Case Study

# - De Wint Court Redevelopment

The redevelopment of De Wint Court plays a vital part in the Council's commitment to providing quality homes at affordable rents to meet the diverse housing need within the city.

Jointly funded between City of Lincoln Council, Homes England and Lincolnshire County Council, the facility provides care provision, non-resident management & support staff, a wellbeing suite, changing places facility, restaurant, and salon. De Wint Court has been designed in such a way that allows it to respond to an individual's changing care needs with on-site care support.

It aims to enhance quality of life and give people the provision to stay within their local communities and access services close to home.



A total of 70 apartments (50 one bed and 20 two bed) have been provided at the extra care facility, which opened on 22<sup>nd</sup> March 2022.

# 2.2 - Local communities and stakeholders are empowered to influence the way our services are provided to them

# Key actions progressed between April 21 and March 22:

- Delivered regular consultation with members of the Lincoln Citizens' Panel and wider Lincoln residents on a range of topics
- Completed a review of the Council's Consultation Strategy, which includes specific consideration of protected characteristics
- Continued to offer translation and interpretation services to our customers helping to ensure our services remain accessible for all
- Continued to provide Lincoln Community Lottery as a fund-raising tool to more than 80 local good causes serving Lincoln residents

# **Case Studies**

- Regular consultation with Lincoln Citizens' Panel and wider Lincoln residents on a range of topics

The Lincoln Citizens' Panel is formed of a mix of residents from across all areas of the city and from a range of different backgrounds. There are currently 773 members on the panel.

The Council has continued to consult with the Lincoln Citizens' Panel throughout 2021/22 to gain feedback on services and proposals. In addition, most of these consultations were also open to all residents, not just those on the panel. The topics covered through these consultations included:

Survey	Topics included	Month consulted	Lincoln Citizens' Panel	Open to all residents
Climate Change Action in Lincoln	<ul> <li>The impact of climate change in Lincoln</li> <li>Development of a climate change action plan</li> </ul>	May 2021	Y	Y
Lincoln City Recovery Post Covid	<ul> <li>City Centre Recovery</li> <li>Cultural Events and Festivals</li> <li>Working in Lincoln City Centre</li> <li>Contacting the Council during lockdown and afterwards</li> <li>Using technology to contact others</li> </ul>	June 2021	Y	Y
Public Open Spaces and Grounds Maintenance Survey	<ul> <li>Feeling of safety in parks and open spaces</li> <li>Parks and open spaces grounds maintenance</li> <li>Street cleanliness</li> </ul>	June 2021	Y	Y
Lincoln Citizens' Panel Autumn Survey.	<ul> <li>Food Health &amp; Safety</li> <li>Travelling into Lincoln City Centre</li> <li>Revenues Service</li> <li>Waste Management</li> <li>City Centre Bus Station</li> </ul>	November 2021	Y	N
Vision 2025 Interim Review and the Council's Budget Proposals for 2022/23 Consultation	<ul> <li>Looking ahead – Vision 2025 Strategic Plan</li> <li>Delivering savings</li> <li>Budget allocation</li> <li>Council tax and rents</li> </ul>	January 2022	Y	Y

Looking ahead, the Council will continue to consult with our residents on a regular basis to gain their views on service delivery and future proposals through both the Lincoln Citizens' Panel and consultations open to all residents.

The Council will also look to undertake a review of the panel to ensure this remains representative of the city. This will involve the recruitment of new panel members.

#### - Translation and interpretation

Our policy is generally not to translate or interpret unless required. However, we do monitor carefully where requests have been received - details of which are provided in the table below.

Language	Number of times
	requested
Russian	88
Bulgarian	38
Polish	38
Romanian	25
Greek	25
Slovak	19
Kurdish	19
Lithuanian	18
Turkish	10
Bengali	6
Portuguese	6
Arabic	4
Pashto	4
Latvian	3
Tamil	2
Mandarin	1
Swahili	1
Albanian	1
Spanish	1
Thai	1
TOTAL	310

Table of requests for interpretation – April 2021 to March 2022

Whilst there were no requests for translation between April 2021 and March 2022 through the Big Word service, our customer facing service areas, specifically Customer Services and the Housing Service, continued to actively raise awareness of the translation service available to our customers should these be required.

Looking ahead promotion of the interpretation and translation services available will continue to take place throughout the coming year.

In light of the new Census 2021 data expected to be released in autumn 2022 in relation to demography and migration, a further review will be undertaken to ensure the council's alternative languages documentation used in publications remains reflective of our customer base and needs.

# 2.3 – Equality and Diversity is at the heart of decision making at all levels within the Council

#### Key actions progressed between April 21 and March 22:

- Equality and Diversity Advisory Panel met on two occasions to consider and comment on equality issues (October 2021 and March 2022).
- Produced the 2020/21 Equality Journal
- Considered Equality and Diversity as part of the review of the Code of Corporate Governance
- Developed an Equality and Diversity resource section on the Council's new intranet, Hub.
- All committee reports requiring decisions included a paragraph on the impact on equality and also a detailed equality analysis if appropriate.
- Ongoing commitment to equalities in our strategic plan Vision 2025 with continued commitment to reducing all kinds of inequality.
- Ongoing maintenance and development of the Council's website in line with accessibility legislation

#### Case Studies

# Equality and Diversity Advisory Panel met on two occasions to consider and comment on equality issues (October 2021 and March 2022).

The Council's Equality and Diversity Advisory Panel is an internal working group formed of elected members and Council officers. During 2021/22 the panel met on two occasions. The topics discussed in these meetings included:

#### Wednesday 13th October 2021

- 1. Equality Journal April 2020 to March 2021
- 2. Progress with the Equality & Diversity Action Plan
- 3. Corporate Consultation and Engagement Strategy 2021-2025
- 4. Supporting Elected Members To Undertake Their Role
- 5. Human Resources Update

#### Tuesday 2<sup>nd</sup> March 2022

- 1. Equality & Diversity Member Training
- 2. Equality & Diversity Member Survey
- 3. City of Lincoln Council Gender Pay Gap
- 4. Update on Equality and Diversity Action Plan

#### Development of an Equality and Diversity resource section on the Council's new intranet, Hub.

As part of the development of the Council's new intranet, Hub, a new Equality and Diversity resource section has been designed and launched. This section is easily accessible by staff and is reviewed and updated on a regular basis. Included within this section is a wide range of Equality and Diversity resources aimed at ensuring Equality and Diversity is considered in everything we do. Resources include -

- A reminder of the Council's five Equality Objectives
- The current Equality Objectives Action Plan 0
- Equality, Diversity and Human Rights Policy
- Equality Tree of Responsibility
- Equality Analysis Toolkit
- Equality Monitoring Form
- o Equality Journal
- A guide to undertaking Equality Analysis

Human E-learning Employ Resources E-learning Employ	yee Benefits 🗸 Employee Handbook iTrent Pay Managers Art	HR Forms Occ Health Trade Unions	☆ Not following
🖻 Send to 🗸 🔯 Immersive Reader			
Kelb	ality and Diversity by Alton (Clty of Lincoln Council) Associate		
What	t is Equality?	What is Diversity?	
	ity is being treated fairly and being given the same opportur dless of personal characteristics.	ties Diversity is recognising, valuing and celebrating differen about creating working cultures and practices that recog values and celebrates individual differences.	

The council is committed to providing excellent and equal access to our services for all our customers and staff.

#### Equality Objectives

The council is required to set at least one equality objective every four years. In April 2020 the council set the following five objectives:

- 1. Our services are accessible and do not discriminate on any unjustifiable grounds
- 2. Local communities, partners and stakeholders are empowered to influence the way our services are provided to them 3. Equality and Diversity is at the heart of decision making at all levels within the council
- Our workforce at all levels reflects the make-up of the local community
   Equalities, Social Inclusion and Community Cohesion have all improved within our communities



# 2.4 – Our workforce at all levels reflects the makeup of the local community

#### Key actions progressed between April 21 and March 22:

- Continued to monitor the make-up of our workforce
- Gender Pay Gap 2021 considered by the Equality & Diversity Advisory Panel
- Retained accreditation as a Mindful Employer and Disability Confident Employer
- Retained accreditation to the Carers Charter Quality Award
- Continued to review and refresh the mandatory Equality and Diversity training for all employees
- Continued to deliver manager briefings and training sessions, which included Equality & Diversity topics.

#### Case Study

# Retained accreditation as a Mindful Employer and Disability Confident Employer

Under this accreditation the Council has demonstrated its ongoing commitment to employing disabled people, and that it has demonstrated it has met the required criteria regarding employment, retention, training, and career development of disabled employees.

As a reminder the Council is proud to display the Mindful and Disability Confident symbol because -

- the Council is committed to achieving an educational and working environment, which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, gender, gender reassignment, marriage & civil partnership, disability, pregnancy & maternity, religious or beliefs, age, and sexual orientation.
- the Council is proud to receive the Disability Confident Employer Symbol as we have adopted a proactive approach to employing disabled people and are trying to create a more diverse workforce.
- the symbol helps to make it clear to disabled people that we welcome applications from them and are positive about their abilities. It also shows existing employees that we value their contribution and will treat them fairly should they become disabled.

#### Retained accreditation to the Carers Charter Quality Award

In December 2021 City of Lincoln Council was successfully re-assessed by Employers for Carers for the Carers Charter Quality Award.

The focus of the award is in ensuring that as an employer we are well placed to support and manage employees with (unpaid) caring responsibilities.



During the reassessment process, the feedback received

was positive and particularly referenced that the policies and practices the Council had in place before the pandemic had been sufficiently robust to ensure that we were able to continue and adapt as an organisation to: -

- support unpaid carers in our workplace during lockdowns, restrictions and migrating to new ways of working (hybrid / agile)
- signpost and raise awareness to service users in our communities who have caring responsibilities of the various avenues of support they can access

Further information on the Carers Charter Quality Award can be found via the Every One website - <u>https://every-one.org.uk/what-we-do/carers-quality-award/</u>

### 2.5 – Equalities, Social Inclusion and Community Cohesion have all improved within our communities

Key actions progressed between April 21 and March 22:

- Re-connected with members of the Sincil Bank community following the reopening of the Portland Street Hub to the public
- Continued to underwrite the Bridge Church FiSH initiative to help those families who are 'just about managing' utilising ring-fenced funding carried forward from 2020/21
- Continued to provide support for refugees arriving in the city
- Kept under review the impact of the ongoing pandemic on vulnerable residents and initiated support as required
- Continued to support the development of the Black, Asian and Minority Ethnic (BAME) network
- Reached over 90 signees to the Lincoln Social Responsibility Charter demonstrating the commitment of Lincoln organisations to their employees and the local community

#### Case studies

# Kept under review the impact of the ongoing pandemic on vulnerable residents and initiated support as required

Throughout 2021/22, the Revenues and Benefits service has closely monitored the ongoing impact of the pandemic on our vulnerable residents. To help mitigate these impacts, a number of initiatives were put in place during the year. These initiatives included:

- Prompt processing of Housing Benefit and Council Tax Support claims
- Assessment and payment of Test and Trace Support Payment applications
- Assessment and payment of a Winter Grant Scheme to specific cohorts
- Holistic welfare reform support through the Welfare Reform Support Team
- Benefits, money, and debt advice through the Welfare Team
- Proactive utilisation of Discretionary Housing Payments
- Proactive utilisation of Council Tax Hardship Fund
- Deferrals of Council Tax instalments due for appropriate cases where undue hardship to taxpayers may occur
- Support to businesses through administration of reliefs and support for business grants schemes

The Revenues and Benefits service and the wider Council will continue to monitor the ongoing impacts of the pandemic over the coming year.

#### Reached over 90 signees to the Lincoln Social Responsibility Charter

Launched in 2018, the Lincoln Social Responsibility Charter aims to give recognition to those organisations located in and around the City of Lincoln for going above and beyond to support their employees and the local community, and subsequently helping to provide our residents with a better quality of life.

Organisations gaining accreditation agree to the following principles:

- Committed to treating staff fairly to ensure they have a reliable, skilled, and motivated workforce
- Committed to supporting local communities to enable local charities and community groups to deliver their services and help to make Lincoln a better place to live and work

In addition, all charter signees are committed to:

- Supporting employees to have a healthy work / life balance
- Enhancing the local economy through paying fair wages
- Supporting local charities and community groups to ensure they have the resources needed to succeed
- Developing the knowledge and skills of employees
- Continuing to make Lincoln a remarkable place to live & work

- Encouraging other / new organisations to embrace social responsibility
- Monitoring the progress we are making

In 2021/22, the number of local organisations accredited to the charter reached 95 signees, with each agreeing to and demonstrating that they meet the principles above.

All signees to the charter either have a base within the city boundary and/or have employees which live within the city boundary, which ensures the initiative remains local and benefits the city. Signees consist of a mix of small, medium, and large organisations from across a wide range of sectors. Work will continue over the year ahead to encourage further organisations to undertake socially responsible activities to benefit their employees and the local community, and gain accreditation to the charter.

## 3. Demographic of Lincoln

Provided below is the latest population demographic data for the City of Lincoln. The total population figure, population by gender, and population by age data for Lincoln has been drawn from the Census 2021 data released in June 2022. However, at the time of writing this Journal the new Census 2021 data in relation to religion, belief, disability, ethnicity, occupation, and population of Lincoln who can speak English well (by profession and ward) had not been published. In these cases, the latest data available is the Census 2011 data, which has been included as a reference point.

For Census 2021 data it is important to note that all figures have been individually rounded to the nearest hundred by the Office for National Statistics (ONS). As a result, figures may not add exactly in all datasets due to this rounding. It is also important to note that figures may differ slightly in future releases because of the impact of removing rounding and applying further statistical processes.

Total population					
Census 2011	Census 2021				
Population count	Population count	Difference between 2011 & 2021	Percentage change between 2011 & 2021		
93,541	103,900	10,359	11.1%		

#### Census 2011 vs Census 2021 data

Source: Census 2011 & 2021 Office for National Statistics

	Population by gender							
Census 2011		sus 2011	Cens	sus 2021				
Gender	Count	Percentage of total 2011 population	Count	Percentage of total 2021 population	Difference between 2011 & 2021	Percentage change between 2011 & 2021		
Female	47,768	51.1%	52,400	50.5%	4,632	9.7%		
Male	45,773	48.9%	51,400	49.6%	5,627	12.3%		

Source: Census 2011 & 2021 Office for National Statistics

		Population b				
	Cen	sus 2011	Cen	isus 2021		
Age Group	Count	Percentage of total 2011 population	Count	Percentage of total 2021 population	Difference between 2011 & 2021	Percentage change between 2011 & 2021
Age 0-4	5,514	5.9%	5,100	4.9%	-414	-7.5%
Aged 5-9	4,303	4.6%	5,400	5.2%	1,097	25.5%
Aged 10-14	4,548	4.9%	5,300	5.1%	752	16.5%
Aged 15-19	7,706	8.2%	8,800	8.5%	1,094	14.2%
Aged 20-24	11,198	12.0%	13,600	13.1%	2,402	21.5%
Aged 25-29	7,915	8.5%	7,900	7.6%	-15	-0.2%
Aged 30-34	6,363	6.8%	7,700	7.4%	1,337	21.0%
Aged 35-39	5,582	6.0%	6,500	6.3%	918	16.4%
Aged 40-44	5,901	6.3%	5,800	5.6%	-101	-1.7%
Aged 45-49	6,181	6.6%	5,600	5.4%	-581	-9.4%
Aged 50-54	5,384	5.8%	6,000	5.8%	616	11.4%
Aged 55-59	4,746	5.1%	6,000	5.8%	1,254	26.4%
Aged 60-64	4,874	5.2%	5,000	4.8%	126	2.6%
Aged 65-69	3,709	4.0%	4,100	4.0%	391	10.5%
Aged 70-74	3,004	3.2%	4,000	3.9%	996	33.2%
Aged 75-79	2,472	2.6%	2,800	2.7%	328	13.3%
Aged 80-84	2,075	2.2%	2,000	1.9%	-75	-3.6%
Aged 85-89	1,335	1.4%	1,300	1.3%	-35	-2.6%
Aged 90+	731	0.8%	800	0.8%	69	9.4%

Source: Census 2011 & 2021 Office for National Statistics

Census 2021 data shows the largest change in population was in the age group 70-74, which saw a percentage increase of 33.2% in population between 2011 and 2021. The age groups 5-9 (25.5%), 20-24 (21.5%), 30-34 (21%) and 55-59 (26.4%) have also seen relatively large increases. In comparison, the age group 45-49 saw the largest decrease in population by 9.4% during this period. The age groups 0-4 (-7.5%), 25-29 (-0.2%), 40-44 (-1.7%), 80-84 (-3.6%) and 85-89 (-2.6%) have also seen decreases in population over the ten year period.

#### Census 2011 data

Population by religion or belief				
Religion / Belief	Number			
Buddhist	303			
Christian	54,265			
Hindu	335			
Muslim	902			
Jewish	63			
Sikh	73			

Source: Census 2011 Office for National Statistics

Population with a disability					
Disability	Number	Percentage			
Day-to-day activities limited a lot	8,012	8.6%			
Day-to-day activities limited a little	9,254	9.9%			
Day-to-day activities not limited	76,275	81.5%			
Courses Consul 2011 Office for National Statisti					

Source: Census 2011 Office for National Statistics

Population by ethnicity					
Ethnicity	Number	Percentage			
White British (England, Northern Ireland,	83,653	89.4%			
Scotland, Wales)					
White Irish	719	0.8%			
White Gypsy or Irish Traveller	80	0.1%			
White: Other White	4,927	5.3%			
Mixed/multiple ethnic group: White and	367	0.4%			
Black Caribbean					
Mixed/multiple ethnic group: White and	189	0.2%			
Black African					
Mixed/multiple ethnic group: White and	372	0.4%			
Asian					
Mixed/multiple ethnic group: Other Mixed	302	0.3%			
Asian/Asian British: Indian	522	0.6%			
Asian/Asian British: Pakistani	139	0.1%			
Asian/Asian British: Bangladeshi	139	0.1%			
Asian/Asian British: Chinese	452	0.5%			
Asian/Asian British: Other Asian	542	0.6%			
Black/African/Caribbean/Black British:	504	0.5%			
African					
Black/African/Caribbean/Black British:	165	0.2%			
Caribbean					
Black/African/Caribbean/Black British:	109	0.1%			
Other Black					
Other ethnic group: Arab	175	0.2%			
Other ethnic group: Any other ethnic group	185	0.2%			

Source: Census 2011 Office for National Statistics

Population of Lincoln that can speak English well by profession								
Occupation	Main language is English	Main language is not English	Main language is not English: Can speak English well or very well	Main language is not English: Cannot speak English or cannot speak English well				
1. Managers, directors and senior officials	4,523	162	138	24				
2. Professional occupations	7,731	460	430	30				
3. Associate professional and technical occupations	6,197	214	193	21				
4. Administrative and secretarial occupations	7,305	175	149	26				
5. Skilled trades occupations	7,380	393	269	124				
6. Caring, leisure and other service occupations	6,910	334	295	39				
7. Sales and customer service occupations	9,350	187	162	25				
8. Process, plant and machine operatives	5,949	1,182	801	381				
9. Elementary (entry level/basic skills) occupations	12,331	1,200	764	436				

Source: Census 2011 Office for National Statistics

Population of Lincoln that can speak English well by ward						
Area	Main Ianguage is English	Main language is not English	Main language is not English: Can speak English well or very well	Main language is not English: Cannot speak English or cannot speak English well		
Lincoln	67,676	4,307	3,201	1,106		
Abbey	7,582	1,192	868	324		
Birchwood	5,911	259	198	61		
Boultham	5,567	283	199	84		
Bracebridge / Witham	5,530	119	86	33		
Carholme	10,904	667	556	111		
Castle	5,761	188	151	37		
Glebe	4,843	366	259	107		
Hartsholme	5,092	105	90	15		
Minster	5,388	137	109	28		
Moorland	5,355	144	100	44		
Park	5,743	847	585	262		

Source: Census 2011 Office for National Statistics

NiNo (National Insurance) registrations to adult overseas nationals entering Lincoln between 2013/14 & 2021/22				
Financial Year	Number of NiNo (as of March each			
	year)			
2013/14	1,002			
2014/15	1,164			
2015/16	1,514			
2016/17	1,592			
2017/18	1,409			
2018/19	1,091			
2019/20	1,327			
2020/21	470			

Source: LG Inform / Department for Work and Pensions

Due to an underlying data issue, the 2021/22 National Insurance number allocations to adult overseas nationals entering the UK data was not available at the time of writing this Journal. The Department for Work and Pensions is currently looking into the issue and the latest data will be reviewed upon release.

As a result of the above, the latest data available is subsequently 2020/21. During this year there was a significant decrease in the number of National Insurance registrations to overseas nationals entering Lincoln. This decrease could also be seen throughout the UK. It is difficult to determine whether this decrease is as a result of Brexit, the COVID-19 pandemic, or a combination of both. Future data releases will continue to be monitored to help understand the reasons for this decrease.

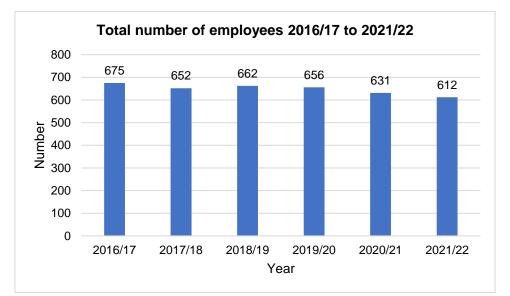
## 4. Our workforce over time

The section below shows how the Council's workforce demographics have changed over time.

In some cases, comparable data is not available for the full period 2016/17 to 2021/22, and in these cases the most recent data has been provided.

It should be noted that the Council's policy to initially advertise vacancies internally (to provide existing staff with development opportunities) means the rate of change in employee demographics is necessarily slower than if all vacancies were offered externally.

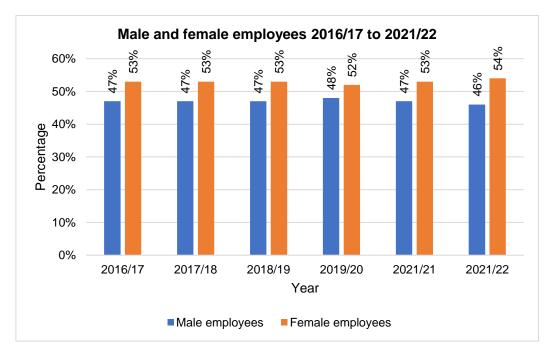
A comparison against how representative the Council's workforce is against the latest Census 2021 population data has also been provided focusing on Gender. As above, it is important to note that limited Census 2021 data was published by the Office of National Statistics at the time of writing this Equality Journal. All Census 2021 data is expected to be published by summer 2023.



#### Total number of employees

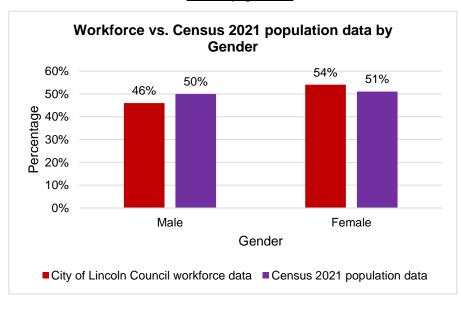
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Total number of employees	675	652	662	656	631	612

#### Male and female employees



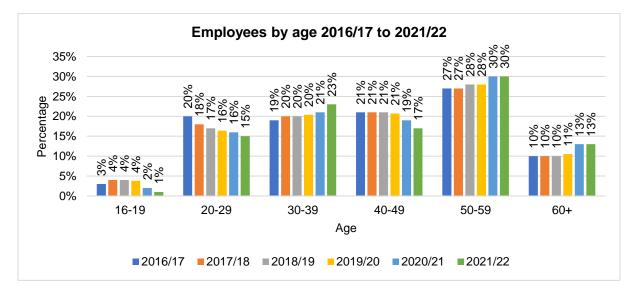
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Male employees	47%	47%	47%	48%	47%	46%
	(317)	(309)	(311)	(314)	(294)	(280)
Female	53%	53%	53%	52%	53%	54%
employees	(358)	(343)	(351)	(342)	(337)	(332)

City of Lincoln Council 2021/22 workforce data compared to Census 2021 population data by gender



The latest Census 2021 data for Lincoln shows males make up 50% of the population and females make up 51% of the population (following rounding). Council workforce data shows that males make up 46% of the City of Lincoln Council workforce and

females make up 54% of our workforce. This shows the City of Lincoln Council workforce is slightly under represented in terms of male employees when compared to Census 2021 population data and slightly over represented in terms of female employees. However, it is important to note that this comparison is against Census 2021 population data city wide and not solely against those in the city that are economically active.



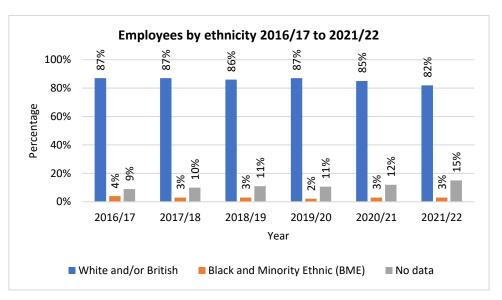
#### Employees by age

Age	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
16-19	3% (22)	4% (23)	4% (26)	4% (25)	2% (11)	1% (8)
20-29	20% (132)	18% (117)	17% (112)	16% (108)	16% (101)	15% (91)
30-39	19% (131)	20% (132)	20% (134)	20% (134)	21% (134)	23% (142)
40-49	21% (143)	21% (140)	21% (140)	21% (136)	19% (118)	17% (107)
50-59	27% (179)	27% (177)	28% (184)	28% (184)	30% (187)	30% (185)
60+	10% (68)	10% (63)	10% (66)	11% (69)	13% (80)	13% (79)

The Human Resources team is currently reviewing the Council's recruitment policy and a variety of attraction strategies to support with skills shortages and to increase the number of applicants from a wider pool as possible.

