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Council Summons

For the meeting to be held on

Tuesday, 28 February 2023

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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, 28 February 2023 at 6.30 pm.

Chief Executive and Town Clerk

Angela Andrews

A G E N D A

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Present: Councillor Rosanne Kirk *(in the Chair)*, 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 David Clarkson, Councillor Thomas Dyer, 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 Mark Storer, Councillor Rachel Storer, Councillor Edmund Strengiel, Councillor Naomi Tweddle, Councillor Calum Watt, Councillor Joshua Wells, Councillor Loraine Woolley, Councillor Emily Wood and Councillor Pat Vaughan

Apologies for Absence: Councillor Hilton Spratt

33. Confirmation of Minutes - 29 November 2022

RESOLVED that the minutes of the meeting held on 29 November 2022 be confirmed and signed by the Chair as an accurate record.

34. Declarations of Interest

Councillor Pat Vaughan declared a Personal Interest with regard to the agenda item entitled ‘Fees and Charges'.

Reason: His granddaughter worked in the finance department at the City of Lincoln Council.

35. Mayor's Announcements

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

- Opening of the 40th Anniversary Lincoln Christmas Market
- Welcoming German guests including the Oberburgermeister
- Attendance to Cinderella in Pantomime
- Christmas Carol Concerts
- The 2022 Lincoln Santa Fun Run and Walk

36. Receive Any Questions under Council Procedure Rule 11 from Members of the Public and Provide Answers thereon

No questions had been submitted by members of the public.

37. Receive Any Questions under Council Procedure Rule 12 from Members and Provide Answers thereon

Councillor Martin Christopher to Councillor Ric Metcalfe, Portfolio Holder for Our People and Resources

Question

The waste to energy facility at North Hykeham has made a considerable profit this year burning waste we pay an equally considerable sum to collect for them. Due to energy price increases this past year, it has allegedly paid approximately £3,000,000 in profit share to the County Council. I would like to know if any of this money will come back to us?

Answer

There were no requirements for any Wase Disposal Authority to make payments to a Waste Collection Authority if the value of any commodities collected, resulted in the generation of an income stream. Lincolnshire County Council (LCC) had not declared any intention as to how they planned to use any 'windfall income', but it would feature as an issue in future Lincolnshire Waste Partnership meetings.

Councillor Clare Smalley to Councillor Donald Nannestad, Portfolio Holder for Quality Housing

Question

Following the tragic death of a young child in Rochdale caused by mould in the boy's home, I understand that many residents have been reporting similar issues in our own properties. How many have we received since this case was in the news please?

Answer

All reports of damp and mould were treated seriously and we responded to all service requests. If damp and mould was left untreated within a property and all the causes of damp and mould were not adequately identified or resolved, this could cause serious health complications to our customers, especially those under 16 and over 65.

The Portfolio Holder confirmed that further to 14/11/2022, the date of publicity post inquest into the tragic death of Awaab Ishak, the current data relating to the reports of damp and mould were:

- 319 households had reported damp and mould within their properties to the Council.
- Our repairs service (HRS) had conducted inspections and completed all identified repairs at 71 of those properties. These repairs had now been billed and the repairs closed.
- 248 jobs remained open for HRS to complete.

The Portfolio Holder confirmed that the 248 jobs were at various stages from pre-inspection, works ordered, works completed on site and due to be billed. As part of the billing process, we needed to wait a minimum of 30 days for all costs to be allocated to jobs before they could be set to 'closed' and therefore, the true figure of open jobs would appear inflated whilst the billing process completed its cycle.

Supplementary

Were any of the homes awaiting repairs, classed as a danger to health?

Answer

All cases of damp and mould were treated seriously with considerable time given to evaluate the problem. The Portfolio Holder confirmed that figures of Category A Hazards due to damp and mould would be distributed to members further to the meeting.

Councillor Emily Wood to Councillor Donald Nannestad, Portfolio Holder for Quality Housing

Question

The Government have announced £4,000,000 pounds of extra funding to help deal with homelessness, £803,422 of which will be directly for Lincoln. Could the Portfolio holder update us on what this money will be spent on?

Answer

The money referred to was the Homelessness Prevention Grant for 2023/24 and 2024/25. This was funding that the Council had received for a number of years. The current amount was consistent with expectation of an inflationary uplift. We continued to finalise the likely spend for the funding but confirmed projects were:

- Staffing – additional Homelessness Case Workers, 2 x Private Housing Liaison Officers and 2 x Temporary Accommodation Officers
- Access to private rented accommodation – in particular rent deposits
- Sanctuary Scheme
- Temporary Accommodation provision
- Homelessness Research leading to additional Prevention options

It was added that homelessness figures had risen by 35% per quarter this year, caused by a variety of reasons.

Councillor Thomas Dyer to Councillor Neil Murray, Portfolio Holder for Economic Growth

Question

Could the Portfolio Holder provide a breakdown of how many and what sort of injuries were treated by the first aiders at the 2022 Lincoln Christmas Market?

Answer

The 2022 Lincoln Christmas Market enjoyed its 40th anniversary and it was the busiest on record. Over 320,000 people visited the market over the four day period. As with any large event, there were a number of medical referrals. These totalled 82, which was not considered to be a large number for the volume of people who attended. The breakdown of injuries included:

- Thursday - 8 injuries were recorded which included fractures, minor cuts and grazes and head injury (cut to head)

- Friday – 20 injuries were recorded which included fractures, dislocation, minor cuts and grazes, blisters, diabetic, faints, seizure, nosebleed and vomiting
- Saturday – 38 injuries were recorded which included fractures, seizure, chest pain, fall (at home), dizzy/vomiting, minor cuts and grazes, blisters, diabetic, faints, abdominal pain, diabetic, sprain and panic attack
- Sunday – 16 injuries were recorded which included seizure, back pain, chest pain, faint and minor cuts and grazes

Supplementary

Were any injuries a result of poor crowd management?

Answer

All measures had been adhered to and Lincoln were nationally renowned for its excellence in safety procedures. Recognition was given to Council Officers, the Police, and the Ambulance service who continued to provide brilliant service as they had over the last 40 years. Injuries were not caused by poor crowd management and were a result of individuals that weren't very well and/or minor injuries. It was reiterated that the 40th anniversary of the Lincoln Christmas Market saw the biggest numbers ever recorded and made for great anniversary market experience.

<u>Councillor Mark Storer to Councillor Ric Metcalfe, Portfolio Holder for Our People and Resources</u>

Question

Could the Leader of the Council report on how many Assistant Directors were appointed without the applicants being interviewed by the cross-party Member Appointment Panel in the last year?

Answer

There were no permanent Assistant Director posts appointed without the applicants being interviewed by the cross-party Member Appointment Panel in the last year.

A fixed term contract post was recruited to and it was confirmed that should this role become a permanent post, the normal approval of Executive and subsequent recruitment process would apply which would include that of a Member Appointment Panel.

Supplementary

It was concerning that there appeared to be a lack of openness from a publicly funded organisation. Could the Portfolio Holder provide further reassurance that the Council would be more transparent with appointment of Executive Directors?

Answer

There was no case to be made that the Council had been less than open. The fixed term contract post had been taken through Executive, open for scrutiny and therefore, subject to the call-in procedure. In addition, procedures allowed for temporary appointment without a Member Appointment Panel. Reassurance was given that in the future, if the need arose that temporary appointments needed to be made at senior level, the practice of consulting with the Leader of the Opposition would occur.

Councillor Rachel Storer to Councillor Bob Bushell, Portfolio Holder for Remarkable Place

Question

How many fines were issued by the City Council in 2022 for fly-tipping?

Answer

Fly tipping was investigated as it was reported prior to arrangement of its timely removal. Where evidence of the perpetrator of fly tipping was available, a range of options were available. In 2022 we issued:

- Littering Fixed Penalty Notices - 1
- Littering Prosecutions - 0
- Fly Tipping Fixed Penalty Notices - 11
- Fly Tipping Prosecutions - 1
- Fly Tipping Community Protection Notice Warnings - 11
- Fly Tipping Community Protection Notices - 1

All were separate and distinct cases.

Supplementary

Could the Portfolio Holder increase awareness in residents of the impacts and penalties of fly tipping to continue to do all we can to crack down on those who break the law?

Answer

We worked within Lincoln Waste Partnership and had a Communications strategy to educate people to remind residents of their legal duty to dispose of rubbish in accordance with the law. In addition, individuals were educated that fly-tipping was considered anti-social behaviour and informed of the consequences that could arise. It was added that people advertised online to dispose of rubbish, however it was important to be aware that the person paying for that service remained responsible for the rubbish if fly tipped. Businesses should continue to dispose of rubbish appropriately. In the last quarter, there had been a slight reduction in fly tipping following a robust response. Proactive work with residents would continue.

Councillor Alan Briggs to Councillor Donald Nannestad, Portfolio Holder for Quality Housing

Question

Can the Portfolio Holder outline how many open cases there are for residents with mould complaints within the Housing Revenue Account?

Answer

There were 248 cases open for Housing Repair Services to complete. We had reviewed our service delivery as part of our response to the increase in reports of damp and mould within our properties and we had introduced the following:

1. All our operatives, Team Leaders, Project Officers, Housing Officers, and elements of Customer Service had received damp, mould and condensation training

2. The Housing Repairs Service had created a dedicated 'fast response team' which consisted of a Team Leader and a team of operatives to respond to work requests which related to damp and mould

3. We had engaged with an accredited damp and mould advisor to assist in the inspection of more complex cases

4. We had also reviewed and updated our advice and guidance to customers on our website

5. We were currently working on an internal guidance note to our staff across Maintenance and Investment, Housing and Customer Services which aimed to clarify how we dealt with and resolved service requests that related to damp and mould.

6. We were working on introducing separate repair categories which related to damp and mould that would sit outside of scheduled repairs with a quicker response time

Supplementary

What are your proposals to reduce the figure to zero?

Answer

Until recently, there had been very low levels of complaints of mould and damp within our properties. Since the tragic death of Awaab Ishak in Rochdale, cases had increased as there was now an understanding of the dangers of damp and mould. It was not a Council house issue or a property age concern. Damp and mould could affect any house, despite the age of the property. We continued to work hard through the list of 26 recommendations identified by the Housing Ombudsman to ensure we complied in full. It would be difficult to state we could ever see a reduction to nil cases; however, we would continue to do our best.

<u>Councillor Bill Mara to Councillor Bob Bushell, Portfolio Holder for Remarkable Place</u>

Question

Could the Portfolio Holder update the Council with what feedback funeral providers gave the council in respect to the crematorium?

Answer

Staff at the Crematorium talked with Funeral Directors on a daily basis and if they had any concerns, they could raise them with any of the team and they would be dealt with.

We had not received any negative feedback and the little feedback we had received, was positive with regard to both the service and the team. The physical improvements at the crematorium over recent years had been well received by both Funeral directors and relatives attending services.

Councillor Matthew Fido to Councillor Sure Burke, Portfolio Holder for Reducing Inequality

Question

How many Antisocial Behaviour cases did the council positively resolve in 2022?

Answer

During 2022, we had closed 426 Cases of Antisocial Behaviour. The investigating Officer would only close an Antisocial Behaviour case for one of the following reasons:

- The complainant was satisfied that the enforcement/engagement action had 'resolved' the situation for them. (The complainant effectively requested that the case was closed)
- The complainant stopped engaging with us (we would class this as resolved as this effectively brought the case to a close as we could only assume they no longer needed us to investigate)
- There was a lack of evidence (this would be classed as resolved as we had investigated and were satisfied that there was no Antisocial Behaviour of which we could enforce or engage over)

Supplementary

During the summer of 2022, there was an incident at a Council property which had involved a house party hosted by a young person. There had been a great amount of damage to the property which included damage to doors and ceilings. What powers do the Council have, alongside other stakeholders such as the Police, to clamp down on antisocial behaviour?

Answer

Due to the complexity of the question, it was requested that the supplementary be emailed to the Portfolio Holder further to the meeting for consideration and response.

Councillor Eddie Strengiel to Councillor Bob Bushell, Portfolio Holder for Remarkable Place

Question

Could the Portfolio Holder provide an update on the bulky waste collection agreement with West Lindsay District Council?

Answer

There had been some delay in getting the necessary legal papers processed, however operational preparations were now well under way. Although delayed beyond our original hopes, it was expected that the new service should begin operations within approximately one month.

Councillor David Clarkson to Councillor Neil Murray, Portfolio Holder for Economic Growth

Question

On a regular basis the Lincoln Central Car Park is plagued with issues (payment machines not working, lifts not operating, barrier faults). Recently the IT infrastructure did not work which resulted in transactions not being processed. Could the Portfolio Holder outline why this car park continues to be plagued with various issues several years after its opening?

Answer

The issues referred to were not connected and the recent system failure which resulted in transactions not being processed was rare and related to an update to the system. This was resolved by the provider within 8 hours of the fault being registered. Officers have contacted the provider since to enquire whether altering the timing of the updates to the system could reduce the risk of this happening in the future. A ‘pay on foot’ system was a complex operation and occasional downtime was experienced across the industry. The ongoing issues associated with the lifts were being investigated by a structural engineer to understand what the cause could be. Despite some of the operational challenges, Lincoln Central has had its most successful year to date.

38. Receive Reports under Council Procedure Rule 2 (vi) from Members

(a) Report by Councillor Bob Bushell, Portfolio Holder for Remarkable Place

Councillor Bob Bushell, Portfolio Holder for Remarkable Place, presented his report to Council, which had been set out on pages 11-40 of the agenda. Tributes were paid to all staff and contractors that had worked hard within the Portfolio.

The Council was provided with an opportunity to ask questions, where the following points were noted:

- The Portfolio Holder was not aware of any negative feedback regarding the appearance of the flower beds at Lincoln Crematorium and was proud of the progress made. The staff were commended for the pride they took in their work.
- The reopening of Yarborough Leisure Centre was welcomed and was completed within budget. The amount of compensation paid to Active Nation was financially sensitive information and in compliance with legal rules, would not be disclosed in the public domain.
- Any works identified at Yarborough Leisure Centre at an earlier date would have been completed in accordance with Health and Safety reports. Works had been carried out to a high standard and would be regularly scrutinised in the interest of public safety.

The report was noted.

(b) Report by Councillor Chris Burke, Portfolio Holder for Customer Experience and Review

Councillor Chris Burke, Portfolio Holder for Customer Experience and Review, presented his report to Council, which had been set out on pages 41-48 of the agenda.

The Council was provided with an opportunity to ask questions, where the following points were noted:

Councillor Chris Burke, Portfolio Holder for Customer Experience and Review, presented his report to Council, which had been set out on pages 41-48 of the agenda.

The Council was provided with an opportunity to ask questions, where the following points were noted:

- The efforts of the City Solicitor and Democratic Services team resulted in a smooth and successful planning meeting which considered the Council’s largest planning application on the 12 January 2022.
- The dedication and commitment from the Democratic Services team ensured elections continued to be successful. Recognition and thanks were given to Julie Rouston prior to her retirement. Her work over many years to ensure the democratic process expediated at all times, was appreciated and she was considered to be an excellent employee of the Council.
- It was important to balance the request for live streaming and initial cost of the equipment to provide the service. The Portfolio Holder was aware of the need for an increase in accountability and openness to the public and this was of importance.
- Customer services vacancies were being dealt with however it was important to fill vacancies with the right staff. Call waiting times had reduced further to appointment of additional staff. Recognition was given to customer service staff for their commendable work, empathy, and commitment to customer care.

The report was noted.

(c) Report by Councillor Jane Loffhagen, Chair of Policy Scrutiny Committee

Councillor Jane Loffhagen, Chair of Policy Scrutiny Committee presented her report to Council, which had been set out on pages 49-50 of the agenda. Councillor Loffhagen highlighted that the minutes of the Committee were available to the public.

The report was noted.

(d) Report by Councillor Rebecca Longbottom: Chair of Audit Committee

Councillor Rebecca Longbottom, Chair of Audit Committee presented her report to Council, which had been set out on pages 51-62 of the agenda. Thanks were expressed to members of Audit Committee for contributions and officers who had supported the work of the Committee.

The report was noted.

39. Fees and Charges

RESOLVED

That the report be noted.

40. To Consider the Following Recommendations of the Executive and Committees of the Council

(a) Council Tax Base 2023/24

It was moved by Councillor Ric Metcalfe and seconded by Councillor Donald Nannestad that the Council Tax Base 2023/24 be approved.

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

RESOLVED

That the Council Tax Base 2023/24 be approved.

(b) Localised Council Tax Support Scheme 2023/24

It was moved by Councillor Ric Metcalfe and seconded by Councillor Donald Nannestad that the Localised Council Tax Support Scheme 2023/24 be approved.

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

RESOLVED

That the Localised Council Tax Support Scheme 2023/24 be approved.

(c) Review of the Constitution - Financial Procedure Rules

It was moved by Councillor Ric Metcalfe and seconded by Councillor Donald Nannestad that the Review of the Constitution – Financial Procedure Rules be approved.

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

RESOLVED

That the Review of the Constitution – Financial Procedure Rules be approved.

(d) Council House and Garage Rents 2023/24

It was moved by Councillor Donald Nannestad and seconded by Councillor Ric Metcalfe that the Council House and Garage Rents 2023/24 be approved.

Councillor Thomas Dyer highlighted that the Conservative party supported proposed rent increases and given the demand and increase in cost of materials, the rent increase was reasonable. However, it was essential to ensure that service provision was maintained especially in the circumstance of rental increase.

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

RESOLVED

That the Council House and Garage Rents 2023/24 be approved.

Councillor Clare Smalley and Councillor Martin Christopher requested that their votes against the proposals be recorded.

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Item No. 6a

COUNCIL **28 FEBRUARY 2023**

SUBJECT:	**MEDIUM TERM FINANCIAL STRATEGY 2023 - 2028**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**JACLYN GIBSON, CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1 To seek approval of the Medium-Term Financial Strategy for the period 2023-2028 and the budget for 2023/24.

1.2 To seek approval of the Capital Strategy 2023-2028.

2. Executive Summary

2.1 Much has changed since the Council approved the previous MTFS in March 2022, with spiralling inflation, soaring energy prices and national pay agreements all adding significant cost pressures to budgets. These are in the main caused by national issues, which are beyond the Council's control and that are impacting all Councils.

2.2 In addition, the Council is facing growing demands for some of its key services as those more vulnerable in the city, a client group that was impacted the hardest during Covid19, look to the council for support as the cost-of-living crisis hits household incomes.

2.3 Alongside these cost and demand pressures, there still remains uncertainty around the level of funding for local government beyond the current Spending Review period and the implementation of the planned national funding reforms. These reforms have the ability to fundamentally alter the course of the MTFS. Although it has now been confirmed that these fundamental reforms will not be implemented until 2025/26 at the earliest, and the Autumn Statement announced some much-needed additional funding for local authorities for the next two years (providing some limited and short-term stability), there can be no certainty beyond 2024/25. This is further compounded by the risk of a new round of public expenditure austerity measures. The funding outlook for local authorities therefore remains volatile and uncertain.

2.4 As a result of these factors, the financial landscape for local government continues to pose an unprecedented challenge to the Council and this MTFS is set in the context of significant and inherent uncertainty. It is a long time since the Council had any medium-term certainty during budget setting which makes financial planning in this climate extremely challenging.

2.5 Set against this backdrop and in line with the Council's overall financial objectives, the key elements of the 2023/24 budget, Medium-Term Financial Strategy 2023-28 and Capital Strategy are as follows:

- Delivery of a phased savings target, requiring total annual savings of £1.75m to be delivered by 2025/26, in order to ensure the Council achieves its overriding objective of driving down its net cost base to ensure a sound and sustainable financial position is maintained. This will unfortunately require some difficult decisions about the size and scope of services it can continue to provide.

- Facilitating capital investment in the City of £100m over the 5 year MTFS, supporting the local economy by providing opportunities for business, providing employment opportunities, encouraging inward investment in the city, promoting growth and the overall attractiveness of Lincoln as a place to live, work and visit, all of which should result in increased revenue streams to the Council in future years.

- Continuing with the One Council approach to service transformation, for instance, making new use of technology and improving how these systems operate, continuing with our progress to enabling access to more services electronically online and self- service by customers and reviewing the use of our buildings and assets championing shared facilities and co-location.

- Reprioritising and reallocating resources to the strategic priorities and in particular at this current time towards providing further support in response to the cost-of-living crisis.

- Balancing the need to increase levels of Council Tax and Housing Rents to reflect the Council's increased operating costs, whilst ensuring increases are kept at an acceptable level and that support it provided to the most vulnerable. Council Tax increases of 2.91% and Housing Rent increases of 6.5% are proposed for 2023/24.

- The use of reserves to bridge gaps in the finances and to smooth the level of savings required. This is a short-term measure only.

2.6 This includes the following highlights, against the Council's Strategic Priorities:

- Let's drive inclusive economic growth
    - Delivering the (Government funded) UK Shared Prosperity Fund, totalling £2.3m, aimed at improving life chances in the city by providing equality of opportunity.
    - Acting as the Accountable Body for the Lincoln Town Deal, delivering £19m of investment within the City.
    - Specifically delivering the restoration of the Central Market and City Square environment, with a direct contribution from the Council of £1.9m.
    - Delivery of Phase 1a of the Western Growth Corridor, a total gross cost of £18.1m, providing the infrastructure to open up the overall site and delivery of the first 52 homes (this will be primarily funded from sales values and external grants).

- Let's reduce all kinds of inequality
    - Maintaining a no change scheme in respect of Local Council Tax Support. The scheme still provides a maximum entitlement of 100% and costs the Council c£1.2m per year
    - Delivery of a range of new initiatives in response to the current cost of living crisis.
    - Facilitating the delivery of £4.3m of Disabled Facilities Grants to private sector households.
    - The creation of new Housing Tenancy Sustainment Officers, at £0.120m per year, aimed at ensuring that tenants are set up to thrive in their tenancy with assistance with welfare benefits forms, signposting to necessary support, and assistance with furniture through local charities

- Let's deliver quality housing
    - Delivering a range of Homelessness & Rough Sleeping Initiatives (funded through Government grant) totalling £1.4m in 2023/24 and £1.2m in 2024/25.
    - Investment of £49.5m in existing council housing to maintain the Decent Homes Standard and to further enhance this with the Lincoln Standard.
    - Investment of £8.5m set aside for new build developments, including plans to redevelop Hermit Street and future schemes such as QER.

- Let's enhance our remarkable place
    - Delivery, alongside key partners, of a £2.6m investment in the Re-Imagining Greyfriars project to bring the important Heritage Asset back into use (this includes a significant element of external grant funding).
    - Annual spend of c£2.1m on street cleansing covering 350km of roads/paths and 30,000sqm of pedestrian areas, including a new annual City Centre Spring Clean.
    - Annual spend of £1.5m on providing and maintaining parks and open spaces within the City, including Hartsholme County Park, Boultham Park, the Arboretum and the Lawn, recreational grounds and commons, including creating an entirely new woodland areas called Hope Wood.

- Let's address the challenge of climate change
    - Facilitating and delivering a range of climate change initiatives, through a dedicated Climate Change Manager, including electric vehicle charging points, decarbonisation projects in our buildings and Green Homes grant retrofit measures.

2.7 The Council will continue to build on its successful financial planning to date, driving down the net cost of services (by changing the way in which it delivers services, but inevitably through reductions in the range and scale of services it can continue to deliver), whilst continuing to prioritise investment in the City and its economy. Adopting this approach will ensure that the Council carefully balances the allocation of resources to its Vision and Strategic Priorities, whilst ensuring it maintains a sustainable financial position and delivers the required reductions in its net cost base.

2.8 Prior to submission of the MTFS 2023-2028 and budget to the Executive and Full Council, public consultation and member scrutiny has been undertaken.

3. Background

3.1 The MTFS sets out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities.

3.2 The MTFS integrates revenue allocations, savings targets and capital investment and provides the budget for the next financial year and provides indicative budgets and future council tax and housing rent levels for the period covered by the strategy.

3.3 Over the last decade the Council, alongside the majority of other local authorities, has experienced unprecedented financial challenges in various forms. It has had to to adapt to; the impact of severe, unprecedented, central government funding reductions; radical reform of the methodology for funding local government - where councils are self-sufficient funded from local taxes with limited reliance on Central Government, changes in the use and demand for services; as well as escalating costs. The reform of the methodology of funding local government has in particular transferred a significant amount of financial risk and uncertainty to local authorities, creating a greater degree of uncertainty over the budget planning parameters for the Council than has been experienced previously.

3.4 Despite the significant reduction in income and increasing expenditure, the Council has, in recent years, been successful in protecting core services most needed by local residents and businesses, whilst still developing plans for growth and maintaining a sound financial position. . Although, given the scale of the savings delivered, this has required the Council to take some difficult decisions in terms of which services it continues to provide. This is an approach that has served the Council well and allowed savings of nearly £10m to be delivered over the last decade

3.5 Looking ahead the financial landscape for local government continues to pose a high level of uncertainty, there continues to be a number of unknowns, which have been exacerbated over the past twelve months, the current cost-of-living crisis and the state of flux in the economy with soaring inflation; rising interest rates; labour shortages and supply chains issues, means that the level of uncertainty has never been so high. Layered on top of this is the lack of clarity on further Government funding reforms, and the level of overall resources for local government beyond the current spending review period with the risk of a new round of austerity measures. Therefore, in order to ensure that the Council maintains a robust and sustainable financial position and is able to respond to the impact of volatile external events and increased financial risks that it faces, the MTFS needs to remain flexible, the council's reserves resilient and the sound track record of delivering savings needs to be sustained, whilst ensuring that resources are directed towards its vision and strategic priorities.

4. The General Fund

4.1 The Council's General Fund budget covers the day to day running cost of providing all of its services with the exception of Council Housing. Excluding the cost of Housing Benefit payments, the gross expenditure budget of the General Fund is c£40m per year. After allowing for service income through fees and charges, contributions and grants etc, the net budget for the General Fund in 2023/24 will be £14.403m. This net budget is then funded through Business Rates and Council Tax.

4.2 Spending Pressures

Over the past twelve months the impacts of spiralling inflation, soaring energy prices and nationally agreed pay proposals have resulted in significant increases to the cost of delivering Council services. These increased costs are in the main part caused by national issues, beyond the Council's control, and are impacting all Councils. In addition, the current cost of living crisis is driving a growing demand for Council's services, by those who rely on the safety net provided by local government. These factors have created unforeseen and unavoidable budget pressures, these are not temporary cost pressure spikes that will fall away as the economy stabilises, they represent structural changes in the Council's ongoing net cost base and have required budgets to be reset as part of this MTFS. In total these pressures have increased the Council's cost base by c£1.2m in 2023/24, increasing to c£1.6m in 2024/25 and by nearly £2m p.a by 2026/27.

4.3 Spending Plans

Despite these additional cost pressures, the Council's continues to ensure that its limited resources are directed towards its strategic plan. The current strategic plan, Vision 2025, is supported by annual delivery plans (ADP's), which set out the specific, new schemes to be delivered each year. This includes a significant amount of new investment, primarily of a capital nature, aimed at supporting the economic prosperity of the City and is largely funded through external grant funding. The ADP's do though include a number of revenue schemes, including newly added interventions in response to the current cost-of-living crisis, which have been possible through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve. Full details of the schemes can be found in the latest ADP's, highlights of which are included in the following paragraph.

4.4 Alongside the schemes including in Vision 2025, the Council also continues to deliver its day to day services in support of its strategic priorities. Key highlights from both annual service delivery and the ADP's, against each of the five strategic priorities, include:

- Let's drive inclusive economic growth
    - Provision of a small business support team and workspaces for start-up and small businesses costing £0.250m per year.
    - Delivering the UK Shared Prosperity Fund, totalling £2.3m, aimed at improving life changes in the city by providing equality of opportunity.

- Let’s reduce all kinds of inequality
    - Provision of a Welfare Advice and Welfare Reform Support Services costing £270k per year enabling over c£1.4m of additional benefits entitlement to be claimed within the City and administrating cost-of-living support schemes, financial inclusion projects and welfare advice.
    - Maintaining a no change scheme in respect of Local Council Tax Support. The scheme still provides a maximum entitlement of 100% and costs the Council c£1.2m per year
    - Undertaking neighbourhood working, focusing on the Sincil Bank revitalisation, working in partnership and with the community to make it a better place to live and work, with a dedicated team and community chest funding of £0.180m per year.

- Let’s deliver quality housing
    - Delivery of Homelessness & Rough Sleeping Initiatives totalling £1.4m in 2023/24 and £1.2m in 2024/25.

- Let’s enhance our remarkable place
    - Annual spend of c£2.1m on street cleansing covering 350km of roads/paths and 30,000sqm of pedestrian areas, including a new annual City Centre Spring Clean.
    - Annual spend of £3.1m on refuse and recycling, collecting from around 46,000 domestic properties
    - Annual spend of £1.5m on providing and maintaining parks and open spaces within the City, including Hartsholme County Park, Boultham Park, the Arboretum and the Lawn, recreational grounds and commons, including a new tree planting scheme at Hope Wood.
    - Provision of a range of public protection, regulatory and anti-social behaviour services focussed on ensuring community and environmental safety and protection of the built environment, totalling £1.5m per year.

- Let’s address the challenge of climate change
    - Facilitating and delivering a range of climate change initiatives, through a dedicated Climate Change Manager, including electric vehicle charging points, decarbonisation projects in our buildings and Green Homes grant retrofit measures.

4.5 **Resources**

<u>Local Government Finance Settlement 2023/24</u>

The 2023/24 Settlement is for one year only (the 5th one-year settlement) and is based on Spending Review 2021 funding levels, updated for the 2022 Autumn Statement. Whilst the settlement only shows figures for 2023/24, there is some scope to forecast 2024/25 amounts, given what is known regarding 2024/25 control totals for funding and the certainty provided regarding the delays in the implementation of the national reforms to the system. The Settlement represents a holding position until the next Parliament, with the emphasis on providing stability.

The Settlement sets out the Council's Core Spending Power which consists of; it's Settlement Funding Assessment (SFA) made up of Revenue Support Grant (RSG) and Business Rates baselines figures; along with other specific grant allocations; and an assumed level of Council Tax. Overall, the Council's Core Spending Power has increased by 4.7% in comparison to an increase of 9.4% across all English local authorities.

This increase in Core Spending Power is as a result additional grant funding in the Settlement, predominately aimed towards social care but with a funding guarantee that all councils will see a minimum increase of at least 3% (prior to local Council Tax decisions). In addition, the Settlement compensated councils for the business rate increases that would have otherwise been received had the rates not been frozen. These increases will provide councils with some much needed, short-term funding to deal with the inflationary and other cost pressures they face. However, this comes with the expectation that Council Tax will also need to increase in order to help fund the pressures.

4.6 Revenue Support Grant (RSG)

In terms of the Council's RSG element of the SFA, as a result of the one-year settlement and further delay in the implementation of funding reforms, RSG has been extended for a further year and uplifted by 10.1% in line with CPI inflation. In addition, there have also been a number of grants rolled into the RSG using their existing allocation methodology, for the Council this includes the Local Council Tax Administration Support Grant. The Council's allocation for 2023/24 is £0.175m, for 2024/25 it is assumed that RSG will continue and be uplifted with inflation to £0.185m. Beyond 2024/25 it is assumed that only the rolled in grants will remain, at a level of £0.156m per annum.

4.7 Business Rates Retention

The calculation of income to be received through BRR is critical in determining the amount of resources that the Council will have available to fund local services.

4.8 The Council has undertaken an assessment of the amount of business rates that it expects to collect during 2023/24, based on this and after allowing for the allocation of resources to Central Government and to the County Council it is estimated that £6.125m of the £37.6m of business rates generated within the City will be retained by the Council.

4.9 Beyond 2024/25, assumptions have been made in relation to the reform of the BRR system, these reforms will if implemented wipe out the accumulated gains the Council has achieved since the launch of the current system in 2013/14 and return income to the Council's baseline levels. In 2023/24 the accumulated growth to the Council is c£1.5m p.a. The assumptions will continue to be assessed as and when further details of the reforms are released by the Government. Although no specific implementation date has yet been confirmed the MTFS assumes this will be effective from 2025/26. However, as much of the design and relative starting positions in the new scheme are as yet unknown it is extremely challenging to forecast the likely level of resources.

4.10 This level of retained business rates is calculated on the basis that the Council participates in the Lincolnshire Business Rate Pool in 2023/24. The pool consists of this Council, Lincolnshire County Council and the six other Lincolnshire District Councils. Membership of this pool allows the Council to retain an element of growth that would have otherwise been payable via a levy to the Government, this equates to retained resources of £0.488m in 2023/24. As the BR Reset will not now happen until 2025/26 at the earliest, it has been assumed that the BR pool will remain in place for 2024/25, with a further benefit of £0.513m to the Council.

4.11 <u>Other Specific Grants</u>

In addition to RSG the Council also receives a number of other specific grants as part of its CSP, these include:

- New Homes Bonus – an allocation of £0.224m has been awarded for 2023/24. Beyond this the Government are due to set out the future position of the NHB.
- Service Grant – intended to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. The Council's allocation for 2023/24 is £0.154m. Allocations beyond this have not been announced.
- Minimum Funding Guarantee – a new grant announced as part of the Settlement, intended to provide a funding floor for all local authorities so that no council will see an increase in CSP that is lower than 3%. The Council's allocation for 2023/24 is £0.321m. Allocations beyond this have not been announced.

4.12 <u>Council Tax</u>

The Localism Act 2011 introduced a power for residents to approve or veto excessive council tax increases. This means that any local authority setting an excessive increase as set by the Secretary of State would trigger a referendum of all registered electors in their area. The Government confirmed in the Local Government Finance Settlement that they are giving local authorities in England additional flexibility in setting Council Tax by increasing the referendum limit for increases in Council Tax to the higher of 3% or £5 per year for 2023/24 and 2024/25 (previous referendum limit was 2%). In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year. This will give local authorities greater flexibility to set Council Tax levels based on the needs, resources and priorities of their area.

4.13 In view of this and taking into consideration the Council's need to protect its financial position from further decline and maintain its local income streams, the MTFS for consideration proposes a 2.91% rise in Council Tax for 2023/24, and a further 1.9% p.a. in each of the subsequent years. An increase of 2.91% in 2023/24 equates to an additional 9p per week for a Band A property and 11p per week for a Band B property (80% of properties fall within Band A and B), with a Band D equivalent of £299.25.

4.14 Fees & Charges

The fees and charges levied by the Council are an important source of income, however, the impact of Covid19 has had a significant detrimental impact on fees and charges income over the last few years, with monthly levels plummeting across a range of discretionary services as a result of multiple lockdowns and the impact on the economy and the uneven path to recovery. Although many of the discretionary income areas have, or continue, to bounce back there are some income areas that are unlikely to ever return to their pre-covid levels. This pressure is further compounded by the current cost-of-living crisis and economic factors affecting household incomes and overall growth in the economy and business activity, this is beginning to impact on certain sources of fees and charges income, such as building regulations and development control.

The MTFS assumes that the Council will raise £12.116m from fees and charges in 2023/24. The mean average overall increase in the non-statutory fees and charges is 5.3%, with a modal increase of 0%.

4.15 **Provision for the Repayment of Debt**

A review of the Council's Minimum Revenue Provision Policy (MRP) has been undertaken in 2022/23. MRP is a statutory charge to the Council's revenue account to make provision for the repayment of the outstanding capital debt liabilities. The Council is required by law to set aside an amount for this provision which it considers to be prudent. Statutory Guidance which accompanies Regulations provides options for the calculation of MRP and gives Council's significant discretion in determining the level of MRP.

4.16 As a result of the review the Council's Treasury Management Strategy now proposes a change to the Council's MRP Policy, and the MTFS is predicated on the revised MRP Policy. The key proposed change to the policy is to change from calculating MRP on a straight-line basis to one based on an annuity basis. The application of this policy change, to capital expenditure incurred prior to 1st April 2022, will provide £4.1m additional resources over the MTFS period.

4.17 **Bridging the Funding Gap**

Whilst there are still a significant number of uncertainties and variables in the Council's financial planning assumptions, what is certain is that the Council is still facing a significant financial challenge, due to its increasing cost pressures, one which it must address if it is to remain financially sustainable in the medium term.

4.18 Confirmation that the national funding reforms will not now take place until 2025/26, at the earliest, and that the accumulated business rate growth will instead be retained, has cushioned the impact of the cost pressures for 2023/24 and 2024/25. In addition, the short-term additional funding announced for local authorities has further strengthened stability over the next two years. However, beyond this with the cliff edge reduction in business rates resources and the uncertainties arising from the next Spending Review, the Council faces a significant and widening gap between its spending requirements and the level of resources it estimates to receive.

4.19 Although the position for 2023/24 and 2024/25 is currently more positive, savings targets for those years will still be included in order to provide further financial resilience and the ability to cushion any further financial pressures that may arise (due to the current risks to the financial planning assumptions). It will also allow capacity to deliver the higher levels of savings needed towards the end of the MTFS period to be spread more evenly over the years. On the basis of the revised financial planning assumptions assumed in this MTFS, the following level of savings targets will be required to ensure the financial sustainability of the General Fund:

2023/24 £'000	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
185	500	1,000	1,750	1,750

The phasing of these savings targets mirrors the Autumn Statement position, with a more manageable position over the next two years and much of the tougher decisions needing to be taken in the next Spending Review period, starting in 2025/26. This also means that these savings targets are likely to change dependent on a Spending Review taking place and the potential for a further delay in funding reforms. These assumptions will be kept under review, with the savings targets reviewed as part of each subsequent MTFS. Despite this potential for change, the Council must still continue to develop and implement a savings programme in order to ensure it is fully prepared to be able to deliver against these targets

4.20 The key mechanism for delivering the required budget savings is through the Towards Financial Sustainability (TFS) Programme, which seeks to bring net service costs in line with available funding. Over the last decade, it is through the TFS Programme and precursor programmes, the Council has delivered the annual savings of nearly £10m.

4.21 Whilst in the longer term the Council's still believes that the approach to closing the funding gap is fundamentally through economic growth and investment, increasing the Council's tax bases and revenue streams, this is unlikely to yield significant resources over the period of the MTFS to meet the funding gap. The Council will therefore continue to adopt a number of both short- and longer-term options in order to deliver the required reductions over the period of this MTFS. However, given the scale of the gap the Council faces and the level of savings already delivered, it will have little choice but to face further difficult decisions about the size and scope of the essential services it provides. It will need to review and revisit its investment priorities, beyond Vision 2025, and will be forced to look closely at the service it provides and will inevitably have to stop some of these to balance the books. There is sufficient 'lead in time' to the need to deliver these savings, allowing every possible effort to be made to find the least painful solutions and minimise the impact on jobs and services, but inevitably there will be some difficult decisions to be made.

4.22 **Robustness and Adequacy of the Budget and Reserves – General Fund**

In presenting the budget to the Council, the Executive must take account of the advice of the Council's Chief Finance Officer in relation to the robustness and adequacy of the budget and reserves.

4.23 The level of earmarked reserves is shown in Appendix 6, which shows the estimated closing balances at the end of each of the next five financial years. These reserves will only be used for the specific purposes for which they were set up. In response to the financial challenges the General Fund faces there are a number of earmarked reserves, having been established for such a purpose, that will be used over the period of the MTFS to support the General Fund whilst the ongoing reductions in the net cost base are delivered. Having reviewed the level of earmarked reserves the Chief Finance Officer has concluded that they are adequate to fund the planned expenditure identified by the Council.

4.24 As a result of the level of financial risk currently faced by the Council and the threat this poses to the Council's financial position the prudent minimum level of general reserves remains at an increased level. Based on an assessment of the estimated exposure, likelihood and possible mitigation of the financial risks that the Council faces it is deemed prudent to hold general reserves around £1.5m-£2m. Over the MTFS general reserves are maintained in line with this prudent minimum and show an estimated balance of £1.532m by the end of 2027/28.

4.25 Whilst the overall level of balances will still be maintained over the period of the MTFS there are planned uses of balances in the General Fund of £0.191m in 2023/24, £0.001m for 2024/25, £0.397m for 2025/26 and £0.145m for 2026/27. The higher use in 2025/26 is as a result of the forthcoming funding reforms and the assumption that the accumulated gains on Business Rate income will be reset, leaving the Council at a significant financial detriment. Whilst the Council has assumed an increased level of savings will be required to mitigate the ongoing impacts of this income loss, in the short term the use of balances and earmarked reserves provides the Council the opportunity to deliver ongoing reductions in its net cost base, and also providing the flexibility to adjust the savings targets if there is a more positive outcome from the funding reforms. Based on the current trajectory of savings targets, by 2027/28 the General Fund will be in the position of making positive contributions to balances, with forecasted contributions of £0.003m in 2027/28. The careful use of balances, along with earmarked reserves, in supporting the General Fund is seen as a short-term measure only to ensure a balanced budget position is maintained whilst savings are delivered, it is not foreseen as a long-term solution.

5. The Housing Revenue Account

5.1 The Housing Revenue Account (HRA) is a ring-fenced account separate from the Council's General Fund that contains the income and expenditure relating to the management and maintenance of its housing stock. The gross expenditure budget of the HRA is c£34m per year, this is funded primarily from housing dwelling rents.

5.2 **Spending Plans**

The Council's Housing Revenue Account Business Plan 2016-2046 was approved in February 2016, since it's adoption 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 Vision 2025 and Annual Delivery Plans will include 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 was undertaken during 2021 with a further refresh in 2022, with work now taking place to fundamentally rewrite the 30-year Plan during 2023/24, to reflect the changes to the local, regional and national operating environment and to reflect the Councils current aims and ambitions in Vision 2025.

5.3 **Spending Pressures**

Like the General Fund, the HRA has been severely impacted by the unforeseen and unavoidable cost pressures have arisen over the last 12 months. These escalating costs in relation to pay inflation, contractual inflation, utility price increases and material and labour increases, have taken their toll on the financial resilience of the Housing Revenue Account. These new pressures come at a time when the HRA is still responding to the legacy effects of Covid19 and Brexit both in relation to service delivery, in terms of backlogs of outstanding housing repairs work, and also due to the ongoing impact on supply chains and availability of labour. Given the significant level of annual repairs and maintenance and planned capital maintenance to the Council's housing stock the impact of these factors is causing both income losses and cost increases for the HRA. These pressures have seriously impacted the assumptions that underpin the HRA and Housing Business Plan and have required budgets to be reset within this MTFS. In total these pressures have increased the HRA's cost base by c£0.950m in 2023/24, increasing to c£1.350m in 2024/25 and by over c£1.6m in 2026/27.

5.4 **Financing the Capital Programme**

Within the HRA the greatest cost demands arise from the day-to-day repairs and maintenance to the housing stock and the requirement to resource the capital investment in existing stock and new housing. Under HRA self-financing, the primary sources of funding for capital investment in the Council's housing stock is from the revenue account through asset depreciation charges and direct revenue contributions. Whilst this reliance has been lessened to some extent, by the removal of the HRA borrowing cap allowing a greater level of prudential borrowing, £60.149m of revenue support is still required to be set aside for capital investment over the period of this MTFS. With increased regulatory requirements, investment needs of existing stock, priorities from Vision 2025 and the impact of the current economic climate driving the capital investment needed, the HRA needs to ensure that it maintains it's sound revenue position in order to allow the required contributions to be released.

5.5 **Housing Rents**

In line with the Housing Business Plan and Government Rent Guidelines, which announced that from April 2020 social rents should increase by a maximum of CPI+1% for 5 years, the MTFS has historically been based on this assumption. For 2023/24 the Government, in light of the current inflation levels, imposed a cap on rent increases of 7%, which without CPI +1% would have allowed for rent increases of up to 11.1%. The Government's approach for 2024/25, and whether a further cap will be implemented is as yet unclear, in addition beyond 2025 when the 5-year period of increases at CPI+1% ends it is uncertain what Rent Guidelines may be in place.

5.6 Although the Government have introduced the rent cap of 7% for 2023/24, taking into consideration the impacts on household incomes arising from the current cost-of-living crisis, but balancing this with the economic and financial pressures the HRA has in delivering services to its customers with, both social and affordable rents will increase by 6.5% for 2023/24. This proposed increase also takes into consideration the lower level of rent increase last year (i.e., the actual increase was below CPI+1%) and that the HRA was subject to the government-imposed rent reduction policy between 2016/17 and 2019/20 which saw the Council have to reduce rents by 1% per annum rather than increase at CPI plus 1% as previously agreed, resulting an estimated £17m of rental income forgone.

5.7 The average 52-week rent will be £81.18 per week for general purpose and sheltered accommodation, and £125.99 for affordable rents. The assumption in the MTFS from 2023/24 onwards reverts to CPI + 1%.

5.8 **Robustness and Adequacy of the Budget and Reserves – HRA**

In presenting the budget to the Council, the Executive must take account of the advice of the Council's Chief Finance Officer in relation to the robustness and adequacy of the budget and reserves.

5.9 The level of earmarked reserves is shown in Appendix 6, which shows the estimated closing balances at the end of each of the next five financial years. These reserves will only be used for the specific purposes for which they were set up. The Chief Finance Officer has reviewed the level and purpose of the reserves as part of the budget setting process and has concluded that these are adequate to fund the planned expenditure identified by the Council.

5.10 The prudent level of general reserves on the Housing Revenue Account is considered to be £1m - £1.5m. Throughout the MTFS period balances are expected to remain within these levels and show an estimated balance of £1.010m by the end of 2027/28.

6. The General Investment Programme

6.1 The General Investment Programme (GIP) for the period 2023/24 – 2027/28 is included within the MTFS at Appendix 2. The total allocated capital programme over the next five years is £32.918m of which £14.114m is estimated to be spent in 2023/24.

6.2 The capital spending plans for the next five years include the delivery of schemes from Vision 2025, with a focus on supporting the recovery of the City, key One Council projects and investment in existing assets to either maintain service delivery or existing income streams. This includes the following key schemes:

- Western Growth Corridor Phase 1a - £13.768m
- Disabled Facilities Grants - £4.260m
- Planned asset maintenance - £1m
- Greyfriars - £2.638m
- Lincoln Central Market -£3.184m
- Heritage Action Zone - £0.054m
- Lincoln Town Deal (External Schemes) - £6.863m

6.3 Whilst the Council received notification in January 2022 that it had been successful in it's Levelling Up Fund Round 2 bid, to secure £20m to open up the eastern access to the Western Growth Corridor site, this has not yet been included in the GIP and will be subject to separate Executive consideration.

6.4 Further schemes in support of Vision 2025 will be included in the GIP at the relevant stage in their development e.g., grant funding secure, design stage completed etc. Further details of the investment plans are provided in the Capital Strategy.

7. The Housing Investment Programme

7.1 The Housing Investment Programme (HIP) for the period 2023/24 – 2027/28 is included within the MTFS at Appendix 4. The total allocated capital programme over the next five years is £66.765m of which £16.462m is estimated to be spent in 2023/24.

7.2 The 5-year HIP is based on the HRA 30-year business plan, updated to reflect revised spending and funding profiles of approved schemes as detailed schemes are developed. The key elements of the HIP are split into housing strategy and housing investment. In terms of housing strategy, the focus continues to be on maximising the use of 1-4-1 retained right to buy receipts, assessing the use of prudential borrowing and seeking government grant funding for new build schemes or purchase & repair schemes that generate a rental stream. In relation to housing investment the HIP will continue to focus on the allocation of resources to the key elements of decent homes and supporting the Lincoln Standard, funded primarily through revenue contributions.

7.3 Future spending plans for the HIP are expected to include capital investment in further progression of the Council House New Build Programme, initiatives through the Council's net zero 2030 commitment, other new schemes emerging through Vision 2025 and implications arising from Government regulations/legislation, particularly the Building Fire Safety Bill & Fire Safety Act. As set out above the HRA 30-year business plan, which has had a light touch refresh in 2021 and a further refresh in December 2022, will have a full refresh in 2023/24, this will shape the direction of the HIP and its priority areas.

7.4 As set out in paragraph 5.4 above, the primary sources of financing for the HIP are from depreciation, with £45.836m being utilised over the 5-year period and revenue contributions, totaling £14.980m being utilised over the 5-year period. In addition, the HIP is set to utilise £2.930m of prudential borrowing to fund the Council House New Build Programme this is further supported by capital receipts (including Right-to-Buy receipts) of £3.019m.

8. Capital Strategy

8.1 The CIPFA Prudential and Treasury Management Code requires all local authorities to prepare a Capital Strategy which will provide the following;

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability.

8.2 The Capital Strategy should complement other key documents such as the MTFS, the Asset Management Plan, the Council's Strategic Plan, and Treasury Management Strategy, etc. by defining the approach, structure and governance for the effective management of the Council's capital investment needs and ambitions.

8.3 A draft Capital Strategy is attached at Appendix B.

9. Consultation and Scrutiny

9.1 Public consultation on the draft budget, MTFS and Council Tax proposals has been undertaken, this consisted of an online questionnaire available over a period of three week in addition to direct consultation with the Council's Citizens Panel. The consultation sought views on the value for money of council services, prioritisation of services, views on approaches to delivering reductions in the net cost based as well as seeking views on the Council Tax proposal for 2023/24. The detailed results of the consultation are attached at Appendix C (To Follow). In terms of the specific question in relation to Council Tax increases:

- 14% of respondents would support a 0% increase
- 16% of respondents would support a 1% increase
- 21% of respondents would support a 2% increase
- 49% of respondents would support a 2.91% (as per the proposed increase)

The Executive have considered the results and comments from the consultation in arriving at its recommendations in relation to the final budget.

9.2 In terms of member budget scrutiny an all Member workshop was undertaken during January 2022 to ensure that as large a number of members as possible had the opportunity to fully understand the financial position of the Council. This was followed in February by a Budget Review Group who focused on the detail of the draft MTFS, proposed budget and Council Tax recommendation.

9.3 The minutes of the Budget Review Group are attached at Appendix D, there was one specific recommendation made by the Group, as set out below, but none that were specific to the MTFS and 2023/24 budget proposals:

- be presented with an update on the number of consultation responses from the Citizen's Panel at future Budget Scrutiny Meetings going forward.

10. Strategic Priorities

10.1 The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities.

11. Organisational Impacts

11.1 Finance - There are no direct financial implications arising from the approval of the Draft MTFS 2023-2028 for consultation and scrutiny. The strategy provides information on the Council's spending, income, and key financial challenges.

11.2 Legal Implications including Procurement Rules - Local authorities must decide, prior to the 11th March, each year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for services; and
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

11.3 Local government legislation requires an authority's Chief Finance Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions.

11.4 Land, Property and Accommodation - Specific implications for the deployment and management of the Council's assets are included within the Capital Strategy and Asset Management Plan which support the achievement of the objectives of the MTFS.

11.5 Equality, Diversity and Human Rights

This report provides a summary of the financial planning activities across the Council. As a consequence of the approval of the MTFS and budget for 2023/24 there may be an impact on certain council services which will be subject to review. Planning work undertaken to develop the Towards Financial Sustainability Programme and strands and investment in the Vision 2025 and strategic priorities, set out above, involves taking an overview of the potential cumulative impact. This is further expanded and built upon as the specific reviews and projects are developed and so detailed equalities implications will be assessed at the individual service level.

12. Risk Implications

12.1 The Council has a very proactive approach to managing risk and there are effective arrangements for financial control already in place. That said, there is always a risk that the Council will become liable for expenditure that it has not budgeted for or face a reduction in resource available, the impact of which must be mitigated by holding reserves. Due to the current economic conditions, forthcoming changes in core funding mechanisms for local authorities and uncertainty around future funding settlements, the level of volatility and risk to which the Council is exposed has increased exponentially, the MTFS therefore needs to remain flexible and the council's reserves resilient.

12.2 The financial risks, Appendix 5 of the MTFS, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

13. Recommendation

13.1 That Full Council approves, the:

- The Medium-Term Financial Strategy 2023-2028, and.
- The Capital Strategy 2023-2028

Including the following specific elements:

- The Council is member of the Lincolnshire Business Rates Pool in 2023/24.
- The General Fund Revenue Forecast 2023/24-2027/28 as shown in Appendix 1 and the main basis on which this budget has been calculated (as set out in paragraph 4).
- The General Investment Programme 2023/24-2027/28 as shown in Appendix 2, and the main basis on which the programme has been calculated (as set out in paragraph 6).
- The Housing Revenue Account Forecast 2023/24-2027/28 as shown in Appendix 3 and the main basis on which this budget has been calculated (as set out in paragraph 5).
- The Housing Investment Programme 2023/24-2027/28 as shown in Appendix 4, and the main basis on which the programme has been calculated (as set out in paragraph 7).

Is this a Key Decision?	No – Referral to Full Council
Do the Exempt Information Categories Apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Four
List of Background Papers:	Medium Term Financial Strategy 2022-27 – Executive 21st February 22 Setting the 2023/24 Budget and Medium Term Financial Strategy 2023-28 – Executive 17th October 2022
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Jaclyn.gibson@lincoln.gov.uk

Medium Term Financial Strategy

2023/24- 2027/28

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Foreword

Welcome to this latest version of the City Council's Medium Term Financial Strategy covering the period 2023-2028.

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

This Strategy sets out how the Council will use it's financial resources to underpin it's Vision 2025 and strategic priorities. It is the Council's commitment to use the financial resources it employs over the coming years to make a positive difference to the city and its residents.

Much has changed since the Council approved the previous MTFS, with spiralling inflation, soaring energy prices and national pay agreements all adding significant cost pressures to budgets. These are in the main caused by national issues, which are beyond the Council's control and that are impacting all Councils.

In addition, the Council is facing growing demands for some of it's key services as those more vulnerable in the city, a client group that was impacted the hardest during Covid19, look to the council for support as the cost-of-living crisis hits household incomes. Due to Lincoln's specific set of local socio-economic factors this places a greater demand on key services and resource allocation than in most other places.

These new financial challenges come at a time when the Council is still recovering from the detrimental financial effects of Covid19, and after facing a decade of austerity measures. These unforeseen and unavoidable new pressures are though even more severe than the impacts of the pandemic, they are not temporary cost/income pressure spikes that will fall away as the economy stabilises, they represent structural changes in the Council's ongoing net cost base and have required budgets to be reset as part of this MTFS.

Furthermore, there still remains uncertainty around the level of funding for local government beyond the current Spending Review period. The Fair Funding Review and Business Rates reset have the ability to fundamentally alter the course of the MTFS and whilst it has now been confirmed that they will not now be implemented until 2025/26 at the earliest, and the Autumn Statement announced some much-needed additional funding for local authorities, all this has done is to have shifted the financial challenges to the period following the next General Election. In addition, the large national deficit that has arisen as a result of the financial measures the Government implemented during the pandemic and more recently in response to the cost-of-living-crisis, will need to be addressed. This is likely to further impact on the funding available to councils in future years with a risk of a new round of austerity measures.

As a result, there can be no certainty beyond that event 2024/25. Whilst this does provide councils with a two-year financial planning period and some limited and short-term stability, the uncertainty beyond this continues to hamper financial planning.

The Council, and local government as a whole, are yet again having to update their medium-term financial strategies in a very uncertain environment.

Whilst income and expenditure budgets have been revised as part of the MTFS refresh, there still remains a significant level of uncertainty and volatility to the assumptions that underpin these estimates, creating an inherent risk in the MTFS projections.

Despite this significant level of uncertainty, based on what is currently known, or can be reasonably assumed, the Council continues to face a significant and widening gap between the it's spending requirements and the level of resources it estimates to receive. The additional resources announced by the Government for 2023/24 and 2024/25, the delay in implementation of national funding reforms, and the use of earmarked reserves, has provided some financial capacity to smooth the level of reductions required, but it does not alter the underlying need to reduce the net cost base by £1.750m by 2026/27 if the Council is to remain sustainable in the medium term.

The ability to deliver these further, significant, reductions in the net cost base must be set in the context of the Council having already delivered, over the last decade, annual revenue savings of nearly £10m. This is a significant amount in comparison to the net General Fund budget. This has already involved the Council having to take difficult decisions in terms of which services it can continue to provide, whilst minimising the impact on services most needed by local residents and businesses.

The Council still believes that the longer-term approach to closing the funding gap is fundamentally through economic growth and investment. This is ever more critical in light of the crippling effect Covid19 and now the current economic factors have on the local economy. Through Vision 2025 the Council will continue to seek ways to maximise it's tax bases by creating the right conditions for the economy to recover and grow, to increase Business Rates income, and to encourage housebuilding to meet growing demand, generating additional Council Tax. As well as continuing to support this the Council will also seek through direct interventions, such as through; the Town Deal; the Council House New Build Programme; the UK Shared Prosperity Fund and Western Growth Corridor etc, to enhance the economic prosperity of the City.

The delivery of these benefits from economic development cannot however be realised in the short to medium term. They are only likely to yield significant additional resources beyond the life of the MTFS and will not directly contribute towards the required reductions in the net cost base in the short term. In order to deliver the level of savings required over the period of this MTFS, the Council will continue to adopt a range of options, but given the scale of the financial challenge the Council faces, it will have little choice but to face some difficult decisions about the size and scope of the essential services it will continue to provide. It will need to review and revisit its investment priorities, beyond Vision 2025, and will be forced to look closely at the service it provides and will inevitably have to stop some of these to balance the books.

Any further service cuts and revisions to investment plans, above those that have already been taken over the past decade, will have even more far reaching and detrimental impacts on the City's residents and businesses. This will come on the back of the current cost of living crisis, a time when the support of the Council is needed more than ever to support not only those who rely upon the safety net of local government but also whilst the Council is still supporting the rebuilding of the local economy.

Closing a projected budget gap of this size is a challenge for the Council, but the Council has confidence in it's track record of delivering strong financial discipline and that it can continue to rise to the challenge. It's successful financial planning has enabled the protection of core services for the people of Lincoln, whilst at the same time allowing for significant investment in the City, and its economy, and delivery of the Council's Vision. The Council will continue to adopt this approach, carefully balancing the allocation of resources to Vision 2025 and future investment plans, whilst ensuring it maintains a sustainable financial position and delivers the required reductions in its net cost base.

Jaclyn Gibson, FCCA
Chief Finance Officer

Section 1 – Introduction

The purpose of the MTFS is to set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. The Council currently has five clear strategic priorities, and in order to achieve those priorities the Council must have a clear and robust financial strategy which focuses on the long-term financial sustainability of the organisation.

The MTFS draws on a review of the local economic landscape, and the impacts of the wider national economic and political landscape. It looks ahead over the coming five financial years to identify the resource likely to be required by the Council to finance its priorities and meet the financial consequences of the demand for council services. It also looks ahead to determine the resources likely to be available to the Council over the same period. This plays a critical role in ensuring that as the Council develops its key plans and strategies it has a sound understanding of the organisations longer term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints.

