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CITY OF Lincoln COUNCIL

EXECUTIVE

Monday, 19 February 2024	6.00 pm	Committee Room 1, City Hall

Membership: Councillors Ric Metcalfe (Chair), Donald Nannestad (Vice-Chair), Sue Burke, Bob Bushell, Rebecca Longbottom and Naomi Tweddle

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

A G E N D A

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 it is likely for them 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

REMARKABLE PLACE

Present:	Councillor Ric Metcalfe *(in the Chair)*, Councillor Donald Nannestad, Councillor Sue Burke, Councillor Bob Bushell, Councillor Rebecca Longbottom and Councillor Naomi Tweddle
Apologies for Absence:	None.

72. Confirmation of Minutes - 2 January 2024

RESOLVED that the minutes of the meeting held on 02 January 2024 be confirmed and signed by the Chair as a true record.

73. Declarations of Interest

No declarations of interest were received.

74. Draft Medium Term Financial Strategy 2024-2029

Purpose of Report

To consider the draft Medium-Term Financial Strategy for the period 2024-2029; the draft budget and council tax proposal for 2024-25; and the draft Capital Strategy 2024-2029.

Decision

(1) That the Draft Medium Term Financial Strategy 2024-2029, and the Draft Capital Strategy 2024-2029 be approved for consultation and scrutiny.

(2) That it be noted that the Draft Medium Term Financial Strategy 2024-2029, and the Draft Capital Strategy 2024-2029 included the following specific elements:

(a) a proposed council tax Increase of 2.9% for 2024/25;
(b) a proposed housing rent increase of 7.7% for 2024/25;
(c) the Council's membership of the Lincolnshire Business Rates Pool in 2024/25;
(d) the draft General Fund Revenue Forecast 2024/25 - 2028/29, 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 Housing Revenue Account Forecast 2024/25 -2028/29, detailed in Appendix 2 of the report, and the main basis on which this budget had been calculated, as set out in section 5 of the report;
(f) the draft General Investment Programme 2024/25 - 2028/29, detailed in Appendix 3 of the report, and the main basis on which the programme had been calculated, as set out in section 6 of the report;
(g) the Draft Housing Investment Programme 2024/25- 2028/29, as detailed in Appendix 4 of the report, and the main basis on which

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

(3) That the Chief Finance Officer be delegated authority to approve the final Business Rates Base for the financial year commencing on 1 April 2024 and ending 31 March 2025 and submission of the base (via the NNDR1 return) to the Department of Levelling Up, Communities and Housing by 31 January 2024, with changes to the base estimated in the Draft Medium Term Financial Strategy 2024/29 being reported to the Executive as part of the Final MTFS 2024-29 on 19 February 2024.

Alternative Options Considered and Rejected

As detailed throughout the report.

Reasons for the Decision

The refresh of the MTFS needed to be seen in the context of significant financial uncertainty for the Council. Exceptional economic factors such as; the impact of inflation on the Council's pay bill and the cost of goods and services it purchased; rising interest rates which increased the cost of borrowing; increased costs of construction impacting on capital schemes; and reductions in service income and collection rates, continued to add considerable cost pressures to the Council's budgets.

In addition, the Council faced growing demands for some of its key services as those more vulnerable in the city looked to the council for support as the cost-of-living crisis continued to impact on household incomes. The imbalance between housing supply and demand and the reliance on temporary accommodation to provide the necessary support, were of particular challenge to the Council.

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 had the ability to fundamentally alter the course of the MTFS. Although it had been confirmed that these fundamental reforms would not be implemented in 2024/25, and there was a high likelihood that this would be the case in 2025/26 as well, all this did was shift the financial challenges to later in the MTFS period. This was further compounded by the risk of a new round of public expenditure austerity measures. The funding outlook for local authorities therefore remained uncertain.

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

Set against this backdrop and in line with the Council's overall financial objectives, the key elements of the 2024/25 budget, Medium-Term Financial Strategy 2024-29 and Capital Strategy were detailed at paragraphs 2.5-2.6 of the officer's report.

The Council would continue to build on its successful financial planning to date, driving down the net cost of services by implementing a range of transformational changes in the way in which it operated and delivered services, while continuing to prioritise investment in the City and its economy to grow future tax bases. Adopting this approach would ensure that the Council carefully balanced the allocation of resources to its vision and strategic priorities, whilst ensuring it maintained a sustainable financial position and delivered the required reductions in its net cost base.

Prior to submission of the MTFS 2024-2029 and budget and council tax proposal for 2024/25 to Full Council, on 27 February 2024, this initial draft would be subject to public consultation and member scrutiny.

75. Pay Policy Statement 2024/25

Purpose of Report

To request that Executive recommend to 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 2024/25.

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. 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 2023/24.

Decision

That the action of the Chief Finance Officer in declaring a business rates surplus of £1,169,795 for 2023/24 be confirmed, subject to the confirmation of the business rates base by 31 January 2024, with any amendments to the declared deficit to be notified to the relevant preceptors and be included in the Final Medium Term Financial Strategy 2024-29, to be presented to Executive 19 February 2024.

Alternative Options Considered and Rejected

None. The Council was required to declare any surplus or deficit during January of each financial year and once approved had an obligation to notify its major precepting authorities (for business rates these were Lincolnshire County Council and the Government) of their share of the estimated surplus or deficit.

Reasons for the Decision

The Council would declare a surplus on the Business Rates Collection Fund of £1,169,795 for 2023/24 subject to the confirmation of the Business Rates base by 31 January 2024, of which its share was £467,918.

This surplus had arisen primarily due to prudent estimates, in the Business Rates base for 2023/24, in relation to the level of mandatory empty property reliefs and the level of Check, Challenge and Appeals against the new 2023 Ratings List.

The calculation of business rates was based on an estimate of rates collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit, and a forecast for the remainder of the current year.

Based on the forecast position of the in-year Collection Fund as at 31 March 2024 and taking into account an adjustment for the difference between prior year estimates compared to the actual outturn it was estimated that there would be a surplus of £1,169,795 on the business rates element of the Collection Fund in 2023/24.

77. Council House and Garage Rents Increase 2024-25

Purpose of Report

To propose that the Council be requested to approve an increase to current council house rents of 7.7% within the terms of the Government's Rent Policy for social housing and to seek approval for the introduction of revised rents from Monday 1st April 2024.

To propose that the Council be requested to approve an increase of 3% on Council garage rents for 2024/25, in line with the Authority's Fees and Charges increase.

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 2 and 6 of the report, which represented an increase in the average

calculated 52-week council house net rent in 2024/25 of 7.7% for social housing rents (an average increase of £6.03 per week) and for affordable rents (an average increase £10.08 per week), per property, which was in accordance with Government policy.

(2) That the Council be recommended to increase garage rents for 2024/25, as set out in paragraph 2.6 of the report, by 3%.

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. This would permit annual rent increases for both social and affordable rent properties of up to Consumer Price Index (CPI) plus 1% from 1 April 2020 for a period of at least five years.

In keeping with the current Housing Business Plan, approved by Council, and the Government's Rent Guidelines, the increase for 2024/25 should be based on CPI in the previous September (September 2023 = 6.7%) plus 1.0% as above, a total 7.7% rent increase.

After consideration of the impact on our tenants and other pressures facing household incomes, and protecting the most vulnerable in our community; the Council also recognised the economic and financial pressures it had in delivering services to its customers, and therefore proposed to apply a rental increase of 7.7% as detailed above.

The proposed level of rent increase for 2024/25 would come into effect from Monday 1 April 2024. Budgeted rental income for the year, subject to approval, would be circa £35,213,060.

The average weekly social housing rent for the City of Lincoln Council based on data as of 4 December 2023, for net social housing rent (calculated over 52 weeks) would increase by an average of between £5.40 and £6.78 per week in 2024/25 for 98% of our properties.

An increase in garage rents of 3% was proposed in line with the Authority's Fees and Charges increase. This would result in an average increase in the rent charged to £9.65 per week for 2024/25 (based on a calculated 52-week charge period), an increase of £0.28 per week.

Research had shown that garage rents in Lincoln were mid-range when compared to similar locations in the East Midlands. A review of garage provision was currently underway, and we were committed to a fundamental revaluation of the garage rent structure in the forthcoming year, as part of our wider garage strategy.

Lincoln Tenants' Panel (LTP) had been consulted on the proposals.

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.

The Government's Right to Buy (RTB) programme sales had also negatively impacted on the council's current stock and therefore its rental income.

78. Sincil Bank Gateways and Greenways Project

Purpose of Report

1. To provide an update on the delivery of the Town Deal Sincil Bank Green Corridor project, including the arrangements for delivery of the gateways and greening improvements.

2. To seek agreement to delegate final approval of the delivery and contracting arrangements for this project to the Section 151 Officer, Director of Major Developments and City Solicitor.

3. To approve inclusion in the General Investment Programme of the capital expenditure to enable delivery of the Sincil bank Gateways and Greening project under the Towns Fund programme.

Decision

1. That the update in respect of proposals to retain the gateways and greening element as part of the Sincil Bank Regeneration Project be acknowledged.

2. That the final approval of the delivery and contracting arrangements for this project be delegated to the Section 151 Officer, Director of Major Developments and City Solicitor to a final scheme cost that could be financed and delivered viably.

3. That the transfer of a £573,966 capital estimate to schemes directly delivered by the Council, in the General Investment Programme be approved.

Alternative Options Considered and Rejected

The Council had considered the option for Lincolnshire County Council (LCC) to deliver the highways improvements without any public realm works including the gateways and greening as set out in the original Towns Fund Business case. However, this would likely risk failing to deliver some of the key project outputs and as a result the Towns Board not being able to sign off the project and £2,997,952m funds being returned in full to Government. The Investment in Sincil Bank would be significantly reduced and opportunities to address issues raised previously by residents lost.

Reasons for the Decision

LCC was the lead delivery partner for the Sincil Bank Regeneration Scheme as proposed in the City's Towns Investment Plan (TIP). The scheme would support the fund's objectives through driving the economic development and growth of Lincoln as well as aligning with two of the Town Fund's intervention themes including the 'urban regeneration' and 'connectivity.'

The project involved improvements to the walking and cycling infrastructure and urban realm within Sincil Bank incorporating the plans and proposals developed by the Sincil Bank Revitalisation Partnership. The project included a range of interventions including the creation of a green corridor to support pedestrian and cyclist movements, gateway treatments, landscaping, urban realm improvements and alterations to the existing one-way system.

The project would complement the recently introduced residents parking scheme by reducing the level of traffic within the area which would in turn act as a catalyst for further investment. The intended outcome was to improve access to the Lincoln City Football Club stadium by walking and cycling, improving the visitor experience and supporting the wider regeneration programme.

The project formed a key part of the Lincoln Transport Strategy and aimed to contribute to the wider development of central Lincoln enabling the city to grow as a thriving place to live and work. It would support the regeneration of the Sincil Bank area of Lincoln, which suffered from poor accessibility, poor quality urban realm and high levels of traffic which impacted on air quality and resident's quality of life.

Introducing gateways and enhancing the green spaces in the area would complement the new Community Hub currently being built at Sincil Bank stadium which would be opening in 2024. The Community Hub would provide a space for training and skills as well as a safe space to promote health and wellbeing. This would compliment improvements to outside spaces to give the local community much needed opportunities to live happier, healthier and more fulfilled lives in Lincoln.

The City of Lincoln Council proposed to procure the services of a project manager to work alongside the council's Neighbourhood Manager and City of Lincoln Council (ColC) project lead to undertake ongoing community consultation, site identification and assessment, develop and refine gateway and green site design plans, secure planning approval and oversee delivery of agreed works.

The project would be overseen by the Sincil Bank Steering Group made up of Towns Board representatives, City Council officers and LCC Highways officers. Where appropriate some gateway projects may be included in LCC's procurement for highways works to ensure maximum value for money.

As the Accountable Body, the Council would fund the total project value of £2,997, 952, from the Towns Fund through a Grant funding Agreement with LCC as per the original financial model and approved business case. An additional form of agreement clarifying the terms of the £573,966 sublet works would also be put in place between the two parties prior to expenditure of any substantive contracted works.

79. Proposals for the Extension of Existing Public Space Protection Order in the City Centre

Purpose of Report

To brief Executive on the process to extend the existing Public Space Protection Order in the City Centre.

To seek approval for the extension of the existing Public Space Protection Order (PSPO).

Decision

That the proposal to extend the current PSPO without any variations to the prohibitions or location be approved.

Alternative Options Considered and Rejected

To extend and/or vary the PSPO to reword the prohibitions and/or change the geographical area.

To not extend the existing PSPO.

Reason for Decision

In October 2014 the Secretary of State enacted new powers from the Anti-Social Behaviour, Crime and Policing Act, relevant to tackling Anti-Social Behaviour. These powers also made changes to some of the relevant existing legislation and the Council was required, within the period of three years, to reconsider its Designated Public Place Orders (DPPOs) and either withdraw or replace them with new Public Space Protection Orders (PSPOs).

PSPO's were flexible and could be applied to a much broader range of issues, with local authorities having the ability to design and implement their own prohibitions or requirements where certain conditions were met. These conditions centred on the impact to the quality of life in the locality, persistence, and whether the impact made the behaviour unreasonable.

In February 2021, the Executive approved the extension of an already implemented PSPO covering an area of the City Centre.

A PSPO had a maximum duration of 3 years. It was therefore time to review the order to determine whether it should be subject to extension or variation. As part of the review, the views of both the public and relevant partner agencies had been sought, by way of a public and partner consultation, this consultation had also been published on social media for greater reach.

Policy Scrutiny Committee had considered and offered their support to the renewal of the PSPO at its meeting held on 9 January 2024 (minute tabled for information of Executive).

Feedback from partners including Lincolnshire Police, the CCTV team, Lincolnshire Police, Lincoln BIG, P3, Framework, Addaction, YMCA, ARC, Public Health at LCC and from the Rough Sleeping team was that the PSPO remained a useful tool. The council had also directly approached all members of the Lincolnshire Community Safety Partnership.

It was important to recognise that this PSPO was an effective deterrent, and the feedback suggested that colleagues and partners found it a very useful tool for tackling street drinking and drug use within the area.

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Item No. 3

EXECUTIVE **19 FEBRUARY 2024**

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

1. Purpose of Report

1.1 To provide an update on the progress with the delivery of the Skellingthorpe Road (southern access) works and proposed housing development.

1.2 To provide an update on proposals for the design and delivery of the main bridge and road link, which will form the eastern access point into the Western Growth Corridor site.

1.3 To seek approval to move forward with enabling works, relating to vegetation clearance and the diversion of statutory services, in order to maintain the programme for delivery of the eastern access work, in line with funding timescales.

2. Skellingthorpe Road – Southern Access & Housing Proposals

2.1 On 20 February 2023, Executive approved the proposed funding and delivery arrangements for the construction of the southern access into the Western Growth Corridor site from Skellingthorpe Road.

2.2 To enable this work to proceed, the Council exercised its Compulsory Purchase Order (CPO) powers to acquire two slender parcels of unregistered land adjacent to Skellingthorpe Road and to the Boultham Catchwater. The Order was confirmed by the Secretary of State for Levelling Up, Housing & Communities on 6 March 2023, enabling the Council to take ownership of the land following a General Vesting Declaration procedure, which completed in July 2023.

2.3 Construction work was then able to commence on site during the school summer holidays, on 7 August 2023. The new junction and access road will be completed by Summer 2024 and will serve the first 300 homes on the site. It will also provide an alternative access route for those will existing rights via Pig Lane.

2.4 In addition to approving the infrastructure works, Executive also approved in principle, the proposals for the delivery of a first phase of housing on Council-owned land at the gateway into the site, subject to planning and all other necessary consents.

2.5 This first phase of development will provide a mix of market housing, with a focus on sustainability and place-making, to set the standards for the wider site and to meet the delivery objectives of a key funding partner, Homes England.

2.6 The proposals for the first 52 homes were the subject of a formal (Reserved Matters) planning application, which was considered and approved by Full Council sitting as Planning Committee on 31 January 2024.

2.7 The planning process followed a series of consultation sessions and communication with stakeholders and the community, particularly in the period since March 2023. This has included a community consultation event and further meetings with local residents, led by the Council in its role as developer and landowner.

2.8 Delivery of the new housing proposals will also be contingent technical approvals as well as a final development appraisal, to ratify that costs and values are in line with earlier decision-making. If approvals are granted and terms are met, housing delivery is expected to commence during Summer 2024, once the new access has been formed. The homes will be delivered in phases over an approximate 24-month period, depending on market conditions.

2.9 The build-out and phasing proposals will allow for access to be maintained for those with rights along Pig Lane. This will be along the route of the existing track until such time as the new access is available, whereupon it is proposed to replace this part of the track with the new highway & signalised junction, built to adoptable standards.

3. <u>Tritton Road – Eastern Access</u>

3.1 Following approval in February, and subsequent approvals in June and July 2023, work has progressed on the design of the bridge and access road to the east of the site, under specialist infrastructure contractor, John Graham Construction and their designer, Ramboll.

3.2 The scope of work has included a design review and value engineering exercise for the structures and access road, in consultation with Network Rail (NR) and the Local Highways Authority (LHA). A range of site surveys and investigations have also been undertaken to further inform the optimal design solution (for example in respect of utilities, ecology and archaeology).

3.3 Updated designs for the main bridge have now been submitted to both NR and the LHA to secure ‘Approval in Principle’ (AIP), prior to the technical design stage, which will follow over the next 2 months. This will inform the final scope and works packages, which will be subject to tender to ensure value for money.

3.4 Subject to technical approvals and a final cost, which demonstrates value for money, the construction works for the main bridge could commence during Summer 2024.

3.5 The design and delivery of this project is supported by Levelling Up Fund Round 2 grant of £20m. The contract for the delivery of the eastern access will be contingent on the approval of funding partners to the final scope, costs and delivery programme. A report will be presented in March 2024, with these details once the technical approval process is further advanced.

3.6 Prior to the main start on site, enabling works will be required to prepare the land for development, which will include the clearance of vegetation and trees, particularly to the east of the railway, which is the location of the main access route.

3.7 Soft cutting of some hedgerows on site will also be required to facilitate the construction of the haul route for materials and equipment but this will be limited only to what is needed for this phase of construction. Ecological surveys have been carried out to inform the required Reserved Matters application in respect of the haul route and for the discharge of planning conditions in respect of the bridges and access routes – to form part of the Construction Environmental Management Plan.

3.8 The work to clear vegetation is proposed to be carried out from February 2024, outside of bird nesting season and under the watching brief of an ecologist. The cost of such enabling work was included within the budget approval of July 2023.

3.9 Arrangements for the diversion of statutory services will also need to be planned in advance, due to the significant lead-in times. This includes electricity, gas and media services located within the public highway and on the development site itself, which will all require diversion ahead of the main infrastructure works on Tritton Road. The statutory bodies require payment of an upfront fee to confirm the lead in and delivery timescales, however the fee is refundable (less any costs incurred in mobilisation) if the works do not proceed.

3.10 Approval is needed in order to commit to the above enabling works, in order to maintain the overall programme for delivery to meet the funding timescales.

3.11 All costs associated with the design and enabling works in the current year will be funded by the LUF grant.

4. Strategic Priorities

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

The delivery arrangements which are proposed in this report will open up the WGC development via its eastern access, creating opportunities for housing growth and contributing directing and indirectly to the economic growth of the city.

The creation of this access will then further provide the opportunity to deliver a connecting spine road (to link with the Skellingthorpe Road – Southern Access), thereby opening up the full potential of the site and resulting opportunities to support sustainable economic growth.

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

The development will bring a number of positive benefits in respect of reducing inequality and supporting inclusive growth through the provision of affordable housing, sustainable transport links and wider energy efficiency measures, employment opportunities and access to leisure and green spaces**.**

4.3 **Let's deliver quality housing**

Delivery of the Eastern Access will directly open up the land within the ownership of the City Council and forming part of the Western Growth Corridor site. This will provide the opportunity for the delivery of a range of housing across all types and tenures to serve the needs of the City. The Council will be ensuring that a high quality of development is achieved, in line with its objectives and wider vision statement to create sustainable, inclusive communities.

4.4 **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 for both the infrastructure and subsequent housing development, will be required to take account of these assets and to seek to preserve key landscape features and enhance biodiversity across the site.

4.5 **Let's address the challenge of climate change**

The vision for the Western Growth Corridor is to deliver a high quality, sustainable development which seeks to address the challenge of climate change in terms of the overall scheme design and its constituent parts – housing layout and built form, energy, biodiversity, transport and construction methodology.

In respect of the Eastern Access, the value engineering and design process is seeking to improve the overall design, to reduce the quantum of material to be used and to seek to source this sustainably. The opportunities identified to date will realise a 50% reduction in fill material, with greater potential still to be explored leading to significant carbon (and cost) efficiencies. A sustainability report assessment will be carried out as part of the design and delivery process, comparing the previously approved bridge solution to the current proposal.

In respect of the first phase of housing, a sustainability report has been provided which demonstrates that the proposals will deliver a scheme which will produce 87% less carbon than a standard building regulation compliant scheme. The proposals will go further than this, exceeding the proposed Future Homes Standard for development.

This demonstrates the Council's commitment to leading the way in the delivery of a new standard of housing, which is differentiated from the existing market offer and a positive and significant step towards the delivery of net zero development.

5. Organisational Impacts

5.1 Finance (including whole life costs where applicable)

Capital Implications

The cost of the design and enabling works was set out in the report of July 2023. All costs associated with the design and enabling works in the current financial year will be funded by the LUF2 grant, as previously reported to the Executive.

The final project costs will be subject to the technical design process which is currently underway and delivery will be subject to agreement with all funding partners. A further report will be presented in March 2024 to seek approval, ahead of entering into contract to proceed to the delivery stage.

5.2 Legal Implications including Procurement Rules

Procurement

All procurement associated with the delivery of the proposals set out in this report has and will continue to be undertaken in accordance with Public Contract Regulations 2015.

For Phase 1b, the Council has procured a lead contractor via the Pagabo Civils Framework. This framework provides a compliant and expeditious route to market and allow for early engagement with a specialist civils 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.

Subsidy Control

State Aid regulations have now been replaced with the Subsidy Control Act 2022 which came into effect on 04 January 2023. The Council has received specialist external legal advice at all key points of the LUF2 scheme including at submission of the grant application in August 2022 and this advice has been followed throughout. In respect of the LUF2 grant, Government have determined that the £20m grant to the Council is not a subsidy. In addition, as required under the Subsidy Control Act, Council officers have undertaken an assessment of whether there is any form of subsidy involved in delivering the works funded by the grant. That assessment has concluded that the works to be undertaken do not give rise to a subsidy and the Council can proceed with delivery.

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

The detailed design process for the eastern access and wider site master planning has and will continue to have due regard to the above objectives, in conjunction with the wider legislation which must be adhered to in connection with the design and delivery of highway and development projects.

5.4 **Human Resources**

A combination of internal officers and specialist external advice has been procured to support the delivery of the scheme. Further resources will be required, as set out within this report, to deliver the wider scheme.

5.5 **Land, Property and Accommodation**

The land which has been identified for the construction of the Eastern Access is within the control of the City of Lincoln Council, with further proposed improvements to the existing highway on Tritton Road (on land which is under the control of Lincolnshire County Council, the Highways Authority [Section 278 Works]).

Access and works will also be required across the adjoining development land, owned by Lindum (in respect of the proposed haul route and final spine route). The Council and Lindum are working together to jointly promote and develop the land, with provisions for access over each other's land for the purposes of delivering the agreed common infrastructure.

5.6 **Corporate Health and Safety Implications**

A Health & Safety assessment has been undertaken in respect of the contractor selection process, to ensure compliance with the Council's Control of Contractors procedure.

A Principal Designer (PD) has been appointed in respect of the project to ensure compliance with Construction Design & Management (CDM) Regulations 2015.

6. Risk Implications

6.1 A risk register is in place for the delivery of Phase 1b and for the development as a whole. Key risks and mitigations in respect of Phase 1b include:

Financial – ability to deliver the project within budget:
Early contractor engagement to review design and value engineering opportunities, phased design with key hold points, external funding secured.

Financial – funding and risk of claw-back:
Regular dialogue and monitoring with DfT; discussion and understanding of need to undertake early work to determine deliverability.

Financial – funding and risk of non-payment of partner contributions
The Council currently has agreements in place with the key funders and partners.

Programme – ability to deliver the project to programme:
Utilising compliant framework for procurement, early contractor engagement to establish feasibility and deliverability, detailed programming, contract provisions to reduce client risk.

Resource – capacity and expertise to deliver:
Experienced, specialist civils contractor to lead on design and build basis, external project manager/cost consultant to oversee, support client and provide due diligence.

7. Recommendations

7.1 To acknowledge the progress which is being made in respect of the delivery of the first phases of delivery to open up the Western Growth Corridor site, which is of strategic importance to the future growth of the city.

7.2 To approve the proposed enabling works associated with the eastern access, in order to maintain the programme for delivery to meet the required funding timescales.

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:	Executive Reports - Western Growth Corridor Scheme Delivery – 20th February; 5th June; 24th July 2023
Lead Officer:	Kate Ellis – Strategic Director of Major Development Email address: kate.ellis@lincoln.gov.uk

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SUBJECT:	**FURNISHED PROPERTIES WITHOUT A RESIDENT – COUNCIL TAX PREMIUM**
DIRECTORATE:	**CHIEF EXECUTIVE & TOWN CLERK**
REPORT AUTHOR:	**MARTIN WALMSLEY, ASSISTANT DIRECTOR – SHARED REVENUES AND BENEFITS**

1. Purpose of Report

1.1 The number of holiday/second homes has grown nationally over recent years reducing housing stock for residents in areas with a high number of holiday homes used personally or for Airbnb. This also increases prices in the area, and absent owners are taking up housing stock but not contributing to the area socially or economically.

This report is to consider using new discretionary powers to introduce a premium charge for furnished domestic dwellings that are occupied periodically.

2. Background

2.1 The Levelling Up and Regeneration Act received Royal Assent on 26th October 2023.

Section 77 of the Act provides a discretionary provision to the Local Authority to raise a premium of no more than 100% on second homes. 'Second homes' are not defined within the Council Tax legislation and the properties that are the subject of the premium are dwellings where;

a. There is no resident of the dwelling, and
b. The dwelling is substantially furnished.

A resident in relation to the dwelling means an individual who has their sole or main residence in the dwelling.

As 12 months' notice to existing owners of second homes is required, the earliest that the new charges will apply is from 1st April 2025.

2.2 Since 1st April 2017, local authorities in Wales have been able to charge the premium of up to 100% of the standard Council Tax on dwellings periodically occupied.

The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 includes regulations for classes of dwellings to which a billing authority may not make a determination to apply a premium. The local authority must have regard to these exceptions before deciding to implement a premium. These include –

Class 1 – dwellings being marketed for sale or where an offer to buy the dwelling has been accepted, time limited for 1 year.

Class 2 – dwellings being marketed for let or where an offer to rent has been accepted, time limited for 1 year.

Class 3 – annexes forming part of, or being treated as part of, the main dwelling.

Class 4 – dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation.

Class 5 – occupied caravan pitches and boat moorings.

Class 6 – dwelling where, by virtue of the planning condition, year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation only or prevents occupancy as a person's sole or main residence.

Class 7 – job-related dwellings.

2.3 A consultation in September 2023 was held to identify properties where the premium charge will not be applied in England.

The outcome of this consultation has not been received although officers expect that new legislation will be received before 1st April 2025.

It is expected that the exceptions will follow similar lines as the Welsh regulations to include:

- Furnished annexes which are being used as part of a sole or main residence
- Job related
- Caravan pitches and boat moorings
- Seasonal homes where year-round or permanent occupation is prohibited
- Properties empty short term between tenants.

3. Significant Policy Impacts

3.1 Strategic Priorities

Let's deliver quality Housing

The number of holiday lets/second homes and Airbnb properties directly affects the increases in housing prices and rental prices in the area, at the same time as reducing the availability of good quality homes for local residents.

3.2 Organisational Impacts

Finance

The introduction of a premium will increase revenue to the Council, however until the exceptions to the premium charge are known, it is difficult to predict the amount of increased revenue.

Numbers of domestic furnished dwellings currently without a resident for more than a year, are shown below:

Council Tax Band	A	B	C	D	E	F	G	H
No. properties	133	86	27	12	15	3	1	1

Total number of properties: 278

Assuming these additional properties were at Band B, this would equate to additional income of c£67,000 p.a to the Council. However, given the potential exceptions to the premium the actual additional income is likely to be much lower.

The actual additional income will be calculated as part of the Council Tax Base and Council Tax Requirement for 2025/26 and will be included in the development of the next Medium Term Financial Strategy.

3.3 **Legal Implications inc Procurement Rules**

There are no legal impacts as a direct result of this report.

3.4 **Equality, Diversity and Human Rights**

There are no impacts as a direct result of this report.

3.5 **Staffing**

No implications.

4. Risk Implications

If the introduction of a premium charge results in a reduction of holiday lets and Airbnb properties, this may have an impact on the number of visitors to the area.

5. Recommendation

5.1 That Executive considers, and recommends to Full Council, the introduction of a premium charge of 100% from 1st April 2025 for dwellings where;

a. There is no resident of the dwelling, and
b. The dwelling is substantially furnished.

NB – details of exceptions to this premium are expected to be mandated in legislation before 1st April 2025.

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:	Martin Walmsley, Assistant Director, Shared Revenues and Benefits Email address: martin.walmsley@lincoln,gov.uk

Item No. 5

EXECUTIVE **19 FEBRUARY 2024**

SUBJECT:	**VISION AND TOWN CLERK 2025 PROGRESS REPORT**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**MICHELLE HOYLES – BUSINESS MANAGER CORPORATE POLICY AND TRANSFORMATION**

1. Purpose of Report

1.1 To present to Executive a progress report that summarises the achievements and successes delivered by the Council's Vision 2025 strategic plan to date; and

1.2 To request that Executive reviews and approves the progress report, attached as **'Appendix A'** to this covering report, in order that it can be published and promoted.

2. Background

2.1 In 2022 the Council published an interim review of its Vision 2025 strategic plan. The Council will soon be developing its Vision 2030 strategic plan; the progress report '**Appendix A**' seeks to both consolidate and celebrate the achievements made during the current plan period and serve as the precursor to commencing the next strategic planning cycle.

2.2 The 'Vision 2025 – Celebrating our Progress' report takes account of feedback received during its development and is currently being finalised in corporate style. **Appendix A** will follow when complete, in advance of Executive.

3. Format and Content of Progress Report

3.1 The content and format of the progress report has been influenced by the topics emphasised during the recent Growth Conference, and has been developed with the support of all directorates.

3.2 The publication style used in the progress report seeks to make the document engaging for external stakeholders, presenting information in a more visual way and removing the need for large amounts of text. Emphasis has been given to some of the Council's key achievements by displaying them in case study format, offering opportunities for the Council to showcase those achievements that have had the biggest impact on the city.

3.3 The progress report will follow as '**Appendix A**.' It is intended that, following Executive approval, the progress report will be published on the Council's website, circulated among key stakeholders and attendees of the recent Growth Conference, and promoted by the Communications team.

3.4 Promotion to the wider public will include a press release, and publication of multiple bitesize extracts from the progress report on all of the Council's social/digital media channels over an extended period. Extracts from the progress report will enable the Council to promote standalone content in a concise and targeted way appropriate for social media, whilst encouraging subscribers/followers to engage with the entire document.

4. Strategic Priorities

4.1 This report supports the Council in commencing its next strategic planning cycle, presenting an overview of the achievements delivered by Vision 2025 and helping to set the scene for Vision 2030. The report reflects all corporate priorities within Vision 2025, and aims to support development of the next strategic plan.

5. Organisational Impacts

5.1 Finance (including whole life costs where applicable)

There are minimal direct financial impacts arising from this report, limited to the procuring of graphic design services to present the final version.

5.2 Legal Implications including Procurement Rules

There are no known legal implications arising from this report.

5.3 Equality, Diversity & Human Rights

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

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

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

The progress report is for information purposes; there are no equality, diversity or human rights implications relevant to its content. The final page of the progress report, in line with other Council publications, includes up to date alternative language and accessibility formats.

6. Risk Implications

6.1 (i) Options Explored – there are no alternative options available, as the progress report is for information purposes.

6.2 (ii) Key Risks Associated with the Preferred Approach – not applicable to this report.

7. Recommendations

7.1 That Executive reviews the 'Vision 2025 – Celebrating our Progress' report '**Appendix A**' (to follow); and

7.2 That Executive approves the progress report for publication, and approves its promotion in accordance with the proposal set out in paragraph 3.4 of this covering report.

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?	One (A) – to follow
List of Background Papers:	None
Lead Officer:	Michelle Hoyles – Business Manager Corporate Policy and Transformation Michelle.hoyles@lincoln.gov.uk

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Item No. 6

EXECUTIVE **19 FEBRUARY 2024**

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

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. While there are still a number of variables, which are subject to a level 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 2023/24 is:

Revenue Accounts	**2023/24**		
	Budget £'000	**Forecast @ Q3 £'000**	**Variance @ Q3 £'000**
General Fund – Contribution (to)/from balances	191	(98)	(290)
Housing Revenue Account – Contribution (to)/from balances	59	73	14
Housing Repairs Service – (surplus)/deficit	0	552	552*

*any HRS variance is repatriated to the HRA and as such included within the HRA balances above

Capital Programmes	2023/24		
	Budget following Q2 Report £'000	Revised Budget @ Q3 £'000	Movement @ Q3 £'000
General Investment Programme	24,784	15,334	(9,450)
Housing Investment Programme	16,862	16,120	(742)

Balances	2023/24		
	Budgeted Balance @ 31/03/24 £'000	Forecast Balance @ 31/03/24 £'000	Forecast Movement £'000
General Fund Balances	(2,229)	(2,518)	(290)
Housing Revenue Account Balances	(1,126)	(1,111)	14
Housing Repairs Service Balances	0	0	0

Reserves	2023/24		
	Opening Balance @ 01/04/23 £'000	Forecast Balance @ 31/03/24 £'000	Forecast Movement £'000
General Fund Earmarked Reserves	(7,040)	(7,489)	(449)
HRA Earmarked Reserves	(3,510)	(3,467)	43

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

3. General Fund Revenue Account

3.1. For 2023/24 the Council's net General Fund revenue budget was set at £14,402,660 including a planned contribution from balances of £191,110 resulting in an estimated level of general balances at the year-end of £2,228,739 (after allowing for the 2022/23 outturn position).

3.2. The General Fund Summary is currently projecting a forecast underspend of £289,602 (Appendix A provides a forecast General Fund Summary), resulting in general balance at the year-end of £2,518,341. This position maintains balances above the prudent minimum of c.£1.5-£2m.

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**
National pay award settlement	440
Reduction in Housing Benefits overpayments, increased non-recoverable temporary accommodation costs & increased non recoverable supported accommodation.	285
Building Regulations, Land Charges & Development Control income pressures	220
Less:	
Investment Interest	(504)
Lincoln Properties - tenant profit share arising from arrangements related to CVA agreed during Covid-19 pandemic, along with in year rent reviews.	(143)
Additional Government grant for Land Drainage Levies	(142)
Net Car Parking Income surplus (gross surplus £332k)	(122)
Net other variances	(324)
Overall forecast budget deficit/(surplus)	**(290)**

3.4. The key variances are predominately driven by the impact of external economic factors e.g. inflation and interest rates, which far exceed the assumptions underpinning the MTFS, along with rising service demands.

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

- Pay award inflation pressure - the 2023/24 pay offer, made by the National Employers for Local Government Services earlier this year, was accepted by the Trade Unions on 31 October and was paid in December. The award reflects the higher of either, a flat rate increase of £1,925, or 3.5-3.8% to all employees, equivalent to a 9.4% increase for the lowest paid members of staff and with the majority of officers receiving pay rises above 5% for a second consecutive year.

- Investment income – as a result of the rising Bank of England Base Rate, which has maintained at 5.25% during quarter three, the level of interest earnt on the Council's cash balances has increased significantly. At present there has been a limited consequential impact on the cost of borrowing as all debt is at fixed rates and no new borrowing has been undertaken (one loan has been re-financed in year, but this was at a lower interest rate).

- Unrecoverable Housing Benefit - 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. Despite this rate being increased in the Autumn Budget, this does not apply to housing benefit so has no impact on the Council's costs. In addition, there has also been a increase in the level of claims in relation to supported accommodation, which do not attract 100% subsidy, increasing the cost to the Council.

- Reduced fees and charges income – 2023/24 continues to see a reduction in income from planning applications, land charges and building control, and whilst the position at quarter three has improved due to a couple of larger applications, the forecast outturn remains lower than budgeted as a result of pressures in the construction and housing market as the ongoing economic climate and cost-of-living crisis continue to impact on development within the city.

3.6. The cost pressures in relation to the pay award are unavoidable, and the levels of income in relation to development in the city and primarily driven by economic factors, both of which have required the resetting of budgets as part of the MTFS. However, in relation to the increasing cost of housing benefits that the Council is bearing the Corporate Management Team have commissioned a range of responses, these will focus on both manging the demand for temporary accommodation as well as exploring options to increase the supply of suitable accommodation to reduce the reliance on costly bed and breakfast usage. In addition, careful review of all supported accommodation claims is in place to ensure the appropriate levels of housing benefit are awarded.

3.7. While the forecast outturn for the General Fund is a budget underspend, there still remains uncertainty in terms of service demands and income forecasts. As such the final outturn position for the year is still subject to further change and will continue to be carefully monitored. At this stage no additional mitigations, other than those currently being implemented in response to temporary and supported accommodation costs, are recommended. Strong budgetary control should continue to be a focus to ensure expenditure and income remain balanced within the budget, resulting in a positive contribution to reserves at outturn.

3.8. **Earmarked Reserves**

3.9. **Carry Forward Requests**

Financial Procedure Rules state that Assistant Directors are able to carry forward any budget provision not utilised during the financial year, to be used for the same purpose, in future years subject to their Directorate as a whole not being overspent. Based on the forecast outturn as at quarter three, and subject to the final cash limit outturn, for each Directorate in 2023/24 a list of requests (which will be transferred from the surplus to earmarked reserves for drawdown in future years) is shown below totalling £60,400:

Directorate	**Reason for Carry Forward**	**Amount £**
CX-CITYSOL	Corporate Training reserve – retain unutilised training budget to support ongoing training needs.	23,400
DHI	Homelessness Reserve – retain underspent core budget, as a result of increased grant allocation, to support ongoing Homelessness pressures.	37,000
	Total carry forward requests:	**60,400**

These carry forward requests are included in the forecast outturn position.

3.10. **Transfers to Reserves**

In addition to the above carry forward requests, a number of requests for additional transfers to reserves have been made, whereby Directorates have requested a transfer to a new, or existing, reserve for a number of underspent budgets, to be used for alternative purposes or to mitigate risks, in future years subject to their Directorate as a whole not being overspent. Based on the forecast outturn as at quarter three, and subject to the final cash limit outturn for 2023/24, a list of requests is shown below totalling £126,650:

Directorate	**Reason for Carry Forward**	**Amount £**
CX-STRATDEV	IT Reserve – transfer proportion of directorate underspend to reserves to support V2025 IT Strategy	43,650
DMD	Climate Change Initiatives – transfer proportion of directorate underspend to reserves to support the Councils Climate Change initiatives	30,000
DMD	Central Market – transfer proportion of directorate underspend to support non-recurrent costs linked to launch of the new Central Market	15,000
DCE-Directorate wide	Income Volatility Reserve – transfer directorate underspend to Corporate Income Volatility reserve to mitigate income risks in future years	38,000
	Total carry forward requests:	**126,650**

These additional reserve contributions are included in the forecast outturn position.

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

3.12. **Towards Financial Sustainability Programme**

The savings target included in the MTFS for 2023/24 was £185,210.

Progress against this target, based on quarter three performance, shows that secured savings total £126,080 for the General Fund, with a further £121,590 identified, resulting in an over-achievement of £62,460 in year.

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

4. Housing Revenue Account

4.1. For 2023/24 the Council’s Housing Revenue Account (HRA) net revenue budget was set with a planned contribution from balances of £58,930, resulting in an estimated level of general balances at the year-end of £1,125,517, after allowing for the 2022/23 outturn position.

4.2. The HRA is currently projecting a forecast overspend of £13,787, which would result in HRA balances of £1,111,730 as at the end of 2023/24, 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. Although the forecast position is an overspend there are a number of significant variations in income and expenditure. Full details of the main variances are provided in the Appendix D, while the table below sets out the key variances:

Housing Revenue Account **Forecast year-end key variances:**	**Forecast** **£'000**
National Pay Award Settlement	126
Insurance Fund – Disrepairs Claims	148
Less:	
Increased Investment Interest	(791)
HRA Repairs Account	(298)
Additional Rental Income	(188)
<u>HRS Recharges:</u>	
Housing Repairs Service Overall Deficit Repatriation	552
HRS Repairs – increased Responsive and Aids & Adaptations jobs	524
HRS Repairs – reduced level of Voids and Cleansing jobs	(116)
Net Other Variances	16
Overall forecast deficit/(surplus)	**14**

4.4. In line with the General Fund, some of the key variances are predominately driven by the impact of external economic factors, which far exceed the assumptions underpinning the MTFS. However, in addition, the HRA and HRS continue to experience a number of other variances due to demand pressures and the ongoing recruitment and retention challenges.

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

- Pay award inflation pressure - the 2023/24 pay offer, made by the National Employers for Local Government Services earlier this year, was accepted by the Trade Unions on 31st October and was paid in December. The award reflects the higher of either, a flat rate increase of £1,925, or 3.5-3.8% to all employees, equivalent to a 9.4% increase for the lowest paid members of staff and with the majority of officers receiving pay rises above 5% for a second consecutive year.

- Insurance Fund – claims currently not funded from the insurance reserve, subject to outturn, predominantly driven by increasing levels of Disrepair Claims. Contributions into the Insurance Fund have been increased in the new MTFS to reflect that increased level of claims seen over the last 3 years and work to manage claims continues via the Disrepairs Working Group.

- Investment income – as a result of the rising Bank of England Base Rate, which has maintained at 5.25% during quarter three, the level of interest earnt on the Council's cash balances has increased significantly. At present there has been a limited consequential impact on the cost of borrowing as all debt is at fixed rates and no new borrowing has been undertaken (one loan has been re-financed in year, but this was at a lower interest rate).

- HRA Repairs Account – repairs and maintenance costs across various contracts are underspent as a result some of the work being undertaken as part of the voids works programme, alongside fluctuations due to the cyclical nature of some jobs.

- Rental income – income levels are higher than anticipated due to a higher than budgeted opening Housing stock at the start of the financial year, coupled with higher than expected occupancy, and rent levels, at the new Rookery Lane development.

- 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 responsive housing repairs and aids and adaptations has significantly increased in year, though partially offset by a reduction in the level of voids repairs and cleansing works, resulting in a switch in the nature of HRS rechargeable works.

4.6. As outlined 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 to the rising cost of Disrepair claims, are recommended. Strong budgetary control should continue to be a focus 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 2023/24 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

5.2. At Quarter 3 the HRS are forecasting a deficit of £552,062 in 2023/24, 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	1,585
Increase in materials usage and price	29
National Pay Award Settlement	125
Less:	
Staff vacancies due to recruitment and retention challenges	(662)
Increased income for HRS jobs for increased works	(567)
Net other variances	42
Overall forecast deficit/(surplus)	**552**

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 inflationary factors, a reduced national workforce and a reduced pool of contractors from which to secure services. These additional costs are therefore not fully offset by the vacancy savings achieved by not carrying out the work internally.

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.

5.5. Whilst last year high vacancy levels, and the use of sub-contractors rather than the Council's own workforce, resulted in an underspend on materials for the Council, this year higher than anticipated inflation levels, an industry wide issue, and an expected increase in repairs jobs has resulted an overspend on materials further compounding the HRS forecast position.

5.6. The forecast deficit also includes the impact of the national pay award, which is significantly over and above the assumptions included within the MTFS as outlined in both the General Fund and HRA variances. The 2023/24 pay offer, made by the National Employers for Local Government Services earlier this year, was accepted by the Trade Unions for both Red and Green Book employees and was subsequently paid in December. The award reflects the higher of either, a flat rate increase of £1,925, or 3.5-3.8% to all employees, equivalent to a 9.4% increase for the lowest paid members of staff and with the majority of staff receiving pay rises above 5% for a second consecutive year.

5.7. 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 materials, and an increased volume of works, this is not the case this financial year, as detailed 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 currently being offset 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 2024 are attached in Appendix G, with further details in the MTFS 2023-2028. In summary:

Earmarked Reserves	**Opening Balance 01/04/23 £'000**	**Increase £'000**	**Decrease £'000**	**Closing Balance 31/03/24 £'000**
General Fund	7,040	2,322	(1,873)	7,489
Housing Revenue Account	3,510	137	(180)	3,467

7. Capital Programme

7.1. General Investment Programme

7.2. The revised General Investment Programme for 2023/24 amounted to £24.784m following the quarter 2 report. At quarter 3 the programme has reduced by £9.450m to £15.334m, as shown below:

General Investment Programme	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
Budget following Q2 report	24,784	10,423	6,236	1,052	1,052
Budget changes for approval – Quarter 3	(9,450)	7,103	1,327	0	0
Revised Budget	**15,334**	**17,526**	**7,563**	**1,052**	**1,052**

7.3. All changes over delegated limits require approval by the Executive. The following schemes have been changed and require approval by the Executive.

Changes requiring approval by the Executive	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Skate Park – removal of budget and associated borrowing until specific scheme bought forward.	0	(183)	0	0	0
Green Homes Grant LAD3 – lower than anticipated number of households claimed within the grant period, therefore balance of grant is required to be repaid	(1,155)	0	0	0	0
Windmill View retaining wall repairs – final project costs have increased above original budget provision.	150	0	0	0	0
Total Schemes requiring approval by the Executive	**(1,005)**	**(183)**	**0**	**0**	**0**

In relation to Windmill View, the scheme was originally funded through prudential borrowing, in the absence of any alternative funding source. As a result of an increase in the costs to complete the works, an additional borrowing requirement of £150,000 is not required. The additional interest and MRP costs of c£10,950 p.a. will be provided for the in the Medium Term Financial Strategy 2024-29.

7.4. All new projects are subject to Executive approval. The following schemes have been added to the GIP, and require approval by the Executive:

New Schemes requiring approval by the Executive / Delegated Portfolio Holder	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Western Growth Corridor - additional Phase 2 spend funded by Homes England grant	115	0	0	0	0
Total Schemes requiring approval by the Executive	**115**	**0**	**0**	**0**	**0**

7.5. In addition to the approval of the above new scheme, the following scheme has also been added to the GIP, having been approved at Executive during Quarter 3.

Approved by the Executive / Delegated Portfolio Holder	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Safer Streets 5 – new CCTV cameras (Executive16th October 2023)	50	0	0	0	0
Total Schemes requiring approval by the Executive	**50**	**0**	**0**	**0**	**0**

7.6. The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit, or to reprofile the budget, as set out under Financial Procedure Rules. The following changes and reprofiles were approved during Quarter 3:

GIP Movements Approved by the Chief Finance Officer:	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
The Terrace Heat Mitigation Work - reprofiled	(247)	247	0	0	0
Western Growth Corridor Phase 1a Housing Delivery - reprofiled	(1,756)	410	1,346	0	0
Western Growth Corridor Phase1a Shared Infrastructure - reprofiled	(931)	957	(26)	0	0
Planned Capitalised Work - reprofiled	(300)	300	0	0	0
Planned Capitalised Work – net movement	(15)	0	0	0	0
Stamp End Costs – scheme complete move back to Planned Capitalised Work	(3)	0	0	0	0
Greyfriars Roof – move back to Planned Capitalised Work	(4)	0	0	0	0
Bud Robinson CC Boiler work - budget from Planned Capitalised Work	28	0	0	0	0
City Hall Lightning Protection - move back to Planned Capitalised Work	(6)	0	0	0	0
Allotments Asbestos Sheds - reprofiled	(34)	34	0	0	0
Greyfriars – reprofiled	(852)	845	7	0	0
Boultham Park Lake Restoration – scheme complete remove from programme	(5)	0	0	0	0
HAZ Shopfronts scheme costs higher than expected – funded from HAZ revenue via DRF.	8	0	0	0	0
Better Care Fund - reprofiled	(1,508)	1,508	0	0	0
Housing Renewal Area Unallocated - reprofiled	(298)	298	0	0	0
Traveller Deterrent - reprofiled	(6)	6	0	0	0

Compulsory Purchase Orders - reprofiled	(233)	233	0	0	0
Towns Deal – Wigford Way - reprofiled	(245)	245	0	0	0
Towns Deal – Sincil Bank - reprofiled	(1,419)	1,419	0	0	0
Towns Deal – Tentercroft Street - reprofiled	(290)	290	0	0	0
Towns Deal – LSIP - reprofiled	(420)	420	0	0	0
IT Reserve - reprofiled	(74)	74	0	0	0
Total GIP Movements Approved by the CFO	**(8,610)**	**7,286**	**1,327**	**0**	**0**

Total GIP Delegated Approvals and Approvals by/for Executive	**(9,450)**	**7,103**	**1,327**	**0**	**0**

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

General Investment Programme - Projected Outturn	**2023/24**			
	Budget following Q2 Report £'000	**Revised Budget Q3 £'000**	**Forecast Outturn £'000**	**Variance £'000**
Active Programme				
Housing and Investment	298	0	0	0
Communities and Environment	3,071	1,761	1,761	0
Chief Executive	1,896	710	710	0
Major Developments	13,895	9,631	9,631	0
Total Active Schemes	**19,160**	**12,102**	**12,102**	**0**
Schemes on Hold/ Contingencies	308	0	0	0
Externally Delivered Town Deal Schemes	5,316	3,232	3,232	0
Total Capital Programme	**24,784**	**15,334**	**15,334**	0

7.8. The overall spending on the General Investment Programme active schemes (excluding externally delivered schemes), for the third quarter of 23/24 is £8.2m, which is 67.57% of the budget. This is detailed further at Appendix I.

7.9. **Housing Investment Programme**

7.10. The revised Housing Investment Programme for 2023/24 amounted to £16.862m following the Quarter 2 position. At quarter 3 the programme has been decreased by £0.742m to £16.120m, as shown below:

Housing Investment Programme	2023/24 £’000	2024/25 £’000	2025/26 £’000	2026/27 £’000	2027/28 £’000
Revised Budget at Q2	**16,862**	**19,175**	**15,515**	**14,289**	**14,307**
Budget changes for approval – Quarter 3	(742)	1,868	440	545	548
Revised Budget	**16,120**	**21,043**	**15,955**	**14,834**	**14,855**

7.11. All changes over the approved limit require approval by the Executive. The following changes require Executive approval for Quarter 3:

Changes requiring Executive Approval:	2023/24 £’000	2024/25 £’000	2025/26 £’000	2026/27 £’000	2027/28 £’000
Budget Under/Overspends returned to available resources (major repairs reserves)					
Thermal Comfort Works	(151)	0	0	0	0
Kitchen Improvements	(400)	0	0	0	0
Increased budget allocations					
Void Capitalised Works - identified as part of MTFS process (funded from the major repairs reserve)	0	536	541	545	548
Property Acquisitions – this includes individual purchase and repair and LAHF acquisitions approved under officer delegations (funded from grant and 1-4-1 receipts with borrowing as match element).	955	0	0	0	0
Total changes requiring Executive Approval	**404**	**536**	**541**	**545**	**548**

7.12. All new projects are subject to Executive approval. There has been one new project in quarter 3, having been approved under delegation in accordance with the Virtual Asset Management Group, as follows:

Changes Approved by Executive/ under delegation	2023/24 £’000	2024/25 £’000	2025/26 £’000	2026/27 £’000	2027/28 £’000
Ermine Church Land acquisition, financed through DRF.	350	0	0	0	0
Total changes approved by Executive	**350**	**0**	**0**	**0**	**0**

7.13. 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:

Changes approved by the Chief Finance Officer:	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Reprofiled Expenditure					
New Build – Hermit Street - reprofiled	(556)	556	0	0	0
Western Growth Corridor Phase 1a infrastructure - reprofiled	(675)	776	(101)	0	0
Budget Under/Overspends returned to available resources (major repairs reserve and DRF)					
Rewiring	(30)	0	0	0	0
Structural Defects	(75)	0	0	0	0
New Services	2	0	0	0	0
Over bath showers (10 year programme) – returned to available resources	(30)	0	0	0	0
Communal Electrics	(89)	0	0	0	0
Garages	(20)	0	0	0	0
Communal TV Aerials	(7)	0	0	0	0
Fire Doors	(61)	0	0	0	0
HRA Buildings	(91)	0	0	0	0
Increased budget allocations					
New Build – Rookery Lane (funded from DRF)	83	0	0	0	0
New Build – De Wint Court (funded from DRF)	53	0	0	0	0
Total Changes Approved by the Chief Finance Officer	**(1,496)**	**1,332**	**(101)**	**0**	**0**

Total HIP Delegated Approvals and Approvals by/for Executive	**(742)**	**1,868**	**440**	**545**	**548**

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

Housing Investment Programme - Projected Outturn	2023/24			
	Q2 Budget £'000	Revised Budget Q3 £'000	Forecast Outturn £'000	Variance £'000
Decent Homes / Lincoln Standard	7,487	6,741	6,741	0
Health and Safety	673	673	673	0
Contingent Major Repairs / Works	0	0	0	0
New Build Programme	7,235	7,095	7,095	0
Other Schemes	962	1,105	1,105	0
Computer Fund / IT Schemes	506	506	506	0
Total Capital Programme	**16,862**	**16,120**	**16,120**	**0**

7.15. The overall expenditure on the Housing Investment Programme at the end of Q3 was £7.029m, which is 41.85% of the 2023/24 revised programme. This excludes expenditure relating to Western Growth Corridor, which is currently shown on the GIP, to be apportioned at year end (current forecast outturn £1.97m). This is detailed further at Appendix J.

A further £0.525m has been spent as at the end of January 2024, although this is still 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 by the end of the financial year. In addition, schemes such as Hermit Street have only recently commenced, and a number of the LAHF acquisitions are currently in progress but not yet complete.

8. Strategic Priorities

8.1. The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. Vision 2025 identifies the Council's strategic priorities, setting the vision and direction for the council and the city for the next five years. The proposals in this report allow the Council to maintain a balanced budget position in 2023/24 in order that it can continue to deliver services in support of Vision 2025.

9. Resource Implications

9.1. The financial implications are contained throughout the report.

Under the Local Government Act 2003 the Chief Finance Officer (S151 Officer) is required to give Council an opinion on the robustness of the budget estimates and the adequacy of reserves. Although there remains some uncertainty around the latest budget estimates based on the information to date on income and expenditure, 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 2023/24 are estimated to be maintained, or above, 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 2023/24 the Council is set to face ongoing pressures as a result of increasing baseline costs due to inflationary impacts, escalating service demands and income pressures arising from the cost-of-living crisis. The Council will continue to face further financial challenges as it responds to the impact of these issues and an increased need to deliver ongoing reductions in the net cost base, as set out in the MTFS 2024-2029, which is due to be presented for approval by Council on 27th February 2024.

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

A full financial risk assessment is included in the MTFS, this is continually reviewed in light of changes in the underlying financial assumptions. There are currently a significant number of critical risk factors to the budget and MTFS, with further details provided within the new MTFS 2024-29.

11. Recommendations

Executive are recommended to:

11.1. Note the financial performance for the period 1st April to 31st December 2023.

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

11.3. Approve the proposed carry forward requests and transfers to earmarked reserves detailed in paragraph 3.8 and 3.9;

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 7.6 and 7.13.

11.5. Approve the changes to the General Investment programme and the Housing Investment programme approved, or to be approved, by the Executive as detailed in paragraphs 7.3, 7.4, 7.5, 7.11 and 7.12.

