Public Document Pack

CITY OF Lincoln COUNCIL

EXECUTIVE

Monday, 20 February 2023	6.00 pm	Committee Rooms 1 and 2, City Hall, Beaumont Fee, Lincoln, LN1 1DD

Membership:	Councillors Ric Metcalfe (Chair), Donald Nannestad (Vice-Chair), Chris Burke, Sue Burke, Bob Bushell and Neil Murray
Officers attending:	Angela Andrews, Democratic Services, Kate Ellis, Jaclyn Gibson, Paul Hopkinson, Daren Turner, Simon Walters and Carolyn Wheater

A G E N D A

SECTION A **Page(s)**

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

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

These items are being considered in private as they are likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations have been received in relation to the proposal to consider these items in private.

SECTION B

OUR PEOPLE AND RESOURCES

ECONOMIC GROWTH

Executive **16 January 2023**

Present:	Councillor Ric Metcalfe *(in the Chair)*, Councillor Donald Nannestad, Councillor Chris Burke, Councillor Sue Burke, Councillor Bob Bushell and Councillor Neil Murray
Apologies for Absence:	None.

71. Confirmation of Minutes - 3 January 2023

RESOLVED that the minutes of the meeting held on 3 January 2023 be confirmed and signed by the Leader as a correct record.

72. Declarations of Interest

No declarations of interest were received.

73. Draft Medium Term Financial Strategy 2023-28

Purpose of Report

To consider the draft Medium-Term Financial Strategy for the period 2023-2028; the draft budget and council tax proposal for 2023-24; and the draft Capital Strategy 2023-2028.

Decision

(1) That the Draft Medium Term Financial Strategy 2023-2028, and the Draft Capital Strategy 2023-2028 be approved for consultation and scrutiny.

(2) That it be noted that the Draft Medium Term Financial Strategy 2023-2028, and the Draft Capital Strategy 2023-2028 included the following specific elements:

(a) a proposed council tax Increase of 2.9% for 2023/24;
(b) a proposed housing rent increase of 6.5% for 2023/24;
(c) the Council's membership of the Lincolnshire Business Rates Pool in 2023/24;
(d) the draft General Fund Revenue Forecast 2023/24 - 2027/28, detailed in Appendix 1 of the report, and the main basis on which this budget had been calculated, as set out in section 4 of the report;
(e) the draft General Investment Programme 2023/24 - 2027/28, detailed in Appendix 2 of the report, and as the main basis on which the programme had been calculated, as set out in section 6 of the report;
(f) the draft Housing Revenue Account Forecast 2023/24 -2027/28, detailed in Appendix 3 of the report, and as the main basis on which this budget had been calculated, as set out in section 5 of the report; and
(g) the Draft Housing Investment Programme 2023/24- 2027/28, as detailed in Appendix 4 of the report, and as the main basis on which

the programme has been calculated, as set out in section 7 of the report.

(3) That the Chief Finance Officer be delegated authority to approve the final Business Rates Base for the financial year commencing on 1 April 2023 and ending 31 March 2024 and submission of the base (via the NNDR1 return) to the Department of Levelling Up, Communities and Housing by 31 January 2023, with changes to the base estimated in the Draft Medium Term Financial Strategy 2023/28 being reported to the Executive as part of the Final MTFS 2023-28 on 20 February 2023.

Alternative Options Considered and Rejected

As detailed throughout the report.

Reasons for the Decision

Much had changed since the Council approved the previous MTFS, with spiralling inflation, soaring energy prices and nationally agreed pay proposals set to add significant cost pressures to its budgets. These were in the main caused by national issues, which were beyond the Council's control and impacting all Councils.

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

Alongside these cost and demand pressures, there still remained 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, together, had the ability to fundamentally alter the course of the MTFS. Although it had now been confirmed that these fundamental reforms would 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 could be no certainty beyond 2024/25.

As a result of these factors, the financial landscape for local government continued to pose an unprecedented challenge to the Council and was set in the context of this significant, inherent uncertainty.

Prior to submission of the MTFS 2023-2028 and budget and council tax proposal for 2023/24 to Full Council, on 21st February 2023, this initial draft would be subject to public consultation and member scrutiny.

74. Collection Fund Surplus./Deficit- Business Rates

Purpose of Report

To inform the Executive of the estimated balance for the Business Rates element of the Collection Fund and the surplus or deficit to be declared for 2022/23.

Decision

(1) That the action of the Chief Finance Officer in declaring a business rates deficit of £2,908,114 for 2022/23 be confirmed, subject to the confirmation of the business rates base by 31 January 2023, with any amendments to the declared deficit being notified to the relevant preceptors and being included in the Final Medium Term Financial Strategy 2023-28, to be presented to the Executive 20 February 2023.

(2) That the spreading adjustment of a £1,202,848 deficit to be distributed in 2023/24 be noted.

Alternative Options Considered and Rejected

None. The Council was required by law to estimate whether there would be a surplus or deficit on its business rates collection prior to setting its budget for the following year.

Reasons for the Decision

The Council would declare a surplus on the Business Rates Collection Fund of £2,908,114 for 2022/23 subject to the confirmation of the Business Rates base by 31st January 2023, of which its share was £1,163,246.

Whilst this was a significant surplus, £1,637,799 (£655,120 City Council share) of the surplus was offset by Government grants provided to compensate local authorities in respect of the business rate reliefs awarded to business in 2022/23. The remaining balance of £1,207,315 surplus, of which the Council's share was £508,126, had arisen due to the final year end position on the 2021/22 Collection Fund, which was more positive than previously estimated.

In addition, as part of a spreading adjustment in respect of 2020/21 deficits, a deficit of £1,202,848, with the City Council's share being £481,139, would be distributed in 2023/24.

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.

76. Council House and Garage Rents 2022/23

Purpose of Report

To propose that the Council be requested to approve an increase to council house rents of 6.5% within the terms of the Government's Rent Policy for social housing (April 2020 updated 15 November 2021) and approve the introduction of revised rents from Monday 3 April 2023.

To propose that the Council be requested to approve an increase of 5% on Council garage rents for 2023/24, in line with other fees and charges revisions by the Council.

Decision

(1) That the Council be recommended to approve the basis of rent calculation for changes to individual Council house rents, as set out in paragraph 6 of the report, which represented an increase in the average calculated 52-week council house net rent in 2023/24 of 6.5% for social housing rents (an average increase of £4.71 per week) and for affordable rents (an average increase £7.58 per week), per property, which was in accordance with Government policy.

(2) That the Council be recommended to increase garage rents for 2023/24, as set out in paragraph 6.1 of the report, by 5%.

Alternative Options Considered and Rejected

As detailed in the report.

Reasons for the Decision

In October 2017, the government announced its intention to set a long-term rent deal, with annual rent increases on both social and affordable rent properties of up to the level of Consumer Price Index, plus 1% from 1 April 2020 for a period of at least 5 years.

In keeping with the current Housing Business Plan approved by Council and the Governments Rent Guidelines, the formula rent rise for 2023/24 should be based on CPI in the previous September (September 2022 = 10.1%) plus 1.0% as stated above.

Following a national consultation due to the national economic situation, Government had stated that the rent increase in social housing would be capped at 7% for the year 2023/24. Thereby stepping away from the previously agreed CPI plus 1%.

After consideration of the impact on the Council's tenants and other pressures that household incomes were facing, particularly the most vulnerable in our community, and at the same time recognising the economic and financial pressures it had in delivering services to its customers, it was proposed to apply a lower level of rental increase than 7% as stated above.

The level of rent increase with effect from Monday 3 April 2023 was proposed at 6.5%. As a result, the budgeted rental income for 2022/23 would be £32,231,610, subject to approval.

An increase in garage rents of 5% was proposed, which aligned with the Council's fees and charges increase for 2023/24. This would result in an average increase in the rent charged to £8.67 per week for 2023/24 (based on a calculated 52 week charge period), an average increase of £0.43 per week.

The proposed changes had been considered and were generally supported by the Lincoln Tenants Panel.

Contextually it should be noted that in July 2015 the Government announced that Social Housing rents would be reduced by 1% year on year from 2016 for four years. The impact/loss created from this was compounded by the fact that Local Authorities would have been increasing rents in line with guidance, IE CPI plus 1% over the period, not reducing by 1%.

The impact on the City of Lincoln's HRA was an estimated rent loss of £17,000,000 over that four-year period. This income would have been spent on improving existing stock and adding homes to our stock which were desperately needed by our community.

Had this rent reduction not been imposed and the rents were increased as per the HRA Business Plan (CPI+1%) the average weekly rent for social housing rent would now be approximately £9 per week more.

77. <u>County Homelessness Strategy 2022-2027</u>

<u>Purpose of Report</u>

To consider the Lincolnshire Homelessness Strategy 2017-2021 review document, together with the consultation summary document and to seek approval for the new Lincolnshire Homelessness Strategy 2022-2027.

<u>Decision</u>

1. That the Lincolnshire Homelessness Strategy 2022-2027 be approved.

2. That officers provide an update report on the current position in relation to rough-sleepers in the City of Lincoln.

Alternative Options Considered

To develop a City of Lincoln Homelessness Strategy. Whilst City of Lincoln Council would adopt its own individual homelessness action plan, which would take additional time to develop, there was an established and effective partnership in place in the Lincolnshire Homelessness Strategy with positive outcomes achieved to date.

Reasons for the Decision

The Homelessness Act 2002 required all Local Authorities to carry out a review of homelessness in their areas, formulate and publish a strategy based on the findings of this review, keep the strategy under review and consult with other local or public authorities and voluntary organisations before modifying or adopting a strategy.

An extensive consultation with stakeholders (attached at Appendix 3 of the officer's report) collated the achievements of the last strategy and shaped the strategic direction of this document. A series of focus groups, one-to-one meetings and a survey collated vital feedback, which would enable this strategy to meet the aims of not only the seven district councils but our partners.

The Rough Sleeper Strategy had been incorporated into this document, to allow us to form a collective and robust approach to homelessness, as opposed to having a separate document.

This strategy informed of the current position and challenges for homelessness across the County, set out the priorities and actions that together aimed to prevent homelessness and reduce rough sleeping across the County.

Item No. 3

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023/28**
DIRECTORATE:	**HOUSING AND INVESTMENT**
REPORT AUTHOR:	**PAUL HOPKINSON, SENIOR HOUSING STRATEGY OFFICER**

1. Purpose of Report

1.1 This report presents the Housing Revenue Account (HRA) Business Plan for 2023/28. In addition, it sets out proposals to undertake a thorough review of the HRA during the first half of 2023 with the goal of developing an exciting 30-year business plan that sets out what we want to achieve over the next 30 years.

Executive is asked to approve the HRA Business Plan for 2023/24 and to support the development of an updated and wide-ranging 30-year business plan during 2023.

2. Background

2.1 The Council still retains 7,794 homes. Our stock in 1980 was 11,034 homes, the number reduced year on year by the governments Right to Buy policy. We also manage and maintain 1235 council garages.

As part of our role as a landlord we complete in excess of 23,000 repairs a year at a cost of circa £7m.

Over the life of the attached five-year plan, we will spend circa £11million a year maintaining our homes. This will equate to £56million over the five years. A great deal of the materials that make up these costs will be sourced from local suppliers. We have our own workforce of 67 trades people, many of whom are citizens of Lincoln and so this investment will benefit the City's economy in a many ways.

We also constantly invest in our properties. In 2023/24 we will spend £9million on improvements, this will include replacing boilers, kitchens, windows, doors and bathrooms.

In the same five-year plan period, we will spend circa £62million on improving our homes. Much of this spend will be with local suppliers and contractors so a great deal of that investment will stay in the city and benefit our local economy.

2.2 The council employs over 280 staff in its Housing Directorate with a range of professional backgrounds and technical skills to fulfil its role as a landlord and custodians of the City's housing stock.

All Councils with 200 or more council houses are required to have a Housing Revenue Account. As stated above, the City of Lincoln Council (CoLC) has 7,794 council properties consisting of 3,508 Houses, 3,334 Flats, 582 Bungalows, 266 Maisonettes and 104 Bedsits. Of these, 6,065 properties (77.8%) were built up to 1975 and 1,729 (22.2%) were built after 1975

The HRA covers revenue income and expenditure relating to the Council's own housing stock. It is an account that is ring-fenced from the Council's general fund as required by the Local Government Act 1989, which specifies the items that can be charged and credited to it.

The Council must include all costs and income relating to the Council's landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers).

The council has a legal duty to ensure the account remains solvent and to review the account throughout the year.

2.3 The HRA Business Plan sets out our income and expenditure plans for the delivery of council housing in Lincoln, The Plan and associated budgets are reviewed and monitored annually. A one-year business plan was reviewed and approved in February 2022 and in the normal course of events the 30-year plan would have been developed in 2023. However, this normal cycle has been disrupted by events beyond our control that will have significant effect on the viability of the business plan and its delivery in the short to medium term. For example, the war in Ukraine, the subsequent cost of living crisis and the uncertain political situation in the UK. The long-term plan needs to be fundamentally reviewed and updated.

2.4 Our goal is to refresh the business plan for the 2023/24 financial year and undertake a full strategic review during the first half of 2023, with the aim of having an updated HRA Business Plan that looks generationally at Lincoln's wider housing and community needs, developed and approved for the start of the 2024/25 financial year.

Over the next thirty years we plan to invest a total of £220million modernising and improving our homes.

Energy efficiency is a key issue for our tenants. We continue to improve the thermal performance of our homes and our properties currently have an average SAP (energy efficiency) rating of 70 which is higher than the national average of 67.

Our target is to acquire 400 additional properties between 2020 to 2025. To date we have acquired a total of 217 additional properties and expect to acquire a further 52 properties in 2022/23. We are confident that we will achieve our target by 2025 and are working to acquire an additional 149 properties, 61 of which will be owned by the council.

3. The HRA Business Plan 2023/28

3.1 The HRA Business Plan is set out in eight sections.

1. Introduction

The introduction sets out the purpose of the HRA Business Plan, it explains the documents scope and helps the reader to build an understanding of the information contained in the Business Plan document.

2. Background

The background outlines the regulatory requirements that force local authorities to set up a Housing Revenue Account. It identifies the main features that a HRA must contain. It also provides the dates (2012, 2016 and 2022) when previous HRA Business Plans were produced and describes the recommendation to refresh the business plan for the 2023/24 financial year and undertake a fundamental review during the first half of 2023, with the aim of having a reviewed and updated HRA Business Plan written and approved for the start of the 2024/25 financial year.

3. The HRA Business Plan Environment

The strategic business planning environment for a HRA is never easy, however, this has become even more difficult with uncertainty over income and expenditure because of the changing political landscape and the cost-of-living crisis caused by the war in Ukraine.

The previous three years have seen an unprecedented amount of change and uncertainty, and this has had a marked impact on our ability to manage and deliver housing services. This section describes the complex and fast-moving environment that surrounds the HRA.

Effective business planning is essential in turbulent times and this section describes the various challenges and opportunities that we need to be aware of and plan and prepare for.

4. City of Lincoln Corporate Vision – The Golden Thread

The “Golden Thread” is a performance framework that describes how an organisation’s goals, values and visions are aligned and woven into the organisations culture and way of working.

This section describes the links between CoLC’s corporate vision (Vision 2025), The Housing Strategy and the HRA Business Plan. It explains how the HRA Business Plan aligns with and supports the Housing Strategy, which in turn aligns with and supports Lincoln’s five overarching strategic objectives.

5. Resident Involvement

We know that we need to design and deliver housing services in partnership with tenants if we want successful and vibrant neighbourhoods. We have been doing this through our Lincoln Tenants Panel (LTP) which represents the diverse group of residents that live in HRA properties. The LTP plays a crucial role in guiding and shaping housing services in Lincoln, and we have fully consulted with them during the development of this Business Plan.

Please see below a quotation from the Chairman of the Lincoln Tenants Panel

"The Lincoln Tenants Panel have been consulted and involved in the development of the council's 30-year business plan for housing. We are at the start of an exciting journey and have been involved in all aspects of the plan and spent time meeting with officers to learn how the business plan is put together and what it means for us as tenants. We believe a sustainable business plan will ensure we can meet our targets by understanding the challenges our council faces and to envisage a way forward to help solve this. We have the resources available, and the council has been clear about what this means to us and the potential difficult decisions that must be considered, to help City of Lincoln achieve the desired outcomes and targets"

Mick Barber – December 2022

6. Delivering A Great Housing Service in Lincoln

This is the largest and most detailed section in the Business Plan. Lincoln has approximately 7,800 HRA properties and this section sets out how the HRA Business Plan supports the delivery of services to Lincoln's tenants, it covers three overarching areas:

1. **Delivering an excellent housing management service** – including a wide range of housing, estate management and tenancy services, responsive repairs and maintenance, lettings, and void property management. It also includes property acquisitions and disposals, right to buy applications, supported housing and tenant participation.

   We are committed to continuing to improve the Housing service and during 2023/24 we will: -

   - Undertake a fresh Housing Needs survey
   - Revise and update the Mould and Condensation policy
   - Fully implement the requirements of the Fire Safety Bill and Fire Safety Act
   - Introduce tenancy verification visits
   - Develop an Estate Regeneration strategy
   - Develop a Decarbonisation Strategy

2. **Providing quality housing which meets tenants needs and aspirations** – this section looks at how we manage and maintain our property assets to ensure they continue to provide high quality accommodation for tenants. This includes how we collect and maintain asset and stock condition data, how we manage the strategic property options appraisal process, our approach to climate change, together with our short and medium-term investment plans.

3. **Delivering affordable housing to meet housing needs** – Historic and on-going Right to Buy sales have placed a strain on our ability to provide enough good quality housing to meet the needs and aspirations of our residents. This section considers how CoLC will provide sufficient homes to meet increasing demand for housing in the city. It reviews previous successes and considers proposals to regenerate estates and neighbourhoods, as well as the on-going property acquisition and new build development plans across the city.

7. Financial Planning

The HRA Business Plan is above all else a financial planning document and this section sets out the income and expenditure plans for the five-year period 2023/24 to 2027/28.

All the financial details have been taken from the Councils overarching Medium Term Financial Strategy.

This section is split into two area, the first relates to the revenue budgets and includes data on where the income comes from, together with a summary of where the monies are spent.

The HRA account is under a great deal of pressure to break even because of increased inflationary costs caused by the war in Ukraine and the subsequent cost-of-living crisis. Whilst at the same time having to cope with below inflation rent increases in 2021/22 and 2022/23.

Revenue Budgets

In 2023/24 the HRA revenue account has a projected total income from rents, service charges and various other income streams of £33.93million, rising to £38.19million in 2027/28. This assumes that rents will increase over the five years at 6.5% in 2023/24 followed by increases of 5%, 3%, 3% and 3% in each of the subsequent years.

The annual income streams are spent across numerous budgets. The main item of expenditure is on repairs and maintenance which incurs the largest expenditure in each of the five years, followed by staffing costs, debt management expenses, HRA loan charges, HRA debt provision and major repairs reserves. The short-term economic situation continues to be uncertain, and we anticipate that we will face significant increases in inflation that will drive up energy, fuel and material costs.

We have taken a prudent approach to financial management of the HRA and over the five-year period we estimate that the HRA revenue account will make a small deficit of £52,420.

At the end of the 2027/28 fiscal year, we estimate the HRA will have a positive balance of £1,009,232.

Capital Expenditure

In total we are planning to spend £61.9million on capital projects over the next five years at an average spend of £12.3million a year. Our capital investments are made up of three main categories.

1. Housing Investment, this includes the Decent Homes and Lincoln Standard improvement programmes, Health and Safety works and Other Current Developments which incorporates landscaping and environmental improvement projects, CCTV systems and improvement works to garage sites. In total we will be investing £54.9million in these projects over the next five years.

2. New Build Programme, this includes various projects to build new homes and the acquisition of one-off properties under the Buy Back and other government backed schemes. In total we will be investing £5.1million delivering additional homes over the next five years.

3. IT/Infrastructure, this includes on-going investment in IT systems, hardware, and communication systems. In total we will invest £473,000 in this area over the next five years.

8. Action Plan

This section summarises the key actions we will undertake to enable delivery of the HRA Business Plan.

4. Proposed Timetable/Next Steps

4.1
- Executive – 20th February 2023

5. Strategic Priorities

5.1 Let's drive inclusive economic growth

The Housing Revenue Account invests approximately £30million in Lincoln's economy each year, with much of this spend going to local businesses and residents. These partnerships with local businesses help to support the growth of a vibrant and resilient economy in the city.

We directly employ approximately 400 people and enable many more jobs in our suppliers and sub-contractors. We support local businesses and residents by putting social value at a key component in our contracts with suppliers and contractors to maximise delivery of training and employment opportunities for local resident.

The provision of good quality accommodation and pleasant neighbourhoods makes the city an attractive destination for people and businesses who may be considering investing in or moving to the area.

5.2 Let’s reduce all kinds of inequality

The provision of good quality housing is a fundamental human need. Providing quality accommodation will improve the quality of life for thousands of people across the city, minimise deprivation and inequality.

We are working with residents and partners in key neighbourhoods such as Sincil Bank to develop strong communities where people feel safe and welcome.

We are working with partners to support vulnerable residents by delivering a Housing First solution to assist rough sleepers to move to safe accommodation.

We are improving the quality and energy efficiency of our homes to provide attractive, comfortable homes and to reduce fuel poverty for our tenants.

5.3 Let’s deliver quality housing

The business plan contains proposals to maintain and improve approximately 7,800 homes, whilst also regenerating neighbourhoods and delivering much needed new and refurbished additional homes.

We are driving up the quality and standards of our homes by the introduction of our New Build Standard to provide quality accommodation such as the recently opened De Wint Court Extra Care scheme which provides 70 much needed purpose-built apartments.

We are continuing to further improve our existing properties and estates through the Decent Homes and Estate regeneration programmes. These programmes will provide good quality homes in attractive, appealing neighbourhoods.

5.4 Let’s enhance our remarkable place

We fully appreciate the importance of investing in our homes and estates to ensure we deliver good quality homes in nice neighbourhoods. We have carried out a review of two high-rise blocks and will expand this process to undertake reviews of older persons accommodation and whole estates during 2024.

We continue to drive forward the project to deliver a range of improvements in the Sincil Bank area. These include a proposal to provide high quality modern housing and improved street scene at Hermit Street and the regeneration of old and outdated car park areas.

Repairing, maintaining, and improving homes and neighbourhoods is essential if we are to enhance our beautiful city. We continue to improve our homes and neighbourhoods to ensure that residents can enjoy their homes and the surrounding environment.

5.5 Let’s address the challenge of climate change

We are working to make our council housing as energy efficient as possible. Our asset investment plan includes the fitting of additional insulation, high-quality double-glazed windows, and efficient heating systems. This is lowering the carbon emissions from our homes as well as reducing fuel poverty for our tenants.

We are also using the HRA to drive down our carbon footprint my introducing a modern efficient fleet of vehicles, using “batched” scheduled repairs where possible and by specifying sustainable building materials.

In 2023 we will undertake a major project to review the use of alternative forms of carbon zero forms of heating in our homes to deliver clean heating solutions at a cost that our tenants can afford.

6. Organisational Impacts

6.1 Finance

The provision of housing accommodation is set out in Part II of the Housing Act 1985. Statutory requirements regarding keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 (“Act”). The provisions contain a duty under section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Act places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

6.2 Legal

The expenditure referred to in this report will be spent pursuant to the Council’s powers and duties and the Council has a duty to disclose information as set out in the Housing Revenue Account (Accounting Practices) Directions 2016.

All procurement associated with the delivery of the Business Plan and subsequent works to the Council’s Housing stock will be undertaken in line with the requirements of the Authority’s own Contract Procedure Rules and Public Contract Regulations, which are embedded in UK law.

6.3 Equality, Diversity and Human Rights

The Equalities Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:

a) Eliminate discrimination, harassment, victimisation, or other prohibited conduct.
b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and.
c) Foster good relationships between those who share a relevant characteristic and those that do not share it.

The relevant protected shared characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The Council is required to act in accordance with the equality duty and to have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new strategy.

It should be noted in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget results in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including consultation as may be required.

In addition, any estate regeneration schemes are subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme. Further Equalities Impact Assessments and/or consultation may be necessary if significant changes are envisaged to Housing Management Services or Schemes.

7. Risk Implications

7.1 Failure to approve the HRA Business Plan and associated income and expenditure proposals would have a detrimental impact on the delivery of housing services in Lincoln.

8. Recommendation

8.1 Executive is asked to approve the HRA Business Plan for 2023/24 and to support the development of an updated 30-year business plan during 2023.

Is this a key decision?	Yes
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	2

Lead Officer: Paul Hopkinson, Senior Housing Strategy Officer

Appendix A

City of Lincoln
Housing Revenue Account
Business Plan
2023 - 2028

Contents

1. Introduction

The Housing Revenue Account (HRA) is the financial account used to manage local authority social landlord activities. It is funded through rents and service charges from council tenants and leaseholders. It is ring-fenced in law and can only be used to provide services to council housing tenants or leaseholders or to fund the development or acquisition of new council homes or other related capital projects.

This Business Plan sets out how the City of Lincoln Council will manage its HRA resources over a 5-year period, to ensure the delivery of quality council housing in Lincoln. The HRA is reviewed and updated regularly to set budgets and charges for the years ahead. It also provides an updated plan for the capital investment programme.

The HRA has been self-financing since 2012, although there had been restrictions on both the rents that can be charged and the amount that can be borrowed. The Government removed the borrowing cap in 2018 and the HRA is now subject to the similar prudential guidelines as the General Fund.

Recent changes in the Right to Buy regulations extended the period that receipts can be retained from three years to five years. At the same time the level of receipts that can be used to support development spend has increased from 30% to 40%.

In September 2022 government started consultation with social landlords regarding a proposed rent cap for social housing. In the Autumn Statement the Chancellor announced that rent increases in 2023/24 will be capped at a maximum of 7%. Analysis indicates that the cap will produce savings for the Department of Work and Pensions but will mean that councils have to cope with the impact of lost revenue to their HRA accounts.

2. Background

All local authorities that own more than 200 social dwellings are required to account for them inside a Housing Revenue Account. The HRA is intended to record expenditure and income on running a council’s own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council’s own tenants.

With 7,794 dwellings the City of Lincoln Council is required to have an HRA. The main features of a HRA are:

- It is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities
- It is not a separate fund but a ring-fenced account of certain defined transactions, relating to local authority housing within the General Fund
- The main items of expenditure included in the account are management and maintenance costs, major repairs, loan charges and depreciation costs
- The main sources of income are from tenants in the form of rents and service charges
- The HRA should be based on accruals in accordance with proper accounting practices, rather than cash accounting.

The HRA Business Plan was last reviewed and updated in spring 2022 and our intention was to undertake a fundamental review during the latter part of 2022/23, with the aim of having a reviewed and updated long-term HRA Business Plan written and approved for the 2023/24 financial year. However, the war in Ukraine and the associated cost of living crisis, combined the unprecedented political uncertainly in the UK, means that we are unable to make accurate long-term financial forecasts at this time. Therefore, we will update the Business Plan for 2023 to 2028 and work to produce a 30-year Business Plan for the start of 2024/25.

The HRA will invest significant sums into council housing in Lincoln and our aim is to use this investment to support long-term improvements in communities and neighbourhoods by improving wider socioeconomic factors such as health, welfare, crime, and education.

3. The HRA Business Plan Environment

The HRA Business Plan is a living and vibrant document that sets out how Lincoln's housing services will be delivered and accounted for, and as such it exists in an uncertain and evolving environment. 2022 has been a turbulent year, with political changes at home and a war in Ukraine.

The period from 2016 has seen the country face many challenged as it strives to cope with; changes to the political landscape with five different Prime Ministers in the previous six years, continued fall-out from Brexit vote and the on-going Covid pandemic, the tragic fire at Grenfell Tower and the transition to Carbon Net Zero. The following section describes some of the major factors that influence Lincoln's HRA Business Plan.

Damp and Mould

The tragic death of Awaab Ishak in December 2022 from a respiratory condition caused by mould in his home highlighted the importance of repairing and maintaining homes to a high standard. Many of our homes are older and could suffer from condensation, lack of ventilation leading to mould problems. During 2023 we will review our property standards and operating procedures to ensure they are always meet the needs of tenants.

War in Ukraine/Cost of Living Crisis

The Russian invasion of Ukraine has materially altered the outlook for the UK economy and increased uncertainty over what may happen next. In September 2022 the Organisation for Economic Co-operation and Development (OECD) reported that the world's leading economies are sliding into recession as the energy and inflation crises caused by the war cuts growth. In the UK steeply rising energy prices have led to rising inflation and a 'cost of living crises' for many, with the low paid and vulnerable the worst hit. The government consulted on a potential rent cap which could reduce HRA income at a time when costs are likely to increase. In November 2022 the Government announced that social housing rent increases would be capped at a maximum of 7%. This equates to a real-term reduction in income, and this could affect the long-term financial sustainability of the HRA and impact investment decisions.

Building and Fire Safety

Following the tragic events of the Grenfell fire in 2017, Government introduced several measures to improve fire and building safety especially in high rise blocks and buildings of multiple occupancy.

The Hackett report was published in 2018 and set out over 50 recommendations for the delivery of a robust regulatory system. In response to this Government introduced the Building a Safer Future (BSF) initiative as a framework to address the shortcomings identified by the Hackett enquiry.

Two key pieces of legislation support this initiative – the Building Safety Bill and the Fire Safety Act. The Fire Safety Act received royal ascent in April 2021 and the Building Safety Act received royal ascent in April 2022. Many of the detailed provisions in the Acts will be implemented over the next two years through a programme of secondary legislation.

Following consultation and formal introduction of the Acts it is likely that there will be additional requirements to further improve building and fire safety. In Lincoln we have recruited specialist fire safety expertise to run the Safety Assurance Team within the housing directorate. This was an approach taken following the Grenfell Tower disaster and in reaction to new and changing regulations and legislation around building safety.

Works are planned and resident engagement activity has increased to ensure residents are able to appreciate the nature of the fire risk. The tower blocks are all regarded as lower risk due to the construction methods and additional control measures and rectification works, carried out over the last few years. All tower blocks have dedicated fire strategies and we have competed the Type 4, intrusive Fire Risk Assessments. This is a critical step to develop the building licence, required under the Building Safety Bill. The other property architypes with communal areas, are being assessed on a rolling programme. This is being managed by a specialist in-house team. The processes created has seen an increase of fire safety works across this stock and an improved level of management of risk.

Planning Policy

The planning landscape is confusing. In 2020 the Government published proposals to update the planning system to increase the number of properties built by speeding up the planning process, with the Planning for the Future White Paper and the consultation on Changes to the Current Planning System. However, the appointment Liz Truss as Prime Minister heralded a change of approach with her new government calling for a streamlined process to speed up planning applications based on designated “innovation zones.” The subsequent change in Prime Minister has brought this approach into question and we will continue to monitor the situation and look to take advantage of opportunities to increase the stock of council homes for families in housing need.

Help to Buy

The Government introduced a new Help to Buy scheme in April 2021, the scheme will be restricted to first-time buyers and included a property price cap for each region. The scheme runs from April 2021 to March 2023. The risk for CoLC is that the scheme will encourage tenants to buy their council properties (especially modern or new build properties) at a time when the Council is looking to increase the number of Council homes.

Prudential Borrowing

HRA's became self-financing in 2012, with restrictions placed on the level of external borrowing. The government removed the debt cap in 2018 and HRA borrowing became subject to similar prudential borrowing guidelines as the General Fund. This change provides an opportunity for Lincoln to increase the supply of affordable housing, however, it needs to ensure that the investment represents value for money and that it can meet the costs of the borrowing. The cost-of-living crisis has led to increasing inflation and interest rates and we are calling for increased grant rates from Homes England to support the cost of developing additional homes.

Welfare Reform

Two recent governmental policies have affected the HRA.

The Welfare Reform and Work Act 2016 required social landlords to reduce rents by 1% each year for four years from April 2016. From April 2020 social landlords could increase rents by the Consumer Price Index (CPI) plus 1% for at least five years. The overall effect of these changes has been to reduce the revenue available to the HRA by a cumulative total of circa £17million. In 2022 the government is consulting on the introduction of a second cap on rents. In November 2022 the Government announced that it was limiting the annual increase in social housing rent to a maximum of seven per cent in 2023/24. With sector inflation running at 11.1% (in September 2022) this means that the HRA will see a substantive reduction in income.

The roll out of Universal Credit (UC) commenced in 2013 for new benefit claimants. The migration of new and existing claimants is complete, and claimants now migrate to UC as their circumstances change. These changes to the welfare system represent a major change and we will continue to monitor the impact of these changes on rent collection and associated bad debts.

Coronavirus (COVID-19) Pandemic

The Coronavirus pandemic continues to cause disruption to all areas of society and business in the UK. The pandemic changed the ways in which we operate and limited our ability to interact with and serve customers. This is especially noticeable for services where tenants visit one of our offices or where we must enter tenants' properties to carry out repairs or mandatory safety checks. It is now much more difficult to recruit or retain staff, especially for customer facing roles, as people are now making different lifestyle decisions and are seeing hybrid working with less time in the office and more time working from home.

The situation has not yet returned to normal and many of our contractor and supply chain partners have continue to be affected and this has led to delays in many projects and programmes of work. We continue to monitor and respond to the situation.

Brexit – Leaving the EU

The UK left the European Union on the 31 January 2020. It is difficult to quantify the consequences of Brexit because the impact of the move was overshadowed by the COVID pandemic. However, there are several areas where we are noticing the effects of Brexit: on the HRA:

- Imports from the EU have been disrupted by the new border formalities and this has led to shortages of goods and materials.
- Brexit has led large numbers of EU workers to leave the UK, and this has led to shortages of skilled labour in the construction and maintenance sectors, HGV drivers etc.
- It is difficult to recruit staff with more job vacancies
- Increased costs for goods and services

The Social Housing White Paper – A Charter for Social Housing Residents

The Social Housing White Paper – The Charter of Social Housing Residents was published on 17 November 2020 and is based upon the proposals set out in the Social Housing Green Paper - A New Deal for Council Housing that was published in 2018. The main thrust of the White paper is – treating residents with respect, listening to their concerns, and putting in place a fairer and safer system for all those living in social housing.

The Charter sets out what every social housing resident should be able to expect:

- **To be safe in your home,** we will work with industry and landlords to ensure every home is safe and secure
- **To know your landlord is performing,** including on repairs, complaints, and safety and how it spends its money, so tenants can hold it to account
- **To have complaints dealt with promptly and fairly,** with access to a strong ombudsman who will give tenants swift and fair redress when needed.
- **To be treated with respect,** backed by a strong consumer regulator, and improved consumer standards for tenants
- **To have your voice heard by your landlord,** for example through regular meetings, scrutiny panels of being on its board. The government will provide access to help tenants to learn new skills if needed, to ensure landlords listen
- **To have a good quality home and neighbourhood to live in,** with landlords keeping homes in good repair
- **To be supported to take your first step to ownership,** so it is a ladder to other opportunities, should your circumstances allow

We are committed to all seven standards set out above and will work with tenants to ensure that the homes, neighbourhoods, and services we offer comply with the Charter. In addition, we will ensure that the seven themes are included in our Resident Engagement Strategy and the Lincoln Tenants Panel (LTP) constitution.

Tenant Satisfaction Measures

In September 2022 the Regulator of Social Housing published the outcome of its consultation on tenant satisfaction measures. As a result, from 1st April 2023 all registered social landlords must collect and publish a range of 22 satisfaction measures on areas such as repairs, safety checks, complaints and tenant perception of a landlord's services. We are currently assessing the new measures and will put in place actions to ensure the new data is collected from the 1st April 2023.

4. City of Lincoln Corporate Vision - The Golden Thread

Lincoln's Vision 2025 sets out what we want to achieve by 2025 and how we will achieve it. It focuses on five key priorities to deliver Lincoln's ambitious future, they are:

1. **Let's drive inclusive economic growth**
2. **Let's reduce all kinds of inequality**
3. **Let's deliver quality housing**
4. **Let's enhance our remarkable place**
5. **Let's address the challenge of climate change**

In 2020 The council agreed a new Housing Strategy to deliver "*quality affordable homes in which people can feel safe and thrive"* This strategy supports Lincoln's corporate vision and sets out a plan to deliver quality housing through three key objectives:

- **Provide housing which meets the varied needs of our residents**
- **Building sustainable communities**
- **Improve housing standards for all**

The HRA Business Plan supports and compliments Vision 2025 and the Housing Strategy by setting out the financial assumptions and planning that underpin the Housing Strategy. The HRA Business Plan sets out the income and expenditure plans to:

- Ensure the housing services funded through the HRA are efficient and effective
- Maintain the quality and safety of the existing supply of council housing
- Deliver major repair and component replacement programmes
- Invest in new homes for vulnerable people
- Increase the supply of housing to tackle homelessness
- Invest in the delivery of new affordable homes for rent
- Improve the quality of neighbourhoods

- Supporting the Council’s goal to achieve net zero carbon by 2030

The HRA Business Plan provides a framework that sets out how we will deliver the objectives included in the Housing Strategy, the strategy contains 44 individual goals each of which are specifically designed to support the goals set out in Vision 2025 and the Housing Strategy. The Housing Strategy Action Plan is included as Appendix 1.

5. Resident Involvement

We understand and appreciate the importance of working in partnership with our resident to design and deliver housing services and have been doing this by consulting and working with our Lincoln Tenants Panel (LTP). The LTP is for everyone who has a role as tenant of the City of Lincoln and representatives include:

- Council tenants
- Sheltered housing tenants
- Resident leaseholders
- Private tenants of leaseholders

The panel is independent of CoLC and plays a vital role in ensuring that tenants are fully involved as we shape housing policy. CoLC is committed to working with LTP to:

- Ensure meaningful resident engagement in decision making
- Work collaboratively with tenants to implement mechanisms for scrutiny and oversight
- Support tenants to hold CoLC to account
- Be open to the challenges that all of this brings

We have been working in partnership with our tenants and have reviewed and updated the Tenant Involvement Strategy which sets out how we will provide a range of ways for tenants and leaseholders to get involved to co-design services and improvements.

6. Delivering a Great Housing Service in Lincoln

Social housing is about much more than just buildings, it includes homes, neighbourhoods and communities and is ultimately focussed on helping residents to fulfil their potential and live happy lives. The most recent Lincoln City Profile 2012-2022 identified that the Ministry for Housing, Communities and Local Government ranked Lincoln as the 68th most deprived local authority area out of a total of 317 local authorities across the UK. We must do our part to improve this statistic and our goal is to ‘Deliver Quality Housing’ in Lincoln and this section sets out how the HRA Business Plan supports the delivery of services to its tenants, it covers three areas:

1. Delivering an excellent housing management service
2. Providing quality housing which meets tenants needs and aspirations
3. Delivering affordable housing to meet housing needs

The second and third themes inform the Business Plan’s Asset Management Plan.

6.1 Delivering an Excellent Housing Management Service

The Social housing management function in Lincoln consists of a comprehensive range of services including:

- lettings and nominations
- void management
- estate management
- tenancy management
- responsive repairs
- void repairs
- planned repairs and cyclical maintenance
- safety assurance activity
- rent collection and arrears recovery
- financial management
- decommissioning, remodelling and demolition
- acquisition and disposal
- tenant participation
- supported housing management
- leasehold management; and
- Right to Buy management

CoLC's Social Housing Portfolio

CoLC's has a total rented housing stock of 7,794 dwellings. This comprises 7,327 general needs dwellings, with the remainder being older persons housing. Most of the stock is of traditional build; however, the portfolio includes prefabricated housing built in the 1940s, along with sheltered housing schemes and high-rise flats built in the 1960s. The age profile of our stock provides us with many challenges.

General Needs Housing as at 20 October 2022

The general housing includes bungalows, houses, flats, and maisonettes. Houses make up the largest proportion with 47.2% of the general needs housing, followed by flats with 41.1%, bungalows with 7.4% and maisonettes with 3.6%. The following table shows general needs housing by property type and number of bedrooms.

	Bedrooms				
	1	2	3	4+	Totals
Bungalow	325	159	61	1	**546**
Flat	2,397	604	15		**3,016**
House	16	1,715	1,612	156	**3,499**
Maisonette		249	17		**266**
Totals	**2,738**	**2,727**	**1,705**	**157**	**7,327**

Older Persons Housing as at 20 October 2022

There are just under 467 older persons properties based in seven sheltered schemes, which are a mixture of categories 1 and 2. Two category 2 schemes comprise bedsitter accommodation, where although the bedsits are ensuite, there is no separate living area to the bedroom. Most of the sheltered accommodation is made up of flats and there are 36 sheltered bungalows and 9 houses. In 2022 we opened De Wint Court an extra care sheltered housing (category 2.5) scheme, this comprises 50 one-bedroom flats and 20 two-bedroom flats. The following table shows older persons housing by property type and number of bedrooms.

	Bedrooms			
	1	2	3	Totals
Bedsit	104			**104**
Bungalow	16	20		**36**
Flat	282	35	1	**318**
House			9	**9**
Totals	**402**	**55**	**10**	**467**

In addition to sheltered housing, the HRA contains supported housing move-on accommodation for rough sleepers and those at risk of rough sleeping.

It should also be noted that a number of vulnerable and disabled people will reside in general needs stock. Examples include people fleeing domestic violence and vulnerable young people. Any support and care provision received by these tenants is person centred and does not link to the property, this has led to a greater reliance on rental income to fund increased levels of intensive housing management.

There is a need for temporary housing to accommodate people who are homeless, whether this is whilst investigations are being undertaken or whilst a household owed the full homelessness duty is awaiting an allocation of housing. In order to minimise bed and breakfast and other temporary housing costs, the Council utilises general needs HRA stock as a form of temporary accommodation.

Much of the housing stock has been sold through the Right to Buy, with historic sales of around 50 dwellings a year. Since 2012 the Council has sought to both compensate for the Right to Buy and meet housing need through the delivery of new build housing and the acquisition or new build and existing housing stock.

The following two tables provide a break-down of Right to Buy sales and additional properties acquires since 2014/15.

Right to Buy Sales

Year	RTB sales
2014-15	36
2015-16	53
2016-17	62
2017-18	67
2018-19	48
2019-20	52
2020-21	32
2021/22	55
Totals	**405**

Additional Properties

Year	New / acquired dwellings
2014-15	10
2015-16	20
2016-17	0
2017-18	35
2018-19	176
2019-20	34
2020-21	61
2021/22	91
Totals	**432**

This shows that that since 2014 Lincoln has sold a total of 405 under the Right to Buy legislation. Whilst over the same period it has developed or acquired a total of 432, a net gain of 27 properties. Demand for social housing in Lincoln continues to grow and our goal is to increase the number of affordable homes in Lincoln to meet this growing demand.

In addition to homes the HRA owns and manages 1,113 garages and leases 61 garage plots. These are let to both council tenants and private residents. As funding for development opportunities arise it has become prudent to consider the demolition of garages and the potential to develop affordable housing on garage sites, however, due to access issues and limited economies of scale, these sites will only deliver a relatively small numbers of dwellings.

The Council has a dedicated tenant involvement team which works with the Lincoln Tenants Panel (LTP). The Panel is involved in the development of a range of policies and new initiatives. An updated tenant involvement strategy has recently been developed which seeks to build resilience and encourage financial and digital inclusion.