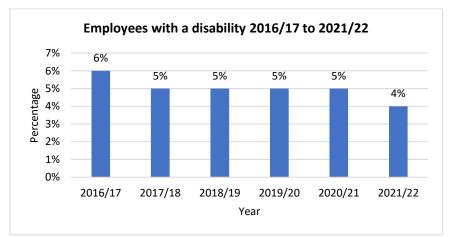
Unfortunately at the time of writing this report it has not been possible to directly compare workforce demographic data against Census 2021 data by age. This is due to the age breakdown split being different between the two datasets. However, it is expected we will be able to include this comparison within the next Equality Journal.

#### Employee by ethnicity



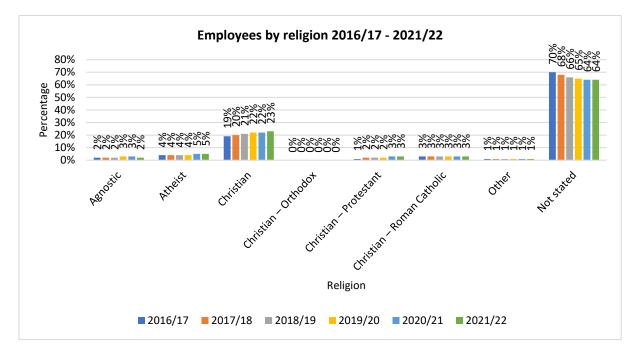
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
White and/or British	87% (587)	87% (565)	86% (571)	87% (571)	85% (535)	82% (499)
Black and Minority Ethnic (BME)	4% (28)	3% (20)	3% (20)	2% (15)	3% (18)	3% (19)
No data	9% (60)	10% (67)	11% (71)	11% (70)	12% (78)	15% (94)

#### Employees with a disability



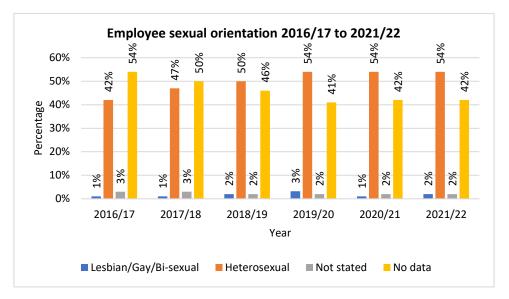
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/21
Employees with a disability	6% (38)	5% (34)	5% (30)	5% (34)	5% (32)	4% (27)
Total number of employees	675	652	662	656	631	612

#### Employees by religion



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Agnostic	2% (12)	2% (13)	2% (15)	3% (17)	3% (16)	2% (14)
Atheist	4% (24)	4% (24)	4% (28)	4% (29)	5% (29)	5% (32)
Christian	19% (128)	20% (133)	21% (139)	22% (146)	22% (140)	23% (138)
Christian -	0% (2)	0% (2)	0% (2)	0% (1)	0% (1)	0% (1)
Orthodox						
Christian –	1% (10)	2% (13)	2% (14)	2% (14)	3% (16)	3% (16)
Protestant						
Christian –	3% (22)	3% (20)	3% (20)	3% (21)	3% (21)	3% (16)
Roman						
Catholic						
Other	1% (5)	1% (6)	1% (7)	1% (4)	1% (6)	1% (6)
Not stated	70% (472)	68% (441)	66% (437)	65% (424)	64% (402)	64% (389)

#### Employees by sexual orientation



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Lesbian/Gay/Bi-	1% (8)	1% (7)	2% (10)	2% (11)	2% (11)	2% (12)
sexual						
Heterosexual	42% (284)	47% (304)	50% (333)	54% (354)	54% (340)	54% (332)
Not stated	3% (19)	3% (18)	2% (14)	2% (14)	2% (13)	2% (12)
No data	54% (364)	50% (323)	46% (305)	42% (277)	41% (267)	42% (256)

## 5. Ways of contacting us

If you have any questions on the contents of this Equality Journal, or want to know more about how the City of Lincoln Council is working to meet the aims of the Equality Act 2010 and the Equality Duty, please contact:

#### By Post

Policy Unit City of Lincoln Council City Hall Beaumont Fee Lincoln LN1 1DD

#### By E-mail

policy@lincoln.gov.uk

#### **By Telephone**

01522 881188

### **Alternative languages**

The City of Lincoln Council is passionate about promoting equality and diversity. If you have difficulty in understanding anything in this document, please call us on 01522 881188, or email us at <a href="mailto:customer.services@lincoln.gov.uk">customer.services@lincoln.gov.uk</a>, where we can call in an interpreter for you.

#### Bulgarian

Община Линкълн изключително много държи да насърчава равенството и разнообразието. Ако се затруднявате да разберете нещо в този документ, моля, обадете ни се на номер 01522 881188 или ни изпратете имейл на customer.services@lincoln.gov.uk, където можем да Ви свържем с преводач.

#### Chinese (Simplified, PRC)

林肯市议会(the City of Lincoln Council)热衷于促进平等与多样性。如果您难以理解本文档中的任何内容,请致电 01522 881188 与我们联系,或发送电子邮件 customer.services@lincoln.gov.uk,我们可以为您提供翻译服务。

#### Lithuanian

Linkolno savivaldybė aistringai skatina lygybę ir įvairovę. Jei jums sunku suprasti tai, kas parašyta šiame dokumente skambinkite mums 01522 881188 arba rašykite el. paštu customer.service@lincoln.gov.uk ir mes galėsime jums suorganizuoti vertėją.

#### Polish

Radzie Miasta Lincoln zależy na promowaniu równości i różnorodności. Jeżeli mają Państwo trudności ze zrozumieniem treści zawartych w niniejszym dokumencie, prosimy skontaktować się z nami pod numerem telefonu 01522 881188 lub wysyłając e-maila na adres <u>customer.services@lincoln.gov.uk</u>, w ten sposób będziemy w stanie zamówić usługi tłumaczeniowe dla Państwa.

#### Romanian

Consiliul orașului Lincoln este pasionat de promovarea egalității și a diversității. În cazul în care întâmpinați dificultăți în a înțelege ceva din acest document, vă rugăm să ne sunați la 01552 881188 sau să ne trimiteți un e-mail la <u>customer.services@lincoln.gov.uk</u>, și vă putem chema un interpret.

#### Russian

Городской совет г. Линкольн пропагандирует принципы равенства и культурного разнообразия. Если Вы не уверены, что можете прочитать и понять данный документ

или его части, убедительная просьба позвонить нам по телефону 01522 881188 или написать по адресу <u>customer.services@lincoln.gov.uk</u>. Мы запросим для Вас услуги переводчика.

#### Slovak

Rada mesta Lincoln sa oduševnene venuje propagácii rovnosti a diverzity. Ak máte problém s pochopením čohokoľvek v tomto dokumente, zavolajte nám na číslo 01522 881188, alebo nám pošlite e-mail na adresu customer.services@lincoln.gov.uk, kde vám môžete zabezpečiť tlmočníka.

### If you would like this information in an alternative format, for example in large print or electronically, please contact us on (01522) 881188 or email customer.services@lincoln.gov.uk.

#### COUNCIL

SUBJECT:	STATEMENT OF ACCOUNTS 2021/22
<b>REPORT BY:</b>	CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER:	COLLEEN WARREN, FINANCIAL SERVICES MANAGER

#### 1. Purpose of Report

1.1 To present, for approval, the final Statement of Accounts for the financial year ending 31<sup>st</sup> March 2022, following substantial completion of the audit opinion.

#### 2. Executive Summary

- 2.1 The Statement of Accounts (SOA) for 2021/22 provide a comprehensive picture of the Council's financial circumstances and are compiled to demonstrate probity and stewardship of public funds.
- 2.2 The Council is statutorily required to publish its Statement of Accounts for 2021/22 with an audit opinion and certificate by no later than 30<sup>th</sup> September 2022. This date has been extended, for a period of 5-years, from the ordinary deadline of 31<sup>st</sup> July in response to a recommendation made by Sir Tony Redmond in his independent report into the effectiveness of external audit and transparency of financial reporting in local authorities and is intended to reduce the pressure on authorities (and auditors) to comply with legal deadlines. However, the Accounts and Audit (Amendment) Regulations 2022 further amended the audit deadline for the 2021/22 Statement of Accounts 30<sup>th</sup> November 2022.
- 2.3 It should be noted that the Statement of Accounts for 2021/22 are still subject to final verification by external audit. The audit of the accounts is being finalised by Mazars, who commenced the audit in July. The majority of the audit work has now been completed by Mazars, however should any material changes be necessary as a result of this final external work, these will be reported back to a meeting of this Committee by the Chief Finance Officer.
- 2.4 The Council must make the Statement of Accounts available for public inspection for 10 working days. Following notification from Mazars, this ran from 1st August until 12<sup>th</sup> August 2022 and the External Auditor was available to answer questions during that period, however no questions were received.
- 2.5 During the completion of the external audit no misstatements above the threshold level of £49k were found.
- 2.6 The Council is also required to provide a documented annual review of the effectiveness of its governance arrangements (Annual Governance

Statement), which sits alongside the Statement of Accounts. The overall level of assurance provided in 2021/22 was substantial (green) and is in line with our Code of Corporate Governance. However, there is one significant issue that has been identified. This is in respect of IT Disaster Recovery, an issue which was included in the previous year's AGS. Although progress has been made over the last twelve months it was felt that this issue should remain on the list of significant issues, and progress against the actions will be regularly reported by management to the Audit Committee. There were no new significant issues identified in 2021/22.

#### 3. Background

3.1 The Accounts and Audit Regulations 2015 require the Statement of Accounts to be certified by the Council's Chief Finance Officer by the 31<sup>st</sup> May each year. However, amended Regulations in 2021 have relaxed to this date until 31<sup>st</sup> July for the financial years 2020/21 and 2021/22. The Accounts were then released to be audited by the Council's external auditor, Mazars. After completion of the audit the accounts must be published with the audit opinion and certificate, and before that must have been approved by Full Council, normally by no later than 31<sup>st</sup> July each year, in line with the amended Regulations, however, this date has also been relaxed to 30<sup>th</sup> November 2022. The timescales involved with the approval of the Statement of Accounts for 2021/22 are subject to confirmation:

a) Report draft accounts to Audit Committee	19 <sup>th</sup> Jul 2022
b) Report to Audit Committee	15 <sup>th</sup> Nov 2022
<ul> <li>Report to the Executive</li> </ul>	21 <sup>st</sup> Nov 2022
d) Approval by Council	29 <sup>th</sup> Nov 2022

- 3.2 In order to ensure that the current statutory deadline of 30<sup>th</sup> November is met Mazars must complete their audit and issue the relevant audit opinion. Should any material changes be necessary as a result of this external audit work, these will be reported to a meeting of this Committee when the audited Statement of Accounts will be presented for approval. The Audit Committee will also receive the Audit Opinion from Mazars at that meeting.
- 3.3 There is a great deal of technical detail contained in the statutory rigid format of the Accounts that is not always easily understood by the reader unless they are familiar with accounting and audit standards To assist members in their understanding of the accounts:
  - Training has been provided to members
  - A short summary of the accounts has been produced at Appendix A
  - The remainder of this report sets out a short summary highlighting the key figures in the financial statements.

#### 4. Summary of Key Issues in the Financial Statements

#### 4.1 **The Comprehensive Income and Expenditure Statement**

4.1.1 The Comprehensive Income and Expenditure Statement (CIES) (SOA page 25) – in line with statutory accounting practice the Comprehensive Income and Expenditure Statement (CIES) shows the Council's actual performance for the year measured in terms of the resources consumed and generated over the last 12 months. It should not be misinterpreted as the financial outturn position of the Council as this statement contains a number of accounting entries required under International Financial Reporting Standards (IFRS). Regulation allows local authorities to reverse these amounts out of the accounts before determining their outturn position. There is a note to the accounts (Expenditure & Funding Analysis (SOA page 55)) that adjusts the expenditure that is chargeable to general fund and the HRA balances (as per the actual outturn position) to the accounting entries in the CIES under IFRS. To further assist members interpretation of the CIES the table below summarises the reconciliation between the net surplus on the Provision of Services of £18.924m in the CIES to the outturn position of a decrease in General Fund Balances of £0.465m and a decrease on HRA balances of £0.049m as reported in the Financial Outturn report (Executive 20<sup>th</sup> June 2022).

	£m	£m
Net (surplus)/deficit on the Provision of Services		(18.924)
Of which:		
General Fund	£m	£m
Net (surplus)/deficit on the Provision of Services		3.412
Adjust for:		
Depreciation, revaluation losses and gains & impairment of non- current assets	(2.888)	
Revenue expenditure funded from capital under Statute	(1.677)	
Direct Revenue financing of capital expenditure	0.194	
Gain/loss on the sale of non-current assets	0.03	
Contribution to/from the pensions reserve	(3.284)	
Debt repayment and premiums & discounts on debt	1.444	
Short-term compensated absences	0.064	
Contribution to Government's Housing Capital Receipts Pool	(0.529)	
Capital grants & contributions unapplied credited to CI&ES	3.539	
Adjustment for Collection Fund	7.558	
Adjustment for Financial Instruments	0.002	
Transfer to/from Earmarked reserves	(7.400)	
Total Adjustments		(2.947)
(Increase)/decrease in General Fund Balances		0.465
Of which:		
HRA	£m	£m
Net (surplus)/deficit on the Provision of Services		(22,336)
Adjust for:		

Overall (Increase)/decrease in Balances		(0.514)
(Increase)/decrease in HRA Balances		0.049
Total Adjustments		22.385
Transfer to/from Earmarked reserves	0.331	
Transfer to/from the HRA	2.365	
Capital grants & contributions unapplied credited to CI&ES	4.353	
Short-term compensated absences	0.037	
Contribution to/from the pensions reserve	(1.697)	
Gain/loss on the sale of non-current assets	0.904	
Direct Revenue financing of capital expenditure	0.021	
Depreciation, revaluation losses and gains & impairment of non- current assets	16.071	

- 4.1.2 Clearly the most significant issue for Members to be aware of from the Comprehensive Income and Expenditure Statement is how the Council performed financially in 2021/22, in comparison to the revised budget for the year. As previously reported, there was a projected underspend against the General Fund budget of £0.057m at quarter 3, this underspend has decreased and provisional outturn is now an overall budget surplus of £0.009m.
- 4.1.3 The Housing Revenue Account is reporting a provisional underspend against the revised budget of £0.019m. Allowing for this adjustment, HRA balances were £1.025m and the HRA Repairs Accounts balance was £1.354m as at 31<sup>st</sup> March 2022.
- 4.1.4 Further details on these are provided in the Narrative Report in the Statement of Accounts (*SOA page 3*) and were subject to a separate report to Performance Scrutiny Committee and Executive 16th June 2022 and 20<sup>th</sup> June 2022, respectively.
- **4.2** The Balance Sheet (SOA page 26)
- 4.2.1 **The Balance Sheet** is fundamental to understanding the Council's financial position at the year-end. It shows the Council's balances and reserves, long-term indebtedness, and the non-current and current assets employed in the Council's operations. The key information for members to be aware of in the Balance Sheet as at 31<sup>st</sup> March 2022 are:
- 4.2.2 **General Balances** General balances have decreased by £0.514m during the year, as analysed below:

Description	Opening Balance £m	Closing Balance £m	Increase/ (Decrease) £m
General Fund balances	2.668	2.203	(0.465)
HRA balances	1.074	1.025	(0.049)
HRS	0	0	0
Total	3.742	3.228	(0.514)

4.2.3 **Earmarked Reserves** - in total monies carried forward to pay for specific future commitments (including the insurance fund) have decreased by £7.068m, as analysed below:

Description	Opening	Closing	Increase/
	Balance	Balance	(Decrease)
	£m	£m	£m
Other Specific Reserves	26.043	18.975	(7.068)

This is due to a number of contributions to and from earmarked reserves as reported as part of the 2021/22 Provisional outturn to the Executive 23<sup>rd</sup> June 2022 and as detailed in Note 10 (Transfers to/ from Earmarked Reserves) in the Statement of Accounts (*SOA page 64*). The most significant use of reserves relates to Business Rate Reliefs awarded in response to Covid19. Funding of £7.8m was utilised from the Business Rates Volatility Reserve, which had been received from the Government in 20/21 to finance the Collection Fund deficits which had occurred due to the Reliefs awarded in 21/22.

- 4.2.4 **Liquidity** a reliable indication of liquidity is the ratio of current assets (excluding inventories) to current liabilities. The Council's current assets (excluding inventories) of £76.19m exceed current liabilities of £58.862m by a ratio of 1.3:1, which represents a decrease from the previous year's ratio of 1.49:1. This is due to an increase in short-term borrowing and short-term creditors.
- 4.2.5 Debtors debtors have decreased by £3.473m to £24.916m. The decrease is mainly due to decreases in balances on the Central Government and County Council shares of the Council Tax and Business Rates Collection Fund deficits (£4.1m). These deficits were higher in 20/21 due to the level of Business Rate Reliefs awarded in comparison to the levels awarded in 21/22.
- 4.2.6 **Creditors** have increased by £10.115m to £43.929m. This is mainly due to the receipt of the CT energy rebate grant and the Townsfund Grant paid in advance of being awarded in 2022/23.

#### 4.3 Cross Cutting Key Issues

- 4.3.1 There are a number of areas that have significant impacts or are of particular interest that sit both within the Comprehensive Income and Expenditure Statement and the Balance Sheet. To aid members understanding of the Accounts these are summarised below:
- 4.3.2 **Non-Current Assets** are shown in the Balance Sheet and represent the Council's land, building, heritage, community and intangible assets.
  - The value of non-current assets and assets held for sale in the Balance Sheet has increased by £25m (9.4%) to £455m between 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 (see the Balance Sheet and Notes 14,

15 and 16 for further detail). This net increase is the result of a number of factors:

Revaluations - The Council's Assets are valued on a rolling programme, which ensures each asset is re-valued every 5 years as at the 31<sup>st</sup> March. In addition to this, all assets are reviewed for any material change in their value at the end of each financial year. The results for 21/22 have seen an overall increase in value of £15.5m, which is the net result of valuation gains and losses across a range of assets.

Accounting rules require that where a balance has not built up on the Revaluation Reserve for an individual asset (a reserve which holds accumulated gains following previous revaluations upwards) then any revaluation losses (downwards revaluation in asset values) must be recognised in the Comprehensive Income and Expenditure Statement (CI&ES) and then reversed out in the Movement in Reserves Statement before it impacts on Council Tax payers. Accounting rules also require that where a revaluation loss previously recognised in the CI&ES on an individual asset is subsequently reversed by an upwards revaluation, then the revaluation gain should be recognised in the Comprehensive Income and Expenditure Statement up to the value of the original revaluation loss. Within the £15.5m net upwards movements due to revaluation gains and losses in 21/22, there were:

- £14.7m of net revaluation gain required to be charged to Cost of Services in the CIES. This is mainly due to reflecting the social housing value of housing stock (£16.071m).
- £0.815m of net upwards revaluations were reflected in the Revaluation Reserve (shown in Other Comprehensive Income and Expenditure in the CIES). This was mainly due to the upward revaluation (£1.8m) an increase in the council's land and buildings.
- Additions New capital investment in assets belonging to the Council totalled £20.218m. The main areas of expenditure include £11.4m spent on the Council's new build and acquisition programme, £3.8m improving Council dwellings including reroofing, kitchens and landscaping, £2.5m on refurbishing the crematorium and £0.512m improving our leisure facilities, parks and open spaces. To pay for this investment, the Council has used £9.8m of capital grants and contributions, £1.34m of capital receipts, £3.84m of the Major Repairs Reserve, £6.68m of unsupported borrowing, and £0.215m of direct revenue financing.
- Depreciation a charge is made to the Comprehensive Income and Expenditure account for depreciation to reflect the use of assets in the provision of services during the year. The value of

non-current assets in the Balance Sheet is reduced by an equivalent amount. For General Fund services this charge is reversed out in the Movement in Reserves Statement (MiRS) and replaced with a statutory charge for the repayment of debt. In the HRA under self-financing, depreciation is a real charge to the service however, it is set aside in the Major Repairs Reserve for future investment in the housing stock. In 2021/22 total depreciation was £9.251m (of which £1.9m was charged for non-HRA dwellings and was replaced in the MiRS with £1.5m for the repayment of debt and £7.4m depreciation was charged to the HRA which is available in the Major Repairs Reserve for future investment).

- Disposals assets valued at £2.340m in the Balance Sheet were disposed of in 2021/22. This included 55 Right to Buy sales of council dwellings.
- 4.3.3 **Pensions** the payments made by the Council to the Lincolnshire County Council Pension Fund each year as employer contributions to the scheme and any addition costs relating to pension strain etc are reflected in the financial outturn position of the Council. However, accounting practice requires that in the Statement of Accounts pension costs are shown when the Council is committed to give them, even if the actual giving may be years into the future. This means that:
  - The costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by employees, and the related finance costs and any other changes in value of assets and liabilities are recognised in the accounting periods in which they arise.
  - The financial statements reflect the liabilities arising from the Council's retirement obligations.
  - The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities

Full details are provided in Note 44 to the accounts – Defined Benefit Pension Schemes (SOA page 104) The impact of these accounting requirements in the core financial statements are:

 Comprehensive Income & Expenditure Statement (CIES) - The cost of retirement benefits in the CIES is shown as an actuarial estimate of £5.233m reflecting the retirement benefits earned during 2021/22 and to be funded in the future. This includes £7.803m current service costs and a net interest cost on the defined benefit obligations of £2.077m. This net cost is reversed out in the Movement in Reserves Statement (MiRS) and is replaced by the actual amount charged for pension contributions in the year of £4.899m.  Balance Sheet – The Pension Reserve shows the underlying commitments that the Council has in the long term to pay retirement benefits based on an assessment by the pension schemes actuary. The balance on the Pensions Reserve is the net position of the scheme's liabilities and assets. During 2021/22 the net liability has decreased by £21.190m to £84.949m. The actuarial assumptions are detailed in note 44 to the accounts 'Defined benefit pension scheme'.

It is important for members to be aware that the statutory arrangements for funding the remaining liability of £84.949m means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The financial position of the Council remains healthy.

- 4.3.4 **Officer Remuneration** note 35 to the accounts (*SOA page 94*) details senior staff salaries and the number of employees receiving more than £50k remuneration during the year (this includes receipt of any redundancy payments). Also detailed within the note is the redundancy/pension/payment in lieu costs paid in year, in line with Executive approvals of Towards Financial Sustainability business cases and the Council's redundancy policy.
- 4.3.5 **Borrowing** the Council takes borrowing to fund capital expenditure. It also occasionally takes short-term borrowing for cash flow purposes.
  - Between 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022, the Council's total borrowing increased to £125.18m (excluding accrued interest which is shown in the Balance Sheet under short-term borrowing as at 31<sup>st</sup> March 2022).
  - The total borrowing can be split between short term borrowing (payable within 12 months) of £13.215m and long-term borrowing of £111.962m.
  - The average rate of interest payable on borrowing was 3.02% which is a slight decrease on 2020/21 (3.25%) and due to the new low rate shorter-term loans taken being.
  - The Comprehensive Income and Expenditure Statement for 2021/22 includes £3.797m interest payable on borrowing (excluding leases) of which £1.372m relates to the General Fund and £2.425m to the HRA.

The maturity profile of the outstanding borrowing as at 31<sup>st</sup> March 2022 is as follows:

Within	£m	% of Total Debt
1 year	13.2	10.55%
1 – 2 years	2.5	2.00%
2 – 5 years	2.897	2.31%
5 -10 years	11.462	9.16%
10 years and over	95.103	75.98%

Total 125.177 100	0.00%
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- 4.3.6 **Investments** in line with its Treasury Management Strategy, the Council invests surplus cash on the money markets, typically for periods less than one year to approved organisations, although core cash balances may be invested for periods over 1 year if interest rates and market conditions are favourable.
  - As at 31<sup>st</sup> March 2022, total investments had increased by £15.95m from £33.9m to £49.85m compared to the previous year end.
  - Average investment balances during 2021/22 were £44.7m, compared to £35.8m in 2021/21.
  - The average interest rate received on investments in 2021/22 was 0.19% (a decrease of 0.01% on the average rate achieved in 2020/21 due to the low yield available on balances). This rate is no longer compared to the LIBID rate which ceased in December 2021.

#### 5. Strategic Priorities

- 5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2025 and Strategic Priorities during the financial year 2021/22.
- 5.2 Communication The final Statement of Accounts will be published on the Council website by 30<sup>th</sup> November 2022, in addition the summary version of the accounts published in the Council's Annual Report.