Key Decision	No
Do the exempt information categories apply?	No
Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
Does the report contain appendices?	Yes
List of Background Papers:	Medium Term Financial Strategy 2023-2028
Lead Officer:	Laura Shipley, Financial Services Manager Laura.shipley@lincoln.gov.uk

APPENDIX A

GENERAL FUND SUMMARY – AS AT 31 DECEMBER 2023

Service Area	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Strategic Development	A	2,167	2,140	(27)
Chief Finance Officer (S151)	B	(226)	(724)	(499)
City Solicitor	C	1,891	1,947	56
Revenues & Benefits	D	520	770	250
Housing	E	(6)	27	33
Director of Major Developments	F	779	795	16
Communities and Street Scene	G	8,329	8,375	46
Health and Environmental Services	H	1,349	1,221	(128)
Planning	I	(2,960)	(2,879)	81
		11,844	**11,672**	**(172)**
Corporate Expenditure	J	1,287	1,100	(187)
TOTAL SERVICE EXPENDITURE		**13,131**	**12,772**	**(359)**
Capital Accounting Adjustment	K	2,210	2,279	69
Specific Grants	L	(700)	(700)	0
Contingencies	M	(102)	80	181
Savings Targets	N	(59)	(122)	(62)
Earmarked Reserves	O	567	448	(118)
Insurance Reserve	P	(453)	(453)	0
TOTAL EXPENDITURE		**14,594**	**14,304**	**(290)**
CONTRIBUTION FROM BALANCES		**(191)**	**98**	**290**
NET REQUIREMENT		**14,403**	**14,403**	**0**
Retained Business Rates Income	Q	6,125	6,125	0
Collection Fund Surplus/(Deficit)	R	546	546	0
Revenue Support Grant	S	175	175	0
Council Tax	T	7,556	7,556	0
TOTAL RESOURCES		**14,403**	**14,403**	**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		£	
	Increased Expenditure		
B	Industrial Estates	96,750	Backdated rent review in relation to leased in industrial units.
B	Property Services	60,180	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, overtime or 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.
C	Legal Services	105,380	
E	Control Centre	55,070	
E	Control Centre	49,810	Increase in annual maintenance contract, telephony and IT costs.
F	Central Market	62,000	Additional legal costs and website fees.
G	Waste	60,140	Additional contract management (£27k) and inflation (£33k) pressures over and above the MTFS assumptions, offset by reduced expenditure on Street Cleansing contract below (net pressure £20k).
I	Car Parks	216,670	Additional card payment fees due to a system upgrade (£45k), additional maintenance works required at Lucy Tower & Broadgate (£44k), additional utilities pressures over and above MTFS assumptions (£54k), deep clean at Central (£14k) & various other cost pressures relating to overtime, additional charges due to increase in pay by phone transaction, increased security costs (£59k), wholly offset by increased income below (net car parking surplus £122k).
M	Pay Award	440,371	Impact of National Employers pay award over and above budget assumptions.
M	Annual Vacancy Savings Target	177,670	Vacancy savings target, offset by savings in service areas.

Reduced Income

Ref		£	
D	Housing Benefits	152,630	Un-recoverable housing benefit costs in relation to increased B&B costs, as a result of disparity between Local Housing Allowance rates and rising demand and costs of accommodation.
D	Housing Benefits	54,730	Un-recoverable housing benefit costs in relation to increased costs of supported accommodation
D	Housing Benefits	77,200	Reduction in overpayments funded through housing subsidy due to overall reduction in overpayments raised and improved collection of arrears (£50k), plus a funding allocation shortfall (£27.2k).
F	Central Market	87,800	Reduced income due to revised re-opening date.
H	Yarbrough Leisure Centre	50,000	Anticipated contribution to support Utility inflation pressures.
H	Crematorium	72,510	Reduced income as a result of lower than budgeted cremation levels, offset by savings on utilities and business rate costs, (net saving £55.2k).
I	Building Regulations	80,000	Anticipated reduction in income as a result of current economic conditions.
I	Land Charges	29,570	Anticipated reduction in income as a result of current economic conditions.
I	Development Control	110,000	Anticipated reduction in income as a result of current economic conditions.
	Reduced Expenditure		
A	Corporate Policy	(117,250)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.
D	Revenues & Benefits Shared Service	(70,210)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.
F	Central Market	(54,580)	Reduced expenditure on staffing (£7k), utility costs (£21.7k) and business rates (£23.6k) due to revised re-opening date.
F	DMD Director	(55,560)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.
G	Street Cleansing	(52,750)	Reduction in contracted charges in relation to car parks (£40k) and other minor underspends, offsets waste contract overspends above (net pressure £20k).
H	Housing Regeneration	(86,530)	Vacancy savings pending recruitment, offset against Corporate vacancy savings target.

Ref		£	
H	Crematorium	(127,710)	Forecast underspend on utilities and business rates as a result of transitional discounts, partially offset by reduced income above (net saving £55.2k).
I	Development Control	(52,630)	Vacancy savings offset against corporate vacancy savings target.
N	Earmarked Reserves	(100,000)	Release of CX Capacity reserve to offset increased expenditure as a result of vacancy pressures above.
	Increased Income		
B	Industrial Estates	(46,590)	Increased income as a result of backdated rent reviews
B	Lincoln Properties	(142,530)	Tenant profit share as agreed in arrangements related to CVA agreed during Covid-19 pandemic, along with in year rent reviews.
B	Other Interest	(503,950)	Increased investment income as a result of higher interest rates and additional dividend income.
E	Housing Solutions Management	(25,000)	New Burdens grant income relating to staff time attributable to work on the Ukrainian Resettlement.
F	Major Developments Team	(49,670)	Admin grant funding for administration of UKSPF project.
H	Community Centres	(46,660)	Increased income levels, predominantly driven by ongoing contract at the Grandstand.
I	Car Parks	(332,000)	Increase in season ticket income & forecast increase in pay and display income (net car parking surplus £122k).
J	Land Drainage Levies	(141,930)	Additional government grant received to offset the increased cost of Internal Drainage Board Levies.

HOUSING REVENUE ACCOUNT FUND SUMMARY – AS AT 31 DECEMBER 2023

	Ref	Revised Budget £'000	Projected Outturn £'000	Variance £'000
Gross Rental Income	A	(32,643)	(32,833)	(189)
Charges for Services & Facilities	B	(554)	(636)	(83)
Contribution towards Expenditure	C	(50)	(13)	37
Repairs Account – Income	D1	0	(68)	(68)
Supervision & Management – General	D2	(664)	(683)	(19)
Supervision & Management – Special	D3	(66)	(80)	(14)
Repairs & Maintenance	E	10,834	10,944	110
Supervision & Management – General	F1	6,936	7,296	360
Supervision & Management – Special	F2	1,991	2,131	140
Rents, Rates and Other Premises	G	846	819	(26)
Increase in Bad Debt Provisions	H	250	250	0
Insurance Claims Contingency	I	174	322	148
Contingencies	J	114	53	(60)
Depreciation	K	7,750	8,199	449
Impairments	L	0	0	0
Debt Management Expenses	M	16	16	0
HRS Trading (Surplus) / Deficit	N	0	552	552
Net Cost of Service	O	**(5,067)**	**(3,730)**	**1,337**
Loan Charges Interest	P	2,356	2,316	(40)
Investment/Mortgage Interest	Q	(308)	(1,099)	(791)
Net Operating Inc/Exp	R	**(3,020)**	**(2,513)**	**507**
Major Repairs Reserve Adjustment	T	3,000	2,551	(449)
Transfers to/from reserves	U	79	35	(44)
(Surplus)/Deficit in Year	V	**59**	**73**	**14**

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		
C	Court Costs	37,000	Reduction in recovered income from court costs as less cases in year than anticipated.
	Increased Income		
Q	Investment Interest	(790,570)	Increased investment income as a result of higher interest rates.
A	Gross Rental Income	(187,750)	Additional rental income as a result of reduced voids and higher rent levels at Rookery Lane development, plus higher than budgeted opening housing stock levels.
D1	Repairs Account	(67,860)	Additional income from rechargeable void works.
U	Transfers to/(from) Reserves	(44,100)	Contributions from reserves to offset expenditure as outlined below (further detail in appendix G).
	Reduced Expenditure		
T	Major Repairs Reserve Adjustment/Direct Revenue Finance	(448,990)	Reduced contribution to Major Repairs Reserve to offset the increase in depreciation costs following revaluations of properties in year.
E	Repairs & Maintenance	(326,130)	Underspend on Repairs Account expenditure predominantly due to cyclical repair/replacement works
F	Supervision & Management	(296,320)	Reduced expenditure on Employee Costs due to staff vacancies, offset by agency costs below (excl. Pay Award below).
E	Repairs & Maintenance - HRS	(115,980)	Reduced HRS expenditure on Voids (£99k) and Cleansing (£17k), partially offsets increases on Responsive and Aids & Adaptations below (net overspend £408k).

Ref		£	Reason for variance
G/E	Rent, Rates & Other Premises	(55,650)	Underspend on Utility costs across the HRA excluding De Wint Court
P	Loan Charges Interest	(39,780)	Repayment of existing borrowing & re-borrowing at lower interest rate
	Increased Expenditure		
N	HRS Surplus/Deficit	552,060	Estimated HRS deficit position (refer to HRS variances – Appendix F).
E	Repairs & Maintenance - HRS	523,940	Increased HRS expenditure on Responsive Repairs (£201k), and Aids & Adaptations (£323k) partially offset by underspend above (net overspend £408k).
K	Depreciation	448,990	Increase in depreciation costs following revaluation of housing stock, offset by a Major Repairs reserve reduction above.
F1	Supervision & Management – General	347,960	Cost of agency staff to cover staff vacancies within Supervision & Management, partially offset by Vacancy savings above.
F1	Supervision & Management – General	287,920	Increased expenditure due to consultancy costs on HRA Business Plan schemes (£106k), void work & garden/hedge/tree work costs (£101k) caretakers tipping (£46k), housing needs survey (£25k), additional consultancy costs (£35k), partially offset by increased call on reserves above.
I	Insurance Claims Contingency	148,150	Anticipated increase in disrepair claims, offset by increased call on Insurance reserve.
F	Supervision & Management	126,000	Impact of National Employers pay award over and above budgeted assumptions.

HOUSING REPAIRS SERVICE SUMMARY – AS AT 31 DECEMBER 2023

	Revised Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Employees	3,852	3,315	(537)
Premises	171	211	40
Transport	432	370	(62)
Materials	1,519	1,549	30
Sub-Contractors	2,154	3,739	1,585
Supplies & Services	333	397	64
Central Support Charges	586	586	0
Capital Charges	0	0	0
Total Expenditure	**9,047**	**10,167**	**1,119**
Income	(9,047)	(9,615)	(567)
(Surplus)/Deficit	**0**	**552**	**552**

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	(662,367)	Vacancies within the Operative staff.
Fleet Charges	(62,120)	Reduction in lease costs due to delay in receiving new vehicles from supplier.
Increased Expenditure		
Employee Costs	125,230	Impact of National Employers pay award over and above budgeted assumptions.
Sub-Contractors	1,585,106	Increased use of sub-contractors to meet increased demand and cover vacancies within the operative team.
Direct Materials	29,319	Increased usage and rising material prices following end of fixed-term contract prices.
Increased Income		
Income	(567,268)	Increased income as a result of increase in number of jobs, offset by increased costs of sub-contractor spend above.

EARMARKED RESERVES – Q3 MONITORING 2023/24

	Revised Opening Balance 01/04/2023 £'000	In Year Increase £'000	In Year Decrease £'000	Forecast Closing Balance 31/03/2024 £'000
General Fund				
Budget Carry Forwards	483	205	(166)	522
Grants & Contributions	1,445	117	(188)	1,374
Active Nation Bond	180	-	-	180
AGP Sinking Fund	52	50	-	102
Air Quality Initiatives	22	-	-	22
Birchwood Leisure Centre	86	20	-	106
Business Rates Volatility	434	1,163	(681)	916
Christmas Decorations	14	-	-	14
City Hall Improvement Works	50	-	-	50
City Hall Sinking Fund	60	-	-	60
Commons Parking	13	9	-	22
Corporate Maintenance	100	-	-	100
Corporate Training	60	-	13	47
Council Tax Hardship Fund	-	-	-	-
Covid19 Recovery	1,047	-	-	1,047
Covid19 Response	354	-	-	354
CX Capacity	100	-	(100)	-
Electric Van replacement	27	4	-	31
HiMO CPN Appeals	169	-	(57)	112
Income Volatility Reserve	320	-	-	320
Inflation Volatility Reserve	466	-	-	466
Invest to Save (GF)	37	400	(88)	349
IT Reserve	284	65	-	349
Lincoln Lottery	9	-	-	9
Mayoral Car	7	-	-	7
MSCP & Bus Station Sinking Fund	149	46	-	195
Private Sector Stock Condition Survey	51	-	(48)	3
Professional Trainee Scheme	90	-	-	90
Revenue & Benefits Community Fund	25	29	-	54
Section 106 Interest	32	-	-	32
Staff Wellbeing	28	-	-	28
Tank Memorial	10	-	-	10
Tree Risk Assessment	102	-	(40)	62
Unused DRF	199	155	(199)	155
Vision 2025/Vision 2030	533	58	(294)	297
	7,040	**2,322**	**(1,873)**	**7,489**

HRA				
Capital Fees Equalisation	110	-	-	110
De Wint Court	73	-	-	73
De Wint Court Sinking Fund	10	85	-	95
Disrepairs Management	300	-	-	300
Housing Business Plan	177	-	(129)	48
Housing Repairs Service	137	-	-	137
HRA IT	135	35	-	170
HRA Repairs Account	1,351	-	-	1,351
Housing Strategic Priority	764	-	-	764
Invest to Save (HRA)	416	-	(51)	377
RSAP/NSAP Sinking Fund	9	9	-	18
Strategic Growth Reserve	5	-	-	5
Tenant Satisfaction Survey	23	8	-	31
	3,510	**137**	**(180)**	**3,467**
Total Earmarked Reserves	**10,550**	**2,459**	**(2,053)**	**10,956**

CAPITAL RESOURCES – Q3 MONITORING 2023/24

	Opening balance	Contributions	Used in financing	Forecast balance 31/03/24
	£'000	**£'000**	**£'000**	**£'000**
Capital Grants/Contributions General Fund	1,432	17,294	(11,818)	6,908
Capital Grants/Contributions HRA	0	789	(789)	0
Capital receipts General Fund	13	1,650	0	1,663
Capital receipts HRA	2,660	1,044	(1,000)	2,704
Capital receipts 1-4-1	4,274	1,906	(1,379)	4,801
Major Repairs Reserve	12,432	8,199	(6,886)	13,745
GENF DRF	164	26	(69)	121
HRA DRF	10,200	3,000	(3,894)	9,306
Total Capital Resources	**31,175**	**33,908**	**(25,835)**	**39,248**

Currently the HIP has schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 23/24.

General Investment Programme – Summary of Expenditure as at 31st December 2023

GENERAL INVESTMENT PROGRAMME	Budget 2023/24 - Reported at Q2	Q3 Budget Increase / Decrease	2023/24 Revised Budget	2023/24 Total Spend	2023/24 % Spend to Revised Budget
Housing and Investment					
Housing Renewal Area Unallocated	298,152	(298,152)	0	0	0.00%
Housing and Investment Total	**298,152**	**(298,152)**	**0**	**0**	**0.00%**
DCE - Community and Environment					
Better Care Fund (was Disabled Facilities Grant)	2,358,356	(1,508,356)	850,000	554,180	65.20%
DCE - Community and Environment Total	**2,358,356**	**(1,508,356)**	**850,000**	**554,180**	**65.20%**
DCE - Community Services					
Boultham Park Lake Restoration	8,658	(5,083)	3,575	3,575	99.99%
Flood Alleviation Scheme - Hartsholme Park	4,530		4,530	4,530	100.00%
Hope Wood	35,553	(0)	35,553	1,727	4.86%
Safer Streets - CCTV Cameras	0	50,000	50,000	0	0.00%
Traveller deterrent	6,200	(6,200)	0	0	0.00%
DCE - Community Services Total	**54,941**	**38,717**	**93,658**	**9,832**	**10.50%**
DCE - Planning					
Car Parking Software	34,850		34,850	9,975	28.62%
HAZ - Shopfronts on a Framework	107,330	8,085	115,415	0	0.00%
St Mary le Wigford (HAZ)	10,000		10,000	5,565	55.65%
St Mary's Guildhall (HAZ)	67,000		67,000	(2,594)	-3.87%
Windmill View	439,339	150,000	589,339	562,996	95.53%
DCE - Planning Total	**658,519**	**158,085**	**816,604**	**575,942**	**70.53%**
Chief Executive Corporate Policy					
New Telephony System	8,758		8,758	0	0.00%
Chief Executive Corporate Policy Total	**8,758**		**8,758**	**0**	**0.00%**

GENERAL INVESTMENT PROGRAMME	Budget 2023/24 - Reported at Q2	Q3 Budget Increase / Decrease	2023/24 Revised Budget	2023/24 Total Spend	2023/24 % Spend to Revised Budget
Chief Executive Chief Finance Officer					
Allotments Asbestos Sheds	33,795	(33,795)	0	0	0.00%
Bud Robinson Community Centre	0	27,550	27,550	0	0.00%
City Hall Lightning Protection	6,104	(6,104)	0	0	0.00%
Crematorium Curtains	19,410		19,410	9,706	50.00%
Greyfriars - Phase 2 Delivery	1,232,410	(851,670)	380,740	75,395	19.80%
Greyfriars Roof Improvements	4,050	(4,050)	0	0	0.00%
Guildhall Works	17,630	330	17,960	17,960	100.00%
High Bridge Café	50,000		50,000	0	0.00%
Lincoln Central Lifts	150,000		150,000	0	0.00%
Planned Capitalised Works	373,396	(315,006)	58,390	0	0.00%
Stamp End Demolition	0	(2,720)	(2,720)	(2,720)	100.00%
Chief Executive Chief Finance Officer Total	**1,886,795**	**(1,185,465)**	**701,330**	**100,340**	**14.31%**
Major Developments					
Central Markets	2,000		2,000	196	9.80%
Central Markets (All Funding Streams)	3,604,271		3,604,271	3,134,858	86.98%
Electric Vehicle Charge Points - Phase 2	237,000		237,000	0	0.00%
HUG - Home Upgrade Grant	15,242	0	15,242	15,242	100.00%
LAD 3 - Green Homes Grant Local Authority Delivery Scheme BEIS	1,736,293	(1,155,490)	580,803	580,803	100.00%
Lincoln Transport HUB	0		0	(56,196)	0.00%
TD Tentercroft Street	290,000	(290,000)	0	0	0.00%
The Terrace Heat Mitigation Works	246,547	(246,547)	0	0	0.00%
Towns Deal Programme Management	75,260		75,260	20,822	27.67%
UKSPF (Shared Prosperity Fund)	122,801		122,801	0	0.00%
WGC Housing Delivery	2,034,010	(1,755,915)	278,095	138,730	49.89%
WGC Phase 1b Bridges	3,662,840		3,662,840	617,832	16.87%
WGC Phase 2 Homes England	0	115,000	115,000	37,928	32.98%
WGC Shared Infrastructure	1,868,599	(930,728)	937,871	2,446,420	260.85%

GENERAL INVESTMENT PROGRAMME	Budget 2023/24 - Reported at Q2	Q3 Budget Increase / Decrease	2023/24 Revised Budget	2023/24 Total Spend	2023/24 % Spend to Revised Budget
Major Developments Total	**13,894,863**	**(4,263,679)**	**9,631,184**	**6,936,635**	**72.02%**
TOTAL ACTIVE SCHEMES	**19,160,384**	**(7,058,850)**	**12,101,534**	**8,176,929**	**67.57%**
Schemes Currently Under Review					
Compulsory Purchase Orders	233,481	(233,481)	0	0	0.00%
IT Reserve	74,334	(74,334)	0	0	0.00%
Schemes Currently Under Review Total	**307,815**	**(307,815)**	**0**	**0**	**0.00%**
TOTAL CAPITAL PROGRAMME EXCLUDING EXTERNALLY DELIVERED SCHEMES	**19,468,199**	**(7,366,665)**	**12,101,534**	**8,176,929**	**67.57%**
Externally Delivered Town's Deal Schemes					
TD Barbican Production & Maker Hub	1,700,000		1,700,000	0	0.00%
TD Hospitality & Events & Tourism Institute	209,954	(0)	209,954	209,954	100.00%
TD Lincoln City FC and Foundation	814,122		814,122	814,122	100.00%
TD Lincoln Connected	462,108		462,108	105,108	22.75%
TD LSIP	420,000	(420,000)	0	0	0.00%
TD Sincil Bank	1,457,952	(1,418,662)	39,290	39,290	100.00%
TD Wigford Way	251,500	(244,708)	6,792	6,792	100.00%
Externally Delivered Town's Deal Schemes Total	**5,315,636**	**(2,083,370)**	**3,232,266**	**1,175,266**	**36.36%**
Grand Total	**24,783,835**	**(9,450,035)**	**15,333,800**	**9,352,195**	**60.99%**

Housing Investment Programme – Summary of Expenditure as at 31st December 2023

HOUSING INVESTMENT PROGRAMME	Budget 2023/24 - Reported at Q2	Q3 Budget Increase / Decrease	2023/24 Revised Budget	2023/24 Total Spend	2023/24 % Spend to Revised Budget
Contingency Schemes					
Contingency Reserve	0	0	0	0	0
Contingency Schemes Total	**0**	**0**	**0**	**0**	**0**
Decent Homes					
Bathrooms & WC's	300,000	0	300,000	0	0.00%
DH Central Heating Upgrades	2,253,948	0	2,253,948	1,618,153	71.79%
Door Replacement	900,000	0	900,000	525,358	58.37%
Fire Compartment works	10,000	0	10,000	0	0.00%
Fire Doors	120,919	(60,919)	60,000	0	0.00%
Kitchen Improvements	1,100,000	(400,000)	700,000	388,725	55.53%
Lincoln Standard Windows Replacement	789,732	0	789,732	613,947	77.74%
New services	75,000	1,774	76,774	76,774	100.00%
Re-roofing	20,000	0	20,000	0	0.00%
Rewiring	50,000	(30,000)	20,000	0	0.00%
Structural Defects	85,448	(75,448)	10,000	0	0.00%
Thermal Comfort Works	181,250	(151,250)	30,000	9,659	32.20%
Void Capitalised Works	1,570,320	0	1,570,320	614,859	39.16%
Decent Homes Total	**7,456,617**	**(715,843)**	**6,740,774**	**3,847,476**	**57.08%**
Health and Safety					
Asbestos Removal	190,000	0	190,000	16,986	8.94%
Asbestos Surveys	129,000	0	129,000	30,975	24.01%
Fire Alarms	0	0	0	0	0.00%

HOUSING INVESTMENT PROGRAMME	**Budget 2023/24 - Reported at Q2**	**Q3 Budget Increase / Decrease**	**2023/24 Revised Budget**	**2023/24 Total Spend**	**2023/24 % Spend to Revised Budget**
Renew stair structure	40,000	0	40,000	0	0.00%
Replacement Door Entry Systems	313,757	0	313,757	168,487	53.70%
Health and Safety Total	**672,757**	**0**	**672,757**	**216,448**	**32.17%**
IT/Infrastructure					
Housing Support Services Computer Fund	319,743	0	319,743	346,660	108.42%
Infrastructure Upgrade	166,383	0	166,383	0	0.00%
Operation Rose	10,903	0	10,903	0	0.00%
Telephony	8,758	0	8,758	0	0.00%
IT/Infrastructure Total	**505,786**	**0**	**505,786**	**346,660**	**68.54%**
Lincoln Standard					
Over bath showers (10 year programme)	30,000	(30,000)	0	0	0.00%
Lincoln Standard Total	**30,000**	**(30,000)**	**0**	**0**	**0.00%**
Other Current Developments					
CCTV	0	0	0	0	0.00%
Communal Electrics	119,063	(89,063)	30,000	9,786	32.62%
Communal TV Aerials	10,000	(7,000)	3,000	1,734	57.80%
Environmental works	400,000	0	400,000	197,645	49.41%
Garages	50,000	(20,000)	30,000	0	0.00%
Eco Welfare Unit	24,324	405	24,729	24,729	100.00%
Hiab and Mule	122,330	0	122,330	0	0.00%
HRA Buildings	115,805	(90,805)	25,000	0	0.00%
Landscaping & Boundaries	0	0	0	0	0.00%
Thurlby Crescent	120,000	0	120,000	28,850	24.04%
Ermine Church Land	0	350,000	350,000	0	0.00%
Other Current Developments Total	**961,522**	**143,537**	**1,105,059**	**262,744**	**23.78%**

HOUSING INVESTMENT TOTAL	**9,626,683**	**(602,306)**	**9,024,376**	**4,673,328**	**51.79%**

HOUSING INVESTMENT PROGRAMME	**Budget 2023/24 - Reported at Q2**	**Q3 Budget Increase / Decrease**	**2023/24 Revised Budget**	**2023/24 Total Spend**	**2023/24 % Spend to Revised Budget**
HOUSING STRATEGY AND INVESTMENT					
New Build Programme					
Property Acquisitions	2,024,278	1,459,050	3,483,328	1,763,643	50.63%
Hermit Street Regeneration	8,003	0	8,003	8,003	100.00%
New Build Capital Salaries	46,032	0	46,032	0	0.00%
New Build- De Wint Court	0	52,913	52,913	52,913	100.00%
New Build Programme	503,364	(503,364)	0	0	0.00%
New Build Programme (141 eligible)	0	0	0	0	0.00%
New Build Programme (Borrowing for 141 eligible)	0	0	0	0	0.00%
New Build Site – Hermit Street	1,968,464	(555,824)	1,412,640	406,998	28.81%
New Build Site - Queen Elizabeth Road	0	0	0	0	0.00%
New Build Site - Rookery Lane	40,804	82,965	123,768	123,768	100.00%
New Build Site - Searby Road	0	0	0	0	0.00%
Western Growth Corridor	2,644,051	(675,373)	1,968,678	0	0.00%
New Build Programme Total	**7,234,996**	**(139,633)**	**7,095,362**	**2,355,325**	**30.31%**
HOUSING STRATEGY AND INVESTMENT TOTAL	**7,234,996**	**(139,633)**	**7,095,362**	**2,355,325**	**30.31%**
TOTAL HOUSING INVESTMENT PROGRAMME	**16,861,678**	**(741,939)**	**16,119,738**	**7,028,653**	**43.60%**

TFS Phase7 programme: progress at Q3 - 2023/2024

Service	Summary of project	Dir.	Total savings in 2023/24	GF savings in 2023/24	HRA savings in 2023/24	Comments
			£000's	£000's	£000's	
ACTIONS COMPLETED AS OF END Q3 2023/24						
Major Developments	Capitalisation of salaries for WGC	DMD	56	56	-	Exec 20/02/23
Waste/Street Cleansing	Waste/Street Cleansing Contract Savings	DCE	60	60	-	Complete
Sport Development	Cycle Grand Prix Grant	DCE	4	4	-	Complete
Community Centres	St Giles Community Centre	DCE	6	6	-	Complete
TOTAL			**126**	**126**	**-**	

Item No. 7

EXECUTIVE **19 FEBRUARY 2024**

SUBJECT:	**TREASURY MANAGEMENT AND PRUDENTIAL CODE – QUARTERLY UPDATE**
DIRECTORATE:	**CHIEF EXECUTIVE & TOWN CLERK**
REPORT AUTHOR:	**LAURA SHIPLEY, FINANCIAL SERVICES MANAGER**

1. Purpose of Report

1.1 The purpose of this report is to summarise and review the Council's treasury management activity and the prudential indicators at 31st December 2023.

1.2 CIPFA's new edition of the Code of Practice for Treasury Management (2021) recommends that Councillors should be informed of Treasury Management activities quarterly (previously twice a year). This report, therefore, ensures this Council is embracing best practice for the scrutiny of capital and investment activity in accordance with the Code of Practice (CIPFA).

2. Executive Summary

2.1 The Treasury Management position and performance results for the 9 months ended 31st December 2023 are set out in the body of the report & Appendix A (prudential Indicators).

2.2 Approved limits - Officers can confirm that the approved limits within the Annual Treasury Management Strategy were not breached during the quarter ended 31st December 2023.

3. Background

3.1 The prudential system for capital expenditure is well established. One of the requirements of the Prudential Code is to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. This report fulfils that requirement and includes a review of compliance with Treasury and Prudential Limits and the Prudential Indicators at 31st December 2023. The current Treasury Management Strategy and Prudential Indicators were approved by Council on 28th February 2023.

3.2 The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis.

3.3 This report highlights the changes to the key prudential indicators, to enable an overview of the current status of the capital expenditure plans. It incorporates any new or revised schemes previously reported to Members. Changes required to the residual prudential indicators and other related treasury management issues are also included.

4. Treasury Management Update

4.1 Investment Portfolio

4.1.1 The Council held £28.315m of investments as at 31st December 2023 achieving an average interest rate of 5.64% (2.10% 22/23). Actual interest earned in the 9 months period to 31st December 2023 totalled £1.440m.

4.1.2 Due to increases in the Bank of England base rate since budget setting, forecast interest income for the year is £1.76m (£0.66m General Fund & £1.10m HRA), an overachievement of income of £1.29m against the £0.47m budget.

4.1.3 As at 31st December 2023, 89% of the council's investment portfolio was held in low risk specified investments, the requirement for the year being a minimum of 25% of the portfolio to be specified investments. The remaining 11% of the portfolio was held in non-specified investments (with other local authorities).

4.1.4 Where possible the council seeks sustainable investments and are working with our advisors on the best way to score banks and funds ESG ratings, whilst balancing this against generating returns that are in the best interest of the tax payer.

4.1.5 Liquidity – The Council seeks to maintain liquid short-term deposits of at least £5m available with a week's notice. During Q3 there was a short period where liquid funds dipped slightly below this level, no short term borrowing was necessary as fixed term investments were due to mature to bring liquidity back to normal operating levels. At 31st December 2023 the Council held liquid short term deposits of £11.315m.

4.1.6 Security - The Council's maximum security risk benchmark for the portfolio as at 31st December 2023 was 0.010%, based on the historic risk of default of the counterparties and types of accounts in which the council's funds are place – this equates to a potential loss of £0.003m on an investment portfolio of £28.315m. This represents a very low risk investment portfolio.

4.1.7 Yield – The Council achieved an average return of 4.98% on its investment portfolio for the 9 months ended 31st December 2023. This is comparable to the average SONIA rate for the quarter, of 4.88%.

4.1.8 The table below highlights the level of investment activity and the rates obtained as at 31st December 2023. Investments were made in line with Link's approved counterparty list.

INVESTMENTS	PRINCIPAL £	RATE %	PERIOD DAYS
Lloyds Bank Corporate Market - NRFB	3,000,000	5.78	184
Goldman Sachs	2,000,000	5.78	186
Goldman Sachs	3,000,000	5.92	183
Babergh District Council	3,000,000	5.75	364
SMBC Bank International Plc	2,000,000	5.70	182
Lloyds Bank Corporate Market - NRFB	2,000,000	5.61	182
Close Brothers	2,000,000	5.55	183
Total Fixed Short term Investments	**17,000,000**		
Aberdeen Standard Liquidity Fund	5,585,000	5.30	Call
Federated Short-Term Sterling Prime Fund	5,730,000	5.38	Call
Total Money Market Fund Investments	**11,315,000**		
Total Investments / Average Rate	**28,315,000**	5.64	

4.2 Borrowing

4.2.1 In accordance with the Local Government Act 2003, the Council has a statutory duty to determine and keep under review how much it can afford to borrow. Therefore, the Council establishes 'Affordable Borrowing Limits' (or Authorised Limit) as part of the Prudential Indicators within the approved treasury management strategy.

4.2.2 The 'authorised limit' and 'operational boundary' indicators govern the maximum level of external borrowing to fund the capital programme and short-term cash flow. See Appendix A.

4.2.3 At 31st December 2023 the Council held £109.243 million of external borrowing, of which 100% were fixed rate loans (See table below).

Borrowing Type	Lender	Outstanding Loans (£)	No Of Loans	Ave Rate %
PWLB	PWLB	95,742,569	32	3.55
LA Borrowing	North Kesteven District Council	2,000,000	1	2.05
Market Loans	Barclays	10,000,000	4	4.24
	Depfa	1,500,000	1	4.45
Total/ Ave Rate		**109,242,569**	**38**	**3.61**

4.3 Treasury Indicators

4.3.1

Maturity structure of fixed rate borrowing -	Upper Limit %	Lower Limit %	Actual %	Estimated position 31/03/24 £'000
Under 12 months	40%	0%	2%	2,225
12 months to 2 years	40%	0%	1%	1,128
2 years to 5 years	60%	0%	5%	5,723
5 years to 10 years	80%	0%	12%	13,184
10 years +	100%	10%	80%	86,983
Total				**109,243**

Limits for long-term treasury management investments	£7m

4.3.2 As at 31st December 2023, the average rate of interest paid during the first 3 quarters of the year on external borrowing was 3.26%.

4.3.3 As part of the Treasury Management Strategy, the Council established a range of Prudential Indicators (in accordance with professional practice) to monitor both Treasury and Capital as the two are intrinsically linked. Details of the performance against the Prudential Indicators can be found at Appendix A. See comments below.

i. Capital Expenditure – Appendix A shows the revised estimates for capital expenditure that have been approved by or are subject to approval since the Council approved the original budget in February 2023.
ii. The Capital Financing Requirement (CFR) – Appendix A shows the Capital Financing Requirement, which is the Council's underlying need to borrow for a capital purpose. It also shows the expected debt position over the period (Operational Boundary).
iii. Financing costs to net revenue stream – improved position anticipated due to increased interest rates generating higher returns.
iv. Actual External Debt – Forecasting less than the original budget due to utilising internal resources and not undertaking borrowing while rates are high.

4.3.4 The Council is currently under-borrowed against the CFR, and whilst the Council has adequate cash balances it employs internal resources until cash flow forecasts indicates the need for additional borrowing or rates are available that reduce the cost of carrying debt. Whilst PWLB borrowing offers preferential rates compared with the market loans, with higher discounts for those with a Housing Revenue Account, rates have increased during the last couple of years and forecasts show that they will remain elevated from what we have seen in previous years for some time. £12.7m of borrowing has matured during 2023/24 which has not been replaced while interest rates remain high.

4.3.5 Following a demand for an increased rate, a LOBO loan of £4.5m was repaid during Q3. This was replaced in its entirety using preferential PWLB borrowing rates, lower than that of the original loan.

4.3.6 The HRA borrowing requirement is considered independently from that of the General Fund. Further borrowing is anticipated and will be reported as part of the MTFS and Treasury Management Strategy.

4.4 Economic Update

The current economic update from the Council's treasury advisors (LINK) can be found in Appendix B.

5. Strategic Priorities

5.1 <u>One Council</u>

Through its Treasury Management Strategy, the Council seeks to reduce the amount of interest it pays on its external borrowing and maximise the interest it achieves on its investments.

6. Organisational Impacts

6.1 Finance

The financial implications are covered in the main body of the report.

6.2 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 DLUCH Investment Guidance when carrying out their treasury management functions.

6.3 Equality, Diversity and Human Rights

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

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

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

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

7. Risk Implications

7.1 The Local Government Act 2003, the Prudential Code and the Treasury Management Code of Practice include a key principal 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.

8. Recommendation

8.1 Executive are asked to note the Prudential and Treasury Indicators and the actual performance against the Treasury Management Strategy 2023/24 for the quarter ended 31st December 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?	Two
List of Background Papers:	Treasury Management Strategy 2023/24 (Approved by Council February 2023)
Lead Officer:	Laura Shipley, Financial Services Manager, **laura.shipley@lincoln.gov.uk**

PRUDENTIAL INDICATORS

Indicator No.	Indicator	2023/24 Original Estimate (OE) £'000	2023/24 OE inc. Year End Adj 's £'000	2023/24 Q3 Revised Estimate £'000
1 & 2	Capital Expenditure - General Fund	14,114	21,252	15,333
1 & 2	Capital Expenditure - HRA	16,462	22,174	16,120
3 & 4	Capital Financing Requirement (CFR) - General Fund	74,148	74,308	71,461
3 & 4	Capital Financing Requirement (CFR) - HRA	78,803	78,803	79,312
5	Actual External Debt	109,897	109,897	109,242
6	Gross Debt and the CFR – Under Borrowing	43,054	43,214	41,531
7	Authorised Limit for External Debt	125,642	125,530	124,950
8	Operational Boundary for External Debt	121,097	121,097	120,442
9 &10	Financing Costs to Net Revenue Stream - General Fund	14.35%		14.80%
9 &10	Financing Costs to Net Revenue Stream - HRA	28.33%		28.79%
Local 5	Net Income from Commercial and Service Investments to Net Revenue Stream	10.82%		11.14%

Glossary Of Terms

The Authorised Limit – This represents the limit beyond which borrowing is prohibited and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

The Operational Boundary – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. CIPFA anticipate that this should act as an indicator to ensure the authorised limit is not breached.

Appendix B

Economic Update from LINK (the Council's treasury advisors)

- The third quarter of 2023/24 saw:
  - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS "experimental" rate of unemployment has remained low at 4.2%;
  - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding rates at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.

- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.

- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.

- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.

- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.

- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.

- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.

- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.

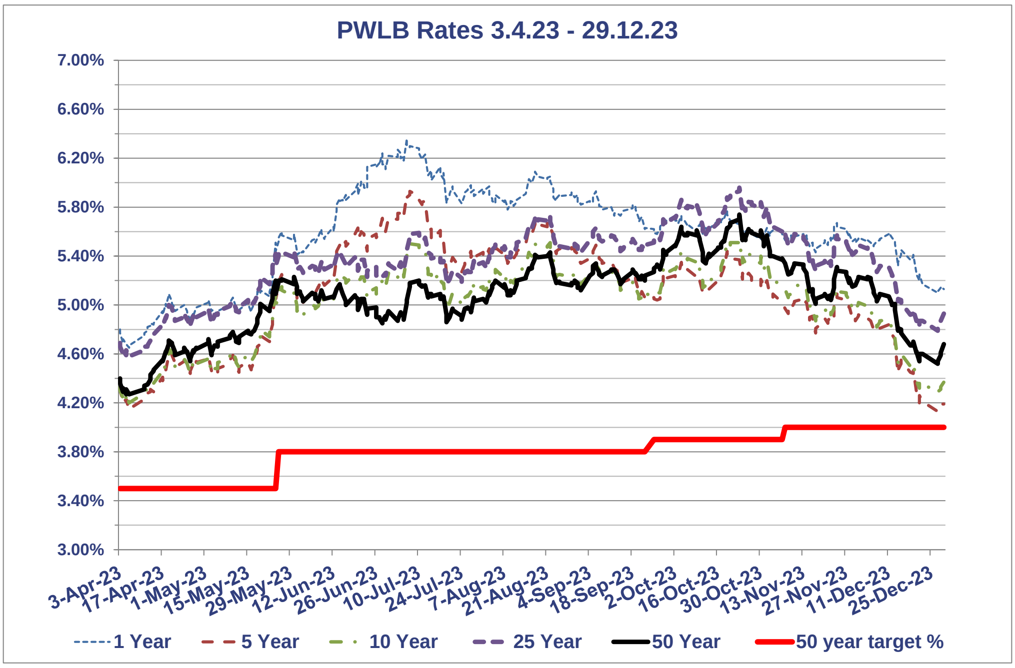
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% at the time of writing, with further declines likely if the falling inflation story is maintained.

- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from $1.21 in November to $1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.

- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 3.4.23 - 29.12.23



MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way

ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.

- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 7th November and reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.

- Naturally, timing on this matter will remain 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.

- In the upcoming months, our 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

- On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing a little better at this stage of the economic cycle than may have been expected. Nonetheless, with approximately 400,000 households per quarter facing a mortgage interest reset at higher levels than their current rate, the economy will face on-going headwinds from that source, in addition to lower income households having to spend disproportionately on essentials such as food, energy and rent payments.

PWLB RATES

- As illustrated in the charts in section 1, gilt yields have endured a volatile nine months with yields rising significantly on the back of inflation concerns before retracing much of those increases in November and December. With the market now anticipating rate cuts by H2 2024, the short and medium parts of the curve are now close to where they started 2023/24, but the longer part of the curve is still a little higher. At the time of writing there is c50 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).

- The Bank of England has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.

- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran, and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the Bank of England proves too timid in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

- The pound weakens because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer-term US treasury yields rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher.

- Projected gilt issuance, inclusive of natural maturities and Quantitative Tightening (QT), could be too much for the markets to comfortably digest without higher yields compensating.

Item No. 8

EXECUTIVE **19 FEBRUARY 2024**

SUBJECT:	**QUARTER 3 2023/24 OPERATIONAL PERFORMANCE REPORT**
DIRECTORATE:	**CHIEF EXECUTIVE'AND TOWN CLERK**
REPORT AUTHORS:	**GRAHAM ROSE – SENIOR STRATEGIC POLICY OFFICER** **SCOTT LEA – POLICY & PERFORMANCE OFFICER**

1. **Purpose of Report**

1.1 To present to Executive an outturn summary of the council's performance in quarter 3 of 2023/24.

2. Executive Summary

2.1 At the end of quarter 3 2023/24 of the **85** performance measures across the directorates of Chief Executive's, Communities & Environment and Housing & Investment:

- **7** measures **(8.2%)** were Red (below lower target boundary)
- **25** measures **(29.4%)** were Blue (within target boundaries – acceptable)
- **33** measures **(38.8%)** were Green (meeting or exceeding the higher target)
- **20** measures **(23.5%)** were recorded as volumetric
- **0** measures **(0.0%)** were recorded as data not being available for this quarter

Out of the **85** performance measures monitored during the quarter **65** had targets allocated to them. Of these targeted measures **58 (89.2%)** were within or exceeding the targets set. This was an improvement of **8.6%** when compared to quarter 2 of 2023/24.

3. Background

3.1 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.

3.2 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.

4. Performance Measures Performing Above / Below Target – Quarter 3 2023/24

4.1 The Quarter 3 2023/24 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 second quarter of 2023/24 and the reasonings behind the performance outturns.

4.2 A count of the performance measure outturn statuses by directorate at quarter 3 2023/24 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 resources, health & wellbeing, sickness, complaints (including Ombudsman rulings) and compliments.

4.4 To support the full operational performance report, 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 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
- Directorate for Major Developments – Let's drive inclusive economic growth and Let's address the challenge of climate change

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 as a result of this report.

6.3 Equality, Diversity and Human Rights

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

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

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

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 Executive is asked to review and comment on the contents of the Quarter 3 2023/24 Operational Performance Report found at Appendix A.

8.2 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 Graham.rose@lincoln.gov.uk Scott Lea – Policy & Performance Officer Scott.lea@lincoln.gov.uk

APPENDIX A

Operational Performance Report – Quarter 3 2023/24

Graham Rose - Senior Strategic Policy Officer

Scott Lea – Policy and Performance 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 2023/24 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 (CX)** – predominantly covering "Reducing all kinds of inequality"
- **Directorate for Communities and Environment Measures (DCE)** - predominantly covering "Lets enhance our remarkable place"
- **Directorate for Housing and Investment Measures (DHI)** - predominantly covering "Lets deliver quality housing"

The Directorate for Major Developments (DMD) does not monitor performance through strategic measures. Instead performance is monitored by the progress of the various projects DMD is responsible for under the priorities "Driving Inclusive Economic Growth" and "Lets Address the Challenge of Climate Change".

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 service area performance but focuses on the council's performance overall. These corporate performance measures are split into the following categories:
- Resource information
- Appraisals
- Health & wellbeing
- Sickness
- Corporate complaints including Ombudsman rulings
- Compliments

Executive summary

Within this quarter 3 2023/24 Operational Performance Report for the City of Lincoln Council, we are reporting on **77** quarterly performance measures and **8** annual performance measures. The **85** measures are split across the directorates of Chief Executive's (CX), Community and Environment (DCE) and Housing and Investment (DHI). Currently there are no performance measures for the Directorate for Major Developments.

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 2023/24 targets for each targeted performance measure were agreed with Performance Scrutiny Committee and Executive in March 2023.

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 2023/24.

	Performance measure outturns by status					
Directorate	**Below target**	**Acceptable**	**Above target**	**Volumetric**	**Data not available**	**Total**
CX	2 (7.1%)	6 (21.4%)	12 (42.9%)	8 (28.6%)	0 (0.0%)	28
DCE	1 (2.6%)	15 (38.5%)	15 (38.5%)	8 (20.5%)	0 (0.0%)	39
DHI	4 (22.2%)	4 (22.2%)	6 (33.3%)	4 (22.2%)	0 (0.0%)	18
Total	**7 (8.2%)**	**25 (29.4%)**	**33 (38.8%)**	**20 (23.5%)**	**0 (0.0%)**	**85**

	Performance measures outturns by direction of travel					
Directorate	**Deteriorating**	**No change**	**Improving**	**Volumetric**	**Data not available**	**Total**
CX	10 (35.7%)	1 (3.6%)	9 (32.1%)	8 (28.6%)	0 (0.0%)	28
DCE	10 (25.6%)	3 (7.7%)	18 (46.2%)	8 (20.5%)	0 (0.0%)	39
DHI	6 (33.3%)	0 (0.0%)	8 (44.4%)	4 (22.2%)	0 (0.0%)	18
Total	**26 (30.6%)**	**4 (4.7%)**	**35 (41.2%)**	**20 (23.5%)**	**0 (0.0%)**	**85**

It is important to note that factors such as resource pressures, recruitment challenges and the ongoing cost of living challenges have continued to have an impact on performance in quarter 3 2023/24.

Chief Executive's Directorate

Quarterly Measures

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Quarter 3 2023/24 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	Percentage of apprentices moving into Education, Employment or Training	%	High is good	90.00	95.00	100.00	G	
Communications	COM 1	Percentage of media enquiries responded to within four working hours or within requested response time	%	High is good	78.00	90.00	67.00	R	
Customer Services	CS 1	Number of face to face enquiries in customer services	Number	N/A	Volumetric	Volumetric	9	V	
Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	Number	N/A	Volumetric	Volumetric	24,512	V	
Customer Services	CS 3	Average time taken to answer a call to customer services	Seconds	Low is good	600	300	471	A	
Customer Services	CS 4	Average customer feedback score (telephone, face to face and e-mail enquiries)	%	High is good	75.00	90.00	83.60	A	
IT	ICT 1	Number of calls logged to IT helpdesk	Number	N/A	Volumetric	Volumetric	907	V	
IT	ICT 2	Percentage of first time fixes	%	N/A	Volumetric	Volumetric	65.20	V	
Accountancy	ACC 1	Average return on investment portfolio	%	High is good	1.50	2.75	5.54	G	
Accountancy	ACC 2	Average interest rate on external borrowing	%	Low is good	5.25	3.75	3.26	G	
Debtors & Creditors	DCT 1	Percentage of invoices paid within 30 days	%	High is good	95.00	97.00	96.42	A	
Debtors & Creditors	DCT 2	Percentage of invoices that have a Purchase Order completed	%	High is good	60.00	70.00	78.00	G	

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Quarter 3 2023/24 outturn	Status	
Debtors & Creditors	DCT 3	Average number of days to pay invoices	Days	Low is good	20	15	18	A	▼
Housing Benefit Administration	BE 1	Average days to process new housing benefit claims from date received (cumulative)	Days	Low is good	18.50	16.50	15.24	G	▲
Housing Benefit Administration	BE 2	Average days to process housing benefit claim changes of circumstances from date received (cumulative)	Days	Low is good	7.50	6.00	5.52	G	▲
Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Number	Low is good	1,650	1,500	1,481	G	▼
Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where benefit entitlement is correct (cumulative)	%	High is good	90.00	93.00	92.29	A	▼
Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	Number	N/A	Volumetric	Volumetric	3,255	V	
Revenues Administration	REV 1	Council Tax – in year collection rate for Lincoln (cumulative)	%	High is good	75.00	77.00	76.11	A	▼
Revenues Administration	REV 2	Business Rates – in year collection rate for Lincoln (cumulative)	%	High is good	81.00	84.00	85.60	G	▲
Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues Team	Number	Low is good	1,100	1,000	907	G	▲
Revenues Administration	REV 4	Number of accounts created for the My Lincoln Accounts system (to date)	Number	N/A	Volumetric	Volumetric	3,760	V	

Annual Measures

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	2023/24 outturn	Status	
Democratic Services	DEM 1	The number of individuals registered on the electoral	Number	N/A	Volumetric	Volumetric	62,045	V	

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	2023/24 outturn	Status	
		register as at 1st December (local elections)							
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	50.25 (outturn for 2022/23)	G	
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	31.30 (outturn for 2022/23)	V	
Procurement Services	PRO 3	Percentage of total contract spend that is with an SME	%	High is good	20.00	40.00	65.50 (outturn for 2022/23)	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	57.70 (outturn for 2022/23)	G	

Chief Executive’s Directorate measures performing at or above target

G

WORK BASED LEARNING

WBL 2 - Percentage of apprentices moving into Education, Employment or Training

The percentage of apprentices moving into Education, Employment or Training during quarter 3 2023/24 was 100% (2 out of 2). This latest outturn was above the high target for the measure of 95% and was the 6th consecutive quarter this measure had performed at 100%. During quarter 3 2023/24 there were 2 new starters on the apprenticeship scheme.

ACCOUNTANCY

ACC 1 – Average return on investment portfolio

The average return on investment portfolio during quarter 3 2023/24 was 5.54%. This latest outturn was above the high target for the measure of 2.75% and was an increase of 0.4% when compared to the previous quarter. The Bank of England base rate has remained at 5.25% during quarter 3 and subsequently yields on investments have continued to be strong.

ACC 2 – Average interest rate on external borrowing

The average interest rate on external borrowing at the end of quarter 3 2023/24 was 3.26%. This latest outturn performed better than the high target for the measure of 3.75% (low is good) and remained at a similar level to the first half of the year, increasing negligibly due to maturity / repayment of favourable rate loans.

DEBTORS & CREDITORS

DCT 2 – Percentage of invoices that have a Purchase Order completed

The percentage of invoices that had a Purchase Order completed in quarter 3 2023/24 was 78%. This latest outturn was above the high target of 70% and was an increase of 7% when compared to the previous quarter. The outturn of 78% equated to 2,016 of 2,576 invoices being linked to a purchase order number. It is important to note that utility bills where purchase orders are not required and supplier invoices where a purchase order would be unsuitable for processing have been excluded from these figures.

HOUSING BENEFIT ADMINISTRATION

BE 1 – Average days to process new housing benefit claims from date received (cumulative)

In quarter 3 2023/24 the cumulative average number of days to process new housing benefit claims from date received was 15.24 days. This latest outturn performed better than the high target for the quarter of 16.5 days (low is good). When compared to the previous quarter, together with the same quarter in 2022/23, this latest outturn was a small improvement in processing times. This improvement was as a result of the Housing Benefits Administration Team clearing older claims during the quarter, with the remaining outstanding claims relating to those received more recently.

BE 2 – Average days to process housing benefit claim changes of circumstances from date received (cumulative)

The cumulative average number of days to process housing benefit claim changes of circumstances from date received during quarter 3 2023/24 was 5.52 days. This latest outturn was lower than the high target for the measure of 6 days (low is good) and was an improvement in performance when compared to both the previous quarter's outturn, together with the outturn for the same quarter in 2022/23. Similar to measure BE 1, the improvement in performance during quarter 3 was as a result of the team being able to clear older claim changes of circumstances, with the remaining outstanding claims relating to those received more recently.

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

At the end of the quarter 3 2023/24, 1,481 Housing Benefits / Council Tax support customers were awaiting assessment. Whilst this latest outturn performed just below the high target of 1,500 (low is good), the outturn was an increase of 325 customers awaiting assessment when compared to the end of the previous quarter where there were 1,156 customers awaiting assessment. The increase in outstanding customers awaiting assessment at the end of quarter 3 was as a result of there being an increase in documents received during November 2023 requiring processing. Of the 1,481 customers awaiting assessment at the end of quarter 3, 1,155 were awaiting a first contact from the council.

REVENUES ADMINISTRATION

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

The cumulative Business Rates in year collection rate for Lincoln at the end of quarter 3 2023/24 was 85.6%. This latest outturn was above the high target for the measure of 84% and was the 7th consecutive quarter this measure had performed above its high target. It is important to note that Non Domestic Rates can increase and decrease each year depending on actions taken by the Valuation Office. Additionally, for the last 4 years there have been multiple changes to retail relief. Collectively these make performance comparisons to previous years difficult. However, when compared to the same quarter last year the collection rate is remaining steady with a 0.09% increase.

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

The number of outstanding customer changes in the Revenues Team at the end of quarter 3 2023/24 was 907. This latest outturn was below the high target for the measure of 1,000 (low is good). Of the 907 outstanding customer changes at the end of the quarter, 869 were in relation to documents within the Enterprise document management system for City of Lincoln Council customers. Additionally, there were also 38 e-mail changes awaiting processing at the end of the quarter relating to City of Lincoln customers. During quarter 3 some changes were made by the service to the handling of e-mails, which included ensuring e-mails are indexed before being actioned. This has helped to speed up the process of indexing and has allowed the service to better understand whether e-mails are in relation to Lincoln or North Kesteven customers. Additionally, this has allowed officers to easily see if there are multiple contacts regarding the same property and deal with these in a more efficient way. When comparing the latest outturn to the number of outstanding changes at the end of the previous quarter (1,120), this latest outturn was a reduction of 213 outstanding customer changes.

PROCUREMENT

Performance measures PRO 1, PRO 2, PRO 3 and PRO 4 are annually collected measures reported in quarter 3. The outturns for these measures are lagged by one year, with the latest outturns relating to the financial year 2022/23.

PRO 1 – Percentage spend on contracts that have been awarded to ‘local’ contractors (as the primary contractor)

In 2022/23 50.25% of contracts were awarded to local contractors (as the primary contractor). In monetary terms this equated to £24.8m spend with local suppliers out of a total spend of £49.5m. When comparing the outturn of 50.25% to the high target for this measure of 45%, this latest outturn was above the target by 5.25%. Additionally, this latest outturn was an increase of 6.1% when compared to the 2021/22 outturn.

PRO 3 – Percentage of total contract spend that is with an SME (Small and Medium-sized Enterprise)

In 2022/23 the percentage total contract spend that was with an SME was 65.5%. This latest outturn performed above the high target for the year of 40% and was an increase of 14.32% when compared to the 2021/22 outturn. In monetary terms, the 2022/23 outturn equated to contract spend of £49.5m of which £32.4m was with an SME.

PRO 4 – Percentage of total contract spend that is with an SME (Small and Medium-sized Enterprise) who meets the ‘local’ definition

The percentage of total contract spend that was with an SME who met the ‘local’ definition in 2022/23 was 57.7%. This latest outturn performed above the high target for the year of 40%, however, was a slight reduction of 1.1% when compared to the 2021/22 outturn. In monetary terms, during 2022/23 the total spend with SMEs was £32.4m of which £18.69m was with local SMEs.

Chief Executive’s Directorate measures performing below target

R

WORK BASED LEARNING

WBL 1 – Percentage of apprentices completing their qualification on time

In quarter 3 2023/24, 50% of apprentices completed their qualification on time, which equated to 1 out of 2 learners. This latest outturn was below the low target for the measure of 95%. The individual not completing on time during this quarter decided to withdraw from the apprenticeship scheme. It is important to note that due to the low number of apprentices due to complete during the quarter, the impact on performance of 1 apprentice not completing on time was much larger.

COMMUNICATIONS

COM 1 – Percentage of media enquiries responded to within four working hours or within requested response time

In quarter 3 2023/24 the percentage of media enquiries responded to within four working hours or within the requested response time was 67%. Following positive performance of this measure during recent years, this latest outturn was below the low target for the measure of 78%.

The main reason for the drop in performance during this latest quarter was the county's Local Democracy Reporter service submitting more detailed and expansive requests for information. These multi-layered enquiries have, in turn, regularly required more officers to be involved in compiling the response(s). This has been more time consuming and more reliant on the varied diaries and priorities of officers. As a result some of the four hour targets were not achieved. Procedures to mitigate against these requests were put in place including, on occasion, agreeing slightly extended deadlines that fitted with the required timescales of both the media and officers.

Regarding the nature of the enquiries received during quarter 3, the Christmas Market was the main topic of enquiries received from local, regional and national media. In addition, the ongoing Gridline Racing investigation, the planned opening of the redeveloped Cornhill Market, the city's new Christmas lights and Lincoln Ice Trail all attracted multiple enquiries across the quarter.

As a result of the above impact on resource, a review of the appropriateness of this performance measure is currently underway as part of the annual performance measure review and target setting process.