During 2021-22, not including the use of HRA housing as temporary accommodation, the annual turnover of council housing was around 5.5% of stock; nearly 57% of lettings were to homeless households. This means that the Housing Solutions team allocates approximately 200 properties each year to new applicants and transferring tenants.

The average turnaround time for a void property during 2021-22 was 56 days (excluding properties with major works), resulting in rent lost through voids of £381k. Void time relates to the extent of works required to reach the lettable standard and the demand for a property. At the end of March 2022 void properties (management and non-management) comprised 1.05% of the Council's housing stock. However, this void property turnaround performance worsened in late 2021 and the first quarter 2022, primarily due to the numbers of tenancies ending (for various reasons) and a lack HRS and sub-contractor labour, we initiated an improvement plan and are confident that performance will be back to acceptable levels by April 2023.

During 2021-22 the ratio of responsive to planned maintenance was 21.4% planned to 78.6% reactive, however the ration was severely disrupted due the cancellation of several planned maintenance projects because of Covid. It is important that we increase the proportion of spending on planned work to achieve economies of scale and provide efficiency savings to reinvest, and we have introduced a "scheduled repairs" strategy for responsive repairs, where non-urgent repairs are batched and delivered on a locality basis. This reduces wasteful travel and increases the amount of time operatives have, to work on repairs in tenant’s homes.

Council tenants requiring major adaptation to their home due to physical, learning, or sensory disabilities are also assessed to establish whether more suitable accommodation might be more appropriate. For example, a single person living in a family sized property with difficulty accessing the upstairs will be encouraged a move to level access accommodation rather than spending public funds on costly adaptations.

Since April 2020, the Council has been required to demonstrate compliance with the rent standard set by the Regulator of Social Housing. Therefore, both social and affordable rents currently increase at CPI plus 1% each financial year. Social rents are set at formula rent when the property is re-let. In addition, affordable rents are re-calculated each time a property is re-let. For 2022/23 CoLC increased rents by 3.6%. For 2023/24 the rent increase will be 6.5%.

In addition to rent charges, tenants of supported housing schemes, tenants of schemes with communal areas, and leaseholders may be liable for service charges. Our service charge policy will be reviewed during the life of the HRA Business Plan.

The Council promotes the use of direct debit to collect rent, especially given the impact of Universal Credit, but understands that it must recognise the needs of tenants, especially those on fluctuating incomes who prefer not to pay using direct debit or standing order. Rent arrears are a combination of current and former tenant debt, the latter can be more difficult to pursue and recover. The Council has both a preventative and a proactive approach to rent arrears – the sustainable tenancy team within Tenancy Services aims to prevent tenants falling into arrears, whilst officers seek to recover as much outstanding debt as possible through robust debt collection processes. At the end of September 2022 current tenant arrears were 4.76% of gross debit and at the end of March 2022 former tenant arrears stood at 3.35%% of gross debit.

The delivery of an excellent housing service requires high levels of performance, value for money and tenant satisfaction. In terms of general tenant satisfaction, the Council performs well, the most recent STAR Survey reported that 86% of tenants were either very or fairly satisfied with the overall service received. From 1st April 2023 the Social Housing Regulator has introduces a requirement for all social landlords to collect and report on 22 tenant satisfaction measures. The data from these surveys will be used to benchmark performance across the sector and must be reported to the regulator and tenants.

We closely manage performance across the range of service we deliver and actively measure our Key Performance Indicators (KPI) on a regular basis. The table in Appendix 3 summarises these KPI's together with the targets that have been set for each measure.

6.2 Providing Quality Housing which Meets Tenants Needs and Aspirations

The Council's housing stock is well maintained and has been the subject of a structured programme of maintenance. The Asset Management Plan discussed below, sets out how the Council is moving forward in terms of investing in the housing stock.

The lasts stock condition data shows that 98.6% cent of local authority housing stock was compliant with the Decent Homes Standard. The 1.4% of properties that were not compliant was due to tenants who had refused improvement works. The average SAP rating of the council housing stock in at the end of March 2022 was 70.43.

The Climate Change Challenge

We fully support the Council's objective to make Lincoln a socially responsible and sustainable city and are actively looking at a range of options to make our council housing more energy efficient to reduce greenhouse gas emissions from our homes.

The average Energy Performance Certificate rating of Council dwellings in March 2022 was 70.43. Carbon emissions from housing are significant although the greatest challenge in term of numbers and quality is in the private sector. Nonetheless, the Council is committed to improving the energy efficiency of Council housing, reducing energy costs, and improving thermal comfort for tenants.

The following table shows the number of properties by EPC band for the city's council housing.

EPC Rating	No. of Properties
A	
B	100
C	5,862
D	1,804
E	6
F	3

The Council is exploring opportunities for levering in external funding to improve HRA stock. In addition, the Council will seek to attract external funding for renewable technologies, for example air source heat pumps and biomass boilers. On the 23rd of July 2019 Full Council passed a Motion to declare a climate and environmental emergency, resolving to work with our partners across the city to deliver a net zero carbon target for Lincoln by 2030. In December 2021 the Council published its Decarbonisation Strategy and action Plan which identifies eight decarbonisation pathways, includes Carbon data along with key challenges and opportunities for each pathway to ensure we deliver our net zero carbon commitment. All homes in Lincoln currently contribute 39% of the city's carbon emissions, therefore how we heat and power our homes will require extensive changes to meet our net zero target. The Councils existing social housing stock directly contribute towards citywide carbon emissions as a result of heating and power consumption; therefore, the Council's priorities are to improve the energy efficiency of homes, reducing carbon as well as fuel poverty across the city. The Council is working with its partners to identify the required infrastructure improvements within the city to provide sustainable heating and power in the future. Our focus in 23/24 is to complete various energy studies across the city to identify renewable energy generation opportunities for new and existing homes in the city and deliver a retrofit programme to continue to improve the energy efficiency of existing homes. The Council has a strong record of providing good quality, energy efficient homes for its tenants and is at the forefront of standards in the wider housing industry.

The way we deliver and operate housing services also has an impact on the environment with HRS, fleet management, materials and waste all having an impact on Co2 emissions, air quality and landfill waste. We will actively work to improve these areas to achieve the council's zero-net target for carbon emissions by 2030.

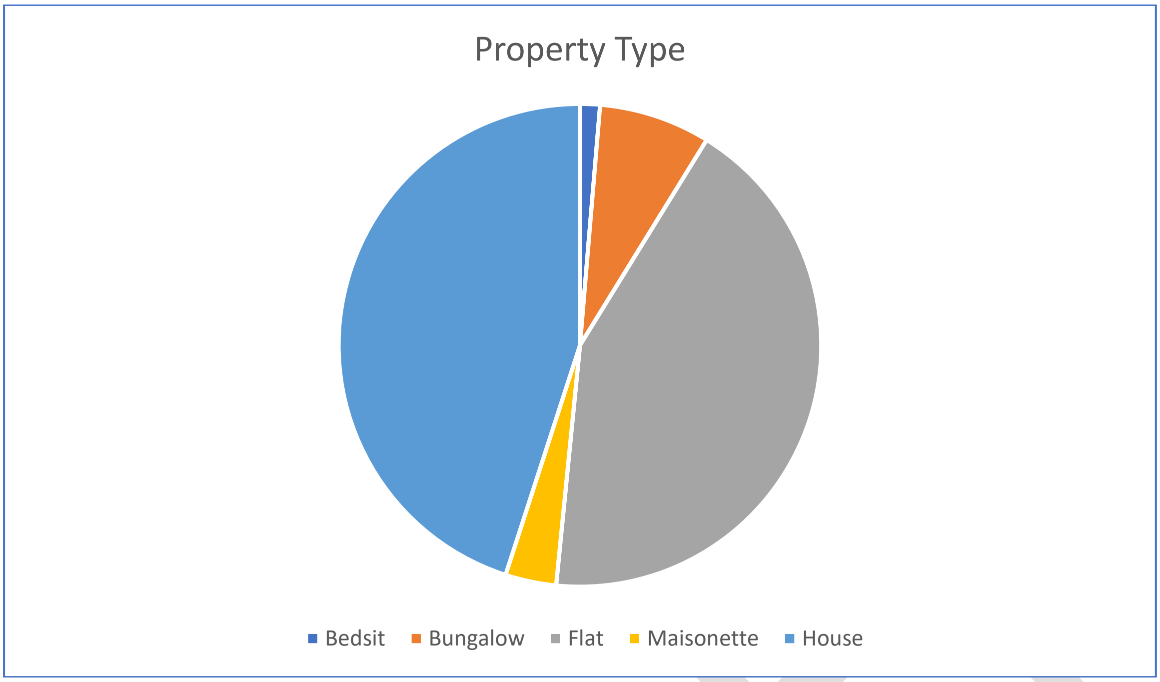
Asset Management Plan

The Asset Management Plan is a key component of the HRA Business Plan as it sets out the component replacement and improvement requirements of the housing stock and related housing assets, using stock condition and lifecycle information to inform how investment decisions will be made.

Council Housing Stock Profile

The stock of council houses is made up of a variety of property types, following graph summarises the housing stock by type.

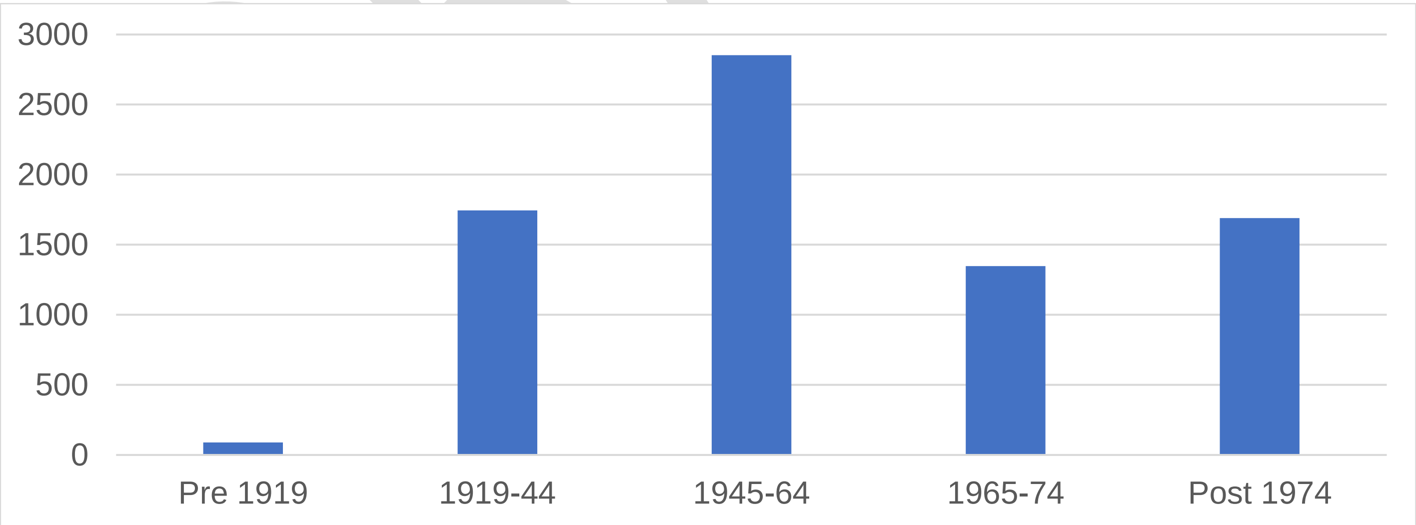
Stock by Type



Houses are the single largest property type with 3,508 units (45.0%), closely followed by Flats with 3,334 units (42.7%). Bungalows are the third largest property type with 582 units (7.5%), with 266 (3.4%) maisonettes and 104 (1.3%) Bedsits.

Stock by Age Band

The following graph shows the council's housing stock by construction date.



This table clearly illustrates the age profile of the housing stock with 6,065 properties (77.8%) being built between 1900 and 1974, with a further 1,739 properties (22.2%) being constructed after 1974. This age profile is common amongst councils with retained housing stock and demonstrates the need for and importance of continuous investment in maintenance and improvement works to ensure properties continue to be attractive to residents and achieve the Decent Homes Standard.

Repairs, Maintenance, and Investment

The Council's housing stock is well maintained and has been the subject of continued and sustainable investment over many years with a structured programme of maintenance and improvements through both capital and revenue investment.

As at end March 2022, there were 329 dwellings considered to be non-decent. The majority of these (264 dwellings) were due to tenants refusing improvement works.

At the end of March 2022, the average energy Standard Assessment Procedure (SAP) rating of the housing stock was 70.43. In terms of energy efficiency ratings, 1.28% (100) dwellings had a B rating, over 75% (5,862) dwellings had a C rating; 23% (1,804) dwellings had a D rating and 0.11% (9) of dwellings had an E or F rating.

There are just over 300 homes. That were built using non-traditional construction methods such as, Anglian (26), Arcon (139), Cornish (61), Hawksley (63) and Waites (23). These homes can be difficult and expensive to maintain and expensive for tenants to keep warm.

The Council has an annual capital investment programme to make improvements to its stock. Over the next 5 years we will invest over £40m in the stock.

In addition, we estimate that we will invest £35m on responsive repairs over the next five years.

In 2021/22 the Council carried out over 22,579 responsive repairs.

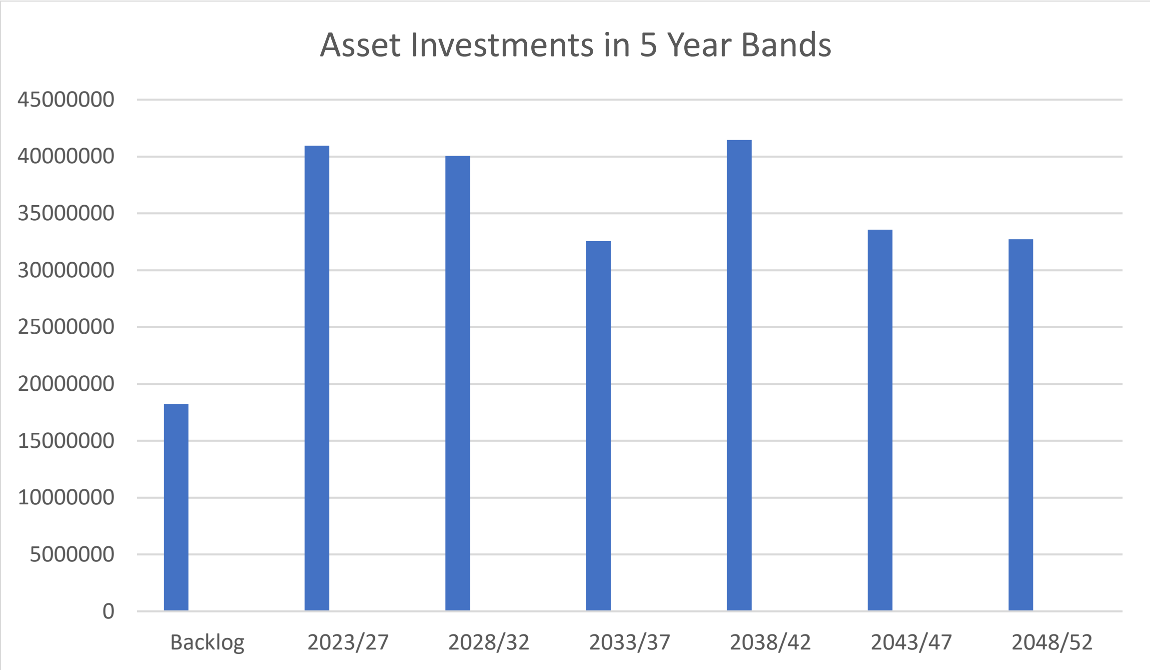
The average unit cost per void property during 2021/22 was £1,748.27.

In a self-financing environment, understanding the asset base and associated future investment requirements to maintain the asset base in a desirable condition is key to ensuring the financial viability of the business plan.

It is therefore essential to maintain assets to maximise their value in the future and to ensure sufficient resources have been allocated for the long-term maintenance of the stock. A strategic approach to asset management ensures the long-term strategic vision for the authority is underpinned by a thorough understanding of current and future needs.

Stock condition data has identified the following investment levels over the next 30 years. The following table shows the asset investment needs sorted into five-year bands.

Asset Investment Needs



*the above costs are based on 2022 prices and have not been increased to take account of future inflationary pressures.

**the backlog figure is where improvements have been refused or we are unable to gain access to the property.

This table shows that we will need to invest a total of £239million repairing and modernising our housing stock over the next thirty years, at an estimated average annual sum of £7.9million.

Component Replacement Programme

We actively monitor the condition of our properties through a programme of stock condition surveys and have developed a programme where building components and systems are replaced on a planned programme. The following table shows the total replacement costs for the ten most expensive components in ten-year bands sorted in descending order.

Component	Years 1-10	Years 11-20	Years 21-30	Total
	£	£	£	**£**
Kitchens	23,310,000	8,482,000	25,911,000	**57,703,000**
Heating Boilers	9,869,000	14,224,000	10,632,000	**34,725,000**
Electrical Systems	7,876,000	15,206,000	4,539,000	**27,621,000**
Landscaping and Boundaries	10,354,000	9,864.000	2,296,000	**22,514,000**
Roofs	7,274,000	5,266,000	6,126,000	**18,666,000**
Bathrooms	5,410,000	6,770,000	5,070,000	**17,250,000**
Windows	5,395,000	5,039,000	2,519,000	**12,953,000**

Communal Doors	2,915,000	2,504,000	3,870,000	**9,289,000**
Doors	3,795,000	1,806,000	3,317,000	**8,918,000**
Heating Systems	3,184,000	3,054,000	2,377,000	**8,615,000**
Total	**79,382,000**	**62,306,000**	**66,657,000**	**218,254,000**

This table shows that kitchens are the most expensive component replacement item with a total planned spend of £57m, followed by central heating boilers (£34m), electrical systems (£28m) and landscaping and boundaries (£22m). Our approach to replace heating and electrical systems is under review as it is likely that these costs will change once we develop a strategy for achieving Net Carbon Neutral.

Investment Programme 2023/24

The following table provides a breakdown of the number of components that will be replaced in 2023/24, together with the total cost for each component type.

Component	No Units	Cost (£)
Kitchens	497	**2,236,000**
Heating Boilers	842	**2,004,000**
Electrical Systems	243	**874,000**
Landscaping and boundaries	872	**1,617,000**
Roofs	142	**74,000**
Bathrooms	245	**612,000**
Windows	227	**414,000**
Communal Doors	100	**252,000**
Doors	732	**622,000**
Heating Systems	252	**403,000**
Total	**4,152**	**9,108,000**

We are committed to maintaining and improving the housing stock year on year, and this table shows the range and number of components that are scheduled to be replaced in 2023/24. Just over four thousand components are scheduled for replacement at an average cost of £2,193. In addition, we will be spending £1.5million over the next ten years improving the insulation in our homes.

The stock condition data, along with lifecycle costing, has been analysed to identify the level of investment required to deal with the backlog of repairs, planned maintenance and to ensure the authority continues to achieve and maintain the decent homes standard and tenant aspirations.

In respect of gas and electrical heating and appliances, biomass boilers, water hygiene, fire alarms and emergency lighting, these are the subject of 100% annual testing under a cyclical programme and the associated costs have been extrapolated to indicate the level of annual investment required with account taken of whole life costing.

We have identified areas where data relating to estate improvements needs to be improved, and whilst this is done, we have developed an estimate of the future investment need, and this has been added to the financial planning model in anticipation of more detailed information being available. Estate improvements may include improving the public realm and the provision of communal gardens, and play areas, therefore, taking into consideration the quality of the wider neighbourhood in terms of environmental improvement.

Although the Social Housing White Paper refers to a new Decent Homes Standard, the Council has developed a Lincoln Decent Homes Standard which goes beyond the current national standard through the inclusion of more demanding component and energy efficiency standards.

Strategic Options Appraisal Process

When determining investment in council housing, it is essential to ensure that the type of investment is appropriate to meeting housing need in the longer term. In the main there is high demand for most of the council's housing, and it will be maintained to the Lincoln Decent Homes Standard. However, where existing housing is potentially seen as unsustainable due to low demand, failing to meet aspirations or prohibitive investment costs, then the Council will undertake options appraisals which will consider remodelling, decommissioning, repurposing, regeneration or to continue to invest. These appraisals are undertaken on individual dwellings when they become void and on schemes and estates where the architype is recognised as unsustainable in the longer term.

Housing churn and long-term empty local authority dwellings evidence the difficulty in letting bedsit[1] schemes for older people and general needs maisonettes and some flats, notably those in high rise blocks, but also some low rise. Although this form of accommodation is still potentially attractive to some prospective tenants and marketing can promote this, it does not meet with modern design principles, for example, HAPPI (Housing our Aging Population Panel for Innovation), nor the aspirations of many older people.

A former older persons' housing scheme, but now let as general needs, the flats and garages at Hermit Street have been a target for crime and anti-social behaviour. Community-led design proposals to remodel the flats and replace the garages with family houses are being developed. This is the first step towards seeking to regenerate the city centre estate and to better meet housing need.

Two tower blocks require substantial investment for them to comply with forthcoming health and safety legislation and we have commissioned external specialists to review the block and make recommendations on their future use.

In addition, there are several prefabricated bungalows in the City which although are in demand (due to the shortage of bungalows in the HRA) are not energy efficient, nor sustainable in the longer term.

We have several garage sites across the city and during 2023, we will review the sites to identify if we are getting the maximum benefit from the sites. We will review the potential usage options for these sites where the garages are not being used or where there are excessive asset management costs.

[1] The definition of bedsit is a self-contained dwelling without a separate bedroom.

Demand for Council housing in Lincoln is increasing. In March 2022 there were 1,100 active applicants on the housing register, however, this had increased to 1,568 active applicants by the end of September 2022. Taking into account; the turnover of local authority housing stock, the 2019 housing needs survey, homelessness statistics and the impact of the Right to Buy, we estimate that over the next five years the Council and its housing association partners need to deliver over 300 bungalows[2] (or alternative retirement housing) and around 700 general needs houses to meet demand.

To ensure sustainability, new build schemes seek to meet the Lifetime Homes Standard, utilise renewables, embrace Modern Methods of Construction, minimise carbon emissions and achieve high levels of energy efficiency.

6.3 Delivering Affordable Housing to Meet Housing Needs

We are utilising a range of channels to increase the supply of affordable homes in Lincoln:

Under the 2016 - 21 Shared Ownership and Affordable Homes Programme (SOAHP), the Council obtained Homes England funding to deliver a 70-unit extra care scheme at De Wint Court; the scheme opened in 2022 and is already providing high-quality homes to older vulnerable residents. The Council has also received MHCLG Next Steps Accommodation Programme funding to deliver 15 units of dispersed move-on accommodation for former rough sleepers.

The reinvigoration of Right to Buy by relaxing maximum discounts (and gathering net receipts for reinvestment into new homes) could potentially have a large impact on the HRA Business Plan. If Right to Buy policy changes nationally again or levels of sales further increase in the long term, this has the potential to undermine the Business Plan by taking assets out at a low receipt rate.

In 2012 the Council signed an agreement with the then DCLG whereby the Council agreed to retain the capital receipts from Right to Buy sales over and above the number of sales assumed under self-financing. Receipts can fund up to 40%[3] of the cost of a new affordable home; any receipts not used within five years must be repaid to the Government with compound interest of 4% above the base rate, therefore it is vital the Council utilise this element of receipts received. In 2020-21, the Council acquired 32 dwellings and built a further five dwellings using contributions from retained receipts, the Council also acquired 15 new build dwellings from a housing association, taking on the Homes England grant liability with this purchase.

We will continue to review the option to form a Local Authority Controlled Company (LACC) to develop additional council properties, however, any new Council house will become liable to the Right to Buy (the only exception relates to supported housing). Therefore, the Council will ensure that any new build / acquisition and associated works and land costs (the cost floor) are always below or in line with the valuation.

Neither retained Right to Buy receipts, nor grant provided under the 2021-26 Affordable Homes Programme can be used for regeneration. This means that if social housing is

[2] To have three “liveable” rooms two-bedroom dwellings are promoted.
[3] Increased from 30% to 40% in 21/22

demolished because it is no longer fit for purpose with the intention of replacing it with housing to meet need, only the net increase in affordable housing will be eligible for retained Right to Buy receipts or Homes England grant.

The Business Plan provides the Council with the prospect to deliver non-grant funded housing, for example, the replacement of outmoded social housing. In addition, opportunities may arise for the Council to purchase affordable homes provided through Section 106 agreements on private developments (known as planning gain). This involves the Council raising a loan on the predicted rental income from these homes and using this money to purchase them from the developer. However, the Council will continue to seek every opportunity to access grant.

Estate Regeneration

Following the fire at Grenfell Tower we have put fire safety as our number one priority and have focussed on delivering the recommendations of the annual Fire Risk Assessments. At the same time, we have continued with the initiative to undertake joint Estate Walks with residents to monitor the look and feel of our neighbourhoods and to identify improvement opportunities. These have been invaluable in helping to get a better understanding of the things that residents see as important and has enabled the introduction of a range of local improvement initiatives. We have also identified several neighbourhoods where larger interventions are needed and these will be factored into future estate regeneration proposals.

As part of the Council's community intervention at Sincil Bank, regeneration of an area of the estate which attracts high antisocial behaviour and has low demand has been investigated. This has led to proposals to regenerate Hermit Street and deliver additional new homes and a more diverse demographic by introducing family homes and reduce antisocial behaviour. The project is progressing, and we aim to submit a planning application in 2023.

Estate regeneration is also required in areas of the city where properties fall below the standard expected or has reached its end of life. During 2023 we will review the long-term viability of our estates and will undertake option appraisals of any that indicate they may not continue to meet the Council's housing standards.

Other area's requiring regeneration include sheltered bedsit accommodation. Sheltered bedsits are undesirable, have a high "churn" of residents and are difficult to let. An options appraisal of two bedsit schemes will be undertaken in 2023.

New Build Programme

The Council continues to deliver new build homes within the strategic priority of "Lets Deliver Quality Housing."

Within the vision 2020 period, over 400 new build homes have been added to the Council's housing stock. The delivery of further quality new build homes for affordable rent continues to be the Council's ambition within vision 2025.

Currently, the Council is delivering 42 new homes of mixed architype to meet general needs demand on the Rookery Lane site to the south of the city. This £7.14m project will complete in March 2023 and all homes will be available for affordable rent. £1.98m of this project has been funded by Homes England. In addition, we will acquire a further 10 properties under the scheme to buy back former council housing properties.

In 2022 the Council delivered De Wint Court, its first Extra Care housing scheme. The overall project budget was £14.5m and the scheme was supported by Lincolnshire County Council and Homes England who provided capital funding to the project, £2.8m and £3.24m respectively. The new scheme has been a great success and provides high quality accommodation to 70 residents.

A key priority within the "Lets Deliver Quality Housing" is to provide homes to meet the need of working age adults with learning or physical disabilities. We continue to work with Lincolnshire County Council to assess the full extent of need for this demographic before the Council look to accommodate a scheme.

We continue to work with other partners to meet specific housing needs, for example, we are currently working with the Barnardo's Charity to identify potential sites to build GAP supported housing on sites in the city. The Council has agreed to provide a site for six properties as the first scheme of its type in the County.

The City of Lincoln Council's HRA has several pipeline sites for housing delivery across the city. The largest being a site which straddles City of Lincoln and West Lindsey districts. The city is seeking a delivery partner for this site, to deliver around 350 new homes.

The table in Appendix 4 summarises the HRA development programme for the five-year period from 2020/21 to 2024/25. This ambitious programme aims to deliver a total of 418 properties across a range of user and property types.

The City's pipeline is regularly discussed with Homes England and funding has been provided for feasibility work for some sites within Lincoln. Lincoln, Homes England, and the Greater Lincolnshire Affordable Homes Partnership are working together to batch sites for feasibility funding across the county.

Acquisitions Programme

We continue to acquire properties from the open market, via right for first refusal and new build properties from developers within the strategic priority of "Lets Deliver Quality Housing."

Properties are acquired by the Council by utilising 30% of the cost through retained capital receipts from right to buy sales and the remaining 70% from prudential borrowing. All properties are let on affordable rent levels.

We acquired 34 properties during 2019-20 and a further 32 properties during 2020-21. In addition, we also built a further four dwellings during 2020-21 utilising funding from right to buy capital receipts. We are actively working with local agents and developers to acquire additional properties and aim to acquire a further 10 properties in 2022/23.

The acquisition of further properties continues to be part of the Council's priorities within Vision 2025. During the period 2021-2026 we will aim to acquire a further 100 properties at an average rate of 20 per year using right to buy receipts.

We continue to seek alternative funding streams to acquire additional properties. During 21/22 we acquired 15 properties as a result of funding from MHCLG for the Next Steps Accommodation Programme. This has delivered dispersed move-on accommodation for former rough sleepers which can continue to be utilised to deliver temporary move on accommodation. Its success has led to funding for additional properties being granted in 2022/23 to. However a lack of suitable properties or sites limits our ability to deliver sufficient units.

7. Financial Planning

We take a long-term view of the management of the councils housing stock and plan over a thirty-year period. This enables the development of complex strategies to achieve our long-term goals and objectives. In addition, we also develop rolling multi-year budgets to; enable prudent financial planning and management, support the delivery of medium-term projects and the provision of a wide range of operational services.

As stated earlier our intention is to undertake a fundamental review of the HRA during 2023, with the aim of delivering an updated 30-year HRA Business Plan commencing in April 2024. Therefore, we have produced an interim Business Plan to cover the period 2023/28. This will facilitate the continued delivery of revenue and capital housing services whilst the long-term plan is being developed.

The following HRA budgets are congruent to the 2023/24 General Fund budgets that have been submitted for approval.

Revenue Budgets

The HRA account is under a great deal of pressure to break even because of increased inflationary costs caused by the war in Ukraine and the subsequent cost-of-living crisis. Whilst at the same time having to cope with below inflation rent increases in 2021/22 and 2022/23.

The following table provides a summary of the HRA revenue budgets for the period 2023/24 to 2027/28. These budgets pay for all the operational day to day housing services (repairs and maintenance, housing management, estate services) as well as depreciation costs and transfers to the major repair reserve.

	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)
Repairs Account Income	-	-	-	-	-
- General	(655,570)	(594,020)	(599,490)	(605,570)	(613,690)
- Special	(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
- 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
Debt Management Expenses	16,000	16,000	16,000	16,000	16,000
- Council Dwellings	7,749,540	7,746,980	7,732,730	7,732,350	7,732,350
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 (per Authority's I/E Account)	**(5,001,390)**	**(6,074,730)**	**(6,569,970)**	**(7,128,010)**	**(7,676,410)**
NET COST OF SERVICE	**(5,001,390)**	**(6,074,730)**	**(6,569,970)**	**(7,128,010)**	**(7,676,410)**
NET COSTS OF SERVICE b/f	**(5,001,390)**	**(6,074,730)**	**(6,569,970)**	**(7,128,010)**	**(7,676,410)**
Gains/Losses on disposal	-	-	-	-	-
Loan Charges Interest	2,355,710	2,436,640	2,377,020	2,376,530	2,303,550
Pension Interest Cost & expected return on Pension Asset	-	-	-	-	-
- Investment Interest	(340,010)	(230,790)	(192,330)	(228,870)	(293,250)
- Mortgages Interest	-	-	-	-	-
SURPLUS ON HRA FOR YEAR	**(2,985,690)**	**(3,868,880)**	**(4,385,280)**	**(4,980,350)**	**(5,666,110)**
Adjusts on Statement of Movement on HRA Bal					
To/(from) Major Repairs Res (DRF)	3,029,520	3,744,170	4,263,420	4,863,800	5,553,800
Contribs to/(from) Reserves:					
- Western Growth Strategy Reserve	-	-	-	-	-
- Insurance Reserve	76,000	70,770	65,390	59,850	54,140
- Invest To Save	(117,220)	(1,260)	-	-	-
-Disrepair Management	-	-	-	-	-

HRA I.T Reserve	35,000	35,000	35,000	35,000	35,000
HRA Business Plan Reserve	-	-	-	-	-
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	**57,220**	**(270)**	**(1,210)**	**(1,100)**	**(2,220)**
Balance b/f at 1 April	(1,063,872)	(1,006,652)	(1,006,922)	(1,008,132)	(1,009,232)
Balance c/f at 31 March	**(1,006,652)**	**(1,006,922)**	**(1,008,132)**	**(1,009,232)**	**(1,011,452)**

In 2023/24 the HRA revenue account has a projected total income from rents, service charges and various other income streams. of £33.93million, rising to £38.19million in 2027/28. This assumes that rents will increase over the five years at 6.5% in 2023/24 followed by increases of 5%, 3%, 3% and 3% in each of the subsequent years.

The annual income streams are spent across numerous budgets. The main item of expenditure is on repairs and maintenance which incurs the largest expenditure in each of the five years, followed by staffing costs, debt management expenses, HRA loan charges, HRA debt provision and major repairs reserves. The short-term economic situation is uncertain, and we anticipate that we will face significant inflationary increases that will drive up costs for energy, fuel and materials.

We have taken a prudent approach to financial management of the HRA and over the five-year period we estimate that the HRA revenue account will make a small deficit of £52,420.

At the end of the 2027/28 financial year, we estimate the HRA will have a positive balance of £1,009,232.

Capital Budgets

The following table provides a summary of the HRA capital budgets for the period 2023 to 2028. The budgets are made up of seven categories.

HRA Capital Budgets 2023/24 to 2027/28

Budget Heading	2023/24 Budget (£)	2024/25 Budget (£)	2025/26 Budget (£)	2026/2 Budget (£)	2027/28 Budget (£)	Total (£)
Contingency Schemes	298,687.00	250,000.00	250,000.00	250,000.00	262,500.00	**1,311,187.00**
Decent Homes	8,801,726.00	8,471,081.33	8,869,635.35	9,288,117.55	9,752,523.43	**45,183,083.66**
Health and Safety	420,303.00	427,309.91	448,675.41	471,109.18	494,664.64	**2,262,062.14**
Lincoln Standard	275,000.00	286,450.00	300,772.50	315,811.00	331,601.55	**1,509,635.05**
New build programme	1,455,266.80	3,584,055.14	47,892.00	48,850.00	51,292.50	**5,187,356.44**
Other Current Developments	2,037,984.00	1,097,173.56	914,982.14	960,731.24	1,008,767.81	**6,019,638.75**

IT/Infrastructure	237,085.00	-	-	115,299.00	121,063.95	**473,447.95**
Grand Total	**13,526,051.80**	**14,116,069.95**	**10,831,957.40**	**11,449,917.97**	**12,022,413.87**	**61,946,410.99**

In total we are planning to spend £61.9million on capital projects over the next five years at an average spend of £12.3million a year. Our capital investments are made up of three main categories.

1. Housing Investment, this includes the Decent Homes and Lincoln Standard improvement programmes, Health and Safety works and Other Current Developments which incorporates landscaping and environmental improvement projects, CCTV systems and improvement works to garage sites. In total we will be investing £54.9million in these projects over the next five years.

2. New Build Programme, this includes various projects to build new homes and the acquisition of one-off properties under the Buy Back and NSAP and RSAP schemes. In total we will be investing £5.1million delivering additional homes over the next five years.

3. IT/Infrastructure, this includes on-going investment in IT systems, hardware, and communication systems. In total we will invest £473,000 in this area over the next five years.

8. Action Plan

The following table summarises the key actions that will support delivery of this business plan.

Action	Date	Who
Revise and update the Lincoln Decent Homes Standard	**February 2023**	**MH**
Revise and update Mould and Condensation Policy and Procedures	**March 2023**	**MH**
Undertake a Housing Needs survey	**March 2023**	**PB**
Introduce Tenancy Verification visits	**April 2023**	**YF**
Develop a methodology for incorporating wider socio-economic factors into estate regeneration planning	**May 2023**	**PB**
Develop a Decarbonisation strategy for CoLC council housing	**May 2023**	**MH**
Develop an estate regeneration strategy	**May 2023**	**YF**
Develop a robust 30-year HRA Business Plan 2024 – 2053	**July 2023**	**DHI**

Undertake an options appraisal of sheltered housing bedsit schemes	**August 2023**	**PB**
Deliver affordable housing at Rookery Lane	**August 2023**	**YF**
Undertake an options appraisal of prefabricated bungalows	**August 2023**	**PB**
Collect Tenant Satisfaction Measure data	**March 2024**	**YF**
Undertake an appraisal of garage sites and other potential infill development sites	**March 2024**	**PB**
Deliver a total of 400 additional homes 2020/21 – 2024/25	**2025**	**DHI**
Deliver the regeneration of Hermit Street, including the provision of additional housing to meet local need	**2025**	**DHI**
Continue to increase the local authority housing stock through the purchase and repair programme	**On-going**	**PB**
Deliver move-on accommodation for former homeless households	**On-going**	**FY**
Deliver additional and replacement general needs, older persons' and specialist housing to meet identified housing need	**On-going**	**PB**

Appendix 1

Housing Strategy Action Plan

Note – insert link to latest version of housing strategy action plan

Appendix 2

Housing and Investment Risk Register

Note – insert link to latest version of the housing risk register

Appendix 3

Department of Housing and Investment High Level Key Performance Indicators 2022/23

Performance indicator	PSC 2022/23 Target		HSSC 2022/23 Target
	CoLC Lower Target	**CoLC Higher Target**	**Target**
Rent collected as a percentage of rent due	96.00%	96.50%	96.50%
Current rent arrears as a percentage of rent due	4.55%	4.45%	4.45%
Percentage of rent lost due to vacant dwellings	0.90%	1.00%	1.00%
Average re-let times (minor works) *all dwellings*	34 days	32 days	32 days
Average relet times (including major works) *all dwellings* - Overall	40 days	38 days	38 days
Percentage of priority repairs caried out within time limit (1-day tickets)	98.50%	99.50%	99.50%
Percentage of homes with a valid Gas Safety Certificate	98.96%	99.96%	99.96%
Repairs completed right first time (1- and 3-day tickets)	90%	92%	92%
Percentage of repairs appointments kept (1- and 3-day tickets)	95%	97%	97%

Percentage of Urgent repairs carried out within time limits (3-day tickets)	95.00%	97.50%		97.50%
Percentage of non-decent homes	1.50%	1.00%		0.80%
Percentage of alarm calls answered within 60 seconds	97.50%	98.00%		Not in HSSC
The number of people currently on the housing list	No target - volumetric measure			Not in HSSC
The number of people approaching the council as homeless	No target - volumetric measure			Not in HSSC
Successful preventions and relief of homelessness against total number of homelessness approaches	45.00%	50.00%		Not in HSSC
Percentage satisfied of new connections for the control centre	90.00%	95.00%		Not in HSSC
Number of properties 'not decent' as a result of tenant’s refusal to allow work (excluding referrals)	No target - volumetric measure			Not in HSSC
Average re-let period – *All dwellings* (major works only) – (days)	Not in PSC			45 days
% of offers accepted first time	Not in PSC			85%
% of Priority repairs carried out within time limits (1-day tickets) – Aaron Services only)	Not in PSC			99.50%
% of complaints replied to within Housing Code timescales	Corporate target			95%

Average number of working days to respond to complaint	Not in PSC	12 days
% of ASB cases closed that were resolved	Not in PSC	94%
Average days to resolve ASB cases	Not in PSC	70 days

Appendix 4

HRA Development Programme

	2020/21		2021/22		2022/23		2023/24		2024/25	
	Other Affordable Provider	CoLC	Other Affordable Provider	CoLC	Other Affordable Provider	CoLC	Other Affordable Provider	CoLC	Other Affordable Provider	CoLC
LN6 Development	6									
Markham House		5								
Rookery Lane						42				
De Wint Court				70						
Gaunt Street	9									
Boultham Dairy site	18									
Riseholme Road Waterloo Housing	20	15								
Former Council properties (buy backs)		36		15		10		10		10
Former Council properties (NSAP / RSAP)				18			6			
Monks Road			5							
Hermit Street										11
Jasmine Green									49	
Gap Homes							6			
Palmer Street										10
Garage Sites								10		20
Longhurst Flats							17			
TOTALS	**53**	**56**	**5**	**103**	**0**	**52**	**49**	**20**	**49**	**51**
										418

Key	
Complete	217
In progress	52
Likely to proceed	149
Total	**418**

Appendix 5

Glossary:

Affordable Rent	Up to 80% of open market rent.
AHP	Affordable Homes Programme
Allocations Policy	The Council's policy setting out how Council housing is allocated
Category 1 sheltered housing	Properties are grouped together, usually with a common room, with a site warden.
Category 2 sheltered housing	Flats / bedsits "all under one roof" with facilities such as a common room, guest room and communal kitchen with a site warden.
Category 2.5 sheltered housing or extra care sheltered housing	Flats / bedsits "all under one roof" with on-site care provision, a scheme manager, and a range of communal facilities such as a restaurant, hair salon and treatment rooms.
Cost floor	Section 131 of the Housing Act 1985 (the cost floor) limits the Right to Buy discount to ensure that the purchase price of the property does not fall below what has been spent on building, buying, repairing, or maintaining it over a certain period. For new homes, the cost floor covers the first 15 years. However, where the cost floor is above the valuation the sale price will equal that valuation.
CPI	Consumer Price Index
Decent Homes Standard	Homes that are warm, weatherproof and have reasonably modern facilities.
Depreciation charge	Annual amounts representing the long-term needs of the existing stock to be moved from the HRA to the Major Repairs Reserve.
EPC	Energy Performance Certificate
Formula Rent	Social rent which has reached the target under rent restructuring.
General needs housing	Housing which is not designated for people with specific housing needs. However, general needs bungalows are usually only allocated to older people and people with disabilities.
HAPPI	Housing our Ageing Population: Panel for Innovation

Housing Association	A not-for-profit organisation which provides affordable housing. A housing association registered with the Regulator of Social Housing is a private registered provider.
HRA	Housing Revenue Account. This is ring-fenced, landlord account which records expenditure and income arising from the provision of housing accommodation by local housing authorities.
Leasehold properties	When HRA properties are sold through the Right to Buy the former tenant of a bedsit, flat or maisonette becomes a leaseholder.
Lettable standard	Standard of property which each Council home is required to reach before it is let.
Net zero	Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.
Rent Standard	Sets out the rent increases local authorities and housing associations are expected to levy on social and affordable rented housing.
Retained Right to Buy receipts	Often referred to as 1-4-1 receipts, these are receipts received by the Council for Righto to Buy sales over and above the assumed level of sales agreed under self-financing settlement payment. The receipts can fund up to 30% of the total scheme cost of replacement social housing.
SAP	Standard Assessment Procedure.
Statutory homeless	A household is homeless, eligible for assistance, in priority need, unintentionally homeless and has a local connection.
Social Rent	Formula set by the Government which reflects valuation, average earnings, and the size of a property.
Supported housing	Housing which should only allocated to people with specific housing needs, this includes sheltered housing.
Tenancy Policy	Sets out the types of tenancies which the Council offers and in what circumstance.
Void	Empty council house.

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Equality with Human Rights Analysis Toolkit

Appendix B

The Equality Act 2010 and Human Rights Act 1998 require us to consider the impact of our policies and practices in respect of equality and human rights.

We should consider potential impact before any decisions are made or policies or practices are implemented. This analysis toolkit provides the template to ensure you consider all aspects and have a written record that you have done this.

