



County Offices
Newland
Lincoln
LN1 1YL

22 November 2017

Overview and Scrutiny Management Board

A meeting of the Overview and Scrutiny Management Board will be held on **Thursday, 30 November 2017 at 10.00 am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony McArdle', written over a horizontal line.

Tony McArdle
Chief Executive

Membership of the Overview and Scrutiny Management Board (11 Members of the Council and 4 Added Members)

Councillors R B Parker (Chairman), L A Cawrey (Vice-Chairman), T Bridges, Mrs J Brockway, M Brookes, R L Foulkes, C S Macey, C E H Marfleet, Mrs A M Newton, N H Pepper and E W Strengiel

Added Members

Church Representatives: Mr S C Rudman and Reverend P A Johnson

Parent Governor Representatives: Mrs P J Barnett and Dr E van der Zee

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD AGENDA
THURSDAY, 30 NOVEMBER 2017**

| Item | Title | Pages |
|------|--|---------------|
| 1 | Apologies for Absence/Replacement Members | |
| 2 | Declarations of Members' Interests | |
| 3 | Minutes of the meeting of the Overview and Scrutiny Management Board meeting held on 26 October 2017 | 5 - 14 |
| 4 | Announcements by the Chairman, Executive Councillor for Resources and Communications and Chief Officers | |
| 5 | Consideration of Call-Ins <i>(An opportunity for the Board to consider Councillor Call-Ins, should any have been received)</i> | |
| 6 | Consideration of Councillor Calls for Action <i>(An opportunity for the Board to consider Councillor Calls for Action, should any have been received)</i> | |
| 7 | 2017/18 Council Business Plan Quarter 2 <i>(To receive a report by Jasmine Sodhi (Performance and Equalities Manager) which invites the Board to consider a report on the 2017/18 Council Business Plan Quarter 2 prior to it being considered by the Executive on 5 December 2017)</i> | 15 - 28 |
| 8 | Property Service Contract Update <i>(To receive a report by Kevin Kendall (County Property Officer) which provides an update on the performance of the Property Services Contract with VINCI Facilities Partnership Limited (VFPL) at the end of the second year of the contract)</i> | 29 - 38 |
| 9 | Scrutiny Committee Work Programmes <i>(To receive a report which sets out the work programmes of the Adults and Community Wellbeing Scrutiny Committee and the Health Scrutiny Committee for Lincolnshire in accordance with the Board's agreed programme)</i> | 39 - 50 |
| 10 | Scrutiny Panels - Approval of Terms of Reference of Scrutiny Reviews <i>(To receive a report by Simon Evans (Health Scrutiny Officer) which invites the Board to endorse the terms of reference and review completion dates of the two scrutiny reviews currently being undertaken – "Future IT Provision to Support Council Working Practices (Scrutiny Panel A)"; and "Impact of the Part Night Street Lighting Policy (Scrutiny Panel B)"</i> | 51 - 56 |
| 11 | Future Scrutiny Reviews <i>(An item which provides the Board with the opportunity to discuss potential topics for future scrutiny reviews)</i> | Verbal Report |

- 12 Overview and Scrutiny Management Board Work Programme** 57 - 76
(To receive a report to enable the Board to consider and comment on the content of its work programme for the coming year to ensure that scrutiny activity is focussed where it can be of greatest benefit)
- 13 Information Item**
- 13a Treasury Management Update 2017/18 - Quarter 2 Update Report to 30 September 2017** 77 - 102
(To receive an information report by Karen Tonge (Treasury Manager) which provides the Board with information on Treasury Management Performance, for Quarter 2, and compares this activity to the Treasury Management Strategy for 2017/18. The report also details any issues arising in treasury management during this period)

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Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

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www.lincolnshire.gov.uk/committeerecords



**OVERVIEW AND SCRUTINY
MANAGEMENT BOARD
26 OCTOBER 2017**

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors L A Cawrey (Vice-Chairman), T Bridges, Mrs J Brockway, R L Foulkes, C S Macey, C E H Marfleet, N H Pepper and E W Strengiel

Added Members

Church Representatives: Mr S C Rudman

Parent Governor Representatives:

Councillors: C J T H Brewis, R D Butroid, D McNally, P A Skinner, M A Whittington and B Young attended the meeting as observers

Officers in attendance:-

Arnd Hobohm (Corporate Services Support Contract Manager), (Paul Briddock (Partnership Director for SERCO), David Coleman (Chief Legal Officer), Claire Machej (Head of Finance (Corporate)), Sophie Reeve (Chief Commercial Officer), Daniel Steel (Scrutiny Officer), Fiona Thompson (Service Manager - People), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), Richard Wills (Executive Director, Environment and Economy), Catherine Wilman (Democratic Services Officer)

37 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies were received from Councillor M Brookes and Added Member Mrs P Barnett (Parent Governor Representative).

38 DECLARATIONS OF MEMBERS' INTERESTS

No interests were declared.

39 MINUTES OF THE MEETING HELD ON 28 SEPTEMBER 2017

RESOLVED

That the minutes of the previous meeting held on 28 September 2017 be agreed as a correct record and signed by the Chairman.

OVERVIEW AND SCRUTINY MANAGEMENT BOARD**26 OCTOBER 2017**40 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLOR FOR RESOURCES AND COMMUNICATIONS AND CHIEF OFFICERS

No announcements were made.

41 CONSIDERATION OF CALL-INS

No Call-Ins had been received.

42 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

No Councillor Calls for Action had been received.

43 PERFORMANCE OF THE CORPORATE SUPPORT SERVICES CONTRACT

The Board considered a report which provided an update of Serco's performance against Key Performance Indicators (KPIs) specified in the Corporate Services Contract between June 2017 and August 2017.

Officers took Members through the tables featured in the report which illustrated a general improvement in performance during July, August and September of 2017.

Serco had experienced high volumes of payroll contacts, as a result of issues with the system, which had been well documented in the press. The number of payroll contacts had been steadily falling through June, July and August, as the system improved and issues were dealt with.

IMT (Information Management Technology) had not been performing well with only seven out of twelve KPI's achieved in August 2017. It was explained this was mainly due to a serious hardware failure which resulted in multiple system failures, across the entire Council, for several days.

It was noted Adult Care Finance had met all its targets during July and August with no red or amber KPIs. Also, the Mosaic rollout had secured some additional development.

Financial Administration had seen all its KPIs in green since June 2017. One to highlight in particular was KPI 1 (paying invoices on time), which had been red or amber for a long time, however was now green due to the target being reduced slightly by agreement of SERCO and LCC to make it easier to measure.

The Board was keen to scrutinise the performance statistics for the Customer Service Centre (CSC). During the discussion of these figures, the following was noted:

- There had been improvements in the performance of the CSC, however despite incremental improvements over the summer months, it was still failing to meet the KPI for abandoned calls;

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- Serco representatives offered an invitation to the Board to visit the CSC and see it in action. The Head of Democratic Services and Statutory Scrutiny Officer would arrange the visit;
- Issues were raised regarding differences in service received by Councillors when they had made calls to the CSC. One Councillor had a very positive experience where their handler had done everything they could to help, however another had been told incorrect information. It was confirmed that call handlers had various scripts to follow to answer technical questions, and if these were not followed, it made for an inconsistent service. Regular training to ensure handlers' knowledge of Council services was given;
- In relation to data showing average weekly call volumes in the report, Members queried whether the CSC operated at weekends. Officers confirmed that it did operate out of hours, however, they were unable to provide details on weekend activity with the current telephony system;
- In relation to abandoned calls; there had been 4.8% overall performance in October, which was an improvement on previous months and put the KPI into green. Officers wanted to ensure this improvement was consistent;
- Digital channels for self-help needed to be improved, which would in turn reduce the number of calls to the CSC, which was considered to be a last resort if a customer had not found an answer themselves;
- With the current service model using a number of call centres, it was not possible to track caller history to see what advice they had been given previously. Having one local call centre would improve this aspect of service, which was something officers were working towards;
- There was discussion about the CSC queuing system and the merits of informing customers what number they were in the queue. Officers explained that within the industry there was much difference in opinion regarding this. Its success depended on how many operators were answering calls at any given time. If the queue was big with only a handful of operators, being told which position in the queue you were would not do much to reduce the frustration of waiting and could lead to abandoned calls. However, Councillors felt the caller could make that decision themselves based on how quickly they moved up the queue. Members considered that this could be explored further and it was suggested that it could be part of the member input into the development of the Customer Service Engagement Strategy in collaboration with SERCO. Members agreed that their input into the Strategy would be helpful and this would be facilitated by Democratic Services.

It was noted that the next update on contract performance to be Board be brought forward from 25 January 2018 to 21 December 2017.

RESOLVED

1. That the information presented on the performance of the Corporate Support Services Contract be noted;
2. That a visit be arranged for interested members of the board to the Customer Service Centre;

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3. That input be provided on the developing Customer Service Engagement Strategy, particularly in relation to consideration of the Board's comments on call centre queuing arrangements;

44 ESPO TRADING COMPANY LIMITED

The Board considered a report on the ESPO (East Shires Purchasing Organisation) Trading Company Limited which was being presented to the Executive on 7 November 2017. The views of the Board would be reported to the Executive as part of its consideration of this item.

ESPO was a public sector buying organisation managed by a Local Government Joint Committee, jointly owned by six local authorities, one being Lincolnshire County Council. As it was not a separate legal entity, its functions were performed through Leicestershire County Council, which acted as a Servicing Authority to the Joint Committee.

ESPO had traded, very successfully, on a self-funded basis and its sole power to trade was through its servicing authority under the Local Authorities (Goods and Services) Act 1970 which restricted it to only trading with other public bodies within the UK. This market was shrinking as local authority resources reduced and services were outsourced to private or voluntary sector organisations.

With this in mind, ESPO's Management Committee had explored alternative markets and potential customers that were not public bodies and proposed the creation of ESPO Trading Ltd. The new company could exploit the opportunity to trade with organisations with a public sector ethos, and not be restricted by the 1970 Act.

During discussion of the proposal, the following points were made:

- Following comments that ESPO directors could be attracted to other jobs, it was confirmed that they were already in receipt of competitive remuneration packages;
- As a member of the ESPO Management Committee, Councillor R D Butroid reinforced what had already been said regarding the opportunities this move would bring the organisation. There was a large market that ESPO was currently restricted from accessing and it was a positive step for the organisation;
- A recommendation to the Executive was to approve and appoint Councillor R D Butroid as the County Council's shareholder representative on the new company (with each of the six member authorities being equal shareholders). The Board endorsed this recommendation unanimously.

RESOLVED

1. That the eight recommendations to the Executive as set out in the report be supported;
2. That no further formal comments be passed to the Executive.

45 REVIEW OF FINANCIAL RISK ASSESSMENT

Consideration was given to a report which provided the Board a review of financial risks for the year 2018/19 to help determine the appropriate target level for the Council's general reserves for that year. The report also considered the outcomes from the financial risk assessment for 2016/17.

The comments agreed by the Board would be passed onto the Executive Councillor for Resources and Communications.

There was discussion regarding item one on the Financial Risk Register 2018/19 relating to the risk of pay awards being made at 1.0% higher than assumed in the budget, with an annual cost impact of £1.8m. It was confirmed that this risk depended on the content of the autumn statement from central Government, if they chose to remove the public sector pay cap.

Following a question, it was explained that if further savings were not available to cover this, sources were available of up to £3m in the Council's contingency budget or the additional cost could be covered by using balances from the Financial Volatility Reserve.

Item six on the Financial Risk Register related to estimated savings and the risk being the savings target not being fully achieved in 2018/19. The Council had a good record for meeting savings targets. It was reported that the Corporate Management Board was looking into realistic savings.

Overall, the Board supported the Council's Financial Risk Register following assurances given by Officers that the residual risk ratings for Item 1 (Pay) and Item 6 (Estimated Savings) were adequate.

RESOLVED

That the Executive Councillor for Resources and Communications be advised that the Overview and Scrutiny Management Board support the Council's Financial Risk Register, following assurances provided that the residual risk ratings for Item 1 (Pay) and Item 6 (Estimated Savings) were adequate.

46 COUNCIL WORKFORCE PLAN 2017 - 18 PROGRESS REPORT

The Board received an update report on progress being made relating to the projects within the Council Workforce Plan. The Plan provided the corporate framework for the Direct Area workforce planning and development strategies.

A presentation was given by Fiona Thompson (Service Manager – People) which covered the following areas:

- Workforce Plan – purpose;

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- Focus of the Workforce Plan;
- Council Workforce Plan 2017/18;
- HR Performance Information;
- Strategic Workforce Information;
- Future Workforce Priorities;
- Measuring Success of Change Projects.

The presentation had indicated that no HR performance information had been provided, however this was noted for inclusion at a future meeting, along with a report on workforce analysis which was in the process of being produced.

There was discussion regarding appraisals and how they were recorded on the Agresso system.

There had been problems with Agresso and therefore appraisals that had taken place, were not necessarily being recorded. Those problems had now been resolved. Another system issue related to unfinished appraisals, which did not show on the system, as they were in progress.

As part of the appraisal process, it was stressed that it was important to see how people felt about their work rather than just focussing on their performance. The essence was maintaining the morale of a work force. Career progression planning was as important as succession planning.

Throughout the appraisal process, an appraiser's manager would be able to see how appraisals were progressing, however the appraisals were logged in a very secure area of the Agresso system, with managers only able to see the appraisals in their areas.

It was noted that in particular areas, namely Highways, succession planning was essential as a certain level of expertise needed to be maintained and it took several years of training and experience for a member of staff to reach that level.

The Board's discussion broadened to recruitment and it was suggested that widening the available staff recruitment pool could be done by opening other office bases in different areas of the county. This could reduce the amount of travelling currently undertaken and would open up a larger choice of potential employees from different areas.

An update on the figures relating to appraisals for Quarter 4 would be available for the Board at its meeting February 2018.

RESOLVED

1. That assurance be sought on the progress being made relating to the projects within the Council's Workforce Plan;

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2. That HR performance and workforce information be received at a future meeting, in particular, Quarter 4 performance figures for appraisal completion.

47 OVERVIEW AND SCRUTINY WORK PROGRAMMES

The Board considered the work programmes of three Scrutiny Committees and the following points were noted:

Environment and Economy Scrutiny Committee

Since the election, the Environment and Economy Scrutiny Committee had dealt with a busy schedule, covering many high profile projects across the county.

The most recent meeting had been held at the Eventus Centre for Business and Innovation in Market Deeping; a state of the art purpose built centre aimed at providing small to medium enterprises with all-inclusive facilities. The Committee's Scrutiny Officer, Daniel Steel would provide a written debrief of the visit.

Councillor Mrs J Brockway offered to take forward the subject of Bishop Boston College which had taken over the agricultural arm of the University of Lincoln, at the new site located at the Lincolnshire Showground. Progress had been very good.

There was discussion regarding future priorities for funding post Brexit and the Board was informed that Group Leaders wanted the Brexit Working Group to be re-established with the same membership as before, but with the addition of a member from each Committee. The chairman of each committee would be asked to nominate a member from their committee.

Flood and Water Management Scrutiny Committee

Councillor D McNally, a member of the Committee, updated the Board on the work of the Flood and Water Management Scrutiny Committee, which met quarterly.

The Committee continued to consider investigations under Section 109 of the Flood and Water Management Act 2010, the majority of which related to surface water flooding.

It was queried whether the Western Growth Corridor was featured on the work programme and it was confirmed that it was not on the radar at this present time as it was not the right subject for scrutiny.

It was confirmed that the consultation on rock groins had not yet been completed.

Highways and Transport Scrutiny Committee

The Chairman of the Highways and Transport Scrutiny Committee reported that he and the Vice Chairman had been engaged in site visits. They would continue to ensure that Lincolnshire continued to be a Band 3 authority.

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The Chairman and Vice Chairman had quarterly meetings with the Executive Councillor for Highways, Transport and IT.

The Committee would consider a report by Network Rail at its meeting on 6 November 2017 and issues were raised regarding two railway bridges being constructed as part of the Western Road Corridor. A member of the Board explained that he could not find out who would be paying for the bridges, with the County Council, City of Lincoln Council, Network Rail and the developer all stating it would not be them. It was agreed this would be a good question to raise with Network Rail on 6 November.

It was suggested that improvements to the A1 in Lincolnshire be considered, as it was in poor condition compared to other sections of the road. It was confirmed that this was an economic development issue and would be a matter for the Midlands Engine and the Lincolnshire Enterprise Partnership to consider.

RESOLVED

That the work programmes be noted and the recommendations made be taken forward by the relevant Committee.

48 FUTURE SCRUTINY REVIEWS

It was reported by the Chairman that, as the two current scrutiny reviews were being progressed, it was his wish that a list of potential review topics be compiled for consideration at the Board's meeting in December.

He requested that any Member of the Board wishing to suggest a topic, submit a proposal, no longer than one side of A4 for inclusion on the agenda for the December meeting. The deadline for the agenda was 11 December 2017.

The two topics which had already been suggested were Restorative Justice; and PREVENT and Community Cohesion.

Officers were also welcome to submit proposals if they wished.

RESOLVED

That the update on Future Scrutiny Reviews be noted.

49 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

The Board was provided with an opportunity to consider its own work programme and the following points were noted:

- Performance of the Corporate Support Services Contract would be considered on 21 December 2017;

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- Council Workforce Plan 2017 would be considered for an update on 22 February 2018.

Councillor R Foulkes wished for his thanks to Councillor R Wootten be recorded for attending the last meeting of the Board on his behalf, at such short notice.

RESOLVED

That the Overview and Scrutiny Management Board work programme and all changes made therein be noted.

The meeting closed at 1.00 pm

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Open Report on behalf of Tony McArdle, Chief Executive

| | |
|------------|--|
| Report to: | Overview and Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | 2017/18 Council Business Plan Quarter 2 |

Summary:

This report invites the Overview and Scrutiny Management Board (OSMB) to consider a report on the 2017/18 Council Business Plan Quarter 2 which will be presented to the Executive on 5 December 2017.

Actions Required:

The Overview and Scrutiny Management Board is invited to consider the attached report and seek reassurance in relation to the performance for Quarter 2 against the Council Business Plan.

1. Background

The Executive will consider a report on the 2017/18 Council Business Plan Quarter 2 performance at its meeting on 5 December 2017. The full report to the Executive is attached at Appendix 1 to this report.

There are a small number of measures that fall within the remit of this Board. All of those measures where it is appropriate to compare with a target achieved the target in Quarter 2. All of the measures that fall within the remit of this Board can be viewed [here](#).

When considering this report, OSMB may wish to pay particular attention to updates from the Chairman of each scrutiny committee on any points they wish to bring to the attention of OSMB including the following:

- Plans to amend targets and measures which are no longer appropriate (E.g. Flood risk management; Carers who receive a direct payment; Carers supported to delay the care and support for the person they care for; Household Waste Recycling)
- All of the measures detailed that did not achieve the target in Q2 also did not achieve the and Q1 with the exception of '16-17 year old Looked After Children participating in learning' (where performance is expected to improve) and 'Health and Social Care staff trained in Making Every Contact Count (MECC)' (where the annual target is expected to be achieved).

- Measures which are outside of the direct responsibility of the County Council e.g. reduction in drugs and alcohol misuse, alcohol fuelled violence and anti-social behaviour, domestic abuse, reoffending and the partnership working taking place to improve the outcome;
- Alternative local measures in place of or in addition to measures where there is a considerable lag in reporting e.g. Lincolnshire CO² reductions, permanent exclusions and timeframes for reporting.

2. Conclusion

The Board is requested to consider and comment on the attached report.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

4. Appendices

| | |
|---|--|
| These are listed below and attached at the back of the report | |
| Appendix 1 | Report on 2017/18 Council Business Plan Quarter 2 presented to the Executive at its meeting on 5 December 2017 |

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jasmine Sodhi, who can be contacted on 01522 552124 or jasmine.sodhi@lincolnshire.gov.uk.

Open Report on behalf of Tony McArdle, Chief Executive

| | |
|---------------------|--|
| Report to: | Executive |
| Date: | 05 December 2017 |
| Subject: | Council Business Plan 2017 - 2018 Performance Report, Quarter Two |
| Decision Reference: | I014183 |
| Key decision? | No |

Summary:

This report presents an overview of performance for Q2 against the Council Business Plan.