Directorate for Communities and Environment

Quarterly Measures

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Q3 2023/24 outturn	Status	
Affordable Housing	AH 1	Number of affordable homes delivered (cumulative)	Number	High is good	15	75	17	A	▲
Development Management (Planning)	DM 1	Number of applications in the quarter	Number	N/A	Volumetric	Volumetric	191	V	
Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Days	Low is good	85.00	65.00	73.96	A	▲
Development Management (Planning)	DM 3	Number of live planning applications open	Number	Low is good	180	120	115	G	▲
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 total decisions made in the quarter that have subsequently been overturned at appeal	%	Low is good	10.00	5.00	0.00	G	▲
Development Management (Planning)	DM 5a	Number of decisions appealed in the quarter	Number	Low is good	5	1	2	A	▼
Development Management (Planning)	DM 5b	Number of appealed decisions in the quarter overturned by the inspectorate	Number	Low is good	5	1	0	G	▬
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 (including extensions of time)	%	High is good	70.00	90.00	85.00	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	%	High is good	60.00	90.00	70.97	A	▼

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Q3 2023/24 outturn	Status	
		rolling basis (including extensions of time)							
Parking Services	PS 1	Overall percentage utilisation of all car parks	%	High is good	50.00	60.00	56.00	A	▲
Parking Services	PS 2	Sessional car parking income as a percentage of budget requirement	%	High is good	91.00	96.00	113.18	G	▲
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	99.78	G	▼
Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Days	Low is good	20.00	10.00	6.20	G	▲
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	94.24	A	▲
Licensing	LIC 1	Percentage of premises licences issued within 28 days of grant	%	High is good	80.00	100.00	94.44	A	▼
Licensing	LIC 2	Total number of active premises licences	Number	N/A	Volumetric	Volumetric	405	V	
Licensing	LIC 3	Total number of active private hire / hackney carriage licences (operators, vehicles and drivers)	Number	N/A	Volumetric	Volumetric	828	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)	Weeks	Low is good	26.00	19.00	36.00	R	▼
Private Housing	PH 2	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	Weeks	Low is good	20.00	12.00	11.00	G	▲

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Q3 2023/24 outturn	Status	
Private Housing	PH 3	Number of empty homes brought back into use (cumulative)	Number	High is good	11	23	34	G	
Public Protection and Anti-Social Behaviour Team	PPASB 1	Number of cases received in the quarter (ASB cases only)	Number	N/A	Volumetric	Volumetric	111	V	
Public Protection and Anti-Social Behaviour Team	PPASB 2	Number of cases closed in the quarter (across full PPASB service)	Number	N/A	Volumetric	Volumetric	1,006	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)	Number	Low is good	240	200	226	A	
Public Protection and Anti-Social Behaviour Team	PPASB 4	Satisfaction of complainants relating to how their ASB complaint was handled	%	High is good	75.00	85.00	100.00	G	
Sport & Leisure	SP 1a	Quarterly visitor numbers to Birchwood Leisure Centre	Number	N/A	Volumetric	Volumetric	38,687	V	
Sport & Leisure	SP 1b	Quarterly visitor numbers to Yarborough Leisure Centre	Number	N/A	Volumetric	Volumetric	98,617	V	
Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	Hours	High is good	520	700	858	G	
Sport & Leisure	SP 3a	Birchwood Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England	Number	High is good	0.00	2.00	11.00	G	
Sport & Leisure	SP 3b	Yarborough Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England	Number	High is good	0.00	2.00	5.30	G	
Allotments	AM 1	Percentage occupancy of allotment plots	%	High is good	86.00	94.00	95.00	G	

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Q3 2023/24 outturn	Status	
CCTV	CCTV 1	Total number of incidents handled by CCTV operators	Number	N/A	Volumetric	Volumetric	2,887	V	
Grounds Maintenance	GM 1	Contractor points recorded against target standards specified in contract - Grounds Maintenance	Number	Low is good	150	50	85	A	▼
Street Cleansing	SC 1	Contractor points recorded against target standards specified in contract - Street Cleansing	Number	Low is good	150	50	60	A	▲
Waste & Recycling	WM 1	Percentage of waste recycled or composted (seasonal)	%	High is good	32.50	38.00	34.95	A	▲
Waste & Recycling	WM 2	Contractor points recorded against target standards specified in contract - Waste Management	Number	Low is good	150	50	40	G	▲

Annual measures

Service area	Measure ID	Measure	Unit	High or low is good	Low target	High target	2023/24 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	90.70	G	▲
Waste & Recycling	WM 3	Satisfaction with refuse service (collected via Citizens' Panel)	%	High is good	85.00	95.00	94.80	A	▼
Waste & Recycling	WM 4	Satisfaction with recycling service (collected via Citizens' Panel)	%	High is good	85.00	95.00	94.10	A	▲

Directorate for Communities and Environment measures performing at or above target

G

DEVELOPMENT MANAGEMENT (PLANNING)

DM 3 - Number of live planning applications open

The number of live planning applications open at the end of quarter 3 2023/24 was 115. This latest outturn was a decrease of 31 applications when compared to the previous quarter 2 2023/24 outturn of 146 and reported below the high target for this measure of 120 (low is good). Whilst partly due to fewer submissions in the quarter, the reduction in open applications is also due to the team's performance improving following vacant positions being filled. This has resulted in more throughput of applications as staff have gained momentum in their new roles.

DM 5 - Percentage of total decisions made in the quarter that have subsequently been overturned at appeal

The percentage of total decisions made in quarter 3 2023/24 that were subsequently overturned at appeal was 0%. This latest outturn was a decrease of 1.7% when compared to the previous quarter 2 2023/24 outturn and continued to report below the high target for this measure of 5 (low is good). This positive outturn continues to show the strong performance of the service at appeal and the robustness of the decision making process.

DM 5b - Number of appealed decisions in the quarter overturned by the inspectorate

There were 0 appealed decisions in quarter 3 2023/24 overturned by the inspectorate. This latest outturn reported the same as the previous quarter 2 2023/24 outturn of 0 and continued to report below the high target for this measure of 1 (low is good). The positive performance of this measure demonstrates both the quality of decisions made by the Development Management Team and also the proactive and positive approach of the team in negotiating acceptable outcomes during the process.

PARKING SERVICES

PS 2 - Sessional car parking income as a percentage of budget requirement

The sessional car parking income as a percentage of budget requirement at the end of quarter 3 2023/24 was 113.18%. This latest outturn was an increase of 6.77% on the previous quarter 2 2023/24 outturn and remained comfortably above the high target for this measure of 96%. The income for the quarter reported at £1,749,434.86 against a budget for the quarter of £1,545,721.00. December's income alone was £123,692.70 over budget, which was strong performance for a single month.

FOOD HEALTH & SAFETY

FHS 1 - Percentage of premises fully or broadly compliant with Food Health & Safety inspection

At the end of quarter 3 2023/24 the percentage of premises fully or broadly compliant with Food Health & Safety inspection was 98.78%. This latest outturn was a small decrease of 1.21% when compared to the previous quarter 2 2023/24 outturn of 99.99%, however still reported above the high target for this measure of 97%. At the end of the quarter there were 13 non-compliant businesses in the city. The team continues to prioritise these businesses as well as new businesses to get them to a level where they are at least broadly compliant and so protecting the health of residents and visitors. The number of businesses registered in the city at the end of the quarter was 1,064, however this continues to fluctuate daily.

FHS 2 - Average time from actual date of inspection to achieving compliance

The average time from actual date of inspection to achieving compliance in quarter 3 2023/24 was 6.2 days. This latest outturn was a decrease of 2.06 days when compared to the previous quarter and continued to report below the high target for this measure of 10 days (low is good). There were 130 businesses inspected during quarter 3 2023/24, with an additional 23 low risk businesses being assessed in accordance with the Alternative Enforcement Strategy. An agency worker was employed during the quarter to cover current vacancies.

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 in Lincoln is an annual measure collected in quarter 3 from the November Lincoln Citizens' Panel survey. The latest outturn for 2023/24 showed 90.7% (392 respondents) to the survey were either 'very satisfied' or 'satisfied' with the standard of hygiene in restaurants, cafes, shops and takeaways in the city. This latest outturn continued to perform above the target for the measure of 85% and was an increase of 3.2% on the previous 2022/2023 outturn of 87.5%. The continued high level of customer satisfaction reflects the positive impact of the work undertaken by the Food Health & Safety Team within the city.

PRIVATE HOUSING

PH 2 - Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level

In quarter 3 2023/24 the average time from date of inspection of accommodation to removing a severe hazard to an acceptable level was 11 weeks. This latest outturn was a decrease of 10 weeks when compared to the previous quarter 2 2023/24 outturn of 21 weeks and reported just below the high target for this measure of 12 weeks (low is good). 20 cases were closed during the quarter 3 2023/24. 49 cases remained open at quarter end, of which 13 were awaiting allocation. It is important to note that the number of new cases received during the quarter was low, which contributed to the positive performance of this measure. Park ward continued to have the highest number of properties that report complaints of disrepair.

PH 3 - Number of empty homes brought back into use (cumulative)

At the end of quarter 3 2023/24 the number of empty homes brought back into use in 2023/24 so far was 34. This latest outturn was an increase of 10 homes when compared to the same quarter in 2022/23 and reported above the high target for the quarter of 23 homes. From January 2023 the number of long term empty homes that have been empty for 5 or more years has decreased by 18%. However, the number of empty homes that have been empty for 2 years or more has increased by 15%. This increase is partly due to the Revenues Administration Team undertaking a review of empty homes subject to probate, which consequently makes them exempt being out of probate.

PUBLIC PROTECTION AND ANTI-SOCIAL BEHAVIOUR (PPASB)

PPASB 4 - Satisfaction of complainants relating to how their ASB complaint was handled

In quarter 3 2023/24 100% of complainants were happy with how their ASB complaint was handled. This latest outturn reported the same as the previous quarter 2 2023/24 outturn of 100% and remained above the high target for this measure of 85%. 19 satisfaction surveys were sent out during the quarter, with 2 responses received, both of which were very satisfied. Work will continue within the team to try and increase the number of responses being received to the survey. It is important to note this measure focuses on surveys sent to ASB complainants only, for example noise and nuisance complainants.

SPORT & LEISURE

SP 2 - Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre

The Artificial Grass Pitch usage at Yarborough Leisure Centre and Birchwood Leisure centre in quarter 3 2023/24 was 858 hours. This latest outturn was an increase of 195 hours when compared to the previous quarter 2 2023/24 outturn of 663 hours and reported above the high target for this measure of 700 hours. Birchwood Leisure Centre recorded 556 hours used during quarter 3 and Yarborough Leisure Centre recorded 302 hours used. It is important to note that usage was high due to the football season being in progress during the quarter.

SP 3a - Birchwood Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England

In quarter 3 2023/24 the net promoter score for Birchwood Leisure Centre was 47. This score was 11 points above the average national benchmarking score for the period of 36. The outturn of 11 points above the national average was also above the high target for the measure of 2 points above the national average. A mixture of positive and negative feedback was received in the quarter. Positive feedback received focused on staffing and facilities provided for a party, together with class instructors who were very motivating. Negative feedback received was in relation to the toilets, which users felt needed refurbishing.

SP 3b - Yarborough Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England

In quarter 3 2023/24 the net promoter score for Yarborough Leisure Centre was 41.3. This score was 5.3 points above the average national benchmarking score for the period of 36. The outturn of 5.3 points above the national average was also above the high target for the measure of 2 points above the national average. Positive feedback received in the quarter focused on the poolside being a lot cleaner, praise for the service provided by staff and praise for the range of activities and classes provided. Negative feedback received in the quarter was in relation to a change in the classes provided following a quarterly review of attendance levels.

ALLOTMENTS

AM 1 - Percentage occupancy of allotment plots

At the end of quarter 3 2023/24 the percentage occupancy of allotment plots was 95%. This latest outturn reported the same as the previous quarter 2 2023/24 outturn and continued to report just above the high target for this measure of 94%. 1,063 plots of a total 1,178 were let at the end of the quarter. Of the 1,178 total plots, 1,124 plots were lettable at quarter end. The remaining plots were offered to prospective tenants at those sites that had waiting lists, and for other sites with no waiting list, these were offered on a first come first serve basis. There continues to be a high demand for allotment plots with 12 out of the 18 sites currently having waiting lists for plots. The Allotments Team is continuing to work hard to re-let the plots as quickly as possible.

WASTE & RECYCLING

WM 2 - Contractor points recorded against target standards specified in contract - Waste Management

Contractor points recorded against the target standards specified in the Waste Management contract in quarter 3 2023/24 was 40. This latest outturn was a significant improvement on the previous quarter 2 2023/24 outturn of 125 points (low is good) and reported below the high target for the measure of 50 points. Of the 40 points recorded, 10 points were recorded in October 23, 20 points recorded in November 23 and 10 points recorded in December 23. The majority of points recorded in the quarter were in relation to missed recycling collections.

Directorate for Communities and Environment measures performing below target

R

PRIVATE HOUSING

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

The average time in weeks from occupational therapy notification to completion of works on site for a DFG grant in quarter 3 2023/24 was 36 weeks. This latest outturn was an increase of 6.1 weeks when compared to the previous quarter 2 2023/24 outturn of 29.9 weeks and reported higher than the low target for this measure of 26 weeks (low is good). 40 adaptations were completed in the period, which was a very good output especially as the team usually process around 80 adaptations within a full year. During the quarter the team was tasked to reduce the backlog of cases, which had an impact on the existing resource within the team. This included clearing a number of long standing historical cases. At the end of quarter 3 there were 25 cases awaiting allocation with the oldest case being less than 3 months. To provide some additional context on processing times, once an application has reached the approved stage, which involves a contractor being appointed and the price of the works agreed, the time taken to complete the works was 12 weeks. The team is looking at redesigning the front end of the process to improve efficiency, which will require an additional admin resource. It is anticipated this process will commence in quarter 1 2024/25. The team is continuing to carry a Technical Officer vacancy, which is being actively recruited to.

Directorate for Housing and Investment

Quarterly Measures

Service Area	Measure ID	Measure	Unit	High or low in good	Low target	High target	Q3 2023/24 outturn	Status	
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	95.92	G	▼
Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	%	High is good	97.50	98.00	97.77	A	▲
Housing Solutions	HS 1	The number of people currently on the Housing Register	Number	N/A	Volumetric	Volumetric	1,998	V	
Housing Solutions	HS 2	The number of people approaching the council as homeless	Number	N/A	Volumetric	Volumetric	334	V	
Housing Solutions	HS 3	Successful preventions and relief of homelessness against total number of homelessness approaches	%	High is good	45.00	50.00	50.37%	G	▲
Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	%	Low is good	1.10	1.00	1.07	A	▼
Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Days	Low is good	34.00	32.00	38.43	R	▲
Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Days	Low is good	40.00	38.00	45.50	R	▲
Rent Collection	RC 1	Rent collected as a proportion of rent owed	%	High is good	96.50	97.50	108.05	G	▲
Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	%	Low is good	4.15	4.00	2.86	G	▲
Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	%	Low is good	1.20	1.00	0.86	G	▲
Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	Number	N/A	Volumetric	Volumetric	232	V	
Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	%	High is good	98.60	99.00	97.83	R	▼

Service Area	Measure ID	Measure	Unit	High or low in good	Low target	High target	Q3 2023/24 outturn	Status	
Housing Maintenance	HM 1a	Percentage of reactive repairs completed within target time (priority 1 day only)	%	High is good	98.50	99.50	99.04	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	83.28	R	▼
Housing Maintenance	HM 2	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	%	High is good	90.00	92.00	94.32	G	▲
Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	%	N/A	90.00	95.00	83.95	V	
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	96.24	A	▼

Amendments to outturns previously reported for performance measures HS 1, HS 2 & HS 3.

HS 1 – The number of people currently on the housing register

A filtering issue within the housing register report extracted from the Abritas housing system resulted in the quarter 2 2023/24 outturn being reported incorrectly for this measure within the quarter 2 report. This issue has now been rectified and the corrected outturn for quarter 2 is provided below.

Quarter	Previously reported incorrect outturn	Correct outturn
Quarter 2 2023/24	1,475	1,912

HS 2 - The number of people approaching the council as homeless & HS 3 - Successful preventions and relief of homelessness against total number of homelessness approaches

Due to when the quarterly reports were run from the Abritas system for quarters 1 and 2, some homelessness cases were not captured in the original outturns reported for performance measures HS 2 & HS 3 – this was due to not all cases being live on the system at the time of reporting. An updated system report has now been created and the correct outturns for both measures are provided below. The service has revised when future reports will be run from the system for quarterly performance to ensure all cases are captured correctly.

HS 2 - The number of people approaching the council as homeless -

Quarter	Previously reported incorrect outturn	Correct outturn
Quarter 1 2023/24	329	365
Quarter 2 2023/24	299	378

HS 3 - Successful preventions and relief of homelessness against total number of homelessness approaches -

Quarter	Previously reported incorrect outturn	Correct outturn
Quarter 1 2023/24	38.12%	33.80%
Quarter 2 2023/24	35.90%	27.86%

Directorate for Housing and Investment measures performing at or above target

G

CONTROL CENTRE

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

In quarter 3 2023/24 105 surveys were distributed to customers to ask how satisfied they were with their new Lincare Housing Assistance connection to the control centre. 49 surveys were returned (47%) and of these 95.92% (47) respondents were satisfied with their connection. This latest outturn was above the high target for the measure of 95%.

HOUSING SOLUTIONS

HS 3 – Successful preventions and relief of homelessness against total number of homelessness approaches

Successful preventions and relief of homelessness against total number of homelessness approaches in quarter 3 2023/24 was 50.37%. This latest outturn was just above the high target for this measure of 50% and was an improvement in performance of 22.51% when compared to the previous quarter. During the quarter a number a changes were implemented by the service to further support residents to help prevent and relieve homelessness as far as possible. These changes included focusing some of the Housing Solutions Team to specifically work on preventions, introducing home visits for those being asked to leave by family or friends, and making amendments to the deposit guarantee / rent top scheme to make this a more suitable option. With these changes implemented, the service is now seeing an increase in the number of homelessness applications prevented and relieved, with a noticeable increase of these into the private sector. Prevention and relief of homelessness continues to be extremely challenging for the service due to the current economic climate.

RENT COLLECTION

RC 1 - Rent collected as a proportion of rent owed

Rent collected as a proportion of rent owed in quarter 3 2023/24 was 108.05%. This latest outturn was above the high target for the measure of 97.5%. The positive performance during the quarter was as a result of the team proactively contacting tenants in rent arrears to encourage them to pay their rent on time. Additionally, quarter 3 also contained 2 weeks where rent was non-collectable and subsequently where further arrears did not accrue. Due to the ongoing impact of the cost of living on tenants, rent collection continues to be challenging for the team. However, when compared to quarter 2, which is always a difficult month for rent collection, this latest quarter 3 outturn was a positive improvement in performance, which the service had forecast. Rental income up to the end of quarter 3 stood at £24,244,929.28. This was slightly above target and means the year-to-date amount of rent collected is more than 100% of the amount owed.

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 in quarter 3 2023/24 was 2.86%. This latest outturn was lower than the high target of 4% (low is good) and was an improvement in performance of 1.39% when compared to the previous quarter. As with measure RC 1, the positive performance during the quarter was also largely as a result of the continued proactive work of the team in encouraging tenants to pay their rent on time. Additionally, as a result of this proactive work, total rent arrears have now reduced to below £1 million.

HOUSING INVESTMENT

HI 1 – Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)

The percentage of council properties that were not at the 'Decent Homes' standard (excluding refusals) in quarter 3 was 0.86%. This latest outturn performed better than the high target of 1% (low is good) and was an improvement of 0.23% when compared to the previous quarter. The positive performance during the quarter was predominately due to the continued progress on the door replacement programme. Progress during December 2023 was limited both by the Christmas break, together with a suspension of the council's window programme following a Health & Safety incident. There was also a small increase on outstanding electrical tests. At the end of the quarter there were 68 failures - 11 doors, 31 windows and 26 electrics (1 property failed on two criteria). When compared to the same quarter in 2022/23 where there were 111 failures equating to 1.43% of council properties not meeting the 'Decent Homes' standard, this latest outturn was a notable improvement in performance.

HOUSING MAINTENANCE

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

In quarter 3 2023/24 the percentage of priority and urgent repairs fixed first time by the Housing Repairs Service was 94.32%. This latest outturn was above the high target for this measure of 92% and was an improvement on the quarter 2 2023/24 outturn of 93.52%. The Avail App, which will help to provide operatives with better impress stocks on their vehicles, is due to be rolled out in February 2024. It is expected the app will further improve the ability of the service to fix repairs on the first visit.

Directorate for Housing and Investment measures performing below target

R

HOUSING VOIDS

HV 2 – Average relet time in calendar days for all dwellings – standard re-lets

In quarter 3 2023/24 the average relet time in calendar days for all dwellings, focusing on standard re-lets, was 38.43 days. This latest outturn was greater than the low target of 34 days (low is good). Despite being outside of the target, the outturn for this measure has seen an improving trend over the past 3 quarters, with the latest outturn being an improvement of 5.27 days when compared to the quarter 1 2023/24 outturn. The number of voids within the system has also continued to fall and is now at a level where they are more manageable. Areas still of concern for the service include the cleansing required in properties prior to repair works being able to start and property conditions at tenancy end. Yearly / 2 yearly inspections by Tenancy Services and Housing Officers will hopefully help to identify properties in poor condition and allow conversations to take place with tenants while they are still in their tenancy. The service is also producing video guides to help inform residents on how they should leave their property at tenancy end, together with carrying out further work to recharge tenants where their property requires additional cleansing. Collectively these activities should assist in reducing the poor condition of voids coming back into the system over time. Whilst the latest outturn was outside of its target, benchmarking data available to us shows Lincoln is performing well for this measure when compared to other local authorities and continues to perform within the upper quartile.

HV 3 – Average relet time in calendar days for all dwellings (including major works)

The average relet time in calendar days for all dwellings including major works in quarter 3 2023/24 was 45.5 days. This latest outturn was greater than the low target of 40 days (low is good). Whilst remaining outside of the target, the latest outturn was an improvement in performance of 4.11 calendar days when compared to the previous quarter. As per measure HV 2, the cleansing required prior to repair works being able to start and property conditions at tenancy end continue to be a concern.

In relation to measures HV 2 & HV 3, to help reduce relet times further, during the quarter the service relocated the Fire Safety Assurance Team to the same location as the Voids Support Team. This has assisted in communication and improved some processes, which the service is hopeful can be improved even further. Looking ahead, the service is also aiming to improve processes across all teams involved in the reletting cycle. One particular area of focus by the team currently is working with the Fire Safety Assurance Team and asbestos contractor to reduce asbestos removal delays where possible.

HOUSING INVESTMENT

HI 3 – Percentage of dwellings with a valid gas safety certificate

At the end of quarter 3 2023/24, 97.83% of council owned dwellings had a valid gas safety certificate. The latest outturn was just under the low target for the measure of 98.6% and a small decrease on the quarter 2 outturn of 98.54%. The council's annual gas servicing programme continually runs 12 months a year. During the quarter there was a slight increase in the number of tenants who would not allow access to the gas engineer prior to the deadline date of the service. This equated to between 10 and 15 addresses each month. The service continues to work hard to resolve access issues and ensure gas services are undertaken on time. The service has reported that no-access rates have increased since the covid-19 pandemic.

HOUSING MAINTENANCE

HM 1b – Percentage of reactive repairs completed within target time (urgent 3 day repairs only)

The percentage of reactive repairs completed within target time (urgent 3 day repairs only) in quarter 3 2023/24 was 83.28%. This latest outturn was below the low target for the measure of 95% and was a decrease on the previous quarter's outturn of 94.22%. However, during the quarter urgent repairs saw a significant increase, with 24% more urgent repairs being reported in quarter 3 than in quarter 2. The increased repairs in the quarter were predominantly storm related incidents throughout October and December 2023. Prior to this performance in quarter 2 had shown an improving picture for urgent repairs.

The service has recently had a positive recruitment drive for a further electrician after a long period and this is expected to increase capacity for works that are predominantly priority and urgent repair types due to their nature. Despite adverse weather events during the quarter and demand for priority and urgent repairs increasing, the Housing Repairs Service continued to work with Customer Services to improve how repairs are categorised. Restructuring of operative workload is continuing to help provide more resources to tackle urgent plumbing issues, and the service has also increased the amount of driver/labourers within the business in order to provide a more flexible service for paired work. This will give planners and customers service more appointment slots and help reduce sub-contractor use.

To provide additional context on the demand currently being place on the Housing Repairs Service, at the time of writing this report the service had made 8,275 priority and urgent repair appointments so far in 2023/24. In comparison, the number of appointments made over the same time frame in

2022/23 was 5,509. Urgent and priority repair appointments have therefore increased by 50% in just 12 months. Some of the reasons for this are:

- an increase in the number of repairs required to council properties as a result of recent storms
- The re-categorisation of repair priorities for certain repairs. As a result of the implementation of scheduled repairs it was agreed to increase priorities for certain repairs such as extractor fan repairs
- an increase in the number of damp and mould related repairs taking place – the service is taking a proactive approach and addressing all reports of damp and mould as an urgent repair inspection with a number of additional repairs following property inspections. These additional repairs range from fan installations to repointing brickwork and gutter repairs. These are repairs that are now being highlighted and that may not have been reported to the council previously.

The re-categorisations for repairs mean that the service is prepared and in a better position for the roll out of new repair categories that will be required as part of the Awaab's law, which is due to come into force later this year. Work is underway to identify trends and propose solutions to effectively manage these higher repair volumes including a project to monitor damp and mould in properties with new property tech.

Resource Information

During quarter 3 2023/24 there were 15 leavers, which equated to a turnover figure of 2.5% (based upon employee headcount at the end of December 2023). This was a decrease of around 2% when compared to the previous quarter.

The vacancy figure at the end of quarter 3 2023/24 stood at 77 FTE. Please note that any posts with less than 37 hours per week vacant have been removed when calculating this figure. As at the end of December 2023 the council was actively recruiting to 39 FTE vacancies, which were at different stages of the recruitment process.

Directorate	CX	DCE	DMD	DHI	Total (Excluding Apprentices
Number of FTE employees	176.71	123.48	18.20	206.14	524.53
Average number of apprentices (as at quarter end)	Authority Wide				6.88
Percentage of staff turnover	Authority Wide				2.5%
Active vacancies which are being recruited (FTE)	Authority Wide				39.00

Appraisals completed up to the end of quarter 3 2023/24 as recorded in ITrent

Directorate	Appraisals due in quarter 3 2023/24	Appraisals completed in quarter 3 2023/24	% of appraisals completed	Appraisals completed over the last 12 months *
CX	44	25	56.8%	72
DCE	32	17	53.1%	44
DMD	2	1	50.0%	2
DHI	49	27	55.1%	37
Authority Wide	**127**	**70**	**55.1%**	**155**

*Please note, if an employee has had two appraisals within the past year, this has only been recorded as one.

The council has changed how appraisals are completed, whereby appraisals are no longer completed between April and June annually but are now completed on the anniversary of the employee's start date. This is to effectively spread more evenly the demand on staff time to prepare, undertake and write up appraisals, whilst still ensuring everyone gets an annual review.

During quarter 3 2023/24 127 appraisals were due for completion. Of these 70 appraisals were recorded as being completed within the ITrent system (55.1%).

It should also be noted that the outturn above is based on those appraisals that have been formally recorded within the ITrent system. It is likely that additional appraisals were completed in the quarter, which had not formally been uploaded to the ITrent system at the time of writing this report.

Health & Wellbeing

During quarter 3 2023/24 an online financial wellbeing course and a planning for retirement course held at City Hall were provided to support financial education and wellbeing. Feedback was highly positive and further courses have been arranged for 2024.

To support physical wellbeing, during the quarter GP referral trained staff from Active Nation attended a ‘Know Your Numbers’ event held at City Hall, which was well attended. Those attending were able to check blood pressure, BMI and weight and benefit from advice on improving diet and lifestyle if requested. A further event will be held at Hamilton House in 2024.

Focusing on Mental Health, Andy’s Man Club delivered a presentation at Hamilton House during the quarter raising awareness of men’s mental health, breaking stigma around mental health and advising on local support available.

Sickness Performance

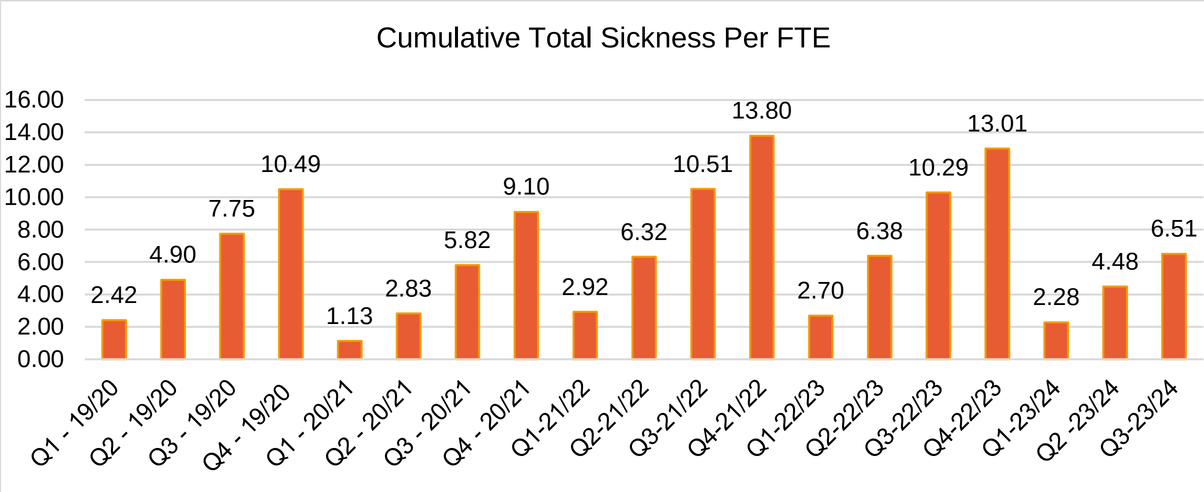
During quarter 3 2023/24 the total sickness levels for the council stood at 2.03 days lost per FTE. When compared to the previous quarter sickness levels have decreased (quarter 2 2023/24 figure stood at 2.20 days lost per FTE).

During quarter 3 2023/24 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 Musculo Skeletal problems.

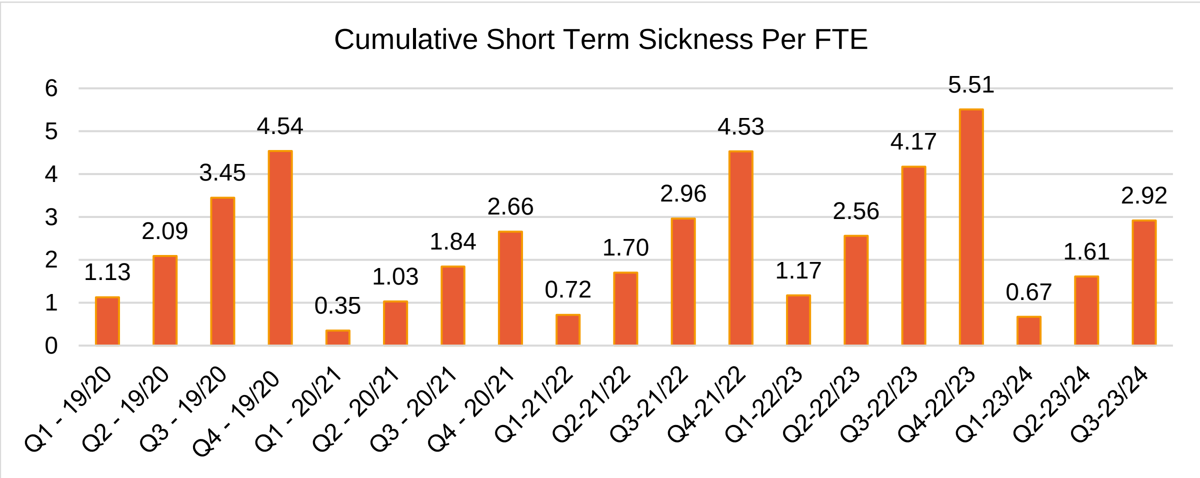
Quarter 3 2023/24 ONLY

	Short Term Days Lost	Long Term Days Lost	Total days lost	Number of FTE	Short Term Days lost per FTE	Long Term Days lost per FTE	Total Days lost per FTE
CX Excluding Apprentices	240.5	115	355.5	176.71	1.36	0.65	2.01
Apprentices	8	29	37	6.88	1.16	4.22	5.38
DCE	159.5	37	196.5	123.48	1.29	0.30	1.59
DMD	9.5	0	9.5	18.20	0.52	0.00	0.52
DHI	277	228	505	206.14	1.34	1.11	2.45
Total	**694.5**	**409**	**1,103.5**	**531.41**	**1.31**	**0.77**	**2.08**
Less Apprentices	**686.5**	**380**	**1,066.5**	**524.53**	**1.31**	**0.72**	**2.03**

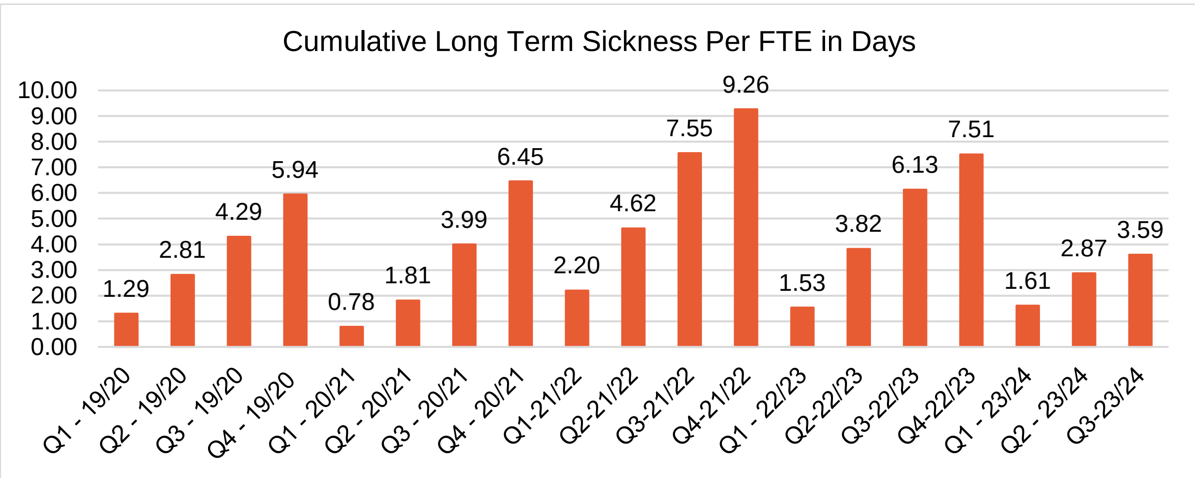
Cumulative total sickness per FTE in days (excluding apprentices)



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 2023/24 there were 120 complaints dealt with across the council.

It is important to note that the timeframe for providing a response to Stage 1 and Stage 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 68% (217). In quarter 3 2023/24, there were 0 Local Government Ombudsman (LGO) complaints decided and 0 Local Housing Ombudsman (LHO) complaints decided.

Quarter 3 2023/24

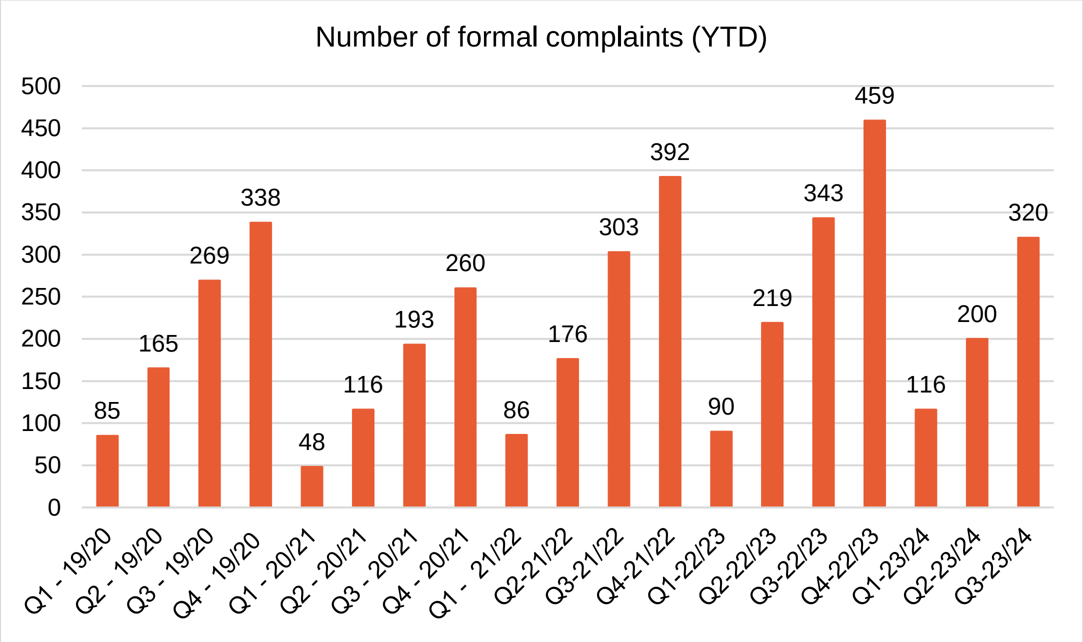
	CX	DCE	DHI	DMD	TOTAL
Number of formal complaints dealt with this quarter (Q3)	6	39	74	1	120
Number of formal complaints upheld this quarter (Q3)	4 (67%)	12 (31%)	46 (62%)	1 (100%)	63 (53%)
YTD total number of complaints investigated	25	108	184	3	320
YTD number of formal complaints Upheld	13 (52%)	38 (35%)	100 (54%)	3 (100%)	153 (48%)
No / % of responses within target time this quarter (Q3)	6 (100%)	38 (97%)	39 (53%)	1 (100%)	84 (70%)
No / % of responses within target time YTD	24 (96%)	104 (96%)	86 (47%)	3 (100%)	217 (68%)
LGO complaints decided (Q3)	0	0	0	0	0
LHO complaints decided (Q3)	0	0	0	0	0

In quarter 3 there was an increase in complaints responded to by DHI. This was largely as a result of the directorate taking action to deal with a backlog of outstanding complaints rather than a significant increase in the number received. Prioritising those complaints which had been waiting for a response means that DHI responded to 53% of complaints within their target time during quarter 3.

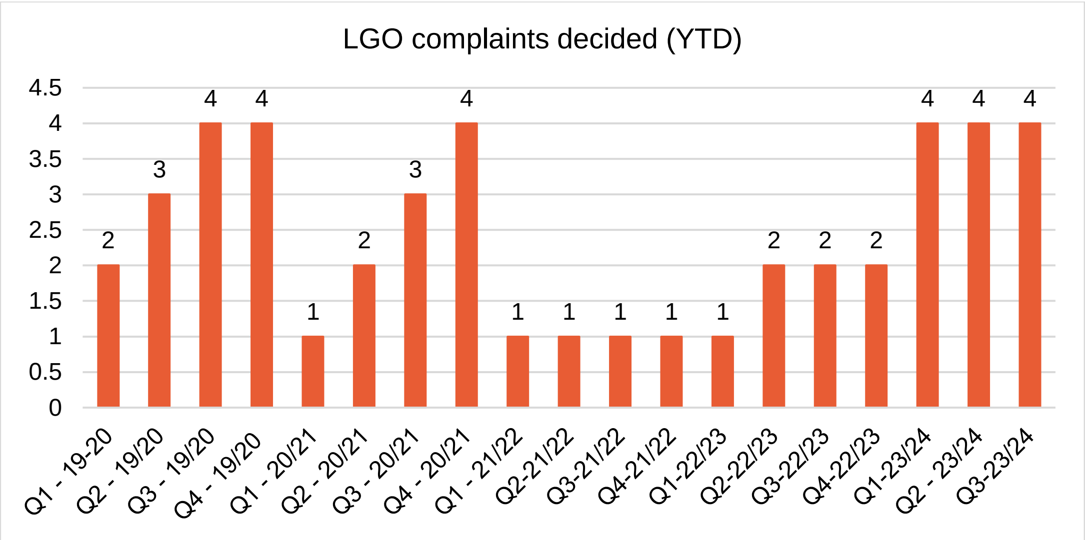
Within CX and DMD, all complaints received were responded to within the target time. In DCE, 97% of complaints were responded to on time, with just 1 complaint missing the target time.

In quarter 3 there were no Ombudsman decisions following investigation of complaints escalated to them.

Number of formal complaints decided (YTD)



Local Government Ombudsman complaints decided (YTD)



New Joint Complaint Handling Code

The proposed new Joint Complaint Handling Code from the Housing Ombudsman and Local Government and Social Care Ombudsman aims to set out the Gold Standard for Complaint Handling across the public sector. The new code was consulted on over the autumn, with the consultation closing on 23 November 2023. The council is currently awaiting the outcome of the consultation and the publication of the final code, which will become statutory from April 2024. In preparation for the new code, the council is working on a new corporate Complaints Policy and ensuring that it has the appropriate arrangements in place to enable the council to comply with the code. The finalised code is expected to be published in the coming weeks.

In summary the council is expecting the following:

- An end to two-tier systems where some authorities have split Housing complaints from Corporate complaints – All complaints must follow the same guidance.
- A clear single Corporate Complaints Policy with only 2 levels of complaint handling to be defined.
- Clear deadlines for responses to complaints - 10 days for level 1 and 20 days for level 2.
- Individuals to be allowed to complain in the way they wish. i.e. verbally, online or in writing.
- Learning from complaints and changes in process to be recorded and published.
- The abolition of any 'level 0' or concept of an 'informal complaint' – All expressions of customer and tenant dissatisfaction to be treated as a complaint.
- An appropriate system of remedies to 'Put things Right'
- Organisations must produce an annual complaints performance and service improvement report for scrutiny and challenge – which must be presented to members and published on the council's website.

As soon the final code is published a Member briefing will be prepared and work will take place to ensure all staff are aware of the complaints process and the importance of following the policy.

Compliments Performance

In quarter 3 2023/24 there were **30** compliments recorded across the council through the formal compliment recording process.

	CX	DCE	DHI	DMD	Growth Conference 2023	TOTAL
Number of compliments received	5	3	8	1	13	30

The table below shows the key areas the compliments were in relation to during the quarter for each directorate.

CX	Support from Revenues and Benefits staff members, support with green bin, support with interview preparation from the CX Business Management Team, housing appliance support from the Revenues & Benefits Team.
DCE	Support with paying for parking, support with a resident parking permit, assistance with rubbish collection from outside of a property.
DHI	Repair of a footpath, efficiency in resolving a customer's tenancy case, support for Ukrainian families, support with neighbour nuisance case, support with helping a tenant gain a council property.
DMD	Support from the team at Greetwell Place.

For each compliment received a letter is sent to the individual to thank them for taking the time to make the compliment. Some examples of the compliments received in each directorate during the quarter are provided below:

CX

Support from staff member

'I am just emailing to say a big thankyou to X in the Recovery Department. I know people don't give enough thank you. She has made the process of sorting things out easy and stress free.'

Support from Revenues & Benefits Team

'Thank you very much. I really appreciate it. Keep on doing what you do and you're doing a great job.'

DCE

Support with paying for parking

'Thank you so much for both a positive and very quick resolution to this issue. I am mightily impressed.'

Assistance with rubbish collection

'To the Public Protection and Anti-social Behaviour Team, thank you for sorting the rubbish from outside of my property, it is very much appreciated'.

DHI

Footpath repair

'Just a quick email to say thank you for getting this work completed quickly and to such a high standard. Mr X, who initially contacted me about the footpath, has also asked me to pass on his thanks to the council staff.'

Tenancy / Housing Solutions

'I just want to say a massive thank you to all the people who have worked our case. We appreciate how quickly and efficiently you have all got our case resolved. We think the area is lovely and it's perfectly for my two children with schools and shops close by. Myself and my partner really appreciate all of you and we wanted to say a massive thank you to all of you.'

DMD

Greetwell Place

'What an amazing job your team are doing. It has not been without its challenges with all the changes that have taken place and I am so grateful for the work that your staff undertake on a daily basis and go over and above. My clients who are often very unwell always receive such a warm

welcome. Without their amazing support I would not be able to offer the level of service I do. So thank you and your team.'

Growth Conference

In addition to the above compliments specific to directorates, a further 13 compliments were received in relation to the Growth Conference held in November 2023, which was supported by all directorates. Some examples of the compliments received are provided below:

'You did an amazing job - well done. I think it's the best organised conference that I've been to.'

'Thank you, you and the team did a fantastic job of organising the event, congratulations.'

'Absolutely brilliant event and meticulously planned by you and your team!!'

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Performance measure outturns - Quarter 3 2023/24

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

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
CX	Carolyn Wheater – City Solicitor	Work Based Learning	WBL 1	Percentage of apprentices completing their qualification on time	%	High is good	95.00	100.00	Q2 - 23/24	67.00	50.00	R		In Q3 23/24 the number of apprentices completing their apprenticeship on time was 50% (1/2). The individual not completing on time for this quarter decided to withdraw. It is important to note that due to the number 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	Percentage of apprentices moving into Education, Employment or Training	%	High is good	90.00	95.00	Q2 - 23/24	100.00	100.00	G		In Q3 2023/24 100% (2/2) of apprentices on programme moved into Employment, Education or Training. There were 2 new starters on the apprenticeship scheme during Q3 2023/24.
	Emily Holmes - Assistant Director Transformation & Strategic Development	Communications	COM 1	Percentage of media enquiries responded to within four working hours or within requested response time	%	High is good	78.00	90.00	Q2 - 23/24	82.00	67.00	R		For the first time in a number of years, the target has not been achieved this quarter. The main factor in this is the county's Local Democracy Reporter service submitting more detailed and expansive requests for information. These multi-layered enquiries have, in turn, regularly required more officers to be involved in compiling the response(s). This is obviously more time consuming, and more reliant on the varied diaries and priorities of said officers. While this has resulted in some of the four hour targets not being attained, procedures to mitigate against this in the future were put in place including, on occasion, agreeing slightly extended deadlines that fitted with the required timescales of both the media and officers. On the back of this, a review of the appropriateness of this indicator going forward is currently under way. Regarding the nature of the enquiries, the Christmas Market was, perhaps unsurprisingly, the main topic of enquiries received from local, regional and national media. In addition, the ongoing Gridline Racing investigation, the planned opening of the redeveloped Cornhill Market, the city's new

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
														Christmas lights and Lincoln Ice Trail all attracted multiple enquiries across the quarter.
		Customer Services	CS 1	Number of face to face enquiries in customer services	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	20	9	V		There were 71 pre-booked appointments - the majority were with the Welfare Team who saw 44 customers and 9 were assisted by Customer Services Advisors. There were 457 customers who came to reception without an appointment but who were seen by an officer of the council as a drop in customer. This drop in figure has increased slightly in quarter 3.
		Customer Services	CS 2	Number of telephone enquiries answered in Channel Shift Areas (Rev & Bens, Housing & Env. Services)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	26,804	24,512	V		Very similar to the same quarter last year. We have answered 2,862 refuse / environmental calls, 3,332 for housing solutions / homelessness calls, 12,001 housing calls and 6,317 council tax / benefit calls. Most areas have fallen slightly over the first three quarters of the year, with the exception of housing calls, which have increased. We answered 60 other calls - 57 for garden waste and 3 for elections. We also received during this quarter 16,771 calls at switchboard.
		Customer Services	CS 3	Average time taken to answer a call to customer services	Seconds	Low is good	600.00	300.00	Q2 - 23/24	327.17	471.00	A		The wait time is up on the previous two quarters but is similar to the same quarter last year. If we included the calls received at switchboard the average wait would drop to 242 seconds. The longest a customer waited before being answered was 4,109 seconds and the longest a customer waited before hanging up was 3,727 seconds. During this quarter our service has been interrupted by a power cut and four instances of issues with the phone system - all of these were resolved quickly, but they will have had an effect on wait times. This is because for some short periods we had customers waiting who we were unable to answer.
		Customer Services	CS 4	Average customer feedback score (telephone, face to face and e-mail enquiries)	%	High is good	75.00	90.00	Q2 - 23/24	82.06	83.60	A		From 77 responses - a mixture of telephone and email responses, no face to face. The comments ranged from, "I don't find it easy to do emails, but I am so proud with how easy it was in the end. Thank you for getting my bin emptied after they forgot us", "Very efficient and prompt service. Very pleased with the outcome. Thank you!" to "The Customer Service Team deserve to receive a very satisfied response but the lower score is to take account of the Contractor who deserve a very dissatisfied response.", "yes would love for the work person to let the tenant know if they are going to be running late or not".

Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
	IT	ICT 1	Number of calls logged to IT helpdesk	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	909	907	V		Little overall change between quarters. However, there were less quarantined emails - due to users being able to manage these themselves. However, there were some new issues arising from new software impacting on performance, which is now largely resolved.
	IT	ICT 2	Percentage of first time fixes	%	N/A	Volumetric	Volumetric	Q2 - 23/24	70.00	65.20	V		In the quarter 591 of 907 calls were answered first time - 65.2%. This is largely due to a reduction in quarantined emails with the installation of new software.
Jaclyn Gibson - Chief Finance Officer	Accountancy	ACC 1	Average return on investment portfolio	%	High is good	1.50	2.75	Q2 - 23/24	5.14	5.54	G	▲	The Bank of England base rate has has remained at 5.25% during Q3, with it, yields on investments have continued to be strong.
	Accountancy	ACC 2	Average interest rate on external borrowing	%	Low is good	5.25	3.75	Q2 - 23/24	3.20	3.26	G	▼	The average rate of interest on borrowing has remained similar to the first half of the year, increasing negligibly due to maturity / repayment of favourable rate loans.
	Debtors & Creditors	DCT 1	Percentage of invoices paid within 30 days	%	High is good	95.00	97.00	Q2 - 23/24	96.58	96.42	A	▼	Figures are calculated on all supplier invoices and credit notes (not refunds or grants) paid 01/10/2023 - 31/12/2023. Figures are adjusted based on certain assumptions as below: - 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 was resolved, therefore not classified as late 4) 1% of those invoices paid after 30 days assumed 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	60.00	70.00	Q2 - 23/24	71.00	78.00	G	▲	Based on supplier expenditure only (none supplier expenditure is excluded) Included: All invoices and credit notes dated between 01/10/2023 and 31/12/2023 Adjustments (excluded from figures) Utility bills (576) where purchase orders are not required and supplier invoices where a purchase order would be unsuitable for processing (250) Number of invoices included - 2,576 of which 2,016 were linked to either an Agresso or Universal Housing order number.
	Debtors & Creditors	DCT 3	Average number of days to pay invoices	Days	Low is good	20	15	Q2 - 23/24	13	18	A	▼	Figures calculated on all supplier invoices and credit notes paid between 01/10/2023 - 31/12/2023

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
	Martin Walmsley - Assistant Director of Shared Revenues and Benefits	Housing Benefit Administration	BE 1	Average days to process new housing benefit claims from date received (cumulative)	Days	Low is good	18.50	16.50	Q3 - 22/23	15.97	15.24	G	▲	A slight improvement in processing times as older claims have been cleared. The outstanding claims remaining relate to those claims received more recently.
		Housing Benefit Administration	BE 2	Average days to process housing benefit claim changes of circumstances from date received (cumulative)	Days	Low is good	7.50	6.00	Q3 - 22/23	5.76	5.52	G	▲	Performance has improved slightly during this quarter as older outstanding work has been cleared, and the date of the oldest work outstanding is less.
		Housing Benefit Administration	BE 3	Number of Housing Benefits / Council Tax support customers awaiting assessment	Number	Low is good	1,650	1,500	Q3 - 22/23	1,413	1,481	G	▼	At the end of this quarter there are 1,481 customers awaiting an assessment, of these 1,155 are waiting a first contact . Outstanding work has increased slightly due to an increase in documents received in November.
		Housing Benefit Administration	BE 4	Percentage of risk-based quality checks made where benefit entitlement is correct (cumulative)	%	High is good	90.00	93.00	Q3 - 22/23	95.69	92.29	A	▼	Throughout quarter 3, the Benefits Team and Subsidy Team have carried out over 600 checks of Benefit Assessments. Therefore, the percentage of correct assessment has increased to 92.29%, which is higher than the previous months. The Subsidy Team have also carried out a lot more checks over the last quarter and found less errors than in previous quarters.
		Housing Benefit Administration	BE 5	The number of new benefit claims year to date (Housing Benefits/Council Tax Support)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	2,371	3,255	V		So far this year the team have processed 812 Housing Benefit claims and 2,443 claims for Council Tax Reduction.
		Revenues Administration	REV 1	Council Tax – in year collection rate for Lincoln (cumulative)	%	High is good	75.00	77.00	Q3 - 22/23	77.58	76.11	A	▼	This is 1.47% lower than the end of quarter 3 2022/23. This is a trend we are seeing across all the Lincolnshire Authorities (at the end of November only one of the Lincolnshire authorities was showing an increase). This is likely to be the cost of living challenges affecting the ability of some customers to pay. This is not expected to get better in the near future as for example the price cap on fuel has increased by 5% on 1.1.2024, potentially bringing further hardship to families.
		Revenues Administration	REV 2	Business Rates – in year collection rate for Lincoln (cumulative)	%	High is good	81.00	84.00	Q3 - 22/23	85.51	85.60	G	▲	Non Domestic Rates can go up and down depending on actions taken by the Valuation Office. These changes are different every year and in addition to this there have been multiple changes to retail relief for the last 4 years - therefore comparison to previous years is difficult as this is an apples

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
														to pears comparison. However, the collection rate is holding steady when compared to last year with a 0.09% increase.
		Revenues Administration	REV 3	Number of outstanding customer changes in the Revenues Team	Number	Low is good	1,100	1,000	Q3 - 22/23	1,460	907	G	▲	At the end of quarter 3, there were 869 documents outstanding in the Enterprise document management system that relate to changes for City of Lincoln Council customers. We have made some changes in the handling of emails ensuring that these are indexed before being actioned - this speeds up the process of indexing and allows us a better understanding of whether emails are for Lincoln or North Kesteven. This also allows officers to easily see if there are multiple contacts regarding the same property and deal with these in a more efficient way.
		Revenues Administration	REV 4	Number of accounts created for the My Lincoln Accounts system (to date)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	3,033	3,760	V		The number of customers who had registered on My Lincoln Accounts at 31.12.2023 was 3,760.
DCE	Kieron Manning - Assistant Director Development Management	Affordable Housing	AH 1	Number of affordable homes delivered (cumulative)	Number	High is good	15	75	Q3 - 22/23	10	17	A	▲	17 affordable homes have been delivered so far in 2023/24. There has been a recognised local, regional and national slowdown in the number of homes being built due to a combination of factors, most notably the increase in the cost of building materials, which is having a significant impact on the number of houses being built.
		Development Management (Planning)	DM 1	Number of applications in the quarter	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	224	191	V		The reduction in applications received in the quarter is due to the Christmas period being a quieter time for the development sector.
		Development Management (Planning)	DM 2	End to end time to determine a planning application (Days)	Days	Low is good	85.00	65.00	Q2 - 23/24	74.67	73.96	A	▲	A marginal improvement in end to end times. This in isolation doesn't necessarily reflect the recent improvement in performance by the team due to the filling of vacancies late last year, as a number of applications run across the timescales of new staff starting.
		Development Management (Planning)	DM 3	Number of live planning applications open	Number	Low is good	180	120	Q2 - 23/24	146	115	G	▲	This reduction, whilst partly due to fewer submissions in the quarter, is also representative of the improved performance of the team as vacancies have now been filled and the new staff are beginning to gain momentum in their new roles, meaning more throughput of applications.
		Development Management (Planning)	DM 4	Percentage of applications approved	%	High is good	85.00	97.00	Q2 - 23/24	97.00	93.00	A	▼	This figure remains very high and way above a level that may warrant any concern. Additionally, this latest outturn still demonstrates that officers work very hard to shape proposals into a place where they can be approved.
		Development Management (Planning)	DM 5	Percentage of total decisions made in the quarter that have subsequently	%	Low is good	10.00	5.00	Q2 - 23/24	1.70	0.00	G	▲	There were no overturned appeal decisions from the Inspectorate received in quarter 3.