The MTFS integrates revenue allocations, savings targets, reserves and capital investment and provides indicative budgets and future Council Tax and Housing Rent levels for the period covered by the plan. This approach has been in place for a number of years now and is an essential part of the budget setting process.

Although the Strategy is set against a medium-term time frame, to fit with the Council's corporate planning framework, in principle it will exist for longer as it provides the overall direction and parameters for financial management at the Council.

Inevitably the Council's plans will need to evolve and develop in response to new financial opportunities and risks and new policy directions, this has never been more evident than in the current climate. Therefore, the Strategy will be reviewed on a regular basis and at least annually.

The MTFS is underpinned by a sound finance system, coupled with a solid internal control framework, sufficiently flexible to allow the organisation to respond to changing demands over time and opportunities that arise.

Objectives

In response to the impact that current economic conditions are having on the Council's finances and the inherent uncertainty in financial planning, the existing objectives of the MTFS have been reviewed to ensure they remained relevant. The key overriding objective continues to be;

- To continue to drive down the net cost base, in line with available resources, to ensure the Council maintains a sound and sustainable financial base, delivering a balanced budget over the life of the MTFS;

The further objectives that the MTFS seeks to achieve are as follows:

- To ensure the Council uses its reserves and balances carefully, seeking to maintain robust levels and replenishing where necessary, to address any future risks and unforeseen events without jeopardising key services and the delivery of outcomes;

- To seek to maximise income levels, including maintaining in the short term and growing over the medium term, the Council Tax and Business Rates tax bases, whilst ensuring that Council Tax rate increases are kept an acceptable level;

- To ensure that the Council's limited resources are directed towards its Vision and strategic priorities, redirecting where necessary to allow for improvement and investment.

- To ensure the Council provides efficient, effective and economic services which demonstrate value for money.

Policy and Financial Planning Framework

The Council's Strategic Plan, Vision 2025 is the thread that links the Council's integrated policy and financial planning framework. It is underpinned by the MTFS, which aims to ensure that all financial resources are directed towards delivery of the vision and flows through to the Council's other key plans and strategies, service planning and individual staff performance appraisals. This ensures that the Council's vision and strategic priorities drive the activity and allocation of resources of the Council.

The Vision 2025 promotes a clear view of the Council's strategic focus and in particular its key priorities. These priorities are a commitment by the Council to use the resources it employs over the coming years to a make a positive difference to the city and its residents.

Section 2 – Context

In order to set the framework for the Council's approach to policy and financial planning it is important to understand the overall national policy context, and economic conditions as well as the policy and delivery priorities for the Council over the MTFS period.

Economic Climate

The UK's economy is currently in a precarious position and is dominated by the rising cost of living pressures for UK households, with surging energy costs and food supply shocks, driving high inflation, weak growth and rising interest rates.

Inflationary pressures have been mounting in the UK economy over the past year, largely due to the war in the Ukraine, the effects of Covid19 and Brexit, but specifically due to a number of factors, including increasing energy prices; petrol and diesel prices, food prices, the cost of raw materials, household goods and furniture, the cost of hotel and restaurant prices and higher mortgage costs due to increased interest rates. Consumer price index (CPI) inflation crept above 11% in October 2022, although has slightly fallen back to 10.5% in December. The October level of 11.1%, a 40-year high, is expected to have reached the peak, although this would have been a further 2.5% higher without the Energy Price Guarantee, with encouraging signs that oil and food prices have already fallen back. The Office of Budget Responsibility's (OBR's) November 2022 forecast estimates that inflation will drop sharply over the course of 2023 and will potentially be dragged below zero in the middles of the decade, before returning to its 2% target in 2027.

In response to this rampant inflation and in an effort to bring inflation back down to the target rate of 2%, the Bank of England has tightened monetary policy more quickly than expected. Following an emergency rate cut in March 2020 the Bank of England Base Rate had been at a 325-year low of 0.1%. However, in December 2021, the Bank voted to raise interest rates by 0.15% to 0.25%, this was followed by further increases of 0.25% in March, May and June 2022. With the inflationary pressures continuing to intensify, further increases of 0.5% were applied in August and September with a 0.75% increase in November (the biggest hikes in 27 years) and further increases of 0.5% in December and February 2023. The Base Rate currently stands at 4%, it's highest level since 2008. The Bank of England will next meet to vote on interest rates on 23rd March 2023. Current forecasts are that the base rate will hit 4.25% by March 2023 and potentially as high as 4.5% by mid- 2023, falling back to just over 3.75% in three years time.

With high inflation and rising interest rates weighing on demand, the OBR expected the economy to enter a recession (defined as two consecutive quarters of contraction) lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in output of 2.1%. Based on more recent data the Bank of England's latest forecast anticipate a shallower peak-to-trough drop of 1% with the recession starting in quarter one of 2023 and lasting five consecutive quarters. GDP for the third quarter of 2022, showed output declining by 0.3% and although this was expected to fall further in the fourth quarter, initial estimates now expect growth of 0.1%, staving off the UK entering a technical recession. Annual GDP growth in 2022 as a whole is expected to be around 4.1%. GDP is expected to fall by 0.6% in 2023. As energy prices and inflation drop, and short-term interest rates fall back from their peaks, annual GDP growth is estimated to pick up to 0.9% in 2024, with stronger growth anticipated in 2025 and 2026.

The impact of these significant economic shocks has led the UK's economic and fiscal outlook to deteriorate significantly since the Spring Statement, announced in March 2022. They have taken much of the impetus out of the global economic recovery from the pandemic and ratcheted up the financial pressure on governments (such as the UK) that emerged from it with higher debt and are again being called upon to help households and businesses through this latest crisis. Debt interest spending is now expected to reach a record £120.4 billion this year.

These factors have contributed to a significant gap opening between the funds the government receives in revenue and its spending. Difficult decisions are necessary to put the public finances back on to a sustainable footing in the medium term, with an imperative of ensuring that the national debt falls as a proportion of the economy over the medium term.

National Priorities

Following two years of single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year given the pandemic, the Government set out it's first return to multi-year spending reviews in Autumn 2021. The SR21 set out the Government's intent to Build Back Better, with a key focus on the Levelling Up agenda. Since the publication of the SR21 there has been both political and economic turmoil (as set out above). It was widely expected that, in response to the considerable changes in the economy and inflationary pressures, that the new Government would hold a new Spending Review. However, the Treasury subsequently confirmed that there would be no new Spending Review and SR21 still remained for the period up to 2024/25.

The SR21 provided 3.3% real-terms growth (based on inflation predictions at the time) in departmental budgets between 2022/23 and 2024/25. However, with the inflation estimates being outstripped the funding increases are far less generous than intended. The Institute for Fiscal Studies (IFS) forecast that price rises will erode 60% of the planned increase in departmental budgets and that to match the real-terms funding increase pledged last year, the Government would need to allocate a further £44bn over the period up to 2024/25.

It was against this backdrop, that the new Chancellor of the Exchequer delivered his Autumn Statement, in November 2022. The Autumn Statement responded to the OBR forecasts and sets out the medium-term path for public finances.

This follows the previous Chancellor's Growth Plan announcements in late September 2022, the majority of which have since been rolled back – with the notable exception that the Health and Social Care Levy has been, and remains, cancelled.

The government's priorities are stability, growth and public services. Economic stability relies on fiscal sustainability – and the Autumn Statement sets out the government's plan to ensure that national debt falls as a proportion of the economy over the medium term. This will reduce debt servicing costs and leave more money to invest in public services; support the Bank of England's action to control inflation; and give businesses the stability and confidence they need to invest and grow in the UK. To achieve this aim, the government has reversed nearly all the measures in the

Growth Plan 2022. The Autumn Statement sets out further steps on taxation and spending, ensuring that each contributes in a broadly balanced way to repairing the public finances, while protecting the most vulnerable.

The Chancellor has set two new fiscal policy rules which guide the Autumn Statement:

- Public sector net debt (excluding the Bank of England) needs to be falling as a percentage of GDP by the fifth year of the rolling forecast; and

- Public sector net borrowing (the deficit) needs to be below 3% of GDP by the fifth year of the rolling forecast.

To meet both of those rules, the Autumn Statement delivers public finance measures related to tax and spending worth £55 billion by 2027/28. Of this, around £30 billion is related to spending policy decisions and £24 billion through tax policy decisions. The majority of the decisions on spending make an impact after this Spending Review period (with extra spending committed in this Spending Review period) and the extra tax revenues phase in gradually over the forecast period.

The Autumn Statement confirms that departmental DEL budgets in 2023/24 and 2024/25 will be maintained at least in line with the budgets set at the Spending Review.

At Spending Review 2021, departments were also provided with funding to cover employer costs of the Health and Social Care Levy. As the Levy is no longer being introduced as a separate tax from April 2023 and departments will not face these additional costs, their budgets have been adjusted to remove this compensation.

After this Spending Review period, departmental resource spending will grow at 1% a year in real terms. Departmental capital spending will continue at the same level in cash terms.

To help identify further savings in departmental budgets, the government is launching an Efficiency and Savings Review. The Review will target increased efficiency, reprioritise spending away from lower-value programs, and review the effectiveness of public bodies. Savings will be reinvested in public services, and the government will report on progress in the spring.

Other specific announcements with a direct impact on Local Government included:

- The national rollout of social care charging reforms has been delayed from October 2023 to October 2025. Funding for implementation will be maintained within local government to enable local authorities to address current adult social care pressures.

- Up to £2.8 billion in 2023-2024 in England and £4.7 billion in 2024/25 will be made available to help support adult social care and discharge. This includes £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024-25, further flexibility for local authorities on council tax and delaying the rollout of adult social care charging reform from October 2023 to October 2025.

- £1.3 billion in 2023/24 and £1.9 billion in 2024/25 will be distributed to local authorities through the Social Care Grant for adult and children's social care

- £600 million will be distributed in 2023/24 and £1 billion in 2024/25 through the Better Care Fund, with the intention of getting people out of hospital on time into care settings, freeing up NHS beds

- £400 million in 2023/24 and £680 million in 2024/25 will be distributed through a grant ringfenced for adult social care which is also intended to help to support discharge

- The government will provide local authorities in England with additional flexibility in setting council tax, by increasing the referendum limit for increases in council tax to 3% per year from April 2023. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. The previous policy, set at the 2021 Spending Review, was for a general limit of 2%, with an extra 1% for adult social care.

- From 1 April 2023, business rates bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next five years is intended to support businesses as they transition to their new bills. Local authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs. Elements of this package are as follows:

    - The business rates multipliers will be frozen in 2023-24 at 49.9p and 51.2p, preventing them from increasing to 52.9p and 54.2p. This is worth £9.3 billion over the next five years.

    - Upwards Transitional Relief will cap bill increases caused by changes in rateable values at the 2023 revaluation. This £1.6 billion of support will be funded by the Exchequer, rather than by limiting bill decreases, as at previous revaluations. The ‘upward caps’ will be 5%, 15% and 30%, respectively, for small, medium, and large properties in 2023/24, and will be applied before any other reliefs or supplements. The caps will increase in later years of the scheme. The Government has responded to its consultation on the transitional relief scheme.

    - Retail, Hospitality and Leisure Relief - support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023/24. Around 230,000 RHL properties will be eligible to receive this increased support worth £2.1 billion.

    - Bill increases for the smallest businesses losing eligibility or seeing reductions in Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) will be capped at £600 per year from 1 April 2023. This is support worth over £500 million over the next three years and is intended to protect over 80,000 small businesses, who are losing some or all eligibility for relief. This is intended to ensure that no small business losing eligibility for SBRR or RRR will see a bill increase of more than £50 per month in 2023/24.

- At Autumn Budget 2021, the government announced a new improvement relief to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy. This will now be introduced from April 2024. This relief will be available until 2028, at which point the government will review the measure.

- The government is limiting the increase in social housing rents. Under current rules, rents could have risen by up to 11.1% – but now they will only be able to rise by a maximum of 7% in 2023/24. This policy change applies to social housing provided by Registered Providers (including Local Authorities and Housing Associations). However, Supported Housing provided by Registered Providers will be excepted from having to comply with this policy; therefore rents will be allowed to rise by up to CPI+1% in 2023-24 for this accommodation.

- The Autumn Statement confirms that the second round of the Levelling Up Fund will allocate at least £1.7 billion to priority local infrastructure projects., although details of the specific projects were not announced.

- The government has agreed new mayoral devolution deals with Suffolk County Council, and will shortly be agreeing a mayoral deal with Cornwall Council and an expanded mayoral deal with local authorities in the North East of England. It is stated that good progress is also being made towards signing a deal with Norfolk County Council. Once agreed, these deals, taken together, will increase the proportion of people living under a directly elected mayor with devolved powers in England to over 50%.

- The government's plans to create a new housing element of Pension Credit to replace pensioner Housing Benefit are now intended to take effect in 2028/29. Eligible pensioners will continue to receive Housing Benefit.

- £1 billion will be provided to enable the extension of the Household Support Fund in England over 2023/24. The Fund is administered by local authorities who will deliver support to households to help with the cost of essentials. National Living Wage

- Following the recommendations of the independent Low Pay Commission (LPC), the government will increase the NLW for individuals aged 23 and over by 9.7% to £10.42 an hour from 1 April 2023.

- A HM Treasury-led review of the Energy Bill Relief Scheme will determine support for non-domestic energy consumers, excluding public sector organisations, beyond 31 March 2023. The government states that, whilst it recognises that some businesses may continue to require support beyond March 2023, the overall scale of support the government can offer will be significantly lower, and targeted at those most affected

Ahead of the Autumn Statement predictions pointed towards tens of billions in tax rises and spending cuts to repair the public finances, at a time when households, businesses and the public sector are already facing the highest inflation in 40 years.

Whilst this is still likely to be the case, the Statement lays out a four-year plan in two distinct parts.

The first two years will see government funding for the NHS, schools and local authorities increased, and in the case of local authorities, quite substantially (although most of this is channeled through social care). On top of up to 5% increases in council tax, and CPI inflation-linked increases in income from the business rates retention scheme, councils' funding is set to increase by around £5bn next year and a further £4bn in 2024–25. This does assume though that councils make full use of their council tax-raising powers, which does pass the burden on to residents, and may have an indirect impact on local authorities.

Using the measure of inflation usually used to calculate real-terms changes to public spending this would suggest councils' funding will grow by around 5 to 6% in real-terms next year and the year after. That would mean an increase of around 17 to 19% in real terms over the five years between 2019/20 to 2024/25, undoing a substantial element of the 2010s cuts.

However, despite this more manageable position over the next two years, much of the tougher decisions have been shifted into the next Spending Review period, starting in 2025/26.

Given spending on the NHS is set to increase by 3% a year above inflation, and there are commitments on defence and development assistance, there is likely to be real-terms cuts to many other areas. The Office for Budget Responsibility has forecast real-terms cuts of almost 1% per year to other areas of spending given current plans.

Local government bore the brunt of austerity in the 2010's, and whilst social care may offer some protection in the next Spending Review, it is unlikely local authorities will avoid the severe funding reductions that will required as part of the wider need for spending restraint.

The timing of these two distinct periods coincides with the next General Election, with the latter two years subject to change by an incoming government. As a result, there can be no certainty beyond that event. Whilst this does provide councils with a two-year financial planning period and some limited and short-term stability, the uncertainty beyond 2025/26 and the potential for new austerity measures, continues to hamper financial planning.

Fair Funding Review and Business Rates Reset

Whilst the Spending Review sets the overall quantum for local government funding the specific allocation of funding to individual authorities is affected by a number of mechanisms.

Recent research by the Institute for Fiscal Studies demonstrated how these systems for allocating councils' general and public health funding were not fit for purpose. There is little link between assessed spending needs and actual funding. And spending needs assessments are based on data sometimes up to 20 years old.

A planned Review of Relative Needs and Resources (the 'Fair Funding Review') and a planned reset to business rates growth are the two key reforms, which will have significant funding implications for local authorities. The history of these reforms goes back a number of years; in 2012, before the introduction of business rates retention, the Government promised a reset of accumulated business rates growth in 2020. In

2016, they promised a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils. In 2018, they published major consultation documents on all this, for implementation in 2020/21. Since then, implementation has been successively delayed primarily due to Covid19 and Brexit.

The Fairer Funding Review is expected to deliver both a new set of formulas for estimating the relative spending needs (the current formulas are based on spending needs from 2013/14) of different local authorities, and a more rational overall funding system that better takes into account spending needs and revenue-raising capacity. The Review should establish new baselines at the start of a reset to the Business Rates Retention scheme. Although previous technical consultations had been published, prior to the pandemic and current economic and cost of living crisis, which indicated a shift in resources from district councils towards statutory social services at county and unitary level, there has been no new consultation on any proposed new formula. Until further consultations are announced there remains significant uncertainty as to the direction and impacts of the Review.

A Business Rates Reset was also set to be introduced alongside the Fair Funding Review. A full business rate baseline reset of accumulated growth is expected to take place, with the intention of better reflecting how much local authorities are actually collecting in business rates. This reset has the effect of wiping out any business rate gains that individual authorities have built since the launch of the current system in 2013/14. This has significant financial implications for the majority of local authorities, for those below their baselines this would be a positive move, but it presents a serious threat to those with high growth above baselines, with a punitive, cliff-edge reset.

In announcing a 2023-2025 Policy Statement on Local Government Finance it was confirmed that these reforms will not be implemented in this Spending Review period, however the government remains committed to improving the local government finance landscape in the next Parliament.

At the earliest, implementation will now be until 2025/26 or realistically, depending on the timing of the General Election and the appetite of the new government for reform, until perhaps 2026/27, just as a new round of austerity is pencilled in to begin

Levelling Up and Regeneration Bill

The Government’s Levelling Up and Regeneration Bill was published in May 2022. The Bill, which is now at the Committee stage, will put the foundations in place for delivering the Government’s agenda to devolve power and give local leaders and communities the tools they need to make better places. This is a key component in the wider programme to level up the county as set out in the Levelling Up White Paper, published in February 2022. As well as delivering against some of the ambitions set out in the Levelling Up White Paper, it also incorporates some of the proposals for planning reform outlined in the earlier Planning for the Future White Paper (August 2020), where they support the approach to Levelling Up.

The Bill provides actions across four key objectives:

- Providing a legal basis for setting and reporting the levelling up missions that the government outlined in the Levelling Up White Paper. The aim of these missions is to reduce spatial disparities and, by providing a legal framework, progress these across a series of metrics that will be reported to Parliament.

- Devolving powers to all areas in England that want them, providing more control over budgets, transport and skills. Within this a key component is the introduction of new devolution structures in particular providing opportunities for County wide devolution deals and the simplification of existing devolution arrangements.

- Empowering local leaders to regenerate towns and cities. This will encompass a range of measures to support the re-development of previously developed land; to fill vacant commercial property; provide enhanced powers of compulsory purchase; and increase council tax paid for empty property and on second homes thereby both encouraging greater use of existing stock and potentially raising revenue to support the delivery of local services.

- Improving the planning process. Measures will focus around the quality of design; the development of appropriate infrastructure; and increasing local engagement with the planning process including involving neighbourhoods in the shaping of their communities and attempting to generate better environmental outcomes

The Levelling Up and Regeneration Bill will put the foundations in place for delivering against these objectives and ensuring all parts of the country share equally in the nation's success. The government intends that the objectives they have outlined and the measures that are included within the Bill will be delivered through a range of programmes, including more power to local leaders; a Plan led system; introducing a simple and non-negotiable locally set Infrastructure Levy; regeneration, market reform; ensuring new development meets clear design standards; and digital transformation.

The Bill is therefore wide ranging in both introducing new and amending existing powers. Much of the Bill will impact on structures, governance and technical arrangements in attempting to achieve the broad objectives of regeneration and levelling up. In most instances the Bill is not intended to produce immediate and direct financial consequences. However, there are some measures that do specifically relate to resourcing issues in terms of; devolution funding; empty and second homes; Infrastructure Levy; and capital finance risk.

The series of next steps in bringing forward relevant secondary legislation will undoubtedly have implications for the Council.

Local Priorities

City Profile

Lincoln is a cathedral city, and is one of the oldest cities in Britain, with an estimated population of around 103,900 taken from the recent Census undertaken in 2021. Lincoln also ranked the fourth most densely populated local authority area out of 35 across the East Midlands in 2021.

Although the population of Lincoln is estimated at over 100,000, many non-Lincoln residents visit the city during the daytime, boosting the local economy but also putting immense pressure on local services and infrastructure.

In the last ten years, from 2011 to 2021, Lincoln has seen 11.1% increase in the number of people who live here and subsequently the number of usual residents in Lincoln per square kilometre increased by 290 to 2,911 between 2011 and 2021.

As expected, a high level of the population continues to fall within the younger age bracket. In 2020-2021, there were 17,565 students at the University of Lincoln and 2,465 students at Bishop Grosseteste University.

In Lincoln as a whole, the most common age group shown in the Census 2021 was 20-24, 13.1% of the population, which was an increase from a figure of 12.0% recorded in the Census 2011.

The largest change in population in Lincoln as shown in the Census 2021 was in the age group 70-74, which saw an increase of 33.2% in population (996 people) between 2011 and 2021. The age groups 5-9 (+25.5%), 20-24 (+21.5%), 30-34 (+21%) and 55-59 (+26.4%) also saw relatively large increases

In comparison, the age group 45-49 saw the largest decrease in population in Lincoln by 9.4% (581 people) during the ten year 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%) also saw decreases in population between these years.

In terms of the economy, the city continues to face a number of challenges. Before the pandemic the City's business base had been growing consistently for some years, with almost 90% of new businesses surviving their first year in 2020/21. Throughout the pandemic the Council worked hard to mitigate business failure and unemployment rates, distributing grants to businesses, working with partners across the City to support the High Street, through direct investment in the City and progression of the Towns Fund bid as well as other measures.

Nevertheless, lockdowns and ongoing restrictions have had a major impact on the local economy with many businesses forced to close or make staff redundant. As of August 2022, 10,760 residents within the city were claiming Universal Credit, of which 6,137 were not in employment and 4,623 were in employment.

However, during 2021, we have seen median gross annual pay rate rise for part time workers, however, the median gross annual pay rate for full time workers has decreased. We have 79% of 16-64 years old's who are economically active, and a 'job density' (the level of jobs per resident) of 0.9, which is higher than both the East Midlands and England rates.

The number of Local Council Tax Support claimants had reduced year on year since 2013, but for the first time in 2020 we saw a rise in claimants. As of 2022, we had 8,451 claimants – a decrease of 531 on the previous year.

As of November 2022, 0.4% of properties fall within council tax bands G and H, and 80% fall within the lowest bands A or B. 19.6% of properties fell within the remaining council tax bands of C, D, E and F.

Like many places, Lincoln is made up of areas of relative affluence, and relative deprivation. The Indices of Multiple Deprivation 2019 shows Lincoln as 68th of 317 Local Authorities. The three domains that Lincoln has scored higher in the rankings are in crime, housing and living environment. These are all in the lowest (9.3%) weighting. Health remains Lincoln's worst domain ranking.

Both male and female life expectancies continue to be lower than national averages between 2018-2020 with male life expectancy decreasing to 76.1 years, a decrease of 0.8 years compared to 76.9 years reported in 2017-2019. However, female life expectancy increased slightly from the 2017-19 figure of 80.6 years to 80.9 years in 2018-2020, an increase of 0.3 years. Under 75 mortality rates of heart disease and cancer have seen an increase and Lincoln still ranks high amongst our nearest neighbours.

The Census 2021 recorded that there were approximately 42,500 households in the city which has increased since the last Census undertaken in 2011 which reported a figure of 39,825 households. City of Lincoln Council is landlord to approximately 7,800 of these, with more than 1,000 more belonging to Registered Social Landlords. Despite the fact that housing is generally more affordable in Lincoln than elsewhere, there is still substantial demand for social housing of different types.

The cost-of-living crisis along with the ongoing impact of Covid19 is being felt, and will continue to be felt hardest, by the most vulnerable members of the City. Those who are the most economically disadvantaged have experienced the pandemic differently as it interlinks with existing health inequalities and social conditions and increases that existing adversity: financial difficulties, unemployment, loneliness, social isolation, have been intensified by the pandemic.

These factors place significant demands on key services and resource allocation and are a key driver in the development of the Council's Vision for the future of the City, its strategic priorities and its response to the recovery of the City and its economy following the impact of the pandemic and now the economic shocks that are being felt.

Vision 2025

The Council's Vision 2025 sets out its vision for the future of the City, strategic priorities and core values.

The Council's current vision for 2025 is;

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

Underpinning this vision are five strategic priorities, each with a number of supporting aspirations. The aspirations are in turn supported by groups of projects that have been delivered by the Council and it's partners throughout the five year programme. The five current 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

These five strategic priorities will be supported in Vision 2025 by a programme called One Council. One Council is made up of the following pillars:

- Organisational development
- Best use of assets

- Technology
- Create value processes

It aims to put the customer at the heart of everything the Council does, understanding their needs, wants and preferences. One Council will also define how the Council will need to work in the future to meet those changing demands and to work in an effective and efficient way.

Additionally, the vision includes a set of core values which sum up the Council's culture, and what can be expected from its services and policies. They should also be present in the way its officers and member deal with others, its residents, and its partners. The core values are:

- Let's be approachable
- Let's be innovative
- Let's be trusted to deliver

The detail of what needs to be done each year to work towards the end goal of the vision, is set out in a specific Annual Delivery Plan, in which individual projects are agreed for each priority.

A mid-term review of the proposals in the vision was undertaken in 2021/22. This review was an opportunity to review and relaunch Vision 2025, following the Covid19 pandemic, and to ensure that the actions taken to meet the priorities will help tackle the needs of the City's residents and businesses. As part of this work, the effect of Covid19 on the physical and mental health of residents was considered – and as a result resources were refocused towards prevention and addressing those areas, including health inequalities, that will be needed most in the next three-year period.

In addition, a change now in place is that instead of an annual delivery programme, a three-year plan was developed which will be resourced as appropriate over the three-year period to 2025.

The three-year ADP includes a significant amount of new investment, primarily of a capital nature, aimed at supporting the economic prosperity of the City and is largely funded through external grant funding. In addition, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of revenue schemes. Critically though, the ADP also recognises the need to continue to reduce the Council's net cost base alongside the further new investment to support the priorities.

Section 3 – Revenue (General Fund)

Impacts of current economic factors and cost of living crisis

Much has changed since the previous MTFS was approved in March 2022, with spiralling inflation, soaring energy prices and nationally agreed pay proposals adding significant cost pressures to the Council's budgets. These are in the main part caused by national issues, beyond the Council's control, and are impacting all Councils. In addition, the current cost of living crisis has the potential to increase demand for the Council's services by those who rely on the safety net provided by local government. These unforeseen and unavoidable pressures have seriously impacted the assumptions that underpin the MTFS and have required budgets to be reset.

These escalating costs are across a number of key areas affecting day to day services and include;

- Pay inflation - the payment settlement for 2022/23, as agreed by the National Employers side, whilst recognising the below inflation pay increases of local government workers in recent years, places a significant additional burden on local authorities. Nationally the average pay assumption for 2022/23 was 2.4%, the final pay agreement far outstrips this with increases of 10.5% for the lowest paid grades. This permanently increases the Council's cost base.

- Contractual commitments - the Council has a number of key service contracts, for front line services e.g. waste collection, street cleansing etc that are linked to annual contractual inflationary increases. Given the current and forecast levels of CPI/RPI there are significant cost increases that the Council is now incurring.

- Gas and Electricity prices – utility costs have dramatically increased, gas prices have risen by 70% since April 2022, with further increases of between 180-200% forecasted for April 2023 and with electricity prices increased by 100% from October 2022. Whilst the Council seeks to secure economies of scale through the use of framework agreements, it is not immune to the current escalating cost of energy prices. Whilst the Energy Bill Relief Scheme will provide some support, this is only for a short period of six-months.

In terms of service delivery, the Council is facing growing demands for some of it's key services as those more vulnerable in the city, a client group that was impacted the hardest during Covid19, look to the council for support as the cost-of-living crisis hits household incomes. Due to Lincoln's specific set of local socio-economic factors this places a greater demand on key services and resource allocation than in most other places. This manifests itself directly in the short term through increased demand for; welfare advice; housing benefits; housing solutions, homelessness support etc. Of particular challenge to the Council is the cost of providing homelessness support, with escalating number of cases presenting increasing the cost of providing temporary accommodation. The longer-term impacts in terms of the health and wellbeing of the city's residents, arising from the pandemic and now the cost of living crisis, will continue to shape the MTFS for many years.

These new cost pressures come at a time when the Council is still recovering from the detrimental financial effects (primarily income related) of Covid19 pandemic. In terms of the legacy impact of Covid19, whilst the majority of income areas have now recovered and returned to pre-covid levels there are some that still remain below the level that they would have been had it not been for the pandemic, the most significant of these is car parking income. In addition, the collection of Council Tax income remains challenging with collection rates lower than pre-pandemic levels and which are likely to worse due to the current pressure on household incomes.

These new financial challenges are though even more severe than the impacts of the pandemic, they are not temporary cost pressure spikes that will fall away as the economy stabilises, they represent structural changes in the Council’s ongoing net cost base and have required budgets to be reset as part of this MTFS.

Whilst income and expenditure budgets have been revised as part of the MTFS refresh, there still remains a significant level of uncertainty and volatility to the assumptions that underpin these estimates, creating an inherent risk in the MTFS projections.

Spending Plans

The MTFS is central to identifying the Council’s financial capacity to deliver its vision and strategic priorities, this requires a balance to be struck between the need to support the delivery of the vision with the need to maintain a sustainable financial position. This balance has become extremely difficult in recent years given the Council’s financial position and a need to continue to reduce the net cost base.

The three-year Annual Delivery Plan (ADP) for the remaining period of Vision 2025 has been developed following a mid-term review of the proposals in the original vision. This review was an opportunity to review and relaunch Vision 2025 and ensure that the actions taken to meet the priorities will help tackle the needs of the City’s residents and businesses. As part of this work, the effect of covid-19 on the health of residents has been considered – and as a result, a new focus on physical and mental health developed for the way forward.

This mid-term review gave the opportunity to refocus resources towards prevention and addressing those areas, including health inequalities, that will be needed most in the next three-year period.

The three-year ADP, through to 2025, includes a significant amount of new investment, primarily of a capital nature, aimed at supporting the economic prosperity of the City and is largely funded through external grant funding. In addition, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of new revenue schemes, including newly added interventions in response to the current cost-of-living crisis. In light of the longer-term financial challenges the Council faces, a continual review of whether alternative funding sources are available to resource the interventions is in place.

Critically though the ADP also recognises the need to reduce the Council’s net cost base alongside the further new investment to support the priorities.

Further details of the specific projects and investment of the three-year period to 2025 can be found within the ADP.

Since the time of refreshing Vision 2025 and developing the three-year ADP, the Council has been successful in securing approval of it's UK Shared Prosperity Fund Investment Plan.

The purpose of the UKSPF is to Improve life chances in the city by providing equality of opportunity. The fund gives local leaders the flexibility to use the resources to enhance and support its area and communities to be levelled up. Securing this new funding will contribute towards the Councils strategic objectives by enabling it; to support inclusive economic growth by ensuring that there is equality of opportunity particularly in those communities where levelling up is most needed; to seek to reduce inequality through local interventions; by enhancing the remarkable place by increasing pride in place and community; and reducing the environmental impact particularly around carbon usage. The Council has been allocated £2.811m, of which £2.330m is revenue funding. Work will now commence on finalising the details of the schemes within the Investment Plan.

Spending Assumptions

A review of the financial planning assumptions the Council over the period of the MTFS has been undertaken, this information has been drawn from experience in previous years, the advice of Directors and Assistant Directors, the current economic climate and other local and national issues that are likely to influence the financial outcomes.

Inflation – Pay and Prices

Automatic inflationary increases of budgets are not provided for all goods and services, instead individual inflation rates have been applied for specific items of expenditure, all remaining areas of expenditure are maintained at the previous year's levels, which is in effect a real terms reduction in spending power. The following rates of inflation have been assumed over the period of the MTFS:

	2023/24 % per year	2024/25 % per year	2025/26 % per year	2026/27 % per year	2027/28 % per year
Pay	3.0%	3.0%	2.0%	2.0%	2.0%
CPI	5.0%	3.0%	2.0%	2.0%	2.0%
RPI	6.0%	4.0%	3.0%	3.0%	3.0%
Gas	180.0%	3.0%	2.0%	2.0%	2.0%
Electricity	52.5%	3.0%	2.0%	2.0%	2.0%
Vehicle Running Costs	25.0%	3.0%	2.5%	2.0%	2.0%
Non domestic rates	0%	2.0%	2.0%	2.0%	2.0%

Annual price increases in a number of the Council's contracts are linked to CPI at a defined date in the year, primarily September, December and March. These have specific inflationary increases applied, as opposed to the general, annual increases set out above.

Land Drainage Levies

Local Authorities are required to make payments of Special Levies to Internal Drainage Boards (IDB's) for the specific use of managing the maintenance and operation of drainage, water levels and flood risk, which is required to manage water resources and reduce flood risk to people, businesses, communities and the environment. These Special Levies represent a significant proportion of the Councils' net budget at £1.082m p.a, equating to 14% of the Council Tax Requirement. The annual increase in levies is ordinarily in line with CPI projections, however due to the current economic climate and the significant cost increases borne by the IDB's, inflationary increases ranging from 15% to 29% have been applied for 2023/24.

Employer's Pension Fund Contributions

The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2022, and the results identified that there has been a significant improvement in the funding position since the last actuarial review from a 83.9% funding level to 92.7%.

Although the overall funding level has improved, due in the main to better than expected investment results during the period, it should be noted that this level of investment performance is unlikely to be sustainable over the longer term. The Fund's prudent assumption for future investment is unchanged from the 2019 valuation, however, the economic outlook on the whole is more pessimistic than three years ago.

Overall, the improved funding position has had a positive outcome on contribution rates, reducing secondary payments considerably. However, the cost of accruing future pensions has increased, particularly given the increase in inflation, and that has driven up primary rates from 17.3% of pensionable pay to 23.4%. Whilst the increase in the primary contribution rates, for the existing staff establishment, is offset by the reduction in secondary contribution rates, it will further increase the cost to the Council of any new posts to the establishment.

A further actuarial review will take place in April 2025, which will inform the employer contributions from 2026/27 onwards.

Net Interest Receipts

Net interest receipts incorporate the cost of financing the capital programme (via internal and external borrowing) and interest paid and earned on revenue balances during the year.

Historically investment income, which is heavily dependent on how the Council uses its reserves and the prevailing interest rates, was an important source of income for supporting the Council's service expenditure. The total interest income received has significantly fallen over the last decade and the average interest rate achieved was barely above base rate. However, interest rates have been volatile during 2022 resulting in a significant increase in investment income. The start of the financial year saw interest rates at 0.75% with a current rate of 4% which is expected to increase further in 2023.

Investments are being kept short and liquid to ensure the Council has enough liquid resources to meet the ongoing challenges post pandemic with a bigger emphasis on 'laddering' investments in a rising interest rate environment. This enables opportunities to consistently improve underlying yield while still allowing flexibility to adjust if market circumstances alter with a regular stream of maturing investments.

Interest rates are forecast to reach 4.5% in Quarter 2 of 2023 according to the Councils Treasury Management advisors. This is reflected in investment income forecasts in the MTFS.

Borrowing costs incurred on any short-term borrowings are minimal and the Council's portfolio of long-term borrowings currently includes 2 loans that are due to be repaid during the coming five financial years. The council has short term loans which mature in 2023, 2024 and 2025. All other loans mature after 2027/28 and are fixed rate loans. Six of these loans have lender options to vary their terms at six monthly intervals.

Sensitivity to changes in interest rates is linked more markedly to investments rather than to the portfolio of borrowing as all borrowing is at fixed interest rates. As an indication, a change in interest rates achievable on investments of +/- 0.5% the interest receivable would have an estimated combined impact of approximately £0.148m. A rise of 0.5% in the Bank of England base rate would not translate into a 0.5% increase in investment rates available.

Average interest rates on investments assumed within the MTFS are as follows:

	2022/23 %	**2023/24 %**	**2024/25 %**	**2025/26 %**	**2026/27 %**
Interest Rate	2.90	4.44	3.63	2.69	2.69

Based on the current forecasts for interest payable on new borrowing (averaging around 4.20% in 23/24) and receivable on investments (averaging around 2.90% in 22/23), and the estimated level of balances available for investment, it is currently anticipated that new borrowing will be taken to fund the borrowing requirement for the General Fund over the 5-year strategy. Internal balances will be used to fund the existing borrowing requirement where it remains financially advantageous to do so, reducing the amount of interest that would have been payable on new debt, partially offset by a reduction in interest receivable (due to reduced balances available for investments).

Provision for Debt Repayment

A review of the Council's Minimum Revenue Provision Policy (MRP) has been undertaken in 2022/23. MRP is a statutory charge to the Council's revenue account to make provision for the repayment of the outstanding capital debt liabilities. The Council is required by law to set aside an amount for this provision which it considers to be prudent. Statutory Guidance which accompanies the Regulations provides options for the calculation of MRP and gives Council's significant discretion in determining the level of MRP. The Guidance states that 'the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant'.

As a result of the review the Council's Treasury Management Strategy now proposes a change to the Council's MRP Policy, with effect from April 2022, and the MTFS is predicated on the revised MRP Policy. The key proposed change to the policy is to change from calculating MRP on a straight line basis to one based on an annuity basis. A change to an annuity method could be seen as being equally as prudent as the current method because the time over which the debt liability will be repaid is not being extended, in addition the annuity method provides a fairer charge than the straight-line method since it results in a consistent charge over the asset's life, considering the time value of money. The application of this policy change, to capital expenditure incurred prior to 1st April 2022, will provide £4.1m additional resources over the MTFS period.

Resource Assumptions

Settlement Funding Assessment: Revenue Support Grant/National Non-Domestic Rates

The Local Government Finance Settlement for 2023/24 sets out the distribution of centrally allocated resources for local authorities and provides authorities with a combination of grant allocations and their baseline figures within the BRR scheme.

As in previous years, the Settlement provides authorities with a combination of grant allocations and their baseline figures within the BRR scheme. This means that no retained growth (or decline) is included, and authorities are very unlikely to receive the amounts actually shown in Core Spending Power.

The 2023/24 Settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels updated for the 2022 Autumn Statement. Whilst the settlement only shows figures for 2023/24, there is scope to forecast 2024/25 amounts, given what is known regarding 2024/25 control totals for funding and the certainty provided regarding the delay to reform of the system.

This Settlement represents a holding position until next Parliament, with the emphasis on providing stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will remain fairly stable (with the exception of the Extended Provider Responsibility funding, which will be a new consideration for 2024/25) further details are set out below.

Core Spending Power

The Core Spending Power calculation includes the main sources of Government funding for local authorities, in addition it also includes local resources in the form of assumed levels of Council Tax income.

The table below shows the national changes to Core Spending Power between 2015/16 and 2022/23 and the breakdown across the various funding sources. Overall, spending power will increase by £5.120bn, 9.4%, from £54.541bn to £59.544bn, an overall increase for the period 2015/16 to 2023/24 of 32.9%.

England	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Settlement Funding Assessment	21.250	18.602	16.633	15.574	14.560	14.797	14.810	14.882	15.671
Under-indexing business rates multiplier	0.165	0.165	0.175	0.275	0.400	0.500	0.650	1.275	2.205
Council Tax	22.036	23.247	24.666	26.332	27.768	29.227	30.327	31.742	33.928
Improved Better Care Fund	0	0	1.115	1.499	1.837	2.077	2.077	2.139	2.140

New Homes Bonus	1.200	1.485	1.252	0.947	0.918	0.907	0.622	0.556	0.291
Transition Grant	0	0.150	0.150	0	0	0	0	0	0
Rural Services Delivery Grant	0.016	0.081	0.065	0.081	0.081	0.081	0.085	0.085	0.095
Lower Tier Services Grant	0	0	0	0	0	0	0.111	0.111	0
Adult Social Care Support Grant	0	0	0.241	0.150	0	0	0	0	0
Winter Pressures Grant	0	0	0	0.240	0.240	0	0	0	0
Social Care Support Grant	0	0	0	0	0.410	0	0	0	0
Social Care Grant	0	0	0	0	0	1.410	1.710	2.346	3.852
2022/23 Service Grant	0	0	0	0	0	0	0	0.822	0.483
Market Sustainability & Fair Cost of Care Fund	0	0	0	0	0	0	0	0.162	0
ASC Market Sustainability and Improvement Fund	0	0	0	0	0	0	0	0	0.562
ASC Discharge Fund	0	0	0	0	0	0	0	0	0.300
Grants Rolled In	0.209	0.257	0.248	0.239	0.232	0.232	0.238	0.239	0
Funding Guarantee	0	0	0	0	0	00	0	0	0.133
Core Spending Power	**44.876**	**43.986**	**44.544**	**45.337**	**46.445**	**49.231**	**50.611**	**54.541**	**59.544**
Change %		**-2.0%**	**1.3%**	**1.8%**	**2.4%**	**6.0%**	**2.8%**	**7.8%**	**9.4%**
Cumulative change %		**-2.0%**	**-0.7%**	**1.0%**	**3.5%**	**9.7%**	**12.8%**	**21.5%**	**32.7%**

Although the national level of Core Spending Power is forecast to increase by 9.2% there will be a variation between individual authorities and types of authority. The calculation also contains assumptions around council taxbase changes and increases which may not be reflected in local projections.

Shire Districts, including Lincoln have historically experienced the worst reductions or lowest increases in core spending power, due to changes in distribution methodologies and a redirection of resources towards social care pressures and the allocation of other specific grants towards upper tier or rural authorities. Districts have once again fared the worst of the authority types with an average increase of 5%, Lincoln's increase is lower than the average at 4.7%. Lincoln's position is as set out in the table below, this shows a total reduction in core spending power of 5.4% over the eight-year period to 2023/24, with a 4.7% increase for 2023/24.

Lincoln	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
SFA	6.048	5.188	4.543	4.197	3.775	3.837	3.837	3.838	4.132
Council Tax;	5.637	5.916	6.145	6.393	6.679	6.915	6.956	7.360	7.687
Other grants	2.120	2.335	1.709	1.090	0.843	0.924	0.678	1.249	1.374
Grants rolled in	0.140	0.159	0.155	0.144	0.139	0.140	0.152	0.149	0
Core Spending Power	**13.945**	**13.598**	**12.551**	**11.825**	**11.437**	**11.816**	**11.623**	**12.596**	**13.193**
Change (%)									**4.7%**

Settlement Funding Assessment

The SFA for each authority comprises of NNDR Baseline funding level and Revenue Support Grant. For the Council this is broken down as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue Support Grant	2.585	1.698	0.981	0.000*	0.022	0.023	0.023	0.024	0.175
Baseline BR Funding Level	3.463	3.491	3.562	4.197	3.753	3.814	3.814	3.814	3.957
SFA	**6.048**	**5.188**	**4.543**	**4.197**	**3.775**	**3.837**	**3.837**	**3.838**	**4.132**

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19

Revenue Support Grant

In terms of the Council's RSG element of the SFA, as a result of the further delay in the implementation of the funding reforms, the figure for 2023/24 announced in the Settlement are at the same level as the 2022/23 allocations uplifted by 10.1% in line with CPI inflation. There have also been a number of grants that have been rolled into RSG using their existing allocation methodology. For the Council this includes the Local Council Tax Support Administration Subsidy grant, which has been rolled in at £0.149m.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
RSG	2.585	1.698	0.981	0.528*	0.022	0.023	0.023	0.024	0.175

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19 but shown here for comparison purposes.

For 2024/25, it is assumed that RSG will continue and will be uplifted for inflation, with a total grant of £0.185m assumed. Beyond 2024/25 it is assumed that only the element in relation to the rolled in grants will remain, at a level of £0.156m p.a. and that the original RSG element will be subsumed into the funding reforms.

Business Rates Retention

The Council has undertaken an assessment of the amount of business rates that it expects to collect during 2023/24 and based on the principles of the current 50% Business Rates Retention scheme the estimated level of NDR to be retained is set out in the table below.

As a result of a business rate revaluation exercise, a new ratings list will be in place from April 2023. This will not alter the overall level of business rates retained by the Council as the Government will adjust the level of resources retained locally through the top up/tariff to offset any increase/decrease in the local ratings list, so that the effect is cost neutral. The new ratings list was released in late November and showed a reduction of 2.4% in the rateable value of properties within the city.

The level of outstanding appeals continues to create a high level of uncertainty both in respect of the outstanding appeals from the 2010 ratings list, already lodged with Valuation Office, but also in relation to appeals against the 2017 list that are submitted under the new Check, Challenge Appeal process. The Collection Fund is required to fully provide for the expected result of all appeals and using external assessments as to the likely level and value of these appeals. The current provision of outstanding appeals stands at £5.167m, of which the Council's share is £2.067m. In relation to the 2017 list, Government has stated that it intends the last day on which ratepayers will be able to initiate the appeal process will be 31st March 2023. In addition to the backdated element of these appeals there is also an ongoing impact due to the reduction in the business rates base, which ultimately reduces the level of income to be retained in the future by the Council. As a new ratings list will be in place for 2023/24, a new assessment of the level of likely appeals, based on national assumptions and local experience, has been undertaken. This has concluded that a annual reduction of 3.5% of rateable income should assumed for future appeal losses.

For 2023/24 the Council along with the County Council, who are a top up authority, and the six other Lincolnshire District Councils have received designation to act as a BR pool. The benefit of pooling is that the authorities in the pool can be better off collectively through a reduction in the amount of levy paid to the Government. The arrangements for the current pool are that this retained levy is allocated 40% to the County Council and 60% allocated to the District Council that has generated the business rates growth. The estimated benefit of this to the Council is £0.488m in 2023/24. As the BR Reset will not now happen until 2025/26 at the earliest, it has been assumed that the BR pool will remain in place for 2024/25, with a further benefit of £0.513m to the Council.

An adjustment has however been made from 2025/26 onwards to remove the gains that are currently received from pooling as it is uncertain whether pooling will exist following the Reset.

Beyond 2024/25 forecasting the level of Business Rates income to be retained is extremely challenging due to a lack of clarity around the proposed reset of baselines and changes to the level of underlying need. These reforms, if implemented, will though wipe out the accumulated gains the Council has achieved since the launch of the current system in 2013/14 and return income to the Council's baseline levels. In 2023/24 the accumulated growth to the Council is c£1.5m p.a.

Until further announcements are made, the MTFS is based on a continuation of the existing 50% scheme, and BR pool in 2023/24 and 2024/25 and then, prudently, from 2025/26 assumes a full reset of baselines with only a small element of assumed redistribution of the national pot to reflect changes in the Council's underlying level of need. These forecasts will continue to be assessed if/when further information regarding the design and implementation of the reforms are made available.

Based on the assumptions as set out above the level of retained business rates assumed in the MTFS is as follows:

Income Forecast	**2023/24 £m**	**2024/15 £m**	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**
Forecast retained Income	6,125	6,452	4,900	5,203	5,389

As set out throughout this MTFS, the potential funding reforms to be implemented from 2025/26 onward. These will have the potential to significantly affect the level of business rates retained by the Council, whilst assumptions have been made in the MTFS regarding the potential impacts the actual impact remains a high risk to the Council's future financial sustainability.

New Homes Bonus

The New Homes Bonus grant was introduced in 2011/12 and rewards local authorities based on the levels of new homes being built, particularly affordable homes, and empty properties returned into use. This grant is top sliced from the overall national level of funding for local government which creates a direct incentive for local authorities to promote growth and development or else risk a reduction in resources.

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

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

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

An announcement on the outcome of the consultation was expected as part of the 2022/23 Settlement. However, no such announcement was made, presumably due to a delay in other funding reforms and a further years allocation for 2022/23 was instead announced.

As part of the Local Government Finance Policy Statement, it was announced that there would be a new round of NHB payments in 2023/24. There will be no changes to the calculation process from 2022/23 except the expiration of legacy payments.

The Council's allocation for 2023/24 is £0.224m.

The Policy Statement also announced that the Government would set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement. The MTFS does not assume any grant allocations beyond that announced for 2023/24.

Services Grant

This grant, previously described as a one-off in 2022/23, remains in the Settlement with it's previous distribution methodology, based on existing formula for assessed relative need across the sector, using 2013/14 shares of SFA. The grant is intended to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government.

Although the grant remains and the methodology is unchanged, the total amount of grant has reduced from £822m to £464m, this is to adjust out the resources allocated to fund the pressures of the increased National Insurance contributions, which have now been cancelled, to fund an increase to funding of the Supporting Families Programme and to fund other parts of the Settlement. It is as yet unclear what will happen to the grant from 2024/25, however the MTFS assumes that the allocation for 2023/24 will remain for 2024/25 and thereafter.

The Council's allocation for 2023/24 is £0.154m

Minimum Funding Guarantee

This new grant for 2023/24 is intended to provide a funding floor for all local authorities, so that no local authority will see an increase in core spending power that is lower than 3%, this is before any decision they make about organisational efficiencies, use of reserves, and council tax levels.

The Council's allocation for 2023/24 is £0.321m. The MTFS assumes a grant allocation at the same level for 2024/25 but does not assume any grant allocation beyond this.

Extended Producer Responsibility

It has also been announced that the 2024/25 settlement will include a new funding stream for local authorities, subject to successful delivery of the Extended Producer Responsibility for packaging (EPR) scheme, as soon as is feasible within this financial year. Councils are to expect to receive additional income from the scheme, whilst being asked to submit data relevant to their waste collection services.

An assessment of the impact of additional EPR income on the relative needs and resources of individual local authorities will be undertaken during 2023/24, with the government set to review the 2024/25 position of funding for lower tier authorities, given the possible interactions with the EPR scheme.

Until further details of the scheme are made available it is not possible to assess the implications for the Council. In addition there are a number of additional responsibilities for local authorities arising from the Environment Act which are likely to have interlinkages with any new funding allocated.

Council Tax

The Localism Act 2011 introduced a power for residents to approve or veto excessive council tax increases. This means that any local authority setting an excessive increase as set by the Secretary of State would trigger a referendum of all registered electors in their area. The Government confirmed in the Local Government Finance Settlement that they are giving local authorities in England additional flexibility in setting Council Tax by increasing the referendum limit for increases in Council Tax to 3 per cent per year from April 2023. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year. This will give local authorities greater flexibility to set Council Tax levels based on the needs, resources and priorities of their area, including adult social care.

In light of the financial position of the Council and in accordance with the referendum thresholds to be applied for 2023/24, the MTFS assumes the following indicative council tax increases and subsequent overall yields:

	2023/24	2024/25	2025/26	2026/27	2027/28
% Increase	2.90%	1.90%	1.90%	1.90%	1.90%
Council Tax Base	25,249	25,767	26,161	26,560	26,943
Council Tax Yield	£7.556m	£7.857m	£8.128m	£8.410m	£8.693m
Band D	£299.25	£304.92	£310.68	£316.62	£322.65
Band D £ Increase	£8.72	£5.67	£5.76	£5.85	£6.03

For 2023/24 the Council Tax amount for a Band D property (excluding County Council and Police Authority precepts) is £299.25, a 2.90%/£8.72 increase from 2022/23.

Following implementation of the localised council tax support scheme (LCTS) in April 2013 (which changed support from being a benefit to a council tax discount) the council tax base is now directly affected by the number of council tax support claimants. The more council tax support that is awarded the more the taxbase is reduced, therefore limiting the ability to raise council tax.

Since the introduction of the scheme in 2013 the number of claimants had as at April 2020 decreased by over 20%. However, during 2020/21, as a result of Covid19 and the impact on household incomes, the caseload significantly increased, peaking at 5.9% in September 2020. The caseload then plateaued somewhat before beginning to fall and has now returned back to pre-pandemic levels, this is much earlier than had been assumed in the current MTFS. But, with the now ongoing cost of living pressures on household incomes there is the potential that the number of claimants may begin to increase again.

Fees and Charges

The fees and charges levied by the Council are an important source of income, however, the impact of Covid19 has had a significant detrimental impact on fees and charges income over the last few years, with monthly levels plummeting across a range of discretionary services as a result of multiple lockdowns and the impact on the economy and the uneven path to recovery. Although many of the discretionary income areas have, or continue, to bounce back there are some income areas that are unlikely to ever return to their pre-covid levels, the largest of these reductions being in car parking income. This is as a result in a change in people's habits and preferences as well as the way businesses operate.

This pressure is further compounded by the current cost-of-living crisis and economic factors affecting household incomes and overall growth in the economy and business activity, this is beginning to impact on certain sources of fees and charges income, such as building regulations and development control.

As part of the normal, annual, budget cycle fees and charges income budgets are usually increased by 3% per annum for their total yield, however this year an increase in the overall yield of 5% has been applied. This increase of 5% does not preclude individual fees and charges being increased by more or less than 5%. Due to the impact of Covid on these income sources each area of fees and charges income has be assessed to model the likely impact of Covid on overall yield levels and the level of increase that can be sustained for each individual fee and charge.

The MTFS assumes that the Council will raise £12.116m from fees and charges in 2023/24. The mean average overall increase in the non-statutory fees and charges is 5.3%, however this includes some fees that have been increased by higher and lower percentages, the modal increase is 0%

Bridging the Gap

The previous MTFS 2022-27 was based on a savings target of £1.3m in 2023/24, increasing to £1.5m from 2024/25 onwards, of which c£0.750m remained to be delivered at the time the MTFS was approved in March 2022. Since then, work has continued on implementing the programme, with progress against the targets as follows:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Savings Target MTFS 2022-27	1,300	1,500	1,500	1,500
Savings secured/business case approved	(956)	(981)	(1,006)	(1,024)
Savings subject to business case	(185)	(225)	(228)	(236)
Balance of savings outstanding	**159**	**295**	**266**	**240**

Despite this positive progress against the existing targets, as a result of the unavoidable cost and demand pressures that the Council is now facing, the Council is yet again in the position of having to underpin the MTFS on a further savings target. Whilst there are still a significant number of uncertainties and variables in the Council's financial planning assumptions, what is certain is that the Council is still facing a significant financial challenge, one which it must address if it is to remain financially sustainable in the medium term.

Confirmation that the national funding reforms will not now take place until 2025/26, at the earliest, and that the accumulated business rate growth will instead be retained, has cushioned the impact of the cost pressures for 2023/24 and 2024/25. However, beyond this with a cliff edge reduction in business rates resources of c£1.5m and a reduction of grant funding of an estimated £0.300m the Council faces a significant and widening gap between it's spending requirements and the level of resources it estimates to receive.

Whilst earmarked reserves can be used to smooth the impact of these reductions on the General Fund, these resources can only used once and should be seen as a short-term measure only.

Although the position for 2023/24 and 2024/25 is currently more positive, savings targets for those years will still be included in order to provide further financial resilience and the ability to cushion any further financial pressures that may arise (due to the current risks to the financial planning assumptions). It will also allow capacity to deliver the higher levels of savings needed towards the end of the MTFS period to be spread more evenly over the years.

On the basis of the revised financial planning assumptions assumed in this MTFS, the following level of savings targets will be required to ensure the financial sustainability of the General Fund:

2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
185	500	1,000	1,750	1,750

The phasing of these savings targets mirrors the Autumn Statement position, with a more manageable position over the next two years and much of the tougher decisions needing to be taken in the next Spending Review period, starting in 2025/26. This also means that these savings targets are likely to change (potentially increasing) dependent on a new Government being in place, a spending review taking place and the potential for a further delay in funding reforms. These assumptions will be kept under review, with the savings targets reviewed as part of each subsequent MTFS.

Despite this potential for change, the Council must still continue to develop and implement a savings programme in order to ensure it is fully prepared to be able to deliver against these targets.

In terms of developing this new programme, as there are already a number of reviews, under the existing programme, that are currently being developed, these will reduce the amount of new savings to be identified, as follows:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Existing reviews	185	225	228	236	242
New reviews to be identified	0	275	772	1,514	1,508
Total Savings Target	**185**	**500**	**1,000**	**1,750**	**1,750**

The ability to deliver these further, significant, budget reductions must be set in the context of the Council having already delivered, over the last decade, annual revenue savings of nearly £10m. This is a significant amount in comparison to the net General Fund budget. This has already involved the Council having to take difficult decisions in terms of which services it can continue to provide. But each year the challenge gets much harder and ultimately leads to difficult decisions about the size and scope of the services we provide. Any further service cuts and revisions to investment plans will have even more far reaching and detrimental impacts on the City's residents and businesses. This will come on the back of the current cost of living crisis, at a time when the support of the Council is needed more than ever to support not only those who rely upon the safety net of local government, but also whilst the Council is still supporting the rebuilding of the local economy.

The key mechanism for delivering the required budget savings is through the Towards Financial Sustainability (TFS) Programme, which seeks to bring net service costs in line with available funding. The programme focuses on both short term and longer-term sustainable options, which includes:

- Seeking opportunities to maximise our use of technology, embracing digital technology to improve service delivery across the organisation and instilling a website first culture, to make the council more efficient,
- Considering the benefits of increasing Council Tax in line with referendum limits, to protect service provision, whilst ensuring increases are kept at an acceptable level and that support is provided to the most vulnerable.

- Assessing opportunities to find alternative ways of providing services more efficiently and effectively by working jointly with partner organisations, such as other local councils, the voluntary sector, local businesses.
- Considering community asset transfer opportunities whereby our physical and natural assets can be transferred to voluntary & community groups and charities, bringing much needed resources to enhance and maintain those assets.
- Reviewing our financial support to third sector organisations to ensure resources are being effectively utilised for the benefit of our council tax payers.
- Seeking to generate additional income by reviewing our sales, fees and charges and ensuring that these reflect our increasing operating costs.
- Seeking to maximise income opportunities from our property investments.
- Maximise grant funding opportunities and prioritising capital investment in line with our capital strategy to reduce the revenue cost of borrowing. We also continue to review our treasury management and capital financing approaches to maximise benefits.
- Making the best use of our assets, developing multi-agency hubs where possible and ensuring those spaces are low carbon producers and sustainable.
- Continuing to use the Council's influence, and direct investment in the city (such as through; the Town Deal; the Council House New Build Programme; the UK Shared Prosperity Fund and Western Growth Corridor), to create the right conditions for the city's economy to recover and grow, leading to longer term increased revenue streams for the council.