Executive can view performance on the web on the Lincolnshire Research Observatory using this [link](#)

Recommendation(s):

That Executive:-

1. Note and consider 2017/2018 Quarter 2 performance.
2. Approve the proposed changes to reporting as set out in this report.

Alternatives Considered:

1. No alternatives have been considered to recommendation 1 as it reflects factual information presented for noting and consideration.
2. The alternative to recommendation 2 is not to make any changes in reporting as recommended in this report and instead to continue to report against the measures as published in the Council Business Plan 2017/2018. However, without the recommended changes, these measures are not considered to assist the Executive in obtaining an accurate picture of the organisation's performance.

Reasons for Recommendation:

To provide the Executive with information about Quarter 2 performance against the Council Business Plan 2017/2018 and propose changes to reporting to assist the Executive in monitoring that performance in future.

1. Background

The Council Business Plan 2017/2018 was approved by Council on 24th February 2017. This report provides the Executive with highlights of Q2 performance. The full range of infographics is available to view on this [link](#)

Headlines Quarter 2 performance

Of the 14 commissioning strategies reported in Q2:-

9 performed really well (all measures reported in Q2 achieved the target);
5 had mixed performance (some measures achieved and some measures did not achieve the target in Q2).

The following 3 commissioning strategies are reported annually in Q4:-

- [Readiness for school](#)
- [Sustaining and developing prosperity through infrastructure](#)
- [Learn and achieve](#)

The good news

The following 9 commissioning strategies have performed really well (all measures reported in Q2 achieved the target):-

[Adult Frailty, long term conditions and physical disability](#)

[Children are safe and healthy](#)

[Community resilience and assets](#)

[How we effectively target our resources](#) (Combination of 3 commissioning strategies)

[Safeguarding adults](#)

[Specialist adult services](#)

[Sustaining and growing business and the economy](#)

Mixed performance (some measures achieved and some measures did not achieve the target)

The following 5 commissioning strategies had mixed performance:-

[Carers](#)

[Protecting the public](#)

[Protecting and sustaining the environment](#)

[Readiness for Adult Life](#)

[Wellbeing](#)

Appendix A provides a summary of the measures that did not achieve the target in Q2. It is worth noting that all of the measures detailed in Appendix A did not achieve the target in Q1 and Q2 with the exception of '16-17 year old Looked After Children participating in learning' (where performance is expected to improve) and 'Health and Social Care staff trained in Making Every Contact Count (MECC)' (where the annual target is expected to be achieved).

Proposed changes to reporting performance against the Council Business Plan 2017/18

The relevant Executive Councillor has been consulted and recommends that:-
The annual target for flood risk management of 100 properties protected is amended to a more realistic target of 50 properties. Achievement of this target depends, to a large extent, on the delivery of flood alleviation schemes in the Council's capital programme. In some years there is a reliance on single, larger schemes (such as that at Stamp End in Lincoln), and there is clearly a risk associated with this approach as any slippage within the programme can be detrimental to the target being met. This is the situation in which we now find ourselves. It was intended to construct a major scheme this year at Digby to protect about 50 properties, but due to land issues this will not now happen until early in 2018/19. A similar-sized scheme at Middle Rasen has been held in reserve in the expectation that it could be accelerated, but it transpires that this, too, cannot be delivered this year. There are no other schemes sufficiently advanced that they can be delivered this year. In the case of this particular target, there are no implications for other service areas if the target is revised down or not met. (Measure 73)

Proposed changes for improving the infographics

A slight change to improve the infographics with clearer labelling of the reporting period is shown in Appendix B for consideration by the Executive. If approved by the Executive we will implement the improvement for all appropriate measures.

The above changes have been made to the infographics for the libraries measures.

Data expected in Quarter 2 but not available

Data is still not available for reporting for the measure 'Requests for support for new clients, where the outcome was universal services/signposting'. Although Mosaic can indicate the number of requests for support received, at present it is unable to determine the most appropriate outcome of those requests due to the multiple actions that can result from the complex Mosaic workflow. Future reporting is dependent on the progress made by the consultant database developer. (Measure 61).

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

The Report presents performance against the outcomes and measures that are the Council Business Plan many of which relate to people with a protected characteristic including young people, older people and people with a disability. It is the responsibility of each service when it is considering making a change, stopping, or starting a new service to make sure equality considerations are taken into account and an equality impact analysis completed.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

The Report presents performance against the outcomes and measures that are the Council Business Plan many of which relate directly to achievement of health and wellbeing objectives.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The Report presents performance against the outcomes and measures that are the Council Business Plan some of which relate to crime and disorder issues.

3. Conclusion

This report presents an overview of performance for Quarter 2 against the Council Business Plan 2017/2018 and proposed changes to reporting to assist the Executive in monitoring that performance in future. Executive is invited to consider performance and consider and approve the proposed changes to reporting.

4. Legal Comments:

The Executive is responsible for ensuring that the Executive functions are discharged in accordance with the Budget and Policy Framework of which the Business Plan is a part. This report will assist the Executive in discharging this function.

The recommendation is lawful and within the remit of the Executive.

5. Resource Comments:

Acceptance of the recommendation in this report has no direct financial consequences for the Council.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

N/A

c) Scrutiny Comments

The Overview and Scrutiny Management Board (OSMB) is scheduled to consider this report at its meeting on 30 November 2017. The comments of the Board will be presented to the Executive at its meeting on 5 December 2017.

d) Have Risks and Impact Analysis been carried out

No

e) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

7. Background Papers

None

This report was written by Jasmine Sodhi, who can be contacted on 01522 552124 or jasmine.sodhi@lincolnshire.gov.uk .

Appendix A Summary of those measures where the target was not achieved in Quarter 2

The following 5 commissioning strategies had mixed performance. It is worth noting that all of the measures detailed below did not achieve the target in Q1 and Q2 with the exception of '16-17 year old Looked After Children participating in learning' (where performance is expected to improve) and 'Health and Social Care staff trained in Making Every Contact Count (MECC)' (where the annual target is expected to be achieved).

Carers

Of the 3 measures reported in Q2, 1 achieved the target and 2 measures did not achieve the target.

- 'Carers who receive a direct payment' continues not to achieve the target and is unlikely to meet the target by the end of the year. There are two routes to get carers services, the carer:-
 - Can go through the carers service managed by Serco and CarersFIRST, in which case the carer will be assessed in their own right and receive a direct payment as the exclusive deployment of a personal budget. Historically this has been where the majority of the activity has been, and where there has been a high percentage of direct payments provided to carers;
 - May be assessed jointly with the person they care for by an Adult Care Team. The resulting personal budget to the person they care for may typically take the form of respite care in a residential care home. Although the service is directly for the client (i.e. they are placed in a care home), the service is actually recorded as an 'indirect' carer service, as it meets the needs of the carer by offering them a break.

There has been an increase in the carers offer by Adult Care Teams over the last 2 years, which is offsetting the percentage of carers with a direct payment. This whole family approach is not to be discouraged though. As a consequence, this measure is currently being reviewed as the measure may no longer be suitable for monitoring the aims of the strategy. (Measure 54)

- 'Carers supported to delay the care and support for the person they care for' as reported in Q1, this measure was included in the Council Business Plan to illustrate the preventative element of the Carers Service in delaying the support needs of the adults that carers are looking after. It shows the proportion of carers receiving services where the adult cared-for does not receive a service from Adult Care. Interestingly, there is a slight downwards trend from Q1. This is for two reasons:-
 - More and more carers are in fact being identified and referred by Adult Care (i.e. where the adult does receive a service from Adult Care). This is a trend to be welcomed and means that Adult Care is moving towards a practice of 'Thinking Family' when it comes to assessing need.
 - The downward trend indicates that within the 'Health and Care Community' as a whole, we are not identifying carers early enough. Strategically, the earlier we can identify and help carers, the more resilient and well supported the carer is. Early identification and early help is key to strong performance.

We need the full and active engagement of all our partners in primary, community based, specialist and acute health care to identify and signpost carers to available support at the earliest opportunity. Our new Better Care Fund projects working with pharmacies and Health teams will help support these outcomes. The NHS Five Year Forward View Memorandum of Understanding will also support this approach, requiring all Health partners to describe how they will identify and support family carers. It should be noted that carers who are supported within our hospital based in-reach service are not yet counted here (unless they progress onto an assessment). At the moment, Adult Care is not yet able to report on referral sources to the Customer Service Centre to evidence improvement in carer identification by our

partners. We are not on track to achieve the target as it stands for the year end without significant changes in practice in carer identification by the wider Health & Care community. (Measure 57).

The following 3 measures are reported biennially in Q4. Latest performance relates to 2016/2017 and was reported in Q4 2016/2017:- 'Carer reported quality of life' (Measure 55) 'Carers included or consulted in discussions about the person they care for' (Measure 56), 'Carers who find it easy to find information about services' (Measure 58).

Protecting the public

A summary of the 7 measures that did not achieve the target in Q2 for Protecting the Public Commissioning Strategy are:-

- 'Alcohol related antisocial behaviour incidents' Alcohol related anti-social behaviour is 10% lower in Q2 than in Q2 2016/2017. Alcohol related anti-social behaviour continues to fall and remains the lowest this quarter than it has been in Quarter 2 for the past six years. Alcohol related crime occurring at night has decreased particularly. Although the target has not been achieved this quarter, the figure is closer to the target than in Q1 2017-18. (Measure 5)
- 'Alcohol related violent crime incidents' alcohol related violence is up 38% compared to Q2 2016/2017 and is higher than last quarter. Overall, all types of alcohol related crime are continuing an upwards trend with alcohol related violence accounting for the largest proportion. An increase in overall violent crime is currently being experienced nationally. (Measure 6)
- 'Reported incidents of domestic abuse' domestic abuse incidents reported to the police are 8% lower in Quarter 2 than in Q 2 2016/2017. In terms of locality, all districts except for Boston and North Kesteven have seen a decrease in reports compared to the same quarter last year. Although there remains a gap between the prevalence estimates provided by the Crime Survey for England and Wales and those reported to the police, it is important to note that these figures don't include incidents reported to other agencies and support services such as district councils or housing agencies. (Measure 7)
- 'Juvenile first time reoffenders' the most recent published FTE (first time entrants) figure for Lincolnshire is 283 actual young people for the period of April 2016 to March 2017 is higher than the target figure of 203. As highlighted in Q1, the number of young people entering the criminal justice system for the first time is mostly controlled by external influences, e.g. Police policies, and therefore it is difficult to predict future performance. However, there are no expectations that this figure is likely to rise sharply in the near future. The figure of 283, when expressed as a rate per 100,000, 10 to 17 year old population is 454, which is higher than the local Midlands region of 359, and the National average of 321. In June we launched a new diversionary project in Lincolnshire in conjunction with Lincolnshire Police. This, through joint co-operation between both Services, will divert young people that offend at a low level, through local panels that will try to prevent those young people from getting a criminal record. What we should see will be a more effective restorative justice process, instead of giving the young person a criminal record that will unfairly affect their future life chances. This also should therefore help reduce the numbers of first time entrants. The first impact on the FTE rate will show in the Q3 figures. (Measure 15)
- 'Primary fires' we are currently behind target having seen a 7% increase (41 incidents) over the 6 month period compared with last year (up from 560 at Q2 last year to 601 this year). The increase can be attributed mainly to dwelling fires (increase of 16 or 9%) and vehicle fires (increase of 22 or 17%). The increase seen

at Q2 is less significant than that at Q1 and this has had the effect of bringing the measure closer to target. (Measure 19)

- 'Deliberate primary fires' we are currently behind target having seen an increase of 35 (32%) deliberate primary fires compared to Q2 last year. This is mainly due to an increase in deliberate vehicle fires (from 42 to 71), again compared to Q2 last year. However, the increase seen at Q2 is less significant than that at Q1 and this has had the effect of bringing the measure closer to target. (Measure 21)
- 'Deliberate secondary fires' we are currently behind target having seen a 26% increase (39 incidents) in deliberate secondary fires compared to this time last year. The increase can be attributed mainly to deliberate fires involving refuse/refuse containers (up by 40 from 84 at Q2 last year to 124 this year). The increase seen at Q2 is less significant than that at Q1 and this has had the effect of bringing the measure closer to target. (Measure 22).

Protecting and sustaining the environment

A summary of the 2 measures that did not achieve the target in Q2 for Protecting and Sustaining the environment Commissioning Strategy are:-

- The Household Waste Recycling Centre (HWRC) the percentage of household waste recycled in Q2 is 73.8% and although currently above the yearend forecast of 73.2%, it is anticipated that this figure will decrease in quarters 3 and 4. This is due to a decrease in composting because of weather changes and growing conditions. As reported in Q1, we are seeing an overall reduction in the HWRCs recycling rate; a contributing factor will be the processing of some materials has been moved down the waste hierarchy from recycling to recovery. The Environment Agency have concerns around some materials being stored which has reduced the available recycling outlets in Lincolnshire. (Measure 76)
- 'Household waste recycled' the household waste recycled figure is 50.1% and the service anticipates a decrease in performance over quarters 3 and 4 as we see a reduction in composting during the winter months. As reported in Q1, the service is forecasting an overall decrease of household waste recycled. The year-end forecast is 45.8% for the 2017/2018 reporting year, compared with 46.7% in 2016/2017. This is due to an increase in the reported level of contamination (non-recyclables) in the mixed dry recyclable material collected at the kerbside and the actual overall waste tonnage presented has reduced slightly. The service is predicting a slight drop in the overall levels of green waste due to the growing conditions this summer. The aspirational target of 55% was set in our Joint Municipal Waste Strategy and needs to be addressed. The Strategy is being refreshed in partnership with the District Councils. (Measure 78)

Readiness for Adult Life

Of the 2 measures that can be reported in Q2, performance for '16-17 year old Looked After Children participating in learning' is below target and represents approximately two young people. The Virtual School Team have identified all of those 16-17 year olds not participating in learning and have been successful in finding appropriate placements for the majority of students in the period September to October 2017. This has brought performance within the tolerance range for this indicator as of 23rd October 2017, which although outside of Q 2 reporting parameters, shows a positive increase. (Measure 45)

Wellbeing

A summary of the 3 measures that did not achieve the target in Q2 for Wellbeing Commissioning Strategy are:-

'Successful completion of alcohol treatment' following the new contracts commencing in October 2016 it was anticipated that performance would dip, this has been realised with a reduction in outcomes to 34.9% compared with a target of 40%. Although the transition period to the new contracts was problematic and very disruptive to service delivery and its users, local data now shows performance starting to improve but this has yet to be reflected in the verified data from the Department of Health. (Measure 31)

'Chlamydia diagnosis' Service Credits are now in place from June 2017 due to continuing non achievement of the chlamydia target. The Detection Rate Indicator in East Midlands (all chlamydia diagnoses in 15 to 24 year olds attending specialist and non-specialist sexual health services (SHSs), who are residents in England, expressed as a rate per 100,000 population) ranked Lincolnshire 5th out of 9 Local Authorities which is a downwards position, compared with Lincolnshire's rank of 2nd out of 9 Local Authorities in Q 1; it should be noted however, that Detection rates are falling across the country overall. The positivity rate remains high at 8.8% (target 8 percent) ranked 1st out of 9 Local Authorities. The Public Health England (PHE) Regional Advisor for Sexual Health has advised that the focus should be on the positivity rate as the main quality indicator. Action is ongoing to ensure Data Quality is accurate and a Chlamydia Pathway workshop for Lincolnshire Integrated Sexual health Services (LISH) is planned for November 2017 which will audit recent outputs. A workshop was held in October 2017 to address development of improved chlamydia testing and a new improvement plan was agreed. The monthly Contract Management Meeting (CMM) will monitor progress. The issues have been raised at a strategic level with the recent addition of a Strategic Contract Management Meeting (CMM). LISH have now set targets for their sub-contracted outreach team The Terrence Higgins Trust (THT) and are renewing relationships with their contracted General Practitioner's and Pharmacies to improve.

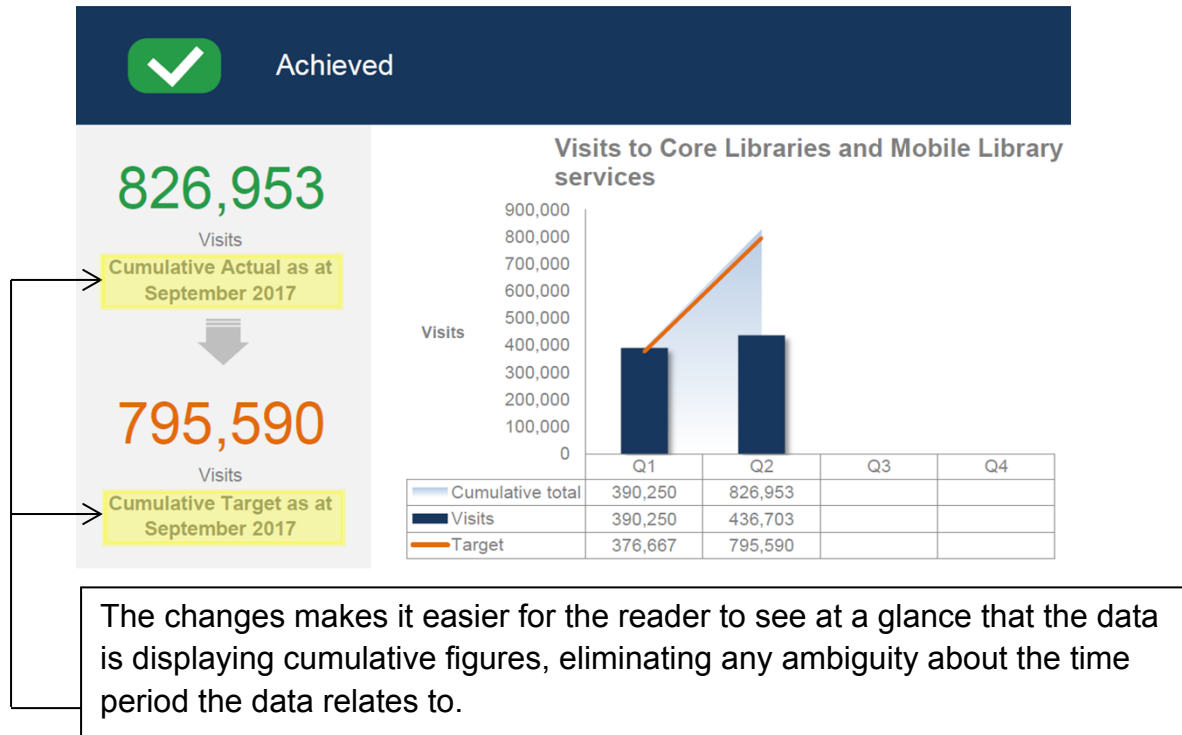
'Health and Social Care staff trained in Making Every Contact Count (MECC)' although it has been broken down into quarterly segments for the purposes of reporting, the target for this measure is annual. The service expected that performance in quarters 1 and 2 to be low as this period has been spent planning and developing the programme. The service is reporting that overall, the measure is still on track to meet the annual target. (Measure 103)

Appendix B Changes to improve Infographics

Data Referencing for Cumulative measures:

Example Visits to Core Libraries and Mobile Services is show by way of example (Measure 36)

New reporting period referencing



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Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

| | |
|------------|---|
| Report to: | Overview Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | Property Services Contract Update |

Summary:

This report updates the Board on the performance of the Property Services Contract with VINCI Facilities Partnership Limited (VFPL, formerly VINCI mouchel) at the end of the second year of the contract.

Actions Required:

The Board is asked to note this report.

1. Background

In July 2016, the Value for Money Scrutiny committee noted the performance of the VFPL contract for year one. This report informs the committee on the performance of the contract in year two.

2. Contract Performance

2.1 Service Manager's Assessment

The Property Services contract has learned many lessons that were identified in year one and implemented an ambitious improvement programme that included three targeted improvement projects and a clear set of 27 tactics that formed the 12-18 month business plan. Key performance indicator (KPI) percentage scores are above target demonstrating a strong delivery foundation on which improvements can be built. Corporate Property governance has evolved over time to ensure the content, frequency and decision making authority of all meetings supports the risk management requirement. The buy-out of the contracts Joint Venture partner Kier Workplace Services by VINCI Facilities earlier this year has caused no disruption to service delivery and is, from a Lincolnshire County Council perspective, seen as a positive step enabling stronger subcontractor supplier management. The outcomes of a second peer review are focussing Corporate Property's main effort and priorities which are being set for the next 18 months. The assessment is that the contract, overall, is performing strongly and will continue to do so.

