



County Offices
Newland
Lincoln
LN1 1YL

28 January 2019

Executive

A meeting of the Executive will be held on **Tuesday, 5 February 2019** in **Committee Room One, County Offices, Newland, Lincoln LN1 1YL** at **10.30 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

A handwritten signature in cursive script that reads 'DBarnes'.

Debbie Barnes OBE
Head of Paid Service

Membership of the Executive
(8 Members of the Council)

Councillor M J Hill OBE, Executive Councillor for Resources and Communications (Leader of the Council)

Councillor Mrs P A Bradwell OBE, Executive Councillor for Adult Care, Health and Children's Services (Deputy Leader)

Councillor C J Davie, Executive Councillor for Economy and Place

Councillor R G Davies, Executive Councillor for Highways, Transport and IT

Councillor E J Poll, Executive Councillor for Commercial and Environmental Management

Councillor Mrs S Woolley, Executive Councillor for NHS Liaison and Community Engagement

Councillor C N Worth, Executive Councillor for Culture and Emergency Services

Councillor B Young, Executive Councillor for Community Safety and People Management

**EXECUTIVE AGENDA
TUESDAY, 5 FEBRUARY 2019**

Item	Title	Forward Plan Decision Reference	Pages
1	Apologies for Absence		
2	Declarations of Councillors' Interests		
3	Announcements by the Leader, Executive Councillors and Executive Directors		
4	Minutes of the Meeting of the Executive held on 18 December 2018		5 - 10
NON KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE			
5	Revenue and Capital Budget Monitoring Report 2018/19 <i>(To receive a report from the Executive Director of Finance and Public Protection, which provides an update on spending compared with budgets for the financial year which started on 1 April 2018)</i>	I015181	11 - 28
KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE			
6	Council Budget 2019/20 <i>(To receive a report by the Executive Director Finance and Public Protection which asks the Executive to propose to Full Council the Council's budget and council tax in light of the provisional local government settlement and consultation comments on its initial proposals)</i>	I016572	29 - 112
7	Capital Strategy 2019/20 <i>(To receive a report from the Executive Director of Finance and Public Protection, which invites the Executive to recommend that the Capital Strategy 2019/20 is adopted by full Council)</i>	I016780	113 - 146
8	Future of the Heritage Service <i>(To receive a report from the Interim Executive Director of Place which seeks approval of the carrying out of a public consultation on the proposed changes set out in the Report to the Council's Heritage Service)</i>	I016025	147 - 312

- 9 Establishment of a Property Company** **I017211** 313 - 326
(To receive a report from the Executive Director of Finance and Public Protection which seeks approval of the establishment of a commercial trading property company which will be by limited by shares and 100% owned by Lincolnshire Future Ltd)

NON KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE

- 10 Final Draft Council Business Plan 2019 - 2020** **I016892** 327 - 356
(To receive a report from the Head of Paid Service, which invites the Executive to consider the outcomes and measures that are the final draft Council Business Plan, as detailed in Appendix A to the report, and decide whether to recommend them to full Council on 22 February 2019)

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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
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**EXECUTIVE
18 DECEMBER 2018**

PRESENT: COUNCILLOR M J HILL OBE (LEADER OF THE COUNCIL)

Councillors Mrs P A Bradwell OBE (Executive Councillor for Adult Care, Health and Children's Services) (Deputy Leader), C J Davie (Executive Councillor for Economy and Place), R G Davies (Executive Councillor for Highways, Transport and IT), Mrs S Woolley (Executive Councillor for NHS Liaison and Community Engagement), C N Worth (Executive Councillor for Culture and Emergency Services) and B Young (Executive Councillor for Community Safety and People Management).

Councillors: R B Parker (Chairman of the Overview and Scrutiny Management Board) and N H Pepper (Chairman of Public Protection and Communities Scrutiny Committee) were also in attendance.