Not all of these options can be realised in the short term, or deliver the level of savings required. Inevitably the Council will continue to have little choice but to face further difficult decisions about the size and scope of the essential services it provides. It will need to review and revisit its investment priorities, beyond Vision 2025, and will be forced to look closely at the service it provides and will inevitably have to stop some of these to balance the books.

There is sufficient 'lead in time' to the need to deliver these savings, allowing every possible effort to be made to find the least painful solutions and minimise the impact on jobs and services, but inevitably there will be some difficult decisions to be made.

Closing a projected budget gap of this size is a challenge for the Council, but the Council has confidence in it's track record of delivering strong financial discipline and that it can continue to rise to the challenge.

Individual, specific proposals will be presented to the Executive, as the programme is delivered, for consideration.

Revenue Forecast

Based on the preceding financial objectives, underlying principles, national and local priorities, savings targets, spending and resources assumptions, Appendix 1 provides a summary five-year General Fund revenue budget for the Council.

Risks to the Revenue Budget

The Council has adopted a corporate approach to risk management, and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact that could yield additional resources, but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Fluctuations in fees and charges income and commercial income, particularly due to current economic conditions
- Fluctuations in the Business Rates Tax base
- Implementation of revised BRR Scheme including full reset
- Future levels of Central Government funding e.g Fair Funding Review, New Homes Bonus etc.
- Fluctuations in key economic assumptions e.g inflation, interest rates
- Implications of national government policies on the economy
- Delivery of challenging savings targets
- Impact of economic climate on demand for services
- Implications of national government policies on climate change
- Changes to other key assumptions within the MTFS
- Financial and budget management issues

Appendix 3 details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 4 – General Investment Programme

The Council's approach to determining and funding its investment programmes is set out in its Capital Strategy, which explains the Council's financial framework for capital investment in support of its strategic priorities. The General Fund Investment Programme (GIP) covers all aspects of capital expenditure within the Council, with the exception of the Council's housing stock, and includes external capital investment that assists in achievement of the Council's Strategic Priorities.

Capital Spending Plans

The capital spending plans for the next five years include the delivery of schemes from Vision 2025, with a focus on supporting the recovery of the City or key One Council projects, and investment in existing assets to either maintain service delivery or existing income streams.

Total planned expenditure over the 5-year programme is estimated to be £32.918m of which there are the following key schemes:

- Western Growth Corridor - £13.768m
- Disabled Facilities Grants - £4.260m
- Planned asset maintenance - £1m
- Greyfriars - £2.638m
- Lincoln Central Market - £3.184m
- Heritage Action Zone - £0.054m
- Lincoln Town Deal (External Schemes) - £6.863m

The largest element of the programme is the Lincoln Town Deal Programme totalling £19m. The majority of the schemes will be delivered by external organisations with the Council acting as the Accountable Body, there are however two schemes that the Council will directly deliver.

In January 2023 it was announced that the Council had been successful in it's bid to secure £20m, through the Levelling Up Fund 2, to bring forward the delivery of a bridge to open the eastern access to the Western Growth Corridor site. This scheme is not yet included in the GIP and will be subject to separate approval.

Further schemes in support of Vision 2025 will be included in the GIP at the relevant stage in their development e.g. grant funding secure, design stage completed etc. Further details of the investment plans are provided in the Capital Strategy.

The revenue implications of all capital schemes, including the corresponding reduction in investment income as a result of the application of capital resources, additional revenue running costs of any new assets and the cost of any prudential borrowing have been taken account of and included within the MTFS.

Spending Pressures

Impacts of current economic factors/Construction Industry

Across the General Investment Programme capital projects have been impacted as a result of the current challenges in the economy and specifically in the construction sector around supply of skilled labour, availability of materials and escalating costs of materials and labour. The Council has adopted a collaborative approach with contractors to ensure that the impacts are minimised using a range of mechanisms including rescheduling the programme to absorb delays, changing materials, accepting time delay but without imposing a time penalty to counter cost increase, use of contingencies and sharing cost increases.

Inevitably thought with the current inflationary pressures affecting the construction costs, as well as the rising cost of borrowing, some projects may no longer be viable. All schemes within the GIP, that have not yet started, will be re-evaluated as they come forward for delivery. This will ensure that they still demonstrate value for money and remain affordable. Given the importance of investment in the City, to support the local economy, all opportunities to contain costs and/or seek alternative funding to ensure schemes are delivered will be undertaken.

Asset Management

The Council's corporate property portfolio comprises operational properties and investment properties with a combined asset value of £139 million.

The Council's current Asset Management Plan identifies the need for significant investment to ensure that its assets are properly maintained and safe for use. Additional resources have previously been allocated, including works to income earning assets e.g. the crematorium refurbishment and investment in leisure facilities. There does however remain a legacy of outstanding investment required in the Council's assets, with a number of maintenance liabilities now arising. These are mainly in relation to operational assets, which will require investment in order to remain in service delivery, but the liabilities also extend to some of the Council's natural assets (although additional revenue resources have been allocated for public open space and tree risk work).

Allocation of the annual planned capitalised works budget (£200k p.a.) to maintain specific assets is determined by the structured approach being undertaken and will also be influenced by the outcomes of the continual review programme of all assets as part of the Better Use of Assets pillar of the One Council programme. Outcomes of this include the potential re-configuration of operational assets which as a result of changes in working practices following Covid19 are no longer required on such a scale; as well as the potential disposal/transfer of specific assets which may in turn relieve the Council on the ongoing repair liability. In order to provide additional resource, where possible the short term priority for any surplus capital receipts will to be investment in the Council's existing assets. Consideration will also be given to the use of prudential borrowing for income generating assets and in the absence of any other funding source.

Resources

Although historically the GIP has been reliant on the generation of capital receipts to fund the investment required to deliver the programme, in the long term the use of capital receipts is not sustainable. In addition, due to revenue pressures the use of direct revenue financing of the capital programme is also not sustainable and other sources of funding are regularly sought to fund capital expenditure.

Due to revisions in the Public Works Loan Board (PWLB) lending terms, local authorities can now no longer borrow from the PWLB with the intention to buy assets for yield. Authorities will still be able to access the PWLB for spending to improve or maintain existing properties, for housing, for regeneration purposes and for preventative action. In the absence of other funding the Council will consider prudential borrowing for these purposes. However, given the additional revenue costs this creates and the current financial challenges the General Fund is facing, the use of prudential borrowing will be prioritised for income generating/sustaining schemes.

Due to an ongoing lack of capital receipts and limited revenue resources to fund prudential borrowing it is essential that other sources of funding such as grant allocations and partner contributions continue to be sought.

External grant funding is enabling the delivery of a considerable number of capital schemes for the Council e.g. Lincoln Town Deal Programme, Local Authority Accelerated Construction funding for Western Growth Corridor, Heritage Lottery Fund for Re-imaging Greyfriars and English Heritage for the High Street Heritage Action Zone. The Council will continue to seek further external grant funding to support the delivery of its Vision and priorities and is currently developing further Heritage Lottery Fund schemes and has recently had it's application to the Levelling Up Fund for £20m, to open up the eastern side of the Western Growth Corridor, approved. This is not yet reflected in the GIP and will be subject to separate approval.

The Council is mindful though that whilst the additional resources that external funding brings are clearly beneficial to local people, there is the danger that schemes funded may not be the Council's highest priorities and the Council must consider carefully how to allocate its capacity, within its reduced resources, to support such schemes. Furthermore, the Council needs to carefully consider whether it is able to meet the outputs and outcomes required from external grant support and in the current economic climate it must consider how any costs increases above grant allocations would be managed.

Capital Receipts

As part of the Better Use of Assets pillar of the One Council programme and as sound asset management practice the Council continually reviews its land and property assets in order to: -

- reduce revenue costs,
- increase rental income,
- generate capital receipts,
- reduce repairs liabilities
- use assets to support the Council's growth plans.

Whilst there are no specific capital receipts forecast from land/property disposals as part of the Better Use of Assets pillar there are significant capital receipts forecasted from the development of the 52 market homes from Phase1a of Western Growth Corridor. Income will be received from house sales via a development agreement, with a minimum land value return for the Council along with a profit share. The development is forecasted to generate net receipts of £1.472m, this will be retained within the scheme to contribute towards the upfront capital costs of further phases of the development.

Prudential Borrowing

The basic principle of the Prudential System is that local authorities are free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Council will need to meet the whole of the capital financing costs associated with any level of extra borrowing through its revenue account. For every £1m of prudential borrowing undertaken by the Council for investment in long life assets, the annual revenue consequence arising is c£52.3k based on an interest rate of 4.4%.

The MTFS includes an unsupported prudential borrowing requirement of £5.111m over the period 2023/4-2027/28. This includes temporary borrowing to support the delivery of Phase 1a of Western Growth Corridor and longer term borrowing to support the Town Deal Programme investment in the Central Market and ongoing investment in the Council's corporate assets.

The use of long-term prudential borrowing will only be used as a funding mechanism for key projects following a full financial assessment, with priority for income generating/sustaining schemes. It may however be used as a short-term measure to fund capital expenditure prior to a capital receipt being received, or in the absence of any other funding source.

Further details about the Council's borrowing requirements and the Prudential Indicators can be found in the Council's Treasury Management Strategy.

Capital Grants

The Council receives a number of external capital grants from a variety of sources which are either secured via a bidding process or are automatically allocated through government departments for specific purposes. Generally, those capital schemes that are funded by these sources can only be progressed subject to the funding being secured.

Over the 5 year planning period of the MTFS £17.907m is expected to be received from external capital grants, which is largely for Disabled Facilities Grant £4.260m, Towns Fund £7.9m for currently approved business plans, £2.2m for Central Markets (from Towns Fund), £1.9m for Greyfriars, £1.1m for Western Growth Corridor and £0.446m for UK Shared Prosperity Fund.

Projected Capital Resources

Resources to fund the General Investment Programme 2023/24-2027/28 are estimated to be approximately £32.918m, as follows:

	£'000
Capital Grants	17,907
Capital Receipts	9,900
Prudential borrowing	5,111
TOTAL	**32,918**

General Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 2 provides a summary five-year GIP for the Council.

Risks to the General Investment Programme

The Council has adopted a corporate approach to risk management and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Loss of anticipated external resources,
- Inability to secure further external funding,
- Increased project costs, particularly in light of the current challenges in the construction sector and levels of inflation
- Interest rate increases impacting on future borrowing costs
- Sustainability of contractors in construction industry
- Unplanned emergency maintenance to Council's corporate properties.

Appendix 5 of the MTFS details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 5 – Housing Revenue Account (HRA)

The Housing Revenue Account shows all expenditure and income relating to the Council's responsibilities as landlord of dwellings and associated property. It is a 'ring-fenced' account within the Council's General Fund.

Housing Revenue Account Business Planning

The current HRA Self-financing system has been in place since 2012 and incentivises social housing landlords to manage their assets well and yield efficiency savings. As part of this system, 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. Council landlords were to have greater flexibility to manage their stock in the way that best suits local need with more opportunity for tenants to have a real say in setting priorities looking to the longer term.

Self-financing, however, also passed significantly increased risks from Central Government to local authorities, meaning that the Council:

- now bears the responsibility for the long-term security and viability of council housing in Lincoln.
- has to fund all activity related to council housing, from the income generated from rents, through to long term business planning.
- is more exposed to changes in interest rates, high inflation and the financial impact of falling stock numbers
- still needs to factor in the impact of changes in government policy e.g. Government Rent Policy and the impacts of the welfare reform on income recovery.

This places a greater emphasis on the need for long-term planning for the management, maintenance and investment in the housing service and housing stock.

Impacts of current economic factors and cost of living crisis

Like the General Fund, the HRA has been severely impacted by the unforeseen and unavoidable cost pressures have arisen over the last 12 months. These escalating costs in relation to pay inflation, contractual inflation, utility price increases and material and labour increases, have taken their toll on the financial resilience of the Housing Revenue Account.

These new pressures come at a time when the HRA is still responding to the legacy effects of Covid19 and Brexit both in relation to service delivery, in terms of backlogs of outstanding housing repairs work, and also due to the ongoing impact on supply chains and availability of labour.

Given the significant level of annual repairs and maintenance and planned capital maintenance to the Council's housing stock the impact of these factors is causing both income losses and cost increases for the HRA, including:

- Increased use of sub-contractors -the inability to recruit to the Housing Repairs Service workforce (the service is currently experiencing a 13% vacancy rate) has resulted in higher repairs and void turnaround times over the past 2 years. In order to try and fill the productivity gap, local sub-contractors are being utilised however, they are experiencing the same labour shortages in the construction sector and are struggling to meet the demands. Any contracts awarded to help alleviate the system are now at hugely inflated prices which reflects both the labour shortages but also the current economic factors.

- Increased number of properties to re-let - the increase in void turnarounds is further worsened by a higher-than-normal level of properties being re-let post pandemic. The financial implications of increased void turnarounds result in a reduction in dwelling rent income.

- Pay inflation – in line with the General Fund a pay agreement for 2022/23, as agreed by the National Employers side, has placed a significant additional burden on the HRA with pay increases significantly in excess of those assumed. In addition, a pay agreement is yet to be agreed for the Craftworkers, affecting the majority of the Housing Repairs Service.

- Contractual commitments - in addition to an increased need to use sub-contractors (at inflated prices) the HRA has also experienced significant inflationary costs for its existing as well as escalating material prices due to national and world shortages of specific materials and soaring inflation.

Whilst mitigating actions are being taken to address some of these factors, and are producing positive results meaning that the impacts are likely to be short term in nature e.g. a reduction in voids backlogs, the majority of the pressures the HRA is experiencing are unavoidable and will have ongoing cost implications. These are primarily through the increase in contractor prices for labour and materials, as well as the increased cost of the Council's own workforce.

These pressures have seriously impacted the assumptions that underpin the HRA and Housing Business Plan and have required budgets to be reset within this MTFS.

In the absence of any other funding source these increased costs can only be funded through the housing rental income, which itself is not immune to the impacts of the current cost-of-living crisis.

Spending Plans

The HRA Business Plan

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 and repurposed strategic plan, Vision 2025, includes a much greater focus on health outcomes and the environment e.g. net zero carbon target, with implications for the delivery of housing services and investment in the housing stock and new build standards. Furthermore, the tragic fire at Grenfell Tower and the introduction of new measures to improve fire and building safety will create additional requirements on the Council.

A full review of the Business Plan was scheduled for 2022, however, due to the current economic climate and the impact on the assumptions that underpin the HRA and Housing Business Plan it has not been possible to make accurate long-term financial forecasts at this time. As a result, an interim high-level refresh of the Business Plan was undertaken during 2022 with a full update to the Business Plan now scheduled for 2023, with a new a 30-year Business Plan to be in place for the start of 2024/25. This update will take into consideration the key issues above that are impacting on the environment in which the Plan will be set.

Spending Assumptions

A review of the financial planning assumptions the Council over the period of the MTFS has been undertaken, this information has been drawn from experience in previous years, the advice of Directors and Assistant Directors, the current economic climate and other local and national issues that are likely to influence the financial outcomes. The HRA includes a number of assumptions in line with the General Fund, primarily inflation, pay inflation, pension contributions and interest rate forecasts. Set out below are expenditure and income assumptions specific to the HRA.

Repairs and Maintenance

Repairs and maintenance is an essential part of the asset management of the Council's housing stock. As set out in the impacts of the current economic factors section above, the cost of repairs and maintenance to the housing stock is increasing due to labour shortages, contractor price increases and material price increases. These additional costs have been reflected in the HRA with annual increases of c£0.250m. Work continues within the service to drive down costs and deliver efficiencies were possible in order to reduce repairs costs e.g. the scheduled repairs initiative, however the cost increases that the HRA is experiencing outstrip any efficiencies that can be delivered.

There is continued capital investment in existing and new housing stock. Several schemes are under development which aim to deliver new housing in the City. These will be reported to committee as they come on stream.

Funding the Capital Programme

Under the HRA self-financing system the primary source of funding for capital investment in the Council's housing stock will be from the revenue account through asset depreciation charges and direct revenue financing (DRF), via the Major Repairs Reserve. However, this has been lessened to some extent by the removal of the HRA borrowing cap.

There is a reliance on the HRA to support the capital programme to the value of £60.149m over the 5-year MTFS period through depreciation and direct revenue financing.

Resource Assumptions

Rents

In line with the Housing Business Plan and Government Rent Guidelines, which announced that from April 2020 social rents should increase by a maximum of CPI+1% for 5 years, the MTFS has historically been based on this assumption. For 2023/24 the Government, in light of the current inflation levels, imposed a cap on rent increases of 7%, as CPI +1% would have allowed rent increases of up to 11.1%. The Government's approach for 2024/25, and whether a further cap will be implemented is as yet unclear, in addition beyond 2025 when the 5-year period of increases at CPI+1% ends it is uncertain what Rent Guidelines may be in place.

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

With the exception of 2022/23, the Council has historically set the rent levels in line with the requirement to increase rents by CPI + 1% (CPI being as at September each year) for general purpose accommodation and also increase sheltered accommodation and affordable rents, by the same. With CPI +1 % as at September 2022 levels this would mean an increase in rents of 11.1%. An increase of this level, in light of other impacts on household incomes arising from the current economic climate, could have a severe impact on the Council's tenants and given the Governments cap of 7% it is proposed to increase rents by 6.5% for 2023/24. This increase aims to balance the pressures that household incomes are facing, particularly the most vulnerable in our community, but at the same time recognising the economic and financial pressures the HRA has in delivering services to its customers. This proposed increase also takes into consideration the lower level of rent increase last year (i.e. the actual increase was below CPI+1%) and that the HRA was subject to the government-imposed rent reduction policy between 2016/17 and 2019/20 which saw the council have to reduce rents by 1% per annum rather than increase at CPI plus 1% as previously agreed, resulting in estimated revenue forgone of c£17m.

The average 52-week rent will be £81.18 per week for general purpose and sheltered accommodation, and £125.99 for affordable rents. The assumption in the MTFS from 2023/24 onwards reverts to CPI + 1%.

The table below sets out the impact of rent increases on all tenants, inclusive of all rent types;

Average rent increase per property by number of bedrooms per week as 14/12/2022		
No. of beds	Increase per week for Affordable Housing	Increase per week for Social Housing
	£	£
1 & bedsits	7.10	4.28
2	7.32	4.86
3	7.92	5.37
4	9.16	5.72
5	0	5.96
6+	0	6.6

Whilst rent collection is currently performing slightly above target, the current cost-of-living crisis is likely to have a detrimental impact on household incomes reducing some tenant's ability to pay their rents, particularly with the proposed higher rent increase. Whilst the Council will continue to support tenants through Discretionary Housing Payments, the establishment of the new Tenancy Sustainment Team and through general advice and guidance it is likely that there will be an impact on collection rates.

Net Interest Receipts

The HRA receives investment interest on the balances it holds (HRA balances are made up of General Balances, earmarked reserves and the Major Repairs Reserve). The MTFS 2023-28 includes interest income into the HRA based on the level of HRA balances assumed in the MTFS 2023-28. The HRA is sensitive to changes in interest rates linked to its investments, as an indication a change in interest rates available on investments of +/- 0.5% would have an estimated combined impact of approximately £0.263m. A rise of 0.5% in the Bank of England base rate would not translate into a 0.5% increase in investment rates available.

Although the HRA is not sensitive to changes in interest rates linked to its portfolio of borrowing, as all borrowing is at fixed interest rates, it does face a pressure of increased borrowing costs due to new borrowing being taken in support of investment in its new build programme. Although new build schemes bring additional income to resource the cost of borrowing there is a timing risk of when the specific borrowing is taken, particularly when internal balances are used in the short term, against the assumptions used for the initial assessment of the scheme.

Releasing Resources

The HRA Business plan 2016-46 identified revenue resources to be released to support priority capital investment in council house new build and the Lincoln Standard. Although there is no specific savings target in the HRA the Council will continue to pursue the strands of its Towards Financial Sustainability Programme, where there are financial benefits for the HRA, releasing further resources for re-investment, it will also continue to ensure it's costs are contained so that expenditure levels do not put pressure on the required revenue contributions to the capital programme.

Housing Revenue Account Forecast

Appendix 2 provides a summary five-year Housing Revenue Account for the Council.

Risks to the Housing Revenue Account Budget

The Council has adopted a corporate approach to risk management and financial risk management which is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact that could yield additional resources, but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Risk of further government announcements limiting the flexibilities and freedoms offered by the HRA Self -Financing regime particularly housing rent levels
- Delivery of new build programme and associated rental streams
- Reduced rental income and increased arrears, particularly as a result of voids backlogs, RTB sales, reduced collection rates due to the impact of the cost-of- living-crisis etc
- Increased cost of repairs and maintenance to housing stock .
- Implications for service delivery arising from the Govt regulations.
- Fluctuations in key economic assumptions e.g. inflation, interest rates.
- Changes to key assumptions within the MTFS.
- Financial and budget management issues.

Appendix 3 details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 6 – The Housing Investment Programme

The Housing Investment Programme (HIP) covers all aspects of capital expenditure relating to the Council's landlord function. The Capital Strategy for the HIP reflects the 30-year Business Plan and details the 5-year capital programme.

Capital Spending Plans

The 5-year HIP has been drawn up to ensure that the Council meets its legal obligations as a landlord. The Council has already invested significant resources over recent years to achieve the Decent Homes Standard and now seeks to maintain an enhanced Lincoln Standard.

The 5-year housing programme amounts to £66.765m and comprises the following main areas of work:

- Maintenance of the Decent Homes and the Lincoln Standard, £51.672m

- New Build Programme £8.528m – this includes the use of retained 1-4-1 right to buy receipts which are not yet allocated to specific schemes and will be dependent on approvals of individual business cases.

In terms of housing investment, the HIP will continue to focus on the allocation of resources to the key elements of decent homes (in line with the 2020 Stock Condition Survey) and supporting the Lincoln Standard. In relation to housing strategy, the focus continues to be on maximising the use of 1-4-1 retained right to buy receipts, assessing the use of prudential borrowing and seeking government grant funding for new build schemes or purchase & repair schemes that generate a positive net rental stream.

As set out in the Section 5 above the 30-year HRA Business Plan has undergone a high-level review during 2022 with a full review to be undertaken during 2023/24, to reflect the changes to the local, regional and national operating environment and to reflect the Councils current aims and ambitions in Vision 2025.

Spending Pressures

Impacts of current economic factors/construction industry

Similar to the General Investment Programme the Housing Investment Programme has been impacted as a result of the current economic factors and particularly the challenges in the construction sector particularly around supply of skilled labour, availability of materials and escalating costs of materials and labour. The Council has adopted a collaborative approach with contractors to ensure that the impacts are minimised using a range of mechanisms including; rescheduling the programme to absorb delays, changing materials, accepting time delay but without imposing a time penalty to counter cost increase, use of contingencies and sharing cost increase.

It is though inevitable that there will be cost impacts on both the housing investment programme as well as on specific schemes in the housing strategy programme that are currently being developed. Particularly in relation to new housing developments, these changes in underlying costs of delivery, as well as the rising cost of borrowing, may result in some schemes being no longer viable. As schemes are bought forward, they will be re-evaluated, this will ensure that they still demonstrate value for money and remain affordable. Given the importance of investment in the City, to support the local economy, all opportunities to contain costs and/or seek alternative funding to ensure schemes are delivered will be undertaken.

Resources

The resources necessary to fund the Council's HIP are provided by the following:

Major Repairs Reserve

The Major Repairs Reserve (MRR) is the main source of capital funding and the mechanism by which timing differences between resources becoming available and being applied are managed. The MRR may be used to fund capital expenditure and to repay existing debt. Depreciation is a real charge on the HRA and is paid into the MRR from the Housing Revenue Account to fund capital expenditure. The total charge to the revenue account over the 5-year MTFS period through depreciation is £38.694m, of which £45.836m is planned to be utilised (this includes balances bought forward).

Revenue Contributions

The 5-year MTFS includes contributions of £21.455m of direct revenue finance over the five-year period of which £14.980m is planned to be utilised.

Grants and Contributions

There are no grants and contributions included in the five year MTFS period.

Capital Receipts

Housing capital receipts fall within the Governments pooling regime. Under these arrangements capital receipts from Right-to-Buy (RTB) sales are pooled until a pre-set limit for government share of the income generated has been achieved. Once the target for the government share of the RTB receipts has been reached, the Council may retain 100% of the receipts from any additional Right-to-Buy sales. These are subject to a formal retention agreement between the Council and the MHCLG and must be used for replacement of the council housing sold, within an agreed timeframe.

In August 2018, alongside publication of the Social Housing Green Paper, the Government published a consultation on options for reforming the restrictions on the use of RTB sales to make it easier for councils to replace properties. Although the Social Housing White Paper was published in November 2020 there was no further reference to any planned reforms.

The proceeds of dwelling sales under the Right-to-Buy scheme provide a regular source of capital receipts with the number of sales increasing in recent years. The MTFS assumes 50 sales per year. However, this is a difficult area to predict accurately as it is affected by external factors, such as interest rates, property prices and Government initiatives aimed at further stimulating Right-to-Buy sales. Receipts of £3.750m are assumed over the MTFS period.

Non-RTB sales primarily are excluded from the pooling arrangement and are now retained in full by the Council for use as the Council sees fit.

Prudential Borrowing

The Prudential Code allows the Council to take borrowing if it can demonstrate that such borrowing is affordable, sustainable and prudent in its Prudential Indicators (detailed in the Treasury Management Strategy). Although the revision to PWLB lending terms prohibits borrowing from it to finance assets for yield it does still allow access to the PWLB for land release, housing delivery, or subsidising affordable housing. This follows on from the removal of the housing borrowing cap in 2018 and continues to allow significant opportunities for the Council to invest in new house building programmes and the potential redevelopment of areas of existing housing stock. This increased flexibility will be considered as part of the Business Plan refresh.

The Capital Financing Requirement (CFR) is forecast to rise to £81m by the final year of the MTFS with additional borrowing included in the MTFS and no allowance made for the repayment of existing debt. Actual borrowing utilised will be £2.93m to fund the new build programme alongside 1:4:1 receipts and borrowing taken during the MTFS period will be £2.81m.

Projected Capital Resources

Resources to finance the proposed £66.765m Housing Investment Programme 2023/24 – 2027/28, are currently estimated to be as follows:

	£000
Major Repairs Reserve (depreciation)	45,836
Direct Revenue Financing	14,980
Capital Receipts (inc RTBs)	3,019
Borrowing	2,930
TOTAL	**66,765**

Housing Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 4 provides a summary five-year HIP for the Council.

Risks to the Housing Investment Programme

The Council has adopted a corporate approach to risk management and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Generation of sufficient revenue surpluses to resource required investment
- Achievement of capital receipts (including Right to Buy sales) targets

- Future building costs, particularly in light of the current challenges in the construction sector and levels of inflation
- Condition of existing stock
- Sustainability of contractors in construction industry
- Interest rate increases impacting on future borrowing costs
- Implications of Government Regulations e.g. the Building Fire Safety Bill & Fire Safety Act, and any new requirements arising in relation in mould/damp conditions

Appendix 5 of the MTFS details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 7 – Reserves and Balances

Some reserves and balances are essential for the prudent management of the Council's financial affairs. These will provide a working balance to cushion the impact of uneven cash flow, a contingency for the impact of unexpected events or emergencies (as experienced with Covid19 and the current unforeseen and unavoidable escalating costs) and allow the creation of earmarked reserves to meet known liabilities. The consequences of not keeping a minimum level of reserves can be serious and is therefore one of the considerations taken into account when setting the MTFS.

The minimum prudent levels of reserves and balances that the Council should maintain are a matter of judgement. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council unless contributions are made from future years' revenue budgets. It is currently for local authorities themselves, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be.

Financial Resilience Index

However, in response to some of the financial management issues that have arisen in local authorities in recent years, CIPFA have developed a Financial Resilience Index. This index is a comparative analytical tool designed to support good financial management and shows the Council's position on a range of measures associated with financial risks, including the Council's reserves position. There are currently three measures specifically related to reserves as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22	Stress Compared to other Councils
Reserves Sustainability	23.47	100	100	100	100	
Level of Reserves as a ratio of net expenditure	65.28%	73.59%	99.40%	142.33%	116.95%	
Change in Reserves (over 3 year period)	-11.33%	-2.48%	22.79%	209.86%	70.95%	

Whilst full data is not available through the index it does highlight areas of potential financial risk, this is demonstrated in 2017/18 when there was a 11.33% reduction in the level of reserves (over the latest 3-year period), reducing in turn the reserves sustainability factor. However, this use of reserves was planned and provided for in the MTFS as the Council used its earmarked reserves to cushion the revenue impacts during the building of the transport hub, as well as a planned use of unallocated reserves whilst savings were delivered through the TFS Programme. The increase in 2019/20 was due to a planned contribution to General Balances (as the Council sought to increase it's level of Balances ahead of the planned funding reforms).

Covid19 has had an impact on the 2020/21 and 2021/22 resilience indexes, it should therefore be viewed in the context of these having been transitional years. The index continues to illustrate the financial resilience of authorities during the pandemic but figures on reserves have been affected by a series of Covid-related payments in relation to Business Rates reliefs and local authority funding support. The Council's reserves increased by £13m in 2020/21, primarily due to £11.5m of grant funding from Government to recompense for the lost income resulting from the Business Rates reliefs awarded due to the pandemic. The grant funding was received in 2020/21 however the corresponding losses on the Collection Fund were not declared until 2021/22 – 2023/23, the grant received will therefore be drawn down through reserves over this period. In addition, of the Covid19 grant support provided by Government in 2020/21 to support local authority pressures £0.622m was transferred to reserves to be used to mitigate the impacts of Covid19 in future years. A further £0.531m of was transferred to reserves from the Council Tax Hardship funding that was granted in 2020/21, for which the expenditure will be incurred in 2021/22. Whilst these reserves have unwound during 2021/22, a further year of Business Rates Reliefs has seen increased contributions of £3.8m in 2021/22, to be drawn down in 2022/23 to offset Collection Fund losses. These movements will further skew the resilience indicators, with perhaps more meaningful indicators emerging from 2023/24 onwards.

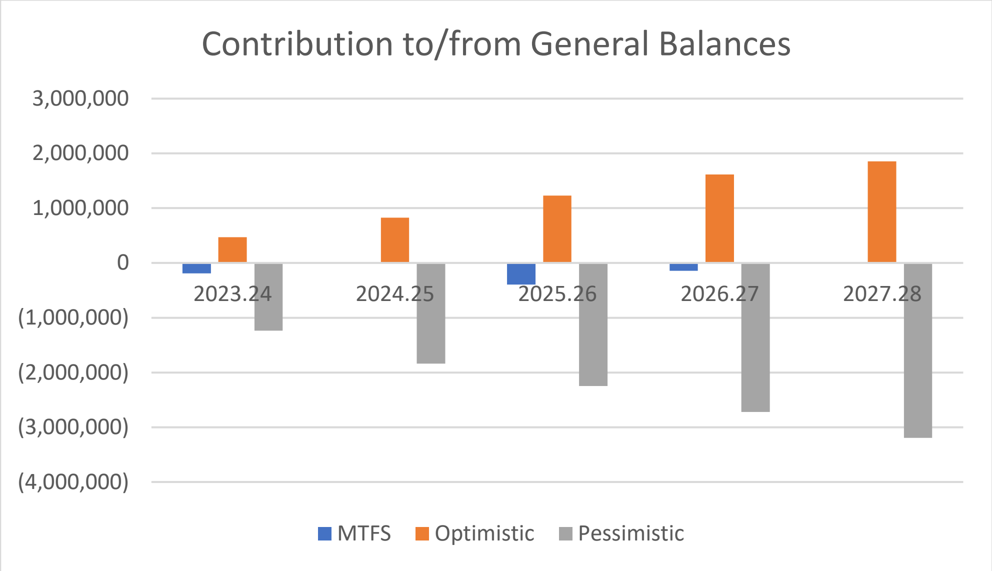
Management of Risk

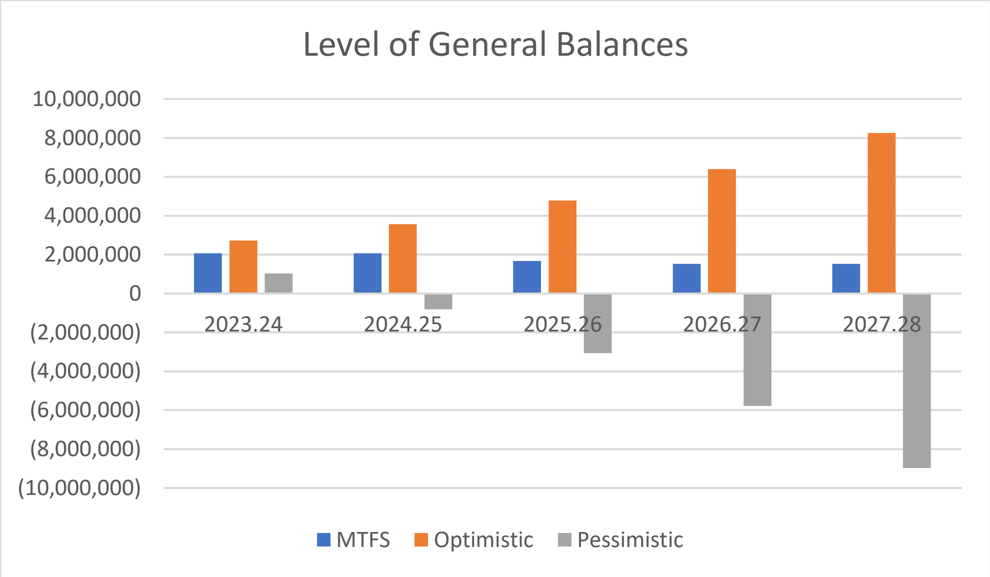
The Council has always maintained a very proactive approach to managing risk and there are effective arrangements for financial control already in place. However, as a result of the significant changes to local government funding, which saw a shift towards self –sufficiency and dependence on local funding sources, levels of volatility and risk have significantly increased. Given the threat that this posed to the Council's financial position the prudent minimum level of general reserves was increased to a level greater than previously held.

The financial risks, in Appendix 5, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. This information has been used to determine the optimum level of reserve holdings needed to meet the requirements of a working balance and contingency, based on a financial assessment of the specific risks. The conclusion of this risk assessment is that it is deemed prudent that General Fund reserves should be maintained at around £1.5m - £2m, and that Housing Revenue Account reserves should maintained at around £1m - £1.5m, over the period of the MTFS.

Scenario Planning

A scenario planning approach is taken to assess the impact of changes in the key assumptions underpinning the revenue budgets. This is based on the assumptions in the MTFS being the most likely, set against an optimistic and pessimistic list of variables. At a high level the pessimistic scenario demonstrates a further significant financial challenge for the Council, primarily based on a reduction in income levels, higher than budgeted inflationary increases, as well increased costs towards the end the of the MTFS as key service contracts and leases are due to end. The optimistic scenario is based on the key assumption that the planned reforms to business rates are not progressed and the Council is able to retain it's accumulated growth.





As can be seen table above, under the pessimistic scenario the level of General Balances would be eliminated during 2025/26 if mitigations and/or savings could not be found. This emphasises the Council's sensitivity to changes in it's income levels and the level of inherent risk and volatility it faces.

Planned work is underway to establish scenario planning for the Housing Revenue Account as part of the Business Plan refresh.

Planned Use and Contribution to Reserves

The increase in the prudent level of reserves to be held has allowed the Council to be able to firstly cushion the impact that Covid19 has had on its finances, and continues to do so, and secondly to cushion the impact of some of the inflationary pressures that are now being incurred. Whilst the overall level of balances will still be maintained over the period of the MTFS there are planned uses of balances in the General Fund of £0.191 m in 2023/24, £0.001m for 2024/25, £0.397m for 2025/26 and £0.145m for 2026/27. The higher use in 2025/26 is as a result of the forthcoming funding reforms and the assumption that the accumulated gains on Business Rate income will be reset, leaving the Council at a significant financial detriment. Whilst the Council has assumed an increased level of savings will be required to mitigate the ongoing impacts of this income loss, in the short term the use of balances and earmarked reserves provides the Council the opportunity to deliver ongoing reductions in its net cost base, and also providing the flexibility to adjust the savings targets if there is a more positive outcome from the funding reforms. Based on the current trajectory of savings targets, by 2027/28 the General Fund will be in the position of making positive contributions to balances, with forecasted contributions of £0.003m in 2027/28.

The careful use of balances, along with earmarked reserves, in the supporting the General Fund is seen as a short-term measure only to ensure a balanced budget position is maintained whilst savings are delivered, it is not foreseen as a long-term solution.

The general reserves at the end of each year for 2023/24 to 2027/28 are summarised in the table below.

	2023/24 £'000	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
General Fund	2,072	2,071	1,674	1,529	1,532
Housing Revenue Account	1,005	1,031	1,107	1,088	1,010

The overall levels of General Fund and Housing Revenue Account balances in 2027/28 are in line with, and in excess of, the prudently assessed minimum level of balances.

Earmarked Reserves

Earmarked reserves are sums specifically held to enable funds to be built up to meet known or predicted liabilities. A review of reserves and balances has been undertaken as part of the budget process and a schedule presenting the estimated closing balances at the end of each of the next five financial years is contained within Appendix 6. This includes the application of a number of specific reserves to support the General Fund during 2025/26, during the anticipated first year of the Business Rates Reset, whilst the ongoing reductions in the net cost base are delivered.

The levels of reserves and balances recommended within this strategy are believed to be sufficient to meet all of the Council’s obligations and have been based on a detailed risk assessment.

GENERAL FUND BUDGET SUMMARY 2023/24 – 2027/28

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £
Chief Executive & Town Clerk	4,312,760	4,480,220	4,449,280	4,783,150	4,946,070
Communities & Environmental Services	5,910,560	5,804,710	5,917,540	5,988,400	5,952,410
Major Developments	783,520	669,000	548,350	546,590	538,170
Housing & Regeneration	846,070	893,860	864,060	875,390	889,550
Corporate	1,286,840	1,324,120	1,355,130	1,370,350	1,385,060
	13,139,750	**13,171,910**	**13,134,360**	**13,563,880**	**13,711,260**
Capital Accounting Adjustment	2,210,440	2,460,440	2,467,460	2,255,100	2,245,070
Base Requirement	**15,350,190**	**15,632,350**	**15,601,820**	**15,818,980**	**15,956,330**
Specific Grants	(700,120)	(475,970)	(154,360)	(154,360)	(154,360)
Contingencies	(72,300)	(72,760)	(71,660)	(72,550)	(72,840)
Savings Targets	(185,210)	(500,000)	(1,000,000)	(1,750,000)	(1,750,000)
Transfers to/(from) earmarked reserves	654,350	(134,940)	(838,110)	30,480	216,860
Transfers to/(from) insurance reserve	(453,140)	45,400	43,860	42,210	40,520
Total Budget	**14,593,770**	**14,494,080**	**13,581,550**	**13,914,760**	**14,236,510**
Use of Balances	(191,110)	(430)	(396,840)	(145,020)	2,510
NET REQUIREMENT	**14,402,660**	**14,493,650**	**13,184,710**	**13,769,740**	**14,239,020**
Business Rates	6,125,4800	6,451,690	4,899,860	5,203,190	5,388,770
Business Rates Surplus/(Deficit)	682,110	0	0	0	0
Revenue Support Grant	175,290	184,930	156,890	156,890	156,890
Council Tax Surplus/(Deficit)	(136,130)	0	0	0	0
Council Tax	7,555,910	7,857,030	8,127,960	8,409,660	8,693,360
Total Resources	**14,402,660**	**14,493,650**	**13,184,710**	**13,769,740**	**14,239,020**
Balances b/f @ 1st April	**2,262,761**	**2,071,651**	**2,071,221**	**1,674,381**	**1,529,361**
Increase/(Decrease) in Balances	(191,110)	(430)	(396,840)	(145,020)	2,510
Balances c/f @ 31st March	**2,071,651**	**2,071,221**	**1,674,381**	**1,529,361**	**1,531,871**

Appendix 2

HOUSING REVENUE ACCOUNT SUMMARY 2023/24 - 2027/28

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £
Income					
Gross Rental Income					
- Dwellings rents	(32,231,610)	(33,758,390)	(34,622,790)	(35,508,700)	(36,416,570)
- Non-Dwelling rents	(411,870)	(424,240)	(436,960)	(450,070)	(463,570)
Charges for Services & Facilities	(548,410)	(564,710)	(581,480)	(598,770)	(616,570)
General Income	(655,570)	(594,020)	(599,490)	(605,570)	(613,690)
Special Income	(39,440)	(39,440)	(39,440)	(39,440)	(39,440)
Contributions towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Income	**(33,936,900)**	**(35,430,800)**	**(36,330,160)**	**(37,252,550)**	**(38,199,840)**
Expenditure					
Repairs Account Expenditure	10,833,960	11,008,670	11,222,320	11,402,750	11,619,310
Supervision & Management - General:	6,961,520	7,055,050	7,208,200	7,329,290	7,456,400
Supervision & Management – Special:	1,990,650	1,958,960	1,990,770	2,022,830	2,053,360
Contingencies	113,880	262,900	262,740	263,370	263,590
Rents, Rates and Other Premises	845,960	878,280	892,820	917,800	936,560
Insurance Claims Contingency	174,000	179,230	184,610	190,150	195,860
Depreciation of Fixed Assets	7,749,540	7,746,980	7,732,730	7,732,350	7,732,350
Debt Management Expenses	16,000	16,000	16,000	16,000	16,000
Increase in Bad Debt Provisions	250,000	250,000	250,000	250,000	250,000
Total Expenditure	**28,935,510**	**29,356,070**	**29,760,190**	**30,124,540**	**30,523,430**
Net cost of service	**(5,001,390)**	**(6,074,730)**	**(6,569,970)**	**(7,128,010)**	**(7,676,410)**
Loan Charges Interest	2,355,710	2,436,640	2,377,020	2,376,530	2,303,550
- Investment Interest	(308,300)	(287,030)	(266,580)	(209,030)	(212,530)
- Mortgages Interest	0	0	0	0	0
Surplus on HRA for the year	**(2,953,980)**	**(3,925,120)**	**(4,459,530)**	**(4,960,510)**	**(5,585,390)**
DRF used for Financing	2,999,520	3,774,170	4,263,420	4,863,800	5,553,800
Contribs to/(from) Reserves:					
- Insurance Reserve	76,000	70,770	65,390	59,850	54,140
- Invest To Save Reserve	(117,220)	(1,260)	0	0	0
- HRA I.T. Reserve	35,000	35,000	35,000	35,000	35,000
- NSAP/RSAP Sinking Fund Reserve	9,000	9,000	9,000	9,000	9,000
- De Wint Sinking Fund Reserve	10,610	10,930	11,260	11,600	11,950
(Surplus)/deficit in year	**58,930**	**(26,510)**	**(75,460)**	**18,740**	**78,500**
Balance b/f at 1 April	(1,063,872)	(1,004,942)	(1,031,452)	(1,106,912)	(1,088,172)
Balance c/f at 31 March	**(1,004,942)**	**(1,031,452)**	**(1,106,912)**	**(1,088,172)**	**(1,009,672)**

GENERAL INVESTMENT PROGRAMME - 2023/24 to 2027/28

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £
Expenditure Programme					
Chief Executives	1,432,410	1,600,600	205,210	200,000	200,000
Directorate of Communities and Environmental Services	905,950	1,035,011	851,990	851,990	851,990
Directorate of Major Developments	7,149,465	5,795,439	4,954,087	0	0
Directorate of Housing	20,000	0	0	0	0
Externally Delivered Town Deal Schemes	4,606,622	2,031,768	224,995	0	0
Total Programme Expenditure	**14,114,447**	**10,462,818**	**6,236,282**	**1,051,990**	**1,051,990**
Capital Funding					
Contributions from Revenue					
Opening balance	0	0	0	0	0
Received in year	0	0	0	0	0
Used in financing	0	0	0	0	0
Closing balance	**0**	**0**	**0**	**0**	**0**
Capital receipts					
Opening balance	30,000	30,000	30,000	1,502,603	1,502,603
Received in year	0	5,005,040	9,453,964	0	0
Used in financing	0	(5,005,040)	(4,894,867)	0	0
Used to repay temporary borrowing	0	0	(3,086,494)	0	0
Used to reduce the CFR	0	0	0	0	0
Closing balance	**30,000**	**30,000**	**1,502,603**	**1,502,603**	**1,502,603**
Grants & contributions					
Opening balance	366,454	0	0	0	0
Received in year	10,117,332	4,577,815	1,141,415	851,990	851,990
Used in financing	(10,483,786)	(4,577,815)	(1,141,415)	(851,990)	(851,990)
Closing balance	**0**	**0**	**0**	**0**	**0**
Unsupported borrowing					
Opening balance	0	0	0	0	0
Received in year	3,630,661	879,963	200,000	200,000	200,000
Used in financing	(3,630,661)	(879,963)	(200,000)	(200,000)	(200,000)
Closing balance	0	0	0	0	0
Total Capital Funding	**(14,114,447)**	**(10,462,818)**	**(6,236,282)**	**(1,051,990)**	**(1,051,990)**
Available Resources c/f	**30,000**	**30,000**	**1,502,603**	**1,502,603**	**1,502,603**

Appendix 4

HOUSING INVESTMENT PROGRAMME - 2023/24 - 2027/28

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £
Capital Programme					
Decent Homes	9,022,046	8,644,941	8,990,793	9,350,265	9,757,473
Health & Safety	420,303	427,310	448,675	471,109	494,665
New build programme	4,099,318	4,151,080	177,372	48,850	51,293
Lincoln Standard	275,000	286,450	300,773	315,811	331,602
IT/Infrastucture	308,730	0	0	115,299	121,064
Contingent capitalised repairs	298,687	1,073,857	250,000	250,000	262,500
Other	2,037,584	1,097,174	914,982	960,731	1,008,768
Total Programme Expenditure	**16,461,668**	**15,680,812**	**11,082,595**	**11,512,065**	**12,027,364**
Capital funding					
Major Repairs Reserve					
Opening balance	16,134,329	12,638,954	12,063,348	13,024,795	14,157,730
Depreciation received in year	7,749,540	7,746,980	7,732,730	7,732,350	7,732,350
Depreciation used in financing	(9,092,046)	(8,644,941)	(8,990,793)	(9,350,265)	(9,757,474)
DRF received in year	2,999,520	3,774,170	4,263,420	4,863,800	5,553,800
DRF used in financing	(5,152,389)	(3,451,815)	(2,043,910)	(2,112,950)	(2,218,598)
Closing balance	12,638,954	12,063,348	13,024,795	14,157,730	15,467,808
Capital receipts					
Opening balance	2,087,540	1,837,540	2,587,540	3,289,648	3,990,798
Received in year	750,000	750,000	750,000	750,000	750,000
Used in financing	(1,000,000)	0	(47,892)	(48,850)	(51,293)
Closing balance	1,837,540	2,587,540	3,289,648	3,990,798	4,689,506
1-4-1 receipts					
Opening balance	1,871,583	1,433,622	0	0	0
Used in financing	(437,961)	(1,433,622)	0	0	0
Closing balance	1,433,622	0	0	0	0
Grants & contributions					
Opening balance	0	0	0	0	0
Grants & contributions received in year	0	0	0	0	0
Used in financing	0	0	0	0	0
Closing balance	0	0	0	0	0
Borrowing					
Opening balance	127,884	3,212	2,779	2,779	2,779
Borrowing taken in year	655,000	2,150,000	0	0	0.00
Used in financing	(779,672)	(2,150,433)	0	0	0.00
Closing balance	3,212	2,779	2,779	2,779	2,779
Total Capital funding	**(16,461,668)**	**(15,680,812)**	**(11,082,595)**	**(11,512,065)**	**(12,077,364)**
Available Resources c/f	**15,913,328**	**14,653,666**	**16,317,221**	**18,151,306**	**20,160,092**

Appendix 5

BUDGET RISK ASSESSMENT

No.	Budget Item	Risk	2023/24 Risk Score	2024/25-2027/28 Risk Score	Containment
1	Capital Expenditure	Project slippage Increased project costs including labour and material costs post Brexit/Covid19 Inflationary impacts on materials and labour costs Failure of contractor i.e. contractor goes into liquidation. Demand for improvement grants. Sunk costs of aborted schemes Achieving levels of projected costs in the HRA Business plan	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Regular budget monitoring and reporting to Project Boards, DMT's and CMT. • Ensure correct project management procedures followed (Lincoln Model) • Quarterly budget monitoring and reporting to Performance Scrutiny and the Executive • Financial procedure rules are followed, including financially vetting of all contractors • Use of collaborative contracts/framework agreements where possible e.g. Pagabo • Support from Procurement engaged at an early stage • Carry out post implementation reviews • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises. • Consideration of Fixed Price Contracts and/or Risk Sharing • Consideration of alternative/cheaper materials • PGC's/Bonds to be obtained on key contracts • Use of external PM's, cost consultants and QS where required.
2	Income from Fees & Charges/ Rents: • Car Parking • Crematorium / Cemeteries	Reduction in the usage of the service/activity levels due to economic factors and cost of living crisis	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Car Parking Strategy to be refreshed. • Regular monitoring statements for major income sources which are reported monthly to Corporate Management Team.

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BUDGET RISK ASSESSMENT

	• Development Control • Building Control • Land Charges • Control Centre • Lincoln Properties • Industrial Estates • Xmas Market	Over optimistic income targets Increasing reliance on income within the MTFS New competitors entering the market Increased fees and charges levels reduces demand Changes in treatment of VAT status of individual fees and charges. Impact of wider policy changes on demand for services e.g. Lincoln Transport Strategy impact on car usage			• Identify reasons for any income reductions and take corrective action where possible • Report quarterly to the Executive and Performance Scrutiny Committee on forecast for key income streams • Specific projects/business plans in progress to sustain income streams. • Investment in key income generating assets • Delegated powers to portfolio holder to make responsive changes to fees and charges • Rebase income budgets to reflect current trends and impact of economic factors • Active void management • Watching brief on CIPFA Committee/HMRC discussions
3	General Budget Assumptions	CPI and RPI inflation exceed rates assumed in the budget Actual establishment exceeds 99% Implications from Government Policy in response economic factors Increased pension contributions as a result of triennial valuation (next valuation in 2025)	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Set prudent but realistic projections based on analysis of economic commentators and Bank of England predictions – projections fundamentally updated/increased in latest MTFS • Monthly monitoring of RPI and CPI index changes • Make use of expert forecasts of future RPI and CPI trends • Participate in consultations via regional pay briefings. • Produce regular budget monitoring reports – report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee

BUDGET RISK ASSESSMENT

		Pay inflation exceeds rates assumed in the budget			• Monitor significant changes in economic indicators • Monitor the pension fund position through discussions with Lincolnshire County Council and Lincolnshire Finance Officers • Pension Fund Stabilisation Approach adopted • Report any changes to Members as soon as officers become aware
4	Demand for services	Impact of cost-of-living crisis on service demands, e.g. homelessness, revenues and benefits, customer services, council housing etc The increase in property numbers and development of the City Centre results in additional cost pressures within the Services that have not been built into the budget Increasing demands for housing tenant support as other providers withdraw services	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Identification and drawdown of additional funding made available from Government and others to support additional demand • Lean systems approach taken to identify efficiencies in service delivery (e.g. benefits service) • Collaboration and joint working arrangement opportunities identified with local partners to help meet additional service demands • Consistent monitoring of service demands and needs of the city through data analysis and key indicators • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee and key service performance indicators • Interventions, as part of housing supply, to be developed to respond to temporary accommodation shortages. • Key housing developments in the City, e.g. WGC to be factored into operational service budgets as homes bought forward. • Cross directorate cost-of-living group established with a range of interventions to be

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BUDGET RISK ASSESSMENT

					implemented, including delivery of Government initiatives.
5	HRA Repairs and Maintenance Costs	Reduced ability to recruit and retain skilled workforce in HRS, increased reliance on sub-contractors Sub-contractors prices significantly increasing Sub-contractor unable to meet demands. Increased cost of materials as a result of Covid/Brexit/economic factors Failure of contractor i.e. contractor goes into liquidation. Increased demands due to high levels of voids.	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Produce regular budget monitoring reports and HRA revenue and capital budgets reported and monitored together • Report quarterly to Departmental Management Team, Corporate Management Team, Executive and Performance Scrutiny Committee • Results of recent stock condition surveys informing future maintenance requirements • Significant increased costs factored into latest MTFS • Consider alternative recruitment options – recruitment strategies being reviewed. • Use of collaborative contracts/framework agreements where possible • Seek efficiencies within HRS i.e scheduled repairs pilot • Active void management mitigations in place. • Significant rebasing of the budget has taken place in light of the current economic factors.
6	Business Rates Base	Reduction and/or fluctuations in income against budget variation in: – Recovery/growth compared to forecasts – Changes in the NNDR base – Changes in rateable values (e.g. appeals, economic downturn, changes in use,	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• In year monitoring of the NNDR base, Collection Fund, collection rates, growth assumptions and rateable value appeals. • Produce monthly collection rate statements – monitored via the Revenues and Benefits Operational Board, and Revenues and Benefits Management Team. Also report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee if targets are not being met,

BUDGET RISK ASSESSMENT

		material change in circumstances) – Collection rates – Ongoing impact on the NNDR base of successful appeals - Estimates of appeals provision higher/lower than actually required – Changes nationally to the valuation assessments of certain property/infrastructure – Reset of the Business Rates Retention system from 2025/26			increased recovery action or further initiatives to increase collection • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • A Business Rate Volatility Reserve is maintained to provide a degree of protection from fluctuations in Business Rate Income • Quarterly monitoring of the Lincs NNDR Pool by Lincs Finance Officers • Independent specialist assessment made of the required level of NNDR appeals provision • Specialist advice sought to assist in budgeting assumptions and assessment of implications of changes to the funding system • Delivery of key schemes in Vision 2025 to support recovery of the High Street, City and the economy, including direct investment by the Council.
7	Housing Rents and Property Voids	Increased arrears due to impact of cost-of-living crisis and the rent increase on household incomes More Council House disposals than anticipated and/or slower than anticipated progress on the council house new build programme Void properties exceeding the allowance included in the budget (particularly due to impacts of turnaround times and	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Produce regular budget monitoring reports • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Directorate ongoing monitoring is a performance indicator • Monthly monitoring of RPI and CPI index changes • Make use of expert forecasts of future RPI and CPI trends and the impact on housing rents • 30-year Business Plan to undergo full refresh. • Continual monitoring of arrears and void positions.

BUDGET RISK ASSESSMENT

		resourcing/contractor issues in HRS). CPI inflation less than budgeted rate (from 2024/25)– reducing rental income Impact of future interventions by Govt to alter Social Rent Policy, particularly any rent caps and future policy direction beyond 2025.			• Consideration to be given to re-establishing Housing Rents Hardship Fund • Work closely with Benefits Team to consider use of DHP's where appropriate. • Monthly New Homes Board meeting of cross directorate officers monitoring progress of New Build programme and capital & revenue funding • Analysis of factors driving voids increases, now assessing how these can be mitigated • Investment in tenancy sustainment officers • New subcontractors engaged to support the void process • Respond to future consultations on social rent policy.
8	Repairs & Maintenance on Corporate Properties	Unplanned emergency maintenance is required on the Council's Corporate Properties Increase in demands to meet statutory requirements and to minimise risks of adverse claims. Increase in demands to maintain operational service assets Increased investment required in natural assets. Impact of works on income and service delivery.	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Updated stock condition surveys for all corporate properties to undertaken in 2024 • Asset management planning in place (including identifying assets with large repairs and maintenance liabilities for disposal) • Produce regular budget monitoring reports – report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Properties with large maintenance liabilities are reviewed for potential disposal • New capital schemes allow for whole life costing. • Responsible Officer system in place. • Seek and identify external funding opportunities e.g, decarbonisation grants to improve corporate buildings

BUDGET RISK ASSESSMENT

					• Explore CAT or other alternative lease/MOU arrangements to transfer assets to the third sector.
9	Housing Investment Requirements	Implications arising from Social Housing White Paper including additional investment requirements and pledge to revise Decent Homes Standard. Implications arising from Building & Fire Safety regs. Any implications arising from new damp and mould potential regulations/legislation. Implications arising from the Council's net zero carbon 2030 commitment.	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 12** Likelihood: 3 Impact: 4	• Assessment of White Paper implications • Assessment of Building and Fire Safety implications • Stock condition surveys undertaken 2020 • Retrofit assessment of housing stock • Seek and identify alternative funding sources and models and make appropriate grant applications for decarbonisation works. • Refresh of HRA Business Plan for 2023/24 to incorporate new requirements. • Revised Lincoln Decent Homes Standard to be developed. • Use of collaborative contracts/framework agreements where possible. • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises.
10	Capital Financing - Long Term Borrowing	Balances unavailable for internal borrowing External borrowing costs above interest rates in MTFS	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Continue to monitor the cost effectiveness of utilising internal balances instead of taking external borrowing • Actively monitor the achievement of the capital receipts target and potential additional borrowing requirement • Actively monitor the cost effectiveness of asset disposals compared to Prudential Borrowing

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BUDGET RISK ASSESSMENT

					• Ongoing monitoring of cashflows from major sources of income • Regular review of current and future predicted borrowing rates to inform timing of borrowing decisions • Actively monitoring the cash flow on a daily basis.
11	External Funding of Capital Programme	Loss of anticipated external resource to support the capital programme. Changes to the allocation of grant funding for Disabled Facilities Grants (DFG) from the City Council to County Council, while the City Council retains statutory duty to provide services. Inability to attract/gain further external grant funding/partner contributions to deliver schemes included in Vision 2025 and future investment plans.	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 8** Likelihood: 2 Impact: 4	• Ensure grant conditions are complied with throughout scheme • Continue to seek and identify alternative funding sources and make appropriate grant applications. • Continue to work with partner organisations to secure additional funding opportunities. • Produce regular grant monitoring statements • Regular budget monitoring and reporting to Capital Programme Board • Ongoing discussions with the County Council to ensure the provision of DFG's meet the Council's funding requirements. • New schemes not approved until external funding secured.
12	Council Tax Base & Council Tax Support Scheme	In year variations to budget not containable within Collection Fund balances Costs to Council increased due to (including impact of cost-of-living crisis): – Actual CT base different to estimate	**Total Score: 6** Likelihood: 3 Impact: 2	**Total Score: 6** Likelihood: 3 Impact: 2	• Monthly monitoring of the Collection Fund - collection rates, CT discount caseload, council tax base. • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Produce quarterly collection rate statements **–** monitored via the Revenues and Benefits Operational Board, and Revenues and Benefits

BUDGET RISK ASSESSMENT

		– Collection rates/bad debt provisions – Increase in LCTS caseload or reduction not as anticipated. – Referendum rate of CT increases below budgeted rate			Management Team. Also report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee if targets are not being met, increased recovery action or further initiatives to increase collection • Annual increases in Council Tax considered alongside national expected increases. • Council Tax Support scheme still provides for a maximum of 100% of support, with no changes proposed for 2023/24. • Council Tax Hardship Fund in place. • New Government Hardship Fund to be delivered for 2023/24. • Consider potential arising from new legislation allowing 100% CT premiums on second homes.
13	Housing Benefits/Subsidy	Increase in payments that do not attract 100% subsidy i.e. overpayments and local authority errors Failure to comply with complex legislative requirements Lack of audit trail to substantiate grant claim Backlog of work Pressures from customer demands and complex enquiries due to welfare changes Issues arising from increased use of Bed and Breakfast	**Total Score: 6** Likelihood: 3 Impact: 2	**Total Score: 9** Likelihood: 3 Impact: 3	• Regular monitoring of claims being processed • Undertake staff training and sample accuracy checks • Ensure system backups are carried out and historic information is recoverable • Continue to lobby/raise awareness with Government of issues arising from use of temporary accommodation and levels of LHA rates. • Close monitoring of temporary accommodation between Housing and Benefits Team. • Links to wider issue around the availability of temporary accommodation within the City and interventions that are being sought.