#### 6. Organisational Impacts

- 6.1 Finance The financial implications are contained throughout this report.
- 6.2 Legal In accordance with the Accounts and Audit (Amendment) Regulations 2022 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 30<sup>th</sup> November 2022.
- 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

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

#### 7. Risk Implications

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

#### 8. Recommendation

8.1 That the Statement of Accounts 2021/22 be approved.

Key Decision	No
Key Decision Reference No.	N/A
Do the Exempt Information Categories Apply	No
<b>Call in and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? <b>Does the report contain</b>	No Yes
Appendices? List of Background Papers:	Medium Term Financial Strategy 2021-2026
<b>3 1 1</b>	Financial Performance - Outturn 2021/22
Lead Officer:	Colleen Warren, Financial Services Manager Telephone 873361

#### SUMMARY ACCOUNTS 2021/22

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

#### Income and Expenditure

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

NET EXPENDITURE	£'000
Chief Executive	7,430
Housing & Regeneration	869
Communities & Environment	10,682
Major Developments	896
Corporate	(876)
Net Cost of Services	19,001
Other Operating Expenditure	1,371
Taxation and Non-Specific Grant Income	(16,960)
Surplus on Provision of Services	3,412
FINANCED BY:	£'000
FINANCED BY: Central Government Grant	£'000 23
Central Government Grant	23
Central Government Grant Council Tax	23 7,047
Central Government Grant Council Tax NNDR Business Rates	23 7,047 5,351
Central Government Grant Council Tax NNDR Business Rates Non ring-fenced Government Grants	23 7,047 5,351 1,328
Central Government Grant Council Tax NNDR Business Rates Non ring-fenced Government Grants	23 7,047 5,351 1,328
Central Government Grant Council Tax NNDR Business Rates Non ring-fenced Government Grants Capital Grants and Contributions	23 7,047 5,351 1,328 7,892
Central Government Grant Council Tax NNDR Business Rates Non ring-fenced Government Grants Capital Grants and Contributions Surplus on Provision of Services	23 7,047 5,351 1,328 7,892 3,412

The Council's total gross spend on services for the year was approximately  $\pounds$ 71.507M. Council Tax equated to 9.8% of all income received by the Council. The City Council received  $\pounds$ 6.88 million of Council Tax in 2021/22.

#### Balance Sheet

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

Assets and Liabilities	£'000
Fixed Assets (Land & Buildings)	456,969
Stock (stores of materials)	104
Debtors (people who owe money to the Council)	25,640
Investments (value of money invested)	50,694
Cash at bank	0
Current Liabilities (council debts payable within 1 year)	(58,964)
Long-Term Liabilities (Debts payable after 1 year)	(199,099)
Total Net Assets	275,343
Financed By:	£'000
Usable Reserves	50,094
Unusable Reserves	225,249
Total Reserves and Balances	275,343

#### Here is a summary of the Balance Sheet as at 31 March 2022

At the end of the year the council had  $\pounds 0.816m$  worth of long-term investments and  $\pounds 49.9m$  of short-term investments. At the end of the year the council had  $\pounds 14.9m$  of short-term borrowing and  $\pounds 111.9m$  of long-term borrowing.

#### Cash Flow Statement

This table shows the flow of cash during the year:

CASH FLOW STATEMENT	£'000
Cash as at 1 April 2021	563
Net Cash flow from operating activities	11,044
Net Cash flow from investing activities	(24,808)
Net cash flow from financing activities	13,098
Cash as at 31 March 2022	103

#### **Housing Revenue Account**

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

#### Number of properties

The Council owns 7,806 homes, consisting of the following types:

Total Council Dwellings	7,806
Houses/Bungalows	4,104
High Rise Flats	294
Medium Rise Flats	1,049
Low-Rise Flats	2,350

During the year 33 properties were sold under the Right to Buy scheme.

This table provides a summary of the Housing Revenue Account for 2021/22:

Income	£'000
Council house rents (gross)	(28,700)
Other Income	(1,380)
Expenditure	£'000
Repairs and maintenance	9,035
Supervision and management	7,803
Capital financing costs	(8,363)
Corporate costs	(731)
(Surplus)/Deficit for year	(22,336)
Statutory Adjustments	22,054
Trf to/from Reserves	331
Increase/(Decrease in HRA)	(49)
HRA Balance bought forward	(1,075)
HRA balance carried forward	(1,025)

#### **Capital Expenditure**

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

In 2021/22 the Council's capital expenditure totalled £21.895 million.

#### Below is a breakdown of the capital expenditure for 2021/22:

	£'000
Works to the Housing Stock	3,521
Housing Development and Acquisition	11,423
Crematoria Improvements	2,465
Improvement and Renovation Grants	620
Central Market	617
Boultham Park Lake Restoration	384
Safer Streets App	270
Greyfriars	118
Western Growth Corridor	344
HAZ schemes	634
Towns Fund	837
Other	662
Total Capital Spend	21,895

	£'000
General Fund Investment Programme	6,631
Housing Investment Programme	15,264
Total Capital Spend	21,895



# STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022



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#### An introduction to the City of Lincoln's 2021/22 Statement of Accounts by J Gibson, Chief Finance Officer, Section 151 Officer.

#### The Statement of Accounts

The purpose of the Accounts, which follow, is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The Accounts show the financial performance for 2021/22 and the financial position at 31 March 2022. The Accounts present expenditure and income incurred by the Council in the financial year 2021/22 and highlight changes in the financial position of the Council over the course of the year.

The accounts of the Council are, by their nature, both technical and complex. The information contained within the Accounts for 2021/22 is presented as simply and clearly as possible and the Narrative Report explains some of the statements and provides a summary of the Council's financial performance as at 31st March 2022 and its financial prospects.

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

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

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

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

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

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

The Core Financial Statements, comprising:

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

regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

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

The Supplementary Statements, comprising:

- The Housing Revenue Income and Expenditure Statement this statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.
- The Movement on the HRA Statement this statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.
- The Collection Fund Statement this statement is an agent's statement that reflects the statutory obligation for billing authorities (such as the City of Lincoln Council) to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from Council Tax and Business Rate payers and distribution to Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire (PCCL) and Government of Council Tax and National Non-Domestic Rates (NNDR).

#### Financial Summary 2021/22

The City of Lincoln Council is a high performing and innovative organisation, focussed on providing quality services and delivering outcomes that matter. Our Vision 2025 is an ambitious strategic plan that is helping to transform both the Council and the City through our five strategic priorities.

Unfortunately, due to the unprecedented global pandemic many Vision 2025 projects had to be put on hold in 2020/21, as we changed our focus to addressing the direct impacts of the Covid19 and ensuring our residents and businesses received the support they needed during such a difficult time.



The financial year 2021/22 saw a continuation of the pandemic and the many challenges it brought. The Council had to continue to adapt to evolving events as the country moved through its roadmap of recovery and the full lifting of restrictions. It required flexibility and adaptability to respond to ever changing national and local circumstances. The response to Covid19 continued to be at the forefront of all Council activities for the whole of the financial year.

Whilst within the last year we have seen the full lifting of national restrictions, and the recommencement of services and a return to more normal working conditions, the pandemic has fundamentally affected the way in which the Council works and will have long term and societal impacts. An event of this magnitude has undoubtedly meant that we have to consider how our business and services should operate in the future and the impact of the changing needs and demands of our residents, businesses and customers, on those services.

A first step in the process was the interim review of our Vision 2025, to ensure that our planned actions would meet our residents, businesses and customers emerging needs. Further details are set out under 'Future Plans' below.

The dramatic changes brought about by Covid19 have though taken its toll on the financial resilience of the Council as our income streams plummeted and additional expenditure needed to be incurred to ensure our critical services functioned and we were able to respond to consequences of the pandemic.

Whilst, during 2020/21, an extensive financial support package was provided by the Government for all local authorities (which included a sales, fees and charges income compensation scheme, un-ringfenced grant allocations and a local tax income guarantee scheme,) the financial support provided in 2021/22 only covered the 3-month period April -June 2021. Beyond this the financial impacts of Covid19 have been absorbed by the Council.

Despite the lifting of national restrictions, these financial impacts still continued to detrimentally affect the Council in 2021/22, with income streams remaining at depressed levels and budget pressures arising from demand for services, the availability of goods and services and escalating costs.

Coupled with the direct impacts of Covid19, 2021/22 also bought additional financial challenges for the Council through the wider economic impacts of the pandemic and the emerging consequences of Brexit and the war in the Ukraine. This state of flux in the economy has led to spiralling inflation, labour shortages, supply chain issues and the greatest cost of living crisis of a generation.

In response to this challenging financial environment, we have continued to embrace a forward thinking and ambitious approach in maintaining a sound financial position. We have a strong track record of planning ahead, securing savings in advance, shifting away from traditional cost cutting exercises to more ambitious and forwardthinking opportunities, re-investing in more efficient ways of working, prioritising resources for economic development measures, whilst making careful use of reserves to meet funding gaps and mitigate risks. This is an approach that has served the Council well and allowed us to deliver savings in excess of £10m over the last decade, a significant reduction in comparison to the overall net expenditure budget. We have also maintained our strong financial discipline and for both the General Fund and the Housing Revenue Account the financial outturn for 2021/22 was in line with budgeted expectations, with only minor variances in the planned contributions to/from balances. The General Fund was also able to deliver, and overachieve, against it's Towards Financial Sustainability Programme savings target.

Although both the General Fund and Housing Revenue Account have maintained balanced budget positions in 2021/22 this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges have been addressed.

We will continue to face significant financial challenges as we move into 2022/23, but we will build on our successful financial management to date, with the aim of maintaining a balanced and sustainable financial position, whilst ensuring that our resources are directed towards the priority areas in our relaunched Vision 2025.

#### Performance

Our strategic plan known as Vision 2025, covers the period April 2020 to March 2025. This shared vision for the city is based on a key vision statement "Together let's deliver Lincoln's ambitious future" and includes five strategic priority areas.

Whilst we had to take the decision not to commence new projects as an immediate response to the pandemic situation during 2020/21, within the past twelve months we have started to see services resume once again as we began to learn to live with the ongoing impacts of the pandemic. With the recommencement of services and the return to more normal working conditions, this provided us with the opportunity to turn our attention to restarting the process of delivering our strategic priorities.

Whilst delivery has been challenging, listed below are some of our key achievements under the Vision 2025 work programme delivered during the past 12 months -

- The Boultham Park and Boultham Park lake restoration projects have been completed, revitalising this great open space facility for all to enjoy, and importantly promoting and encourage our residents to get active and live healthy.
- Work to develop a new extra care facility at De Wint Court has been completed, providing a great new facility to meet the changing care needs of individuals through the provision of on-site care support.
- Completed a range refurbishment work to Lincoln's Crematorium, including the construction of a new car park, road resurfacing outside the chapel and associated drainage works, together with the installation of two new cremators. In addition, a second chapel has now been built, which doubles the crematorium's capacity, enabling more tailored services of varying sizes to be offered on site. Improvement work to the roof of the Crematorium will commence shortly.
- Plans for the development of the Western Growth Corridor in the west of the city have been approved. The development will supply the city with 3,200 much needed new homes, a leisure village, industrial park and transport infrastructure.
- Working with partners we have made excellent progress in the Sincil Bank / Cornhill area with much improved public realm.

- We have commenced work on the renovation and repurposing of Lincoln Central Market, which will further support the public realm improvements already delivered in the Cornhill area.
- We have continued to raise awareness of Lincoln Community Lottery as a fundraising tool and have so far raised over  $\pounds 150k$  for good causes located in and around the city.
- We now have over 100 local organisations signed up and accredited to the Council's Lincoln Social Responsibility Charter, each going above and beyond to support their employees and the local community.
- The Council has celebrated its successful second year of the High Street Heritage Action Zones programme, which has so far seen several key projects delivered aimed at preserving the heritage of the city centre and the surrounding area. Activity being delivered as part of this programme includes:
  - An ambitious cultural programme aimed at bringing culture to the high street and celebrating the unique and rich history and diversity of the area through vibrant and engaging open-air activities and events
  - o Grants to repair and convert key historic buildings in the area
  - A community programme of events and activities for people to get involved in their local heritage, work together and learn new skills
  - Property improvement grants to restore and reinstate historic shopfronts and other architectural elements to enhance the unique character and appearance of the area
- Development of a residential scheme on land off Rookery Lane, which will deliver a mix of affordable two, three, and four-bedroom houses, two-bedroom bungalows and one-bedroom flats has now commenced.

In terms of service delivery, performance has, and will continue to be, affected during 2021/22. Clear focus and drive are put into returning to the new business as usual but as with every knew obstacle, challenge and change, this in itself is an ever-changing state of fluctuation. There is however, still clear evidence of performance stabilisation and improvement in service deliver which will add value in the coming months and years. Some key points to note include:

- Clear communication on how residents and businesses could access help and support has continued to be delivered on our website and social media. We have also continued to use video messaging to keep the information being communicated fresh and interesting
- Our Revenues and Benefits Team has continued to experience unprecedented levels of demand. However, the team has continued to provide a significant level of support to our service users.
- We have supported the delivery of a range of Government funded schemes to assist residents and business through Covid19, these include:
  - Test and Trace Support Payments
  - Household Support Fund
  - Council Tax Hardship Fund
  - o Business Rate Reliefs
  - Business Support Grants
  - Covid Additional Relief Fund
- The hard work of our Welfare Support teams has ensured our residents have continued to receive essential welfare and benefits advice
- Our housing teams have continued to work hard throughout the year repairing void properties, dealing with maintenance issues, and collecting rent

- Customer Services has continued to maintain a safe way of working with those in most need of face-to-face help, whilst managing even more telephone calls than usual
- Following securing EU Welcome Back Funding, the Council and partners successfully delivered a programme of activity aimed at encouraging visitors and residents back into the city centre. Activities have included environmental improvements, initiatives to improve safety and the delivery of city centre events.
- To assist and support Lincoln's businesses in their recovery following the impacts of the pandemic, the Council's Corporate Health & Safety Team has continued to assist businesses to ensure they provide a safe environment for their employees and service users. This work has included providing advice on producing risk assessments, safe working practices and the determination of suitable PPE
- The Council has continued to be a provider of apprenticeships in the city across the areas of Business Administration, Customer Service and Management. In addition, the Council continues to provide a successful craft apprenticeship scheme based at Hamilton House



#### **Revenue Income and Expenditure**

#### **General Fund**

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

For 2021/22, the approved net expenditure budget for General Fund services was  $\pounds 978,410$  including a planned contribution from reserves of  $\pounds 477,240$ .

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 the majority of cases these assumptions reflect the actual position achieved, and there in fact a number of areas that have exceeded assumptions, there are still some areas where the rate of recovery is impacting adversely on the Council's finances. In addition, the impact of

Covid 19 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 issues are being addressed, they are likely to continue in the medium term and impact on the Council's finances. Coupled with the current economic conditions of spiralling inflation, the Council will continue to face a number of significant financial challenges in 2022/23 and must ensure that it's general balances and reserves are sufficient to respond to such pressures.

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

Chief Executive and Town Clerk         5,067         5,134         (67)           Directorate of Housing & Regeneration         395         445         (49)           Directorate of Communities & Environment         5,425         5,116         310           Directorate of Major Developments Corporate         155         195         (40)           Net Operational Expenditure         11,043         10,889         154           Specific Grants         (1,328)         (1,320)         (8)           Savings Target         0         28         (28)           Earmarked Reserves         (6,896)         0         0           Insurance Reserve         (504)         (478)         (26)           Capital Accounting Adjustment         3,013         3,180         (167)           Contribution To/(From) General Balances         (468)         (477)         9           Balances Total Net Budget         4,859         4,859         0           Business Rates - Retained Business Rates Income         (17,664)         (17,649)         (15)           Tariff         13,094         0         0         0           Section 31 grant         (5,211)         (5,164)         (45)         (45)           Levy Payment		ACTUAL 2021/22 £'000	REVISED BUDGET 2021/22 £'000	VARIANCE 2021/22 £'000
Regeneration       393       443       (47)         Directorate of Communities &       5,425       5,116       310         Directorate of Major Developments       155       195       (40)         Corporate       11,043       10,889       154         Net Operational Expenditure       11,043       10,889       154         Specific Grants       (1,328)       (1,320)       (8)         Savings Target       0       28       (28)         Earmarked Reserves       (6,896)       0       0         Insurance Reserve       (504)       (478)       (26)         Capital Accounting Adjustment       3,013       3,180       (167)         Contribution To/(From) General Balances       0       (67)       (67)         Total Expenditure       5,328       5,337       (9)         Business Rates -       (468)       (477)       9         Business Rates -       (468)       (477)       9         Business Rates -       (5,211)       (5,166)       (45)         Levy Payment       758       698       60         Revenue Support Grant       (23)       (23)       0         Council Tax       (6,956)       (6,956) <td>Chief Executive and Town Clerk</td> <td>5,067</td> <td>5,134</td> <td>(67)</td>	Chief Executive and Town Clerk	5,067	5,134	(67)
Directorate of Communities & Environment         5,425         5,116         310           Directorate of Major Developments Carporate         155         195         (40)           Net Operational Expenditure         11,043         10,889         154           Specific Grants         (1,328)         (1,320)         (8)           Savings Target         0         28         (28)           Earmarked Reserves         (6,896)         0         0           Insurance Reserve         (504)         (478)         (26)           Capital Accounting Adjustment         3,013         3,180         (167)           Contribution To/(From) General Balances         0         (67)         (67)           Total Expenditure         5,328         5,337         (9)           Business Rates -         (468)         (477)         9           Business Rates -         (17,664)         (17,649)         (15)           Tariff         13,094         13,094         0           Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax		395	445	(49)
Directorate of Major Developments Corporate         155         195         (40)           Net Operational Expenditure         11,043         10,889         154           Specific Grants         (1,328)         (1,320)         (8)           Savings Target         0         28         (28)           Earmarked Reserves         (6,896)         (6,896)         0           Insurance Reserve         (504)         (478)         (26)           Capital Accounting Adjustment         3,013         3,180         (167)           Contribution To/(From) General Balances         (468)         (477)         9           Business Rates -         Retained Business Rates Income         (17,664)         (17,649)         (15)           Tariff         13,094         13,094         0         Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60         Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0         0         0         0         0           Business Rates -         Retained Business Rates Income         (17,664)         (17,649)         (15)         13,094         0     <	Directorate of Communities &	5,425	5,116	310
Net Operational Expenditure         11,043         10,889         154           Specific Grants         (1,328)         (1,320)         (8)           Savings Target         0         28         (28)           Earmarked Reserves         (6,896)         0         0           Insurance Reserve         (504)         (478)         (26)           Capital Accounting Adjustment         3,013         3,180         (167)           Contribution To/(From) General Balances         0         (67)         (67)           Total Expenditure         5,328         5,337         (9)           Contribution To/(From) General Balances         (468)         (477)         9           Business Rates -         (468)         (477)         9           Business Rates -         (17,664)         (17,649)         (15)           Tariff         13,094         13,094         0           Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0           Council Tax Section 31 Grant         0 <td>Directorate of Major Developments</td> <td>155</td> <td>195</td> <td>(40)</td>	Directorate of Major Developments	155	195	(40)
Savings Target         0         28         (28)           Earmarked Reserves         (6.896)         (6.896)         0           Insurance Reserve         (504)         (478)         (26)           Capital Accounting Adjustment         3,013         3,180         (167)           Contingencies         0         (67)         (67)           Total Expenditure         5,328         5,337         (9)           Contribution To/(From) General Balances         (468)         (477)         9           Balances         4,859         4,859         0           Business Rates -         (17,664)         (17,649)         (15)           Tariff         13,094         13,094         0           Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0           Council Tax Surplus         76         76         0	•	11,043	10,889	154
Earmarked Reserves       (6,896)       (6,896)       0         Insurance Reserve       (504)       (478)       (26)         Capital Accounting Adjustment       3,013       3,180       (167)         Contingencies       0       (67)       (67)         Total Expenditure       5,328       5,337       (9)         Contribution To/(From) General Balances       (468)       (477)       9         Business Rates -       (468)       (477)       9         Business Rates -       (17,664)       (17,649)       (15)         Tariff       13,094       13,094       0         Section 31 grant       (5,211)       (5,166)       (45)         Levy Payment       758       698       60         Revenue Support Grant       (23)       (23)       0         Council Tax       (6,956)       (6,956)       0         Council Tax Surplus       76       76       0				
Insurance Reserve(504)(478)(26)Capital Accounting Adjustment3,0133,180(167)Contingencies0(67)(67)Total Expenditure5,3285,337(9)Contribution To/(From) General Balances Total Net Budget(468)(477)9Business Rates - Retained Business Rates - Retained Business Rates Income Section 31 grant Levy Payment(17,664)(17,649)(15)Tariff13,09413,0940Section 31 grant Council Tax(23)(23)0Council Tax Section 31 Grant Council Tax Surplus000Total Surplus76760				• •
Capital Accounting Adjustment Contingencies3,0133,180(167) (67)Total Expenditure5,3285,337(9)Contribution To/(From) General Balances Total Net Budget(468)(477)9Business Rates - Retained Business Rates - Retained Business Rates Income Section 31 grant Levy Payment(17,664)(17,649)(15)Section 31 grant Council Tax Council Tax Section 31 Grant(23)(23)0Council Tax Surplus7676760			• •	÷
Total Expenditure         5,328         5,337         (9)           Contribution To/(From) General Balances Total Net Budget         (468)         (477)         9           Business Rates Total Net Budget         4,859         4,859         0           Business Rates - Retained Business Rates Income Tariff         (17,664)         (17,649)         (15)           Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax Section 31 Grant         0         0         0           Council Tax Surplus         76         76         0	Capital Accounting Adjustment		• •	
Contribution To/(From) General Balances Total Net Budget(468)(477)9Business Rates Retained Business Rates Income Tariff4,8594,8590Business Rates - Retained Business Rates Income Tariff(17,664)(17,649)(15)Tariff13,09413,0940Section 31 grant Levy Payment(5,211)(5,166)(45)Levy Payment75869860Revenue Support Grant(23)(23)0Council Tax(6,956)(6,956)0Council Tax Section 31 Grant000Council Tax Surplus76760	Contingencies	0	(67)	(67)
Balances Total Net Budget         4,859         4,859         0           Business Rates - Retained Business Rates Income         (17,664)         (17,649)         (15)           Tariff         13,094         13,094         0           Section 31 grant         (5,211)         (5,166)         (45)           Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0           Council Tax Section 31 Grant         0         0         0           Council Tax Surplus         76         76         0	Total Expenditure	5,328	5,337	(9)
Business Rates -         Retained Business Rates Income       (17,664)       (17,649)       (15)         Tariff       13,094       13,094       0         Section 31 grant       (5,211)       (5,166)       (45)         Levy Payment       758       698       60         Revenue Support Grant       (23)       (23)       0         Council Tax       (6,956)       (6,956)       0         Council Tax Section 31 Grant       0       0       0         Council Tax Surplus       76       76       0	<b>4 2</b>	(468)	(477)	9
Retained Business Rates Income       (17,664)       (17,649)       (15)         Tariff       13,094       13,094       0         Section 31 grant       (5,211)       (5,166)       (45)         Levy Payment       758       698       60         Revenue Support Grant       (23)       (23)       0         Council Tax       (6,956)       (6,956)       0         Council Tax Section 31 Grant       0       0       0         Council Tax Surplus       76       76       0	Total Net Budget	4,859	4,859	0
Tariff13,09413,0940Section 31 grant(5,211)(5,166)(45)Levy Payment75869860Revenue Support Grant(23)(23)0Council Tax(6,956)(6,956)0Council Tax Section 31 Grant000Council Tax Surplus76760	Business Rates -			
Section 31 grant       (5,211)       (5,166)       (45)         Levy Payment       758       698       60         Revenue Support Grant       (23)       (23)       0         Council Tax       (6,956)       (6,956)       0         Council Tax Section 31 Grant       0       0       0         Council Tax Surplus       76       76       0	Retained Business Rates Income	(17,664)	(17,649)	(15)
Levy Payment         758         698         60           Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0           Council Tax Section 31 Grant         0         0         0           Council Tax Surplus         76         76         0				
Revenue Support Grant         (23)         (23)         0           Council Tax         (6,956)         (6,956)         0           Council Tax Section 31 Grant         0         0         0           Council Tax Surplus         76         76         0	0	• •		
Council Tax         (6,956)         (6,956)         0           Council Tax Section 31 Grant         0         0         0           Council Tax Surplus         76         76         0				
Council Tax Section 31 Grant000Council Tax Surplus76760				
Council Tax Surplus 76 76 0		• •	• •	
	NNDR Deficit	11,066	11,066	0
Total Resources         (4,859)         (4,859)         0				

While total expenditure was  $\pounds 5.328m$  ( $\pounds 0.009m$  less than budget) this is offset by a  $\pounds 0.009m$  reduction in the actual contribution from general balances. The actual contribution from general balances was  $\pounds 0.468m$  compared to the approved budget of  $\pounds 0.477m$ .

Included within the General Fund Budget was an assumed savings target of £0.850m, which were to be delivered in 2021/22 as part of the Council's Towards Financial Sustainability Programme. Despite the pressures of Covid19, this target was exceeded during 2021/22, with a total delivery of £0.878m. The programme continues to be successful and work continues in developing and delivering new projects as part of the programme to secure the additional savings required in 2022/23 and future years.

Although the General Fund maintained a balanced budget position in 2021/22 this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges have been addressed.

As at 31 March 2021, the Council held £14.871m General Fund revenue reserves, comprising £12,668m earmarked reserves (to cover specific or potential financial risks and liabilities) and £2.203m non-earmarked general reserves. General Balances are currently above the prudently assessed minimum requirements in the Council's Medium-Term Financial Strategy, which will provide additional resilience for financial challenges it currently faces.