2.2 Health and Safety

In year two, there has been an increase in the reporting of health and safety related incidents, this has followed from VFPL driving a culture of positive interventions, where employees are encouraged to prevent incidents and report them and this has been reinforced in personal objectives for both VFPL and Lincolnshire County Council staff. For comparison, in year one there were only 3 recorded positive interventions compared to 41 in year two. The health and safety seminar at the staff conference held in year two attracted the highest score from participants when assessing the interest and relevance of the subject. A number of Lincolnshire County Council and VINCI staff have attended IOSH accredited training courses and the team embraced a Kier sponsored health and safety week in Feb 17. Corporate Property is regularly updated on Lincolnshire County Council policy through attendance on the Lincolnshire County Council Corporate Risk and Safety Group.

2.3 Finance

- **Pain/ Gain Result.** The bulk of the contract operates on a target costs basis, the figures of which were competitively tendered. The collaborative principle of shared risk against target costs has incentivised the identification of inefficiencies. The target for year-two was to improve on year-one gain by utilising the lessons learned in that year to improve efficiency and effectiveness. The gain-share for year-one and year-two is broken down for comparison in the table below:

| Item | Year One | Year Two |
|--|-------------------|------------------|
| Projects Target Costs Gain | £ 5,578.13 | £ 5,645.07 |
| Contract Target Costs Gain | £ 54,615.20 | £ 170,982.51 |
| Total gain | £ 60,193.33 | £ 176,627.58 |
| Lincolnshire County Council/ VINCI/mouchel split | £ 30,096.67 | £ 88,313.79 |
| KPI % deduction applied | £ 27,668.93 to VM | £82,838.33 to VM |

In summary, the gain in Projects Target Cost is similar to year one and this is to be expected given the nature of the work in that element. Much of the gain increase between year one and two can be attributed to the contract start-up costs in year one and the rationalisation of cleaning hours across the corporate estate in year two. Smaller gains have been made by an increase in the use of direct labour (VFPL Mobile Repair Technicians) to carry out planned and reactive maintenance. This has led to improved planning and sequencing of work. The target for year three is to sustain or marginally improve on the gains made in year two.

- **Low Service Damages (LSDs).** One of the performance levers within the contract is the award of Low Service Damages for reactive maintenance tasks. Each task is prioritised and this will dictate the response (reaction to the task) and completion (the timeframe by which a task must be rectified) requirements. Sanctions for delayed response and completion range from £150 to £250 per occurrence depending on the priority of the work. The total value of year-one low service damages was £40,750, compared to £12,900 in year two. To put this into perspective, the damages are set

against a turnover of circa £6.4 million. VFPL continue to monitor their supply chain's ability to react and complete work in accordance with contractual requirements. The time spent working with the subcontractors has paid off, evidenced by this significant reduction in the amount of low service damages that have been applied.

2.4 Governance

Changes in contract governance in year two include enhanced risk focussed reporting and the introduction of a Project Review Board made up of Kier, VINCI and Lincolnshire County Council business managers from the projects workstream, the contract manager and a member of the business and finance team. This board will provide greater scrutiny of risk management on key projects, primarily focussed on budget. It also ensures that all project risk is managed effectively and has helped to identify and share lessons learned.

2.5 External Audit

Corporate property commissioned an external audit to review the contractual and financial process performance of the contract. Whilst the report was complimentary regarding collaboration, openness and compliance with the principles of the NEC contract, the report highlighted 3 medium and 1 high risk items, each of which have been or are in the process of mitigation. The high risk item referred to the amount of manual handling of the payment application through 3 separate financial software systems. Whilst interfacing the systems was preferential, it is commercially and practically unachievable. Instead, the risk has been mitigated by a system of checks and balances that have been implemented. The table below details the key findings and the mitigation.

| | Finding | Risk Level | Mitigations/Actions | Post Mitigation |
|---|--|------------|--|-----------------|
| 1 | Several non-integrated IT financial systems are required leading to manual handling and reliance on key individuals. | High | 1. Fully document the end-to-end process 2. Train others in the processes | Low |
| 2 | Over-reliance on key individuals causing potential single point of failure | Medium | 1. Fully document processes 2. Train others in processes 3. Develop succession plans for key individuals | Low |
| 3 | Insufficient evidence of the tangible value being realised for Lincolnshire County Council through this FM delivery model. | Medium | 1. Develop and implement new measures 2. Revise internal reporting to include new measures so they receive appropriate challenge 3. Conduct a time and cost value exercise on key continuous improvement initiatives | Low |
| 4 | Improved visibility of overall expenditure budgets for reactive maintenance. | Medium | 1. Review of end-to-end process of reactive maintenance spend 2. Regular report on rechargeable tasks to ensure correct allocation of costs | Low |

2.6 Peer Review

Corporate Property and VFPL commissioned a peer review in Jun 17. The review aimed to explore how staff and managers perceive performance; it sought to understand how effectively the One Team is operating.

Both Neil Earnshaw (NE Consult) and Paul Taylor (VINCI Facilities) have a working knowledge of the contract, but are not involved directly in the management of it. This meant that they quickly understand the issues but could remain objective.

The methodology involved interviews with managers and staff individually followed by a series of focus groups.

It became clear through the peer review that good progress is continuing to be made and the One Team is starting to work effectively at a senior management level.

Senior managers were positive about the usefulness of the VMOST (vision, mission, objectives, strategies, and tactics) approach to support strategic planning, and through this have built good working relationships, with high levels of trust being apparent between them. Governance of the contract is working effectively with managers understanding what is expected of them in terms of reporting.

The One Team conference is viewed by staff and managers alike as being hugely beneficial in terms of helping to build relationships, and improving people's understanding of what others do.

The commercial model, Concerto and the co-location of some of the teams were confirmed as being enablers for a more open, transparent and collaborative environment, with staff and managers now seeing the benefits of this approach.

The contract is perceived to be a success both internally (in the One Team) and externally by Lincolnshire County Council, as a consequence confidence levels are good, and the team has an action-focussed, problem-solving approach to getting things done and improving.

The leadership of the One Team are well regarded by their teams who can see how joined up things are, and the level of commitment there is to making things work. The open and supportive style of leadership from the One Team was also given much credit for the amount of progress that has been made.

Whilst the focus on the One Team approach has been a key enabler for the improvement of working relationships between Lincolnshire County Council and VM, the governance, processes and systems required to fully embed joint team working are now lagging behind and causing some inefficiencies.

Whilst the senior management team are joined up and have a collective sense of what One Team means, some staff do not fully understand how this applies to them, particularly those who are not interacting with each other on a daily basis; this will be a focus over the next 12 months.

2.7 Key Performance Indicators (KPIs)

Year 2 outturn was 93.8%. The stretch target was to achieve an overall score of 90%, the baseline (contract) target is 75%. The table showing the annual results is at Appendix 1. There was one item that scored lower than the baseline target (75%), namely FM02 – Failures of undertaking statutory inspection – 69%

FM02 is a priority KPI and carries a significant penalty. All of the penalty deductions came from one subcontractor providing legionella testing and inspections. Five statutory inspections were missed in one year (over 4000 inspections per annum undertaken). Whilst there was mitigation, the KPI was enforced to incentivise VFPL to ensure that the tracking and closing down of planned inspections was conducted in a timely manner. This element of the service has been reviewed and an improvement plan has been implemented.

2.8 VMOST

VMOST, standing for Vision, Mission, Objectives, Strategies and Tactics is a model that VINCI introduced to the contract and is used to shape the 12-18 month business plan. A change from the previous 2 years, this year each step of the process will be delegated to the level where the work takes place. This is to increase staff buy-in. Many will see the outcomes of the peer review directly translated into an improvement tactic that will be resourced and managed throughout the year. The process started in early Nov 17 and the plan is due to be rolled out at in Jan 18.

2.9 Continuous Improvement

The first 3 projects facilitated by the Greenbelt LEAN practitioners are in the monitoring phase:

- **The Capital Repair and Maintenance Programme.** The Capital Repair and Maintenance Programme is a £5 million annual programme of works for schools and non-schools properties based on the reports from 5 yearly condition surveys and annual risk assessments. In the latter years of the Mouchel contract, the programme underspent and was not managed effectively. The VINCI contract prioritises capital works in order to reduce reactive, revenue costs down the line. The processes developed as part of this improvement project are being used in the delivery of the 2017/18 programme and will be fully engrained for the 18/19 programme. Benefits include enhanced programme management and the ability to deliver work packages from different disciplines e.g. professional services (design, project management etc) and construction contractors, under the same project, creating efficiencies in financial processes. The project also identified key milestone dates that effectively 'freeze' the programme to a higher degree of certainty, earlier in the financial year. The project closed in Oct 17.
- **Concerto Roles and Checklists.** This project was undertaken to assist project managers with compliant procurement processes, to clearly identify roles and responsibilities between parties, to provide a platform to load up key contract documentation and to workflow the correct authorisation process. A large number of old checklists that had been created over the years were refreshed and rationalised and placed into Concerto, the computer system within which the contract is managed. Training is taking place in Oct/ Nov 17 and all new projects will utilise the checklist process. This reduces the risk of non-compliance and aids project progress reporting.
- **Property Service Centre.** A review of the Property Service Centre aimed to ensure that the service being provided was fit for purpose and that the improvements identified in year one had been adequately adopted. As a result of the project, the Property Service Centre is currently undergoing a change which will see the call handling

element of the service transferred to VINCI's professional national helpline centre in Manchester. Further improvements include the input of a dedicated task planner that will ensure we get the most efficient use of the supply chain and improved customer satisfaction survey data capture and interpretation. The changes will be phased-in between Nov 17 and Apr 18.

2.10 Staff Engagement, Awards and Recognition

The first clause in the contract states how the Parties must act as stated in the contract and in a spirit of mutual trust and cooperation. The table below highlights some of the good work that the team have put in to live up to the ethos of the contract.

| Staff Conference | Employee/Team of the Month |
|--|--|
| <p>Excellent feedback from the October ONE Team Staff Conference</p> <p>The event had a café style activities with team members hosting an event about their area of specialism. The most popular events were:</p> <ul style="list-style-type: none"> • Health and Safety • A Day in the Life of an MRT • Lincolnshire County Council Strategy | <p>In February 2016 the Employee of the Month Award was launched</p> <p>Following staff feedback the Team of the Month Award was introduced</p> <p>There is a Special Recognition Awards to deserving nominations</p> <p>This has been a really popular initiative with many cross-team nominations.</p> |
| Awards | ONE Team Safety Week |
| <p>Lincolnshire County Council/VM were finalists in the following 2017 Awards/categories:</p> <ul style="list-style-type: none"> • MJ Awards 2017 - Workforce Transformation • Celebrating Construction Awards – Workforce Transformation • RICS Awards – Gibraltar Point: Community Benefit, Design Innovation and Tourism and Leisure • East Midland Building Awards – Manor Farm – Best Educational Building • BIFM 2017 Awards – Workforce Transformation | <p>A perfect example of taking and using best practice from across organisations was Kier's national Safety Week initiative and rolled it out across the ONE team.</p> <p>Joint activities included:</p> <ul style="list-style-type: none"> • Office Inspection in County Offices and Newlands • Quizzes • The importance of Positive Interventions • Toolbox Talk/Awareness Sessions on CDM |

3. Conclusion

The Board is asked to note performance of year-two. Corporate Property are continuing to deliver and identify further opportunities for efficiencies and savings.

4. Consultation

a) Policy Proofing Actions Required

N/A

5. Appendices

| | |
|---|-----------------------------------|
| These are listed below and attached at the back of the report | |
| Appendix 1 | Key Performance Indicator Results |

6. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Please direct any questions raised by this report to Brian Goodwin, Contract Manager, who can be contacted on 01522 553 503 or by email at brian.goodwin@lincolnshire.gov.uk .

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| Section Weight | Section | REF | KEY PERFORMANCE INDICATOR | KPI Weight | Actual % overall | Q1 | Q2 | Q3 | Q4 | Score |
|----------------|----------|-------|--|------------|------------------|-------------|-------------|-------------|-------------|-------------|
| 50% | GENERAL | GEN01 | Zero Reported accident or RIDDOR events as a result of acts or omissions of providing the service. | 30% | 15.0% | 100 | 100 | 100 | 100 | 100% |
| | | GEN02 | Key Stakeholder Satisfaction survey | 20% | 10.0% | 84 | 87 | 87 | 83 | 85% |
| | | GEN03 | Significant Event - Employer's compliance with Control of Asbestos Regulations (MS06) - legionella risk assesment not present or accurate (MS12) - Unauthorised access to County Offices (MS14) - Safe system of work not in place (HFM02) - non compliance with confidential waste procedures as a result of contractors default(SFM08) | 30% | 15.0% | 100 | 100 | 100 | 100 | 100% |
| | | Gen04 | Quality Works not undertaken in accordance with the Service Information or Task Order. | 20% | 10.0% | 100 | 100 | 95 | 100 | 99% |
| 22.5% | FM | FM01 | Missed activities completed within following month. | 15% | 3.4% | 100 | 60 | 95 | 95 | 88% |
| | | FM02 | Zero failures of undertaking statutory testing and inspections by required date and corrective measures agreed and completed within agreed timescales. | 40% | 9.0% | 75 | 75 | 100 | 25 | 69% |
| | | FM03 | Monthly Cleaning Audit undertaken and scored >95%. | 20% | 4.5% | 100 | 96.5 | 96 | 96 | 97% |
| | | FM04 | Percentage of Customers in any month rating their experience of contract | 25% | 5.6% | 93 | 95 | 96 | 98 | 96% |
| 22.5% | Projects | PR01 | Strategic Definition / Preparation and Brief (RIBA Stages 0 and 1) | 25% | 6% | 100 | 82 | 85 | 100 | 92% |
| | | PR02 | Design, Construction, Handover, Close Out and In Use (RIBA Stages) | 50% | 11% | 100 | 100 | 85 | 100 | 96% |
| | | PR03 | Predictability of cost - accuracy of proposal fee versus outturn fee | 25% | 6% | 100 | 100 | 100 | 100 | 100% |
| 5.0% | OPS | OPS01 | Achieve LCC Target for annual capital receipts. Based on agreed annual Disposal programme. | 100% | 5% | 100 | 100 | 100 | 100 | 100% |
| 100% | | | OVEALL SCORE | | | 95.8 | 93.6 | 95.0 | 91.1 | 93.8 |

Maximum

| | |
|----------|-------|
| GENERAL | 50% |
| FM | 25.0% |
| Projects | 25.0% |

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**Open Report on behalf of Richard Wills,
Director responsible for Democratic Services**

| | |
|------------|--|
| Report to: | Overview and Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | Scrutiny Committee Work Programmes: - <ul style="list-style-type: none"> • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee for Lincolnshire |

Summary:

On 29 June 2017, the Overview and Scrutiny Management Board agreed a process for reviewing the work programmes of scrutiny committees whereby the work programme of each scrutiny committee would be considered on a quarterly basis, with the focus on two or three scrutiny committee work programmes at each meeting of this Board. This would allow in-depth consideration of the work programme; both in terms of the outcomes from the items considered and intended future activity.

In accordance with the Board's agreed programme, this report sets out the work programmes of the Adults and Community Wellbeing Scrutiny Committee; and the Health Scrutiny Committee for Lincolnshire. These two committees are the first to be considered as part of this reporting process.

Actions Required:

- (1) The Overview and Scrutiny Management Board is invited to consider whether it is satisfied with the content of the work programmes of:
 - the Adults and Community Wellbeing Scrutiny Committee (Appendix A to this report); and
 - the Health Scrutiny Committee for Lincolnshire (Appendix B).
- (2) Depending on its decisions in (1) above, the Overview and Scrutiny Management Board is invited to make suggestions on the content of the work programmes of the two committees listed above.

1. Background

One of the roles of the Overview and Scrutiny Management Board is to challenge, review and hold to account the work programmes of each scrutiny committee.

On 29 June 2017, the Board agreed a process whereby the work programme of each scrutiny committee would be considered on a quarterly basis to allow for more

in-depth consideration. To facilitate this, the chairman of each scrutiny committee would be invited to provide an update on the work of their committee and any working groups, and highlight future items on which their committee would be focusing.

| Scrutiny Committee | First Review | Second Review | Third Review |
|-----------------------------------|--------------|---------------|--------------|
| Adults and Community Wellbeing | 27 Jul 2017 | 30 Nov 2017 | 29 Mar 2018 |
| Health | | | |
| Children and Young People | 28 Sept 2017 | 25 Jan 2018 | 26 Apr 2018 |
| Public Protection and Communities | | | |
| Environment and Economy | 26 Oct 2017 | 22 Feb 2018 | 24 May 2018 |
| Highways and Transport | | | |
| Flood and Water Management | | | |

Adults and Community Wellbeing Scrutiny Committee

The work programme of the Adults and Community Wellbeing Scrutiny Committee is attached at Appendix A.

Health Scrutiny Committee for Lincolnshire

The work programme of the Health Scrutiny Committee for Lincolnshire is attached at Appendix B. Councillor Carl Macey, the Chairman of the Health Scrutiny Committee for Lincolnshire, will be making a statement to provide supporting information on the content of the work programme.

2. Conclusion

As part of the new reporting arrangements of the work programmes of scrutiny committees, the Overview and Scrutiny Management Board is asked to consider the work programmes of the Adults and Community Wellbeing Scrutiny Committee, and the Health Scrutiny Committee for Lincolnshire.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

Not Applicable

b) Risks and Impact Analysis

Not Applicable

4. Appendices

| | |
|---|--|
| These are listed below and attached at the back of the report | |
| Appendix A | Adults and Community Wellbeing Scrutiny Committee Work Programme |
| Appendix B | Health Scrutiny Committee for Lincolnshire Work Programme |

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Simon Evans, Health Scrutiny Officer, who can be contacted on 01522 553607 or by e-mail at Simon.Evans@lincolnshire.gov.uk

ADULTS AND COMMUNITY WELLBEING SCRUTINY COMMITTEE

Work To Date: 15 June 2017 – 25 October 2017

Three meetings of the Adults and Community Scrutiny Committee have taken place in the new County Council term. In addition to this a workshop meeting was held on 25 October 2017.

Better Care Fund

On 26 July 2017, the Committee considered a detailed presentation on the Better Care Fund, together with a paper on which the Executive Councillor for Adult Care, Health and Children's Services would be making a decision. The Committee was advised of the three elements forming the BCF allocations, which are the original BCF allocation (funding from Clinical Commissioning Groups); the Improved BCF allocation; and the Supplementary BCF allocation. Between them these allocations provide £33.27 million to the County Council.

A national condition of the improved and supplementary BCF allocations is that all local areas must implement the high impact change model for managing transfer of care. This has to be jointly agreed and funded and discussions on planning should involve provider trusts. This is a topic the Committee will continue to monitor.

Budget Monitoring

The Committee receives regular budget monitoring reports. The first of these on 6 September showed that Adult Care and Community Wellbeing would be projecting a balanced budget on its overall funding of £183.066 million. The budget on each element is: Adult Frailty and Long Term Conditions £98.9 million; Specialist Adult Services £53.2 million; Safeguarding Adults £1.8 million; Carers £1.9 million; and Community Wellbeing £27.3 million. The Committee will continue to receive budget monitoring reports.

Reablement, Non-Elective Admissions and Delayed Transfers of Care

The Committee gave detailed consideration on 6 September as part of its quarterly performance report to re-ablement, non-elective admissions and delayed transfers of care. These three performance indicators are relevant to the BCF. The number of non-elective admissions had increased during Quarter 1 of 2017/18 (compared to Quarter 1 in 2016/17). Re-ablement performance by the NHS's provider was much lower than the provider commissioned by the County Council and the Committee has sought further information on this. On a positive note, the performance in Lincolnshire for delayed transfers of care was much better than the national average. Nationally there has been a 17% increase in 'delayed bed days'; in Lincolnshire there had been a 2.3% reduction.

Workshop Meeting – 25 October 2017

Members of the Committee participated in a workshop meeting on 25 October, which focused on the performance measures used in Adult Care and Community Wellbeing. The workshop looked at topics such as the national Adult Social Care Outcomes Framework (ASCOF); the national statistical collection requirements; and the Better Care Fund performance reporting. One of the purposes of the workshop was to enable members of the Committee to review and scrutinise the detailed performance information presented to the Committee.