Officers in attendance:-

Debbie Barnes OBE (Head of Paid Service), David Forbes (County Finance Officer), Andy Gutherson (Acting Executive Director for Place), Justin Hackney (Assistant Director, Specialist Adult Services), Cheryl Hall (Democratic Services Officer), Pete Moore (Executive Director, Finance and Public Protection), George Spiteri (Strategic Commercial and Performance Manager), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Adrian Winkley (Minerals and Waste Policy Team Leader).

35 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor E J Poll.

It was noted that Justin Hackney (Assistant Director Specialist Adult Services) was attending the meeting on behalf of Glen Garrod (Executive Director of Adult Care and Community Wellbeing).

36 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest.

37 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements.

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EXECUTIVE
18 DECEMBER 2018

38 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 6 NOVEMBER 2018

RESOLVED

That the minutes of the meeting held on 6 November 2018 be signed by the Chairman as a correct record.

39 COUNCIL BUDGET 2019/20

Consideration was given to a report which outlined the Council's budget proposals for the financial year 2019/20, based on the four-year funding deal announced by the Government, as part of the 2016/17 Local Government Finance Settlement.

The Executive was asked to make proposals for the Council's budget for 2019/20 and to refer those proposals for internal and external consultation.

Details of the Provisional Local Government Settlement for 2019/20 had not yet been issued at the time of writing the report. However a briefing report, which was tabled at the meeting, provided detail of the Provisional Local Government Settlement for 2019/20 and covered the following:

- The funding that the County Council would receive from the Government in 2019/20 was largely in line with the four-year deal which the County Council agreed to in October 2017, with exception to the Rural Services Delivery Grant which was expected to be over £1.3m higher next year than previously advised as part of the four-year deal. This grant was now expected to be £6.935m in 2019/20 in recognition of the additional costs of providing services in rural areas;
- It was also announced that there was a surplus amount in the national Business Rates Levy Account and this would be distributed to authorities for 2019/20. The indicative amount for Lincolnshire County Council was £1.683m;
- The county-wide business rate pilot bid for 2019/20 submitted by all eight Lincolnshire authorities, together with North Lincolnshire Council, had not been approved. The non-approval was in line with expectations, given the success in getting a bid approved for the current financial year 2018/19. The County Council would revert to a business rates pooling arrangement with all seven districts for 2019/20;
- The provisional settlement had reaffirmed an announcement made by the Chancellor of the Exchequer in his Autumn Budget that further one-year funding would be available in 2019/20 for both adult care winter pressures (£3.368m for Lincolnshire) and for additional adult and children's social care pressures (£5.754m for Lincolnshire);
- Also previously announced in the Chancellor of the Exchequer's Autumn Budget was an additional £13.7m capital funding for highways maintenance ('pothole funding') which, whilst available in the current year, was expected to be of some benefit next year in terms of improving the condition of the road network;

- The core level of council tax, which could be levied prior to triggering a referendum, would be 3% for 2018/19 (plus 2% for the adult care precept). The provisional budget approved for 2019/20 by Council in February 2018 was predicated on only a 2% maximum referendum threshold for core council tax 2019/20. An additional 1% council tax income was worth approximately £2.8m per annum in the income base of the County Council;
- Further consultation papers on the proposed 75% business rate localisation from April 2020 and the related national Fair Funding Review were also released along with the Provisional Settlement, which would be analysed over coming weeks. The consultation response deadline date for both was 21 February 2019.

The Chairman of the Overview and Scrutiny Management Board advised that the Board had considered the Council's Financial Risk Assessment for the year 2019/20 at its meeting on 25 October 2018. The Board had supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

It was also highlighted that at the beginning of December 2018, two budget briefings had been held for all County Councillors to attend. Comments from the sessions were detailed at Appendix B to the Executive report.

It was highlighted that as part of the comments from the briefing sessions, a Councillor had commented that the budget savings associated with the Heritage Service becoming financially self-sufficient ought not to be taken in advance of decisions being made about the service delivery model. Although advice was given that earmarked reserves could be used to fund the service in 2019/20 until a decision on the service was implemented, there was a view that appropriate budget provision ought to be made rather than relying on reserves. In response to this, the Executive advised that appropriate budget provision be allocated to Heritage Services for 2019/20, with an aim for the service becoming self-sufficient in future years.