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
				been overturned at appeal										
		Development Management (Planning)	DM 5a	Number of decisions appealed in the quarter	Number	Low is good	5	1	Q2 - 23/24	1	2	A		There was one planning committee decision and one delegated decision appealed in the quarter, however, this low number only represents approximately 1% of applications received in the quarter.
		Development Management (Planning)	DM 5b	Number of appealed decisions in the quarter overturned by the inspectorate	Number	Low is good	5	1	Q2 - 23/24	0	0	G		There were no appeals overturned by the Inspectorate during quarter 3.
		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 (including extensions of time)	%	High is good	70.00	90.00	Q2 - 23/24	73.00	85.00	A		This figure more accurately reflects the recent improvements in performance in the team with a significant increase since last quarter. This is directly associated with vacant posts being filled.
		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 (including extensions of time)	%	High is good	60.00	90.00	Q2 - 23/24	100.00	70.97	A		There were no major applications determined in Q3 so this figure is actually representative of a previous point in time due to the data being recorded on a 2 year rolling basis.
		Parking Services	PS 1	Overall percentage utilisation of all car parks	%	High is good	50.00	60.00	Q2 - 23/24	53.00	56.00	A		This quarter includes the Christmas trade so utilisation is up on last quarter.
		Parking Services	PS 2	Sessional car parking income as a percentage of budget requirement	%	High is good	91.00	96.00	Q2 - 23/24	106.41	113.18	G		Income for the quarter was £1,749,434.86 against a budget of £1,545,721.00 so income has surpassed budget. December's income alone was £123,692.70 over budget so a strong month.
	Simon Colburn - Assistant Director of	Food and Health & Safety Enforcement	FHS 1	Percentage of premises fully or broadly compliant	%	High is good	95.00	97.00	Q2 - 23/24	99.99	98.78	G		The percentage of businesses that are Broadly or Fully Compliant with food safety requirements remains high. However, there has been a slight increase in the number of

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
	Health & Environmental Services			with Food Health & Safety inspection										businesses that are non-compliant (13). We prioritise working with non-compliant businesses to get them to a level where they are at least broadly compliant and so protecting the public health of our residents and visitors. The number of businesses that are registered in the city is 1,064 although this fluctuates daily. We can report that we continue to prioritise less compliant businesses in the city as well as inspections of new businesses.
		Food and Health & Safety Enforcement	FHS 2	Average time from actual date of inspection to achieving compliance	Days	Low is good	20.00	10.00	Q2 - 23/24	8.26	6.20	G		The time taken for businesses to comply with food safety requirements from the date of inspection has improved in this quarter and has been steadily improving in the last year. There were 130 businesses inspected during quarter 3, with an additional 23 low risk businesses being assessed in accordance with the Alternative Enforcement Strategy. An agency worker was employed during this quarter to cover current vacancies.
		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 - 23/24	80.00	94.24	A		There has been an improvement in the percentage of inspections undertaken during this quarter, as we catch up with inspections that were due of low risk businesses that weren't undertaken during the time when the FSA Recovery Plan was in place. The number of inspections that haven't been undertaken is 28 - this is made up of: 17 of our lowest risk, fully compliant (green priority) businesses, such as home caterers, businesses selling only confectionary and wet sales pubs. We are currently dealing with these businesses using an Alternative Enforcement Strategy (AES), which will bring down the number of outstanding inspections by the end of the coming year. The AES is detailed in the Food Law Code of Practice and permits us to alternate between physical inspections and remote assessments of these low risk businesses. Remote assessments will be carried out of these 17 businesses, but if they fail to complete the questionnaire that we send them or we are concerned about the answers given, then physical inspections will be carried out to ensure compliance. Of the remaining 11 businesses, 10 were new businesses and 1 was an evening economy businesses.
		Licensing	LIC 1	Percentage of premises licences issued within 28 days of grant	%	High is good	80.00	100.00	Q2 - 23/24	100.00	94.44	A		Two licences issued outside the selected timeframe during this quarter. Reason for this was due to a further amendment to each licence being received in the interim, therefore issuing of licences was put on hold. The figure for the current outturn includes any new applications, variations, transfers and other changes affecting the licences which would lead to a new premises licence being produced (physically). Depending on the type of application there are

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
														different timeframes as to when the licence can be produced.
		Licensing	LIC 2	Total number of active premises licences	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	407	405	V		The total number of 'active' premises licences at end of quarter 3 was 405. This was a slight decrease from previous quarter due to more licences being surrendered than new ones granted.
		Licensing	LIC 3	Total number of active private hire / hackney carriage licences (operators, vehicles and drivers)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	811	828	V		The total number of active private hire/hackney carriage licences at the end of the quarter was 828. The breakdown was as follows: Private Hire Drivers - 434 Private Hire Vehicles - 307 Private Hire Operators - 20 Hackney Carriage Drivers - 36 Hackney Carriage Vehicles – 31.
		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)	Weeks	Low is good	26.00	19.00	Q2 - 23/24	29.90	36.00	R	▼	40 adaptations were completed from October to December. This was a very good output especially as the team usually process around 80 adaptations within a full year. During the quarter the team was tasked with reducing the backlog of cases, which had an impact on the existing resource within the team. Reducing the backlog included clearing a number of long standing historical cases. The team also saw an increase in DFG cases coming in during quarter 3. At the end of the quarter we had 25 cases awaiting to be allocated and the oldest case was less than 3 months. To give some context on the work, once the application has reached the application approved stage (contractor appointed and price of works agreed) the time taken to complete the works is currently 12 weeks. We are looking to redesign the front end of the process, which will require an additional admin resource, which has been approved in principle. It is intended that this process will commence in the early part of Q1 2024. The team is still operating at a reduced capacity with a Technical Officer vacancy, which we are actively recruiting to.
		Private Housing	PH 2	Average time from date of inspection of accommodation to removing a severe hazard to an acceptable level	Weeks	Low is good	20	12	Q2 - 23/24	21	11	G	▲	20 cases were closed during this quarter. However, there are 49 open cases of which 13 are awaiting to be allocated. Park ward continues to have the highest number of properties that report complaints of disrepair. The number of new cases received during the quarter was low, which contributed to the positive performance of this measure in quarter 3.
		Private Housing	PH 3	Number of empty homes brought back into use (cumulative)	Number	High is good	11	23	Q3 - 22/23	24	34	G	▲	The number of empty homes brought back into use so far this year is 34. From January 2023 the number of long term empty homes (5 plus years) has decreased by just over 18%, however the number of 2 plus years empty homes has increased by 15% from 109 to 126. This increase can be attributed in part to Council Tax undertaking a review in

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
														December 2023 of empty homes subject to probate, which makes them exempt being out of probate.
		Public Protection and Anti-Social Behaviour Team	PPASB 1	Number of cases received in the quarter (ASB cases only)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	120	111	V		This is a 29.1% increase compared to the amount of ASB cases received in Q3 of 22/23. It is a decrease of 7.5% when compared with Q2 of 23/24.
		Public Protection and Anti-Social Behaviour Team	PPASB 2	Number of cases closed in the quarter (across full PPASB service)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	964	1,006	V		This outturn is a 4.4% increase when compared with Q2 of 23/24 and a 13.7% increase when compared with Q3 of 22/23. This latest outturn is relatively stable but does demonstrate that the team are effectively monitoring and closing cases.
		Public Protection and Anti-Social Behaviour Team	PPASB 3	Number of live cases open at the end of the quarter (across full PPASB service)	Number	Low is good	240	200	Q2 - 23/24	240	226	A	▲	This outturn is a 6.2% decrease when compared with Q2 of 23/24 and an 11.9% increase when compared with Q3 of 22/23. This outturn falls between the low and high target for this measure.
		Public Protection and Anti-Social Behaviour Team	PPASB 4	Satisfaction of complainants relating to how their ASB complaint was handled	%	High is good	75.00	85.00	Q2 - 23/24	100.00	100.00	G	—	In quarter 3, 19 satisfaction surveys were sent out. 2 responses were received and both customers were very satisfied. Please note, this measure focuses on surveys sent to ASB complainants, for example, noise, nuisance etc.
		Sport & Leisure	SP 1a	Quarterly visitor numbers to Birchwood Leisure Centre	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	42,118	38,687	V		In quarter 3 2023/24 there were 38,687 visits to Birchwood Leisure Centre. This number is still lower than pre-pandemic levels for Q3 2019/20 of 57,366 visits. However, quarter 3 visits are steadily increasing year on year since the pandemic. The economic climate is still challenging for most households and utilities are still high.
		Sport & Leisure	SP 1b	Quarterly visitor numbers to Yarborough Leisure Centre	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	103,392	98,617	V		In quarter 3 2023/24 there were 98,617 visits to Yarborough Leisure Centre. This is still down on the quarter 3 2019/20 pre-pandemic level by 75,638 visits. However, visitor numbers are steadily rising year on year. Household budgets are still stretched and utility costs high, this is having an impact on numbers.
		Sport & Leisure	SP 2	Artificial Grass Pitch usage at Yarborough Leisure Centre & Birchwood Leisure Centre	Hours	High is good	520	700	Q2 - 23/24	663	858	G	▲	Quarter 3 2023/24 saw usage of the AGP's at: Birchwood Leisure Centre equated to approximately 556 hours used. This is up approximately 94 hours on the last quarter. Yarborough Leisure Centre equates to approximately 302 hours used. This is up approximately 100 hours on the last quarter. Usage is up as it is now football season, but usage is still up 52 hours on the previous year Q3. Please note the hours used are approximate figures. This is due to the pitches at each leisure centre being split into 4 and subsequently not all areas of the pitches are occupied all of the time. Hours used have also been rounded to the nearest full hour.

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
		Sport & Leisure	SP 3a	Birchwood Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England	Number	High is good	0.00	2.00	Q2 - 23/24	58.00	11.00	G		For Quarter 3 2023/24, Birchwood Leisure Centre had an average net promotor score of 47 p/m, which was above the national average benchmarking score of 36 p/m. Positive feedback received during this quarter from users - positive party feedback regarding staff and facilities, classes have great instructors and are very motivating. Negative feedback received - the toilet facilities need refreshing/refurbishing.
		Sport & Leisure	SP 3b	Yarborough Leisure Centre - Number of net promoter score points above or below the average Net Promoter Score for England	Number	High is good	0.00	2.00	Q2 - 23/24	17.00	5.30	G		For Quarter 3 2023/24, Yarborough Leisure Centre's net promotor score was 41.3 average p/m. This was above the National Benchmark score of 36 p/m. Positive feedback was received during the quarter from users - poolside is a lot cleaner, praise for the service provided by named staff, praise for the range of activities and classes provided. Negative feedback was received regarding the change in classes offered following the quarterly review of attendance levels.
	Steve Bird - Assistant Director of Communities and Street Scene	Allotments	AM 1	Percentage occupancy of allotment plots	%	High is good	86.00	94.00	Q2 - 23/24	95.00	95.00	G		As at the end of December 2023, 1,063 plots of a total 1,178 were let. Of the 1,178 total plots, 1,124 plots are currently lettable. 1,063 occupied lettable plots equates to 95% occupancy rate, with the remaining being offered to prospective tenants on the waiting list (those sites that have them) and for other sites (where there is currently no waiting list) on a first come, first serve basis. There continues to be a steady demand for allotment tenancies. Most of the allotment sites (12 sites out of 18 sites) currently have waiting lists for plots, and when plots become available, we try to re-let the plots to those on the waiting lists as quickly as possible.
		CCTV	CCTV 1	Total number of incidents handled by CCTV operators	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	2,396	2,887	V		Incident numbers are up 17% from the previous quarter. A very busy December with shoplifting incidents doubling on the previous month and a near 30% increase in Public Order, although arrests remained constant through the quarter. These increases are in line with the national picture. Also, historically the run up to Christmas always sees an increase in incidents in these areas. Evidence discs to the police are consistent at around 60 a month and reviews at 50 per month.
		Grounds Maintenance	GM 1	Contractor points recorded against target standards specified in contract - Grounds Maintenance	Number	Low is good	150	50	Q2 - 23/24	70	85	A		The collective points for the quarter totalled 85. This has been broken down into 60 in October 2023, 20 in November 2023 and 5 in December 2023. The majority of points in the quarter were recorded for incomplete work orders.
		Street Cleansing	SC 1	Contractor points recorded against	Number	Low is good	150	50	Q2 - 23/24	70	60	A		60 points were awarded against the contractor in quarter 3. Of these points, 30 points were awarded in October 2023,

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
				target standards specified in contract - Street Cleansing										10 points awarded in November 2023 and 20 points awarded in December 2023. The majority of points in the quarter were recorded for full dog/litter bins.
		Waste & Recycling	WM 1	Percentage of waste recycled or composted (seasonal)	%	High is good	32.50	38.00	Q3 - 22/23	32.08	34.95	A	▲	This figure relates to quarter 2 (July 2023 - September 2023) as data received from Lincolnshire County Council is lagged. 15.41% has been recorded as waste being recycled, whereas 19.54% was recorded as waste being composted, equating to 34.95% being composted or recycled.
		Waste & Recycling	WM 2	Contractor points recorded against target standards specified in contract - Waste Management	Number	Low is good	150	50	Q2 - 23/24	125	40	G	▲	40 points were recorded against the contractor during the quarter. Of these points, 10 points were recorded in October 2023, 20 points recorded in November 2023 and 10 points recorded in December 2023. The majority of points in the quarter were recorded for missed recycling collections.
DHI	Assistant Director of Housing	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 - 23/24	97.56	95.92	G	▼	YTD - 96.7%. 49 surveys were returned in quarter 3, of which 47 were either very or fairly satisfied. 105 surveys were sent out in quarter 3 equating to a 47% response rate.
		Control Centre	CC 2	Percentage of Lincare Housing Assistance calls answered within 60 seconds	%	High is good	97.50	98.00	Q2 - 23/24	97.33	97.77	A	▲	YTD - 97.59%. Performance is slightly below the high target of 98%, but above the low target of 97.5%. Performance, however, did improve month on month in the quarter, and had a slight improvement compared to quarter two. Investigations took place in the quarter with Jontek (system provider) and we're awaiting a response to see if there were any technical issues. We also received just over 1,000 more calls in quarter 3 compared to the previous quarter.
		Housing Solutions	HS 1	The number of people currently on the Housing Register	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	1,912	1,998	V		Numbers on the housing register are slowly increasing. We are still awaiting our IT provider to complete an upgrade so we can properly undertake the annual review process. Numbers are likely to fall once we have this in place and remove those people who no longer need to be on the register.
		Housing Solutions	HS 2	The number of people approaching the council as homeless	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	378	334	V		YTD - 1,077. The work undertaken to tackle the high numbers of homelessness applications continues and is evident with a further reduction in numbers from previous quarter. The number of homeless approaches by Q3 of last year (2022/23) was 911. We have seen an increase in approaches compared to this time last year as the service continues to be impacted by very high demand.

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
		Housing Solutions	HS 3	Successful preventions and relief of homelessness against total number of homelessness approaches	%	High is good	45.00	50.00	Q2 - 23/24	27.86%	50.37%	G		YTD - 36.72%. With changes implemented, we are now seeing an increase in the number of homelessness applications prevented and relieved, with a noticeable increase of these into the private sector. Changes implemented include - Changing the focus for a few officers to work specifically on preventions, introducing home visits for those being asked to leave by family/friends and amending the deposit guarantee/rent top scheme to make this a more suitable option.
		Housing Voids	HV 1	Percentage of rent lost through dwelling being vacant	%	Low is good	1.10	1.00	Q2 - 23/24	1.03	1.07	A		YTD - 1.13%. Quarter 3 has seen a slight reduction in performance by 0.04% sitting between the low and high target. Work is ongoing to improve efficiencies through the process and the various teams involved to reduce this figure.
		Housing Voids	HV 2	Average re-let time calendar days for all dwellings - standard re-lets	Days	Low is good	34.00	32.00	Q2 - 23/24	40.48	38.43	R		YTD - 41.10 days. Quarter 3 has seen this figure reduce by a further 2.05 days - a total of 5.27 days since quarter 1. The number of voids within the system has continued to fall in quarter 3, with levels of voids in the system being more stable and manageable. Cleansing required in properties prior to repair works starting is still a cause for concern along with property conditions at tenancy end. The housing inspections starting by the housing team should help to identify properties in poor condition and allow conversations to take place with tenants while still in tenancy, reducing the poor condition of voids coming back into the system over time.
		Housing Voids	HV 3	Average re-let time calendar days for all dwellings (including major works)	Days	Low is good	40.00	38.00	Q2 - 23/24	49.61	45.50	R		YTD - 47.72 days. Although we are still above target, quarter 3 has seen a reduction by 4.11 days since quarter 2. Cleansing required in properties prior to repair works starting is still a cause for concern along with property condition. The housing inspections starting by the housing team should help to identify properties in poor condition and allow conversations to take place with tenants while still in tenancy, reducing the poor condition of voids coming back into the system over time. We are looking at improving processes across all teams involved, however one area we are currently working with is our Fire Safety Assurance Team and asbestos contractor to reduce delays by removals where possible. Relocation of the Fire Safety Assurance Team to the same location as Void Support Team and Repairs Team has assisted in communication and improved some processes. Work is ongoing to improve these further.
		Rent Collection	RC 1	Rent collected as a proportion of rent owed	%	High is good	96.50	97.50	Q2 - 23/24	97.67	108.05	G		Year to date collection of 100.46% is above target reflecting the focus the team have on proactively contacting tenants in rent arrears. This quarter does also contain 2 weeks where rent is non-collectable where further arrears will not accrue. The total amount of rent collected (YTD) is £24,244,929,28.

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
		Rent Collection	RC 2	Current tenant arrears as a percentage of the annual rent debit	%	Low is good	4.15	4.00	Q2 - 23/24	4.25	2.86	G	▲	Arrears as percentage of the debit as of the end of quarter 3 is 2.86%, compared to 4.25% in the previous quarter. This is an improvement of 1.39%. Total arrears are currently £933,515.17.
	Matt Hillman - Assistant Director Investment	Housing Investment	HI 1	Percentage of council properties that are not at the 'Decent Homes' standard (excluding refusals)	%	Low is good	1.20	1.00	Q2 - 23/24	1.09	0.86	G	▲	The target of 1% is now being met. This is predominately due to continued progress on the door replacement programme. Progress in December was limited both by the Christmas break plus a suspension of our window programme following a H&S incident. There has also been a small increase on outstanding electrical tests. Failures are now due to 11 doors, 31 windows and 26 electrics (1 property fails on two criteria). If we compare to quarter 3 for the previous year, we had 111 failures, which equated to 1.43% non-decency.
		Housing Investment	HI 2	Number of properties 'not decent' as a result of tenants refusal to allow work (excluding referrals)	Number	N/A	Volumetric	Volumetric	Q2 - 23/24	237	232	V		The level of refusals is recorded but cannot be controlled by the council. We have had a decrease of 5 since the end of quarter 2.
		Housing Investment	HI 3	Percentage of dwellings with a valid gas safety certificate	%	High is good	98.60	99.00	Q2 - 23/24	98.54	97.83	R	▼	Year to date - 98.29%. Our annual gas servicing programme continually runs 12 months a year. In quarter 3 we have seen a slight increase in the number of tenants who do not allow access to the gas engineer prior to the deadline date of the service. The monthly number of failed access cases has been between 10 and 15 addresses each month. We continue to work hard to resolve these access issues. No-access rates have increased since the covid-19 pandemic.
		Housing Maintenance	HM 1a	Percentage of reactive repairs completed within target time (priority 1 day only)	%	High is good	98.50	99.50	Q2 - 23/24	99.75	99.04	A	▼	YTD - 99.45%. The current value and year to date value for priority repairs has dipped slightly below the high target but remains well above the low target. This has been predominantly affected by the severe weather seen since storm Babet at the end of October and further storms throughout December. We have seen a 22% increase since quarter 2 in reported priority repairs for this period. Due to these storms, this has significantly impacted resources. I'm hopeful that quarter 4 will see us return to normal service delivery and back above the high target figure.
		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 - 23/24	94.22	83.28	R	▼	YTD - 89.49%. As with Priority repairs, quarter 3 also saw a significant increase in Urgent repairs being reported - 24% more Urgent repairs were reported than in quarter 2. These increases in repairs were predominantly storm related incidents throughout October and December. Prior to this, quarter 2 had shown a steadily improving picture for urgent performance moving towards being back within the low target. This has been hindered now with this increase in

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	Q3 2023/24 outturn	Status		Commentary
														demand to the service area. Quarter 4 should hopefully see a return to normal service demand levels. We have also recently had a positive recruitment drive for a further electrician to this team after a long period. This will increase capacity for those works that are predominantly priority and urgent repair types due to the nature enabling us to increase performance.
		Housing Maintenance	HM 2	Percentage of repairs fixed first time (priority and urgent repairs) - HRS only	%	High is good	90.00	92.00	Q2 - 23/24	93.52	94.32	G		YTD - 93.40%. Our performance remains above the high target for completing the repairs within a first visit to the property. The avail app is due to be rolled out in February. This will provide operatives with better impress stocks on their vehicles and will improve the ability to fix more repairs within a first visit.
		Housing Maintenance	HM 3	Percentage of tenants satisfied with repairs and maintenance	%	High is good	Volumetric	Volumetric	Q2 - 23/24	78.69	83.95	V		YTD - 79.19%. 81 completed surveys in the quarter with 68 being either very or fairly satisfied with the repairs service. The number of surveys being returned remains lower than we would like to get a truly accurate reflection of tenant satisfaction, however we have seen a steady increase in satisfaction. We hope that with the introduction of the new Civica CX Housing IT system this will enable us to gather more results to get a fuller picture. This measure has temporarily become volumetric, following formal agreement from the Lincoln Tenants' Panel, and will revert to being a targeted measure when the new IT system is live.
		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 - 23/24	96.60	96.24	A		YTD – 96.64% The outturn has remained steady since quarter 2 with both quarter 3 and year to date just slightly below the high target. We hope to see this figure finish within or above the high target at year-end. The successful recruitment to increase capacity for electrical repairs within the priority and urgent team should help resolve some of the capacity issues resulting in failed appointments. There has been a 50% increase in the number of priority and urgent repair appointments made within the last 12 months, from 5,509 in Q3 of 2022/23, to 8,275 this YTD.

Annual Measures

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	2023/24 outturn	Status		Commentary
CX	Carolyn Wheater – City Solicitor	Democratic Services	DEM 1	The number of individuals registered on the electoral register as at 1st	Number	N/A	Volumetric	Volumetric	2022/23	61,778	62,045	V		Electorate expected to increase through monthly updates, particularly in the run up to May Elections.

	Assistant Director	Service Area	Measure ID	Measure	Unit	High or low is good	Low target	High target	Previous data period	Previous outturn	2023/24 outturn	Status		Commentary
				December (local elections)										
		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	2022/23	44.15	50.25	G	▲	£24.8m spend with local suppliers out of a total spend of £49.5m, equating to 50.25%. This data relates to the financial year 2022-23.
		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	2022/23	20.20	31.30	V		Total contract spend relating to the 10 suppliers was £28.3m and of this £8.8m related to sub-contractors. This data is in respect of the financial year 2022-23.
		Procurement Services	PRO 3	Percentage of total contract spend that is with an SME	%	High is good	20.00	40.00	2022/23	51.18	65.50	G	▲	Total contract spend of £49.5m with £32.4m spend with SMEs. These figures and data relate to the financial year 2022-23.
		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	2022/23	58.80	57.70	G	▼	Total spend with SME's was £32.4m of which £18.69m was with local SMEs This data relates to the financial year 2022-23.
DCE	Simon Colburn - Assistant Director of Health & Environmental Services	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	2022/23	87.50	90.70	G	▲	90.7% (392 respondents) to the November 2023 Lincoln Citizens' Panel survey stated they were either 'satisfied' or 'very satisfied' with the standard of hygiene in restaurants / cafes / shops / takeaways in Lincoln.
	Steve Bird - Assistant Director of Communities and Street Scene	Waste & Recycling	WM 3	Satisfaction with refuse service (collected via Citizens' Panel)	%	High is good	85.00	95.00	2022/23	95.30	94.80	A	▼	94.8% (402 respondents) to the November 2023 Lincoln Citizens' Panel survey stated they were either 'satisfied' or 'very satisfied' with the refuse collection service provided by the council.
		Waste & Recycling	WM 4	Satisfaction with recycling service (collected via Citizens' Panel)	%	High is good	85.00	95.00	2022/23	93.60	94.10	A	▲	94.1% (395 respondents) to the November 2023 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 **19 FEBRUARY 2024**

SUBJECT:	**MEDIUM TERM FINANCIAL STRATEGY 2024 - 2029**
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 2024-2029 and the budget for 2024/25, for referral to Full Council.

1.2 To recommend to the Executive the Capital Strategy 2024-2029 for referral to Council.

2. Executive Summary

2.1 The refresh of the MTFS needs to be seen in the context of significant financial uncertainty for the Council. Exceptional economic factors such as; the impact of inflation on the Council's pay bill and the cost of goods and services it purchases; rising interest rates increasing the cost of borrowing; increased costs of construction impacting on capital schemes; and reductions in service income and collection rates, continue to add considerable cost pressures to the Council's budgets.

2.2 In addition, the Council is facing growing demands for some of its key services as those more vulnerable in the city look to the council for support as the cost-of-living crisis continues to impact on household incomes. The imbalance between housing supply and demand and the reliance on temporary accommodation, to provide the necessary support, are of particular challenge to the Council.

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 been confirmed that these fundamental reforms will not be implemented in 2024/25, and there is a high likelihood that this will be the case in 2025/26 as well, all this does is shift the financial challenges to later in the MTFS period. This is further compounded by the risk of a new round of public expenditure austerity measures. The funding outlook for local authorities therefore remains uncertain.

2.4 As a result of these factors, the financial landscape for local government continues to pose a challenge to the Council and is set in the context of this significant, 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 2024/25 budget, Medium-Term Financial Strategy 2024-29 and Capital Strategy are as follows:

- Delivery of a phased savings target, requiring total annual savings of £1.75m, to be delivered by 2027/28, 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 could unfortunately require some difficult decisions about the size and scope of services it can continue to provide over the medium term.

- Facilitating capital investment in the City of £108m 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 progress to enable access to more services electronically online and self- service by customers and reviewing the use of the Council's buildings and assets championing shared facilities and co-location.

- Reprioritising and reallocating resources to the strategic priorities, including the development of a new Vision 2030, 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, with Council Tax increases of 2.92% and Housing Rent increases of 7.7% for 2024/25.

- 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 2nd year of the (Government funded) UK Shared Prosperity Fund, of £1.8m of capital and revenue funding (total funding over the 3-year period of £2.8m) aimed at improving life chances in the city by providing equality of opportunity.
    - Acting as the Accountable Body for the Lincoln Town Deal, delivering the remaining schemes as part of £19m of investment within the City.
    - 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).

- The opening of the newly refurbished Central Market and City Square area.

- 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£1.29m per year.
    - Facilitating the delivery of over £5m of Disabled Facilities Grants to private sector households.
    - Creating a new Cost of Living Co-Ordinator to deliver a range of initiatives to support residents.

- Let’s deliver quality housing

    - Delivering a range of Homelessness & Rough Sleeping Initiatives (funded through Government grant) totalling £1.3m in 2024/25.
    - Investment of £61.5m in existing council housing to maintain the Decent Homes Standard and to further enhance this with the Lincoln Standard.
    - Investment of £8.3m set aside for new build developments, including plans to redevelop Hermit Street and future schemes such as QER and the acquisition of purchase and repair projects.

- 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£2.2m 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 £1.6m 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 the new woodland area Hope Wood.
    - Delivery of a range of measures designed to maintain a safe and vibrant city centre, including enhanced CCTV, provision of a night wardens service, additional ASB and Licensing Officers costing £0.395m in 2024/25 (this is 50% funded through the Police and Crime Commissioner for Lincolnshire).

- Let’s address the challenge of climate change

    - Facilitating and delivering a range of climate change initiatives as part of the Climate Action Plan and Decarbonisation Plan, through a dedicated Climate Change Manager.
    - Ensuring all infrastructure projects are supported so that they are adaptable to climate change and buildings are low or zero carbon where possible.

2.7 The Council will continue to build on its successful financial planning to date, driving down the net cost of services by implementing a range of transformational changes in the way in which it operates and delivers services, while continuing to prioritise investment in the City and its economy to grow future tax bases. 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 2024-2029 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 In light of the current economic conditions and the impact these are having on the Council's finances, along with the inherent uncertainty in financial planning, the existing objectives of the MTFS have been reviewed to ensure they remain relevant. As a result, the key overriding objective continues to be;

- To drive down the Council's net cost base, in line with available resources, to ensure that it 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, through growth in 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.

3.4 Over the last decade and a half, the Council, alongside the majority of other local authorities, has experienced unprecedented financial challenges in various forms. They have had to adapt to; the impact of severe, unprecedented, central government funding reductions; radical reform of the methodology for funding local government - where councils are self-sufficient 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 was experienced previously.

3.5 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, while still delivering 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 £10.5m to be delivered over the last decade and half.

3.6 Looking ahead the financial landscape for local government continues to pose a high level of uncertainty, with a number of unknowns in relation to both national and local economic factors. 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. Therefore, in order to ensure that the Council maintains a robust and sustainable financial position and is able to respond to the impact of external events and increased financial risks that it faces, the MTFS needs to remain flexible, the council’s reserves resilient and the soundtrack 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 i’s services with the exception of Council Housing. Excluding the cost of Housing Benefit payments, the gross expenditure budget of the General Fund is c£47m per year. After allowing for service income through fees and charges, contributions and grants etc, the net budget for the General Fund in 2024/25 will be £15.428m. This net budget is then funded through Business Rates and Council Tax.

4.2 Spending Pressures

Over the past twelve months the Council has continued to face escalating costs, pressures on income streams and rising demand for services. Inflation, pay inflation, maintenance and (capital) borrowing costs and reductions in local income streams all have a significant impact on the Council’s cost base. These are in the main part caused by national issues, beyond the Council’s control, and are impacting all Councils. In addition, the Council is experiencing an increased demand on services, by those who rely on the safety net provided by local government, driven in part by the cost-of-living crisis, with a significant pressure in relation to the cost and provision of temporary accommodation. Together these factors create a situation of the Council’s cost base increasing at a greater pace than the income received from local taxation and government funding. In total these pressures have increased the Council's cost base by an average of £0.800m p.a.

4.3 **Spending Plans**

Despite these additional cost pressures, the Council continues to ensure that its limited resources are directed towards its strategic plan. The current strategic plan, Vision 2025, is supported by a Delivery Plan, which sets 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. In addition, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, the Delivery Plan includes a number of revenue schemes, including newly added interventions in response to the current cost-of-living crisis. Full details of the schemes can be found in the latest Delivery Plan, highlights of which are included in paragraph 2.6 above.

Over the course of 2024/25 the Council will be developing and launching its next strategic plan, Vision 2030. In light of the financial challenges the Council continues to face the key to delivery of a new vision will be the ability to continue to attract external funding, work in partnership with others and reallocating/repurposing existing, limited, resources.

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 Delivery Plan, 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 £0.260m per year.
    - Delivering the 2nd year of UK Shared Prosperity Fund, totalling £1.4m, 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 £280k per year enabling just under c£1.5m 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£1.29m 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 £0.217m per year.

- Let’s deliver quality housing

    - Delivery of Homelessness & Rough Sleeping Initiatives totalling £1.3m in 2024/25.

- Let’s enhance our remarkable place

    - Annual spend of c£2.2m on street cleansing covering 350km of roads/paths and 30,000sqm of pedestrian areas, including an annual City Centre Spring Clean.
    - Annual spend of £3.5m on refuse and recycling, collecting from around 46,000 domestic properties.
    - Annual spend of £1.6m 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 and 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 £1.8m per year, including delivery of a range of new measures designed to maintain a safe and vibrant city centre.

- Let’s address the challenge of climate change

    - Facilitating and delivering a range of climate change initiatives, through a dedicated Climate Change Manager.

4.5 **Resources**

Local Government Finance Settlement 2024/25

The 2024/25 Settlement is for one year only (the sixth consecutive one-year settlement) and is based on the Spending Review 2021 funding levels, updated for the 2023 Autumn Statement announcements and the subsequent additional funding package announced in January 2024. This Settlement represents a holding position until the 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.

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 (BRR) 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 5.8% in comparison to an increase of 7.5% across all English local authorities.

4.6 Revenue Support Grant

In terms of the Council’s RSG element of the SFA, the figure for 2024/25 announced in the Settlement was at the same level as the 2023/24 allocations uplifted by 6.7% in line with CPI inflation. The Council's allocation for 2024/25 is £0.187m, beyond 2024/25 it is assumed that only the rolled in grants element will remain, at a level of £0.159m 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 2024/25, based on this and after allowing for the allocation of resources to Central Government and to the County Council it is estimated that £6.971m of the £40.251m 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 2024/25 the accumulated growth to the Council is c£2.1m p.a. The assumptions will continue to be assessed as and when further details of the reforms are released by the Government. Although implementation of these reforms is subject to a new Parliament, post the next general election, the MTFS assumes that these will not be implemented until 2026/27 at the earliest. It is, however, extremely challenging to forecast the likely level of resources in the absence of any government policy on the potential reforms.

4.10 The level of retained business rates is calculated on the basis that the Council participates in the Lincolnshire Business Rate Pool in 2024/25. 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 £0.636m in 2024/25. Although it is assumed that the BR Reset will not now happen until 2026/27, it is prudently not assumed that the BR pool will continue beyond 2024/25.

4.11 Other Specific Grants

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 £0.380m has been awarded for 2024/25. Beyond 2024/25, the future of NHB is unclear, therefore the MTFS does not assume any grant beyond 2024/25.

- Services Grant - 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 £483m in 2023/24 to £87m in 2024/25. Its value is determined based upon resources left available after decisions on all other grants (e.g. increase in minimum funding guarantee, additional social care grant etc). The Council's allocation for 2024/25 is £0.026m. It is as yet unclear what will happen to the grant from 2025/26, the MTFS therefore does not assume any grant beyond 2024/25.

- Minimum Funding Guarantee - 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 4%, this is before any decision they make about organisational efficiencies, use of reserves, and council tax levels. The Council's allocation for 2024/25 is £0.434m. The MTFS assumes a grant allocation of £0.300m for 2025/26, and that the grant will continue at this level thereafter.

4.12 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 the higher of 3% or £5 per year for 2024/25 (previous referendum limit prior to 2023/24 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 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 2.92% rise in Council Tax for 2024/25, and a further 1.9% p.a. in each of the subsequent years. An increase of 2.92% in 2024/25 equates to an additional 11p per week for a Band A property and 13p per week for a Band B property (80% of properties fall within Band A and B), with a Band D equivalent of £307.98.

4.14 Fees & Charges

The fees and charges levied by the Council are an important source of income, however, the impact of the ongoing cost of living crisis and other economic factors has led to reductions in income levels in areas such as building regulations and development control, which are expected to continue well into 2024/25, before any significant recovery is seen.

The MTFS assumes that the Council will raise £12.013m from fees and charges in 2024/25. The mean average overall increase in the non-statutory fees and charges is 3.2%, with a modal increase of 0%.

Bridging the Funding Gap

4.15 Whilst there are a number of key 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.

4.16 In the short term, primarily as a result of an anticipated further one-year delay in the national funding reforms, which allows the accumulated business rate growth to be retained and the impact of the cost pressures to be cushioned, it is possible to reduce the level of savings required for 2024/25 and 2025/26. However, beyond this with a cliff edge reduction in business rates resources and due to the unavoidable cost and demand pressures, the Council faces a significant and widening gap between its spending requirements and the level of resources it estimates to receive.

4.17 Although the position for 2024/25 and 2025/26 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:

2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
125	250	1,500	1,750	1,750

The phasing of these savings targets mirrors the potential timing of the next Spending Review, following the general election, with a likely rollover position in 2025/26 and implementation of national funding reforms and public sector spending constraints from 2026/27 onwards. This also means that these medium-term savings targets are subject to change (potentially increasing) dependent on a new government being in place, the Spending Review taking place and decisions taken on the timing and nature of national funding reforms. These assumptions will be kept under review, with the savings targets assessed as part of each subsequent MTFS. Despite this potential for change, the Council will 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.

4.18 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 and half, it is through the TFS Programme and precursor programmes that the Council has delivered the annual savings of nearly £10.5m.

4.19 The Council will continue to adopt this approach and will implement a range of transformational changes in the way in which it operates and delivers services, to reduce its net cost base, minimising where possible the impact on service delivery. Fundamentally though, it still believes that the longer-term approach to closing the funding gap is through economic growth and investment. Through Vision 2025, and the forthcoming Vision 2030, the Council continues to seek ways to maximise its tax bases by creating the right conditions for the economy to recover and grow, and through its own direct interventions, to increase Business Rates income, and to encourage housebuilding to meet growing demand, generating additional Council Tax.

4.20 However, while the Council will focus on a range of measures, and there is sufficient 'lead in time' to the need to deliver these savings, given the scale of savings required it cannot rule out the need to face further difficult decisions about the size and scope of the essential services it provides in the future.

Robustness and Adequacy of the Budget and Reserves – General Fund

4.21 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.

4.22 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, which 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.

4.23 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 (in excess of) this prudent minimum and show an estimated balance of £1.887m by the end of 2028/29.

4.24 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 £0.116m in 2025/26, £0.428m in 2026/27 and £0.163m for 2027/28. The higher use in 2026/27 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 provides the flexibility to adjust the savings targets should there be a more positive outcome from the funding reforms. In 2024/25 the MTFS assumes a planned contribution to balances of £0.147m, and based on the current trajectory of savings targets, by 2028/29 the General Fund will be in the position of making a further positive contribution to balances of £0.218m. 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£37m per year, this is funded primarily from housing dwelling rents.

5.2 Spending Plans

A key element of the self-financing regime is the Council's 30-year Business Plan, which sets out the Council's ambitions for its housing stock for the next 30 years. The Council's latest Housing Revenue Account Business Plan 2024-2054 was approved in November 2023, following a fundamental review of resources, investment requirements and priorities.

The Business plan describes the Council's long-term commitment to deliver real improvements in its housing stock and surrounding neighbourhoods, based on four main objectives:

- Core Housing Services – Tenants consistently place core housing services such as repairs, caretaking and landscaping as their number one priority and the Council will work to ensure that Lincoln is ranked amongst the top performing social landlords.

- New Homes – The Council plans to build, acquire and enable the development of 1,700 additional homes over 30 years, which will reduce homelessness and provide a greater choice of places for people to live.

- Estate Regeneration – Plans to regenerate estates means that the Council will tackle problems like parking, crime and antisocial behaviour by improving the urban landscapes (the look and feel) of streets and neighbourhoods.

- Decarbonisation – The Council plans to achieve an energy performance rating of C for all of its housing properties by 2030, which means that it will protect the environment by reducing its carbon footprint and making homes cheaper to run for residents.

The Business Plans acts as guide to the development of the Housing Revenue Account budgets, with a focus on growing surpluses that will enable sustainable investment in homes and neighbourhoods.

5.3 Spending Pressures

Like the General Fund, the HRA has been continued to face escalating cost and rising demands for services over the past 12 months. These escalating costs in relation to pay inflation, contractual inflation, material and labour increases and borrowing costs, continue to take their toll on the financial resilience of the Housing Revenue Account. These new pressures come in addition to the fundamental rebasing of budgets that was required in the previous MTFS. Given the level of annual repairs and maintenance and planned capital maintenance to the Council's housing stock the impact of these factors is causing, further significant, cost increases for the HRA. In total these pressures have increased the HRA's cost base by an average of £1m p.a.

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, £62.686m 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 its 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. The Government's approach beyond 2025, when the 5-year period of increases at CPI+1% ends, remains uncertain as to what Rent Guidelines may be in place.

5.6 With the exception of 2022/23 and 2023/24, the Council has historically set the rent levels in line with Government Rent Guidelines for general purpose accommodation, and also increased sheltered accommodation and affordable rents, by the same. In 2022/23 the Council opted to increase rent by 3.6%, rather than the maximum 4.1% allowable and in 2023/24 the Council opted to increase rent by 6.5%, rather than the maximum 7%. In order to maintain a position that allows for investment in current, and new housing stock, an increase of 7.7% is proposed for 2024/25, being CPI+1% as at September 2023. The Council have aimed to balance the pressures that household incomes are facing, particularly the most vulnerable in our community with below threshold rises for two consecutive years, however the authority can no longer absorb the financial pressures of the rising costs of delivering services to its customers. The average 52-week rent will be £84.17 per week for general purpose and sheltered accommodation, and £140.97 for affordable rents. The assumption in the MTFS from 2025/26 onwards remains at CPI + 1%.

Robustness and Adequacy of the Budget and Reserves – HRA

5.7 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.

5.8 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.

5.9 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.

6. The General Investment Programme

6.1 The General Investment Programme (GIP) for the period 2024/25 – 2028/29 is included within the MTFS at Appendix 3. The total allocated capital programme over the next five years is £28.245m of which £17.526m is estimated to be spent in 2024/25.

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 or key One Council projects, and investment in existing assets to either maintain service delivery or existing income streams.

- Western Growth Corridor - £12.894m
- Disabled Facilities Grants - £5.768m
- Planned asset maintenance - £1.260m
- Greyfriars - £2.257m
- UK Shared Prosperity Fund - £0.357m
- Lincoln Town Deal (Internally Delivered Schemes) - £1.049m
- Lincoln Town Deal (External Schemes) - £3.766m

6.3 The largest scheme delivered directly by the Council is Phase 1a of the Western Growth Corridor sustainable urban extension, this totals £12.894m in order to resource the initial infrastructure to open up the site and deliver the first 52 homes, developed by the Council. The capital receipts from this scheme are expected to be received from 2024/25 onwards.

6.4 The Council was successful in its 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. Whilst expenditure is included in the current financial year, no future years expenditure is yet included in the GIP and will be subject to separate approval in early 2024.

6.5 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 2024/25 – 2028/29 is included within the MTFS at Appendix 4. The total allocated capital programme over the next five years is £80.011m of which £21.043m is estimated to be spent in 2024/25.

7.2 The 5-year HIP is based on the new 30-year Housing Business Plan, approved in November 2023. 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 the delivery of additional affordable housing, by 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 developing and improving core housing services (focussing on the allocation of resources to the key elements of decent homes and supporting the Lincoln Standard), regenerating estates and neighbourhoods and reducing carbon emissions.

7.3 As set out in paragraph 5.4 above, the primary sources of financing for the HIP are from depreciation, with £51.257m, and from revenue contributions, with £22.835m, being utilised over the 5-year period. In addition, the HIP is set to utilise £3.000m of prudential borrowing to fund the additional affordable homes programme this is further supported by capital receipts (including Right-to-Buy receipts) of £2.919m.

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 The 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 a mixture of broad public consultation and targeted engagement:

- A City wide survey seeking residents, visitors and stakeholder's views and priorities for spend

- Direct consultation with the refreshed Lincoln Citizens Panel
- A facilitated workshop with individual residents, who may be under represented or 'hard to reach,' including those with personal experience of the 9 protected characteristics along with representative agencies, charities or organisations supporting those with lived experience.

9.2 The detailed results of the online and Citizens Panel consultation are attached at Appendix C. In terms of the specific question in relation to Council Tax increases:

- 33% of respondents would support a 1% increase
- 30% of respondents would support a 2% increase
- 37% of respondents would support a 2.92% (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.

9.3 From the facilitated budget engagement exercise there were a range of discussion points relating to the Council's key areas of expenditure and how these were viewed as priority areas, by the participants. High level feedback from the workshop is attached at Appendix D. In addition to considering this feedback as part of the budget proposals, it will also be used as part of the evidence base to inform the development of Vision 2030.

9.4 In terms of member budget scrutiny an all Member workshop was undertaken during January 2024 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.

9.5 The minutes of the Budget Review Group are attached at Appendix E, there were no specific recommendations made by the Group.

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

The financial implications are as set out in the body of the report.

11.2 Legal Implications including Procurement Rules

Local authorities must decide, prior to the 11 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 cannot 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 2024/25 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 resources 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, 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 Full Council for approval, the

- The Medium Term Financial Strategy 2024-2029, and.
- The Capital Strategy 2024-2029

Including the following specific elements:

- A proposed council tax Increase of 2.92% for 2024/25.
- The Council is member of the Lincolnshire Business Rates Pool in 2024/25.
- The General Fund Revenue Forecast 2024/25-2028/29 as shown in Appendix 1 and the main basis on which this budget has been calculated (as set out in paragraph 4).
- The Housing Revenue Account Forecast 2024/25-2028/29 as shown in Appendix 2 and the main basis on which this budget has been calculated (as set out in paragraph 5).
- The General Investment Programme 2024/25-2028/29 as shown in Appendix 3, and the main basis on which the programme has been calculated (as set out in paragraph 6).
- The Housing Investment Programme 2024/25-2028/29 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?	Five
List of Background Papers:	Draft Medium Term Financial Strategy 2024-29 – Executive 15th January 2024 Setting the 2024/25 Budget and Medium Term Financial Strategy 2024-29 – Executive 16th October 2023
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Jaclyn.gibson@lincoln.gov.uk

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APPENDIX A

MEDIUM TERM FINANCIAL STRATEGY

2024-2029

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Foreword

Welcome to this latest version of the City Council's Medium Term Financial Strategy covering the period 2024-2029.

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.

The refresh of the MTFS needs to be seen in the context of significant financial uncertainty for the Council. Exceptional economic factors such as; the impact of inflation on the Council's pay bill and the cost of goods and services; rising interest rates increasing the cost of borrowing; increased costs of construction impacting on capital schemes and reductions in service income and collection rates, continue to add considerable cost pressures to the Council's budgets.

In addition, the Council is facing growing demands for some of it's key services as those more vulnerable in the city look to the council for support as the cost-of-living crisis continues to impact on 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. The imbalance between housing supply and demand and the reliance on temporary accommodation are of particular challenge to the Council.

These pressures come after, a decade of austerity measures, budget pressures created as a result of Covid19, and after a shift to reliance on local taxation as the primary funding source for all councils (which creates a particular problem for places like Lincoln, with a predominantly low council tax base).

Furthermore, there 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. While it has now been confirmed that they will not be implemented during 2024/25, and there is a high likelihood that this will also be the case in 2025/26, which allows the accumulated business rate growth to be retained, all this does is shift the financial challenges to later in the MTFS period. 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 of these factors, the Council, and local government as a whole, are yet again having to update their medium-term financial strategies in a very uncertain environment. It is a long time since the Council had any certainty during budget setting (the 2024/25 Local Government Finance Settlement being the sixth consecutive one-year settlement), which makes financial planning, and the subsequent impact on service delivery, in this climate extremely challenging.

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 it's spending requirements and the level of resources it estimates to receive. The additional resources retained by a further likely delay in the implementation of funding reforms, and the use of earmarked reserves, has provided some financial capacity to smooth the level of reductions required, but there is an underlying need to reduce the net cost base by £1.750m by 2027/28, 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 and a half, annual revenue savings of nearly £10.5m. 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, and with each year the challenge gets much harder.

The Council will though continue to build on it's successful financial planning to date and will implement a range of transformational changes in the way in which it operates and delivers services, to reduce it's net cost base, minimising where possible the impact on service delivery. Fundamentally though, it still believes that the longer-term approach to closing the funding gap is through economic growth and investment. Through Vision 2025 the Council continues 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 the Town Deal; the Additional Affordable Homes Programme; the UK Shared Prosperity Fund and Western Growth Corridor etc, to enhance the economic prosperity of the City.

However, while the Council will focus on this range of measures, and there is sufficient 'lead in time' to the need to deliver these savings, given the scale of savings required it cannot rule out the need to face further difficult decisions about the size and scope of the essential services it provides in the future.

While closing a projected budget gap of this size is a challenge for the Council, it 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 to date, 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. A significant number of projects, schemes and initiatives have been implemented, and continue to be implemented as part of Vision 2025. Over the course of the next year the Council will begin to develop the next stage in it's vision to deliver Lincoln's ambitious future, through the development of Vision 2030.

The Council will continue to adopt this successful approach of, carefully balancing the allocation of resources towards it's Vision 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 light of the current economic conditions and the impact these are having on the Council's finances along with the inherent uncertainty in financial planning, the existing objectives of the MTFS have been reviewed to ensure they remain relevant. As a result, the key overriding objective continues to be;

- To drive down the Council's net cost base, in line with available resources, to ensure the it 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, through growth in 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

Over the past 12 months the UK's economy has continued to face a volatile and uncertain path and has been dominated by rising cost of living pressures for UK households, surging energy costs, high inflation, weak growth and rising interest rates.

While concerns of a deep recession have largely gone away, and the economy has proved to be more resilient to the shocks of the pandemic and energy crisis than anticipated, (with the level of real GDP in mid-2023 standing at nearly 2% above its pre-pandemic level), there are still concerns over the economy's weak performance and the persistence of inflation remains an issue.

Growth in the first two quarters of 2023 was at 0.3% in quarter 1 and 0.2% in quarter 2, but with high interest rates, policy uncertainty before a general election and low productivity there is anticipated to be little to no growth in the second half of the year. The OBR estimates total growth for 2023 to be 0.6%, which is though 0.4% higher than it forecasted in March 2023. Despite this better than forecast growth in 2023, the OBR warned that next year is likely to be tougher than previously expected due to the impact of interest rates. Higher interest rates impact households directly, by raising mortgage costs and lowering house prices, and also has 'second round' effects as people consume less. This means that GDP growth next year has been revised down from the March 2023 forecasts, with growth of 0.7% expected in 2024, down from 1.8% and 1.4% in 2025, down from 2.5%. Beyond 2025, average growth in the economy is estimated to be around 2% p.a.

In terms of inflation, while CPI has fallen back from its 41-year high of 11.1% in October 2022, it's course has been volatile and has not dropped as significantly as expected. While CPI has dropped sharply in recent months, largely as a result of lower energy prices, as at September 2023 it stood at 6.7%, but this was still 1.3% higher than the OBR's March forecast. It has fallen further in October to 4.6% and again to 3.9% in November, but unexpectedly rose up to 4% in December. Current forecasts are that it is expected to be more persistent than previously forecasted and will not return to its 2% target until the first half of 2025, more than a year later than was forecasted in March 2023.

In response to this rampant inflation, during 2022 and 2023 the Bank of England tightened monetary policy and significantly increased it's base interest rate. By September 2023 the Bank paused its run of interest rate rises, after 14 consecutive increases. The current rate stands at 5.25%, its highest level for 15 years. While inflation is now reducing, the Governor of the Bank has raised concerns over economic growth as he warned again that interest rates will not be cut in the "foreseeable future". This announcement followed the reduction in the OBR growth forecasts for 2024 and 2025 along with the latest inflation forecasts, with CPI still at twice the Bank's target rate of 2%. While it is largely felt that rates have peaked and will not increase further, it is also expected that interest rates will need to remain higher for longer to bring inflation under control. Forecasters are not anticipating the Bank to start contemplating cuts in the rate until at least late 2024. Certainly, the unexpected increase in inflation in December 2023 has prompted the Bank to suggest rates will remain higher for longer. Whether this was simply a post Christmas blip or not will be a key indicator as to whether interest rates are likely to start to reduce this year or not.

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.

Despite the lower forecasts in economic growth, both the short and medium-term fiscal outlooks (ahead of any Autumn Statement measures) have improved since the March 2023 Spring Budget, with a £15.8bn, 13.6%, reduction in borrowing forecasts in 2023/24. This is primarily as a result of stronger tax receipts, fueled by inflation and earnings. The medium-term fiscal outlook has also improved materially compared to March, with borrowing forecast to be £26.8bn lower in 2027/28. This improvement in the fiscal forecasts, provides some capacity for Autumn Statement measures.

National Priorities

The Autumn Statement, the most recent major fiscal event, was announced in November 2023 and accompanied the OBR's latest economic and fiscal outlook. The Chancellor used the near-term improvements in the fiscal forecasts to focus on the priorities of avoiding big government spending and high tax, and instead cut taxes and "reward hard work" with 110 "growth measures" for business.

These new measures spend almost of all of the pre-measures forecast improvement in borrowing between 2023/24 and 2027/28 and leaves post measures borrowing largely unchanged.

The government is focusing on five areas:

- reducing debt;
- cutting tax and rewarding hard work;
- backing British business;
- building domestic and sustainable energy;
- and delivering world-class education.

The approach take in the Autumn Statement to public spending, is to keep debt falling, cuts taxes for working people and businesses, reforms welfare to help people into work and removes barriers to business investment to boost growth.

Most significantly for local government though, the Chancellor did not make any new funding announcement for public services. Settlements which looked relatively generous when previously announced, in the last Spending Review in 2021, have been gradually eroded by inflation and higher than expected pay agreements. The result is that day-to-day spending is now due to rise by only 1.9% per year in real terms between 2021/22 and 2024/25, compared to 3.6% when the settlements were first announced. This has eroded the real-terms value of the current spending review by £19bn.

Beyond the current Spending Review period, with inflation remaining more than double the Bank of England's target and expected to stay higher for longer, there is little further fiscal headroom to respond to any downside surprises, or any new shocks. Although there may be some flexibility for further 'measures' in the Spring Budget, a large fiscal consolidation is set to hit the economy in 2024.

The timing of this consolidation is likely to be after the next general election, with the task of making substantial reductions in public expenditure falling to the incoming government through the next Spending Review. However, the Chancellor did confirm spending increases beyond April 2025 of only slightly under 1% in real terms every year. These increases will set in the erosion of real budgets from higher inflation this year and next. The government's commitment to spending increases on the NHS, defence, foreign aid and childcare implies real terms cuts for unprotected areas of spending: the OBR estimate falls of over 2% per year in real terms. Given rising demand for services, this could lead to further substantial decline in performance across the public sector.

It was also announced that the public sector productivity target would increase at 0.5% per year. However, with little in the Autumn Statement to help improve the situation, with capital budgets to be held flat in cash terms beyond 2025, which means falling in real terms, and after a decade of austerity, public services are in a dire state of disrepair with little remaining capacity to flex. According to CIPFA's latest Performance Tracker, maintenance backlogs across the criminal justice system, schools, hospitals and roads amounted to a staggering £37bn. Without more generous funding settlements, most public services will be performing worse in 2027/28 than pre-pandemic. Higher demand, increased costs and less funding has impacted on non-statutory services. Real spending on neighbourhood services in the decade since 2009/10, excluding children's services and adult social care, has been down by nearly 40%. Pressure for local authorities to bridge the gap through more innovative financing strategies has contributed to a number of S114 notices being announced over the past three years.

Given local government bore the brunt of austerity in the 2010's (having faced a £15 billion real terms reduction to core government funding between 2010 and 2020), it is unlikely local authorities will avoid the severe funding reductions that will be required as part of the wider need for spending restraint as part of the next Spending Review.

With the general election set to be called in 2024, there can be no certainty beyond 2024/25 funding announcements for local government. This uncertainty and the potential for new austerity measures, continues to hamper financial planning for local authorities.

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

- For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be uprated by September CPI to 54.6p.

- The current 75 per cent relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024/25, a tax cut worth £2.4 billion. Around 230,000 RHL properties in England will be eligible to receive support up to a cash cap of £110,000 per business.

- English 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.

- The Department for Levelling Up, Housing and Communities will work with the UK Infrastructure Bank, the British Business Bank, Homes England and other departments to consider – with local and private sector partners – how to support levelling up through improving access to finance. The group will report to Ministers by the spring.

- To support households that need most help to pay their rent, the Government will also raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million low-income households will be better off, gaining £800 on average in 2024-25. The LHA rate used rate to determine the subsidy for claims in respect of people living in temporary accommodation will not however be uprated as the maximum subsidy remains capped at 90 per cent of the January 2011 rates.

- The Government is announcing £450 million for a third round of the Local Authority Housing Fund to deliver 2,400 new housing units to house Afghan refugees and ease wider housing and homelessness pressures. This will bring the total amount spent on the Local Authority Housing Fund to over £1.2 billion.

- The Government is also extending until June 2025 the Public Works Loan Board policy margin announced at Spring Budget 2023 to support local authority investment in social housing.

- The Department for Levelling Up, Housing and Communities will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements. This will also include measures to improve transparency and reporting of planning authorities' records in delivering timely decision-making.

- The Government is investing £5 million in additional funding for DLUHC's Planning Skills Delivery Fund for Local Planning Authorities to target application backlogs.

- The Government has committed to ensuring councils will be able to set planning fees to cover the full cost of processing major applications which will mean local taxpayers no longer have to subsidise these costs. This is welcome however we look forward to seeing the more details in due course.

- The Government is announcing a consultation on a new Permitted Development Right for subdividing houses into two flats without changing the façade. This will be implemented in 2024 following consultation early in the New Year.

- The Government will extend ‘thank you’ payments into a third year for Homes for Ukraine sponsors across the UK. These will remain at £500 per month and reflect the ongoing generosity of hosts in supporting those who have fled the war. The Government is also providing £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship.

- The Government has finalised four new devolution deals across England. This includes two Level 3 mayoral deals with Greater Lincolnshire, and Hull and East Yorkshire and two Level 2 non-mayoral deals with Lancashire and Cornwall. The Government is also in advanced discussions to agree a Level 2 non-mayoral deal with Devon and Torbay.

- The Department for Levelling Up, Housing and Communities intends to offer Level 2 devolution powers to councils that cover a functional economic or whole county area, and meet relevant criteria as set out in the Levelling Up White Paper, where there is local consent to such arrangements.

- The Government has published a new framework for extending deeper devolution to existing Level 3 Mayoral Combined Authorities (MCAs). The Level 4 framework provides new powers for MCAs to draw down on, based on the trailblazer deals negotiated with the Greater Manchester and West Midlands Combined Authorities, including powers over adult skills, local transport and housing.

- Following consultation, the Government confirms that guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to implement a 10 per cent allocation ambition for investments in private equity, which is estimated to unlock around £30 billion. The government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50 billion of assets under management.

- Investment Zones Programme Extension – The Investment Zones programme in England will be extended from five to 10 years. Investment Zones will be provided with a £160 million envelope from 2024-25 to 2033-34 which can be used flexibly between spending and tax incentives, subject to ongoing co-design of proposals and agreement of delivery plans.

- Growth Hubs – The Government will commit to funding for Growth Hubs in 2024-25, delivering local business advice and support.

- Funding Simplification Implementation – The recently announced funding simplification doctrine will come into force from January 2024. This is an important step to simplifying the local government funding landscape, giving councils greater flexibility and freeing up resources for delivery.

- £110 million will be made available through the Local Nutrient Mitigation Fund. This will support Local Planning Authorities (LPAs) affected by nutrient neutrality rules to deliver high-quality local nutrient offsetting schemes, unlocking up to 40,000 homes over the next five years.

- To make sure that work always pays, the Government will deliver on its commitment for the National Living Wage (NLW) to meet two-thirds of median earnings. From 1 April 2024, the NLW will increase by 9.8 per cent to £11.44 an hour with the age threshold lowered from 23 to 21 years old, ending hourly low pay. This represents an increase of over £1,800 to the annual earnings of a full-time worker on the NLW and is expected to benefit 2.7 million low paid workers.

Fair Funding Review and Business Rates Reset

While future reductions in public sector expenditure have been put off until 2025/26, these are not the only items deferred until then. The Fair Funding Review of local government funding and the reset of the business rates baseline are also currently on hold until after the next general election. These are two fundamental reforms to the mechanisms of local government funding, which will have significant impacts on the level of resources for each local authority.

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, it was promised that a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils would be undertaken. In 2018, major consultation documents on this were published, for implementation in 2020/21. However, since then implementation has been successively delayed primarily due to Covid19, Brexit and more recently in order to provide local authorities with financial stability while responding to the economic shocks.