#### **Housing Revenue Account**

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

For 2021/21, the approved net operating budget for the Housing Revenue Account was a deficit of  $\pounds$ 0.015m. Actual net expenditure for 2021/22 was  $\pounds$ 0.019m surplus, resulting in a  $\pounds$ 0.034m variance against the budget.

Although the direct financial impacts of Covid19 have not been as detrimental for the Housing Revenue Account as it has been on the General Fund, the indirect impacts of the wider economic factors and service delivery implications have presented significant financial challenges to the Housing Revenue Account in 2021/22.

The impacts have been through:

- A lack of labour force in the Housing Repairs Service



- A shortage of contractors in the market place, resulting in higher prices
- An increase in void property numbers due to a backlog created during national restrictions
- A high demand for repairs works due to a backlog created during national restrictions
- Increased costs and shortages in the supply chains, materials, labour etc

Whilst a range of measures have been implemented in 2021/22 to ensure the Housing Revenue Account maintained a balanced budget position, these measures will continue to be monitored throughout 2022/23.

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

	ACTUAL 2021/22 £'000	REVISED BUDGET 2021/22 £'000	VARIANCE 2021/22 £'000
Operational Expenditure			
Repairs & Maintenance	8,891	9,908	(1,017)
Supervision & Management	7,984	8,079	(95)
Provisions (including Bad Debt)	284	305	(21)
Other Expenditure	]	179	(178)
Capital Financing	7,423	6,735	688
Sub Total	24,583	25,206	(623)
Add:	100	0	100
HRS – repatriation of surplus	428	0	428
Interest Payable & Similar Charges Total Expenditure	2,425	2,650	(225)
Incomo			
Income Ponta il Sonvice Charges	(00.21.4)	(00 752)	439
Rents & Service Charges Other Income	(29,314) (734)	(29,753) (962)	228
Interest	(24)	(20)	(4)
Net Expenditure	(2,636)	(2,879)	243
Less:			
Capital Accounting Adjustment	0	0	0
Appropriation to/(from) Major Repairs	2,355	3,063	(708)
Reserves			
Appropriation to/(from) Pension Fund	0	0	0
Liability Appropriations to/(from) Earmarked	331	(115)	446
Reserves	001	(113)	0++
Net HRA (Surplus)/Deficit	50	69	(19)

As at 31 March 2022, the Council held £3.905m HRA revenue reserves, comprising £2.880m earmarked reserves (to cover identified specific, potential financial risks and liabilities) and £1.025m non-earmarked general reserves.

#### **Capital Expenditure**

(Note 39)

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

Capital spending in the year was £21.9m compared to the revised approved programme budget of £31m, representing an underspend of £9.1m against the profiled budget. The variance in 2021/22 is mostly due to the re-profiling of schemes within the general fund and housing programmes resulting from the delays in delivery of schemes due to the impacts of Covid19. The 2021/22 capital spending and funding position is summarised as follows:

	ACTUAL 2021/22 £'000	BUDGET 2021/22 £'000	VARIANCE 2021/22 £'000
Capital Expenditure			
General Fund	6,631	11,328	(4,697)
Housing Revenue	15,264	19,668	(4,404)
Total Expenditure	21,895	30,996	(9,101)
Financed by:			
Borrowing	6,677	6,950	(273)
Capital Receipts	1,340	1,778	(438)
Capital Grants and Contributions	9,821	13,831	(4,010)
Major Repairs Reserve	3,842	5,495	(1,653)
Revenue Contributions	215	2,942	(2,727)
Total Financing	21,895	30,996	(9,101)

Major Capital works carried out during 2021/22 are set out in the following table:

	£'000
Housing	
Decent Homes and improvements to Council	3,522
dwellings	
Council house schemes	11,422
Other major works to housing stock	320
General Fund	
Leisure Centre/Sports and Play Provision	100
Crematorium	2,464
Enhancements to corporate properties	154
Improvement and Renovation Grants	654
Boultham Park	412
Western Growth Corridor	420
Towns Fund Schemes	1455
Other Schemes	972
Total	21,895

#### **Capital Financing**

The Council's capital programme is funded by a number of sources including the application of capital receipts, capital grants, contributions from the revenue account and long-term borrowing. A summary of significant transactions in capital funding in 2021/2022 is provided below:

#### Capital Receipts (Note 9)

The Council utilised  $\pounds 1.34m$  of capital receipts and received  $\pounds 2.67m$  of capital receipts in the year. The majority of these will be used to support the new build programme within the Housing Investment Programme and investment in the housing stock.

#### Major Repairs Reserve (Note 9)

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



Long Term Borrowing (Note 18)

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

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

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

13 **S**TATEMENT OF ACCOUNTS 2021/22 The Council's level of total principal debt outstanding (long and short-term), (excluding loans of  $\pounds 0.03$ m which the Council holds for local charities and Bonds worth  $\pounds 0.003$ m), as at 31 March 2022 was  $\pounds 125.2$ m.

Total Borro	wing Outstanding	
31/03/21 £'000	Source of loan	31/03/22 £'000
91,887	Public Works Loan Board	94,177
31,000	Market and Other Long-Term Loans	31,000
561	Other (3% stock)	0
123,448	Total	125,177

Long and short-term borrowing of £10m was taken during 2021/22. Short-term borrowing of £5.6m and £2.7m of PWLB borrowing was repaid during 2021/22. This represents a net increase of £1.7m of borrowing since 31 March 2021. The Council remains under borrowed by £17.68m (i.e. the Council's actual borrowing is £17.68m less than its borrowing requirement at 31 March 2022).

This means that the borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered prudent whilst investment returns are currently low and internal balances allow for this. Additional long-term borrowing will be taken in 2022/22 and future years to bring levels up to the Council's borrowing requirement, subject to liquidity requirements, if preferential interest rates are available.

#### Pension Costs

(Note 44)

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

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

The Balance Sheet presents a decrease in the estimated Pension Fund Reserve net liability over the 2021/22 year of £20.018m, down from £106.140m at 1 April 2021 to £86.122m at 31 March 2022. This decrease in the Pension Fund deficit resulted mainly from changes in financial assumptions following the latest actuarial report. This is recognised as re-measurements on defined benefit obligation, which is shown in Other

Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

The statutory arrangements for funding the remaining liability of £86.122m means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2019, the results at that time identified that there has been a significant improvement in the funding position since the last actuarial review from a 69% funding level to 84%.

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

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



#### **Future Plans**

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

The Council's vision for 2025 remains as;

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

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

The five strategic priorities are:

• Let's drive inclusive economic growth

- Let's reduce all kinds of inequality
- Let's deliver quality housing
- Let's enhance our remarkable place
- Let's address the challenge of climate change

We are extremely pleased with what we have collectively delivered under Vision 2025 to date, however, due to the financial and resource impacts of the pandemic, in early 2021/22, it was clear we would need to review our strategic plan to ensure the priorities and supporting projects continued to meet the needs, aims and ambitions for our great city. We now face our biggest challenge to lead on, finance and support key practical and relevant interventions critical to the recovery of not only the council itself, but also Lincoln's economy, whilst ensuring we maintain a balanced financial position.

As part of this process, we launched a public consultation in 2021/22 to understand which activities resident and businesses felt were of the greatest priority to them. Following this review, it was agreed there were no changes required to the Vision, the five priorities or the aspirations under each priority – these still remain relevant. However, we will ensure promoting positive health for the city will be a key feature of these goals wherever possible. Our programmes have now been reviewed to include more activity around residents' health.

The Vision 2025 Interim Review document can be accessed using the following link - <u>https://www.lincoln.gov.uk/downloads/file/1213/vision-2025-3-year-addendum</u>



#### **General Fund**

The financial challenges created by the impact of Covid19 and the current economic crisis on the General Fund, coming on top of a decade of austerity in local government, cannot be underestimated.

Alongside these threats to local income sources and escalating cost pressures, local government financing is still set for future significant reform. We continue to face uncertainty on a longer-term financial settlement for Local Government and 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 General Fund. Providing certainty on these issues would make a significant difference to the Council's financial planning and therefore the services we deliver.

Although there is a significant level of uncertainty about future funding, based on what was known, or could be reasonably assumed at the time of setting the 2022/3

16 STATEMENT OF ACCOUNTS 2021/22 budget, we continue to need to make further reductions in the net cost base of the General Fund. The additional resources in 2022/23, due to the delay in implementation of national reforms, has provided some financial capacity to lower the level of reductions required, but it does not alter the underlying need to reduce the net cost base by £1.5m by 2024/25 if the General Fund is to remain sustainable in the medium term.

In light of the current economic crisis, with escalating costs, utilities prices, contract prices and increased demands for services from customers experiencing the costs of living crisis, the impact on our medium term financial plans is now being assessed. This may require an increase in the level of savings required.

The current target of £1.5m is a significant target for the us to achieve, particularly in light of the annual revenue reductions of nearly £10m that have already been delivered. After a decade of delivering these efficiency savings it is much harder to extract such savings and many now being considered are to be delivered as part of longer-term transformational changes to the organisation.

The key mechanism for delivering this strategy is through our Towards Financial Sustainability Programme which seeks to bring service costs in line with available funding. Alongside this over the medium term we will use our influence and direct investment through our capital programmes to create the right conditions for the City's economy to recover and once again grow and will continue to focus on longer term transformational change to the Council.

These longer-term transformational changes and the delivery of benefits from economic development measures cannot be realised immediately. We are therefore left with little option but to revert to more traditional cost cutting measures in order to deliver the scale of reductions required within the short term. This is an approach that has been taken during 2021/22, already securing over 50% of the required £1.5m savings and will continue through 2022/23.

#### Housing Revenue Account (HRA)

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

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

A key element of the self-financing regime is 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 Business Plan reflected the impact of government policy changes, the results of stock condition surveys and financial assumptions at the time. The Business plan sets out:



- the long-term plans for the Council's housing stock
- the finances to deliver plans
- how the Council will manage the income from its stock, demand for housing and stock condition
- identifies resources for its initial Council House New Build Programme.

Since adoption of the Plan, in 2016, a number of issues e.g., Brexit and the Covid19 pandemic have had a fundamental impact on the way the Council delivers it's housing and landlord services, now and in the future. In addition, the refreshed Vision 2025, includes a much greater focus on health outcomes and the environment, with implications for the delivery of housing services.

As a result, an interim high-level refresh of the Business Plan has been undertaken during 2021 with work now taking place to fundamentally re write the 30-year Plan to reflect the changes to the local, regional and national operating environment and to reflect the Councils current aims and ambitions in Vision 2025. This work will be concluded by the end of 2022.

#### Capital Expenditure

Despite the pressures our revenue budgets face, investment in our assets, to maintain income generation, provide new income generating assets, support service delivery and to act as a catalyst in the local economy is still critical. Our capital strategy plans to deliver projects to the value of £93m over the next five years, with £41m estimated to be spent in 2022/23. This includes significant investment in the Council's key strategic projects notably the Western Growth Corridor development in addition to further investment on Council dwellings and Council buildings, including the construction of new council housing.

In addition, we have also been successful in securing £19m for the Lincoln Town Deal Programme. The Programme includes proposals to deliver long term economic growth in the City and includes contributions to schemes to be delivered by the Council of c£7m. These proposed schemes will play a huge part in supporting the economic recovery of the City post pandemic.



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

The Housing element of the capital programme represents the largest element of capital expenditure over the next 5 years and is funded through a combination of borrowing and revenue contributions from the Housing Revenue Account (HRA) through both depreciation charges and direct revenue contributions. The HRA Business Plan includes the release of capital resource to fund significant capital

investment in new housing stock over the medium term. It is critical that there continues robust budget management of the HRA to continue to allow the required investment.

#### Cash flows

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

- Actual Business Rates base in year compared to the assumed levels in the budget, and the ongoing risk of funding the backdated costs of any successful valuation office appeals by businesses within the city as well as potential reductions arising from the current economic conditions and legacy of Covid19.
- Collection rates for Council Tax, Business Rates and Rents, which continue to be detrimentally impacted by Covid19 and the current cost of living crisis.
- Income received compared to income targets (e.g. car parking, planning and building control), income in these areas plummeted during 'lockdown' and whilst they are now recovering and reductions have been factored into future years budgets, there is still a significant amount of uncertainty.
- Interest rates achieved on investments and secured on new borrowing
- Timescale for payment of invoices and collection of debts.
- Profile of capital spending and funding over the MTFS.

#### Summary

Although both the General Fund and Housing Revenue Account have maintained balanced budget positions in 2021/22 this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget challenges have been addressed. Beyond 2021/22 we are set to face ongoing reductions in resources and increased service costs from the legacy of impacts of Covid19, coupled with the impact of the current economic issues. This will require ongoing reductions in the net cost base in order to live within a significantly reduced resources envelope. The Medium Term Financial Strategy 2022-2027, approved by Full Council in March 2022 sets out the detail of the financial challenge the Council faces.

Whilst addressing the financial challenges we face in the forthcoming years we will also continue to maintain the correct balance between these challenges and ensuring that our limited resources are directed towards the Council's strategic priorities.

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



#### **Group Accounts**

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



The Council has a collaborative arrangement with North Kesteven and West Lindsey District Councils to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council contributed £99k to the service which is contained within the Communities and Environment line of the CIES. The Council also has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is hosted by the City of Lincoln Council. The Council contributed £1.267m to the service which is contained within the Chief Executive's Directorate line in the CIES. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. Under these arrangements the ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for separately within the Core Financial Statements.

#### Further Information

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

J Gibson FCCA Chief Finance Officer (Section 151 Officer)

### COUNCIL APPROVAL

The Statement of Accounts for the year 1 April 2021 to 31 March 2022 has been prepared and I confirm that these Accounts were approved by the City of Lincoln Council, at the meeting held on xx 2022

Councillor Rosie Kirk Chair of Council

Date:

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#### THE STATEMENT OF RESPONSIBILITIES

#### The Authority's Responsibilities

The Authority is required:

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

#### The Chief Finance Officer Responsibilities

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

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

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

The Chief Finance Officer has also:

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

The Accounts present a true and fair view of the financial position of the Authority at 31 March 2022 and its income and expenditure for the year ended on that date.

J Gibson FCCA Chief Finance Officer Date: xxx 2022

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### MOVEMENT IN RESERVES

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2020	2,236	11,588	999	9,167	5,147	5,224	34,361	203,278	237,638
Movement in reserves during 2020/21 Surplus or (deficit) on	(3,393)	0	15,967	0	0	0	12,574	0	12,574
provision of services Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(23,028)	(23,028)
Total Comprehensive Expenditure and Income	(3,393)	0	15,967	0	0	0	12,574	(23,028)	(10,454)
Adjustments between accounting basis & funding basis under regulations (note 9)	16,951	0	(14,563)	4,972	(636)	(1,198)	5,526	(5,526)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	13,558	0	1,404	4,972	(636)	(1,198)	18,100	(28,554)	(10,454)
Transfers (to)/from Earmarked Reserves	(13,126)	14,455	(1,329)	0	0	0	0	0	0
Increase/Decrease in Year	432	14,455	75	4,972	(636)	(1,198)	18,100	(28,554)	(10,454)
Balance at 31 March 2021 carried forward	2,668	26,043	1,074	14,139	4,511	4,026	52,461	174,723	227,184

## MOVEMENT IN RESERVES

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 21	2,668	26,043	1,074	14,139	4,511	4,026	52,461	174,723	227,184
Movement in reserves during 2021/22									
Surplus or (deficit) on provision of services	(3,412)	0	22,336	0	0	0	18,924	0	18,924
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	29,235	29,235
Total Comprehensive Expenditure and Income	(3,412)	0	22,336	0	0	0	18,924	29,235	48,159
Adjustments between accounting basis & funding basis under regulations (note 9)	(4,453)	0	(22,054)	5,948	1,196	(1,929)	(21,292)	21,292	0
Net Increase/Decrease before Transfers (to)/from Reserves	(7,865)	0	282	5,948	1,196	(1,929)	1,474	45,502	46,976
Transfers (to)/from Earmarked Reserves	7,400	(7,068)	(332)	0	0	0	0	0	0
Increase/Decrease in Year	(465)	(7,068)	(50)	5,948	1,196	(1,929)	(2,368)	50,527	48,159
Balance at 31 March 2022 carried forward	2,203	18,976	1,025	20,087	5,707	2,097	50,095	225,248	275,344

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2021/22

:	2020/21			Note		2021/22	
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
37,122	(29,718)	7,403	Chief Executive's Directorate		34,812	(27,382)	7,430
3,023	(2,486)	538	Housing and Regeneration		3,663	(2,794)	869
9,573	(29,076)	(19,503)	Housing Revenue Account (HRA)		8,475	(30,080)	(21,605)
22,007	(10,537)	11,470	Communities and Environment		23,271	(12,589)	10,682
803	(234)	569	Major Developments		1,707	(811)	896
(123)	(497)	(621)	Corporate Services		(422)	(454)	(876)
72,405 (	(72,549)	(144)	Cost of Services		71,507	<b>(74</b> ,110 <b>)</b>	(2,604)
		1,206	Other Operating Expenditure	11			467
		4,964	Financing and Investment Income and Expenditure	12			4,854
		(18,600)	Taxation and Non-Specific Grant Income	13			(21,641)
	-	(12,574)	(Surplus) or Deficit on Provision of Services				(18,924)
		2,550	(Surplus) or deficit on revaluation of non-current assets	14			(2,990)
		0	Impairment Losses on Non- Current Assets charged to the				0
		19	Revaluation Reserve (Surplus) or deficit from investments in equity instruments designated at fair value through	26e			(63)
		20,459	other comprehensive income Total re-measurements on defined benefit obligation	44			(26,182)
	-	23,028	Other Comprehensive Income and Expenditure				(29,235)
		10,454	Total Comprehensive Income and Expenditure				(48,159)

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## BALANCE SHEET AS AT 31 MARCH 2022

31 March 2021 £'000		Notes	31 March 2022 £'000
393,123	Property, Plant & Equipment	14,39,41	416,478
2,768	Heritage Assets	15	2,768
34,203	Investment Property	14,16	36,016
191	Intangible Assets	14,17,39	207
753	Long Term Investments	18,47	816
837	-	18,47	724
431,875	Long Term Assets		457,009
0	Assets Held for Sale	22	1,500
33,907	Short Term Investments	18,47	49,878
139	Inventories	19	104
563	Cash at Bank	21	0
28,389	Short Term Debtors	18,20,47	24,916
62,998	Current Assets		76,398
0	Cash and Cash Equivalents	18,21,47	(103)
(9,418)	Short Term Borrowing	18,47	(14,932)
(33,814)	Short Term Creditors	18,23,47	(43,929)
(43,232)	Current Liabilities		(58,964)
0	Long Term Creditors	18,47	0
(2,578)	Provisions	24	(2,197)
(115,738)	Long Term Borrowing	18,47	(111,962)
(106,140)	Other Long-Term Liabilities	44	(84,939)
(224,456)	Long Term Liabilities		(199,099)
227,184	Net Assets		275,343
52,461	Usable reserves	10,25	50,094
174,723	Unusable Reserves	26	225,249
17 7,7 20		20	
227,184	Total Reserves		275,343

## CASH FLOW STATEMENT

2020/21 £'000		Notes	2021/22 £'000
12,574	Net surplus or (deficit) on the provision of services		18,924
26,003	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	28	3,228
(5,032)	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	29	(11,108)
33,545	Net cash flows from Operating Activities		11,044
(16,474)	Investing Activities	30	(24,808)
(16,182) <b>889</b>	Financing Activities Net (increase) or decrease in cash and cash equivalents	31 _	13,098 <b>(666)</b>
(326)	Cash and cash equivalents at the beginning of the reporting period		563
563	Cash and cash equivalents at the end of the reporting period	21	(103)

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#### NOTES TO THE ACCOUNTS

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

#### Note 1 – Accounting Policies

#### 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Statement of Accounts has been prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued in the Accounts and Audit Regulations 2015.

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

#### 2. Accruals of Income and Expenditure

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

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



#### 3. Cash and Cash Equivalents

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

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

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

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

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

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

#### 5. Charges to Revenue for Non-Current Assets

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

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

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

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2021/22
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replaced by the MRP and VRP, by way of an adjusting transaction between the Capital Adjustment Account and the General Fund Balance in the Movement in Reserves Statement, for the differences between the two.

#### 6. Council Tax and Non-Domestic Rates

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

#### Accounting for Council Tax and NDR

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

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

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

#### 7. Employee Benefits

#### Benefits payable during employment

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

#### **Termination benefits**

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

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

#### Post-Employment Benefits

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

#### The Local Government Pension Scheme

The Local Government Scheme is a defined benefits scheme.

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

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

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

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



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

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

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

#### **Discretionary Benefits**

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

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

#### 8. Events After the Balance Sheet Date

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

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

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

#### 9. Financial Instruments

#### **Financial Liabilities**

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

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

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

#### Financial Assets

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

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

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

#### Financial Assets Measured at Amortised Cost

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

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

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



#### Expected Credit Loss Model

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

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

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

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

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

#### Financial Assets measured at fair Value through Profit and Loss FVPL

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

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

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

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

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



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

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

## Financial Assets measured at fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. The Council holds two equity investments for strategic purposes which have been designated as FVOCI.

#### 10. Foreign Currency Translation

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

#### 11. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue

grants and contributions) or Taxation and Non-Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

#### **Business Improvement Districts**

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

#### Community Infrastructure Levy

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

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

#### 12. Intangible Assets

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

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

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

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

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

## 13. Interests in Companies and other Entities

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

## 14. Inventories and Long-Term Contracts

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

### 15. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but are re-valued annually according to market conditions to ensure that they are held at the highest and best use value on the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and

Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## 16. Joint Operations

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

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

## 17. Leases

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

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

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

### The Council as Lessee

### Finance Leases

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

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

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

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

## **Operating Leases**

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

### The Council as Lessor

### Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is

required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipt Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

## **Operating Leases**

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

### 18. Overheads and Support Services

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

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

Assets that have physical substance and are held for use in the supply of services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment, with a de-minimis level of  $\pounds 10,000$ .

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant or Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. Repairs and maintenance) is charged as an expense when it is incurred. Generally, a de-minimis level of £10,000 is applied however qualifying expenditure on assets which is lower than £10,000 but where the asset value exceeds this is recognised as capital expenditure.

### <u>Measurement</u>

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, in exceptional circumstances, gains may be credited to the

Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to services.

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

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

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

## <u>Impairment</u>

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

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

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

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

## **Depreciation**

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

Depreciation is calculated on the following bases:

• Dwellings and Other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer

 Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of each class of asset

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

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

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

## 20. Heritage Assets

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

- Civic Insignia
- Art and Sculptures
- Ancient Monuments and War Memorials
- Miscellaneous

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

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

### Civic Insignia

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

### • Art and Sculptures

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

### • Ancient Monuments and War Memorials

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

## Miscellaneous

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

## <u>Heritage Assets – General</u>

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

## 21. Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

## 22. Provisions, Contingent Liabilities and Contingent Assets

### Provisions

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

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

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

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

## **Contingent Liabilities**

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

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

## Contingent Assets

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

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

## 23. Reserves

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

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

## 24. Revenue Expenditure Funded from Capital under Statute

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

## 25. VAT

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

### 26. Fair Value

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

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

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

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

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

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

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

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) clarifies the intention of the standard
  - IAS 41 (Agriculture) one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances. None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16

These changes are not expected to have a material impact.

### Note 3 – Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- Local Government funding There is a high degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision. The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate.
- **Group Boundaries** The Council has a collaborative arrangement with Lincolnshire County Council, North Kesteven and West Lindsey District Council to provide the Central Lincolnshire Joint Planning Unit. This arrangement is hosted by North Kesteven District Council. The Council also has a collaborative arrangement with North Kesteven to provide a shared Revenues and Benefits Service. This shared service is hosted by the City of Lincoln Council. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. These arrangements are considered as a Joint Operation, where ventures use their own resources to undertake an activity subject to joint control, and as such do not require consolidation into the Council's accounts. The Council's proportion of activity is accounted for separately within the Core Financial Statements.
- Leases The Council has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

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

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

The items in the Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ltem	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates (Balance Sheet 31 March 2022 – Provision for Business Rate Appeals £2.067m)	Since the introduction of the Business Rates Retention Scheme effective from April 2013, local authorities are liable for successful appeals against business rates charges to businesses in 2021/22 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to the 31 <sup>st</sup> March 2021. A third- party independent specialist has been used to estimate the required provision using the latest Valuation Office ratings list of appeals and an analysis of successful appeals to date.	The Council's share (40%) of the balance of business rates appeals as at 31 March 2022 amounted to £2.067m, a decrease of £0.381m (16%) from the previous year. An increase or reduction of 10% of the estimated provision would increase/decrease the Council's share of NNDR appeals provision by £0.207m.
Property, Plant and Equipment (PPE) (Balance Sheet 31 March 2022 – PPE £416m)	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful lives of the assets reduce, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.0743m and for council dwellings £0.237m for every year that the useful lives had to be reduced.
	Operational property assets are valued at the Balance Sheet date in accordance with the Royal Institute of Chartered Surveyors valuation standards and guidance. This involves the use of a number of estimation techniques including various property indices. These estimates can fluctuate as property market values and prices change in response to events.	The Gross Book Value (GBV) of the Council's operational property assets is £416m at 31 March 2021. A 1% change in these asset valuations would result in a £4.16m change in their GBV.
Assets held for sale and investment properties	Assets classified as Held for Sale or as Investment Property are carried at fair value based on a recently observed	A 1% reduction in the value of investment properties and assets held for sale would result in a

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(Balance Sheet 31 March 2022 - assets held for sale £1.5m - Investment properties £36m)	market price. Market prices can fluctuate considerably due to global events. The value of these assets was current at the Balance Sheet date, but it cannot be determined for how long this value will be correct.	charge to the Comprehensive Income & Expenditure Statement of £0.375m; a 1% increase in value would result in the recognition of a gain of £0.375m in the Comprehensive Income & Expenditure Statement.
Arrears Balance Sheet 31 March 2022 - Debtors total of £29.054m includes £4.133m debtors (subject to arrears)	As at 31 March 2022, the Council had a balance on current debtors of £29.054m. A review of significant balances suggested that an impairment of doubtful debts of £4.133m was required.	If collection rates were to deteriorate by 5% the amount of the impairment of doubtful debts would require an additional £0.21m to be set aside as an allowance.
Pension Liability (Balance Sheet 31 March 2022 - pensions liability £86.122m)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and the expected return on pension fund assets. A firm of consulting actuaries (Barnett Waddington) is engaged to provide the Council with expert advice about the assumptions to be applied. For more information on the Defined Benefit Pension Scheme please refer to note 44.	The effects on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 1% decrease in the discount rate assumption would result in an increase in the pension liability of £5.578m.
Investments (Balance Sheet 31 March 2022 Short Term - £49.878m Long Term - £0.816m)	At 31 March 2022, the Council held £49.878m of short term investments. These comprise £28.8m invested in AAA-rated instant access Money Market Funds and £21m invested in A- rated UK institutions, all for periods of up to 1 year.	As most of the investments are either in AAA-rated MMF's or short-term deposits in A-rated UK banks, the risk of impairment is considered to be minimal.
PensionFundPropertyInvestmentAssetsBalanceBalanceSheet31March2022ShareofOtherNetLong-TermLiability£12.675m	The Council's net pension liability and disclosed at note 44 includes an estimate of the total value of the Council's share of the Lincolnshire Pension Fund investment assets. The valuation of the Fund's property investment assets may be impacted by Covid-19 and reported on the basis of 'material valuation uncertainty' as per the requirements of VPGA 10 of the RICS Red Book Global.	Less certainty and a higher degree of caution should be attached to the Council's share of these pension fund assets. The Council's actuary has estimated that the value of the Council's share of these property investment assets at 31 March 2022 was £12.675m.