If you need any guidance or assistance completing your Equality and Human Rights Analysis contact:
Heather Grover, Principal Policy Officer on (87)3326; email: heather.grover@lincoln.gov.uk . Alternatively contact Legal Services on (87)3840

A diagram of the process you should follow is on page 2, and glossary and guidance to help you complete the toolkit can be found on pages 6-9.

Even after your policy, project or service has been implemented; it is recommended that analysis is undertaken every three years, and that this analysis is updated at any significant points in between. The purpose of any update is that the actual effects will only be known after the implementation of your policy, project or service. Additionally, area demographics could change, leading to different needs, alternative provision can become available, or new options to reduce an adverse effect could become apparent.

<u>Useful questions to consider when completing this toolkit</u>

1. What is the current situation?
2. What are the drivers for change?
3. What difference will the proposal make?
4. What are the assumptions about the benefits?
5. How are you testing your assumptions about the benefits?
6. What are the assumptions about any adverse impacts?
7. How are you testing your assumptions about adverse impacts?
8. Who are the stakeholders and how will they be affected?
9. How are you assessing the risks and minimising the adverse impacts?
10. What changes will the Council need to make as a result of introducing this policy / project / service / change?
11. How will you undertake evaluation once the changes have been implemented?

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STEP BY STEP GUIDE TO EQUALITY ANALYSIS

STEP 1

In Section A identify

STEP 2

In Section B highlight any

STEP 3

In Section C record your

STEP 4

The responsible officer

STEP 5

Publish the analysis (e.g.

STEP 6

Monitor and review your

*** Evidence could include information from consultations:**

SECTION A

Name of policy / project / service	Housing Revenue Account Business Plan 2023/28
Background and aims of policy / project / service at outset	The HRA Business Plan is the financial account used to manage the City of Lincoln Council's (CoLC) landlord activities for council housing. The Business Plan sets out the annual income and expenditure budgets for the forthcoming financial year. The HRA Business Plan supports the objectives of the Housing Strategy and the Goals set out in VISION2025 The HRA Business Plan and the associated income and expenditure plans underpins the delivery of the council's housing services in Lincoln. The approval of the Business Plan will have positive effects for all groups
Person(s) responsible for policy or decision, or advising on decision, and also responsible for equality analysis	Daren Turner – Director of Housing and Investment Paul Hopkinson – Strategic Housing Advisor
Key people involved *i.e. decision-makers, staff implementing it*	Director Housing and Investment, CoLC Executive, Council Members, Housing Directorate Staff.

SECTION B

This is to be completed and reviewed as policy / project / service development progresses

	Is the likely effect positive or negative? (please tick all that apply)			Please describe the effect and evidence that supports this and if appropriate who you have consulted with*	Is action possible to mitigate adverse impacts?	Details of action planned including dates, or why action is not possible
	Positive	**Negative**	**None**			
Age	X			The HRA provides a range of suitable accommodation for all ages. It also includes specific accommodation for older and vulnerable persons.		
Disability including carers (see Glossary)	X			The HRA includes substantial investment to adapt and convert council homes to meet the needs of residents with disabilities		
Gender re-assignment	X					
Pregnancy and maternity	X			Providing good quality housing will benefit pregnant women and new mothers and babies		
Race	X					
Religion or belief	X					
Sex	X					
Sexual orientation	X					
Marriage/civil partnership	X					
Human Rights	X			Being safe and protected from harm is an		

(see page 8)				essential human right and being raised in a stable home helps to protect the rights of infants and children.		

**Evidence could include information from consultations; voluntary group feedback; satisfaction and usage data (i.e. complaints, surveys, and service data); and reviews of previous strategies*

Did any information gaps exist?	**Y/N/NA**	**If so what were they and what will you do to fill these?**
	Y	We will undertake a Housing Needs Survey during 2023

SECTION C
Decision Point - Outcome of Assessment so far:

Based on the information in section B, what is the decision of the responsible officer (please select one option below):

Tick here

- **No equality or human right Impact** (your analysis shows there is no impact) - sign assessment below [ ]
- **No major change required** (your analysis shows no potential for unlawful discrimination, harassment)- sign assessment below [x]
- **Adverse Impact but continue** (record objective justification for continuing despite the impact)-complete sections below [ ]
- **Adjust the policy** (Change the proposal to mitigate potential effect) -progress below only AFTER changes made [ ]
- **Put Policy on hold** (seek advice from the Policy Unit as adverse effects can't be justified or mitigated) -STOP progress [ ]

Conclusion of Equality Analysis (describe objective justification for continuing)	This does not disproportionately affect any protected group and complies with legislation to have regard for Human Rights in the delivery of housing services

When and how will you review and measure the impact after implementation?*	The HRA Business Plan and EIA will be reviewed on a regular basis.

Checked and approved by responsible officer(s) (Sign and Print Name)	Paul Hopkinson	Date	20/12/2022
Checked and approved by Assistant Director (Sign and Print Name)	Daren Turner	Date	

When completed, please send to policy@lincoln.gov.uk and include in Committee Reports which are to be sent to the relevant officer in Democratic Services

The Equality and Human Rights Commission guidance to the Public Sector Equality Duty is available via: www.equalityhumanrights.com/new-public-sector-equality-duty-guidance/

City of Lincoln Council Equality and Human Rights Analysis Toolkit: Glossary of Terms

Adult at Risk - an adult at risk is a person aged 18 years or over who is or may be in need of community care services by reason of mental health, age or illness, and who is or may be unable to take care of themselves, or protect themselves against significant harm or exploitation.

Adverse Impact. Identified where the Council's operations has a less favourable effect on one or more groups covered by the Equality Act 2010 than it has on other groups (or a section of a group)

Carer - see also disability by association. A carer is a person who is unpaid and looks after or supports someone else who needs help with their day-to-day life, because of their age, long-term illness, disability, mental health problems, substance misuse

Disability by association. Non disabled people are also protected from discrimination by association to a disabled person. This might be a friend, partner, colleague or relative. This is applies to carers who have a caring responsibility to a disabled person.

Differential Impact. Identified where a policy or practice affects a given group or groups in a different way to other groups. Unlike adverse impact, differential impact can be positive or negative.

Disability. It is defined under the Equality Act 2010 as 'having a physical or mental impairment which has a substantial and adverse long term effect on a person's ability to carry out normal day to day activities'.

Physical impairment is a condition affecting the body, perhaps through sight or hearing loss, a mobility difficulty or a health condition.

Mental impairment is a condition affecting 'mental functioning', for example a learning disability or mental health condition such as manic depression

Diversity. Diversity is about respecting and valuing the differences between people. It is also recognising and understanding the mix of people and communities who use services and their different needs.

Discrimination. Discrimination has been defined as 'the unequal treatment of individuals or groups based onless because of a protected characteristic – see protected characteristic. This includes discrimination by association, perception, direct and indirect discrimination.

Example of discrimination: An employer does not offer a training opportunity to an older member of staff because they assume that they would not be interested, and the opportunity is given to a younger worker

Equality. The right of different groups of people to have a similar social position and receive the same treatment:

Equality Analysis. This is a detailed and systematic analysis of how a policy, practice, procedure or service potentially or actually has differential impact on people of different Protected Characteristics

Equality Objectives. There are specific strategic objectives in the area of equalities and should set out what services are seeking to achieve in each area of service in terms of Equality.

Equality of Opportunity. Equality of opportunity or equality opportunities may be defined as ensuring that everyone is entitled to freedom from discrimination. There are two main types of equality encompassed in equal opportunities:

1. Equality of treatment is concerned with treating everyone the same. Thus, in an organisational context it recognises that institutional discrimination may exist in the form of unfair procedures and practices that favour those with some personal attributes, over others without them. The task of equal opportunities is therefore concerned with the elimination of these barriers.
2. Equality of outcome focuses on policies that either have an equal impact on different groups or intend the same outcomes for different groups.

Evidence. Information or data that shows proof of the impact or non impact - evidence may include consultations, documented discussions, complaints, surveys, usage data, and customer and employee feedback.

Foster good relations. This is explicitly linked to tackling prejudice and promoting understanding.

General Equality Duty. The public sector equality duty on a public authority when carrying out its functions to have ‘due regard’ to the need to eliminate unlawful discrimination and harassment, foster good relations and advance equality of opportunity.

Gender reassignment. The process of changing or transitioning from one gender to another – for example male to trans-female or female.

Harassment. This is unwanted behaviour that has the purpose or effect of violating a person’s dignity or creates a degrading, humiliating, hostile, intimidating or offensive environment.

Human Rights – Human rights are the basic rights and freedoms that belong to every person in the world **- see below**

Marriage and Civil Partnership. Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters. Single people are not protected. Discrimination on grounds of marriage or civil partnership is prohibited under the Act. The prohibition applies only in relation to employment and not the provision of goods and services.

Pregnancy and Maternity. Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.

Protected Characteristics. These are the grounds upon which discrimination is unlawful. The characteristics are:

- Age
- Disability
- Gender reassignment
- Race
- Religion and belief (including lack of belief)
- Sex/gender
- Marriage and civil partnership
- Pregnancy and maternity
- Sexual orientation

Public functions. These are any act or activity undertaken by a public authority in relation to delivery of a public service or carrying out duties or functions of a public nature e.g. the provision of policing and prison services, healthcare, including residential care of the elderly, government policy making or local authority services.

Race. This refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

Religion or belief. Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.
Section 11 of the Children Act. This duty is a duty under the Children Act 2004 that requires all agencies with responsibilities towards children to discharge their functions with regard to the need to safeguard and promote the welfare of children. They must also ensure that any body providing services on their behalf must do the same. The purpose of this duty is that agencies give appropriate priority to safeguarding children and share concerns at an early stage to encourage preventative action.
Sex. It refers to whether a person is a man or a woman (of any age).
Sexual Orientation. A person's sexual attraction is towards their own sex; the opposite sex; or to both sexes: *Lesbian, Gay or Bisexual*
Victimisation. Victimisation takes place where one person treats another less favourably because he or she has exercised their legal rights in line with the Equality Act 2010 or helped someone else to do so.
Vulnerable Adult. A Vulnerable Adult is defined as someone over 16 who is or may be in need of community care services by reason of mental or othe disability, age or illness and who is or may be unable to take care of him/herself or unable to protect him/herself against significant harm or exploitation'

Human Rights

Human rights are the basic rights and freedoms that belong to every person in the world. They help you to flourish and fulfill your potential

through:

- being safe and protected from harm
- being treated fairly and with dignity
- living the life you choose
- taking an active part in your community and wider society.

The Human Rights Act 1998 (also known as the Act or the HRA) came into force in the United Kingdom in October 2000. It is composed of a series of sections that have the effect of codifying the protections in the European Convention on Human Rights into UK law.

The Act sets out the fundamental rights and freedoms that individuals in the UK have access to. They include:

- Right to life
- Freedom from torture and inhuman or degrading treatment
- Right to liberty and security
- Freedom from slavery and forced labour
- Right to a fair trial
- No punishment without law
- Respect for your private and family life, home and correspondence

- Freedom of thought, belief and religion
- Freedom of expression
- Freedom of assembly and association
- Right to marry and start a family
- Protection from discrimination in respect of these these rights and freedoms
- Right to peaceful enjoyment of your property
- Right to education
- Right to participate in free elections

Many every day decisions taken in the workplace have no human rights implications. However, by understanding human rights properly you are more likely to know when human rights are relevant and when they are not. This should help you make decisions more confidently, and ensure that your decisions are sound and fair.

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Item No. 4

EXECUTIVE **20 FEBRUARY 2023**
PART A

SUBJECT:	**WESTERN GROWTH CORRIDOR SCHEME DELIVERY**
DIRECTORATE:	**MAJOR DEVELOPMENTS**
REPORT AUTHOR:	**JO WALKER – ASSISTANT DIRECTOR, WESTERN GROWTH CORRIDOR**

1. Purpose of Report

1.1 To update Executive on progress towards achieving a start on site and the wider funding and delivery arrangements for the Western Growth Corridor (WGC) development, since the report of 17th October 2022 (*Western Growth Corridor – Next Steps*).

To seek authority to proceed with the next stages of delivery as follows:

- To approve the delivery arrangements for the Phase 1a infrastructure works, which are required to provide access to the development from Skellingthorpe Road.
- To approve the proposed delivery arrangements to progress the detailed design of the first 52 homes on land owned by the Council at the gateway to the development, off Skellingthorpe Road, to enable the submission of a Reserved Matters application during summer 2023.
- To approve in principle, the proposed delivery arrangements for the gateway housing, to allow for delivery once the initial infrastructure works have been completed and subject to planning consent. The final form of agreement shall be subject to a further Executive approval.
- To acknowledge the award of funding under the Levelling Up Fund Round 2 (LUF2), which would enable the accelerated delivery of the Tritton Road bridges and spine road, known as Phase 1b of the WGC development.
- To agree to delegate the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.
- To approve the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases.

2. Executive Summary

2.1 On 20th January 2022, outline planning consent was granted for the overall WGC development, with detailed consent for the two access points into the site at Skellingthorpe Road (southern access) and Tritton Road (eastern access).

2.2 Significant progress has since been made in order to prepare for and enable a start on site and to plan for the wider delivery of the scheme. This includes securing funding, expanding resources for delivery, cost-planning, procurement, stakeholder engagement and progressing the technical design and approval process for the infrastructure which is required to open up the site.

2.3 This report now sets out the proposals for the delivery of the Phase 1a infrastructure (Skellingthorpe Road – Southern Access), which is scheduled to commence on site during Spring/Summer 2023. The report further outlines the proposals for progressing the detailed design of a first phase of 52 homes at the gateway into the site and arrangements for delivery thereafter, subject to planning consent.

2.4 Finally, the report sets out initial details and arrangements for taking forward the design, development and delivery of the Phase 1b infrastructure (Tritton Road bridges and spine road) following the announcement of the LUF2 funding award in January 2023.

2.5 The proposals are in accordance with the principles approved by Executive on 20th March 2019 and the terms of the Delivery Agreement, which is in place between the Council and Lindum Western Growth Corridor (LWGC), as adjoining landowners to jointly promote the overall development.

3. Background

3.1 The Western Growth Corridor (WGC) is one of 4 sustainable urban extension (SUE) areas around Lincoln identified and promoted in the Central Lincolnshire Local Plan for development to meet the area's growth projections up to 2036. It is the closest SUE to the city centre and has the greatest opportunity to achieve real sustainability both within the development and for the surrounding communities. It is the major area for housing and employment growth in the city itself and is a key part of delivering Lincoln's Growth Strategy over the next 20 years.

3.2 The Central Lincolnshire Local Plan adopted in April 2017 following a robust and thorough examination, approved the principle for development of the site. Having established the principle of development, the next stage was to consider the key building blocks of the development at a broad rather than a detailed level. The Local Plan allocation is for a new neighbourhood of 3,200 new homes (640 affordable), 20 hectares of commercial/employment space, a new Leisure Village, improvements in accessibility to green space, flood mitigation improvements, remediation of the former tip and a range of improved connectivity (roads, cycle paths and pedestrian routes).

3.3 The City Council is a significant landowner and has been leading on bringing forward development of the area in a viable, sustainable and deliverable way since 2016. WGC is a key priority within the City Council's Vision and delivers across all the Council's priorities and objectives. It is also the single biggest development area within the City boundary.

3.4 The remaining development land on WGC is owned by Lindum Western Growth Community Limited (LWGC) which is a subsidiary of the locally owned and based construction/development company Lindum Group. Together the Council and

LWGC submitted a planning application for the whole development on 03 April 2019.

3.5 Outline planning consent for the overall development and detailed planning consent for the two access points into the development at Skellingthorpe Road and Tritton Road was granted on 20th January 2022.

3.6 The Council and LWGC work jointly together as the two landowners (the developer team), under the terms of the approved Delivery Agreement to shape and progress the development.

4. Progress Towards Delivery

4.1 Phase 1a Infrastructure: Technical Approvals

Detailed planning consent is in place for the southern access proposals at Skellingthorpe Road, subject to a number of pre-commencement conditions. This includes approval of the technical proposals for the highway and drainage infrastructure to open up the site.

In order to satisfy these conditions, the developer team has been working with both Lincolnshire County Council (LCC as the Highways Authority and the Lead Local Flood Authority) and the Local Planning Authority since March 2022, to agree on the detailed plans for these works. Detailed proposals for the new signalised junction into the development on Skellingthorpe Road/Birchwood Avenue (s278 works) were submitted to LCC on 30 September 2022. Details on the proposals for the infrastructure/drainage works on the site beyond the junction (s38 works) were also submitted to LCC on 30 September 2022. These proposals have been further refined and finalised between October – January 2023, in consultation with LCC, with technical approval now expected in March 2023.

4.2 Phase 1a Infrastructure: Use of Compulsory Purchase Order (CPO) Powers

In accordance with the resolution agreed by Executive on 17th October, Officers have progressed the CPO pertaining to the two slender parcels of unregistered land which are required for the delivery of the initial infrastructure works.

The Order has been published and the consultation period is currently underway, closing on 2nd March 2023. The Order, together with the Statement of Reasons and all supporting evidence has been submitted to the Secretary of State, pending this current consultation period.

Subject to confirmation of the Order, the Council will be able to use its powers under section 226(1)(a) of the Town and Country Planning Act 1990 (“TCPA)”, section 111 (1) Local Government Act 1972 and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 (“MPA”) to acquire land compulsorily.

4.3 Phase 1a Infrastructure – Exchange of Land

Following negotiation with the Church of the Latter Day Saints, an agreement was reached to secure a land swap, to enable the required junction arrangement to be accommodated at the entrance to the site on Skellingthorpe Road, providing access into the site.

The transfer agreement completed on 7th February 2023. Under this agreement, the Church has transferred a parcel of its land close to Skellingthorpe Road to the Council. In exchange, the Council has transferred a parcel of its land immediately adjacent to the existing Church car-park, to enable an extension of the car-parking area. Works will be undertaken over the next 3 months to prepare the extended car-parking area and to install new boundary fencing to secure the Church land, ahead of the main site infrastructure works.

4.4 **Resources to Support Delivery**

In order to support the delivery of the first phase of development and to progress proposals for the wider scheme, the Council has made new fixed-term appointments and mobilised existing resources as follows:

- Senior Communications Officer – Partnerships to lead on implementing the community/resident engagement plan including keeping all stakeholders informed of opportunities to influence the development and advanced warning of activity on site.
- Assistant Director WGC to lead the implementation of the substantial delivery programme for the Council, working with the Strategic Director – Major Developments.
- Capital Projects Manager – to manage the delivery of the construction works (infrastructure & housing) on behalf of the Council and developer team
- Finance Business Partner – to manage budget and funding arrangements
- Legal specialist – to advise and lead on all legal matters and to assist and co-ordinate any specialist external advice

External resources have also been procured to provide the following, specialist services:

- Engineering and technical design - to progress the technical approval process for Phase 1a
- Commercial services - to provide independent valuation advice, inform development viability and delivery strategy
- Cost consultancy & project management – to provide independent scrutiny over project costs, prepare and manage construction contracts, certify valuations and payments and advise on wider infrastructure delivery

4.5 **Funding – Levelling Up Fund 2 (LUF2)**

The City Council in conjunction with Karl McCartney as the local Member of Parliament has been successful in its bid to secure £20m LUF2 funding to support the delivery of a new all vehicular/cycle/pedestrian bridge over the railway from the development into Tritton Road and a pedestrian/cycle bridge replacing the existing pedestrian rail crossing at Oak Farm (opposite the new LN6 development).

This will unlock further housing land to enable the construction of a new spine route through the development to accelerate the overall delivery proposals and further minimise the short-term negative impacts of the development on existing residents.

The delivery and resourcing strategy for Phase 1b is currently being reviewed.

Wider financing and delivery mechanisms to support the overall development, including spine road, are also being explored with strategic partners such as Homes England.

Full details of the delivery strategy for Phase 1b and the wider development, will be the subject of a future Executive Report once all of the funding details are understood and further site survey work has been undertaken to inform the detailed design solution and costings.

Initial survey and consultancy work is currently being procured and will be funded via the remainder of the Levelling Up Fund Capacity grant, in advance of the main LUF2 Grant Funding Agreement and draw-down arrangements.

Alongside this initial work, the Council proposes to procure a lead contractor, to undertake the substantive design process to achieve all technical approvals for the bridges and access road. The proposed scope of works would also include the detailed design of the spine road to allow for delivery in the future, if additional funding can be secured. This detailed design work, would be delivered under a Pre-Construction Services Agreement with the purpose being to demonstrate the technical and financial feasibility of the works, to enable the Council to enter into a contract for delivery on a design and build basis. The decision to proceed with a full contract for delivery would be subject to Executive approval at the end of the pre-construction phase. This pre-construction work is proposed to be funded via the main LUF2 grant, subject to the Memorandum of Understanding (MoU), which will set out the terms for this funding.

5. Delivery Proposals – Phase 1a Infrastructure (Skellingthorpe Road – Southern Access)

5.1 The Council is working in partnership with LWGC, under the terms of the Delivery Agreement to deliver Phase 1a.

5.2 The scope of work is as follows:

- A new signalised junction on Skellingthorpe Road (and modifications to the existing Skellingthorpe Road/Birchwood Avenue junction), with traffic management arrangements
- Design and construction of a new bridge across the Boultham Catchwater Drain
- Design and construction of a new access road from Skellingthorpe Road which will serve the first 300 houses of the development. This will also include new cycle paths, footpaths, lighting, drainage, utilities and landscaping
- Work to safeguard the Public Right of Way along the Catchwater (with diversions during the main works and to accommodate the new access route on a permanent basis)

5.3 Subject to Executive approval, the Council is proposing to enter into a contract for the delivery of the infrastructure with Lindum, procured under the Pagabo framework. The contract for delivery will be subject to final costs, which will be determined under the scope of works to be undertaken as part of a Pre-Construction Services Agreement (PCSA), following the process set out under the Pagabo framework.

5.4 Under the PCSA, the technical approval process will be concluded, alongside the work which is required to discharge the planning conditions and prepare for delivery on site. This will include the development of a Construction Environmental Management Plan (CEMP), to include any required ecological mitigations, as well as a Highways Management Plan, setting out the proposed traffic management arrangements as well as diversionary works required to maintain the existing public rights of way. Wider, private access rights will be maintained during the works.

5.5 The construction work is expected to start on site during spring/summer 2023, lasting for a period of about 1 year in duration.

5.6 The felling of the trees along the southern boundary of the site with Skellingthorpe Road, will form part of the site works. The planning consent which is in place for the overall development included detailed approval of the access arrangements at Skellingthorpe Road, which requires the removal of these trees. It is not possible to deliver the junction arrangements to open up the site without removing these trees. The Council has set out the following measures which it intends to implement to mitigate the loss of these trees, in partnership with LWGC:

- Wood from the trees to be felled will be utilised in the manufacture of furniture or other products to be used on the site or within the local community.
- Wherever possible, the Council and delivery partners LWGC will seek to retain the existing trees on site. Where this is not possible, at least 2 new trees will be planted to replace each tree which is required to be felled to make way for the development.
- Ecological mitigation measures will be implemented on site, under the guidance of a specialist ecologist prior to and during the construction of Phase 1a and as part of the wider development to meet the aim of delivering a sustainable scheme which achieves an overall biodiversity net gain.

6. Housing Delivery – Gateway Development

6.1 The works to open up the site will enable the delivery of 300 homes. The first 52 homes will be on City Council land, between Skellingthorpe Road and the Boultham Catchwater drain.

6.2 The quality of the housing and overall scheme design on the Council’s gateway site is of key importance to place-making and to set the standard for future housing delivery. Standards for energy efficiency are of particular importance, to deliver sustainable homes, which are also affordable to prospective buyers in terms of the initial price point and the ongoing running costs. Mature landscaping, with open spaces and attractive, accessible routes will be important towards achieving biodiversity net gain across the site and ensuring that the development sits well within its surroundings.

6.3 A number of delivery options have been explored for this gateway site in order to achieve the required quality standards whilst also generating a return to the Council to offset the cost of the required infrastructure works and support future delivery. Options include the sale of the land, direct delivery under a construction contract or a form of partnership with a housing developer through a joint venture or development agreement. The strengths and weaknesses of each approach are summarised below.

Option	Strengths	Weaknesses
Land sale	Development risk is transferred Reduced resourcing costs and potential for early capital receipt/land value Potential to accelerate delivery via private sector house-builder	Loss of control over the design/consultation process Loss of control over delivery timeframe Unlikely to maximise land value, based on conventional profit requirements
Direct Delivery	Full control over design/delivery and build-out rate Potential to reduce costs (contractor profit only) and maximise land value over the course of the development Options to deliver under procurement frameworks to expedite delivery	Development risk sits with the Council Lack of marketing/sales expertise in respect of open market housing – requirement for additional resourcing to achieve strong values Previous supplier engagement indicates that this route would not necessarily generate the best return
Development Partner (Joint Venture or Development Agreement)	Shared risk/return Council benefits from developer expertise in the sales and marketing Potential to structure to achieve a strong return over the course of the development Options to deliver under procurement frameworks to expedite delivery	Potential complexity and resourcing – requiring bespoke agreement

6.4 Following consideration of the delivery mechanisms which are available to the Council, it is proposed to move forward on the basis of a development partner approach. This approach will enable the Council to benefit from the commercial expertise of a house-building partner, whilst ensuring control and influence over the design and delivery process.

6.5 The Council is proposing to enter into a development agreement with Lindum, under the Pagabo Developer-Led Framework, to deliver the first 52 homes, subject to the satisfactory outcome of the initial pre-construction stage, which is prescribed under this framework.

6.6 The pre-construction stage will include the detailed design of the housing proposals to enable the submission of a Reserved Matters. These proposals will be subject to consultation prior to and as part of the formal planning process. This stage will also provide detailed cost information and allow for further testing of the delivery solution to ensure that this meets the Council's quality objectives, achieves value for money and delivers wider social value benefits.

6.7 The Council has procured specialist commercial and legal advice to ensure that the process it follows and the proposed form of agreement protects the Council's interests and is compliant with the Pagabo framework and the Public Contract Regulations [PCRs] 2015, subsidy control and wider legislation.

6.8 Subject to final agreement and planning consent, the housing development is expected to start on site during Autumn/Winter 2023.

7. Communications, Consultation and Engagement

7.1 Proposals to inform, engage and consult with the community and wider stakeholders are being progressed as part of a joint Communications Plan for the WGC development and alongside the work to achieve delivery on site at Phase 1a.

7.2 Proposals will include a regular newsletter to ensure the local community are aware of what is planned ahead of and during the delivery of the Phase 1a infrastructure and future phases of housing delivery. The newsletter will also explain how residents and stakeholders can get involved in shaping the future housing and development plans. The first newsletter will have been distributed in advance of this meeting.

7.3 Stakeholder meetings are also planned ahead of a start on site on Phase 1a and a programme of wider consultation events will then be scheduled whilst the infrastructure works are in progress. These events will provide an opportunity to share the emerging housing plans and will look ahead to the delivery of Phase 1b/wider scheme proposals now that funding has been secured for this phase of infrastructure delivery. The first stakeholder meeting will be taking place during March and will focus on the proposed delivery arrangements for the Phase 1a infrastructure and the emerging housing proposals for the gateway site. This will include detailed information on the proposed traffic management arrangements and bus services, as well as the proposals for a temporary diversion of the public right of way adjacent to the Boultham Catchwater.

7.4 In addition to the newsletters and events, the developer team will meet with local organisations and community groups, to engage them in the development process and to look at opportunities for support so that wider social objectives can be achieved through the scheme.

7.5 Finally, digital communication will be developed over the next year, including through a website, digital messaging and branding. This will enhance capability to enable a greater level of information and detail to be shared, as the proposals for delivery are developed.

8. Strategic Priorities

8.1 Let's drive economic growth

The delivery arrangements which are proposed in this report will open up the WGC development. The creation of this new neighbourhood and its proximity to the city centre and main employment areas provides homes for the workforce alongside 20 hectares of commercial land as well as a new local centre providing a wide range of employment opportunities.

8.2 Let's reduce inequality

The development will have a positive benefit in terms of this priority. As well as 20% of the new homes being affordable, a range of employment opportunities, paid for and free cultural/leisure opportunities, energy efficiency measures as well as a wide range of options for walking/cycling and non-car transport measures.

8.3 Let's deliver quality housing

The Council will be ensuring through its land ownership that a full range of type and tenure of housing choice is delivered to a quality standard, commencing with Phase 1a. The landownership within the Housing Revenue Account will also enable development of Council homes on the site beyond Phase 1a alongside the sale of land to generate funds to spend on delivering housing priorities, including Council homes in other parts of the City.

8.4 Let's enhance our remarkable place

The area for development has a fantastic environment and some very special attributes in terms of existing quality landscape, views of the historic area and the biodiversity of the natural environment that will be utilised to create a quality community environment. The detailed development proposals will be required to take account of these assets and to seek to preserve key landscape features and to secure biodiversity net gain across the site.

9. Organisational Impacts

9.1 **Financial Impacts:**

There is a revised funding requirement of £4.320m to support these initial infrastructure works. This represents an increase of £2.105m over the 2019 estimates, largely as a result of cost-price inflation.

The return to be derived from the subsequent housing development, which is estimated at £2.415m, will help to recover the cost of this initial infrastructure in part over the short-medium term, leaving an estimated net cost of £1.906m.

Over the longer-term, revenues from land sales and housing delivery unlocked by the Phase 1b work will cover these costs in full and generate a surplus for the Council. The award of grant to support the bridge works under LUF2 will accelerate delivery of this infrastructure and should reduce the financial risk to the Council in delivering Phase 1b, helping to offset the additional upfront requirement for Phase 1a over the longer-term.

9.2 **Procurement:** All procurement associated with the delivery of the proposals set out in this report will be undertaken in accordance with Public Contract

Regulations 2015. There is also an agreed procurement strategy agreed with LWCG that forms part of the Delivery Agreement.

The proposals for Phase 1a will make use of the Pagabo procurement frameworks. These frameworks provide a compliant and expeditious route to market and allow for early engagement with a contractor to support feasibility and cost-planning from the beginning. The process of engagement allows for this work to be progressed under an initial pre-construction agreement, prior to a delivery agreement, and with no obligations to proceed to the delivery phase. This assists in ensuring an early understanding of project feasibility and costs whilst also protecting the Council's position.

Services in support of the delivery of the Phase 1a proposals have been procured in accordance with the Procurement Strategy and the PCR regulations.

The procurement strategy for Phase 1b and the wider development proposals is currently being reviewed in light of the LUF2 funding announcement and the need to accelerate delivery. In all cases, goods and services will be procured in accordance with the PCRs, either via compliant frameworks or via a traditional method, in alignment with the Council's Procurement Strategy.

9.3 **Legal Implications:** External legal advice has been obtained in relation to the procurement of a development partner under the Pagabo framework. Further external legal advice will be obtained in relation to the drafting of the proposed heads of terms and the full development agreement to ensure that the process followed and the final form of agreement complies with the PCR regulations and wider legislation, including in relation to subsidy control.

9.4 **Equality, Diversity and Human Rights** – There are no new implications arising from this report that require an Equality Impact Assessment or Action Plan at this stage.

9.5 **Human Resources** - a combination of internal officers and specialist external advice is either already in place or funds identified within the report to provide the required human resource to deliver the implications of the report.

9.6 **Land and Property** – The CPO relating the unregistered parcels of land has been published and the consultation period underway, closing on 2nd March 2023. The Order, together with the Statement of Reasons and all supporting evidence has been submitted to the Secretary of State, pending this current consultation period. Subject to confirmation of the Order, the Council will proceed to exercise its powers to acquire the land compulsorily.

The land swap agreement with the Church of the Latter Day Saints completed on 7th February 2022.

10. Risk Implications

10.1 A risk register is in place for the delivery of Phase 1a and for the development as a whole.

Key risks and mitigations include:

- Scheme viability and ability to fund/finance – cost sharing arrangements, external grant funding, delivery mechanisms to share risk/return
- Scheme delay/increase in costs – land acquisitions and technical approvals well progressed/greater cost-certainty, contingencies, dedicated project manager/QS, contract provisions
- Market conditions impacting house prices – delivery mechanisms to share risk/return, control of build-out programme, contract provisions
- Subsidy control and wider legal matters – proposals in line with Delivery Agreement and Council policy, independent legal advice on mechanisms and contract drafting for delivery
- Construction impact/disruption – planned programme for communication and engagement, detailed traffic management plan, contact provisions and conditions

The risk registers are reviewed on a regular basis by the developer team as part of the project governance arrangements.

11. Recommendations

11.1 To approve the proposed delivery arrangements for the Phase 1a infrastructure works, which are required to provide access to the development from Skellingthorpe Road.

11.2 To approve the proposed delivery arrangements to progress the detailed design of the first 52 homes to enable the submission of a Reserved Matters application during summer 2023.

11.3 To approve in principle, the proposed delivery arrangements for the gateway housing, to allow for development once the initial infrastructure works have been progressed and subject to planning consent. The final form of development agreement shall be subject to a further Executive approval.

11.4 To acknowledge the award of funding under the Levelling Up Fund Round 2 (LUF2), which will enable the accelerated delivery of the Tritton Road bridges known as Phase 1b of the WGC development.

11.5 To agree to delegate the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.
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11.6 To approve the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases.

Is this a key decision?	Yes
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None
Lead Officer:	Kate Ellis – Strategic Director of Major Development Telephone (01522) 873824

Item No. 5

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**EVENTS AND CULTURE IN THE CITY – CHRISTMAS 2023 AND BEYOND**
DIRECTORATE:	**COMMUNITIES AND ENVIRONMENT**
REPORT AUTHOR:	**SIMON WALTERS, STRATEGIC DIRECTOR OF COMMUNITIES AND ENVIRONMENT**

1. Purpose of Report

1.1 This report provides Members with a review of the Christmas Market in 2022, reflecting on:

- the visitor experience,
- the financial cost,
- predictions over increasing attendance numbers and the consequential health and safety concerns.

1.2 The report concludes that a new vision for the future delivery of an events and culture programme in the city, which incorporates 'Christmas in Lincoln,' is now necessary.

2. Executive Summary

2.1 If the success of the Christmas Market were to be simply measured in terms of attendance figures, then the market (in its 40th year) was hugely successful – Thursday and Friday were very popular (amongst the busiest ever), as was Sunday, and Saturday far exceeded all records for visitor numbers. This was by far the busiest market in its 40-year history.

2.2 However, success is not just measured by visitor numbers as there are many factors at work to create a broader barometer of success. These include:

- Visitor/resident experience
- Commercial success of the market itself
- The safety of those attending – the most important factor here

2.3 Whilst noting the success of the market in terms of its attraction to visitors across the wider region and beyond, as organisers of the event, the City Council must be cognisant of the escalating cost of putting the four-day event on, the emergence of a negative visitor experience due to visitor numbers at various times, and the predictions of increasing attendance volumes year on year in what is essentially a very constrained geographical footprint.

2.4 The report below considers these elements in detail and ultimately concludes that after 40 years of successful operation, it is time for the Christmas Market to "bow out" and make way for a new offer over the entire Christmas period in Lincoln together with a wider programme of events throughout the rest of the year to attract a wide variety of visitors and hence placing a far less intensive demand on the city's infrastructure.

3. Background

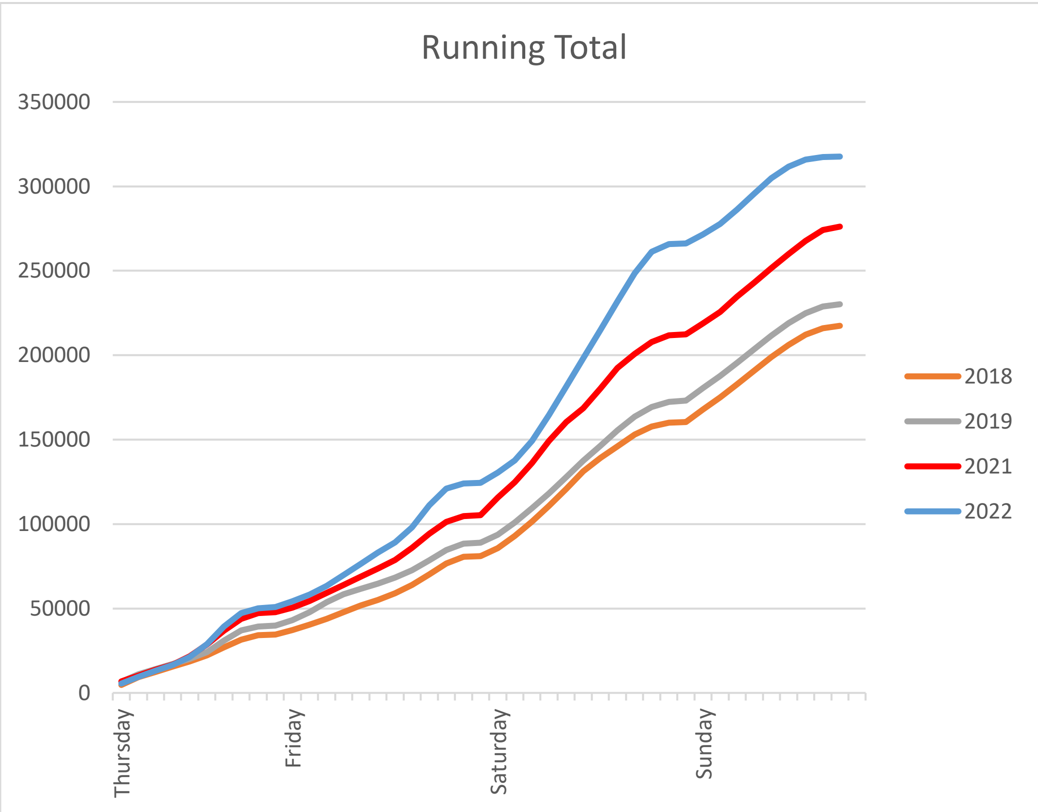
3.1 Lincoln Christmas Market enjoyed its 40th year in 2022, having been established in 1982. The event received fresh branding this year (incorporating a new mascot -Bailey the Bear) and was widely publicised through a new strategic partnership with BBC Radio Lincolnshire.

3.2 Typically, the market in recent years has attracted approximately 250,000 to 270,000 visitors over the four days. This is viewed as the maximum attendance the market can accommodate without impacting on customer experience. Such volumes offer a good balance between being busy (to create a great atmosphere) but also allowing sufficient space for people to flow around the market in their own time, visiting stalls and hence being able to meander around the footprint.

3.3 Crowd volumes beyond this level very quickly start to detract from that visitor experience - the larger the crowd the quicker customer satisfaction drops away as people struggle to get to stalls (due to crowd density) and they are then subject to one way systems at various points around the market to thin crowds.

3.4 It should be noted that this is a free to enter event with multiple entry and exit points to the market footprint via public roads and footpaths. This is not like any other event where entry can be controlled according to crowd density. For the Christmas Market there is no control over access.

3.5 As can be seen from the graph below – whilst the ideal maximum attendance is 250,000 visitors, the pattern is one of escalating attendance figures especially when noting the steep increase between 2019 (last market prior to covid) and 2022. It is anticipated that this trend will continue into future years.



3.6 The scale of the operation to make the Christmas market a success is highlighted below in a range of facts and figures. This is a huge task drawing heavily on City Council financial and operational capacity for the week leading up to and after the market itself. It should be noted that the event has a dedicated team working on the market all year around.

The 2022 Christmas Market in numbers:

- Over 320,000 unique visitors attended
- Over 11,700 cars at the Park and Ride
- 577,000 people passed through Castle Square
- Over 100 stewards
- Over 200 stalls (cross council and partner sites)
- 88 medical incidents dealt with by 50 St John ambulance staff
- 19 different contractors to make the event happen
- Almost £750,000 in cost to erect, operate and take down the market infrastructure
- £13m (est) generated of which £2m stays within local economy
- Approx 60 city council staff involved in the market
- Approx. 120 police officer days were deployed across the 4 days

3.7 The 2022 Christmas market was exceptionally well planned and executed. The City Council deploys some of the most experienced staff/partners in the country to work on overseeing the market and the overall planning process is held up nationally as an example of best practice. Last year saw a significant uplift in visitor numbers from 2021 and whilst the plans for crowd control coped with this increase, they operated at near capacity. Visitors were not in danger, but the visitor experience suffered and hence the reputation of the market 'took a hit' as can be seen in section 4 below.

4. Overall Visitor Experience

4.1 The overall experience of visitors to the market on the Thursday, Friday and Sunday was very positive. Whilst noting it was busy, most people enjoyed the atmosphere and enjoyed the breadth of stalls and idyllic location for the market. However, some people did find the crowds even on these days too dense and hence they were anxious and concerned when queuing at places such as at the exit to the castle. This further emphasises how busy all days were.

4.2 However, from approximately 2.30pm on Saturday afternoon through until approximately 8.30pm the crowds increased. As a consequence, the overall visitor experience moved from positive to negative. This created a legacy of negative social media that continued into Sunday and beyond. The local media also started asking questions about overcrowding and how well prepared the market was for those volumes of people. Quotes from visitors (via social media feedback) so far has included:

- "Nightmare, 2-3 hour queue for park and ride – we walked….."
- "Too packed to see any stalls or move"
- "Shuffled around one way system, couldn't wait to leave"
- "What a disaster – worst place I have ever visited, moved like cattle"
- "Gave up after 3 hours seeing nothing other than the head of the person in front"
- "Not impressed and won't be going again"
- "Stuck like sardines in crowds"

More detailed social media feedback included:

- “Go to Lincoln Christmas market they said, it'll be fun they said, Oh No it Wasn't, over crowded, didn't get to see half the stalls, the one way system was stupid as they kept changing it, we were sent one way and friends not far behind us then sent another way so took nearly an hour to find them again Honestly it was awful “

- “Absolute chaos, too many people at one time and no chance to see the stalls. We came from Manchester and the security staff were telling us we couldn't walk up a particular streets because of a one way system on streets, I explained we came from Manchester and we needed to get to our car, and didn't have a clue where it was?. He didn't listen so it took a hour and forty five minutes to finally find our car. So Lincoln, NEVER AGIAN, spoilt our day”

- “We were sent up dark, unsigned back roads and round in circles. We used to enter the market via the castle then loop round out the other side of the castle walls towards the fun fair and cathedral. This year we wondered if we would ever get into the castle grounds as this seemed to be the end of the one way system. However, you still had to exit the castle walls at the other side meaning you were back where you had already been at the fair. ……….. We walked miles to get round the market unnecessarily…….. there were not hundreds of happy people at the market this year, unlike what the tannoy announcer kept saying, we were frustrated, tired and disappointed

Post event, the team received letters of complaint from people who were concerned by the volumes of visitors particularly over the weekend.

4.3 Officers have commissioned Lincoln University to undertake visitor feedback questionnaires during the market to gauge wider views and feelings about the market. The evaluation of this information is unfortunately not yet available.

4.4 However, officers approached Bailgate Guild, Lincoln BIG and Visit Lincoln to help us engage with local businesses and gain their views on how the market operated in 2022 and how it could be improved. Initial feedback so far is:

- Format and layout needs to change
- Needs to be over a longer period
- Keep roads and schools open/impact on the local area
- Keep car parks open
- Keep it in pedestrianised areas only
- Remove fairground rides– out of step with the historic location/nature of a craft market
- Extend into city centre to spread the impact
- Can we encourage more people to come to the city centre/Cornhill and retain them for longer
- Can we run a market over two weekends rather than one
- Can we spread the market out further
- More attractions in city centre esp. Cornhill

Feedback from traders themselves at the market was very positive with many traders responding having the strongest trading year yet – due undoubtedly to the sheer volume of passing trade.