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 2024/2025 Policy Statement on Local Government Finance it was re-confirmed that these reforms will not be implemented in this Spending Review period. Further to this, in announcing the Local Government Finance Settlement 2024/25 it was stated that over the coming months the Minister for Local Government will be engaging with the sector on improving the local government finance system beyond the settlement in the next Parliament.

At the earliest, implementation will now be 2025/26 or realistically, depending on the timing of the general election and the appetite of the new government for reform, not until 2026/27, coinciding with the required fiscal consolidation.

Local Government Financial Resilience

After a decade of austerity, budget pressures created as a result Covid19, and the current escalation in costs and demands arising from the economic and cost of living crisis, there are an unprecedented number of councils now in financial crisis. Section 114 notices (which give notice that a council cannot balance its budget), or the threat of them, are now becoming a regular occurrence of local authorities reaching the end of the road in terms of their financial position.

Council finances are in a critical state, since 2020, 16 councils have received exceptional financial support from the Government with 7 announced in 2023 and 5 councils have issued at least one S114 notice, in some cases multiple notices have been issued.

While initially the reasons for the S114's were generally due to corporate budget failure and commercial decision making, there are now an increasing number of councils reporting in year overspends and significant budget gaps in future years as a result of inflation and demand outstripping the level of resources available to them.

Recent analysis by the Local Government Association has revealed that councils in England face a funding gap of almost £3billion over the next two years just to keep services standing still. Once increases in estimated core council funding are taken into account, the LGA estimates that councils need a further £2 billion in 2023/24 and £900 million in 2024/25 in order to deliver services at their current levels in each year. These funding gaps assume that all councils will increase their council tax rates in each year by the maximum allowed before a referendum is required.

In addition, in January 2024, the House of Commons Levelling Up, Homes and Communities Committee published a report on financial distress in local authorities.

The report leans on much of the LGA evidence and data, backing calls for an injection of £4bn. or "risk severe impact to council services and the prospect of further councils in England facing effective bankruptcy".

The MPs said their report points to a "systemic underfunding of local councils in England", and they have called on the next government to reform council tax and the wider funding system for local authorities "to ensure council finances are put on a sustainable footing".

A government response to the Committee's report suggested that any changes to the local government finance landscape would have to wait until the next parliament.

The government said it was prioritising stability in this Parliament, but "will work with local government and the wider sector on the new challenges and opportunities they face in the next Parliament".

With little prospect of any long-term funding reforms until after the general election and the likelihood of further reductions in public sector expenditure, many councils are left in a perilous state and will be faced with little option other than to issue a S114 notice. The sector desperately needs a sustainable funding plan in place to sufficiently fund local services.

Levelling Up and Regeneration Act

The Government's Levelling Up and Regeneration Bill received Royal Assent on 26th October 2023 and has now become the Levelling Up and Regeneration Act 2023 (LURA).

The Act follows the Government's "Levelling Up the United Kingdom" White Paper, which was issued in February 2022 and, according to the Government, will speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes.

Measures in the Levelling-up and Regeneration Act will:

- Put local people at the heart of development – making it easier to put local plans in place and requiring design codes that set out where homes will be built and how they will look. These plans will deliver more homes in a way that works for communities.

- Boost local services – requiring developers to deliver vital infrastructure. This will put an end to lifeless edge-of-town developments with no community assets and ensure developers deliver the schools, doctors surgeries and public services communities need and expect.

- Rebalance the housing and land markets – giving local councils the power to increase council tax on empty homes and reforming compensation for compulsory purchase orders by removing 'hope value' where justified.

- Encourage developers to get building – giving communities updates on the progress of development and giving councils the chance to consider slow build-out rates when approving planning.

- Bring high streets back to life – giving councils the powers to work directly with landlords to bring empty buildings back in to use by local businesses and community groups through high street rental auctions. It will also make it faster for local authorities to give hospitality businesses permission to use outdoor seating.

Although the Act itself has received Royal Assent, very few of the key provisions have actually come into force and a number of these will be subject to further regulations.

Much of the Act will impact on structures, governance and technical arrangements in attempting to achieve the broad objectives of regeneration and levelling up. In most instances the Act 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; planning fees; 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 103,813 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 ten years, from 2011 to 2021, Lincoln has seen 11.0% 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 2021-2022, there were 17,975 students at the University of Lincoln and 2,370 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 (+25.4%), 20-24 (+21.4%), 30-34 (+20.4%) and 55-59 (+26.8%) also saw relatively large increases

In comparison, the age group 45-49 saw the largest decrease in population in Lincoln by 8.9% (549 people) during the ten year period. The age groups 0-4 (-7.2%), 40-44 (-1.2%), 80-84 (-2.2%) and 85-89 (-3.1%) 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 95% of new businesses surviving their first year in 2020. 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 covid restrictions have had a major impact on the local economy with many businesses forced to close or make staff redundant. As of October 2023, 11,717 residents within the city were claiming Universal Credit, of which 6,982 were not in employment and 4,735 were in employment.

However, during 2023, we have seen median gross annual pay rate rise for part time and full time workers. We have 81.6% of 16-64 years old's who are economically active, and a 'job density' (the level of jobs per resident) of 0.88, 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, though this has subsequently continued to fall since. As of November 2023, we had 8,451 claimants.

As of December 2023, 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. 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 ongoing cost-of-living crisis, compounded by the residual 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 these crises differently as they interlink with existing health inequalities and social conditions and increase existing adversity: financial difficulties, unemployment, loneliness, social isolation, all of which have been intensified since 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 by the cost of living crisis.

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
- Creating value processes

It aims to put the customer at the heart of everything the Council does, understanding their needs, wants and preferences. One Council defines 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 current strategic plan, Vision 2025, is supported by a Delivery Plan, which sets out the specific schemes agreed for each priority, that are to be delivered each year to work towards the end goal of the vision.

A mid-term review of the proposals in the vision was undertaken in 2022. This review was an opportunity to repurpose 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 final three-year period.

The Delivery Plan 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 Delivery Plan also recognises the need to continue to reduce the Council's net cost base alongside the further new investment to support the priorities.

During the coming year the Council will be developing and launching it's next strategic plan, Vision 2030. While the Council is proud of all it has achieved with both Vision 2020 and Vision 2025, there is much more to do to make Lincoln achieve its potential, while improving the lives of it's residents, businesses and communities. In light of the financial challenges the Council continues to face the key to delivery of a new vision will be the ability to continue to attract external funding, work in partnership with others and reallocate/repurpose existing, limited, resources.

Section 3 – Revenue (General Fund)

Impacts of current economic factors and cost of living crisis

Local Authorities continue to face escalating costs, pressures on income streams and rising demand for services. The Council's own financial position is no different to this; inflation, pay inflation, maintenance and (capital) borrowing costs and reductions in local income streams all have a significant impact on the Council's cost base. These are in the main part caused by national issues, beyond the Council's control, and are impacting all Councils. In addition, the Council is experiencing an increased demand on services, by those who rely on the safety net provided by local government, driven in part by the cost-of-living crisis. Together these factors create a situation of the Council's cost base increasing a greater pace than the funding received from local taxation and Government funding.

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

- Pay inflation - the pay agreement, negotiated 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. With pay increases of 9.42% for the lowest paid grades this far outstripped the assumptions within the current MTFS.

- Contractual commitments - the Council has a number of key service contracts, for front line services e.g. waste collection, street cleansing, grounds maintenance, that are linked to annual contractual inflationary increases. With levels of CPI/RPI still at heightened levels and set to remain so for longer, increased costs of service contracts are anticipated.

- Construction and capital costs – the cost of delivering building and maintenance schemes has escalated due to inflationary pressures borne by contractors as well as labour shortages, material shortages and supply chain issues. In addition, the cost of borrowing to fund capital schemes is also increasingly impacting on the affordability of projects and the costs borne by the revenue fund.

- Development income - income from planning applications, land charges and building control continues to remain at depressed levels due to pressures in the construction and housing market as the ongoing economic climate and cost-of-living crisis continue to impact on development within the city.

- Council Tax – the collection of Council Tax income remains challenging with collection rates lower than pre-pandemic levels, due to the current pressure on household incomes.

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 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 due to the cost of provision and funding for temporary accommodation. Demand for temporary accommodation continues to increase due to rising cases presenting, this coupled with a shortage in the supply of suitable accommodation, pushes up the use, and cost, of bed and breakfast accommodation. Whilst the Council can reclaim an element of these costs through the housing subsidy system, the amount that can be reclaimed is limited to the local housing allowance (LHA) rate regardless of the cost of the accommodation. LHA rates had been frozen since 2020, and were based on rents from 2018/19, therefore the gap between actual rents and the LHA rates becomes wider and less reflective each year and leaves the Council in the position of having to 'make up' significant shortfalls between housing benefit subsidy and the cost of temporary accommodation. Although the Government announced a temporary 'unfreezing' for the LHA rates in the Autumn Statement, this did not apply to the subsidy rate for local authorities. Combined together, this widening shortfall in subsidy and increase in demand for temporary accommodation creates an increasing cost pressure for the Council. These demands are not expected to lessen over the period of the MTFS and unless there is a significant increase in appropriate accommodation then the Council will continue to experience this level of cost.

While assumptions were made in the previous MTFS, as a result of further developments over the last 12 months and to address the impact of new and emerging challenges, further, permanent, increases in the Council's net cost base have been required in this MTFS. This only widens the gap between the cost of providing the Council's services and income it receives from local taxation and government funding.

While 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 Delivery Plan (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 repurpose 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.

While the Delivery Plan includes a significant amount of new investment, primarily of a capital nature, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of revenue schemes, including newly added interventions in response to the current cost-of-living crisis.

Critically though the Vision 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 up to 2025 can be found within the Delivery Plan.

Over the course of 2024 the Council will be developing and launching it's next strategic plan, Vision 2030. In light of the financial challenges the Council continues to face the key to delivery of a new Vision will be the ability to continue to attract external funding, work in partnership with others and reallocate/repurpose existing, limited, resources.

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:

	2024/25 % per year	**2025/26 % per year**	**2026/27 % per year**	**2027/28 % per year**	**2028/29 % per year**
Pay	3.0%	2.0%	2.0%	2.0%	2.0%
CPI	3.0%	2.0%	2.0%	2.0%	2.0%
RPI	6.0%	3.0%	3.0%	3.0%	3.0%
Gas	(20.0%)	2.0%	2.0%	2.0%	2.0%
Electricity	(6.7%)	2.0%	2.0%	2.0%	2.0%
Vehicle Running Costs	3.0%	2.5%	2.0%	2.0%	2.0%
Non domestic rates – std	6.7%	2.0%	2.0%	2.0%	2.0%
Non domestic rates – small	0.0%	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

A small number of 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 £1.263m p.a, equating to 16% of the Council Tax Requirement. Local Authorities have no control over the sum levied.

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, particularly in relation to the impacts of Storm Babet, average inflationary increases of 16% have been levied for 2024/25.

This issue is unique to the small number of local authorities and following a successful campaign of lobbing, Government made a one-off payment to those local authorities significantly impacted in 2023/24 in recognition that Drainage Board costs had soared, resulting in increased levies. The Council's allocation for 2023/24 was £0.142m, which was roughly equivalent to the annual increase from the 2022/23 levies to 2023/24 levies.

Whilst this one-off payment from Government to mitigate the in-year impact was welcomed, the Council is continuing to seek a longer term, more sustainable, approach to Drainage Board funding from Government that removes the need for Council subsidy. A Special Interest Group (SIG) through the Local Government Association has now been established and the group of local authorities will continue to lobby to seek a revised, long-term approach to the funding mechanism.

In response to the work of the SIG and through lobbying via various networks and responses to the Provisional Local Government Finance Settlement, the final Settlement announced a further, one-off, grant of £3m to those authorities most significantly impacted. The distribution of this £3m will be confirmed in the coming months when projected levy information becomes available.

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. Over the last decade the average interest rate achieved was barely above base rate, however, interest rates have increased during the last 2 financial years in the Bank of England's attempt to reduce inflation, resulting in a significant increase in investment income. The start of the 23/24 financial year saw interest rates at 4.25% rising to the current rate of 5.25%, at which it is expected to remain until at least mid 2024/25 at which point it is forecast to reduce slightly.

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 fall incrementally to 4% towards the end of the 24/25 financial year 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 anticipated to be minimal and the Council's portfolio of long-term borrowings currently includes 4 loans that are due to be repaid during the coming five financial years. The council has currently has one short term loans which is due to mature in 2025. All other loans mature after 2028/29 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 £0.225m over the 5 year MTFS. 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:

	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %
Interest Rate	4.52	3.11	2.92	2.92	2.92

Based on the current forecasts for interest payable on new borrowing (averaging around 4.14%) and receivable on investments (averaging around 3.28% over the MTFS), 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) was undertaken during 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 the council implemented an annuity based calculation rather than the previous straight line method. The annuity method is seen as being equally as prudent as the straight line 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.

Resource Assumptions

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

The Local Government Finance Settlement for 2024/25 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 2024/25 Settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels updated for the 2023 Autumn Statement announcements and the subsequent additional funding package announced in January 2024. 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.

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 2024/25 and the breakdown across the various funding sources. Overall, spending power will increase by £4.508bn, 7.5%, from £60.197bn to £64.705bn, an overall increase for the period 2015/16 to 2024/25 of 44.2%.

England	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£bn	**£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	16.563
Under-indexing business rates multiplier	0.165	0.165	0.175	0.275	0.400	0.500	0.650	1.275	2.205	2.581
Council Tax	22.036	23.247	24.666	26.332	27.768	29.227	30.327	31.742	33.928	36.070
Improved Better Care Fund	0	0	1.115	1.499	1.837	2.077	2.077	2.139	2.140	2.140
New Homes Bonus	1.200	1.485	1.252	0.947	0.918	0.907	0.622	0.556	0.291	0.291
Transition Grant	0	0.150	0.150	0	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	0.110
Lower Tier Services Grant	0	0	0	0	0	0	0.111	0.111	0	0
Adult Social Care Support Grant	0	0	0.241	0.150	0	0	0	0	0	0
Winter Pressures Grant	0	0	0	0.240	0.240	0	0	0	0	0
Social Care Support Grant	0	0	0	0	0.410	0	0	0	0	0
Social Care Grant	0	0	0	0	0	1.410	1.710	2.346	3.852	5.044
Services Grant	0	0	0	0	0	0	0	0.822	0.483	0.087
Market Sustainability & Fair Cost of Care Fund	0	0	0	0	0	0	0	0.162	0	0

ASC Market Sustainability and Improvement Fund	0	0	0	0	0	0	0	0	0.562	1.050
ASC Discharge Fund	0	0	0	0	0	0	0	0	0.300	0.500
Grants Rolled In	0.209	0.257	0.248	0.239	0.336	0.338	0.345	0.345	0.480	0
Funding Guarantee	0	0	0	0	0	00	0	0	0.133	0.269
Core Spending Power	**44.876**	**43.986**	**44.544**	**45.337**	**46.549**	**49.337**	**50.718**	**54.647**	**60.197**	**64.705**
Change %		**-2.0%**	**1.3%**	**1.8%**	**2.7%**	**6.0%**	**2.8%**	**7.7%**	**10.2%**	**7.5%**
Cumulative change %		**-2.0%**	**-0.7%**	**1.0%**	**3.7%**	**9.9%**	**13.0%**	**21.8%**	**34.1%**	**44.2%**

Although the national level of Core Spending Power is forecast to increase by 7.5% 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 5.9%, Lincoln’s increase is lower than the average at 5.8%. Lincoln’s position is as set out in the table below, this shows a total reduction in core spending power of 0.95% over the nine-year period to 2023/24, with a 5.8% increase for 2024/25.

Lincoln	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£m	**£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	4.322
Council Tax;	5.637	5.916	6.145	6.393	6.679	6.915	6.956	7.360	7.687	7.857
Other grants	2.120	2.335	1.709	1.090	0.843	0.924	0.678	1.249	1.374	1.634
Grants rolled in	0.140	0.159	0.155	0.144	0.139	0.140	0.152	0.149	0	0
Core Spending Power	**13.945**	**13.598**	**12.551**	**11.825**	**11.437**	**11.816**	**11.623**	**12.596**	**13.193**	**13.813**
Change (%)										**5.8%**

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**	**2024/25**
	£m	**£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	0.187
Baseline BR Funding Level	3.463	3.491	3.562	4.197	3.753	3.814	3.814	3.814	3.957	4.135
SFA	**6.048**	**5.188**	**4.543**	**4.197**	**3.775**	**3.837**	**3.837**	**3.838**	**4.132**	**4.322**

* 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, the figure for 2024/25 announced in the Settlement was at the same level as the 2023/24 allocations uplifted by 6.7% in line with CPI inflation.

	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	2024/25 £m
RSG	2.585	1.698	0.981	0.528*	0.022	0.023	0.023	0.024	0.175**	0.187

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19 but shown here for comparison purposes.
** Local Council Tax Administration Support Grant rolled in.

Beyond 2024/25 it is assumed that only the element in relation to the rolled in grants in 2023/24 will remain, at a level of £0.158m 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 2024/25 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 came into effective from April 2023. While this did not alter the overall level of business rates retained by the Council (as the Government 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), it did create further uncertainty in relation to the level of appeals.

The level of outstanding appeals continues to create a high level of uncertainty both in respect of the checks, challenges and appeals from the 2017 ratings list, already lodged with Valuation Office, but also in relation checks, challenges and appeals following the 2023 revaluation. 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 £4.630m, of which the Council's share is £2.315m. In relation to the 2017 list, the last day on which ratepayers were able to initiate the appeal process was 31st March 2023, there should therefore be no further increase in this part of the provision. In addition to the backdated element of these appeals there is also an ongoing impact due to the reduction in the business rates base, which ultimately reduces the level of income to be retained in the future by the Council. The MTFS assumes a £1.234m p.a. reduction in retained rates due to outstanding appeals, this is c3% of the total net rents payable. This assessment has been made taking into consideration the level of checks, challenges and appeals received during the first year of the new ratings list along with national assumptions.

For 2024/25 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 £0.635m in 2024/25. Although it is assumed that the BR Reset will not now happen until 2026/27, it is prudently not assumed that the BR pool will continue beyond 2024/25.

Beyond 2025/26 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 majority of 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 2024/25 the accumulated growth to the Council is c£2.1m p.a.

Until further announcements are made, the MTFS is based on a continuation of the existing 50% scheme, and BR pool in 2024/25 and 2025/26 and then, prudently, from 2026/27 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	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
Forecast retained Income	6,972	6,489	5,440	5,530	5,644

As set out throughout this MTFS, the potential funding reforms to be implemented from 2026/27 onwards 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'.

This consultation has subsequently been delayed a number of times with the latest announcement made as part of the Local Government Finance Policy Statement in 203, which stated that the Government would set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement. This has however not transpired and as part of the Local Government Finance Policy Statement 2024, it was announced that there would be a new round of NHB payments in 2024/25. There will be no changes to the calculation process from 2023/24, with in year payments only.

The Council's allocation for 2024/25 is £0.380m.

The MTFS does not assume any grant allocations beyond that announced for 2024/25.

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 £483m in 2023/24 to £87m in 2024/25. It's value is determined based upon resources left available after decisions on all other grants (e.g. increase in minimum funding guarantee, additional social care grant etc).

The Council's allocation for 2024/25 is £0.026m

The MTFS does not assume any grant allocations beyond that announced for 2024/25.

Funding Guarantee

This grant is intended to provide a funding floor for all local authorities, so that no local authority will see a minimum increase in core spending power (this is before any decision they make about organisational efficiencies, use of reserves, and council tax levels) that is lower than 4%.

The Council's allocation for 2024/25 is £0.434m. The MTFS assumes an ongoing grant allocation beyond 2024/25 of £0.300m p.a.

Extended Producer Responsibility/ Recycling Reforms

Extended Producer Responsibility (EPR) is a scheme to require producers of packaging to pay for the cost of recycling that packaging and the Government's intention was to use the income from the scheme in the local government funding system, which would include reviewing the impact of this income on relative needs and resources of individual authorities. Local authority finances are affected by the policy in the following way:

- Companies above certain thresholds for size and generated packaging waste will have to pay a fee to a Scheme Administrator (yet to be set up but will initially be a public body). The Scheme Administrator will determine the fee schedule.

- The total collected fees (excluding the Scheme Administrator's own administrative fee) will be distributed to local authorities to compensate for net costs of their household and commonly binned waste services, including collection, disposal and recycling. These costs form the basis of the fee mechanism. The policy does not currently address the question of how any funding shortfall arising from non-collection of the fee would be addressed, but the fact that the fee will be applied to large producers makes collection potentially easier.

- Funding will be provided on the basis of the Scheme Administrator's assessment of what a 'net efficient cost' of providing the service is locally. The Scheme Administrator will assess the household and commonly binned packaging waste management costs, volumes and income (for example, through selling waste) by each relevant local authority. It will be able to take into account other factors (for example, frequency of collection, sparsity, types of households, deprivation and others). It will be up to the Scheme Administrator to devise this process and calculation model.

- The Scheme Administrator will have the power to assess the efficiency and effectiveness of local household and commonly binned packaging waste services, including activation of an improvement plan mechanism. Powers will be granted to penalize local authorities to the sum of up to 20% of their assessed 'net efficient costs'.

- This will be an annual process.

Funding for local authorities was originally intended to start in October 2024, but implementation of the scheme has been delayed, which means that this new income stream will now be introduced in October 2025. The government has not yet set out how the introduction of this potentially significant funding will affect the wider local government finance system, i.e. importantly whether existing funding would be reduced to reflect that EPR is providing some funding for waste and recycling services, or whether the EPR funding would simply be additional. Earlier estimates suggested that the cost of providing the waste management service for relevant packaging could reach as much as £1 billion and, with this being an existing service, some sort of adjustment to other funds would be more likely than not.

The process for determining allocations and receiving the first EPR funding will now be delayed to Autumn 2024 and early 2025 respectively.

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 e.g. weekly food waste collection, which are likely to have revenue and capital implications. While the government has committed to provide New Burdens funding to cover capital expenditure, initial transitional costs, resource costs and ongoing services costs, these will be based on modelled costs and not necessarily the actual costs incurred by the Council.

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 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 2024/25, the MTFS assumes the following indicative council tax increases and subsequent overall yields:

	2024/25	2025/26	2026/27	2027/28	2028/29
% Increase	2.92%	1.90%	1.90%	1.90%	1.90%
Council Tax Base	25,669	26,083	26,500	26,922	27,308
Council Tax Yield	£7.906m	£8.185m	£8.474m	£8.771m	£9.067m
Band D	£307.98	£313.83	£319.77	£325.80	£332.01
Band D £ Increase	£8.73	£5.85	£5.94	£6.03	£6.21

For 2024/25 the Council Tax amount for a Band D property (excluding County Council and Police Authority precepts) is £307.98, a 2.92%/£8.73 increase from 2023/24.

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. However, with the continued 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, many of the discretionary income areas have since continued to recover from this. However, these pressures have subsequently been replaced, or further compounded, by the ongoing cost of living crisis.

Although inflation has now begun to decline the impact of the crisis continues to have a detrimental impact on services and the Council continue to experience significant reductions in income levels in areas such as building regulations and development control, which are expected to continue well into 2024/25 before any significant recovery is seen.

As part of the normal, annual, budget cycle fees and charges income budgets are usually increased by 3% per annum for their total yield, as such this is the base assumption for 2024/25. However, this increase of 3% does not preclude individual fees and charges being increased by more or less than 3%.

The MTFS assumes that the Council will raise £12.013m from fees and charges in 2024/25. The mean average overall increase in the non-statutory fees and charges is 3.2%, 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 2023-28 was based on a medium-term savings target of £1.75m to be delivered by 2026/27. The target was however phased in over the period of the MTFS to provide a manageable position over the initial two-year period and reflecting the fact that the position, at that time, beyond 2024/25 was uncertain. Since then, work has continued on implementing the programme for the initial two-year period, with progress against the targets as follows:

	2023/24 £'000	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Savings Target MTFS 2023-28	500	1,000	1,750	1,750
Savings secured/business case approved	(171)	(178)	(182)	(187)
Balance of savings outstanding	**329**	**822**	**1,568**	**1,563**
Reviews subject to business case	(128)	(131)	(134)	(137)

In the short term, primarily as a result of an anticipated further one-year delay in the national funding reforms, which allows the accumulated business rate growth to be retained and the impact of the cost pressures to be cushioned, it is possible to reduce the level of savings required for 2024/25 and 2025/26.

However, beyond this with a cliff edge reduction in business rates resources and due to the unavoidable cost and demand pressures, the Council faces a significant and widening gap between it's spending requirements and the level of resources it estimates to receive.

As a result of this the Council is in the position of having to underpin the MTFS on a increased savings target over the medium term.

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.

Although the position for 2024/25 and 2025/26 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:

2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
125	250	1,500	1,750	1,750

The phasing of these savings targets mirrors the potential timing of the next Spending Review, following the general election, with a likely rollover position in 2025/26 and implementation of national funding reforms and public sector spending constraints from 2026/27 onwards. This also means that these medium-term savings targets are subject to change (potentially increasing) dependent on a new government being in place, the Spending Review taking place and decisions taken on the timing and nature of national funding reforms. These assumptions will be kept under review, with the savings targets assessed as part of each subsequent MTFS.

Despite this potential for change, the Council will 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.

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 and a half, annual revenue savings of nearly £10.5m. 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.

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 the 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 financial support provided to third sector organisations to ensure resources are being effectively utilised for the benefit of council taxpayers.
- Seeking to generate additional income by reviewing sales, fees and charges and ensuring that these reflect increasing operating costs.
- Seeking to maximise income opportunities from property investments.
- Maximise grant funding opportunities and prioritising capital investment in line with the capital strategy to reduce the revenue cost of borrowing. To also continue to review treasury management and capital financing approaches to maximise benefits.
- Making the best use of the Council's 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 Additional Affordable Housing 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.

While the Council will focus on the above range of measures and there is sufficient 'lead in time' to the need to deliver these savings, given the scale of savings required it cannot rule out the need to face further difficult decisions about the size and scope of the essential services it provides in the future. The Council will make every possible effort to find the least painful solutions and minimise the impact on jobs and services, but inevitably it may be forced to look closely at the service it provides and could inevitably have to stop some of these to balance the books.

The Council will also need to review and revisit its investment priorities, beyond Vision 2025 as it begins to develop the next iteration, Vision 2030.

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 for consideration, as the programme is delivered.

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.
- Re-tendering of key service contracts for Grounds Maintenance, Waste Collection and Street Cleansing
- 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 recycling
- 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 £28.245m of which there are the following key schemes:

- Western Growth Corridor - £12.894m
- Disabled Facilities Grants - £5.768m
- Planned asset maintenance - £1.260m
- Greyfriars - £2.257m
- UK Shared Prosperity Fund - £0.357m
- Lincoln Town Deal (Internally Delivered Schemes) - £1.049m
- Lincoln Town Deal (External Schemes) - £3.766m

The largest element of the programme is the Western Growth Corridor totalling £12.894m.

The Council was 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. Future years expenditure is not yet included in the GIP and is subject to separate approval in early 2024.

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 £152 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 spaces 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 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, Heritage Lottery Fund for Re-imaging Greyfriars and Levelling Up Funding for the Western Growth Corridor, awarded.

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.

The MTFS includes an unsupported prudential borrowing requirement of £7.078m over the period 2024/25-2028/29. This includes temporary borrowing to support the Housing delivery of the Western Growth Corridor and associated shared infrastructure.

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 the council is forecasting to utilise £13.719m of capital grants as part of the General Investment Programme, the main projects being Disabled Facilities Grants £5.768m, Greyfriars £2.027m, Towns Fund projects £4.815m and £0.357m for UK Shared Prosperity Fund.

Levelling up funding secured (£20m) towards the WGC phase 1b bridge work is not currently built into this grant funding summary or the GIP (beyond commitments in 2023/24) as further approval of the scheme will be sought in early 2024.

Projected Capital Resources

Resources to fund the General Investment Programme 2024/25-2028/29 are estimated to be approximately £28.245m, as follows:

	£'000
Capital Grants	13,719
Capital Receipts	7,327
Prudential borrowing	7,078
Revenue Contribution	121
TOTAL	**28,245**

General Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 3 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.

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 continued to face escalating cost and rising demands for services over the past 12 months. These escalating costs in relation to pay inflation, contractual inflation, material and labour increases and borrowing costs, continue to take their toll on the financial resilience of the Housing Revenue Account.

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

- Increased use of sub-contractors –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 as more desirable. In order to try and fill the productivity gap, local sub-contractors are being utilised however, they and supply chain partners are experiencing the same labour shortages 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.

- Pay inflation – in line with the General Fund a pay agreement for 2023/24, 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. This also applies to Craftworkers pay agreement, 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 contracts as well as higher material prices.

- Capital costs - although the HRA can borrow from the PWLB at a concessionary rate, the increase in interest rates still affects the cost of borrowing to fund capital schemes and is increasingly impacting on the affordability of projects and the costs borne by the revenue account.

In terms of service demands the UK is currently experiencing a housing crisis, with an acute shortage of affordable housing. This housing crisis includes the City of Lincoln and is an immensely challenging situation.

Although the Council has been successful in delivering additional housing, the local housing market has worsened in terms of demand versus supply over the last few years. Whilst it can only be used as a proxy indicator the Council's own housing register now has around 1,780 active applicants seeking homes, with an increase of 23% in the period from March 2020 to March 2023. Over the same period band 1 applicants (the highest need band), meaning "customers requiring urgent rehousing where the council has a legal duty to consider them for accommodation, increased from 100 to 344 a rise of 244%.

Although this demand primarily increases the pressure on the Housing Investment Programme to deliver and enable new homes, it also places pressure on housing services, housing allocations and the voids services. It also impacts on the General Fund, creating surging demand for temporary accommodation when the HRA is unable to provide suitable accommodation from within it's own stock.

Whilst mitigating actions are being taken to address some of these factors, e.g. recruitment and retention challenges, delivery of additional affordable housing, other 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 impacted the assumptions that underpin the current 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, which sets out the Council's ambitions for its housing stock for the next 30 years. The Council's latest Housing Revenue Account Business Plan 2024-2054 was approved in November 2023, following a fundamental review of resources, investment requirements and priorities. The Business Plan reflected the impact of government policy changes e.g. Social Housing Act 2023, the Building Safety Act, Fire Safety Act etc, the results of stock condition surveys and financial assumptions at the time.

The Business Plan is the Council's strategic plan for managing and maintaining Lincoln's council housing properties and estates. It also sets out how the Council will provide housing services to support it's tenants, and their families, to live in well maintained and sustainable homes, which will be safe, secure, and of a high quality. It sets out short to medium term plans and priorities for the housing service. The strategic objectives set out within the plan, will influence the longer-term (30 year) plans for financial planning and investment into existing council housing and for the provision of new homes.

The Business plan describes the Council's long-term commitment to deliver real improvements in it's housing stock and surrounding neighbourhoods, based on four main objectives:

- Core Housing Services – Tenants consistently place core housing services such as repairs, caretaking and landscaping as their number one priority and the Council will work to ensure that Lincoln is ranked amongst the top performing social landlords.

- New Homes – The Council plans to build, acquire and enable the development of 1,700 additional homes over 30 years, which will reduce homelessness and provide a greater choice of places for people to live.

- Estate Regeneration – Plans to regenerate estates means that the Council will tackle problems like parking, crime and antisocial behaviour by improving the urban landscapes (the look and feel) of streets and neighbourhoods.

- Decarbonisation – The Council plans to achieve an energy performance rating of C for all of it's housing properties by 2030, which means that it will protect the environment by reducing it's carbon footprint and making homes cheaper to run for residents.

The Business Plans acts as guide to the development of the Housing Revenue Account budgets, with a focus on growing surpluses that will enable sustainable investment in homes and neighbourhoods.

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 the recently refreshed 30 Year Housing Business Plan, 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£0.6m. 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.

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 revenue contributions to capital outlay (RCCO) 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 £62.688m over the 5-year MTFS period through depreciation and revenue contributions to capital outlay.

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. In 2023/24 the Government, in light of record inflation levels, imposed a cap on rent increases of 7%, as CPI +1% would have allowed rent increases of up to 11.1%. No such cap has been imposed for 2024/25, and the maximum increase reverts to CPI+1%. The Government's approach beyond 2025, when the 5-year period of increases at CPI+1% ends, remains uncertain as to 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 and 2023/24, 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 increased sheltered accommodation and affordable rents, by the same. In 2022/23 the Council opted to increase rent by 3.6%, rather than the maximum 4.1% allowable and in 2023/24 the Council opted to increase rent by 6.5%, rather than the maximum 7%.

In order to maintain a position that allows for investment in current, and new housing stock, an increase of 7.7% is proposed for 2024/25, being CPI+1% as at September 2023. The Council have aimed to balance the pressures that household incomes are facing, particularly the most vulnerable in our community with below threshold rises for two consecutive years, however the authority can no longer absorb the financial pressures of the rising costs of delivering services to its customers.

This proposed increase takes into consideration the lower level of rent increases in last the two years, as well as the HRA being subject to the government-imposed rent reduction policy between 2016/17 and 2019/20 which saw the council having to reduce rents by 1% per annum rather than increase at CPI plus 1%, as previously agreed, resulting in estimated revenue forgone of c£17.0m.

The impact to the HRA, should the proposed 7.7% (CPI+1%) increase not be adopted, would be a loss of c£323k per annum for every 1% reduction. Over the existing 4 years of the current MTFS would equate to c£1.3m, and over the life of the 30 year Housing Business Plan would amount to a loss of c£14.2m.

The average 52-week rent will be £84.17 per week for general purpose and sheltered accommodation, and £140.97 for affordable rents. The assumption in the MTFS from 2024/25 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 at 04/12/2023		
No. of beds	Increase per week for Affordable Housing	Increase per week for Social Housing
	£	£
1 & bedsits	8.90	5.40
2	9.46	6.13
3	10.17	6.78
4	11.69	7.22
5	16.34	7.52
6+	-	8.33

Whilst rent collection is currently performing slightly below target, this is as a result of an increase in the target of 1%, without which collection would be slightly exceeding target as per last year. It should be noted however, that 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 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 2024-29 includes interest income into the HRA based on the level of HRA balances assumed in the MTFS 2024-29. 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 impact of approximately £0.279m. 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 2024-2054 focuses on growing surplus in the revenue account to be released to support priority capital investment in council house new builds and investment in existing stock. 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
- Reduced rental income and increased arrears, particularly as a result of any 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 e.g. Social Housing Act 2023.
- 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 £80.011m and comprises the following main areas of work:

- Housing Investment £71.713m:
  - Developing and improving core housing services (focusing on the allocation of resources to the key elements of decent homes, in line with the most recent stock condition surveys, and supporting the Lincoln Standard.
  - Regeneration estates and neighbourhoods
  - Reducing carbon emissions

- Housing Strategy £8.298m*:
  - Additional affordable housing (focusing on continuing to maximise 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).

* 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)

As set out in the Section 5 above the 30-year HRA Business Plan has undergone a full review 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 £40.993m, of which £51.257m is planned to be utilised (this includes balances bought forward).

Revenue Contributions to Capital Outlay

The 5-year MTFS includes contributions of £21.696m of revenue contributions over the five-year period of which £22.835m is planned to be utilised (including balances brought forward).

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 DLUHC and must be used for replacement of the council housing sold, within an agreed timeframe.

For the two financial years 2022/23 and 2023/24, local authorities were permitted to retain the Treasurys share of right to buy receipts under the same conditions as above, being that they are used to replace council housing and must be spent within a set timeframe.

On 1st April 2021 the timeframe local authorities had to spend these Right to Buy receipts was extended from 3 to 5 years and the percentage cost of a new home local authorities could fund with Right to Buy receipts was increased from 30% to 40%, making it easier for local authorities to undertake longer term planning and fund replacement homes using Right to Buy receipts. Furthermore on 1st April 2022 a cap was introduced on the use of Right to Buy receipts being used towards property acquisitions to help drive supply of new homes.

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 £12.961m 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.

The Capital Financing Requirement (CFR) is forecast to rise to £82.3m 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 forecast to be utilised during the MTFS is £3.0m, to fund the new build & acquisition programme alongside 1:4:1 receipts.

Projected Capital Resources

Resources to finance the proposed £80.011m Housing Investment Programme 2024/25 – 2028/29, are currently estimated to be as follows:

	£000
Major Repairs Reserve (depreciation)	51,257
Revenue Contributions to Capital Outlay (RCCO)	22,835
Capital Receipts (inc RTBs)	2,919

Borrowing	3,000
TOTAL	**80,011**

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 Safety Act & Fire Safety Act, and any new requirements arising in relation in mould/damp conditions
- Implications arising from the development of the Council's Radon Management Plan.

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 – Financial Resilience

The chartered Institute of Public Finance and Accountancy (CIPFA) defines Financial Resilience for local councils as “the ability, from a financial perspective, to respond to changes in delivery or demand without placing the organisation at risk of financial failure”. “This means having the agility and flexibility to forecast and manage both expenditure and income to meet requirements as they change while delivering a balanced budget”.

It further describes financial resilience as “the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment”.

Financial Metrics

Financial Resilience Index

CIPFA have developed a Financial Resilience Index (FRI), which 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. CIPFA’s index centres mainly on the position of Useable Reserves for councils and looks back on how these have changed. It also reviews the General Fund’s sources of income as a percentage of the Net Revenue Expenditure Requirement. The key items are shown in the following table.

CIPFA Financial Resilience Index	2021/22	Stress Compared to other Councils
Reserves Sustainability	100	
Level of Reserves/Net expenditure	88.86%	
Change In Reserves	29.89%	
Interest Payable/ Net Revenue Expenditure	27.14%	
Gross External Debt	£125.177m	
Unallocated Reserves/ Net Revenue Expenditure	15.75%	
Earmarked Reserves/ Net Revenue Expenditure	73.12%	
Change in Unallocated Reserves	18.57%	
Change in Earmarked Reserves	32.62%	
Change in HRA Reserves	65.30%	

Whilst full data is not available through the FRI and it is very much a backward-looking review, it does highlight areas of potential financial risk where additional scrutiny should take place to provide additional assurance.

Office for Local Government (Oflog)

In July 2023 the Government established a new local government performance body for England, the Office for Local Government (Oflog). The aim of which is to increase “transparency” within the sector and identify councils “at risk of potential failure”.

Its main function is to provide authoritative and accessible data as well as analysis of the performance of councils and support their improvement. It will do this by publishing data in a clear and accessible way in the new Local Authority Data Explorer.

Initially, this includes a subset of service areas for data – adult skills, adult social care, finance, and waste management. These service areas will be expanded to cover the breadth of what local authorities do, and the initial metrics are intended to be improved over time.

The finance subset is intended to provide a range of indicators of council’s financial sustainability, intended to identify early warning signs of potential serious failure and allow these to be addressed as soon as possible.

The published data for the finance subset is set out in the following table:

	Year	Lincoln	Median of Lincoln's CIPFA Nearest Neighbours	England median (Districts)
Non-ringfenced reserves as percentage of net revenue expenditure	21/22	88.90%	130.80%	146.40%
Non-ringfenced reserves as percentage of service expenditure	21/22	67.50%	96.80%	131.00%
Total core spending power per dwelling	21/22	£246.20	£246.62	£242.19
Level of Band D council tax rates	21/22	£285.39	£234.65	£192.56
Council tax revenue per dwelling	21/22	£1,079.51	£1,279.94	£1,556.44
Debt servicing as a percentage of core spending power	21/22	45.10%	31.80%	10.20%
Total debt as a percentage of core spending power	21/22	1134.20%	1201.50%	457.50%

Summary of Financial Resilience Index and Financial Metrics

Whilst both the FRI and Metrics provide comparable data on key financial sustainability measures, there are drawbacks to both on the basis that they are backward looking in nature and more importantly they do not take into account local factors/circumstances.

Nonetheless there are a number of common factors between them both that highlight:

- The level of the Council’s earmarked reserves, which are comparatively low compared to nearest neighbours/similar authorities and to all district councils.

- High levels of capital financing

- The impact of a likely above average local council tax support scheme on Council income and a relatively low council tax base

Reserves

The Oflog headline that ‘unringfenced reserves’ are below average hides two specific factors once that measure is disaggregated. The situation related to unallocated reserves appears to be more positive than the headline for ‘unringfenced reserves’ suggests.

- Earmarked reserves are defined as being kept for a specific purpose or plan. By virtue of being earmarked, they cannot contribute to covering financial shortfalls without this having an impact on previous plans; and some cannot be used for anything other than the intended purpose at all. The Council’s Earmarked reserves as at 31 March 2022 (expressed as % of net revenue expenditure) were significantly below median, as was the growth in these reserves since 31 March 2019. However, what the data does not collect is whether the earmarked reserves have specific purposes, i.e are set aside for specific items or more generic risk-based reserves.

- Unallocated reserves are normally kept to manage general financial risks and can be used flexibly. At 15.75% of 2021/22 net revenue expenditure, the level of unallocated reserves on 31 March 2022 was at the median for the CIPFA FRI nearest neighbour cohort, but below the national median of 25.1%. Since 31 March 2019, these reserves had grown much faster than the median.

- The maximum ‘reserves sustainability’ score on CIPFA FRI is due to reserves having grown. All councils whose reserves have grown over a three-year period receive this score, but this can be misleading as 81% of districts were in that position and it takes no account of what the starting level of reserves was.

Capital Financing

The CIPFA FRI only uses a cash value Gross External Debt measure to compare councils against each other. There’s no weighting by local authority size, nor does it take into account the medium-term borrowing requirements which can be teased out using the capital financing requirement (CFR) metric. Oflog focusses on CFR, calling it ‘total debt’.

- According to Oflog data, the Council’s CFR was more than 11 times its core spending power. If this measure were rebased to look at net revenue expenditure, as it is a better proxy of council budgets, encompassing more factors than the strict selection of grants within core spending power, then on this basis, the Council’s CFR is 10 times its net revenue expenditure in 2021. This is about 2.5 times higher than the national district median, but lower than the Oflog nearest neighbour cohort median.

- The CFR measure normally includes Housing Revenue Account capital financing. Stripping out the HRA element, it is estimated that the remaining CFR is 5.5 times its net revenue expenditure for 2021/22. Clearly the HRA has an impact, but stripping it out of all district councils puts the Council at nearly three times the national district median and pushes it above the nearest neighbour cohort median too.

- CIPFA FRI suggests that the Council's interest payments in 2021/22 amounted to 27.14% of its net revenue expenditure, three times the national median (the nearest neighbours used by Oflog are different so the NN ranking is not comparable). Given the differences in the size of the CFR, then higher interest payments would be expected.

Council Tax

- Oflog's data explorer identifies that the Council's Band D council tax rate in 2021/22 (£285.39) was 5th highest among the nearest neighbour group used by Oflog, outpacing the English average of £192.56 as well.

- However, despite the comparatively large Band D council tax level, council tax income per household (£149.29) is near-identical to both the national and cohort median.

- This is a signal that the Council has a weaker council taxbase than the average English district council, which means that Band D council tax has to be higher to raise the same cash amount.

- Indeed, analysis suggests that the ratio of Band D equivalent households (i.e. dwellings weighted by their Band) to unadjusted total dwellings is the lowest among the nearest neighbour cohort and significantly lower than the national median among districts too.

- This can be driven by the mix of council tax bands in the area compared to other councils, but also that, according to taxbase statistics, Lincoln was among the councils within its nearest neighbour cohort which have foregone the most council tax revenue due to local council tax support schemes. This is the case across both pensioner and working age elements, but in the case of the working age scheme where more local flexibility is afforded by regulations, the share of revenue foregone is 2.5 times the national median among districts.

As set out above while both the FRI and Oflog's data provide comparable data on key financial sustainability measures, there are backward looking and more importantly they do not take into account local factors/circumstances. Local context should be an important thread in any analysis.

Taking into account the local context, while reserve levels are considered low when compared to other local councils, the Council's level of reserves is planned, with balances held for both the General Fund and the Housing Revenue Account (HRA) being in line with prudently assessed minimum levels. While there are a range of earmarked reserves held for specific purposes there are also a significant portion, c51%, that are held as either risk-based reserves or budget stabilisation reserves and are used to manage budget risks. There is a balance to be made between money held in reserves and balances and money used for the delivery of corporate priorities. The Council's policy is to keep reserves and balances low but prudent to ensure money is not left as dormant and inaccessible for the delivery of corporate priorities.

In relation to high levels of capital financing, while the Council has an historic high level of capital financing requirement, it does adopt a prudent approach to the need to borrow and seeks to finance capital expenditure from alternative sources whether possible. In terms of the General Fund 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. In terms of the HRA, financing of new builds or acquisitions will be funded through borrowing on the basis that investments are made where projected income offsets the cost including borrowing. Over the period of the MTFS the underlying need to borrow is forecasted to reduce by £0.656m.

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

In terms of Council Tax, the Council has a low council tax base due to 80% of properties being in Band A and B, this limits the level of overall council tax that can be raised. One of the Council's five strategic priorities is "Let's reduce all kinds of inequality", maintaining a maximum entitlement to council tax support is currently a key initiative under this priority, with the Council understanding the impact this has on it's council tax raising ability.

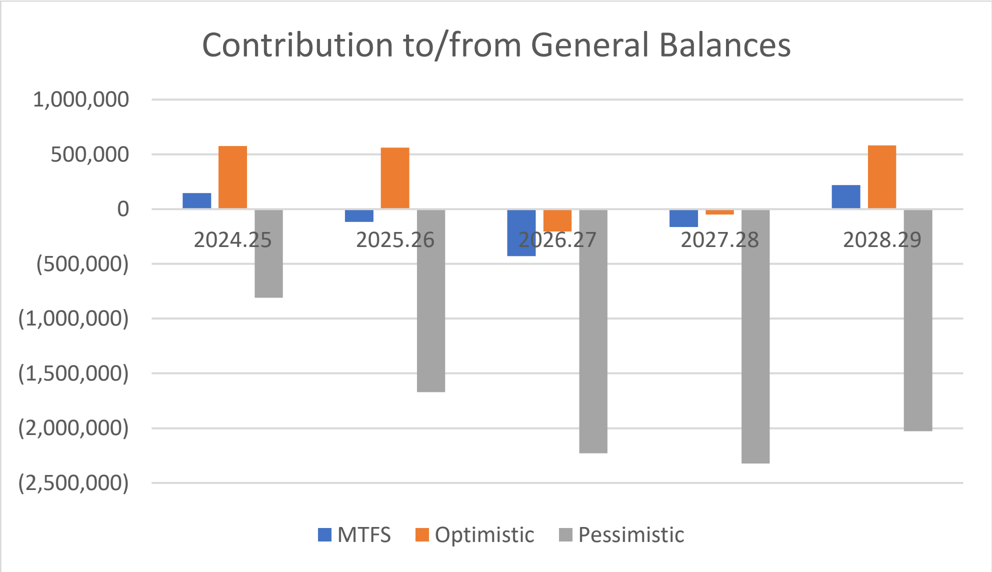
Management of Risk

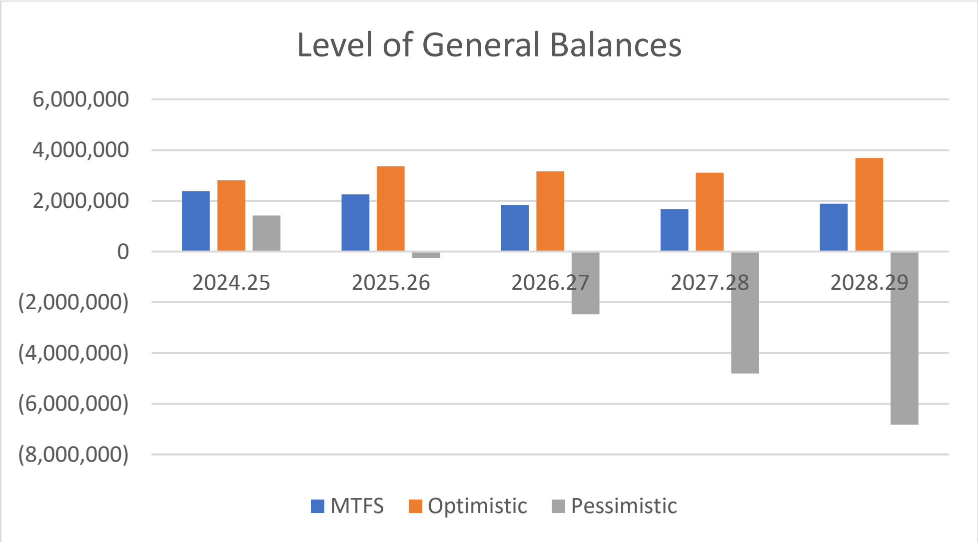
The Council has always maintained a very proactive approach to managing risk and there are effective arrangements for financial control already in place. However, as a result of the significant changes to local government funding, which saw a shift towards self –sufficiency and dependence on local funding sources, levels of volatility and risk 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 historically held.

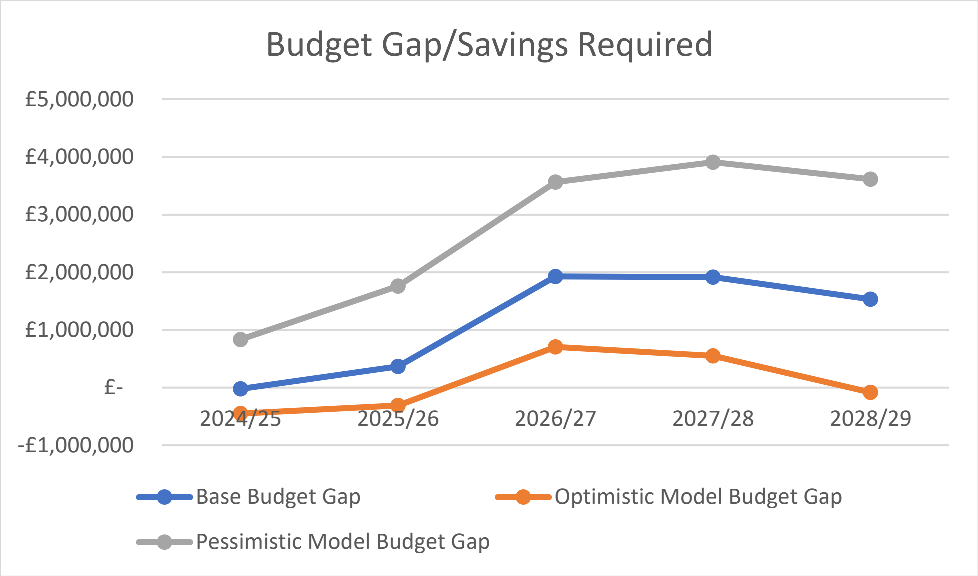
The financial risks, in Appendix 5, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. This information has been used to determine the optimum 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 from the mid-point of the of the MTFS as key service contracts and leases are due to end and new legislative service requirements are set to be introduced. These financial risks are set out in Appendix 5 and a range of mitigations are in place to reduce the potential likelihood and impact. The pessimistic scenario also assumes the business rate reset takes place in 2025/26. The optimistic scenario is based on the key assumption that the business rates reset is not progressed and the Council is able to retain it's accumulated growth. Under this scenario the level of savings required to maintain a sustainable position is significantly reduced.







In relation to the HRA, the scenario planning is undertaken over the period of the full 30-year business plan. This is based on variables to key assumptions, primarily the level of CPI which drives the rental income e.g. a 1% increase in the 2025/25 assumption of CPI at 3% equates to increased resources in the HRA of £1.3m over the 5-year period and c£22m over the 30-year period. The Business Plan model is regularly used to model new developments and investments required in the existing housing stock.

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 unforeseen and unavoidable inflationary costs arising over the past 18 months) 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.

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 secondly to cushion the impact of some of the inflationary pressures experienced over the past 18 months. Whilst the overall level of balances will still be maintained, within the prudent minimum, over the period of the MTFS there are planned uses of balances in the

General Fund of £0.116 m in 2025/26, £0.428m for 2026/27 and £0.163m for 2027/28. The higher use in 2026/27 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 2028/29 the General Fund will be in the position of making positive contributions to balances, with forecasted contributions of £0.218m in 2028/29.

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 2024/25 to 2028/29 are summarised in the table below.

	2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
General Fund	2,376	2,260	1,832	1,669	1,887
Housing Revenue Account	1,024	1,018	1,036	1,007	1,041

The overall levels of General Fund and Housing Revenue Account balances in 2028/29 are in line with 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.

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.