Consideration was given to whether to utilise the additional 1% council tax income, which was worth approximately £2.8m per annum in the income base of the County Council. It was agreed that to enable to make the County Council's budget sustainable, following significant reduction in its budget from central government, the Council should utilise the additional 1% council tax income. It was highlighted that with the additional 1% council tax income being utilised, the County Council would remain in the lower quartile for council tax levels set by local authorities in England. Furthermore, it was highlighted that 2019/20 was the last financial year that upper-tier authorities could apply an adult social care precept.

RESOLVED

- (1) That the budget proposals, as described in the report, be approved as the preferred option for the purposes of further consultation, subject to £1,018,571 being allocated to Heritage Services; and that Council Tax be increased by 4.95% in 2019/20.

- (2) That the Leader of the Council be delegated authority to confirm participation in a Business Rates Pool in 2019/20.

40 DRAFT STATEMENT OF COMMUNITY INVOLVEMENT

Consideration was given to a report which presented a draft Statement of Community Involvement (SCI), as detailed at Appendix A to the report, which had been prepared for public consultation commencing in January 2019 for a six-week period, subject to the approval of the Executive.

The Executive was reminded that the County Council was under a statutory duty to review its SCI by 2019. The current SCI was last updated in 2014 and had set out how the County Council would engage and consult the public and stakeholders on the preparation of draft minerals and waste policy documents and during the determination of planning and related applications.

The Chairman of the Overview and Scrutiny Management Board advised that the Environment and Economy Scrutiny Committee had considered the same report at its meeting on 27 November 2018 and had agreed to support the recommendation to proceed with a public consultation for a period of six weeks, commencing in January 2019. Comments of the Board were included within the Executive report.

It was highlighted that the table on page 63 of the agenda pack set out how different types of planning application would be publicised and which method of communication would be used to notify the public and local communities. A discussion took place regarding the use of press notices and it was requested that this method of communication was reviewed, as the publication that was currently used was not circulated throughout the whole of the County. It was also suggested that although relevant parish councils were consulted, the Lincolnshire Association of Local Councils should be utilised more.

RESOLVED

That the Draft Statement of Community Involvement, as detailed at Appendix A to the report, be approved for public consultation for a period of six weeks, commencing in January 2019.

41 COUNCIL BUSINESS PLAN 2018 - 2019 PERFORMANCE REPORT, QUARTER TWO

Consideration was given to a report which presented an overview of performance for Quarter 2 against the Council Business Plan.

The Strategic Commercial and Performance Manager presented the report to the Executive and highlighted that of the 14 commissioning strategies reported in Quarter 2: seven had performed well (all measures reported in Quarter 2 had achieved the target); four had mixed performance (some measures did not achieve the target in Quarter 2).

It was highlighted that Measure 59 (*Carers Supported in the last 12 months per 100,000 population*) was expected to increase towards the revised target of 1,730 per 100,000 population. Although the revised target had not been achieved in Quarter 1, the target had been achieved in Quarter 2 with an increase of 232 carers supported, compared with Quarter 1.

Also, as reported in Quarter 1 in the Protecting the Public Commissioning Strategy, the Trading Standards Service had planned a number of operations for Quarter 2 for Measure 1 (*Illicit alcohol and tobacco seized*). This had resulted in a significant increase in seizure figures of 10,522 in Quarter 2 exceeding the annual target of 6,000.

It was also highlighted that since Quarter 1, in the Protecting and Sustaining the Environment Commissioning Strategy, data for Measure 74 (*carbon dioxide emissions from County Council Activity*) was now available. A 23.4% reduction from the 2011/12 baseline had been achieved, which had exceeded the target of a 22% reduction by March 2018. A reduction of 4,933 tonnes of carbon dioxide from 2016/17 figure had been achieved. There had been a significant reduction of 3,419 tones almost exclusively from street lighting, which was owing to the upgrading of street lights to LED and part-night lighting.