5. Potential for Increased Visitor Numbers -Future Year Projections

5.1 The graph in Section 3.5 confirms that there is a general growth in numbers of people visiting the market year on year and hence the market has simply become so popular it has outgrown its current footprint and duration of event.

5.2 As covered earlier in the report, the market attracted 320,000 unique visitors and 577,000 people passing through Castle Square over 4 days in 2022. This is a free to access event predominantly taking place on the public highway with multiple entry points on public roads/paths. Added to this is the medieval setting – beautiful and atmospheric but also spatially very tight cobbled streets. This necessitates the use of one-way systems throughout the footprint.

5.3 Almost £750,000 was spent on infrastructure in 2022 to make the whole event safe. This covers things like stewarding, lighting, public address system, first aid, cabins, electricity, CCTV, traffic control etc. This is all put in place not only to ensure the market can operate, but also to keep people safe. However, the anticipated uplift in visitors in 2023 and beyond will overwhelm the physical capacity of the area and the current level of infrastructure the council puts in place. No amount of additional infrastructure will cope with any further increase in visitor numbers.

5.4 The City Council has sought the views of partners through the multi- agency Safety Advisory Group, who advise on the safe operation of events across the city. Their advice is that no revisions to the market event plan will safely deal with any increase in visitor numbers beyond those experienced in 2022. The only option is to:

- explore utilisation of a much wider area, and/or
- reduce the number of people attending (ticket event), and/or
- operate over a longer period (which includes two Saturdays)

Officers have explored all these options, but none of them are viable in the current location. The event takes place on open streets in commercial uphill Lincoln but is bounded by residential areas. The council cannot expand any further into these neighbouring streets without causing significant disruption and further complaints from residents. This results in the footprint remaining constrained.

In addition, the fact roads have to be closed, causing disruption in the uphill area over the four days, prevents the City Council stretching the event over more days in the existing footprint. The cost of extending the infrastructure over two weekends (in an effort to spread visitor numbers over those two weekends) would be prohibitive.

The council also has no control over how many people attend -this is a free to enter event and all are welcome. Ticketing the event in its entirety is impossible due to the many entry and exit points into the market footprint. Castle Square remains the hub of the market. Due to street design and hierarchy, many people either start their exploration of the market from here or arrive in this area quite quickly on their journey around the footprint. This is one of the main areas where crowds develop. By ticketing the Castle – it would limit numbers into the castle and reduce volumes on the ramp at the exit – but it will significantly impact on crowding elsewhere as visitors will ‘back up’ into Castle Square and beyond. It takes time to check tickets/ take payments/ answer queries at the gates – this impedes flow and would cause safety concerns at busy times. This is also the case at The Lawn entrance -ticketing here would lead to queues backing up the castle ramp into the castle.

6. Budget Position

6.1 The budget set for the 2022 market was a deficit of £43k. This change from the break-even position of recent years to a deficit is primarily due to:

- Fewer stalls (150 stalls paying the City Council compared to previous allocations of up to 200 stalls) caused by the impact of covid and cost of living crises – many stall holders have moved onto other things or can't afford the stock levels required

- Higher contract costs – almost all the contracts required to deliver the market were re-tendered in 2022 and with inflationary factors, this has increased the base infrastructure cost for the market

- Park and Ride site – after ground condition issues at the site in 2021 (resulting in its closure on the Sunday) investment has been made to ensure the parking surface remains robust and that vehicles can exit the showground during busy times. This alteration was successful but came at a cost.

- General enhancements across the footprint of the market to keep it fresh and introduce some cultural elements to the offer – for instance, a performers stage in St Paul's Lane.

- Liability for business rates. The Valuation Office has determined that Lincoln Christmas market should be subject to NNDR from 2022 onwards, which has added a further £28k to the operating costs.

Overall budget for 2022 was:

		2022/23 Budgets	2022/23 Q2 Forecast	2022/23 Q3 Forecast	2022/23 Current Forecast
Expenditure					
		726,580	743,240	751,760	741,240
Income					
90300	Contributions	-4,400	-2,500	-2,500	-2,500
90310	Event Income	-26,900	-26,900	-30,500	-30,500
90500	Fees and charges	-640,910	-580,036	-615,770	-615,770
90800	Miscellaneous Income	-11,000	-15,000	-15,000	-15,000
		-683,210	-624,436	-663,770	-663,770
	(Surplus)/Deficit	43,370	118,804	87,990	77,471
	(Surplus)/Deficit against budget		75,434	44,660	34,141

6.2 It will be the end of February 2023 before the council has received and processed all outstanding invoices and hence have a full and accurate position. However, at this stage the outturn position is likely to show the market will incur a deficit of around £77k on the 2022 market.

6.3 Looking ahead, as the council has the costs from contractors confirmed over the next few years, a more accurate prediction on costs can be estimated. Forecasts included in the MTFS are as follows:

	Revised Budget 2023/2024	Revised Budget 2024/2025	Revised Budget 2025/2026	Revised Budget 2026/2027	Revised Budget 2027/2028
Expenditure					
	884,660	913,660	936,210	959,480	983,400
Income					
Contributions	-2,500	-2,500	-2,500	-2,500	-2,500
Event Income	-26,900	-26,900	-26,900	-26,900	-26,900
Fees and charges	-580,040	-597,450	-615,370	-633,840	-652,860
Miscellaneous Income	-15,000	-15,450	-15,910	-16,390	-16,880
	-624,440	-642,300	-660,680	-679,630	-699,140
(Surplus)/Deficit	260,220	271,360	275,530	279,850	284,260

6.4 Officers have worked hard over the last two years to try and procure specialist support to attract a corporate sponsor and hence offset some of the operating costs. The council has been to the commercial marketplace twice with a tender to bring a professional marketing company on board to then in turn attract corporate sponsorship. On both occasions the market did not respond to the offer. The issues with sponsorship appear to centre around:

- **Market duration** – The market is only four days and whilst it has huge numbers of visitors, this is too much of a condensed period for many corporate sponsors.

- **Attendance figures** – 320,000 visitors at the Lincoln market is a huge volume of potential customers– but Christmas markets in other cities tend to be located in their city centres -in the main shopping areas. Therefore, they are in place longer -typically 6 weeks – and benefit from the overall footfall into the city centre -so for a sponsor exposure runs into millions of visitors.

Two other factors also remain in relation to corporate sponsorship:

- Corporate sponsors will want a high-profile presence at the market. This will take even more space in an already constrained footprint.

- Corporate sponsors will want maximum exposure and so will advertise their association with the market on a wide geographical scale – this will bring even higher visitor numbers into the footprint of the market

7. Conclusions

7.1 Officers' professional advice is that the market is not sustainable moving forward. The cost of operating the market has escalated to in excess of £250kpa putting pressure on the Medium-Term Financial Strategy. None of the options for crowd control with higher visitor numbers are viable and the visitor experience will start to deteriorate -hence the city's reputation will suffer.

7.2 After 40 years the market's success has outgrown its footprint and has a business model that will not recover the infrastructure costs associated with hosting a regional/national event in a medieval setting, as magical as it is.

7.3 As indicated throughout this report, the approach to ‘Christmas in Lincoln’ needs a rethink and this must take place with some urgency to enable the council to extract itself from the market related contracts already in place and enable partners to step into the space to organise their own offers.

8. Evolving Way Forward - A Vision for the Future

8.1 Officers are assessing Christmas in the city in a more holistic way to reflect the desires and ambitions expressed by many businesses and residents feeding back to the council this year. Whilst further work is ongoing to develop a potential programme, the shape and structure will be moulded around a number of core aspects moving forward. These are:

- **Move to a model of “Christmas in Lincoln.”** This will take place over the full 6-week period leading up to and including Christmas itself. This could see an offer across both the uphill area and city centre. Whilst this would not be a Christmas market, the final model will no doubt have a retail element to it, utilising key event spaces in the city, namely City Square, Cornhill and Castle Square. This will address two of the key criteria - delivering activity over a wider footprint to spread the crowds and over a longer duration.

- **Utilise partners to also organise activity -** The city benefits from some very active partners in the city who produce events and activities themselves throughout the year. These organisations have already been in discussion with the City Council wanting to develop more of their own offer during the Christmas period in the uphill area. Indeed, the market would have had to significantly change in 2023 anyway to accommodate their requirements. The new format will give them the space they have been looking for to develop their own full programme of activity. They will be approached to work with officers on a programme of activity for visitors and residents to enjoy across a range of sites and dates.

- **Invest in wider Christmas infrastructure** – Officers will also explore the extent to which the Christmas lights in the city centre can be refreshed and replaced over the next few years to create a new display and extend to areas now re-developed within the city centre.

- **Develop and curate a range of cultural events throughout the year** - Redeploy the Culture and Events team, who work primarily on the Christmas Market, to develop a new events programme for the city centre and uphill areas. The remit would be to develop and curate such activity to ensure a spread of attractions for visitors and residents alike throughout the year, supplementing (not replacing) the activity already undertaken by organisations such as Lincoln BIG, Cathedral, Lincoln Castle etc.

- **Support a re-emergence of the Lincoln Cultural Arts Partnership (LCAP) -** hence provide officer support to encourage and develop creative talent in the city who in turn will support the vitality of the city centre through that programme of attractive events all year around

8.2 However, this would not be a full Christmas Market attracting visitors from across the region as now. The City Council would effectively step away from organising/coordinating any large-scale activity and hence would not be putting any infrastructure (stewarding, lighting, first aid, etc etc) in place. Therefore, the collection of mini attractions would be re-oriented to attract a local audience of residents in and around the city. Communications issued by the City Council would make clear that the Lincoln Christmas Market is effectively ‘bowing out' after a run of 40 years. Without this strong message there is a danger that visitors will continue to arrive expecting a full market.

Initially in the early years, it will be a more intimate offer for local residents and the surrounding area, as 'Christmas in Lincoln' evolves into its new format.

9. Benefits of this Revised Approach

9.1 There are a range of benefits from this approach as detailed below:

'Christmas in Lincoln'…..

- Activity will be programmed in the city centre and uphill areas over the full 6 weeks of Christmas, not just focussed and concentred into 4 intense days of the Christmas market
- All retail areas within the core city centre/uphill will be covered so footfall will be spread over a wider area
- It is anticipated that wider partners will become more involved. This is an opportunity to harness their expertise and assets to make Christmas appeal to a much wider local audience - creating a more diverse offer
- It will maximise the use of those City Council assets in the city centre that have been regenerated in recent years - places such as Cornhill and City Square
- It doesn't draw heavily on partner capacity such as Police, EMAS, ULHT, Fire and Rescue at what is a very pressured and busy time of year anyway for these organisations

Move to an annual events and activities programme……

- The city will attract visitors to a range of events across the whole year. These visitors will be encouraged to make it a weekend stay in the city to enjoy all the city has to offer. This will benefit the retail, leisure and hospitality sectors.
- Social media exposure for the city will be across the whole year and hence will attract visitors at other times of the year, not just one weekend in December.
- The quality of the offer will be enhanced through a carefully integrated programme of activity in the city centre and uphill area so no one area is adversely affected by road closures etc, benefitting residents and businesses alike.
- Visitors will have longer to dwell and enjoy Lincoln at their own pace which will encourage repeat visits.
- It will support business and city centre vibrancy in a much more effective way and increase the associated economic spend.
- The city will experience fewer capacity issues be that available hotel spaces, parking, restaurant tables etc – the environment will be much more inviting & showcase our beautiful city with visitors spread through the year rather than concentrated over one weekend with the resulting elevated prices as demand outstrips supply.

- We will look to build charity opportunities across the full year of events so charities do not miss out on the opportunity to fund raise

- A diverse range of activity over the calendar year will provide greater value for money from the budget available, rather than it be spent on one 4-day event

- It will release significant staff capacity at all levels across the organisation. Approximately 60 staff are currently involved. The market takes a huge number of staff away from their day job -not just in the market period itself but in the weeks leading up to it and the week after the market. Use of large amounts of senior capacity at Director and Assistant Director level is a particular concern. Some of this will be re-deployed to areas of work currently under resourced such as events and culture activity more generally.

9.2 This is a very challenging issue to navigate a way through with many elements to consider and balance. The implications are very significant. The proposed way forward contained within this report is very positive. The key aspects to continually return to with this approach are:

- The council has listened to feedback and will create a much better visitor & business experience

- ‘Christmas in Lincoln’ will continue to evolve into a new a varied programme over a much longer period than 4 days

- The council will encourage a spread of visitors over an entire year through a great annual cultural programme of events and activities attracting a much wider/diverse audience

- The budget will be retained but will offer much better value for money for residents - funding lots of event activity for the same budget as the current single four-day event

10. Strategic Priorities

10.1 Organisational Impacts

It will release significant staff capacity at all levels across the council to work on other projects. Senior officers at Director and Assistant Director are not only involved during the market itself but across the entire year in the planning and preparation, attending Safety Advisory Group, tabletop risk workshops etc. This extends to a wide range of partner agencies as well. The opportunity cost associated with this commitment is significant and so releasing this back to the organisation/s enables other key projects to be properly resourced. An example would be the Events and Culture team, who work exclusively on the market currently, would be redeployed to deliver that wider events and cultural offer across the calendar year.

10.2 Human Resources

The whole team would be re-focussed on a wider culture and events programme of activity. This would provide the staff resources to develop and curate a wider annual cultural programme for the city.

10.3 **Significant Community Impact**

The economic and cultural impact of ceasing the Christmas market must be considered. As indicated within the report, the market is one of the biggest events in the East Midlands and brings visitors from across the region as well as nationally/ internationally. It has been a corner stone of the cultural and tourism offer in the city for 40 years.

Whilst some businesses and residents are critical of how the market operates, it does bring an estimated £2m into the local economy. A wider offer of 'Christmas in Lincoln' will help to mitigate some of that lost income, but any replacement will need time to build and arguably cannot become the size of the Christmas Market unless a more sustainable business model is placed behind it. Other partners are better placed to grow their own alternatives, and are keen to do so, which will enhance the overall 'Christmas in Lincoln' offer over the full six-week period.

10.4 **Corporate Health and Safety Implications**

The market cannot continue in its current form within the context of escalating visitor numbers. The risk of injury or worse at future events is simply too great. Major change is therefore required to spread and limit visitor numbers over a greater footprint and over more days.

10.5 **Legal Implications**

The City Council has approximately 19 contractors providing all the necessary infrastructure to enable the market to operate. All of these contracts were re-tendered prior to the 2022 Christmas Market. These are of varying durations ranging from one year to three years or more. Officers will therefore need to liaise with these suppliers to agree mutually acceptable termination terms.

10.6 **Procurement Implications**

Some of the contracts referred to in section 10.5 above cover other corporate events throughout the year as well as the Christmas Market. Therefore, there will be a requirement to reprocure or retain (as appropriate) some contractors for these.

10.7 **Financial Implications**

As per section 6 of the report above, the council's Medium Term Financial Strategy has a deficit built in of approximately £260k pa across the next five years. This budget allocation could be re-allocated to support both the new approach to 'Christmas in Lincoln' and also a wider culture and events offer at other key times during the year. However, any residual costs associated with terminating existing contracts for the provision for the Lincoln Christmas Market will need to be accommodated within the budget for 2023/24 and this will then determine how much budget is left to deliver both 'Christmas in Lincoln' and the wider cultural programme for 2023.

11. Risk Implications

11.1 (i) **Options Explored**.

This report evaluates the 2022 Christmas market from several perspectives. It recommends that the Christmas market ends after its 40-year run and replaced with a wider partner offer centred on a longer "Christmas in Lincoln" campaign of smaller more local events.

11.2 (ii) **Key Risks Associated with the Preferred Approach**

As articulated in the report

12. Recommendation

12.1 Executive are invited to:

i) Note and consider the issues raised in this report
ii) Re-allocate the existing budget provision for the Christmas Market to provide a wider events programme throughout the year, including a new “Christmas in Lincoln” offer
iii) Invite Policy Scrutiny Committee to review that new programme, once officers have further developed proposals

How many appendices does the report contain?	zero
List of Background Papers:	none
Lead Officer:	Simon Walters, Strategic Director Telephone (01522) 873440

Item No. 6

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**ACCREDITED LIVING WAGE INCREASE SEPTEMBER 2022**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**CLAIRE BURROUGHS, HR AND WBL MANAGER**

1. Purpose of Report

1.1 To recommend to Executive the proposed increase to the real living wage announced by the Living Wage Foundation in September 2022.

2. Background

2.1 The Council is committed to maintaining its Living Wage accreditation and to do so the Council has six months to implement the accredited living wage following an increase.

2.2 In September 2022 it was announced that the real living wage would increase from £9.90 an hour to £10.90 an hour.

3. Implementation

3.1 The aim of implementing the accredited living wage is to ensure that no employees are paid below the accredited living wage hourly rate.

Since achieving accreditation, the Council has taken an active role externally to encourage Lincoln businesses to also pay the real living wage.

In November 2020, the government introduced a higher minimum wage rate for all staff over 23 years of age and by law all employers must pay at least £9.50 per hour with effect from April 2022. This calculation is through a percentage of median earnings currently at 55%. The calculation for the living wage is made through the cost of living, based on a basket of household goods and services.

Currently there are sixteen employees who are paid less than the proposed living wage rate of £10.90. Twelve employees are on Scales 1 (1) and 2 (11) with the remaining on different terms and conditions through TUPE transfers.

4. Strategic Priorities

4.1 <u>Let's drive economic growth</u>

Provision of the living wage to employees supplies them with a higher disposable income which is likely to be spent locally.

4.2 Let’s reduce inequality

Provision of the living wage protects the poorest people in Lincoln by providing a wage which is considered to be at a level to provide a living, in contrast to the minimum wage.

5. Organisational Impacts

5.1 Finance

Current Position

The additional gross cost to the Council to implement the real living wage for these employees effective April-23 would be £1,435, as detailed in the following table.

	Gross Cost 23/24
CoLC T&C's	£0
TUPE T&C's	£1,435
	£1,435

For those employees on the Council’s Terms & Conditions, a budgeted pay award of 3% has been forecast, which takes the affected pay scales above the proposed real living wage rate of £10.90 with effect from 1st April 2023, therefore there is no budgetary pressure for 2023/24.

For those employees on alternative Terms & Conditions, through TUPE transfers, a budgetary increase of 3% has also been forecast from 1st April 2023, in line with the Council’s assumptions. This falls short of the proposed increase from £9.90 to £10.90 (10%) resulting in a budgetary pressure of £1,435 in 2023/24 assuming the previous employer implements a pay award in line with the new real living wage.

5.2 Equality, Diversity and Human Rights

There are currently sixteen employees who are paid under the living wage rate of £10.90.

The breakdown of these is 3 male and 13 females.

6. Recommendation

6.1 To recommend to Executive implementation of the latest living wage uplift during April 2023.

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:	Carolyn Wheater, City Solicitor Telephone (01522) 873323

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Item No. 7

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**FINANCIAL PERFORMANCE – QUARTERLY MONITORING**
REPORT BY:	**CHIEF EXECUTIVE & TOWN CLERK**
LEAD OFFICER:	**JACLYN GIBSON, CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1. To present to the Executive the third quarter's performance (up to 31st December), on the Council's:

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

And to seek approval for changes to the capital programmes.

1.2. Financial Procedure Rules require members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report is designed to meet this requirement.

2. Executive Summary

2.1. This report covers the General Fund Revenue, Housing Revenue Account budgets and Investment Programmes for the current financial year.

2.2. The Council approved a balanced budget earlier this year, but much has changed since that point. Spiralling inflation, soaring energy prices and nationally agreed pay agreements have added 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. As a result of these pressures, when reporting the forecast position at the end of Quarter 2, the General Fund forecasted a significant financial shortfall for 2022/23 of £912,511, with cost pressures also in the Housing Revenue Account and Housing Repairs Service.

2.3. In response to this forecast position, the Council began developing a range of mitigation actions as part of a financial recovery programme in order to ensure it retained a sustainable financial position in 2022/23 and also in the medium-term (the impact of these inflationary pressures are not isolated to 2022/23 and have permanently increased the cost base of the Council).

2.4. Included within these actions was a review of the Council's Borrowing, Investment and Minimum Revenue Provision (MRP) strategies. This review has resulted in a proposed change to the current MRP Policy, which if approved will generate significant savings in the medium term, whilst still maintaining a prudent provision. The net saving in 2022/23 is £749,000.

2.5. As a result of this proposed reduction in capital financing costs, along with other actions taken during the year, including an in-year increase in some fees and charges and temporary recruitment measures, the General Fund is forecasting a significantly improved position for 2022/23, with a current estimate of a £70,358 budget shortfall. The forecast position on both the Housing Revenue Account and Housing Repairs Service has also improved since quarter 2.

2.6. Whilst there are still a number of planning variables which are subject to unprecedented levels of uncertainty, based on the latest set of assumptions as at the end of the third quarter (up to 31st December) the forecast financial position of the Council for 2022/23 is:

Revenue Accounts	**2022/23**		
	Budget £'000	**Forecast @ Q3 £'000**	**Variance @ Q3 £'000**
General Fund – Contribution (to)/from balances	(61)	(21)	40
Housing Revenue Account (HRA) – Contribution (to)/from balances	(39)	(40)	(1)
Housing Repairs Service	0	0	0

Capital Programmes	**2022/23**		
	Budget following Q2 Report £'000	**Revised Budget @ Q3 £'000**	**Movement @ Q3 £'000**
General Investment Programme	30,156	17,864	(12,292)
Housing Investment Programme	22,133	21,258	(874)

Reserves and Balances	**2022/23**		
	Balance @ 01/04/22 £'000	**Forecast Balance @ 31/03/23 £'000**	**Forecast Movement £'000**
General Fund Balances	(2,263)	(2,223)	40
Housing Revenue Account Balances	(1,064)	(1,065)	(1)
Housing Repairs Service Balances	0	0	0
General Fund Earmarked Reserves	(12,668)	(6,265)	6,402
HRA Earmarked Reserves	(2,876)	(2,760)	116

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

3. General Fund Revenue Account

3.1. For 2022/23 the Council's net General Fund revenue budget was set at £8,907,490 including a planned contribution to balances of £60,700 resulting in an estimated level of general balances at the year-end of £2,262,761 (after allowing for the 2021/22 outturn position).

3.2. The General Fund Summary is currently projecting a forecast overspend of £39,548 (Appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,223,213.

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

General Fund **Forecast year-end key variances:**	**Forecast** **£'000**
Pay award settlement	550
Contractual inflation increases	108
Energy inflation increases	137
Impact of YLC pool closure	328
Reduction in Housing Benefits overpayments & increased B&B costs non-recoverable	167
Building Regulations, Development Control & Land Charges income pressures	146
Less:	
Net savings on MRP Review	(749)
Interest on Investments	(432)
Release of Inflation reserve	(150)
Net Car Parking Income surplus	(206)
Net other variances	141
Overall forecast budget deficit/(surplus)	**40**

3.4. The key variances are predominately driven by the rapidly escalating levels of inflation and the impact of external economic factors, which were unforeseen and far exceed the assumptions underpinning the MTFS. In addition, other service costs and income are subject to fluctuation during the year as the cost-of-living crisis and external economic factor impacts both directly and indirectly on households and businesses. This is leading to an increased demand for council services, as the more vulnerable in the City look to the Council for support and a reduction in income for services as household and business incomes become under pressure.

3.5. The main variances, both positive and negative cover:

- Contractual services inflation increases – contracts for key front line service provision are linked to annual CPI/RPI price increases at set points in the year. The most significant of these contracts is in relation to waste and street cleansing. These two contracts are linked to inflation as at the previous December and have therefore seen increases of 5.4% for 2022/23.

- Gas and electric supplies - whilst the Council procures the majority of its energy supplies through a framework agreement, allowing it to benefit from economies of scale, it is still subject to the impacts of fluctuations in wholesale prices. Gas prices for 2022/23 have increased by 70% since April 2022 and electricity prices have increased by 100% from October 2022. Whilst there is some reduction in tariffs under the Energy Bill Relief Scheme this is minimal in proportion to the overall increase. The relief is only applicable to the Council's electricity supplies are as the prices secured for its gas supplies are below the cap level for energy relief support.

- Nationally agreed pay inflation - the pay offer, made by the National Employers for Local Government Services, was accepted by the Trade Unions in early November 2022. The pay deal sees a flat rate increase of £1,925 to all employees, equivalent to a 10.5% increase for the lowest paid members of staff and with the majority of officers receiving pay rises above 5%.

- Investment income – as a result of the rising Bank of England Base Rate, which has further increased to 4%, the level of interest earnt on the Council's cash balances has increased significantly. At present there has been limited consequent impact on the cost of borrowing all debt is at fixed rates and no new borrowing has been undertaken.

- Bed and breakfast accommodation - increased demand for temporary accommodation, coupled with a shortage in suitable accommodation has increased the use of bed and breakfasts. Regardless of the actual cost of the accommodation the amount that can be reclaimed through the housing subsidy process is limited to the local housing allowance rate of £91.15 per week, increasing the cost borne by the Council.

- Reduced fees and charges income - income from planning applications, building control and land charges, all of which are linked to the construction and housing market, has gradually reduced during 2022/23 as the current economic climate and cost-of-living crisis begins to impact on development within the city.

Whilst the contractual cost increases, pay settlement and utility increases are now known with certainty, there remains some uncertainty surrounding other budget assumptions, particularly in terms of service demands and income forecasts. The potential for further change during the fourth quarter therefore still remains.

3.6. In response to the financial pressures facing the Council a number of actions were taken to ensure a balanced budget position was maintained in 2022/23, and over the period of the MFTS. This included a review of the Council's Borrowing, Investment and Minimum Revenue Provision (MRP) strategies. This review has resulted in a proposed change to the current MRP Policy, which if approved will generate significant savings in the medium term, whilst still ensuring a prudent provision is maintained.

3.7. The objective of the review, undertaken by the Council's Treasury Advisors, was to identify opportunities to move to a more suitable and cost effective MRP strategy, whilst ensuring the provision remains prudent and compliant with statutory guidance. The review proposes an alternative calculation method for MRP from the existing straight-line method to an annuity method, which brings the benefit of a reduction in MRP charges in the near term. This method is as prudent as the current option since neither the time over which the debt liability will be repaid or the asset lives currently being used will be changed. In addition, it can also be said 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.

3.8. The overall net saving to the General Fund in 2022/23 is £749,000. Whilst the proposed change in the MRP calculation method is still subject to Full Council approval, as part of the Treasury Management Strategy, the net saving has been included in the quarter three forecast.

3.9. In addition to the MRP review, further actions were taking during the last six months to implement control of expenditure and to seek to increase income. This included an in-year increase to fees and charges for car parking and the crematorium. These have had a further positive impact on the forecast position.

3.10. As a result of the in-year actions taken the General Fund is forecasting a significantly improved position for 2022/23, with a current estimate of a £39,548 budget shortfall, an improvement of £872,962 from the quarter two forecast. This improved forecast does still assume the use of the inflation reserve of £150,000.

3.11. As set out throughout this report, there still remains a number of variables in the forecast assumptions, and as such the final outturn position for the year is still subject to further change. At this stage though there are no further mitigations recommended, however, as always, there will continue to be a need for strong budgetary control in this financial year to ensure expenditure and income remain balanced within the budget.

3.12. **Earmarked Reserves**

Carry Forward Requests

Executive should be aware that the forecast outturn position of a £39,548 budget overspend does not take into account any requested carry forwards. Financial Procedure Rules state that Assistant Directors are able to carry forward any budget provision not utilised during the financial year, subject to their Directorate as a whole not being overspent. As at quarter 3 monitoring there was one carry forward proposal, as follows:

Directorate	Reason for Carry Forward	Amount £
DCE	Consultancy Fees: Waste Contract – delayed start resulting in requirement to defer backfill funding to the end of the project	30,810
	Total Contribution to Reserves	**30,810**

The forecast outturn for the General Fund would therefore be a budget overspend of £70,358 if the above carry forward were to be agreed.

Executive are asked to consider the proposed carry forward request.

3.13. Further details of the General Fund Earmarked Reserves are set out in paragraph 6 and Appendix G.

3.14. **Towards Financial Sustainability Programme**

The savings target included in the MTFS for 2022/23 was £1,050,000. Total savings secured and brought forward from last financial year are £716,410 leaving an in-year target of £333,590.

Progress against this target, based on quarter 3 performance, shows that secured savings total £191,530 for the General Fund, with a further £90,970 identified, leaving a forecast shortfall of £51,090.

A summary of the specific reviews that have contributed to this target are shown in Appendix K.

4. Housing Revenue Account

4.1. For 2022/23 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £38,670 use of balances, resulting in an estimated level of general balances at the year-end of £1,063,872, after allowing for the 2021/22 outturn position.

4.2. The HRA is currently projecting a forecast underspend of £961, which would increase the General Balances to £1,064,833 at the end of 2022/23, Appendix C of this report provides a forecast Housing Revenue Account Summary. This position maintains balances above the prudent minimum of c.£1m.

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

Housing Revenue Account Forecast year-end key variances:	Forecast £'000
Increased depreciation following revaluation of HRA assets	412
Energy inflation increases	135
Pay award settlement	212
Reduction in Rent & Service Charge income as a result of increased void levels	133
Housing IT Cloud License Fee	107
Admin fee income loss	100
Less:	
Increased Investment Interest	(538)
Direct Revenue Financing Adjustment	(519)
Repairs and Maintenance – Painting and Pre-Painting	(641)
HRS Recharges:	
Housing Repairs Service Overall Deficit Repatriation	420
Repairs and Maintenance – Responsive Repairs	(596)
Repairs and Maintenance – Voids, Aids & Adapts & Cleansing work increase	572
Skip charges	128
Net Other Variances	74
Overall forecast deficit/(surplus)	**(1)**

4.4. In line with the General Fund, many of the key variances are predominately driven by the rapidly escalating levels of inflation and the impact of external economic factors, which were unforeseen and far exceed the assumptions underpinning the MTFS. In addition, the HRA is experiencing a number of other variances due to demand pressures and current recruitment and retention challenges.

4.5. The main variances, both positive and negative, cover:

- Gas and electric supplies – similarly to the General Fund whilst the HRA procures the majority of its energy supplies through a framework agreement, allowing it to benefit from economies of scale, it is still subject to the impacts of fluctuations in wholesale prices. Gas prices for 2022/23 have increased by 70% since April 2022 and electricity prices have increased by 100% from October 2022.

- Nationally agreed pay inflation – the pay offer, made by the National Employers for Local Government Services, was accepted by the Trade Unions in early November and saw a flat rate increase of £1,925 to all employees, equivalent to a 10.5% increase for the lowest paid members of staff and with the majority of officers receiving pay rises above 5%.

- Depreciation - charges to the HRA have significantly risen as a result of the latest revaluation exercise, although these have been offset by a reduction in the amount of direct revenue financing charged to the account.

- HRA Repairs Account – repairs and maintenance costs, predominantly on Painting and Pre-painting, are significantly underspent as a result of delays in the procurement of a new contractor.

- Housing Repairs Services (HRS) – the service is currently reporting a forecast deficit, which is consequentially repatriated to the HRA, as a result of the issues set out in Section 5 below. In addition, demand for housing voids has significantly increased and demand for responsive repairs has reduced, resulting in a switch in the nature of HRS rechargeable works.

- Rental income – whilst overall collection levels of housing rents remain above target, overall income levels are below budget due to an increased level of void properties during the year. However, the number of voids has reduced since quarter two and mitigations continue to be implemented to manage void levels and turnaround times.

- Investment income – as a result of the rising Bank of England Base Rate, which has further increased to 4%, the level of interest earnt on the HRA's cash balances has increased significantly. At present there has been limited consequent impact on the cost of borrowing all debt is at fixed rates and no new borrowing has been undertaken.

4.6. As set throughout this report, there still remains a number of variables in the forecast assumptions, and as such the final outturn position for the year is still subject to further change. At this stage no additional mitigations, other than those currently being implemented in response to the issues faced by the HRS and in response to void levels, are recommended. Strong budgetary control should continue to be a focus in this financial year to ensure expenditure and income remain balanced within budget.

4.7. **HRA Earmarked Reserves**

Details of the HRA Earmarked Reserves are set out in paragraph 6 and Appendix G.

5. Housing Repairs Service

5.1. For 2022/23 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

5.2. At Quarter 3 HRS are forecasting a deficit of £420,284 in 2022/23, Appendix E provides a forecast HRS Summary. Full details of the main variances are provided within Appendix F of this report, while the key variances are summarised below:

Housing Repairs Service Forecast year-end key variances:	Forecast £'000
Increased use of sub-contractors and increases in sub-contractor prices	1,230
Pay award settlement	110
Less:	
Reduction in material costs due to less jobs being carried out by HRS operatives	(119)
Staff vacancies due to recruitment and retention challenges	(305)
Overachieved income due to high level of voids works	(580)
Net other variances	84
Overall forecast deficit/(surplus)	**420**

5.3. The main contributory factor to the deficit is the ongoing recruitment and retention challenges, which is being felt not just by the council but across the construction industry as a whole. This inability to attract and retain staff results in a greater reliance on the use of sub-contractors to ensure that service demands are met. The cost of using subcontractors is however more expensive than the HRS's own workforce, due to the ongoing impact of Covid19, the current inflationary crisis and a reduced pool of contractors from which to secure services. These additional costs are therefore not fully offset by the vacancy and material savings achieved by not carrying out the work internally. These increased costs are further compounded by increased demands resulting from the higher level of voids currently being experienced, although this is partially offset by a reduction in responsive repairs works being requested.

5.4. As the increased subcontractor costs are not reflected in the service hourly rate and overhead recovery is not recouped on sub-contractors this results in an under recovery of full costs from the HRA. Despite this, the overall level of rechargeable income is overachieved due to the volume of voids works being undertaken, albeit at a higher cost, compensating for a reduction in responsive repairs works.

5.5. The forecast deficit also includes the impact of the nationally agreed pay award implemented in December, which was significantly over and above the assumptions included within the MTFS, and the impact of increased inflation on utilities as a result of the escalating cost of gas and electricity supplies as outlined in both the General Fund and HRA variances.

5.6. It should be noted that due to the interconnection of the HRS and HRA the consequential costs in the HRA are ordinarily reduced, and therefore offset any repatriated deficit. However due to the increased usage of more expensive sub-contractors and increased volume of works, primarily due to the levels of void properties, this is not the case this financial year, as detailed in paragraph 5.3 above and there is a significant additional cost for repairs and maintenance of the housing stock that is being incurred by the HRA. This additional cost is though set against the overall HRA position as set out in section 4 above.

6. Earmarked Reserves

6.1. The Council holds a number of earmarked revenue reserves over both the General Fund and HRA. These reserves are sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. Key reserves include income volatility, business rates volatility, IT investment fund, asset sinking funds for future refurbishment etc. A number of these reserves are budgeted for use over the period of the MTFS.

6.2. The details of all the earmarked reserves and their forecast balance as at 31st March 2023 are attached in Appendix G, with further details in the MTFS 2022-2027. In summary:

Earmarked Reserves	Opening Balance 01/04/22 £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/23 £'000
General Fund	(12,668)	(939)	7,342	(6,265)
Housing Revenue Account	(2,876)	(54)	171	(2,760)

7. Capital Programme

7.1. General Investment Programme

7.2. The revised General Investment Programme for 2022/23 amounted to £30.156m following the quarter 2 report. At quarter 3 the programme has been decreased by £12.296m to £17.860m, as shown below:

General Investment Programme	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Revised budget Quarter 2	30,156	5,689	2,494	766	500
Budget changes for approval – Quarter 3	(12,296)	8,426	7,969	5,470	552
Revised Budget	**17,860**	**14,115**	**10,463**	**6,236**	**1,052**

7.3. All changes over the approved limit require approval by the Executive. The following table shows two schemes requiring Executive approval for the third quarter:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Western Growth Corridor (as per Executive report 20/02/23 for separate approval)	(8,503)	3,561	5,312	4,895	0
Increase Disabled Facilities Grant, based on previous grant awards (fully grant funded)	0	552	552	552	552

Total Schemes requiring Executive approval	**(8,503)**	**4,113**	**5,864**	**5,447**	**552**

All new projects are subject to Executive approval. During the third quarter the following schemes were added to the GIP, having been considered by the Executive in the third quarter:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Re-imaging Greyfriars (Executive 21/11/22)	0	1,168	899	5	0
UK Shared Prosperity Fund (Executive 25/07/22)	34	89	357	0	0
Total Schemes already considered by the Executive	**34**	**1,257**	**1,256**	**5**	**0**

7.4. The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. The following changes were approved during Quarter 3:

GIP Movements Approved by the Chief Finance Officer:	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Town Deal Schemes reprofiled over 2023-2026.	(3,896)	3,030	849	18	0
Greyfriars – reprofiled to next year	(26)	26	0	0	0
Boultham Park Lake - increase using additional grant funding	22	0	0	0	0
Hope Wood – increase using new grant funding	66	0	0	0	0
Heritage Action Zone – additional grant awarded for the Guildhall scheme	7	0	0	0	0
Total GIP Movements Approved by the CFO	**(3,827)**	**3,056**	**849**	**18**	**0**

Total GIP Delegated Approvals and Approvals by/for Executive	**(12,296)**	**8,426**	**7,969**	**5,470**	**552**

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

	2022/23			
General Investment Programme - Projected Outturn	**Budget following Q2**	**Revised Budget Q3**	**Forecast Outturn**	**Variance**
	£'000	**£'000**	**£'000**	**£'000**
Active Programme				
Housing and Investment	338	338	338	0
Communities and Environment	3,499	3,594	3,594	0
Chief Executive	1,361	1,335	1,335	0
Major Developments	20,040	9,352	9,352	0
Total Active Schemes				
Schemes on Hold/Contingencies	316	316	316	0
Externally Delivered Town Deal Schemes	4,602	2,925	2,925	0
Total Capital Programme	**30,156**	**17,860**	**17,860**	**0**

7.6. The overall spending on the General Investment Programme for the third quarter of 22/23 is £5.9m, which is 39.8% of the 2022/23 active programme (excluding externally delivered schemes). This is detailed further at Appendix I.

Although this is a low percentage of expenditure at this stage of the financial year, further expenditure is expected in quarter 4 on Disabled Facilities Grants, Town's Deal Schemes, HAZ, and various capitalised maintenance schemes. There is now expected to be further budget re-profiles to 2023/24 during quarter four.

7.7. **Housing Investment Programme**

7.8. The revised Housing Investment Programme for 2022/23 amounted to £22.133m following the quarter 2 report. At quarter 3 the programme has been decreased by £1.634m to £20.499m, as shown below:

Housing Investment Programme	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Revised budget Quarter 2	22,133	13,546	14,116	10,832	11,450
Budget changes for approval – Quarter 3	(1,634)	2,916	1,565	251	62
Revised Budget	**20,499**	**16,462**	**15,681**	**11,083**	**11,512**

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

Changes requiring Executive Approval:	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Decent Homes *	(738)	0	0	0	0
Lincoln Standard - Over bath showers *	(30)	0	0	0	0

Health and Safety - Fire Alarms *	(25)	0	0	0	0
Other Current Developments – Some movement between schemes Communal TV aerials; HRA Buildings; Garages; Landscaping (full detail in Appendix J) *	(31)	0	0	0	0
Decent Homes – Void Capitalised Works	0	221	174	121	62
Western Growth Corridor (as per Executive report 20/02/23 for separate approval)	(1,259)	2,644	567	130	0
Total changes requiring Executive Approval	**(2,083)**	**2,865**	**741**	**251**	**62**
Total moved to Contingency	**824**	**0**	**0**	**0**	**0**
Contingency Reprofiled to 2024/25	**(824)**	**0**	**824**	**0**	**0**

*Budget moved to contingency and reprofiled to 2024/25

7.10. All new projects are subject to Executive approval. There is one new project for consideration by the Executive during Quarter 3.

Due to unforeseen circumstances out of our control, our current fleet provider no longer wishes to lease the HRS vehicles and has requested either surrender the vehicles back to them or purchase the vehicles from them by 6th March 2023. At this point the actual cost for purchasing the vehicles is unknown and dependent upon the vehicle valuations and the rationalisation of the fleet to keep the impact to a minimum. An estimate of £500k is therefore proposed for inclusion in the HIP and will be adjusted through the appropriate approval limits once the actual purchase price is confirmed.

Schemes requiring Executive Approval:	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Fleet Procurement	500	0	0	0	0
Total Schemes to be considered by the Executive	**500**	**0**	**0**	**0**	**0**

7.11. The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. The following changes were approved during Quarter 3:

HIP Movements Approved by the Chief Finance Officer:	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Reprofiling					
Hiab and Mule – Reprofile from 2023/24	21	(21)	0	0	0
Housing Support Services Computer Fund – Reprofiled to 2023/24	(72)	72	0	0	0
Total HIP Movements Approved by the CFO	**(51)**	**51**	**0**	**0**	**0**

Total HIP Delegated Approvals and Approvals by/for Executive	**(1,634)**	**2,916**	**1,565**	**251**	**62**

7.12. The table below provides a summary of the projected outturn position for the Housing Investment Programme:

Housing Investment Programme - Projected Outturn	2022/23			
	Budget following Q2 £'000	Revised Budget Q3 £'000	Forecast Outturn £'000	Variance £'000
Decent Homes / Lincoln Standard	6,325	5,558	5,558	0
Health and Safety	777	752	752	0
Contingent Major Repairs / Works	544	544	544	0
New Build Programme	12,040	10,780	10,780	0
Other Schemes	1,684	2,174	2,174	0
Computer Fund / IT Schemes	763	691	691	0
Total Capital Programme	**22,133**	**20,499**	**20,499**	**0**

7.13. The overall expenditure on the Housing Investment Programme for the third quarter of 22/23 is £7.566m, which is 37% of the 2022/23 revised programme. This is detailed further at Appendix J. A further £1.18m has been spent as at the end of January 2023.

Although this is a low percentage of expenditure at this stage of the financial year, works have been constrained by the availability of contractors and materials however new contracts are in place and spend is expected to increase in future periods.

8. Strategic Priorities

8.1. The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. Vision 2025 identifies the Council's strategic priorities, setting the vision and direction for the council and the city for the next five years.

9. Resource Implications

9.1. The financial implications are contained throughout the report.

Under the Local Government Act 2003 the Chief Finance Officer (S151 Officer) is required to give Council an opinion on the robustness of the budget estimates and the adequacy of reserves. Although there remains some uncertainty around the latest budget estimates based on the information to date on income and expenditure and the mitigations have been implemented, both the General Fund and HRA are forecasted to maintain balanced budget positions in the current financial year.

General Balances, on both the General Fund and HRA, are the only resource not ear-marked to a particular future need. The prudent minimum level of balance that should be maintained on the General Fund is between £1.5m-£2m and £1m-£1.5m on the HRA. Based on the latest forecasts of income and expenditure the level of balances in 2022/23 are estimated to be maintained within these ranges. The close monitoring of the Council's overall financial position will remain critical over the course of this financial year, and as ever strong budgetary control will be required.