Appendix 5

BUDGET RISK ASSESSMENT

		Accommodation which is capped at LHA levels.			
14	Sundry Debtors and Housing Benefit Overpayments	The Council's existing Bad Debt provision proves insufficient to meet any increase in the value of debts written off.	**Total Score: 6** Likelihood: 3 Impact: 2	**Total Score: 6** Likelihood: 3 Impact: 2	• Follow established debt recovery and write off procedures • Specific monitoring in place for key rentals/leases • Monitor age debt profile of debts against bad debt provision
15	Revenue Savings Targets	The required savings targets are not achieved nor required efficiencies delivered	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 12** Likelihood: 3 Impact: 4	• TFS7 programme developed with timescales agreed. • TFS7 delivery is a priority in Vision 2025, year 3 Annual Delivery Plan • Report monthly to Programme Board (CMT) and quarterly to Executive and Performance Scrutiny Committee • Further work to be undertaken to develop programme of reviews beyond 2023/24 and to achieve higher savings targets.
16	Capital Funding	Shortfall in the actual amount of Capital Receipts (i.e. Council House Sales, other HRA assets, GF assets) against the targets set within the HIP & GIP Revenue contributions are not sustainable in the revenue accounts of the HRA or General Fund	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 12** Likelihood: 3 Impact: 4	• Undertake regular monitoring of the capital receipts position • Capital Receipts targets incorporated in the Capital Strategy • Property Section fully informed of current targets within the GIP & HIP (no specific target set for the GIP for general disposals) • Specific capital receipts target in place for WGC Phase 1a 52 market homes – development agreement to be in place with minimum land value agreed with remainder subject to profit share.

BUDGET RISK ASSESSMENT

		Increase in borrowing costs (covered in separate risk – see no. 10) Reductions in grant funding (covered in separate risk – see no. 9).			• Active monitoring of local housing market, using specialist external advice. • Review of the most cost-effective funding options (e.g. capital receipts compared to prudential borrowing) • Monitor and report on the revenue and capital budgets together to ensure both capital and revenue impacts are identified • HRA Business plan includes allowance for full funding of capital requirements over 30 years, including revenue contributions. • Maximise where possible housing rent increases to maintain base and ensure resources available for future investment,
17	Cashflow Management (Investments and short-term borrowing)	Available cash flow surpluses less than anticipated and/or interest rates lower than forecast Reduction in cash flow results in deficits and/or rising interest rates Impact of major sources of income not being received when expected.	**Total Score: 3** **Likelihood: 3** **Impact: 1**	**Total Score: 6** Likelihood: 3 Impact: 2	• Monitor the average interest rate being achieved against the budget target and the level of balances available for investment • Actively monitoring the cash flow on a daily basis • Ongoing monitoring of cashflows from Business rates • Quarterly monitoring of Collection Fund forecast balances • Take account of economic analysts and Bank of England predictions and advice from Treasury Management Consultants • Hold regular Treasury Management meetings • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee

Appendix 5

BUDGET RISK ASSESSMENT

18	Government legislation/ regulations	Impact of secondary legislation arising from the Environment Act: - Biodiversity Net Gain - Weekly food waste collection - Free green waste collections - Air quality targets - Deposit Return Scheme - Extended Producer Responsibility	**Total Score: 2** **Likelihood: 1** **Impact: 1**	**Total Score: 9** **Likelihood: 3** **Impact: 3**	• Continue to monitor national developments and assess both the service and financial implications of new statutory duties. • Actively participate in any Government consultations. • Work alongside other local authorities to lobby Government for additional resource (if not provided for under New Burdens). • Work with Lincolnshire local authorities on joint approaches to resourcing new systems and development of options for implementation.
19	Government Grants (including RSG, Services Grant, New Homes Bonus, Minimum Funding Guarantee)	Cash reductions in Government Grant which are in excess of the levels assumed in the MTFS	**Total Score: 2** Likelihood: 1 Impact: 1	**Total Score: 3** Likelihood: 3 Impact: 1	• Regular review of grant figures and distribution mechanisms. • Lobby through national groups, respond to national consultations • Work with Association of Lincolnshire Finance Officers and the Society of District Treasures • Budget assumptions assume limited funding beyond 2024/25

Appendix 6

GENERAL FUND EARMARKED RESERVES FORECAST 2022/23 – 2027/28

Description	Balance @ 31.03.23	Balance @ 31.03.24	Balance @ 31.03.25	Balance @ 31.03.26	Balance @ 31.03.27	Balance @ 31.03.28
Carry Forwards	535,370	456,360	395,700	395,700	395,700	395,700
Active Nation Bond	180,000	180,000	180,000	180,000	180,000	180,000
AGP Sinking Fund	102,440	152,440	202,440	252,440	302,440	352,440
Air Quality Initiatives	21,590	21,590	21,590	21,590	21,590	21,590
Birchwood Leisure Centre	85,970	105,970	125,970	145,970	165,970	185,970
Business Rates Volatility	140,110	622,220	622,220	622,220	592,220	542,220
Christmas Decorations	13,870	13,870	13,870	13,870	13,870	13,870
City Hall Sinking Fund	60,460	60,460	60,460	60,460	60,460	60,460
Commons Parking	700	700	700	700	700	700
Corporate Training	60,300	60,300	60,300	60,300	60,300	60,300
Covid-19 Recovery	1,047,230	1047,230	847,230	0	0	0
Covid-19 Response	353,650	353,650	353,650	200,890	0	0
DRF Unused	1,600	1,600	1,600	1,600	1,600	1,600
Electric Van replacement	28,220	32,650	37,080	41,510	45,940	50,370
HiMO CPN Appeals	47,080	47,080	47,080	47,080	47,080	47,080
Grants & Contributions	1,878,3300	1,808,660	1,761,330	1,740,880	1,740,880	1,740,880
Income Volatility Reserve	320,000	320,000	320,000	320,000	320,000	320,000
Inflation Volatility Reserve	150,000	150,000	150,000	150,000	150,000	150,000
Invest to Save	100,780	500,780	500,780	500,780	500,780	500,780
IT Reserve	284,070	349,070	414,070	479,070	544,070	609,070
Lincoln Lottery	8,930	8,930	8,930	8,930	8,930	8,930
Mayoral Car	27,100	27,100	27,100	27,100	27,100	27,100
MSCP & Bus Station Sinking Fund	149,210	195,160	242,030	289,840	338,610	388,360
Private Sector Stock Condition Survey	51,460	3,460	15,460	27,460	39,460	51,460
Residents Parking Scheme	0	0	0	450	66,800	132,480
Revenues & Benefits Community Fund	25,450	25,450	25,450	25,450	25,450	25,450
Section 106 interest	31,570	31,570	31,570	31,570	31,570	31,570
Strategic Growth Reserve	5,090	5,090	5,090	5,090	5,090	5,090
Tank Memorial	10,000	10,000	10,000	10,000	10,000	10,000
Tree Risk Assessment	100,140	92,270	83,670	74,570	78,390	78,390
Vision 2025	595,300	386,710	370,060	361,810	352,810	352,810
Western Growth Corridor Planning	49,410	49,410	49,410	49,410	49,410	49,410
TOTAL GENERAL FUND	**6,465,430**	**7,119,780**	**6,984,840**	**6,146,740**	**6,177,220**	**6,394,080**

HOUSING REVENUE ACCOUNT EARMARKED RESERVES FORECAST 2022/23 to 2027/28

Description	Forecast Balance 31.03.23 £	Forecast Balance 31.03.24 £	Forecast Balance 31.03.25 £	Forecast Balance 31.03.26 £	Forecast Balance 31.03.27 £	Forecast Balance 31.03.28 £
Capital Fees Equalisation	110,034	110,034	110,034	110,034	110,034	110,034
De Wint Court Reserve	73,480	73,480	73,480	73,480	73,480	73,480
De Wint Court Sinking Fund	0	10,610	21,540	32,800	44,400	56,350
Disrepairs Management	300,000	300,000	300,000	300,000	300,000	300,000
Housing Business Plan	18,559	18,559	18,559	18,559	18,559	18,559
Housing Repairs Service	125,713	125,713	125,713	125,713	125,713	125,713
HRA IT	0	35,000	70,000	105,000	140,000	175,000
HRA Repairs Account	1,350,645	1,350,645	1,350,645	1,350,645	1,350,645	1,350,645
HRA Strategic Priority Reserve	515,723	515,723	515,723	515,723	515,723	515,723
HRA Invest to Save	162,248	45,028	43,768	43,768	43,768	43,768
RSAP/NSAP Sinking Fund	0	9,000	18,000	27,000	36,000	45,000
Strategic Growth Reserve (WGC)	4,872	4,872	4,872	4,872	4,872	4,872
TOTAL HOUSING REVENUE ACCOUNT	**2,661,275**	**2,598,665**	**2,652,335**	**2,707,595**	**2,763,195**	**2,819,145**

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CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **GUILDHALL (excl LEASE OR TENDER) , CITY HALL & COMMITTEE ADMIN (CX)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £	
GUILDHALL				
ROOM HIRE:				
Guildhall Room Hire Fee	212.00	218.40	**218.40**	
Private & Specialist Tours (Charge per person)				
- Classification 1 (minimum booking of 10 people) *				
Monday to Saturday 60-90 minutes	5.40	5.60	**5.60**	**inc VAT**
Monday to Saturday 120-180 minutes	9.60	9.90	**9.90**	**inc VAT**
- Classification 2 (minimum booking for 15 people)**				
Monday to Sunday 60-90 minutes	8.00	8.20	**8.20**	**inc VAT**
Monday to Sunday 120-180 minutes	8.30	8.60	**8.60**	**inc VAT**
* Where a private tour is booked during the day and interferes with public tours				
** Where a tour is outside of normal working hours - evenings Monday-Friday all day Saturday and Sunday) & Any other Specialist tours, talks & events				
CITY HALL				
ROOM HIRE:				
Charities & organisations with Council representation (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	35.00	37.00	**39.00**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	25.00	26.00	**27.50**	**inc VAT**
Lincs non-profit making organisations (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	60.00	62.00	**65.50**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	35.00	37.00	**39.00**	**inc VAT**
Other users including Government and Court use (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	140.00	145.00	**152.50**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	95.00	98.00	**103.00**	**inc VAT**
Supplement for evening use	50%	50%	**50%**	
Drinks (per delegate per half day)	2.60	3.00	**3.20**	**inc VAT**
Cancellation Fee	10.00	12.00	**12.50**	
COMMITTEE SERVICES				
- Supplying a copy of or extract from a document (excluding site plans or planning decision notices) (plus postage)	8.00	8.20	**8.60**	**inc VAT**
- Council Summons (per year) (Incl postage & packing)	202.80	-	**-**	

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **REPRESENTATION OF PEOPLES ACT (CX)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £	
ELECTORAL SERVICES				
STATUTORY:				
Public Sales				
- Sale of Electoral Register per 1000 names, or part				
(plus cost postage & packing)				
Paper copy				
- initial fee	10.00	10.00	**10.00**	
- per 1000 names, or part	5.00	5.00	**5.00**	
Data				
- initial fee	20.00	20.00	**20.00**	
- per 1000 names, or part	1.50	1.50	**1.50**	
- Sale of Marked Register per 1000 names, or part				
(plus cost postage & packing)				
Paper copy				
- initial fee		10.00	**10.00**	
- per 1000 names, or part		2.00	**2.00**	
Data				
- initial fee		10.00	**10.00**	
- per 1000 names, or part		1.00	**1.00**	
- Copies of Candidate's Expenses (per side)	0.20	0.20	**0.20**	
NON-STATUTORY:				
- Postage & Packing of Register of Electors	23.20	-	**-**	
- Hire of Ballot Boxes	9.40	-	**-**	**inc VAT**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2022/23 £**	

Please Note on All Licensing Fees and Charges for any Cheques that bounce there will be a £10.00 Charge Incurred

HACKNEY CARRIAGES

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £	
- Vehicle Licence/Renewal (one year)	137.00	137.00	**149.00**	
- Plates Deposit (refundable)	13.00	13.00	**13.00**	
- Replacement Plate(s)	16.00	16.00	**20.00**	
-Test Certificate admin fee	17.00	17.00	**19.00**	
- Change of Vehicle/HV/Reg	70.00	70.00	**75.00**	
-Change of Owner (Previously in above)	46.00	46.00	**51.00**	
- Driver Licence (one year)	129.00	129.00	**139.00**	
- Driver Licence (three year)	229.00	229.00	**257.00**	
- Drivers Knowledge Test	37.00	37.00	**41.00**	
-DBS check (enhanced)	40.00	40.00	**Recharged at cost**	
-DBS check (standard)	23.00	23.00	**Recharged at cost**	
-DVLA Check	3.00	3.00	**Recharged at cost**	**plus VAT**
-DVLA Check - (Non UK driving licences)	15.00	15.00	**Recharged at cost**	**plus VAT**
- Badge Deposit (refundable)	6.00	6.00	**6.00**	
- Badge Replacement (previously in above)	8.00	8.00	**15.00**	

PRIVATE HIRE

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £	
- Vehicle Licence/Renewal (one year)	113.00	113.00	**122.00**	
- Plates Deposit (refundable)	13.00	13.00	**13.00**	
- Replacement Plate(s)	16.00	16.00	**20.00**	
-Test Certificate admin fee	17.00	17.00	**19.00**	
- Change of Vehicle/Operator/HV/Reg	70.00	70.00	**75.00**	
-Change of Owner (Previously in above)	46.00	46.00	**51.00**	
- Driver Licence (one year)	95.00	95.00	**106.00**	
- Driver Licence (three year)	195.00	195.00	**228.00**	
- Drivers Knowledge Test	37.00	37.00	**41.00**	
-DBS check (enhanced)	40.00	40.00	**Recharged at cost**	
-DBS check (standard)	23.00	23.00	**Recharged at cost**	
-DVLA Check	3.00	3.00	**Recharged at cost**	**plus VAT**
-DVLA Check - (Non UK driving licences)	15.00	15.00	**Recharged at cost**	**plus VAT**
- Badge Deposit (refundable)	6.00	6.00	**6.00**	
- Badge Replacement (previously in above)	8.00	8.00	**15.00**	
- Operators Licence (five years) 10 Vehicles or More	1,071.00	1,071.00	**1,171.00**	
- Operators Licence (five years) less than 10 Vehicles	347.00	347.00	**381.00**	

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £	
LICENCES AND CERTIFICATES				
Dangerous Wild Animals	488.00	488.00	**523.00**	
Dangerous Wild Animals Renewal	201.00	201.00	**220.00**	
Horse Registration Fee	62.00	62.00	**68.00**	
Sex Establishment New Licence Application Fee	504.00	504.00	**539.00**	
Sex Establishment New Licence Issue Fee	209.00	209.00	**229.00**	
Sex Establishment Renewal Application Fee	201.00	201.00	**220.00**	
Sex Establishment Renewal Issue Fee	186.00	186.00	**203.00**	
Sex Establishment Transfer Application Fee	85.00	85.00	**93.00**	
Sex Establishment Transfer Issue Fee	201.00	201.00	**220.00**	
Sex Establishment Variation Application Fee	349.00	349.00	**370.00**	
Sex Establishment Variation Issue Fee	31.00	31.00	**34.00**	
STREET TRADING				
Street Trading Consent - Initial Applicaction				
- Initial Administration Fee	318.00	318.00	**336.00**	
- Initial Annual Consent Fee	31.00	31.00	**34.00**	
Renewal Consent Fee				
- Renewable Annual Administation Fee	31.00	31.00	**34.00**	
- Renewable Annual Consent Fee	31.00	31.00	**34.00**	
ANIMAL ACTIVITIES LICENCE				
Animal Activities Licence	300.00	300.00	**315.00**	plus Vet Fees
Request Re-Inspection for Star Review	130.00	130.00	**137.00**	
Requesting Variation of the Licence	118.00	118.00	**124.00**	
Performing Animals Licence*	255.00	255.00	**268.00**	plus Vet Fees

* 10% Discount for Charities

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £
LICENCES AND CERTIFICATES			
Scrap Metal Dealers & Motor Salvage Operators			
New Application	948.00	948.00	**1,016.00**
Site Renewal	743.00	743.00	**813.00**
Collectors Licence	271.00	271.00	**288.00**
Variations			
- Add New Site Manager (Existing within LA area)	10.50	10.50	**10.50**
- Add New Site Manager (Not Existing within LA area	69.00	69.00	**69.00**
- Remove Site Manager (Existing within LA area)	10.50	10.50	**10.50**
- Duplicate Licence	10.50	10.50	**10.50**
- Change of Trading Name	10.50	10.50	**10.50**
Remove a Site			
- Refund In Year 1**	284.00	284.00	**313.00**
- Refund In Year 2**	129.00	129.00	**144.00**
- In Year 3	15.00	15.00	**15.00**
Add a Site			
- In Year 1	511.00	511.00	**542.00**
- In Year 2	344.00	344.00	**372.00**
- In Year 3	201.00	201.00	**203.00**
Collectors Licence to Site Licence			
- In Year 1	630.00	630.00	**688.00**
- In Year 2	497.00	497.00	**535.00**
- In Year 3	351.00	351.00	**383.00**
Site Licence to Collectors Licence			
- Refund In Year 1**	13.00	13.00	**25.00**
- In Year 2**	142.00	142.00	**144.00**
- In Year 3	271.00	271.00	**288.00**
Surrender Collectors Licence			
- Refund In Year 1**	124.00	124.00	**135.00**
- Refund In Year 2**	62.00	62.00	**68.00**

**** This is a Refund**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2022/23 £**
LICENCES AND CERTIFICATES			
Premises Licence - Grant/Variation (Not change of name/address or premises supervisor)			
- NDRV £0 - £4,300	100.00	100.00	**100.00**
- NDRV £4,301 - £33,000	190.00	190.00	**190.00**
- NDRV £33,001 - £87,000	315.00	315.00	**315.00**
- NDRV £87,001 - £125,000	450.00	450.00	**450.00**
- NDRV £125,001 and over	635.00	635.00	**635.00**
Premises Licence - Annual			
- NDRV £0 - £4,300	70.00	70.00	**70.00**
- NDRV £4,301 - £33,000	180.00	180.00	**180.00**
- NDRV £33,001 - £87,000	295.00	295.00	**295.00**
- NDRV £87,001 - £125,000	320.00	320.00	**320.00**
- NDRV £125,001 and over	350.00	350.00	**350.00**
Premises Licence - Variation Fee in Transition			
- NDRV £0 - £4,300	20.00	20.00	**20.00**
- NDRV £4,301 - £33,000	60.00	60.00	**60.00**
- NDRV £33,001 - £87,000	80.00	80.00	**80.00**
- NDRV £87,001 - £125,000	100.00	100.00	**100.00**
- NDRV £125,001 and over	120.00	120.00	**120.00**
For premises used exclusively or primarily in the business of selling alcohol for consumption on the premises and within bands D & E - the following multiplier applies - Band D x 2, Band E x 3			
Premises Licence - Grant/Variation (Not change of name/address or premises supervisor)			
- NDRV £87,001 - £125,000	900.00	900.00	**900.00**
- NDRV £125,001 and over	1,905.00	1,905.00	**1,905.00**
Premises Licence - Annual			
- NDRV £87,001 - £125,000	640.00	640.00	**640.00**
- NDRV £125,001 and over	1,050.00	1,050.00	**1,050.00**
Club Premises Certificates -Grant/Variation (Not change of name, alteration of club rules or registered address)			
- NDRV £0 - £4,300	100.00	100.00	**100.00**
- NDRV £4,301 - £33,000	190.00	190.00	**190.00**
- NDRV £33,001 - £87,000	315.00	315.00	**315.00**
- NDRV £87,001 - £125,000	450.00	450.00	**450.00**
- NDRV £125,001 and over	635.00	635.00	**635.00**
Club Premises Certificates - Annual			
- NDRV £0 - £4,300	70.00	70.00	**70.00**
- NDRV £4,301 - £33,000	180.00	180.00	**180.00**
- NDRV £33,001 - £87,000	295.00	295.00	**295.00**
- NDRV £87,001 - £125,000	320.00	320.00	**320.00**
- NDRV £125,001 and over	350.00	350.00	**350.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2022/23 £**
LICENCES AND CERTIFICATES			
Copy of Licence/Certificate/Notice or Summary on theft or loss of:			
- Premises Licence or Summary	10.50	10.50	**10.50**
- Club Premises Certificate or Summary	10.50	10.50	**10.50**
- Personal Licence	10.50	10.50	**10.50**
- Temporary Events Notice	10.50	10.50	**10.50**
Change of name or address			
- Holder of Premises Licence	10.50	10.50	**10.50**
- Personal Licence	10.50	10.50	**10.50**
Change of name or alteration to club rules	10.50	10.50	**10.50**
Change of relevant registered address of club	10.50	10.50	**10.50**
Vary specific individual as premises supervisor	23.00	23.00	**23.00**
Transfer Premises Licence	23.00	23.00	**23.00**
Interim Authority Notice	23.00	23.00	**23.00**
Provisional Statement	315.00	315.00	**315.00**
Temporary Events Notice	21.00	21.00	**21.00**
Personal Licences			
- Grant/Renewal	37.00	37.00	**37.00**
Minor Variation of a Premises Licence/Club Premises Certificate	89.00	89.00	**89.00**
Notification of Interest	21.00	21.00	**21.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2022/23 £**
GAMBLING ACT - PERMIT FEES			
FEC Gaming Machine -			
- Application Fee	300.00	300.00	**300.00**
- Renwal Fee	300.00	300.00	**300.00**
Prize Gaming -			
- Application Fee	300.00	300.00	**300.00**
- Renewal Fee	300.00	300.00	**300.00**
Alcohol Licences Premises - Notification of less than 2 Machines			
- Application Fee	50.00	50.00	**50.00**
Alcohol Licences Premises - More than 2 Machines			
- Application Fee	150.00	150.00	**150.00**
- Annual Fee	50.00	50.00	**50.00**
- Transitional Application Fee	100.00	100.00	**100.00**
Club Gaming Permit -			
- Application Fee	200.00	200.00	**200.00**
- Annual Fee	50.00	50.00	**50.00**
- Renewal Fee	200.00	200.00	**200.00**
- Transitional Application Fee	100.00	100.00	**100.00**
Club Gaming Machine Permit -			
- Application Fee	200.00	200.00	**200.00**
- Annual Fee	50.00	50.00	**50.00**
- Renewal Fee	200.00	200.00	**200.00**
- Transitional Application Fee	100.00	100.00	**100.00**
Club Fast-track for Gaming Permit or Gaming Machine Permit -			
- Application Fee	100.00	100.00	**100.00**
- Annual Fee	50.00	50.00	**50.00**
- Renewal Fee	100.00	100.00	**100.00**
- Transitional Application Fee			
Small Society Lottery Registration -			
- Application Fee	40.00	40.00	**40.00**
- Annual Fee	20.00	20.00	**20.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £
GAMBLING ACT - PERMIT FEES cont.			
FEC Permits -			
- Change of Name	25.00	25.00	**25.00**
- Copy of Permit	15.00	15.00	**15.00**
Prize Gaming Permits -			
- Change of Name	25.00	25.00	**25.00**
- Copy of Permit	15.00	15.00	**15.00**
Alcohol Licences Premises - Notification of More than 2 Machines -			
- Change of Name	25.00	25.00	**25.00**
- Copy of permit	15.00	15.00	**15.00**
- Variation	100.00	100.00	**100.00**
- Transfer	25.00	25.00	**25.00**
Club Gaming Permit -			
- Copy of Permit	15.00	15.00	**15.00**
- Variation	100.00	100.00	**100.00**
Club Gaming Machine Permit			
- Copy of Permit	15.00	15.00	**15.00**
- Variation	100.00	100.00	**100.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £
GAMBLING ACT - APPLICATION FEES			
Classes of Premises Licence -			
Regional Casino Premises Licence -			
- Application Fee in respect of Provisional statement premises	8,000.00	8,000.00	**8,000.00**
- Fee in respect of other premises	15,000.00	15,000.00	**15,000.00**
- Annual Fee	15,000.00	15,000.00	**15,000.00**
- Application to vary licence	7,500.00	7,500.00	**7,500.00**
- Application to transfer a licence	6,500.00	6,500.00	**6,500.00**
- Application for reinstatement of a licence	6,500.00	6,500.00	**6,500.00**
- Application for provisional statement	15,000.00	15,000.00	**15,000.00**
Large Casino Premises Licence -			
- Application Fee in respect of Provisional statement premises	5,000.00	5,000.00	**5,000.00**
- Fee in respect of other premises	10,000.00	10,000.00	**10,000.00**
- Annual Fee	10,000.00	10,000.00	**10,000.00**
- Application to vary licence	5,000.00	5,000.00	**5,000.00**
- Application to transfer a licence	2,150.00	2,150.00	**2,150.00**
- Application for reinstatement of a licence	2,150.00	2,150.00	**2,150.00**
- Application for provisional statement	10,000.00	10,000.00	**10,000.00**
Small Casino Premises Licence -			
- Application Fee in respect of Provisional statement premises	3,000.00	3,000.00	**3,000.00**
- Fee in respect of other premises	8,000.00	8,000.00	**8,000.00**
- Annual Fee	5,000.00	5,000.00	**5,000.00**
- Application to vary licence	4,000.00	4,000.00	**4,000.00**
- Application to transfer a licence	1,800.00	1,800.00	**1,800.00**
- Application for reinstatement of a licence	1,800.00	1,800.00	**1,800.00**
- Application for provisional statement	8,000.00	8,000.00	**8,000.00**
Converted Casino premises licence -			
- Annual Fee	3,000.00	3,000.00	**3,000.00**
- Application to vary licence	2,000.00	2,000.00	**2,000.00**
- Application to transfer a licence	1,350.00	1,350.00	**1,350.00**
- Application for reinstatement of a licence	1,350.00	1,350.00	**1,350.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £
GAMBLING ACT - APPLICATION FEES			
Bingo Premises Licence -			
- Application Fee in respect of Provisional statement premises	1,200.00	1,200.00	**1,200.00**
- Fee in respect of other premises	3,500.00	3,500.00	**3,500.00**
- Annual Fee	1,000.00	1,000.00	**1,000.00**
- Application to vary licence	1,750.00	1,750.00	**1,750.00**
- Application to transfer a licence	1,200.00	1,200.00	**1,200.00**
- Application for reinstatement of a licence	1,200.00	1,200.00	**1,200.00**
- Application for provisional statement	3,500.00	3,500.00	**3,500.00**
Adult Gaming centre Premises Licence -			
- Application Fee in respect of Provisional statement premises	1,200.00	1,200.00	**1,200.00**
- Fee in respect of other premises	2,000.00	2,000.00	**2,000.00**
- Annual Fee	1,000.00	1,000.00	**1,000.00**
- Application to vary licence	1,000.00	1,000.00	**1,000.00**
- Application to transfer a licence	1,200.00	1,200.00	**1,200.00**
- Application for reinstatement of a licence	1,200.00	1,200.00	**1,200.00**
- Application for provisional statement	2,000.00	2,000.00	**2,000.00**
Betting premises (track) Licence -			
- Application Fee in respect of Provisional statement premises	950.00	950.00	**950.00**
- Fee in respect of other premises	2,500.00	2,500.00	**2,500.00**
- Annual Fee	1,000.00	1,000.00	**1,000.00**
- Application to vary licence	1,250.00	1,250.00	**1,250.00**
- Application to transfer a licence	950.00	950.00	**950.00**
- Application for reinstatement of a licence	950.00	950.00	**950.00**
- Application for provisional statement	2,500.00	2,500.00	**2,500.00**
Family Entertainment centre premises licence:			
- Application Fee in respect of Provisional statement premises	950.00	950.00	**950.00**
- Fee in respect of other premises	2,000.00	2,000.00	**2,000.00**
- Annual Fee	750.00	750.00	**750.00**
- Application to vary licence	1,000.00	1,000.00	**1,000.00**
- Application to transfer a licence	950.00	950.00	**950.00**
- Application for reinstatement of a licence	950.00	950.00	**950.00**
- Application for provisional statement	2,000.00	2,000.00	**2,000.00**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2022/23 £
GAMBLING ACT - APPLICATION FEES			
Betting premises (other) Licence			
- Application Fee in respect of Provisional statement premises	1,200.00	1,200.00	**1,200.00**
- Fee in respect of other premises	3,000.00	3,000.00	**3,000.00**
- Annual Fee	600.00	600.00	**600.00**
- Application to vary licence	1,500.00	1,500.00	**1,500.00**
- Application to transfer a licence	1,200.00	1,200.00	**1,200.00**
- Application for reinstatement of a licence	1,200.00	1,200.00	**1,200.00**
- Application for provisional statement	3,000.00	3,000.00	**3,000.00**
Change of Circumstance fee	50.00	50.00	**50.00**
Copy of Licence Fee	25.00	25.00	**25.00**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CEMETERIES (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
INTERMENTS				
Child up to sixteen years	No Charge	No Charge	**No Charge**	
Person over sixteen years	1,175.00	1,210.00	**1,270.00**	
Preparation for Exhumation	2,195.00	2,260.00	**2,375.00**	
Grave Purchase (50 Year Lease)**	1,145.00	1,180.00	**1,240.00**	
Grave Purchase (Baby)	300.00	310.00	**325.00**	
Interments of cremated remains:				
- From Lincoln Crematorium*	88.00	90.00	**95.00**	
- From Other Crematorium*	120.00	125.00	**135.00**	
Preparation for Exhumation of Ashes	310.00	320.00	**340.00**	
Cremation Plot Purchase	300.00	310.00	**320.00**	
Body Parts/blocks/slides*	76.00	78.00	**82.00**	
50% Discount for City of Lincoln Residents (Excluding those marked with *)				
**Fee is non-transferable to anyone other than the purchasee/designated person.				
If the intention is to transfer onto a non-city resident then charge will be doubled.				
MONUMENTS, GRAVE STONES, TABLETS & INSCRIPTIONS				
Monumental Mason Headstone	118.00	120.00	**125.00**	**inc VAT**
MISCELLANEOUS				
Levelling and re-turfing of graves	50.00	51.00	**54.00**	**inc VAT**
Burial records search fee where appropriate	6.00	6.00	**7.00**	**inc VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LONG LEYS ROAD CEMETERY (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £
INTERMENTS			
Child up to sixteen years	No Charge	No Charge	**No Charge**
Person over sixteen years			
- Resident	760.00	780.00	**820.00**
- Non-resident	1,520.00	1,560.00	**1,640.00**
Interments of cremated remains			
- From Lincoln Crematorium *	105.00	110.00	**115.00**
- From Other Crematorium *	130.00	135.00	**145.00**
PURCHASE OF GRAVE PLOT			
Grave Purchase (50 Year Lease) **			
- Resident	660.00	680.00	**715.00**
- Non-resident	1,320.00	1,360.00	**1,430.00**
Grave Purchase (Baby)			
- Resident	160.00	165.00	**175.00**
- Non-resident	320.00	330.00	**350.00**
Cremation Plot Purchase			
- Resident	160.00	165.00	**175.00**
- Non-resident	320.00	330.00	**350.00**

50% Discount for City of Lincoln Residents (Excluding those marked with *)
** Fee is non-transferable to anyone other than the purchasee/designated person.
If the intention is to transfer onto a non-city resident then the 50% discount will not apply.

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CREMATORIUM (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 01/04/22 - 30/11/22 £	CURRENT 2022/23 01/12/22 - 31/03/23 £	PROPOSED 2023/24 £	
CREMATION FEES					
Body Parts/Slides/Blocks	83.00	85.00	95.00	**98.00**	
Child up to sixteen years	No Charge	No Charge	No Charge	**No Charge**	
Person over sixteen years	805.00	830.00	935.00	**960.00**	
(Fee inclusive of Urn, Medical Refs Fee & Cremation Certificate)					
Charge for non-city residents :					
Person over sixteen years	805.00	830.00	935.00	**960.00**	
(Fee inclusive of Urn, Medical Refs Fee & Cremation Certificate)					
Service Extension (20 min period)	185.00	190.00	215.00	**220.00**	
MEMORIALS AND INSCRIPTIONS					
Book of Remembrance					
2 Lines	100.00	105.00	105.00	**115.00**	**inc VAT**
5 Lines	131.00	135.00	135.00	**145.00**	**inc VAT**
8 Lines	160.00	165.00	165.00	**175.00**	**inc VAT**
Miniature Books					
2 Lines	110.00	115.00	115.00	**125.00**	**inc VAT**
5 Lines	120.00	125.00	125.00	**135.00**	**inc VAT**
8 lines	135.00	140.00	140.00	**150.00**	**inc VAT**
Remembrance cards					
2 Lines	67.00	70.00	70.00	**75.00**	**inc VAT**
5 Lines	77.00	80.00	80.00	**85.00**	**inc VAT**
8 Lines	93.00	95.00	95.00	**100.00**	**inc VAT**
Additional lines to existing books and cards per line	19.00	19.60	19.60	**20.00**	**inc VAT**
MISCELLANEOUS CHARGES					
- Caskets	57.00	59.00	59.00	**62.00**	
- Extract from Register of Cremations	12.00	12.00	12.00	**13.00**	
Memorial Service (when space available)	370.00	380.00	380.00	**400.00**	
DEPOSIT OF ASHES					
- Temporary deposit of ashes per month after one month	15.00	16.00	16.00	**17.00**	
- For burying of ashes in Garden of Remembrance where cremation carried out at other crematorium	95.00	100.00	100.00	**105.00**	**inc VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CREMATORIUM (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2023/24 £**	
MEMORIAL GARDEN				
Wall Tablet (10 year lease)	241.66	250.00	**262.50**	**plus VAT**
Bench Tablet (10 year lease)	333.33	341.67	**358.34**	**plus VAT**
Kerb Tablet (10 year lease)	358.33	366.67	**383.34**	**plus VAT**
Vault Tablet (20 year lease)	800.00	816.67	**858.34**	**plus VAT**
Designer images on plaques - from	120.83	125.00	**133.34**	**plus VAT**
Ceramic Photo Plaques				
4cm x 3cm	112.50	116.67	**125.00**	**plus VAT**
7cm x 5cm	154.17	158.33	**166.67**	**plus VAT**
Renewal of Wall Tablet (10 year lease)		150.00	**158.34**	**plus VAT**
Renewal of Bench Tablet (10 year lease)		233.33	**245.84**	**plus VAT**
Renewal of Kerb Tablet (10 year lease)		250.00	**262.50**	**plus VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **BREAVEMENT SERVICES (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
BREAVEMENT SERVICES				
Witnessed burial in the Garden of Remembrance	31.00	32.00	**35.00**	
Direct Cremation Service	480.00	495.00	**520.00**	
Change of fees for a memorial permit to make it a clear price	118.00	120.00	**125.00**	
WESLEY SYSTEM				
Audio recording supplied on CD - 1st Copy	60.00	62.00	**65.00**	**inc VAT**
Audio recording supplied on CD - subsequent copies	29.00	30.00	**32.00**	**inc VAT**
Video recording supplied on DVD - 1st copy	60.00	62.00	**65.00**	**inc VAT**
Video recording supplied on DVD - subsequent copies	29.00	30.00	**32.00**	**inc VAT**
Video recording supplied on download		30.00	**30.00**	**inc VAT**
VISUAL TRIBUTES				
Visual tribute - 1 photograph	25.00	26.00	**27.00**	**inc VAT**
Visual tribute - 2-5 photographs	35.00	36.00	**38.00**	**inc VAT**
Visual tribute - 6-10 photographs	46.00	47.00	**50.00**	**inc VAT**
Visual tribute – 10+ photographs subsequent per photograph)	3.00	3.00	**3.00**	**inc VAT**
Video tribute - up to 2 minutes	35.00	36.00	**38.00**	**inc VAT**
Video tribute - over 2 minutes to 5 minutes	46.00	47.00	**50.00**	**inc VAT**
DVD containing the tribute - 1st copy	35.00	36.00	**38.00**	**inc VAT**
DVD containing the tribute - subsequent copies	29.00	30.00	**32.00**	**inc VAT**
Tribute embedded into video of the service	80.00	82.00	**86.00**	**inc VAT**
WEBCASTING				
Webcasting of Service	60.00	62.00	**65.00**	**inc VAT**
MEMORIAL TREE				
Memorial Leaf (Name Only)*	155.00	162.50	**170.84**	**plus VAT**
Memorial Leaf (Name & Inscription)*	180.00	187.50	**195.84**	**plus VAT**

*Subject to a 10 year lease

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **OTHER PUBLIC HEALTH, PUBLIC HEALTH INSPECTION & SALVAGE OPERATORS (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £
LICENCES, CERTIFICATES AND AUTHORISATIONS			
Food Certificates			
- Condemned food	44.10	45.40	**48.50**
(No charge for single items)			
- Consignments for Export	77.70	80.00	**85.50**
Authorisations *- Prescribed Processes (All subject to notification by DEFRA) :			
- Application Fees			
- Standard	1,579.00	1,579.00	**1,579.00**
- Additional Fee for Operating without a Permit	1,137.00	1,137.00	**1,137.00**
- PVRI, SWOB's and Dry Cleaners	148.00	148.00	**148.00**
- PVR Combinded I & II	246.00	246.00	**246.00**
- VR & other Reduced Fee Activities	346.00	346.00	**346.00**
- RFA Additional Fee for no Permit	68.00	68.00	**68.00**
- Mobile Plant **	1,579.00	1,579.00	**1,579.00**
- for 3rd to 7th Applications	943.00	943.00	**943.00**
- for 8th & Subsequent Applications	477.00	477.00	**477.00**
Where an Application for any of the above is for a combined Part B and Waste Application add extra £297 to Amount shown			
- Subsistence charges			
- Standard - Low	739.00	739.00	**739.00**
- Standard - Med	1,111.00	1,111.00	**1,111.00**
- Standard - High	1,672.00	1,672.00	**1,672.00**
- PVRI, SWOB's and Dry Cleaners Low	76.00	76.00	**76.00**
- PVRI, SWOB's and Dry Cleaners Med	151.00	151.00	**151.00**
- PVRI, SWOB's and Dry Cleaners High	227.00	227.00	**227.00**
- PVR I & II Combined Low	108.00	108.00	**108.00**
- PVR I & II Combined Med	216.00	216.00	**216.00**
- PVR I & II Combined High	326.00	326.00	**326.00**
- VRs & other Reduced Fees Low	218.00	218.00	**218.00**
- VRs & other Reduced Fees Med	349.00	349.00	**349.00**
- VRs & other Reduced Fees High	524.00	524.00	**524.00**
- Mobile Plants for 1st & 2nd Permits Low **	618.00	618.00	**618.00**
- Mobile Plants for 1st & 2nd Permits Med **	989.00	989.00	**989.00**
- Mobile Plants for 1st & 2nd Permits High **	1,484.00	1,484.00	**1,484.00**
- For the 3rd to 7th Permits Low	368.00	368.00	**368.00**
- For the 3rd to 7th Permits Med	590.00	590.00	**590.00**
- For the 3rd to 7th Permits High	884.00	884.00	**884.00**
- For the 8th and Subsequent Permits Low	189.00	189.00	**189.00**
- For the 8th and Subsequent Permits Med	302.00	302.00	**302.00**
- For the 8th and Subsequent Permits High	453.00	453.00	**453.00**
- Late Payment Fee	50.00	50.00	**50.00**

** Not using simplified Permits
The Additional amounts in brackets must be charged where permit is for combined Part B and Waste Installation.
Where a Part B Installation is subject to reporting under the E-PRTR Regulation, add £99 extra to the Amounts Shown

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **OTHER PUBLIC HEALTH, PUBLIC HEALTH INSPECTION & SALVAGE OPERATORS (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
LICENCES, CERTIFICATES AND AUTHORISATIONS				
- Transfer & Surrender				
- Standard Process Transfer	162.00	162.00	**162.00**	
- Standard Process Partial Transfer	476.00	476.00	**476.00**	
- New Operator - Low risk Fee	75.00	75.00	**75.00**	
- Reduced Fee Activities Partial Transfer	45.00	45.00	**45.00**	
- Temporary Transfer for Mobiles				
- First Transfer	51.00	51.00	**51.00**	
- Repeat following Enforcement or Warning	51.00	51.00	**51.00**	
- Substantial Change				
- Standard Process	1,005.00	1,005.00	**1,005.00**	
- Standard Process where result in a new PPC Activity	1,579.00	1,579.00	**1,579.00**	
- Reduced Fee Activities	98.00	98.00	**98.00**	
Local Government Misc Provisions- Skin Piercers (including Tattooing & Acupuncture)				
- Premises	169.90	175.00	**187.30**	
- Persons	32.60	34.00	**36.50**	
Re-issue of Skin Piercers Registration Certificate	15.50	16.00	**30.00**	

* 10% discount for registered charities

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
PUBLIC CONVENIENICES				
Castle Hill	0.20	0.20	**0.20**	
Tentercroft Street	0.20	0.20	**0.20**	
Westgate	0.20	0.20	**0.20**	
Bus Station	0.20	0.20	**0.20**	
Lucy Tower	0.20	0.20	**0.20**	
E-Access Card	5.00	5.00	**5.00**	**inc VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **PEST CONTROL, DOG WARDEN, PUBLIC HEALTH INSPECTION (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
Dogs :				
- Penalty for Strays *(Set by EPA & charged on 2nd continuing offence.)	25.00	25.00	**25.00**	
- Housing of Strays (Kennel fee per day) (Cost + Handling Charge)	12.80	13.20	**13.90**	**inc VAT**
- Acceptance of, for Destruction	85.90	88.50	**93.00**	
OTHER				
Provision of Information				
- Photograph (Each additional photo £1.30)	14.40	14.80	**15.80**	**inc VAT**
- Documents	13.10	13.50	**14.50**	**inc VAT**
- Factual Statement & Report of Investigations	143.50	147.80	**158.00**	**inc VAT**
- Food Safety Act Register (25 entries or part)	5.00	5.20	**5.50**	**inc VAT**
- Information on Former Use of Land (Charge per hour, or part thereof)	87.40	90.00	**94.50**	
- Provision of Information - Outstanding Notices Administration Charge	43.70	45.00	**47.30**	
- Default Works (incl Intruder Alarm Disconnection)	Cost + 10%	Cost + 10%	**Cost + 10%**	
Safer Food Better Business Management System	6.70	7.00	**10.00**	
Safer Food Better Business Daily Diary	4.70	5.00	**7.00**	
Re-inspection of Food Business	155.00	160.00	**171.50**	
- Graffiti Busting per hour	45.00	46.40	**48.70**	**plus VAT**

*** Concessions apply to OAP's and persons in receipt of benefit :**
- Retired persons over 65 years of age or,
- individuals over 60, in receipt of state retirement pension or widows pension or,
- persons in receipt of a means tested benefit

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **COMMUNITY SERVICES (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2023/24 £**	
ENFORCEMENT OFFICER				
Fixed Penalty Notices				
- Littering*	75.00	75.00	**75.00**	
- Dog Fouling	50.00	50.00	**50.00**	
- Breach of Community Protection*	75.00	75.00	**75.00**	
- Breach of a Public Space Protection Order*	75.00	75.00	**75.00**	
- Breach of S46 Notice (Presentation of Waste)*	75.00	75.00	**75.00**	
*** Discount of £25 given if paid within 10 days of receiving the fine**				
GREEN WASTE				
Green Waste Bin Collection				
- Annual Fee	39.00	39.00	**39.00**	
- Additional Bin	15.00	15.00	**15.00**	
- Delivery Fee	15.00	15.00	**15.00**	
DEVELOPER BIN CHARGES				
Charges per bin				
- 140 Litre Bin	22.70	23.40	**24.60**	**plus VAT**
- 240 Litre Bin	26.80	27.60	**29.00**	**plus VAT**
- Communal Bin (Usually 660l or 1100l)	153.50	158.10	**166.00**	**plus VAT**
- Delivery Charge	10.30	10.60	**11.10**	**plus VAT**
Admin Charge		**10% of total charge**	**10% of total charge**	

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HOUSING- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **HOUSING ADVANCES (DHR), HIMOs, GARAGES & SUPPORTED HOUSING**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
HOUSING ADVANCES				
- Second mortgage enquiry fee	107.50	110.70	**116.20**	**inc VAT**
- Transfer of mortgage fee	160.00	164.80	**173.00**	
- Business rate enquiry fee	34.80	35.80	**37.60**	
- Council Tax enquiry fee	27.50	28.30	**29.70**	
- Right to Buy leaseholders repair loan	208.70	215.00	**225.80**	
HOUSES IN MULTIPLE OCCUPATION				
Premises Licence Fee*				
- Basic (up to 5 Bedrooms)	900.00	927.00	**1,010.00**	
- 6 to 10 Bedrooms	Basic + 10%	Basic + 10%	**Basic + 10%**	
- 11 to 15 Bedrooms	Basic + 20%	Basic + 20%	**Basic + 20%**	
- 16 to 20 Bedrooms	Basic + 30%	Basic + 30%	**Basic + 30%**	
- For every 5, or part thereof, over 20	Additional 10%	Additional 10%	**Additional 10%**	
Variation to Licence				
Trusted Landlord Scheme Discount (must be accredited on the date of the completed application)	**35% of Basic**	**35% of Basic**	**100.00**	

* The premises licence fee comprises of two elements. 60% of the total fee due will be payable on application as an application fee, and if the application is successful, the remaining 40% will be payable as a licence fee when the licence is granted.

GARAGES				
Garage transfer fees	22.60	23.30	**24.50**	**inc VAT**
Garage sites	80.00	82.40	**86.50**	**inc VAT**
Garage access fees	80.00	82.40	**86.50**	**inc VAT**

HOUSING- FEES AND CHARGES WEF 01/04/2020 - 31/03/2021

SERVICE : **HOUSING ADVANCES (DHR), HIMOs, GARAGES & SUPPORTED HOUSING**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £
HOUSING ACT 2004			
Health & Environment Enforcement Policy			
- Charge for enforcement activity	336.63	336.63	**336.63***
* Minimum fine for a 1/2 bedroom property with one hazard identified The charge will vary upwards depending on the number of bedrooms and the number of hazards identified at the property			
- Civil Penalty Notice	30,000.00	30,000.00	**30,000.00***
* Maximum fine of £30,000 - will be dependant on individual circumstances			
- Penalty Charge Notice for Smoke & Carbon Monoxide Alarms	5,000.00	5,000.00	**5,000.00***
* £5,000 for first breach discounted to £2,500 if paid within 14 days. Repeat Breaches £5,000 with no discount for early payment			

HOUSING- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **HOUSING REVENUE ACCOUNT & WORKS CMS (DHR)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
SUPPORTED HOUSING				
Community Alarms Service	155.00	160.00	**168.00**	
SHELTERED ACCOMMODATION				
Service charges, per rent week (50 weeks) - residents :				
- 1 person flat				
Derek Miller Ct	9.10	9.40	**9.90**	
St.Botolphs	9.10	9.40	**9.90**	
- 2 person flat				
Derek Miller Ct	12.90	13.30	**14.00**	
St.Botolphs	12.90	13.30	**14.00**	
- Electricity				
Derek Miller Court (only)	4.40	4.50	**4.70**	
Service charges, per rent week (50 weeks) - wardens :				
- 2 bed accommodation	10.30	10.60	**11.10**	
- 3 bed accommodation				
Lenton Green	12.50	12.90	**13.60**	
Others	12.30	12.70	**13.30**	
De Wint Court				
- Service charge		88.33	**95.88**	
- Electric (based on sub metered usage)		Variable	**Variable**	
- Water & Heating (based on apportioned variable cost)		Variable	**Variable**	
- Guest Room		25.00	**26.30**	**inc VAT**
Concessionary TV Licences	7.50	7.50	**7.50**	
Next Steps Accommodation Programme (NSAP) – Service Charge	£5,670**		**£5,670****	
Rough Sleeping Accommodation Programme (RSAP) – Service Charge	£5,670**		**£5,670****	

****The charge will vary up/down depending on the property value at time of acquitison**

MISCELLANEOUS

	PREVIOUS 2021/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
Additional keys for door entry	14.40	14.80	**15.50**	**inc VAT**
Building Society enquiry fees	85.80	88.40	**92.80**	**inc VAT**

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LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **ALLOTMENTS (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
ALLOTMENTS				
Standard rent for allotment				
51 to 100 sq yards	47.70	47.70	50.10	
101 to 150 sq yards	50.40	50.40	52.90	
151 to 200 sq yards	53.30	53.30	56.00	
201 to 250 sq yards	56.10	56.10	58.90	
251 to 300 sq yards	58.70	58.70	61.60	
301 to 350 sq tards	61.50	61.50	64.60	
351 to 400 sq yards	64.70	64.70	67.90	
401 to 450 sq yards	67.20	67.20	70.60	
451 to 500 sq yards	69.90	69.90	73.40	
501 to 550 sq yards	72.80	72.80	76.40	
551 to 600 sq yards	75.50	75.50	79.30	
601 to 650 sq yards	78.30	78.30	82.20	
651 to 700 sq yards	81.50	81.50	85.60	
701 to 750 sq yards	84.00	84.00	88.20	
751 to 800 sq yards	86.60	86.60	90.90	
801 to 850 sq yards	89.60	89.60	94.10	
851 to 900 sq yards	92.40	92.40	97.00	
901to 950 sq yards	95.30	95.30	100.10	
951 to 1000 sq yards	98.00	98.00	102.90	
Water supply to allotment				
- minimum charge	20.90	21.50	22.60	
Garage site				
- Rents and access charge	44.40	45.70	48.10	**inc. VAT**
Discounts				
6 - 10 allotments	10%	10%	**10%**	
11+ allotments	20%	20%	**20%**	
Means tested benefits	50%	50%	**50%**	
Pensioners	0%	-	-	

CONDITIONS

***Concessions apply to persons in receipt of a means tested benefit**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **COMMUNITY CENTRES (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
ALL CENTRES				
Room Hire (per hour)				
- Main Hall/Weighing Room				
Commercial	20.50	21.00	**22.10**	
Standard	16.40	17.00	**17.90**	
Supported	8.10	9.00	**9.50**	
- Small Meeting Rooms				
Commercial	10.70	11.00	**11.60**	
Standard	6.80	7.00	**7.40**	
Supported	4.00	4.50	**4.70**	
- Large Meeting Rooms				
Commercial	16.90	17.50	**18.40**	
Standard	13.50	14.00	**14.70**	
Supported	7.90	8.50	**8.90**	
Surcharge after 11pm	100%	100%	**100%**	
Projector/Screen Hire				
- Per Hour	5.00	5.00	**5.30**	
- Per day	25.00	25.00	**26.30**	
Service Charge (Caretaker fee)	Cost	Cost	**Cost**	**plus VAT**
Surcharge after 11pm (Caretaker	Cost	Cost	**Cost**	**plus VAT**
Call out recharges	Cost	Cost	**Cost**	**plus VAT**
Additional Cleaning	Cost	Cost	**Cost**	**plus VAT**
Flip chart hire/paper		5.00	**5.00**	
Other Charges				
Activities (per hour)				
- Badminton per court	9.40	10.00	**10.50**	**inc VAT**
- Table Tennis per table	4.00	5.00	**5.30**	**inc VAT**
- Carpet Bowls per carpet	5.80	6.00	**6.30**	**inc VAT**
- Booking Fee**	5.00	5.00	**5.30**	
- Amendment Fee	3.00	3.00	**3.20**	
- PRS	Cost + 50%	Cost + 50%	**Cost + 50%**	**plus VAT**

*Service charge will be levied for all bookings who opt not to key hold
** Not applicable to sports bookings which includes table tennis and bowls

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **COMMONS & RECREATION GROUNDS**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
COMMONS				
- Impounding of Horses on City Commons	Contract Price + 15%	Contract Price + 15	**Contract Price + 15%**	**plus VAT**
RECREATION GROUNDS				
- Cricket, pitch and accommodation				
Weekend match				
Adult teams	38.80	41.50	**43.60**	**inc VAT**
Youth teams	22.30	24.00	**25.20**	**inc VAT**
Weekday match (evening)				
Adult teams	26.20	28.00	**29.40**	**inc VAT**
Youth teams	18.80	20.00	**21.00**	**inc VAT**
- Rounders (Per pitch Per match)	Cost	Cost	**Cost**	**plus VAT**

*** Tennis Courts at West Common are free**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **RECREATION GROUNDS (DCE) cont.**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
RECREATION GROUNDS				
- Football (per pitch)				
Per game with attended changing facilities				
Adult teams	66.00	70.00	**73.50**	**inc VAT**
Youth teams	33.00	35.00	**36.80**	**inc VAT**
Junior Pitches (9v9)			**33.90**	**inc VAT**
Junior Pitches (7v7)	27.60	29.50	**31.00**	**inc VAT**
Mini Pitches (5v5)	16.60	17.50	**18.40**	**inc VAT**
Per game for keyholders (Skellingthorpe Rd and King George's Field)				
Adult teams	55.00	58.50	**61.40**	**inc VAT**
Youth teams	28.60	30.50	**32.00**	**inc VAT**
Junior Pitches	22.00	23.50	**24.70**	**inc VAT**
Per season (16 Bookings**) with attended changing facilities				
Adult teams	495.00	524.50	**550.70**	
Youth teams	242.00	256.50	**269.30**	
Junior Pitches (9v9)			**235.80**	
Junior Pitches (7v7)	181.60	192.50	**202.10**	
Mini Pitches (5v5)	132.00	140.00	**147.00**	
Per season (16 Bookings*) for key holders (Skellingthorpe Rd and King George's Field)				
Adult teams	385.00	408.00	**428.40**	
Youth teams	192.60	204.00	**214.20**	
Junior Pitches (9v9)			**183.80**	
Junior Pitches (7v7)	137.60	146.00	**153.30**	
Mini Pitches (5v5)	82.60	87.50	**91.90**	
Additional Cleaning	Cost	Cost	**Cost**	**plus VAT**

***Assuming Block booking applies (If block booking does not apply VAT will be added)**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CREATIVE INDUSTRIES MANAGED WORKSPACE (THE TERRACE)**

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
Conference / Meeting Room				
Tenants (Inc Post Box Holders) - **SEE FOOTNOTE BELOW**				
Per Hour	15.50	15.50	**16.30**	**excl VAT**
Per ½ Day	46.40	46.40	**48.70**	**excl VAT**
Per Day	82.40	82.40	**86.50**	**excl VAT**
Non Tenants				
Per Hour	30.90	30.90	**32.50**	**excl VAT**
Per ½ Day	92.70	92.70	**97.30**	**excl VAT**
Per Day	164.80	164.80	**173.00**	**excl VAT**
Projector/Lap Top available at additional cost of £5 per hour or £25 per day				
Faxing (Per Page)				
Inward / Outward	0.50	0.50	**-**	**excl VAT**
Overseas	1.00	1.00	**-**	**excl VAT**
- Laminating				
A4 (Per Sheet)	1.30	1.30	**1.30**	**excl VAT**
A3 (Per Sheet)	2.15	2.15	**2.15**	**excl VAT**
Photocopying (Per Sheet)				
A4 Paper	0.10	0.10	**0.10**	**excl VAT**
A3 Paper	0.15	0.15	**0.15**	**excl VAT**
A4 Paper - Coloured	0.50	0.50	**0.50**	**excl VAT**
A3 Paper - Coloured	1.00	1.00	**1.00**	**excl VAT**
Bulk Copying (50+)				
Own Paper	0.05	0.05	**0.05**	**excl VAT**
Telephone Answering Service				
Monthly Rate	15.00	15.00	**15.80**	**excl VAT**
Price is based on a calendar month and is exclusive to VAT.				
- Virtual Mailbox				
Annual	304.00	304.00	**310.00**	**excl VAT**
Replacement keys				
Unit Key				
Security Access Key	11.50	11.50	**12.00**	**excl VAT**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **HARTSHOLME COUNTRY PARK (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	PROPOSED 2023/24 £	
HARTSHOLME COUNTRY PARK					
- Overnight stay, incl use of showers (per night)					
Standard non-electric price for a pitch in the tent only area (apart from backpack tent).					
- High Season *	18.50	19.00	**20.00**	**21.00**	**inc VAT**
- Low Season	16.50	17.00	**18.00**	**20.00**	**inc VAT**
Electric included in pitch price for all other pitches					
Four berth caravan, motorhome or tent and car					
- High Season *	21.00	21.50	**22.50**	**23.50**	**inc VAT**
- Low Season	19.00	19.50	**20.50**	**21.50**	**inc VAT**
Dogs (each per stay)	1.00	1.00	**1.00**	**1.00**	**inc VAT**
Backpack Tent	12.50	13.00	**14.00**	**14.50**	**inc VAT**
Overflow Pitch	10.50	11.00	**12.00**	**13.00**	**inc VAT**
Camping Pod Single Night	40.00	41.00	**42.00**	**43.00**	**inc VAT**
Camping Pod 2 nights or more	35.00	36.00	**37.00**	**38.00**	**inc VAT**
Camping Pod Christmas Market	50.00	50.00	**50.00**	**50.00**	**inc VAT**
Non-refundable deposit - (included within price)					
Bank Holiday Weekends only					
Single night	10.00	10.00	**12.00**	**12.00**	**inc VAT**
Two or more nights	25.00	25.00	**25.00**	**25.00**	**inc VAT**
Full Awning	3.00	3.00	**3.00**	**3.00**	**inc VAT**
Additional Adult	3.00	3.00	**3.00**	**3.00**	**inc VAT**
Additional Car parking	3.00	3.00	**3.00**	**3.00**	**inc VAT**
- Christmas Market period, per pitch *					
Non-refundable deposit - (included within price)					
Two - four nights	25.00	25.00	**25.00**	**25.00**	**inc VAT**
With electric hook-up					
Single night Thur/Fri/Sat	31.00	31.00	**32.50**	**34.00**	**inc VAT**
Five nights	135.00	135.00	**138.00**	**144.00**	**inc VAT**
Single night Wed/Sun	26.00	26.00	**28.00**	**29.00**	**inc VAT**