Appendix A to the Executive report provided a summary of measures that did not achieve the target in Quarter 2. The following four measures had been reported as not achieving the target for the first time in 2018/19:

- Adults reoffending;
- Juvenile reoffending;
- Primary fires; and
- Wellbeing commissioning strategy.

The Chairman of the Overview and Scrutiny Management Board advised that the Board had considered the same report at its meeting on 29 November 2019. The Board had agreed to support the two recommendations in the report and the comments were included within the Executive report. The Board had also requested clarification and further information on a number of performance indicators and the responses to those points were tabled at the meeting.

RESOLVED

- (1) That the Quarter 2 Performance 2018/19 be noted.
- (2) That the proposed change to reporting, as detailed in the report, be approved.

The meeting closed at 11.37 am.

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

Report to:	Executive
Date:	05 February 2019
Subject:	Revenue and Capital Budget Monitoring Report 2018/19
Decision Reference:	I015181
Key decision?	No

Summary:

This report provides an update on spending compared with budgets for the financial year which started on 1 April 2018.

The tables in this report show the actual income and expenditure for eight months of this financial year, along with the projections for spending and a comparison of the projections against the approved budgets.

Recommendation(s):

Note the current position on the revenue and capital budgets.

Alternatives Considered:

1. This report shows the actual revenue and capital expenditure to date, and projected outturns for 2018/19, therefore no alternatives have been considered.

Reasons for Recommendation:

To consider the Council's budget monitoring position and decide on any corrective action necessary.

1. Background

1.1 In summary:

- Total Council revenue spending is predicted to be £6.082m less than the total budget (excluding the projected under spending on Schools budgets);

- General reserves at the year-end are forecast on this basis to be within the 2.5% to 3.5% range. They are estimated to be at 3.5% of the total budget based on current spending; and
- Net capital spending is projected to be £3.332m less than the budget at the end of the financial year.

DISCUSSION

Revenue

Table A (Position as at 30 November 2018)

	Revised Net Revenue Budget	Net Expenditure	Year End Forecast	Forecast Variance	Forecast Variance
	£'000	£'000	£'000	£'000	%
COMMISSIONING STRATEGIES					
Readiness for School	4,846	2,896	5,026	179	3.70
Learn & Achieve	34,959	19,037	34,912	-47	-0.13
Readiness for Adult Life	6,775	3,861	5,864	-911	-13.44
Children are Safe and Healthy	65,976	46,580	65,582	-395	-0.60
Adult Safeguarding	4,447	2,946	4,611	165	3.70
Adult Frailty & Long Term Conditions	120,604	38,003	119,172	-1,432	-1.19
Carers	2,464	1,750	2,438	-26	-1.07
Adult Specialities	66,011	55,528	68,004	1,993	3.02
Wellbeing	27,845	17,567	27,817	-29	-0.10
Community Resilience & Assets	10,428	5,985	10,496	68	0.65
Sustaining & Developing Prosperity Through Infra	40,568	30,849	39,326	-1,241	-3.06
Protecting & Sustaining the Environment	24,891	13,255	24,381	-510	-2.05
Sustaining & Growing Business & the Economy	1,198	-6,717	1,198	0	-0.03
Protecting The Public	23,713	15,078	23,772	59	0.25
How We Do Our Business	7,838	4,670	7,534	-304	-3.88
Enablers & Support To Council's Outcomes	41,614	27,185	38,451	-3,163	-7.60
Enablers & Support To Key Relationships	15	-95	0	-15	-100.00
Public Health Grant Income	-32,662	-24,497	-32,662	0	0.00
Better Care Funding Income	-40,044	-15,904	-40,044	0	0.00
TOTAL COMMISSIONING STRATEGIES	411,487	237,978	405,878	-5,609	-1.36
SCHOOL BUDGETS					
Central School Services Block (DSB)	3,929	1,155	3,478	-452	-11.50
Early Years Block	40,730	25,533	40,512	-217	-0.53
High Needs Block	81,862	43,008	79,807	-2,054	-2.51
Schools Block	426,365	86,497	425,978	-387	-0.09
Dedicated Schools Grant	-538,857	-173,620	-538,857	0	0.00
Schools Budgets (Other Funding)	7,206	-1,900	7,206	1	0.01
TOTAL SCHOOL BUDGETS	21,234	-19,327	18,124	-3,110	-14.65
OTHER BUDGETS					
Contingency	1,734	0	1,734	0	0.00
Capital Financing Charges	44,369	-508	42,619	-1,750	-3.94
Other Budgets	7,525	9,809	8,154	629	8.37
TOTAL OTHER BUDGETS	53,628	9,300	52,508	-1,120	-2.09
TOTAL EXPENDITURE	486,349	227,952	476,510	-9,839	-2.02
INCOME					
Revenue Support Grant	0	0	0	0	0.00
Business Rates	-163,200	-112,120	-162,553	647	-0.40
Council Tax	-280,793	-196,555	-280,793	0	0.00
Other Non Specific Grants	-7,457	-5,218	-7,457	0	0.00
TOTAL INCOME	-451,451	-313,893	-450,804	647	-0.14
USE OF BALANCES					
Use of Balances - Earmarked Reserves	-34,099	-34,099	-34,099	0	0.00
Use of Balances - General Reserves	-800	-800	-800	0	0.00
TOTAL USE OF RESERVES	-34,899	-34,899	-34,899	0	0.00
TOTAL	0	-120,840	-9,192	-9,192	