Appendix 1

GENERAL FUND BUDGET SUMMARY 2024/25 – 2028/29

	2024/25 Estimate £	**2025/26 Estimate £**	**2026/27 Estimate £**	**2027/28 Estimate £**	**2028/29 Estimate £**
Chief Executive & Town Clerk	4,763,510	4,823,460	5,137,760	5,231,820	5,291,150
Communities & Environmental Services	6,279,810	6,054,710	5,963,730	5,957,880	5,850,680
Major Developments	699,570	571,440	571,440	569,380	568,720
Housing & Investment	1,147,020	962,260	943,700	988,140	964,440
Corporate	1,441,300	1,480,650	1,503,660	1,528,530	1,553,700
	14,331,210	**13,892,520**	**14,120,290**	**14,275,750**	**14,228,690**
Capital Accounting Adjustment	2,631,160	2,551,000	2,297,000	2,320,000	2,381,000
Base Requirement	**16,962,370**	**16,443,520**	**16,417,290**	**16,595,750**	**16,609,690**
Specific Grants	(840,570)	(300,000)	(300,000)	(300,000)	(300,000)
Contingencies	(80,930)	(77,960)	(80,330)	(83,030)	(82,560)
Savings Targets	(125,000)	(250,000)	(1,500,000)	(1,750,000)	(1,750,000)
Transfers to/(from) earmarked reserves	(658,230)	(885,800)	(53,220)	145,330	162,150
Transfers to/(from) insurance reserve	23,210	19,330	16,740	14,630	12,470
Total Budget	**15,280,850**	**14,949,090**	**14,500,480**	**14,622,680**	**14,651,750**
Use of Balances	146,820	(116,080)	(427,870)	(162,700)	218,130
NET REQUIREMENT	**15,427,670**	**14,833,010**	**14,072,610**	**14,459,980**	**14,869,880**
Business Rates	6,971,570	6,488,620	5,439,770	5,529,900	5,644,450
Business Rates Surplus/(Deficit)	467,920	0	0	0	0
Revenue Support Grant	186,900	158,900	158,900	158,900	158,900
Council Tax Surplus/(Deficit)	(104,330)	0	0	0	0
Council Tax	7,905,610	8,185,490	8,473,940	8,771,180	9,066,530
Total Resources	**15,427,670**	**14,833,010**	**14,072,610**	**14,459,980**	**14,869,880**
Balances b/f @ 1st April	**2,228,739**	**2,375,559**	**2,259,479**	**1,831,609**	**1,668,909**
Increase/(Decrease) in Balances	146,820	(116,080)	(427,870)	(162,700)	218,130
Balances c/f @ 31st March	**2,375,559**	**2,259,479**	**1,831,609**	**1,668,909**	**1,887,039**

HOUSING REVENUE ACCOUNT SUMMARY 2024/25 – 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Income					
Gross Rental Income					
- Dwellings rents	(34,792,260)	(35,719,790)	(36,635,350)	(37,573,680	(38,535,350)
- Non-Dwelling rents	(420,800)	(433,410)	(446,410)	(459,800)	(473,590)
Charges for Services & Facilities	(665,000)	(694,460)	(714,640)	(734,940)	(754,640)
Repairs Account Income	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
General Income	(807,670)	(764,100)	(775,010)	(769,750)	(761,030)
Special Income	(75,340)	3,870	5,710	6,870	7,700
Contributions towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Income	**(36,879,070)**	**(37,725,890)**	**(38,683,700)**	**(39,649,300)**	**(40,634,910)**
Expenditure					
Repairs Account Expenditure	11,729,140	11,967,030	12,172,260	12,410,810	12,671,830
Supervision & Management - General:	7,440,550	7,589,300	7,731,610	7,873,640	8,009,050
Supervision & Management – Special:	2,118,860	2,141,710	2,129,200	2,162,530	2,193,910
Contingencies	311,650	311,440	311,960	312,110	312,340
Rents, Rates and Other Premises	861,310	879,000	896,840	915,230	929,960
Insurance Claims Contingency	439,020	350,240	358,070	366,080	374,260
Depreciation of Fixed Assets	8,198,000	8,198,000	8,198,000	8,198,000	8,198,000
Debt Management Expenses	-	-	-	-	-
Increase in Bad Debt Provisions	250,980	251,450	252,090	252,760	259,370
Total Expenditure	**31,349,510**	**31,688,170**	**32,050,030**	**32,491,160**	**32,948,720**
Net cost of service	**(5,529,560)**	**(6,037,720)**	**(6,633,670)**	**(7,158,140)**	**(7,686,190)**
Loan Charges Interest	2,331,440	2,452,260	2,451,770	2,631,310	2,692,600
- Investment Interest	(427,920)	(311,650)	(281,130)	(372,530)	(410,400)
- Mortgages Interest	0	0	0	0	0
Surplus on HRA for the year	**(3,626,040)**	**(3,897,110)**	**(4,463,030)**	**(4,899,360)**	**(5,403,990)**
Revenue Contributions to Capital Outlay	3,423,150	3,798,150	4,348,150	4,838,150	5,288,150
Contribs to/(from) Reserves:					
- Insurance Reserve	(39,020)	49,760	41,930	33,920	25,740
- Invest To Save Reserve	(1,260)	0	0	0	0
- HRA I.T. Reserve	335,000	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	10,930	11,260	11,600	11,950	12,310
- Tenant Satisfaction Measures	(10,540)	0	0	0	0
(Surplus)/deficit in year	**101,220**	**6,060**	**(17,350)**	**28,660**	**(33,790)**
Balance b/f at 1 April	(1,125,517)	(1,024,297)	(1,018,237)	(1,035,587)	(1,006,927)

Balance c/f at 31 March	**(1,024,297)**	**(1,018,237)**	**(1,035,587)**	**(1,006,927)**	**(1,040,717)**

GENERAL INVESTMENT PROGRAMME - 2024/25 to 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Expenditure Programme					
Chief Executives	2,813,699	211,910	200,000	200,000	200,000
Directorate of Communities and Environmental Services	2,600,027	851,990	851,990	851,990	851,990
Directorate of Major Developments	8,272,630	6,274,052	0	0	0
Directorate of Housing	298,152	0	0	0	0
Externally Delivered Town Deal Schemes	3,541,172	224,995	0	0	0
Total Programme Expenditure	**17,525,680**	**7,562,947**	**1,051,990**	**1,051,990**	**1,051,990**
Capital Funding					
Contributions from Revenue					
Opening balance	121,158	(0)	(0)	(0)	(0)
Received in year	0	0	0	0	0
Used in financing	(121,158)	0	0	0	0
Closing balance	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
Capital receipts					
Opening balance	1,662,560	1,662,560	3,135,166	3,135,166	3,135,166
Received in year	1,112,232	13,346,772	0	0	0
Used in financing	(1,112,232)	(6,214,832)	0	0	0
Used to repay temporary borrowing	0	(5,659,334)	0	0	0
Used to reduce the CFR	0	0	0	0	0
Closing balance	**1,662,560**	**3,135,166**	**3,135,166**	**3,135,166**	**3,135,166**
Grants & contributions					
Opening balance	6,726,613	284,215	(0)	(0)	(0)
Received in year	3,574,146	861,868	851,990	851,990	851,990
Used in financing	(10,016,544)	(1,146,083)	(851,990)	(851,990)	(851,990)
Closing balance	**284,215**	**(0)**	**(0)**	**(0)**	**(0)**
Unsupported borrowing					
Opening balance	0	0	0	0	0
Received in year	6,275,746	202,032	200,000	200,000	200,000
Used in financing	(6,275,746)	(202,032)	(200,000)	(200,000)	(200,000)
Closing balance	0	0	0	0	0
Total Capital Funding Utilised	**(17,525,680)**	**(7,562,947)**	**(1,051,990)**	**(1,051,990)**	**(1,051,990)**
Available Resources c/f	**1,946,775**	**3,135,166**	**3,135,166**	**3,135,166**	**3,135,166**

HOUSING INVESTMENT PROGRAMME - 2024/25 - 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Capital Programme					
Decent Homes	13,602,996	12,006,087	11,350,574	10,958,433	9,168,806
Health & Safety	509,465	526,088	593,543	611,870	611,870
New build programme	4,069,257	1,076,507	1,048,850	1,051,293	1,052,320
Lincoln Standard	286,450	300,773	315,811	331,602	331,602
IT/Infrastructure	0	0	115,299	121,064	0
Other	2,574,577	2,045,854	1,409,696	1,780,961	2,159,428
Total Programme Expenditure	21,042,745	15,955,309	14,833,773	14,855,223	13,324,026
Capital funding					
Major Repairs Reserve					
Opening balance	22,518,411	15,615,661	13,170,197	12,447,608	12,396,011
Depreciation received in year	8,198,533	8,198,533	8,198,533	8,198,533	8,198,533
Depreciation used in financing	(13,602,996)	(12,006,087)	(10,183,113)	(7,732,349)	(7,732,350)
RCCO received in year	3,432,150	3,798,150	4,348,150	4,838,150	5,288,150
RCCO used in financing	(5,721,180)	(2,901,330)	(3,601,809)	(6,071,581)	(4,539,355)
Closing balance	14,815,648	11,904,914	10,666,675	9,899,428	11,114,405
Capital receipts					
Opening balance	2,703,539	3,710,850	4,727,764	5,754,368	6,799,610
Received in year	1,054,264	1,064,806	1,075,454	1,096,534	1,096,547
Used in financing	(46,953)	(47,892)	(48,850)	(51,293)	(52,320)
Closing balance	3,710,850	4,727,764	5,754,368	6,799,610	7,843,837
1-4-1 receipts					
Opening balance	4,801,649	5,156,558	6,234,043	7,353,614	8,536,093
Received in year	1,426,525	1,477,486	1,529,570	1,572,479	1,567,167
Used in financing	(1,071,617)	(400,000)	(400,000)	(400,000)	(400,000)
Closing balance	5,156,558	6,234,043	7,363,614	8,536,093	9,703,260
Grants & contributions					
Opening balance	0	0	0	0	0
Grants & contribs 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	0	0	0	0	0
Borrowing taken in year	600,000	600,000	600,000	600,000	600,000
Used in financing	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Closing balance	0	0	0	0	0
Total Capital Funding Utilised	(21,042,745)	(15,955,309)	(14,833,773)	(14,855,223)	(13,324,026)
Available Resources c/f	**23,683,056**	**22,866,722**	**23,784,657**	**25,235,130**	**28,661,501**

Appendix 5

BUDGET RISK ASSESSMENT

No.	Budget Item	Risk	2023/24	2024/25-2027/28	Containment
			Risk Score	**Risk Score**	
1	Capital Expenditure	Project slippage Inflationary impacts/increased costs materials and labour 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 and regularly updated • 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. • Effective contract mgmt.
2	Income from Fees & Charges/ Rents: • Car Parking	Reduction in the usage of the service/activity levels due to	**Total Score: 12**	**Total Score: 12**	• Car Parking Strategy to be refreshed.

BUDGET RISK ASSESSMENT

	• Crematorium / Cemeteries • Development Control • Building Control • Land Charges • Control Centre • Lincoln Properties • Industrial Estates • Central Market	economic factors and cost of living crisis 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	Likelihood: 4 Impact: 3	Likelihood: 4 Impact: 3	• Regular monitoring statements for major income sources which are reported monthly to Corporate Management Team. • 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	Demand for services	Impact of cost-of-living crisis on service demands, e.g. homelessness (temp accommodation), revenues and benefits, customer services, council housing etc – also affected by national housing crisis and shortage of affordable homes The increase in property numbers and development of	**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 e.g. LAHF • 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

BUDGET RISK ASSESSMENT

		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. Impact on City Council services arising from Govt Migration policy, including large sites and dispersal programmes.			• 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. • Council house new build schemes to increase supply of affordable housing. • 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 implemented, including delivery of Government initiatives. • Continue to lobby Government, alongside other LA's, in respect of costs of and funding for temporary accommodation. • Continue to work alongside other LA's to seek funding agreement for impact of large asylum sites close to the City.
4	General Budget Assumptions	CPI and RPI inflation exceed rates assumed in the budget Actual establishment exceeds 99% Implications from Government Policy in response to economic factors	Total Score: 9 Likelihood: 3 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 reviewed 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.

BUDGET RISK ASSESSMENT

		Increased pension contributions as a result of triennial valuation (next valuation in 2025) Pay inflation exceeds rates assumed in the budget			• Produce regular budget monitoring reports – report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • 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
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 Failure of contractor i.e. contractor goes into liquidation. Increased demands due to high levels of voids. Impact of rising costs from damp and mould repairs Increase in disrepair claims.	**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. • Property standards and operating standards updated in 2023 in respect of damp/mould.

BUDGET RISK ASSESSMENT

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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, 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 2026/27	**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, 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 Investment Requirements	Implications arising from updated Decent Homes Standard as determined by Govt	Total Score: 9 Likelihood: 3 Impact: 3	Total Score: 12 Likelihood: 3 Impact: 4	• Assessment of new Decent Homes Standards when published. • Revised Lincoln Standard to be developed in 2024.

BUDGET RISK ASSESSMENT

		along with refresh of Lincoln Standard. Implications arising from Building & Fire Safety Acts. Any implications arising from Awaabs Law – new damp and mould regulations. Implications arising from the Council's net zero carbon 2030 commitment. Necessity to undertake any remedial works as a result of the development of a Radon Management Plan.			• Assessment of Building and Fire Safety implications – recruited new specialist fire safety expertise. • Assessment of Awaab's Law. • Fire Safety assessments of stock (excluding Tower Blocks which are complete) in progress. • Latest stock condition surveys used to develop new 30-year Housing Business Plan • Retrofit assessment of housing stock to be undertaken • Strategy for developing Net Carbon Neutral to be developed • Seek and identify alternative funding sources and models and make appropriate grant applications for decarbonisation works. • New HRA Business Plan for 2024- 2054 in place and MTFS updated. • Use of collaborative contracts/framework agreements where possible. • Significant surpluses and available resources within Housing Business Plan. • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises.
8	Housing Rents and Property Voids	Increased arrears due to impact of cost-of-living crisis and the rent increase on household incomes	**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

BUDGET RISK ASSESSMENT

		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 resourcing /contractor issues in HRS). CPI inflation less than budgeted rate (from 2025/26) – reducing rental income Impact of future interventions by Govt to alter Social Rent Policy, particularly any rent caps and future policy direction beyond 2025.			• 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 • Maintain new 30-year Business Plan to ensure it is up to date with latest MTFS/Outturn position. • Continual monitoring of arrears and void positions. • Consideration to be given to re-establishing Housing Rents Hardship Fund if needed • 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 • Investment in tenancy sustainment officers • New subcontractors engaged to support the void process • Respond to future consultations on social rent policy.
9	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	**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 2024/25 • 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

BUDGET RISK ASSESSMENT

		Increased investment required in natural assets. Impact of works on income and service delivery.			• 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 • Explore CAT or other alternative lease/MOU arrangements to transfer assets to the third sector. • Assessments of impact of RAAC undertaken, with no required remediation.
10	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 Impact of a new Parliament and policy direction and/or public sector expenditure restraint.	**Total Score: 6** **Likelihood: 2** **Impact: 3**	**Total Score: 12** **Likelihood: 3** **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.

BUDGET RISK ASSESSMENT

11	Capital Financing - Long Term Borrowing	Balances unavailable for internal borrowing (particularly due to under borrowing against CFR and reducing cash balances post Covid schemes funded in advance from Government and with large capital underway with deferred receipts receivable) External borrowing costs above interest rates in MTFS	**Total Score: 9** Likelihood: 3 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 • 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.
12	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: 9 Likelihood: 3 Impact: 3	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 for subsidy reimbursement. • 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 – see service demands re affordable housing and interventions to be undertaken • MTFS budgets refreshed to reflect increased demand.

Appendix 5

BUDGET RISK ASSESSMENT

		Accommodation which is capped at LHA levels.			
13	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 – Collection rates/bad debt provisions – Increase in LCTS caseload or reduction not as anticipated. – Referendum rate of CT increases below budgeted rate	**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 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 2024/25. • Council Tax Hardship Fund in place. • Consider potential arising from new legislation allowing 100% CT premiums on second homes.
14	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	**Total Score: 6** **Likelihood: 3** **Impact: 2**	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

BUDGET RISK ASSESSMENT

		Impact of major sources of income not being received when expected – particularly given level of under borrowing and number of large capital schemes to cash flow.			• 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
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	• Existing TFS programme to be delviered • TFS remains a priority in Vision 2025 and will be key to Vision 2030 development • Report Quarterly to Programme Board (CMT) and quarterly to Executive and Performance Scrutiny Committee • Further work to be undertaken to develop programme of reviews beyond 2024/25 and to achieve higher savings targets, initial work has commenced.
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.

Appendix 5

BUDGET RISK ASSESSMENT

		Increase in borrowing costs (covered in separate risk – see no. 11) Reductions in grant funding (covered in separate risk – see no.10).			• 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	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: 4** **Likelihood: 2** **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
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: 12** **Likelihood: 4** **Impact: 4**	• 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.

BUDGET RISK ASSESSMENT

					• Work with contractors to implement new requirements.
19	Key Service Delivery Contracts	Increase in cost of Waste Collection, Street Cleansing and Grounds Maintenance contracts which are due for renewal in 2026	**Total Score: 2** Likelihood: 1 Impact: 1	**Total Score: 12** Likelihood: 3 Impact: 4	• Project Management in place • Extensive work undertaken on design of specifications and management of expectations • Pre-market engagement undertaken • Sufficient lead in time allowed (prices will be known Spring 2024).
20	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: 4** Likelihood: 2 Impact: 2	• 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 reduction in some grant funding beyond 2024/25

Appendix 6

GENERAL FUND EARMARKED RESERVES FORECAST 2023/24 – 2028/29

Description	Balance @ 31.03.24	Balance @ 31.03.25	Balance @ 31.03.26	Balance @ 31.03.27	Balance @ 31.03.28	Balance @ 31.03.29
Carry Forwards	404,200	312,590	312,590	312,590	312,590	312,590
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	105,970	125,970	145,970	165,970	185,970	205,970
Business Rates Volatility	916,240	969,130	969,130	969,130	969,130	969,130
Christmas Decorations	13,870	13,870	13,870	13,870	13,870	13,870
City Hall Improvement Works	50,000	50,000	50,000	50,000	50,000	50,000
City Hall Sinking Fund	60,460	60,460	60,460	60,460	60,460	60,460
Commons Parking	13,120	13,120	13,120	13,120	13,120	13,120
Corporate Maintenance	100,000	100,000	100,000	100,000	100,000	100,000
Corporate Training	47,300	47,300	47,300	47,300	47,300	47,300
Council Tax Hardship Fund	150	150	150	150	150	150
Covid-19 Recovery	1,047,230	847,230	0	0	0	0
Covid-19 Response	353,650	353,650	200,890	0	0	0
Electric Van replacement	31,050	35,480	39,910	44,340	48,770	53,200
HiMO CPN Appeals	111,770	111,770	111,770	111,770	111,770	111,770
Grants & Contributions	1,394,880	1,058,880	973,400	909,400	846,580	846,580
Income Volatility Reserve	320,000	150,000	150,000	150,000	150,000	150,000
Inflation Volatility Reserve	466,190	466,190	466,190	466,190	466,190	466,190
Invest to Save	349,720	349,720	349,720	349,720	349,720	349,720
IT Reserve	349,070	414,070	479,070	544,070	609,070	674,070
Lincoln Lottery	8,790	8,790	8,790	8,790	8,790	8,790
Mayoral Car	7,100	7,100	7,100	7,100	7,100	7,100
MSCP & Bus Station Sinking Fund	195,160	242,030	289,840	338,610	388,360	439,110
Private Sector Stock Condition Survey	3,460	15,460	27,460	39,460	51,460	3,460
Professional Trainee Scheme	90,000	90,000	90,000	90,000	90,000	90,000
Residents Parking Scheme	0	4,730	22,070	34,300	41,270	61,240
Revenues & Benefits Community Fund	54,180	54,180	54,180	54,180	54,180	54,180
Section 106 interest	31,570	31,570	31,570	31,570	31,570	31,570
Staff Wellbeing	28,260	28,260	28,260	28,260	28,260	28,260
Tank Memorial	10,000	10,000	10,000	10,000	10,000	10,000
Tree Risk Assessment	94,620	86,020	76,920	80,740	80,740	80,740
Unused DRF	155,120	33,960	33,960	33,960	33,960	33,960
Vision 2025/2030	290,370	303,580	295,780	291,200	291,200	291,200
TOTAL GENERAL FUND	**7,407,530**	**6,749,290**	**5,863,500**	**5,810,280**	**5,955,610**	**6,117,760**

HOUSING REVENUE ACCOUNT EARMARKED RESERVES FORECAST 2023/24 to 2028/29

Description	**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 £**	**Forecast Balance 31.03.29 £**
Capital Fees Equalisation	110,030	110,030	110,030	110,030	110,030	110,030
De Wint Court Reserve	73,480	73,480	73,480	73,480	73,480	73,480
De Wint Court Sinking Fund	29,530	40,460	51,720	63,320	75,270	87,580
Disrepairs Management	300,000	300,000	300,000	300,000	300,000	300,000
Housing Business Plan	34,620	34,620	34,620	34,620	34,620	34,620
Housing Repairs Service	137,140	137,140	137,140	137,140	137,140	137,140
HRA IT	170,000	505,000	540,000	575,000	610,000	645,000
HRA Repairs Account	1,350,760	1,350,760	1,350,760	1,350,760	1,350,760	1,350,760
HRA Strategic Priority Reserve	763,840	763,840	763,840	763,840	763,840	763,840
HRA Invest to Save	376,780	375,520	375,520	375,520	375,520	375,520
RSAP/NSAP Sinking Fund	18,000	27,000	36,000	45,000	54,000	63,000
Strategic Growth Reserve (WGC)	4,870	4,870	4,870	4,870	4,870	4,870
Tenant Satisfaction Survey	30,830	20,290	20,290	20,290	20,290	20,290
TOTAL HOUSING REVENUE ACCOUNT	**3,399,880**	**3,743,010**	**3,798,270**	**3,853,870**	**3,909,820**	**3,966,130**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
GUILDHALL				
ROOM HIRE:				
Guildhall Room Hire Fee	218.40	218.40	**218.40**	
Private & Specialist Tours (Charge per person)				
- Classification 1 (minimum booking of 10 people) *				
Monday to Saturday 60-90 minutes	5.60	5.60	**5.60**	**inc VAT**
Monday to Saturday 120-180 minutes	9.90	9.90	**9.90**	**inc VAT**
- Classification 2 (minimum booking for 15 people)**				
Monday to Sunday 60-90 minutes	8.20	8.20	**8.20**	**inc VAT**
Monday to Sunday 120-180 minutes	8.60	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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
CITY HALL				
ROOM HIRE:				
Charities & organisations with Council representation (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	37.00	39.00	**40.00**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	26.00	27.50	**28.50**	**inc VAT**
Lincs non-profit making organisations (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	62.00	65.50	**67.50**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	37.00	39.00	**40.00**	**inc VAT**
Other users including Government and Court use (per half day)				
- City Hall (Large Committee rooms, 1 and 2)	145.00	152.50	**157.00**	**inc VAT**
- City Hall (Small Committee rooms, 3 and 4)	98.00	103.00	**106.00**	**inc VAT**
Supplement for evening use	50%	50%	**50%**	
Drinks (per delegate per half day)	3.00	3.20	**3.30**	**inc VAT**
Cancellation Fee	12.00	12.50	**13.00**	
COMMITTEE SERVICES				
- Supplying a copy of or extract from a document (excluding site plans or planning decision notices) (plus postage)	8.20	8.60	**8.90**	**inc VAT**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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	**10.00**
- per 1000 names, or part	2.00	2.00	**2.00**
Data			
- initial fee	10.00	10.00	**10.00**
- per 1000 names, or part	1.00	1.00	**1.00**
- Copies of Candidate's Expenses (per side)	0.20	0.20	**0.20**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	

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

HACKNEY CARRIAGES

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
- Vehicle Licence/Renewal (one year)	137.00	149.00	**154.00**	
- Plates Deposit (refundable)	13.00	13.00	**13.00**	
- Replacement Plate(s)	16.00	20.00	**20.00**	
-Test Certificate admin fee	17.00	19.00	**20.00**	
- Change of Vehicle/HV/Reg	70.00	75.00	**77.00**	
-Change of Owner (Previously in above)	46.00	51.00	**53.00**	
- Driver Licence (one year)	129.00	139.00	**141.00**	
- Driver Licence (three year)	229.00	257.00	**263.00**	
- Drivers Knowledge Test	37.00	41.00	**40.00**	
-DBS check (enhanced)	40.00	Recharged at cost	**Recharged at cost**	
-DBS check (standard)	23.00	Recharged at cost	**Recharged at cost**	
-DVLA Check	3.00	Recharged at cost	**Recharged at cost**	**plus VAT**
-DVLA Check - (Non UK driving licences)	15.00	Recharged at cost	**Recharged at cost**	**plus VAT**
- Badge Deposit (refundable)	6.00	6.00	**6.00**	
- Badge Replacement (previously in above)	8.00	15.00	**15.00**	

PRIVATE HIRE

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
- Vehicle Licence/Renewal (one year)	113.00	122.00	**125.00**	
- Plates Deposit (refundable)	13.00	13.00	**13.00**	
- Replacement Plate(s)	16.00	20.00	**20.00**	
-Test Certificate admin fee	17.00	19.00	**20.00**	
- Change of Vehicle/Operator/HV/Reg	70.00	75.00	**77.00**	
-Change of Owner (Previously in above)	46.00	51.00	**53.00**	
- Driver Licence (one year)	95.00	106.00	**112.00**	
- Driver Licence (three year)	195.00	228.00	**242.00**	
- Drivers Knowledge Test	37.00	41.00	**40.00**	
-DBS check (enhanced)	40.00	Recharged at cost	**Recharged at cost**	
-DBS check (standard)	23.00	Recharged at cost	**Recharged at cost**	
-DVLA Check	3.00	Recharged at cost	**Recharged at cost**	**plus VAT**
-DVLA Check - (Non UK driving licences)	15.00	Recharged at cost	**Recharged at cost**	**plus VAT**
- Badge Deposit (refundable)	6.00	6.00	**6.00**	
- Badge Replacement (previously in above)	8.00	15.00	**15.00**	
- Operators Licence (five years) 10 Vehicles or More	1,071.00	1,171.00	**1,214.00**	
- Operators Licence (five years) less than 10 Vehicles	347.00	381.00	**403.00**	

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
LICENCES AND CERTIFICATES				
Dangerous Wild Animals	488.00	523.00	**573.00**	
Dangerous Wild Animals Renewal	201.00	220.00	**245.00**	
Horse Registration Fee	62.00	68.00	**72.00**	
Sex Establishment New Licence Application Fee	504.00	539.00	**557.00**	
Sex Establishment New Licence Issue Fee	209.00	229.00	**236.00**	
Sex Establishment Renewal Application Fee	201.00	220.00	**226.00**	
Sex Establishment Renewal Issue Fee	186.00	203.00	**207.00**	
Sex Establishment Transfer Application Fee	85.00	93.00	**94.00**	
Sex Establishment Transfer Issue Fee	201.00	220.00	**226.00**	
Sex Establishment Variation Application Fee	349.00	370.00	**378.00**	
Sex Establishment Variation Issue Fee	31.00	34.00	**38.00**	
STREET TRADING				
Street Trading Consent - Initial Application				
- Initial Administration Fee	318.00	336.00	**366.00**	
- Initial Annual Consent Fee	31.00	34.00	**35.00**	
Renewal Consent Fee				
- Renewable Annual Administration Fee	31.00	34.00	**38.00**	
- Renewable Annual Consent Fee	31.00	34.00	**35.00**	
ANIMAL ACTIVITIES LICENCE				
Animal Activities Licence	300.00	315.00	**325.00**	plus Vet Fees
Request Re-Inspection for Star Review	130.00	137.00	**142.00**	
Requesting Variation of the Licence	118.00	124.00	**128.00**	
Performing Animals Licence*	255.00	268.00	**276.00**	plus Vet Fees

* 10% Discount for Charities

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
LICENCES AND CERTIFICATES			
Scrap Metal Dealers & Motor Salvage Operators			
New Application	948.00	1,016.00	**1,056.00**
Site Renewal	743.00	813.00	**848.00**
Collectors Licence	271.00	288.00	**302.00**
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	313.00	**352.00**
- Refund In Year 2**	129.00	144.00	**163.00**
- In Year 3	15.00	15.00	**15.00**
Add a Site			
- In Year 1	511.00	542.00	**566.00**
- In Year 2	344.00	372.00	**377.00**
- In Year 3	201.00	203.00	**189.00**
Collectors Licence to Site Licence			
- In Year 1	630.00	688.00	**708.00**
- In Year 2	497.00	535.00	**538.00**
- In Year 3	351.00	383.00	**369.00**
Site Licence to Collectors Licence			
- Refund In Year 1**	13.00	25.00	**50.00**
- In Year 2**	142.00	144.00	**139.00**
- In Year 3	271.00	288.00	**302.00**
Surrender Collectors Licence			
- Refund In Year 1**	124.00	135.00	**151.00**
- Refund In Year 2**	62.00	68.00	**75.00**

**** This is a Refund**

CORPORATE ISSUES- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
GAMBLING ACT - PERMIT FEES			
FEC Gaming Machine -			
- Application Fee	300.00	300.00	**300.00**
- Renewal 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 2 or less 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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

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	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

SERVICE : **LICENSING (DCE)**

NOT SUBJECT TO VAT UNLESS STATED IN END COLUMN

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
INTERMENTS				
Child up to sixteen years	No Charge	No Charge	**No Charge**	
Person over sixteen years	1,210.00	1,270.00	**1,310.00**	
Preparation for Exhumation	2,260.00	2,375.00	**2,450.00**	
Grave Purchase (50 Year Lease)**	1,180.00	1,240.00	**1,280.00**	
Grave Purchase (Baby)	310.00	325.00	**335.00**	
Interments of cremated remains:				
- From Lincoln Crematorium*	90.00	95.00	**100.00**	
- From Other Crematorium*	125.00	135.00	**140.00**	
Preparation for Exhumation of Ashes	320.00	340.00	**350.00**	
Cremation Plot Purchase	310.00	320.00	**335.00**	
Body Parts/blocks/slides*	78.00	82.00	**85.00**	
MONUMENTS, GRAVE STONES, TABLETS & INSCRIPTIONS				
Monumental Mason Headstone	120.00	125.00	**130.00**	**inc VAT**
MISCELLANEOUS				
Levelling and re-turfing of graves	51.00	54.00	**55.00**	**inc VAT**
Burial records search fee where appropriate	6.00	7.00	**7.50**	**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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
INTERMENTS			
Child up to sixteen years	No Charge	No Charge	**No Charge**
Person over sixteen years			
- Resident	780.00	820.00	**845.00**
- Non-resident	1,560.00	1,640.00	**1,690.00**
Interments of cremated remains			
- From Lincoln Crematorium *	110.00	115.00	**120.00**
- From Other Crematorium *	135.00	145.00	**150.00**
PURCHASE OF GRAVE PLOT			
Grave Purchase (50 Year Lease) **			
- Resident	680.00	715.00	**735.00**
- Non-resident	1,360.00	1,430.00	**1,470.00**
Grave Purchase (Baby)			
- Resident	165.00	175.00	**180.00**
- Non-resident	330.00	350.00	**360.00**
Cremation Plot Purchase			
- Resident	165.00	175.00	**180.00**
- Non-resident	330.00	350.00	**360.00**

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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 01/04/22 - 30/11/22 £	PREVIOUS 2022/23 01/12/22 - 31/03/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
CREMATION FEES					
Body Parts/Slides/Blocks	85.00	95.00	98.00	**100.00**	
Child up to sixteen years	No Charge	No Charge	No Charge	**No Charge**	
Person over sixteen years	830.00	935.00	960.00	**990.00**	
(Fee inclusive of Urn, Medical Refs Fee & Cremation Certificate)					
Early Start Service (9:00 - 9:20 & 9:30 - 9:50 Monday to Friday)				**650.00**	
Charge for non-city residents :					
Person over sixteen years	830.00	935.00	960.00	**990.00**	
(Fee inclusive of Urn, Medical Refs Fee & Cremation Certificate)					
Service Extension (20 min period)	190.00	215.00	220.00	**225.00**	
MEMORIALS AND INSCRIPTIONS					
Book of Remembrance					
2 Lines	105.00	105.00	115.00	**120.00**	**inc VAT**
5 Lines	135.00	135.00	145.00	**150.00**	**inc VAT**
8 Lines	165.00	165.00	175.00	**180.00**	**inc VAT**
Miniature Books					
2 Lines	115.00	115.00	125.00	**130.00**	**inc VAT**
5 Lines	125.00	125.00	135.00	**140.00**	**inc VAT**
8 lines	140.00	140.00	150.00	**155.00**	**inc VAT**
Remembrance cards					
2 Lines	70.00	70.00	75.00	**80.00**	**inc VAT**
5 Lines	80.00	80.00	85.00	**90.00**	**inc VAT**
8 Lines	95.00	95.00	100.00	**105.00**	**inc VAT**
Additional lines to existing books and cards per line	19.60	19.60	20.00	**21.00**	**inc VAT**
MISCELLANEOUS CHARGES					
- Caskets	59.00	59.00	62.00	**65.00**	
- Extract from Register of Cremations	12.00	12.00	13.00	**14.00**	
Memorial Service (when space available)	380.00	380.00	400.00	**420.00**	
DEPOSIT OF ASHES					
- Temporary deposit of ashes per month after one month	16.00	16.00	17.00	**17.50**	
- For burying of ashes in Garden of Remembrance where cremation carried out at other crematorium	100.00	100.00	105.00	**110.00**	**inc VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	**CURRENT 2023/24 £**	**PROPOSED 2024/25 £**	
MEMORIAL GARDEN				
Wall Tablet (10 year lease)	250.00	262.50	**270.83**	**plus VAT**
Bench Tablet (10 year lease)	341.67	358.34	**370.83**	**plus VAT**
Kerb Tablet (10 year lease)	366.67	383.34	**395.83**	**plus VAT**
Vault Tablet (20 year lease)	816.67	858.34	**883.33**	**plus VAT**
Designer images on plaques - from	125.00	133.34	**137.50**	**plus VAT**
Ceramic Photo Plaques				
4cm x 3cm	116.67	125.00	**129.17**	**plus VAT**
7cm x 5cm	158.33	166.67	**175.00**	**plus VAT**
Renewal of Wall Tablet (10 year lease)	150.00	158.34	**162.50**	**plus VAT**
Renewal of Bench Tablet (10 year lease)	233.33	245.84	**254.17**	**plus VAT**
Renewal of Kerb Tablet (10 year lease)	250.00	262.50	**270.83**	**plus VAT**

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £		
BREAVEMENT SERVICES					
Witnessed scattering in the Garden of Remembrance			**20.00**		
Witnessed burial in the Garden of Remembrance	32.00	35.00	**36.00**		
Direct Cremation Service	495.00	520.00	**535.00**		
Change of fees for a memorial permit to make it a clear price	120.00	125.00	**130.00**		
Extra Cremated Remains Bio Box			**10.00**		
WESLEY SYSTEM					
Audio recording supplied on CD - 1st Copy	62.00	65.00	**70.00**		**inc VAT**
Audio recording supplied on CD - subsequent copies	30.00	32.00	**35.00**		**inc VAT**
Video recording supplied on DVD - 1st copy	62.00	65.00	**70.00**		**inc VAT**
Video recording supplied on DVD - subsequent copies	30.00	32.00	**35.00**		**inc VAT**
Video recording supplied on download	30.00	30.00	**30.00**		**inc VAT**
VISUAL TRIBUTES					
Visual tribute - 1 photograph	26.00	27.00	**28.00**		**inc VAT**
Visual tribute - 2-5 photographs	36.00	38.00	**40.00**		**inc VAT**
Visual tribute - 6-10 photographs	47.00	50.00	**52.00**		**inc VAT**
Visual tribute – 10+ photographs subsequent per photograph)	3.00	3.00	**3.00**		**inc VAT**
Video tribute - up to 2 minutes	36.00	38.00	**40.00**		**inc VAT**
Video tribute - over 2 minutes to 5 minutes	47.00	50.00	**52.00**		**inc VAT**
DVD containing the tribute - 1st copy	36.00	38.00	**40.00**		**inc VAT**
DVD containing the tribute - subsequent copies	30.00	32.00	**33.00**		**inc VAT**
Tribute embedded into video of the service	82.00	86.00	**90.00**		**inc VAT**
WEBCASTING					
Webcasting of Service	62.00	65.00	**70.00**		**inc VAT**
MEMORIAL TREE					
Memorial Leaf (Name Only)*	162.50	170.84	**175.00**	**plus VAT**	
Memorial Leaf (Name & Inscription)*	187.50	195.84	**200.00**	**plus VAT**	

*Subject to a 10 year lease

ENVIRONMENT- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
LICENCES, CERTIFICATES AND AUTHORISATIONS			
Food Certificates			
- Condemned food	45.40	48.50	**50.00**
(No charge for single items)			
- Consignments for Export	80.00	85.50	**88.10**
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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
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	175.00	187.30	**193.00**	
- Persons	34.00	36.50	**38.00**	
Re-issue of Skin Piercers Registration Certificate	16.00	30.00	**30.00**	

* 10% discount for registered charities

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
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)	13.20	13.90	**14.50**	**inc VAT**
- Acceptance of, for Destruction	88.50	93.00	**96.00**	
OTHER				
Provision of Information				
- Photograph (Each additional photo £1.30)	14.80	15.80	**17.00**	**inc VAT**
- Documents	13.50	14.50	**15.00**	**inc VAT**
- Factual Statement & Report of Investigations	147.80	158.00	**165.00**	**inc VAT**
- Food Safety Act Register (25 entries or part)	5.20	5.50	**6.00**	**inc VAT**
- Information on Former Use of Land (Charge per hour, or part thereof)	90.00	94.50	**98.00**	
- Provision of Information - Outstanding Notices Administration Charge	45.00	47.30	**48.72**	
- Default Works (incl Intruder Alarm Disconnection)	Cost + 10%	Cost + 10%	**Cost + 10%**	
Safer Food Better Business Management System	7.00	10.00	**10.30**	
Safer Food Better Business Daily Diary	5.00	7.00	**7.50**	
Re-inspection of Food Business	160.00	171.50	**180.00**	
- Graffiti Busting per hour	46.40	48.70	**50.20**	**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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
ENFORCEMENT OFFICER				
Fixed Penalty Notices				
- Littering	75.00	75.00	**150.00**	**Discount of £50 if paid within 10 days**
- Dog Fouling	50.00	50.00	**50.00**	
- Breach of Community Protection	75.00	75.00	**75.00**	**Discount of £25 if paid within 10 days**
- Breach of a Public Space Protection Order	75.00	75.00	**75.00**	**Discount of £25 if paid within 10 days**
- Breach of S46 Notice (Presentation of Waste)	75.00	75.00	**75.00**	**Discount of £25 if paid within 10 days**
- Fly Tipping	200.00	200.00	**400.00**	**Discount of £100 if paid within 10 days**
- Duty of Care	200.00	200.00	**400.00**	**Discount of £100 if paid within 10 days**
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	23.40	24.60	**25.30**	**plus VAT**
- 240 Litre Bin	27.60	29.00	**29.90**	**plus VAT**
- Communal Bin (Usually 660l or 1100l)	158.10	166.00	**171.00**	**plus VAT**
- Delivery Charge	10.60	11.10	**11.40**	**plus VAT**
Admin Charge		**10% of total charge**	**10% of total charge**	

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HOUSING- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
HOUSING ADVANCES				
- Second mortgage enquiry fee	110.70	116.20	**119.70**	**inc VAT**
- Transfer of mortgage fee	164.80	173.00	**178.20**	
- Business rate enquiry fee	35.80	37.60	**38.70**	
- Council Tax enquiry fee	28.30	29.70	**30.60**	
- Right to Buy leaseholders repair loan	215.00	225.80	**232.60**	
HOUSES IN MULTIPLE OCCUPATION				
Premises Licence Fee (5 year licence)*				
- Basic (up to 5 Bedrooms) - New Application	927.00	1,010.00	**1,400.00**	
- Basic (up to 5 Bedrooms) - Renewal Application	927.00	1,010.00	**1,210.00**	
- 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**	**100.00**	**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	23.30	24.50	**25.20**	**inc VAT**
Garage sites	82.40	86.50	**89.10**	**inc VAT**
Garage access fees	82.40	86.50	**89.10**	**inc VAT**

HOUSING- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £
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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
SUPPORTED HOUSING - CONTROL CENTRE				
Community Alarms Service	160.00	168.00	**173.00**	
Alarm monitoring only and SIM	110.00	110.00	**113.30**	
Digital Alarm plus sim	160.00	216.00	**221.00**	
Wellbeing Lincs Response Service	130.00	130.00	**130.00**	
District Council Transfer	160.00	168.00	**173.00**	
Alarm Monitoring - 1 unit	63.86	67.05	**69.06**	**plus VAT**
Alarm Monitoring - 2-99 units	50.29	50.29	**54.39**	**plus VAT**
Alarm Monitoring - 100-499 units	43.81	43.81	**47.38**	**plus VAT**
Alarm Monitoring - 500-999 units	42.18	42.18	**45.62**	**plus VAT**
Alarm Monitoring - 1000-1749 units	41.10	41.10	**44.45**	**plus VAT**
Alarm Monitoring - 1750-2499 units	38.93	38.93	**42.10**	**plus VAT**
Alarm Monitoring - 2500+ units	30.93	30.93	**33.45**	**plus VAT**
Bogus Caller/Panic Button	11.90	11.90	**11.90**	
Bed Occupancy Sensor Mat (over mattress)	60.00	60.00	**60.00**	
Canary Care system	207.00	207.00	**207.00**	
Chiptech Go GPS Device	200.00	200.00	**206.00**	
Key Safe	15.00	15.00	**15.00**	
Medication Dispenser - PivoTell	45.00	45.00	**45.00**	
Medication reminders/welfare checks - per call	0.10	0.10	**0.10**	
Absorbent Enuresis Sensor	97.50	97.50	**97.50**	
Cotton Enuresis Sensor	82.50	82.50	**82.50**	
Epilepsy Sensor	84.00	84.00	**84.00**	
Exit Sensor	32.70	32.70	**32.70**	
Temperature Extremes Sensor	16.60	16.60	**16.60**	
Universal Sensor	18.00	18.00	**18.00**	
Pressure Mat	6.30	6.30	**6.30**	
Pillow Shaker	65.00	65.00	**65.00**	
Ivi Intelligent Pendant	32.50	32.50	**32.50**	
Smoke Detector (wireless)	16.00	16.00	**16.00**	
Flood Detector	20.40	20.40	**20.40**	
Passive Infra Red Detector	14.60	14.60	**14.60**	
Extra Rental - Carbon	27.90	27.90	**27.90**	
Extra Rental - Falls	32.50	32.50	**32.50**	
Extra Rental - Pendant	11.20	11.20	**11.20**	
Extra Rental - Smoke Alarm	16.00	16.00	**16.00**	
Extra Purchase - Carbon	90.00	90.00	**90.00**	
Extra Purchase - Falls	85.00	85.00	**85.00**	
Extra Purchase - Pendant	45.00	45.00	**45.00**	
Extra Purchase - Smoke Alarm	45.00	45.00	**45.00**	

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
SHELTERED ACCOMMODATION				
Service charges, per rent week (50 weeks) - residents :				
- 1 person flat				
Derek Miller Ct	9.40	9.90	**10.20**	
St.Botolphs	9.40	9.90	**10.20**	
- 2 person flat				
Derek Miller Ct	13.30	14.00	**14.40**	
St.Botolphs	13.30	14.00	**14.40**	
- Electricity				
Derek Miller Court (only)	4.50	4.70	**4.80**	
Service charges, per rent week (50 weeks) - wardens :				
- 2 bed accommodation	10.60	11.10	**11.40**	
- 3 bed accommodation				
Lenton Green	12.90	13.60	**14.00**	
Others	12.70	13.30	**13.70**	
De Wint Court				
- Service charge	88.33	95.88	**102.37**	
- Guest Room	25.00	26.30	**27.10**	**inc VAT**
- Key Fob	5.00	5.00	**5.20**	**inc VAT**
- Electric (based on sub metered usage)	Variable	Variable	**Variable**	
- Water & Heating (based on apportioned variable cost)	Variable	Variable	**Variable**	
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				
Additional keys for door entry	14.80	15.50	**16.00**	**inc VAT**
Building Society enquiry fees	88.40	92.80	**95.60**	**inc VAT**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	**CURRENT 2023/24 £**	**PROPOSED 2024/25 £**	
ALLOTMENTS				
Standard rent for allotment				
51 to 100 sq yards	47.70	50.10	51.60	
101 to 150 sq yards	50.40	52.90	54.50	
151 to 200 sq yards	53.30	56.00	57.70	
201 to 250 sq yards	56.10	58.90	60.70	
251 to 300 sq yards	58.70	61.60	63.50	
301 to 350 sq tards	61.50	64.60	66.50	
351 to 400 sq yards	64.70	67.90	69.90	
401 to 450 sq yards	67.20	70.60	72.70	
451 to 500 sq yards	69.90	73.40	75.60	
501 to 550 sq yards	72.80	76.40	78.70	
551 to 600 sq yards	75.50	79.30	81.70	
601 to 650 sq yards	78.30	82.20	84.70	
651 to 700 sq yards	81.50	85.60	88.20	
701 to 750 sq yards	84.00	88.20	90.90	
751 to 800 sq yards	86.60	90.90	93.60	
801 to 850 sq yards	89.60	94.10	96.90	
851 to 900 sq yards	92.40	97.00	99.90	
901to 950 sq yards	95.30	100.10	103.10	
951 to 1000 sq yards	98.00	102.90	106.00	
Water supply to allotment				
- minimum charge	21.50	22.60	23.30	
Garage site				
- Rents and access charge	45.70	48.10	49.50	**inc. VAT**
Allotment Keys	7.00	7.00	7.00	
Discounts				
6 - 10 allotments	10%	10%	**10%**	
11+ allotments	20%	20%	**20%**	
Means tested benefits	50%	50%	**50%**	

CONDITIONS

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

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
ALL CENTRES				
Room Hire (per hour)				
- Main Hall/Weighing Room				
Commercial	21.00	22.10	**22.80**	
Standard	17.00	17.90	**18.50**	
Supported	9.00	9.50	**12.00**	
- Small Meeting Rooms				
Commercial	11.00	11.60	**12.00**	
Standard	7.00	7.40	**7.60**	
Supported	4.50	4.70	**6.00**	
- Large Meeting Rooms				
Commercial	17.50	18.40	**19.00**	
Standard	14.00	14.70	**15.10**	
Supported	8.50	8.90	**10.00**	
Surcharge after 11pm	100%	100%	**-**	
Projector/Screen Hire				
- Per Hour	5.00	5.30	**5.50**	
- Per day	25.00	26.30	**26.50**	
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	**5.00**	
Other Charges				
Activities (per hour)				
- Badminton per court	10.00	10.50	**10.80**	**inc VAT**
- Table Tennis per table	5.00	5.30	**7.50**	**inc VAT**
- Carpet Bowls per carpet	6.00	6.30	**7.50**	**inc VAT**
- Booking Fee**	5.00	5.30	**5.50**	
- Amendment Fee	3.00	3.20	**3.30**	
- 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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	**CURRENT 2023/24 £**	**PROPOSED 2024/25 £**	
COMMONS				
- Impounding of Horses on City Commons	Contract Price + 15%	Contract Price + 15%	**Contract Price + 15%**	**plus VAT**
- Fair Licence	3,000.00	3,000.00	**3,000.00**	
RECREATION GROUNDS				
- Cricket, pitch and accommodation				
Weekend match				
Adult teams	41.50	43.60	**50.00**	**inc VAT**
Youth teams	24.00	25.20	**30.00**	**inc VAT**
Weekday match (evening)				
Adult teams	28.00	29.40	**40.00**	**inc VAT**
Youth teams	20.00	21.00	**25.00**	**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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
RECREATION GROUNDS				
- Football (per pitch)				
Per game with attended changing facilities				
Adult teams	70.00	73.50	**-**	**inc VAT**
Youth teams	35.00	36.80	**-**	**inc VAT**
Junior Pitches (9v9)		33.90	**-**	**inc VAT**
Junior Pitches (7v7)	29.50	31.00	**-**	**inc VAT**
Mini Pitches (5v5)	17.50	18.40	**-**	**inc VAT**
Per game for keyholders (Skellingthorpe Rd and King George's Field)				
Adult teams	58.50	61.40	**63.20**	**inc VAT**
Youth teams	30.50	32.00	**33.00**	**inc VAT**
Junior Pitches	23.50	24.70	**25.50**	**inc VAT**
Service Charge (Caretaker fee)			**Cost**	**plus VAT**
Per season (16 Bookings**) with attended changing facilities				
Adult teams	524.50	550.70	**-**	
Youth teams	256.50	269.30	**-**	
Junior Pitches (9v9)		235.80	**-**	
Junior Pitches (7v7)	192.50	202.10	**-**	
Mini Pitches (5v5)	140.00	147.00	**-**	
Per season (16 Bookings*) for key holders (Skellingthorpe Rd and King George's Field)				
Adult teams	408.00	428.40	**441.50**	
Youth teams	204.00	214.20	**220.60**	
Junior Pitches (9v9)		183.80	**190.00**	
Junior Pitches (7v7)	146.00	153.30	**158.00**	
Mini Pitches (5v5)	87.50	91.90	**95.00**	
Additional Cleaning	Cost	Cost	**Cost**	**plus VAT**
Introductory Football Storage (per week)			**5.00**	

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

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

SERVICE : **CREATIVE INDUSTRIES MANAGED WORKSPACE**

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
THE TERRACE				
Conference / Meeting Room				
Tenants (Inc Post Box Holders) - **SEE FOOTNOTE BELOW**				
Per Hour	15.50	16.30	**16.80**	**excl VAT**
Per ½ Day	46.40	48.70	**50.00**	**excl VAT**
Per Day	82.40	86.50	**89.00**	**excl VAT**
Non Tenants				
Per Hour	30.90	32.50	**33.50**	**excl VAT**
Per ½ Day	92.70	97.30	**100.00**	**excl VAT**
Per Day	164.80	173.00	**178.00**	**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**
Telephone Answering Service				
Monthly Rate	15.00	15.80	**16.00**	**excl VAT**
Price is based on a calendar month and is exclusive to VAT.				
- Virtual Mailbox				
Annual	304.00	310.00	**319.00**	**excl VAT**
Replacement keys				
Security Access Key	11.50	12.00	**12.30**	**excl VAT**
GREETWELL PLACE				
Large Conference Room/Room 23 & 35				
Tenants				
Per Hour	10.50	11.10	**11.40**	**excl VAT**
Per Day	42.00	44.40	**45.70**	**excl VAT**
Non Tenants				
Per Hour	21.00	22.20	**22.80**	**excl VAT**
Per Day	63.00	66.60	**68.60**	**excl VAT**
Small Conference Room				
Tenants				
Per Hour	5.25	5.60	**5.80**	**excl VAT**
Per Day	26.25	28.00	**28.80**	**excl VAT**
Non Tenants				
Per Hour	10.50	11.10	**11.40**	**excl VAT**
Per Day	42.00	44.40	**45.70**	**excl VAT**
Beverages				
Flask of coffee	3.68	3.90	**4.00**	**excl VAT**
Flask of tea	2.63	2.80	**2.90**	**excl VAT**
Cup Tea/Coffee	0.53	0.56	**0.60**	**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**

LEISURE, SPORT & CULTURE- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	CURRENT 2024/25 £	PROPOSED 2025/26 £	
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	20.00	**21.00**	**21.60**	**inc VAT**
- Low Season	16.50	18.00	**20.00**	**20.60**	**inc VAT**
Electric included in pitch price for all other pitches					
Four berth caravan, motorhome or tent and car					
- High Season *	21.00	22.50	**23.50**	**24.00**	**inc VAT**
- Low Season	19.00	20.50	**21.50**	**22.50**	**inc VAT**
Dogs (each per stay)	1.00	1.00	**1.00**	**1.50**	**inc VAT**
Backpack Tent	12.50	14.00	**14.50**	**14.50**	**inc VAT**
Overflow Pitch	10.50	12.00	**13.00**	**15.00**	**inc VAT**
Camping Pod Single Night	40.00	42.00	**43.00**	**43.00**	**inc VAT**
Camping Pod 2 nights or more	35.00	37.00	**38.00**	**39.00**	**inc VAT**
Non-refundable deposit - (included within price)					
Bank Holiday Weekends only					
Single night	10.00	12.00	**12.00**	**12.00**	**inc VAT**
Two or more nights	25.00	25.00	**25.00**	**25.00**	**inc VAT**
Late Stay	3.00	3.00	**3.00**	**3.00**	**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**

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

- Activity/Visit (tier 1)					
Per Person	3.50	3.70	**4.00**	**4.00**	**inc VAT**
Group of 30 (can be broken down into £40 per hour)	86.50	91.00	**96.00**	**100.00**	**inc VAT**
- Activity/Visit (tier 2) (Rangers Club per activity)	5.50	6.00	**6.50**	**7.00**	**inc VAT**
- Activity/Visit (tier 3)	26.00	27.30	**28.70**	**30.00**	**inc VAT**
- Hire of Activity Box	26.00	27.30	**28.70**	**30.00**	**inc VAT**
- Wreath Making	26.00	27.30	**28.70**	**30.00**	**inc VAT**
- Willow Weaving	26.00	27.30	**28.70**	**30.00**	**inc VAT**
- Meeting Room	10.50	11.00	**11.50**	**12.00**	**inc VAT**

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 01/04/22 - 14/12/22 £	PREVIOUS 2022/23 15/12/22 - 31/03/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
- Lucy Tower Street					
1 hour	1.80	2.20	2.20	**2.20**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	8.50	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- City Hall (Season Tickets Prohibited)					
1 hour	1.80	2.20	2.20	**2.20**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	8.50	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- Motherby Lane (Season Tickets Prohibited)					
1 hour	1.80	2.20	2.20	**2.20**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	8.50	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- Flaxengate					
1 hour	1.80	2.20	2.20	**2.20**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	8.50	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- Tentercroft Street					
1 hour	1.80	2.20	2.20	**2.20**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	8.50	9.00	9.00	**9.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- Lincoln Central Car Park (subject to portfolio holder approval)					
1 hour	1.80	2.20	2.20	**2.50**	**inc VAT**
2 hours	3.50	3.90	3.90	**4.00**	**inc VAT**
3 hours	5.00	5.50	6.00	**6.00**	**inc VAT**
4 hours	6.50	6.70	7.00	**8.00**	**inc VAT**
Over 4 hours and up to 12 hours	8.50	9.00	9.00	**9.50**	**inc VAT**
Over 12 hours and up to 1 day*	8.50	9.00	9.00	**10.50**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**4.50**	**inc VAT**
- Castle (Season Tickets Prohibited)					
1 hour	1.90	2.00	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.50	3.50	**3.80**	**inc VAT**
3 hours	5.50	5.50	6.00	**5.50**	**inc VAT**
4 hours	6.20	6.50	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	9.00	9.00	9.50	**9.80**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**5.00**	**inc VAT**

*All subsequent days are charged at this rate

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	**PREVIOUS 2022/23 £**	**CURRENT 2023/24 £**	**PROPOSED 2024/25 £**	
- Westgate (Season Tickets Prohibited)					
1 hour	1.90	2.00	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.50	3.50	**3.80**	**inc VAT**
3 hours	5.50	5.50	6.00	**5.50**	**inc VAT**
4 hours	6.20	6.50	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	9.00	9.00	9.50	**9.80**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**5.00**	**inc VAT**
- The Lawn Complex					
1 hour	1.90	2.00	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.50	3.50	**3.80**	**inc VAT**
3 hours	5.50	5.50	6.00	**5.50**	**inc VAT**
4 hours	6.20	6.50	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	9.00	9.00	9.50	**9.80**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**5.00**	**inc VAT**
- Langworthgate					
1 hour	1.90	2.00	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.50	3.50	**3.80**	**inc VAT**
3 hours	5.50	5.50	6.00	**5.50**	**inc VAT**
4 hours	6.20	6.50	7.00	**7.50**	**inc VAT**
Over 4 hours and up to 8am next day	9.00	9.00	9.50	**9.80**	**inc VAT**
Evening Charge	4.00	4.50	4.50	**5.00**	**inc VAT**
- St Pauls (Season Tickets Prohibited)					
1 hour	1.90	2.00	2.00	**2.00**	**inc VAT**
2 hours	3.20	3.50	3.50	**3.80**	**inc VAT**
3 hours	5.50	5.50	6.00	**5.50**	**inc VAT**
Evening Charge	4.00	4.00	4.50	**5.00**	**inc VAT**
- Broadgate					
1 hour	1.60	1.80	2.00	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.50**	**inc VAT**
3 hours	4.50	4.50	5.00	**5.00**	**inc VAT**
Over 4 hours and up to 8am next day	6.00	6.80	6.80	**7.00**	**inc VAT**
Evening Charge	3.00	3.00	3.50	**4.00**	**inc VAT**
- Chaplin Street					
1 hour	1.60	1.80	2.00	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.50**	**inc VAT**
3 hours	4.50	4.50	5.00	**5.00**	**inc VAT**
Over 4 hours and up to 8am next day	6.00	6.80	6.80	**7.00**	**inc VAT**
Evening Charge	3.00	3.00	3.50	**4.00**	**inc VAT**
- Rosemary Lane (Season Tickets Prohibited)					
1 hour	1.60	1.80	2.00	**2.00**	**inc VAT**
2 hours	3.00	3.00	3.00	**3.50**	**inc VAT**
3 hours	4.50	4.50	5.00	**5.00**	**inc VAT**
Over 4 hours and up to 8am next day	6.00	6.80	6.80	**7.00**	**inc VAT**
Evening Charge	3.00	3.00	3.50	**4.00**	**inc VAT**
- Weekend/Bank Holiday					
Up to 2 Hours	3.00	3.00	3.00	**3.00**	**inc VAT**
24 hours	4.50	5.00	5.00	**5.00**	**inc VAT**
Evening Charge	3.00	3.00	3.00	**3.00**	**inc VAT**
- Motorcycle parking where available	2.50	3.00	3.00	**3.00**	**inc VAT**

PARKING SERVICES - FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
OTHER				
- Car Park Evening Permit	103.00	103.00	**103.00**	**inc VAT**
- 7 Day Scratch Cards	45.00	45.00	**45.00**	**inc VAT**
- Evening Scratch Card (All sites)	25.00	25.00	**25.00**	**inc VAT**
- Hampton/Hermit Street Compound	149.00	149.00	**149.00**	**inc VAT**
- Motorcycle parking where available	2.50	3.00	**3.00**	**inc VAT**
- Lost Chip	10.00	10.00	**12.00**	**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	**4 extra hours**	**(8 hours parking)**
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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
OTHER				
- Season Tickets and Excess Charge Notices				
Annual (Valid for Broadgate, Lawn, King/Chaplin St/Langworthgate)				
Monday to Sunday	1,020.00	1,071.00	**1,122.00**	**inc VAT**
Monthly (Valid for Broadgate, Lawn, King/Chaplin St, Langworthgate)				
Monday to Sunday	90.00	95.00	**100.00**	**inc VAT**
Annual Premium Rate (Tentercroft St/Lucy Tower/Lincoln Central - max of 60 Annual/Monthly issued)				
Monday to Sunday	1,300.00	1,365.00	**1,431.00**	**inc VAT**
Monthly Premium Rate (Tentercroft St/Lucy Tower/Lincoln Central - max of 60 Annual/Monthly issued)				
Monday to Sunday	115.00	121.00	**127.00**	**inc VAT**
Lucy Tower St Long Stay Corporate User				
City Council staff (60 max)	951.00	1,002.00	**1,050.00**	**inc VAT**
County Council staff (40 max)	951.00	1,002.00	**1,050.00**	**inc VAT**
Corporate User, 100+ tickets				
Broadgate, King St/Chaplin St, Langworthgate and City Council staff	771.00	810.00	**849.00**	**inc VAT**
School Drop Off Pass				
Per Term	105.00	110.00	**-**	**inc VAT**
All 3 Terms	299.00	314.00	**-**	**inc VAT**
Admin Charge on Refunds	15.00	15.00	**15.00**	**inc VAT**
Replacement of Lost/Stolen Tkts	10.00	10.00	**10.00**	**inc VAT**
- Higher rate PCN contravention	70.00	70.00	**70.00**	**inc VAT**
- Higher rate PCN contravention - Discount	35.00	35.00	**35.00**	**inc VAT**
- Lower rate PCN contravention	50.00	50.00	**50.00**	**inc VAT**
- Lower rate PCN contravention - Discount	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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
CITY BUS STATION				
- Departure Fees :				
Notified timetable departures				
Departures over 100,000	0.85	0.94	**0.97**	**inc VAT**
Departures under 100,000	0.85	0.94	**0.97**	**inc VAT**
- Layover Bay Per Bay Per Quarter :	1,115.00	1,170.00	**1,205.00**	**inc VAT**
RESIDENTS PARKING SCHEMES				
- Private Residents				
1st permit	26.00	26.00	**26.00**	*
2nd permits	52.00	52.00	**52.00**	*
- Houses in Multiple Occupation (HIMO)				
max. of 2 per dwelling (each)	52.00	52.00	**52.00**	*
- Residents Parking Concessions				
permit (each)	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**	*
- Business Permits (Support Agencies)	70.00	70.00	**70.00**	*
- Daily Visitor Permits				
per 10	17.00	17.00	**17.00**	*
- Replacement Permits				
Change of vehicle registration	5.00	5.00	**5.00**	*
Damaged or lost	5.00	5.00	**5.00**	*
- Emissions Permit				
Low Emissions 1st Permit	13.00	13.00	**13.00**	
Low Emissions Subsequent Permit	26.00	26.00	**26.00**	
- Administration Charge on Refunds	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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
Research and Supply of Information/Questions and Answers (per item)	47.40	50.00	52.00	inc VAT
Copies of Approvals, Permissions and associated documents (per item and electronic)				
Microfiche	95.00	105.60	109.00	inc VAT
Visit to site to check buildings erected in accordance with Permission				
- minimum charge	101.40	106.50	110.00	inc VAT
- or per property	28.20	29.60	31.00	inc VAT
Checking compliance with planning permission and/or legal agreement				
- minimum charge	72.70	76.30	80.00	inc VAT
- or per property	18.50	19.40	20.00	inc VAT
Advertisements erected in accordance with Advertisement Consent	51.80	54.40	57.00	inc VAT
Supply of Technical Information/Site visit reports	Cost+25%	Cost+25%	Cost+25%	inc VAT
Copies of Plans				
A4	2.30	2.40	2.50	
A3	4.10	4.30	5.00	
A2	10.80	11.30	12.00	
A1	10.80	11.30	12.00	
A0	10.80	11.30	12.00	
Document & Advice notes	Cost+25%	Cost+25%	Cost+25%	
Copies of Planning decision notices (prior to 1993)		40.00	42.00	
Copies of Section 106 Agreements		60.00	62.00	
Copies of Tree Preservation Orders and Planning decision notices (1993 onwards)		20.00	21.00	

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 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	CURRENT 2023/24 £	PROPOSED 2024/25 £	
Local Authority Land Charges				
- Standard Search Fees				
LLC1 only	20.80	-	-	
Con.29R	128.80	135.20	170.00	inc VAT
- Con. 29R individual questions				
Administration Fee	10.30	16.00	17.00	inc VAT
Question 3.5	3.10	3.30	3.50	inc VAT
Question 3.7 a	5.20	5.50	6.00	inc VAT
Question 3.7 b, c, f	5.20	5.50	6.00	inc VAT
Question 3.7 d	5.20	5.50	6.00	inc VAT
Question 3.8	3.70	3.90	5.00	inc VAT
Question 3.12	3.10	3.30	4.00	inc VAT
Question 3.13	3.10	3.30	4.00	inc VAT
- Part II enquiries	25.80	27.10	28.00	inc VAT
- Solicitors own enquiries	22.70	23.80	25.00	inc VAT
- Extra parcel of land	22.70	23.80	25.00	inc VAT
Street Naming and Numbering				
Issue/Change of House Name	16.50	17.30	18.00	
- Application Fee	54.60	57.30	60.00	
- Per Plot	13.70	14.40	15.00	

SOCIAL INCLUSION- FEES AND CHARGES WEF 01/04/2024 - 31/03/2025

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

	PREVIOUS 2022/23 £	PREVIOUS 2023/24 £	CURRENT 2024/25 £
OTHER			
- Housing Benefit Landlord Enquiry per year	173.00	182.00	**188.00**

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APPENDIX B

City of Lincoln Council | Together, let's deliver Lincoln's ambitious future

CAPITAL STRATEGY

2024-2029

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 2024-29 of £28.245m

- The Housing Investment Programme (HIP) with a budget for 2024-29 of £80.011m

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 2023 a diverse asset portfolio including, 7,796 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:

31/3/2022 £000		31/3/2023 £000
416,478	Property, Plant & Equipment	444,141
2,768	Heritage Assets	2,768
36,016	Investment Property	36,578
207	Intangible Assets	88
1,500	Assets held for sale	1,500
456,969	**Total assets**	**485,075**

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) 2024-25 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. 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
- Creating value processes

It aims to put the customer at the heart of everything the Council does, understanding their needs, wants and preferences. One Council defines 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 current strategic plan, Vision 2025, is supported by a Delivery Plan, which sets out the specific schemes agreed for each priority, that are to be delivered each year to work towards the end goal of the Vision.