Although the primary focus of this report has been to set out the financial variances being faced in the current financial year, beyond 2022/23 the Council faces, continued, significant financial challenges. Ongoing reductions in resources, increased service costs arising from both inflation and demand for services will require ongoing reductions in the net cost base if the Council is to live within a significantly reduced resources envelope. The MTFS 2022-2027, approved by Full Council in March 2022, has now been updated to reflect these new financial challenges and the new MTFS 2023-2028 will be presented to the Executive on 20th February, ahead of Full Council approval on 28th February 2023.

9.2. Legal implications including Procurement Rules

There are no legal implications arising from this report.

9.3. Equality, Diversity and Human Rights

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

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

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

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

10. Risk Implications

10.1. A full financial risk assessment is included in the Medium Financial Strategy 2022-27, this has been subsequently refreshed in the new Medium Term Financial Strategy 2023-2028.

11. Recommendations

Executive are recommended to:

11.1. Note the financial performance for the period 1st April to 31st December 2022, and the projected outturns for 2022/23.

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

11.3. Approve the General Fund carry forward request as detailed in paragraph 3.12.

11.4. Review the changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer as detailed in paragraphs 7.4 and 7.11.

11.5. Approve the changes to the General Investment programme and the Housing Investment programme as detailed in paragraphs 7.3, 7.9 and 7.10.

Is this a key decision?	Yes
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Eleven
List of Background Papers:	MTFS 2022-27
Lead Officer:	Colleen Warren, Financial Services Manager Telephone: (01522) 873361

APPENDIX A

GENERAL FUND SUMMARY – AS AT 31 DECEMBER 2022

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	1,859	1,844	(15)
Chief Finance Officer (S151)	B	(328)	(430)	(101)
City Solicitor	C	1,640	1,804	163
Housing	D	769	886	117
Growth and Regeneration	E	0	0	0
Director of Major Developments	F	3,406	3,420	14
Communities and Street Scene	G	7,326	7,392	65
Health and Environmental Services	H	462	913	451
Planning	I	(2,405)	(2,345)	60
		12,730	**13,483**	**754**
Corporate Expenditure	J	2,125	2,183	57
TOTAL SERVICE EXPENDITURE		**14,855**	**15,666**	**811**
Capital Accounting Adjustment	K	7,934	7,085	(849)
Specific Grants	L	(8,131)	(8,131)	0
Contingencies	M	38	64	26
Savings Targets	N	(142)	(91)	51
Earmarked Reserves	O	(6,402)	(6,402)	0
Insurance Reserve	P	40	40	0
TOTAL EXPENDITURE		**8,192**	**8,231**	**40**
CONTRIBUTION FROM BALANCES		**61**	**21**	**(40)**
NET REQUIREMENT		**8,252**	**8,252**	**0**
Retained Business Rates Income	Q	4,918	4,918	0
Collection Fund Surplus/(Deficit)	R	(4,050)	(4,050)	0
Revenue Support Grant	S	24	24	0
Council Tax	T	7,360	7,360	0
TOTAL RESOURCES		**8,252**	**8,252**	**0**

General Fund Forecast Variances – Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref	**Additional Expenditure**	£	Reason for variance
B	Property Services	39,990	Local Government as a whole is experiencing a recruitment and retention crisis, this is being felt within a number of service areas in the Council. In these instances, and where it is not possible to absorb/stop the work of the vacant posts, agency staff have been procured or work has been externalised. This has resulted in cost pressures due to a higher cost of 'buying in' services.
B	Financial Services	46,290	
C	Legal Services	30,740	
D	Control Centre	56,600	
C	Municipal Elections	49,000	Increased staffing costs and additional room hire charges as a result of increased Covid prevention requirements.
F	Waste	42,030	Inflationary increase on contract prices over and above MTFS assumptions.
F	Street Cleansing	65,490	Inflationary increase on contract prices over and above MTFS assumptions.
G	Yarborough Leisure Centre	327,580	Additional costs incurred due to pool closure.
G	Christmas Market	25,220	Additional expenditure due to rising contract costs, compounded by reduced income below (total deficit pressure £44.7k).
H	Car Parks	101,000	Increased business rates costs (£37k) & card payment fees due to increased transactions (£64k), offset by increased income below (net car parking surplus £206.4k).
H	Car Parks	73,780	Costs incurred for a system upgrade as current system unsupported, offset by increased income below.
H	Car Parks	85,370	Additional, unforeseen costs on maintenance, specialist equipment, suicide prevention works and increased staffing costs, offset by increased income below.
L	Pay Award	550,000	Impact of nationally agreed pay award above budget assumptions
L	Energy Inflation	137,250	Forecast utility price increases.

Ref		£	Reason for variance
L	Annual Vacancy Savings Target	154,820	Vacancy savings target, offset by savings in service areas.
M	Savings Target	51,090	Shortfall in planned savings against annual savings target of £1.05m.
	Reduced Income		
B	Council Tax Court Costs	49,000	Reduction in court costs income, as a result of reduced summons, due to the application of Council Tax Energy rebates on customer accounts and resulting reduction in accounts in arrears.
B	Housing Benefits	65,530	Reduction in overpayments funded through housing subsidy due to overall reduction in overpayments raised and improved collection of arrears, plus a funding allocation shortfall.
B	Housing Benefits	101,730	Un-recoverable B&B costs as a result of disparity between Local Housing Allowance rates and rising demand and costs of accommodation.
G	Christmas Market	19,440	Reduction in stallholder and park and ride income, compounded by increased expenditure above (total deficit pressure £44.7k).
G	Crematorium	90,520	Reduced income as a result of lower than budgeted cremation levels in December, as experienced nationally, mitigated in part by price increases implemented from December.
H	Building Regulations	48,910	Anticipated reduction in income as a result of current economic conditions.
H	Development Control	70,000	Anticipated reduction in income as a result of current economic conditions.
H	Land Charges	26,840	Anticipated reduction in income as a result of current economic conditions compounded by the impact of HMLR Transition Project which transfers out Local Land Charge income from Local Authorities into a Central Digital register.
	Reduced Expenditure		
A	Business Development & IT Manager	(55,530)	Vacancy savings pending implementation of restructure, offset against corporate vacancy savings target.
A	CX Corporate Policy	(49,770)	Vacancy savings pending implementation of restructure, offset against corporate vacancy savings target.

Ref		£	Reason for variance
B	CX Management	(60,370)	Vacancy savings offset against corporate vacancy savings target.
D	Community Leadership & Sustainability	(41,710)	Vacancy & general expenditure savings as a result of application of ringfenced funding from Community Chest & Controlling Migration reserves.
G	Housing Regeneration	(44,150)	Vacancy savings offset against corporate vacancy savings target.
H	Development Control	(28,220)	Vacancy savings offset against corporate vacancy savings target.
J	Capital Accounting Adjustments	(749,000)	Net saving as a result of reduction in Minimum Revenue Provision (MRP) costs.
N	Earmarked Reserves	(150,000)	Release of Inflation Volatility reserve to offset increased expenditure as a result of nationally agreed pay award and energy price increases.
	Additional Income		
B	Lincoln Properties/Industrial Estates	(62,230)	Increased rental income following in year rent reviews plus low level of void properties.
B	Council Tax Rebate Scheme	(59,670)	New Burdens funding to compensate for work associated with administering the CT Energy Rebates (partially offset by IT costs, postage and staff overtime).
B	Other Interest	(432,340)	Increased investment income as a result of higher interest rates and additional dividend income.
H	Car Parks	(465,000)	Increase in season ticket income & forecast increase in pay and display income following busy festive period & price increase in December, wholly offsetting cost pressures listed above (net car parking surplus £206.4k).

HOUSING REVENUE ACCOUNT FUND SUMMARY – AS AT 31 DECEMBER 2022

	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Gross Rental Income	A	(30,571)	(30,469)	102
Charges for Services & Facilities	B	(510)	(479)	31
Contribution towards Expenditure	C	(50)	(22)	28
Repairs Account – Income	D1	0	(5)	(5)
Supervision & Management – General	D2	(659)	(522)	137
Supervision & Management – Special	D3	0	(118)	(118)
Repairs & Maintenance	E	10,022	9,375	(646)
Supervision & Management – General	F1	6,834	7,015	181
Supervision & Management – Special	F2	1,532	1,636	105
Rents, Rates and Other Premises	G	486	769	283
Increase in Bad Debt Provisions	H	250	250	0
Insurance Claims Contingency	I	169	169	0
Contingencies	J	(64)	100	164
Depreciation	K	7,450	7,862	412
Impairments	L	0	0	0
Debt Management Expenses	M	15	15	0
HRS Trading (Surplus) / Deficit	N	0	404	404
Net Cost of Service	O	**(5,097)**	**(4,020)**	**1,078**
Loan Charges Interest	P	2,580	2,580	0
Investment/Mortgage Interest	Q	(66)	(604)	(538)
Net Operating Inc/Exp	R	**(2,583)**	**(2,044)**	**540**
Major Repairs Reserve Adjustment	T	2,559	2,040	(519)
Transfers to/from reserves	U	(15)	(35)	(20)
(Surplus)/Deficit in Year	V	**(39)**	**(40)**	**(1)**

Housing Revenue Account Variances – Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

Ref		£	Reason for variance
	Reduced Income		
A	Supervision & Management-General	100,000	Reduced admin fee income due to procurement slippage on new contractors.
A	Gross Rental Income	74,520	Reduction to social rent income predominantly due higher level of voids than anticipated.
A	Gross Rental Income	43,490	Non-dwelling rental income reduced due to increase in garage voids.
A	Gross Rental Income	33,880	Reduction in DeWint Service Charge income due to delay in tenancy start dates.
C	Court costs	28,000	Reduction in recovered income from court costs as less cases in year than anticipated.
	Increased Income		
Q	Investment Interest	(537,730)	Increased investment income as a result of higher interest rates.
F1	Contractor costs	(58,110)	Credit relating to overpayment from previous financial year.
D3	Supervision & Management – Special	(40,000)	Additional income from recoverable garden voids works.
D2	Supervision & Management - General	(39,900)	Surplus on NSAP & RSAP properties attributable to HRA.
	Reduced Expenditure		
E	Repairs & Maintenance	(596,320)	Reduced HRS expenditure on Responsive Repairs, offset by increases on Voids, A&A and Cleansing below (net underspend £24.7k).
E	Repairs & Maintenance	(641,010)	Reduction on Painting & Pre-painting costs due to delays in tendering process
E	Repairs & Maintenance	(239,870)	Other material underspends on Repairs Account.

Ref		£	Reason for variance
E	Repairs & Maintenance	(32,260)	Underspend on Gas Servicing of Central Heating due to contractual savings.
T	Major Repairs Reserve/Direct Revenue Finance	(519,320)	Reduced contribution to Major Repairs Reserve - £412k re increase in depreciation, £144k net Cloud Licence Fee less £37k credit.
F1	Supervision & Management– General	(154,850)	Reduced expenditure on Employee Costs due to staff vacancies.
	Increased Expenditure		
K	Depreciation	412,250	Increase in depreciation costs following revaluation of housing stock, offset by a Major Repairs reserve.
E	Repairs & Maintenance	571,620	Increased HRS expenditure on Voids, Aids & Adaptations & Cleansing, wholly offset by reduced cost on Responsive Repairs above.
N	HRS Surplus/Deficit	403,730	Estimated deficit position for HRS (refer to HRS variances).
G	Rent, Rates & Other Premises	282,890	Cost of licence fee for new housing I.T system (£144k - offset by a Major Repairs reserve) and anticipated inflationary increases in utilities (£138k).
J	Contingencies	63,870	Release of vacancy factor (offset by savings in service areas)
J	Contingencies	212,000	Impact of nationally agreed pay award, above budget assumptions, and associated increase in CSS recharges from the General Fund.
F1	Supervision & Management – General	196,600	Cost of agency staff to cover staff vacancies within Supervision & Management
F1	Supervision & Management – General	162,230	Additional Void work costs, consultancy fees & overtime costs within Tenancy Services.
E	Repairs & Maintenance	127,965	Unattributable skip charges from HRS.
E	Asbestos Removal	63,480	Responsive Asbestos Removal costs due to higher level of voids than anticipated

HOUSING REPAIRS SERVICE SUMMARY – AS AT 31 DECEMBER 2022

	Revised Budget	Forecast Outturn	Variance
	£'000	**£'000**	**£'000**
Employees	3,403	3,208	(195)
Premises	118	146	28
Transport	418	329	(89)
Materials	1,415	1,297	(119)
Sub-Contractors	2,044	3,274	1,230
Supplies & Services	307	451	144
Central Support Charges	579	579	0
Capital Charges	0	0	0
Total Expenditure	**8,283**	**9,283**	**1,000**
Income	(8,283)	(8,863)	(580)
(Surplus)/Deficit	**0**	**420**	**420**

Housing Repairs Service Variances – Quarter 3

Many items of income and expenditure are demand led and difficult to predict. Consequently, judgement has been applied in order to provide the most realistic indication of the financial position at the year-end. Figures in brackets indicate an underspend of expenditure or additional income.

	£	Reason for Variance
Reduced Expenditure		
Employee Costs	(441,350)	Vacancies within the Operative staff.
Fleet Charges	(89,370)	Reduction in lease costs due to delay in receiving new vehicles from supplier.
Direct Materials	(118,700)	Reduced levels of materials spend mainly due to use of sub-contractors instead of own workforce due to vacancies.
Increased Expenditure		
Employee Costs	136,290	Agency and backfill costs covering vacancies offset by savings above.
Employee Costs	110,000	Impact of nationally agreed pay award above budget assumptions.
Sub-Contractors	1,230,497	Increased use of sub-contractors to cover vacancies within the operative team.
Supplies & Services	54,400	Increased skip and equipment hire costs.
Supplies & Services	117,310	Anticipated contractual & utility inflation costs.
Increased Income		
Income	(579,510)	Increase in income due to additional void works carried out. This is offset by the increase in void sub-contractor spend.

EARMARKED RESERVES – Q3 MONITORING 2022/23

	Revised Opening Balance 01/04/2022 £'000	Budgeted Contribution £'000	Actuals Q1-Q3 £'000	Forecast Q4 £'000	Forecast Balance 31/03/2023 £'000
General Fund					
Budget Carry Forwards	667	-	(93)	(82)	492
Grants & Contributions	1,932	(73)	(36)	108	1,932
Active Nation Bond	380	-	(200)	-	180
AGP Sinking Fund	52	50	-	(50)	52
Air Quality Initiatives	16	6	-	-	22
Birchwood Leisure Centre	66	-	20	-	86
Business Rates Volatility	5,566	(4,770)	-	(655)	140
Christmas Decorations	14	-	-	-	14
City Hall Sinking Fund	60	-	-	-	60
Commons Parking	1	-	-	11	12
Corporate Training	60	-	-	-	60
Council Tax Hardship Fund	213	-	-	(213)	-
Covid19 Recovery	1,047	-	-	-	1,047
Covid19 Response	354	-	-	-	354
DRF Unused	204	(202)	-	-	2
Electric Van replacement	24	4	-	-	28
Funding for Strategic Priorities	89	(89)	-	-	-
HiMO CPN Available	-	-		51	51
HiMO CPN Appeals	47	-	-	45	92
Income Volatility Reserve	320	-	-	-	320
Inflation Volatility Reserve	150	-	-	(150)	-
Invest to Save (GF)	100	1	-	(47)	54
IT Reserve	219	65	-	23	307
Lincoln Lottery	9	-	-	-	9
Mayoral Car	27	-	-	-	27
MSCP & Bus Station Sinking Fund	104	45	-	-	149
Private Sector Stock Condition Survey	39	12	-	-	51
Revenue & Benefits Community Fund	25	-	-	-	25
Section 106 Interest	32	-	-	-	32
Strategic Growth Reserve	5	-	-	-	5
Tank Memorial	10	-	-	-	10
Tree Risk Assessment	84	17	-	(35)	65
Vision 2025	701	(31)	(11)	(122)	538
WGC Planning	49	-	-	-	49
	12,668	**(4,967)**	**(320)**	**(1,116)**	**6,265**

HRA					
Capital Fees Equalisation	110	-	-	-	110
De Wint Court	73	-	-	10	83
Disrepairs Management	300	-	-	-	300
Housing Business Plan	77	-	-	(37)	40
Housing Repairs Service	126	-	-	-	126
HRA IT	-	-	-	35	35
HRA Repairs Account	1,351	-	-	-	1,351
Housing Strategic Priority	582	(15)	-	(43)	524
Invest to Save (HRA)	253	(81)	-	5	177
RSAP/NSAP Sinking Fund	-	-	-	9	9
Strategic Growth Reserve	5	-	-	-	5
	2,876	**(96)**	**-**	**(21)**	**2,760**
Total Earmarked Reserves	**15,544**	**(5,063)**	**(320)**	**(1,137)**	**9,025**

CAPITAL RESOURCES – Q3 MONITORING 2022/23

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/23
	£'000	**£'000**	**£'000**	**£'000**
Capital Grants/Contributions General Fund	1,823	12,434	(13,891)	366
Capital Grants/Contributions HRA	0	495	(495)	0
Capital receipts General Fund	30	0	0	30
Capital receipts HRA	2,900	750	(1,562)	2,088
Capital receipts 1-41	2,778	0	(906)	1,872
Major Repairs Reserve	11,768	7,862	(9,348)	10,282
HRA DRF	8,319	2,147	(4,614)	5,852
Total Capital Resources	**27,618**	**23,688**	**(30,816)**	**20,490**

As the contributions for 1:4:1 receipts depend upon levels of RTB sales, no budget is set for these receipts. Currently the HIP has schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 22/23.

General Investment Programme – Summary of Expenditure as at 31st December 2022

GENERAL INVESTMENT PROGRAMME	Budget 2022/23 - Reported at Q2	2022/23 Budget Increase / Decrease Q3	2022/23 Budget Reprofiles - Q3	2022/23 Revised Budget	2022/23 REVISED Total Spend to Date	2022/23 % Spend
Housing and Investment						
Housing Renewal Area Unallocated	338,152	0	0	338,152	0	0.00%
Housing and Investment Total	**338,152**	**0**	**0**	**338,152**	**0**	**0.00%**
DCE - Community and Environment						
Crem - remodelling	130,607	0	0	130,607	130,467	99.89%
Disabled Facilities Grant	2,081,372	0	0	2,081,372	466,031	22.39%
Whittons Park	78,112	0	0	78,112	78,018	99.88%
DCE - Community and Environment Total	**2,290,092**	**0**	**0**	**2,290,092**	**674,515**	**29.45%**
DCE - Community Services						
Boultham Park Lake Restoration	16,938	21,635	0	38,573	21,503	55.74%
Car Park Improvements - ticket machines	0	0	0	0	(6,200)	0.00%
Flood Alleviation Scheme - Hartsholme Park	318,641	0	0	318,641	308,985	96.97%
Hope Wood	0	47,500	0	47,500	0	0.00%
Hope Wood - new trees	0	19,000	0	19,000	0	0.00%
Traveller deterrent	27,501	0	0	27,501	11,671	42.44%
DCE - Community Services Total	**363,080**	**88,135**	**0**	**451,215**	**335,959**	**74.46%**
DCE - Planning						
Heritage Action Zone	190,253	(13,700)	0	176,553	0	0.00%
St Mary le Wigford (HAZ)	40,000	0	0	40,000	0	0.00%
St Mary's Guildhall (HAZ)	365,744	20,700	0	386,444	200,889	51.98%
Windmill View	250,000	0	0	250,000	2,552	1.02%
DCE - Planning Total	**845,997**	**7,000**	**0**	**852,997**	**203,441**	**23.85%**

GENERAL INVESTMENT PROGRAMME	Budget 2022/23 - Reported at Q2	2022/23 Budget Increase / Decrease Q3	2022/23 Budget Reprofiles - Q3	2022/23 Revised Budget	2022/23 REVISED Total Spend to Date	2022/23 % Spend
Chief Executive Corporate Policy						
New Telephony System	82,850	0	0	82,850	12,800	15.45%
Chief Executive Corporate Policy Total	**82,850**	**0**	**0**	**82,850**	**12,800**	**15.45%**
Chief Executive Chief Finance Officer						
40 Michaelgate Structural works	2,283	0	0	2,283	0	0.00%
Allotments Asbestos Sheds	33,795	0	0	33,795	0	0.00%
Canwick Rd Cemetery Railings	9,500	0	0	9,500	0	0.00%
City Hall Lightning Protection	6,104	0	0	6,104	0	0.00%
Grandstand Terracing Improvements	3,275	0	0	3,275	0	0.00%
Re-Imagining Greyfriars	56,210	(25,822)	0	30,388	32,300	106.29%
Greyfriars Roof Improvements	4,050	0	0	4,050	0	0.00%
Guildhall Walkway/ Access Improvements.	11,959	0	0	11,959	0	0.00%
Guildhall Works	17,630	0	0	17,630	0	0.00%
High Bridge Café	50,000	0	0	50,000	0	0.00%
Long Leys Road Drainage	3,275	0	0	3,275	0	0.00%
Monks Abbey Bowls Pavilions	2,195	0	0	2,195	0	0.00%
Planned Capitalised Works	280,033	0	0	280,033	0	0.00%
Play Area Surfacing Works	5,133	0	0	5,133	0	0.00%
Stamp End Demolition	138,200	0	0	138,200	62,355	45.12%
Yarborough Pool Ceiling Refurbishment	614,300	0	0	614,300	496,618	80.84%
YLC Diving Boards	39,825	0	0	39,825	0	0.00%
Chief Executive Chief Finance Officer Total	**1,277,767**	**(25,822)**	**0**	**1,251,945**	**591,272**	**47.23%**
Major Developments						
Central Markets	2,000	0	0	2,000	0	0.00%
Central Markets (All Funding Streams)	6,984,196	0	(2,218,400)	4,765,796	2,651,058	55.63%

GENERAL INVESTMENT PROGRAMME	Budget 2022/23 - Reported at Q2	2022/23 Budget Increase / Decrease Q3	2022/23 Budget Reprofiles - Q3	2022/23 Revised Budget	2022/23 REVISED Total Spend to Date	2022/23 % Spend
HUG - Home Upgrade Grant	104,500	0	0	104,500	0	0.00%
LAD 2 - Green Homes Grant Local Authority Delivery Scheme	460,356	0	0	460,356	373,546	81.14%
LAD 3 - Green Homes Grant Local Authority Delivery Scheme BEIS	2,203,194	0	0	2,203,194	253,566	11.51%
LAD 3 Top Up HUB	440,000	0	0	440,000	0	0.00%
TD Tentercroft Street	50,000	0	0	50,000	0	0.00%
The Terrace Heat Mitigation Works	246,547	0	0	246,547	0	0.00%
Towns Deal Programme Management	80,455	0	0	80,455	13,540	16.83%
UK Shared Prosperity Fund (UKSPF)	0	34,111	0	34,111	0	0.00%
WGC COLC	500,000	0	(500,000)	0	0	0.00%
WGC Housing Delivery	6,766,212	0	(6,472,814)	293,398	0	0.00%
WGC Pre-planning	42,179	0	45,750	87,929	0	0.00%
WGC Shared Infrastructure	2,160,227	0	(1,576,090)	584,137	835,727	100.00%
Major Developments Total	**20,039,867**	**34,111**	**(10,721,554)**	**9,352,424**	**4,127,437**	**44.13%**
TOTAL ACTIVE SCHEMES	**25,237,804**	**103,424**	**(10,721,554)**	**14,619,674**	**5,945,425**	**40.67%**
Schemes Currently Under Review						
Capital Contingencies	8,170	0	0	8,170	0	0.00%
Compulsory Purchase Orders	151,254	0	0	151,254	0	0.00%
Compulsory Purchase Orders	82,227	0	0	82,227	0	0.00%
IT Reserve	74,334	0	0	74,334	0	0.00%
Schemes Currently Under Review Total	**315,985**	**0**	**0**	**315,985**	**0**	**0.00%**
TOTAL CAPITAL PROGRAMME EXCLUDING EXTERNALLY DELIVERED SCHEMES	**25,553,788**	**103,424**	**(10,721,554)**	**14,935,658**	**5,945,425**	**39.81%**

GENERAL INVESTMENT PROGRAMME	Budget 2022/23 - Reported at Q2	2022/23 Budget Increase / Decrease Q3	2022/23 Budget Reprofiles - Q3	2022/23 Revised Budget	2022/23 REVISED Total Spend to Date	2022/23 % Spend
Externally Delivered Towns' Deal Schemes						
TD Barbican Production & Maker Hub	1,200,000	0	(1,200,000)	0	0	0.00%
TD Drill Hall	1,000,000	0	0	1,000,000	1,000,000	100.00%
TD Hospitality & Events & Tourism Institute	1,120,000	0	0	1,120,000	607,839	54.27%
TD Lincoln City FC and Foundation	349,000	0	(135,000)	214,000	24,878	11.63%
TD Lincoln Connected	132,888	0	(11,342)	121,546	0	0.00%
TD LSIP	40,000	0	(40,000)	0	0	0.00%
TD Sincil Bank	349,324	0	(250,000)	99,324	0	0.00%
TD Store of Stories	159,750	0	56,250	216,000	216,000	100.00%
TD Wigford Way	251,500	0	(97,826)	153,674	0	0.00%
Externally Delivered Towns' Deal Schemes Total	**4,602,462**	**0**	**(1,677,918)**	**2,924,544**	**1,848,717**	**63.21%**
GRAND TOTAL	**30,156,250**	**103,424**	**(12,399,472)**	**17,860,202**	**7,794,142**	**43.64%**

Housing Investment Programme – Summary of Expenditure as at 31st December 2022

HOUSING INVESTMENT PROGRAMME	2022/23 Budget Reported at Q2	2022/23 Budget Changes Q3	2022/23 Budget Reprofiling Q3	2022/23 Revised Budget	2022/23 Total Spend to Date	2022/23 % Spend
-						
Contingency Schemes						
Contingency Reserve	544,120	823,857	(823,857)	544,120	0	0.00%
Contingency Schemes Total	**544,120**	**823,857**	**(823,857)**	**544,120**	**0**	**0.00%**
Decent Homes						
Bathrooms & WC's	100,000	(79,669)	0	20,331	20,331	100.00%
DH Central Heating Upgrades	2,318,818	210,000	0	2,528,818	1,475,580	58.35%
Door Replacement	1,350,000	(500,000)	0	850,000	310,917	36.58%
Fire Compartment works	5,000	0	0	5,000	0	0.00%
Fire Doors	95,049	0	0	95,049	0	0.00%
Kitchen Improvements	300,000	(300,000)	0	0	0	-
Lincoln Standard Windows Replacement	500,000		0	500,000	244,929	48.99%
New services	37,895	(22,895)	0	15,000	0	0.00%
Re-roofing	20,000	(20,000)	0	0	0	-
Rewiring	25,000	(20,000)	0	5,000	0	0.00%
Structural Defects	25,000	0	0	25,000	0	0.00%
Thermal Comfort Works	10,000	(5,000)	0	5,000	0	0.00%
Void Capitalised Works	1,508,422	0	0	1,508,422	954,019	63.25%
Decent Homes Total	**6,295,184**	**(737,564)**	**0**	**5,557,620**	**3,005,776**	**54.08%**
Health and Safety						
Asbestos Removal	291,164	0	0	291,164	1,232	0.42%
Asbestos Surveys	255,645	0	0	255,645	41,878	16.38%
Fire Alarms	30,000	(25,360)	0	4,640	4,640	100.00%

HOUSING INVESTMENT PROGRAMME	2022/23 Budget Reported at Q2	2022/23 Budget Changes Q3	2022/23 Budget Reprofiling Q3	2022/23 Revised Budget	2022/23 Total Spend to Date	2022/23 % Spend
Renew stair structure	0	0	0	0	0	-
Replacement Door Entry Systems	200,083	0	0	200,083	27,046	13.52%
Health and Safety Total	**776,892**	**(25,360)**	**0**	**751,532**	**74,795**	**9.95%**
IT/Infrastructure						
Housing Support Services Computer Fund	500,000	0	(71,645)	428,355	256,767	59.94%
Infrastructure Upgrade	166,383	0	0	166,383	0	0.00%
Operation Rose	13,573	0	0	13,573	890	6.56%
Telephony	82,850	0	0	82,850	12,800	15.45%
IT/Infrastructure Total	**762,806**	**0**	**(71,645)**	**691,161**	**270,457**	**39.13%**
Lincoln Standard						
Over bath showers (10 year programme)	30,000	(30,000)	0	0	0	-
Lincoln Standard Total	**30,000**	**(30,000)**	**0**	**0**	**0**	**-**
Other Current Developments						
CCTV	46,685	0	0	46,685	36,875	78.99%
Communal Electrics	75,000	0	0	75,000	49,504	66.01%
Communal TV Aerials	19,832	(9,832)	0	10,000	1,075	10.75%
Environmental works	1,490,044	0	0	1,490,044	5,724	0.38%
Garages	5,000	2,000	0	7,000	1,940	27.71%
Hiab and Mule	0	0	20,670	20,670	20,670	100.00%
Fleet Procurement	0	500,000	0	500,000	0	0%
HRA Buildings	37,729	(27,729)	0	10,000	0	0.00%
Landscaping & Boundaries	0	4,628	0	4,628	4,628	100.00%
Thurlby Crescent	10,000	0	0	10,000	0	0.00%
Other Current Developments Total	**1,684,290**	**469,067**	**20,670**	**2,174,027**	**120,417**	**5.54%**
HOUSING INVESTMENT TOTAL	**10,093,292**	**500,000**	**(874,832)**	**9,718,460**	**3,471,444**	**35.72%**

HOUSING INVESTMENT PROGRAMME	2022/23 Budget Reported at Q2	2022/23 Budget Changes Q3	2022/23 Budget Reprofiling Q3	2022/23 Revised Budget	2022/23 Total Spend to Date	2022/23 % Spend
HOUSING STRATEGY AND INVESTMENT						
New Build Programme						
Property Acquisitions	1,098,886	0	0	1,098,886	881,908	80.25%
Hermit Street Regeneration	150,000	0	0	150,000	3,682	2.45%
New Build Capital Salaries	44,332	0	0	44,332	0	0.00%
New Build- De Wint Court	832,366	0	0	832,366	120,344	14.46%
New Build Programme	3,282,165	0	0	3,282,165	0	0.00%
New Build Programme (141 eligible)	448,903	0	0	448,903	0	0.00%
New Build Programme (Borrowing for 141 eligible)	673,354	0	0	673,354	0	0.00%
New Build Site - Queen Elizabeth Road	26,761	0	0	26,761	0	0.00%
New Build Site - Rookery Lane	4,160,800	0	0	4,160,800	3,088,199	74.22%
New Build Site - Searby Road	62,497	0	0	62,497	0	0.00%
Western Growth Corridor	1,259,766	(1,259,766)	0	0	0	0.00%
New Build Programme Total	**12,039,830**	**(1,259,766)**	**0**	**10,780,064**	**4,094,132**	**37.98%**
HOUSING STRATEGY AND INVESTMENT TOTAL	**12,039,830**	**(1,259,766)**	**0**	**10,780,064**	**4,094,132**	**37.98%**
TOTAL HOUSING INVESTMENT PROGRAMME	**22,133,122**	**(759,766)**	**(874,832)**	**20,498,524**	**7,565,576**	**36.91%**

TFS Phase7 programme: progress at Q3 - 2022/2023

Service	Summary of project	Dir.	Total savings in 2022/23	GF savings in 2022/23	HRA savings in 2022/23	Comments
			£000's	£000's	£000's	
ACTIONS COMPLETED AS OF END Q3 2022/23						
Savings secured – b'fwd from 21/22			779	716	63	Complete
Community Services	Transfer maintenance of lighting to Cathedral	DCE	20	20	-	Complete
Strategic Development	BDIT/Policy Restructure	CX	49	45	4	Exec 25/07/22
Corporate	One Council Reviews	CORP	46	46	-	Complete
Managed Workspaces	Principal Small Business Support Officer vacancy	DMD	35	35	-	Complete for 22/23 - future business case required
Work based Learning	Review of Work based Learning	CX	81	46	35	Complete for 22/23 - future business case required
TOTAL			**1,010**	**908**	**102**	

Item No. 8

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**QUARTER 3 2022/23 OPERATIONAL PERFORMANCE REPORT**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHORS:	**GRAHAM ROSE – SENIOR STRATEGIC POLICY OFFICER** **SCOTT LEA – POLICY OFFICER**

1. Purpose of Report

1.1 To present to Executive an outturn summary of the council's performance in Quarter 3 of 2022/23.

2. Background

2.1 Regular monitoring of the council's performance is a key component of the Local Performance Management Framework. This report covers the key strategic performance measures identified by members and CMT as of strategic importance.

2.2 Each targeted measure is monitored against a target boundary range.

If a performance measure outturn status is Blue (acceptable), the measure is seen as performing on track. If a performance measure outturn status is Green, the measure is seen to be achieving or exceeding the aspirational target. If a performance measure outturn status is Red, the measure is seen to be performing below target and should be an area of focus.

3. Executive Summary

3.1 At the end of Quarter 3 2022/23 of the 83 performance measures across the directorates of Chief Executive's, Communities & Environment and Housing & Investment:

- **15** measures **(18.1%)** were Red (below lower target boundary)
- **21** measures **(25.3%)** were Blue (within target boundaries – acceptable)
- **24** measures **(28.9%)** were Green (meeting or exceeding the higher target)
- **19** measures **(22.9%)** were recorded as volumetric
- **4** measures **(4.8%)** were recorded as data not being available for this quarter

Out of the 83 performance measures monitored during the quarter **64** had targets allocated to them. Of these targeted measures **45 (70.3%)** were within or exceeding the targets set.

4. Performance Measures Performing Above/Below Target – Quarter 3 2022/23

4.1 The Quarter 3 2022/23 Operational Performance Report can be found at Appendix A. The report details those targeted measures with performance above or below target by directorate at the end of the third quarter of 2022/23 and the reasonings behind the performance outturns.

4.2 A count of the performance measure outturn statuses by directorate at quarter 3 2022/23 can be found on page 4 of Appendix A.

4.3 In addition to the directorate performance measures, the report also details the performance outturns for those corporate performance measures. These measures focus on the areas of sickness, complaints, resources, health & wellbeing, and appraisals.

4.4 To support Appendix A, a full list of all performance measure outturns and supporting performance commentary is provided at Appendix B. Within this supporting appendix, in addition to those measures performing above / below target, Appendix B also contains –

- those performance measures performing within target boundary at the end of the quarter (acceptable performance)
- the outturns for all performance measures recorded as volumetric (untargeted)

5. Strategic Priorities

5.1 The City of Lincoln Council's Vision 2025 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.

The performance measures under each directorate predominantly link directly into one Vision 2025 strategic priority. These links are as follows:

- Chief Executive's Directorate – Let's reduce all kinds of inequality
- Directorate for Communities and Environment – Let's enhance our remarkable place
- Directorate for Housing and Investment - Let's deliver quality housing

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct financial implications because of this report.

Further details on the council's financial position can be found in the quarterly financial performance report.

6.2 Legal Implications including Procurement Rules

There are no direct legal implications.

6.3 Equality, Diversity and Human Rights

There are no direct equality implications because of this report.

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

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

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

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

7. Risk Implications

7.1 (i) Options Explored – n/a

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

8. Recommendations

8.1 1) Executive is asked to review and comment on the contents of the Quarter 3 2022/23 Operational Performance Report found at Appendix A.

2) Executive is asked to confirm that the format of the performance report continues to meet their requirements.

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 (A and B)
List of Background Papers:	None
Lead Officers:	Graham Rose - Senior Strategic Policy Officer Scott Lea - Policy Officer

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APPENDIX A

CITY OF Lincoln COUNCIL

Operational Performance Report – Quarter 3 2022/23

Graham Rose - Senior Strategic Policy Officer

Scott Lea - Policy Officer

Contents

How to read this report

The performance measures within this report are split into two key areas:
- Performance measures specific to each directorate
- Corporate performance measures focusing on the whole authority

Directorate performance measures

Presented in this report are the quarter 3 2022/23 performance measure outturns for those performance measures under each council directorate.

The performance measures under each directorate predominantly link directly into one Vision 2025 strategic priority. These links are as follows;

- **Chief Executive's Directorate Measures** – predominantly covering "Reducing all kinds of inequality"
- **Directorate for Communities and Environment Measures** - predominantly covering "Lets enhance our remarkable place"
- **Directorate for Housing and Investment Measures** - predominantly covering "Lets deliver quality housing"

The Directorate for Major Developments (DMD) predominantly links to the Vision 2025 priorities "Driving Inclusive Economic Growth" and "Lets Address the Challenge of Climate Change". DMD is currently working to develop a number of performance measures to monitor service delivery within the directorate. It is expected these measures will be reported from quarter 4 2022/23. Updates on the key projects being delivered within the directorate will also be reported alongside these measures.

For all directorate performance measures, outturn data is presented using the following indicators:

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 / year
▬	Performance has stayed the same since last quarter / year
▼	Performance has deteriorated since last quarter / year

Corporate performance measures

For the corporate performance measures the data is not specific to directorates but focuses on the council's performance overall. These corporate performance measures are split into the following categories:

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

Executive summary

Within this quarter 3 2022-23 Operational Performance Report for the City of Lincoln Council, we are reporting on 75 quarterly performance measures and 8 annual performance measures. The 83 measures are split across the directorates of Chief Executive's (CX), Community and Environment (DCE) and Housing and Investment (DHI).

The main format of this report is split into five parts -

1. Executive Summary
2. Chief Executive's Directorate performance
3. Directorate for Communities and Environment performance
4. Directorate for Housing and Investment performance
5. Corporate performance measures

The 2022/23 targets for each targeted performance measure were agreed with Performance Scrutiny Committee and Executive in March 2022.

Below provides a summary of the performance measure outturns by status and by direction of travel for each directorate as at the end of quarter 3 2022/23.

	Performance measure outturns by status					
Directorate	**Below target**	**Acceptable**	**Above target**	**Volumetric**	**Data not available**	**Total**
CX	5 (17.2%)	5 (17.2%)	12 (41.3%)	7 (24.1%)	0 (0%)	29
DCE	6 (16.7%)	11 (30.6%)	7 (19.4%)	9 (25%)	3 (8.3%)	36
DHI	4 (22.2%)	5 (27.8%)	5 (27.8%)	3 (16.7%)	1 (5.6%)	18
Total	15 (18.1%)	21 (25.3%)	24 (28.9%)	19 (22.9%)	4 (4.8%)	83

	Performance measures outturns by direction of travel					
Directorate	**Deteriorating**	**No change**	**Improving**	**Volumetric**	**Data not available**	**Total**
CX	10 (34.5%)	1 (3.4%)	11 (38.0%)	7 (24.1%)	0 (0%)	29
DCE	11 (30.6%)	2 (5.6%)	11 (30.6%)	9 (25%)	3 (8.3%)	36
DHI	6 (33.3%)	1 (5.6%)	7 (38.9%)	3 (16.7%)	1 (5.6%)	18
Total	27 (32.5%)	4 (4.8%)	29 (34.9%)	19 (22.9%)	4 (4.8%)	83

It is important to note that factors such as resource pressures, recruitment challenges and the cost of living crisis have continued to have an impact on performance in quarter 3 2022/23.

Looking ahead the cost of living crisis could lead to a further increased demand for council services, as the more vulnerable in the city continue to look to the council for support, which could also further impact on performance. This is likely to be at a time when the council could see a reduction in both income for services and collection rates due to the increased financial pressures being faced by Lincoln's residents and businesses.

Chief Executive's Directorate

Chief Executive’s Directorate – Performance Measures

Quarterly Measures

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status	
Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	High is good	%	95.00	100.00	50.00	R	▼
Work Based Learning	WBL 2	Number of new starters on the apprenticeship scheme (cumulative)	High is good	Number	13	15	8	R	▼
Work Based Learning	WBL 3	Percentage of apprentices moving into Education, Employment or Training	High is good	%	90.00	95.00	100.00	G	▬
Business Development	BD 1	Number of users logged into the on-line self-service system this quarter.	High is good	Number	10,000	11,000	8,978	R	▼
Communications	COM 1	Percentage of media enquiries responded to within four working hours	High is good	%	75.00	90.00	83.00	A	▲
Customer Services	CS 1	Number of face to face enquiries in customer services	N/A	Number	Volumetric	Volumetric	35	V	
Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	N/A	Number	Volumetric	Volumetric	24,232	V	
Customer Services	CS 3	Average time taken to answer a call to customer services	Low is good	Seconds	300	180	842	R	▼
Customer Services	CS 4	Average customer feedback score (telephone, face to face and e-mail enquiries)	High is good	%	80.00	90.00	87.80	A	▲
IT	ICT 1	Number of calls logged to IT helpdesk	N/A	Number	Volumetric	Volumetric	702	V	
IT	ICT 2	Percentage of first time fixes	N/A	%	Volumetric	Volumetric	58.8	V	
Accountancy	ACC 1	Average return on investment portfolio	High is good	%	0.15	0.25	2.62	G	▲
Accountancy	ACC 2	Average interest rate on external borrowing	Low is good	%	4.75	3.75	2.98	G	▼
Debtors & Creditors	DCT 1	Percentage of invoices paid within 30 days	High is good	%	95.00	97.00	96.53	A	▼
Debtors & Creditors	DCT 2	Percentage of invoices that have a Purchase Order completed	High is good	%	45.00	55.00	62.00	G	▲
Debtors & Creditors	DCT 3	Average number of days to pay invoices	Low is good	Days	30.00	15.00	16.00	A	▼
Revenues Administration	REV 1	Council Tax – in year collection rate for Lincoln (cumulative)	High is good	%	75.00	77.00	77.58	G	▲
Revenues Administration	REV 2	Business Rates – in year collection rate for Lincoln (cumulative)	High is good	%	81.00	84.00	85.51	G	▲

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status	
Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues Team	Low is good	Number	1,400	1,200	1,460	R	
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	15.97	G	
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	5.76	G	
Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Low is good	Number	1,750	1,600	1,413	G	
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	95.69	G	
Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	N/A	Number	Volumetric	Volumetric	3,440	V	

Annual Measures

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	2022/23 outturn	Status	
Democratic Services	DEM 1	The number of individuals registered on the electoral register as at 1st December (local elections)	N/A	Number	Volumetric	Volumetric	61,778	V	
Procurement Services	PRO 1	Percentage spend on contracts that have been awarded to "local" contractors (as the primary contractor)	High is good	%	20.00	45.00	44.15 (2021/22 outturn)	A	
Procurement Services	PRO 2	Percentage value of the top 10 spend contracts that have been sub-contracted (wholly or partly) to "local" suppliers to deliver	N/A	%	Volumetric	Volumetric	20.20 (2021/22 outturn)	V	
Procurement Services	PRO 3	Percentage of total contract spend that is with an SME	High is good	%	20.00	40.00	51.18 (2021/22 outturn)	G	
Procurement Services	PRO 4	Percentage of total contract spend that is with an SME who meets the "local" definition	High is good	%	20.00	40.00	58.80 (2021/22 outturn)	G	

Chief Executive's Directorate measures performing at or above target

G

Work Based Learning

WBL 3 - Percentage of apprentices moving into Education, Employment or Training
During the third quarter, 2 apprentices were due to complete their qualification. Whilst 1 of these apprentices withdrew from the apprenticeship scheme during the quarter following gaining permanent employment, both successfully moved into Education, Employment or Training, resulting in the performance outturn for measure WBL 1 achieving 100%. This latest outturn was above the high target for this measure of 95%.