Children's Services

1.2 Over the four commissioning strategies, Children's Services is currently forecasting an underspend of £1.172m (-1.04%).

Readiness for School

1.3 Readiness for School commissioning strategy that focuses on Children Centre delivery is forecasting to overspend by £0.179m (3.70%). This increase in costs relates to the resourcing requirements within the children centres, and cover arrangements.

Learn and Achieve

1.4 Learn and Achieve commissioning strategy is forecasting to be marginally underspent of £0.047m (-0.13%) across delivery areas of Special Educational Needs & Disabilities, School Improvement, School Support Services and Home to School/College Transport.

1.5 The majority of this commissioning strategy relates to Home to School/College Transport (£25.518m), which continues to be projected to be on target. This budget is volatile with many external factors influencing its final expenditure, and there are 191 transport days this year. Although a clearer position has been gained on pupils requiring transport for this academic year, there has been a high volume of contracts reaching their end date in December, which creates added uncertainty on the services final year-end position. Forecasts on spending will continue to be reviewed on a monthly basis by officers to ensure spend levels are controlled and any overspend mitigated.

Readiness for Adult Life

1.6 Readiness for Adult Life commissioning strategy is forecasting an underspend of £0.911m (-13.44%). One of the main areas of underspend (£0.444m) relates to the Local Authority's (LA) legal duty for Supported Accommodation, which comes from the work undertaken through the transformational group in determining a suitable accommodation pathway policy for young people (16-17 year olds) who require support or who are experiencing homelessness, and providing suitable more cost effective accommodation. A saving has been put forward through the 2019/20 budget setting process. Additional income (£0.277m) has also been secured through the renegotiation of the contract, and the planned utilisation of the secure welfare bed at the Lincs Secure Unit.

Children are Safe and Healthy

1.7 Children are Safe and Healthy commissioning strategy is forecasting an underspend of £0.395m (-0.60%). The underspend mainly relates to the funding of central staffing costs temporarily in 2018/19 from grants (relating to the social care peripatetic team and commissioning staff (£0.421m), and the lower occupancy rates during the first half of the year at the Beacon site for looked after children with disabilities (£0.100m).

1.8 The area of children's social care continues to face challenges nationally and locally. The national increase in Looked After Children is due to a number of reasons: case law, the impact of austerity, and the increasing complex nature of family life as a result of substance use, mental health and domestic abuse. Growing costs relate to the increasing complexity, numbers and demand-led nature of providing specialist services for Looked After Children. Officers will continue to review the position of Looked After Children and Children in Need numbers.