## Note 5 – Prior Period Adjustment

None

### Note 6 – Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 6<sup>th</sup> July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

			Note 7 – Expe	enditure and Funding Analy	/sis			
		2020/21					2021/22	
Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to General Fund and HRA Balances	Movement of Trading A/C's & Levies etc.	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensiv e Income and Expenditure Statement
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
5,848	(954)	2,509	7,403	Chief Executive's Directorate	6,710	(1,021)	1,741	7,430
212	0	326	538	Housing and Regeneration	397	0	472	869
(4,034)	0	(15,469)	(19,503)	Housing Revenue Account (HRA)	(1,643)	0	(19,962)	(21,605)
6,601	0	4,869	11,470	Communities and Environment	6,556	0	4,126	10,682
409	0	160	569	Major Developments	687	0	209	896
(295)	850	(1,176)	(621)	Corporate Services	(389)	871	(1,358)	(876)
8,742	(104)	(8,782)	(144)	Net Cost Of Services	12,318	(150)	(14,772)	(2,604)
(23,704)	104	11,170	(12,430)	Other Income and Expenditure	(4,737)	150	(11,733)	(16,320)
(14,962)	0	2,388	(12,574)	(Surplus) or Deficit on Provision of Services	7,581	0	(26,505)	(18,924)
<u>GF</u>		<u>HRA</u>	<u>Total</u>	-	GF		<u>HRA</u>	<u>Tota</u>
(13,825)		(995)	(14,820)	Opening Balance	(28,711)		(1,074)	(29,785)
(14,887)		(75)	(14,962)	Less/ Plus Surplus or (Deficit) in Year	7,534		49	7,583
(28,712)		(1,070)	(29,782)	Closing Balance at 31 March	(21,177)		(1,025)	(22,202)

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

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## Note 7A – Note to the Expenditure and Funding Analysis

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

	2020	/21	ADJUJIMLINI	S BETWEEN FUNDING AND AC	COUNTING BASI	<u>3</u> 2021/2	<u>ົ</u>	
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	e Differences Adjustments Generations the Incon		Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	2 Other Differences	Total Adjustments
£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s
1,358	1,102	49	2,509	Chief Executive's Directorate	278	1,486	(23)	1,740
0	305	21	326	Housing and Regeneration	0	478	(6)	472
(16,910)	1,298	142	(15,470)	Housing Revenue Account (HRA)	(21,622)	1,697	(37)	(19,962)
3,871	908	90	4,869	Communities and Environment	2,911	1,253	(37)	4,126
68	85	7	160	Major Developments	91	114	3	209
0	(1,176)	0	(1,176)	Corporate	0	(1,358)	0	(1,358)
(11,614)	2,522	310	(8,782)	Net Cost of Services	(18,343)	3,670	(101)	(14,773)
(1,768)	1,170	11,768	11,170	Other Income & Expenditure from the Funding Analysis	(5,484)	1,311	(7,560)	(11,733)
(13,382)	3,692	12,078	2,388	Difference between General Fund Surplus/ Deficit and CIES Income & Expenditure Statement Surplus/ Deficit	(23,827)	4,981	(7,661)	(26,507)

## Note 7B – Segmental Income Analysis

	Income from Services	Income from Services		
Services	2020/21	2021/22		
	£'000s	£'000s		
Chief Executive's Directorate	(5,476)	(5,891)		
Housing & Regeneration	(968)	(1,103)		
Housing Revenue Account (HRA)	(29,550)	(29,593)		
Communities & Environment	(10,188)	(11,818)		
Major Developments	39	(621)		
Corporate	(142)	0		
Total Income analysed on a Segmental Basis	(46,285)	(49,026)		

Income received on a segmental basis is analysed below:

## Note 8 – Expenditure and Income Analysed by Nature

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

	2020/21	2021/22
		£'000s
Expenditure/ Income		
Expenditure		
Employee Benefit Expenses	26,105	27,441
Other Services Expenses	60,795	65,259
Support Service Recharges	3,152	3,198
Depreciation, Amortisation and Impairment	(267)	(5,757)
REFCUS	970	1,677
Interest Payments	8,337	9,031
Precepts and Levies	850	871
Payments to Housing Capital Receipts Pool	529	529
Total Expenditure	100,471	102,249
Income		
Fees, Charges and other Service Income	(59,386)	(66,610)
Interest and Investment Income	(2,615)	(3,237)
Income from Council Tax and Non- Domestic Rates	(15,973)	(12,423)
Government Grants and Contributions	(34,899)	(37,969)
Gain/Loss on Disposal	(173)	(934)
Total Income	(113,045)	(121,173)
Surplus or Deficit on the Provision of Services	(12,574)	(18,924)

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

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

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

## General Fund Balance

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

## Housing Revenue Account Balance

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

## **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital

expenditure against which it can be applied and/or the financial year in which this can take place.

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2021/22		ı	Usable Rese	rves			
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pensions costs (transferred to (or from) the Pensions Reserve)	3,284	1,697	0	0	0	4,981	
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	(2)	
Council Tax and NNDR transfers to (or from) the Collection Fund Adjustment Account	(7,558)	0	0	0	0	(7,558)	
Holiday Pay (transferred to the Accumulated Absences Reserve)	(64)	(37)	0	0	0	(101)	
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	1,026	(18,142)	0	7,425	7,892	(1,799)	
Total Adjustments to Revenue Resources	(3,314)	(16,482)	0	7,425	7,892	(4,479)	
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(30)	(3,257)	3,287	0	0	0	
Admin costs of RTB	0	72	(72)	0	0	0	
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	529	0	(529)	0	0	0	
Posting of HRA resources to the Major Repairs Reserve	0	(2,365)	0	2,365	0	o	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,444)	0	(150)	0	0	(1,594)	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(194)	(21)	0	0	0	(215)	

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2021/22		Usable Reserves					
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement In Unusable Reserves £'000	
Total Adjustments between Revenue and Capital Resources	(1,139)	(5,572)	2,537	2,365		(1,809)	
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(1,340)	0	0	(1,340)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(3,842)	0	(3,842)	
Application of Capital grants to finance capital expenditure	0	0	0	0	(9,821)	(9,821)	
Total Adjustments to Capital Resources	0	0	(1,340)	(3,842)	(9,821)	(15,003)	
Total Adjustments	(4,453)	(22,054)	1,196	5,948	(1,929)	(21,292)	

2020/21		I	Jsable Rese	rves		
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement In Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	2,394	1,298	0	0	0	3,692
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2)	0	0	0	0	(2)
Council Tax and NNDR transfers to (or from) the Collection Fund Adjustment Account	11,768	0	0	0	0	11,768
Holiday Pay (transferred to the Accumulated Absences Reserve)	167	142	0	0	0	309
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Assustment Account)	3,735	(11,479)	0	6,698	3,355	2,309
Total Adjustments to Revenue Resources	18,062	(10,039)	0	6,698	3,355	18,076
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(100)	(1,620)	1,720	0	0	0
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	529	0	(529)	0	0	0
Admin Costs of RTB	0	42	(42)	0	0	0
Posting of HRA resources to the Major Repairs Reserve	0	(2,898)	0	2,898	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,507)	0	(150)	0	0	(1,657)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(34)	(48)	0	0	0	(82)

Total Adjustments between Revenue and Capital Resources	(1,112)	(4,524)	999	2,898	0	(1,739)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(1,633)	0	0	(1,633)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(4,624)	0	(4,624)
Application of Capital grants to finance capital expenditure	0	0	0	0	(4,553)	(4,553)
Total Adjustments to Capital Resources	0	0	(1,633)	(4,624)	(4,553)	(10,810)
Total Adjustments	16,950	(14,563)	(634)	4,972	(1,198)	5,527

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## Note 10 – Movements in Earmarked Reserves

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

	Balance Movements		Appro	priations	Balance	Movements		oriations	Balance	
	@ 31.03.20		Transfers In	Transfers Out	@ 31.03.21		Transfers In	Transfers Out	@31.03.22	
	£'000		£'000	£'000	£'000		£'000	£'000	£'000	
General Fund										
Business Rates Volatility	1,959	0	11,417	0	13,376	0	3,856	(11,666)	5,566	
Council Tax Hardship Fund	0	0	531	0	531	0	0	(319)	213	
Strategic Projects	146	0	2	(146)	2	0	0	2	0	
Budget Carry Forwards	134	0	416	(68)	482	0	298	(113)	667	
Grants & Contributions	1,106	0	591	(312)	1,385	0	754	(206)	1,932	
Invest to Save (GF)	336	0	318	(200)	453	0	60	(414)	100	
Mercury Abatement	371	0	0	(54)	317	0	0	(317)	0	
$\vec{\omega}$ Strategic Growth (GF)	57	0	0	(40)	17	0	0	(12)	5	
Hunused DRF	203	0	317	(179)	341	0	45	(182)	204	
Backdated Rent Review	170	0	0	(170)	0	0	0	0	0	
Funding for Strategic Priorities	926	0	0	(753)	174	0	0	(85)	89	
HiMO CPN Appeals	0	0	0	0	0	0	47	0	47	
Income Volatility Reserve	0	0	0	0	0	0	320	0	320	
Inflation Volatility Reserve	0	0	0	0	0	0	150	0	150	
IT Reserve	94	0	100	(71)	124	0	167	(72)	219	
Revenues & Benefits	0	0	0	0	0	0	25	0	25	
Community Fund										
Revenues & Benefits Shared	25	0	0	(25)	0	0	0	0	0	
Service										
Asset Improvement	4	0	0	(4)	0	0	0	0	0	
Tree Risk Assessment	106	0	17	(26)	97	0	19	(32)	84	
Vision2025	0	0	411	(206)	204	0	809	(312)	701	
Organisational Development	0	0	0	0	0	0	0	0	0	
Lincoln Lottery Reserve	0	0	9	0	9	0	0	0	9	
Mayoral Car	47	0	0	(20)	27	0	0	0	27	
Yarborough Leisure Centre	2	0	0	0	2	0	0	0	2	

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	Balance	Movements	Appro	priations	Balance	Movements		oriations	Balance
	@ 31.03.20		Transfers In	Transfers Out	@ 31.03.21		Transfers In	Transfers Out	@31.03.22
	£'000		£'000	£'000	£'000		£'000	£'000	£'000
Active Nation Bond Reserve	0	0	180	0	180	0	200	0	380
AGP Sinking Fund	0	0	2	0	2	0	50	0	52
Private Sector Stock	45	0	12	(30)	27	0	12	0	39
Condition Survey				( )					
Property Searches	4	0	0	(4)	0	0	0	0	0
Corporate Training	0	0	60	0	60	0	0	0	60
Boston Audit Contract	14	0	0	(14)	0	0	0	0	0
Section 106 Interest	32	0	0	0	32	0	0	0	32
Crematorium	0	0	0	0	0	0	0	0	0
Christmas Decorations	14	0	0	0	14	0	0	0	14
Electric Van Replacement	15	0	4	0	19	0	4	0	24
Air Quality Initiatives	15	0	6	(10)	11	0	6	0	16
Commons Parking	27	0	0	(7)	20	0	10	(29)	1
Tank Memorial	10	0	0	0	10	0	0	0	10
HRS Reserve	0	0	0	0	0	0	0	0	0
City Hall Sinking Fund	60	0	0	0	60	0	0	0	60
Birchwood Leisure Centre	26	0	20	0	46	0	20	0	66
Covid Recovery Reserve	0	0	1,047	0	1,047	0	0	0	1,047
Covid Response	354	0	0	0	354	0	0	0	354
MSCP & Bus Station	60	0	0	0	60	0	44	0	104
Western Growth Corridor Plan	150	0	0	(70)	80	0	0	(30)	49
Total General Fund	6,512	0	15,460	(2,409)	19,563	0	6,897	(13,792)	12,668
Earmarked Reserves									
HRA									
HRA Strategic Growth	101	0	0	(75)	26	0	0	(21)	5
HRA Invest to Save	133	0	0	Ó	133	0	160	(40)	253
Capital Fees Equalisation	140	0	0	(30)	110	0	0	Ó	110
HRA Strategic Priority	176	0	625	(79)	722	0	0	(140)	582
De Wint Court	73	0	0	0	73	0	0	0	73
DisRepair Management	0	0	0	0	0	0	300	0	300
HRA Business Plan	0	0	0	0	0	0	77	0	77
HRA Repairs Account	595	0	755	0	1,351	0	0	0	1,351

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	Balance	Movements	Appro	priations	Balance	Movements		opriations	Balance	
	@ 31.03.20		Transfers In	Transfers Out	@ 31.03.21		Transfers In	Transfers Out	@31.03.22	
	£'000		£'000	£'000	£'000		£'000	£'000	£'000	
HRA Survey Works	54	0	0	0	54	0	0	(54)	0	
Stock Retention	22	0	0	0	22	0	0	(22)	0	
Housing Repairs Service	126	0	0	0	126	0	0	0	126	
Total HRA Earmarked Reserves	1,420	0	1,380	(184)	2,617	0	537	(277)	2,876	
Total Earmarked Reserves	7,932	0	16,841	(2,593)	22,180	0	7,434	(14,069)	15,544	
Insurance Fund	3,657	0	375	(170)	3,862	0	0	(432)	3,431	
Total Earmarked Reserves	11,589	0	17,216	(2,763)	26,043	0	7,434	(14,501)	18,976	

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### **Insurance Reserve**

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The insurance fund has been set up to ensure adequate funding for the insurance risk covered by the City of Lincoln Council. In **2021/22** the risk in respect of Public Liability Insurance had an excess of  $\pounds100,000$  (per claim) with no cap ceiling. The movements on the fund are as follows:

2020/21 £'000		2021/22 £'000
3,657	Opening Balance	3,863
(170)	Funding of claims/losses	(150)
375	Contributions from revenue	(282)
3,862	Closing Balance	3,431

2020/21 £'000		2021/22 £'000
850	Levies	871
529	Payments to the Government Housing Capital Receipts Pool	529
(173)	(Gains)/losses on the disposal of non-current assets	(934)
1,206	Total	467

Note 12 – Financing and Investment Income and Expenditure							
2020/21		2021/22					
£'000		£'000					
3,914	Interest payable and similar charges	3,797					
2,040	Net interest on the net defined liability	2,077					
(990)	Interest receivable and similar income	(1,020)					
4,964	Total	4.854					

## Note 13 – Taxation and Non-Specific Grant Income

2020/21 £'000		2021/22 £'000
(6 <i>,</i> 859)	Council Tax income	(7,047)
(5,695)	Retained Business Rates income and expenditure	(5,351)
(2,668)	Non service related government grants	(1,328)
(23)	RSG	(23)
(3,355)	Capital grants and contributions	(7,892)
(18,600)	Total	(21,641)

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

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

Movements in 2021/22										
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Community Assets	Surplus Assets	Assets Under Con- struction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation				•				•		
At 1 April 2021	274,502	81,265	9,169	5,918	20,967	8,241	400,062	1,992	34,203	436,256
Additions	12,398	1,265	1,961	774	0	3,755	20,153	64	0	20,218
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(36)	(455)	0	0	2,174	0	1,683	0	0	1,683
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services		(1,433)	0	0	(286)	0	7,567	0	408	7,974
De-recognition and disposals	(2,340)	0	0	0	0	0	(2,340)	0	0	(2,340)
Other movements in cost or valuation	5,628	(922)	26	0	(1,365)	(6,291)	(2,924)	18	1,406	(1,500)
At 31 March 2022	299,437	79,721	11,157	6,692	21,490	5,705	424,201	2,074	36,016	462,291
Depreciation										
At 1 April 2021	(33)	<b>(1,484)</b>	(5,291)	(119)	(10)	0	(6,938)	(1,801)	0	(8,739)
Depreciation/amortisation for year	(7,159)	(1,604)	(488)	0	0	0	(9,251)	(66)	0	(9,318)
Depreciation written out to the Revaluation Reserve	33	1,271	0	0	3	0	1,307	0	0	1,307

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Movements in 2021/22										
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,101	0	0	0	0	0	7,101	0	0	7,101
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
De-recognition – disposals	58	0	0	0	0	0	58	0	0	58
De-recognition – other	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	(7)	0	0	7	0	0	0	0	0
At 31 March 2022	0	(1,824)	(5,780)	(119)	0	0	(7,723)	(1,868)	0	(9,590)
Net book value of assets at 31.03.22	299,437	77,897	5,377	6,573	21,490	5,705	416,478	207	36,016	452,701
Net book value of assets at 31.03.21	274,468	79,781	3,877	5,799	20,957	8,241	393,124	191	34,203	427,518
Owned	299,437	77,897	5,377	6,573	21,490	5,705	416,478	207	36,016	452,701

Movements in 2020/21										
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip	Community Assets	Surplus Assets	Assets Under Con- struction	Property Plant & Equip Subtotal	Intangible Assets	Investment Properties	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2020	257,607	89,222	12,890	5,235	19,750	2,740	387,444	1,992	34,646	424,082
Additions	11,854	53	320	686	0	5,706	18,619	0	0	18,619
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	53	(5,035)	0	0	(135)	0	(5,117)	0	0	(5,117)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Satvices	6,109	(3,273)	0	0	(48)	0	2,788	0	294	3,082
De-recognition and disposals	(1,327)	(439)	0	0	0	0	(1,766)	0	(100)	(1,866)
Other movements in cost or valuation	205	737	(4,042)	0	1,400	(205)	(1,905)	0	(637)	(2,542)
At 31 March 2021	274,501	81,265	9,168	5,921	20,967	8,241	400,063	1,992	34,203	436,258
Depreciation										
At 1 April 2020	(20)	(2,457)	(8,646)	(119)	(7)	0	(11,249)	(1,683)	0	(12,932)
Depreciation/amortisation for year	(6,362)	(1,738)	(687)	0	(4)	0	(8,791)	(118)	0	(8,909)
Depreciation written out to the Revaluation Reserve	0	2,691	0	0	0	0	2,691	0	0	2,691
Movements in 2020/21	-	-	-	-		-	-	-	-	
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,316	0	0	0	0	0	6,316	0	0	6,316

Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
De-recognition – disposals	32	21	0	0	0	0	53	0	0	53
De-recognition – other	0	0	4,042	0	0	0	4,042	0	0	4,042
Other movements in cost or valuation	0	(1)	0	0	1	0	0	0	0	0
At 31 March 2021	(33)	(1,484)	(5,291)	(119)	(10)	0	(6,938)	(1,801)	0	(8,739)
Net book value of assets at 31.03.21	274,468	79,781	3,877	5,799	20,957	8,241	393,124	191	34,203	427,518
Net book value of assets at 31.03.20	257,587	86,763	4,244	5,116	19,744	2,740	376,192	309	34,646	411,147
Owned	274,468	79,781	3,877	5,799	20,957	8,241	393,124	191	34,203	427,518

## Valuation

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

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

Principal Property Surveyor	Mr P Clifton	MRICS
Director – Banks Long	James Butcher	BSc (Hons) MRICS

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

	Council Dwellings	Land & Buildings	Community Assets	Vehicles Plant & Equip.	Surplus Assets	Assets Under Construction
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation at historical cost			6,573	5,377		5,705
Valued at current value as at:						
Desktop review 31/03/2022		394 18,058			10,960	
31/03/2021	299,437	39,458			423	
31/03/2020		3,130			7	
31/03/2019		15,185			9,500	
31/03/2018		1,672			600	
Total cost or valuation	299,437	77,897	6,573	5,377	21,490	5,705

### Depreciation

### Tangible Assets

Depreciation, as stated in the Accounting Policies, is calculated on a straight-line basis. The following useful lives and depreciation rates have been used in the calculation of depreciation:

Category Of Asset
-------------------

### Useful Economic Life

**Council Dwellings** 

### Other Land & Buildings

- Council Buildings
- Car Parks
- Cemeteries

60 years for new properties 30 years for properties over 30 years old

50	years
60	years
50	years

Category Of Asset	<u>Useful Economic Life</u>
- Crematorium	21 years
- Community Centres	50 years
- Offices	50 years
<ul> <li>Depots &amp; Workshops</li> </ul>	50 years
- Public Conveniences	50 years
- Recreation Grounds	50 years
- Sports Centres	50 years
Vehicles, Plant & Equipment	
- Computers	5 years
- Equipment	10 years
- Fixtures and Fittings	5 years
- Plant	7/10 years
- Vehicles	5/7 years

### Intangible Assets

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

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

### Note 15 – Heritage Assets

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

	Heritage Vehicles £'000	Musical Instruments £'000	Civic Insignia £'000	Other £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2020	38	100	2,359	409	2,906
Additions	0	0	0	0	0
De-recognitions	(38)	(100)	0	0	(138)
At 31 March 2021	0	0	2,359	409	2,768
Cost or Valuation					
At 1 April 2021	0	0	2,359	409	2,768
Additions	0	0	0	0	0
De-recognitions	0	0	0	0	0
At 31 March 2022	0	0	2,359	409	2,768

## Civic Insignia

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

### Other Heritage Assets

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

## Heritage Assets not recognised in the Balance Sheet

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

Scheduled Ancient Monuments St Paul in the Bail Saltergate Roman Wall and Posterngate Mint Wall, West Bight Pottergate Lower West Gate & Wall, City Hall St Marys Conduit Temple Gardens, Close Wall Roman Wall, Mary Sookias House, Cecil Street	Walls & Well Wall & Gate Wall Arch Gate & Wall Conduit Wall Wall
<b>Memorials</b> High Street <b>Memorials</b> Dixon Street Birchwood Avenue Newark Road/Maple Street	War memorial War memorial War memorial War memorial
Public Art The Chimes, Brayford Wharf North Empowerment, Waterside Exotic Cone I and II Lilies, Altham Terrace Lion, Arboretum Love Seat, The Lawn Dr Charlesworth Statue, The Lawn Mother and Child, The Lawn St Marks Obelisk	Artwork Artwork Artwork Artwork Artwork Artwork Artwork Artwork

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## Note 16 – Investment Properties and Surplus Assets

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

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

2020/21 £'000		2021/22 £'000
1,462	Rental income from investment property	1,994
(5)	Direct operating expenses arising from investment property	(19)
294	Fair value gains/(losses) on investment properties	408
0	Gains/(losses) on disposal of investment properties	0
1,751	Net gain/(loss)	2,383

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

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

2020/21 £'000 34,646	Balance at 1 April	2021/22 £'000 34,203
0	Additions	0
(100)	Disposals	0
294	Net gain/loss from Fair Value Adjustment	408
(637)	Transfers (to)/from Other Land and Buildings	1,406
34,203	Balance at 31 March	36,016

## Fair Value Hierarchy

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

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

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

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

## Highest and Best Use of Investment Properties

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

## Valuers

The Investment Properties that were valued at 31 March 2022 were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

## Surplus Assets

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

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

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

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

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

## Note 17 – Intangible Assets

Movements in the value of Intangible Assets are shown in note 14. No internally generated intangible assets are recognised in the Balance Sheet. The carrying

amount of intangible assets is amortised on a straight-line basis. Amortisation of  $\pounds 66k$  ( $\pounds 118k$  in 20/21) was charged to service headings in the Cost of Services.