A mid-term review of the proposals in the vision was undertaken in 2022. This review was an opportunity to repurpose 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 final three-year period.

Within the Delivery Plan, supporting each of the priorities, there are a number of significant capital investments set to take shape over the period of the MTFS, this primarily relate to the delivery of £40m of Towns Fund and Levelling Up Schemes, along with continued investment in the Council's existing housing stock and additional affordable housing.

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 infrastructure and homes, delivering 300 homes by 2025
  - Development of Levelling Up 2 funded scheme re Western Growth Corridor Phase 1b, opening up access over the railway from the eastern end of the site (subject to further Executive approval).
  - 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

- 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 Hermit Street and GAP homes schemes at Goldsmith Walk.
  - Continue to increase net council house numbers – retain and develop a new pipeline, e.g., Queen Elizabeth Road.
  - Housing Standards in existing council housing – with the launch of a new repairs standard and a higher specification for kitchen and bathroom installations
  - Improve Temporary Accommodation options across all sectors - considering the use of additional furnished accommodation to raise the standard of homes offered e.g SHAP
  - 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.
        - This includes redevelopment of Hermit Street with delivery of 11 new two- and three-bedroom homes
        - Towns Fund financed scheme for Sincil Bank Gateways and Greenways Project
    - Continued investment in existing council housing stock

- Let's enhance our remarkable place
    - Heritage Asset Programme – including Re-imagining Greyfriars project, refurbishment of Michaelgate properties and further development of options for 21/22 Steep Hill.

- 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.

During the coming year the Council will be developing and launching it's next strategic plan, Vision 2030. While the Council is proud of all it has achieved with both Vision 2020 and Vision 2025, there is much more to do to make Lincoln achieve its potential, while improving the lives of it's residents, businesses and communities. In light of the financial challenges the Council continues to face the key to delivery of a new vision will be the ability to continue to attract external funding, work in partnership with others and reallocate/repurpose existing, limited, resources.

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 city-wide planning and regeneration strategy running up to 2040.

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 2040;
- 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 address challenges relating to climate change and biodiversity;
- 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; and
- is complemented by a separate Policies Map, which sets out where development should take place.

The Plan was formally adopted by the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC) in April 2023.

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.

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 in light of the 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 is the Council's strategic plan for managing and maintaining Lincoln's council housing properties and estates. It also sets out how the Council will provide housing services to support it’s tenants, and their families, to live in well maintained and sustainable homes, which will be safe, secure, and of a high quality.

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 £79.3m and is expected to increase to £82.3m by the end of the MTFS period. This additional borrowing is being used to fund new build and purchase & repair 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:

- Housing Investment - Decent Homes and Lincoln Standards Programme, estate regeneration and decarbonisation
- Housing Strategy – additional affordable housing

The Council’s latest Housing Revenue Account Business Plan 2024-2054 was approved in November 2023, following a fundamental review of resources, investment requirements and priorities. The Business Plan reflected the impact of government policy changes e.g. Social Housing Act 2023, the Building Safety Act, Fire Safety Act etc, the results of stock condition surveys and financial assumptions at the time.

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 governments pooling regime 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 DLUHC and must be used for replacement of the council housing sold, within an agreed timeframe.

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 5 year period 2024/25 – 2028/29, are set out in the MTFS 2024-29.

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 31/3/2023 the council has £36.578m 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	£36.578m
Value of properties held for rental income	£35.950m
Value of properties earning rental income	£34.609m
Income from properties earning rental income	£2.208m
Yield from properties earning rental income	6.38%
Value of properties held for capital appreciation or where the freehold has a market value*	£0.628m

*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:

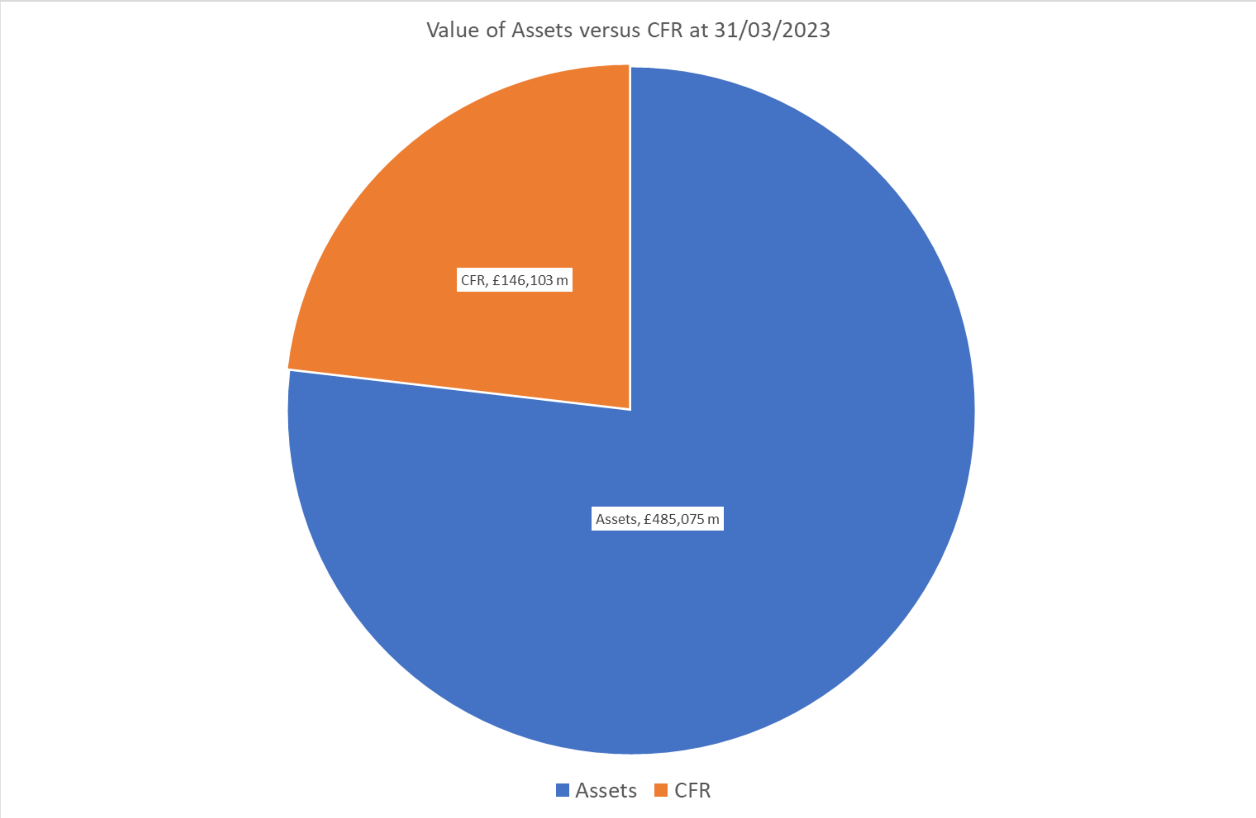
Asset type	Value as at 31/03/2023	Annual income (23/24)	Yield on value of assets	Borrowing costs	Annual surplus
Car Parks	£5,523,000	£377,875	6.84%	£228,466	£149,408
Freehold property	£12,678,750	£858,736	6.77%	£499,697	£359,039
Retail units	£6,295,000	£445,504	7.08%	£225,850	£219,654

*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.

	2024/25 Estimated %	**2025/26 Estimated %**	**2026/27 Estimated %**	**2027/28 Estimated %**	**2028/29 Estimated %**
Ratio - Net Income from Commercial Investment Income to Net Revenue Stream	10.45%	11.32%	12.00%	11.77%	11.99%

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 2023 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					
	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**
GENF borrowing cost as a % of gross revenue expenditure	2.90%	3.44%	2.85%	2.79%	2.78%
Limit of GENF borrowing cost as a % of gross revenue expenditure	6%	6%	6%	6%	6%
HRA borrowing cost as a % of gross revenue expenditure	6.04%	6.25%	6.07%	6.32%	6.29%
Limit of HRA borrowing cost as a % of gross 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.

APPENDIX C

City of Lincoln Council's Budget Proposals for 2024/25 Consultation

Welcome to the results summary for City of Lincoln Council's Budget Proposals consultation for 2024/25.

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

The maximum number of respondents to each question was **286**.

About you

Please select which statement best describes you (select all that apply).

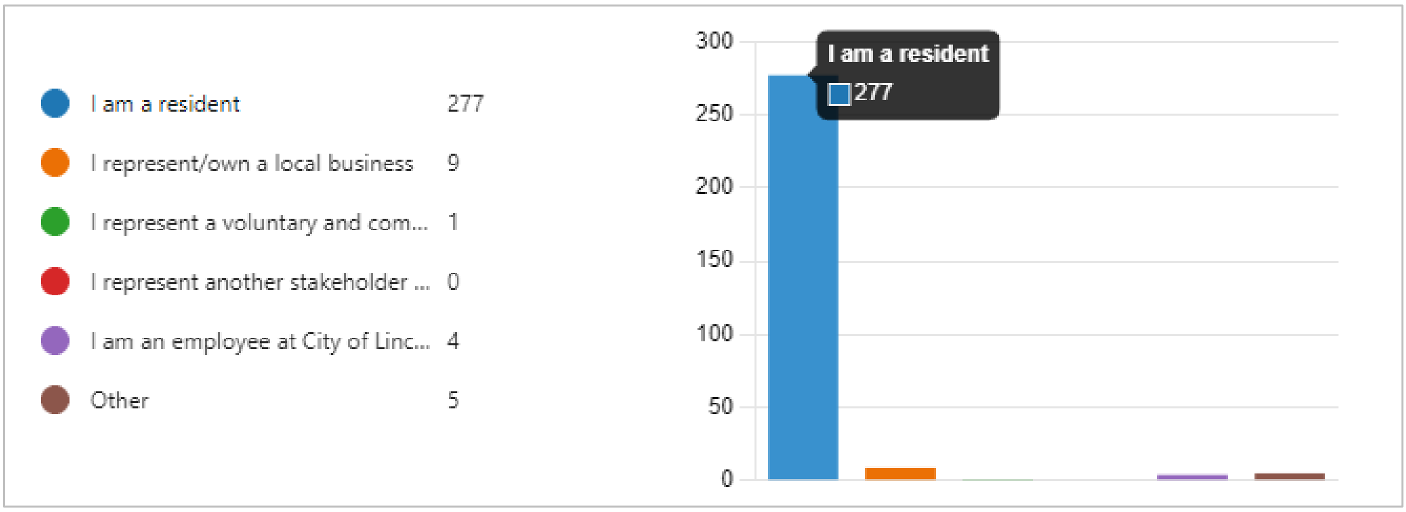


Figure 1

Figure 1 shows the role(s) of respondents when completing the consultation. It is important to note that respondents were able to select more than one option for this question, so the percentages are based on the total number of responses received. The majority who responded were residents with a figure of 96.9%, a 9.0% increase from the 2023/24 consultation.

Vision 2025

To what extent do you agree or disagree with our Vision and Priorities:

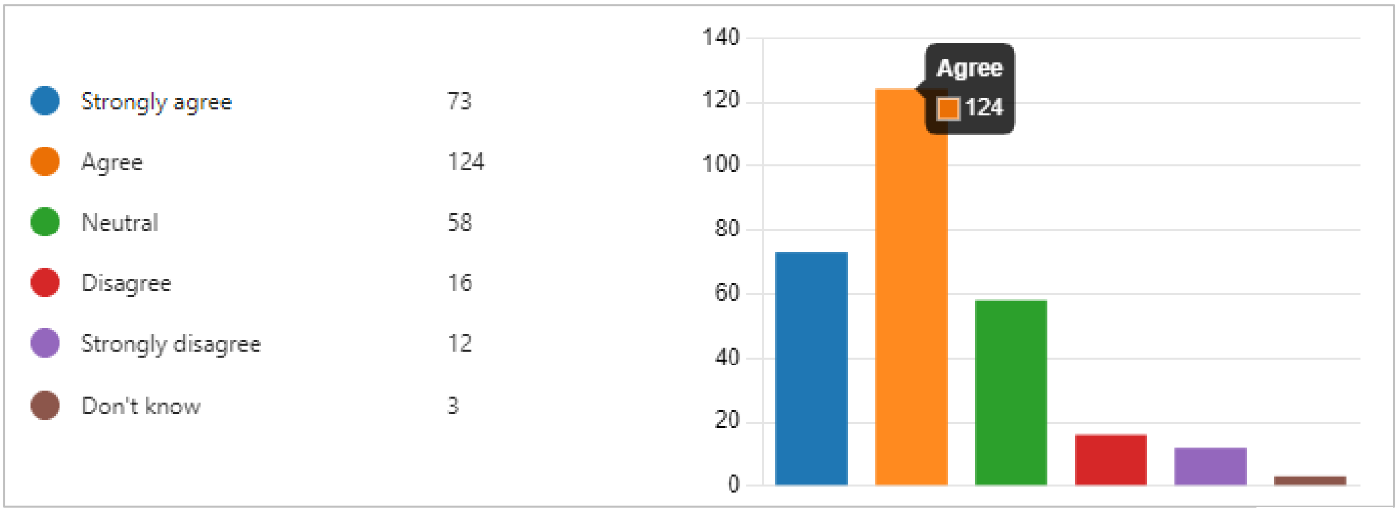


Figure 2

Figure 2 shows to what extent respondents agree or disagree with the council's vision and priorities. The majority of respondents agree or strongly agree, with a figure of 68.9%.

Budget Allocation

On a scale of 1-5, (1 being highest and 5 being lowest), how would you rank the importance of the following services:

Service provided	Priority rank
Provision of affordable housing	1st
Supporting our most vulnerable residents	2nd
Keeping our city clean and tidy	2nd
Preventing homelessness	3rd
Maintaining parks and green spaces	4th
Supporting community safety	5th
Providing and supporting community centres and leisure facilities	6th
Maintaining and improving recycling	7th
Helping with Council Tax for low-income households	8th
Providing support through cost-of-living initiatives	9th
Enhancing our City Centre	10th
Tackling Climate Change	11th
Supporting small businesses	12th
Providing grants and financial support to voluntary/community groups	13th
Providing a cultural and events programme	14th

Figure 3

As you can see in Figure 3 the rankings show that "Provision of affordable housing" is the top priority according to our responders, with "Supporting our most vulnerable residents" and "Keeping our city clean and tidy" coming second.

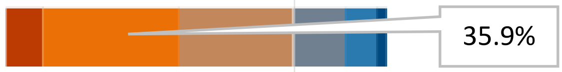
To what extent do you agree or disagree with the council doing the following activities to generate savings:

Strongly agree | Agree | Neutral | Disagree | Strongly disagree | Don't know

Invest in the City to maximise future income streams from Council Tax and Business Rates.

The majority of respondents **agree** that the above activity will generate savings.

Increase fees and charges for services to reflect the increased cost of providing these.

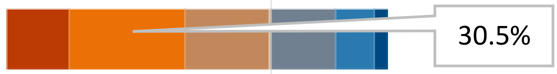


The majority of respondents **agree** that the above activity will generate savings.

Make the best use of assets (eg. share office space with other service providers).

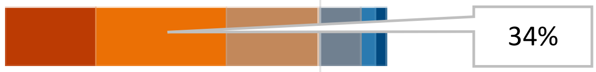
The majority of respondents **strongly agree** that the above activity will generate savings.

Increase Council Tax in line with referendum limits to safeguard services.



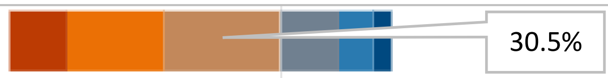
The majority of respondents **agree** that the above activity will generate savings.

Review grants and financial support to voluntary groups, community groups and charities.



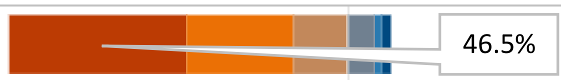
The majority of respondents **agree** that the above activity will generate savings.

Transfer assets (eg. community centres) to voluntary groups, communities, or charities.



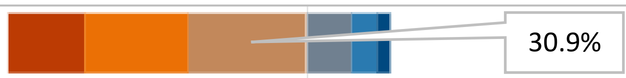
The majority of respondents **neither agree nor disagree** that the above activity will generate savings.

Maximise income from commercial/property investments



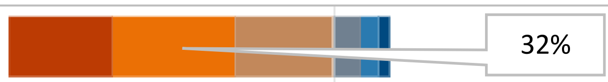
The majority of respondents **strongly agree** that the above activity will generate savings.

Maximise use of digital technology and instil a website first culture.



The majority of respondents **neither agree nor disagree** that the above activity will generate savings.

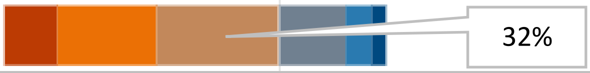
Consider options to deliver services in alternative ways with partner organisations.



The majority of respondents **agree** that the above activity will generate savings.

Maximise external grant and funding opportunities to limit the need to borrow to fund capital investment.	

The majority of respondents **strongly agree** that the above activity will generate savings.

Reduce or withdraw of some non-vital services.	

The majority of respondents **neither agree nor disagree** that the above activity will generate savings.

Are there any additional approaches you feel would be beneficial?

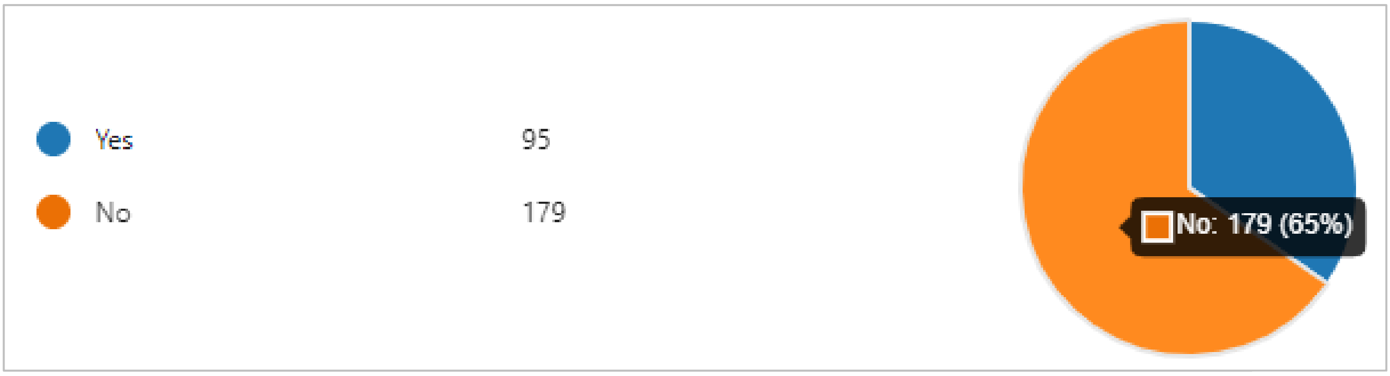


Figure 4

We asked respondents to state whether they felt there were any additional approaches, which were not mentioned. Those who selected "yes", left comments as to what these were. Those answers have been grouped together into categories below:

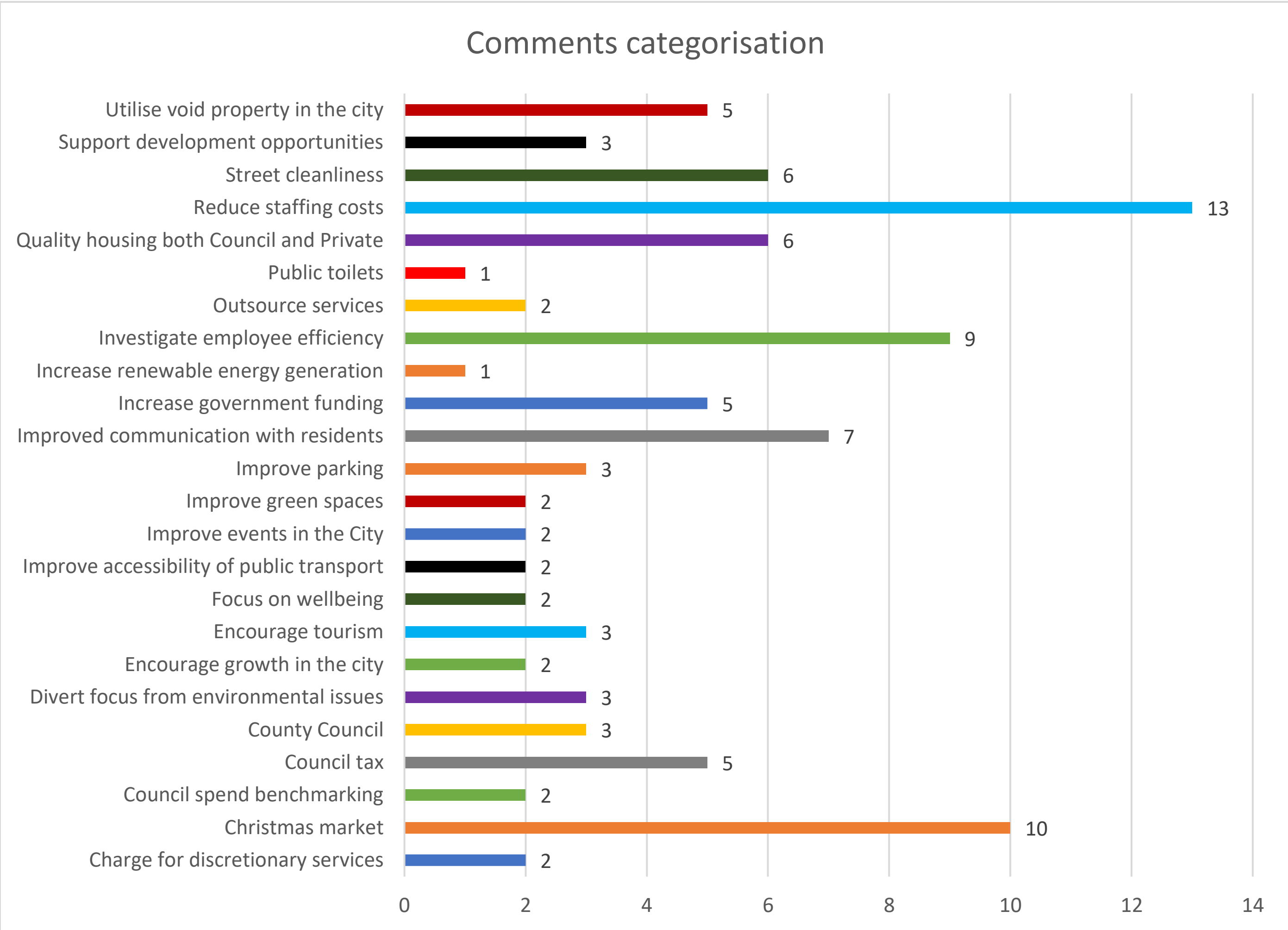


Figure 5

Figure 5 is a categorisation of all comments received in relation to additional approaches. We collected 93 responses in total, with the top three suggestions being: reduce staffing costs, Christmas market and investigate employee efficiency. These approach suggestions made up 35.5% overall.

To what extent do you agree or disagree with the statement: "The City of Lincoln Council provides value for money".

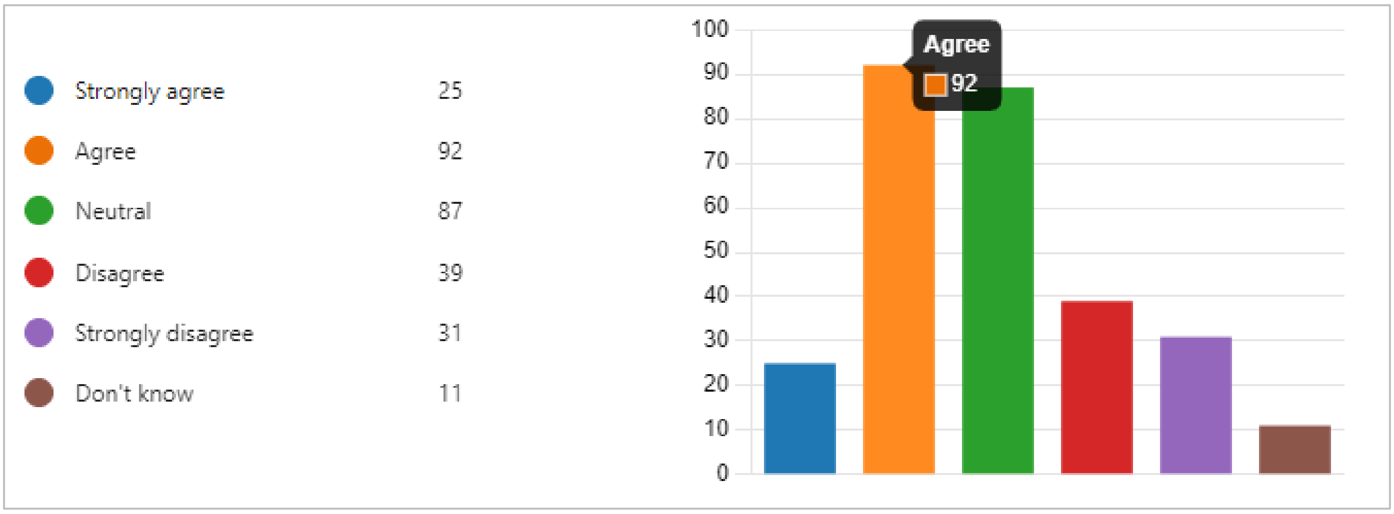


Figure 6

Figure 6 shows whether or not respondents agree that the council offers value for money. The majority of respondents agreed, with a figure of 32.3%. However, 30.5% remained neutral regarding the council providing value for money.

Council Tax

Based on the financial pressures the Council is facing, and the need for us to continue to develop plans for growth, what level of council tax increase would you support for 2024/25?

Figure 7 shows what level of council tax increase respondents would support for 2024/2025.

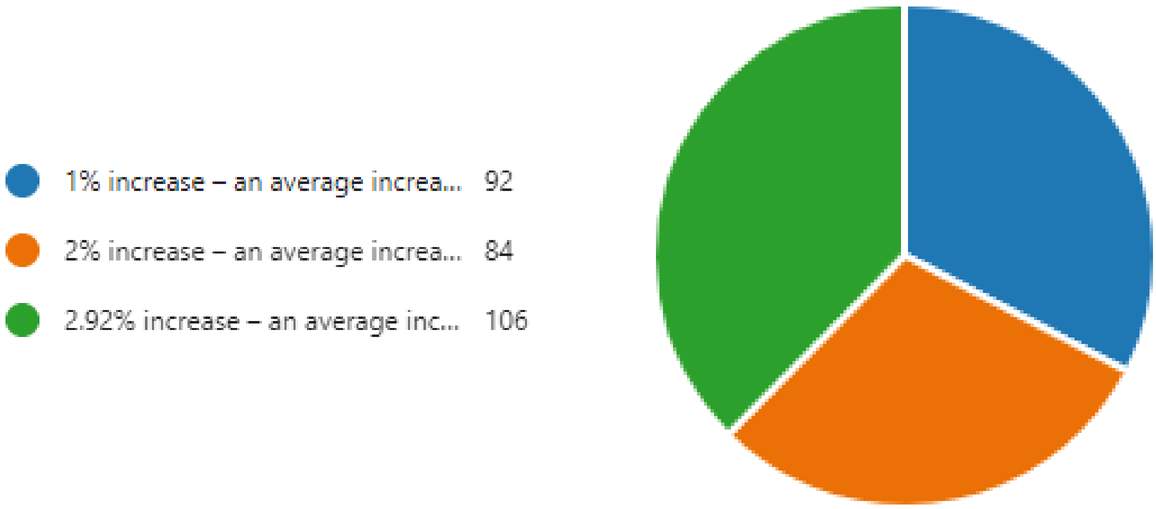


Figure 7

Although the responses have shown an almost even split between all three options, the most frequently selected was a 2.92% increase at 37.6% of responses.

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

Figure 8

Figure 8 shows respondent's views on whether councils should have the ability to determine council tax increases without the need for a referendum. 60.2% of respondents felt the council should not have the ability to determine council tax increases without a referendum.

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Budget Engagement Exercise 26.01.24

On Friday 26th January a workshop was held with local residents and representatives from local groups to engage with them on the draft budget. An exercise was undertaken to understand the priority areas of spend and to gather feedback that can be used when determining the final budget. Using the priority headings in the budget consultation survey, three teams discussed their priorities for funding and why and also share the impact of services on local residents.

The workshop was well attended, with 24 participants from the local community (including some council tenants), supported by council officers to help with any questions. Participants were invited by local charity EveryOne who are experienced in facilitation and co-production and have established links with residents and organisations who can share views from different backgrounds which helps with the Council's Public Sector Equality Duty.

Each group provided feedback their top priority / highest funded areas and why, which then allowed for further discussion. These were then reviewed again when the budget was reduced.

Group Feedback

- Supporting Vulnerable People was a top priority across the groups and the teams grouped together some of the themes that contribute towards this and the interdependencies – including affordable housing, cost-of-living and that by focusing resource on supporting vulnerable people early and robustly there will be a ripple effect on demand for the voluntary sector, benefits advice, homelessness, community safety. Looking at root causes was important.
- The voluntary sector were seen as important when supporting vulnerable people although there was awareness that this was unsurprising as there were representatives from groups supporting local residents in the session.
- Resourcing education around climate change and also recycling (contamination)/ clean environment was an important topic. Again, this looked at the interdependencies between education, behaviour change and the outcomes – investing in education activities reduces demand later.
- All groups could see the value in each of the priorities but placed higher value on work supporting vulnerable people, addressing climate change and a clean environment and education / prevention activities.
- There was some discussion that the city centre had a lot of action and things in progress and that there would be benefit in looking at 'growth' and services closer to local communities further from the city centre. Feeling a lack of connection with the City Centre came up at a couple of tables.
- There was a lot of passion for green spaces and cultural events and also an awareness that there needed to be a balance with other services.
- Overall, there was a priority on services for people who need them most.
- There was also a view that if services for people are right and the most vulnerable are supported, growth will then happen.

- There was discussion about the role of the voluntary sector and how the system works together, the relationship between the third sector and public sector and the best use of resources.

Group Discussion – Key Points and feedback

- Impact on residents who do not own or know how to use mobile phones and don't have internet access.
- Some feel detached from City Centre and those residents who aren't very mobile are finding things difficult as local shops and services in their neighbourhoods are closing – post office and library access was also cited. Some feel 'placed out' of the city centre.
- Some local shops do not have ramps, or temporary ramps that can be used.
- Some residents don't identify as 'vulnerable' but identify as 'struggling'.
- Access to employment to older people was a concern – some feel 'written off' by employers and struggle to find work.
- Priority for the City being clean and tidy because people are more respectful and take care of their area if it's nice. Having pride in a cleanliness of an environment leverages more pride.
- Bins in public spaces being full was a concerned as people then dumping from their homes.
- Wheelchairs and pushchairs are impacted by wheeling through dirty streets with rubbish or dog fouling.
- Recycling is undermined by the levels of cross contamination. Education is important. There needs to be collective responsibility but need some of the resources allocated on dealing with the issues to be spent on education and campaigns. Tackling climate change is collective responsibility.
- Accessible green spaces is more than just the availability of the spaces, it's how we make those spaces welcoming. Having adequate toilet facilities is very important to families and young people, café spaces / covered spaces are also important.

Present: Councillor Gary Hewson *(in the Chair)*, Councillor Thomas Dyer, Councillor David Clarkson, Councillor Chris Burke, Councillor Clare Smalley, Councillor Rachel Storer, Councillor Pat Vaughan, Councillor Calum Watt and Councillor Emily Wood

Apologies for Absence: None.

1. Declarations of Interest

No declarations of interest were received.

2. Draft Medium Term Financial Strategy 2024-29

Budget Review Group considered the draft Medium Term Financial Strategy (MTFS) 2024-2029 and provisional 2024/25 budget and Council Tax proposals. A copy of the Medium-Term Financial Strategy was appended to the report.

Jaclyn Gibson, Chief Finance Officer, presented her 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 2024/25 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 by Members in advance of the meeting which, together with responses provided, were noted as follows:

Question: Referred to page 8 of the report. Could clarification be provided in respect of the point 'difficult decisions about the size and scope of services it can continue to provide…'. What service areas specifically, did the finance team view as being considered for reduction?
Response: There were currently no specific service areas that had been identified as being considered for reduction and the MTFS stated that a programme to deliver the savings targets would be developed over 2024/25 and 2025/26. This covered a range of measures and would not just focus on service reductions.

Question: If the Council completely removed the neighbourhood working element of the Council's service delivery, how much would be saved for the full MTFS period?
Response: The cost of the neighbourhood working team was c£190K per annum, a total cost of £981K over the period of the MTFS.

Supplementary Question: Was the overhead cost of circa £20K for the office itself included?
Response: Yes.

Question: Why was the proposed 2.92% Council Tax increase set at 2.92% rather than 3%. Was this a political decision to be viewed as increasing Council Tax by a lower amount when compared to neighbouring District Councils or was it set at 2.92% for accounting purposes?
Response: Historically, Council Tax was set slightly below the referendum limit rather than at the maximum, i.e. usually 1.9% or 2.9%. The Band D equivalent needed to be divisible by 9 and the nearest percentage to 2.9% that achieved that was 2.92%. There was no link with neighbouring Districts' Council Tax proposals.

Question: If the Council ran a similar Council Tax Support (CTS) scheme similar to other neighbouring District Councils, what would the cost difference be?
Response: The budgeted cost of the 2024/25 CTS scheme was £1.28M, based on the Council's share of 14%. If the scheme was capped at a maximum 90% support (instead of 100%) for eligible working-age recipients, the estimated cost would be 10% lower i.e. cost £1.52M which was £128K lower. However, officers would then have a number of smaller Council Tax balances to collect (i.e. 10% of a taxpayers' liability who may have previously received 100% support through CTS). Therefore, costs of collection/recovery would be increased and the Council's bad debt provision would be affected due to potential increased numbers of debts submitted for write-out.

Question: Would the "Cost of Living Co-Ordinator" have a budget to deliver initiatives? How much would the budget be?
Response: The Cost-of-Living Co-ordinator had a number of funds for which the role had responsibility, with other officers and partner organisations, to ensure that support was delivered to residents of Lincoln. This included:

- Household Support Fund – providing vital support for food, fuel and related needs (over £0.5M delivered to date in 2023/24)
- UK Shared Prosperity Fund Cost of Living projects (£128,334 over 2023/24 and 2024/25)
    - Provision of fuel vouchers to residents directly and through trusted partner organisations
    - Lincoln Community Grocery vouchers to new Council tenants/those placed in housing by the Council
- Implementing Money Adviser Network which increased prompt access to money and debt advice
- Working with colleagues and partners to develop a funding bid for local advisors providing financial, energy efficiency and gas safety advice through the Cadent Centres for Warmth scheme.

Question: How much would the City Centre Spring Clean cost and who would fund it? (UKSFP, General Funds). Requested clarity on the definition of "City Centre".
Response: The City Centre Spring Clean was budgeted to cost £46K per annum and covered both Lincoln Central Car Park and Street Cleansing. It would be funded from Vision 2025 reserves until 2025/26 and then formed part of the core

budget. In terms of street cleansing, works in 2024 it would be aligned with the formal Great British Spring Clean which ran 15 March 2024 to 31 March 2024. Targeted work would be undertaken and included jet washing around litter bins and benches and stain removal from hot spots. The high volumes of litter in the High Street bins had been recognised and some of the funding for the Big Belly bin trial that was proving to be so popular, would be used. Anti-littering campaigns were planned, which would be self-funded and included use of our increased social media profile, which the Council accepted covered more than the City Centre. Referred to Lincoln Central Car Park. Works were scheduled as and when needed.

Supplementary Question: Did the City Centre Spring Clean refer to Lincoln Central car park?
Response: Yes.

Supplementary Question: Could a map of the area that covered the City Centre be provided to Budget Review Group?
Response: A map of the area that covered the City Centre would be followed up further to the meeting.

Question: Referred to paragraph 4.4 of the report on page 12 of the agenda pack. Was the small business support team (costing £0.260M) funded via UK Shared Prosperity Funding (UKSPF)?
Response: The small business support team was funded from income from workspaces and as part of the General Fund Core budget. There was a separate Business Advisor that had been funded through UKSPF.

Question: The Business Rate gains continued to accumulate to circa £2.1M. Given that the circa £2.1M was assumed to be removed from the Council budget in 2026/27, where did the money currently received, get spent? They money could not be relied upon for day-to-day revenue spending.
Response: Although the Council had accumulated £2.1M of growth above its business rates baseline, it had to pay a levy of 50% of this gain to Central Government. It therefore only kept £1.05M of this growth which supported the overall cost of providing Council services. It was not allocated to a particular area. The reset of the business rates system and the loss of this income was one of the key factors that drove the total amount of savings required from 2026/27 onwards.

Question: Referred to paragraph 4.14 of the report on page 15 of the agenda pack. The report assumed a 2.92% Council Tax rise this year with assumptions of further increases of 1.9% per annum for the subsequent MTFS years. Why was the maximum Council Tax rise of 3% not assumed and if increases were raised to 3% per annum, how would the outlook of the MTFS be changed?
Response: The Council Tax Referendum Limit had been at 2% for a number of years and had only been increased to 3% for 2023/24 and 2024/25. The Council had used the additional flexibility this had provided.
Beyond 2024/25 there was no indication as to what the Referendum Limits would be as that would be post General Election. It was therefore prudently assumed, that the temporary increase in the limits would be reverted to the previous 2%. For every 1% increase in Council Tax, circa £77K was generated.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack. The report stated that the Council planned to achieve an energy

performance rating of C for all its housing properties by 2030. The Council had set itself a net zero policy by 2030 and therefore, did the report confirm that the target would not be met?
Response: The question was not specifically a budget related question.

Question: Referred to Appendix 1 of the report which showed a fall in the Directorate of Communities and Environment (DCE) budget over the MTFS period, despite contractual changes which would inevitably increase costs. Therefore, where were the funding reductions coming from?
Response: There were no funding reductions included in the DCE Directorate. The reduction in net cost was primarily as a result of the majority of Directorate income inflating at circa 3% per annum and expenditure inflating at a lower percentage (inflation was not provided on all expenditure types). In addition, there were some fixed terms costs in the initial years which were not included recurrently.

Question: Referred to Appendix 6 of the report which showed that there was a reserve of £50,000 for improvement works to City Hall. Could clarification be offered on what the works were?
Response: This was a reserve set aside for future works to City Hall as part of the Better Use of Assets pillar.

Question: Referred to Appendix 6 of the report. Was the reserve of £50,300 for corporate training an overly high figure?
Response: With a workforce of 600 employees, a training reserve of £50,300 equated to £83 per employee. The reserve was set aside to fund both officer and member training.

Question: Referred to Appendix 6 of the report. Why was the reserve of £7,100 for a Mayoral Car held as the Council did not have a mayoral car?
Response: The Council had a Mayoral car, which was leased. The balance of £7,100 was a residual reserve and was subject to a year-end request for reallocation to the Guildhall.

Supplementary Question: The mayoral car was regarded as too small. Had that been reviewed?
Repsonse: The Mayoral car was under lease for a number of years and therefore, we would have to wait until the renewal was due.
Comment: It was positive that the Mayoral car was powered by electric.

Question: What was the staff wellbeing reserve of £28,260 for?
Response: Examples of initiatives from the reserve included: -

- Global Corporate Challenge/Virgin Pulse x 4 years
- Employee Wellbeing classes
- Financial Wellbeing courses
- EAP
- Production of “Your Health Matters Guide” for every employee
- Menopause videos

Question: There had been a £10,000 tank memorial reserve for a number of years. What was the purpose of the reserve?

Response: The £10,000 was gifted to the Council when the memorial was built, and maintenance responsibility transferred to the Council. It was intended to provide for future maintenance costs.

Question: Was the circa £300K Vision 2025 reserve allocated to specific projects?
Response: There was an unallocated amount of £310,790 on the Vision 2025/2030 reserve. This was held for commitment against future schemes as part of the development of Vision 2030.

Question: If elected members supported the reallocation of £50,000 from the Vision 2025 reserve to a Bus Shelter Maintenance reserve, was a reallocation possible? The reallocated money would be spent on bus shelter maintenance.
Response: A reallocation of £50,000 from the Vision 2025 reserve to a Bus Shelter Maintenance reserve was financially possible however such a move reduced resources for the future development of Vision 2030.

Question: What amount was planned for the events budget for 2024/25? Consideration given to inflation, in terms of spending power, was the events budget increasing or decreasing in 2024/25?
Response: The events budget for 2024/25 was £290,560. Consideration given to current inflation; the budget was increasing in real terms.

Question: Could a narrative be provided in respect to the decisions of the proposed new parking charges? Some parking charges are proposed to be increased, some not and some had changed more than others.
Response: Tariff setting had always been carried out in a nuanced way across Council car parks in order that running costs were reflected, customer demand and usage considered and in order that a range of pricing options for residents and visitors were provided. Some car parks with lower usage and therefore lower demand had not been increased as much as some, where usage and therefore demand, running costs and maintenance were higher. This also enabled an annual global increase that was typically in line with inflation.

Supplementary Question: Car parking was part of the Council's main income stream. When was the new car parking strategy due and when would it be available for Members to view?
Response: Officers understood that the car parking strategy had been progressed and confirmed that clarification of the date it could be viewed by Members, would be followed up further to the meeting.

Question:. Could an update be provided on the figures for the Council's Investment Properties? Additionally, could Members be notified if they met, under or over performed the original projections made?
Response: The requested information was contained on page 13 of Appendix B: Capital Strategy.

Question: On the 24 January 2024, Michael Gove announced increased funding for Local Government as part of the final Local Government finance settlement. Whilst this was mainly aimed at Social Care authorities, how was the City of Lincoln Council impacted?
Response: No further details had been provided by Department for Levelling Up, Housing and Communities (DLUHC) in terms of the specific allocation of the

additional funding that was announced. This would be released in the final Finance Settlement which was due in early February.

Supplementary Comment: Of the £600M anticipated, £500M was planned for Social Care. Of the remaining £100M, £3M was planned for drainage levy support allocation and approximately £140,000 was anticipated. Additional drainage levy costs were expected to be £180,000 this year.

Supplementary Question: When further information was received, could it be forwarded for Members' consideration?
Response: Information would be received in time for the final Finance Statement/Budget in early February which would be updated. The information would be emailed to Members also.

Question: Referred to paragraph 2.6 of the report on page 9 of the agenda pack. What specifically, were the initiatives that the new Cost-of-Living Living Co-Ordinator post planned to deliver? Referred to paragraph 4.4 of the report on page 12 of the agenda pack. Would the Cost-of-Living Co-Ordinator form part of the £280K per year, Welfare Advice and Welfare Reform Support Services scheme?
Response: Details of the initiatives had been set out previously. The Cost-of-Living Coordinator was not part of the £280K quoted.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack in relation to Spending Plans; in particular, '*New Homes'.* The Council's 30-year Business Plan included the duration of the Western Growth Corridor (WGC) development. With the terminology used, why didn't the figure include the 3,200 homes target for the WGC?
Response: The 1,700 was specifically in relation to affordable homes. The new homes on Western Growth Corridor included a mix of affordable and market homes.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack in relation to Spending Plans; in particular, *'Decarbonisation'.* The Council's commitment, in line with its declaration of a 'Climate Emergency', was to reach net Zero by 2030. The achievement of an Energy Performance Rating of 'C' for all Council houses did not equate to Net Zero. What spending plans did the Council have for reaching its own goal of Net Zero by 2030?
Response: As set out in paragraph 5.2 of the report and articulated within the Housing Business Plan, the plan acted as a guide to the future development of HRA budgets which focussed on the growth and allocation of surpluses in accordance with the four main objectives. It did not seek to allocate all of these surpluses at the present time.

Question: Referred to 'Capital Spending Plans' on page 60 of the agenda pack which confirmed that the total planned expenditure over the 5-year programme included £12.898M for the WGC. Referred to the Executive summary on Page 8 of the agenda pack which confirmed that '*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'.* What was the difference between what was covered by the £18.1M and that covered by the £12.898M (other than £5.202M)?

Response: The £18.1M related to the total budget cost for Phase 1a and included expenditure incurred in the current financial year. The balance that remained of £12.898M was to be incurred in 2024/25 and 2025/26. These were gross expenditure budgets and did not include capital receipt income.

Supplementary Comment: The gross expenditure budget did not include any income from housing sales. It was the gross cost, not the net cost.

Question: Referred to 'Asset Management' on page 61 of the agenda pack which confirmed that '*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*…'. What were the legacy operational assets and what was the level of investment required?
Response: This related to the Council's corporate asset estate, not legacy assets. Updated stock condition surveys were planned to be completed during 2024/25 to inform the future investment programmes.

Question: Referred to 'Prudential Borrowing' on page 62 of the agenda pack which confirmed that ''t*he MTFS includes an unsupported prudential borrowing requirement of £7.015m over the period 2024/24-2028/29. This includes temporary borrowing to support the Housing delivery of the Western Growth Corridor and associated shared infrastructure*'. How much of the £7.015M borrowing was required for the WGC and was it included in the £18.1M or £12.898M figures quoted earlier? As it was termed temporary borrowing, when would it or must it, be repaid?
Response: There was a requirement to cashflow Phase 1a of WGC to approx. £5.6M, due to the timing of cost incurred and receipts from property sales. Prudent provision has been made to allow the Council to temporarily borrow during this period. However, given the current cash balances it was unlikely the full amount of £5.6M would need to be borrowed. Any borrowing that was required would be done so through the PWLB on a short-term basis.

Question: Referred to 'Releasing Resources**'** on page 70 of the agenda pack which confirmed that 'a*lthough 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'. W*ere the 'further resources' that may be released, Council houses or other building resources?
Response: The resources were in terms of revenue budget savings e.g. if savings were made that supported a service, then a proportion of those savings would be attributable to the HRA.

Question: Referred to 'Gambling Act - Permit Fees**'** on page 108 of Appendix 7 of the agenda pack. 'The table of fees includes entries for:

- Alcohol Licences Premises - Notification of **Less than 2 Machines** - Application Fee
- Alcohol Licences Premises - **More than 2 Machines** - Application Fee'

What would be the case if there was an application for 2 Machines?
Response: The wording should read '2 or less Machines'.

Question: Referred to 'Fixed Penalty Notices' on page 121 of Appendix 7 of the agenda pack.

All items listed in the table remained at the existing charge of £75, except for Dog Fouling which was £50. Why had the charge for Dog Fouling not been increased?
Response: Dog Fouling Fixed Penalty Notice was due to be reviewed during 2024/25.

Question: In general terms, the Western Growth Corridor was a major investment for the Council and represented a major risk, not least because of its long delivery period and unpredictable rising costs. How much had the Council invested in it to date and, after external grants were deducted, what was the Council's own financial investment in the whole development?
Response: The budget and MTFS proposals in relation to WGC were in line with previous reports submitted to the Executive for approval. There were no new proposals. This information was therefore available in the Executive reports.

Jaclyn Gibson, Chief Finance Officer confirmed that the consultation was still live, and would be until the end of the following week and had been pushed through social media and sent out to The Citizens Panel; 95% of responses received were from residents. The information would be included in documents proceeded to Council and Executive. Further questions and discussions were invited from Members of the Budget Review Group.

Question: Monies costed to the General Funds Account (GFA) was concerned with homelessness and the need for accommodation to be found which was often hotels. What was the Council's view? Homelessness was likely to increase and therefore, it would put more pressure on the GFA. Were the Council in a position to purchase somewhere that could be used to offer emergency housing?
Response: Costs had increased in 2024/25 by approximately £200K and were forecasted to increase to £300K thereafter. The Corporate Management Team (CMT) have actioned a range of measures, focussing on both = increasing supply of appropriate accommodation and managing demand.. Bed and Breakfast accommodation was very expensive and the recovery of expenditure was limited; up to the local housing allowance.

Note: *(Councillor Christ Burke wished it to be noted that he was a member of the YMCA Board)*

Comment: The Council had lobbied for additional support.

Question: Was the acquisition of property a possibility?
Response: A range of options had been considered regarding property acquisition. In addition, consideration had been given to adaptation of our own properties in our ownership.

Comment: Mortgage companies had forecasted mortgage failures and considerable increases were expected unless there was to be action from Central Government.

Comment: The provision of emergency accommodation was a major pressure on the GFA. The Council had a number of miscellaneous properties within its housing stock however they came with long term repair and maintenance issues and therefore were not entirely trouble-free. The issues required significant Government intervention.

Question: Who designed the questions asked within the consultation exercise?
Response: The Chief Finance Officer and the Policy Team.

Comment: A face-to-face consultation took place on 26 January 2024 facilitated by a company called EveryOne. The consultation engaged people in harder to reach communities and those unrepresented and was attended by approximately 23 individuals.

Comment: The exercise offered an indication of the issues faced by elected Members regarding expenditure as all services were often considered a priority. Hard choices had to be made at times.

Question: How much had it cost for EveryOne to facilitate the engagement event?
Response: Confirmation of the charge would be forwarded further to the meeting.

Comment: Officers were praised for the diligence demonstrated in going through the Budget papers. It was positive that there had been a fair amount of scrutiny. Budget making had become increasingly challenging. The Council was in a much more robust financial position compared to other authorities and had weathered the storm that others had yet to come through. The Council had managed well which was due to prudence and diligence.

RESOLVED that:

1. The Budget Review Group agreed to provide its comments and recommendations to the next Performance Scrutiny Committee meeting, prior to progression to Council.

2. Members would be provided with extra information under separate cover as requested in the discussion of budget proposals above.

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Item No. 10

EXECUTIVE **19 FEBRUARY 2024**

SUBJECT:	**COUNCIL TAX 2024/25**
DIRECTORATE:	**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 2024/25.

2. City Council Requirement 204/25

2.1 The net General Fund Budget requirement as set out in the Medium Term Financial Strategy report totals £15,427,670 which includes a contribution to balances of £146,820.

2.2 For 2024/25 a council tax increase of 2.92% has been applied.

2.3 The council tax requirement for 2024/25 is £7,905,610.

2.4 By reference to the Band D level, the 2024/25 council tax would rise by £8.73 to £307.98 per annum. The range of council taxes will be:

Band	**2023/24 Council Tax** £	**2024/25 Council Tax** £
A	199.50	205.32
B	232.75	239.54
C	266.00	273.76
D	**299.25**	**307.98**
E	365.75	376.42
F	432.25	444.86
G	498.75	513.30
H	598.50	615.96

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

3.1 The County Council are due to agree their 2024/25 council tax requirement on the 23rd February 2024, 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 4.45%.

At Band D council tax level these are as follows: -

	£
Police & Crime Commissioner	304.20
Lincolnshire County Council	1,578.69

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 27th February when it will formally approve the overall council tax levels for 2024/25.

4. Total Council Tax 2024/25

4.1 The council tax requirements for all the authorities for 2024/25 is summarised as follows:

	£	% share
City of Lincoln Council	307.98	14.0%
Police & Crime Commissioner Lincolnshire (NOT YET CONFIRMED)	304.20	13.9%
Lincolnshire County Council (NOT YET CONFIRMED)	1,578.69	72.1%
Total Band D Charge	**2,190.87**	**100.0%**

This represents an overall increase of 4.62% for 2024/25.

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 2024/25 budget requirement and MTFS 2024-29 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 2024/25

8.1 The Executive is requested to recommend to Council:

1. Acceptance of the 2nd January 2024 Executive Committee recommendation that the Council Tax Base for 2024/25, as calculated in accordance with The Local Authorities (Calculation of Council tax Base) (England) Regulations 2012, to be 25,669.23

2. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

a)	£109,979,120	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)	£102,073,510	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
c)	£7,905,610	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)	£307.98	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)	£307.98	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**
£205.32	£239.54	£273.76	£307.98
E	**F**	**G**	**H**
£376.42	£444.86	£513.30	£615.96

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 2024/25 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**
£1,052.46	£1,227.87	£1,403.28	£1,578.69
E	**F**	**G**	**H**
£1,929.51	£2,280.33	£2,631.15	£3,157.38

4. That it be noted that for the year 2024/25 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**
£202.80	£236.60	£270.40	£304.20
E	**F**	**G**	**H**
£371.80	£439.40	£507.00	£608.40

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 2024/25 in accordance with the dwelling bandings shown below:

Total Council Tax Charge 2024/25

A	**B**	**C**	**D**
£1,460.58	£1,704.01	£1,947.44	£2,190.87
E	**F**	**G**	**H**
£2,677.73	£3,164.59	£3,651.45	£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 Jaclyn.gibson@lincoln.gov.uk

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Item No. 11

EXECUTIVE **19 FEBRUARY 2024**

SUBJECT:	**PRUDENTIAL INDICATORS 2023/24 TO 2026/27 AND TREASURY MANAGEMENT STRATEGY 2024/25**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**LAURA SHIPLEY, 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 2024/25;
- Prudential Indicators;
- Minimum Revenue Provision (MRP) Policy;
- 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).