Adult Care and Community Wellbeing

Adult Frailty & Long Term Conditions

1.9 The budget for this strategy is £120.604m and at this time it is considered that the outturn for 2018/19 for Older Persons/Physical Disability will be an underspend of £1.432m (-1.19%).

1.10 Direct Payments growth in both Older Persons and Physical Disabilities has stabilised after two years of continuous growth. There are some cases to transfer from Children's to Physical Disabilities (PD), which will happen before financial year end, but it is considered that the budget will be underspent by £0.718m. Home Support activity has increased slightly from last year particularly in PD but this overspend will be offset by the under spend in Direct Payments.

1.11 Long term residential care numbers are projected to be similar to 2017/18 with approximately 1,200 new long term placements. Short term residential care activity has increased slightly but it is estimated that this will also be on target.

1.12 Overall income continues to out-perform targets set especially in regards to Direct Payment Audit. The third quarter of Debtor Income invoices is in the process of being completed - this income is mainly in relation to property debt and currently projecting on target for end of 2018/19.

1.13 This strategy also includes the infrastructure budget and current activity indicates there will be a small underspend at end of 2018/19.

Adult Specialities

1.14 The current position is showing a projected overspend of £1.993m (3.02%) in 2018/19. There continues to be a number of high cost placements being made in both Learning Disabilities and Mental Health.

1.15 The majority of the services in this strategy are administered via two Section 75 agreements between the Council and NHS commissioners and providers in Lincolnshire; however a small budget allocation exists for the Council's remaining in-house day care services.

1.16 Part of the Learning Disabilities section 75 agreement is with Health and the 4 Lincolnshire Clinical Commissioning groups (CCG's) amounting to £11.900m

relating to all service users with continuing health care that are either joint funded with Social Care, or fully funded through Health. We currently have an over spend of over £1.756m within this area.

1.17 Direct payments within the Learning Disabilities budget is currently under pressure by £1.179m due to a higher than anticipated increase in new packages agreed during the summer months relating to school and college leavers. We have also built in an estimate for the additional cost of night rate payments that will affect clients who employ personal assistants using their direct payment.

1.18 Whilst growth in usage and costs has been built into the budget for Supported Living for 2018/19, we are seeing a higher than expected increase in care packages.

1.19 Residential activity has seen an increase in new placement costs compared to those leaving the service this year. To date we have had 8 new placements, all of which have higher needs than the 4 lower cost de-commitments in year. If this trend continues we will see pressures mounting in the later part of the year.

1.20 Income is projected to outperform budgeted expectations by £1.628m, with increases in all areas with the exception of short term care income. The largest area of growth is in non-residential income. This additional income will help to minimize some of the additional pressures already reported above.

1.21 Mental Health - The Council has a section 75 (S75) Partnership agreement set up with Lincolnshire Partnership Foundation Trust (LPFT) to provide this service on behalf of the Council. Demographic growth and inflationary increases around all of the community care packages in year has created further pressures on this budget this year. The Council is currently working very closely alongside LPFT to ensure any higher than average cost placements are being challenged and that these packages are being checked for any Continuous Health care element, to ensure this is reclaimed from Health and reduce costs to Social Care.

1.22 There is also an ongoing stringent review of the LPFT staffing structure in year. The current structure was set up in 2012 when the S75 was first signed. This now needs to be restructured to be able to meet and cope with the increasing demand and complex nature of this service. Currently the projected outturn for 2018/19 is an overspend of £0.350m.

Adult Safeguarding

1.23 The current budget for Adult Safeguarding for 2018/19 is £4.447m. It is now envisaged that this budget will cover all of the additional costs for the increased Best Interest Assessments still coming through each month.

1.24 Whilst work was carried out last year to significantly reduce the backlog of Deprivation of Liberty Safeguarding (DoLS) assessments and reviews in the system, the volume of new assessments we are receiving each month is still very high. It is expected that this volume will continue whilst the current approach to

mental capacity remains in place – though there is a replacement Bill going through Parliament at present to reduce the pressure in this area.