*** High Season Period:**
Includes all Weekends, Bank Holidays, and LCC School Holidays.
Deposits required.

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	PROPOSED 2023/24 £	
- Activity/Visit (tier 1)					
Per Person	3.50	3.50	**3.70**	**4.00**	**inc VAT**
Group of 30 (can be broken down into £40 per hour)	84.00	86.50	**91.00**	**96.00**	**inc VAT**
- Activity/Visit (tier 2) (Rangers Club per activity)	5.00	5.50	**6.00**	**6.50**	**inc VAT**
- Hire of Activity Box	25.00	26.00	**27.30**	**28.70**	**inc VAT**
- Wreath Making	25.00	26.00	**27.30**	**28.70**	**inc VAT**
- Willow Weaving	25.00	26.00	**27.30**	**28.70**	**inc VAT**
- Meeting Room	10.00	10.50	**11.00**	**11.50**	**inc VAT**

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CAR PARKS (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 01/04/22 - 14/12/22 £	CURRENT 2022/23 15/12/22 - 31/03/23 £	PROPOSED 2023/24 £	
- Lucy Tower Street					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- City Hall (Season Tickets Prohibited)					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- Motherby Lane (Season Tickets Prohibited)					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- Flaxengate					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- Tentercroft Street					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- Lincoln Central Car Park					
1 hour	1.80	1.80	2.20	**2.20**	**inc VAT**
2 hours	3.40	3.50	3.90	**3.90**	**inc VAT**
3 hours	5.00	5.00	5.50	**6.00**	**inc VAT**
4 hours	6.40	6.50	6.70	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.50	8.50	9.00	**9.00**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**4.50**	**inc VAT**
- Castle (Season Tickets Prohibited)					
1 hour	1.90	1.90	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.20	3.50	**3.50**	**inc VAT**
3 hours	5.20	5.50	5.50	**6.00**	**inc VAT**
4 hours	6.00	6.20	6.50	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.80	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	3.80	4.00	4.50	**4.50**	**inc VAT**

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CAR PARKS (DCE) cont.**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
- Westgate (Season Tickets Prohibited)					
1 hour	1.90	1.90	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.20	3.50	**3.50**	**inc VAT**
3 hours	5.20	5.50	5.50	**6.00**	**inc VAT**
4 hours	6.00	6.20	6.50	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.80	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	3.80	4.00	4.50	**4.50**	**inc VAT**
- The Lawn Complex					
1 hour	1.90	1.90	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.20	3.50	**3.50**	**inc VAT**
3 hours	5.20	5.50	5.50	**6.00**	**inc VAT**
4 hours	6.00	6.20	6.50	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.80	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	3.80	4.00	4.50	**4.50**	**inc VAT**
- Langworthgate					
1 hour	1.90	1.90	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.20	3.50	**3.50**	**inc VAT**
3 hours	5.20	5.50	5.50	**6.00**	**inc VAT**
4 hours	6.00	6.20	6.50	**7.00**	**inc VAT**
Over 4 hours and up to 8am next da	8.80	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	3.80	4.00	4.50	**4.50**	**inc VAT**
- St Pauls (Season Tickets Prohibited)					
1 hour	1.90	1.90	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.20	3.50	**3.50**	**inc VAT**
3 hours	5.20	5.50	5.50	**6.00**	**inc VAT**
Evening Charge	3.80	4.00	4.00	**4.50**	**inc VAT**
- Broadgate					
1 hour	1.50	1.60	1.80	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.00**	**inc VAT**
3 hours	4.30	4.50	4.50	**5.00**	**inc VAT**
Over 4 hours and up to 8am next da	6.00	6.00	6.80	**6.80**	**inc VAT**
Evening Charge	2.80	3.00	3.00	**3.50**	**inc VAT**
- Chaplin Street					
1 hour	1.50	1.60	1.80	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.00**	**inc VAT**
3 hours	4.30	4.50	4.50	**5.00**	**inc VAT**
Over 4 hours and up to 8am next da	6.00	6.00	6.80	**6.80**	**inc VAT**
Evening Charge	2.80	3.00	3.00	**3.50**	**inc VAT**
- Rosemary Lane (Season Tickets Prohibited)					
1 hour	1.50	1.60	1.80	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.00**	**inc VAT**
3 hours	4.30	4.50	4.50	**5.00**	**inc VAT**
Over 4 hours and up to 8am next da	6.00	6.00	6.80	**6.80**	**inc VAT**
Evening Charge	2.80	3.00	3.00	**3.50**	**inc VAT**
- Weekend/Bank Holiday					
Up to 2 Hours	2.80	3.00	3.00	**3.00**	**inc VAT**
24 hours	4.00	4.50	5.00	**5.00**	**inc VAT**
Evening Charge	2.80	3.00	3.00	**3.00**	**inc VAT**
- Motorcycle parking where available	2.50	2.50	3.00	**3.00**	**inc VAT**

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CAR PARKS (DCE) cont.**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
OTHER					
- Car Park Evening Permit	100.00	103.00	103.00	**103.00**	**inc VAT**
- 7 Day Scratch Cards	45.00	45.00	45.00	**45.00**	**inc VAT**
- Evening Scratch Card (All sites)	25.00	25.00	25.00	**25.00**	**inc VAT**
- Hampton/Hermit Street Compound	145.00	149.00	149.00	**149.00**	**inc VAT**
- Motorcycle parking where available	2.50	2.50	3.00	**3.00**	**inc VAT**

Additional Information:

Display of eligible Blue Badges will allow the following extra time:

1 hour paid	**1 extra hour**	**(2 hours parking)**
2 hours paid	**2 extra hours**	**(4 hours parking)**
3 hours paid	**3 extra hours**	**(6 hours parking)**
4 hours paid	**All Day**	
24 hours paid	**To end of day on which ticket expires**	

Special Offer Tariffs

SAVVY SHOPPER
(Applicable to Tentercroft Street Car Park) £3.50 after 3pm for 3 hours parking, plus free evenings to 8am

SCHOOL'S OUT
(Rosemary Lane Only) £5 all day during the months of July and August

CHRISTMAS SHOPPING
(Applicable to Lincoln Central Car Park on selected Thurs/Fri/Sat/Sun from Christmas Lights ceremony to Christmas Eve) Free parking between 16:00 hrs to 21.30 hrs
Applicable to Pay by Phone on seclected Thurs/Fri/Sat/Sun from Christmas Lights ceremony to Christmas Eve) Free parking between 16:00 hrs to 08:00 hrs

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CAR PARKS (DCE) cont.**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
OTHER					
- Season Tickets and Excess Charge Notices					
Annual (Valid for Broadgate, Lawn, King/Chaplin St/Langworthgate)					
Monday to Sunday	985.50	1,020.00	1,020.00	**1,071.00**	**inc VAT**
Monthly (Valid for Broadgate, Lawn, King/Chaplin St, Langworthgate)					
Monday to Sunday	83.30	90.00	90.00	**95.00**	**inc VAT**
Annual Premium Rate (Tentercroft St/Lucy Tower/Lincoln Central - max of 60 Annual/Monthly issued)					
Monday to Sunday	1,251.70	1,300.00	1,300.00	**1,365.00**	**inc VAT**
Monthly Premium Rate (Tentercroft St/Lucy Tower/Lincoln Central - max of 60 Annual/Monthly issued)					
Monday to Sunday	108.20	115.00	115.00	**121.00**	**inc VAT**
Lucy Tower St Long Stay Corporate User					
City Council staff (60 max)	907.20	951.00	951.00	**1,002.00**	**inc VAT**
County Council staff (40 max)	907.20	951.00	951.00	**1,002.00**	**inc VAT**
Corporate User, 100+ tickets					
Broadgate, King St/Chaplin St, Langworthgate and City Council staff	742.80	771.00	771.00	**810.00**	**inc VAT**
School Drop Off Pass					
Per Term	105.00	105.00	105.00	**110.00**	**inc VAT**
All 3 Terms	299.00	299.00	299.00	**314.00**	**inc VAT**
Admin Charge on Refunds	15.00	15.00	15.00	**15.00**	**inc VAT**
Replacement of Lost/Stolen Tkts	10.00	10.00	10.00	**10.00**	**inc VAT**
- Higher rate PCN contravention	70.00	70.00	70.00	**70.00**	**inc VAT**
- Higher rate PCN contravention - Discount	35.00	35.00	35.00	**35.00**	**inc VAT**
- Lower rate PCN contravention	50.00	50.00	50.00	**50.00**	**inc VAT**
- Lower rate PCN contravention - Discount	25.00	25.00	25.00	**25.00**	**inc VAT**

Discount only applies if PCN is paid within 14 days

SPECIAL OFFER
Part time staff, special offer via Lincoln BIG/Lincoln College - Bulk Scratch cards at pro rata season ticket rate

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **BUS STATION, RESIDENTS PARKING (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
CITY BUS STATION					
- Departure Fees :					
Notified timetable departures					
Departures over 100,000	0.82	0.85	0.85	**0.94**	**inc VAT**
Departures under 100,000	0.82	0.85	0.85	**0.94**	**inc VAT**
- Layover Bay Per Bay Per Quarter :	1,072.20	1,115.00	1,115.00	**1,170.00**	**inc VAT**
RESIDENTS PARKING SCHEMES					
- Private Residents					
1st permit	26.00	26.00	26.00	**26.00**	*
2nd permits	52.00	52.00	52.00	**52.00**	*
- Houses in Multiple Occupation (HIMO)					
max. of 2 per dwelling (each)	52.00	52.00	52.00	**52.00**	*
- Residents Parking Concessions					
permit (each)	No Charge	No Charge	No Charge	No Charge	
- Business Permits					
max. of 2 per business	52.00	52.00	52.00	**52.00**	*
(only issued to businesses in the residents parking zones with no off-street parking)					
- Business Permits (Support Agencies)	70.00	70.00	70.00	**70.00**	*
- Daily Visitor Permits					
per 10	17.00	17.00	17.00	**17.00**	*
- Replacement Permits					
Change of vehicle registration	5.00	5.00	5.00	**5.00**	*
Damaged or lost	5.00	5.00	5.00	**5.00**	*
- Emissions Permit					
Low Emissions 1st Permit	13.00	13.00	13.00	**13.00**	
Low Emissions Subsequent Permit	26.00	26.00	26.00	**26.00**	
- Administration Charge on Refunds	5.00	5.00	5.00	**5.00**	

*** There is a £5.00 Admin Charge on Permits that are Issued in Reception and not by Post**

Concessions apply to :
- **persons in receipt of income support / pension credit, JSA & ESA**
- **blue badge holders**

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PLANNING SERVICES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **TOWN PLANNING & CONSERVATION (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2023/24 £**	
Research and Supply of Information/Questions and Answers (per item)	46.00	47.40	50.00	inc VAT
Copies of Approvals, Permissions and associated documents (per item and electronic)				
Microfiche	95.00	95.00	105.60	inc VAT
Standard Copy	-	-	-	plus VAT
Visit to site to check buildings erected in accordance with Permission				
- minimum charge	98.40	101.40	106.50	inc VAT
- or per property	27.40	28.20	29.60	inc VAT
Checking compliance with planning permission and/or legal agreement				
- minimum charge	70.60	72.70	76.30	inc VAT
- or per property	18.00	18.50	19.40	inc VAT
Advertisements erected in accordance with Advertisement Consent	50.30	51.80	54.40	inc VAT
Supply of Technical Information/Site visit reports	Cost+25%	Cost+25%	Cost+25%	inc VAT
Photocopies (per A4 sheet)	-	-	-	
Copies of Plans				
A4	2.20	2.30	2.40	
A3	4.00	4.10	4.30	
A2	10.50	10.80	11.30	
A1	10.50	10.80	11.30	
A0	10.50	10.80	11.30	
Document & Advice notes	Cost+25%	Cost+25%	Cost+25%	
Copies of Planning decision notices (prior to 1993)			40.00	
Copies of Section 106 Agreements			60.00	
Copies of Tree Preservation Orders and Planning decision notices (1993 onwards)			20.00	

Planning App fees are incorporated within a schedule provided by Central Government in accordance with the Town & Country Planning (Fees for Applications & Deemed Applications) (Amendment) Regulations 1993

PLANNING SERVICES- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **LAND CHARGES , STREET NAMING AND NUMBERING (DCE)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2023/24 £**	
Local Authority Land Charges				
- Standard Search Fees				
LLC1 only	20.20	20.80	-	
Con.29R	125.00	128.80	135.20	inc VAT
- Con. 29R individual questions				
Administration Fee	10.00	10.30	16.00	inc VAT
Question 3.5	3.00	3.10	3.30	inc VAT
Question 3.7 a	5.00	5.20	5.50	inc VAT
Question 3.7 b, c, f	5.00	5.20	5.50	inc VAT
Question 3.7 d	5.00	5.20	5.50	inc VAT
Question 3.8	3.60	3.70	3.90	inc VAT
Question 3.12	3.00	3.10	3.30	inc VAT
Question 3.13	3.00	3.10	3.30	inc VAT
- Part II enquiries	25.00	25.80	27.10	inc VAT
- Solicitors own enquiries	22.00	22.70	23.80	inc VAT
- Extra parcel of land	22.00	22.70	23.80	inc VAT
- Personal Search (Statutory)				
Street Naming and Numbering				
Issue/Change of House Name	16.00	16.50	17.30	
- Application Fee	53.00	54.60	57.30	
- Per Plot	13.30	13.70	14.40	

REGENERATION & TOURISM- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **CENTRAL MARKET , CORNHILL AND CITY SQUARE**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £
CENTRAL MARKET			
Daily Lettings	25.50	25.50	**25.50**
TEMPORARY MARKETS :			
- Charitable organisations	No Charge	No Charge	**No Charge**
- Professional traders (per stall)	10.30	10.30	**10.30**
PROMOTIONS :			
- Advertising on Council Assets	Price on Application	Price on Application	**Price on Application**
MARKET LICENSE CHARGES			
Commercial Food			
-Per Stall	17.00	17.00	**17.00**
- Per Table / Car Boot	8.80	8.80	**8.80**
Commercial Retail Goods			
-Per Stall	11.75	11.75	**11.75**
- Per Table / Car Boot	6.30	6.30	**6.30**
Craft items/home made goods			
-Per Stall	6.30	6.30	**6.30**
- Per Table / Car Boot	3.40	3.40	**3.40**
Second Hand Goods			
-Per Stall	6.30	6.30	**6.30**
- Per Table / Car Boot	3.40	3.40	**3.40**
Charitable/fundraising Markets			
-Per Stall	-	-	**-**
- Per Table / Car Boot	-	-	**-**
Car Boot			
- Per Table / Car Boot	2.90	2.90	**2.90**

Per Stall (up to 8 m^2)
Per Table/Car boot (up to 2 m^2)

Chaitable /Fundraising Market is a non commerical market operated by a defined organisation, i.e one that organises the market type event for chartiable, sporting, political or social fund raising purposes as opposed to personal financial gain.

All fees are for applications more than 28 days in advance of the market activity.
Applications within 28 days will be subject to a 20% additional premium.

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SOCIAL INCLUSION- FEES AND CHARGES WEF 01/04/2023 - 31/03/2024

SERVICE : **HOUSING BENEFIT (CX)**
NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2021/22 £	**CURRENT 2022/23 £**	**PROPOSED 2023/24 £**	
OTHER				
- Housing Benefit Landlord Enquiry per year	168.00	173.00	**182.00**	

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City of Lincoln Council's Budget Proposal consultation for 2023/24 – Results Summary

Appendix C

Welcome to the results summary for City of Lincoln Council's Budget Proposals consultation for 2023/24.

The topics that respondents were asked their views on were as follows:
· Vision 2025
· Budget Allocation
· Delivering Savings
· Council Tax and Rents

The maximum number of respondents to each question was **220**.

Your details

Age

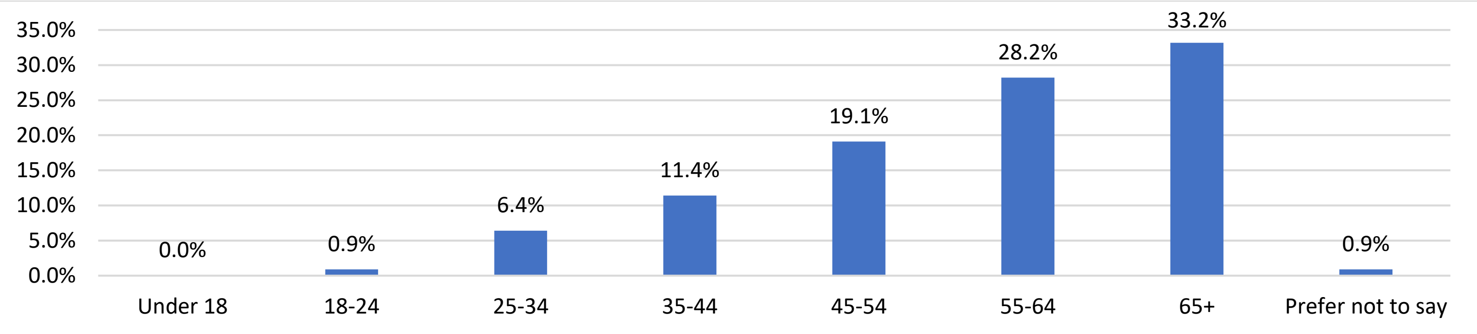

Figure 1

Figure 1 shows the age ranges of those who responded to the consultation. The majority of residents fell within the 65+ age range with a figure of 33.2%.

In which role(s) are you responding to this consultation? Select all that apply

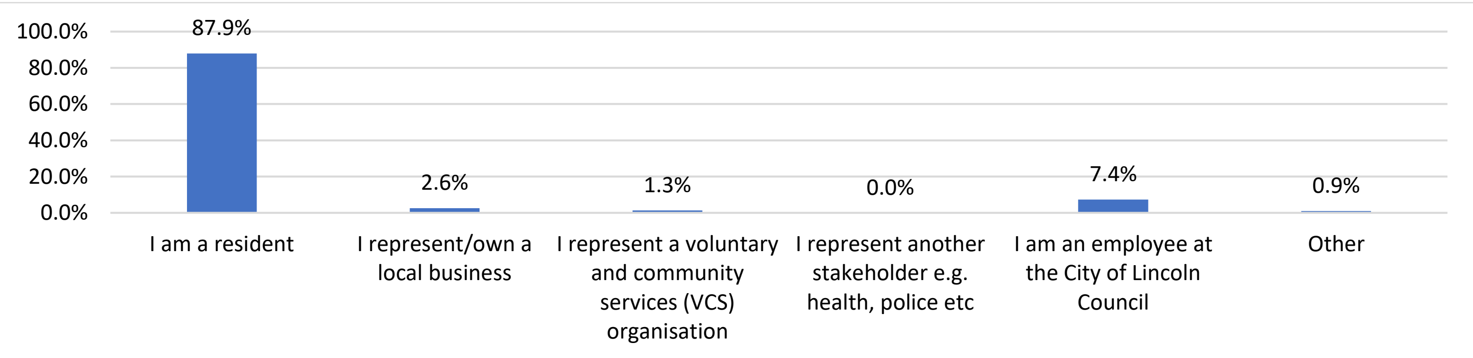

Figure 2

Figure 2 shows the role(s) of respondents when completing the consultation. It is important to note that respondents were able to select more than one option for this question, so the percentages are based on the total number of responses received. The majority who responded were residents with a figure of 87.9%.

Vision 2025

To what extent do you agree or disagree with our vision and priorities?

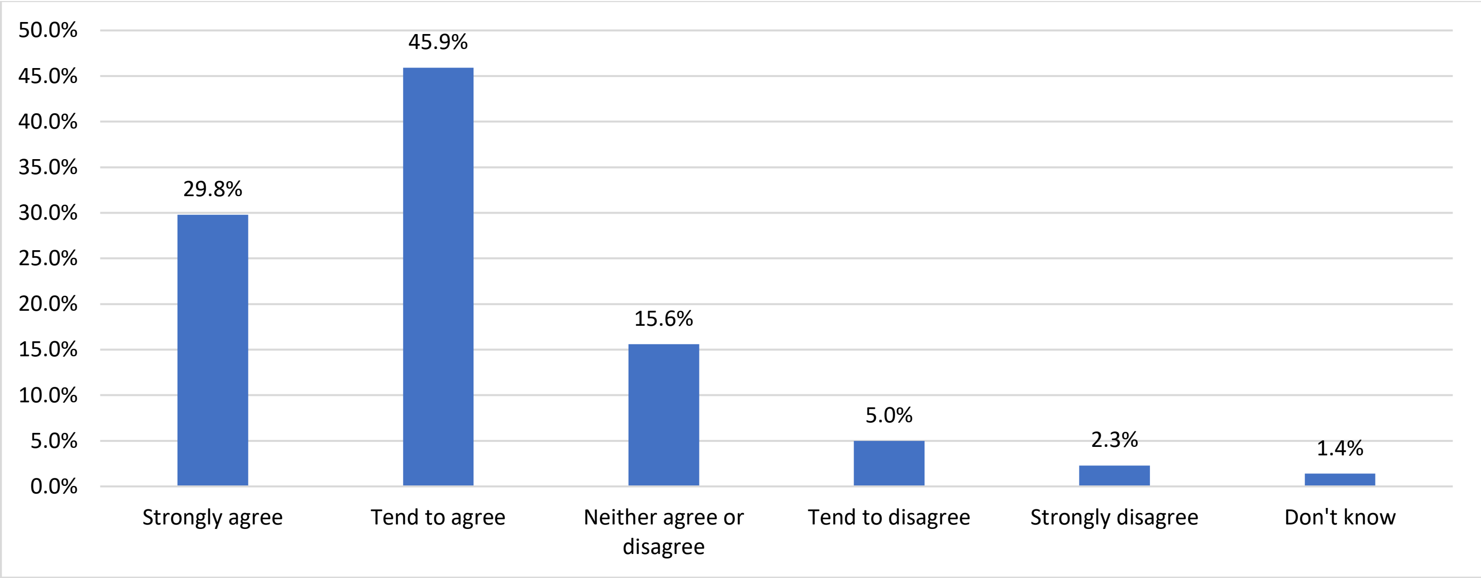

Figure 3

Figure 3 shows to what extent did respondents agree or disagree with the council's vision and priorities. The majority of respondents tended to agree or strongly agree with a figure of 75.7%.

Budget Allocation

In 2022/23, 80% of Lincoln householders currently only pay £193.86 and £226.17 per year (on average £4.04 per week) for services provided by the Council. To what extent do you agree or disagree with the statement that City of Lincoln Council provides value for money?

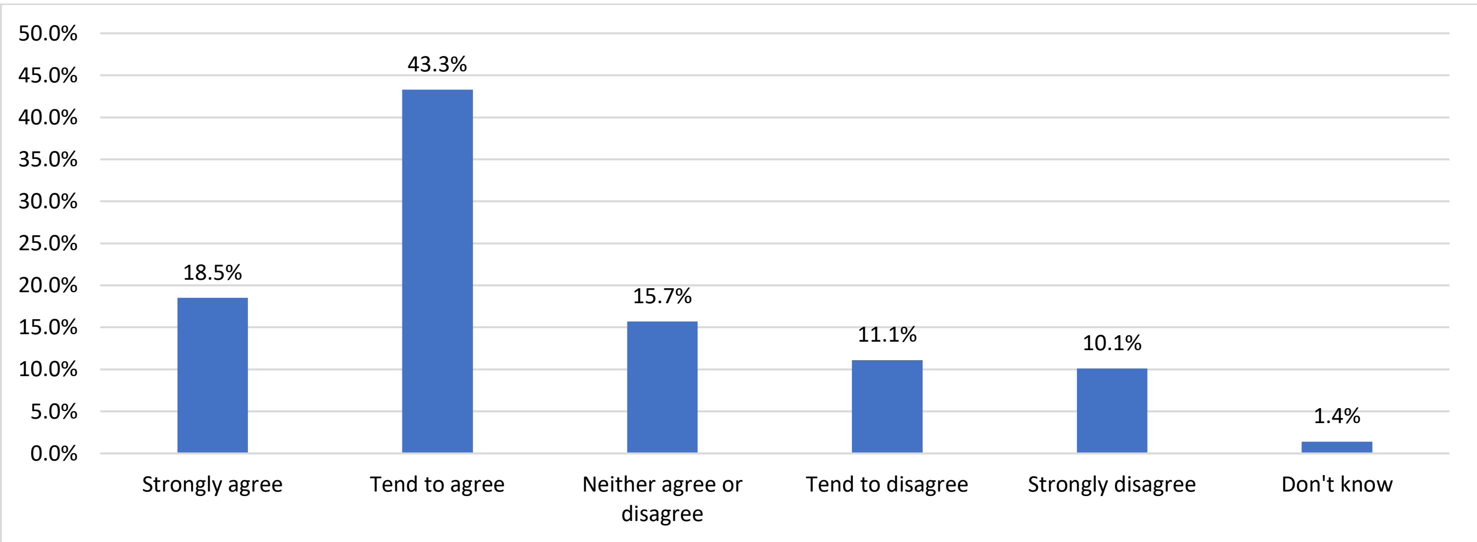

Figure 4

Figure 4 shows whether or not respondents agree that the council offers value for money. The majority of respondents tended to agree or strongly agree with a figure of 61.8%. 21.2% tended to disagree or strongly disagreed that the council provides value for money.

On a scale of 1-5 where 1 is of high priority and 5 is of low priority, how would you rank the priority of the following services:

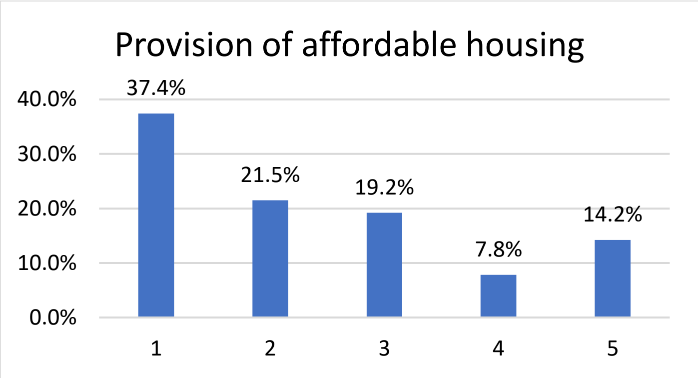

Figure 5

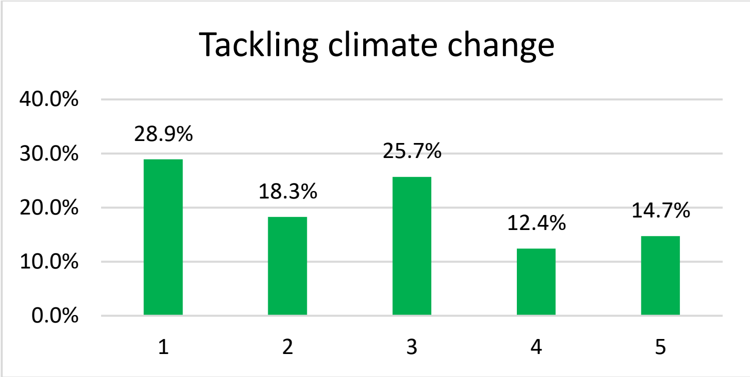

Figure 6

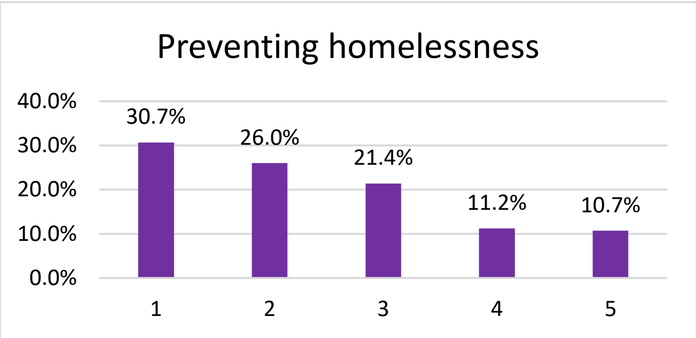

Figure 7

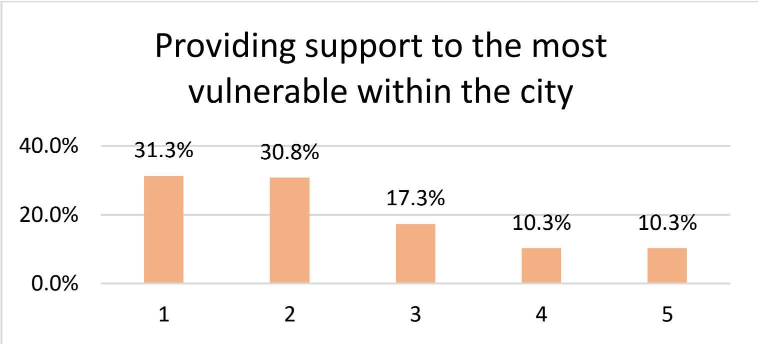

Figure 8

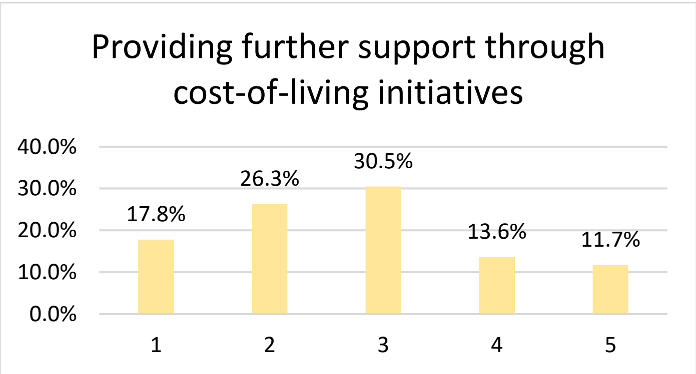

Figure 9

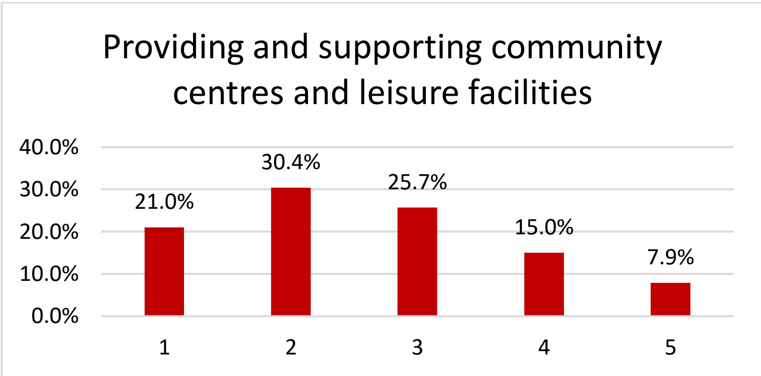

Figure 10

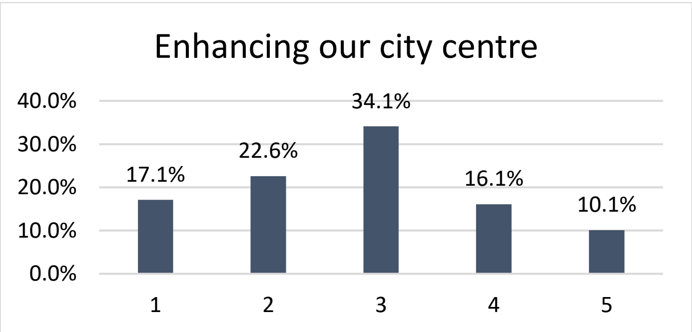

Figure 11

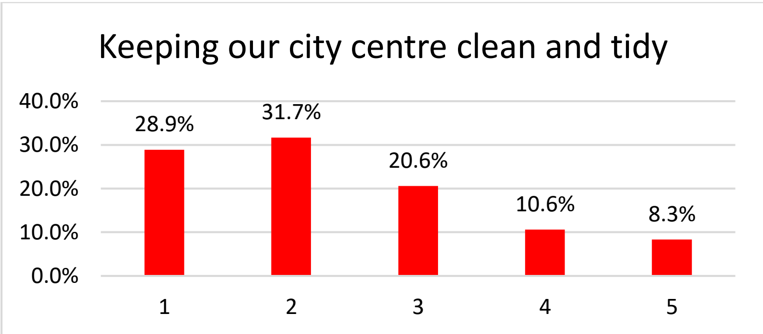

Figure 12

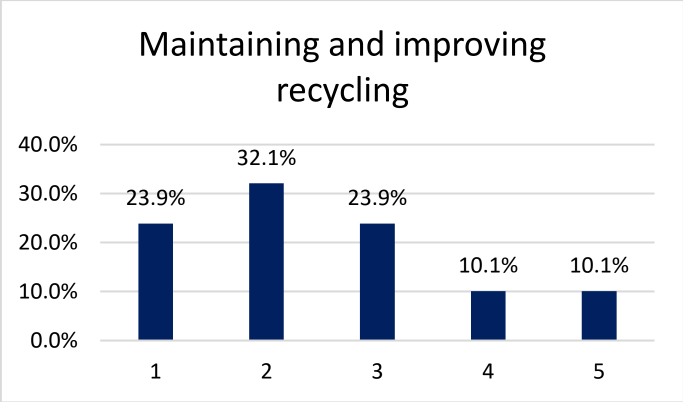

Figure 13

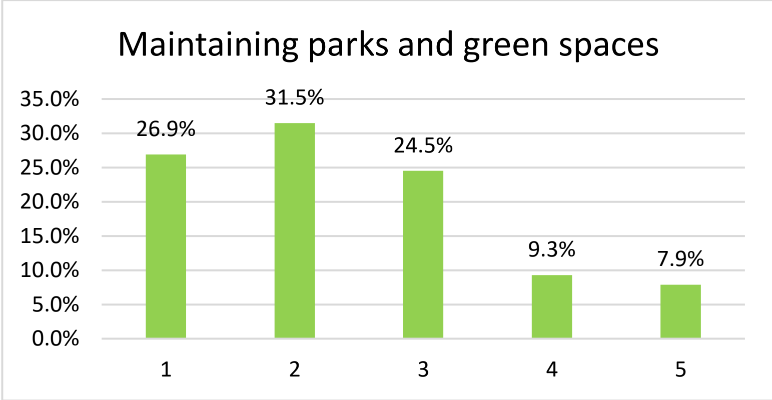

Figure 14

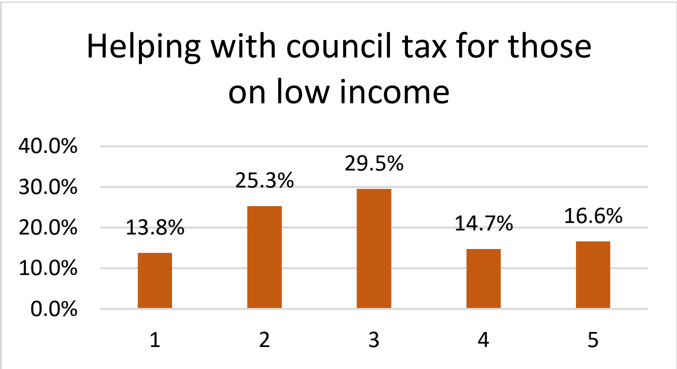

Figure 15

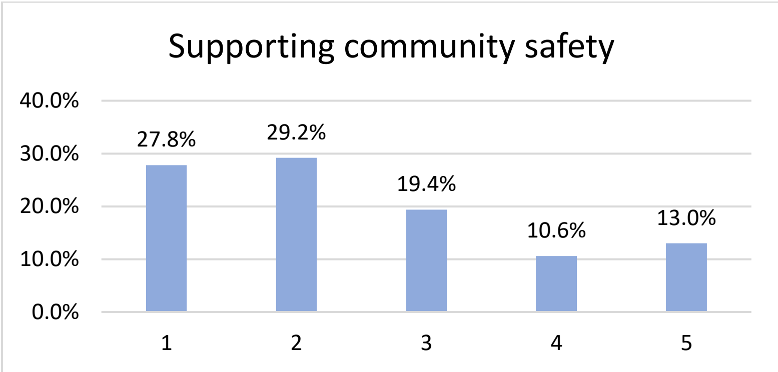

Figure 16

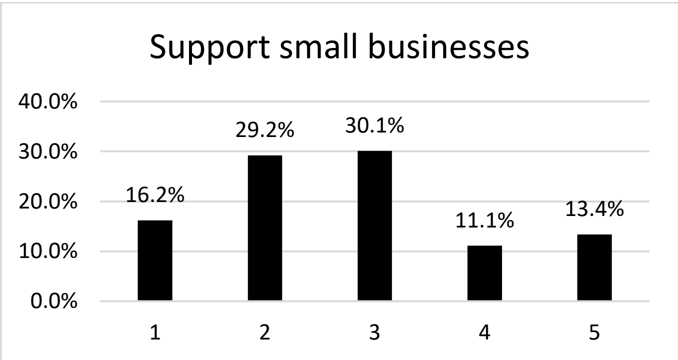

Figure 17

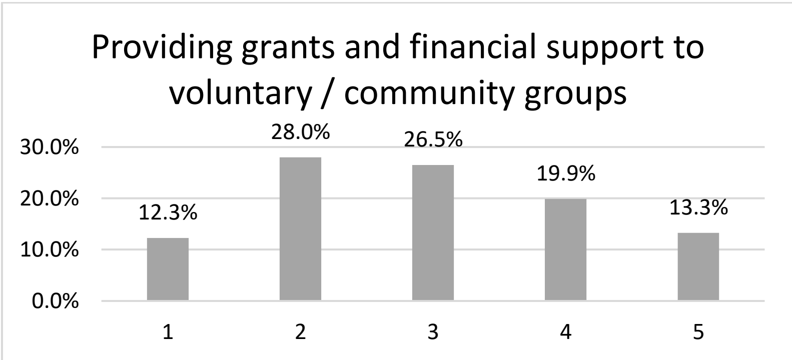

Figure 18

Figures 5-18 show how respondents ranked the priority of services with 1 being the highest priority and 5 being the lowest priority. The majority of respondents ranked ‘Provision of affordable housing’ as their highest priority with a figure of 37.4%. Respondents also ranked ‘Providing support to the most vulnerable in the city’ as high priority with a figure of 31.3%.

To what extent do you agree or disagree with these approaches:

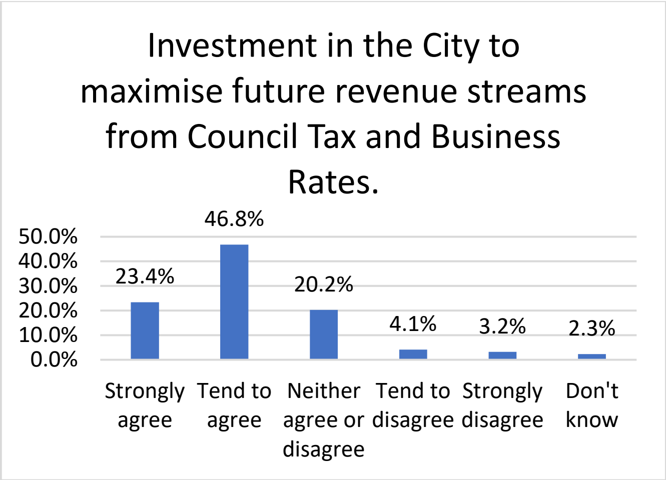

Figure 19

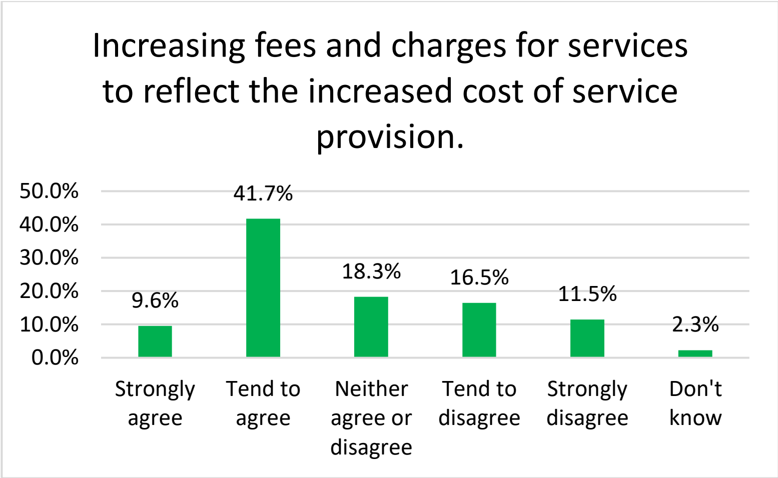

Figure 20

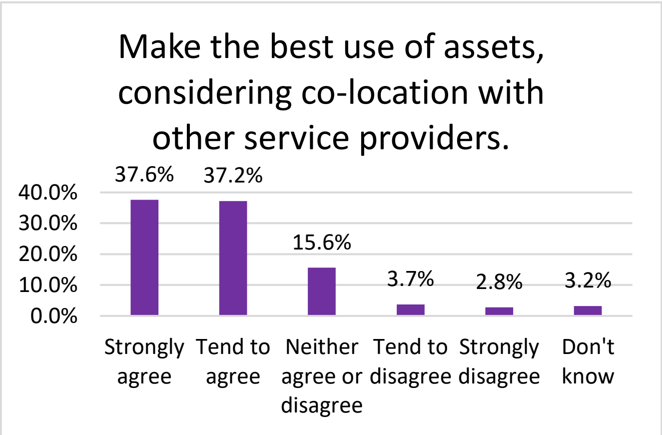

Figure 21

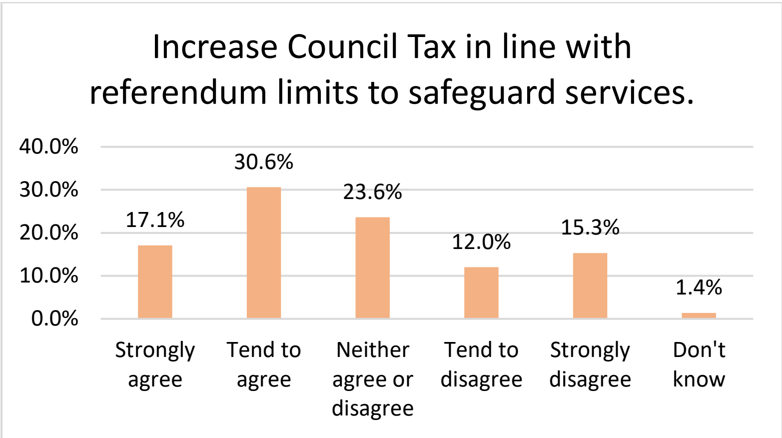

Figure 22

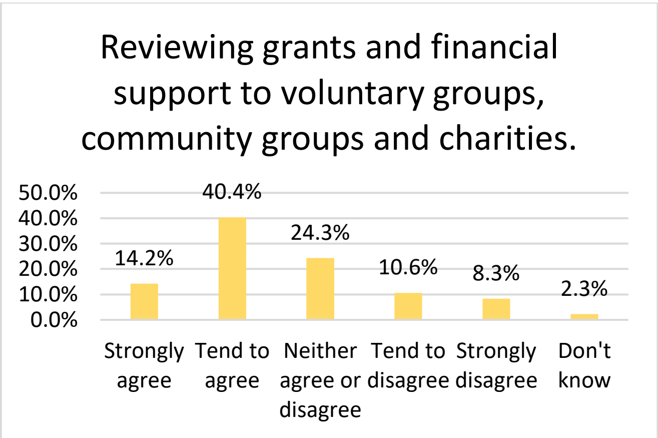

Figure 23

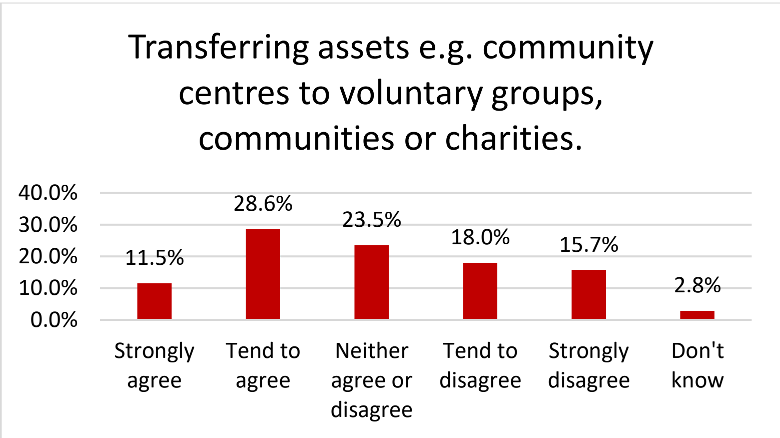

Figure 24

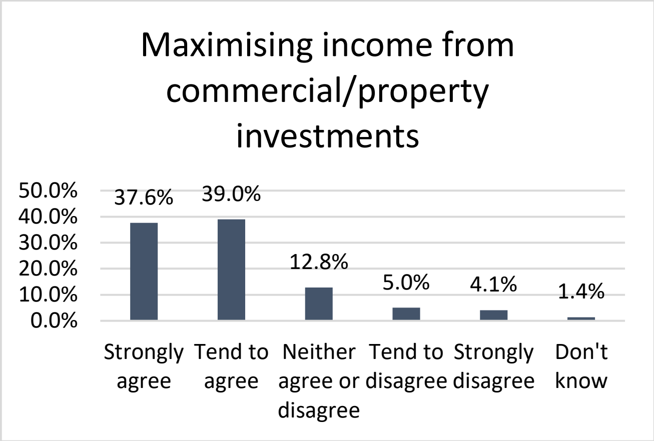

Figure 25

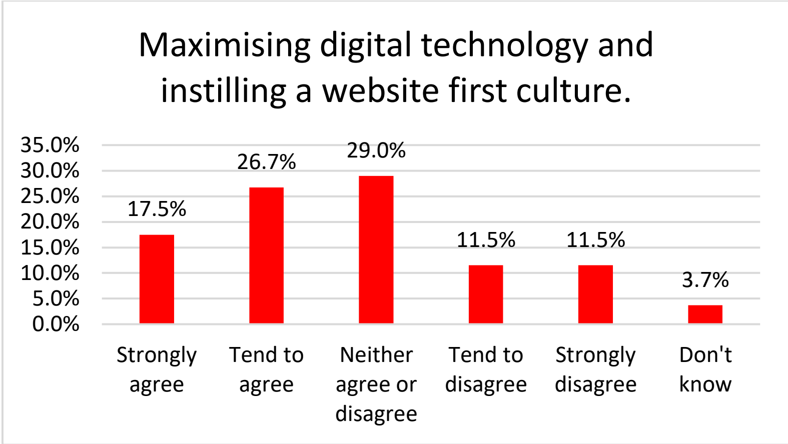

Figure 26

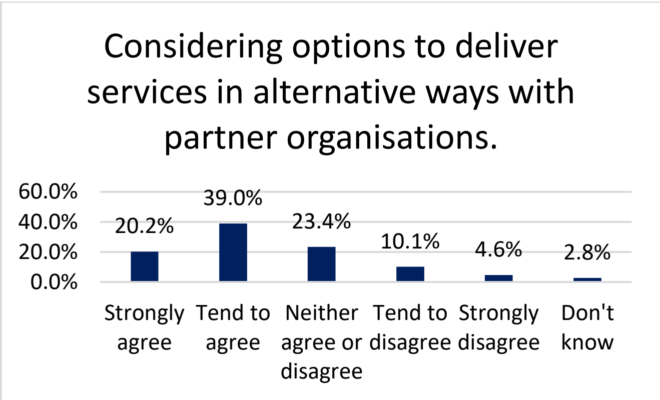

Figure 27

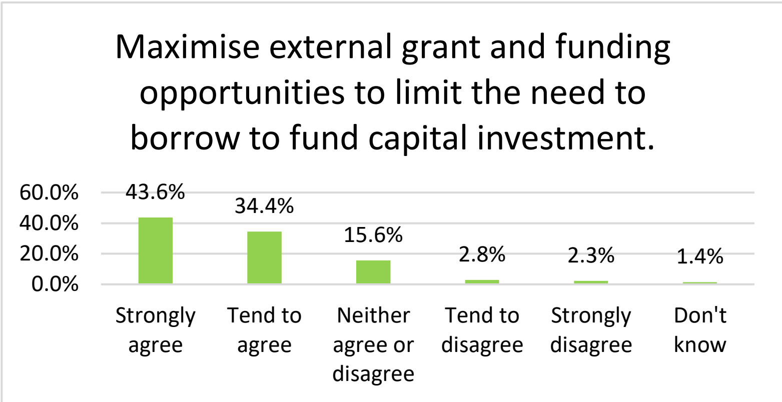

Figure 28

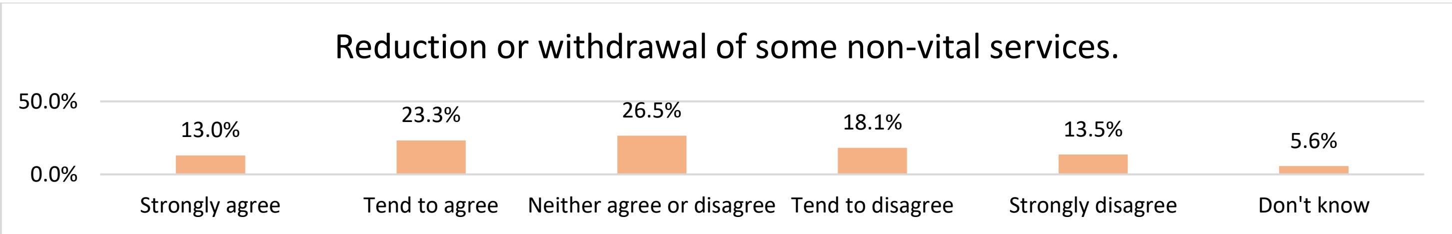

Figure 29

Figures 19-29 show whether or not respondent agree with the mentioned approaches. Generally more respondents were in agreement with all approaches mentioned than in disagreement.

<u>If you have any specific comments on the proposed savings by category, please let us know.</u>

The above question was a comments-based question. Figure 30 is an overview of the comments received. The most common topic in this instance excluding ‘General’ was ‘Reprioritisation of resource’ with 8 comments received in relation to this topic.

Please note, for all comments based questions, the comments have been placed under the topic the comments relate to most, however, in some cases more than one topic is mentioned within the comment.

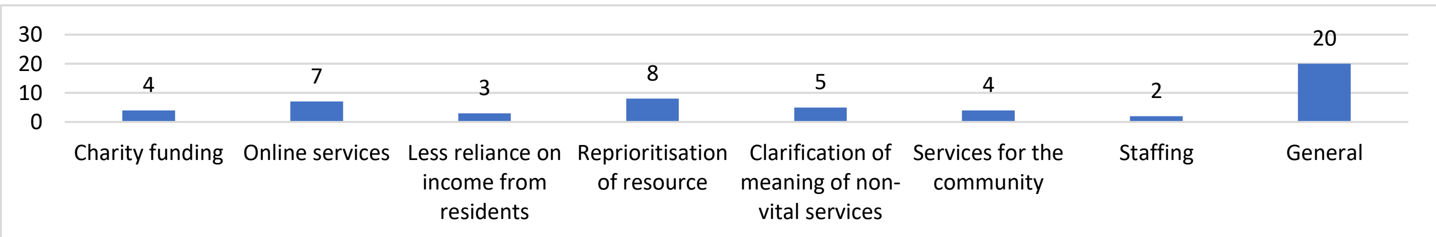

Figure 30

Are there any other proposals that you believe we should be doing to increase income, save money or increase value for money for council spend?

The above question was a comments-based question. Figure 31 is an overview of the comments received. The most common topic in this instance excluding ‘General’ was ‘Services for the community’ with 11 comments received in relation to this topic.

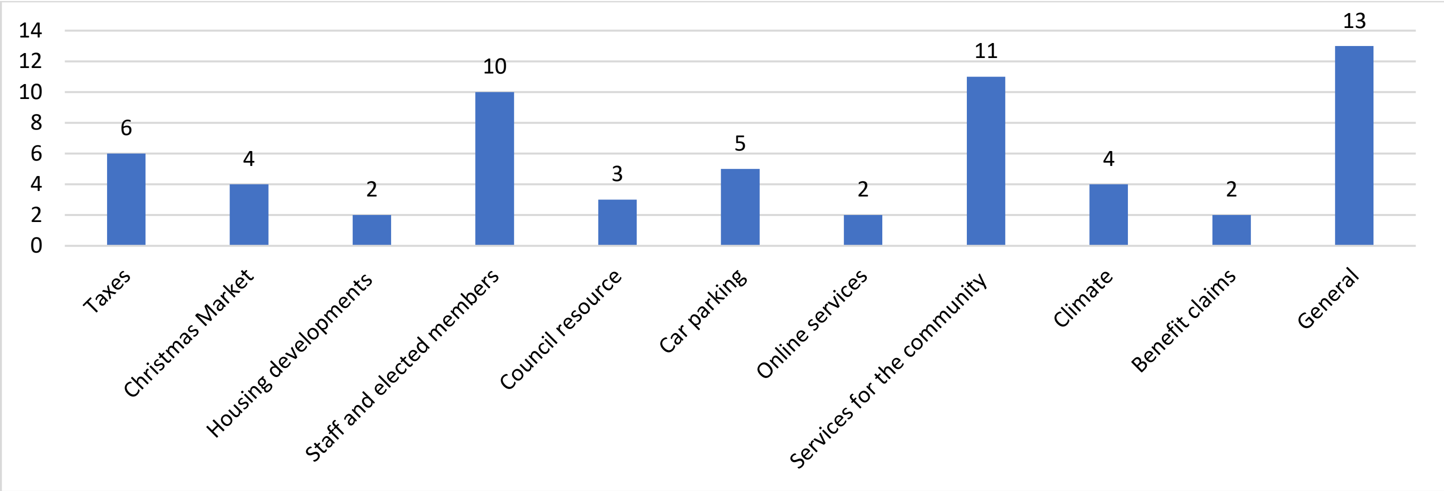

Figure 31

Council Tax and Rents

In light of the financial pressures the Council is facing as well as a need to continue to develop plans for growth, what level of council tax increase would you support for 2023/24?

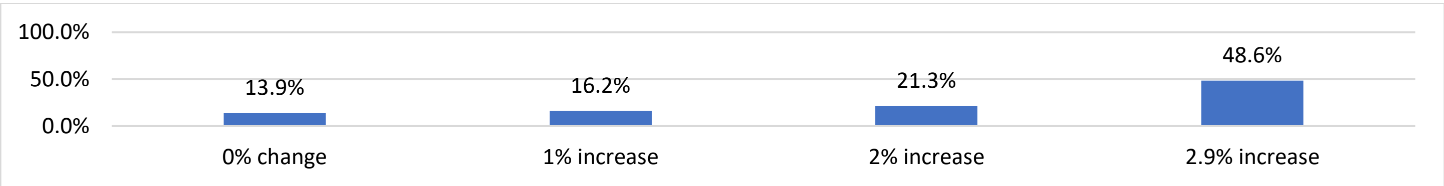

Figure 32

Figure 32 shows what level of council tax increase respondents would support for 2023/2024. Just under half of the respondents to the consultation were in favour of a 2.9% increase. Only 13.9% of respondents selected a 0% change.

Do you think that councils should have the ability to determine council tax increases, without the need for a referendum, based on their local circumstances?

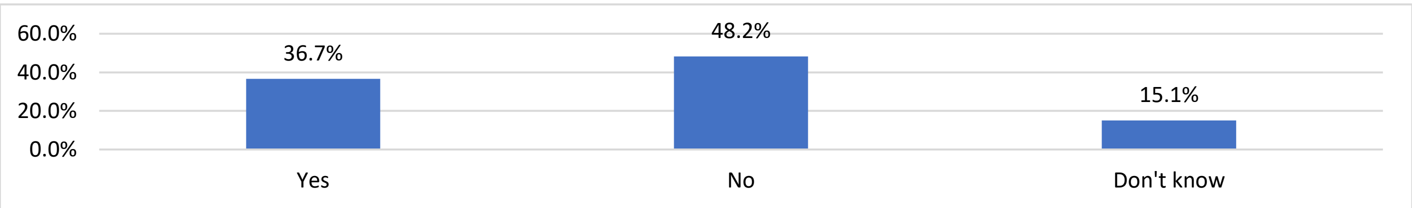

Figure 33

Figure 33 shows respondents views on whether councils should have the ability to determine council tax increases without the need for a referendum. Just under half of respondents felt the council should not have the ability to determine council tax increases without a referendum.

New legislation is due to be approved that will allow us to charge a 100% council tax premium on second homes and properties that have been empty for more than one year (currently it's two years), from 1st April 2024. To what extent do you agree or disagree with the potential to apply this premium?

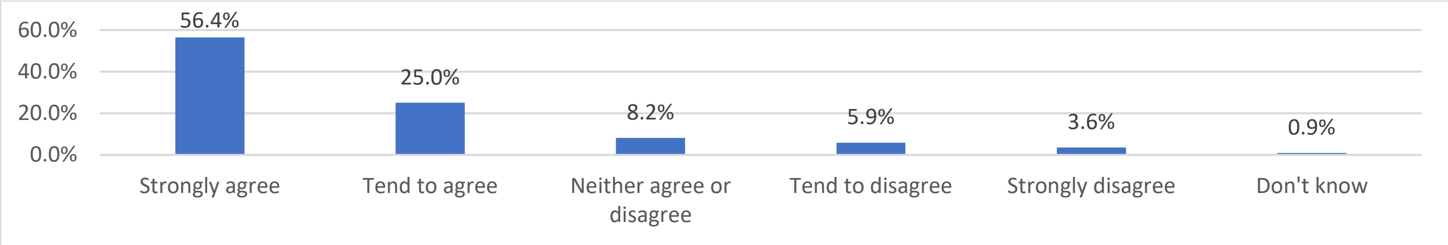

Figure 34

Figure 34 shows whether or not respondents were in agreement with the 100% council tax premium that is being applied to second homes and properties that have been empty for more than one year. 81.4% of respondents strongly agreed or tended to agree with applying this premium.