Other Items

In addition to the above items, the Committee has also considered:

- Strategic Market Support Partner – Procurement
- Domestic Abuse Support Services - Procurement

Work Planned – From 29 November 2017

| 29 November 2017 – 10.00am | |
|--|---|
| <i>Item</i> | <i>Contributor(s)</i> |
| Health and Wellbeing Board's Housing, Health and Care Delivery Group | Tony McGinty, Acting Director of Public Health Lisa Loy, Housing For Independence Manager |
| Care Quality Commission Update | Greg Rielly, Interim Inspection Manager, Adult Social Care Directorate, Care Quality Commission |
| 2017/18 Adult Care and Community Wellbeing Quarter 2 - Themed Performance Report: Carers Service | Theo Jarratt, County Manager, Performance Quality and Information Jane Mason, County Manager, Adult Care and Community Wellbeing |
| Adult Care and Community Wellbeing Local Account 2016/17 | Theo Jarratt, County Manager, Performance Quality and Information |
| Lincolnshire Safeguarding Boards Scrutiny Sub-Group - 26 September 2017 | Democratic Services |

| 10 January 2018 – 10.00am | |
|---|--|
| <i>Item</i> | <i>Contributor(s)</i> |
| Adult Care and Community Wellbeing - Budget Monitoring Report | Steve Houchin, Head of Finance, Adult Care and Community Wellbeing |

| 10 January 2018 – 10.00am | |
|--|--|
| <i>Item</i> | <i>Contributor(s)</i> |
| Adult Care and Community Wellbeing Budget Proposals 2018/19 | Steve Houchin, Head of Finance, Adult Care and Community Wellbeing |
| IT Overview for Adult Care (including Mosaic) | Emma Scarth, Strategic Programme Lead, Mosaic |
| Telecare – General Overview of Provision | Robin Bellamy, Wellbeing Commissioning Manager |
| Telehealth – NHS Provision | <i>NHS contributors to be confirmed</i> |
| Overview of Procurement and Contracts in Adult Care and Community Wellbeing | Alina Hackney, Head of Commercial and Procurement – People Services, Commercial Team |
| Prevention of Ill-Health | Tony McGinty, Acting Director of Public Health |
| Stop Smoking Services – Procurement (<i>Pre-Decision Scrutiny – Decision Date to be advised</i>) | Philip Garner, Health Improvement Programme Manager |

| 14 February 2018 – 10.00am | |
|---|--|
| <i>Item</i> | <i>Contributor(s)</i> |
| 2017/18 Adult Care and Community Wellbeing Quarter 3 - Themed Performance – Assessments and Review of Assessments | Theo Jarratt, County Manager, Performance Quality and Information |
| Residential and Nursing Care Fee Levels - Adult Care | Steve Houchin, Head of Finance, Adult Care and Community Wellbeing |
| Lincolnshire Safeguarding Boards Scrutiny Sub-Group Minutes - 15 January 2018 | Democratic Services |

| 11 April 2018 – 10.00am | |
|--|---------------------------|
| <i>Item</i> | <i>Contributor(s)</i> |
| Annual Report of the Director of Public Health | Director of Public Health |

| 30 May 2018 – 10.00am | |
|---|-----------------------|
| <i>Item</i> | <i>Contributor(s)</i> |
| Lincolnshire Safeguarding Boards Scrutiny Sub-Group Minutes - 16 April 2018 | Democratic Services |

Other Potential Items for Inclusion in Work Programme

- Transforming Care – Learning Disabilities.
- National Carers Strategy
- The Role of Community Hospitals in the Health and Care System.
- Joint Commissioning Arrangements.

HEALTH SCRUTINY COMMITTEE FOR LINCOLNSHIRE

Regulations and Guidance

Unlike most other overview and scrutiny committees, the Health Scrutiny Committee for Lincolnshire is required to follow specific regulations (*The Local Authority [Public Health, Health and Wellbeing Boards and Health Scrutiny] Regulations 2013*). In addition, the Committee is also required to have regard to guidance issued by the Secretary of State for Health (*Local Authority Health Scrutiny – Guidance to Support Local Authorities and Their Partners to Deliver Effective Health Scrutiny – Department of Health – June 2014*).

A key element in the regulations and guidance is the focus on responding to consultations by NHS commissioners on their plans for service changes. As a result of this, such activity plays an important role in the Committee's work programme.

Work To Date

The Health Scrutiny Committee for Lincolnshire has met on five occasions in the new Council Term and considered the following items:

United Lincolnshire Hospitals NHS Trust

Representatives from United Lincolnshire Hospitals NHS Trust (ULHT) have attended the Health Scrutiny Committee on three occasions in the new Council term to provide strategic updates. The first item on 14 June provided an introduction to the key challenges facing ULHT. On 19 July, the Committee considered ULHT's response to Care Quality Commission Report of April 2017, which had led to ULHT being placed in special measures for quality.

On 1 September 2017, NHS Improvement placed ULHT in special measures for finance, meaning that ULHT is one of the few trusts in country to be in 'double' special measures. Progress with ULHT's response to the financial special measures was considered by the Committee on 8 November, together some information on the progress with quality special measures. ULHT's quality of service and finances will continue to be monitored by the Committee on a quarterly basis.

Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy Prioritisation

On 14 June 2017, the Committee considered an introductory item on the Joint Strategic Needs Assessment and set up a working group to consider the priorities in the Joint Health and Wellbeing Strategy. Following the report of the working group, the Committee put forward the following priorities for consideration inclusion in the Health and Wellbeing Strategy: mental health; dementia; falls; carers; financial inclusion; road traffic collisions; learning disabilities; special education needs and disability; and autism.

Lincoln Walk-in-Centre – Consultation by Lincolnshire West Clinical Commissioning Group

On 10 June 2017, Lincolnshire West Clinical Commissioning Group launched a consultation on its proposal to close the Lincoln Walk-in-Centre. The Committee's response, which was prepared following consideration by the Committee itself and two working group meetings, did not support the proposed closure and the Committee would like to see suitable alternative provision in place.

On 27 September 2017, Lincolnshire West Clinical Commissioning Group made a decision to close the Walk-in-centre after the winter period, subject to evidence-based reviews of alternative provision for university students; children under-five; additional primary care appointments; and access for patients requiring treatment at weekends. The Committee will be considering this item in December 2017 and February 2018, to decide whether it is satisfied with the progress on alternative provision.

Grantham Accident and Emergency Department: Outcome of Referral to the Secretary of State for Health

On 2 August 2017, the Secretary of State for Health announced that he had accepted the advice of the Independent Reconfiguration Panel (IRP) that the Committee's referral of the overnight closure of Grantham Accident and Emergency Department did not merit a full review and should be resolved locally. This outcome was reported to the Health Scrutiny Committee on 13 September 2017, with representatives from United Lincolnshire Hospitals NHS Trust (ULHT) in attendance to provide information on the latest recruitment position.

On 7 November 2017, the ULHT Board agreed that it supported the re-opening of Grantham Accident and Emergency department overnight over the winter period. NHS Improvement – the national regulator of NHS provider trusts - has asked that the final decision on the opening be deferred by one month, to permit an independent review of staffing, to ensure that before Grantham is reopened overnight, safe staffing levels can be maintained over the busy winter months. The next meeting of the ULHT Board is on 15 December 2017.

Lincolnshire Sustainability and Transformation Partnership

On 11 October the Committee considered the Lincolnshire Sustainability and Transformation Partnership (STP) and recorded its concerns at the lack of full, extensive and meaningful consultation on the proposals, with no consultation on the major reconfiguration elements of the STP before April 2018. In the meantime the Committee will continue to receive regular updates and has focused on four of the seven priorities in the STP: mental health; neighbourhood teams; implementation of the *GP Forward View*; and operational efficiencies. These four elements will be considered in greater detail between January and March 2018.

Other Items

In addition to the items listed above, the Committee has also considered the following items:

- Lincolnshire Partnership NHS Foundation Trust Update
- Emergency Ambulance Commissioning Arrangements
- East Midlands Ambulance Service – Outcomes of Care Quality Commission Inspection and Ambulance Response Programme
- Learning Disabilities Consultation on Long Leys Court
- Lincolnshire Pharmaceutical Needs Assessment

Work Planned

| 13 December 2017 – 10 am | |
|--|--|
| <i>Item</i> | <i>Contributor</i> |
| Lincoln Walk-in-Centre | Sarah-Jane Mills, Chief Operating Officer, Lincolnshire West Clinical Commissioning Group Dr Sunil Hindocha, Chief Clinical Officer, Lincolnshire West Clinical Commissioning Group |
| Non-Emergency Patient Transport – Thames Ambulance Service | Margaret Serna, Chief Executive, Thames Ambulance Service |
| Winter Planning in the NHS | Gary James, Accountable Officer, Lincolnshire East Clinical Commissioning Group |
| Congenital Heart Disease Services – Report of Decision Made by NHS England Board on 30 November 2017 | Simon Evans, Health Scrutiny Officer |

| 17 January 2018 – 10 am | |
|--|---|
| <i>Item</i> | <i>Contributor</i> |
| Lincolnshire Sustainability and Transformation Partnership - Update | John Turner, Senior Responsible Officer, Lincolnshire Sustainability and Transformation Partnership Sarah Furley, Programme Director, Lincolnshire Sustainability and Transformation Partnership |
| Lincolnshire Sustainability and Transformation Partnership: Two Priorities – GP Forward View and Neighbourhood Teams | <i>Contributors to be confirmed</i> |

| 17 January 2018 – 10 am | |
|---|--|
| <i>Item</i> | <i>Contributor</i> |
| Lincolnshire Pharmaceutical Needs Assessment – Finalisation of the Committee's Response to the Consultation | Simon Evans, Health Scrutiny Officer |
| Joint Health and Wellbeing Strategy Update | David Stacey, Programme Manager (Strategy and Performance) Adult Care and Community Wellbeing, Lincolnshire County Council |
| Dental Services in Lincolnshire | <i>Item to be confirmed.</i> |
| North West Anglia Foundation Trust – Update on Peterborough City Hospital and Stamford and Rutland Hospital | Stephen Graves, Chief Executive, North West Anglia NHS Foundation Trust |

| 21 February 2018 – 10 am | |
|--|--|
| <i>Item</i> | <i>Contributor</i> |
| Lincoln Walk-in-Centre | Sarah-Jane Mills, Chief Operating Officer, Lincolnshire West Clinical Commissioning Group Dr Sunil Hindocha, Chief Clinical Officer, Lincolnshire West Clinical Commissioning Group |
| Lincolnshire Sustainability and Transformation Partnership: Priority – Mental Health | <i>Contributors to be confirmed</i> |
| East Midlands Ambulance Service NHS Trust Update | Richard Henderson, Chief Executive, East Midlands Ambulance Services NHS Trust |

| 21 March 2018 – 10 am | |
|---|--|
| <i>Item</i> | <i>Contributor</i> |
| Lincolnshire Sustainability and Transformation Partnership: Priority – Operational Efficiencies | <i>Contributors to be confirmed</i> |
| Annual Report of the Director of Public Health | Director of Public Health, Lincolnshire County Council |
| Arrangements for the Quality Accounts 2018-19 | Simon Evans, Health Scrutiny Officer |

| 21 March 2018 – 10 am | |
|---|--------------------------------------|
| <i>Item</i> | <i>Contributor</i> |
| Pharmaceutical Needs Assessment – Final Approved Document | Simon Evans, Health Scrutiny Officer |

| 18 April 2018 – 10 am | |
|---|---|
| <i>Item</i> | <i>Contributor</i> |
| Lincolnshire Sustainability and Transformation Partnership - Update | John Turner, Senior Responsible Officer, Lincolnshire Sustainability and Transformation Partnership Sarah Furley, Programme Director, Lincolnshire Sustainability and Transformation Partnership |

| 16 May 2018 – 10 am | |
|----------------------------|--------------------|
| <i>Item</i> | <i>Contributor</i> |
| | |
| | |

Items to be Programmed

- Lincolnshire Sustainability and Transformation Plan Consultation Elements:
 - Women's and Children's Services
 - Emergency and Urgent Care
 - Stroke Services
 - Cancer Care
- Specialised Commissioning
- Lincolnshire East Clinical Commissioning Group Update
- Lincolnshire West Clinical Commissioning Group Update
- South Lincolnshire Clinical Commissioning Group Update
- South West Lincolnshire Clinical Commissioning Group Update
- Commissioning of Continuing Health Care
- Adult Immunisations

Open Report on behalf of Richard Wills, the Director responsible for Democratic Services

| | |
|------------|---|
| Report to: | Overview and Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | Scrutiny Panels – Approval of Terms of Reference of Scrutiny Reviews |

Summary:

In accordance with the County Council's constitution, the Overview and Scrutiny Management Board is invited to endorse the terms of reference of the two reviews currently being undertaken by two scrutiny panels, together with the review completion dates.

Actions Required:

The Board is invited: -

- (1) To endorse the terms of reference and completion date of the review of *Future IT Provision to Support Council Working Practices* (Scrutiny Panel A), as set out in Appendix A to this report.
- (2) To endorse the terms of reference and completion date of the review of the *Impact of the Part Night Street Lighting Policy* (Scrutiny Panel B), as set out in Appendix B of this report.

1. Background

Background

On 27 July 2017, the Overview and Scrutiny Management Board approved two scrutiny reviews, to be undertaken by Scrutiny Panel A and Scrutiny Panel B:

- Future IT Provision to Support Council Working Practices – Scrutiny Panel A.
- Impact of the Part Night Street Lighting Policy – Scrutiny Panel B

Since 27 July 2017, the membership of each scrutiny panel has been confirmed; discussions involving the respective chairmen and key participants have taken place to provide detail on the direction of each review; and initial meetings of each panel have taken place.

It is a requirement of Article 6.10 of the County Council's Constitution that the Overview and Scrutiny Management Board endorses the 'terms of reference and timetable' for each scrutiny review. This report sets out the terms of reference for two scrutiny reviews, derived from the relevant sections of the scoping document. The matters which are due to be excluded from each review are also set out. The report also sets out the proposed completion date for each review.

Scrutiny Panel A - Future IT Provision to Support Council Working Practices

The proposed terms of reference and completion date for the review of *Future IT Provision to Support Council Working Practices* are set out in Appendix A to this report.

For the purposes of this review, the membership of Scrutiny Panel A comprises Councillors Jackie Brockway (Chairman), Sarah Dodds (Vice Chairman), Bill Aron, Matthew Boles, Mrs Paula Cooper, Stephen Roe, Hilton Spratt and Mark Whittington.

Scrutiny Panel B - Impact of the Part Night Street Lighting Policy

The proposed terms of reference and completion date for the review of the *Impact of the Part Night Street Lighting Policy* are set out in Appendix B to this report.

For the purposes of this review, the membership of Scrutiny Panel B comprises Councillors Mrs Angela Newton (Chairman), Stephen Kirk (Vice-Chairman), Daniel McNally, Robin Renshaw, Paul Skinner, Adam Stokes, Mark Storer and Mrs Rosemary Trollope-Bellew.

Review Reports and Recommendations

Once each scrutiny panel has completed each review, a draft report including recommendations will be submitted to this Board for approval. Once the report is approved the report including recommendations will be submitted to the Executive, for the Executive to consider and make a response.

2. Conclusion

In accordance with Article 6.10 of the County Council's constitution, the Overview and Scrutiny Management Board is invited to endorse the terms of reference and completion dates for the reviews currently being undertaken by the two scrutiny panels.

3. Consultation

In order to develop the terms of reference of each review, consultation has taken place during the initial stages with the two scrutiny panel chairmen, the relevant Executive Councillor and the lead officers. Each review falls under the aegis of the Executive Councillor for Highways, Transport and IT.

4. Appendices

| | |
|---|--|
| These are listed below and attached at the back of the report | |
| Appendix A | Scrutiny Panel A - Future IT Provision to Support Council Working Practices – Terms of Reference and Completion Date |
| Appendix B | Scrutiny Panel B - Impact of the Part Night Street Lighting Policy - Terms of Reference and Completion Date |

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Simon Evans, Health Scrutiny Officer, who can be contacted on 01522 552164 or by e-mail at Simon.Evans@lincolnshire.gov.uk

**Scrutiny Panel A
Future IT Provision to Support Council Working Practices**

Terms of Reference

This review will look at how the Council's future IT provision can support the Council's working practices and provide value for money.

The review will have particular reference on the potential for developing IT provision for councillors and staff, so that improvements are made to services received by members of the public.

The review will also consider ways that in the future the use of IT can be maximised; what opportunities are available to communicate better; and the potential costs involved.

The review will have the following main lines of enquiry: -

- How an IT strategy can enable staff working outside council offices can improve their working practices.
- Exploring how an IT strategy might enable 'channel-shift'.
- Exploring how an IT strategy might enable and improve partnership working – how this can be done safely and effectively.

Exclusions from Review

In accordance with the principle of avoiding duplication, Scrutiny Panel A will not consider any matters which are regularly considered by the Overview and Scrutiny Management Board and the Audit Committee. Therefore the review will exclude explicit consideration of the following:

- (1) Any matters relating to the arrangements for the corporate services support contract, at any time, including the award of the existing contract, the performance of the existing contractor, including the contractor's performance against key performance indicators.
- (2) Any matters relating to IT provision as part of previous corporate services support contracts.

Completion Date

31 May 2018.

**Scrutiny Panel B
Impact of the Part Night Street Lighting Policy**

Terms of Reference of the Review

This review will consider the impact of the change in the Street Lighting Policy to turn street lights off in certain areas at midnight. The review will consider a number of different areas where there may have been an impact, either positive or negative, as a result of this change and make recommendations based on its findings where any improvements could be made.

1. To consider key national and local documents and guidance in relation to the Part Night Street Lighting Policy.
2. To examine the impact of switching off street lights at midnight on different areas such as on the environment; crime rates; fears about safety and crime; emergency services; health and public health services.
3. To consider data and substantiated evidence, such as crime rate figures, accident data, complaint figures, and exemption requests, regarding the impact of the Part Night Street Lighting Policy.
4. To consider the wider economic impact of Part Night Street Lighting on business, including the impact on the night time economy.
5. To invite the views of members of the public, County Councillors, district councils and parish/town councils regarding the perceived impact on crime rates, and fears of crime and safety.
6. To conduct comparisons with other Local Authorities who have also changed their street lighting policy to incorporate part night lighting.
7. To investigate potential savings or cost implications arising from any proposed changes to the Part Night Street Lighting Policy within the allocated budget.

This review will seek to ensure that the Council's new Street Light Policy in relation to part night lighting is being managed to minimise the adverse impact on the communities in Lincolnshire affected by the changes.

Exclusions from Review

This review is examining the impact of the Part Night Street Lighting Policy and all other elements of the Street Lighting Policy are excluded from the review.

Completion Date

April 2018

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Policy and Scrutiny

**Open Report on behalf of Richard Wills,
Director responsible for Democratic Services**

| | |
|------------|--|
| Report to: | Overview and Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | Overview and Scrutiny Management Board Work Programme |

Summary:

This item enables the Board to consider and comment on the content of its work programme for the coming year to ensure that scrutiny activity is focused where it can be of greatest benefit. Members are encouraged to highlight items that could be included for consideration in the work programme.

The work programme will be reviewed at each meeting of the Board to ensure that its contents are still relevant and will add value to the work of the Council and partners.

Actions Required:

Members of the Board are invited to:

- 1) Review and agree the Board's work programme as set out in Appendix A to this report.
- 2) Highlight for discussion any additional scrutiny activity which could be included for consideration in the work programme.

1. Background

Overview and Scrutiny should be positive, constructive, independent, fair and open. The scrutiny process should be challenging, as its aim is to identify areas for improvement. Scrutiny activity should be targeted, focused and timely and include issues of corporate and local importance, where scrutiny activity can influence and add value.

Overview and scrutiny committees should not, as a general rule, involve themselves in relatively minor matters or individual cases, particularly where there are other processes, which can handle these issues more effectively.

All members of overview and scrutiny committees are encouraged to bring forward important items of community interest to the Board whilst recognising that not all items will be taken up depending on available resource and assessment against the prioritisation toolkit.