#### Note 18 – Financial Instruments

The Council has the following investments at 31 March 2022:

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

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

	31/03/2021	31/03/2022	
	£000	£000	
Non-listed securities	504	504	
Total	504	504	

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

#### 31 March 2022

	Unquoted Shares	Other	Total
	£000	£000	£000
Opening Balance	249	0	249
Transfers into level 3	0	0	0
Transfers out of Level 3	0	0	0
Total gains or losses for the period			
<ul> <li>Included in Surplus or Deficit on the Provision of Services</li> </ul>	0	0	0
- Included in Other Comprehensive Income and Expenditure	63	0	63
Additions	0	0	0
Disposals	0	0	0
Closing Balance	312	0	312

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

Summary of Financial Instruments	
Financial Liabilities at amortised cost	
Long Term Borrowing	Level 1
Short Term Borrowing	Level 1
Long Term Creditors	Level 1
Short Term Creditors	Level 1
Cash and Cash Equivalents	Level 1
Total Financial Liabilities	
Financial Assets at amortised cost	

31/3/21	31/3/22
£000s	£000s
(115,738)	(111,962)
(9,417)	(14,931)
0	0
(7,869)	(12,408)
0	0
(133,024)	(139,302)

Summary of Financial Instruments		31/3/21	31/3/22
		£000s	£000s
Short Term Investments	Level 1	33,907	49,878
Long Term Debtors	Level 1	837	724
Short Term Debtors	Level 1	6,835	8 <i>,</i> 891
Cash and Cash Equivalents	Level 1	563	(103)
Total Financial Assets		42,142	59,390
Financial Assets at FVOCI*			
Long Term Investments	Level 2/3**	753	816
Total Assets at FVOCI		753	816

\*Fair Value through Other Comprehensive Income

\*\* See table below for detail

There have been no transfers between levels in the hierarchy during 2021/22.

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

#### Financial Instrument Gains/Losses

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

2021/22	Financial Liabilities	Financial Assets		Total
	Amortise	d Cost	FVOCI	
	£000£	£000	£000	£000£
Interest Expense	3,721			3,721
Interest Income credited		(77)		(77)
to services				
Dividend Income			(26)	(26)
Surplus or deficit arising on revaluation of financial			(63)	(63)
assets				
Net (gain)/loss for the year	3,721	(77)	(89)	3,555

2020/21				
Interest Expense	3,912			3,912
Interest Income credited		(77)		(77)
to services				
Interest Income			(26)	(26)
Surplus or deficit arising on			19	19
revaluation of financial				
assets				
Net (gain)/loss for the year	3,912	(77)	(7)	3,828

# Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them. Assets measured at Fair value through other comprehensive income are classified in this way due to the business model under which they are being held and that they have features which are not usually found in a basic lending agreement.

Financial assets measured	at fair value			
Recurring fair value measurements	Input level in fair value hierarchy**	Valuation technique used to measure fair value	As at 31/3/22 £'000	As at 31/3/21
			£'000	£'000
Fair Value OCI			-	-
Equity shareholding in Dunham Bridge Company	Level 2	Average price obtained during the last three share sales	504	504
Equity shareholding in Investors in Lincoln	Level 3	Discounted cash flow *	312	249
Total			816	753

\* The Authority's shareholding in Investors in Lincoln - the shares in this company are not traded in an active market and fair value of £311,486 has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts and assuming future profit will remain the same as current year profit.

\*\*See Glossary for the definition of Fair Value Input Levels

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

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

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



The fair values calculated are as follows:

# **Financial Liabilities**

31/03/21				31/	03/22
Carrying Amount	Fair Value		Fair Value hierarchy**	Carrying Amount	Fair Value
£'000	£'000			£'000	£'000
93,354	106,461	PWLB Debt	Level 2	95,612	99,356
16,174	27,879	Money Market Debt	Level 2	16,174	25,339
565	565	Stock	Level 2	0	0
15,062	15,199	Other	Level 2/3	15,108	14,960
125,155	150,104	Total Debt	-	126,894	139,655

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

\*\*See Glossary for the definition of Fair Value Input Levels.

3/21		31/0	3/22
Fair Value		Carrying Amount	Fair Value
£'000		£'000	£'000
33,907	Money Market Investments <1 year	49,878	49,878
0	Money Market Investments >1 year	0	0
837	Long Term Debtors	724	724
34,744	Total Investments	50,602	50,602
	Value £'000 33,907 0 837	Fair Value£'00033,907Money Market Investments <1 year	Fair ValueCarrying Amount£'000£'00033,907Money Market Investments <1 year

## Financial Assets

The fair value of Public Works Loan Board (PWLB) loans of £99.356m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty Interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of  $\pounds 95.612m$  would be valued at  $\pounds 99.356m$ . But, if the Council were to seek to avoid the

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projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £115.345m.

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

#### Note 19 – Inventories

In undertaking its work the Council holds reserves of inventories together with amounts of uncompleted work (work in progress). The note for 2020/21 has be revised and the figure shown in the Balance Sheet may be subdivided as follows:

	Consumable Stores	
	2020/21 £'000	2021/22 £'000
Balance outstanding at the start of the year	138	138
Purchases	1	11
Recognised as an expense in the year	0	(45)
Balance outstanding at the year-end	139	104

#### Note 20 – Debtors

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

31/03/21 £'000		31/03/22 £'000
13,843	Central Government Bodies	12,713
8,022	Other Local Authorities	5,345
9	NHS Bodies	4
10,664	Other Entities and Individuals	10,987
32,537	Total Short-Term Debtors	29,049
(4,148)	Eess Impairment Loss Allowance	(4,133)
28,389	Net Short-Term Debtors as per Balance Sheet	24,916

## **Debtors for Local Taxation**

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

31/03/21 £'000		31/03/22 £'000
122	Less than three months	115
184	Three to six months	186
3,438	Six months to one year	3,521
4,699	More than one year	5,171
8,444	Total	8,993

## Note 21 – Cash and Cash Equivalents

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

31/03/21 £'000		31/03/22 £'000
1	Cash held by the Council	1
562	Bank Current accounts	(104)
563	_	(103)

The overdrawn balance at 31/3/2022 shows the financial position which includes creditor payments awaiting clearance through the bank account.

## Note 22 – Assets Held for Sale

The Authority had a piece of development land classified as an asset held for sale at the end of the year. The sale of the asset has been approved but was not completed as at 31<sup>st</sup> March 2022.

Current 2020/21		Current 2021/22
£000		£000
1,500	Balance at start of the year	0
0	Additions	0
	Newly classified:	
0	- Property Plant & Equipment	1,500
0	Revaluation gain/(loss)	0
(1,500)	Transfers from AHFS	0
0	Disposals	0
0	Closing Balance	1,500

# Note 23 – Creditors

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

31/03/21 £'000		31/03/22 £'000
(24,825)	Central Government Bodies	(28,327)
(593)	Other Local Authorities	(607)
(8,396)	Other Entities and Individuals	(14,995)
(33,814)	Total	(43,929)

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## Note 24 – Provisions

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

	Business Rates RV Reduction the Think Tank £'000	Compulsory Purchase Order £'000	Business Rates Appeals £'000
Balance at 1 April 2021	(37)	(94)	(2,448)
Additional Provisions made in 2021/22	0	0	(947)
Amounts used in 2021/22	0	0	306
Unused Amounts Reversed in 2021/22	0	0	1,022
Unwinding of Discounting in 2021/22	0	0	0
Balance at 31 March 2022	(37)	(94)	(2,067)

The provision for business rate appeals represents the Council's share (40% of £5.168m) of the total provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2022. The total provision is accounted for in the Collection Fund. The amount and timing of outflows against the Business Rates Appeals provision is dependent on the processing and determination of business rates appeals by the Valuation Office.

## Note 25 – Usable Reserves

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

#### Note 26 – Unusable Reserves

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

Reserve	Balance 31/03/21	Net Movement in Year	Balance 31/03/22	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Revaluation Reserve	29,350	2,192	31,542	Store of gains on revaluation of assets	a) below
Pensions Reserve	(106,140)	20,018	(86,122)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	
Capital Adjustment Account	263,163	19,408	282,571	Store of capital resources set aside to meet past expenditure	b) below
Deferred Capital Receipts	57	0	57	Expected future repayments from sales of assets received in instalments	c) below
Financial Instruments Adjustment Account	(51)	3	(48)	Balancing mechanism between the rates at which gains and losses are recognised under the Code of Practice	d) below
Financial Instruments Revaluation Reserve	738	63	801	Store of gains on revaluation of investments not yet realised through sales	e) below
Collection Fund Adjustment Account – Council Tax	(196)	167	(29)	Store of Council's share of accumulated surpluses and deficits in relation to Council Tax on the Collection Fund	f) below

Reserve	Balance 31/03/21	Net Movement in Year	Balance 31/03/22	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Collection Fund Adjustment Account – NNDR	(11,428)	7,391	(4,037)	Store of Council's share of accumulated surpluses and deficits in relation to NNDR on the Collection Fund	f) below
Accumulated Absences Account	(770)	101	(669)	Absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year (i.e. annual leave entitlement carried forward at 31 March	g) below
	174,723	49,343	224,066		

## a) Revaluation Reserve

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

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

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

2020/21 £'000		2021/22 £'000
<b>(32,181)</b>	Balance 1 April	<b>(29,350)</b>
(1,346) 3,773	Upward Revaluation of assets Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	(3,712) 7223
2,427	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(2,989)
281	Difference between fair value depreciation and historical cost depreciation	797
123	Amounts written out to the Capital Adjustment Account	0
(29,350)	Balance 31 March	(31,542)

## b) Capital Adjustment Account

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

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

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

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

2020/21 £'000		2021/22 £'000
(252,643)	Balance 1 April Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	(263,163)
8,909	Charges for depreciation and amortisation of non- current assets	9,318
0	Other movements of depreciation	0
(9,104)	Revaluation (gains)/losses and impairments on Property, Plant and Equipment	(14,668)
(294)	Fair value movements on Investment Properties	(408)
970	Revenue expenditure funded from capital under statute	1,677
1,813	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,282
15	Other adjustments	0
2,309	- -	(1,799)
(281)	Adjusting amounts written out of the Revaluation Reserve Adjusting amounts written out of the Revaluation Reserve prior period adjustment	(797)
2,029	Net written out amount of the cost of non-current assets consumed in the year	(2,596)
	Capital Financing applied in year:	
(1,633)	Use of Capital Receipts to finance new capital expenditure	(1,340)
(150)	Use of Capital Receipts to reduce capital financing requirement	(150)
(4,624)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,842)
(82)	Capital expenditure charged against the General Fund and HRA balances	(215)
(4,553)	Application of Capital Grants to finance new capital expenditure	(9,821)
(1,507)	Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances (MRP/VRP)	(1,444)
(12,550)		(16,812)
(263,163)	Balance 31 March	(282,571)

# c) Deferred Capital Receipts

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

2020/21 £'000		2021/22 £'000
(57)	Balance 1 April	(57)
0	Council's share of (surplus)/deficit for the year	0
(57)	Balance 31 March	(57)

# d) Financial Instruments Adjustment Account

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

2020/21 £'000		2021/22 £'000
53	Balance 1 April	51
0	Proportion of discounts incurred in previous financial years to be credited to the General Fund Balance in accordance with statutory requirements	0
(2)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)
51	Balance 31 March	48

# e) Financial Instruments Revaluation Reserve

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

2020/21 £'000 (757)	Financial Instruments Revaluation Reserve Balance 1 April	2021/22 £'000 (738)
0	Transfer from Available for Sale Financial Instruments Reserve	0
19	(Gain)/Loss on FVOCI revaluations in year	(63)
(738)	Balance 31 March	(801)

# f) Collection Fund Adjustment Account – Council Tax

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

2020/21 £'000 (26)	Balance 1 April	2021/22 £'000 196
222	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(167)
196	Balance 31 March	29

# g) Collection Fund Adjustment Account – NNDR

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

2020/21 £'000 (118)	Balance 1 April	2021/22 £'000 11,428
11,546	Amount by which council non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(7,391)
11,428	Balance 31 March	4,037

## h) Accumulated Absences Account

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

	2020/21 £'000			2021/22 £'000
	460	Balance 1 April		770
(460)		Settlement or cancellation of accrual made at the end of the preceding year	(770)	
770		Amounts accrued at the end of the current year	669	_
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 770	the year in accordance with statutory requirements Balance 31 March	6469
 310	Amount by which officer remuneration charged in the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in	(101)

#### Note 27 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000		2021/22 £'000
129	Interest received	62
(3,976)	Interest paid	(3,786)
26	Dividends Received	26
(3,821)		(3,698)

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

2020/21 £'000		2021/22 £'000
8,791 (9,104)	Depreciation Impairment and downward valuations	9,252 (14,668)
118	Amortisation	66
0	Increase/(decrease) in impairment for bad debts	0
22,216	Increase/(decrease) in creditors	9,863
(1,418)	(Increase)/decrease in debtors	(7,732)
(1)	(Increase)/decrease in inventories	35
3,692	Movement in pension liability	4,981
1,828	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,282
(119)	Other non-cash items charged to the net surplus or deficit on the provision of services	(851)
26,003		3,228

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

2020/21 £'000		2021/22 £'000
(1,677) (3,355)	Proceeds from sale of PPE, investment property and intangible assets Any other items for which the cash effects are investing or financing cash flows	(3,216) (7,892)
(5,032)		(11,108)

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# Note 30 – Cash Flow Statement - Investing Activities

2020/21 £'000		2021/22 £'000
(18,008)	Purchase of property, plant and equipment, investment property and intangible assets	(19,966)
(172,315)	Purchase of short-term and long-term investments	(150,686)
0	Other payments for investing activities	0
1,677	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,216
168,965	Proceeds from short-term and long-term investments	134,736
3,207	Other receipts from investing activities	7,892
(16,474)	Net cash flows from investing activities	(24,808)

2020/21 £'000		2021/22 £'000
(105)	Cash payments for the reduction of outstanding liabilities relating to finance leases	0
14,673	Cash receipts of short & long-term borrowing	11,381
0	Other receipts from financing activities	0
(11,425) (19,325)	Repayments of short- and long-term borrowing Other payments for financing activities	(9,643) 11,360
(16,182)	Net cash flows from financing activities	13,098

Reconciliation of liabilities arising from financing activities

2021/22	01/04/2021	Financing Cash Flows		Other non- financing cash flows	31/03/2022
		New loans Repayments			
	£'000	£'000	£'000	£'000	£'000
Long Term Borrowing	107,158	5,000	(561)	(13,215)	98,382
Short Term Borrowing	13,455	5,000	(7,710)	13,215	23,960
Lease liabilities	0	0	0	0	0
Total Liabilities from financing activities	120,613	10,000	(8,271)	0	122,342

2020/21	01/04/2020	Financing Cash Flows		Other non- financing cash flows	31/03/2021
		New loans	Repayments		
	£'000	£'000	£'000	£'000	£'000
Long Term Borrowing	110,448	(6,000)	0	2,710	107,158
Short Term Borrowing	11,460	(5,000)	9,705	(2,710)	13,455
Lease liabilities	105	0	(105)	0	0
Total Liabilities from financing activities	122,013	(11,000)	9,600	0	120,613

## Note 32 – Trading Operations

The Council operates a Housing Repairs Service (HRS), which carries out day to day maintenance on council housing and other public buildings as well as environmental works, street furniture etc. It also manages a number of industrial estates and commercial properties.

2	020/21				2021/22	
Exp. £'000	Inc. £'000	Net £'000		Exp. £'000	Inc. £'000	Net £'000
7,842	(6,949)	894	HRS	9,118	(7,760)	1,359
54	(408)	(355)	Industrial Estates	54	(395)	(341)
62	(1,478)	(1,416)	Lincoln Properties	67	(2,000)	(1,932)
7,958	(8,835)	(877)	Total (Surplus)/Deficit	9,240	(10,154)	(914)

## Note 33 – Agency Services

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

#### Note 34 – Members' Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 requires local authorities to publish the amounts paid to members under the members' allowance scheme.

The payments made to the City of Lincoln Council members during 2021/22 totalled  $\pounds 245,456$  ( $\pounds 249,438$  in 2020/21).

Payments are defined as:

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

## Note 35 – Officers' Remuneration

The Accounts and Audit Regulations 2015 require the Council to disclose remuneration paid to senior employees.

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

2021/22						
Post Title	Salary	Bonuses	Expense Allowances	Compen- sation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive <sup>1</sup>	141,540	0	0	0	22,686	164,225
Strategic Director of Housing & Regeneration	100,973	0	0	0	17,123	118,096
Strategic Director of Communities & Environment	98,979	0	0	0	17,123	116,102
Strategic Director of Major Developments	98,979	0	0	0	17,123	116,102
Total	440,470	0	0	0	74,056	514,525

#### **Officers' Emoluments – Senior Employees**

1) The salary costs for the Chief Executive include  $\pounds 16.1k$  relating to election expenses in 21/22.

2020/21						
Post Title	Salary	Bonuses	Expense Allowances	Compen- sation for loss of office	Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive <sup>1</sup>	123,588	0	0	0	21,381	144,969
Strategic Director of Housing & Regeneration	96,657	0	0	0	16,722	113,378
Strategic Director of Communities & Environment	96,920	0	0	0	16,797	113,687
Strategic Director of Major Developments	96,584	0	0	0	16,709	113,293
Total	413,748	0	0	0	71,578	485,327

1) There were no elections held in 20/21 due to the Covid-19 Pandemic.

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

Remuneration Band	Number o	f Employees
£	2021/22	2020/21
50,000 - 54,999	6	8
55,000 - 59,999	3	0
60,000 - 64,999	2	4
65,000 – 69,999	5	4
70,000 – 74,999	0	0
75,000 – 79,999	1	2
80,000 - 84,999	1	0

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

The figure above for 2021/22 includes no employees for whom an exit package was agreed.

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

Exit package cost band (including special payments)	comp	ber of ulsory lancies	depa	of other rtures eed	exit pac	mber of kages by id [b + c]	Total cos packages bai	s in each
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
							£	£
£0 - £20,000	0	0	9	4	9	4	103,264	32,934
£20,001 - £40,000	0	0	4	4	4	4	108,353	122,870
£40,001 - £60,000	0	0	0	4	0	4	0	176,082
£60,001 - £80,000	0	0	0	1	0	1	0	60,530
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0	0	0
Total cost included in bandings							211,617	392,416
Add: Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							211,617	392,416

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

## Note 36 – External Audit Costs

In 2021/22 the following fees relating to External Audit and Inspection were incurred and paid to Mazars, the Council's external auditors:

2020/21 £'000		2021/22 £'000
	Fees payable for statutory audit services	
50	Fees Payable with regard to external audit services carried out by the appointed auditor	60
50	-	60
	Fees payable for other audit services	
13	Fees payable for the certification of grant claims and returns	14
63	Total fee payable to external auditors	75

The fees relating to external audit services include the amount of  $\pounds$ 41,000 for the provision of the annual audit and  $\pounds$ 19,000 for advice relating to new standards and PPE/Pensions

The fees relating to grant claims can vary from year to year depending on the number of claims to be audited. The figure for 2021/22 is an estimate, as the work will be carried out in the period July to September 2022.

# Note 37 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

	Credited to Taxation and Non-Specific Grant Income	
2020/21 £'000		2021/22 £'000
(23)	Revenue Support Grant	(23)
(771)	New Homes Bonus	(213)
(13)	Business Rates Top Ups	0
(8)	Transparency Code Setup Grant	(8)
(1,877)	COVID	(640)
0	Lower Tier Services Grant	(266)
0	Local Council Tax Support Admin Subsidy	(201)
(2,691)	Total Non-Ring-fenced Grants shown on CIES	(1,351)
(852)	Disabled Facilities Grants	(852)
(107)		(173)
0	Lincolnshire County Council	(1407)
(359)		(256)
(142)	Historic England	(941)
	Department of Transport	(13)
	Homes England	(3,333)
(1,000)	Towns Fund	(498)
0	Police & Crime Commissioner	(270)
(142)	Other Capital Grants and Contributions	(150)
(3,354)	Total Capital Grants and Contributions shown on CIES	(7,892)
(12,657)	S31 Grants included in Non-Domestic Rates Income on CIES	(5,211)
(18,703)	Total Non-Ringfenced Grants included in CIES	(14,455)
2020/21	Credited to Services	2021/22
£'000		£'000
(12,453)	Rent Allowances	(11,590)
( , ,	Rent Rebates	(10,589)
(227)	Discretionary Housing Payments 97	(187)
	-	OUNTS

(336)	Housing Benefit Administration	(334)
(445)	New Burdens Grant Determination	(789)
(29)	Historic England	(48)
(137)	Local Council Tax Support Admin Subsidy	(148)
(51)	Home Office	(33)
(70)	Towns Fund	(11)
(1,517)	Homeless Specific	(1,700)
(24,701)	COVID Business Support Grants	(2,612)
(81)	Other Grants	(602)
(51,324)	Total Grants and Contributions credited to Services	(28,643)
(70,027)	Total Grants, Contributions and Donated Assets	(43,098)

## Note 38 – Related Parties

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

**Members/Officers** - For 2021/22 the Council sent a letter, dated 1 April 2022, to all Members, Chief Officers and Assistant Directors, requesting disclosure of any 'related party transactions'. All letters were returned, two Members and two Officers declared pecuniary interests in accordance with section 117 of the Local Government Act 1972.

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

Name of Organisation	Member Representative	Officer Representative
Upper Witham – Drainage Board	Councillor G Hewson Councillor R Longbottom Councillor P Vaughan	Chief Executive
Witham First – Drainage Board	Councillor G Hewson Councillor P Vaughan Councillor B Bean	Chief Executive
Witham Third – Drainage Board	Councillor G Hewson Councillor P Vaughan	Chief Executive
Lincoln Dial-a-Ride	Councillor G Hewson	Chief Executive

Name of Organisation	Member Representative	Officer Representative
Lincoln Citizens Advice Bureau	Councillor S Burke	Chief Executive
Investors in Lincoln	Cllr Metcalfe Cllr Murray	Chief Executive/ Major Developments
Lincoln Business Improvement Group	Councillor C Burke Councillor R Metcalfe	Communities and Environment
Central Lincolnshire Joint Strategic Planning Partnership	Councillor R Metcafe Councillor C Burke Councillor N Tweddle Councillor G Hewson(Sub)	Communities & Environment
The Shared Revenues & Benefits Joint Committee	Councillor R Metcalfe Councillor Sue Burke Councillor D Nannestad( sub)	Chief Executive
Brayford	Councillor R Metcalfe Councillor Gary Hewson	Chief Executive
Lincoln City Foundation		Director of Communities and Environment

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

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

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

**Other Bodies** - transactions with other bodies levying demands on the Council Tax - Levying bodies in 2021/22 were as follows:

2020/21 £'000		2021/22 £'000
453	Upper Witham Drainage Board	464
135	Witham 1 <sup>st</sup> Drainage Board	139
262	Witham 3 <sup>rd</sup> Drainage Board	268
850	Total	871

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

2020/21

99 **S** T A T E M E N T O F A C C O U N T S **2 0 2 1 / 2 2** 

£'000		£'000
26	Lincoln Dial-a-Ride	20
28	Citizens Advice Bureau	28
36	Brayford	23

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

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

The company's accounting year-end is 31st March and the latest (audited) accounts are for the year ended 31st March 2021, showing net assets of £4.485m and a profit of £38,150. The accounts of the company may be obtained from The Company Secretary, c/o The Managed Workspace, Greetwell Place, 2 Lime Kiln Way, Lincoln LN2 4US.

The Council is fully responsible for meeting the first  $\pounds 100,000$  of any cumulative deficit on operating the managed workspace units. In the event that the cumulative deficiency exceeds  $\pounds 100,000$  the Council shall meet 75% of the deficiency. In 2021/22 a surplus on the managed workspace units of  $\pounds 23,544$  was attributable to the Council.

Details of amounts received from IIL during 2021/22 are shown below:

2020/21		2021/22
£'000		£'000
133	Property Management costs	94
90	Facility Fee	68
5	Management Fee	5

An amount of  $\pounds4,861$  was owed to IIL at 31st March 2022 in respect of property management costs, facility fees and management fees. This is included in the creditors balance in the Council's Balance Sheet.

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

100 **STATEMENT OF ACCOUNTS 2021/22**  The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically that has yet to be financed. The CFR is analysed in the second part of this note.

Total Capital expenditure and financing during the year:

2020/21 £'000		2021/22 £'000
2 000	Capital investment	2 000
18,619	Property, Plant and Equipment	20,154
0	Investment Properties	0
0	Intangible Assets	64
970	Revenue Expenditure Funded from Capital under Statute	1,677
19,589	- · ·	21,895
2020/21		2021/22
£'000		£'000
	Sources of finance	
(1,633)	Capital Receipts	(1,340)
(4,553)	Government grants and other contributions	(9,821)
(82)	Revenue Contributions	(215)
(4,624)	Major Repairs Reserve	(3,842)
(10,892)	Total sources of financing	(15,218)
(8,697)	Capital Financing Requirement	(6,677)
	Capital Financing Requirement - Funded by:	
8,697	Unsupported Borrowing	6,677
8,697	-	6,677
130,736	Opening CFR	137,776
8,697	Unsupported borrowing	6,677
0	Adjustments in respect of leases disposed under finance lease	0
(1,507)	Minimum Revenue Provision/Voluntary Revenue Provision	(1,444)
(150)	Application of capital receipts to reduce CFR	(150)
	=	142,859

The Council has a five-year Housing Investment programme, of which £4.465m is contractually committed for delivery in 2022/23. This relates to a partnership arrangement to ensure all our properties continue to meet Decent Homes Standard and move towards achieving The Lincoln Standard. In addition to this the Council also has a five-year General Investment Programme, of which £7.69m is contractually committed for delivery in 2022/23. Market refurbishment of £6.98m, IT and Telephony schemes (£0.083m), St Mary's Guildhall (£0.348m) and to allow completion of schemes

Crematorium improvements (£0.131m), Artificial Grass Pitches (£0.088m) and Whitton's Park (£0.057m).