Do you have any further comments you wish to make around the level of Council Tax?

The above question was a comments-based question. Figure 35 is an overview of the comments received. The most common topic in this instance excluding 'General' was 'Council Tax rates / increases' with 18 comments received in relation to this topic.

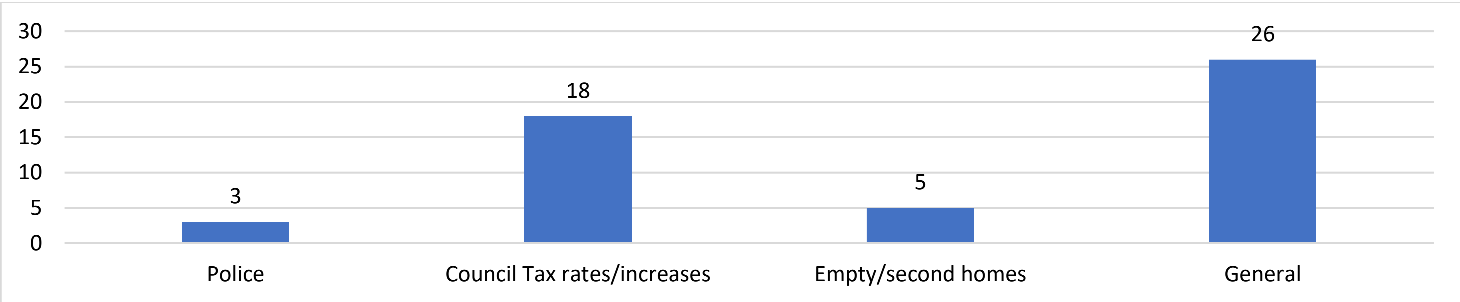

Figure 35

Do you have any other comments to make about the Council's priorities, proposed budget for 2023/24 and Medium-Term Financial Strategy 2023-2028?

The above question was a comments-based question. Figure 36 is an overview of the comments received. The most common topics in this instance excluding 'General' was 'Taxes / costs for residents' and 'Housing', both with 4 comments received for each of these topics.

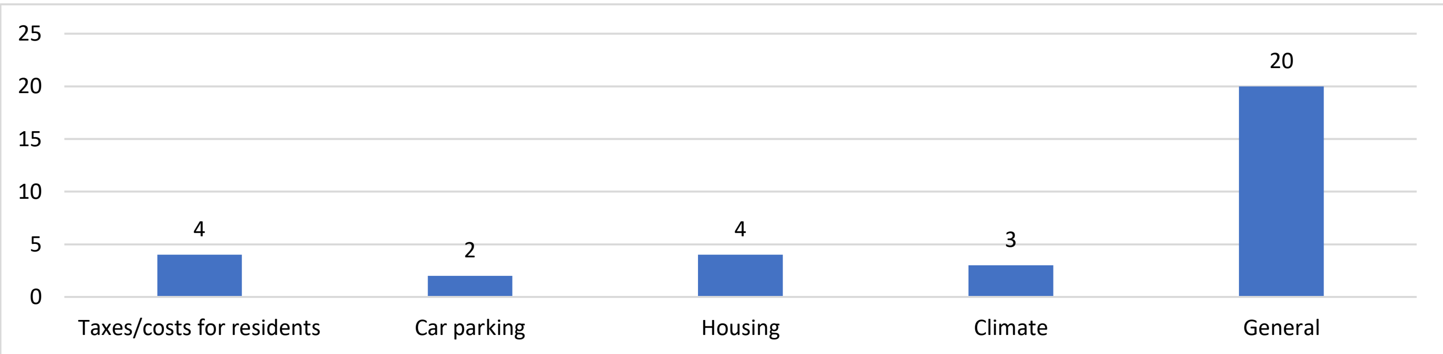

Figure 36

Budget Review Group **1 February 2023**

Present:	Councillor Gary Hewson *(in the Chair)*, Councillor Liz Bushell, Councillor David Clarkson, Councillor Jane Loffhagen, Councillor Rebecca Longbottom, Councillor Ric Metcalfe, Councillor Clare Smalley, Councillor Rachel Storer, Councillor Pat Vaughan and Councillor Loraine Woolley
Apologies for Absence:	Angela Andrews

1. Declarations of Interest

No declarations of interest were received.

2. Draft Medium Term Financial Strategy 2023-28

The Budget Review Group considered the draft Medium Term Financial Strategy 2023-2028 and provisional 2023/24 budget and Council Tax proposals. A copy of the Medium-Term Financial Strategy was appended to the report.

Jaclyn Gibson, Chief Finance Officer, presented the report and highlighted that the main objectives of this meeting were to:

- examine the principles and planning process that underlaid the proposed budget and Council Tax for the 2022/24 financial year
- ensure that at each stage the budget was clear, focused, achievable, realistic, and based on sound financial practices;
- ensure that at each stage the budget had clear linkages with corporate plans that formed the Council's Policy Framework, establishing that they were identifiable and designed to improve services in the Council's strategic priority areas.

A number of questions were provided in advance of the meeting which, together with responses provided, were noted as follows:

Question: The Independent Remuneration Panel had been asked to review Special Responsibility Allowances. To this end, shortly before Christmas, many members were interviewed by the Panel. No report has been received to date. What provision has been made for member allowances in the budget proposals?

Response: The current budget for members allowances for 2022/23 was prepared on the basis of a 1.75% increase, in line with the assumption for the staff pay award at that time.

However, as part of the current budget preparation the budget for members allowances was rebased to assume an increase of 4.75% for 2022/23, and then a future years increases of 3% 2023/24 and then 2% per year thereafter. These future year assumptions were in line with the staff pay award assumptions.

Question: The Draft MTFS includes assumptions about rates of inflation in the future. As a matter of interest, which organisation forecasts the rates of inflation have you used?

Response:

- We used a variety of sources of information to forecast levels of CPI and RPI, including latest Office of Budget Responsibility (OBR), Institute of Fiscal Studies (IFS) and the Bank of England.
- In terms of pay inflation we based this on previous pay settlements, any signals from Central Government, indications from regional briefings of the pay bodies etc.
- In terms of utilities inflation, we based this on forecasts provided by our energy supplies.
- We also undertook comparison with the other Lincolnshire Authorities.
- These were informed estimates, which were subject to change –as the last 12 months had shown.

Question: Visit Lincoln has announced on its website that the Lincoln Christmas Market would take place between the 7th and 10th of December 2023. However, there was no mention of the Christmas Market in the Fees and Charges section of the Draft MTFS. Was there a reason for this?

Response: We do not always include the Christmas Market fees and charges in the schedule to Full Council in March as it can be too soon after the previous market has taken place to assess whether there needed to be any amendments to the charges for the next market. The relevant schedules would be presented to Full Council for approval in due course.

Question: At the meeting of the Upper Witham Drainage Board on the 23rd of January, it was agreed to increase the 'penny rate' by 15%. On page 20 (44) of the Draft MTFS, an inflationary increase of 10% had been assumed. How would this difference in figures affect the budget proposals?

Response: The draft budget was prepared prior to receiving the provisional (and now confirmed) penny rate increases from the 3 IDB's and assumed the increase would be 10%. The actual position was now as follows:

	22/23 Levy	**Increase**	**Increase**	**23/24 Levy**	**Draft MTFS**	**Pressure**
	£	**%**	**£**	**£**	**£**	**£**
Witham First	147,704	29%	42,834	190,538	162,470	28,068
Witham Third	281,925	15%	42,289	324,214	310,120	14,094
Upper Witham	493,068	15%	73,960	567,028	542,370	24,658
	922,697		**159,083**	**1,081,780**	**1,014,960**	**66,820**

This additional cost of £66k per year, would be reflected in the final version of the MTFS, increasing the annual net budget by the same amount.

Question: Why couldn't the increases be separated on the Council Tax Bill?

Response: Unfortunately due to legislation it wasn't allowed. Officers were working on how it could be separated as it was a huge disadvantage to the 17 affected Councils.

Question: At the MTFS Member Development meeting on Monday the 23rd of January, you spoke about the possibility of making changes to the Minimum Revenue Provision. Please could you outline this in a bit more detail and also give the pros and cons of this course of action?

Response: Jaclyn Gibson, Chief Finance Officer, circulated a more in depth response via a handout which explained the proposed amendments to the Council's Minimum Revenue Provision.

Question: One of the main arms in the council's strategy for financial sustainability and bridging the financial gap through investment leading to growth. I strongly support the work of investment in the City but as you highlighted, it was not without some risk and rests ultimately on external factors. What were other comparable district councils doing to mitigate the existing and future budget pressures? Whilst I realise each council is different, were their approaches similar?

Response: Due to the differences in each Council's financial position and service delivery it was hard to make direct comparisons as each organisation adopted a different approach. In addition, not all Council's set out their strategies for delivering savings/efficiencies in the same way and at the same point in time.

Broadly though there were key themes including:

- Reviewing fees and charges
- Service reductions
- Transformational change through technology
- Reviewing assets to maximise income and efficiency of use
- Use of earmarked reserves
- Delivery and supporting economic growth.

Question: If, for budgetary reasons there were delays or changes to Phase 1a of the Western Road Corridor, what impact would that have on the £20million secured from central government for the road improvements?

Response: Phase 1a and the new eastern access bridge to WGC were two distinct parts of the overall development. There were no linkages between the funding or delivery of the schemes that would mean any delays or changes to Phase 1a would impact on the LUF2 funding.

Question:

- How widely has the consultation been advertised to residents?
- I appreciate the cost saving of using an online consultation but have paper copies been made available?
- When will the feedback from the general public and citizen panel be made available? I would have like to have seen it as part of the budget review report pack/meeting. Would this be possible in future?

Response: The budget consultation had been published on the Council's website and promoted through its social media channels. In addition, the consultation had been sent directly to the 509 members of the Council's Citizen's Panel.

Given the timeframe for consultation, it was not practical to provide and then collate paper responses. As in recent years, to ensure efficiency, the consultation was online only.

Consultation on the budget does not commence until the draft budget had been considered by the Executive in mid-January. This was the earliest it could be presented after the Local Government Finance Settlement that was announced in late December.

Feedback from both the public and Members (as part of the scrutiny process) was scheduled to be presented to the Executive along with the final budget proposals on the 20th February.

Members felt that it would be beneficial to be updated on the number of consultation responses from the Citizen's Panel at future Budget Scrutiny Meetings going forward.

Question: Overall, the improved funding position had a positive outcome on contribution rates, reducing secondary payments considerably. However, the cost of accruing future pensions had increased, particularly given the increase in inflation and that had driven up the primary rates from 17.3% of pensionable pay to 23.4%. Could you, please, explain what that means as it appeared to imply that the council had to contribute 23.4% of pay towards the employee's future pension?

Response: The Council paid two elements of pension contributions. Primary contributions were the estimated cost of benefit built up every year, after deducting the employees' contributions, this was expressed as a % of the employees' pensionable pay. From 1st April 2023 this rate would be 23.4% of each employee's pensionable pay.

Secondary contributions were the difference between the primary contribution rate and the amount the employer needed to pay. In broad terms payment of the secondary rate was for benefit already accrued at the valuation date and was aimed at reducing any funding deficit on the pension fund.

Question: The first item in the table was the Western Growth Corridor - £7.59m. The second paragraph down from the table goes on to say: "The largest scheme delivered directly by the Council is Phase 1a of the Western Growth Programme…". Does that mean that the Council was financially responsible for all aspects of Phase 1a including the proposed road works and construction of 300 "units" with no contribution from Lindum?

Response: The comment "The largest scheme delivered directly by the Council is Phase 1a of the western Growth Programme…". was intended to differentiate from the £19m Towns Fund that is shown in the Capital Programme, which was not directly deliverable by the Council as we were acting as the Accountable Body and the majority of funding was passed onto external bodies to deliver the schemes, as such it was not directly delivering the £19m of spend. Whereas for the Western Growth Corridor the Council was directly responsible for the budget allocation. This budget included the Council's contribution towards its share of infrastructure costs (with the other landowner, Lindum's, responsible for their share) and the cost of building the first 52 units on the Council's land (Lindum were responsible for their own build costs).

Question: At the meeting of the Performance Scrutiny Committee, there was a statement: "A review of existing council housing stock had been completed and identified that to improve the existing energy performance for a C or D would cost on average £30,000 per property." Based on 7,396 council houses, the cost of improving the energy performance of the Council's housing stock would be some £221,880,000. I appreciate that would be an expectation of receiving government grants to help with this work but it must still represent a significant cost to the Council. This was a substantial part of achieving the Council's self-imposed target (July 2019) of achieving Net Zero by 2030. With over 7,000 "units" and 7 years remaining to achieve the target there was a significant amount of work to do. Yet there was no mention of this work in the draft document or any allocation of funds for it. What were the Council's plans and estimates of costs for achieving this substantial part of their objective of achieving Net Zero by 2030 and why was there no mention of this in the Draft MTFS?

Response: The £30k per property that was quoted had since been clarified as an example provided by delivery partners such as E.On of what costs per property could be (based on other councils' experience), this was not specific to Lincoln. Work was currently underway on a retrofit assessment of a range of property types, cost and the measures for our own stock before we could confirm an accurate figure.

The Decarbonisation Plan for the Council's housing stock is one of the three key elements of the current review of the 30-Year Business Plan. Using the desktop data of estimated costs would inform the level of budget provision set aside in the revised Plan. The reference to this was in the MTFS in terms of updating the Plan in line with Vision 2025 priorities, including the environmental focus. However, given the costs involved with decarbonisation the Council would need to seek external grant support to achieve this along with their need to be carbon offsets due to too their currently being no solution to gas boilers.
The updated 30-Year Business Plan was due to be completed during 2023 and would inform the MTFS 2024-2029.

Question: The figures quoted from the 2021 Census showed that the city had a population of "around 103,900" and that 20,030 of those were students studying at our 2 universities. This showed that students made up over 19% of the total population. At the meeting of the Performance Scrutiny Committee held on 8 December 2022, Cllr Chris Burke presented his Portfolio report, in which he had encouraged us to read the Lincoln City Profile 2021/22. The population section of that document gave a figure for the city's population of 100,049 and a total of 18,705 students. Using the stats provided in the document for age ranges, it was possible to determine that students made up around 25% of the city's working-age population (the way that the figures were presented meant 18 to 69 age range was used). From the more recent (and perhaps more accurate) 2021 Census data, was it possible to determine what percentage of the city's working-age population were students?

Response:

The percentages were as follows:
Census 2021 population figure for ages 18-69 = 74,187

HESA 2020/21 student data for Lincoln = 20,030
Percentage of working age population which are students = 27%.

RESOLVED that the Budget Review Group:

(1) be presented with an update on the number of consultation responses from the Citizen's Panel at future Budget Scrutiny Meetings going forward.

(2) Agreed to provide its comments and recommendations to the Executive prior to referral of the final budget proposals to Council on 21st February 2023.

Item No. 6b

COUNCIL **28 FEBRUARY 2023**

SUBJECT:	**COUNCIL TAX 2023/24**
REPORT BY:	**CHIEF EXECUTIVE & TOWN CLERK**
LEAD OFFICER:	**JACLYN GIBSON, CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1 In light of the report on the Medium-Term Financial Strategy, which appears elsewhere on this agenda, this report will set out the City Council's council tax requirement and, together with the requirements of the County Council and the Police & Crime Commissioner Lincolnshire and will allow Members to make a formal decision on overall levels of council tax for 2023/24.

2. City Council Requirement 2023/24

2.1 The net General Fund Budget requirement as set out in the Medium Term Financial Strategy report totals £14,402,660 which includes a contribution from balances of £191,110.

2.2 For 2023/24 a council tax increase of 2.91% has been applied.

2.3 The council tax requirement for 2023/24 is £7,555,910.

2.4 By reference to the Band D level, the 2023/24 council tax would rise by £8.46 to £299.25 per annum. The range of council taxes will be:

Band	**2022/23 Council Tax** £	**2023/24 Council Tax** £
A	193.86	199.50
B	226.17	232.75
C	258.48	266.00
D	**290.79**	**299.25**
E	355.41	365.75
F	420.03	432.25
G	484.65	498.75
H	581.58	598.50

3. Requirements of the Police & Crime Commissioner and the County Council

3.1 The County Council agreed it's 2023/24 council tax requirement on the 17th February 2023, there is no confirmed date as yet as to when the Police & Crime Commissioner Lincolnshire is due to agree their requirement. The County Council have approved a 4.99% increase (2.99% Precept and 2% ASC), and the Police & Crime Commissioner have provisionally proposed an increase of 5.41%.

At Band D council tax level these are as follows: -

	£
Police & Crime Commissioner	291.24
Lincolnshire County Council	1,503.63

Should any final amendments be made to the Police and Crime Commissioner's Band D equivalents, these will be reported by way of an addendum to this meeting.

4. Total Council Tax 2023/24

4.1 The council tax requirements for all the authorities for 2023/24 is summarised as follows:

	£	% share
City of Lincoln Council	299.25	14.3%
Police & Crime Commissioner Lincolnshire (NOT YET CONFIRMED)	291.24	13.9%
Lincolnshire County Council	1,503.63	71.8%
Total Band D Charge	**2,094.12**	**100.0%**

This represents an overall increase of 4.74% for 2023/24.

5. Strategic Priorities

5.1 Council Tax income is a key source of revenue funding by which the Council is able to fund the services it delivers in support of its Vision 2025.

6. Organisational Impacts

6.1 Finance

The council tax requirement is in accordance with the Council's 2023/24 budget requirement and MTFS 2023-28 which appear elsewhere on this agenda for approval.

6.2 Legal including Procurement Rules

Local authorities must decide, prior to the 11th March, each year how much they are going to raise from Council Tax.

6.3 The Local Government Finance Act 1992 sets out the legislative powers for each billing authority to levy and collect Council Tax which shall be payable in respect of dwellings situated in its area.

6.4 Equality, Diversity and Human Rights

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

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

- Eliminate discrimination
- Advance equality of opportunity

- Foster good relations between different people when carrying out their activities

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

7. Risk Implications

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

8. Formal Council Tax Recommendation 2023/24

8.1 That the following, as submitted, be approved:

1. Acceptance of the 3rd January 2023 Executive Committee recommendation that the Council Tax Base for 2023/24, as calculated in accordance with The Local Authorities (Calculation of Council tax Base) (England) Regulations 2012, to be 25,249.48

2. That the following amounts be calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

a)	£119,284,490	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
b)	£111,728,580	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
c)	£7,555,910	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A (4) of the Act).
d)	£299.25	being the amount at 2(c) above (Item R), all divided by Item T (1 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
e)	£0	being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act

f) £299.25 being the amount at 2c) above less the amount at 2e) above, all divided by the amount at 1 above, calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year

g) **City of Lincoln Council**

A	B	C	D
£199.50	£232.75	£266.00	£299.25
E	**F**	**G**	**H**
£365.75	£432.25	£498.75	£598.50

being the amounts given by multiplying the amount at 2f) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular band divided by the number which in proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken for the year in respect of categories of dwellings listed in different bands.

3. That it be noted that for the year 2023/24 Lincolnshire County Council have provisionally stated the following amounts in precepts issued to the Council, in accordance with the dwelling bandings shown below:

Lincolnshire County Council

A	B	C	D
£1,002.42	£1,169.49	£1,336.56	£1,503.63
E	**F**	**G**	**H**
£1,837.77	£2,171.91	£2,506.05	£3,007.26

4. That it be noted that for the year 2023/24 Police & Crime Commissioner Lincolnshire have provisionally stated the following amounts in precepts issued to the Council, in accordance with the dwelling bandings shown below:

Police & Crime Commissioner Lincolnshire

A	B	C	D
£194.16	£226.52	£258.88	£291.24
E	**F**	**G**	**H**
£355.96	£420.68	£485.40	£582.48

5. That having calculated the aggregate in each case of the amounts at 2g, 3 and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following as the amounts of Council Tax for the year 2023/24 in accordance with the dwelling bandings shown below:

Total Council Tax Charge 2023/24

A	B	C	D
£1,396.08	£1,628.76	£1,861.44	£2,094.12
E	**F**	**G**	**H**
£2,559.48	£3,024.84	£3,490.20	£4,188.24

Is this a key decision?	No – referral to Full Council
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Telephone (01522) 873258

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Item No. 6c

COUNCIL **28 FEBRUARY 2023**

SUBJECT:	**PRUDENTIAL INDICATORS 2022/23 TO 2025/26 AND TREASURY MANAGEMENT STRATEGY 2023/24**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**COLLEEN WARREN, FINANCIAL SERVICES MANAGER**

1. Purpose of Report

1.1 To seek approval of the:

- Treasury Management Strategy 2023/24;
- Prudential Indicators;
- Minimum Revenue Provision (MRP) Policy Amended from 2022/23
- Treasury Management Practices (TMP's).

2. Background

2.1 This report covers the operation of the Council's prudential indicators, its treasury function and its likely activities for the forthcoming year. It incorporates four key Council reporting requirements:

- Prudential and Treasury Indicators – the reporting of the statutory prudential indicators together with local indicators, in accordance with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management Code of Practice.

- Minimum Revenue Provision (MRP) Statement – the reporting of the MRP policy which sets out how the Council will pay for capital assets through revenue each year (as required by regulation under the Local Government Act 2003).

- Treasury Management Strategy – which sets out how the Council's treasury activity will support capital decisions, the day-to-day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Authorised Borrowing Limit required by s3 of the Local Government Act 2003 and is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.

- Investment Strategy – this is included within the Treasury Management Strategy and sets out the criteria for choosing investment counterparties and limiting exposure to the risk of loss. It is reported annually (in accordance with Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance).

2.2 This report has been considered by Audit Committee on 31st January 2023 and the minutes of the meeting are attached at Appendix B.

3. Key Prudential Indicators

3.1 The table below summarises the key prudential indicators that have been incorporated into the 2023/24 strategy. The projected capital expenditure will determine the capital financing or borrowing requirement, which will in turn determine the actual level of external borrowing taken and hence, cash balances available for investment.

Key Prudential Indicators	2022/23 Estimated £'000	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000
Capital Expenditure				
General Fund	17,860	14,114	10,463	6,236
HRA	20,499	16,462	15,681	11,083
Total	**38,359**	**30,576**	**26,144**	**17,319**
Capital Financing Requirement (CFR)				
General Fund	71,401	74,149	74,105	70,262
HRA	78,024	78,803	80,954	80,954
Total CFR	**149,425**	**152,952**	**155,059**	**151,216**
Movement in CFR	**6,567**	**3,527**	**2,107**	**(3,843)**
Gross Debt				
Borrowing	121,962	109,897	115,822	114,695
Operational Boundary for external debt				
Operational Boundary	133,162	121,097	127,022	125,895
Authorised Limit for external debt				
Authorised Limit	136,920	125,642	133,223	132,891
Actual external debt				
Borrowing	123,162	111,097	117,022	115,895
Upper limit for fixed interest rates	100%	100%	100%	100%
Upper limit for variable interest rates	40%	40%	40%	40%
Upper limit for investments >365 days	£7m	£7m	£7m	£7m
Current treasury investments as at 31/12/2022 in excess of 1 year maturing in each year	-	-	-	-

3.2 <u>Liability Benchmark – Treasury Management Strategy Section 2.3</u>

A new Treasury Indicator was introduced in the CIPFA Treasury Management Code revised December 2021 and has been adopted in the Treasury Management 2023/24 Strategy. This is a liability benchmark to support the financing risk management of the capital financing requirements. The Benchmark demonstrates that the Council has no additional borrowing need for 2023 to 2026.

4. Minimum Revenue Provision (MRP) for Debt Repayment

4.1 In accordance with the Local Government Act 2003, the Council is required to pay off an element of accumulated General Fund capital expenditure each year through a revenue charge known as Minimum Revenue Provision (MRP).

The Council is required to determine a level of MRP it considers to be prudent, whilst having regard to the current MRP Guidance issued in 2018 by MHCLG (now renamed DLUHC). The Guidance gives four ready-made options for determining MRP which it considers to be prudent but does not rule out alternative approaches.

The overriding requirement of the Guidance is to set a prudent provision which ensures that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The Guidance requires that before the start of each financial year the Council prepares a statement of its policy on making MRP in respect of the forthcoming financial year and submits it to full Council for approval.

The government has recently consulted on changes to the 2003 MRP regulations with an intention to make explicit that (i) capital receipts may not be used in place of the revenue charge, and (ii) there should be no intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. The proposed changes are expected to be implemented in April 2024 but they are not expected to have a major impact for this Authority.

4.2 <u>Proposed Changes to MRP Policy</u>

A review of the Authority's MRP policy was recently undertaken by Link Group (Link), the Council's external treasury management advisors. The objective of the review was to identify opportunities to move to a more suitable and cost effective MRP strategy whilst ensuring that the provision remains prudent and compliant with statutory guidance. The review identified various options for both supported and unsupported borrowing which could be implemented; the Council has chosen within these options to adopt the policies which is deemed best suited to Lincoln.

The Council's current MRP policy for supported borrowing and historic debt prior to 2008 is calculated on a straight-line method over 50 years including a reduction for Adjustment A. An alternative option has been identified whereby MRP is calculated using an annuity method over 50 years. A change to an annuity method could be seen as being equally as prudent as the current method because time over which the debt liability will be repaid is not being extended. The remainder of the original 50-year write-down as at 31 March 2022 is 35 years and this will continue to be used therefore the write-down period is exactly the same time as under the existing method.

The current method for calculating MRP for unsupported borrowing is a straight-line method over the asset life. The Council could alternatively use an annuity method over the asset life, having the benefit of a reduction in MRP charges in the near term. This option is as prudent as the current option since the asset lives currently being used will not be changed. It can be argued that the annuity method provides a fairer charge than the straight-line method since it results in a consistent charge over the asset's life, considering the time value of money.

Link have carried out extensive research on current MRP policies in England and have observed that the annuity method of calculating MRP is used by over 60% of Authorities throughout the country.

It is recommended that Council considers implementing these options – the MRP savings for the first 5 years is shown below.

Supported Borrowing:

Year	Original charge £'000	Revised charge £'000	(Saving) / Cost £'000
2022/23	181	99	(82)
2023/24	181	103	(78)
2024/25	181	106	(75)
2025/26	181	109	(72)
2026/27	181	113	(68)
5 year TOTAL			**(374)**

Unsupported Borrowing:

Year	Original charge £'000	Revised charge £'000	(Saving) / Cost £'000
2022/23	1,506	667	(839)
2023/24	1,511	689	(822)
2024/25	1,519	712	(806)
2025/26	1,377	735	(642)
2026/27	1,424	759	(664)
5 year TOTAL			**(3,774)**

The tables above show savings arising from capital expenditure to 31 March 2022, there will be further savings on projected capital expenditure in the General Investment Programme from 1 April 2022 onwards.

4.3 Main advantages of the changes in policy:

- The debt liability will be written off as quickly overall as the existing method. This is in line with one of the main MRP guidance principles, whilst achieving an overall level of debt redemption over the same number of total years than would be provided under the existing straight-line method.
- The annuity method of charging MRP can be seen as a more prudent basis for providing for capital expenditure which provides a steady flow of benefits over their useful life. It can provide a fairer charge than the straight-line method as it provides a consistent charge over an asset's life when considering the time value of money.
- Associating all MRP charges with the approximate useful life of the underlying assets creates a fairer charge to the taxpayers who have had use of the asset.
- The changes bring consistency between how supported and unsupported debt is treated.

- The weighted average method of calculation for unsupported borrowing is a much simpler calculation than the current method, providing for more concise and user friendly working papers.

4.4 Main disadvantages of the changes in policy:

- The proposed changes will lead to a higher Capital Financing Requirement and borrowing requirement than under the Council's current MRP policy. The associated cost for the Council will depend on the Council's treasury position and interest rates prevailing at the time.

The statutory guidance allows the Council to review its policy every year and set a policy that it considers prudent at that time. The impact of a revised MRP policy will be kept under regular review in order to ensure that the annual provision is prudent.

5. Environmental, Social and Governance (ESG) Considerations

5.1 Changes to the CIPFA Treasury Management Code 2021 incorporates ESG considerations into Treasury Management Practice 1. The Council will invest, where possible, in sustainable investment opportunities.

6. Strategic Priorities

6.1 The budget process sets the resources in support of the Council's Vision 2025 and Strategic Priorities and determines the Service Plans for the year ahead. Effective scrutiny of the budget process should support the Audit Committee in reaching the right decisions with regard to finances.

7. Organisational Impacts

7.1 Finance

Financial implications are contained in the main body of the report.

7.2 Legal Implications including Procurement Rules

The powers for a local authority to borrow and invest are governed by the Local Government Act 2003 (LGA 2003) and associated Regulations. A local authority may borrow or invest for any purpose relevant to its functions, under any enactment, or for the purpose of the prudent management of its financial affairs. The Regulations also specify that authorities should have regard to the CIPFA Treasury Management Code and the MHCLG Investment Guidance when carrying out their treasury management functions

7.3 Equality, Diversity and Human Rights

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

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

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

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

8. Risk Implications

8.1 The Local Government Act 2003, the Prudential Code and the Treasury Management Code of Practice include a key principle that an organisations appetite for risk is included in their annual Treasury Management Strategy and this should include any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing

9. Recommendation

Full Council are asked to:

9.1 Approve the Treasury Management Strategy 2023/24 including the Prudential Indicators;

9.2 Approve the revised Minimum Revenue Provision Policy amended from 2022/23.

9.3 Approve the Treasury Management Practices.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Two (Appendix A and B)
List of Background Papers:	Medium Term Financial Strategy 2023-28 CIPFA Code of Practice CIPFA Prudential Code Treasury Management Strategy Treasury Management Practices
Lead Officer:	Colleen Warren – Financial Services Manager Telephone (01522) 873361

APPENDIX A

CITY OF LINCOLN COUNCIL

TREASURY MANAGEMENT STRATEGY

2023/24

TREASURY MANAGEMENT STRATEGY

Contents

1. BACKGROUND

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.1 Treasury Management Reporting

The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) – which includes:
   - Prudential Indicators to ensure that the Council's capital plans are affordable, prudent and sustainable (as required by CIPFA's Prudential Code).
   - a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time as required by DLUHC's MRP Guidance)
   - the Treasury Management Strategy before the start of each financial year (as required by CIPFA's Treasury Management Code); and
   - an Annual Investment Strategy before the start of each financial year (as required by DLUHC's Investment Code).

b. **A mid-year treasury management report –** This is a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report –** This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. These reports will be provided as part of the quarterly monitoring process to Performance Scrutiny and Executive Committees.

1.2 Treasury Management Strategy for 2023/24

The Strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.3 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Chief Finance Officer is responsible for this function.

Furthermore, the Code states that it expects “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The Council will carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and relevant council members.
- Require treasury management officers and relevant council members to undertake self-assessment against the required competencies.
- Have regular communication with officers and relevant council members, encouraging them to highlight training needs on an ongoing basis.

Training provided to Performance Scrutiny and Audit Committee will consist of two one hour sessions provided by the Council's external treasury management advisors, with additional training arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained within the Human Resources system. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by Democratic Services.

1.4 Treasury Management Consultants

The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors. Responsibility for treasury management decisions remains with the Council at all times. Although the council will from time to time require the services of specialists, consultants and advisers in order to acquire access to specialist skills, undue reliance will not be placed upon the services and advice provided.

2. THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2025/26

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Indicators 1 & 2 **Capital Expenditure**	**2022/23 Estimated £'000**	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**
General Fund	17,860	14,114	10,463	6,236
HRA (including New Build)	20,499	16,462	15,681	11,083
Total Expenditure	**38,359**	**30,576**	**26,144**	**17,319**
Financed by:				
Capital receipts	2,469	1,438	6,439	4,943
Capital grants & contributions	14,385	10,484	4,578	1,141
Depreciation (HRA only)	9,348	9,092	8,645	8,991
Revenue/Reserve Contributions	4,824	5,152	3,452	2,044
Borrowing need	**7,333**	**4,410**	**3,030**	**200**
Total Financing	**38,359**	**30,576**	**26,144**	**17,319**

2.2 The Council's Borrowing Need – the Capital Financing Requirement (CFR)

The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either capital or revenue resources. It is essentially a measure of the Council's underlying borrowing need.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. Finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The CFR includes an allowance for the replacement of the majority of the vehicle fleet under leasing. The CFR has increased to reflect a borrowing requirement for the replacement fleet. This will also increase the MRP charge annually during the lifetime of the lease arrangements.

Based on the capital expenditure plans above the CFR for 2022/23 to 2025/26 is projected to be:

Indicators 3 & 4 **Capital Financing Requirement (CFR)**	**2022/23 Estimated** **£'000**	**2023/24 Estimated** **£'000**	**2024/25 Estimated** **£'000**	**2025/26 Estimated** **£'000**
General Fund	71,401	74,149	74,105	70,262
HRA	78,024	78,803	80,954	80,954
Total CFR	**149,425**	**152,952**	**155,059**	**151,216**
Movement in CFR	**6,567**	**3,527**	**2,107**	**(3,843)**

Net borrowing need for the year	7,333	4,410	3,030	200
Minimum / Voluntary Revenue Provision (MRP/VRP)	(766)	(883)	(923)	(958)
Application of Capital Receipts	0	**0**	0	(3,086)
Movement in CFR	**6,567**	**3,527**	**2,107**	**(3,844)**

Indicator 5 **External Borrowing**	**2022/23 Estimated £'000**	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**
Borrowing	**121,962**	**109,897**	**115,822**	**114,695**

2.3 Liability Benchmark (LB)

The new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years as a minimum.

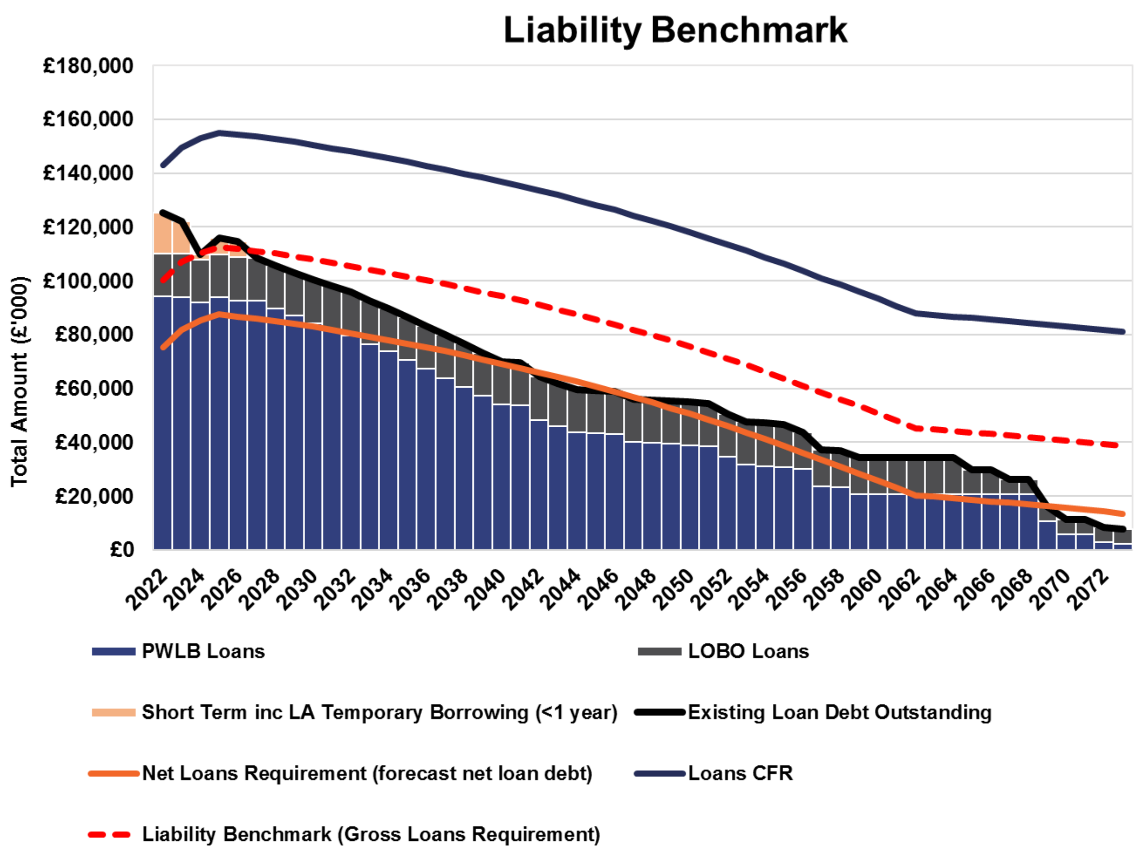
There are four components to the LB:

Existing loan debt outstanding: the Council's existing loans that are still outstanding in future years.

Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

Net loans requirement: this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The chart illustrates that there is no borrowing need, based on the Council's existing portfolio and approved capital expenditure, until 2032. At this point loans that are maturing will need replacing. Currently, for the term of the Medium-Term Financial Strategy the above indicates surplus cash in excess of liquidity requirements which will be invested.

2.4 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund borrowing each year through a revenue charge (the Minimum Revenue Provision) and is also allowed to undertake additional voluntary payments (VRP).

DLUHC Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision.

Members are recommended to approve the following MRP Statement:

- The Council's MRP policy has been amended for 2022/23 following a comprehensive review of MRP charges and methodology. This updated policy reflects the new MRP calculation methods to be implemented.

- The MRP policy will be:

(A) For supported capital expenditure incurred before 1st April 2008, the Council will apply the Asset Life Method using an annuity calculation over 50 years.

(B) For unsupported borrowing the MRP policy will be:

- Asset Life Method – MRP will be based on the estimated life of the assets on an annuity basis. Asset life is deemed to begin once the asset becomes operational. MRP will commence from the financial year following the one in which the asset becomes operational.

- The MRP calculation will be done on an annual weighted average basis.

- The interest rate applied to the annuity calculations will reflect the market conditions at the time and will for the current financial year be the Council's weighted average borrowing rate.

- MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the statutory guidance.

- MRP in respect of assets acquired under Finance Leases will be charged at a rate equal to the principal element of the annual lease rental.

- MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e., voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. There were £0m VRP overpayments up to 31st March 2022.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.1 Current Treasury Portfolio Position

The overall treasury management position as at 31/03/22 and for the position as at 31/12/22 are shown below for both borrowing and investments:

	31/03/22 Actuals £'000	%	31/12/22 Actuals £'000	%
Investments				
Banks	21,000	42	31,000	62
Building Societies	0	0	0	0
Money Market Funds	28,850	58	18,700	38
TOTAL	**49,850**	**100**	**49,700**	**100**
Borrowing				
PWLB	94,177	75	93,962	75
Market Loans	16,000	13	16,000	13
Local Authorities	15,000	12	15,000	12
TOTAL	**125,177**	**100**	**124,962**	**100**

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Indicator 6 External Debt	2022/23 Estimated £'000	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000
Debt as at 1 April	125,177	121,962	109,897	115,822
Expected change in debt	(3,215)	(12,065)	5,925	(1,127)
Actual gross debt as at 31 March	**121,962**	**109,897**	**115,822**	**114,695**
Capital Financing Requirement	**149,425**	**152,952**	**155,059**	**151,216**
Under/(Over) Borrowing	**27,463**	**43,055**	**39,237**	**36,521**

3.2 Treasury Indicators: Limits to Borrowing Activity

The level of the proposed operational and authorised limits is based on an assessment of the level of borrowing required to meet the Capital Financing Requirement (CFR) and also an allowance for temporary borrowing for working capital and also in lieu of other capital financing sources (e.g. capital receipts). Financial modelling has been carried out for both and the affordability and sustainability of the potential borrowing requirement has been assessed and can be contained within the Draft MTFS 2023-28.

The Operational Boundary - boundary based on the expected maximum external debt during the course of the year.

Indicator 8 Operational Boundary	2022/23 Estimated £'000	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000
Debt	131,962	119,897	125,822	124,695
Other long-term liabilities	1,200	1,200	1,200	1,200
Total	**133,162**	**121,097**	**127,022**	**125,895**

The Authorised Limit for external debt - represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

Indicator 7 Authorised Limit	2022/23 Estimated £'000	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000
Debt	135,540	124,262	131,843	131,511
Other long-term liabilities	1,380	1,380	1,380	1,380
Total	**136,920**	**125,642**	**133,223**	**132,891**

3.3 Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Link's central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

Further down the road, Link anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation will peak at close to 11% in Q4 2022/23. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the 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 prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp fall in long term rates e.g. due to a marked increase of risks around a relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates remain low.

The Council's overall core borrowing objectives will remain uniform and follow a similar pattern to previous years as follows:

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

There is unsupported borrowing in the General Fund Investment Programme (GIP) as detailed in the Capital Strategy – the requirement to produce a Capital Strategy was introduced in 2018. The Council expects to take out loans for the General Fund however, will continue to use internal balances whilst interest rates on investments remain low. Officers are continually evaluating the cost effectiveness of borrowing as opposed to selling capital assets. Proposals are presented to Members when borrowing becomes more cost effective.

The strategy allows for additional borrowing in line with the expected movement in the Capital Financing Requirement (CFR), should it become necessary for cash flow requirements. The Council will consider PWLB loans, Market loans, the Municipal Bond Agency and other financial institutions, if attractive rates are offered. In addition, should schemes be identified that benefit the Council's strategic aims and be deemed cost effective, i.e. Invest to Save schemes where the income streams more than pay for the borrowing costs, unsupported borrowing will be considered

3.5 Policy on Borrowing in Advance of Need

The Council has some flexibility to borrow funds this year for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Chief Finance Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 36 months in advance of need

Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is to be undertaken, it will be reported to the Corporate Management Team.

4. INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Council's investment strategy's primary objectives are safeguarding the repayment of the principal and interest of its investments on time, ensuring adequate liquidity, with the investment return being the final objective.

The intention of the strategy is to provide security of investment and minimisation of risk.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but the Council will also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.

In line with this aim, the Council will ensure:

- It maintains a policy covering the types of specified and unspecified investments it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the paragraphs below.
    - **Specified Investments** – these are high security investments (i.e. high credit quality) and high liquidity investments in sterling with a maturity of no more than one year**.**
    - **Non-specified Investments** – investments that do not fall into the category of Specified Investments, representing a potential greater risk (e.g. over one year).
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

4.2 Creditworthiness Policy

Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

- It has sufficient liquidity in its investments. For the purpose it will set out procedures for determining the maximum periods for which funds may be prudently committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Chief Finance Officer will maintain a counterparty list in compliance with the criteria set out and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which chooses Specified and Non-Specified investments as they provide an overall pool of counterparties considered high-quality which the Council may use rather than defining what its investments are.

As a result of the financial pressures the Council faces, the identification of savings and income generation are critical to the delivery of the Medium Term Financial Strategy. Treasury Management is an important area for further income generation and therefore, the main theme of the Council's investment strategy must continue to be to maximise interest from investments, after ensuring adequate security and liquidity. The Investment Strategy 2023/24 seeks to achieve this objective by establishing a pool of counterparties available for investment whilst still containing overall risk within acceptable levels.

The Council uses Link Group' creditworthiness service. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard and Poor's.

In accordance with the guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

As with previous practice, ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, engaging with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the creditworthiness methodology provided by Link Group . The result is a colour coding system, which shows the varying degrees of suggested creditworthiness.

Alongside the credit ratings other information sources are used and include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process with regard to the suitability of potential investment counterparties.

The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads resulting in a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Yellow	**5 years**
Purple	**2 years**
Blue	**1 year (only applies to part-government owned UK banks)**
Orange	**1 year**
Red	**6 months**
Green	**100 days**
No colour	**Not to be used**

The Link Group creditworthiness service uses a wider array of information than primary ratings alone and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

The credit ratings specified above are defined as follows:-
F1 (short term rating) – Highest credit quality
A- (long term rating) – High credit quality, denoting a very strong bank

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of Link's creditworthiness service.

- If a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's counterparty list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Institution	Minimum credit criteria/colour band	Maximum limit per group or institution £	Maximum maturity period
SPECIFIED INVESTMENTS			
UK Bank [*1]	Orange/Blue Red Green	£7 million	1 year 6 months 100 days
Non-UK Banks[*1] Sovereign rating AA	Orange Red Green	£7 million	1 year 6 months 100 days
Building Society[*2]	Orange Red Green	£5 million	1 year 6 months 100 days
Money Market Fund CNAV[*3]			
Money Market Fund LVNAV[*3]	Yellow	£7 million	Liquid
Money Market Fund VNAV[*3]			
UK Government[*4]	Yellow	unlimited	6 months
UK Local Authority[*4]	Yellow	£3 million	1 year
NON-SPECIFIED INVESTMENTS			
UK Bank[*1]	Purple	£7 million	2 years
Non-UK Banks[*1]			

Sovereign rating AA	Purple	£7 million	2 years
Building Society*2	Purple Yellow	 £2 million	2 years 5 years
UK Local Authority*4	Yellow	£3 million	5 years
Lincoln Credit Union	N/A	£10K	N/A
Council's own bank*5 (operational cash limit in addition to investment group limit)	N/A	£500K	Overnight

***1**Where the term 'Bank' is used, this denotes a UK or European Bank authorised to accept deposits through a bank account incorporated within the UK banking sector. The maximum amount indicated is the 'Group total' and covers the total amount that can be invested when spread over any number of subsidiaries within that group.
***2** Where the term Building Society is used, this denotes a UK Building Society.
***3** Money market funds (MMF) are mutual funds that invest in short-term high quality debt instruments. The assets are actively managed within very specific guidelines to offer liquidity and competitive returns. Recently MMFs have changed from a constant net asset value basis to a low volatility net asset value. Although money funds are regarded as short-term investments the rating agencies use a classification system based on long-term debt ratings.
***4** The UK Government (i.e. HM Treasury and its Executive Agency, the Debt Management Office) and Local Authorities, although not rated as such, are classified as having the equivalent of the highest possible credit rating.
***5**This limit covers normal treasury management activities but excludes any deposits received after money market trading has closed.
It allows up to £500K of operational cash to be held in the Council's main bank account in addition to the group investment limit for the bank, if the bank is included on the Council's counterparty list.

4.3 Limits

Country and Sector Considerations

Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state. In addition.

- No more than 50% will be placed with any non-UK country at any time.
- Group limits have been set to ensure that the Council is not exposed to excessive risk due to concentration of investments within any one institution or group. These are detailed in the Investment Counterparty Limits table.

Although the strategy sets a limit for investment in non-UK countries at no more than 50%, the Council has been operating a tighter operational strategy in the light of the Eurozone difficulties and has not been investing outside the UK. This operational restriction will continue until the problems in the Eurozone economy have been sufficiently resolved.

In the normal course of the Council's cash flow operations it is expected that both Specified and Non-specified investments will be used for the control of liquidity as both categories allow for short-term investments. The Chief Finance Officer will strive to keep investments within the Non-specified category to a prudent level (having regard to security and liquidity before yield). To these ends the Council will maintain a maximum of 75% of investments in Non-specified investments.

The use of longer-term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. The investment in longer-term instruments is also limited as shown in paragraph 4.4, which gives the maximum amount to be invested over 1 year, as well as the limits on the amounts that can be placed with the categories within the non-specified range of investments (see above table, section 4.2).

Expectations on shorter-term interest rates, on which investment decisions are based, reflect the fact that an increase in the current 3.5% Bank Rate is likely during 2023. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

There are operational challenges arising from the ongoing economic conditions. Ideally investments would be invested longer to secure better returns, however shorter dated investments provide better security.

The criteria for choosing counterparties set out above provide a sound approach to investment in difficult market circumstances.

4.4 Investment Strategy

Investment returns expectations.
The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 4.5% in Q2 2023. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit: -

Indicator 11 Upper Limit for Fixed Interest Rates	2023/24 £m	2024/25 £m	2025/26 £m
	100%	100%	100%

Indicator 12 Upper Limit for Variable Interest Rates	2023/24 £m	2024/25 £m	2025/26 £m
	40%	40%	40%

Indicator 14 Maximum Principal Sums Invested for longer than 365 days	2023/24 £m	2024/25 £m	2025/26 £m
	7	7	7

4.5 Investment Performance / Risk Benchmarking

Yield benchmarks are widely used to assess investment performance. Discrete security and liquidity benchmarks are also requirements to Treasury Management reporting, although the application of these is more subjective in nature.

These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security

The Council's expected security risk benchmark for the current portfolio, when compared to these historic default tables, is:

0.013% historic risk of default when compared to the whole portfolio.

Liquidity

In respect of this area the Council seeks to maintain:

- Bank overdraft - £nil.
- Liquid short term deposits of at least £5 million available with a week's notice.

Weighted Average Life benchmark is expected to be 0.11 years.

Yield

Local measure of yield benchmark employed is:

- Investments – return above the 7 day SONIA compounded rate.

5 APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Approved countries for investments
5. Treasury Management Practices

APPENDIX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2023/24 – 2025/26

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure

Capital Expenditure	2022/23 Estimated £'000	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000
General Fund	17,860	14,114	10,463	6,236
HRA (including New Build)	20,499	16,462	15,681	11,083
Total Expenditure	**38,359**	**30,576**	**26,144**	**17,319**

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators: -

Ratio of Financing Costs to Net Revenue Stream

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

Indicators 9 & 10 Ratio Financing Costs : Net Revenue Stream	2022/23 Estimated %	2023/24 Estimated %	2024/25 Estimated %	2025/26 Estimated %
General Fund	13.2%	14.4%	15.9%	17.6%
HRA (including New Build)	27.5%	28.3%	27.6%	26.8%

Maturity Structure of Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing at the same time and are required for upper and lower limits.

Indicator 13 Maturity Structure of fixed borrowing	2023/24		2024/25		2025/26	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	40%	0%	40%	0%	40%
12 months to 2 years	0%	40%	0%	40%	0%	40%
2 years to 5 years	0%	60%	0%	60%	0%	60%
5 years to 10 years	0%	80%	0%	80%	0%	80%
10 years and above	10%	100%	10%	100%	10%	100%

Control of Interest Rate Exposure

Please see paragraphs 3.2, 3.4 and 4.4.

APPENDIX 2 - INTEREST RATE FORECASTS 2022-2025

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

PWLB forecasts are based on PWLB certainty rates.

APPENDIX 3 - ECONOMIC BACKGROUND

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

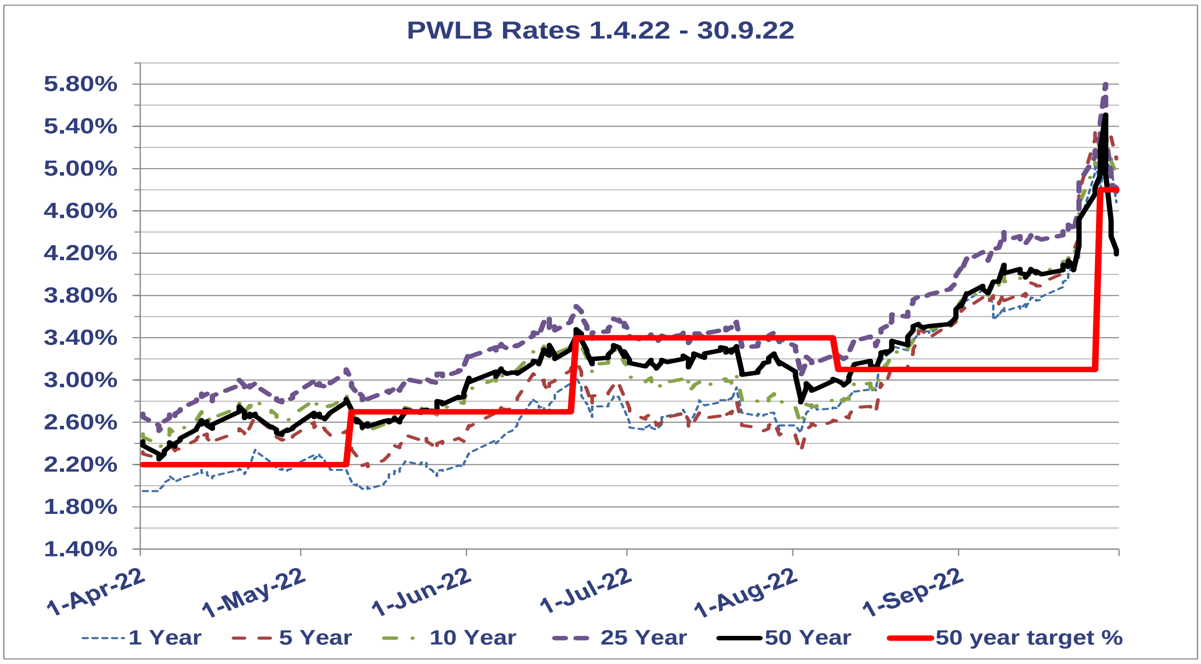
The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.20. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

APPENDIX 4 - APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- **U.K.**

THIS LIST IS AS AT 2.12.22

CITY OF LINCOLN COUNCIL TREASURY MANAGEMENT POLICY – CODE OF PRACTICE FOR TREASURY MANAGEMENT

(January 2023)

KEY PRINCIPLES

The City of Lincoln Council adopts the following three key principles identified within the *CIPFA Treasury Management in the Public Services Code of Practice* (The Code).

Key Principle 1

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2

The policies and practices should make clear that the effective management and control of risk are prime objectives of the treasury management activities and that responsibility for these lies clearly within the organisation. The appetite for risk should form part of the annual investment strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and *portfolio* liquidity when investing *treasury management* funds.

Key Principle 3

They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

ADOPTED CLAUSES

In accordance with *CIPFA's Treasury Management in the Public Services Code of Practice* (The Code), the City Of Lincoln Council adopts the following four clauses:

1. The City of Lincoln Council will create and maintain, as the cornerstones for effective treasury management:

   - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities

   - suitable treasury management practices (TMP's), setting out the manner in which it will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

   The content of the policy statement and TMP's will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the City of Lincoln Council materially deviating from the Code's key principles.

2. The Performance Scrutiny Committee of the City of Lincoln Council will receive reports on its treasury management policies, practices and activities, including, a quarterly review and an annual report after its close, in the form prescribed in its TMP's. The Audit Committee of the City of Lincoln Council will receive on at least an annual basis a report of the treasury management strategy before approval by the Executive and full Council. Revised strategies may be prepared and presented within the quarterly monitoring report.

3. The City of Lincoln Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Performance Scrutiny Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs.

4. The City of Lincoln Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

TREASURY MANAGEMENT POLICY STATEMENT

1. The City of Lincoln Council defines its treasury management activities as:

   "*The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

2. The City of Lincoln Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organization, and any financial instruments entered into to manage these risks.

3. The City of Lincoln Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT PRACTICES

TREASURY MANAGEMENT PRACTICE 1

RISK MANAGEMENT

General statement

The City of Lincoln Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investments. The Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the City of Lincoln Council's objectives in this respect, all in accordance with the procedures set out in TMP6 *Reporting requirements and management information arrangements.* In respect of each of the following risks, the arrangements, which seek to ensure compliance with these objectives, are set out in the schedule to this document.

[1] Credit and counterparty risk management

Credit and counter-party risk is "*The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing (not part of the Treasury Management function), particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources"*

The City of Lincoln Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 *Approved instruments, methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow or with whom it may enter into other financing arrangements.

In preparing the annual strategy, the City of Lincoln Council will:

- Produce a list of approved investment instruments for both Specified and Non-specified Investments,
- Identify criteria for inclusion on the Council's Counterparty List,
- Determine the minimum credit ratings required for both Specified and Non-Specified Investments and the maximum amounts and periods to be invested in Specified and Non-specified Investments.

Policy on environmental, social and governance (ESG) considerations

The Council's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at individual investment level. The Council's investments will be sustainable where practicable.

[2] Liquidity risk management

This is *"The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisations business/service objectives will be thereby compromised."*

The City of Lincoln Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The City of Lincoln Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day at £500,000. Borrowing or lending shall be arranged in order to achieve this aim.

[3] Interest rate risk management

This is *"The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately."*

The City of Lincoln Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 *Reporting requirements and management information arrangements.*

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

[4] Exchange rate risk management

This is *"The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately."*

City of Lincoln Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Inflation risk management

This is "The chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation,"

The City of Lincoln Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

[6] Refinancing risk management

"The risk that maturing borrowings, capital, project or partnership financing cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and / or that the terms are inconsistent with prevailing market conditions at the time."

The City of Lincoln Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the City of Lincoln Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous, and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- the generation of cash savings at minimum risk;
- to reduce the average interest rate;
- to amend the maturity profile and /or the balance of volatility of the debt portfolio.

Rescheduling will be reported to the Executive at the meeting immediately following its action in the quarterly report and in the annual review report.

Projected Capital Investment Requirements

The responsible officer will prepare a five-year plan for capital expenditure for the Council. The capital plan will be used to prepare a five-year revenue budget for all forms of financing charges.

The definition of capital expenditure and long-term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax and (in the case of authorities with an HRA), housing rent levels. It will also take into account affordability in the longer term beyond this three-year period.

- Financial Conduct Authority's Code of Market Conduct
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

[7] Legal and regulatory risk management

This is *"The risk that the organisation itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly."*

The City of Lincoln Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] *Credit and counterparty risk management,* it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the City of Lincoln Council, particularly with regard to duty of care and fees charged.

The City of Lincoln Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the City of Lincoln Council.

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

Procedures for Evidencing the Council's Powers/Authorities to Counterparties
The Council's powers to borrow and invest are contained in legislation.

In addition, it will make available on request the following: -

- the scheme of delegation of treasury management activities which is contained in Financial Procedure Rules
- the document which sets out which officers are the authorised signatories.

Required Information on Counterparties
Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard and Poors and CDS prices.

Statement on the Council's Political Risks and Management of Same
The responsible officer shall take appropriate action with the Council, the Chief Executive and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

Monitoring Officer
The monitoring officer is the City Solicitor; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

Chief Financial Officer
The Chief Financial Officer is the Chief Finance Officer, the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if she has concerns as to the financial prudence of its actions or its expected financial position.

[8] Fraud, error and corruption, and contingency management

"The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its TM dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk."

The City of Lincoln Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore: -

- seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

[9] Price risk management

"The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated TM policies and objectives are compromised, against which effects it has failed to protect itself adequately."