Accountancy

ACC 1 – Average return on investment portfolio
The average return on investment portfolio has continued to rise for the 6th consecutive quarter. As at the end of quarter 3, the average return on investment portfolio stood at 2.62%, which was significantly above the high target for this measure of 0.25%. This continued increase is due to the Bank of England rates continuing to rise, which has resulted in interest rates being more favourable than forecast.

ACC 2 - Average interest rate on external borrowing
Following the interest rate on external borrowing decreasing between quarter 2 2021/22 and quarter 2 2022/23, the latest quarter 3 2022/23 outturn shows the average interest rate on external borrowing has now stabilised. In quarter 3 this rate stood at 2.98% and was better than the high target for the quarter of 3.75% (low is good).

Debtors & Creditors

DCT 2 - Percentage of invoices that have a purchase order completed
The percentage of invoices that had a purchase order completed during quarter 3 was 62%. This was an increase of 3% when compared to the previous quarter and 7% above the high target for the quarter of 55%. This latest outturn was the third consecutive quarter this measure has performed above target. It is important to note that the outturn figure is calculated on all supplier invoices and credit notes (not refunds or grants) paid 01/10/2022 - 31/12/2022. Staff continue to be encouraged to ensure all invoices have an associated purchase order raised.

Revenues Administration

REV 1 – Council Tax – in year collection rate for Lincoln (cumulative)
The Council Tax in year collection rate at the end of the third quarter reached 77.58%. This was slightly above the high target for the quarter of 77% and 1.76% higher than at the end of the same quarter last year. During the quarter a number of energy rebates had been added to accounts, which increased the collection rate. In addition the team added a further £28.00 to all working age

customers in receipt of council tax support as part of the Council Tax Hardship Scheme. A letter was sent to these customers in November 2022 to notify them of this. Due to postal strikes customers had just started to make contact before the Christmas break with regard to these payments and it is expected that more of these customers will request refunds. Subsequently any refunds that are made will have an impact on the collection rate moving forward.

REV 2 – Business Rates – in year collection rate for Lincoln (cumulative)

The business rates in year collection rate reached 85.51% at the end of the third quarter, which was 1.51% above the high target for this quarter of 84%. When compared to the same quarter in 2021/22, the collection rate showed an improvement of 1.39%. The application of Covid-19 Additional Relief Fund (CARF) against the 2021/22 debt has helped with the collection figures for 2022/23. The council is discouraging any applications for refunds if the 2021/22 year went into credit due to the CARF relief unless the current year 2022/23 has been cleared in full.

Benefits Administration

BE1 – Average days to process new benefit claims from date received (cumulative)

At the end of the third quarter the average time to process new benefit claims from date received was 15.97 days. This latest outturn was below the high target for the quarter of 17.5 days (low is good). Performance of this measure has continued to decrease throughout the quarter as levels of outstanding work within the Benefits Administration Team has decreased. When compared to the same quarter in 2021/22, this latest outturn was 0.48 days lower. The latest quarter 3 2022/23 outturn was the lowest number of days recorded for this measure since the first quarter of 2020/21.

BE2 – Average days to process housing benefit claim changes of circumstances from date received (cumulative)

The average days to process housing benefit claim changes of circumstances from date received was 5.76 days at the end of the third quarter. This outturn outperformed the high target for the quarter of 6.5 days (low is good). As with measure BE 1, this positive performance was also as a result of the levels of outstanding work within the Benefits Administration Team decreasing. When compared to the same quarter in 2021/22, this latest processing time was slightly greater by 0.39 days.

BE 3 – Number of Housing Benefits / Council Tax support customers awaiting assessment

At the end of quarter 3, 1,413 Housing Benefits / Council Tax support customers were awaiting assessment. This latest outturn was 187 customers less than the high target for the quarter of 1,600 (low is good) and was 230 customers less than at the end of the same quarter in 2021/22. Of the 1,413 customers, 1,120 were awaiting a first contact from the council. 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 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.

BE 4 – Percentage of risk based quality checks made where benefit entitlement is correct (cumulative)
The percentage of risk-based quality checks made where benefit entitlement is correct reached 95.69% at the end of the third quarter, outperforming its high target of 92%. This encouraging performance reflects the large amount of quality checks which have been undertaken within the Housing Benefits Administration Team during quarter 3.

Procurement

Please note, data for the following two measures is reported one year behind.

PRO 3 – Percentage of total contract spend that is with an SME
During the year 2021/22 the percentage of total contract spend that was with an SME was 51.18%. This was above the high target for the measure of 40% and was the highest level recorded for this measure since collection commenced in 2019/20. In monetary terms this equated to £21.95m out of a total contract spend of £42.89m.

PRO 4 - Percentage of total contract spend that is with an SME who meets the "local" definition
In the year 2021/22 the percentage of total contract spend that was with an SME which met the “local’ definition was 58.80%. This was above the high target for the measure of 40%, and as with measure PRO 3, was also the highest level recorded for this measure since collection commenced in 2019/20. The latest outturn equated to £12.92m out of a total of £21.95m being with an SME that met the “local definition”.

The outturns for measures PRO 3 and PRO 4 demonstrate the council’s ongoing commitment to supporting SMEs and local SMEs.

Chief Executive’s Directorate measures performing below target

R

Work Based Learning

WBL 1 - Percentage of apprentices completing their qualification on time
Out of the 2 apprentices which were due to complete their qualification in quarter 3, 1 apprentice completed on time (50%). The individual not completing on time for this quarter gained permanent employment and subsequently did not wish to continue on the apprenticeship scheme. Whilst this outturn was below the low target for this measure of 95%, it is important to note that due to the low numbers of apprentices scheduled to complete during the quarter, the impact on performance of one apprentice not completing on time was much larger.

WBL 2 - Number of new starters on the apprenticeship scheme (cumulative)
During the third quarter, 2 apprentices started at the council bringing the cumulative number of new starters on the apprenticeship scheme in 2022/23 to 8. This outturn was below the quarter 3 cumulative low target of 13. Moving forward the apprenticeship scheme will continue to be promoted

to council employees, with the scheme providing the opportunity for employees to develop their skills through an apprenticeship alongside completing their job role.

Business Development

BD 1 - Number of users logged into the on-line self-service system this quarter

During quarter 3, 8,978 users logged into the on-line self-service system. This was below the low target for the period of 10,000. The number of customers using the system does usually decrease in the third quarter and this latest outturn was in line with the quarter 3 2021/22 outturn of 9,026. It is important to note that the existing self-serve system is due to be replaced in February 2023. Customers will be requested to reregister for enhanced services once the new system is in operation. Associated communications will take place to encourage customers to use the new self-service system upon project completion. The suitability of this performance measure will be reviewed once the new system is in place.

CS 3 - Average time taken to answer a call to customer services

The average time taken to answer a call to customer services during quarter 3 was 842 seconds. This outturn was significantly above the low target for the quarter of 300 seconds (low is good). This high wait time was due to the Customer Services Team continuing to have a vacancy within the team throughout the quarter, call length times for housing repairs increasing, and the team continuing to experience issues with e-mailing jobs through to contractors. Despite the outturn being significantly higher than the target, throughout quarter 3 the average wait time was showing a decreasing trend and at the time of writing this report the vacancy within the Customer Service Team had been filled and the team was at full capacity. With regard to the issues with allocating jobs to contractors, work will shortly commence to address and resolve this issue and it is hoped the call wait time will continue to decrease during quarter 4.

Revenues Administration

REV 3 - Number of outstanding customer changes in the Revenues Team

At the end of the third quarter there were 1,460 outstanding customer changes within the Revenues Team. This was greater than the low target for the quarter of 1,400 (low is good). The back log of work created by the Energy Rebate scheme has impacted on the performance of this measure during quarter 3. However, at the time of writing this report the number of outstanding changes was starting to decrease. There are further incentives by Government that will continue to cause back logs of work into the final quarter of 2022/23, but it is hoped that these should have less impact than the Core and Discretionary Energy Rebate Schemes. When compared to quarter 3 2021/22, this latest outturn was a decrease of 278 outstanding customer changes.

Directorate for Communities and Environment

Directorate for Communities and Environment – Performance Measures

Quarterly Measures

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status	
Affordable Housing	AH 1	Number of affordable homes delivered (cumulative)	High is good	Number	25	80	10	R	
Development Management (Planning)	DM 1	Number of applications in the quarter	N/A	Number	Volumetric	Volumetric	227	V	
Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Low is good	Days	85.00	65.00	81.39	A	
Development Management (Planning)	DM 3	Number of live planning applications open	Low is good	Number	180	120	148	A	
Development Management (Planning)	DM 4	Percentage of applications approved	High is good	%	85.00	97.00	93.00	A	
Development Management (Planning)	DM 5	Percentage of decisions on planning applications that are subsequently overturned on appeal	Low is good	%	10.00	5.00	100.00	R	
Development Management (Planning)	DM 6	Percentage of Non-Major Planning Applications determined within the government target (70% in 8 weeks) measured on a 2 year rolling basis	High is good	%	70.00	90.00	87.60	A	
Development Management (Planning)	DM 7	Percentage of Major Planning Applications determined within the government target (60% in 13 weeks) measured on a 2 year rolling basis	High is good	%	60.00	90.00	84.20	A	
Parking Services	PS 1	Overall percentage utilisation of all car parks	High is good	%	50.00	60.00	53	A	
Parking Services	PS 2	Number of off street charged parking spaces	N/A	Number	Volumetric	Volumetric	3,759	V	
Food and Health & Safety Enforcement	FHS 1	Percentage of premises fully or broadly compliant with Food Health & Safety inspection	High is good	%	95.00	97.00	99.90	G	
Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Low is good	Days	15.00	10.00	13.08	A	
Food and Health & Safety Enforcement	FHS 3	Percentage of food inspections that should have been completed and have been in that time period	High is good	%	85.00	97.00	93.30	A	

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status	
Licensing	LIC 1	Total number of committee referrals (for all licensing functions)	N/A	Number	Volumetric	Volumetric	5	V	
Licensing	LIC 2	Total number of enforcement actions (revocations, suspensions and prosecutions)	N/A	Number	Volumetric	Volumetric	0	V	
Private Housing	PH 1	Average time in weeks from occupational therapy notification to completion of works on site for a DFG grant (all DFG's exc. extensions)	Low is good	Weeks	26.00	19.00	28	R	▲
Private Housing	PH 2	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	Low is good	Weeks	20.00	12.00	20.10	R	▲
Private Housing	PH 3	Number of empty homes brought back into use (cumulative)	High is good	Number	11	23	24	G	▲
Public Protection and Anti-Social Behaviour Team	PPASB 1	Number of cases received in the quarter (ASB cases only)	N/A	Number	Volumetric	Volumetric	86	V	
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	885	V	
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	202	G	▲
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	-	NO DATA	
Sport & Leisure	SP 1a	Quarterly visitor numbers to Birchwood Leisure Centre	N/A	Number	Volumetric	Volumetric	31,185	V	
Sport & Leisure	SP 1b	Quarterly visitor numbers to Yarborough Leisure Centre	N/A	Number	Volumetric	Volumetric	57,864	V	
Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	High is good	Hours	520.00	650.00	806.00	G	▲
Sport & Leisure	SP 3a	Customers who would recommend Birchwood Leisure Centre	High is good	%	62.00	70.00	-	NO DATA	
Sport & Leisure	SP 3b	Customers who would recommend Yarborough Leisure Centre	High is good	%	62.00	70.00	-	NO DATA	
Allotments	AM 1	Percentage occupancy of allotment plots	High is good	%	84.00	92.00	97	G	▲

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status	
CCTV	CCTV 1	Total number of incidents handled by CCTV operators	N/A	Number	Volumetric	Volumetric	2,446	V	
Grounds Maintenance	GM 1	Contractor points achieved against target standards specified in contract - Grounds Maintenance	Low is good	Number	150	50	35	G	▲
Street Cleansing	SC 1	Contractor points achieved against target standards specified in contract - Street Cleansing	Low is good	Number	150	50	65	A	▲
Waste & Recycling	WM 1	Percentage of waste recycled or composted (seasonal)	High is good	%	33.50	39.00	32.08	R	▼
Waste & Recycling	WM 2	Contractor points achieved against target standards specified in contract - Waste Management	Low is good	Number	150	50	165	R	▼

Annual Measures

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	2022/23 outturn	Status	
Food and Health & Safety Enforcement	FHS 4	Percentage of Citizens' Panel respondents who are satisfied with the standard of hygiene in restaurants/cafes/ shops and takeaways in Lincoln	High is good	%	80.00	85.00	87.50	G	▼
Waste & Recycling	WM 3	Satisfaction with refuse service (collected via Citizens' Panel)	High is good	%	90.00	96.00	95.30	A	▼
Waste & Recycling	WM 4	Satisfaction with recycling service (collected via Citizens' Panel)	High is good	%	90.00	96.00	93.60	A	▼

Directorate for Communities and Environment measures performing at or above target

G

Food Health & Safety

FHS 1 - Percentage of premises fully or broadly compliant with Food Health & Safety inspection
At the end of quarter 3 the percentage of food premises within the city fully or broadly compliant with Food Health and Safety inspection was 99.9%. This latest outturn was above the high target of 97%.

This measure should be treated with caution as the Food Health and Safety Team continue to operate under the Food Standards Agency (FSA) Plan. During quarter 3 the team remained focused on the less compliant businesses in the city and at the end of the quarter 15 businesses were non-compliant. This was an increase of 5 businesses when compared to the previous quarter. It is important to note that the team is continuing to work with non-compliant businesses to ensure they are operating at a level which is at least broadly compliant. At the end of the quarter there were 1,102 food registered businesses in the city, however this does fluctuate on a daily basis.

FHS 4 – Percentage of Citizens' Panel respondents who are satisfied with the standard of hygiene in restaurants/cafes/shops and takeaways in Lincoln
Satisfaction with the standard of hygiene in restaurants, cafes, shops and takeaways is an annual measure collected in quarter 3 from the November Lincoln Citizens' Panel survey. The latest outturn for 2022/23 showed 87.5% of respondents to the survey were either 'very satisfied' or 'satisfied' with the standard of hygiene in restaurants, cafes, shops and takeaways in the city. Although this was a slight decrease from the previous 2021/22 outturn, which reported at 87.8%, this measure still reported above the high target of 85% and continues to show an encouraging level of customer satisfaction.

Private Housing

PH 3 – Number of empty homes brought back into use (cumulative)
During quarter 3, 8 empty homes were brought back into use within the city as a result of direct actions taken by City of Lincoln Council. This latest outturn brings the total number of empty homes brought back into use for the year so far to 24. The long term empty properties at the end of this quarter totalled 459, with 21 empty properties being empty for 10 years or more. It is important to note that at the time of writing this report there are currently 280 empty properties listed as exempt from council tax charges, with 173 of these properties currently within the probate system. 50 properties are empty as their owners are in residential care homes. There remains 11 properties which are exempt as they have been prohibited from occupation.

Public Protection & Anti-Social Behaviour

PPSAB 3 - Number of live cases open at the end of the quarter (across full PPASB service)
In quarter 3 the number of live cases open at the end of the quarter across the full PPASB service was 202, which although a slight reduction from the previous quarter 2 2022/2023 outturn of 208, continued to outperform the high target for the period of 220 (low is good). 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.

Sport & Leisure

SP 2 – Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre
In quarter 3 the combined artificial grass pitch usage at Yarborough and Birchwood Leisure Centres was 806 hours. This was above the high target for the quarter of 650 hours. When focusing on the individual leisure centres, quarter 3 saw usage of the artificial grass usage pitches at Birchwood Leisure Centre reach 471.25 hours and Yarborough Leisure Centre reach 334.75 hours out of a total of 962 hours at each site being available. When compared to quarter 3 2021/22 this was similar usage with the same clubs still engaged in using the sites.

Allotments

AM 1 - Percentage occupancy of allotment plots

At the end of quarter 3 2022/23 the percentage occupancy of allotment plots continued to remain above the high target of 92%, reporting at 97%. This equated to 1,086 out of a total 1,176 plots being let during the quarter, with the remaining being 'under offer' to new tenants at the time of review. There continues to be a steady demand for allotment tenancies, with most of allotment sites continuing to have waiting lists for plots. When plots do become available the Allotments Team work to ensure these are re-let as quickly as possible.

Grounds Maintenance

GM 1 – Contractor points achieved against target standards specified in contract – Grounds Maintenance

Contractor points are awarded against a contractor where scheduled work has not been completed to the required standard or within the required timeframe. Contractor points awarded against the Grounds Maintenance contract in quarter 3 totalled 35. This latest outturn was below the measure's low target of 50 (low is good). This was an improvement on the previous quarter 2 outturn, which reported at 45. Of the contractor points awarded in quarter 3, 0 were awarded in October 2022, 10 in November 2022 and 25 in December 2022. It is important to note the majority of points awarded in this quarter related to hedge trimming.

Directorate for Communities and Environment measures performing below target

R

Affordable Housing

AH 1 - Cumulative number of affordable homes delivered (cumulative)

In quarter 3 there were 10 affordable homes built in the city, which were all in the Romangate area. This was an increase when compared to the first two quarters of the year where no affordable homes were delivered. The low number of affordable homes delivered to date is due to there being limited housing schemes meeting the required threshold and criteria for delivering affordable housing. Affordable housing contributions are only sought on sites where 11 or more houses are being built as outlined in the policy LP11 of the Central Lincolnshire Local Plan.

Private Housing

PH 1 - Average time in weeks from occupational therapy notification to completion of works on site for a DFG grant (all DFG's exc. extensions)

In quarter 3 the average time from an occupational therapist notification to completing works on site was 28 weeks, which although was a slight improvement on the previous quarters outturn of 29.4 weeks, still remained above the low target of 26 weeks (low is good). It is important to note this measure is calculated from when the first occupational therapist notification was received. During quarter 3, the time from when the application was approved, which incorporates all design work being agreed, a contractor being sourced, and the work being completed was 13 weeks, which was a deterioration on the previous quarter, which reported at 12.4 weeks. A total of 18 adaptations were completed in quarter 3. The performance of this measure has been impacted by staff vacancies within the Private Housing Team throughout the quarter. A recruitment exercise is now taking place and it is hoped there will be additional resource within the team from quarter 4.

PH 2 - Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level
In quarter 3, 44 housing disrepair / condition cases were resolved in an average time of 20.1 weeks, which although was a slight improvement on the previous quarters outturn of 20.4 weeks, still remained slightly higher than the low target of 20 weeks (low is good). The below target outturn was due to the Private Housing Team continuing to manage a number of other workstreams including Housing in Multiple Occupancy (HMO) licensing, licensing condition visits, Home for Ukraine checks and housing assistance applications. The team has also seen a number of formal actions taken appealed this quarter, resulting in staff committing a large amount of time to attend hearings. Park and Abbey wards have continued to have the highest private rented accommodation complaints in the city with over 50% of complaints recorded in these two wards. The Private Sector Housing Team utilise a table formula to prioritise service requests on a risk-based determination. High Priority are classed as red, medium priority as Amber and low priority as Green. This insures that the cases that pose the highest risk to occupiers are dealt with as the highest priority. Cases that are determined to pose an imminent risk to occupiers will be responded to within 48 hours. These higher priority cases result in a potential delay in action for those lower priority cases.

Waste Management

WM 1 - Percentage of waste recycled or composted (seasonal)
The quarterly data presented for the percentage of waste recycled or composted is lagged by one quarter due to the time taken for Lincolnshire County Council to process the required ‘disposal’ data, with the latest data referring to quarter 2 2022/23. During quarter 2, 16.36% of waste had been recycled and 15.72% had been composted. This equated to an overall outturn of 32.08% of waste being recycled or composted during the quarter. This latest outturn was a slight reduction on the quarter 2 2021/22 outturn of 34.82%, however, was below the low target for the quarter of 33.5%. In 2022/23 there has been a 4% reduction in subscriptions to the Garden Waste Service when compared to 2021/22, which has had an impact on the percentage of waste composted so far this year. This reduction in subscriptions could be for a number of reasons including garden waste not being a priority during this period due to the ongoing cost of living crisis and the hot, dry weather conditions earlier in the year, which resulted in fewer people taking up gardening and therefore a reduced take up in purchasing a garden waste bin.

WM 2 – Contractor points achieved against target standards specified in contract – Waste Management
As with measure GM 1, contractor points are awarded against a contractor where scheduled work has not been completed to the required standard or within the required timeframe. In quarter 3 contractor points awarded against the waste management contract totalled 165. This was greater than the high target for the quarter of 50 (low is good). This latest outturn was an increase of 35 points when compared to the previous quarter. Of the contractor points awarded during quarter 3, 50 points were awarded in October 2022, 40 points were awarded in November 2022 and 75 were points awarded in December 2022. The majority of the points awarded related to missed refuse collections, however, it is important to note that during the period there were only 33 missed collections out of 800,000 collections.

Directorate for Housing and Investment

Directorate for Housing and Investment – Performance Measures

Quarterly Measures

Service Area	Measure ID	Measure	High or Low is good	Unit	Low Target	High Target	Q3 2022/23 outturn	Status
Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	Low is good	%	1.50	1.00	1.43	A
Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	N/A	Number	Volumetric	Volumetric	243	V
Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	High is good	%	98.20	99.20	99.08	A
Housing Maintenance	HM 1a	Percentage of reactive repairs completed within target time (priority 1 day only)	High is good	%	98.50	99.50	99.42	A
Housing Maintenance	HM 1b	Percentage of reactive repairs completed within target time (urgent 3 day repairs only)	High is good	%	95.00	97.50	95.03	A
Housing Maintenance	HM 2	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	High is good	%	90.00	93.00	93.55	G
Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	High is good	%	94.00	96.00	-	NO DATA
Housing Maintenance	HM 4	Appointments kept as a percentage of appointments made (priority and urgent repairs) - HRS only	High is good	%	95.00	97.00	98.80	G
Control Centre	CC 1	Percentage of customers satisfied with their new Lincare Housing Assistance service connection to the control centre	High is good	%	90.00	95.00	100.00	G
Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	High is good	%	97.50	98.00	97.89	A
Rent Collection	RC 1	Rent collected as a proportion of rent owed (cumulative)	High is good	%	95.50	96.50	100.46	G
Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	Low is good	%	4.65	4.55	3.33	G
Housing Solutions	HS 1	The number of people currently on the Housing Register	N/A	Number	Volumetric	Volumetric	1,573	V
Housing Solutions	HS 2	The number of people approaching the council as homeless	N/A	Number	Volumetric	Volumetric	967	V
Housing Solutions	HS 3	Successful preventions and relief of homelessness against total number of homelessness approaches	High is good	%	45.00	50.00	44.23	R
Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	Low is good	%	1.00	0.90	1.41	R
Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Low is good	Days	34.00	32.00	43.31	R
Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Low is good	Days	40.00	38.00	55.68	R

Directorate for Housing and Investment measures performing at or above target

G

Housing Maintenance

HM 2 - Percentage of repairs fixed first time (priority and urgent repairs) – Housing Repairs Service only

During quarter 3 93.55% of repairs were fixed first time by the Housing Repairs Service (HRS). This latest outturn was above the high target for the quarter of 93% and was the highest outturn achieved for this measure since quarter 4 of 2019/20. During this latest quarter restructuring in other parts of the service, which has included appointing a temporary Business Services Manager, has made significant improvements to the HRS Jewson Partnership Scheme contract and stock control. Consequently, this has raised the first-time fix rate for repairs. In addition to this, team leaders have been spending 3 weeks planning their areas to give our contractors more time to source materials and erect scaffolding, which has also had a positive impact on the performance of this measure during the quarter.

HM 4 - Appointments kept as a percentage of appointments made (priority and urgent repairs) - Housing Repairs Service only

In quarter 3 appointments kept as a percentage of appointments made within the Housing Repairs Service for priority and urgent repairs reached 98.80%. This latest outturn was 1.8% above the high target for the measure of 97%. During the quarter the team remained in close communication with tenants, and a greater amount of Resource Planner time was focused on open communication with council operatives. Both communication channels have enabled the Resource Planners to be forewarned of any potential missed appointments. This has allowed them to take remedial action in a timely manner. Moving forward the service is looking at introducing additional resource in the Resource Planning Team in order to ensure customer service. A key gap within the service area currently is the IT systems and the unsupported mobile solution, which results in no PDA's being in use across the workforce and ultimately further manual chasing and input. It is important to note that at the time of writing this report, the implementation of a new online repairs system has resulted in job tickets not being raised correctly. This is resulting in such tickets having to be raised manually. This could have a potential negative impact on the performance of this measure moving forwards.

Control Centre

CC 1 - Percentage of customers satisfied with their new Lincare Housing Assistance service connection to the control centre

Surveys to determine the level of customer satisfaction with new Lincare Housing Assistance service connections to the control centre resumed in quarter 3. Of the 33 completed responses received, all customers (100%) were either 'very satisfied' or 'fairly satisfied' with their service connection. This outturn was above the high target for the quarter of 95%.

Rent Collection

RC 1 – Rent collected as a proportion of rent owed (cumulative)
Despite challenging times for tenants, at the end of quarter 3 the percentage of rent collected as a proportion of rent owed year to date achieved 100.46%. This was above the high target for the quarter of 96.5% and was in line with the collection rate seen in quarter 3 of 2021/22. It is important to note that in December 2022 there were 2 rent free weeks granted to residents. This takes place annually in December. These rent free weeks resulted in there being a slightly lower amount of rent to be collected in the quarter, which was a contributing factor to this positive outturn. During the quarter the addition of Sustainment Officers has ensured that vulnerable tenants are supported and income is maximised.

RC 2 - Current tenant arrears as a percentage of the annual rent debit
The current tenant arrears as a percentage of the annual rent debit at the end of quarter 3 was 3.33%. This was below the high target for the quarter of 4.65% (low is good) and 1.43% less than the previous quarter. This latest outturn equates to the overall rent arrears at the end of December 2022 being £40,000 less that the same point the previous year. This was a significant improvement and was as a result of with the team working hard throughout the quarter to collect rent and push the rent first culture. During the quarter Sustainment Officers have continued to support tenants with significant benefit backdates and ensure enforcement action is avoided where possible.

Directorate for Housing and Investment measures performing below target

R

Housing Solutions

HS 3 - Successful preventions and relief of homelessness against total number of homelessness approaches
At the end of the third quarter the percentage of successful preventions and relief of homelessness against the total number of homelessness approaches was 44.23%. This was below the low target for the period of 45%, however, was a slight improvement in performance when compared to the previous quarter outturn of 41.24%. The Housing Solutions Team is finding it very difficult to successfully prevent homelessness at present. The reasons for this vary but generally this is due to late presentation, the situation being irretrievable and/or there being very limited alternative options.

Housing Voids

HV 1 - Percentage of rent lost through dwelling being vacant
In quarter 3 2022/23 the percentage of rent lost through a dwelling being vacant was 1.41%. This latest outturn was greater than the low target for this measure of 1% (low is good), however, was a slight reduction when compared to the previous quarter. This reduction when compared to quarter 2 was due to a number of key factors. These include the Housing Voids Team being able to focus more on reducing the backlog of properties following a large increase in voids in July and August 2022 due to tenants transferring to De Wint Court, decreased dependency on contractors and the number of voids reducing and stabilising within the quarter, which is normal in the run up to Christmas. There are still challenges ahead as approximately 50% of voids are due to tenants

passing away. The team will be commencing an information campaign shortly to raise awareness of the condition properties should be left in and the importance of advising the Council of next of kin details and having a will. Within the team work continues to turn properties around as quickly as possible. During this latest quarter there had been a reduction in keys being returned to the team. This subsequently made it easier to manage necessary repairs to vacant properties before each property could be relet. Work will take place within the team to understand the reason for the reduction in keys being returned during the quarter, with the aim of identifying any trends and to ensure any potential increases in the volumes of keys being returned in future quarters can be highlighted and planned for in advance.

<u>HV 2 - Average re-let time in calendar days for all dwellings - standard re-lets</u>
The average re-let time in calendar days for all dwellings during quarter 3 was 43.31 days. This outturn was greater than the high target for the quarter of 32 days (low is good) and an increase of 4.27 days when compared to the previous quarter. Throughout the quarter labour levels continued to be difficult to maintain across all repair teams. However, despite performing below target, during the quarter the Housing Repairs Service was notified of voids quicker than in previous quarters and the number of properties awaiting allocation to contractors and our dependency on contractors decreased, which resulted in repair times being reduced.

<u>HV 3 - Average re-let time in calendar days for all dwellings (including major works)</u>
In quarter 3 the average re-let time in calendar days for all dwellings was 55.68 days. When compared to the low target for this measure of 40 days (low is good), this latest outturn was 15.68 days greater. The Housing Voids Team saw a reduction in keys coming in since the start of October 2022 (7.3 per week as opposed to 9.6 Year To Date). This enabled the team to turn around a high percentage of the legacy voids (long standing voids). In the quarter the team re-let 144 properties - 50 of these were voids over 80 days equating to 35%, which is the cause of the re-let times increasing. The team started the quarter with 131 voids in the system and at close of quarter 3 it was 81. Looking ahead to quarter 4 2022/23 and into 2023/24, additional properties are due to be introduced into the housing stock, which may result in the outturn for this measure increasing further. These properties will be on Rookery Lane, alongside 15 other properties which are due to be bought back into use. With the flexibility and availability of labour, these additional properties may make it challenging to meet the re-let timescales.

Corporate Performance Measures

Corporate Performance Measures

Resource Information

There were 19 leavers during quarter 3, which equated to a turnover figure of 3.1% (based upon employee headcount at the end of December 2022). This latest figure is similar to the turnover figures during quarter 1 and quarter 2 of 2022/23 and subsequently there hasn't been a significant change in the number of leavers.

The vacancy figure as at the end of quarter 3 stood at 67 Full Time Equivalent (FTE) posts. Please note, that any vacant posts with less than 37 hours per week have been removed when calculating this figure. As at the end of December 2022, the Council were actively recruiting to 20.83 FTE vacancies.

Directorate	CX	DCE	DMD	DHI	Total (Excluding Apprentices
Number of FTE employees	161.31	130.11	14.20	227.90	533.52
Average number of apprentices (as at quarter end)	Authority Wide				8.00
Percentage of staff turnover	Authority Wide				3.1%
Active vacancies which are being recruited (FTE)	Authority Wide				20.83

Appraisals for the year 2022/23 completed up to the end of quarter 3 as recorded in ITrent

Directorate	Number of staff on establishment (head count) as at 31/12/2022	Appraisals completed to date (Q1 – Q3)	% of appraisals completed
CX	204	96	47%
DCE	152	95	63%
DMD	15	1	7%
DHI	237	144	61%
Authority Wide	**608**	**336**	**55%**

It is important to note that in some cases it has not been possible to complete appraisals due to staff members being on long term absence. The deadline for appraisals to be completed was 30th September 2022. Service areas will continue to be encouraged to complete appraisals as soon as possible where these have not been completed. It is also important to note that in some cases service areas may have completed appraisals, however, these may not have been added onto the ITrent system at the time of writing this report. Subsequently these appraisals will not be included within the figures above.

Moving forwards appraisals will be reconfigured to be undertaken on either the anniversary of each employees start date or on the anniversary of when the appraisal was last complete rather than being undertaken between April and September each year.

Health and Wellbeing

The main focus for this area for quarter 3 was Financial Wellbeing.

During the quarter the Human Resources team continued to promote the benefits available to employees to help their money go that bit further, along with some financial education on pensions and awareness of the local credit union. Awareness raising around these aspects of financial wellbeing were promoted via the Hub and In Brief.

In addition, further health and wellbeing awareness topics featured on the Hub during quarter 3. These topics included Menopause Awareness month, Men's Health month / Movember (focus on 'knowing your numbers' – blood pressure, weight etc), National Stress Awareness Day and the importance of looking after your Mental Health during winter.

Sickness performance

Based upon sickness statistics for 2022/23, quarter 3 has seen sickness levels increase to 3.91 days lost per FTE (with quarter 1 being at 2.70 and quarter 2 being at 3.66). There is no definitive explanation for the increase, however, when compared to statistics in recent years this does follow a similar pattern, with sickness levels in quarter 3 being higher than in quarters 1 and 2.

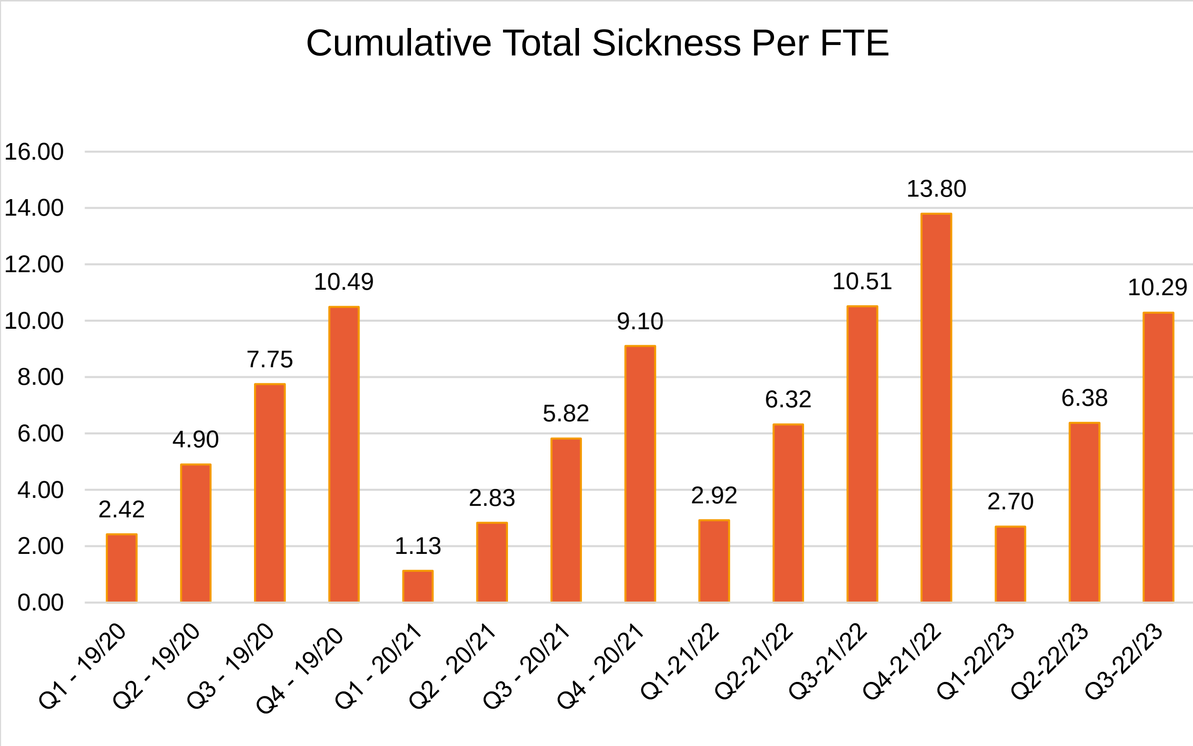
It is important to note that when comparing the sickness statistics for quarter 3 2022/23 to the statistics for the same period last year, sickness absence levels have reduced slightly by 0.28 days lost per FTE.

During quarter 3 the highest number of days lost due to short term absence was as a result of Covid 19 and the highest number of days lost due to long term absence was as a result of stress and depression (personal).

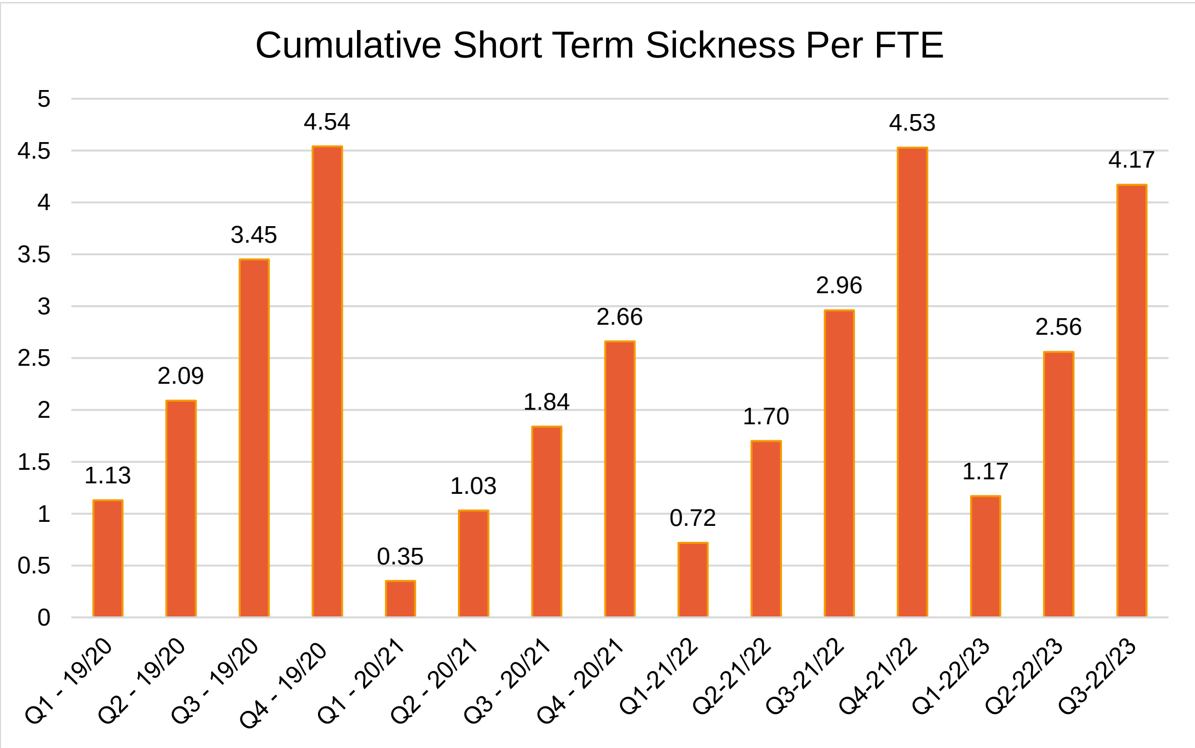
Quarter 3 2022/23 ONLY

Directorate	CX	DCE	DMD	DHI	Total (Excluding Apprentices)	Apprentice sickness
Short term days lost	230	171.5	9	446.5	857	23
Long term days lost	284	239	0	707.5	1,230.5	0
Total days lost	514	410.5	9	1,154	2,087.5	23
Number of FTE	161.31	130.11	14.20	227.9	533.52	8
Average short-term days lost per FTE	1.43	1.32	0.63	1.96	1.61	2.88
Average long-term days lost per FTE	1.76	1.84	0.00	3.10	2.31	0.00
Average total days lost per FTE	3.19	3.16	0.63	5.06	3.91	2.88

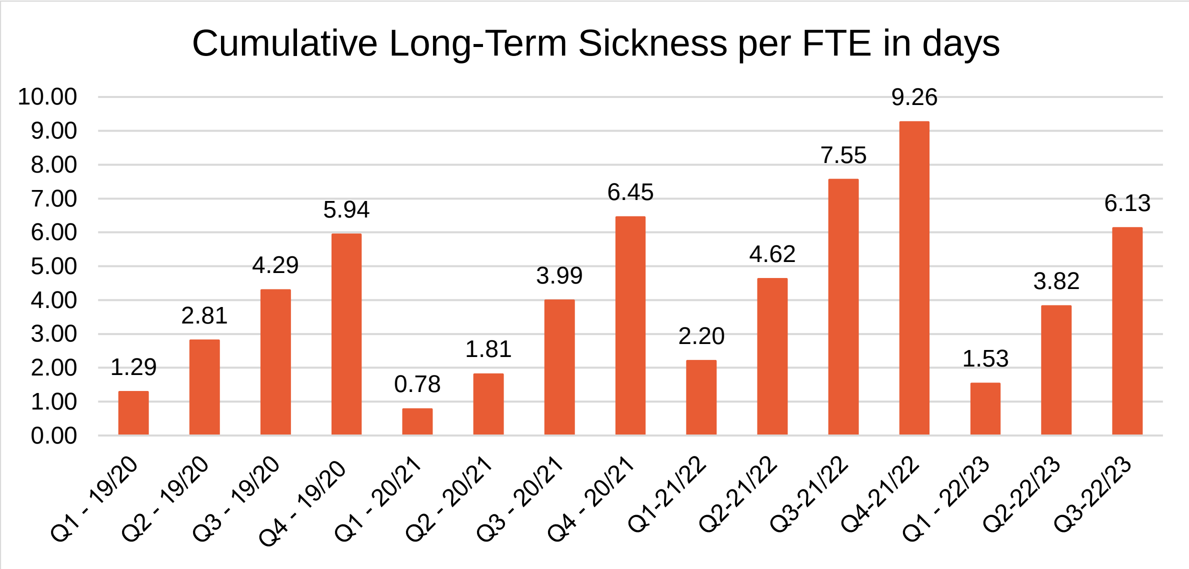
Cumulative Total Sickness per FTE in days (excluding apprentices)



Cumulative Short-Term Sickness per FTE in days (excluding apprentices)



Cumulative Long-Term Sickness per FTE in days (excluding apprentices)



Complaints performance

In quarter 3 2022/23 there were 121 complaints dealt with across the council, which was a decrease of 8 complaints when compared to quarter 2 2022/23.

It is important to note that the timeframe for providing a response to Stage 1 and Start 2 complaints is as follows –

- Stage 1 - to be completed within 10 days
- Stage 2 - to be completed within 20 days.

At the end of the quarter the percentage of formal complaints which were responded to within their target time across all directorates year to date was 69% (238). In quarter 3 2022/23, there were no Local Government Ombudsman (LGO) or Local Housing Ombudsman (LHO) complaints decided.

Quarter 3 2022/23

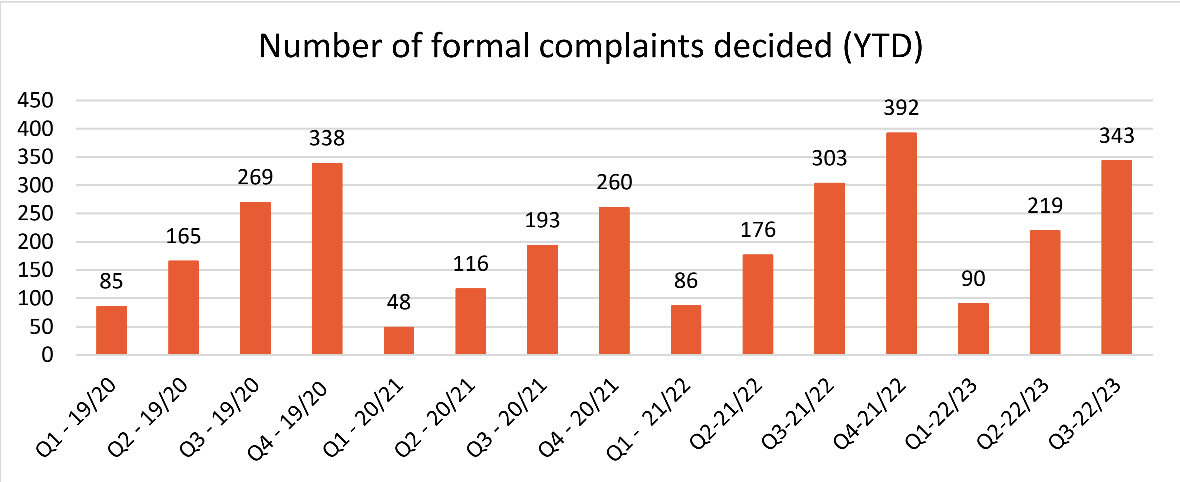
	CX	DCE	DHI	DMD	TOTAL
Number of Formal complaints dealt with this quarter (Q3)	9	18	94	0	121
Number of Formal complaints Upheld this quarter (Q3)	5 (56%)	9 (50%)	65 (69%)	0 (0%)	79 (65%)
YTD total number of complaints decided Cumulative	23	40	279	1	343
YTD Number of Formal complaints Upheld	12 (52%)	19 (48%)	178 (64%)	0 (0%)	209 (61%)
% of responses within target time this quarter (Q3)	9 (100%)	18 (100%)	64 (68%)	0 (0%)	91 (75%)
% of responses within target time YTD	21 (91%)	39 (98%)	177 (63%)	1 (100%)	238 (69%)
LGO complaints decided (Q3)	0	0	0	0	0
LHO complaints decided (Q3)	0	0	0	0	0

The key areas which the complaints in quarter 3 were in relation to for each directorate are provided below.