#### Note 40 – Leases

## Council as Lessee

#### **Finance Leases**

The Council does not have any finance leases as Lessee.

#### **Operating leases**

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

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

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

2020/21		2021/22
£'000		£'000
191	Vehicles Plant & Equipment	193
191	Minimum lease payments	193

## **Council as Lessor**

#### Finance Leases

The Council has granted a long-term lease to Lincolnshire County Council for the use of The Collection (City and County Museum) accounted for as a finance lease. Rental is at a peppercorn, meaning no rentals are receivable. There was no net investment in this asset in 2021/22.

# **Operating Leases**

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

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

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

2020/21		2021/22
£'000		£'000
2,238	Not later than one year	2,746
8,833	Later than one year and not later than five years	9,860
22,385	Later than five years	20,650
33,457		33,257

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as rent reviews. In 2021/22, £0.343m contingent rents were foregone by the Council (2020/21 £0.386m received).

## Note 41 – Impairment Losses

There were no impairment losses during 2021/22.

## Note 42 – Capitalisation of Borrowing Costs

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

## Note 43 – Termination Benefits

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of  $\pounds 0.392m$  ( $\pounds 0.212m$  in 2020/21) – see note 35 for the number of exit packages and total cost per band. These costs exclude any ill health retirements or departures as they are not termination benefits in accordance with the requirements of the code.

#### Note 44 – Defined Benefit Pension Scheme

#### **Participation in Pension Schemes**

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

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

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

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

#### **Transactions Relating to Retirement Benefits**

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

2020/21 £'000		2021/22 £'000
	Comprehensive Income & Expenditure Statement	
	Net Cost of Services:	
6,477	Current Service Cost	7,803
0	Past Service Costs (including curtailments)	0
	Financing and Investment Income and Expenditure:	
1,896	Net Interest Expense	2,077
8,373	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	9,880

2020/21 £'000	Re-measurement of the net defined benefit liability comprising:	2021/22 £'000
(29,268)	Return on plan assets (excluding the amount included in the net interest expense)	(14,956)
(2,407)	Actuarial gains and losses arising on changes in demographic assumptions	0
54,612	Actuarial gains and losses arising on changes in financial assumptions	(11,699)
(2,478)	Other	473
20,459	Total re-measurements recognised in Other Comprehensive Income and Expenditure	(26,182)
28,832	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(16,302)
2020/21 £'000		2021/22 £'000
8,373	<u>Movement in Reserves Statement</u> Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	9,880
(4,681)	Actual amount charged against the General Fund Balance for pensions in the year:	(4,899)

#### Pension Assets and Liabilities Recognised in the Balance Sheet

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

2020/21 £'000		2021/22 £'000
(264,908)	Present value of the defined obligations	(259,765)
158,769	Fair value of plan assets	174,816
(106,139)	Net liability arising from defined benefit obligation	(84,949)

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

2020/21 £'000		2021/22 £'000
127,431	Opening fair value of scheme assets	158,769
2,527	Interest Income	3,156
29,268	The return on plan assets, excluding the amount included in the net interest expense	14,956
4,681	Contributions from employer	4,888
1,028	Contributions from employees into the scheme	1,017
(6,674)	Benefits Paid	(7 <i>,</i> 851)
(105)	Administration Expenses	(119)
612	Settlement Prices received/(paid)	0
158,769	Closing Fair value of scheme assets	174,816

## Reconciliation of Present Value of the scheme liabilities:

<b>2020/21</b> <b>£'000</b> 209,420 6,159 4,423 1,028	Opening balance at 1 April Current Service Cost Interest Cost Contributions from scheme participants Re-measurement (gains) and losses:	<b>2021/22</b> <b>£'000</b> 264,908 7,461 5,233 1,017
(2,407)	Actuarial gains/losses arising from changes in demographic assumptions	
54,612	Actuarial gains/losses arising from changes in financial assumptions	(11,699)
(2,478)	Other	473
0	Past Service Cost	223
825	Liabilities assumed/(extinguished) on settlements	0
(6,674)	Benefits Paid	(7,851)
264,908	Closing Balance at 31 March	259,765

# Local Government Pension Scheme assets comprised:

Quoted in Active Markets	Unquoted in Active Markets	Total		Quoted in Active Markets	Unquoted in Active Markets	Total
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£'000	£'000	£'000		£'000	£'000	£'000
			Fixed Interest Government Securities	s:		
1,762	0	1,762	UK	1,748	0	1,748
0	0	0	Overseas	0	0	0
1,762	0	1,762	Sub-total Fixed Interest Government Securities	1,748	0	1,748
			Index Linked Government Securities	:		
2,747	0	2,747	UK	2,622	0	2,622
0	0	0	Overseas	0	0	0
2,747	0	2,747	Sub-total Index Linked Government Securities	2,622	0	2,622
			Corporate Bonds:			
15,782	0	15,782	UK	16,083	0	16,083
0	0	0	Overseas	0	0	0
15,782	0	15,782	Sub-total corporate bonds	16,083	0	16,083
			Equities:			
25,721	0	25,721	UK	27,446	0	27,446
65,191	0	65,191	Overseas	69,052	0	69,052
90,912	0	90,912	Sub-Total equities	96,498	0	96,498

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139,399	19,370	158,769	Total assets	148,943	25,873	174,716
111	-603	-492	Sub-Total Net Current Assets	175	0	175
0	-603	-603	Creditors	0	0	0
111	0	111	Debtors	175	0	175
			Net Current Assets:			
16,893	19,560	36,453	Sub-Total Others	19,929	25,174	45,103
7,081	0	7,081	Cash/Temporary Investments	6,643	0	6,643
0	-111	-111	Forward Current Contracts	0	175	175
2,509	429	2,938	Other Diversified Alternatives	2,447	175	2,622
0	1,556	1,556	Private Debt	0	1,748	1,748
0	0	0	Credit – Diversified Income	7,867	0	7,867
5,176	0	5,176	Bonds	0	0	0
730	0	730	Commodities	1,049	0	1,049
921	4,096	5,017	Infrastructure	1,049	5,944	6,993
476	8,859	9,335	Private Equity	524	12,237	12,761
0	4,731	4,731	Others: Hedge Fund	350	4,895	5,245
11,193	413	11,606	Sub-Total Property	11,887	699	12,587
11,193	413	11,606	Property: All	11,887	699	12,587

## **Basis for Estimating Assets and Liabilities**

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

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

The significant assumptions used by the actuary have been:

2020/21		2021/22
	Mortality assumptions:	
	Longevity (in years) at 65 for current pensioners:	
21.1	Men	21.2
23.6	Women	23.7
	Longevity (in years) at 65 for future pensioners:	
22.0	Men	22.1
25.0	Women	25.1
3.2%	Rate of increase in salaries	3.6%
2.9%	Rate of increase in pensions	3.3%
2.0%	Rate for discounting scheme liabilities	2.6%
	107	
	STATEMENT OF ACCOUNTS	
	2021/22	

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

Sensitivity Analysis:	Increase in Assumptions £'000s	Decrease in Assumptions £'000s
Adjustment to Discount Rate (increase or decrease		
by 1%)		
Present Value of Total Obligation	5,260	(5,375)
Projected Service Cost	199	(203)
Adjustment to Long Term Salary (increase or		
decrease by 1%)		
Present Value of Total Obligation	(847)	837
Projected Service Cost	3	4
Adjustment to Pension/Revaluation (increase or		
decrease by 1%)		
Present Value of Total Obligation	(4,489)	4,395
Projected Service Cost	(202)	197
Adjustment to Life Expectancy (increase or		
decrease by 1 year)		
Present Value of Total Obligation	(12,076)	11,523
Projected Service Cost	(325)	313

## Impact on the Council's Cash Flow

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Employer contributions payable to the scheme in 2021/22 are estimated to be  $\pounds4.981$ m.

## Note 45 – Contingent Liabilities

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Where a material loss can be estimated with reasonable accuracy a provision is accrued within the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, a contingent liability will be disclosed in a note to the Balance Sheet. There is one contingent liability as at 31 March 2022.

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

## Note 46 – Contingent Assets

The Council has no Contingent Assets as at 31st March 2022.

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

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

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

## **Overall Procedures for Managing Risk**

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

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

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

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

The annual Treasury Management Strategy, which incorporates the prudential indicators was approved by Council on 2<sup>nd</sup> March 2021. The strategy is updated at the mid-year point and revised estimates calculated as below. It is available on the Council's website (www.lincoln.gov.uk). The key issues during 2021/22 were:

- The Authorised Limit for 2021/22 was forecast to be £160m (revised to £140m). This is the maximum limit of external borrowings or other long-term liabilities during the year.
- The original Operational Boundary was expected to be £145m (revised to £137m). This is the expected level of debt and other long-term liabilities during the year. The maximum amounts of fixed and variable interest rate exposure were set at £125m and £53m (mid year update) based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

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

## Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Details of the Investment Strategy are contained within the Treasury Management Strategy and can be found on the Council's website (www.lincoln.gov.uk). The Investment Strategy is based on the creditworthiness service provided by Link Asset Services (treasury management advisors to the Council). This uses a wide range of market information to produce a list of investment counterparties with recommended maximum investment durations. Link uses credit ratings, support ratings and credit default swap prices to arrive at a recommended counterparty list.

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

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

The full Investment Strategy for 2021/22 was approved by full Council on 2<sup>nd</sup> March 2021.

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

	Carrying Values at 31/03/22	Historical experience of default	Adjusted for market conditions at 31/03/22	Estimated maximum exposure to default
	£'000	%	%	£'000
	а	b	С	(a * c)
<ul> <li>Deposits with banks and financial institutions</li> <li>AAA* rated counterparties</li> </ul>				
<ul> <li>AAA rated counterparties</li> <li>AA-* rated counterparties</li> </ul>	28,850	0.0000%	0.0000%	0
<ul> <li>(investments up to 1 year)</li> <li>A* rated counterparties</li> </ul>	0	0.0000%	0.0000%	0
<ul><li>(investments up to 1 year)</li><li>A+* rated counterparties</li></ul>	9,000	0.0168%	0.0168%	2
<ul><li>(investments up to 1 year)</li><li>A- rated counterparties</li></ul>	10,000	0.0133%	0.0133%	1
(investments up to 1 year)	2,000	0.0070%	0.0070%	0
Debtors	8,891	7.17%**	7.17%	637
	58,741			640
*****				

\*See Glossary for a definition of ratings

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

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

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

		Short term		Long term	
	Principal invested	Fixed rate	Variable rate	Fixed rate	Variable rate
	£'000	£'000	£'000	£'000	£'000
UK Local Authorities					
Brentwood Borough Council	0	0	0	0	0
UK Banks & Building Societies					
Lloyds TSB Bank plc	3,000	3,000	0	0	0
Santander	7,000	7,000	0	0	0
National Westminster Bank Plc (RFB)	2,000	2,000	0	0	0
Standard Chartered Bank	7,000	7,000	0	0	0
Close Brothers Ltd	2,000	2,000	0	0	0
<u>UK Money Market Funds</u>					
Aberdeen Standard MMF	7,000	0	7,000	0	0
BlackRock MMF	3,050	0	3,050	0	0
BNP Paribas MMF	7,000	0	7,000	0	0
Federated Investors (UK) MMF	3,500	0	3,500	0	0
Goldman Sachs MMF	4,200	0	4,200	0	0
Morgan Stanley MMF	4,100	0	4,100	0	0
Total Investments	49,850	21,000	28,850	0	0

# Analysis of Investments by country of origin

The Council allows credit for its trade debtors, such that  $\pounds1,006,720$  of the  $\pounds3,516,980$  balance is not past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31/03/21 £'000		31/03/22 £'000
450	Less than three months	269
201	Three to six months	399
214	Six months to one year	521
	More than one year	1,321
2,182	Total	2,510

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

# Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed. The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows: -

31/03/21 £'000		31/03/22 £'000
9,418	Less than one year	14,931
8,215	Between one and two years	2,720
6,072	Between two and five years	3,588
101,451	More than five years	105,654
125,156	Total	126,893

# Market risk

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

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

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

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

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

2020/21 £'000		2021/22 £'000
(252)	Increase in interest receivable on variable rate investments	(255)
(252)	Impact on Income and Expenditure Account	(255)
(172)	Share of overall impact credited to the HRA	(174)
(80)	Share of overall impact credited to the General Fund	(81)
(252)	Total	(255)

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

**Price risk** - The Council does not generally invest in equity shares but does have shareholdings to the value of  $\pounds 0.82m$  in a number of joint ventures and in local industry. Whilst these holdings are generally liquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The majority of the shareholdings are in the Dunham Bridge Company ( $\pounds$ 0.504m) and Investors in Lincoln ( $\pounds$ 0.312m). A representative of the Council sits on the Investors in Lincoln Board, enabling the Council to monitor factors that might cause a fall in the value of specific shareholdings.

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

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

# HRA INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2022

2020/21		Notes	2021/22	2021/22
£'000			£'000	£'000
	Expenditure			
(7,574)	Repairs and Maintenance	5	(8,428)	
(7,457)	Supervision and Management		(7,803)	
(129)	Rents, rates, taxes and other charges		(607)	
5,734	Depreciation, impairment and other adjustments for non-current assets		8,648	
(5)	Debt management costs		(1)	
(279)	Movement in the allowance for bad debts		(284)	
(9,710)	Total Expenditure Income			(8,475)
00 115			00 700	
28,115	Dwelling rents		28,700	
645	Non-dwelling rents		352	
0	Other Income		766	
316	Charges for services and facilities		262	
29,076	Total Income			30,080
19,366	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement			21,605
(894)	Transfer from HRS			(1,359)
18,472	Net Cost for HRA Services			20,246
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
173	Gain or (loss) on the sale of HRA assets			904
(2,427)	Interest payable and similar charges			(2,425)
23	Interest and investment income	0		24
(726)	Pensions interest income on plan assets and interest cost on defined benefit obligation	9		(766)
453	Capital grants and contributions receivable			4,353
15,968	Surplus or (deficit) for the year on HRA services			22,336

<sup>115</sup>  **STATEMENT OF ACCOUNTS 2021/22** 

# MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2020/21 £'000		2021/22 £'000
996	Balance on the HRA at the end of the previous year	1,075
15,967	Surplus or (deficit) for year on the HRA Income and Expenditure Statement	22,336
(14,555)	Adjustments between accounting basis and funding basis under statute	(22,054)
1,412	Net increase or (decrease) before transfers to or from reserves	282
(1,334)	Transfers (to) or from reserves	(331)
79	Increase or (decrease) in year on the HRA	(49)
1,075	Balance on the HRA at the end of the current year	1,025

# NOTES TO THE HOUSING REVENUE ACCOUNT

#### Note 1 – Assets

The number of dwellings in the Council's housing stock, as at 31 March 2022, totalled 7,806 properties. The type of properties and the period in which they were built, were as follows:

	<1945	1945-64	1965-74	>1974	TOTAL
Property Type	No.	No.	No.	No.	No.
Low Rise Flats					
(Blocks up to 2 Storeys)					
1 Bed	43	888	561	536	2,028
2 Bed	5	119	80	105	309
3 Bed	0	0	12	1	13
Sub-Total	48	1,007	653	642	2,350
Medium Rise Flats					
(Blocks of 3 up to 5 Storeys)					
1 Bed	0	50	237	267	554
2 Bed	0	214	111	149	474
3 Bed	0	15	4	1	20
4 Bed	0	1	0	0	1
Sub-Total	0	280	352	417	1,049
High Rise Flats					
(Blocks of 6 Storeys or more)					
1 Bed	0	55	138	0	193
2 Bed	0	30	71	0	101
Sub-Total	0	85	209	0	294
Houses / Bungalows					
1 Bed	157	143	32	25	357
2 Bed	715	757	98	330	1,900
3 Bed	789	537	68	303	1,697
4 or more Beds	96	25	1	28	150
Sub-Total	1,757	1,462	199	686	4,104
Total Dwellings 31 March 2022	1,805	2,834	1,413	1,745	7,806

#### Note 2 – Housing Revenue Account Assets Valuation

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

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

	£ 000
Vacant possession value of council dwellings at 31 March 2022	711,406
Balance sheet valuation applying the Social Housing discount factor	298,791

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The Balance Sheet value of HRA Assets is as follows:

2020/21 £'000		2021/22 £'000
273,835	Council Dwellings	298,791
5,897	Other Operational Assets	4,494
21,885	Non-Operational Assets	18,015
301,617	Total at 31 March	321,300

#### Note 3 – Depreciation

The Depreciation of HRA Assets is as follows:

Depreciation: 2020/21 £'000	Operational Assets:	2021/22 £'000
6,348	Council Dwellings	7,145
351	Other Operational Assets	278
6,698	Total at 31 March	7,423

#### Note 4 – Major Repairs Reserve

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

2020/21 £'000		2021/22 £'000
<b>(</b> 9,168 <b>)</b>	Balance on 1 April	(14,141)
	Amount transferred from the HRA - Depreciation	
(6,348)	Dwellings	(7,145)
(351)	Other Assets	(280)
(2,898)	- Other revenue contributions	(2,365)
(18,764)	_	(23,929)
4,624	- HRA Capital Expenditure	3,842
(14,139)	=	(20,088)

# Note 5 – Housing Repairs Account

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

2020/21 £'000		2021/22 £'000
(595)	Balance on 1 April	(1,351)
	Expenditure in year	
2,221	Tenant Notified Repairs	3,702
1,899	Void Repairs	1,949
1,710	Servicing Contracts	1,762
(8)	Painting Programme	24
60	Asbestos Removal/Surveys	107
0	Specialist Property Surveys	3
363	Aids & adaptations	392
13	Aids & adaptations (Non HRS)	17
84	Cleansing	89
81	Minor Works	0
47	Decoration Grants	58
1	Tenants Compensation	0
990	COVID Charges	64
92	Skip Recharges	99
27	Control Centre Recharge	27
8	Estate Shops	0
(13)	Other Expenditure	137
7,575		8,428
	Income in year	
(7,575)	Contribution from HRA	(8,326)
(750)	Contribution to HRA	0
0	Repairs Account Income	(101)
0	Contribution from Leaseholders	0
(5)	Interest Received in year	0
(8,330)	_	(8,428)
(1,351)	_ Surplus Balance on 31 March	(1,351)

#### Note 6 – Capital Expenditure in the year

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

2020/21 £'000	Capital investment	2021/22 £'000
16,377	Property, Plant and Equipment – HRA	15,263
0	Property, Plant and equipment – GF used as council housing	1
0	Non-Current Assets held for sale	0
0	Intangible Assets	0
0	Revenue Expenditure funded from Capital under Statute	0
16,377		15,264
	Sources of funding	
(1,504)	Capital Receipts	(867)
(48)	Revenue Contributions	(21)
(4,625)	Major Repairs Reserve	(3,842)
(8,099)	Prudential Borrowing	(4,178)
(2,101)	Government grants and other contributions	(6,356)
(16,377)		(15,264)
0	Balance unfunded at 31 March	0

\* REFCUS is created when expenditure has been incurred on items that are not capitalised as assets but have been financed from capital resources. It is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. The total amount of REFCUS is £0.000m for 2021/22 (£0.000m in 2020/21).

Prior to the implementation of HRA Self-financing on 1 April 2012, supported borrowing levels had been issued annually by Central Government, authorising the Council to borrow monies, which were funded by Central Government to cover capital expenditure. Additionally, the Council was able to take out unsupported or prudential borrowing, which must be financed from its own resources. Post self-financing implementation and the end of the housing subsidy system, all borrowing will be prudential borrowing. In 2021/22, there was £4.178m of prudential borrowing undertaken to fund the HRA capital investment.



#### Note 7 - Capital Receipts

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

2020/21 £'000		2021/22 £'000
(1,559)	Council dwellings - Right to Buy	(3,156)
(60)	- Discounts repaid Other Receipts - Land Sales reimbursements	(102)
	- Reimbursement of expenditure on	0
0	General Fund property on sale Land receipts	0
(1,620)		(3,256)
529	Less Pooled (Paid to Central Government)	529
(1,091)	Total	(2,727)

## Note 8 - Rent Arrears

During the year 2021/22 total rent arrears decreased by  $\pounds 29k$  equal to -1.35%, to  $\pounds 2.125m$ . A summary of rent arrears and prepayments is shown in the following table:

2020/21 £'000		2021/22 £'000
1,218	Current Tenant Arrears @ 31 March	1,165
936	Former Tenant Arrears @ 31March	960
2,154	<b>Total Rent Arrears</b>	2,125
(191)	Prepayments @ 31 March	(242)
1,963	Net Rent Arrears	1,883

A provision for doubtful debts of £284,251 has been made in this year's accounts in respect of potentially non-collectable rent arrears, as detailed above, and associated miscellaneous debts. The value of the bad debt provision held in the Balance Sheet at 31 March 2022 is £2.016m (£1.907m at 31 March 2021).

#### Note 9 - Pension Costs

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

2020/21		2021/22
£'000		£'000
	HRA Income & Expenditure Statement	
2,365	Current Service Cost	2,737
0	Past Service Costs	0
726	Net interest expense	766
3,091	Total	3,503
(1,793)	Amount to be met from HRA	(1,806)
1,298	Movement on Pension Reserve	1,697

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# THE COLLECTION FUND STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

2020/21 £'000 Total		2021/22 £'000 Council Tax	2021/22 £'000 NNDR	2021/22 £'000 Total	Note
	INCOME				
(45,458)	Council Tax Payers	(47,853)	0	(47,853)	2
(108)	Income from Ministry of Defence	(115)	0	(115)	
(16,681)	Income from Business Ratepayers	0	(33,168)	(33,168)	3
(62,247)		(47,968)	(33,168)	(81,136)	
	EXPENDITURE				
	Precepts:				
6,915	- City of Lincoln Council	6,956	0	6,956	
33,024	- Lincolnshire County Council	33,248	0	33,248	
6,206	- Police & Crime Comm. Lincolnshire	6,491	0	6,491	
	Business Rates:				
22,372	- Payments to Government	0	21,641	21,641	3
17,707	- Payments to City of Lincoln Council	0	17,164	17,164	3
4,426	- Payments to Lincs County Council	0	4,291	4,291	3
143	- Cost of Collection	0	144	144	
333	Bad and Doubtful Debts - Provisions	410	(7.4)	24/	
333 299	- Write Offs	255	(64) 126	346 381	
432	- Provision for appeals	233	(952)	(952)	
1,185	Transfer of Collection Fund Surplus	(510)	(27,665)	(28,175)	4
93,042		46,850	14,685	<u>61,535</u>	4
30,795	Deficit / (Surplus) for the year	(1,118)	(18,483)	(19,601)	
·					
	COLLECTION FUND BALANCE				
(907)	Balance brought forward at 1st April	1,311	28,576	29,887	
30,794	Deficit/(Surplus) for the year (as above)	(1,118)	(18,483)	(19,601)	
29,887	Balance carried forward at 31st March	193	10,093	10,286	
	Allocated to:				
11,626	- City of Lincoln Council	29	4,037	4,066	
3,796	- Lincolnshire County Council	136	4,037	4,088	
177	- Police & Crime Comm. Lincolnshire	27	0	27	
14,288	- Government	0	5,048	5,048	
29,887		192	10,093	10,286	
	•		/	/	

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# NOTES TO THE COLLECTION FUND

#### Note 1 - General

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

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

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

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

The scheme allows the Council to retain a proportion of the total NNDR received. For 2021/22, the City of Lincoln's proportionate share remained consistent with that of 2020/21, as follows:

	2021/22 'Pool'
City of Lincoln	40%
Lincolnshire County Council	10%
Central Government	50%

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

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



#### Note 2 - Council Tax Base

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

The Council Tax base for 2021/22 was 24,372.38 (24,689.50 in 2020/21). The increase between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax Discounts and Exemptions. The tax base for 2021/22 was approved at the Executive on 4<sup>th</sup> January 2021 and was calculated as follows:

Band	Ratio	Dwellings	Equivalent Dwellings after discounts, exemptions and reliefs	Equivalent Band D Dwellings
A Reduced	5/9	50	47	25
А	6/9	25,850	22,953	15,302
В	7/9	8,582	7,898	6,143
С	8/9	4,683	4,364	3,879
D	9/9	2,420	2,288	2,288
E	11/9	1,076	1,025	1,253
F	13/9	376	361	521
G	15/9	138	143	238
Н	18/9	12	16	31
Total		43,187	39,095	29,682
Deduction for No	on-Collection			(668)
Crown Properties	s Adjustment			58
Adjusted to Banc	l D Equivalent			29,072
Council Tax Relie	f Scheme			(4,700)
Tax Base for the (	Calculation of Co	ouncil Tax		24,372

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

Income received from Council Taxpayers in 2021/22 was £47.853m (£45.458m in 2020/21).