The City of Lincoln Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

TREASURY MANAGEMENT PRACTICE 2

PERFORMANCE MEASUREMENT

The City of Lincoln Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the City of Lincoln Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 3

DECISION-MAKING AND ANALYSIS

The City of Lincoln Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions both for the purposes of learning from the past and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 4

APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The City of Lincoln Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management.*

City of Lincoln Council has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TREASURY MANAGEMENT PRACTICE 5

ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The City of Lincoln Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is a clarity of treasury management responsibilities at all times.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling those policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the City of Lincoln Council intends, as a result of lack of resources or other circumstances to depart from these principles, the Chief Finance Officer will ensure that the reasons are properly reported in accordance with TMP6 *Reporting requirements and management information arrangements,* and the implications properly considered and evaluated.

The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Chief Finance Officer will also ensure that those engaged in treasury management will, at all times, follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The Chief Finance Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Chief Finance Officer in respect of treasury management are set out in the schedule to this document. The Chief Finance Officer will fulfil all such responsibilities in accordance with the City of Lincoln Council’s policy statement and TMP’s.

TREASURY MANAGEMENT PRACTICE 6

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The City of Lincoln Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the full Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year. Revised strategies may be presented to full Council at any point in the year if deemed necessary.
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with its treasury management policy statement and TMP's.

The Performance Scrutiny Committee will receive regular monitoring reports on treasury management activities and risks. It will receive an annual report on the treasury management activities before approval by the Executive and full Council.

The Audit Committee will have responsibility for the scrutiny of treasury management policies and practices. It will receive an annual report on the treasury management strategy before approval by the Executive and full Council.

The Executive will receive the Treasury Management Strategy prior to submission to Full Council, regular monitoring reports and an annual report on the Treasury Management function, on the effects of the decisions taken and the transactions executed in the past year.

The City of Lincoln Council will report the treasury management indicators as detailed in the local authority guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 7

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Chief Finance Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will as a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The form, which the City of Lincoln Council's budget will take, is set out in the schedule to this document. The Chief Finance Officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements*.

The City of Lincoln Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of the City of Lincoln Council's accounts is set out in the schedule to this document.

The City of Lincoln Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 8

CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the City of Lincoln Council will be under the control of the Chief Finance Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Chief Finance Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1[2] *liquidity risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 9

MONEY LAUNDERING

The City of Lincoln Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties, and reporting suspicions ensuring that staff involved in treasury activities and accepting payments are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

Money Laundering is defined as "*a process where the identity of the proceeds of criminal proceedings (dirty money) is changed through apparently legitimate transactions so that the money appears to originate from a legitimate source*"

TREASURY MANAGEMENT PRACTICE 10

STAFF TRAINING AND QUALIFICATIONS

The City of Lincoln Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Chief Finance Officer will recommend and implement the necessary arrangements.

The Chief Finance Officer will ensure that the council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 11

USE OF EXTERNAL SERVICE PROVIDERS

The City of Lincoln Council recognises that the responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. It will also ensure that where any external investment manager is used that they are contractually required to comply with the Council's Strategies. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Chief Finance Officer, and details of the current arrangements are set out in the schedule to this document.

TREASURY MANAGEMENT PRACTICE 12

CORPORATE GOVERNANCE

The City of Lincoln Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The City of Lincoln Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

INVESTMENTS THAT ARE NOT PART OF TREASURY MANAGEMENT ACTIVITY

MANAGEMENT PRACTICES FOR NON-TREASURY INVESTMENTS

City of Lincoln Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcome, investments in subsidiaries, and investment property portfolios.

City of Lincoln Council will ensure that all its investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, its risk appetite and specific policies and arrangements for non-treasury investments. It will be recognized that the risk appetite for these activities may differ from that for treasury management.

The City of Lincoln Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and its risk exposure

TREASURY MANAGEMENT PRACTICES – SCHEDULES

This section contains the schedules, which set out the details of how the Treasury Management Practices (TMP's) are put into effect by City Of Lincoln Council.

TREASURY MANAGEMENT PRACTICE 1
RISK MANAGEMENT

[1] Credit and counterparty risk management (reviewed and updated annually as part of the Council's Treasury Management Strategy)

- ***Debt Management Office*** – The council to use at the discretion of the Chief Finance Officer.

- ***Criteria to be used for creating/managing approved counterparty lists/limits*** – the type of institutions that are included on the Council's counterparty list are based on the Council's ethical policy and by reference to investment guidance. The Council uses the creditworthiness service provided by its treasury management advisors, Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies, Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with overlays of credit watches and credit outlooks from credit rating agencies; Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings; and sovereign ratings to select counterparties from creditworthy countries. The criteria used for the counterparty list are based on the Council's attitude to investment risk and advice from the Council's treasury management consultants. Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalent) of F1 (highest credit quality) and a long-term rating A- (high credit quality). There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but the counterparty may still be used if consideration of the whole range of ratings available and other topical market information supports their use.

  The Link Group modelling approach described above combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

  - Yellow 5 years
  - Purple 2 years

- Blue 1 year (only applies to part-government owned UK banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used

The current minimum criteria for inclusion of counterparties on the list using the colour coding are as shown below, along with the allowable time and money limits.

Investment Counterparty Limits

Institution	Minimum credit criteria/colour band	Maximum limit per group or institution £ million	Maximum maturity period
SPECIFIED INVESTMENTS			
UK Bank [*1]	Orange/Blue Red Green	£7 million	Up to 1 year Up to 6 months Up to 100 days
Non-UK Banks[*1] Sovereign rating AA	Orange Red Green	£7 million	Up to 1 year Up to 6 months Up to 100 days
Building Society[*2]	Orange Red Green	£5 million	Up to 1 year Up to 6 months Up to 100 days
Money Market Fund CNAV[*3]			
Money Market Fund LVNAV[*3]	Yellow	£7 million	Liquid
Money Market Fund VNAV[*3]			
UK Government[*4]	Yellow	unlimited	Up to 6 months
UK Local Authority[*4]	Yellow	£3 million	Up to 1 year
UNSPECIFIED INVESTMENTS			
UK Bank[*1]	Purple	£7 million	Up to 2 years
Non-UK Banks[*1] Sovereign rating AA	Purple	£7 million	Up to 2 years
Building Society[*2]	Purple Yellow	£2 million	Up to 2 years Up to 5 years
UK Local Authority[*4]	Yellow	£3 million	Up to 5 years
Lincoln Credit Union	N/A	£10K	N/A
Council's own bank[*5] (operational cash limit in addition to the investment group limit)	N/A	£500K	Overnight

***1** Where the term 'Bank' is used this denotes a UK or European Bank authorised to accept deposits through a bank account incorporated within the UK banking sector. The maximum amount indicated is the 'Group total' and covers the total amount that can be invested when spread over any number of subsidiaries within that group.

***2** Where the term Building Society is used this denotes a UK Building Society.

***3** Money market funds are mutual funds that invest in short-term high quality debt instruments. The assets are actively managed within very specific guidelines to offer safety of principal, liquidity and competitive returns. Although money funds are regarded as short-term investments the rating agencies use a classification system based on long-term debt ratings.

***4** The UK Government (i.e. HM Treasury and its Executive Agency the Debt Management Office) and Local Authorities, although not rated as such, are classified as having the equivalent of the highest possible credit rating.

***5** This limit covers normal treasury management activities but excludes any deposits received after money market trading has closed. It allows up £500K operational cash to be held in the Council's main bank account in addition to the group investment limit for the bank, if the bank is included on the Council's counterparty list.

- ***Approved methodology for changing limits and adding/removing counterparties*** - The Council's treasury management consultants compile a full list of counterparties, with their appropriate colour coding, designated as the "Credit list". This list is issued to the Council and renewed on a weekly basis. Notifications of any changes are received as they occur. The latest position is also available on Link's Passport system. The credit rating position is updated on this system as soon as any changes are made to credit ratings. The latest position will be checked and is used as a source of reference before any investments are undertaken. If the change to a counterparty is a downgrade and no longer meets the Council's minimum criteria then its further use as a new investment will be withdrawn immediately.
- ***Full individual listings of counterparties and counterparty limits*** – the minimum creditworthiness (indicated by the colour coding) for inclusion of a counterparty is shown in the table above. Investments are categorised as specified and non-specified (in line with the investment guidelines issued in March 2010) and the maximum amounts and periods to be invested within the two categories are shown in the table above (based on the current Treasury Management Strategy).
- ***Details of credit rating agencies' services*** – The creditworthiness service provided by Link Group and used by the Council uses the three credit rating agencies, Fitch, Standard and Poor's and Moody's, which are recognised worldwide. Each of them is established in most countries and has a universal credit rating scale. These three leading international rating agencies have established a universal and open methodology of drawing up rating reports. Activities of the rating agency are public and all necessary information of rating decisions is available on the Internet.

- **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state. In addition:
  - No investments to be placed in non-EU banks.
  - No more than 50% will be placed with any non-UK country that is within the EU.

- **Use of additional information other than credit ratings** - Additional requirements under the Code of Practice now require the Council to supplement credit rating information. The creditworthiness service provided by Link Group now employed by the Council fully meets this requirement as the sophisticated modelling approach combines credit ratings, credit watches and credit outlooks and then overlays CDS spreads to produce a final creditworthiness score. However, sole reliance is not placed on the use of this external service. In addition, the Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

[2] Liquidity risk management

- ***Minimum cash balances and short-term investments*** – the Council has a policy of a minimum of £5m to be deposited in instruments that can be accessed within a week but does not have set amounts for minimum cash balances to cover shortages in cash flow. A twelve month cash flow forecast model is used as a tool to forecast cash inflows and outflows, and investments are made for specific periods, which take into account when money is required to fund cash outflows, thereby keeping short term borrowing to an absolute minimum. However, short-term borrowing will be incurred, if it is deemed prudent to take advantage of good investment rates.

- ***Standby facilities*** – these relate to any tools that the Council has to manage its liquidity and as such are covered by short-term borrowing facilities (see below). In addition, the Council also maintains several Money Markets Funds and five Deposit accounts. These are exceptionally liquid investment instruments that offer same day access to any funds placed therein. The Council does not have a Policy of maintaining a minimum balance within any of these funds but in reality, these funds are used as an alternative to overnight and other short-term periods of investment.

- ***Bank overdraft arrangements*** – the Council does not currently have an overdraft facility with its bankers (currently Lloyds Bank). Accurate cash flow forecasting and immediate access to funds in Money Market Funds mean that under normal circumstances an overdraft facility is not required. On the very rare occasions that the bank balance may be overdrawn the fees charged are considerably less than the annual overdraft fee. The need for an overdraft facility is reviewed annually in August 30th and forms part of the 'Overdraft and other Facilities' agreement with the Bank.

- ***Short-term borrowing facilities*** – When the Council has a need to borrow short-term (up to 1 year), Money Market Brokers are contacted (currently Tradition, BGC or King and Shaxson) to obtain the necessary funds. The broker will quote a rate that is based on current market conditions. A fee is payable to the broker for this service, typically between 3 and 10 basis points.

- ***Insurance/guarantee facilities*** – the Council is insured in respect of loss of money or other property belonging to it or in its trust or custody under a Fidelity Guarantee with Travelers. This only relates to loss occurring as a direct result of any act of fraud or dishonesty on the part of an employee (as specified under the Policy Schedule). This Policy is renewable annually in April. The full terms and conditions of the Fidelity Guarantee and Policy schedule including the designated Officers, the employees and sums for which they are covered are available from the Financial Services Manager.

- ***Other contingency arrangements*** – in line with investment guidance the Council has set maximum amounts and periods for which funds may prudently be committed to ensure it has sufficient liquidity in its investments. The limits are shown below in section 5 Credit and counterparty risk management (limits are based on the current Treasury Management Strategy):

  In addition, the Council has adopted the following Prudential Indicator to limit the amount that can be invested over 1 year as shown below:

Prudential Indicator No.14	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**
Maximum principal sums invested for longer than 1 year	7	7	7

[3] Interest rate risk management

- ***Approved interest rate exposure limits*** – in order to minimise the risk of wide fluctuations in interest rates the Council sets annually upper limits on variable and fixed interest rate exposure (based upon the debt position net of investments), the current limits are as follows:

	2023/24 Upper £m	**2024/25 Upper £m**	**2025/26 Upper £m**
Upper Limits on variable interest rate exposure	48.0	47.1	44.6

	2023/24 Upper £m	**2024/25 Upper £m**	**2025/26 Upper £m**
Upper Limits on fixed interest rate exposure	116.4	114.6	107.8

These limits are based on the following limits on borrowing and investment exposures:

- Upper limit on fixed rate investments – 100%
- Upper limit on variable rate investments – 75%
- Upper limit on fixed rate borrowing – 100%
- Upper limit on variable rate borrowing – 40%

The indicators above are set as part of the Council’s annual Prudential Indicators and Treasury Management Strategy.

- ***Trigger points and other guidelines for managing changes to interest rate levels*** – the Council's current Treasury Management consultants provide regular interest rate forecasts and economic advice, which assists the Council to manage changes in interest rate levels. This forecasting and economic advice includes:

    - Regular forecasts of PWLB rates and imminent changes are given to the Council, with particular regard to the agreed underlying strategy. Continuous updates on market conditions and trends affected by economic, fiscal and political factors are also provided
    - A weekly and monthly newsletter
    - A quarterly 'Economic and Interest Rate Forecast' bulletin

- ***Minimum/maximum proportions of variable rate debt/interest*** – the Council has set the maximum proportion of variable interest rate exposure (based upon the debt position net of investments) as shown above.

  The Council also sets a minimum level for the proportions of variable rate debt and interest (detailed above). These limits feed into the limit on the net debt position, which is based on estimated levels of debt and investments.

[4] Exchange rate risk management

- The Council only invests and borrows funds in sterling; thereby avoiding any risk associated with fluctuations in exchange rates.

[5] Refinancing risk management

- ***Debt/other capital financing maturity profiling, policies and practices*** – as part of the annual Prudential Indicators and Treasury Management Strategy the gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing. The current limits are as follows:

Maturity Structure of fixed borrowing	2023/24		2024/25		2025/26	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	40%	0%	40%	0%	40%
12 months to 2 years	0%	40%	0%	40%	0%	40%
2 years to 5 years	0%	60%	0%	60%	0%	60%
5 years to 10 years	0%	80%	0%	80%	0%	80%
10 years and above	10%	100%	10%	100%	10%	100%

The Council's treasury management consultants are continually reviewing the Council's debt portfolio in terms of seeking opportunities for debt restructuring to ascertain the most beneficial loans in terms of savings and spreading the maturity profiles.

- ***Projected Capital Investment Decisions*** – The Council has a 5-year Financial Strategy that is updated annually. The strategy incorporates the projected capital programme together with the associated funding i.e. grants, capital receipts, Direct Revenue Financing (DRF) and borrowing. Any new capital schemes are appraised in terms of funding; if any unsupported borrowing is required this is determined in terms of affordability and the Council assesses the loan type, loan period and interest rate with reference to the current strategy and age debt profile of the current portfolio.

[6] Legal and regulatory risk management

- ***Relevant statutes and regulations*** – in all the treasury management activities, the City Council follows the Local Government Act 2003. Chapter 1 of the Act sets out the statutory powers of local authorities; to borrow, control borrowing, duty to determine affordable borrowing limit, imposition of borrowing limit, temporary borrowing, protection of lenders and power to invest. In addition, the City Council follows the regulations as set out below:

  - CIPFA Code of Practice on Local Authority Accounting (“The Code”)
  - CIPFA Code of Practice on Treasury Management
  - Prudential Code for Capital Finance in Local Authorities (CIPFA)
  - Local Government Investment Guidance (DLUHC)

[7] Fraud, error and corruption, and contingency management

- ***Systems and procedures to be followed*** – in order to minimise the possibility of fraud, error or corruption, procedures for carrying out and monitoring treasury management activities involve rigorous requirements for audit, checking, control and reporting. These requirements are detailed in the relevant schedules i.e. TMP5 – Organisation, Clarity and Segregation of Duties and Dealing Arrangements. In the event of any fraud or corruption this will be immediately reported to either the Financial Services Manager or Chief Finance Officer who will determine the appropriate course of action. Similarly, any errors, which result in the breach of procedures set down in these schedules, will be reported either to the Financial Services Manager or Chief Finance Officer.

- ***Emergency and contingency planning arrangements*** **–** Procedures to be implemented in the event of a disaster will be contained in the Council’s Business Continuity Plans and I.T. Disaster Recovery Plan.

- ***Insurance cover details*** **–** see TMP 1[2] for details.

[8] Market risk management

- ***Approved procedures and limits for controlling exposure to investments whose capital value may fluctuate* -** the Council does not expose itself to this risk as it does not use investments whose capital value may fluctuate; in addition the Council does not use Fund Managers who may use investments whose capital value may fluctuate.

TREASURY MANAGEMENT PRACTICE 2
PERFORMANCE MEASUREMENT

- ***Methodology to be applied for evaluating the impact of treasury management decisions –*** to assess the adequacy of the treasury management function, the Council has set 8 local indicators. These indicators are as follows:

  - **Debt** (Borrowing rate achieved against average 7-day SONIA) - target; less than 7 day SONIA.
  - **Investments** (Investment rate achieved against average 7-day SONIA) – target; greater than 7 day SONIA.
  - Upper limit on fixed rate investments – 100%
  - Upper limit on variable rate investments – 75%
  - Upper limit on fixed rate borrowing – 100%
  - Upper limit on variable rate borrowing – 40%
  - **Average rate of interest paid on the Councils Debt during the year** (this will evaluate performance in managing the debt portfolio to release revenue savings) – target; 4.25%
  - **The amount of interest on debt as a percentage of gross revenue expenditure** target; 5.2%

  The local indicators are subject to scrutiny through the mid year treasury management reports submitted to the Council's Performance Scrutiny Committee.

  In addition, the Council sets budgetary targets for investment interest receivable (net of short-term borrowing interest) and borrowing interest payable, both on the General Fund and Housing Revenue Accounts. These budget targets are included in the Council's 5-year Financial Strategy and are monitored on a regular basis to ensure there are no material variances. In the event of material variances, these would be reported to the Council's Performance Scrutiny Committee and Executive as part of the quarterly budget monitoring reports and reported to the Chief Finance Officer and the Financial Services Manager through regular updates.

- ***Policy concerning methods for testing value for money in treasury management***

- The Council appoints an external treasury management consultant to advise on treasury management activities and in order to obtain expert independent advice on a range of treasury management issues e.g. interest rate forecasts, investment instruments, investment and borrowing strategy, credit ratings. Link Group are the council's appointed advisors until 31 December 2025. The contract was let using an ESPO framework and will be reviewed in June 2025. This contract may be extended for a further two years up to 31 December 2027.

- Banking Services are also re-tendered or renegotiated periodically to ensure that the level of prices reflect efficiency savings achieved either by the Council or the supplier. The current banking contract is for seven years until 1 January 2029 with the option of a further extension of three years i.e. a maximum of ten years in total.

- The Council sometimes uses money broking services in order to make deposits or to borrow. Charges for all services are established prior to using them and the use of brokers takes account of both the prices and quality of services.

TREASURY MANAGEMENT PRACTICE 3
DECISION-MAKING AND ANALYSIS

Detailed records are maintained of all borrowings and investments made by the Council. In respect of every decision concerning changes to existing patterns of lending or borrowing made, the Council will:

- above all be clear about the nature and extent of the risks to which the organisation may become exposed
- be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies and that limits have not been exceeded
- be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive

With the need to realise significant General Fund revenue savings to ensure that the budget is balanced and sustainable in the long term and the need to achieve efficiency savings in the Housing Revenue Account, the main theme of the borrowing and debt strategy is to reduce the individual average interest rates paid by each fund. The reduction in interest rates will be undertaken through debt restructuring opportunities and taking new borrowing with lower interest rates than the rates that have been projected in the budget estimates. However, restructuring that increases the interest rate payable may be considered if it offers the Council the opportunity to take a discount, as part of the rescheduling exercise. In respect of borrowing decisions, the Council will:

- Manage the Council's debt maturity profile, considering the optimum period leaving no one future year with a high level of repayments that might cause problems in re-borrowing in light of the maturity profile of existing loans and prevailing market conditions.
- Effect funding at the cheapest cost commensurate with future risk.
- Forecast average future interest rates and borrow accordingly i.e. short term/variable when rates are 'high', long term/fixed when rates are 'low'.

- Monitor and review the level of variable rate loans in order to take greater advantage of interest rate movements. Consider whether fixed or variable interest rates offer best value, whilst ensuring that variable and fixed rates do not exceed the Prudential Indicator limits as shown in TMP1 schedule [2] above.

- Proactively reschedule debt in order to take advantage of potential savings as interest rates change. Each rescheduling exercise will be considered in terms of the effect of premiums and discounts on the General Fund and the Housing Revenue Account.
- Manage the day-to-day cash flow of the Authority in order to, where possible, negate the need for short-term borrowing. However, short-term borrowing will be incurred, if it is deemed prudent to take advantage of good investment rates. Before proceeding to borrow the Council will consider the optimum period and prevailing market conditions and compare interest rates to bank overdraft rates to ensure best value.
- Consider the alternative financial institutions and borrowing products that the Council can use.
- Ensure total borrowing does not exceed the Authorised Limit set for that financial year, approved as part of the Prudential Indicators and Treasury Management Strategy.

The main theme of the investment strategy is to ensure the security of the sums invested as a first priority and secondly to ensure that the Council has access to sufficient liquid funds. Then thirdly to maximise interest from investments, within the constraints imposed by having regard to security and liquidity, in order to contribute towards the General Fund and Housing Revenue Account savings targets as detailed above. The increase of investment income will be sought through actively undertaking investments with higher interest rates than the rates that have been projected in the budget estimates. In respect of investment decisions, the Council will:

- consider the optimum period, in light of cash flow availability and prevailing market conditions
- consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital, although the Council does not use such products
- ensure investments are included in the Councils ‘approved investment instruments’ (see TMP4 below)
- consider financial institutions and ensure they meet the minimum requirements for inclusion in the Council’s counterparty list (see TMP1 schedule [1] above)

- ensure that the counterparty individual/group investment limits are not exceeded (see TMP1 [1] above)
- ensure the non-specified investment limit is not exceeded current limit is 75% of the total of investments, as approved in the Prudential Indicators and Treasury Management Strategy
- ensure that investments over 1 year do not exceed the limit of £7m (see TMP1 schedule [1] above). This includes forward deals.

A meeting will be held for the Finance Business Partner to advise the Financial Services Manager when it is necessary to make investment and borrowing decisions where the length of the deal to be brokered has a maturity period of over 3 months, and as necessary when other issues arise. A briefing note is prepared giving details of the proposed deal and supporting information which is discussed at the meeting. It will be signed off by the Financial Services Manager (or the Chief Finance Officer in their absence) before the investment is made or any borrowing is taken.

TREASURY MANAGEMENT PRACTICE 4
APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

- ***Listings and individual limits for the use of approved instruments* –** In accordance the Council's current treasury management strategy, the instruments (split between specified and non-specified investments) that the Council will consider investing surplus funds in are shown below (individual limits are not set for approved investment instruments):

Instruments of Specified Investments *1

1. Gilt-edged securities issued by the United Kingdom Debt Management Office (UK DMO), an Executive Agency of HM Treasury.
2. Treasury Bills issued by the UK DMO.
3. Deposits with the Debt Management Office Debt Management Account Deposit Facility (DMADF).
4. Deposits with a Local Authority, Parish Council or Community Council.
5. Deposits with Banks and Building Societies (Including opening Business Accounts).
6. Certificates of deposit issued by Banks and Building societies.
7. Investment Schemes i.e. a Money Market Fund.

***1** To be defined as a Specified Investment the above instruments will have these features common to all:

- Be denominated in Sterling,
- Of not more than 1 year maturity,
- Of longer than 1 year maturity but the Council has the right to be repaid within 12 months,
- For instruments numbered 5 to 7 these must be with institutions that have been awarded a high credit rating by a Rating Agency (i.e. see Appendix 4).

Instruments of Non-Specified Investments *2

1. Deposits with Banks, Building Societies and their subsidiaries.

***2** To be defined as a Non-Specified Investment the above instruments will have these features common to all:

- Denominated in Sterling,
- Of more than 1-year maturity,
- Of less than 1-year maturity with an institution that does not meet the basic security requirements under Specified Investments e.g. a deposit with a non-credit rated Bank or Building Society.

- ***Approved method/techniques and sources of raising capital finance* –** capital finance will only be raised in accordance with the Local

Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These could include:

	Fixed	Variable
PWLB	●	●
Market Loans (long-term)	●	●
Local Bonds	●	
Negotiable Bonds	●	●
Finance Leases	●	●

Other methods of financing include Government and European Capital Grants, Lottery monies, Private Finance Initiative (PFI) (now PF2), Public-Private Partnerships (PPP), operating leases and other capital contributions from relevant partners and stakeholders.

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Chief Finance Officer has delegated powers, in accordance with the Officers' Scheme of Delegation within the Constitution and the Treasury Management Strategy, to borrow using the most appropriate sources.

- ***MIFID II –*** the council has opted for professional status for the purposes of MIFID II. The council is registered as a professional client with:

  Link Group
  King and Shaxson
  BGC
  Tradition
  Institutional Cash Distributors Ltd

TREASURY MANAGEMENT PRACTICE 5
ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

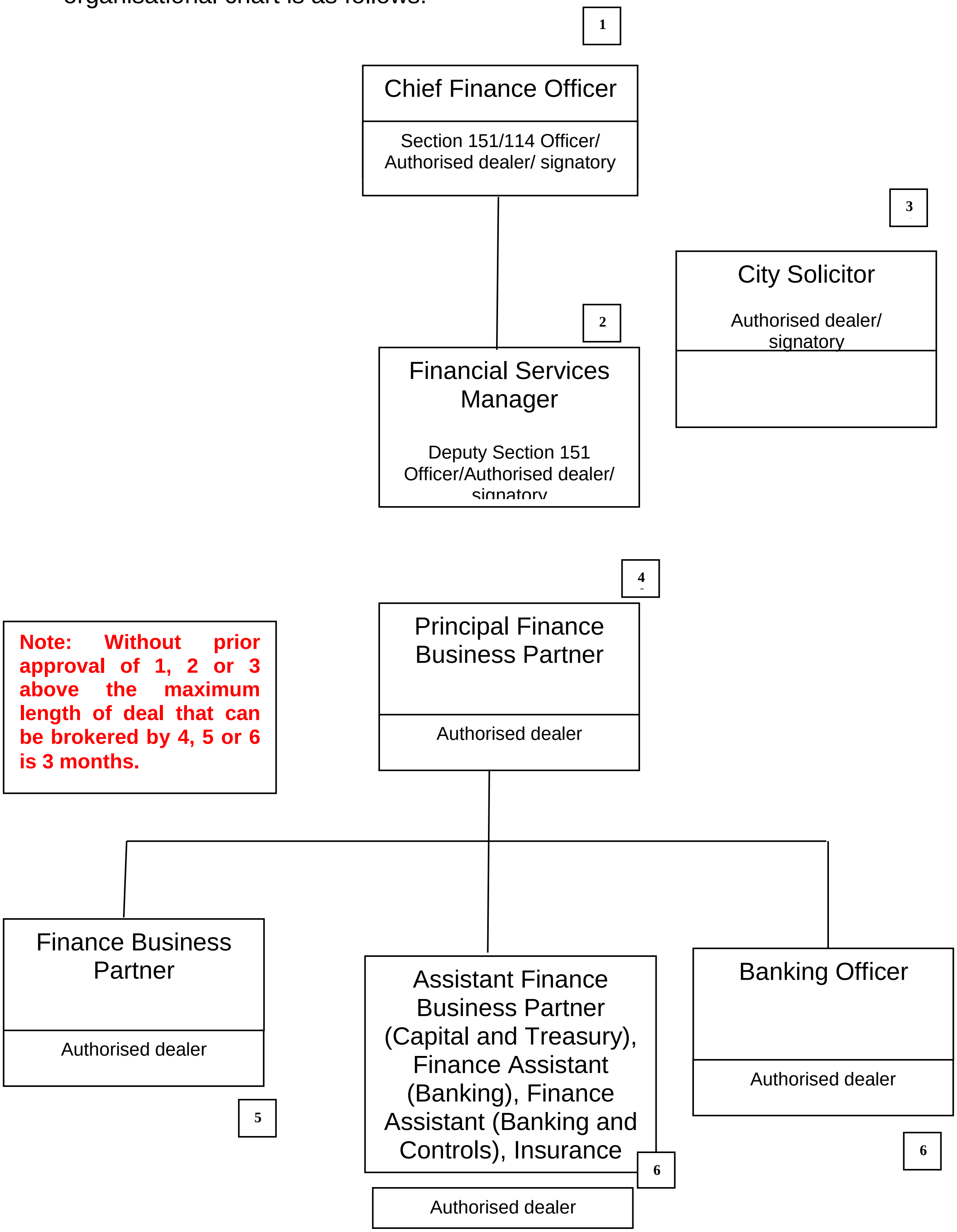
- ***Limits to responsibilities/discretion at committee/executive levels*** – in accordance with the Council's financial procedure rules, full Council is responsible for approving the annual prudential indicators and treasury management strategy, which is proposed to full Council by the Executive. All decisions on borrowing, investment or financing are delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities. In addition, at the end of each financial year an outturn report detailing the years performance against the Prudential and local indicators and treasury management activities is submitted to the Council's Performance Scrutiny Committee, Executive and full Council. Quarterly treasury management reports will be submitted to the Council's Executive and Performance Scrutiny Committee, to update Members as to the actual position against the local and Statutory Prudential Indicators, and to summarise the treasury management activities undertaken during the previous quarter.

- ***Principles and practices concerning segregation of duties*** – in order to reduce the risk of fraud and corruption, the following duties are divided between different staff:

  - As part of the procedures for making CHAPS payments (i.e. repayment of loans, depositing investments and urgent payments) three different members of staff undertake the stages of setting up the payment, approval and authorisation
  - Any investment or borrowing over 3 months must be agreed by the Financial Services Manager (or Chief Finance Officer in their absence). A briefing document giving all the details of the investment or borrowing will be presented for approval for sign off.
  - The principal and practices concerning segregation of duties is set out in the hierarchical responsibilities/duties of each post, as set out below

Appendix 5

Treasury Management organisation chart – the Council’s current organisational chart is as follows:



- ***Statement of duties/responsibilities of each treasury post*** –

1. Chief Finance Officer

- Duties in line with S151 and S114 responsibilities
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised Signatory

2. City Solicitor

- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised signatory

3. Financial Services Manager

- Duties in line with deputy S151 responsibilities
- Advise the Chief Finance Officer on Treasury Management matters
- Receive and review Treasury Management investment and borrowing proposals
- Review and appoint Treasury Management consultants
- Ensure that staff involved in treasury management receive appropriate training
- Ensure that the treasury management function is adequately resourced to meet current requirements
- Absence cover for the Chief Finance Officer for responsibilities detailed above.
- Ensure there is adequate internal checking and control
- Ensure the Treasury Management Strategy, the Treasury Management Outturn Report and Quarterly Monitoring Reports are prepared and complied with
- Ensure implementation of Treasury Management actions agreed by the Chief Finance Officer
- Ensure Treasury Management Practices are complied with and are reviewed at least annually
- Ensure the appropriate division of duties within the section
- Identify and recommend opportunities for improved Treasury Management Practices
- Implementation of the Treasury Management Strategy
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised signatory

4. Principal Finance Business Partner (PFBP)

- Advise Financial Services Manager on Treasury Management matters
- Oversee the compilation of the yearly cash flow
- Oversee the monitoring, update, revision and reporting on the authorities cash flow
- Prepare the annual Treasury Management Strategy and Outturn Reports
- Compile mid year treasury management reports to the Council's Performance Scrutiny Committee
- Monitor and calculate the prudential indicators/local indicators and performance against budget targets (i.e. borrowing and investment interest)
- Prepare an annual budget for Treasury Management activities (i.e. borrowing and investment interest, debt management expenses)
- Ensure implementation of Treasury Management actions agreed by the Financial Services Manager and Chief Finance Officer
- Assist the Financial Services Manager in implementation of the Treasury Management Strategy
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)

5. Finance Business Partner (FBP)

- Construction of yearly cash flow
- Advise Financial Services Manager and PFBP on Treasury Management matters
- Monitor, update, revise and report on the authority's cash flow
- Monitor and calculate the prudential indicators/local indicators and performance against budget targets (i.e. borrowing and investment interest)
- Maintain the Council's Money Market Funds and Call accounts
- Liaise with brokers on a day to day basis and monitor interest rates
- Invest short-term cash surpluses in line with Councils investment policy/strategy
- Take short-term borrowings to cover cash flow shortages in line with Council's investment policy/strategy.
- Maintain the Councils Counterparty list in line with Council's investment policy/strategy
- Action periodic interest payments on long term loans
- Instigate year-end accruals for investments and loans.
- Assist in the preparation of mid year treasury management reports and Annual Treasury Management Strategy and Outturn Reports.
- Administer the Council's 3% Stock, war stock and local bonds
- Monitor the Councils approved Prudential Indicators/Local Indicators and percentage of investments held as Specified/Non-Specified Investments

- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Production of quarterly reconciliations for all Treasury Management ledger accounts

6. Assistant Finance Business Partner (Capital and Treasury), Finance Assistant (Banking), Finance Assistant (Banking and Control) and Insurance Assistant, Banking and Controls Officer

- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Absence cover for Finance Business Partners
- Download on a daily basis the Council's bank statements in order to monitor Council's cash position

▪ ***Absence cover arrangements*** – The Banking Team (within the Technical and Exchequer section) provides absence cover for the Finance Business Partner (Capital, Treasury and VAT) and the Assistant Finance Business Partner (Capital and Treasury).

▪ ***Dealing Limits*** **–** all staff authorised to deal on behalf of the Council must comply with the Council's Counterparty list limits set out in the Treasury Management Strategy as detailed in TMP schedule 1

▪ ***List of approved brokers*** –BGC Brokers, Tradition, King and Shaxson and Link Group

▪ ***Policies on recording of conversations*** **–** Calls to Brokers are currently recorded by the Brokers only. Taping facilities from the main Council switchboard are not available at present.

▪ ***Direct dealing practices*** – interest rates/risks are evaluated through comparing the rates offered by brokers and those offered direct from institution e.g. Debt Management Office. Should deals from direct institutions prove to be better value this option will be preferred.

▪ ***Settlement transmission procedures*** **–** all funds to be remitted in respect of a treasury management transaction are via CHAPS. The Council uses the Lloyds Commercial Banking online Electronic Payments System provided by the Council's Bankers. The procedure is as follows:

- The officer setting up the payment completes a pro-forma detailing the agreed transaction(s) together with a batch header
- An officer with the appropriate level of access (see below) sets up the transaction(s) on Lloyds Commercial Banking online
- The transaction is approved by a separate officer with the appropriate level of access (see below) on Lloyds Commercial Banking online

- The transaction is then authorised by a separate officer with the appropriate level of access (see below) on Lloyds Commercial Banking online
- Finally, the transaction is submitted via Lloyds Commercial Banking online for onward transition to the borrower/lender

Lloyds Commercial Banking Online Authorisation Levels

Post	**Lloyds Commercial Banking Online Level** *
Chief Finance Officer	Authorisation
City Solicitor	Authorisation
Financial Services Manager	Authorisation
Principal Finance Business Partners	Authorisation
Finance Business Partner(s)	Set up, verify and first level of approval
Assistant Finance Business Partner	Setup
Banking Officer	Set up, verify and first level of approval
Exchequer Officer	Set up, verify and first level of approval

Lloyds Commercial Banking online is the electronic banking system of the Council's bank, Lloyds.

- ***Documentation requirements* –** Money market deals are confirmed using either the Institutional Cash Distributors (ICD) treasury portal, this is an online independent trading platform, or verbally with the money market fund, counterparty or broker. All the Money market funds currently in use by the Council are registered with ICD. All deals are followed by written confirmation of the transaction from the borrower/lender i.e. amount, interest rate, period, bank account details, proceeds or liability on maturity. Deposit accounts require an email/fax instruction when placing or withdrawing funds and this must be signed by one the Council's Authorised signatories. The Debt Management Office requires all deposits and withdrawals to be agreed verbally. In the event of the Council having temporary borrowing, the Council will confirm in writing the transaction. In addition, for those deals carried out via a broker, the broker will send their own confirmation of the transaction.

TREASURY MANAGEMENT PRACTICE 6
REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

- ***Content and frequency of board/committee reporting requirements* –** the annual Treasury Management Strategy sets out the expected treasury activities for the forthcoming financial year. This Strategy is submitted to the Audit Committee for review and scrutiny then onto the Executive who in turn recommends it to full Council, before the beginning of each financial year. The formation of the annual Strategy involves determining the appropriate treasury management decisions in light of the anticipated movement in both fixed and shorter-term variable interest rates. The Strategy is concerned with the following elements:

  - Debt and Investment Projections
  - Council's estimates and limits on future debt levels
  - The Expected Movement in Interest Rates
  - The Council's Borrowing Strategy
  - The Council's Investment Strategy
  - Treasury Performance Indicators and limits on activity
  - Local Treasury Issues

  In addition, an annual report is presented to the Executive and Full Council at the earliest practicable meeting after the end of the financial year. The report details the performance against the Prudential and local indicators and treasury management activities carried out during the year (i.e. borrowing and investment levels).

  If any breach of the Policy occurs it will be reported to the Executive and Full Council i.e. breach of Prudential Indicators or Counterparty limits as soon as possible after they are identified.

  Any breaches of indicators and limits will be verbally reported to the Financial Services Manager and the Chief Finance Officer as soon as they are identified.

- ***Content and frequency of management information reports -*** The Chief Finance Officer reports on a quarterly basis to the Performance Scrutiny Committee on the performance against the Prudential Indicators and summarises the treasury management activities over the previous quarter. In addition, the Council sets budgetary targets for investment interest and interest payable on borrowing, both on the General Fund and Housing Revenue Accounts. These budget targets are included in the Council's 5-year Financial Strategy and are monitored on a regular basis to ensure there are no material variances. In the event of material variances, these would be reported to the Council's Performance Scrutiny Committee and Executive as part of the quarterly budget monitoring reports. As soon as any variances are identified they will be reported to the Financial Services Manager and then to the Chief Finance Officer.

TREASURY MANAGEMENT PRACTICE 7
BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

- ***Accounting practices and standards* –** in accordance with the Accounting Code of Practice issued by CIPFA, the Council will bring together for budgeting and management control purposes all the costs associated with treasury management activities. These costs and income will be included in the respective revenue accounts included in the Councils 5-Year Financial Strategy.

- ***Sample budgets/accounts* –** the budgets/accounts arising from treasury management activities are as follows:

  - Investment interest (HRA, GF and other balances)
  - Interest payable on borrowing (HRA and GF)
  - Debt management expenses (HRA and GF)

  These budget targets are included in the Council's 5-year Financial Strategy and are monitored on a regular basis to ensure there are no material variances. In the event of material variances, these would be reported to the Council's Performance Scrutiny Committee and Executive as part of the quarterly budget monitoring reports.

- ***List of information requirements of external auditors* –** external auditors will have access to all papers supporting and explaining the operation and activities of the treasury management function. It is expected that the auditor will enquire whether the CIPFA Code on Treasury Management has been adopted and adhered to.

TREASURY MANAGEMENT PRACTICE 8
CASH AND CASH FLOW MANAGEMENT

- ***Arrangements for preparing/submitting cash flow statements*** – An up to date cash flow estimate will be maintained in order to effectively manage cash balances. The regular review and updating of the cash flow will be submitted to each internal treasury management meeting and will influence the treasury management decision-making and analysis processes detailed in TMP3.

- ***Content and frequency of cash flow budgets*** – An annual cash flow forecast is produced prior to the beginning of the financial year. This is reconciled to the closing ledger balance of the Council's Summary a/c bank statement on a daily basis. Cash flow forecasts are continually updated and revised in line with information received from a variety of sources.

  The annual cash flow forecast consists of an estimate of the total income, total expenditure and Treasury Management transactions in the financial year. Income receipts can be broken down into the following types:

  - NNDR, Council Tax and Council House Rents
  - Grants and Subsidy (including adjustments from previous years)
  - Capital Receipts from sale of assets
  - VAT
  - Debtor bills and other miscellaneous income from services provided by the Council
  - Interest from maturing investments, Money Market Funds and Bank accounts

  Expenditure can be broken down as follows:

  - NNDR to DLUHC and Lincolnshire County Council
  - Precepts to Lincolnshire County Council and Police Authority
  - Pooling of Housing Capital Receipts to DLUHC
  - General creditor payments for goods and services received
  - Payment of Benefit to claimants
  - Capital programme spend
  - Monthly salary payments
  - Income Tax and other deductions from salary (to HM Revenue and Customs)
  - Grants
  - Levies
  - Insurance premiums

Treasury Management can be broken down as follows:

- Interest payments on the Council's outstanding long-term debt
- Investments (deposits to borrowers) and investment maturities
- Repayment of maturing debt including debt restructuring
- Receipt and repayment of short and longer-term loans

▪ ***Listing of sources of information*** – the sources of information used to initially compile and regularly up date the cash flow are as follows:

Income:

- DLUHC grant schedules (i.e. RSG)
- Other grant schedules (i.e. Home Office, DWP,)
- Internal Systems (i.e. Council Tax, Council House Rents, Capital Receipts, VAT, Debtors, Short and longer-term loans, Investment maturities and interest.)

Expenditure:

- DLUHC and Lincolnshire County Council payment schedules (i.e. NNDR payable)
- Lincolnshire County Council and Lincolnshire Police precept schedules
- Drainage Board schedules (Levies)
- Grant Forms (i.e. DLUHC pooling of Right To Buy capital receipts)
- Internal Systems (Housing Benefit Payments, Revenue and Capital Creditors, Payroll, Insurance premiums, Interest payments on the Council's outstanding debt, Investments, Maturing Debt)
- The Council's 5-year Financial Strategy to calculate the creditor payments for goods and services received (capital and revenue)

▪ ***Bank statements procedures*** – Bank statements are available to be downloaded electronically on a daily basis from the Lloyds Commercial Banking online system.

▪ ***Payment scheduling and agreed terms of trade with creditors*** – Creditor payment runs are currently scheduled twice weekly. The majority of these payments (approximately 95% by total value) are paid by electronic means (primarily by BACS). The City Council aims to pay 100% its creditors within their agreed payment terms or if no terms are quoted within 30 days of receipt of their demand for payment.

▪ ***Arrangements for monitoring debtor/creditor levels*** – the raising of debtors is currently carried out within departments, but centrally controlled by the Exchequer Section. The recovery of outstanding Debtor invoices is undertaken by the Recovery Team within the Revenue and Benefits Shared Service, who follow strict recovery procedures.

▪ ***Procedures for banking of funds*** – See Banking Officer for further detail.

TREASURY MANAGEMENT PRACTICE 9
MONEY LAUNDERING

- ***Procedures For Establishing Identity / Authenticity of Lenders***

  The City of Lincoln Council will not accept loans from individuals. All loans are obtained from the Public Works Loan Board, other local authorities, or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA web site on www.fca.gov.uk. When repaying loans, the procedures below will be followed to check the bank details of the recipient.

- ***Methodology For Identifying Sources Of Deposit***

  In the course of its treasury activities, the Council will only lend money to, or invest with, those counterparties that are on its approved lending list and meet minimum criteria (TMP schedule 1). The Council only places deposits with counterparties which have been credit checked by the Rating Agencies Fitch, Moody's or Standard and Poor's. All transactions will be carried out by Direct Debit, BACS or CHAPS for making deposits or repaying loans.

- ***Anti-Money Laundering Reporting Officer***

  The Council has appointed the City Solicitor and the Chief Finance Officer to be the responsible officers to whom any suspicions that transactions involving the Council may involve the processing of criminal proceedings, should be reported. The City Solicitor or Chief Finance Officer will investigate the suspicion and will report their findings to the Chief Executive (the Disclosure Officer) if deemed necessary. Suspicious transactions will be investigated, as far as the Council is in a position to do so, or it is appropriate for the Council to do so and, if doubts remain, these transactions will then be reported to the National Criminal Investigation Service.

TREASURY MANAGEMENT PRACTICE 10
STAFF TRAINING AND QUALIFICATIONS

- ***Details of approved training courses*** – In addition to extensive on the job training, all staff involved in Treasury Management are given the opportunity/encouraged to attend courses that are both specific to relevant issues and developmental in nature, to provide a wider context of the treasury management function e.g. to provide updates on the implications of new regulations/legislation/codes of practice or to obtain the latest economic forecasts for the economy and interest rates. Staff keep a record of courses and seminars they have attended.

- ***Approved qualifications for treasury staff***

    - Chartered Institute of Public Finance and Accountancy (CIPFA)
    - Other CCAB qualifications i.e.
        - Institute of Chartered Accountants in England and Wales (ICAEW),
        - Chartered Institute of Management Accountants (CIMA)
        - and Association of Certified Chartered Accountants (ACCA).
    - Association of Accounting Technicians (AAT).

    Those staff that are CIPFA members are required by their Institute to act in accordance with CIPFA's Standard of Professional Practice on Treasury Management and the Chief Finance Officer also has a responsibility to ensure that the relevant staff are appropriately trained.

TREASURY MANAGEMENT PRACTICE 11
USE OF EXTERNAL SERVICE PROVIDERS

- ***Details of contracts with service providers, including bankers, brokers, consultants and advisors*** –

  - Lloyds Bank provides the primary Banking services.
  - Allpay provide services for the collection of Council Tax, Rent and sundry debtors through Post Office and Paypoint facilities.
  - BGC Brokers, King and Shaxson, Tradition and Link Group provide money brokering services to the Authority. The City Council does not have a formal written contract with any of these organisations, therefore the Council is not restricted to using these brokers.
  - The Council contracts with an external consultant to provide expert independent advice on all aspects of Treasury Management services from a complete analysis of the Council's financial position with regard to its strategy and objectives, technical advice on all aspects of capital finance through to interest rate forecasting and economic advice. The current external consultant is Link Group.
  - The Council makes use of a number of money market funds (MMFs), all of which are AAA rated, to place cash deposits. These MMFs have no fees and are used when their interest rates are competitive. The amount deposited with any MMF is restricted in line with the limits detailed in TMP1. The use of MMFs has the benefit of providing a liquid source of cash for cashflow management as funds can be withdrawn at any time with no notice.
  - The Council makes use of a number of Call Accounts operated by UK banks to place cash deposits. These accounts have no fees and are used when interest rates are competitive. The amounts deposited with Call Accounts are restricted in line with the counterparty limits detailed in TMP1. The funds deposited in call accounts require notice before they can be withdrawn.

- ***Procedures and frequency for tendering services*** – The Council's main banking services are subject to tender.

- The Allpay contract was renewed for two years from February 2020 with an option to extend for a further two years utilising a framework agreement.

TREASURY MANAGEMENT PRACTICE 12
CORPORATE GOVERNANCE

- ***List of documents to be made available for public inspection*** – The Council is committed to openness and transparency in its treasury management activities as demonstrated by the production of these TMP's and the adoption of the Treasury Management Code of Practice. In addition, information about the Council's treasury management activities is freely accessible and contained in public documents;

    - 5-Year Medium Term Financial Strategy (Executive and Full Council)
    - Annual Prudential Indicator and Treasury Management Strategy (Audit Committee, Executive and Full Council)
    - Treasury Management Outturn Report (Performance Scrutiny Committee and Executive and Full Council)
    - Quarterly Treasury Management Performance Report (Performance Scrutiny Committee and Executive)

- The procedures set out in these TMP's for reporting and audit of treasury management activities (both by internal and external audit) are designed to ensure the integrity and accountability of the function and these will be rigorously enforced. Furthermore, the use of performance indicators should ensure continued best value in the allocation of treasury management resources.

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APPENDIX B

EXTRACT FROM COMMITTEE

Audit Committee **31 January 2023**

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55. <u>Treasury Management Policy and Strategy</u>

Collen Warren, Financial Service Manager:

a. presented a report for Audit Committee to scrutinise and recommend to Council for approval and the adoption of the:

- Treasury Management Strategy 2023/24;
- Prudential Indicators;
- Minimum Revenue Provision (MRP) Policy Amended from 2022/23
- Treasury Management Practices (TMPS's)

b. referred to training undertaken prior to the start of this meeting in relation to Treasury Management in order to help members take an informed view on the contents of this report

c. summarised the key prudential indicators which had been incorporated into the 2023/24 strategy; the projected capital expenditure would determine the capital financing or borrowing requirement, which would in turn determine the actual level of external borrowing taken and hence, cash balances available for investment

d. referred to paragraph 3.2 of the report in relation to the Liability Benchmark and explained that this new Treasury Indicator had been adopted in the Treasury Management Strategy 2023/24

e. referred to paragraph 4 of the report and detailed the proposed changes to the MRP Policy, the advantages and disadvantages to changing the policy and concluded that the number of advantages outweighed the disadvantages

f. outlined the operation of the Council's prudential indicators, its treasury function and its likely activities for the forthcoming year, incorporating the four key Council reporting requirements as follows:

- Prudential and Treasury Indicators
- Minimum Revenue Provision (MRP) Statement
- Treasury Management Strategy
- Investment Strategy

g. requested that Audit Committee review the content of the report and its associated appendices and recommend to Council for approval.

h. invited questions and comments

Question: Referred to the changes to the MRP Policy and asked if there was any risk involved in changing to the annuity method.
Response: It was just an alternative method, there was no risk involved.

Question: Commented that there were 60% of Councils that had adopted the annuity method and asked why 40% of Councils had not adopted this method.
Response: Advice was provided by the Treasury, there were other strategies that could be used but this method was the best fit for this Council.

Question: Asked why the changes to the MRP Policy had not been made sooner.
Response: The MRP Policy was reviewed every 5 years, it would not be reviewed annually as this would make capital planning difficult.

Mike Norman, Mazars commented that this method had regard to the regulations and did not exhibit aggressive practices. The proposed policy was consistent with what would be expected.

Question: Asked where was the majority of the debt.
Response: The debt was not physically being paid back but the money was set aside to pay the debts on maturity.

Jaclyn Gibson, Chief Finance Officer, explained that the Council had purchased commercial properties, where the money had not been set aside for that debt, the saving made from moving to the annuity method has allowed the Council to put the money aside for that debt. All of the Council debts now have MRP provision.

Question: Referred to appendix 5 of the Treasury Management Practices and asked if the Allpay contract had been renewed.
Response: The contract had been renewed for an additional 2 years and the document would be updated to reflect this.

The Chair referred to the Environmental, Social and Governance Considerations and commented that this was raised at last year’s Audit Committee and she was pleased to see that it had been included.

RESOLVED that:

1. The Treasury Management Strategy 2023/24 including the Prudential Indicators be recommended to Executive and Council for approval.

2. The Minimum Revenue Provision Policy amended from 2022/23 be recommended to Executive and Council for approval.

3. The Treasury Management Practices be recommended to Executive and Council for approval.

Item No. 6d

COUNCIL **28 FERUARY 2023**

SUBJECT:	**PAY POLICY STATEMENT 2023**
REPORT BY:	**CITY SOLICITOR**
LEAD OFFICER:	**CLAIRE BURROUGHS, HR AND WBL MANAGER**

1. Purpose of Report

1.1 To request that Council approve the attached Pay Policy Statement, drafted in compliance of section 38 (1) of the Localism Act 2011.

2. Executive Summary

2.1 Section 38 (1) of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for each financial year. This must be approved by Council by the end of March.

3. Background

3.1 The Government requires local authorities to produce pay policy statements which articulate an authority's own policies towards a range of issues relating to pay of its workforce, particularly its senior staff and its lowest paid employees.

The Government also considers that decisions on pay policies should be taken by elected members, as those directly accountable to local communities. The Act therefore requires the pay policy statement and any amendments to be considered by a meeting of full Council and cannot be delegated to any committee.

4. Details

4.1 In order to comply with the Act, the pay policy statement must include the Council's policy on:

- The level and elements of remuneration for chief officers
- The remuneration of the lowest paid employee, and the definition of 'lowest paid employee'
- The relationship between the remuneration of chief officers and other officers
- Specific aspects of chief officers' remuneration, including at appointment, increases, termination and any other payments.

The Act defines remuneration to include pay, charges, fees, allowances, benefits in kind, increase in enhancements of pension entitlements, and termination payments.

The Pay Policy Statement must be:-

- approved formally at full Council by the end of March each year but can be amended at any time during the year
- published on the Council's website
- complied with when the council sets its terms and conditions for chief officers

The City of Lincoln Pay Policy Statement is attached at **Appendix A.**

5. Strategic Priorities

5.1 Let's reduce inequality

By producing the pay policy statement, the Council ensures, in relation to any remuneration that it is being transparent and accountable.

6. Organisational Impacts

6.1 Finance

As identified in this report.

7. Recommendation

7.1 That the Pay Policy Statement is approved.

Key Decision	No
Key Decision Reference No.	
Do the Exempt Information Categories Apply	No
Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
Does the report contain Appendices?	Two
List of Background Papers:	
Lead Officer:	Claire Burroughs - HR and WBL Manager 01522 873856

Appendix A

City of Lincoln Council Pay Policy Statement 2023/24

1. Introduction

The City of Lincoln Council recognises the need to manage scarce public resources while balancing the need for remuneration at all levels to be adequate to secure and retain high quality employees who are dedicated to public service.

It is important that the City of Lincoln Council is able to determine its own senior pay structures in order to address local priorities and compete in the local labour market.

It is recognised that senior management roles in local government are complex and diverse functions which operate in a political environment where national and local pressures may conflict. The City Council's ability to attract and retain high calibre leaders capable of delivering a complex agenda during times of financial pressure is crucial especially when the numbers of senior management roles are reducing.

2. Legislation

Section 38 (1) of the Localism Act 2011 requires local authorities to produce a pay policy statement for each financial year. The Act provides details on matters that must be included in the policy and guidance from DCLG, JNC for Chief Officers of Local Authorities and ALACE have been used in preparing this statement.

The Pay Policy Statement must be:

- approved formally at full Council by the end of March each year but can be amended at any time during the year
- published on the Council's website
- complied with when the Council sets its terms and conditions for Chief Officers

3. Context

The Council, like all other local authorities, continues to face unprecedented and uncertain times as it copes with the challenge of delivering public services with a much lower level of financial resources than previously.

The Council continues to do all that it can to minimise the effects arising from annually reduced resources on the public sector and those employed by the Council and will prioritise those services that are needed the most.

It has taken sensible steps to comprehensively review the services it delivers, and the way that it delivers them, so that its limited resources are used to maximum effect, and it will continue to build on its record of delivering new and better ways of doing things.

4. Scope

In order to comply with the Act, the pay policy will include the Council's policy on:

- The level and elements of remuneration for Chief Officers
- The remuneration of the lowest paid employee, and the definition of 'lowest paid employee'
- The relationship between the remuneration of Chief Officers and other officers
- Specific aspects of Chief Officers' remuneration, including at appointment, increases, termination and any other payments.

The Act defines remuneration to include pay, charges, fees, allowances, benefits in kind, increase in enhancements of pension entitlements, and termination payments.

5. Senior Pay

In this Policy the senior pay group covers the top four tiers of the organisation. These are the Chief Executive, Strategic Directors and Assistant Directors.

The Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities and the Joint Negotiating Committee (JNC) for Chief Executives adopted a modified version of the HAY job evaluation scheme for authorities to use to facilitate a review of senior posts.

In 2003 the Employers Organisation was engaged by the City Council to evaluate senior management posts using the HAY Job Evaluation Scheme. This exercise was repeated in 2005.

In early 2015 a restructure of the Council took place which saw the introduction of two Statutory Officer posts and they, together with the Assistant Directors, were given a wider remit in terms of strategic service delivery. As a result of the restructure, a further salary evaluation was undertaken, and the following salary ranges were agreed.

Chief Executive	-	£112,988	-	£127,367
Strategic Directors	-	£86,720	-	£100,904
Statutory Officers	-	£74,123	-	£79,652
Assistant Directors	-	£64,748	-	£71,204

The percentage differentials between grades is between 76 and 79% of the Chief Executives bandings for Strategic Directors, 62 and 65% Chief

Executives bandings for Statutory Officers and 70 to 74% Strategic Directors bandings for Assistant Directors.

Since this date salary increases will be in line with the negotiated settlements as agreed by the JNC for Chief Officers and Chief Executives.

5.1 Current Salary Levels for Chief Officers

Chief Executive annual salary bands

CX01 £112988
CX02 £117095
CX03 £121196
CX04 £125306
CX05 £127367

Strategic Directors' annual salary bands (76 to 79% of Chief Executives pay bandings)

CD01 £86720
CD02 £90908
CD03 £95093
CD04 £99284
CD05 £100904

Statutory Officers annual bands (62 to 65% of Chief Executives pay bandings)

SO01 £74123
SO02 £75503
SO03 £76886
SO04 £78266
SO05 £79652

Assistant Directors annual bands (70 to 74% of Strategic Directors pay bandings and 55 – 57% of Chief Executive pay bandings)

CO01 £64748
CO02 £66362
CO03 £67976
CO04 £69596
CO05 £71204

Any national pay award, once agreed, would be applied.

The bands are in place to recognise and reward long service and loyalty, and also to allow some discretion in terms of starting salaries based on:

- Salary levels in a previous role

- Qualifications, skills and knowledge which are desirable within the role but if already held by the individual would diminish the need for training and development.

5.2 Allowances and benefits for the Chief Executive and Chief Officers

There are no other additional elements of remuneration in respect of overtime, bank holiday working, stand-by payments, enhanced payments for evening or weekend working paid to senior staff, as they are expected to undertake duties outside their contractual hours and working patterns without additional payment. In line with this we do not operate an ‘earn back’ scheme and do not consider this would be appropriate at this time.

5.3 Severance of Chief Officers contracts

There is no severance package for Chief officers, outside of those relating to entitlements under the JNC Terms and Conditions, the polices of City of Lincoln Council and the Local Government Regulations which relate to all employees on termination or dismissal.

5.4 Publication of information relating to Chief Officer Pay

Rates of pay are published in accordance with the Localism Act**.**

5.5 Additional Fees

The Chief Executive is the Returning Officer for the City of Lincoln Council. The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983, although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. The Returning Officer is personally responsible for:

- the nomination process for candidates and political parties;
- provision and notification of polling stations;
- appointment of presiding officers and polling clerks;
- appropriate administration and security of polling stations;
- preparation of all ballot papers;
- the actual Count and Declaration of Results;
- issue, receipt and counting of postal ballot papers;
- all candidates' election expenses return

6. Pay Structure

The pay structure for employees who are covered by the National Joint Council for local Government Services (Green Book) are calculated using the Greater London Provincial Council Job Evaluation Scheme. Employees only receive a pay rise when it has been agreed nationally with the Joint Negotiating Committee. Employees can move up a spinal column point within their grade after each year of service until the highest spinal column point is reached.