Purpose of Scrutiny Activity

Set out below are the definitions used to describe the types of scrutiny, relating to the items on the Board's Work Programme:

Policy Development - The Board is involved in the development of policy, usually at an early stage, where a range of options are being considered.

Pre-Decision Scrutiny - The Board is scrutinising a proposal, prior to a decision on the proposal by the Executive, the Executive Councillor or a senior officer.

Policy Review - The Board is reviewing the implementation of policy, to consider the success, impact, outcomes and performance.

Performance Scrutiny - The Board is scrutinising periodic performance, issue specific performance or external inspection reports.

Consultation - The Board is responding to (or making arrangements to) respond to a consultation, either formally or informally. This includes pre-consultation engagement.

Budget Scrutiny - The Board is scrutinising the previous year's budget, or the current year's budget or proposals for the future year's budget.

Requests for specific items for information should be dealt with by other means, for instance briefing papers to members.

Identifying Topics

Selecting the right topics where scrutiny can add value is essential in order for scrutiny to be a positive influence on the work of the Council. Members may wish to consider the following questions when highlighting potential topics for discussion to the Board:-

- Will Scrutiny input add value?
Is there a clear objective for scrutinising the topic, what are the identifiable benefits and what is the likelihood of achieving a desired outcome?
- Is the topic a concern to local residents?
Does the topic have a potential impact for one or more section(s) of the local population?
- Is the topic a Council or partner priority area?
Does the topic relate to council corporate priority areas and is there a high level of budgetary commitment to the service/policy area?
- Are there relevant external factors relating to the issue?
Is the topic a central government priority area or is it a result of new government guidance or legislation?

Scrutiny and Executive Protocol

The County Council's Scrutiny and Executive Protocol is attached at Appendix B to the report. The Scrutiny and Executive Protocol sets out practical working arrangements which develops a unity of purpose between the Executive, overview and scrutiny committees as well as the Council's senior managers.

The Protocol provides a framework for positive relationships between the Executive and overview and scrutiny committees, but its effectiveness is dependent on all councillors and officers accepting the principles underlying the Protocol.

The Protocol includes the following expectations:

- The Chairman or Vice Chairman of the Overview and Scrutiny Management Board will as far as possible attend each meeting of the Executive.
- The Chairmen or Vice Chairmen of overview and scrutiny committees should attend meetings of the Executive, where an item relevant to their committee's remit is being considered.
- Regular briefing meetings are recommended between the Chairmen and Vice Chairmen of overview and scrutiny committees and the relevant Executive Councillor(s) and Executive Support Councillor(s). These meetings should include the scrutiny officers, and any relevant officers if required.
- It is accepted that Executive Councillors may not be able to attend all meetings of their relevant overview and scrutiny committees. An overview and scrutiny committee may request the attendance of an Executive Councillor for a particular item on the agenda. In such cases if the Executive Councillor is not available he or she should be represented by the Executive Support Councillor.

Scrutiny Panel Activity

Where a topic requires more in-depth consideration, the Board may commission a Scrutiny Panel to undertake a Scrutiny Review, subject to the availability of resources and approval of the Board. Details of Scrutiny Panel activity is set out in Appendix C.

Work Programme items on scrutiny review activity can include discussion on possible scrutiny review items; finalising the scoping for the review; consideration and approval of the final report; the response to the report; and monitoring outcomes of previous reviews.

The Board may also establish a maximum of two working groups at any one time, comprising a group of members from the Board.

Committee Working Group Activity

Scrutiny Committees may establish informal working groups, which can meet a maximum of three times, usually to consider matters in greater detail, and then to put their proposals to Committee. Details of Working Group activity is set out at Appendix D.

Executive Forward Plan

The Executive Forward Plan of key decisions to be taken from 1 November 2017 is set out at Appendix E. This is background information for the Committee's consideration to ensure that all key decisions are scrutinised by the relevant scrutiny committee.

2. Conclusion

The Board's work programme for the coming year is attached at Appendix A to this report.

Members of the Board are invited to review, consider and comment on the work programme as set out in Appendix A and highlight for discussion any additional scrutiny activity which could be included for consideration in the work programme.

Consideration should be given to the items included in the work programme as well as any 'items to be programmed' listed.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

Not Applicable

b) Risks and Impact Analysis

Not Applicable

4. Appendices

| | |
|---|---|
| These are listed below and attached at the back of the report | |
| Appendix A | Overview and Scrutiny Management Board – Work Programme |
| Appendix B | Scrutiny and Executive Protocol |
| Appendix C | Scrutiny Panel Activity |
| Appendix D | Working Group Activity |
| Appendix E | Forward Plan of Decisions |

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Simon Evans, Health Scrutiny Officer, who can be contacted on 01522 552164 or by e-mail at Simon.Evans@lincolnshire.gov.uk

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Chairman: Councillor Robert Parker

Vice Chairman: Councillor Lindsey Cawrey

Each agenda includes the following standard items:

- **Call-in (if required)**
- **Councillor Call for Action (if required)**
- **Future Scrutiny Reviews**

| 30 November 2017 | | |
|--|--|--|
| Item | Contributor | Purpose |
| 2017/18 Council Business Plan Quarter 2 | Jasmine Sodhi Performance and Equalities Manager | Performance Scrutiny / Pre-Decision Scrutiny <i>(Executive decision on 5 December 2017)</i> |
| Property Service Contract Update | Kevin Kendall County Property Officer | Performance Scrutiny |
| Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee | Simon Evans, Health Scrutiny Officer Cllr Carl Macey Chairman of Health Scrutiny Committee | Performance Scrutiny |
| Scrutiny Panels – Approval of Terms of Reference of Scrutiny Reviews | Nigel West, Head of Democratic Services and Statutory Scrutiny Officer | Scrutiny Review Activity |
| Treasury Management Performance Quarter 2 (1 July to 30 September 2017) | Karen Tonge Treasury Manager | Performance Scrutiny <i>(For Information)</i> |

| 21 December 2017 | | |
|--|--|--------------------------|
| Item | Contributor | Purpose |
| Performance of the Corporate Support Services Contract | Sophie Reeve Chief Commercial Officer Arnd Hobohm Corporate Support Services Contract Manager | Performance Scrutiny |
| Future Scrutiny Reviews – Evaluation of Proposals | Nigel West, Head of Democratic Services and Statutory Scrutiny Officer | Scrutiny Review Activity |

| 25 January 2018 | | |
|--|--|--|
| Item | Contributor | Purpose |
| Revenue and Capital Budget Monitoring Report 2017/18 | David Forbes County Finance Officer | Pre-Decision Scrutiny (Executive Decision on 6 February 2018) |
| Council Budget 2018/19 | David Forbes County Finance Officer | Budget Scrutiny (Council Decision on 23 February 2018) |
| Service Budget Proposals 2018/19 | David Forbes County Finance Officer | Budget Scrutiny (Council Decision on 23 February 2018) |
| Final Draft Council Business Plan 2018/19 | Jasmine Sodhi Performance and Equalities Manager | Pre-Decision Scrutiny (Executive Decision on 6 February 2018) |
| Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> Children and Young People Scrutiny Committee Public Protection and Communities Scrutiny Committee | Cllr Robert Foulkes Chairman of Children and Young People Scrutiny Committee Cllr Nigel Pepper Chairman of Public Protection and Communities Scrutiny Committee | Performance Scrutiny |

| 1 March 2018 | | |
|---|---|--|
| Item | Contributor | Purpose |
| 2017/18 Council Business Plan Quarter 3 | Jasmine Sodhi Performance and Equalities Manager | Performance Scrutiny / Pre-Decision Scrutiny (Executive decision on 6 March 2018) |

| 1 March 2018 | | |
|---|---|--|
| Item | Contributor | Purpose |
| Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 | Karen Tonge Treasury Manager | Pre-Decision Scrutiny |
| Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee | Cllr Tony Bridges Chairman of Environment and Economy Scrutiny Committee Cllr Mike Brookes Chairman of Highways and Transport Scrutiny Committee | Performance Scrutiny |
| Treasury Management Performance Quarter 3 (1 September 2017 to 31 December 2017) | Karen Tonge Treasury Manager | Performance Scrutiny <i>(For Information)</i> |

| 29 March 2018 | | |
|--|--|----------------------|
| Item | Contributor | Purpose |
| Performance of the Corporate Support Services Contract | Sophie Reeve, Chief Commercial Officer Arnd Hobohm, Corporate Support Services Contract Manager | Performance Scrutiny |
| Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee | Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing Scrutiny Committee Cllr Carl Macey, Chairman of Health Scrutiny Committee | Performance Scrutiny |

| 26 April 2018 | | |
|--|--|----------------------|
| Item | Contributor | Purpose |
| Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> • Children and Young People Scrutiny Committee • Public Protection and Communities Scrutiny Committee | Cllr Robert Foulkes Chairman of Children and Young People Scrutiny Committee Cllr Nigel Pepper Chairman of Public Protection and Communities Scrutiny Committee | Performance Scrutiny |

Item to be Programmed

- Property Company

For more information about the work of the Overview and Scrutiny Management Board please contact Tracy Johnson, Senior Scrutiny Officer, on 01522 552164 or by e-mail at tracy.johnson@lincolnshire.gov.uk



DEVELOPING RELATIONSHIPS BETWEEN THE EXECUTIVE AND OVERVIEW AND SCRUTINY

This protocol sets out practical working arrangements, which will help develop a unity of purpose between the Executive, overview and scrutiny committees as well as the Council's senior managers. This protocol provides a framework for positive relationships between the Executive and overview and scrutiny committees, but its effectiveness is dependent on all councillors and officers accepting the principles underlying this protocol.

The Executive accepts that discharging the Overview and Scrutiny function should be a core responsibility of the Council, with appropriate and meaningful support from the Chief Executive, other members of the Corporate Management Board, and all the Council's officers.

The Overview and Scrutiny Management Board accepts that to be effective the scrutiny process must be positive, constructive, independent, fair and open. It should complement the decision-making powers of the Executive and enable the voice and concerns of the public to be heard.

Overview and Scrutiny should be challenging, as its aim is to identify areas for improvement, but the process should not be confrontational or simply a means through which to apportion blame if things go wrong. Overview and Scrutiny will act as a 'critical friend' to the Executive and other decision makers in order to promote better services, policies and decisions. Trust and tolerance are key to the success of this protocol.

Councillor Martin Hill
Leader of Lincolnshire County Council

Councillor Robert Parker
Chairman of the Overview and Scrutiny Management Board

A. EARLY INVOLVEMENT IN POLICY DEVELOPMENT

The Executive would like to involve overview and scrutiny committees at an early stage in the development of new policies or changes to existing policies, or in the development of proposals for any significant changes in service provision. This early involvement extends beyond the provisions in the Constitution on the development of the policy and budget framework¹. Examples of the need for early involvement are when there are issues of a contentious nature, sizeable budgetary implications, an impact on the whole community, or an impact on outside bodies or organisations. Early involvement could be carried out in a number of different ways:-

- An overview and scrutiny committee may adopt an informal meeting arrangement or workshop, to which all members of the committee would be invited, or establish a working group, comprising a group of members from the committee. These approaches enable options to be explored in detail and the outcomes or statement from the informal meeting, workshop, or working group could be reported directly to the Executive or Executive Councillor, or to a subsequent meeting of the overview and scrutiny committee.
- Where a topic requires in-depth consideration, a Scrutiny Panel may be established, subject to the availability of resources, which would lead to the submission of an evidence-based report with recommendations for the new policy or a change to an existing policy or on changes to service provision.
- A cross party briefing could be held with senior officers to inform councillors of a particular issue and collaboratively explore options in detail, with the outcomes shared with the relevant overview and scrutiny committee.

In each of the early involvement scenarios listed above the Executive would expect information shared to be used to explore the options available rather than for political point-scoring. Statements from the overview and scrutiny committee will be acknowledged by the decision maker, and a response made to the committee. This could either take the form of a written or an oral report at the next relevant meeting of the committee, which can be recorded in the committee's minutes.

In the case of in depth scrutiny reviews, which contain evidence-based recommendations, there is a requirement that a formal response to the recommendations from the Executive or Executive Councillor be prepared within two months², which will indicate whether recommendations have been accepted or

¹ Rule 3 of the Policy and Budget Framework Procedure Rules (Lincolnshire County Council Constitution) and Regulation 4 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

² Section 9FE of the Local Government Act 2000.

rejected, with appropriate reasons. Ideally, the response will contain an action plan, indicating how the accepted recommendations will be implemented.

B. EXECUTIVE DECISION MAKING

Each relevant overview and scrutiny committee is encouraged to consider any proposed decisions, which are due to be made by the Executive or by an individual Executive Councillor, or any proposed key decision due to be made by a chief officer. This consideration would usually involve the relevant committee reviewing the report containing the proposed decision and preparing a statement on the proposals, including an indication of whether the committee supports the proposals, either wholly or in part. The committee's statement should be included in the report containing the proposed decision and submitted to the decision maker(s). If the statement is not available at the time the report is finalised due to exceptional circumstances, it will be circulated to the decision maker(s) for their consideration.

Consensus and Minority Views

When overview and scrutiny committees reach a consensus, this will be reflected in the committee's statement. However, there will be circumstances where the committee's statement will reflect a range of views, including majority and minority opinions, and these should be so indicated in the committee's statement.

Whenever possible statements from the overview and scrutiny committee will be acknowledged by the decision maker, and a response made to the committee, which could either take the form of a written or an oral report. Any responses will be recorded in the committee's minutes.

C. ATTENDANCE AT MEETINGS OF THE EXECUTIVE

The Chairman or Vice Chairman of the Overview and Scrutiny Management Board will as far as possible attend each meeting of the Executive. Following these meetings the Chairman or Vice Chairman of the Overview and Scrutiny Management Board will highlight any pertinent issues to the next meeting of the Overview and Scrutiny Management Board. The Chairman may also raise any issues with any other overview and scrutiny committee of the Council.

The Chairmen or Vice Chairmen of overview and scrutiny committees should attend meetings of the Executive, where an item relevant to their committee's remit is being considered. Where chairmen or vice chairmen can attend, they will be invited to present any statements to the Executive. This will help to facilitate a good working relationship between the Executive and Overview and Scrutiny, and ensure that the

Executive directly hears the reasons for the overview and scrutiny committee's recommendations and comments and to clarify the outcome from the overview and scrutiny committee.

Where an overview and scrutiny committee has requested an in-depth review, the Chairman or Vice Chairman of the overview and scrutiny committee will present the report and recommendations in conjunction with the Chairman of the Scrutiny Panel which undertook the in-depth review.

D. ATTENDANCE AT MEETINGS OF THE OVERVIEW AND SCRUTINY COMMITTEES

It is accepted that Executive Councillors may not be able to attend all meetings of their relevant overview and scrutiny committees. An overview and scrutiny committee may request the attendance of an Executive Councillor for a particular item on the agenda. In such cases if the Executive Councillor is not available he or she should be represented by the Executive Support Councillor.

Each overview and scrutiny committee should consider whether to include Statements from Executive Councillor(s) as a standard agenda item, where the Executive Councillor(s) or Executive Support Councillor(s) could advise the committee of any relevant matters, including any responses to statements or recommendations, in accordance with sections A and B above.

E. SETTING THE AGENDA

Briefing Meetings Between Executive Councillors and Overview and Scrutiny Committee Chairmen

Regular briefing meetings are recommended between the Chairmen and Vice Chairmen of overview and scrutiny committees and the relevant Executive Councillor(s) and Executive Support Councillor(s). These meetings should include the scrutiny officers, and any relevant officers if required. Ideally, such meetings should take place every quarter if possible. These meetings will support the development of a dialogue, leading to a unity of purpose, between overview and scrutiny and the Executive. The meetings could inform the content of the committee's work programme, with suggestions for future scrutiny reviews and agenda topics, including items which would involve the committee in developing new policies or reviewing existing policies.

Setting the Agenda

Overview and scrutiny committees should not, as a general rule, involve themselves in relatively minor matters or individual cases, particularly where there are other processes, which can handle these issues more effectively. Overview and scrutiny committees should not be used as an opportunity to argue over issues which are of an overtly party political nature, which can be dealt with more appropriately through meetings of the County Council.

The management of the work programme of each scrutiny committee is a role for the Overview and Scrutiny Management Board (OSMB). Each year the OSMB will draw up in advance the annual scrutiny programme, based on the results of meetings between the scrutiny chairmen, vice-chairmen and officers in the various service areas. Adequate resource should be identified for delivering the programme, with some unallocated time for unplanned scrutiny items.

At each meeting of an overview and scrutiny committee, there will be an opportunity to review the committee's future work programme. This provides an opportunity for individual members of each committee to ask for a particular item to be included but, depending on resource, this may be at the expense of something else in the programme. All members on an overview and scrutiny committee should be encouraged to bring forward important items of community interest to the committee whilst recognising that not all items will be taken up.

Requests by the Executive to Overview and Scrutiny Committees

The Leader of the Council, the Executive, or an individual Executive Councillor, may request an overview and scrutiny committee to consider a particular matter within its remit which could be related to issues of a contentious nature, sizeable budgetary implications, an impact on the whole community, or an impact on outside bodies or organisations. This could range from consideration of a matter at a single committee meeting to a full scrutiny review, taking place over several months.

Depending on the timing of the request, a report may be submitted to the next meeting of the committee. Alternatively, a request for a more extensive piece of work may be considered by the committee as part of its work programme item on its next agenda.

F. COUNTY COUNCIL OFFICERS

General

All officers are employees of the County Council as a whole. Corporate Management Board and other senior officers are responsible for day-to-day managerial and operational decisions. Whilst most of their work is directed to supporting the activities of the Executive, they have a role in supporting all councillors, including councillors involved in the overview and scrutiny function. The Chief Executive, as head of the paid service, will ensure that sufficient and independent support is given to the overview and scrutiny function.

The Role of Statutory Scrutiny Officer

The role of the statutory scrutiny officer is defined by statute³ as:

- (a) promoting the role of the Council's overview and scrutiny committees;
- (b) providing support to the Council's overview and scrutiny committees and their members; and
- (c) providing support and guidance to all members of the Council and its officers on the functions of the Council's overview and scrutiny committees.

The Council's Scrutiny Officers will support the Statutory Scrutiny Officer in their role and provide support to the overview and scrutiny function. The Council's Scrutiny Officers should play a proactive role in ensuring effective scrutiny of decision making. Accordingly there should be a close working relationship between Scrutiny Officers and councillors involved in scrutinising decisions. Both Scrutiny Officers and Scrutiny councillors should be involved in testing the merits of proposals under consideration with Scrutiny Officers acting in an advisory role with councillors.

³ Section 9FB of the Local Government Act 2000

Scrutiny Panel Activity

(as at 22 November 2017)

Current Reviews

| Scrutiny Panel A | Membership | Completion Date |
|---|--|---|
| Development of Future IT Provision to Support Council Working Practices | Councillors Mrs J Brockway (Chairman), S Dodds (Vice Chairman), B Aron, M Boles, Mrs P Cooper, S Roe, H Spratt and M Whittington | Overview and Scrutiny Management Board on 31 May 2018 |

| Scrutiny Panel B | Membership | Completion Date |
|---|--|---|
| Impact of the Part Night Street Lighting Policy | Councillors Mrs A Newton (Chairman), S Kirk (Vice Chairman), D McNally, R Renshaw, P Skinner, A Stokes, M Storer and Mrs R Trollope-Bellew | Overview and Scrutiny Management Board on 26 April 2018 |

All completed review reports to be approved by relevant scrutiny committee before consideration at a meeting of the County Council's Executive.