3. Key Prudential Indicators

3.1 The table below summarises the key prudential indicators that have been incorporated into the 2024/25 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	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**	**2026/27 Estimated £'000**
Capital Expenditure				
General Fund	15,333	17,527	7,562	1,052
HRA	16,120	21,043	15,955	14,834
Total	**31,453**	**38,570**	**23,517**	**15,886**
Capital Financing Requirement (CFR)				
General Fund	71,461	76,810	70,385	69,584
HRA	79,312	79,912	80,512	81,112
Total CFR	**150,773**	**156,723**	**150,897**	**150,696**
Movement in CFR	**4,670**	**5,949**	**-5,825**	**-201**
Actual external debt				
Borrowing at 31st March	109,242	113,017	110,937	110,701
Gross Debt & the CFR				
Under Borrowing	41,531	43,706	39,960	39,995
Operational Boundary for external debt				
Operational Boundary	120,442	124,217	122,137	121,901
Authorised Limit for external debt				
Authorised Limit	124,950	130,165	129,020	125,479
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 31/12/2023 in excess of 1 year maturing in each year	-	-	-	-

Note: These figures are based on the draft MTFS and may be subject to change based on the final version of the MTFS.

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.

Changes to the 2003 MRP regulations being implemented from April 2024 make it 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. It is not foreseen that these changes will significantly impact the council.

There has been no Minimum Revenue Provision made within the MTFS relating to Western Growth Corridor due to the scheme related to housing provision / regeneration of the city and borrowing related to this scheme will be short term (2 years) and repaid using capital receipts.

5. Treasury Management Strategy

5.1 The Treasury Management Strategy covers both capital and treasury management issues, which are intrinsically linked.

The treasury management function ensures that cash flow is planned, so that cash is available when it is needed. Surplus monies are invested in line with the Council's low risk appetite, considering security and liquidity before maximising the return on investment.

Capital plans provide a guide to the borrowing need of the council, essentially long term cash flow planning, to ensure the council can meet its capital spending obligations. The management of the capital plan may involve arranging loans or utilising cash flow surpluses, whilst taking into consideration the implications on revenue budgets.

6. Investment Strategy

6.1 The council's investment strategy is geared to provide security of investments whilst minimising risk through investing only with highly creditworthy counterparties. The council uses external financial advisors (Link Group) to assess credit worthiness and provide due diligence before investing with an entity.

Using these carefully selected counterparties the council will look to make investments which maximise the return / yield in line with its low risk appetite.

The council will ensure adequate liquidity of its investments to cover its cash flow needs.

7. Environmental, Social and Governance (ESG) Considerations

7.1 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.

8. Strategic Priorities

8.1 The Medium Term Financial Strategy and supporting Capital Strategy and Treasury Management Strategy underpin the policy and financial planning framework. They 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.

9. Organisational Impacts

9.1 Finance

Financial implications are contained in the main body of the report.

9.2 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 DLUHC Investment Guidance when carrying out their treasury management functions.

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, no specific Equality Impact Analysis is required.

10. Risk Implications

10.1 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.

11. Recommendation

Executive are recommended to:

11.1 Review and recommend to full Council the Treasury Management Strategy 2024/25 including the Prudential Indicators;

11.2 Review and recommend to full Council the Minimum Revenue Provision Policy 2023/24.

11.3 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?	5
List of Background Papers:	Medium Term Financial Strategy 2024-29 CIPFA Code of Practice CIPFA Prudential Code Treasury Management Strategy Treasury Management Practices
Lead Officer:	Laura Shipley – Financial Services Manager **Laura.shipley@lincoln.gov.uk**

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CITY OF LINCOLN COUNCIL

TREASURY MANAGEMENT STRATEGY

2024/25

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 2024/25

The Strategy for 2024/25 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 2024/25 – 2026/27

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	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**	**2026/27 Estimated £'000**
General Fund	15,333	17,527	7,562	1,052
HRA (including New Build)	16,120	21,043	15,955	14,834
Total Expenditure	**31,453**	**38,570**	**23,517**	**15,886**
Financed by:				
Capital receipts	2,379	2,231	6,663	449
Capital grants & contributions	12,606	10,017	1,146	852
Depreciation (HRA only)	6,886	13,603	12,006	10,183
Revenue/Reserve Contributions	4,045	5,842	2,901	3,602
Borrowing need	**5,537**	**6,877**	**801**	**800**
Total Financing	**31,453**	**38,570**	**23,517**	**15,886**

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 2023/24 to 2026/27 is projected to be:

Indicators 3 & 4 - Capital Financing Requirement (CFR)	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**	**2026/27 Estimated £'000**
General Fund	71,461	76,810	70,385	69,584
HRA	79,312	79,912	80,512	81,112
Total CFR	**150,773**	**156,723**	**150,897**	**150,696**
Movement in CFR	**4,670**	**5,949**	**-5,825**	**-201**

Net borrowing need for the year	5,537	6,876	802	800
Minimum / Voluntary Revenue Provision (MRP/VRP)	-867	-926	-968	-1,001
Application of Capital Receipts	0	0	-5,659	0
Movement in CFR	**4,670**	**5,949**	**-5,825**	**-201**

Indicator 5 - External Borrowing	**2023/24 Estimated £'000**	**2024/25 Estimated £'000**	**2025/26 Estimated £'000**	**2026/27 Estimated £'000**
Borrowing	**109,242**	**113,017**	**110,937**	**110,701**

2.3 Liability Benchmark (LB)

The Council is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years as a minimum.

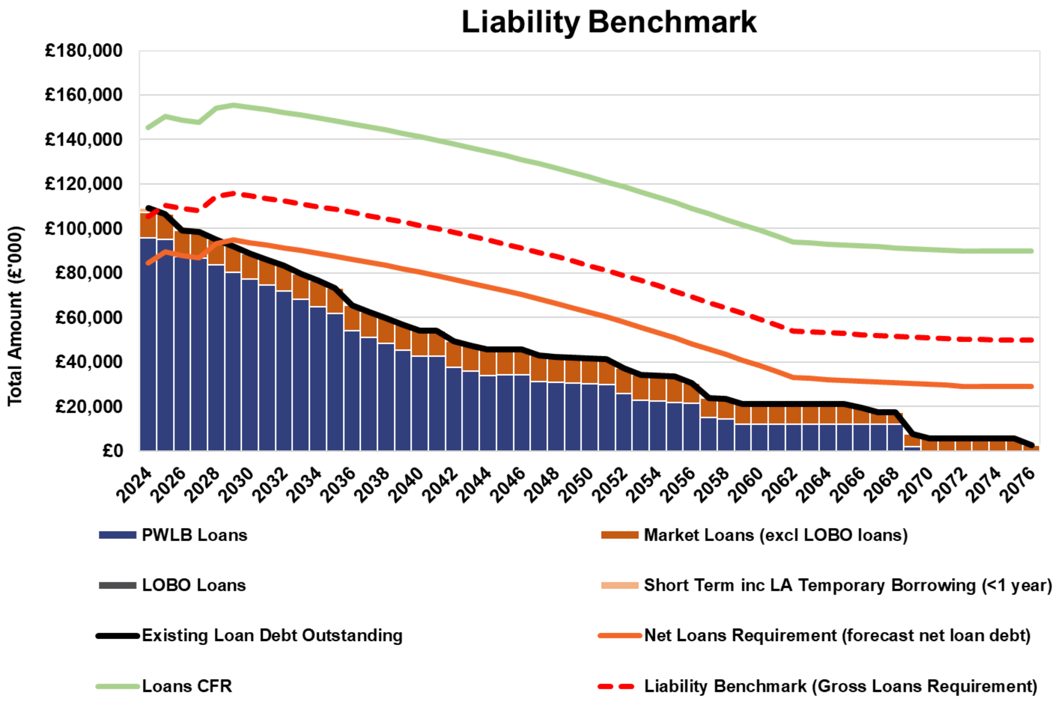
There are four components to the LB:

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 the council is under borrowed against CFR and liability benchmark due to utilisation of internal resources and reserves. 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:

(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 is the:

- 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. VRP overpayments of £0.058m and £0.060m were made during the 2022/2023 & 2023/24 Financial Years respectively.

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 31/03/23 and 2023/24 forecast outturn position are shown below for both borrowing and investments:

	31/03/23 Actuals £'000	%	31/03/24 Forecast £'000	%
Investments				
Banks	19,000	52	6,000	19
Local Authorities	3,000	8	3,000	10
Money Market Funds	14,685	40	22,300	71
TOTAL	**36,685**	**100**	**31,300**	**100**
Borrowing				
PWLB	93,962	77	95,743	88
Market Loans	16,000	13	11,500	10
Local Authorities	12,000	10	2,000	2
TOTAL	**121,962**	**100**	**109,242**	**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	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000	2026/27 Estimated £'000
Debt as at 1 April	121,962	109,242	113,017	110,937
Expected change in debt	-12,720	3,775	-2,080	-236
Actual gross debt as at 31 March	**109,242**	**113,017**	**110,937**	**110,701**
Capital Financing Requirement	**150,773**	**156,723**	**150,897**	**150,696**
Under/(Over) Borrowing	**41,531**	**43,706**	**39,960**	**39,995**

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 2024-29.

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	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000	2026/27 Estimated £'000
Debt	123,570	128,785	127,640	124,099
Other long-term liabilities	1,380	1,380	1,380	1,380
Total	**124,950**	**130,165**	**129,020**	**125,479**

The Operational Boundary - boundary based on the expected maximum external debt during the course of the year.

Indicator 8 - Operational Boundary	2023/24 Estimated £'000	2024/25 Estimated £'000	2025/26 Estimated £'000	2026/27 Estimated £'000
Debt	119,242	123,017	120,937	120,701
Other long-term liabilities	1,200	1,200	1,200	1,200
Total	**120,442**	**124,217**	**122,137**	**121,901**

Affordability Prudential Indicators
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.

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	2023/24 Estimated %	2024/25 Estimated %	2025/26 Estimated %	2026/27 Estimated %
General Fund	14.80%	15.39%	16.78%	15.85%
HRA (including New Build)	28.79%	28.48%	28.13%	27.40%

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	2024/25		2025/26		2026/27	
	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%

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 07.11.23. These are forecasts for certainty rates, gilt yields plus 80 bps. The lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (gilts plus 40 bps)

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

LINK group's central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain 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.

In the upcoming months, our 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

LINK group expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

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 the tighter monetary policy. That is, the higher Bank Rates than have been seen in recent years.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 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 Council expects to take out loans for the General Fund however, it will continue to use internal balances and will only take out loans based on cashflow requirements and prevailing interest rates. 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 or if attractive rates are offered. The Council will consider PWLB loans, Market loans, the Municipal Bond Agency and other financial institutions.

In addition, should new 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, or for the sustainment of existing income streams, or in the absence of any other funding source, then unsupported borrowing will be considered.

Officers will also continue to evaluate the cost effectiveness of borrowing as opposed to selling capital assets.

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 Executive at the meeting immediately following its action, in the quarterly report and in the annual review report.

4. INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Council's investment strategy's primary objectives are safeguarding the repayment of the principal and interest of its investments on time, ensuring adequate liquidity, with the investment return being the final objective.

The intention of the strategy is to provide security of investment and minimisation of risk.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but the Council will also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.

In line with this aim, the Council will ensure:

- It maintains a policy covering the types of specified and unspecified investments it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the paragraphs below.
    - **Specified Investments –** these are high security investments (i.e. high credit quality) and high liquidity investments in sterling with a maturity of no more than one year**.**
    - **Non-specified Investments** – investments that do not fall into the category of Specified Investments, representing a potential greater risk (e.g. over one year).
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

4.2 Creditworthiness Policy

Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

- It has sufficient liquidity in its investments. For the purpose it will set out procedures for determining the maximum periods for which funds may be prudently committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Chief Finance Officer will maintain a counterparty list in compliance with the criteria set out and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which chooses Specified and Non-Specified investments as they provide an overall pool of counterparties considered high-quality which the Council may use rather than defining what its investments are.

As a result of the financial pressures the Council faces, the identification of reductions in operating costs 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 2024/25 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).

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 peak at 5.25% in Q4 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	
2023/24 (remainder)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. Rates used for MTFS investment income budgets differ slightly from the above as they have been adjusted to reflect the split between fixed term investments and ones kept more liquid in Money Market Funds.

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.

Indicator 11 **Upper Limit for Fixed Interest Rates**	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
	100%	100%	100%

Indicator 12 **Upper Limit for Variable Interest Rates**	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
	40%	40%	40%

Indicator 14 **Maximum Principal Sums Invested for longer than 365 days**	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£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, 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

Counterparty risk increases as the duration of investments increases. The council will continue its policy of investing the majority of its investments with duration of less than 12 months.
The Council's maximum security risk benchmark for the current portfolio, when compared to the historic default tables is 0.03%. This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.

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 less than 0.5 years, with a maximum of 1.00 years.

Yield

Local measure of yield benchmark employed is:

- Investments – return above the 7 day SONIA compounded rate.

5 APPENDICES

1. Additional local prudential indicators
2. Interest rate forecasts
3. Economic background
4. Approved countries for investments
5. Treasury Management Practices

APPENDIX 1 - ADDITIONAL LOCAL PRUDENTIAL INDICATORS 2024/25 – 2026/27

Local Prudential Indicators

In addition to the statutory indicators set out in the Strategy, the Chief Finance Officer has set four additional local indicators aimed to add value and assist in the understanding of the main indicators.

Additional Local Indicator	2024/25 Target
1. Borrowing rate achieved(i.e. temporary borrowing of loans less then 1 year)	Less than SONIA rate
2. Investment rate achieved against the SONIA rate	Greater than SONIA rate
3. Average rate of interest paid on Council debt during the year	4.5%
4. The amount of interest on debt as a percentage of gross revenue expenditure.	Reported at year end
5. Net Income from Commercial and Service Investments to Net Revenue Stream	10.45%

APPENDIX 2 - INTEREST RATE FORECASTS 2023-2026

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

PWLB forecasts are based on PWLB certainty rates.

APPENDIX 3 - ECONOMIC BACKGROUND – FROM LINK (THE COUNCIL'S TREASURY ADVISORS)

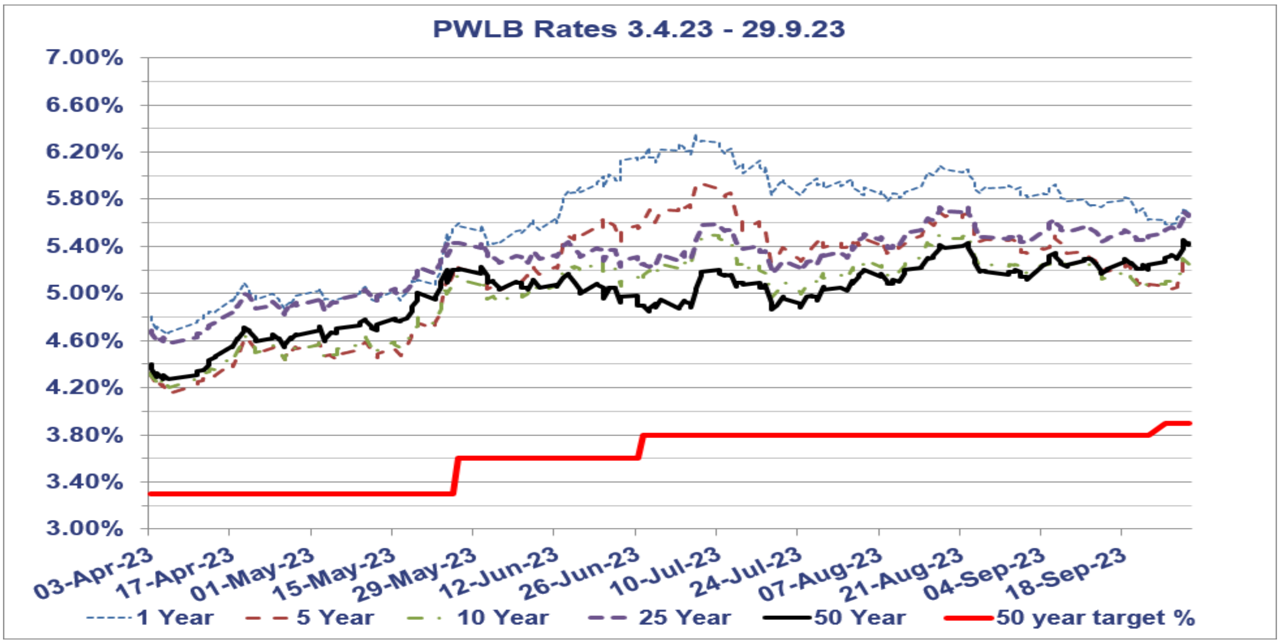
- The first half of 2023/24 saw:
  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
  - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
  - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was

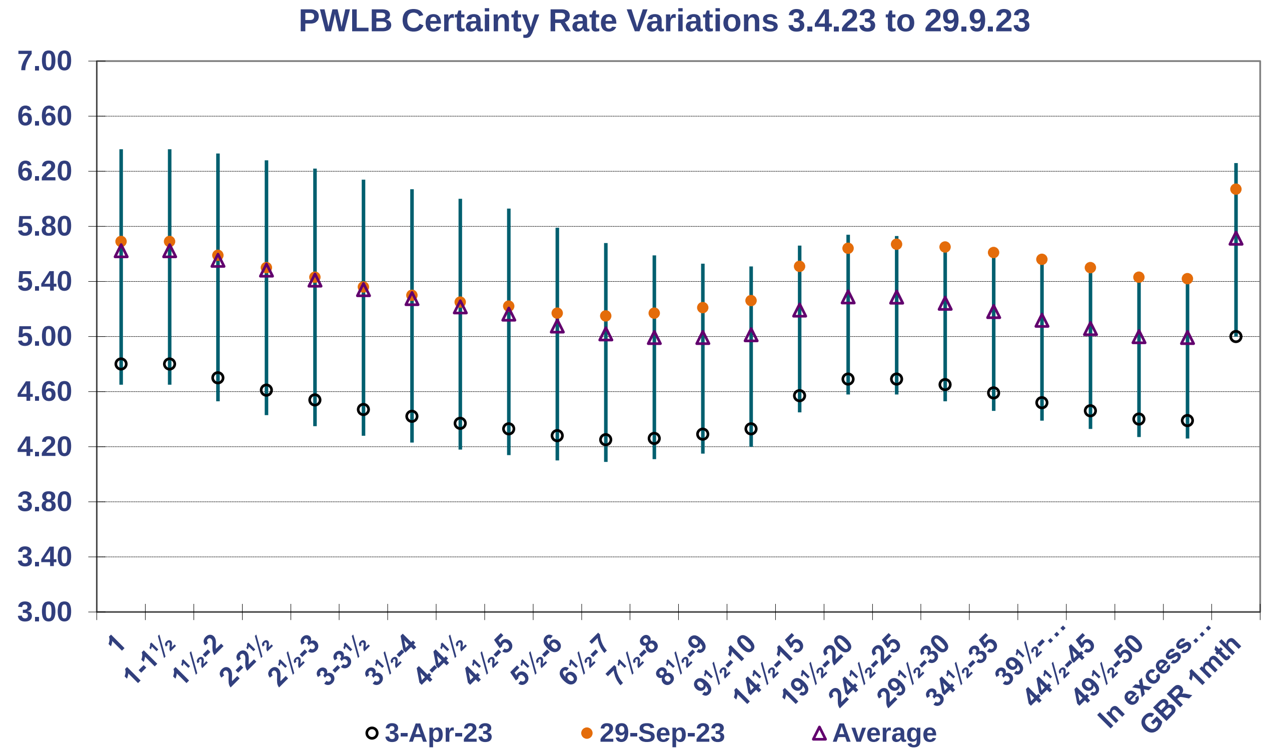
7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23





HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective 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)

AA-

- Belgium
- France
- Qatar
- **U.K.**

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CITY OF LINCOLN COUNCIL TREASURY MANAGEMENT POLICY – CODE OF PRACTICE FOR TREASURY MANAGEMENT

(January 2024)

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 and investment 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 borrowing, 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 organisation, 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.

The City of Lincoln Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities. The schedules below follow the TM Code and have been suitably amended where necessary to reflect the Council's particular needs and circumstances.

TREASURY MANAGEMENT PRACTICES (2024-25)

Contents

TMP1 - TREASURY 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 including investment properties.

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.*

[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, 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 regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which 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.

Policy on the use of credit risk analysis techniques

[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	Yellow	£7 million	Liquid
Money Market Fund LVNAV*3			
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.
  - 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.

- **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.

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 it is not implied that the Council's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

Councils are currently recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies.

The prime consideration when assessing the suitability of counterparties and investments must continue to be Security, Liquidity and then Yield, in that order. Only then will ESG factors be considered. The Council does not invest in bond or equity markets, therefore there is currently a lack of data available on which to base ESG considerations relevant to the Council's investments. The main ratings agencies are increasingly including ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings. Therefore, the incorporation of ESG risks is already being considered, to an extent, by the use of mainstream rating agencies. Our treasury advisors Link also continue to look at ways in which ESG factors can be incorporated into their creditworthiness assessment service, and they have advised clients that they will review the options and will update clients as progress is made. As the Council develops its environmental and climate change policies, including the net zero carbon target by 2030, ESG investment policies and procedures can then be developed to align with these.

[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.

- ***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 on 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 above (Investment counterparty limits) - limits are based on the current Treasury Management Strategy.

  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	2024/25 £m	2025/26 £m	2026/27 £m
Maximum principal sums invested for longer than 1 year	7	7	7

[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.

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), please refer to the Annual Treasury Management Strategy for the current limits which 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.

The Council also sets a minimum level for the proportions of variable rate debt and interest. These limits feed into the limit on the net debt position, which is based on estimated levels of debt and investments.

Policies concerning the use of instruments for interest rate management.

a. Forward dealing
   Consideration will be given to dealing from forward periods dependent upon market conditions. When forward dealing is more than 1 month forward then the approval of the Chief Finance Officer is required.

b. Callable deposits
   The Council will use callable deposits as part as of its Investment Strategy. The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments in the Investment Strategy.

c. LOBOS (borrowing under lender's option/borrower's option)
   Use of LOBOs are not currently considered as part of the annual borrowing strategy. All borrowing for periods in excess of 364 days must be approved by Chief Finance Officer.

[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.

The Council only invests and borrows funds in sterling; thereby avoiding any risk associated with fluctuations in exchange rates.

[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 Chief Finance 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.

In addition, the Chief Finance Officer will draw up a capital strategy report which will give a longer-term view.

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 housing rent levels. It will also consider affordability in the longer term beyond this three-year period and assess the risks and rewards of significant investments to ensure the long-term financial sustainability of the authority.

The Council will use the definitions provided in the Prudential Code for borrowing, capital expenditure, capital financing requirement, commercial property, debt, financing costs, investments, net revenue stream, other long-term liabilities, treasury management and transferred debt.

[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.

References to Relevant Statutes and Regulations
The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. These are:

Statutes

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- S.I. 2004 no. 3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No. 2) Regulations 2004
- S.I. 2006 no. 521 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009

- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Localism Act 2011
- S.I. 2012 no. 265 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012
- S.I. 2012 No. 711 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012
- S.I. 2012 No. 1324 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012
- S.I. 2012 No. 2269 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 4) Regulations 2012
- S.I. 2013 no. 476 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2013
- S.I. 2015 no. 234 Accounts and Audit Regulations 2015
- *There has not been an issue of a Local Authorities (Capital Finance and Accounting) (England) Regulations statutory instrument in 2005, 2011 and 2016*
- S.I. 2017 no. 536 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017
- S.I. 2018 no. 1207 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018
- Statutory Guidance on Investments 2018
- Statutory Guidance on MRP 2018
- 2019 No. 394 Exiting the European Union financial services: The Money Market Funds (Amendment) (EU Exit) Regulations 2019
- S.I. 2019 no. 396 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2019
- S.I. 2020 no. 1212 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020
- S.I. 2021 no. 611 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2021

Guidance and codes of practice

- CIPFA Local Authority Capital Accounting - a reference manual for practitioners' latest year Edition
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities and Guidance Notes revised 2021

- LAAP Bulletins
- IFRS - Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The UK Money Markets Code (issued by the Bank of England – it was formerly known as the Code of Market Conduct issued by the Financial Conduct Authority)
- The Council's Standing Orders relating to Contracts
- The Council's Financial Procedure Rules
- The Council's Scheme of Delegated Functions

Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

Investing: Local Government Act 2003, section 12
Borrowing: Local Government Act 2003, section 1

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 [TMP5]

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.

Statement on the Council's Political Risks and Management of Same
The Chief Finance 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 S151 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] Operational Risk, including Fraud, Error and Corruption

"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 treasury management 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.

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.

[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.

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.

TMP2 - PERFORMANCE MANAGEMENT

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.

Evaluation and Review of Treasury Management Decisions

The Council has a number of approaches to evaluating treasury management decisions: -

- quarterly reviews carried out by the treasury management team
- reviews with our treasury management consultants
- annual review after the end of the year as reported to full Council
- half yearly / quarterly / other monitoring reports to committee / full Council
- comparative reviews
- strategic, scrutiny and efficiency value for money reviews

Reviews with our treasury management consultants

The treasury management team holds reviews with our consultants every 6 months to review the performance of the investment and debt portfolios.

Review reports on treasury management

An Annual Treasury Report is submitted to the Council each year after the close of the financial year which reviews the performance of the debt / investment portfolios. This report contains the following: -

- total external debt (gross external borrowing plus other long-term liabilities such as finance leases) and average interest rates at the beginning and close of the financial year compared to the Capital Financing Requirement
- borrowing strategy for the year compared to actual strategy
- whether or not a decision was made to defer borrowing or to borrow in advance
- comment on the level of internal borrowing and how it has changed during the year
- assumptions made about interest rates
- investment strategy for the year compared to actual strategy

- explanations for variance between original borrowing and investment strategies and actual
- debt rescheduling done in the year
- actual borrowing and investment rates available through the year
- compliance with Prudential and Treasury Indicators
- other

In addition, quarterly reports will be submitted each year to provide updates on the above.

Comparative reviews
When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- other

Benchmarks and Calculation Methodology:

Debt management
- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average rate on internal borrowing
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year
- Debt portfolio compared to the debt liability benchmark

Investment
The performance of investment earnings will be measured against the following benchmarks: -

- In house investments - Average daily SONIA

Policy Concerning Methods for Testing Value for money in Treasury Management

Frequency and processes for tendering
The process for advertising and awarding contracts will be in line with the Council’s Contract Procedure Rules.

Banking services
The Council’s banking arrangements are to be subject to competitive tender every 5 years unless it is considered that there will be changes in the volume of transactions in the foreseeable future which renders a shorter period appropriate.

Money-broking services
The Council use money broking services in order to make deposits or to borrow and establish charges for all services prior to using them.

An approved list of brokers has been established which takes account of both prices and quality of services [TMP11].

Consultants'/advisers' services
This Council has appointed Link Group as its professional treasury management advisers.

Policy on External Managers (Other than relating to Superannuation Funds)
The Council's policy is not to appoint external investment fund managers.

TMP3 - 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 below.

Records to be kept:
Detailed records are maintained of all borrowings and investments made by the Council.

Processes to be pursued:

- Cash flow analysis;
- Debt and investment maturity analysis;
- Ledger reconciliation;
- Review of opportunities for debt restructuring;
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money);
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

Issues to be addressed:
In respect of every Treasury Management decision made, the Council will:

- above all be clear about the nature and extent of the risks to which the Council 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:

- consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets to ensure that Its capital plans and investment plans are affordable, proportionate to the Council's overall financial capacity, and are within prudent and sustainable levels. This evaluation will be carried out in detail for three budget years ahead.
- Less detailed evaluation will also be carried out over a longer period to ensure that plans continue to be affordable, proportionate, prudent and sustainable in the longer term.
- not borrow to invest primarily for financial return.
- not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so.
- not borrow unless it is to finance the current capital programme or to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the Council.
- increase its CFR and borrowing solely for purposes directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- undertake an annual review of any investments in commercial (debt for yield) schemes with a view to identify whether such assets should be sold to provide resources to finance capital expenditure plans or refinance maturing debt.
- evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing, external grants and private partnerships.
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
- ensure that treasury management decisions are made in accordance with good professional practice.

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 any 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. 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. The current limit is as approved in the Prudential Indicators and Treasury Management Strategy
- ensure that investments over 1 year do not exceed the limit as approved in the Treasury Management Strategy (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 greater than 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 or City Solicitor in their absence) before the investment is made or any borrowing is taken.

Any investments with a maturity period greater than 364 require Chief Finance Officer approval.

TMP4 - 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 this schedule 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.

Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- leasing.

Approved instruments for investments

- ***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.

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.

Implementation of MIFID II Requirements

Since 3 January 2018, UK public sector bodies have been defaulted to ‘retail’ status under the requirements of MIFID II. However, for each counterparty it is looking to transact with (eg financial institution, fund management operator, broker), there remains the option to opt up to ‘professional’ status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and expertise and decision making processes in place in order to use regulated investment products.

MIFID II does not cover term deposits so local authorities should not be required to opt up to professional status. However some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, so opting up to professional status would be required.

For investing in negotiable investment instruments (eg certificates of deposit, gilts, corporate bonds), money market funds and other types of investment funds, which are covered by MIFID II, a schedule is maintained of all counterparties that the treasury management team are authorized to place investments with. Records are held of each counterparty where the Council has opted up to professional status, with details of permissions applied for, instrument and date received, and similarly a record is held of those counterparties/investments where there is no requirement to opt up to professional status.

- ***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

Approved Techniques

- Forward dealing;
- LOBOs – lenders option, borrower's option borrowing instrument;
- The use of structured products such as callable deposits.

Approved methods 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	●	●
Internal (capital receipts & revenue balances)	●	●

Other methods of financing include Government and European Capital Grants, Lottery monies, Private Finance Initiative (PFI), Public-Private Partnerships (PPP), operating leases and other capital contributions from relevant partners and stakeholders.

Borrowing will only be done in Sterling. 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.

Investment Limits
The Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

Borrowing Limits
See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

Non-Treasury Management Investments

Please see Non-Treasury Management Investments Schedule at the end of this document.

TMP5 - 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 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 Chief Finance Officer will fulfil all responsibilities in accordance with the City of Lincoln Council's policy statement and TMP's.

Full Board / Council

- ***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. A mid year report and end of year report detailing the performance against the Prudential indicators, local indicators and treasury management activities are submitted to the

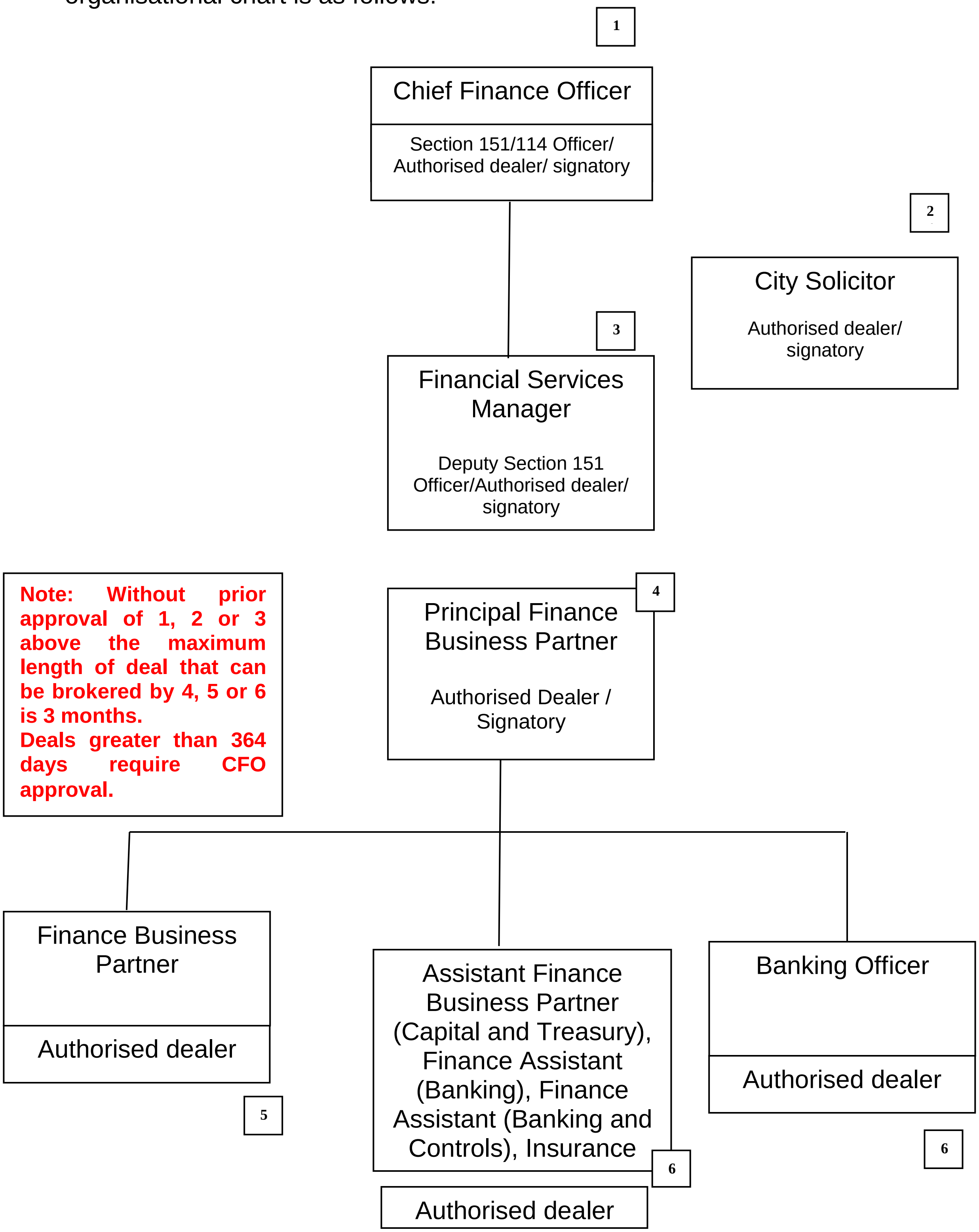
Council's Performance Scrutiny Committee, Executive and full Council. Quarterly treasury management reports will be submitted to the Council's Executive and Performance Scrutiny Committee, to update Members as to the actual position against the local and Statutory Prudential Indicators, and to summarise 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
  - The Financial Services Manager (or Chief Finance Officer or City Solictor in their absence) must approve investments or borrowing for periods greater than 3 months (up to 364 days). Deals greater than 364 days deals require Chief Finance Officer approval. A briefing document giving all the details of the investment or borrowing will be presented for approval for sign off.
  - The principal and practices concerning segregation of duties is set out in the hierarchical responsibilities/duties of each post, as set out below:

Appendix 5

Treasury Management organisation chart – the Council's current organisational chart is as follows:



- ***Statement of duties/responsibilities of each treasury post*** –

1. Chief Finance Officer

- Duties in line with S151 and S114 responsibilities
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised Signatory

2. City Solicitor

- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised signatory

3. Financial Services Manager

- Duties in line with deputy S151 responsibilities
- Advise the Chief Finance Officer on Treasury Management matters
- Receive and review Treasury Management investment and borrowing proposals
- Review and appoint Treasury Management consultants
- Ensure that staff involved in treasury management receive appropriate training
- Ensure that the treasury management function is adequately resourced to meet current requirements
- Absence cover for the Chief Finance Officer for responsibilities detailed above.
- Ensure there is adequate internal checking and control
- Ensure the Treasury Management Strategy, the Treasury Management Outturn Report and Quarterly Monitoring Reports are prepared and complied with
- Ensure implementation of Treasury Management actions agreed by the Chief Finance Officer
- Ensure Treasury Management Practices are complied with and are reviewed at least annually
- Ensure the appropriate division of duties within the section
- Identify and recommend opportunities for improved Treasury Management Practices
- Implementation of the Treasury Management Strategy
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Authorised signatory

4. Principal Finance Business Partner (PFBP)

- Advise Financial Services Manager on Treasury Management matters
- Receive and review Treasury Management investment and borrowing proposals
- Oversee the compilation of the yearly cash flow
- Oversee the monitoring, update, revision and reporting on the authorities cash flow
- Prepare the annual Treasury Management Strategy and Outturn Reports
- Compile mid-year treasury management reports to the Council's Performance Scrutiny Committee
- Monitor and calculate the prudential indicators/local indicators and performance against budget targets (i.e. borrowing and investment interest)
- Prepare an annual budget for Treasury Management activities (i.e. borrowing and investment interest, debt management expenses)
- Ensure implementation of Treasury Management actions agreed by the Financial Services Manager and Chief Finance Officer
- Assist the Financial Services Manager in implementation of the Treasury Management Strategy
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)

5. Finance Business Partner (FBP)

- Construction of yearly cash flow
- Advise Financial Services Manager and PFBP on Treasury Management matters
- Monitor, update, revise and report on the authority's cash flow
- Monitor and calculate the prudential indicators/local indicators and performance against budget targets (i.e. borrowing and investment interest)
- Maintain the Council's Money Market Funds and Call accounts
- Liaise with brokers on a day to day basis and monitor interest rates
- Invest short-term cash surpluses in line with Councils investment policy/strategy
- Take short-term borrowings to cover cash flow shortages in line with Council's investment policy/strategy.
- Maintain the Councils Counterparty list in line with Council's investment policy/strategy
- Action periodic interest payments on long term loans
- Instigate year-end accruals for investments and loans.
- Assist in the preparation of mid-year treasury management reports and Annual Treasury Management Strategy and Outturn Reports.
- Administer the Council's 3% Stock, war stock and local bonds

- Monitor the Councils approved Prudential Indicators/Local Indicators and percentage of investments held as Specified/Non-Specified Investments
- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Production of quarterly reconciliations for all Treasury Management ledger accounts

6. Assistant Finance Business Partner (Capital and Treasury), Finance Assistant (Banking), Finance Assistant (Banking and Control) and Insurance Assistant, Banking and Controls Officer

- Authorised Dealer (i.e. authorised to invest and borrow in line with the Council's Treasury Management Strategy)
- Absence cover for Finance Business Partners
- Download on a daily basis the Council's bank statements in order to monitor Council's cash position.

- ***Absence cover arrangements*** – The Banking Team (within the Technical and Exchequer section) provides absence cover for the Finance Business Partner (Capital, Treasury and VAT) and the Assistant Finance Business Partner (Capital and Treasury).

- ***Dealing Limits* –** all staff authorised to deal on behalf of the Council must comply with the Council's Counterparty list limits set out in the Treasury Management Strategy as detailed in TMP schedule 1

- ***List of approved brokers*** –BGC Brokers, Tradition, King and Shaxson and Link Group

- ***Policies on recording of conversations* –** Calls to Brokers are currently recorded by the Brokers only. Taping facilities from the main Council switchboard are not available at present.

- ***Direct dealing practices*** – interest rates/risks are evaluated through comparing the rates offered by brokers and those offered direct from institution e.g. Debt Management Office. Should deals from direct institutions prove to be better value this option will be preferred.

- ***Settlement transmission procedures* –** all funds to be remitted in respect of a treasury management transaction are via CHAPS. The Council uses the Lloyds Commercial Banking online Electronic Payments System provided by the Council's Bankers. The procedure is as follows:

  - The officer setting up the payment completes a pro-forma detailing the agreed transaction(s) together with a batch header
  - An officer with the appropriate level of access (see below) sets up the transaction(s) on Lloyds Commercial Banking online

- The transaction is approved by a separate officer with the appropriate level of access (see below) on Lloyds Commercial Banking online
- The transaction is then authorised by a separate officer with the appropriate level of access (see below) on Lloyds Commercial Banking online
- Finally, the transaction is submitted via Lloyds Commercial Banking online for onward transition to the borrower/lender

Lloyds Commercial Banking Online Authorisation Levels

Post	**Lloyds Commercial Banking Online Level ***
Chief Finance Officer	Authorisation
City Solicitor	Authorisation
Financial Services Manager	Authorisation
Principal Finance Business Partners	Authorisation
Finance Business Partner(s)	Set up, verify and first level of approval
Assistant Finance Business Partner	Setup
Banking Officer	Set up, verify and first level of approval
Exchequer Officer	Set up, verify and first level of approval

Lloyds Commercial Banking online is the electronic banking system of the Council's bank, Lloyds.

- ***Documentation requirements* –** Money market deals are confirmed using either the Institutional Cash Distributors (ICD) treasury portal, this is an online independent trading platform, or verbally with the money market fund, counterparty or broker. All the Money market funds currently in use by the Council are registered with ICD. All deals are followed by written confirmation of the transaction from the borrower/lender i.e. amount, interest rate, period, bank account details, proceeds or liability on maturity. Deposit accounts require an email/fax instruction when placing or withdrawing funds and this must be signed by one the Council's Authorised signatories. The Debt Management Office requires all deposits and withdrawals to be agreed verbally. In the event of the Council having temporary borrowing, the Council will confirm in writing the transaction. In addition, for those deals carried out via a broker, the broker will send their own confirmation of the transaction.

TMP6 - 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.
- a mid-year review;
- an annual report on the performance of the treasury management function, 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.

***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. For instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise. The Strategy is concerned with the following elements:

- Prudential and Treasury Indicators
- current Treasury portfolio position
- borrowing requirement
- prospects for interest rates
- borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- investment strategy
- creditworthiness policy
- policy on the use of external service providers
- any extraordinary treasury issues
- the MRP strategy

The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios

The Investment Strategy
At the same time as the Council receives the Treasury Management Strategy it will also receive a report on the Investment Strategy which will set out the following: -

- The Council's risk appetite in respect of security, liquidity and optimum performance
- The definition of high credit quality to determine what are specified investments as distinct from non-specified investments
- Which specified and non-specified instruments the Council will use
- Whether they will be used by the in-house team, external managers or both (if applicable)
- The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- Which credit rating agencies the Council will use
- How the Council will deal with changes in ratings, rating watches and rating outlooks
- Limits of value and time for individual counterparties and groups
- Country limits
- Maximum value and maximum periods for which funds may be prudently invested

- Interest rate outlook
- Investment return expectations
- A review of the holding of longer-term investments
- Policy on the use of external service providers

The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

Policy on Prudential and Treasury Indicators

The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

The Chief Finance Officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Chief Finance Officer shall submit the changes for approval to the full Council

Quarterly and Mid-Year Reviews

The Council will review its treasury management activities and strategy on a quarterly and six monthly basis. The mid-year review will go to Full Council. This review will consider the following: -

- activities undertaken
- variations (if any) from agreed policies/practices
- interim performance report
- regular monitoring
- monitoring of treasury management and prudential indicators

The quarterly review will monitor the treasury management and prudential indicators as part of the authority's general revenue and capital monitoring.

Annual Review Report on Treasury Management Activity

- transactions executed and their revenue (current) effects
- report on risk implications of decisions taken and transactions executed
- compliance report on agreed policies and practices, and on statutory/regulatory requirements
- performance report
- report on compliance with CIPFA Code recommendations, approved policies and practices, the member approved treasury management strategy and on statutory/regulatory requirements
- monitoring of treasury management indicators.

TMP7 - 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.

Statutory/Regulatory Requirements
The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's Treasury Management activities.

Budgets / Accounts / Prudential and Treasury Indicators
The Chief Finance Officer will prepare a five year medium term financial plan with Prudential and Treasury Indicators for Treasury Management which will incorporate the budget for the forthcoming year and provisional estimates for the following four years. This will bring together all the costs involved in running the function, together with associated income. The Chief Finance Officer will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

List of Information Requirements of External Auditors

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long-term loans taken out in the year

- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision
- External fund manager(s) valuations (where used) including investment income schedules and movement in capital values.

Quarterly Budget Monitoring Report
Quarterly Budget Monitoring reports are produced for the Performance Scrutiny Committee. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of Treasury Management activities are included within this report.

TMP8 - 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 *liquidity risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

Arrangements for Preparing/Submitting Cash Flow Statements -
Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

– An up to date cash flow estimate will be maintained in order to effectively manage cash balances. The cash flow forecasts will be reviewed and discussed regularly among treasury staff (as above) and will influence the treasury management decision-making and analysis processes detailed in TMP3.

Arrangements for preparing/submitting medium to long-term forecasts of the organisation's net debt (or net investment) requirements consistent with its approved plans, eg through development of a liability benchmark -
A debt liability benchmark will be monitored on a quarterly basis to inform a long-term view of liquidity requirements. The benchmark will be analysed as part of the annual treasury management strategy and any substantial mismatches between actual loan debt outstanding and the liability benchmark will be explained.

Content and frequency of cash flow budgets
An annual cash flow forecast is produced prior to the beginning of the financial year. This forecast is reconciled to the closing ledger balance of the Council's Summary account 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

- Capital Receipts from sale of assets
- VAT
- Debtor bills and other miscellaneous income from services provided by the Council

Expenditure can be broken down as follows:

- NNDR to DLUHC and Lincolnshire County Council
- Precepts to Lincolnshire County Council and Police and Crime Commissioner for Lincolnshire
- 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:

Investments
- Interest from maturing investments, Money Market Funds and Bank accounts
- Deposits to borrowers and investment maturities

Borrowing
- Interest payments on the Council's outstanding long-term debt
- 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 update 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 Police and Crime Commissioner for Lincolnshire 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. All amounts on the statements are checked to source data. Bank reconciliations are the responsibility of the Banking Team.

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 direct credit). The City Council aims to pay 100% of its creditors within their agreed payment terms or if no terms are quoted within 30 days of receipt of their demand for payment. The exception to this would be if the Council deems itself to be in dispute with its creditor; in which case the invoice will be paid within 30 days of that dispute being resolved. Furthermore, no invoice that is paid within 30 days to its creditor will be deemed to have been paid late for performance monitoring purposes even if the creditor's terms are less than 30 days.

Arrangements for monitoring debtor/creditor levels – The Exchequer Section is responsible for monitoring the levels of debtors and creditors. The recovery of outstanding Debtor invoices is undertaken by the Recovery Team within the Revenue and Benefits Shared Service, who follow strict recovery procedures. Recovery of debtors will be closely coordinated with the invoice issuing service area who will assist with recovery if possible.

Procedures for banking of funds – All money received by an officer on behalf of the Council will without unreasonable delay be deposited in the Council's bank account.

Practices concerning prepayments to obtain benefits **-** The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the Chief Finance Officer.

TMP9 - 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, procedures are maintained for verifying and recording the identity of counterparties, and reporting suspicions ensuring that staff involved in treasury activities and accepting payments are properly trained.

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*".

The City of Lincoln Council last updated its Anti-Money Laundering Policy Statement and Procedures in February 2023. The Policy is reviewed and presented to Audit Committee every two years.

The City of Lincoln Council is committed to prevent the Council and its employees being exposed to money laundering, to identify the risks where it may occur, and to comply with legal and regulatory requirements, especially with regards to reporting suspected cases.

The key message of this Policy is that if you suspect that money laundering activity may be taking place or proposed in relation to anything you are dealing with you should immediately disclose those suspicions to the Council's Money Laundering Reporting Officer (the Chief Executive). If the suspicion involves a proposed transaction (e.g. the sale of property or a significant cash receipt) you should not proceed with the transaction without approval from the Money Laundering Reporting Officer. You should defer the transaction in such a way as not to alert anyone else to your suspicions. If you believe you cannot reasonably do so, you should immediately contact the Money Laundering Reporting Officer or the Council's Monitoring Officer. There are two forms to complete depending on circumstances but in the first instance you should contact a deputy MLRO (City Solicitor or Chief Finance Officer) for advice.

Key Points

- The Council is committed to the prevention, detection and reporting of money laundering
- All employees should be vigilant for signs of money laundering
- An employee who suspects money laundering activity should report this promptly to the Money Laundering Reporting Officer
- The Council will not accept payments in cash that exceed £2,000

Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

The Money Laundering Regulations 2012, 2015 and 2017

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to do the following: -

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions.

Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly, this Council will do the following: -

- evaluate the prospect of laundered monies being handled by them
- determine the appropriate safeguards to be put in place
- require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- make all its staff aware of their responsibilities under POCA
- appoint a member of staff to whom they can report any suspicions.
- in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
- The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is the City Solicitor and it shall be a requirement that all services and departments implement this corporate policy and procedures.

- ***Procedures For Establishing Identity / Authenticity of Lenders***

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence, and this will be effected by following the procedures below.

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.

TMP10 - 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, including the specification of the expertise, knowledge and skills required by each role or member of staff.

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.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a professional development process which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job, and it will be the responsibility of the Chief Finance Officer to ensure that all staff under their authority receive the level of training appropriate to their duties. This will also apply to those staff who from time-to-time cover for absences from the treasury management team.

Details of approved training courses

Treasury management staff and Councillors will undertake training, principally using seminars and training, where appropriate, provided by the Council's external treasury management advisors, CIPFA, money brokers etc.:

- bi-annual seminars, including workshops
- regional training
- specific training or individual briefing sessions

Records of Training Received by Treasury Staff

A record will be maintained of all training courses and seminars attended by staff engaged in treasury management activities.

Experience and Approved qualifications for treasury staff

All staff engaged on treasury management activities will undergo regular professional development reviews to assist in career development.

The Chief Finance Officer, Financal Services Manager and Principal Finance Business Partners will be professionally qualified accountants:

- 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.

Member training records
Records will be kept by Democratic Services of all training in treasury management provided to Members.

Members charged with governance
Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP11 - USE OF EXTERNAL SERVICE PROVIDERS

Details of contracts with service providers, including bankers, brokers, consultants, advisers and details of services provided

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of the Council, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house treasury management team are maintained to a high enough level whereby they can provide the appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding of undue reliance:

- quality financial press
- market data
- information on government support for banks
- the credit ratings of that government support

Banking Services

- Name of supplier of service is Lloyds Bank.
- Regulatory status – banking institution authorised to undertake banking activities by the FCA
- The branch address is:
  202 High Street, Lincoln LN5 7AP
  Tel :-0345 602 1997
- Contract commenced Jan 2022 and runs for 7 years until 2029 with an option to extend for a further 3 years.
- Cost of service is variable depending on schedule of tariffs and volumes
- Payments due monthly
- The organisation may terminate the agreement at any time by giving one months' written notice to the Bank.

- Allpay provide services for the collection of Council Tax, Rent and sundry debtors through Post Office and Paypoint facilities.

Procedures and frequency for tendering services – The Council's main banking services are subject to tender.

The Allpay contract is due to be renewed for two years from 1st February 2024 with an option to extend for a further two years utilising a framework agreement.

Money-broking services
The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers. The performance of brokers is reviewed by the Treasury Team regularly to see if any should be taken off the approved list and replaced by another choice and make appropriate recommendations to change the approved brokers list to the Chief Finance Officer. All of the following brokers are authorised and regulated by the Financial Conduct Authority.

Name of broker	**Address and tel. no**.
BGC Brokers	5 Churchill Place, London, E14 5HU 0207 894 7742
King & Shaxson Ltd	1st Floor Cutlers Court, 115 Houndsditch, London, EC3A 7BR 020 7426 5950
Tradition (UK) Ltd	Beaufort House, 15 St. Botolph Street, London, EC3A 7QX 020 7422 3566
Link Group	65 Gresham St, London, EC2V 7NQ 020 7204 7624
Imperial Treasury Services	Imperial House, 5 Port Hill, Hertford SG14 1PJ 01992 945550
Munix Municipal Exchange	9 Ainslie Place, Edinburgh EH3 6AT 07985 106188

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.

Treasury Consultancy Services
The Council will seek to take expert advice on interest rate forecasts, annual Treasury Management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The performance of consultants will be reviewed as part of regular contract management meeting to check whether performance has met expectations.

- Name of supplier of service is Link Group, Treasury solutions. Their address is 65 Gresham Street London EC2V 7NQ

- Regulatory status: investment adviser authorised by the FCA
- Contract is reviewed and renewed annually, running from 1st January to 31st December.

Leasing Consultancy Services
The Council's Treasury Consultants Link Group provide leasing advice upon request as part of their contract.

Credit rating agency
The Council receives a credit rating service through its treasury management consultants, the costs of which is included in the consultant's annual fee.

Procedures and frequency for tendering services
See TMP 2 Performance measurement.

TMP12 - 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 the CIPFA Code of Practice on Treasury Management and has implemented the key principles of the Code. These 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.

The following documents are available for public inspection:

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Investment Strategy
- Minimum Revenue provision policy statement
- Annual Treasury Outturn Report
- Quarterly Treasury Management monitoring reports
- Annual accounts and financial instruments disclosure notes
- Medium Term Financial Strategy
- Capital Programme
- Capital Strategy
- Minutes of Council / Cabinet / committee meetings

INVESTMENT 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 or equivalent, and will set out, where relevant, its risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised 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.

The Council recognises that many of the principles underlying TMPs 1 to 12 will apply to non-treasury investments as they do to treasury investments. However, some aspects are likely to differ, these are laid out below.

Risk Management [TMP1]
Due diligence processes and procedures are undertaken to reflect the additional risk the Council is taking on.

Independent and expert advice
Independent expert advice is sought for property purchases as part of the due diligence.

In carrying out due diligence, potential project risks are identified and relevant mitigation measures documented prior to approval. All risks are then managed in line with the Council's risk management policy which includes documenting risks on a risk register, assigning owners, regular review of risks and Red Amber Green (RAG) rating.

Verification of purchase price by external suitably qualified RICS Approved Valuers is obtained prior to any investment.

Performance measurement and management - including methodology and criteria for assessing the performance and success of non-treasury investments [TMP2]
The relevant aspects of TMP 2 will be applied when considering non-treasury investments.

Decision making, governance and organisation [TMP5]

The Financial Procedure Rules detail how capital projects are approved and added to the capital programme. For non-treasury investments the appropriate professional due diligence is carried out to support the decision making.

Reporting and management information [TMP6]
The relevant aspects of TMP 6 will be applied when considering non-treasury investments.

With regard to the specific non-treasury investments:

- Commercial Investment Properties within the Local Authority Area / Council Owned Commercial/Industrial Estates -

  Details are reported in the Council's Capital Strategy.

Training and qualifications [TMP10]
Relevant knowledge and skills in relation to non-treasury investments will be arranged and maintained.

The relevant aspects of TMP10 will be applied when considering non-treasury investments. Treasury Management staff are either AAT or CCAB qualified and all CCAB qualified staff must complete the annual CPD requirements of their professional accountancy bodies. Training courses run by CIPFA and seminars and updates provided by Link Group are also attended.

With regard to non-treasury investments, the Council employs qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to courses both internal and external to enable those staff to complete their Continuing Professional Development (CPD) requirements.

The Council ensures that its Members are qualified to undertake their governance role by providing training opportunities and access to workshops, etc. Members will also required to undertake a self-assessment against the required competencies as set out in CIPFA's 'Effective Scrutiny of Treasury Management' assessment tool. The Council also procures expert advice and assistance such as financial and legal advice as and when required.

Item No. 12

EXECUTIVE **19 FEBRUARY 2024**

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 Members with a status report of the revised Strategic Risk Register as at the end of the third quarter 2023/24.

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 2023 and contained fourteen 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 movements in the Risk Register.

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

3. Strategic Risks

3.1 The Strategic Risk Register contains fourteen 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 existing and new statutory duties/functions.

5. Failure to protect the local authority's long term vision 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, transformational journey to one Council approach and service delivery.

7. Insufficient levels of resilience, capability 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 compliance with safeguarding and domestic abuse duties.

12. Failure to mitigate against the risk of a successful cyber-attack against the council

13. Impacts of the uncertainty of Government's migration policy on the Council's service delivery, capacity and MTFS as well as the impacts for the City as a whole

14. Failure to deliver critical services in an emergency situation.

3.2 Each risk includes a number of control measures in order to avoid, seek, modify, transfer or retain the risks, these include actions already in place and further actions required with the relevant timescales for implementation. These control actions continue to be implemented and the risks managed accordingly.

3.3 Each risk is evaluated in terms of the level of assessed risk (likelihood and impact), taking into consideration any changes in control measures and the wider environment in which the Council operates. There have been some positive movements in terms of the implementation of control measures, which has resulted in a change to the assessed levels of likelihood and/or impact of two of the risks, as follows:

- Risk 1 has decreased from Amber: Possible/Minor to Green: Hardly Ever/Minor.
- Risk 5 has decreased from Amber: Probable/Major to Amber: Possible/Major.

3.4 The assessed level of each of these fourteen risks is as follows:

Risk No.	Risk Rating	Likelihood	Impact
1.	Medium	Hardly Ever	Minor
2.	High	Almost Certain	Critical
3.	Medium	Probable	Major
4.	Medium	Probable	Major
5.	Medium	Possible	Major
6.	Medium	Possible	Major
7.	High	Almost Certain	Critical
8.	High	Almost Certain	Critical
9.	Medium	Probable	Major

10.	High	Almost Certain	Critical
11.	Medium	Possible	Critical
12.	High	Probable	Critical
13.	High	Almost Certain	Critical
14.	Medium	Probable	Major

3.5 The Strategic Risk Register is contained within Part B of this agenda.

4. Strategic Priorities

4.1 Sound risk management is one way in which the Council ensures that it discharges it's functions in accordance with its expressed priorities, as set out in the Vision 2025, and that it does so in accordance with statutory requirements and within a balanced and sustainable budget and MTFS.

5. Organisational Impacts

5.1 Finance

There are no direct financial implications arising as a result of this report. The Council's Strategic Risk Register contains two specific risks in relation to the Medium Term Financial Strategy and the Towards Financial Sustainability Programme, the risk register that supports these are included within the Medium Term Financial Strategy and are reviewed as part of financial planning/management processes.

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 Members are asked to note and comment on the Council's strategic risks as at the end quarter 3 2023/24.

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 Jaclyn.gibson@lincoln.gov.uk

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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