The Salaries for employees covered by the Joint Negotiating Committee for Local authority Craft and Associated Employees (Red Book) are within the Craft Development scheme which was agreed under the terms of a local agreement in 2006. Employees under the Craft Development Scheme are paid according to their skills and ability linked to their specific craft.

Employees only receive a pay rise when it has been agreed nationally with the Joint Negotiating Committee.

The Council does not have a policy that would allow any employee to minimise tax payments.

7. Living Wage

The Council became an accredited member of the Living Wage Foundation in October 2013.

The Council has previously implemented the living wage increases. Depending on the outcome of the pay award negotiations for 2022/23 will determine whether the Council would progress to seek approval to implement the latest living wage rate. The Council implemented the living wage increase of £9.90 in April 2022.

8. Relationship between pay rates

The lowest paid employee within the Council is on a scale S1B and is paid £20,408. The hourly rate for this lowest scale is currently above the living wage rate (£10.578).

The highest graded post is that of Chief Executive of £127,367 per annum.

Therefore, the ratio between the Chief Executives pay and the lowest paid employees is 6.2:1. This is considered to be acceptable at this time and lower than previous years.

9. Pension contributions

All employees who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table.

Local Government Pension Scheme – contribution bands with effect from the 1 April 2022.

Band	Salary Range	Contribution Rate
1	£0 - £15,000	5.5%
2	£15,001 - £23,600	5.8%
3	£23,601 - £38,300	6.5%
4	£38,301 - £48,500	6.8%
5	£48,501 - £67,900	8.5%
6	£67,901 - £96,200	9.9%
7	£96,201 - £113,400	10.5%
8	£113,401 - £170,100	11.4%
9	More than £170,101	12.5%

Employers' contributions to the LGPS vary depending upon how much is needed to ensure benefits under the Scheme are properly funded and are set independently. The rules governing the pension scheme are contained in regulations made by Parliament.

10. Travel

Essential car user allowance has been removed from all employees except where it is provided as a reasonable adjustment in relation to disability. Mileage is paid at the prevailing HMRC rate for all employees.

11. Professional fees

Professional fees are only paid to practising Solicitors who require membership in order that they can lawfully act as a Solicitor.

12. Market Supplements

No market supplements are paid.

13. Discretionary Payments

The Council has an approved Change Management Policy which includes an Early Retirement and Redundancy policy, and this will be applied equally to all members of staff. The Council has a flexible retirement policy.

14. Decision Making

Decisions on remuneration are made by Executive.

15. Disclosure

This Pay Policy Statement will be published on the Council's Website. In addition, details of employees paid above £50,000 are disclosed.

16. Review

This Pay Policy will be reviewed annually in line with the Localism Act and any guidance issued by the DCLG. (*December 2022)*

EXTRACT FROM COMMITTEE
Appendix B

Executive **16 January 2023**

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75. Pay Policy Statement 2023/24

Purpose of Report

To request that Executive recommend to the Council that the Pay Policy Statement, drafted in compliance of section 38 (1) of the Localism Act 2011, be approved.

Decision

That Council be recommended to approve the Pay Policy Statement for 2023/23.

Alternative Options Considered and Rejected

None. Section 38 (1) of the Localism Act 2011 required local authorities to produce a Pay Policy Statement for each financial year. This must be approved by the Council by 31 March of each year, for it to be effective in the following financial year.

Reasons for the Decision

Each council's pay policy statement was required to detail the council's own policies on the pay of its workforce, particularly its senior staff and its lowest paid employees. The determination of the pay policy statement was reserved for the Council.

The Government also considered that decisions on pay policies should be taken by elected members, as those directly accountable to local communities. The Act therefore required the pay policy statement and any amendments to be considered by a meeting of full Council and could not be delegated to any committee.

The pay policy statement must detail the level and elements of remuneration for chief officers; the remuneration of the lowest paid employee, and the definition of 'lowest paid employee'; the relationship between the remuneration of chief officers and other officers; and specific aspects of chief officers' remuneration, including at appointment, increases, termination and any other payments.

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Item No. 7

COUNCIL **28 FEBRUARY 2023**

SUBJECT:	**INDEPENDENT REMUNERATION PANEL – COMPREHENSIVE REVIEW OF THE MEMBERS' ALLOWANCES SCHEME**
REPORT BY:	**INDEPENDENT REMUNERATION PANEL**
LEAD OFFICER:	**CHERYL EVANS – DEMOCRATIC SERVICES AND ELECTIONS MANAGER**

1. Purpose of Report

1.1 To advise on the recommendations of the Independent Remuneration Panel for Members' Allowances for the financial year commencing on 1 April 2023.

1.2 To decide whether to adopt the recommendations made by the Independent Remuneration Panel for Members' Allowances the financial year commencing on 1 April 2023.

2. Background

2.1 Each local authority is required to adopt a remuneration scheme for its elected members and is also required to appoint an independent remuneration panel, which has a responsibility to make recommendations to the Council meeting of each local authority on the level of allowances to be paid to members of the Council. Each local authority's scheme must be subject to regular review by the independent remuneration panel. Before making any changes to its scheme a local authority must have regard to recommendations made by its independent remuneration panel.

2.2 The recognised principles for each independent remuneration panel when considering a scheme are that the scheme should:

- be justifiable and defendable, based on logical construction;
- be transparent and simple to understand and administer; and
- neither discourage nor encourage candidates for elected office on the basis of financial considerations.

2.3 The City of Lincoln Council's Independent Remuneration Panel consists of three people, who are completely independent from the Council. The Panel is chaired by an experienced independent person, who has previously served on the Council's Independent Remuneration Panel. This report, which reflects the findings and recommendations of the Panel, has been prepared in accordance with current legislation and guidance.

2.4 The last review of the Members' Allowances Scheme recommended a flat rate increase of £250 per annum to the basic allowance to assist in reducing the disparity between the level of the City of Lincoln's basic allowance and the average basic allowance paid by district councils in Lincolnshire. This recommendation was not supported by Council, which instead resolved to apply an increase of £88 per annum to the basic allowance with effect from 1 April 2022, which represented an increase of 1.75% in-line with the anticipated staff pay award. It was also recommended and resolved by Council that the levels of Special Responsibility Allowances remained the same for 2022/23 and be subject to a comprehensive review by the Panel in readiness for implementation from 1 April 2023.

3. Comprehensive Review of the Members' Allowances Scheme

3.1 The Independent Remuneration Panel has carried a comprehensive review of the City of Lincoln Council's Members' Allowances Scheme and compared the rates of the Basic Allowance and Special Responsibility Allowances with the Council's statistical neighbours (Cambridge, Ipswich, Welwyn Garden City and Oxford).

3.2 This analysis showed that the City of Lincoln Council's Special Responsibility Allowances are lower than those paid by its statistical neighbours and the Panel is concerned that if adjustments are not implemented, the position will deteriorate.

3.3 The Panel invited all holders of special responsibility allowances to meet with it either in person or remotely; send comments via email to any or all of the Panel; or telephone the Chair of the Panel directly; to submit any comments to the Democratic Services and Elections Manager; or to complete an online survey in order that the views of councillors on the current Members' Allowances Scheme could assist the Panel in reaching any recommendations in respect of special responsibility allowances paid under the Scheme.

3.4 The Panel would like to place on record its thanks to those members who participated in the review, which enabled the Panel to gain a thorough understanding of the role of each post holder. The Panel was pleased with the level of engagement from the holders of special responsibility allowances.

3.5 Of the comments received, there were concerns regarding the disparity of some Special Responsibility Allowances, which it was suggested did not necessarily reflect the responsibility, time commitment and workload associated with the respective roles. This related specifically to the rate paid for the scrutiny committee chairs, which are currently the same for all scrutiny committees, and that of the Chair of the Audit Committee.

3.6 The Panel also considered the basic allowance paid to all councillors. In previous years this has increased in-line with the 'Green Book' employees pay award in percentage terms. As a flat rate of £1,925 had been awarded to 'Green Book' employees irrespective of their position or existing salary, it was not possible to consider replicating a percentage increase to the basic allowance paid to all councillors. Therefore, the Panel is recommending an increase of 4.04% to the basic allowance from 1 April 2023, which mirrors the percentage increase applied to certain staff allowances as part of the 2022/23 pay staff award.

3.7 The Panel, as a minimum, is also recommending an increase of 4.04% applied to all special responsibility allowances from 1 April 2023. However, to address the significant disparity between the levels paid by the Council and that of its statistical neighbours, the Panel is also recommending the adoption of one of three options, as detailed in Appendix A. The existing figure is also detailed in Appendix A.

3.8 Option One consists of increases made up of the averages paid by the statistical neighbours or a flat percentage increase of 4.04%, whichever is the greater figure.

Option Two consists of the average recommended between Options One and Three or a flat percentage increase of 4.04%, whichever is the greater figure.

Option Three consists of the lowest paid by the statistical neighbours or a flat percentage increase of 4.04%, whichever is the greater figure.

The Panel's preferred option is Option One. If Council decide not to adopt any of the recommended options in Appendix A, the Panel expects to see an across-the-board increase applied to the basic allowance and special responsibility allowances of 4.04% from 1 April 2023.

Furthermore, if none of the options in Appendix A are adopted for implementation for 1 April 2023 onwards, the Panel will revisit these options in future reviews and use them as a recommended baseline for their future calculations.

4. Conclusion

4.1 The Panel is recommending an increase of 4.04% to the basic allowance and special responsibility allowances from 1 April 2023. In addition, the Panel is recommending the adoption of one of the three options, as detailed in Appendix A, to address the significant disparity in special responsibility allowances. Option One in Appendix A is the preferred option of the Panel. In the event of any one of the options detailed in Appendix A being approved, the 4.04% increase in 6.1 above would not be applied, as this has already been factored into the recommended allowances in Appendix A.

5. Organisational Impacts

5.1 Financial Implications

The cost of each of the three options, along with the impact of an across the board increase to the basic allowance and special responsibility allowances of 4.04%, in comparison to the 2023/24 budget is as set out below:

	Option One £	**Option Two £**	**Option Three £**	**Alternative £**
Basic Allowances	179,124	179,124	179,124	179,124
Special Responsibility Allowances	96,775	90,440	85,210	76,735
Total	**275,899**	**269,564**	**264,334**	**255,859**
2023/24 Budget	267,360	267,360	267,360	267,360
Budget Surplus/(Shortfall)	**8,539**	**2,204**	**(3,026)**	**(11,501)**

Options one and two would result in an annual cost in excess of the 2023/24 budget provision, this would need to be funded from existing cash limited budgets. Option three and an across the board increase of 4.04% would result in an underspend against the 2023/24 budget provision.

5.2 Legal Implications

5.3 The Council has a duty to appoint an Independent Remuneration Panel who must make recommendations to the Council in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003. The Council is required to have regard to the recommendations of the Panel but is not required to follow them. However, if the Council were to make any decision which was not in accordance with recommendations from the Panel, it should put forward and record its reasons for deviating from the Panel's recommendations. It is not possible for Council to exceed in monetary terms the recommendations of the Panel.

6. Recommendations

The Independent Remuneration Panel recommends:

6.1 That an increase of 4.04% be applied to the existing basic allowance and special responsibility allowances from 1 April 2023.

6.2 That one of the three options, as detailed in Appendix A, be adopted to address the significant disparity in special responsibility allowances compared to statistical neighbours. In the event of any one of the options detailed in Appendix A being approved, the 4.04% increase in 6.1 above would not be applied, as this has already been factored into the recommended allowances in Appendix A.

6.3 That Schedule 3 – Travelling and Subsistence Allowances as detailed in the Members' Allowances Scheme, be updated to reflect HMRCs rates to 45p the first 10,000 miles and 25p above 10,000 miles as detailed in Appendix B.

6.4 That the Members' Allowances Scheme, as detailed in the Council's Constitution, be amended accordingly to reflect what is resolved by Council in respect of the basic allowance and special responsibility allowances.

Key Decision	No
Do the Exempt Information Categories Apply?	No
Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
Does the report contain Appendices?	Two Appendix A – Special Responsibility Allowance – Options by the Panel *(including existing allowances)* Appendix B– Existing Members' Allowances Scheme
List of Background Papers:	None
Lead Officer:	Cheryl Evans, Democratic Services and Elections Manager Telephone (01522) 873439

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APPENDIX A

Special Responsibility Allowances

Options of the Independent Remuneration Panel

	Existing Allowance	*Panel's Preferred Option* Option 1	Option 2	Option 3
Leader of the Council	£10,905	£14,903	£13,508	£12,114
Deputy Leader of the Council	£7,053	£9,804	£8,592	£8,480
Portfolio Holders	£5,772	£7,868	£6,936	£6,005
Scrutiny Chair / Chair of Audit	£4,491 £1,281	£4,672	£4,672	£4,672
Chair of Planning	£4,491	£5,877	£5,877	£5,877
Chair of Hackney Carriage and Private Hire	£4,491	£4,672	£4,672	£4,672
Chair of Licensing	£2,565	£3,670	£3,670	£3,670
Chair of Ethics and Engagement Chair of Personnel Appeals Panel Chair of Housing Appeals Panel	£1,281	£1,333	£1,333	£1,333
Leader of Opposition	£2,565	£3,690	£3,690	£3,690

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MEMBERS' ALLOWANCES

(with effect from 1 April 2023)

ALLOWANCES TO MEMBERS

1. Introduction

Allowances available to Members fall into two categories:-

(a) Basic Allowance and Special Responsibility Allowance (where appropriate), both of which are paid automatically by monthly instalments, directly into Members' bank accounts.

(b) Travel and Subsistence together with Childcare and Dependant Carers' Allowances have to be claimed on the claim form via iTrent and assistance can be provided by the Democratic Services Team. You should submit claim forms on the 15th day of each month (or within three days for inclusion with the payment of the following month's basic allowance). Claims must be made within two months of the date of the duty for which allowances are claimed.

You will receive a payslip detailing the amount of any Income Tax and National Insurance deductions made and the amount which has been paid into your bank account.

2. Who to Contact

The Payroll Section within the City Solicitor's Department will give councillors help on any matters in connection with Members' Allowances and councillors should feel completely free to contact that office at any time. Payroll deal with Members' Allowances and will be only too happy to help with any enquiries.

3. Income Tax & National Insurance

(a) Basic Allowance and Special Responsibility Allowances are liable for Income Tax and National Insurance

(b) <u>Travel allowances for Members will be subject to tax and National Insurance contributions as appropriate</u>.

(c) Day subsistence allowances are not taxable if paid for a period of attendance at a meeting or conference which had been deemed an approved duty.

(d) Payroll receive a personal tax code for each Member from HM Inspector of Taxes. In some cases, it will be necessary for newly elected councillors to complete various forms for the City Council and the Tax Office.

(e) Councillors who suffer tax deductions on their allowances may be eligible to claim tax relief in respect of expenses incurred. A series of “Agreed Expenses Allowances” are negotiated with the Inland Revenue each year.

Details, once agreed, will be provided by the Payroll Section.

Other expenses may attract tax relief but no Standard Rate has been agreed with the Inspector who should be consulted in this respect.

Members wishing to claim tax relief should consult Inland Revenue.

Political expenses do not attract tax relief.

(f) National Insurance deductions will arise when the payment in any month exceeds the thresholds set by the relevant Government Department.

(g) Certain married women and widows may have already elected to pay the reduced rate of contribution. Any female Member who has so elected and holds a reduced rate certificate should forward it to the Payroll Section immediately. Members who have reached retirement age (65 for men and 60 for women) and have retired should be eligible for the status of non-liability, thereby being exempt from deductions. Exemption certificates are obtainable from the local office of the Benefits Agency appropriate to the Member’s home address and should be forwarded to the Payroll Section immediately.

(h) For National Insurance purposes it is necessary for a record to be held of each Member’s date of birth and National Insurance number. Please supply this information to the City Treasurer.

(I) The pensions of Members who are retired may be affected by the payment of allowances, as a result of the earnings rule. Members who are pensioners are advised to obtain information on their personal position at their local Benefits Agency office.

4. Local Government Pension Scheme

Councillors are no longer able to join the Local Government Pension Scheme. Any historic benefits are available to previous contributors in accordance with relevant legislative and contractual rights.

5. Register of Allowances Paid to Members

This statutory register is maintained by the Payroll Section and is open to inspection by members of the public (including the press and other media) who are local government electors in Lincoln.

The 2003 Regulations require annual publication, at the financial year end, of certain allowances paid to each Member.

Members' Allowances and Travel and Subsistence Scheme

1. General

1.1 The Members' Allowance Scheme for the City of Lincoln Council has been prepared in accordance with the Local Authorities (Members' Allowances) (Amendment) Regulations 1995, the Local Authorities (Members Allowances) (England) Regulations 2003 and other appropriate legislation.

1.2 This scheme is effective from 1 April 2023 until 31 March 2024. It is applicable to all elected members of the City of Lincoln Council.

1.3 Within the scheme "year" refers to the financial year ending on 31 March and "day" or "daily" refers to a 24-hour period beginning at 3am as specified in Regulations.

2. Allowances

There are three types of allowance which are outlined below. The power to pay attendance allowance was abolished from 28 July 2001.

2.1 Basic Allowance – Payable to all Elected Members. The amount for each year is shown in Schedule 1 to this scheme.

2.2 Special Responsibility Allowance – For each year, a Special Responsibility Allowance shall be paid to those Members who hold posts in Schedule 1. The amount for each post is also shown in Schedule 1.

In the event of one Member holding more than one specified post, only one Special Responsibility Allowance, whichever is the greater or greatest, shall be paid.

2.3 Basic and Special Responsibility Allowances are paid in respect of each year or part year.

2.4 Childcare and Dependant Carers' Allowance – An amount of £5 per hour may be claimed for each child or dependant who requires cover whilst a Member undertakes their duties. Payment will be made following submission of receipted invoices.

3. Renunciation

3.1 A Councillor may, by notice in writing given to the Payroll Section, elect to forego any part of his/her entitlement to an allowance under this scheme.

4. Travel and Subsistence

4.1 All duties for which travel and subsistence expenses can be claimed are outlined in Schedule 4 and the payment rates and procedures are reproduced in Schedule 3.

4.2 Any claim for travel and subsistence must be made on the claim form which is available from Democratic Services. The claim form must be supported by relevant receipts.

SCHEDULE 1 – Allowances

Basic Allowance

The Basic Allowance is £5,217 per member.

Special Responsibility Allowance

The table below shows the posts for which a Special Responsibility Allowance is paid together with the amount of payment per year. These allowances apply from 1 April 2022.

Special Responsibility	Allowance
Leader's Allowance	£10,905
Deputy Leader's Allowance	£7,053
Portfolio Holders	£5,772
Scrutiny Chairs	£4,491
Chair of Planning	£4,491
Chair of Hackney Carriage and Private Hire	£4,491
Chair of Housing Appeals	£1,281
Chair of Personnel Appeals	£1,281
Chair of Licensing	£2,565
Chair of Ethics and Engagement	£1,281
Chair of Audit	£1,281
Leader of the Opposition	£2,565

SCHEDULE 2 – Duties Eligible for Childcare and Dependant Carer's Allowance

- A meeting of the Executive.
- A meeting of a Committee of the Executive.
- A meeting of the Authority.
- A meeting of a Committee, Sub-Committee or Panel of the Authority.

CONDITIONS

Elected Members are limited to claiming £5 per hour per dependant on production of receipted invoices.

SCHEDULE 3 – Travelling and Subsistence Allowances

TRAVEL ALLOWANCES

Public Transport

1. The cost of a standard fare for public transport will be reimbursed for approved duties, subject to the submission of a receipt or proof of purchase.

Private Cars

2. The rate for travel by a Member's own private motor car, or otherwise provided for the Member's use, shall be per mile (as at November 2022):-

	First 10,000 miles	Above 10,000 miles
Cars and vans	45p	25p

3. The rate specified in paragraph 2 may be increased by the amount of any expenditure incurred on tolls, ferries or parking fees, including overnight parking.

Taxi Cab

4. In case of urgency, or where no public transport is reasonably available:-

   (a) the amount of the actual fare and any reasonable gratuity paid; and

   (b) in any other case, the amount of the fare for travel by appropriate public transport.

Subsistence Allowances

5. The rate of subsistence allowance shall be:-

   (a) In the case of an absence, not involving an absence overnight, from the usual place of residence of more than four hours for each meal claimed:-

(I)	Breakfast	£4.92
(ii)	Lunch	£6.77
(iii)	Tea	£2.67
(iv)	Evening Meal	£8.38

   (b) In the case of an absence overnight from the usual place of residence - £79.82, provided that for such an absence overnight in London, or for the purpose of attendance at an annual conference including an annual meeting of the Local Government Association or such other association of bodies, as the Secretaries of State may for the time being approved for the purpose - £91.04.

Any rate determined under this sub-paragraph shall be deemed to cover a continuous period of absence of twenty four hours.

7. The rates specified above shall be reduced by an appropriate amount in respect of any meal provided free of charge by an Authority or body during the period to which the allowance relates.

8. When main meals (i.e. full breakfast, lunch or dinner) are taken on trains during a period for which there is an entitlement to day subsistence, the reasonable cost of the meals (including VAT), may be reimbursed in full. However, in such circumstances, reimbursement for the reasonable cost of a meal would replace the entitlement to the day subsistence allowance for the appropriate meal period.

SCHEDULE 4 – Duties for which Travel and Subsistence may be claimed

Any attendance at a meeting or seminar outside of the City of Lincoln which has been deemed an approved duty.

Item No. 8

COUNCIL **28 FEBRUARY 2023**

SUBJECT:	**APPOINTMENT OF DEPUTY ELECTORAL REGISTRATION OFFICER**
DIRECTORATE	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**REPORT AUTHOR: ANGELA ANDREWS, CHIEF EXECUTIVE AND TOWN CLERK**

1. Purpose of Report

1.1 Under Section 8(2) of the Representation of the People Act 1983, Full Council must appoint an Officer to the position of 'Electoral Registration Officer'. This position is responsible for maintaining the Electoral Register for the area. The Chief Executive is the appointed Electoral Registration Officer in Lincoln.

1.2 Under Section 52(2) of the Representation of the People Act 1983, the Council may appoint a Deputy Electoral Registration Officer who is able to perform and exercise any of the duties and powers of the Electoral Registration Officer.

2. Background

2.1 The Council is required, by law, to appoint an Officer to the position of 'Electoral Registration Officer'. This position is responsible for maintaining the Electoral Register.

2.2 If there were a legal challenge to any act of including, or refusing to include somebody within the register of electors, it is the Electoral Registration Officer that would convene and conduct the hearing required by statute.

2.3 Council can appoint a Deputy Electoral Registration Officer who could carry out the duties of the Electoral Registration Officer in her absence.

3. Organisational Impacts

3.1 Finance

There are no financial implications. The Deputy Electoral Registration Officer would not receive any additional payment.

3.2 Legal Implications including Procurement Rules

The appointment of the Deputy Electoral Registration Officer will mitigate risks in the event that the Electoral Registration Officer is unavailable as her deputy will be able to make legal judgments regarding the Electoral Register on their behalf

4. Recommendation

4.1 That the Democratic Services and Elections Manager be appointed as the Deputy Electoral Registration Officer, with the full powers of the Electoral Registration Officer in their absence.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None
Lead Officer:	Angela Andrews, Chief Executive and Town Clerk Telephone 01522 8733301 Email address: **Angela.andrews@lincoln.gov.uk**

Item No. 9a

COUNCIL **28 FEBRUARY 2023**

REPORT UNDER RULE 2(vi) OF THE COUNCIL PROCEDURE RULES

REPORT BY COUNCILLOR SUE BURKE, PORTFOLIO HOLDER FOR REDUCING INEQUALITY

I continue to be impressed by the dedication of council employees and elected members in helping to ensure our residents receive the support they need. This has been especially important over the past twelve months due to the continuing impacts of the pandemic and the evolving cost of living crisis. I would like to say a huge thank you to our staff and members for your effort and professionalism during this time of ongoing uncertainty.

I would also like to thank Lincoln's statutory, religious, and voluntary agencies who continue to work with the council and have contributed to mitigating some of these new challenges we have faced during the previous year. This support builds upon the vital support these agencies provided to our residents during the pandemic. Through effective partnership working we continue to find innovative ways of breaking down equality barriers and ensuring the most vulnerable in the city receive the support they need.

Included in my report below are updates on those council services under the responsibility of my portfolio. These updates focus on key achievements and success stories over the past twelve months. I have also provided the latest outturns for those performance measures linked to services under my portfolio in Appendix 1.

I would particularly like to thank council officers for their input in helping to produce this report.

Welfare and Benefits Advice

The Welfare team is a long-established element of the advice and support that the council provides for residents. The team specialise in assisting people to claim all forms of DWP benefits and statutory grants, HMRC tax credits and also discretionary awards, grants, and charitable payments. The team can advise on what is available to be claimed, assist with the application process, and provide help to challenge decisions where they consider a reconsideration or appeal is merited.

As an indicator of the team's current workload, it is useful to compare statistics for the last Quarter of this year with Quarter 3 of the previous year.

Comparative element	Q3 2021-2022	Q3 2022-2023
Number of customers advised	1,944	2,080
New debt advice referrals	36	29
Lump sum awards to customers	£50,146	£80,404
Additional benefits awarded	£4,608 per week	£6,353 per week

The team keep note of the many thank-you messages that they receive and these clearly illustrate what these figures can mean to an individual. The most recent outcome report is from a disabled resident who previously had no success obtaining Personal Independence Payments (PIP). With advice and assistance from the team her claim was successful, and she has been awarded the enhanced rate for both Daily Living and Mobility a total of £159.60 per week, with backdated arrears of £2,196.60. Having been awarded a disability benefit the cap on her payments of Housing Benefit could no longer apply and this gave her an additional £11.40 a week in housing payments. Furthermore, her Jobseeker's allowance was increased following the award of the Severe Disability Premium by £69.40 per week. This was also backdated so added a further £980 to her lump sum payments. As you can imagine the customer is very delighted that she has received over £3,000 in back payments and now has an additional £240.40 per week – over £12,000 annually

The money advice side of the team's work is performed under the regulations of the Financial Conduct Authority and is focussed on securing the best outcome for the client. The team start with an income maximisation process and an analysis of expenses, which forms the foundation of the advice, before help is given to negotiate with creditors, set up affordable payment arrangements, and where appropriate, seek solutions such as debt relief orders. The team has recently had an inspection by Community Money Advice and received an excellent rating with strong assurance about the quality of their advice and guidance.

Welfare Reform, Covid 19 and Cost of Living Support

Our Welfare Reform Support Team has continued to provide vital support to the residents of Lincoln. This support has included providing a proactive response to matters relating to not only welfare reforms and related benefits support, but also significant support over the last 2½ years in relation to Covid-19 and Cost of Living support.

In terms of the Test and Trace Support scheme, which ran from September 2020 to April 2022 delivering payments of £500 to those having to self-isolate due to Covid-19 and suffering financial hardship as a result, the team delivered £1,045,500 of these payments in Lincoln.

In respect of the first wave of Household Support Fund, the team made the following payments from December 2021 to March 2022:

Category	Food	Energy	Essentials linked to Energy & Water	Wider Essentials	
Number of families without children	628	401	39	223	
Number of families with children	953	606	84	532	
Total Amount of Award	£241,900	£97,742	£12,400	£75,500	**Total Paid £427,542**

The second round of Household Support Fund (HSF2) has also now been delivered. Working with foodbanks in Lincoln in August and September 2022, over £90,000 in HSF2 vouchers have been delivered to more than 700 households identified as in need of assistance through this fund. Also, 2,077 residents of pension age have received a HSF2 voucher of £110 each, during September 2022.

'Phase 1' of HSF3 has also been delivered in City of Lincoln, working with local referral partners, foodbanks, Community Grocery and Salvation Army, with £87,435 (i.e., the full allocation for City of Lincoln) having been successfully allocated to assist those identified in need of assistance under this scheme. In addition to this, over 600 City of Lincoln residents have been issued with individual £250 vouchers – with the identified criteria being in receipt of Housing Benefit and not entitled to a National Cost of Living Payment.

As well as support and advice in relation to Universal Credit, our Benefits Team continued to administer a whole range of other welfare reforms – such as Localised Council Tax Support, Spare Room Subsidy ('bedroom tax'), Benefits Cap and Discretionary Housing Payments (DHP). In 2021/22, the team paid out £195,454 to help our residents with their housing costs.

Up to the end of Quarter 3 2022/23, the team had already paid out £105,180 in DHP. This proactive approach aims to help residents mitigate impacts of welfare reforms.

The Council Tax Energy Rebate scheme has been a significant and resource-intensive scheme, with almost 38,000 payments of £150 per household being delivered over the first half of 2022/23. A Discretionary Council Tax Energy Rebate grant was also delivered in Quarter 3 2022/23, with payments totalling £197,236 issued under this scheme.

The Cost of Living crisis is continuing to have a significant impact on many. To help our residents to navigate these impacts, the council has recently produced an extremely useful Cost of Living Support Guide. The guide provides details of the wide range of support currently available for residents, with a specific focus on the areas of –

- benefits
- energy saving
- financial
- food
- housing
- well-being & emotional support.

The guide can be found on the homepage of the council's website. Hard copies have also been shared with our key partners for further distribution to Lincoln's residents, and also placed within the council's community centres.

In addition, co-ordinated work throughout the City and County is taking place in relation to warm spaces, recognising the need to ensure a joined-up and clear response for our residents. Further details on the warm spaces currently available in the city can be found on the following website - https://www.warmwelcome.uk/#find-a-space

Housing Benefit / Council Tax Support

Although Universal Credit Full Service was rolled out for new claims in Lincoln Jobcentre Plus from March 2018, our Benefits Team continued to administer a significant number of Housing Benefit and Council Tax Support caseloads – as at the end of August 2021 these figures were 4,144 and 8,469 respectively. Our Council Tax Support caseload rose sharply as a result of the initial Covid-19 lockdown. The caseload had plateaued somewhat before falling and returning back to pre-pandemic levels. However, with the ongoing cost of living pressures on residents there is the potential that the number of Council Tax Support claimants may begin to increase again.

Despite the challenges, pressures and demands on the Benefits Team, New Claims and Changes of Circumstance continue to be processed promptly, with positive average processing times being achieved – New Claims are currently being processed within an average of 15.97 days and Changes of Circumstance in 5.76 days (as at the end of Quarter 3 2022/23). When compared to national average processing times, new claims were nationally processed in an average of 21 days and Change of Circumstance in an average of 9 days (based on data released on 25th January 2023).

Discretionary Rate Relief Policy

A 'Business Rates Growth Policy' was approved by Executive on 23rd July 2018. The policy provides a time-limited rate relief discount to new and extended business premises within the city, in the interest of building the Business Rates base, supporting economic growth and job creation. Eligibility for this scheme is dependent on the extent of the business premises creation or extension, location and the impact of the new business or expansion plans on the local economy.
The impacts of Covid-19 meant applications under this policy understandably reduced. In 2021/22, a total of £19,337.95 was awarded under this policy, and to date in 2022/23 a total of £33,058.65 has been awarded.
The Business Rates Team has been instrumental in supporting businesses in 2021/22, awarding £9.5 million in Expanded Retail Discount. This team has also delivered the Covid Additional Relief Fund to eligible and applying businesses, to the value of £864,736.

Financial Inclusion

Financial inclusion continues to be a key objective and factor in many areas of our Revenues and Benefits Service's work. The Lincolnshire Financial Inclusion Partnership (FIP) is currently chaired by the Assistant Director for Shared Revenues and Benefits for City of Lincoln Council and North Kesteven District Council, which brings together organisations and partners to promote and raise the profile of financial inclusion across the county. FIP aims to ensure that everyone has the capability and opportunity to access appropriate financial services and products needed to participate fully in society.

FIP works to develop, implement and, when available, gain funding for positive solutions to improve financial inclusion for all people within Lincolnshire. The FIP also provides a forum for sharing good practice and information.

In terms of scope of activity, FIP works in partnership to coordinate the discussion, development and delivery of services and identify issues connected to the alleviation of financial exclusion in Lincolnshire. Areas of activity include but are not limited to:

- Banking Services
- Insurance and savings
- Financial capability
- Affordable and responsible credit
- Debt advice and emergency help
- Advice and support to access welfare benefits and entitlements

FIP is currently further developing an action plan relating to financial inclusion for cost of living support in Lincolnshire, which is managed and monitored through quarterly meetings of the FIP Steering Group and full FIP Group. The action plan specifically focuses on helping to reduce the current cost of living pressures on residents.

Safeguarding

Safeguarding training is a mandatory requirement for all staff members and is part of the induction process. All staff are also required to completed mandatory refresher training on an annual basis. A number of job roles are also required to complete a 6 year training pathway, which is a more comprehensive level of training. The pathway is provided by the Lincolnshire Safeguarding Children's Partnership (LSCP), Lincolnshire Safeguarding Adults Board (LSAB) and the Domestic Abuse Partnership (DAP). To ensure the required level of training is being received by all teams, there has also recently been an internal consultation completed with service managers. During this consultation some managers have identified additional training needs for their officers. This training is more comprehensive than the basic training but not the full training pathway.

The compliance of this training is monitored internally by the relevant officer's line manager, the Safeguarding Lead Officer and the Training Officer within the Directorate for Housing and Investment and compliance concerns are reported to the Protecting Vulnerable People Group.

Protecting Vulnerable People training is held for elected members once a year following the election period. It is delivered by the Safeguarding Leads and a video was forwarded to all Members not present last year.

Skills and Training (including Adult Learning and The Network)

The Assistant Director Shared Revenues and Benefits has key links into a number of employment and skills related schemes, including the Restart scheme, providing assistance and intelligence in relation to cohorts who may benefit under such a scheme as well as connecting key partners.

The Network

The Network project, which aims to provide careers and related advice to the Not in Education or Employment (NEET) group, proactively engages with young people to help them with a variety of issues and to provide positive outcomes for them in trying to find work and development opportunities.

Throughout the pandemic and since then, The Network has continued to find innovative solutions to engage with young people to ensure the service has been accessible to as many people as possible. This has meant implementing a mix of face to face, phone call and virtual options, including platforms such as Discord and WhatsApp.

City of Lincoln Council has continued to support this project, sitting on its Trustee and Management Board, as well as physically hosting The Network office on the ground floor of City Hall.

Gabby Wright, Project Co-ordinator at The Network, has provided the key statistics for this service for the period January 2022 to January 2023 –

The Network - January 2022- January 2023	
Clients total (all projects)	201
New clients	128
Appointments total approximately (virtual and in person, not including between session support)	911 attended
Projects / funding: CareerNet, Flexible Support Fund with Department for Work & Pensions, City of Lincoln Council room space	
Job Outcomes	31 confirmed
Apprenticeship	7 confirmed
Training	18 confirmed
Volunteering / work experience	9
Traineeship	2

It is important to note that some individuals do not always inform The Network then they move into work, therefore it is likely that the 'Job Outcomes' figure above is higher than that recorded.

Over the past year The Network has seen and is continuing to see strong themes of social anxiety and isolation amongst our young people, as well as a rise in complex mental health needs, and home situations.

To ensure support is available, The Network has delivered workshops around wellbeing and social confidence to help young people to reengage with group settings and overcome social anxiety (so far with positive outcomes).

In addition, The Network has also contracted a counsellor for a year to support young people who don't fit NHS criteria (and aren't clinical) and this has been hugely impactful on The Network's clients. The Network is hoping for this to continue moving forwards, pending further funding.

Homelessness and Rough Sleeping

The volume of work in the Allocations, Homelessness and Rough Sleeping services continues to be extremely challenging. The teams have now settled into a blended working pattern with officers mixing working from home and in the office to ensure they are available to see members of the public in person as needed.

The team continues to receive extremely high numbers of homelessness enquiries, with around 260 cases usually open at any one time. The team is also seeing higher numbers of placements in temporary accommodation, although the length of stay is still within target. In addition, the team is also receiving high numbers of Housing Register applications. It is likely the high numbers are due to the current cost of living crisis, with many people trying to move into council accommodation, which tends to be cheaper than the private rented sector.

The team and I are delighted that the council has secured continued funding of around £1 million per year through the Rough Sleeping Initiative for a further 3 years to March 2025. Our Rough Sleeping Team continues to work with our most vulnerable clients to try to ensure that no-one has to spend any time living on the streets. The team undertake outreach throughout the week and the actual numbers out varies from around 2-8 at any one time. Of these there is a small core of people that the team is trying to engage with, whilst the others will generally be new to Lincoln.

Asylum Seekers and Refugees

Members will be aware that the council has been actively involved in the Vulnerable Persons Resettlement Scheme, having provided accommodation for families from Syria and Afghanistan.

Since the spring the council has also been a key partner in the response to the Ukrainian War Crisis. We have provided housing advice to those arriving under the Ukrainian Family Scheme and have also been working closely with Lincolnshire County Council, the other Lincolnshire districts, and other key partners to implement the Homes for Ukraine Scheme. Officers have undertaken property safety and suitability checks where local people have offered to be sponsors for those fleeing the war in Ukraine and are also administering the welcome guest payments and ongoing sponsor payments. In Lincoln we have now welcomed over 80 households into sponsor properties and continue to work to help the families settle into the community.

We have recently been advised of the extension to the National Asylum Seeker Dispersal Scheme and are working closely with East Midlands Councils, the other Lincolnshire districts and Serco, the accommodation provider, to establish how this will affect the city.

Neighbourhood Working

During the past twelve months the Neighbourhood Team has reverted back to solely focusing on interventions in the Sincil Bank area. This was following an absence of almost two years where the team was dedicated to supporting the council's efforts to help vulnerable members of our community during the pandemic.

In November 2021, Ward Councillors reported and gained approval to focus on the following physical improvements in the area:

- Hermit Street redevelopment
- Creating open / green spaces
- Residents parking
- Redesign of the highways infrastructure / urban design
- Cleaner Safer Streets
- Palmer Street garage site

All projects are progressing well. Highlights over the last twelve months include:

- The funding and installation of additional CCTV cameras covering many of the fly tipping hot spots in the area.
- A week of action aimed at encouraging reporting of fly tipping and informing the community of how to dispose of waste correctly.
- Lincolnshire County Council has confirmed the Resident Parking Scheme will progress in the Sincil bank area and is in the process of issuing the relevant contracts to undertake the work on site (street signage and markings). We are awaiting an implementation date but likely to be early summer 2023 at earliest.

Alongside these physical interventions, the team has worked hard to reconnect with the community following this two-year absence from the neighbourhood. Sincil Bank Community Hub is now back open five days a week providing invaluable support to members of our community. During the period April to December 2022, there were 700 visitors to the Hub. The support that is offered is extremely diverse and during the last year we continued to support many new comers to the city. This support can cover topics including housing, school admissions, welfare advice and employment.

To gain the views of the community and to begin to measure the impact of our intervention in the area, a postal survey was delivered to all households in the area. The results of this survey will be analysed early in 2023 and the results will be reported to the Neighbourhood Board.
The team has also funded events to assist in bringing our communities together. The largest was an event to commemorate the Queen's Jubilee. It is estimated that this was attended by over 400 local residents.

In addition, the team has also continued to administer the Community Chest, which is used to kickstart community activity in the area. During 2022, 9 projects were funded totalling an amount of £15,211.95. Examples of projects funded include the inception of a local football team and a gardening project that aims to significantly improve the physical appearance of Portland Street. The need to support our culturally diverse communities is demonstrated to the team on a daily basis and the team has been instrumental in creating an organisation called Lincoln Embracing All Nations (LEAN) to provide advice and guidance to these communities. LEAN was formally launched at an event on the 7th November 2022 with over 60 people attending. Further information on LEAN can be found on their website - https://lincoln-lean.org.uk/

Equality and Diversity – Employer Perspective

Over the past twelve months the Human Resources team has continued to offer support, advice and guidance on equality, diversity, and inclusion at the Council.
Line manager briefings have continued covering a wide range of topics. Over the last year focus has been on managing and supporting mental health in the workplace, with a number of face to face sessions being provided by the HR team.

The Council successfully retained accreditations as a Mindful Employer, Disability Confident Employer, and retention of the Carers Quality Award. In addition, the Council has been officially approved as a Foster Friendly Employer.

The Council's workforce as of 31st March 2022 stood at 612 staff members, of which 280 were males and 332 were females. 27 members of the workforce declared a disability and 19 were from a black and ethnic minority group. The largest age group was 50 to 59 years of age, with 185 staff members in this age group.

The Human Resources team has continued to provide advice and guidance, monitor recruitment and workforce data and review HR policies and procedures.

Equality and Diversity – Service User Perspective

In 2020, to combat discrimination and other forms of injustice, the council adopted five Equality Objectives, which will be in place until 2024. These objectives are:

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 city council.
4. Our workforce at all levels reflects the makeup of the local community.
5. Equalities, Social Inclusion and Community Cohesion have all improved within our communities.

In my role as portfolio holder for reducing inequalities, I am also the vice chair for the Equality and Diversity Advisory Group, alongside Cllr Naomi Tweddle as chair of the group.

Supporting our equality objectives is the Equality and Diversity Action Plan, which is developed on an annual basis and monitored by the Equality and Diversity Advisory Panel. Each year the action plan includes a range of actions, which will be delivered within the financial year towards meeting the council's Equality Objectives. The action plan is developed as part of the service planning process. The council's progress towards these actions is highlighted within the annual Equality Journal.

The current Equality Action Plan 2022/23 contains 25 actions focused towards meeting the council's Equality Objectives. As of December 2022 –

- 12 actions were on target
- 10 actions were on hold / yet to be started
- 0 actions were overdue
- 3 actions were complete

Managers continue to use the Equality Analysis Toolkit to consider any differential impact on those with protected characteristics and to ensure mitigating action is taken where it is appropriate to do so.

Public Protection and Anti-Social Behaviour (PPASB Team)

The PPASB team operates to protect individuals, the community, and the amenity of the City. The team operates over a broad range of areas, with the core services providing a combination of both proactive and reactive activities.

These areas include:

- Anti-Social Behaviour
- Noise
- Animals
- Pests / conditions of gardens
- Accumulations of waste
- Fly-tipping investigations
- Licencing consultations
- Bins on streets
- Littering Fixed Penalty Notices

Service Demand

The table below shows the demand on the PPASB service over the past three and a half years.

	Q1	Q2	Q3	Q4	Total
2019	736	854	610	550	2,750
2020	553	705	572	660	2,490
2021	1,007	1,065	839	814	3,725
2022	1,092	1,134	894	-	3,120

The outbreak and recovery period of the Covid-19 pandemic resulted in a decrease in demand on the service throughout 2020. This was largely due to the national restrictions in place. The service saw an increase in demand during 2021 and the demand on the service has remained relatively high since, when compared to pre Covid-19 levels. Covid also accelerated the introduction of hybrid working within the team. This brought about many technological challenges and created new ways working, which the team is still working to stabilise and improve.

Formal enforcement action has remained relatively low across the team demonstrating that early informal intervention is successful. This approach has been key to achieving the PPASB team aims over the past 3 years. The Court system is still struggling with demand in the aftermath of

Covid-19, therefore informal intervention is crucial to resolving cases and preventing court applications.
The table below shows PPASB Enforcement Action undertaken during 2020/21, 2021/22 and between 1st April 2022 and 19th January 2023. It is important to note that prior to enforcement action being taken, a number of informal actions or warnings will normally take place. This table represents only the cases where we could not resolve informally or where an outright offence was evidenced.

Enforcement type	**01/04/2020 - 01/03/2021**	**01/04/2021 - 31/03/2022**	**01/04/2022 – 19/01/2022**
Environmental Issues			
Littering Fixed Penalty Notice	0	2	1
Dog Fouling Fixed Penalty Notice	0	0	0
Dog Straying Fixed Penalty Notice	0	0	0
Dog Straying Community Protection Notice	0	2	0
Fly Tipping Fixed Penalty Notice	2	8	4
Fly Tipping Prosecutions	0	0	0
Bins on streets Community Protection Notice	0	0	0
Fly tipping Community Protection Notice	13	1	0
Bonfire Abatement Notice	0	1	0
Noise Issues			
Noise Abatement Notices	15	9	8
Noise Abatement Notices - Dog	0	2	0
Noise Prosecutions	1	1	0
Noise Warrants	0	0	0
Noise Community Protection Notices	9	1	0
General ASB Issues			
ASB Community Protection Notices	19	3	0
Prosecutions	1	0	0
Injunctions	0	0	0
Criminal Behaviour Order	0	0	0
Closures	1	0	0
Condition of property related issues			
Prevention of Damage by Pests Notices	4	12	4
Condition of Garden or Property Notices, Inc F & V	1	2	6
Subsequent Fixed Penalty Notices	1	0	0
Other enforcements			
Prosecution for microchipping of dogs	0	0	1
Community Protection Notice for dog attack on person	0	0	1
Microchipping notice	0	0	1
Statutory Nuisance Notice (Light Nuisance)	2	2	2

Partnership Working

University and Students Union

The service continues to build on its working relationship with the University of Lincoln. This involves maintaining strong links of communication between the two organisations to support students and communities to coexist. Proactive and early intervention is key when it comes to engaging with the student community within the city. The service focuses on education and support, whilst utilising enforcement tools where necessary. The University now has a full-time uniformed Police Officer fully dedicated to policing at the University and the team is already making benefit of this resource**.** The Police Officer provides advice and guidance to students who may be victim to anti-social behaviour or crime. The PPASB team shares information of noise complaints received against students with the University. This approach allows support and guidance to be delivered with the intention of resolving the issue without the need for any formal enforcement action.

Police

The PPASB service has continued to work closely with both Neighbourhood Policing Teams across the past 12 months. The policing teams were based in the PPASB office at City Hall, but they have since been relocated to the Lincoln Central Emergency Services Hub. This has brought about the opportunity for the PPASB team, amongst other council service areas, to have access to the Emergency Services Hub, with the intention of further improving the working relationship between the teams. This process is currently ongoing and some council staff have already undergone vetting via Lincolnshire Police to allow access to the Hub. This working arrangement is due to go live at the end of 2022.

The two organisations are currently in the process of improving digital communication between the teams. This involves utilising the hybrid working equipment, with a particular emphasis on getting the most out of the Microsoft Teams system for information sharing.

Safer Lincolnshire Partnership

The Safer Lincolnshire partnership has continued to have strategic overview of three key areas. These areas are Anti-Social Behaviour (ASB), Serious and Organised Crime and Reducing Offending, with cross cutting themes of Mental Health and substance misuse. During the past year, City of Lincoln Council has continued to have representation on the Strategic Group and the ASB Core Priority Group.

Protecting Vulnerable People

The ‘Protecting Vulnerable People’ group was expanded over recent years to encompass Hate Crime, PREVENT, Domestic Abuse and Modern Slavery. This approach has ensured there has been a coordinated approach to a range of safeguarding issues and that training of staff and any materials that may be needed to protect vulnerable people have been centrally stored. The group initially worked on a number of priorities that focus on training of staff and ensuring that reports are centrally stored and auditable. A brief update on each of the areas that encompasses the Protecting Vulnerable People agenda follows below.

Hate Crime

During the past year Council officers have continued to attend and support the Community Cohesion Steering Group.

PREVENT

Officers from the council have continued to attend and contribute to the PREVENT Steering Group, in addition to delivering PREVENT actions arising from the Protecting Vulnerable People meeting. All council staff have continued to be required to complete online PREVENT training at least every two years.

Domestic Abuse

With the introduction of the Domestic Abuse Act 2021, which came into effect from April 2021, under the new act domestic abuse no longer sits under the Safer Lincolnshire Partnership and instead a new domestic abuse board has been established. The council has continued to support and attend the strategic board and the operational group.

Modern Slavery

The council has continued to have a Modern Slavery Statement in place and remains signed up to a Modern Slavery Charter. During the past year, staff have continued to be required to complete Modern Slavery Awareness Training at the required intervals. Information on the topic of Modern Slavery is available to all staff via the council's staff intranet.

Over the past few months, all identified front line staff, including the PPASB team, have attended a Modern Slavery awareness session. This awareness session was provided by a charity named 'Hope for Justice'. The session provided the attendees with an overview of what defines Modern Slavery, the indicators of Modern Slavery and details of the National Referral Mechanism.

The council's Modern Slavery Statement can be viewed via the following link - https://www.lincoln.gov.uk/policies-publications/information-policies-publications/4

CCTV Service

Over the past 12 months the CCTV service has monitored over 9,500 incidents, processed 662 reviews, and produced 821 evidence discs for criminal prosecutions, as part of our ongoing support for the police and commitment to public safety. We continue to collaborate closely with our partners to support the day and night-time economy. Our aim to promote closer working relationships and present a transparent service has resulted in an increase in visits to the control room from stakeholders, community groups and recently elected councillors.

The CCTV service has benefitted from a successful bid to the Safer Street fund. This has enabled us to upgrade our server room and install a total of 34 cameras in the Abbey, Carholme, Castle and Park wards. The aim of the project is to help provide safer routes for visitors, residents and students who choose to walk home after a night out in the city centre. The service delivered the project on time and the additional cameras have been in operation since March 2022.

Utilising the Safer Streets funding, the unit was also able to upgrade the server and system software for the camera network and hence provide analytics such as recording overall city centre footfall volumes and patterns.

The service monitors various council sites including City Hall and continues to support events hosted in the city such as football matches, the Lincoln 10k, cycling events, Lincoln Pride, Christmas lights and Lincoln Christmas Market. More recently we have monitored official sites following the death of her majesty the Queen as part of operation London Bridge.

The incident numbers for the last 3 years are –

- **2020** - 12,549,
- **2021** - 9,637
- **2022** – 9,566

It is interesting to note the number of reviews done for the police remained the same, however police evidence discs rose by 29% in 2021 and 21% in 2022 respectively.

Since April 2022 after the new Safer Streets cameras were installed, fly tipping incidents initially increased with 10 in the following 4 months, as operators captured more incidents with the new cameras. This has allowed PPASB to react much quicker to these incidents. As residents and the general public have become aware of the cameras the number of incidents has now started to decrease, 6 in the last 4 months of the year. Hopefully this downward trend will continue.

Lincoln Community Lottery

Lincoln Community Lottery has continued to raise additional funds for local good causes in and around the City of Lincoln since its launch is 2018. To date over £172,000 has been raised by the lottery, with 82 local good causes currently using the lottery to raise additional funds to support the work of their cause.

For every £1 ticket sold, 10 pence directly supports the community fund, and a further 50 pence goes directly to the supporter's chosen good cause. Supporters also have the option of selecting the community fund as their preferred good cause, and in these cases, the full 60 pence supports the community fund.

During 2022/23, £10,000 raised in the community fund was successfully allocated to the following causes in December 2022, following an application and selection process.

Acts Trust - Awarded £4,000 to purchase food to help meet the current unprecedented demand being placed on Lincoln's food banks. The food banks which will benefit from the food purchases include Lincoln Community Larder, Lincoln Foodbank and Lincoln Community Grocery. It is anticipated that the funds will support the purchase of food during the first term of 2023 (January to April 2023).

GoGro CIC - Awarded £3,500 to deliver interactive cooking sessions for customers of food banks throughout the City of Lincoln. The sessions will be delivered at the food banks or as close as is possible through community hubs / venues. The sessions will concentrate on the creation of healthy, nutritional meals for the family using ingredients commonly received from food banks, particularly those "hard to use" ingredients such as turnips and parsnips, whilst at the same time concentrate on the power consumption required to create the meals focusing on the economic use of microwave ovens and slow cookers.

Old Wood Organic CIC - Awarded £2,500 to deliver green woodworking courses where participants will learn traditional rural crafts and develop new skills, whilst learning the importance of caring for our green spaces. The courses will cover axe skills and basic wood turning and will be aimed at both complete beginners and those who enjoy the practice of green woodworking. The project aims to be welcoming and accessible for our diverse local community, providing opportunities for people living in Lincoln city and the surrounding villages.

Lincoln Social Responsibility Charter

Launched in 2018, the Lincoln Social Responsibility Charter has continued to grow from strength to strength with 104 local organisations now signing up to the principles of the charter and gaining accreditation as socially responsible organisations.

The charter welcomes all sizes and types of organisations from across a wide range of sectors, with the aim of encouraging organisations in and around the City of Lincoln to undertake a range of socially responsible activities above the statutory minimum to support their employees and the local community.

To ensure accreditation is fair, organisations are required to demonstrate that they are undertaking the required number of activities to support their employees and the local community. This criteria differs depending on the number of employees the organisation has. In return to help raise awareness of those organisations gaining accreditation to the charter, the council has continued to promote signees via a range of routes, including via social media, press releases, promotional videos, online directory, video case studies and more.
Annual contact is made with all signees to the charter to ensure they continue to meet the criteria to retain accreditation, and also to find out about the great socially responsible activities they have undertaken over the previous year.

Over the year ahead the council will be working with the University of Lincoln to undertake research into the real positive impact of undertaking socially responsible activities on employees and the local community in the City of Lincoln.

To find out more about the charter and to view the online directory of signees, please visit www.lincoln.gov.uk/socialresponsibility.

Holocaust Memorial Day

For 2023 Holocaust Memorial Day took place on Thursday 27th January 2023. The theme of the day for 2023 set by the Holocaust Memorial Day Trust was ‘Ordinary People’.

To raise awareness of Holocaust Memorial Day within Lincoln, working with the council’s Communications Team, the Mayor Councillor Rosanne Kirk and the Leader Councillor Ric Metcalfe, produced two short videos raising awareness of the holocaust and the importance of marking Holocaust Memorial Day each year. The video was communicated to staff and residents via the council’s intranet and social media channels. This video was supported with a range of social media posts in the run up to Holocaust Memorial Day 2023 to help raise awareness.

The links to the two videos are as follows:

Looking Ahead

Over the next year I look forward to working closely with our staff and members as we continue to provide vital support to those most in need, whilst also continue to drive forward the reducing inequality agenda across the council and the city. Due to the ongoing cost of living crisis and the continuing impacts of the pandemic, it is expected this support will be relied upon by our residents more than ever before.

Cllr Sue Burke
Portfolio Holder for Reducing Inequality

APPENDIX 1 - Performance Monitoring

Below provides the latest performance measure outturns linked to those services under my portfolio.

<u>Status Key</u>

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

▲ Performance has improved since last quarter
▬ Performance has stayed the same since last quarter
▼ Performance has deteriorated since last quarter

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
Housing Benefit Administration	BE 1	Average days to process new housing benefit claims from date received (cumulative)	Low is good	Days	19.50	17.50	Q3 - 21/22	16.45	Q3 - 22/23	15.97	G	▲	Number of days continues to decrease slightly as levels of outstanding work within the Housing Benefit Administration Team continues to decrease.
Housing Benefit Administration	BE 2	Average days to process housing benefit claim changes of circumstances from date received (cumulative)	Low is good	Days	8.00	6.50	Q3 - 21/22	5.37	Q3 - 22/23	5.76	G	▼	Number of days has decreased slightly within the quarter as outstanding work within the Housing Benefit Administration Team becomes less.
Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Low is good	Number	1,750	1,600	Q3 - 21/22	1,643	Q3 - 22/23	1,413	G	▲	At the end of the third quarter 1,413 customers were awaiting assessment. Of these customers 1,120 were awaiting a first contact. This positive outturn was due to there being increased resource in the Housing Benefit Administration Team during the quarter as a result of staff being offered overtime. This additional resource was put in place to help mitigate the ongoing impacts of the cost of living crisis and the need to ensure claims were assessed promptly. In addition, workload in the team tends

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
													to decrease slightly during the third quarter, which has also had a positive impact on the outturn of this measure. It is important to note that as the performance of this measure improves and outstanding work decreases, this has a positive impact on the performance of measures BE 1 & BE 2.
Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where benefit entitlement is correct (cumulative)	High is good	%	89.00	92.00	Q3 - 21/22	96.4	Q3 - 22/23	95.69	G		In the third quarter a larger amount of quality checks were undertaken by the Housing Benefit Administration Team. In addition there was a small increase in accurate checks during the quarter.
Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	N/A	Number	Volumetric	Volumetric	Q2 - 22/23	2,251	Q3 - 22/23	3,440	V		730 claims for Housing Benefit and 2,710 claims for Council Tax Reduction have been received and processed so far this year.
Public Protection and Anti-Social Behaviour Team	PPASB 1	Number of cases received in the quarter (ASB cases only)	N/A	Number	Volumetric	Volumetric	Q2 - 22/23	133	Q3 - 22/23	86	V		This latest outturn is a 35.4% decrease when compared to quarter 2 22/23. However, it is a 17.8% increase when compared to the quarter 3 outturn from the financial year of 21/22. The number of cases will continue to be monitored over the coming quarters.
Public Protection and Anti-Social Behaviour Team	PPASB 2	Number of cases closed in the quarter (across full PPASB service)	N/A	Number	Volumetric	Volumetric	Q2 - 22/23	1,036	Q3 - 22/23	885	V		The latest outturn is down 14.6% on the previous quarter but is proportionate to the total amount of cases received in quarter 3, which was 922. The total amount of cases received in quarter 3 was down 18.7% when compared with quarter 2.

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
Public Protection and Anti-Social Behaviour Team	PPASB 3	Number of live cases open at the end of the quarter (across full PPASB service)	Low is good	Number	260	220	Q2 - 22/23	208	Q3 - 22/23	202	G		202 live cases open is below the current high target of 220 and well below the low target of 260. The team now has a new Service Manager and Team Leader in place and this latest outturn shows the team is continuing to manage cases efficiently.
Public Protection and Anti-Social Behaviour Team	PPASB 4	Satisfaction of complainants relating to how the complaint was handled (across full PPASB service)	High is good	%	75.00	85.00	Q2 - 22/23	-	Q3 - 22/23	-	NO DATA		The process for customer satisfaction surveys is now in place and has been live since 12/12/22. Business Development have set up an automated process and the service is now collecting the first months' worth of data. Data for this measure will be provided from quarter 4.
CCTV	CCTV 1	Total number of incidents handled by CCTV operators	N/A	Number	Volumetric	Volumetric	Q2 - 22/23	2,462	Q3 - 22/23	2,446	V		Incident numbers are similar to Q2 with an increase in public order incidents over the Christmas period. The service has been hosting visits to the control room from members of local community groups in the hope of recruiting lay visitors to replace the previous members who have decided not to continue in the role post pandemic. This ongoing process has led to 4 new lay visitors and the reintroduction of the monthly visits.

Source – COLC Performance Information Management System (PIMS)