Working Group Activity

(as at 22 November 2017)

| Committee | Working Group | Membership |
|--|--|--|
| Overview and Scrutiny Management Board | UK's Exit from the European Union | Councillors T Bridges, M Brookes, M T Fido, R L Foulkes, C E H Marfleet, Mrs A M Newton, Mrs M J Overton MBE, R B Parker, A M Stokes and Mrs C A Talbot; and added member: Mr S Rudman |
| Health Scrutiny Committee for Lincolnshire | Lincolnshire Pharmaceutical Needs Assessment | Councillors C S Macey, C J T H Brewis, J Kirk and R A Renshaw (or R B Parker) |

FORWARD PLAN OF KEY DECISIONS FROM 1 DECEMBER 2017

| DEC REF | MATTERS FOR DECISION | REPORT STATUS | DECISION MAKER AND DATE OF DECISION | PEOPLE/GROUPS CONSULTED PRIOR TO DECISION | DOCUMENTS TO BE CONSIDERED | OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated) | DIVISIONS AFFECTED |
|------------------------|--|---------------|--|--|----------------------------|--|---|
| I014796 New! | Grantham Southern Relief Road - Land Acquisition, Orders and Contracts | Exempt | Executive Between 4 Dec 2017 and 5 Jan 2018 | Executive Councillor for Highways and Transport; Executive Board for the Grantham Southern Relief Road | Exempt Report | Senior Project Leader (Major Schemes) Tel: 01522 550393 Email: alen.chanamuto@lincolnshire.gov.uk | Grantham Barrowby; Grantham East; Grantham North; Grantham South; Grantham West |
| I014443 | Highways 2020 - Options Appraisal | Open | Executive 5 Dec 2017 | Highways and Transport Scrutiny Committee; Commissioning and Consultancy Board; Executive Councillor for Highways, Transport and IT; Highways Service; current providers; market testing with potential suppliers; other local authorities; and Midlands Highways Alliance | Report | Infrastructure Commissioner Tel: 01522 553071 Email: paul.rusted@lincolnshire.gov.uk | All |

| DEC REF | MATTERS FOR DECISION | REPORT STATUS | DECISION MAKER AND DATE OF DECISION | PEOPLE/GROUPS CONSULTED PRIOR TO DECISION | DOCUMENTS TO BE CONSIDERED | OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated) | DIVISIONS AFFECTED |
|------------------------|--|---------------|--|---|----------------------------|--|--------------------|
| I014741 New! | Building Communities of Specialist Education, Health and Care Provision for Children and Young People with Special Educational Needs and Disabilities (SEND) in Lincolnshire | Open | Executive 5 Dec 2017 | Specialist School Head Teachers and Executive Heads; Lincolnshire Parent; Carer Forum; Lincolnshire Learning Partnership; Regional Schools Commissioner; Department for Education | Report | Senior Project Officer for Specialist School Project 01522 550988 Eileen.McMorrow@lincolnshire.gov.uk | All |
| I014831 New! | Alternative Education for excluded Key Stage 4 Pupils | Open | Executive Councillor: Adult Care, Health and Children's Services Between 5 December 2017 and 12 December 2017 | Lincolnshire Schools' Forum; and Children and Young People Scrutiny Committee | Report | Children's Commissioning Manager - Commercial Services Tel: 01522 553258 Email: jonas.gibson@lincolnshire.gov.uk | All |
| I014786 New! | Supported Accommodation for Looked After Children | Open | Executive Councillor: Adult Care, Health and Children's Services Between 8 Dec 2017 and 15 Nov 2017 | Children and Young People Scrutiny Committee | Report | Corporate Parenting Manager Tel: 01522 553916 Email: andrew.morris@lincolnshire.gov.uk | All |
| I014802 New! | Domiciliary Care and Short Breaks for Children with Disabilities | Open | Executive Councillor: Adult Care, Health and Children's Services Between 15 Dec 2017 and 22 Dec 2017 | Children and Young People Scrutiny Committee | Report | Children's Commissioning Manager - Commercial Services Tel: 01522 553258 Email: jonas.gibson@lincolnshire.gov.uk | All |
| I014285 | Council Budget 2018/19 | Open | Executive 19 Dec 2017 | | Report | County Finance Officer Tel: 01522 553642 Email: david.forbes@lincolnshire.gov.uk | All |

| DEC REF | MATTERS FOR DECISION | REPORT STATUS | DECISION MAKER AND DATE OF DECISION | PEOPLE/GROUPS CONSULTED PRIOR TO DECISION | DOCUMENTS TO BE CONSIDERED | OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated) | DIVISIONS AFFECTED |
|-----------------|--|---------------|--|---|----------------------------|--|--------------------|
| I014788 New! | Schools National Funding Formula | Open | Executive Councillor: Adult Care, Health and Children's Services 10 Jan 2018 | All Lincolnshire Schools and academies; Children and Young People Scrutiny Committee' and the Lincolnshire Schools' Forum | Report | Head of Finance - Children's Services Tel: 01522 553326 Email: mark.popplewell@lincolnshire.gov.uk | All |
| I014239 | Stop Smoking Services Re-Procurement | Open | Executive Councillor: Adult Care, Health and Children's Services Between 12 Jan 2018 and 19 Jan 2018 | Adults and Community Wellbeing Scrutiny Committee | Report | Health Improvement Programme Manager Tel: 01522 550541 Email: philip.garner@lincolnshire.gov.uk | All |
| I014740 New! | Proposed Changes to Enhanced Resource Provision Units Supporting Children with Hearing Impairments | Exempt | Executive Councillor: Adult Care, Health and Children's Services 2 Feb 2018 | Parents; children; school; health; and other stakeholders with an interest in hearing impairments; Children and Young People Scrutiny Committee | Exempt Report | County Manager Tel: 01522 554031 Email: andrew.hancy@lincolnshire.gov.uk | All |
| I014286 | Council Budget 2018/19 | Open | Executive 6 Feb 2018 | Overview and Scrutiny Management Board | Report | County Finance Officer Tel: 01522 553642 Email: david.forbes@lincolnshire.gov.uk | All |
| I014134 | Revenue and Capital Budget Monitoring Report 2017/18 | Open | Executive 6 Feb 2018 | Overview and Scrutiny Management Board | Report | County Finance Officer Tel: 01522 553642 Email: david.forbes@lincolnshire.gov.uk | All |
| I014208 | Citizen Engagement Strategy | Open | Executive 4 Apr 2018 | Public Protection and Communities Scrutiny Committee | Report | Programme Manager, Community Engagement Tel: 01522 550516 Email: bev.finnegan@lincolnshire.gov.uk | All |
| I013959 | Future Governance Structure for the Heritage Service | Open | Executive 4 Apr 2018 | Public Protection and Communities Scrutiny Committee | Report | Chief Community Engagement Officer Tel: 01522 553831 Email: nicole.hilton@lincolnshire.gov.uk | All |

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| | |
|---|--|
| Open Report on behalf of Executive Director of Finance & Public Protection | |
| Report to: | Overview and Scrutiny Management Board |
| Date: | 30 November 2017 |
| Subject: | Treasury Management Update 2017/18 – Quarter 2 Update Report to 30 September 2017 |

Summary:

This report has been prepared in accordance with the reporting recommendations of the CIPFA Code of Practice 2011 and details the results of the Council's treasury management activities for the first half of 2017/18 to 30 September 2017, comparing this activity to the Treasury Management Strategy for 2017/18, approved by the Executive Councillor for Finance on 20th March 2017. It will also detail any issues arising in treasury management during this period.

Actions Required:

That the report be noted and any comments to be passed onto the Executive Councillor with responsibilities for Finance.

1. Background

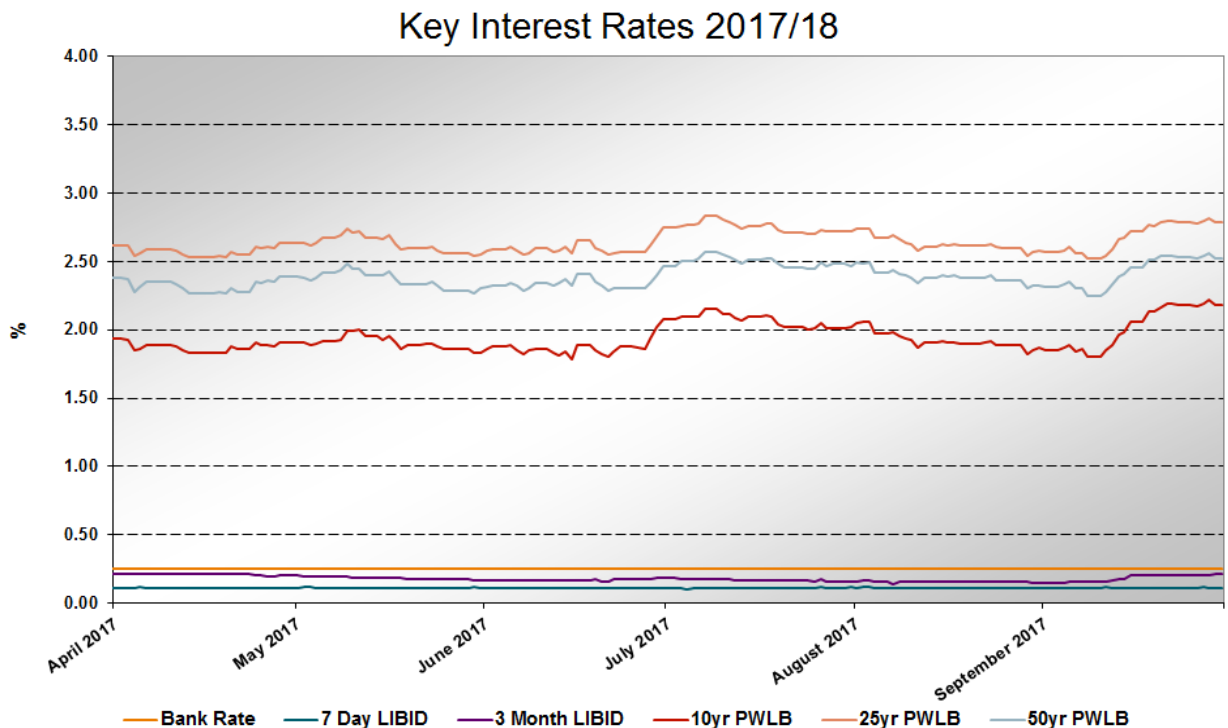
1. Introduction and Background

- 1.1. Treasury Management relates to the policies, strategies and processes associated with managing the cash and debt of the Council through appropriate borrowing and lending activity. It includes the effective control of the risks associated with the lending and borrowing activity and the pursuit of optimum performance consistent with the risks.
- 1.2. This Treasury Report will cover the following positions to 30th September 2017:
- Interest rate review, economic overview and revised interest rate forecast.
 - Annual investment strategy/ authorised lending list changes during the quarter.
 - Investment position and comparison with strategy.
 - Borrowing & debt rescheduling position and comparison with strategy.
 - Other Treasury Management issues arising during period.

2. Interest Rate Review, Economic Overview and Revised Interest Rate Forecast to 30th September 2017

2.1. At the time of setting the Strategy in March 2017, short term bank rate was expected to remain at 0.25% for the year and long term rates were forecast to rise no more than 0.10% by the end of the year.

2.2. The graph below shows that actual rates have remained relatively flat since the start of the year increasing slightly from September 2017, as the Bank of England issued warnings of impending rate rises from this date. (In fact the Base Rate was increased for the first time in a decade on 2nd November 2017 to 0.50%).



2.3. Economic Background -The quarter ended 30th September 2017 saw the following:

- The economy struggled to pick up much pace with Economic Growth falling to 1.5% in Qtr2.
- Headline inflation picked up further 2.8% in September forecast to reach over 3% before the end of the year.
- The labour market tightened further, but underlying wage pressures remained weak; Higher inflation has led to an intensifying squeeze on households' real earnings as wage inflation struggles to keep pace;

- The MPC took a more hawkish turn, warning that an increase in Bank Rate was due. Base Rate was in fact increased on 2nd November 2017 to 0.50% by MPC in conjunction with their November Inflation Report.
- Public finances performed better than expected. With better than expected receipts lowering the amount of borrowing required.
- Brexit negotiations lacked significant progress with uncertainty prevailing.

2.4. The latest interest rate forecast from Capita (7th November 2017) is shown below which has been adjusted for the Base Rate change and the BOE November Inflation Report.

| | NOV | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|----------------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BANK RATE | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.25 | 1.25 | 1.25 |
| 3 month LIBID | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.60 | 0.60 | 0.60 | 0.70 | 0.90 | 0.90 | 1.00 | 1.20 | 1.20 | 1.20 |
| 6 month LIBID | 0.45 | 0.50 | 0.50 | 0.50 | 0.60 | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.00 | 1.10 | 1.30 | 1.30 | 1.40 |
| 12 month LIBID | 0.65 | 0.70 | 0.80 | 0.80 | 0.90 | 1.00 | 1.00 | 1.10 | 1.10 | 1.30 | 1.30 | 1.40 | 1.50 | 1.50 | 1.60 |
| 5 yr PVLB | 1.50 | 1.50 | 1.60 | 1.60 | 1.70 | 1.80 | 1.80 | 1.90 | 1.90 | 2.00 | 2.10 | 2.10 | 2.20 | 2.30 | 2.30 |
| 10 yr PVLB | 2.10 | 2.10 | 2.20 | 2.30 | 2.40 | 2.40 | 2.50 | 2.60 | 2.60 | 2.70 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 |
| 25 yr PVLB | 2.70 | 2.80 | 2.90 | 3.00 | 3.00 | 3.10 | 3.10 | 3.20 | 3.20 | 3.30 | 3.40 | 3.50 | 3.50 | 3.60 | 3.60 |
| 50 yr PVLB | 2.40 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 | 3.00 | 3.10 | 3.20 | 3.30 | 3.30 | 3.40 | 3.40 |

The BOE increased Base Rate at a time when economic growth in 2017 has been disappointingly weak, but gave forward guidance that they expected to increase Base Rate only twice more in the next three years to reach 1.0% by 2020. Capita's new forecast above reflects this guidance. The BOE's justification for the increase was the low unemployment rate (lowest rate for 42 years at only 4.3%) and little spare capacity left in the economy, whilst increases in productivity remained weak. The economic link between falling unemployment and rising inflation does appear to be broken. Capita do not see inflation posing a significant threat over the next three years. Their forecast above however is based on the assumption that the UK will make progress with a satisfactory outcome to the Brexit negotiations with the EU by March 2019. Due to the uncertainty of Brexit, they view the overall balance of risks to economic recovery in the UK to be on the downside. But the balance of risks to increases in Bank Rate and shorter term PVLB rates to be on the upside, dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how Brexit negotiators move forward. Their forecast also assumes there will be no breakup of the Eurozone, other than the UK departure, and no major escalation of international relations between the US and China/North Korea.

3. Annual Investment Strategy/ Authorised Lending List Changes to 30th September 2017

3.1. The Council's Annual Investment Strategy for 2017/18 was approved, along with the Treasury Strategy, by the Executive Councillor for Finance on 20th March 2017, after being scrutinised by the Value For Money Scrutiny Committee on 28th February 2017. The Strategy outlines the Council's investment priorities as **the security of capital and the liquidity of investments**, with the aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity.

3.2. As such investments are only placed with highly credit rated financial institutions, using Capita's suggested creditworthiness approach, including Short and Long Term Ratings, Sovereign Credit Ratings and Credit Default Swap overlay information provided by Capita.

3.3. In addition to Capita's credit methodology, the Council also maintains a minimum limit of **A+ Long Term Rating (two out of three agencies)** for all its Counterparties, excluding part-nationalised UK banks and a **minimum limit AA- Sovereign Rating, (two out of three agencies)** for any Country in which a Counterparty is based. Appendix A shows the Council's Authorised Lending List at 30 September 2017, based on this creditworthiness approach, together with a key explaining the credit rating scores.

3.4. The table below details changes to the Authorised Lending List during the second quarter of 2017/18:

| Counterparty | Action | Reason |
|-------------------------------------|---------------------------------|--|
| Aberdeen Standard Money Market Fund | Addition: Limit £20m/ 24 Months | Merger of Aberdeen Global Liquidity Fund and Standard Life Liquidity Fund into one Fund. |

3.5. There were no breaches of Lending Limit over the quarter to 30th September 2017 due to limit changes or error.

3.6. A full list of the investments held at 30th September 2017, compared to Capita's creditworthiness list, and changes to credit rating of counterparties during September 2017 are shown in Appendix B.

4. Investment Position to 30th September 2017- Comparison with Strategy

4.1. The Council's investment position and cumulative annualised return at 30th September 2017 are detailed in the table below:

| Investment Position At 30.09.17 | Return (Annualised %) | Weighted Benchmark (Annualised %) | Outperformance |
|--|----------------------------------|--|-----------------------|
| £300.105m | 0.52% | 0.17% | 0.34% |

4.2. The investment balance is made up of general and earmarked reserves, Pension Fund cash, borrowing and other income received but not yet used/spent and general movement in debtor and creditor amounts.

4.3. All investments have been placed in line with the Strategy. Where possible lending has been done in the one year period during the period which has increased the investment portfolio weighted average maturity (WAM) slightly from 168 days at 30th June 2017 to 172 days at 30th September 2017.

4.4. The benchmark target return used is a weighted benchmark that uses both the 7 day LIBID and 3 month LIBID market rates, weighted, to better reflect the maturity of the investments made and therefore the risk parameters of the investment portfolio. Being a market rate, this benchmark moves relative to market movements and is therefore the target rate used for investments.

4.5. The investment performance was also benchmarked against the Capita quarterly benchmark analysis, comprising a mixture of 9 other authorities in the East Midlands area and 16 English Counties. The results of this benchmarking for the 2nd quarter are detailed below, which shows that the Council's return was above that of the comparators, achieved by having a longer WAM. The Council's return is also in line with Capita's suggested risk banding achievable for the level of risk being taken on its investments.

| Capita Benchmarking –Position at 30/9/2017 | | | |
|---|----------------|--------------------------------|----------------------------------|
| | LCC | Benchmark Group (9) | English Counties (16) |
| 30 Sept Return % | 0.53% | 0.37% | 0.43% |
| Risk Banding | 0.50% to 0.60% | 0.30% to 0.40% | 0.34% to 0.44% |
| WAM (days) | 172 | 72 | 86 |

4.6. Temporary borrowing of £31m was outstanding at 30th September 2017, taken to support identified cashflow requirements forecast in 2017/18. This was at an average interest rate of 0.30% and is cash neutral being offset with Investment returns in excess of this amount.

5. Borrowing & Debt Rescheduling Position to 30th September 2017 - Comparison with Strategy

5.1. The Strategy for 2017/18 stated that new borrowing would be undertaken in all periods with the aim of achieving an even spread of maturity profile and keeping an increase in the average cost of the Council's debt to a minimum. Borrowing would be undertaken at a time appropriate to coincide with an identified dip in borrowing rates available.

5.2. To date, no external debt has been taken or debt rescheduling undertaken and the Council's borrowing position at 30th September 2017 is as follows:

| Borrowing Activity 2017/18 | Maturing Debt £m | Debt To Fund Capital Expenditure £m | Total £m | % Cost |
|--|-------------------------|--|-----------------|---------------|
| Opening Balance at 1.4.2017 | 0.000 | 476.745 | 476.745 | 4.068% |
| New Borrowing to 30.9.2017 | 0.000 | 0.000 | 0.000 | |
| Borrowing Repaid to 30.9.2017 | (14.000) | (0.677) | (14.677) | |
| Debt Rescheduling to 30.6.2017 | 0.000 | 0.000 | 0.000 | |
| -Borrowing Repaid | 0.000 | 0.000 | 0.000 | |
| -Borrowing Replaced | | | | |
| Balance at 30.9.2017 | (14.000) | 476.068 | 462.068 | 4.088% |
| Projected Further Borrowing Required in 2017/18 (net of internal borrowing CF) | 0.000 | 1.794 | 1.794 | |
| Projected Further Borrowing Repayments –Actual | (0.000) | (0.677) | (0.677) | |
| -Voluntary | (0.000) | (1.794) | (1.794) | |
| Projected Borrowing Position at 31.03.2018 | (14.000) | 475.391 | 461.391 | |
| Authorised Limit For External Debt | | | 583.007 | |

5.3. Internal borrowing is using internal balances instead of taking external borrowing to finance the capital programme. This strategy reduces interest rate risk (the risk of unexpected adverse changes in interest rate) and credit risk (the risk of default by counterparties to whom investments are held as investment exposure falls) and also provides a net saving in interest costs in the short term, provided that Council balances are sufficiently available to maintain this strategy. The balance of internal borrowing stood at £69.343m at 31st March 2017. A further £30.108m of internal borrowing will be made in 2017/18 to cover the 2016/17 carry forward of capital expenditure, making the total predicted internal borrowing balance for 2017/18 of £99.451m.