#### Note 3 - Income from Business Ratepayers

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

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. For 2021/22, the City of Lincoln's retained share remained consistent with that of the previous year as follows:

	2020/21 'Pool'	2021/22 'Pool'
City of Lincoln	40%	40%
Lincolnshire County Council	10%	10%
Central Government	50%	50%

The business rates shares payable for 2021/22 were estimated before the start of the financial year as **£21.455m** (£22.130m in 2020/21) to Central Government, **£4.291m** (£4.426m in 2019/20) to LCC and **£17.164m** (£17.704m in 2020/21) to the City of Lincoln Council. These sums have been paid in 2021/22 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government or to Top-up authorities within an NNDR Pooling arrangement are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In 2021/22 the City of Lincoln made a tariff payment from the General Fund to the County Council to the value of £13.094m in 2020/21).

The total income from business rate payers collected in 2021/22 was **£33.168m** ( $\pounds$ 16.681m in 2020/21).

In addition to the top up/tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income (either through support from Central Government if they are not in a NNDR Pool/Pilot or as first call on gains from pooling/pilot if authorities are members of an NNDR Pool/Pilot). For the City of Lincoln the value of the safety net figure (net of tariff) is **£3.528m** (£3.528m in 2020/21). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief and other reliefs not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2021/22.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31<sup>st</sup> March 2022. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision withdrawn from the collection fund for 2021/22 has been calculated at £0.952m (£0.432m was added in 2020/21).

For 2021/22, the total non-domestic rateable value at the year-end is £111.3m (£112.4m in 2020/21). The national multipliers for 2021/22 were **49.9p** for qualifying Small Businesses, and the standard multiplier being **51.2p** for all other businesses (49.9p and 51.2p respectively in 2020/21).

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#### Note 4 - Contributions to Collection Fund Surpluses and Deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2021 it was estimated that the Collection Fund would have a Council Tax deficit of **£1.106m** (£0.383m surplus in January 2020) and a Business Rates deficit of **£27.665m** (£0.802m surplus in January 2020), a combined Collection Fund deficit of **£28.771m** (£1,185m surplus in January 2020) and so the following amounts were due to or from the preceptors in 2021/22:

	2021/22 £'000
City of Lincoln Council	11,232
Lincolnshire County Council	3,558
Police & Crime Comm. Lincolnshire	149
Central Government	13,833
Total	28,771
	Central Government

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

#### 128 **S** T A T E M E N T O F A C C O U N T S **2 0 2 1 / 2 2**

# ANNUAL GOVERNANCE STATEMENT (AGS) 2021/22

## 1 The council's responsibility for sound governance

#### **1.1** Scope of responsibility

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

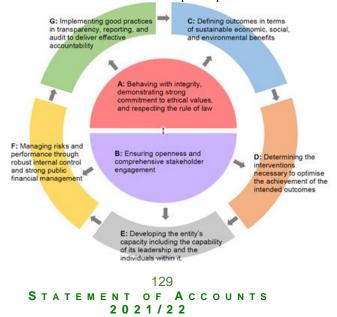
Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. In discharging this overall responsibility, we must put in place proper governance arrangements to manage our affairs. The council must ensure that there is a sound system of governance (incorporating the system of internal control) and based on the principles of the "Delivering Good Governance in Local Government Framework 2016"

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

The council's Code of Corporate Governance, comprehensively reviewed in 2017, is updated annually. A further comprehensive review was completed in April 2021, considering the impact of COVID-19.

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

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



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

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

<ul> <li>Provide leadership; set, develop and implement</li> <li>All of policy</li> <li>Ensure the Vision 2025</li> <li>tho strategies are taken forward</li> <li>Develop, adopt and implement the budget</li> <li>framework</li> <li>Support the city's diverse communities and</li> <li>accommunities and</li> </ul>		ship and decision decision meetings d in public (except se identified as 'part cisions recorded on council's public osite ources directed ording to priorities as out in Vision 2025	<ul> <li>Risk management</li> <li>Risk registers identify both operational and strategic risks</li> <li>Strategic risks are considered by CMT and Executive every quarter</li> <li>Internal audit provides independent objective assurance</li> <li>Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit</li> </ul>
<ul> <li>neighbourhoods to thrive set a</li> <li>Scrutiny and review</li> <li>Scrutiny committees review council policy and can challenge decisions to hold Executive to account</li> <li>Audit and Performance committees review governance, costs vs budget, risk, internal control and delivery of agreed plans</li> <li>Ethics and Engagement Committee and/or Monitoring Officer deals with complaints about, or suspected breaches of member conduct</li> <li>Any two members can hold the Executive to account outside of scrutiny and review by requesting Call-In and reconsideration of an</li> </ul>		<ul> <li>all council staff ar Management Tea</li> <li>CMT ensures their resources in achier users and the cor</li> <li>The Chief Finance 151 Officer and is council's financia money. The coun arrangements cour requirements of t Chief Financial Of</li> <li>The City Solicitor is responsible for</li> </ul>	d of Paid Service and is responsible for nd for leading an effective Corporate am (CMT) re is clear accountability for the use of eving desired outcomes for service

**1.4** In the following sections the AGS considers whether the Code has been applied effectively providing commentary on how the framework itself has operated over the last 12 months. The first of these sections covers how the council has maintained good governance during the COVID-19 pandemic – some of the activities mentioned are also mentioned under the core principles.

# **1.5** Impact of COVID-19 and maintaining good governance

As with all councils the COVID-19 pandemic caused major disruption to the day to day work of the council, including cancellation of some committee meetings, and changing

130 STATEMENT OF ACCOUNTS 2021/22 priorities to protect our most vulnerable residents and local businesses. This meant there was a need to initiate business continuity procedures as well as introducing new or varied governance arrangement in some areas.

## Actions taken to address the impact of the COVID-19 pandemic in 2021/22:

- Co-ordinated response to the pandemic working with Lincolnshire Local Resilience
  Forum
- High levels of social media relating to the pandemic to support residents in knowing what to do, (or not to do), where and when
- Review of governance arrangements following introduction of the Coronavirus Act 2020, including introduction of virtual council and other key meetings
- Restoration of statutory meetings in public when required, retention of on-line meetings as default method to minimise risks
- Development of policies and procedures to enable delivery of services, including critical services, whilst ensuring protection of staff and customers.
- Prioritisation of resources to ensure recovery and ongoing provision of key services
- Support for local businesses in applying for business rate-payers discounts and business grants payments
- Further HR interim procedures and checklists for managers introduced to support employees working from home and support their health and wellbeing
- Development of activities to support the city and high street, including leading on multi-agency partnership to support high street recovery.
- One Council under the Organisational Development pillar we have put in place processes and revised policies as required in response to COVID-19, particularly around work styles and support for staff and members to ensure we have the governance in place to make sure these new ways of working and new activities are fit for purpose
- Implementation of ongoing support for the community and vulnerable persons through working with partner organisations
- Ensure processes in place to enable businesses in the city to access support, e.g. Environmental Health Officer utilising legal powers to manage re-opening of businesses under COVID-19
- Management of the financial impacts of COVID-19, including an MTFS review
- Performance reporting re-instated for all relevant services, with targets adjusted to reflect the new working environments where appropriate.
- Progressing of access to various central funding pots to support High Street recovery including accessing ERDF funding for the Welcome Back project
- A full mid-term review of Vision 2025, in particular considering the effect of Covid-19 on the physical and mental heath or residents, and what the council could do through changing strategic priorities to support them. Development of a three year action plan for 2022/25.
- A full review of all Business Continuity Plans to ensure that new working styles are considered as part of the new norm.
- Full roll out of Office 365 and IT equipment to all staff to enable working from home wherever and whenever necessary
- Adding a new (temporary) chapter to the Lincoln City Profile to cover data on Covid 19
- Protecting Vulnerable People (PVP) Group commissioned an audit to cover the impact from Covid on PVP/ safeguarding. (To Audit March 2022)

#### Proposed activity for the coming year:

• Evidenced review of the longer-term effects of Covid on the city (especially health) as coming through in the Lincoln City Profile and 2021 census data

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- Delivery of phase one of the three year action plan, with confirmation of the projects to commence in phase two
- Review of Business Continuity plans alongside the new IT disaster Recovery plan which will include coverage of all risks highlighted through the pandemic experience

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

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

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

#### Activity within Principle A in 2021/22:

- Communications plan in place for Protecting Vulnerable People (PVP) (social media)
- A full annual review of the Code of Corporate Governance was conducted
- Regular portfolio holder meetings held including COVID-19 effects in the earlier months of the year
- Revised audit plan developed to meet governance needs
- Regular attendance at both CLT and Service Managers meeting by the Data Protection Officer to provide clear information on any changes of regulations, risks or procedures
- Internal Audit conducted on Risk which achieved substantial assurance.
- Counter Fraud Strategy revised and approved July 2021
- Anti-bribery Policy revised and approved December 2021
- Homes England report on compliance audit report green: meets standards
- Review of the Regulation of Investigatory Powers Policy
- Domestic Abuse Board for Lincolnshire established and CoLC compliant with legislative requirements
- Internal audit on Protecting Vulnerable People completed
- An External Quality Assessment of Internal Audit completed for 2021/22 with positive results

#### Proposed activity for the coming year:

- Annual update Code of Corporate Governance
- Undertake Assessment against HIA requirements Sept 2023
- Assess outcome of external quality assessment of Internal Audit and develop action plan
- Update member code of conduct in accordance with government guidelines
- Review of needs to meet the proposed Subsidy Control Bill
- Review of needs to meet the Electoral Integrity Bill
- Adults safeguarding Audit (LAAF) 2022
- Review proposals for a peer review on Children's safeguarding in 2022
- Review proposals in the Levelling UP and Regeneration Bill
- Modern Slavery Charter and Statement to be reviewed

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# 1.7 CORE PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

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

#### Activity within Principle B in 2021/22:

- Regular staff briefings on COVID-19 updates and impacts via electronic newsletter from CX
- Consultation with service users ahead of changes to service delivery (e.g. Resident's Parking proposals, Vision 2025 mid-term review, Medium Term Financial Strategy and Council Tax proposals)
- Consultation with partner organisations ahead of changes to funding arrangements (Dial a ride and Citizens Advice)
- Revised Consultation and Engagement Strategy approved September 2021
- Citizen Panel consultation regarding High Street recovery completed to inform action plan
- A new HUB communication intranet has been developed and populated with key corporate information in an easily accessible and user friendly format
- Consultation on the new Central Lincolnshire Local Plan completed
- Revision of the Lincoln Tenant's Panel constitution to make it more Strategic in nature
- Temporary solution to the lack of customer feedback (following Covid-19) has been implemented via an automated text call back system

#### Proposed activity for the coming year:

- Complete the review of the Consultation and Engagement staff guidance
- Consultation with service users relating to Climate Change
- Conduct a review of the Citizens Panel make up and then a large scale recruitment exercise to increase the panel size and to try and match the city's demographics more closely
- Consider further engagement with wider range of stakeholders for budget consultation
- Develop a 'Community Development Toolkit' for local Ward Councillors to provide additional help and support within their community
- Develop more permanent and usable feedback systems for services.

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

Vision 2025 is the council's vision for the five years to 2025 and forms the second phase of our Vision from 2017 to 2030. As with previous strategic plans, Vision 2025 was developed using a robust evidence base including information gained through consultation with local residents and businesses, and evidence from the Lincoln City Profile. The priorities in Vision 2025 remain broadly similar, but with the addition of a priority to address the challenges of climate change:

Let's drive inclusive economic
 Let's reduce all kinds of inequality growth

- Let's deliver quality housing
- Let's address the challenge of climate change

Although the plan was adopted in February 2020, little progress was made during 2020/21 due to the pandemic, although a number of key large projects did continue as soon as restrictions allowed. (e.g. Boultham Park restoration; De Wint Court build). Those projects that continued were monitored through their respective MEGA Boards. Whilst 2021/22 did not see full reinstatement of the five Strategic Priority Boards, further progress towards achieving projects was made and all Portfolio Holders covered this in their annual reports.

In late 2021 a full mid-term evidence based review of the Vision 2025 was conducted with the aim of reprioritising projects to include a number of new programmes aimed at supporting Lincoln residents in regaining their physical and mental health where it had been impacted by the pandemic. This member led review was consulted with residents, businesses and the voluntary sector in January/February 2022 and approved by Council in Late February 2022.

# Activity within Principle C in 2021/22:

- Approval of the MTFS which is a financial representation of the council's Vision 2025
- Ongoing development for embedding sustainability over the next 3 to 5 years including the appointment of a full time Climate Change Manager.
- Mid-term review of Vision 2025 to support the recovery of the city, the health of its residents, the council economically and ensure community support approved February 2022
- One Council programme development in the IT areas, accelerated as a need to respond to Covid-19, resulting in roll out of appropriate electronic kit to all staff
- Key partner in Infrastructure Recovery Cell covering Lincolnshire, which includes housing, to ensure infrastructure is in place enabling growth plans to be implemented
- Following successful bid for £19m Town's funding the development of a work programme and a new Town Deal Board to monitor progress
- Revised Environmental Policy approved September 2021
- Decarbonisation Strategy and Action Plan approved December 21
- Affordable Warmth Strategy approved
- A one-year Housing Business Plan approved for 2022/23
- Full update of the Lincoln City Profile conducted to provide an evidence base for decisions

#### Proposed activity for the coming year:

- Re-energised implementation on the place strategy for Park Ward/Sincil Bank, highlighted as an area for regeneration following delay as a result of Covid-19.
- Public communication of the next phase of the three-year Vision 2025 Delivery Plan
- A 30 year Housing Business Plan to be developed for the period 2023 2053
- Census data to be audited for accuracy and then included in the new City profile

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

The council clearly defines its priorities and plans which are aimed at delivering the outcomes it intends. Whilst service plans for 2021/22 were not completed, work has continued to ensure robust service management during the recovery stage. All projects are subject to the Lincoln Project Management Model (LPMM), through which we

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• Let's enhance our remarkable place

continuously assess the risks of not fully delivering plans and ensure that there are mitigating actions in place to support the achievement of intended outcomes.

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

#### Activity within Principle D in 2021/22:

- TFS programme delivered the required MTFS savings target
- Development of One Council through the four pillars Organisational Development, Creating Value Processes, Use of Assets and Technology
- Office 365 pilot extended to a full roll out to all staff with laptops/desktops
- Technology introduced to adapt to COVID-19
- Review of team workstyles to understand and distribute appropriate technology
- Refreshed infrastructure platform
- Housing repairs online pilot progressed to enable booking of repairs online.
- A review of My-Info has been completed resulting in a recommendation for a new system

#### Proposed activity for the coming year:

- Deliver a five year ICT Strategy
- Deliver a new IT Disaster Recovery Plan
- My Info replacement system to be procured in 2022/23
- Establish micro-sites for key services, e.g. Xmas Market, Building Control, Visitor services.
- Identify top 10 interactions with customers and move to online forms where possible to take pressure off contact centre.

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

The council ensures a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the council objectives. We have a programme in place under the organisational development pillar of our One Council approach which will ensure the workforce has the necessary skills and behaviours to deliver the vision for the city and is effectively engaged to champion the council's priorities. Partnership working extends the capacity for key projects beyond the council's own resource and is embedded within the Vision 2025 objectives.

#### Activity within Principle E in 2021/22:

- HR policies relating to home working have been reviewed with training delivered to managers and team leaders
- Continued regular HR line management briefings
- Weekly briefings from Chief Executive continued through key pandemic stages and whilst now reduced in frequency, still cover any important changes/updates on a monthly basis
- Development of One Council pillars Organisational Development and Create Value Processes, including rolling out Office 365 and remote working and introduction of Microsoft Teams for all staff on a planned roll out basis
- Review of space at City hall and Hamilton House to support new ways of working
- Citizens Advice service has been brought into the main building with offices on the 1<sup>st</sup> floor next to reception areas

# Proposed activity for the coming year:

Needs analysis to be completed on Leadership Development

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- Ongoing review of space at City Hall and Hamilton House. This will also include community centres and other buildings
- One Council organisational Pillar to review whether any new issues arise from Covid-19 that need to be addressed either temporarily or more permanently using feedback from the annual staff survey.

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

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

#### Activity within Principle F in 2021/22:

- TFS programme delivered the required MTFS savings target
- •
- Progression of One Council activities the Creating Value Processes programme
  - The External auditor issued an unqualified opinion on the authority's final statement of accounts and Value for Money conclusion
  - Strong response to the financial situation caused by covid-19 including, ensuring strong financial management to make sure that we manage public funds correctly, e.g. refreshed MTFS incorporating short and longer term financial impacts of Covid19, enhanced TFS programme and careful use of reserves and balances,.
  - Review of the Value for Money Statement
  - Re-enforcement of the revised CIPFA Financial Management Code
  - Internal Audit conducted on Risk which achieved substantial assurance
  - A review of value for money arrangements to ensure requirements of the new external audit VFM assessment are met was completed

# Proposed activity for the coming year:

- Review of the Financial Procedure Rules
- Review of Contract Procedure Rules
- Implement revised reporting requirements required in the revised Prudential Code and Treasury Management Code
- Review contaminated land inspection strategy
- Reinstatement of monthly Vision Priority meetings
- Implementation of new agreed action plan to ensure compliance with the CIPFA Financial Management Code
- A key piece of work will be to review control systems to ensure they continue to be fit for purpose with the new ways of working
- A review of the Corporate Procurement Bill to accommodate the new procurement green paper, which is going through the legal/parliamentary process

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

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

# Activity within Principle G in 2021/22:

- A further review of the Code of Corporate Governance has been conducted in January 2022, taking it back onto its 'normal ' schedule
- Data transparency requirements were met for the year
- A review of the Data transparency website page was conducted to improve visibility
- Data accessibility has been pushed to ensure public documents are properly accessible
- There was a full review of the targets in late 2021 with the aim of providing consistent and SMART targets for the 2022/23 year
- Progress made on defining "Significant Partnerships" and assurances on each of these

#### Proposed activity for the coming year:

- Review of Lincoln Performance Management Framework
- Further development of the performance management system
- Reinstatement of monthly Vision Priority meetings and thus the annual reports to committee

#### 2. Review of effectiveness of the governance framework

We undertook an assessment of the council's governance framework during 2021/22 through a review of the Council's Code of Corporate Governance (policies and processes) and the review process to develop the AGS and identify any significant issues, or other areas that may require monitoring. We took account of relevant governance audits, third party assurances, combined assurance work, committee reports, risk management, performance management, projects and partnership governance, Vision 2025/One Council, financial management, interviews with senior management and statutory officers.

The Head of Internal Audit is required annually to give an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it. For 2021/22 the Council was performing adequately across all areas. The audit plan was reduced in 2021/22 due to a temporary reduction in staff resources pending recruitment to the Internal Audit Manager role. However audits completed included governance, risk, financial control, ICT, Covid 19 risks, Projects as well as Combined Assurance, some of which were undertaken through the use of audit consultancy firms. Internal audit was involved in supporting Covid grants during 2021/22 and to help mitigate this there are external assurances in this area through central government, NFI data matching and external audit.

Supporting this assessment is the detailed work undertaken by Internal Audit during the course of the year as part of the Internal Audit plan and Combined Assurance work. Whilst this identified some agreed actions none were considered significant enough to highlight as potential AGS significant governance issues.

There were two areas of combined assurance assessed as red; however, these risks are being managed – these were not considered significant governance issues. There were several Amber areas; one of these areas - IT DR was a 19/20 significant issue.

As at March 2021 there were a number of high priority audit recommendations both made and outstanding. Outstanding agreed actions were in respect IT security, risk management, information governance, service-related actions. Progress towards addressing these recommendations will be monitored through existing monitoring arrangements and as part of the review of the AGS none were considered significant governance issues.

## The CIPFA Financial Management Code 2019 (FM Code)

In December 2019, Chartered Institute of Public Finance and Accountancy (CIPFA) published its Financial Management code (FM Code) to provide guidance for good and sustainable financial management in local authorities. It has been produced to assist local authorities in demonstrating their financial sustainability through a set of standards of financial management.

CIPFA acknowledged the additional extraordinary burdens faced by local authorities due to Covid19 and reflected on the extent to which was appropriate to introduce a new FM Code for 2021/22. It concluded that while the first full year of compliance would remain as 2021/2022, this would be within a more flexible framework where a proportionate approach would be encouraged. In practice this is likely to mean that adherence to some parts of the Code will demonstrate a direction of travel. Full details are reported to Audit Committee on an annual basis.

CIPFA guidance issued in February 2021 stated that the Council's Annual Governance Statement should now include the overall conclusion of the assessment of the organisation's compliance with the principles of the FM Code. An assessment against the FM Code has been completed and the CFO reported the findings to Audit committee 22 March 2022.

The actions arising from this updated assessment (which incorporates those outstanding from 2020/2) are as follows:

- Continue to support professional development
- Review Financial Procedure Rules
- Review Contract Procedure Rules
- Undertake Assessment against Head of Internal Audit requirements
- Assess outcome of external quality assessment of Internal Audit and develop action plan
- Implementation of Finance Business Partnership approach
- Implement revised MRP policy, if required by DHLUC
- Implement revised reporting requirements required in the revised Prudential Code and Treasury Management Code
- Consider further engagement with wider range of stakeholders for budget consultation
- Consider if other major balance sheet items can be made more visible in quarterly reporting.

#### 3 Level of assurance provided

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

#### 4 Status of significant governance issues monitored from 2020/21

The council has regularly monitored its 2020/21 significant governance issues through senior management and the Audit Committee during 2021/22. Two issues were identified for monitoring:

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

action had been completed. Also the introduction of an alternative site at Hamilton House for data security has been implemented. However, COVID-19 has made such an impact to both the short and possibly long term working arrangements of the council, that it is felt that this issue should not be removed from the list of significant issues – but instead should remain with a revised focus on what the required outcome needs to be, including a review of the expectations of our IT recovery and resource needs to meet the agreed BC plan needs

#### THIS ISSUE WILL REMAIN – but with a revised aim and action plan

 Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19. A decision was taken in Q3 2021/22 that rather than prepare a one year delivery plan for the Vision 2025 – a full mid-term review would be undertaken. This would allow members to incorporate new aspects affecting the city following the pandemic – such as the mental and physical health of our residents, and consideration of business needs. A full consultation was undertaken as part of this process with residents, businesses and voluntary services contacted to understand their views on priorities.

This has resulted in a new three-year plan which was approved in February 2022 by Council and is available on the council website. By the end of March 2022, priorities will have been built into Service Plans.

# THIS ISSUE HAS ALREADY BEEN APPROVED AS TURNING TO GREEN STATUS DUE TO THE LEVEL OF PROGRESS – SO WILL NOT FEATURE IN THE NEW AGS SIGNIFICANT ISSUES

#### 5 Significant governance issues identified from 2021/22

#### New significant issues identified from 2021/22

There were no NEW significant issues identified, but as noted above, there will be a revised focus on one of the previous year's issues. A new action/monitoring plan will be drawn up for monitoring purposes.

# 7 Conclusion

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

Signed

Prale

Cllr R Metcalfe, Leader:

Angela Andrews.

Angela Andrews, Chief Executive:

Date: 7<sup>th</sup> July 2022

Date: 7<sup>th</sup> July 2022

# GLOSSARY

# AAA FITCH RATING

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

# **AA FITCH RATING**

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The modifier "+" or "-", may be appended to the rating to denote relative status within the category.

# A FITCH RATING

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

# ACCOUNTING PERIOD

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

# ACCRUALS

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

# **ACTUARIAL GAINS AND LOSSES**

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

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

# ASSET

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

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

# AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

# **BALANCE SHEET**

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

# BORROWING

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

# BUDGET

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

# CAPITAL EXPENDITURE

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

# CAPITAL FINANCING

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

# CAPITAL PROGRAMME

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

# CAPITAL RECEIPT

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

# CIPFA

The Chartered Institute of Public Finance and Accountancy.

#### CLAW-BACK

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

# COLLECTION FUND

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

# COMMUNITY ASSETS

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



# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

# CONSISTENCY

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

# **CONTINGENT ASSET**

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

# **CONTINGENT LIABILITY**

A contingent liability is either:

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

# CORPORATE AND DEMOCRATIC CORE

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

# CREDITOR

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

# CURRENT SERVICE COST (PENSIONS)

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

# DEBTOR

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

## DEFERRED CHARGES

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



# **DEFINED BENEFIT PENSION SCHEME**

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

## DEPRECIATION

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

## **DISCRETIONARY BENEFITS (PENSIONS)**

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

# EQUITY

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

# EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

# EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## **EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

#### **EXTRAORDINARY ITEMS**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

# FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

#### FAIR VALUE INPUT LEVELS

Basis for recurring fair value measurements:

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

# FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

# GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

## **GOVERNMENT GRANTS**

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

#### HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

## HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

#### IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount in the Balance Sheet.

#### **INCOME AND EXPENDITURE ACCOUNT**

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

#### INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

## **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

#### **INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

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# LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

# LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

# LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

# MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

# MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

# NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

# NET BOOK VALUE

The amount at which assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

#### NET DEBT

The Council's borrowings less cash and liquid resources.

#### NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services

# NON-OPERATIONAL ASSETS

Assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

# **OPERATING LEASE**

A lease where the ownership of the fixed asset remains with the lessor.

# **OPERATIONAL ASSETS**

Assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

# PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

#### PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

# PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

# PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

# PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.

#### **RATEABLE VALUE**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

#### **RELATED PARTIES**

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

#### **RELATED PARTY TRANSACTIONS**

The Code requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

#### REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

## RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## **RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life.

#### **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

#### **REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

# **REVENUE SUPPORT GRANT**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

# STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

#### **TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

#### **TRUST FUNDS**

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

#### **USEFUL ECONOMIC LIFE (UEL)**

The period over which the Council will derive benefits from the use of a fixed asset.

#### WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date, which should be accounted for.

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