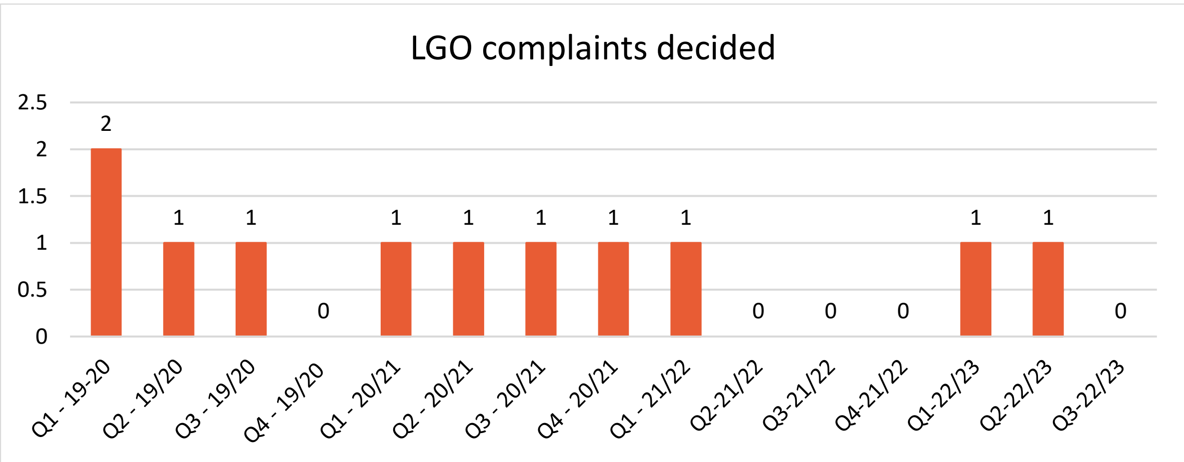
CX	Council tax summons, council tax direct debit set up, eligibility of energy rebate and small business rate relief.
DCE	Crowding / noise at Lincoln Christmas Market, cleanliness of the bus station, ASB within the bus station, pot hole in council car park, parking issues in some residential areas, removal of trees and length of time to process an application for a Tree Protection Order.
DHI	Damp and mould*, missed appointments, waiting times, housing repairs, tenancy issues (specifically ASB)and housing allocations (register issues).

*Following the tragedy in Rochdale Borough the council has received an increased number of complaints in relation to damp and mould. This increased number of complaints and subsequent works required has impacted on the council's ability to meet agreed appointments times due to lack of resources and materials. This has unfortunately led to more complaints during the quarter in relation to missed appointments and outstanding repairs as well as disrepair claims. In addition to the increase in complaints, there has also been an increase in all aspects of enquiries from customers, the MP and councillors in relation to damp and mould in council properties.

Number of formal complaints decided (YTD)



Local Government Ombudsman Complaints Decided



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APPENDIX B

Performance measure outturns Quarter 3 2022/23

Performance
Information
Management
System

Key

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 / year

Performance has stayed the same since last quarter / year

Performance has deteriorated since last quarter / year

Quarterly measures

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
CX	Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	High is good	95.00	100.00	%	Q2 - 22/23	100.00	Q3 - 22/23	50.00	R		In Q3 1/2 apprentices completed their apprenticeship on time (50%). The individual not completing on time for this quarter gained permanent employment and subsequently did not wish to continue on the apprenticeship scheme. It is important to note that due to the low numbers of apprentices due to complete during the quarter, the impact on performance of 1 apprentice not completing on time was much larger.
	Work Based Learning	WBL 2	Number of new starters on the apprenticeship scheme (cumulative)	High is good	13	15	Number	Q3 - 21/22	9	Q3 - 22/23	8	R		We had 2 new starts within Q3. The cumulative figure at the end of Q3 was 8. The apprenticeship scheme will continue to be promoted to council employees, with the scheme providing the opportunity for employees to develop their skills through an apprenticeship alongside completing their job role.
	Work Based Learning	WBL 3	Percentage of apprentices moving into Education, Employment or Training	High is good	90.00	95.00	%	Q2 - 22/23	100.00	Q3 - 22/23	100.00	G		In Q3 2022/23 100% (2/2) of apprentices on programme moved into Employment, Education or Training. Whilst one of these apprentices withdrew from the apprenticeship scheme during the quarter following gaining permanent employment, both successfully moved into Education, Employment or Training, resulting in the performance outturn for this measure achieving 100%.
	Business Development	BD 1	Number of users logged into the on-line self-service system this quarter.	High is good	10,000	11,000	Number	Q2 - 22/23	9,958	Q3 - 22/23	8,978	R		A lower number of users logged into the system is usual for the 3rd quarter. The current application is scheduled to be replaced during quarter 4 and customers will be advised how to register for the enhanced services.
	Communications	COM 1	Percentage of media enquiries responded to within four working hours	High is good	75.00	90.00	%	Q2 - 22/23	82.00	Q3 - 22/23	83.00	A		As is usually the case with the third quarter, the list of enquiries received is dominated by Lincoln Christmas Market. This year, however, the variety of enquiries proved to be slightly more wide-ranging. This was due to the media's interest in the event's Facebook page being hacked in the run up to the Market, it being the event's 40th anniversary and also the busiest Market on record. Other enquiries were largely focused on the work the city council is doing with partners to address the impact of the cost of living challenge, reports of mould in a couple of council properties and the

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
														progress of repair work at Yarborough Leisure Centre, along with its re-opening at the start of the new year.
	Customer Services	CS 1	Number of face to face enquiries in customer services	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	30	Q3 - 22/23	35	V		The number of face to face enquiries during the third quarter was 35. The total number of customers seen in pre-booked appointments was 137. The Welfare team saw the most customers with 52 pre-booked appointments during the quarter.
	Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	28,197	Q3 - 22/23	24,232	V		The volume of calls was less than the previous quarter. During quarter 3 the breakdown of the type of call changed. The Customer Services Team answered 3,261 refuse/environmental calls, 3,381 housing solutions/homeless calls, 10,139 housing calls, 7,451 count tax/benefit calls and 203 other calls. Council tax/benefit calls saw a decrease during the quarter as the team has now dealt with the majority of calls regarding the energy rebate payments. However, repair calls increased by 20%, which was as a result of more calls in November and December being received in relation to damp and mould.
	Customer Services	CS 3	Average time taken to answer a call to customer services	Low is good	300	180	Seconds	Q2 - 22/23	795	Q3 - 22/23	842	R	▼	During quarter 3 the average time to answer a call to Customer Services was 842 seconds. This outturn was slightly higher than the previous quarter, however the customer wait time throughout quarter 3 was showing a decreasing trend. During the quarter the team continued to have one vacancy, however at the time of providing this commentary this vacancy has now been filled and the team is back at full capacity. In addition to the vacancy, the length of calls for repairs has increased which has also affected our answer rate. Work will be undertaken to address and resolve the current challenge with allocating works through to contractors.
	Customer Services	CS 4	Average customer feedback score (telephone, face to face and e-mail enquiries)	High is good	80.00	90.00	%	Q2 - 22/23	67.00	Q3 - 22/23	87.80	A	▲	The average customer feedback score for quarter 3 was 8.78 out of 10, which equates to 87.8% of customers being satisfied with the service they received. The average satisfaction score in relation to the information supplied or the outcome of the interaction during the quarter was 9.21 out of 10. An example of one of the positive responses received was "Very prompt response and issue resolved next day".
	IT	ICT 1	Number of calls logged to IT helpdesk	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	861	Q3 - 22/23	702	V		E-mail filtering improvements have reduced number of calls. Also fewer incidents occurred in Q3.
	IT	ICT 2	Percentage of first time fixes	N/A	Volumetric	Volumetric	%	Q2 - 22/23	58.00	Q3 - 22/23	58.80	V		Similar level to previous quarters. Less incidents occurred during the quarter and email issues continue to decrease.
	Accountancy	ACC 1	Average return on investment portfolio	High is good	0.15	0.25	%	Q2 - 22/23	1.64	Q3 - 22/23	2.62	G	▲	Bank of England rates have continued to increase and so interest rates are more favourable than forecast.
	Accountancy	ACC 2	Average interest rate on external borrowing	Low is good	4.75	3.75	%	Q2 - 22/23	2.97	Q3 - 22/23	2.98	G	▼	Average interest rate for borrowing in Quarter 3 - interest rates have stabilised in this quarter
	Debtors & Creditors	DCT 1	Percentage of invoices paid within 30 days	High is good	95.00	97.00	%	Q2 - 22/23	97.01	Q3 - 22/23	96.53	A	▼	Figures are calculated on all supplier invoices and credit notes (not refunds or grants) paid 01/10/2022 - 31/12/2022. Figures are adjusted based on certain assumptions as below: -

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
														1) No invoice collected for payment by supplier by direct debit or paid by standing order is assumed to be late. 2) No credit note taken by COLC outside of 30 days classified as late 3) 0.5% of those invoices paid over 30 days assumed to be in dispute at some point and hence paid late after dispute resolved not classified as late 4) 1% of those invoices paid after 30 days were held back from payment because the overall balance with the supplier was in credit.
	Debtors & Creditors	DCT 2	Percentage of invoices that have a Purchase Order completed	High is good	45.00	55.00	%	Q2 - 22/23	59.00	Q3 - 22/23	62.00	G	▲	Based on supplier expenditure only (all invoices dated between 01/10/2022 and 31/12/2022). Excluded: None supplier expenditure and Gas, Water and Electricity bills where purchase orders are not required. No. of invoices included - 3,087 of which 1,926 were linked to either an Agresso or UH (universal housing) order number.
	Debtors & Creditors	DCT 3	Average number of days to pay invoices	Low is good	30.00	15.00	Days	Q2 - 22/23	14.00	Q3 - 22/23	16.00	A	▼	Figures are calculated on all supplier invoices and credit notes paid 01/10/2022 - 31/12/2022.
	Revenues Administration	REV 1	Council Tax – in year collection rate for Lincoln (cumulative)	High is good	75.00	77.00	%	Q3 - 21/22	75.82	Q3 - 22/23	77.58	G	▲	Council tax collection is 1.76% higher than the end of December 2021. At the end of quarter 2, a number of energy rebates had been added to the accounts which increased the collection rate. We also added a further £28.00 to all working age customers who are in receipt of council tax support as part of the Council Tax Hardship Scheme. We have written to these customers to explain that they have had the additional discretionary energy rebate and it is expected that more of these customers will request refunds. These letters were issued at the end of November but due to postal strikes customers had just began to make contact just before the Christmas break. Any refunds that are made will impact on the collection rate going forward.
	Revenues Administration	REV 2	Business Rates – in year collection rate for Lincoln (cumulative)	High is good	81.00	84.00	%	Q3 - 21/22	84.11	Q3 - 22/23	85.51	G	▲	The Non-Domestic Rates collection is showing an improvement of 1.39% when compared to the third quarter of 2021-22. The application of the Covid-19 Additional Relief Fund (CARF) against the 2021-22 debt has helped with the collection figures for 2022-23. We are discouraging any applications for refunds if the 2021-22 year went into credit due to the CARF relief unless the current year 2022-23 has been cleared in full.
	Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues Team	Low is good	1,400	1,200	Number	Q3 - 21/22	1,738	Q3 - 22/23	1,460	R	▲	This is the total number of outstanding documents in the Enterprise system and outstanding emails at 2.1.2023 (35 of these emails were received after office closed on 30.12.2022). The back log of work created by the Energy Rebate Scheme is now coming down. There are further incentives by the Government that will continue to cause back logs of work, but it is hoped that these should have less impact than the Core and Discretionary Energy Rebate Schemes had.
	Housing Benefit Administration	BE 1	Average days to process new housing benefit claims from date received (cumulative)	Low is good	19.50	17.50	Days	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.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Housing Benefit Administration	BE 2	Average days to process housing benefit claim changes of circumstances from date received (cumulative)	Low is good	8.00	6.50	Days	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	1,750	1,600	Number	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 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	96.40	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	Volumetric	Volumetric	Number	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.
DCE	Affordable Housing	AH 1	Number of affordable homes delivered (cumulative)	High is good	25	80	Number	Previously collected annually not quarterly.		Q3 - 22/23	10	R		During the quarter 10 affordable homes were completed. All of these affordable homes were built on the Romangate site.
	Development Management (Planning)	DM 1	Number of applications in the quarter	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	231	Q3 - 22/23	227	V		There has been a very small decrease in applications submitted during quarter 3, however this number is consistent with recent quarters.
	Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Low is good	85.00	65.00	Days	Q2 - 22/23	105.21	Q3 - 22/23	81.39	A		End to end times have lowered following a significant increase in quarter 2 but remains relatively high as there were a small number of long standing applications which were formally disposed of following a lack of response from the applicant. Three key members of staff have also left their position and whilst the recruitment process is underway it is inevitable that it will take some time for performance to increase significantly.
	Development Management (Planning)	DM 3	Number of live planning applications open	Low is good	180	120	Number	Q2 - 22/23	120	Q3 - 22/23	148	A		This number is reflective of the current resource situation as the team is not operating with a full complement of staff. This should be resolved to an extent following a recruitment process.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Development Management (Planning)	DM 4	Percentage of applications approved	High is good	85.00	97.00	%	Q2 - 22/23	97.00	Q3 - 22/23	93.00	A		This figure still remains consistently high even if timescales become elongated. This outcome is the most important factor for applicants.
	Development Management (Planning)	DM 5	Percentage of decisions on planning applications that are subsequently overturned on appeal	Low is good	10.00	5.00	%	Q2 - 22/23	0.00	Q3 - 22/23	100.00	R		It is important to note that there was only 1 planning application appealed during quarter 3 which was subsequently overturned. This application was in relation to a self-contained flat in the garden of a student HMO in the West End. As a result the outturn for this measure is 100% which indicates poor performance. This is not the case due to there only being 1 planning application appealed and overturned. Performance of this measure continues to be strong with very low levels of appeals overturned each quarter. Due to the very low number of appeals overturned this measure has not been identified by the Policy Team as a concern within the quarter 3 performance report despite the outturn being below target.
	Development Management (Planning)	DM 6	Percentage of Non-Major Planning Applications determined within the government target (70% in 8 weeks) measured on a 2 year rolling basis	High is good	70.00	90.00	%	Q2 - 22/23	88.30	Q3 - 22/23	87.60	A		This figure remains high due to prioritisation of workloads to ensure we meet the statutory national targets. To ensure the collection of this measure is in line with national benchmarking data, from this quarter the extension of time cases are not included within the outturn. Subsequently the data may differ from back data over the next four quarters when comparing against the 2021/22 outturns.
	Development Management (Planning)	DM 7	Percentage of Major Planning Applications determined within the government target (60% in 13 weeks) measured on a 2 year rolling basis	High is good	60.00	90.00	%	Q2 - 22/23	84.20	Q3 - 22/23	84.20	A		This figure remains high due to prioritisation of workloads to ensure we meet the statutory national targets. To ensure the collection of this measure is in line with national benchmarking data, from this quarter the extension of time cases are not included within the outturn. Subsequently the data may differ from back data over the next four quarters when comparing against the 2021/22 outturns.
	Parking Services	PS 1	Overall percentage utilisation of all car parks	High is good	50.00	60.00	%	Q2 - 22/23	47.00	Q3 - 22/23	53.00	A		During the third quarter there was an increase in the overall utilisation of all car parks when compared to the previous quarter. This increase was due to more people using our car parks due to the Christmas period.
	Parking Services	PS 2	Number of off street charged parking spaces	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	3,771	Q3 - 22/23	3,759	V		There has been a slight decrease in the number of off street charged parking spaces. This is due to the loss of 12 spaces at Broadgate multi storey car park due to relining on the upper floor to provide wider spaces.
	Food and Health & Safety Enforcement	FHS 1	Percentage of premises fully or broadly compliant with Food Health & Safety inspection	High is good	95.00	97.00	%	Q2 - 22/23	98.64	Q3 - 22/23	99.90	G		This measure still should be treated with some caution as we are still operating in accordance with the FSA Recovery Plan. The number of businesses that are registered in the city is 1,102 although this fluctuates daily. What we can report is that there is a focus on less compliant businesses in the city - currently there are 15 businesses that are non-compliant, which is an increase from the last quarter. We continue, however, to work with non-compliant businesses to get them to a level that is at least broadly compliant.
	Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Low is good	15.00	10.00	Days	Q2 - 22/23	12.86	Q3 - 22/23	13.08	A		The average time taken to get a food business compliant is generally being maintained. We prioritise inspections within the scope of the FSA Recovery Plan, then businesses within the Lincoln Recovery Plan. There were 210 businesses inspected during quarter 3.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Food and Health & Safety Enforcement	FHS 3	Percentage of food inspections that should have been completed and have been in that time period	High is good	85.00	97.00	%	Q2 - 22/23	100.00	Q3 - 22/23	93.30	A	▼	All but one of the businesses that fell within the scope of the FSA Recovery Plan were completed. The premises that wasn't completed requires two officers to attend. The inspection became due late in the quarter and although two attempts were made before the end of the quarter to undertake the inspection, these attempts were unsuccessful. The business is currently closed for post-Christmas holidays but we will attempt to inspect it once it reopens. Throughout this quarter, the team were able to focus on inspecting businesses that had not been inspected during lockdown periods. 210 inspections were carried out during quarter 3.
	Licensing	LIC 1	Total number of committee referrals (for all licensing functions)	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	2	Q3 - 22/23	5	V		Committee referrals during Q3 totalled 5. Of these - 2 Private Hire drivers for accruing points, 1 Private Hire driver for no insurance, 1 Private Hire driver following complaints.1 Sex Establishment variation.
	Licensing	LIC 2	Total number of enforcement actions (revocations, suspensions and prosecutions)	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	0	Q3 - 22/23	0	V		No enforcement actions of this nature were taken during this quarter.
	Private Housing	PH 1	Average time in weeks from occupational therapy notification to completion of works on site for a DFG grant (all DFG's exc. extensions)	Low is good	26.00	19.00	Weeks	Q2 - 22/23	29.40	Q3 - 22/23	28.00	R	▲	18 adaptations have been completed between October 2022 and end of December 2022. The measure is the time in weeks from when the first Occupational Therapy (OT) notification is received. The time from when the application is approved (and this means that all design has been agreed with the OT and the client, a contractor has priced and accepted the work) to works being completed is 13 weeks. This measure has been performing at RED for a number of quarters as we are running the service with a decrease in staffing resources. A recruitment exercise is now taking place and it is hoped there will be additional resource within the team from quarter 4.
	Private Housing	PH 2	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	Low is good	20.00	12.00	Weeks	Q2 - 22/23	20.40	Q3 - 22/23	20.10	R	▲	During this quarter 44 housing disrepair/condition cases were resolved. Park and Abbey wards continued to have the highest private rented accommodation complaints in the city with over 50% recorded into these 2 wards. The team has continued to manage a number of work streams during the quarter, such as HMO licencing, licence condition visits, Home for Ukraine checks and housing assistance applications and this has impacted on the time taken to get issues resolved. In addition some formal actions taken by the team have been appealed resulting in a number of hearings at the first tier Tribunal. These have required officers to commit a large amount of time in producing a legal bundle and attending the hearing. The Private Sector Housing Team utilise a table formula to prioritise our service requests on a risk-based determination. High Priority are classed as red, medium priority as Amber and low priority as green. This insures that the cases that pose the highest risk to occupiers are dealt with as the highest priority. Cases that are determined to pose an imminent risk to occupiers will be responded to within 48 hours. Obviously, this results in a potential delay in actions regarding lower priority cases.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Private Housing	PH 3	Number of empty homes brought back into use (cumulative)	High is good	11	23	Number	Q3 - 21/22	17	Q3 - 22/23	24	G		During quarter 3, 8 empty homes were brought back into use within the city as a result of direct actions by City of Lincoln Council, bringing the total number of empty homes brought back into use for the year so far to 24. The long term empty properties at the end of this quarter totalled 459, with 21 empty properties being empty for 10 years or more.
	Public Protection and Anti-Social Behaviour Team	PPASB 1	Number of cases received in the quarter (ASB cases only)	N/A	Volumetric	Volumetric	Number	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	Volumetric	Volumetric	Number	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.
	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	260	220	Number	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.
	Sport & Leisure	SP 1a	Quarterly visitor numbers to Birchwood Leisure Centre	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	37,616	Q3 - 22/23	31,185	V		Visitor numbers to Birchwood Leisure Centre is still down on the pre-pandemic levels by 25,959 visits. It is also down on Q3 last year by 2,208 visits.
	Sport & Leisure	SP 1b	Quarterly visitor numbers to Yarborough Leisure Centre	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	60,934	Q3 - 22/23	57,864	V		Quarter 3 2022/23 saw attendance at 57,864. This attendance figure remained lower than normal due to the main swimming pool being closed. The pool work was completed at the end of December 22 with the pool reopening on the 2nd of January 2023, therefore, quarter 4 should see a return to higher visitor figures. When comparing the latest attendance figure to the quarter 3 2021/22 figure of 76,946, it is likely that the difference of 19,082 visitors was due to the pool being closed. When comparing the latest attendance figure with quarter 3 2019/20 (pre pandemic) figure the latest attendance figure was 116,391 lower.
	Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	High is good	520.00	650.00	Hours	Q2 - 22/23	635.00	Q3 - 22/23	806.00	G		Q3 2022/23 saw usage of the AGP's at Birchwood Leisure Centre equate to 471.25 hours used and Yarborough Leisure Centre 334.75 hours used out of a total of 962 hours at each site being available. In comparison with Q3 2021/23 there is similar usage with the same clubs still engaged in using the sites.
	Sport & Leisure	SP 3a	Customers who would recommend Birchwood Leisure Centre	High is good	62.00	70.00	%	Q2 - 22/23	81.00	Q3 - 22/23	-	NO DATA		The individual site data is not currently available on the national benchmarking site for Active Nation. As a result the quarter 3 outturn for Birchwood Leisure Centre is not currently available.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Sport & Leisure	SP 3b	Customers who would recommend Yarborough Leisure Centre	High is good	62.00	70.00	%	Q2 - 22/23	55.00	Q3 - 22/23	-	NO DATA		The individual site data is not currently available on the national benchmarking site for Active Nation. As a result the quarter 3 outturn for Yarborough Leisure Centre is not currently available.
	Allotments	AM 1	Percentage occupancy of allotment plots	High is good	84.00	92.00	%	Q2 - 22/23	96.00	Q3 - 22/23	97.00	G		As at the end of December 2022, 1,086 plots of a total 1,176 were let. Of the 1,176 total plots, 1,122 plots are currently lettable. 1,086 occupied lettable plots equates to 97% occupancy rate, with the remaining being 'under offer' to new tenants at the time of review. There continues to be a steady demand for allotment tenancies (this may increase dramatically if the cost-of-living crisis continues in the long-term). Most of the allotment sites currently have waiting lists for plots now, and when plots become available, we try to re-let the plots to those on the waiting lists as quickly as possible. New charge levels introduced in February 2022 do not seem to have had a major impact on demand.
	CCTV	CCTV 1	Total number of incidents handled by CCTV operators	N/A	Volumetric	Volumetric	Number	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.
	Grounds Maintenance	GM 1	Contractor points achieved against target standards specified in contract - Grounds Maintenance	Low is good	150	50	Number	Q2 - 22/23	45	Q3 - 22/23	35	G		The collective points for the quarter totalled 35. This has been broken down into 0 in October 2022, 10 in November 2022 and 25 in December 2022. The majority of points in December 2022 were awarded for hedge trimming.
	Street Cleansing	SC 1	Contractor points achieved against target standards specified in contract - Street Cleansing	Low is good	150	50	Number	Q2 - 22/23	105	Q3 - 22/23	65	A		65 points were awarded against the contractor in quarter 3. Of these points, 30 points were awarded in October 2022, 15 points awarded in November 2022 and 20 points awarded in December 2022. The majority of points awarded during the quarter were for overflowing bins.
	Waste & Recycling	WM 1	Percentage of waste recycled or composted (seasonal)	High is good	33.50	39.00	%	Q3 - 21/22	34.82	Q3 - 22/23	32.08	R		This figure relates to quarter 2 (July 2022 - September 2022) as data received from LCC is lagged. 16.36% has been recorded as waste being recycled, whereas 15.72% was recorded as waste being composted, equating to 32.08% being composted or recycled. In 2022/23 there has been a 4% reduction in subscriptions to the Garden Waste Service when compared to 2021/22. This, and the dry summer which reduced tonnages generally, has had an impact on the percentage of waste composted so far this year.
	Waste & Recycling	WM 2	Contractor points achieved against target standards specified in contract - Waste Management	Low is good	150	50	Number	Q2 - 22/23	130	Q3 - 22/23	165	R		165 points were awarded against the contractor during quarter 3. Of these points, 50 points were awarded in October 2022, 40 points awarded in November 2022 and 75 points awarded in December 2022. The majority of points during the quarter related to missed refuse collections. This refers to 33 missed collections out of 800,000 collections.
DHI	Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes'	Low is good	1.50	1.00	%	Q2 - 22/23	1.60	Q3 - 22/23	1.43	A		Although we continue to receive additional referrals for Doors and Windows, there has been continued progress in reducing overall failures via programmed works delivery. Also, despite 13 new failures for Electrics since October, there has been an overall reduction for failures in this

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
			standard (excluding refusals)											category too. There are now 111 properties failing the standard: 15 doors, 50 Windows, 46 Electrics and 1 Roof (1 property fails both door and windows). Access protocols continue to be followed on Electrical failures. All Door and Window failures have been referred for replacement although, due to manufacturing lead times, these may not complete before year end.
	Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	249	Q3 - 22/23	243	V		The level of refusals is recorded but cannot be controlled by the Council. We have had a decrease of 6 since the end of quarter two.
	Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	High is good	98.20	99.20	%	Q2 - 22/23	99.69	Q3 - 22/23	99.08	A	▼	Our annual gas servicing programme continually runs 12 months a year. We have a repeatedly small number of properties (around 1%) that do not allow access to the gas engineer prior to the deadline date of the inspection each month. We continue to work hard to resolve these access issues in accordance with our gas servicing procedures.
	Housing Maintenance	HM 1a	Percentage of reactive repairs completed within target time (priority 1 day only)	High is good	98.50	99.50	%	Q2 - 22/23	99.47	Q3 - 22/23	99.42	A	▼	The high influx of damp and mould jobs that have been reported in the last quarter has had an impact on the amount of priority jobs we have completed. We have had to reallocate labour resources to accommodate these damp and mould jobs, subsequently causing missed timeframes. In addition, with the seasons changing, we have had more reports of roofing leaks, guttering repairs etc. which impacts and adds pressure on the resource planners, yet our level of service levels has stayed in the top region.
	Housing Maintenance	HM 1b	Percentage of reactive repairs completed within target time (urgent 3 day repairs only)	High is good	95.00	97.50	%	Q2 - 22/23	96.92	Q3 - 22/23	95.03	A	▼	Quarter 3 figures have been negatively affected by a large increase in damp and mould jobs being reported following the tragedy in Rochdale Borough. Prior to this high-profile case we were averaging 10.28 jobs per week. Following the incident, we have been averaging 78.83 jobs per week. This has subsequently resulted in a handful of missed time frames due to the team having to prioritise damp and mould works over more standard repairs. An example of this was pulling a bricklayer from a 3-day inspection of a ridge to complete a damp and mould job.
	Housing Maintenance	HM 2	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	High is good	90.00	93.00	%	Q2 - 22/23	91.23	Q3 - 22/23	93.55	G	▲	Quarter 3 has seen some restructuring in other parts of the service, including a temporary Business Services Manager being appointed. This has made significant improvements to our Jewson Partnership Scheme contract and stock control. Consequently, this has raised our first-time rate of repair. In addition to this, team leaders have been spending 3 weeks planning their areas to give our contractors more time to source materials and erect scaffolding.
	Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	High is good	94.00	96.00	%	Q2 - 22/23	-	Q3 - 22/23	-	NO DATA		There is an issue with DRS (works allocation system) pulling customer contact numbers across from the Universal Housing system, therefore, the Business Development Team is unable send out the SMS texts - a call has been logged to Kirona the software supplier. The HRS Team

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
														need to complete some work in the test system to see if the issues can be resolved, however due to the Housing IT project the team doesn't currently have the resources to allocate time to look at this. The Housing Performance Team is looking at other methods to collect this data in the meantime. One possible option could be to extract the contact numbers from the Housing Management System and cross reference with the DRS system to allow the SMS texts to be sent out.
	Housing Maintenance	HM 4	Appointments kept as a percentage of appointments made (priority and urgent repairs) - HRS only	High is good	95.00	97.00	%	Q2 - 22/23	98.76	Q3 - 22/23	98.80	G	▲	We have remained in close communication with our tenants throughout the last quarter. Also, a wider focus of Resource Planner time has been concentrated on open communication with the operatives. This has ensured Resource Planners have been forewarned of any potential missed appointments allowing them to take remedial action in a timely manner. Moving forwards we are looking at introducing additional resource in the Resource Planning Team in order to ensure customer service. A key gap within our service area is the IT systems and the unsupported mobile solution, which results in no PDA's in use across the workforce and ultimately further manual chasing and input. Due to the implementation of the new online repairs system, job tickets are not being raised correctly, meaning they are having to be raised manually. This could have a potential negative impact on the final quarter of 22/23.
	Control Centre	CC 1	Percentage of customers satisfied with their new Lincare Housing Assistance service connection to the control centre	High is good	90.00	95.00	%	Q2 - 22/23	-	Q3 - 22/23	100.00	G	—	Surveys for lifeline installations resumed in Quarter 3. During the quarter, we received 33 completed responses with all of these being either very or fairly satisfied with the service.
	Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	High is good	97.50	98.00	%	Q2 - 22/23	97.87	Q3 - 22/23	97.89	A	▲	Performance remains above the Telecare Accredited Body target of 97.5%. We received a high number of calls in December with over 4,000 alarm calls received in the month alone.
	Rent Collection	RC 1	Rent collected as a proportion of rent owed (cumulative)	High is good	95.50	96.50	%	Q3 - 21/22	100.52	Q3 - 22/23	100.46	G	▼	Despite challenging times for tenants, the in-year collection for rent at the end of quarter 3 was over 100% and ahead of the 93% target. The addition of the Sustainment Officers has ensured that vulnerable tenants are supported and income is maximised. It is important to note that in December 2022 there were 2 rent free weeks granted to residents, which resulted in there being a slightly lower amount of rent to be collected during the quarter. This was a contributing factor to the positive outturn this quarter.
	Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	Low is good	4.65	4.55	%	Q2 - 22/23	4.76	Q3 - 22/23	3.33	G	▲	As of the end of December, the overall rent arrears were £40,000 less that the same point the previous year. This was a significant improvement with the team working hard to collect rent and push the rent first culture. The Sustainment Officers continue to support tenants with significant benefit backdates and in ensuring the council avoid enforcement action where possible.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
	Housing Solutions	HS 1	The number of people currently on the Housing Register	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	1,574	Q3 - 22/23	1,573	V		We continue to see a steady number of applications to the Housing Register, although numbers have steadied off since the height of the pandemic.
	Housing Solutions	HS 2	The number of people approaching the council as homeless	N/A	Volumetric	Volumetric	Number	Q2 - 22/23	631	Q3 - 22/23	967	V		The rise in the number of homelessness applications has been significant this year. The reasons vary but are generally linked to cost of living (affordability/rent arrears), friends and relatives unable to accommodate, and private landlords selling up and moving out of the market.
	Housing Solutions	HS 3	Successful preventions and relief of homelessness against total number of homelessness approaches	High is good	45.00	50.00	%	Q2 - 22/23	41.24	Q3 - 22/23	44.23	R		We are finding it very difficult to successfully prevent homelessness at present. The reasons vary but generally due to late presentation, the situation being irretrievable and/or there being very limited alternative options.
	Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	Low is good	1.00	0.90	%	Q2 - 22/23	1.42	Q3 - 22/23	1.41	R		There are still challenges ahead as approximately 50% of voids are due to tenants passing away. The Housing Voids Team will be commencing an information campaign shortly to raise awareness of the condition properties should be left in and the importance of advising the Council of next of kin details and the importance of a will. Work continues to turn properties around as quickly as possible. When compared to the quarter 2 outturn there has been a slight reduction in the percentage of rent lost through a dwelling being vacant. This was due to a number of key factors- • The Housing Voids Team being able to focus more on reducing the backlog of properties in the system following a large increase in voids in July and August 2022 due to tenants transferring to De Wint Court • Decreased dependency on contractors • The number of voids reduced and stabilised within the quarter, which is normal in the run up to Christmas • A reduction in keys being returned to the team. This subsequently made it easier to manage necessary repairs to vacant properties before each property could be relet. Work will take place within the team to understand the reason for the reduction in keys being returned during the quarter, with the aim of identifying any trends and to ensure any potential increases in the volumes of keys being returned in future quarters can be highlighted and planned for in advance.
	Housing Voids	HV 2	Average re-let time in calendar days for all dwellings - standard re-lets	Low is good	34.00	32.00	Days	Q2 - 22/23	39.04	Q3 - 22/23	43.31	R		Labour levels are still difficult to maintain across all repair teams, but this is being managed to ensure the right team is allocated to work. Performance of this measure did improve within the quarter and the number of properties awaiting allocation to contractors has reduced. Repairs are now issuing voids with a smaller delay than in previous quarters, with a decreased dependency on contractors to reduce the repair times.
	Housing Voids	HV 3	Average re-let time in calendar days for all dwellings (including major works)	Low is good	40.00	38.00	Days	Q2 - 22/23	50.30	Q3 - 22/23	55.68	R		The Housing Voids Team saw a reduction in keys coming in since the start of October 2022 (7.3 per week as opposed to 9.6 Year To Date). This enabled the team to turn around a high percentage of our legacy voids (long standing voids). In the quarter the team re-let 144 properties, 50 of these were voids over 80 days equating to 35%, which is the cause of the re-let times increasing. The team started the quarter with 131 voids

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Quarter	Current Value	Status		Commentary
														in the system and at close of Q3 it was 81.A couple of items may cause an increase moving into Q4 and into the start of next year as extra properties are due to be introduced into the housing stock on Rookery Lane alongside 15 other properties being bought back. With the flexibility and availability of labour, this may be challenging.

Annual measures

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Year	Current value	Status		Commentary
CX	Democratic Services	DEM 1	The number of individuals registered on the electoral register as at 1st December (local elections)	N/A	Volumetric	Volumetric	Number	2021/22	62,292	2022/23	61,778	V		A slight decrease from last year's electorate, however this is expected to increase through monthly updates.
	Procurement Services	PRO 1	Percentage spend on contracts that have been awarded to "local" contractors (as the primary contractor)	High is good	20.00	45.00	%	2021/22	45.00	2022/23	44.15	A	▼	£18.9m spend with local suppliers out of a total spend of £42.89m, equating to 44.15%. This data relates to the financial year 2021-22.
	Procurement Services	PRO 2	Percentage value of the top 10 spend contracts that have been sub-contracted (wholly or partly) to "local" suppliers to deliver	N/A	Volumetric	Volumetric	%	2021/22	23.60	2022/23	20.20	V		Total contract spend relating to the top 10 suppliers was £25.7m and of this £5.18m related to local suppliers/sub-contractors. This data is in respect of the financial year 2021-22.
	Procurement Services	PRO 3	Percentage of total contract spend that is with an SME	High is good	20.00	40.00	%	2021/22	42.10	2022/23	51.18	G	▲	Total contract spend of £42.89m with £21.95m spend with SME's. The figure and data relates to the financial year 2021-22.
	Procurement Services	PRO 4	Percentage of total contract spend that is with an SME who meets the "local" definition	High is good	20.00	40.00	%	2021/22	48.20	2022/23	58.80	G	▲	Total spend with SME's was £21.95m of which £12.92m is with local SME's. This data relates to the financial year 2021-22.
DCE	Food and Health & Safety Enforcement	FHS 4	Percentage of Citizens' Panel respondents who are satisfied with the standard of hygiene in restaurants/cafes/ shops and takeaways in Lincoln	High is good	80.00	85.00	%	2021/22	87.80	2022/23	87.50	G	▼	87.5% of respondents to the November 2022 Lincoln Citizens' Panel survey stated they were either 'satisfied' or 'very satisfied' with the standard of hygiene in restaurants / cafes / shops / takeaways in Lincoln.
	Waste & Recycling	WM 3	Satisfaction with refuse service (collected via Citizens' Panel)	High is good	90.00	96.00	%	2021/22	97.00	2022/23	95.30	A	▼	95.3% of respondents to the November 2022 Lincoln Citizens' Panel survey stated they were either 'satisfied' or 'very satisfied' with the refuse collection service provided by the council.

	Service Area	Measure ID	Measure	High or Low is good	Low Target	High Target	Unit	Previous Data Period	Previous Value	Current Year	Current value	Status		Commentary
	Waste & Recycling	WM 4	Satisfaction with recycling service (collected via Citizens' Panel)	High is good	90.00	96.00	%	2021/22	94.50	2022/23	93.60	A		93.6% of respondents to the November 2022 Lincoln Citizens' Panel survey stated they were either ‘satisfied’ or ‘very satisfied’ with the recycling collection service provided by the council.

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Item No. 9

EXECUTIVE **20 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 recommend to the Executive the Medium-Term Financial Strategy for the period 2023-2028 and the budget for 2023/24, for referral to Council.

1.2 To recommend to the Executive the Capital Strategy 2023-2028 for referral to Council.

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 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 must consider 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 11^{th} 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 the Executive recommend to Council for approval:

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

Including the following specific elements:

- A proposed council tax Increase of 2.91% for 2023/24.
- A proposed housing rent increase of 6.5% for 2023/24.
- 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

APPENDIX A

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.

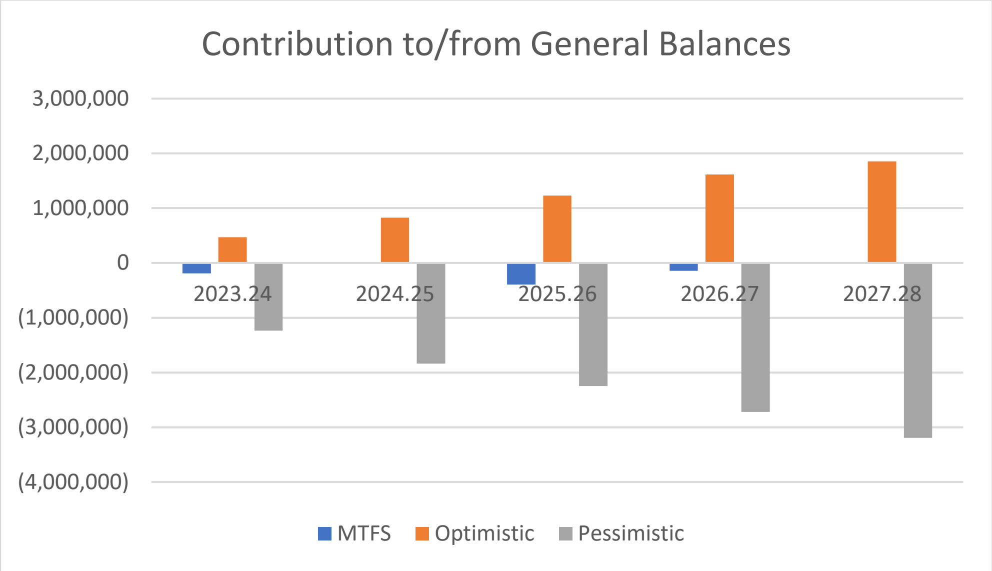
Management of Risk

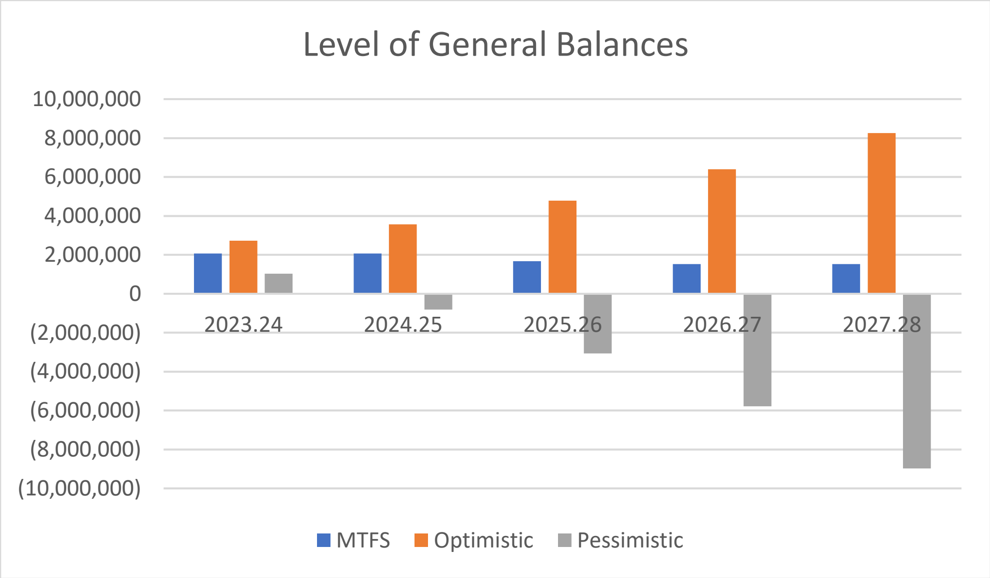
The Council has always maintained a very proactive approach to managing risk and there are effective arrangements for financial control already in place. However, as a result of the significant changes to local government funding, which saw a shift towards self –sufficiency and dependence on local funding 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**

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.

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

Appendix 5

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,

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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

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

Appendix 5

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.

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

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

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

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**	
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**

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.

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

	PREVIOUS 2021/22 £	CURRENT 2022/23 £	PROPOSED 2023/24 £	
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**

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.

- 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 (only issued to businesses in the residents parking zones with no off-street parking)	52.00	52.00	52.00	**52.00**	*
- 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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Capital Strategy

2023/24 - 2027/28

Contents

Section 1 - Introduction

This Capital Strategy details how the Council deploys and will subsequently manage its capital resources thereby explaining the Council's financial framework for capital investment in support of its strategic priorities.