5.4. The Council's Capital Expenditure plans and Borrowing Requirement at 30th September 2017, from that originally agreed by full Council at its meeting on 24th February 2017 is shown below:

| | Original Budget at 1/4/2017 £m | Position at 30/9/2017 after Carry Forwards/Rephasing |
|---|--------------------------------|--|
| Net Capital Expenditure Programme 2017/18 | 49.444 | 45.092 |
| Borrowing Requirement 2017/18 | 48.844 | 31.902 |

5.5. Total LOBO debt the Council has secured is still at £30m, well within the limit set in the strategy of 10% of total external debt (equating to £46m). A limit is set on this type of borrowing to limit the amount of variability within the debt portfolio of debt repayment. The average cost of the Council's LOBO debt is 3.93%.

5.6. No debt rescheduling activity of existing debt has taken place to 30th September 2017, due to all existing borrowing loans being in premium position. (Meaning that the coupon rate of existing debt is higher than the current market rate for equivalent outstanding periods and so a premium would be incurred to repay this debt back early).

5.7. Full Council, at its meeting on 24th February 2017, approved the Council's Prudential Indicators for 2017/18, set as a requirement of the Prudential Code to ensure the Council's capital financing, in particular its long term borrowing, is prudent, affordable and sustainable. It can be confirmed that no Prudential Indicator limits have been breached in the second quarter to 30th September 2017.

6. Other Treasury Management Issues

6.1. MiFID II (Markets in Financial Instruments Directive)

The Financial Conduct Authority (FCA) has issued the above Directive which comes into force on 3rd January 2018. It relates to the rules governing the relationship between investors and who they invest with and applies to regulated products such as Certificates of Deposit, Bonds and Money Market Funds.

The Council will have to opt up to Professional Status to deal in these products by passing certain Qualitative and Quantitative tests, which it will do.

This will involve a certain amount of administration to achieve and it is hoped that this can be streamlined to cut down on the work required by utilising a portal created by CIPFA called PSLink that can be accessed by all participants.

6.2. Proposed Changes to CIPFA Treasury Management Code and Prudential Code

CIPFA is aiming to issue revised codes that govern Treasury Management by the end of December 2017, following a recent consultation. These were last updated in 2011. It is intended to bring the Codes more up to date with the current Treasury environment, especially dealing with local authority investments which are not of the treasury type (e.g. property investments) by introducing a requirement for a Capital Strategy along with the Treasury Strategy that will highlight the risk of any non-treasury related activity. Any impact of these new codes will be picked up in the Treasury Management Strategy for 2018/19 and the Prudential Indicators for 2018/19 that will go to members with the 2018/19 Council Budget in the new year.

6.3. Proposed New DCLG Investment Code and MRP Code -Consultation

DCLG are proposing to update the Statutory guidance on Minimum Revenue Provision and Local Authority Investment Activity. As with the CIPFA Codes, these were last updated in 2010/2012 and do not reflect changes to the regulatory environment. The aim is to make sure that the new codes reflect the increasingly complex business models for non-investment related activities being adopted and that risk exposure on all borrowing/investment decisions is being highlighted and understood. A consultation is being issued which will close on the 22nd December 2017 on these proposed changes.

2. Conclusion

Interest Rates started to rise in September 2017 over speculation of a Base Rate rise by the BOE, (which was increased on 2/11/2017 to 0.50%). The Council continues to outperform the investment benchmark by lengthening the Weighted Average Maturity of the Fund. No external borrowing has been undertaken to date. The cost of the Councils borrowing at 30th September 2017 was 4.088% The Council's internal borrowing level stood at £69.343m at 31st March 2017 with £30.108m of internal borrowing being carried forward in 2017/18 along with capital expenditure and borrowing requirement underspends. Temporary borrowing of £31m was outstanding at 30th September 2017 taken to cover predicted liquidity shortfalls at a cost neutral level. The Council will have to opt to Professional Status under MiFID II requirements which come into force on 3rd January 2018. Changes to the CIPFA Treasury Management Code and Prudential Code are planned to bring it more up to date with the current treasury environment. Revision of the Statutory Guidance on Minimum Revenue Provision and Local Authority Investments is also imminent by DCLG, to bring these up to date with the current operating environment. The requirements of these new Codes and Statutory Guidance will be picked up in the Treasury Management Strategy and Prudential Indicators for 2018/19 and also the Councils MRP Policy and calculations for 2018/19.

3. Consultation

a) Have Risks and Impact Analysis been carried out??

Yes

b) Risks and Impact Analysis

Risk & Impact Analysis for Treasury Management forms TMP1 of the Treasury Management Practices, as required by the CIPFA Code of Practice 2011. A Risk Register which details the main risks for Treasury Management has been completed and is reviewed annually. Both the TMPs and the Risk Register are held in the Treasury Files held on IMP at County Offices.

4. Appendices

| | |
|---|--|
| These are listed below and attached at the back of the report | |
| Appendix A | Authorised Lending List and Credit Rating Key. |
| Appendix B | Investment Analysis Review at September 2017 -Capita Asset Services Ltd. |

5. Background Papers

| Document title | Where the document can be viewed |
|--|--|
| Treasury Management Strategy Statement and Annual Investment Strategy 2017/18 -20/3/2017 | Lincolnshire County Council, Finance and Public Protection |
| Council Budget 2017/18 - 24/2/2017 | Lincolnshire County Council, Finance and Public Protection |

This report was written by Karen Tonge, who can be contacted on 01522 553639 or karen.tonge@lincolnshire.gov.uk .

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LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

| Country | | Lending Limit £m | Maturity Limit | # Watch/ Outlook Adjusted | FITCH IBCA Credit Rating Long Term | Sovereign | For Tre: CDS Overlay | |
|---------|---|---------------------|------------------|---------------------------------|--|-----------|----------------------------|-----------|
| | 1 Other Local Authorities | 20 each | 24 Months | | | | | |
| | 2 Debt Management Account Deposit Facility | 50 | 6 Month | | | | | |
| | 3 UK Banks : | | | | | | | |
| | # HSBC Group | 20 | 364 Day | | | | | |
| UK | HSBC Bank Plc | 20 | 364 Day | 364 Day | SB | AA- | AA | 364 Day |
| | HSBC Evergreen Notice Account | 20 | 364 Day | | | | | |
| | # RBS Group - Part Nationalised | 40 | 364 Day | | | | | |
| UK | National Westminster Plc | 40 | 364 Day | | SB | BBB+ | AA | |
| | Natwest Instant Access Liquidity Account | 40 | 364 Day | | | | | |
| UK | Natwest 90 Access - Liquidity Account | 40 | 364 Day | | | | | |
| | Royal Bank of Scotland Plc | 40 | 364 Day | | SB | BBB+ | AA | |
| | # LloydsHBOS Group -Part Nationalised | 15 | 364 Day | | | | | |
| UK | Lloyds TSB Bank Plc | 15 | 6 Months | | SB | A+ | AA | 6 Months |
| UK | Bank of Scotland - Guaranteed Fixed Deposits | 15 | 6 Months | | | | | 6 Months |
| UK | Nationwide Building Society | 15 | 6 Months | 6 Months | SB | A+ | AA | 6 Months |
| UK | Standard Chartered Bank | 15 | 6 Months | 6 Months | SB | A+ | AA+ | 6 Months |
| | 4 Other Banks | | | | | | | |
| AUS | Australia & New Zealand Banking Group | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| AUS | Commonwealth Bank of Australia | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| AUS | National Australia Bank | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| AUS | Westpac Banking Corporation | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | # BNP Paribas Group | 15 | 6 Months | | | | | |
| BEL | BNP Paribas Fortis | 15 | 6 Months | 6 Months | SB | A+ | AA- | 6 Months |
| FRA | BNP Paribas | 15 | 6 Months | 6 Months | SB | A+ | AA | 6 Months |
| CAN | Bank of Montreal | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| CAN | Bank of Nova Scotia | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| CAN | Canadian Imperial Bank Commerce | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| CAN | National Bank of Canada | 15 | 6 Months | 6 Months | SB | A+ | AAA | 6 Months |
| CAN | Royal Bank of Canada | 20 | 364 Day | 364 Day | NO | AA | AAA | 364 Day |
| CAN | Toronto Dominion Bank | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | # Nordea Group | 20 | 364 Day | | | | | |
| FIN | Nordea Bank Finland | 20 | 364 Day | 364 Day | SB | Aa3 | AA+ | 364 Day |
| SWE | Nordea Bank AB | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| FRA | Credit Industriel et Commercial | 15 | 6 Months | 6 Months | SB | A+ | AA | 6 Months |
| FIN | OP Corporate Bank | 20 | 364 Day | 364 Day | SB | Aa3 | AA+ | 364 Day |
| GER | DZ Bank AG | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| GER | Landesbank Hessen-Thuringen Girozentrale (Heleba) | 20 | 364 Day | 364 Day | SB | A+ | AAA | 364 Day |
| NETH | Bank Nederlande Gemeenten | 25 | 24 Months | 24 Months | SB | AA+ | AAA | 24 Months |
| NETH | Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank) | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| NETH | ING Bank NV | 15 | 6 Months | 6 Months | SB | A+ | AAA | 6 Months |
| SING | DBS Bank Ltd | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| SING | Oversea Chinese Banking Corporation Ltd | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| SING | United Overseas Bank | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | # UBS Group | 20 | 364 Day | | | | | |
| SWITZ | UBS AG | 20 | 364 Day | 364 Day | SB | A+ | AAA | 364 Day |
| UK | UBS Ltd | 15 | 6 Months | 6 Months | SB | A+ | AA+ | 6 Months |
| SWE | Skandinaviska Enskilda Banken AB | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| SWE | Swedbank AB | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | # Svenska Group | 20 | 364 Day | | | | | |
| SWE | Svenska Handelsbanken | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | Svenska Handelsbanken - 35 Day Notice Account | 20 | 364 Day | 364 Day | | | | 364 Day |
| | Svenska Handelsbanken- 10 Day Notice Account | 20 | 364 Day | 364 Day | | | | 364 Day |
| | Svenska Handelsbanken- Call Account | 20 | 364 Day | 364 Day | | | | 364 Day |
| USA | Bank of New York Mellon | 25 | 24 Months | 24 Months | SB | AA | AAA | 24 Months |
| USA | Bank of America | 15 | 6 Months | 6 Months | SB | A+ | AAA | 6 Months |
| USA | JP Morgan Chase Bank | 20 | 364 Day | 364 Day | SB | AA- | AAA | 364 Day |
| | 5 AAA Money Market Funds | | | | | | | |
| | # MMF Group | 100 | 24 Months | | | | | |
| | HSBC Global Liquidity Fund | 20 | 24 Months | | | AAA | | |
| | Morgan Stanley Sterling Liquidity Fund | 20 | 24 Months | | | AAA | | |
| | Deutsche Managed Sterling Fund | 20 | 24 Months | | | AAA | | |
| | Insight GBP Liquidity Fund | 20 | 24 Months | | | AAA | | |
| | #AberdeenStandard Group | 20 | 24 Months | | | | | |
| | Aberdeen Global Liquidity Fund | 20 | 24 Months | | | AAA | | |
| | Standard Life Liquidity Fund | 20 | 24 Months | | | AAA | | |
| | # Group Limit of applies where indicated. | | | | | | | |
| | ** A maximum of 20% of total funds to be held in the Building Society Sector. | | | | | | | |
| | ** No more than 20% of total funds to be held in any one institution or group.excluding Govt/MMFs. | | | | | | | |
| | Any adverse press comments concerning borrowers/potential borrowers should be referred to D Forbes / C Machej / K Tonge / N Kay. | | | | | | | |
| | Revised: 14th August 2017 | | | | | | | |

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

The Long Term rating assesses the borrowing characteristics of banks and the capacity for the timely repayment of debt obligations which apply to instruments of up to 5 years duration.

Long Term Ratings range from AAA, AA, A to DDD, DD, D. Only Institutions with Ratings of A+ and above are acceptable on the Councils Lending List as follows:

AAA - Highest Credit Quality - lowest expectation of credit risk. Exceptionally strong capacity for timely payment of financial commitments. Highly unlikely to be adversely affected by foreseeable events.

AA - Very High Credit Quality - Very low expectation of credit risk. Very strong capacity for timely payment of financial commitments. Not significantly vulnerable to foreseeable events.

A - High Credit Quality - Low expectation of credit risk. Strong capacity for timely payment of financial commitments. More vulnerable to adverse foreseeable events than the case for higher ratings.

“+” Or “-” may be appended to a rating to denote relative status within major rating categories.

Sovereign Ratings (Fitch)

The Sovereign (Governments of Countries) Rating measures a sovereign’s capacity and willingness to honour its existing and future obligations in full or on time. It looks at factors such as:

- Macroeconomic performance and prospects;
- Structural features of the economy that render it more or less vulnerable to shocks as well as political risk and governance factors;
- Public finances, including the structure and sustainability of public debt as well as fiscal financing;
- The soundness of the financial sector and banking system, in particular with respect to macroeconomic stability and contingent liability for the sovereign; and
- External finances, with a particular focus on the sustainability of international trade balances, current account funding and capital flows, as well as the level and structure of external debt (public and private).

Sovereign Ratings range from AAA, AA, A to DDD, DD, D. Only countries with a Sovereign Rating AA- are acceptable on the Councils Lending List.

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

Rating Watches -indicate that there is a heightened probability of a rating change in the short term either in a positive or negative direction. A Rating Watch is typically event-driven and, as such, it is generally resolved over a relatively short period.

Rating Outlooks -indicate the direction a rating is likely to move over a one- to two-year period reflecting a position not yet reached but if trends continue will do so hence triggering a rating move.

Money Market Fund Rating (Moody's)

Aaa/MR1+ - this rating denotes the lowest expectation of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. Funds rated MR1+ are considered to have the lowest market risk.

Credit Default Swap (CDS) Spreads

A CDS is effectively a contract between two counterparties to 'insure' against default. The higher the CDS price of a counterparty, the higher the supposed risk of default. The CDS level therefore provides a perceived current market sentiment regarding the credit quality of a counterparty and generally the movement in the CDS market gives an early warning of the likely changes in credit ratings of a counterparty.

Sector has employed a benchmark system which compares the CDS spread of a counterparty against a pre-determined benchmark rate (iTraxx Senior Financial Index) to produce a CDS status overlay of 'In Range', 'Monitoring' or 'Out of Range' and this status is used to further determine the creditworthiness of the counterparty.

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Lincolnshire County Council
Monthly Investment Analysis Review
September 2017



General Economy

Changing interest rate expectations were to the fore in September, with investors reining in their expectations following the Bank of England's Monetary Policy Committee (MPC) meeting. This suggested that a rate hike could be appropriate in the coming months, possibly as soon as November.

The month started with the release of the Markit/CIPS Manufacturing Purchasing Manager's Index (PMI), which defied expectations of a small fall to 55.0 and instead rose to 56.3 for August from the 55.3 figure reported for July. The headline reading was supported by increases in both the output and new orders balance, suggesting the recent strength of the survey will be maintained. This raised expectation that, after a disappointing start to the year, the sector could provide a decent boost to GDP in the second half of the year. A rise in the number of total new orders reflected stronger domestic demand as the export orders balance edged down – suggesting we might start to see import growth ease as UK firms and consumers substitute domestic goods for imports.

However, August's Services PMI suggests the economy is struggling to pick up much pace in the third quarter. The headline business activity index fell to 52.3 from 53.8 in July, a greater fall than expected. Adding to that, the UK Construction PMI continued last month's disappointment and fell further to a twelve month low of 51.1. While still indicating "expansion", it is drifting close to the 50 dividing line between growth and contraction. Retail sales, on the other hand, brought good news and suggested consumers are faring well and showing resilience in the face of the real pay squeeze. Volumes rose by a hefty 1.0% for August – beating the consensus expectation of a 0.2% rise – along with July's figure being upwardly revised to 0.6% from 0.3%. While retail sales are very volatile on a month-by-month basis, and high-street spending growth has eased this year, the latest data suggests households are continuing to provide some support to the overall economy.

Inflation day brought something of a surprise with the Consumer Price Index (CPI) hitting its joint highest (with May) figure in more than 5 years of 2.9% for August as households paid more for fuel and clothing, which jumped by 4.6% y/y. Wage growth, however, yielded a 2.1% y/y rise, giving little change from previous month's growth rates. The stagnant wage growth paired with both higher than expected inflation and low unemployment – which unexpectedly fell further this month to its lowest since 1975 during the three months to July at 4.3% – came just ahead of the Bank of England's MPC meeting.

Whilst the MPC voted 7-2 in favour of keeping policy unchanged in September, the minutes stated that *“some withdrawal of monetary stimulus is likely to be appropriate over the coming months”*. The day after the meeting, the ‘arch dove’ of the MPC, Gertjan Vlieghe, gave a surprise at the annual conference of the Society of Business Economists in London by adding his voice to the calls for an end to a decade of historically low interest rates. He paired the rise in inflation with the tightening labour market and remarked *“...we are approaching the moment when the Bank Rate may need to rise”*. These further comments caused the pound to leap above the \$1.36 mark as traders and investors positioned themselves in anticipation of a potential interest rate rise at the MPC’s next meeting in November. Markets currently price the probability of a rate rise in November at around 70%.

Moving on to the public finances, the UK posted its smallest budget deficit for any August since 2007 – boosted by record sales tax revenues for the month. The deficit was reported at £5.7bn, down 18% compared with August 2016. Forecasts had expected a much larger deficit of £7.1bn. August’s surprisingly strong performance followed July’s unexpected budget surplus – a benefit for Chancellor Philip Hammond who is under pressure to relax austerity measures when he announces budget plans in November.

The final reading of second quarter growth figures saw the annual rate revised down to 1.5% from the 1.7% previously recorded, resulting in the weakest y/y growth since 2013. However, some analysts were quick to point out that the revision was due to an uplift in 2016 growth, rather than a weakening in more recent times. The quarterly growth figure remained unchanged at 0.3%. There was also a bit of positive news in terms of the composition of growth in the second quarter, which showed bigger contributions from business investment and exports than previously thought.

On the other side of “the pond”, the US non-farm payrolls increased by a softer 165,000 last month, marginally below the consensus forecast of 179,000. Additionally, the gains in the preceding two months were revised down modestly and the unemployment rate edged back up to 4.4% from 4.3%. Even though the hurricane season did cause some temporary disruption, third quarter GDP growth is still predicted to be between 2.5%-3.0% annualised, with the final estimate for Q2 GDP revised marginally upwards to 3.1% from 3.0%. August showed consumer prices accelerated amid a jump in the cost of gasoline and rents. The month-on-month figure rose to 0.4%, while the annual rate increased from 1.7% to 1.9%. This sign of firming inflation provided further evidence that the Federal Reserve may tighten policy rates again before the year is out. This view gained more credence on the back of the actual policy meeting, where the updated individual economic and interest rate projections saw 11 out of 16 members expecting one more rate hike before the year is out. In addition, the central bank announced its plans for trimming its balance sheet. The plan was that, come October, it would begin to reduce its \$4.2 trillion in holdings of US treasury bonds and mortgage backed securities by cutting \$10 billion each month from the amount of maturing securities it reinvests. This level would then increase by \$10bn per quarter until it reached \$50bn in October 2018.

A little closer to home, the European Central Bank said it expects key interest rates to remain at their present levels for an extended period of time, and they confirmed asset purchases of €60bn per month are set to run until the end of this year or beyond, if necessary. However, the Bank is widely expected to announce its own plans for tapering its purchase programme at its next meeting in late October. On the data front, Eurozone Q2 GDP growth was confirmed at 0.6%, with annual growth revised upward to 2.3% from 2.2%. Unemployment is currently at 9.1%, with the Czech Republic having the lowest rate at 2.9% followed by Germany with 3.6%.

Housing

Nationwide reported that house prices in London have fallen for the first time since 2009, whilst prices across Britain overall rose at their slowest pace in more than four years for the month of September. Annually, house prices in London fell by 0.6% whilst nationally house prices rose by 2.0%, only a slightly weaker figure than the 2.1% growth reported for August. This national figure is, however, still the weakest figure since June 2013. Conversely, Halifax reported monthly house prices hit an eight month high in August of 1.1%, adding to signs the housing market has regained some strength after its post-Brexit slow down. Annual house price growth picked up to 2.6% from 2.1% in July. The Bank of England also commented that mortgage approvals were much stronger than expected in July.

Forecast

Capita Asset Services (CAS) has not changed their forecasts this month. While market interest rate expectations have changed sharply through September, the Interest Rate Strategy Group are awaiting the outcome of the next MPC meeting on 2nd November before making any changes to its current view. Key here is whether the Bank signals that any move is a one off reversal of the emergency action in August 2016, or the start of a more sustained, albeit gradual shift higher. Capital Economics (CE), however, have changed their forecast. They now expect the Bank Rate to increase to 0.5% in Q4 2017, with further rises of 25 basis points in Q2 2018, Q3 2018, Q4 2018, Q2 2019 and Q4 2019.

| Bank Rate | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 |
|-----------------------|--------|--------|--------|--------|--------|
| Capita Asset Services | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |
| Capital Economics | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% |

Lincolnshire County Council

Current Investment List

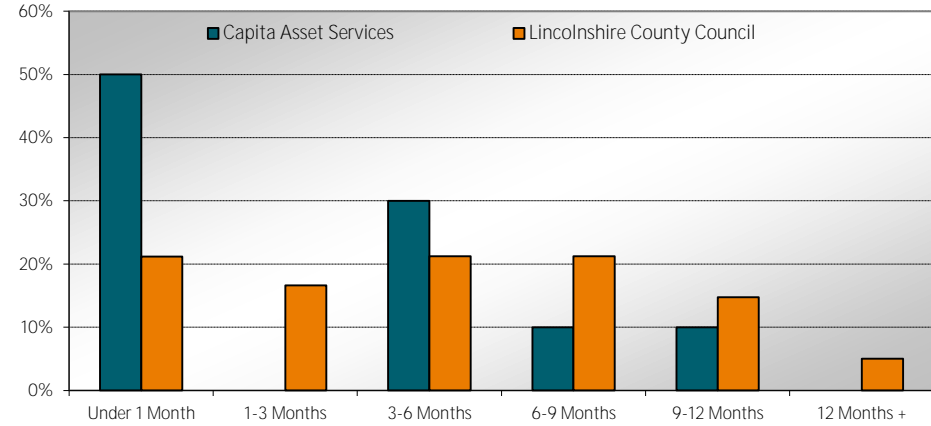
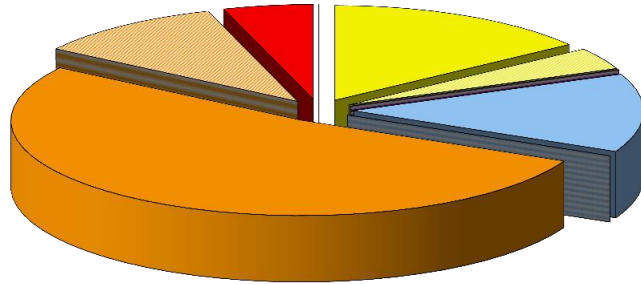
| Borrower | Principal (£) | Interest Rate | Start Date | Maturity Date | Lowest Long Term Rating | Historic Risk of Default |
|--|---------------|---------------|------------|---------------|-------------------------|--------------------------|
| MMF Standard Life | 11,190,000 | 0.20% | | MMF | AAA | 0.000% |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | 6,800,000 | 0.68% | 13/10/2016 | 12/10/2017 | A | 0.002% |
| Toronto Dominion Bank | 10,000,000 | 0.59% | 14/10/2016 | 13/10/2017 | AA- | 0.001% |
| DZ Bank AG (Deutsche Zentral-Genossenschaftsbank) | 7,050,000 | 0.59% | 19/10/2016 | 18/10/2017 | AA- | 0.001% |
| Canadian Imperial Bank of Commerce | 3,500,000 | 0.52% | 02/03/2017 | 18/10/2017 | A+ | 0.003% |
| Canadian Imperial Bank of Commerce | 10,000,000 | 0.65% | 20/10/2016 | 19/10/2017 | A+ | 0.003% |
| HSBC Bank Plc | 10,000,000 | 0.35% | | Call30 | AA- | 0.002% |
| Bank of Scotland Plc | 5,000,000 | 0.55% | 28/04/2017 | 30/10/2017 | A | 0.005% |
| United Overseas Bank Ltd | 6,775,000 | 0.58% | 02/11/2016 | 01/11/2017 | AA- | 0.002% |
| Svenska Handelsbanken AB | 12,000,000 | 0.35% | | Call35 | AA- | 0.002% |
| National Australia Bank Ltd | 1,140,000 | 0.52% | 03/05/2017 | 08/11/2017 | AA- | 0.002% |
| Bank of Scotland Plc | 5,000,000 | 0.55% | 10/05/2017 | 10/11/2017 | A | 0.006% |
| Bank of Scotland Plc | 5,000,000 | 0.55% | 19/05/2017 | 20/11/2017 | A | 0.008% |
| DBS Bank Ltd | 5,000,000 | 0.50% | 30/11/2016 | 29/11/2017 | AA- | 0.004% |
| North Tyneside Metropolitan Borough Council | 5,000,000 | 0.50% | 21/12/2016 | 20/12/2017 | AA | 0.005% |
| HSBC Bank Plc | 10,000,000 | 0.39% | | Call90 | AA- | 0.006% |
| United Overseas Bank Ltd | 4,675,000 | 0.51% | 16/01/2017 | 15/01/2018 | AA- | 0.007% |
| The Royal Bank of Scotland Plc | 10,000,000 | 0.62% | 17/01/2017 | 17/01/2018 | BBB+ | 0.051% |
| Commonwealth Bank of Australia | 5,000,000 | 0.50% | 27/01/2017 | 26/01/2018 | AA- | 0.008% |
| Blackpool Borough Council | 5,000,000 | 0.30% | 29/09/2017 | 02/02/2018 | AA | 0.008% |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | 5,445,000 | 0.52% | 20/02/2017 | 19/02/2018 | A | 0.022% |
| United Overseas Bank Ltd | 5,275,000 | 0.45% | 26/05/2017 | 26/02/2018 | AA- | 0.010% |
| United Overseas Bank Ltd | 3,275,000 | 0.53% | 13/03/2017 | 12/03/2018 | AA- | 0.010% |
| North Ayrshire Council | 5,000,000 | 0.55% | 15/03/2017 | 14/03/2018 | AA | 0.011% |
| Birmingham City Council | 5,000,000 | 0.55% | 24/03/2017 | 23/03/2018 | AA | 0.011% |
| Isle of Wight Council | 5,000,000 | 0.55% | 27/03/2017 | 26/03/2018 | AA | 0.011% |
| The Royal Bank of Scotland Plc | 5,000,000 | 0.70% | 05/04/2017 | 27/03/2018 | BBB+ | 0.083% |
| Stockport Metropolitan Borough Council | 5,000,000 | 0.60% | 03/04/2017 | 29/03/2018 | AA | 0.012% |
| The Royal Bank of Scotland Plc | 5,000,000 | 0.70% | 11/04/2017 | 10/04/2018 | BBB+ | 0.089% |
| The Royal Bank of Scotland Plc | 5,000,000 | 0.68% | 21/04/2017 | 13/04/2018 | BBB+ | 0.090% |
| The Royal Bank of Scotland Plc | 4,000,000 | 0.68% | 08/05/2017 | 04/05/2018 | BBB+ | 0.100% |
| The Royal Bank of Scotland Plc | 6,000,000 | 0.64% | 17/05/2017 | 08/05/2018 | BBB+ | 0.102% |
| DBS Bank Ltd | 5,000,000 | 0.52% | 26/05/2017 | 11/05/2018 | AA- | 0.014% |
| Commonwealth Bank of Australia | 5,000,000 | 0.52% | 26/05/2017 | 25/05/2018 | AA- | 0.015% |
| The Royal Bank of Scotland Plc | 5,000,000 | 0.66% | 28/06/2017 | 27/06/2018 | BBB+ | 0.125% |
| Cooperatieve Rabobank U.A. | 3,925,000 | 0.50% | 29/06/2017 | 28/06/2018 | A+ | 0.042% |

Lincolnshire County Council

Current Investment List

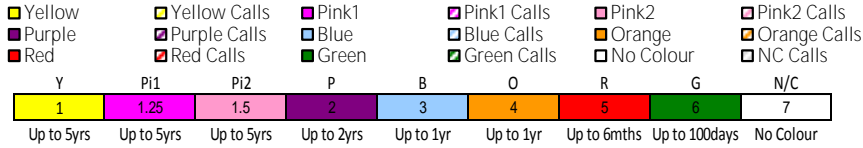
| Borrower | Principal (£) | Interest Rate | Start Date | Maturity Date | Lowest Long Term Rating | Historic Risk of Default |
|--|---------------------|---------------|------------|---------------|-------------------------|--------------------------|
| UBS AG | 9,800,000 | 0.53% | 28/07/2017 | 28/06/2018 | A+ | 0.042% |
| Commonwealth Bank of Australia | 10,000,000 | 0.52% | 30/06/2017 | 29/06/2018 | AA- | 0.017% |
| Australia and New Zealand Banking Group Ltd | 5,000,000 | 0.50% | 30/06/2017 | 29/06/2018 | AA- | 0.017% |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | 5,000,000 | 0.54% | 05/07/2017 | 04/07/2018 | A | 0.043% |
| Australia and New Zealand Banking Group Ltd | 5,000,000 | 0.50% | 14/07/2017 | 13/07/2018 | AA- | 0.018% |
| Australia and New Zealand Banking Group Ltd | 6,650,000 | 0.50% | 20/07/2017 | 19/07/2018 | AA- | 0.019% |
| Australia and New Zealand Banking Group Ltd | 3,350,000 | 0.48% | 03/08/2017 | 02/08/2018 | AA- | 0.020% |
| Cooperatieve Rabobank U.A. | 10,000,000 | 0.55% | 15/09/2017 | 14/09/2018 | A+ | 0.054% |
| UBS AG | 5,000,000 | 0.52% | 19/09/2017 | 18/09/2018 | A+ | 0.054% |
| Canadian Imperial Bank of Commerce | 6,500,000 | 0.55% | 19/09/2017 | 18/09/2018 | A+ | 0.054% |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | 2,755,000 | 0.59% | 19/09/2017 | 18/09/2018 | A | 0.054% |
| Liverpool City Council | 5,000,000 | 0.70% | 13/01/2017 | 11/01/2019 | AA | 0.029% |
| Doncaster Metropolitan Borough Council | 5,000,000 | 0.77% | 20/04/2017 | 05/04/2019 | AA | 0.034% |
| Bournemouth Borough Council | 5,000,000 | 0.71% | 29/09/2017 | 20/09/2019 | AA | 0.044% |
| Total Investments | £300,105,000 | 0.53% | | | | 0.025% |

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number = **3.35**

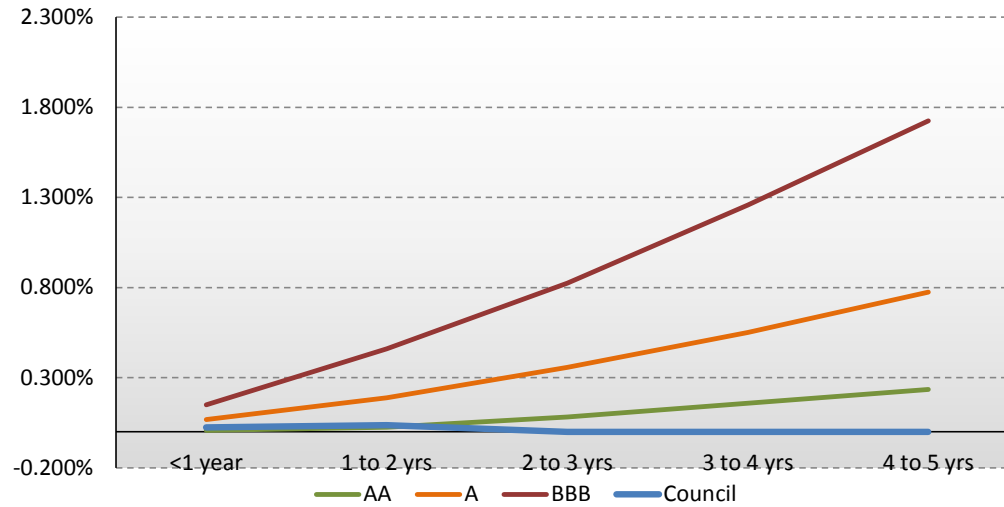
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity



| | % of Portfolio | Amount | % of Colour in Calls | Amount of Colour in Calls | % of Call in Portfolio | WARoR | WAM | WAM at Execution | Excluding Calls/MMFs/USDBFs | |
|--------------|----------------|---------------------|----------------------|---------------------------|------------------------|--------------|------------|------------------|-----------------------------|------------------|
| | | | | | | | | | WAM | WAM at Execution |
| Yellow | 18.72% | £56,190,000 | 19.91% | £11,190,000 | 3.73% | 0.51% | 235 | 365 | 294 | 456 |
| Pink1 | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| Pink2 | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| Purple | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| Blue | 13.33% | £40,000,000 | 0.00% | £0 | 0.00% | 0.66% | 186 | 361 | 186 | 361 |
| Orange | 62.95% | £188,915,000 | 16.94% | £32,000,000 | 10.66% | 0.51% | 161 | 303 | 183 | 355 |
| Red | 5.00% | £15,000,000 | 0.00% | £0 | 0.00% | 0.55% | 41 | 185 | 41 | 185 |
| Green | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| No Colour | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| Total | 100.00% | £300,105,000 | 14.39% | £43,190,000 | 14.39% | 0.53% | 172 | 317 | 195 | 363 |

Investment Risk and Rating Exposure

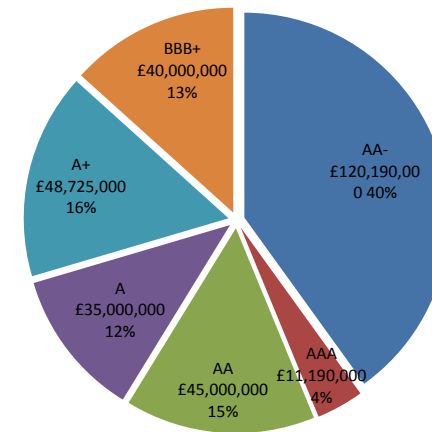
Investment Risk Vs. Rating Categories



Historic Risk of Default

| Rating/Years | <1 year | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs | 4 to 5 yrs |
|--------------|---------|------------|------------|------------|------------|
| AA | 0.007% | 0.024% | 0.081% | 0.158% | 0.234% |
| A | 0.067% | 0.189% | 0.356% | 0.551% | 0.775% |
| BBB | 0.150% | 0.460% | 0.824% | 1.257% | 1.726% |
| Council | 0.025% | 0.036% | 0.000% | 0.000% | 0.000% |

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Monthly Credit Rating Changes

FITCH

| Date | Update Number | Institution | Country | Rating Action |
|------------|---------------|-------------------------------|---------|--|
| 04/09/2017 | 1549 | Co-operative Bank Plc | UK | Long Term Rating was affirmed at 'B-', Outlook changed to Stable and was removed from Evolving Watch. Short Term Rating was affirmed at 'B', removed from Negative Watch. Viability Rating downgraded to 'f' from 'c'. |
| 07/09/2017 | 1551 | Clydesdale Bank | UK | Long Term Rating affirmed at 'BBB+', removed from Negative Watch and placed on Stable Outlook. Short Term Rating was affirmed at 'F2'. |
| 08/09/2017 | 1552 | Co-operative Bank Plc | UK | Long Term Rating affirmed at 'B-', Stable Outlook. Short Term Rating affirmed at 'B'. Viability Rating upgraded to 'b-' from 'f'. |
| 29/09/2017 | 1560 | Barclays Bank Plc | UK | Long Term Rating 'A', removed from Stable Outlook and placed on Positive Watch. Short Term Rating was affirmed at 'F1'. |
| 29/09/2017 | 1561 | Deutsche Bank AG | Germany | Long Term Rating downgraded to 'BBB+' from 'A-', Outlook changed to Stable from Negative. Short Term Rating downgraded to 'F2' from 'F1'. Viability Rating downgraded to 'bbb+' from 'a-'. |
| 29/09/2017 | 1562 | National Westminster Bank Plc | UK | Long Term Rating 'BBB+', removed from Stable Outlook and placed on Positive Watch. Short Term Rating affirmed at 'F2' and Viability Rating affirmed at 'bbb+'. |
| 29/09/2017 | 1562 | The Royal Bank of Scotland | UK | Long Term Rating affirmed at 'BBB+', Stable Outlook. Support Rating was placed on Positive Watch and at the same time all other ratings were affirmed. |

Monthly Credit Rating Changes
MOODY'S

| Date | Update Number | Institution | Country | Rating Action |
|------------|---------------|-------------------------------|---------|--|
| 07/09/2017 | 1550 | Co-operative Bank Plc | UK | Long Term Rating affirmed at 'Caa2', Short Term Rating affirmed at 'NP'. Outlook changed to Positive from Evolving Watch. |
| 13/09/2017 | 1554 | Bank of America, N.A. | USA | Long Term Rating 'A1', removed from Positive Outlook and placed on Positive Watch. Short Term Rating affirmed at 'P-1'. |
| 18/09/2017 | 1556 | Clydesdale Bank | UK | Long Term Rating 'Baa2', removed from Stable Outlook and placed on Positive Watch. Short Term Rating 'P-2', placed on Positive Watch. |
| 25/09/2017 | 1557 | United Kingdom Sovereign | UK | Sovereign Rating downgraded to 'Aa2' from 'Aa1', Outlook changed to Stable from Negative. |
| 28/09/2017 | 1558 | Bank of Scotland Plc | UK | Long Term Rating upgraded to 'Aa3' from 'A1', removed from Positive Watch and placed on Stable Outlook. Short Term Rating affirmed at 'P-1'. |
| 28/09/2017 | 1558 | HSBC Bank Plc | UK | Long Term Rating downgraded to 'Aa3' from 'Aa2', Negative Outlook. Short Term Rating was affirmed at 'P-1'. |
| 28/09/2017 | 1558 | Lloyds Bank Plc | UK | Long Term Rating upgraded to 'Aa3' from 'A1', removed from Positive Watch and placed on Stable Outlook. Short Term Rating affirmed at 'P-1'. |
| 28/09/2017 | 1558 | National Westminster Bank Plc | UK | Long Term Rating affirmed at 'A2', Outlook changed to Positive from Stable. Short Term Rating affirmed at 'P-1'. |
| 28/09/2017 | 1558 | The Royal Bank of Scotland | UK | Long Term Rating affirmed at 'A2', Outlook changed to Negative from Stable. Short Term Rating affirmed at 'P-1'. |
| 28/09/2017 | 1559 | BNP Paribas | France | Long Term Rating upgraded to 'Aa3' from 'A1', Stable Outlook. Short Term Rating affirmed at 'P-1'. |
| 28/09/2017 | 1559 | ING Bank NV | France | Long Term Rating upgraded to 'Aa3' from 'A1', Outlook changed to Stable from Positive. Short Term Rating affirmed at 'P-1'. |

Monthly Credit Rating Changes
S&P

| Date | Update Number | Institution | Country | Rating Action |
|-------------|---------------|---------------------------|-------------|--|
| 12/09/20117 | 1553 | Qatar National Bank | Qatar | Affirmed at 'A', removed from Negative Watch and placed on Negative Outlook. Short Term Rating affirmed at 'A-1', removed from Negative Watch. |
| 18/09/2017 | 1555 | ABN AMRO Bank N.V. | Netherlands | Long Term Rating affirmed at 'A', Outlook changed to Positive from Stable. Short Term Rating affirmed at 'A-1'. |
| 18/09/2017 | 1555 | Cooperative Rabobank U.A. | Netherlands | Long Term Rating affirmed at 'A+', Outlook changed to Positive from Stable. Short Term Rating affirmed at 'A-1'. |

DISCLAIMER: Capita Asset Services would like to inform clients that we supply the credit ratings of financial institutions from the rating agencies. We do not advise on the groupings of such financial institutions as we believe that knowledge can only be obtained from credit rating agencies. Whilst we make every effort to ensure that all the information it provides is accurate and complete, it does not guarantee the accuracy, completeness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. All information supplied by Capita Asset Services should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision. The Client should not regard the information as a substitute for the exercise by the Client of its own judgement. This document has been produced solely for the use of clients of Capita Asset Services, Treasury solutions. The documentation itself, or any of the information contained therein, should not be disclosed to any third party without the prior written approval of Capita Asset Services. Strictly private and confidential.