This strategy covers all aspects of the Council's capital expenditure, resourced both directly by the Council and where resources have been attracted through external funding opportunities.

The strategy demonstrates that the Council takes capital expenditure and investment decisions in line with corporate and service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The strategy sets out the medium-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The strategy reflects the aspirations and priorities identified in Vision 2025. The Strategy considers external influences such as government policy changes and as well as internal influences.

The Council's capital programme consists of two elements:

- The General Investment Programme (GIP) with a budget for 2023-28 of £32.918m

- The Housing Investment Programme (HIP) with a budget for 2023-28 of £66.765m

Both are accounted for separately, but the schemes making up the two programmes are subject to the same scrutiny and monitoring arrangements to ensure their effective delivery. All new capital schemes, with the exception of the ongoing capital maintenance programmes, are delivered through the Lincoln Project Management Model which evaluates the financial and service implications and potential risks that may arise from each scheme.

The Council has at 1 April 2022 a diverse asset portfolio including, 7,797 council dwellings, 3,622 car parking spaces, 2 sports and leisure centres, 1,131 acres of parks and recreation grounds, and 5 community centres. There is also a sizable commercial property portfolio including industrial units and shops.

The total value of assets held in the Council's Balance Sheet is shown below:

31/3/2021 £000		31/3/2022 £000
393,123	Property, Plant & Equipment	416,478
2,768	Heritage Assets	2,768
34,203	Investment Property	36,016
191	Intangible Assets	207
0	Assets held for sale	1,500
430,285	**Total assets**	**456,969**

Section 2 - Purpose and Objectives

The overall purpose of the Capital Strategy is to give a high-level overview of how capital expenditure capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

This Capital Strategy seeks to achieve a number of specific objectives:

- Ensure that the Capital Programme is realistic, affordable and well managed to avoid project over-runs and expensive claims beyond the budgeted scheme value

- Ensure that capital expenditure supports a defined priority of the council

- Ensure that any on-going revenue cost implications including Minimum Revenue Provisions (MRP) and debt costs are understood and accounted for without impacting on the existing financial savings target of the Council

- Wherever possible ensure capital investment activity is focussed on areas that yield on-going revenue savings for the Council or produce a contribution to revenue income, whilst not investing in debt-for-yield schemes.

- Use strategic procurement and new ways of procuring to drive up "value for money" and 'get more for the same money'.

Section 3 - Policy and Financial Planning Framework

The capital programme for the council is a long term ambition with the obligation for maintaining and improving council and operational buildings stretching far into the future, and as such should be considered accordingly in financial and asset management planning.

The Council's capital programme and its subsequent revenue implications form part of the Medium Term Financial Strategy (MTFS) 2023-28 and as such is one of a suite of plans and strategies that sit within the Council's Policy and Financial Planning Framework.

Longer term forecasts are not easily predicted and accuracy within them deteriorates the longer the period over which a plan is developed. Within longer term plans uncertainty and complexity in terms of for example economic, social and technological factors mean that long term planning becomes an iterative process which is adjusted for these changes in these and other factors. For major projects and investment, Western Growth Corridor for example, the funding and financial implications will need to be planned well in advance.

There is clearly a link between long term capital planning and treasury management with the council's debt portfolio containing loans which mature up to 2076/77. The profile of debt repayment needs to be managed alongside other long term capital expenditure and funding forecasts.

Linkages with other key strategies and plans are identified below:

Vision 2025

The Councils Vision 2025 sets out the Council's 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 revenue resources were refocused towards prevention and addressing those areas.

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.

Within the three-year ADP and supporting each of the priorities there are a number of significant capital investments set to take shape over the period of the MTFS. Some of the schemes will require further capital resource from the Council, others will require partner contributions and others will only be possible if the Council is able to attract sufficient external grant contributions. Each of these schemes will be included in the GIP and HIP at their appropriate stages of development and when funding is secured. Across the five strategic priorities the following areas of investment are highlighted:

- Let's drive inclusive economic growth
    - Delivery of Western Growth Corridor – completion of phase 1, delivering 300 homes by 2025

- City Centre Vibrancy: Central Market & City Square – restoring the Central Market and City Square to create a sustainable indoor/outdoor market offer as an anchor destination
- City Centre Vibrancy: Tentercroft Street - transforming this area of the city into a new “city living” concept
- Becoming a Digital City - working with partners to implement a digital network to ensure access for all across the city
- Small Business Growth - continuing to develop the workspaces and business premises offer so that businesses of all sizes and types can make Lincoln their home.
- Town Deal Programme – manage, monitor and evaluate the Town Deal Programme as Accountable Body
- Heritage Asset Programme: Deliver plans for the Heritage Action Zone - maintaining, protecting and restoring city centre shop fronts, historical buildings and heritage sites at risk.
- Waterside East – regeneration of this area of the city.
- Public Toilet Provision to Support the Tourism Economy – improve things to the extent of making Lincoln a top destination for disabled access/baby changing facilities etc.

- Let’s reduce all kinds of inequality
    - Championing co-location with health through One Public Estate - through the Greater Lincolnshire One Public Estate partnership, seek opportunities to share facilities and assets with the health sector to improve access for communities.

- Let’s deliver quality housing
    - Continue to increase net council house numbers – delivery of affordable housing scheme at Rookery Lane.
    - Continue to increase net council house numbers – retain and develop a new pipeline, e.g., Queen Elizabeth Road, Searby Road.
    - Housing Standards in new builds - in addition to standards that meet climate change objectives, new builds will also meet “Lifetime” homes, minimum space standards and health equality objectives and will include the quality of the environment in which new homes are built.
    - Improve Temporary Accommodation options across all sectors - considering the use of additional furnished accommodation to raise the standard of homes offered e.g RSAP
    - Estate Improvements – taking a new approach to communal gardens, green spaces, communal entrances, landscaping and the links between the natural and build environments and reviewing car parking and traffic management issues within estates.
    - Respond to regeneration need in Sincil Bank area, including remodelling of existing stock and developing garage sites - including looking at garage sites and communal (potentially green) areas, to address long standing issues of ASB and criminal activity. Examples of

such opportunities will centre on proposals for Hermit Street garages and surrounding areas

- Let's enhance our remarkable place
    - Heritage Asset Programme – including Re-imagining Greyfriars and further development of options for the 21/22 Steep Hill.
    - Finalise the play area strategy - using the financial contributions from developers arising from new housing schemes to invest in existing sites such as Whitton's Park.

- Let's address the challenge of climate change
    - Make current and future business premises as energy efficient as possible - when a council building needs modernising or repairing, use more efficient materials and replacement items to improve the efficiency of those buildings.
    - Climate conscious infrastructure projects developed as part of Town Fund Board Vision - A range of infrastructure projects that will set out a vision for the city, identifying key transformational projects and programmes which will include initiatives that directly and indirectly contribute to the climate change agenda.
    - Delivery of the Sustainable Warmth Fund, to enable retrofit works (energy efficient/low carbon measures) to be undertaken in the private sector

Local Plan

The Central Lincolnshire Local Plan has been developed in collaboration with West Lindsey District Council, North Kesteven District Council and Lincolnshire County Council – for Lincoln it is a new city-wide planning and regeneration strategy running up to 2036.

The local plan sets out where and how the City is going to develop over the next 20 years. It provides guidance to all developments ensuring it achieves the aspirations of the city, including things like protecting the heritage of the city, the vibrancy of the city centre, where homes are built and how transport will be offered.

Specifically, the Local Plan:

- is underpinned by an aspiration for sustainable growth in homes, jobs, services and facilities;
- is aiming to deliver many new homes between now and 2036;
- is seeking to attract new businesses and jobs;
- sets out policies to ensure development is of high quality, sustainable and meets the needs of everyone;

- sets out policies to ensure all the infrastructure, such as play areas, roads, new schools and upgraded sewage disposal, are provided at the same time as the new homes;
- is complemented by a separate Policies Map, which sets out where development should take place.

The current Local Plan was adopted in April 2017 and continues to perform well in making decisions on development, however, in response to significant changes to national policy and to ensure the guidance is updated so that ambitions of the city can be delivered a new Draft Local Plan was published for consultation in June 2021. This was then followed by consultation on a Proposed Submission Local Plan during March and May 2022. Following consultation the Local Plan Review was submitted to the Planning Inspectorate in July 2022 in order for it to commence its examination.

Asset Management Plan

The Capital Strategy and the Asset Management Plan run alongside each other and have a number of key linkages. These include capital receipts and asset disposal programmes, maintaining, improving and deploying the Council's buildings to support delivery of services and potential loss of income from asset sales.

The MTFS includes capital receipts targets (capital monies received from the sale of council land and property) for both the General Investment Programme and the Housing Investment Programme. Currently the level of capital resources required to fund the capital programme is reliant upon property disposals from Phase 1a of the Western Growth Corridor development. Any further asset disposals would be treated as surplus capital receipts in the programme, including the sale of one asset that is surplus to requirements and is being progressed for disposal.

There is no associated loss of any rental income from the current asset sales built into the General Fund budget and therefore no general budget provision for loss of rental income associated with any future disposals is included in the General Fund budget.

There is no budget provision set aside for the loss of revenue rental income in the Housing Revenue Account, however the rental income budget has been set allowing for an average level of right to buy sales spread throughout the financial year.

The Property Services Team keeps under review the need for asset disposal and acquisition, which meet strategic priorities. Previously the Council had undertaken a number of commercial property investments, carefully considering each on an individual basis and in line the Council's Investment Property Strategy. This assessment included the impact on the MTFS, sustainability of the council and affordability of individual schemes, including MRP and borrowing costs, with each proposal subject to approval by the Council's Executive. However, as a result of changes in the PWLB lending terms, which is the Council's primary source of borrowing facility, and a new CIPFA: Prudential Property Investment guide, and revised Prudential and Treasury Management Codes, the Council no longer pursues opportunities for investment primarily for yield.

HRA Business Plan

The HRA Business Plan sets out how the Council will deliver its vision for the HRA including, investment in the housing stock, maintaining all homes to the Lincoln Homes Standard and the process of tenant consultation to agree priorities for investment in existing stock over and above the Decent Homes Standard. It also demonstrates that the proposed investment programme is financially viable by indicating that the underlying HRA debt is repayable within the 30-year period of the Business Plan, should the Council choose to do so. There is, however, no obligation to repay debt and the MTFS does not assume this is the case. Further borrowing to fund HRA investment is now limited by prudence rather than the old system of an imposed borrowing cap. Currently the HRA borrowing requirement stands at £74m and is expected to increase to £78m by the end of 22/23 and £81m by the end of the MTFS period. This additional borrowing is being used to fund new build expenditure.

The capital schemes contained within the Housing Investment Programme and the capital financing that underpins them feed from the HRA Business Plan and any updates to the plan. The key areas of capital spend identified within the HRA Business Plan and the Housing Investment Programme are based on the results of stock condition surveys of existing housing stock plus any proposed new build schemes. The main areas of expenditure cover:

- Decent Homes and Lincoln Standards Programme
- Council House New Build Programme

The current Business Plan is due to be fundamentally refreshed 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.

Treasury Management Strategy

The Treasury Management Strategy is reviewed annually and forms part of the suite of documents which make up the Medium Term Financial Strategy approved by Council each year. The Treasury Management Strategy deals with the borrowing and investments arising from all financial transactions of the council and is not limited to those arising from capital spending.

Section 4 - Financing the Capital Programmes

The resources necessary to fund the Council's Investment Programmes come from a variety of sources:

- Capital Receipts – from the sale of Council assets
- Use of Council's own resources – through depreciation charges, other contributions from revenue and use of reserves
- Capital Grants and Contributions – including contributions from developers and grants towards specific schemes
- Prudential Borrowing – the Prudential Code allows borrowing if the Council can demonstrate it is affordable, sustainable and prudent in its Prudential Indicators (detailed in the Treasury Management Strategy)

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 a sustainable, and other sources of funding are regularly sought to fund capital expenditure.

However, many of the external grants and contributions, which are available, are designated for specific schemes, and whilst additional resources are clearly beneficial to local people, there is the danger that schemes funded may not be the Council's highest priorities.

The Capital Strategy must continue to identify both the priorities for these external funding regimes and pursue other innovative funding sources to improve its ability to deliver capital investment and deliver the priorities as set out in Vision 2025. Each project appraisal will consider all the internal and external resources available such as Government grants, Section 106 contributions, partner contributions and prudential borrowing.

Whilst the Council will no longer pursue invest to save opportunities financed through prudential borrowing which are deemed to be debt-for-yield schemes, there may still be opportunities where the revenue costs of borrowing are financed through additional income/reductions in expenditure such as spending to improve or maintain existing assets. The cost effectiveness of borrowing as opposed to selling capital assets is reviewed regularly together with the affordability tests and impact on prudential indicators to check whether borrowing would provide a more cost effective funding option. The use of long-term prudential borrowing to fund other key projects, in the GIP, given the additional revenue costs this creates (and is increasing due to rising interest rates) and the current financial challenges the General Fund is facing, will only be considered in the absence of any other funding source.

Under the self-financing regime, the government retained the current arrangement for pooling of HRA capital receipts. All HRA capital receipts are pooled if they are not offset by the capital allowance (a capital allowance is permitted where the receipt is used to fund affordable housing, decent homes or regeneration schemes). It is the Council's strategy that 100% of non-Right to Buy (RTB) receipts will be offset by the capital allowance. However, 75% of all RTB capital receipts have to be pooled.

The Council's capital programme is projected for a five-year period and is approved by full Council as part of the MTFS each year. It is monitored throughout the year by the Directorate Management Teams, the Chief Finance Officer and the Executive. The Chief Finance Officer and the Executive have varying levels of authority to approve changes to the programme during the year. A distinction is made between the General Fund schemes (GIP) and Housing Revenue Account schemes (HIP). It is Council policy that capital receipts from the sale of Council Houses and other Housing Revenue Account assets are used to fund the HIP, with capital receipts from the sale of General Fund assets used to fund the GIP.

The City Council's General Investment Programme and Housing Investment Programme for the period 2023/24 – 2027/28, are set out in the MTFS 2023-28.

Section 5 - Capital Prioritisation

In an environment of financial constraints and competing pressures on the Council it is important that the Council adheres to its methodology for prioritising potential projects and schemes. The methodology is based on both corporate and service based priorities. As well as considering capital costs and funding, attention is also focussed on the revenue implications of any capital expenditure to ensure the Council will not inherit a legacy of increased revenue costs. Therefore, whole life costs are considered when evaluating potential capital projects.

Project Managers are required prepare project briefs, which must go through five essential steps to initiate a project, with the clear intention of effectively demonstrating how the project will support the achievement of both their service area aims and the Council's strategic priorities.

The five essential steps are as follows:

1. The project mandate – where the ideas for the project is first discussed between the project sponsor and the project manager. It provides an initial assessment of the project and provides a clear description of why the project is required and what it is intended to achieve in terms of benefits to the Council's corporate objectives.

2. Establishing Reporting Criteria – formal approval and subsequent monitoring will take place. Approval for all new project budgets and budget changes will follow Financial Procedure Rules.

3. Appraise Options for Delivery - in order to demonstrate that the project delivery selected is the most appropriate and the most cost-effective.

4. Develop the Project Brief, Financial Assessment and Impact Assessment - these three documents clearly document the scope of the project, its objectives, the potential resources required (including a full financial breakdown) to deliver it and its impact.

5. Obtain approval to submit the project - Formal approval to submit the project is agreed and signed-off between the Project Manager and the Project Sponsor.

Once prepared, the project brief is submitted to the Vision Theme Groups for agreement ahead of consideration by the Corporate Management Team and Portfolio Holders to evaluate, including how well the proposal meets strategic priorities, including cross cutting strategies and budget priorities, and how it utilises partnership working and externally generated resources as well as its operational feasibility. They will also consider the robustness of each project brief against the corporate standards in relation to clarity of definition, establishment of measurable outcomes and overall deliverability and the robustness of each Financial Assessment and Impact Assessment, including cost data in relation to project costs (including any costs associated with borrowing), post implementation ongoing revenue costs and any consequential or related income.

Once a final project is developed it is submitted to the Executive for approval and inclusion in the capital programmes. Any public consultation undertaken on the project through either the community, business or voluntary groups will be reported to the Executive as part of this approval process.

The entire process conforms to both the Council’s project management methodology (The Lincoln Project Management Model) and also the Performance Management Framework adopted by the Council, which ensures schemes are not progressed for Member deliberation and support unless they are deliverable within the context of other competing pressures.

Section 6 - Capital and Project Monitoring

The delivery of schemes supporting the delivery of the Vision 2025 is monitored by the individual vision theme groups who report progress on an exception basis to the Executive and Performance Scrutiny on a quarterly basis. In addition, the overall capital programmes are monitored by the Chief Finance Officer, with financial performance reporting to the Executive and Performance Scrutiny on a quarterly basis.

The Capital Strategy and the capital programme are updated on a rolling basis and are reported annually to Executive and Council for approval alongside the MTFS. In addition, the Council's Executive is required to approve variations to the capital programme beyond the limit delegated to the Chief Finance Officer.

When a project is completed a Post Implementation Review (PIR) is carried out. However, some projects are recurring in nature such as the capital maintenance programme or the Decent Homes programme and do not require a PIR. A PIR is a formal review of the project which aims to answer the question: "Did we achieve what we set out to do … and if not, what should be done?"

A PIR can provide valuable lessons and experience that can be used to improve and shape service delivery in the future. The Lincoln Project Management Model includes a robust post project review system, overseen and reviewed, to ensure relevant information is collected and communicated to all relevant parties to enable improvement in both procurement and service provision and will consider if the project:

- Met its stated aims and objectives
- Was delivered on time and within budget
- Was acceptable to the client/stakeholder and met all their specific requirements

Section 7 – Commercial Activity and Investment Property

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth).

The Council has previously invested in property to secure the economic wellbeing of the City by generating additional income for the provision of services, for the purpose of economic development or regeneration, or a combination of both. Historically the Council could fund the purchase of property through borrowing (through the PWLB or as part of cash flow borrowing). Under the new CIPFA Prudential Code borrowing it is no longer deemed prudent for authorities to undertake borrowing that has the main aim of producing commercial income. The new code states that authorities "must not borrow to invest primarily for financial return". It also states that it is not prudent for authorities to make any investment or spending decision that could increase the need for borrowing, unless related to the functions of the authority and where financial returns are "either related to the financial viability of the project in question or otherwise incidental to the primary purpose". In addition, the PWLB have revised their lending terms which now prohibits authorities from accessing PWLB funds to finance debt-for-yield schemes. As a result of these changes the Council's GIP and Capital Strategy do not include any proposals to investment in any new commercial property. The Council will though continue to progress opportunities for regeneration and housing developments, in accordance with the revised guidance and lending terms.

Historically the council's property investments have provided strong returns in terms of capital growth and generation of stable income. Property investments are not without risk as property values are subject to many national and other external factors which are outside the control of the council. Where possible investments of this type will also have a 'fall back' position in addition to their expected commercial arrangement e.g. the council has purchased the freehold of a car park which it leases to a large, national company however should the company surrender the lease or not meet the lease payments the council could operate the car park themselves or seek an alternative tenant.

At 31/3/2022 the council has £36.016m of investment properties on the balance sheet with no further investment planned in the current General Investment Programme. The income from investment properties is predominantly derived from ground rent and land leases. Further details relating to investment properties are given below:

Total value of investment properties	£36.016m
Value of properties held for rental income	£35.394m
Value of properties earning rental income	£34.760m
Income from properties earning rental income	£2.248m
Yield from properties earning rental income	6.47%
Value of properties held for capital appreciation or where the freehold has a market value*	£0.622m

*The council has arrangements where the freehold on land is retained, generally subject to a long lease but which produces no rental income, however the freehold land does have a market value.

For the year 2023/24 the anticipated income from investment properties represents less than 4% of the council's gross expenditure.

Many of the council's investment properties have been council assets for a number of years. More recently the council has borrowed to fund the purchase of assets. The financial impact of this is shown in the table below:

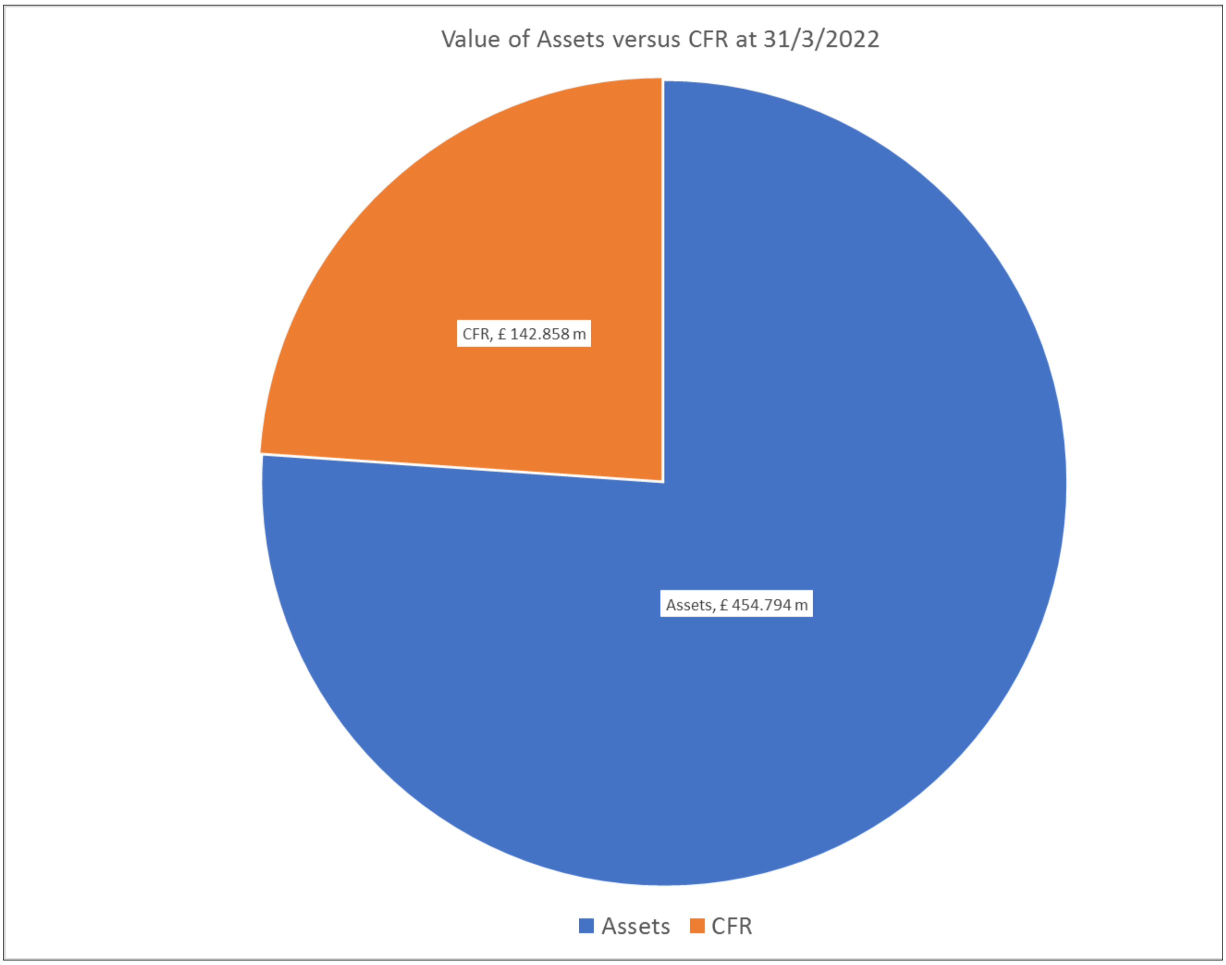
Asset type	Value at 31.03.22	Annual income Anticipated (22/23)	Yield on value of assets	Borrowing costs	Annual surplus
Car Parks	£5,529,000	£350,898	6.35%	£192,180*	£158,718
Freehold property	£12,190,000	£762,015	6.25%	£499,697	£262,318
Retail units	£6,312,000	£445,500	7.06%	£334,551*	£110,949

*assumed in business cases

A new Prudential Indicator was introduced in the 2021 Prudential Code to show Net Income from Commercial and Service Investment Income to Net Revenue Stream. This indicator shows the financial exposure of the Authority to the loss of its non-treasury investment income.

Ratio - Net Income from Commercial Investment Income to Net Revenue Stream	2022/23 Estimated %	2023/24 Estimated %	2024/25 Estimated %	2025/26 Estimated %
	11.72%	10.82%	10.75%	11.82%

A graph illustrating the value of the council's assets compared to the capital financing requirement (the underlying need to borrow to fund capital investment) at 31 March 2022 is given below:



The table below indicates the interest cost of borrowing within the general fund and the housing revenue accounts compared to overall gross expenditure. The limits indicated are set locally and are not imposed by central government or advisory levels provided by CIPFA.

Current budgeted cost of borrowing					
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**
GENF borrowing cost as a % of revenue expenditure	9.21%	10.61%	11.45%	9.59%	9.77%
Limit of GENF borrowing cost as a % of revenue expenditure	15%	15%	15%	15%	15%
HRA borrowing cost as a % of revenue expenditure	6.80%	6.79%	6.47%	6.30%	5.95%
Limit of HRA borrowing cost as a % of revenue expenditure	14%	14%	14%	14%	14%

Section 8 – Loans and investments in local businesses and organisations

The Council has the discretion to make loans and investments in local organisations for a number of reasons, primarily for economic growth; these loans are treated as capital expenditure.

In making these arrangements the council exposes itself to the risk that the borrower defaults on repayments. The council must therefore ensure that it has fully considered the risk implications with regard to both the individual loan and that the value of them individually and collectively is proportionate and prudent within the overall exposure to the council to risk of default.

To ensure that the risk is managed a full due diligence exercise is undertaken, with a business case that identifies the benefits and risks and considers whether adequate security is in place. Loans and investments will be agreed by Executive and will be subject to close regular monitoring.

Section 9 – Knowledge and Skills

The Council's Capital Strategy is reviewed annually and compiled by the Chief Finance Officer, an experienced and qualified accountant. External advice is available from the Council's Treasury Management advisors (Link Group) who offer a range of services in relation to borrowing advice, leasing and capital investment options. The council is also a subscriber to the CIPFA Finance Advisory Network which provides advice on technical accounting matters. Additional specialist tax advice in respect of tax implications for property transactions is available from an external supplier of this service (PS Tax). The council has an in-house legal team and additional legal specialist support is available from external sources. The council has an in-house property services section headed by a RICS qualified surveyor and additional specialist support in respect of property matters is available through the district valuer and other external sources.

Section 10 - Conclusion

The Council's Capital Strategy is a 'live' document, which provides a framework for the deployment and management of capital resources across the organisation in accordance with corporate priorities. It is therefore the framework for capital investment across the Council. The Strategy will be reviewed annually, to ensure it is kept up to date and is relevant and effective and reflects best practice.

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. 10

EXECUTIVE **20 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 recommendation to Council for the 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 are due to agree their 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 recommended 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 either the County Council or the Police and Crime Commissioner's Band D equivalents, these will be reported to Full Council at its meeting on the 28th February when it will formally approve the overall council tax levels for 2023/24.

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 (NOT YET CONFIRMED)	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 The Executive is requested to recommend to Council:

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. 11

EXECUTIVE **20 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 The purpose of the report is for Executive to review and recommend to Council for approval the adoption 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 Executive should note that 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

Executive are recommended to:

9.1 Review and recommend to full Council the Treasury Management Strategy 2023/24 including the Prudential Indicators;

9.2 Review and recommend to full Council the revised Minimum Revenue Provision Policy amended from 2022/23.

9.3 Review and recommend to full Council 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.

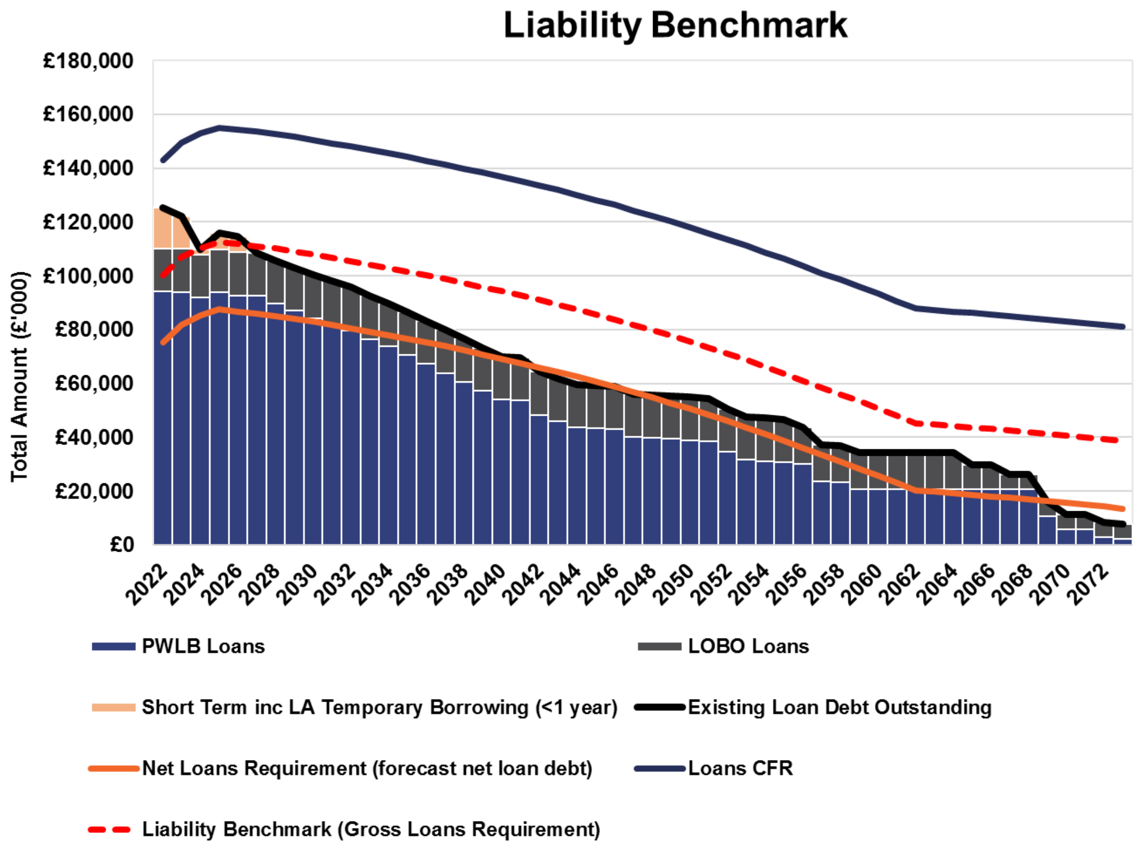
There are four components to the LB:

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 re-appraised 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

<u>Investment Counterparty Selection Criteria</u>

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]	Yellow	£7 million	Liquid
Money Market Fund LVNAV[*3]			
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.

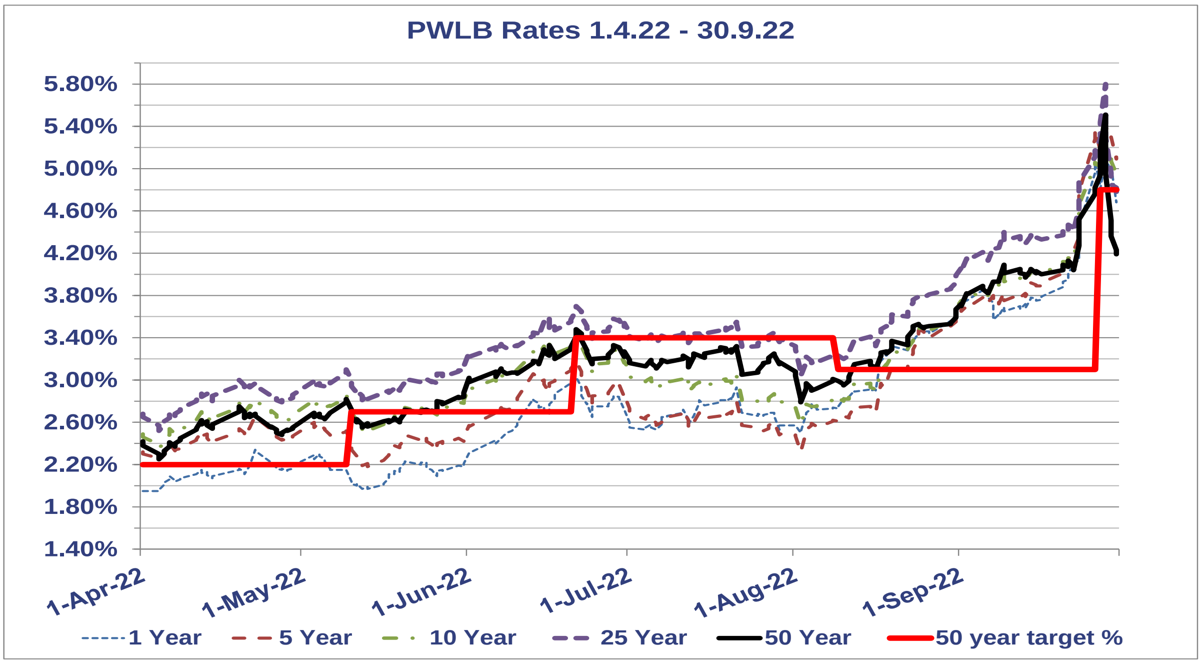
The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation 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

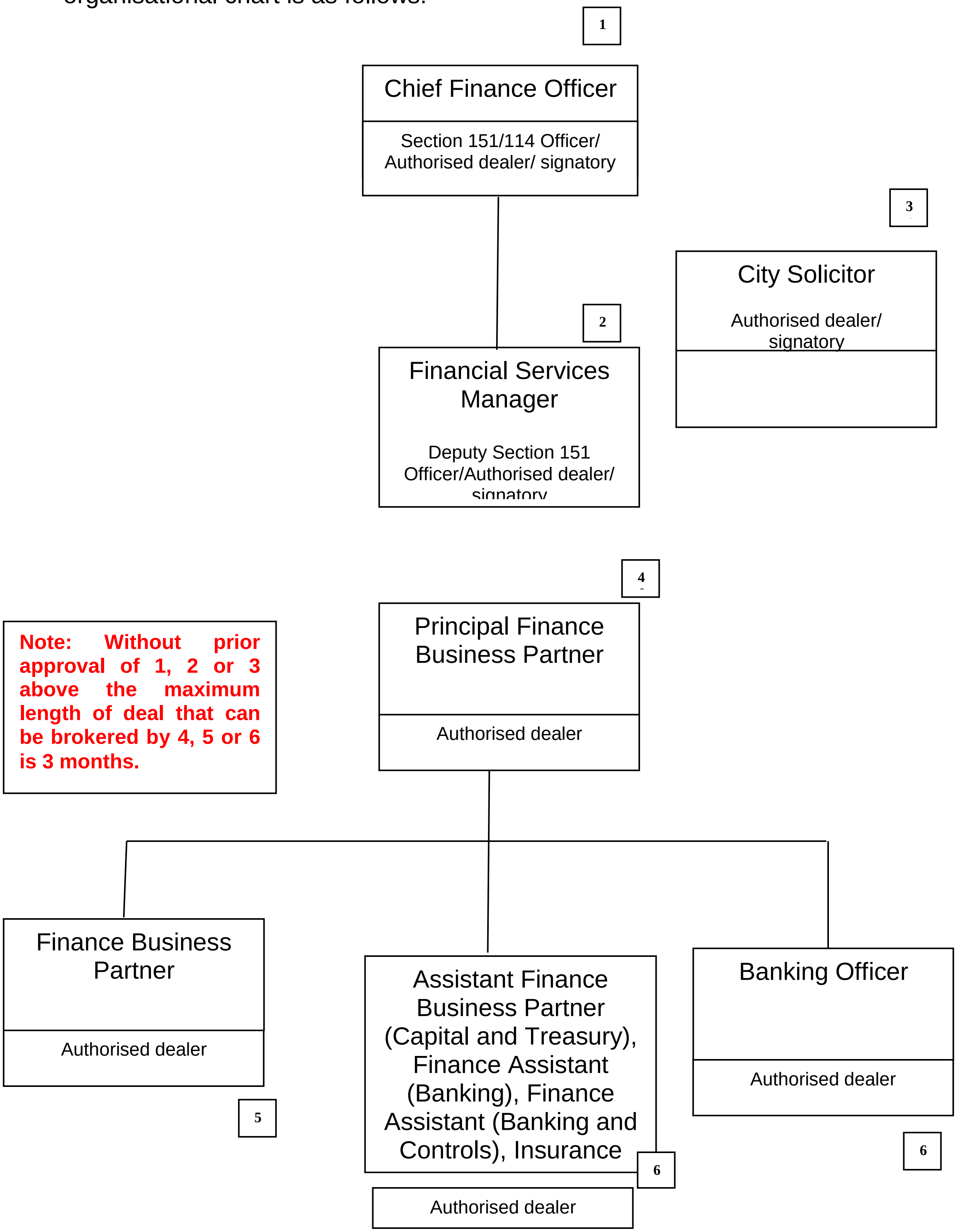
TREASURY MANAGEMENT PRACTICE 5
ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

- ***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

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 <u>Authorisation Levels</u>

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. 12

EXECUTIVE **20 FEBRUARY 2023**

SUBJECT:	**STRATEGIC RISK REGISTER – QUARTERLY REVIEW**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**JACLYN GIBSON, CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1 To provide the Executive with a status report of the revised Strategic Risk Register as at the end of the third quarter 2022/23.

2. Background

2.1 An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented Members in November 2022 and contained twelve strategic risks.

2.2 Since reporting to Members in November, the Strategic Risk Register has been refreshed and updated by the Risk Owners and Corporate Management Team and has identified that there have been some positive movement in the Risk Register.

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

3. Strategic Risks

3.1 The Strategic Risk Register contains twelve existing risks, as follows:

1) Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against e.g., Council's Vision 2025.

2) Failure to deliver a sustainable Medium-Term Financial Strategy (that supports delivery of Vision 2025).

3) Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council.

4) Failure to ensure compliance with statutory duties/functions and appropriate governance arrangements are in place.

5) Failure to protect the local authority's vision 2025 due to changing structures and relationships in local government and impact on size, scale and scope of the Council.

6) Unable to meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2020/2025 and the transformational journey to one Council approach.

7) Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council.

8) Decline in the economic prosperity within the City Centre.

9) Failure to deliver key strategic projects.

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

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

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

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

- Risk No 1. Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against e.g., Council's Vision 2025 – following development of the Medium Term Financial Strategy and confirmation of available resources, along with funding announcements from Central Government, work on the 2023/24 priorities and projects is now been finalised and will be subject to communication and engagement during quarter 4.

- Risk No 2. Failure to deliver a sustainable Medium Term Financial Strategy – following the announcements of; the Autumn Statement; a Local Government Finance Policy Statement; and the Provisional Local Government Finance Settlement, a draft 23/24 budget and MTFS 2023-28 has now been prepared. In addition, a number of actions as part of a financial recovery programme have been implemented. The resulting draft MTFS presents a balanced financial position in the medium. This will now be subject to the scrutiny and consultation process ahead of final approval in Quarter 4.

- Risk No 3. Failure to deliver the Towards Financial Sustainability Programme (TFS) – in light of the revised MTFS revised savings targets, to be delivered through TFS, have been proposed. This will require a new programme of reviews to be developed for 2024/25. The existing programme of reviews continues to be delivered to achieve the current year and 2023/24 targets.

- Risk No 7. Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council – the Council, along with many other local authorities, is currently experiencing recruitment and retention challenges, along with increased demands due to the current cost-of-living crisis. In response to the recruitment challenges, a range of attraction strategies continue to be reviewed and the Organisational Development Pillar of One Council continue to look at a range of areas to encourage staff retention (lined to Risk No. 6). In addition, the new projects and initiatives under Vision 2025, to be delivered in 2023/24, have been developed taking overall capacity into consideration (linked to Risk No. 1.).

- Risk No 8. Decline in the economic prosperity of the City Centre – work continues to progress with the range of Lincoln Towns Fund schemes, including the refurbishment of the Central Market and City Square, led by the Council and other completed schemes delivered externally including The Drill and Lincoln Community Grocery. In addition, Lincoln's Investment Plan for the UK Shared Prosperity Fund has now been agreed and work to identify and agree the initial schemes to be funded under the programme is under way. The outcome of the Levelling Up Fund 2 bid (submitted for the Tritton Rd Bridge to open up the eastern side of the WGC site) has also recently been announced with an award of £20m. Work will now commence on the assessing the award and the updated implications in light of the current economic conditions.

- Risk No 9. Failure to deliver key strategic projects – a revised financial plan for Phase 1a of the WGC development, along with an agreed procurement approach will be presented to the Executive in quarter 4, with works also due to commence in the quarter. As per Risk No 8, the submission of the LUF2 bid is critical to opening up the Tritton Rd end of the WGC site and delivery of future phases. The Rookery Lane new council home scheme is due for completion in quarter four.

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

- Risk 1 has been decreased from Amber: Possible/Major to Amber: Possible/Minor

The levels of assessed risks for all risks are summarised as follows:

Risk No.	**Risk Rating**	**Likelihood**	**Impact**
2, 8 & 10	Red/High	Almost Certain	Critical
5 & 12	Red/High	Probable	Critical
3 & 7	Red/High	Almost Certain	Major
9	Amber/Medium	Probable	Major
11.	Amber/Medium	Possible	Critical
4 & 6	Amber/Medium	Possible	Major
1	Amber/Medium	Possible	Minor

Control actions continue to be implemented and risks managed accordingly.

3.4 The revised Strategic Risk Register is contained within Part B of this agenda.

4. Strategic Priorities

4.1 Sound risk management is one way in which the Council ensures that it discharges it's functions in accordance with its expressed priorities, as set out in the Vision

2025, and that it does so in accordance with statutory requirements and within a balanced and sustainable budget and MTFS.

5. Organisational Impacts

5.1 Finance - There are no direct financial implications arising as a result of this report. The Council's Strategic Risk Register contains a specific risk in relation to the Medium-Term Financial Strategy. The Strategy itself has its own risk register that supports it, this has been reviewed as part of the refresh of the Strategy.

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

5.3 Equality, Diversity and Human Rights

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

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

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

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

6. Risk Implications

6.1 The Strategic Risk Register contains the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that is being taken to manage these risks would undermine the Council's governance arrangements.

7. Recommendation

7.1 Executive is asked to note and comment on the Council's strategic risks as at the end quarter 3 2022/23.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Telephone (01522) 873258

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Item No. 13

SUBJECT:	**EXCLUSION OF THE PRESS AND PUBLIC**
DIRECTORATE:	**CHIEF EXECUTIVE & TOWN CLERK**
REPORT AUTHOR:	**CAROLYN WHEATER, MONITORING OFFICER**

1. Purpose of Report

1.1 To advise members that any agenda items following this report are considered to contain exempt or confidential information for the reasons specified on the front page of the agenda for this meeting.

2. Recommendation

2.1 It is recommended that the press and public be excluded from the meeting at this point as it is likely that if members of the press or public were present there would be disclosure to them of exempt or confidential information.

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Item No. 15

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