1.25 This high volume continues to put pressure on the Mental Health Capacity team to ensure that all Best Interest Assessments and Reviews are completed on time so that backlogs are monitored and kept to a minimum.

Carers

1.26 The current budget for Carers for 2018/19 is £2.464m.

1.27 The number of carers receiving services from the Lincolnshire Carers Service continues to increase with a focus on early identification and support of carers providing a wide range of services including carers universal support services, community networks, information and advice as well as statutory assessments. This increase has been delivered within the allocated budget.

Wellbeing

1.28 The current budget for Wellbeing is £27.845m.

1.29 Based on information received to the end of August 2018/19, it is projected that this area will be within budget and breakeven for the year. Whilst there are overspends within the Wellbeing services, particularly the Integrated Community Equipment, these have been offset by underspends within the Sexual Health area and the Public Health Statutory services.

Better Care Fund

1.30 The Lincolnshire Better Care Fund (BCF) is a framework agreement between Lincolnshire County Council and the four Lincolnshire Clinical Commissioning Groups (CCGs) and looks to pool funds from those organisations to help support the national and local objective of closer integration between the Council and the CCGs.

1.31 An updated BCF operating guidance was published on 18th July 2018, the purpose of which sets out:

- An updated accountability structure and funding flow diagrams reflecting recent changes to relevant government departments;
- Funding conditions which have now reduced from eight to four;
- Refreshed Metric Plans for 2018-19;
- Confirmation of the combined quarterly reporting process for BCF and Improved Better Care Fund (IBCF) funds; and
- Updated support, intervention and escalation processes.

1.32 The Council and the Lincolnshire CCG's took the opportunity to review the Lincolnshire BCF plan which resulted in minor changes to BCF expenditure plans. These were agreed by the Lincolnshire Joint Executive Team (JET), and a letter issued to regional Better Care Support Team (BCST) confirming the changes. The changes described above will result in the overall value of Lincolnshire's BCF planning total increasing to £232.123m.

1.33 Lincolnshire's fund is one of the largest in the country and includes pooled budgets for Learning Disabilities, Children and Adolescence Mental Health Services (CAMHS) and Community Equipment plus 'aligned' Mental Health funds from the Council and the four CCGs

1.34 In addition to the continuation of existing pooled funds, there are a number of other funding streams, these increases result from:

- Inflationary increases in CCG funding, and as a result in the CCG funding for the Protection of Adult Care Services;
- The addition of the Improve Better Care Fund (iBCF) funding that was announced in the Chancellor's November 2015 budget totalling £14.249m in 2018/19; and
- The announcement of iBCF Supplementary funding in the Chancellor's March 2017 budget totalling £9.609m in 2018/19.

1.35 Overall BCF funding from central government has increased by £6.772m in 2018/19.

1.36 There is a requirement to ensure that the funding has a positive impact on performance in the areas of Delayed Transfers of Care, Non-Elective Admissions, Residential Admissions and positive outcomes following Re-ablement, these have been reflected in our plans.

Economy and Environment

Sustaining and Developing Prosperity through Infrastructure

1.37 Sustaining and Developing Prosperity through Infrastructure is currently forecasting to be £1.241m (-3.06%) underspent by year end and this relates to the Transport function.

1.38 Concessionary fares are forecasting an underspend following the movement to the new model which reflects demand as opposed to fixed payments to contractors.

1.39 Local bus services have been reviewed, and where under-utilised support for these services has been ceased.

Community Resilience & Assets

1.40 Community Resilience and Assets is currently forecasting to be £0.068m (0.65%) overspent by year end.

1.41 The overspend represents the expected cost of the Customer Service Centre based on known demand levels at this stage of the financial year. These are, of course, subject to change and will continue to be monitored throughout the year.

Protecting & Sustaining the Environment

1.42 Protecting and Sustaining the Environment is currently forecasting to be £0.510m (-2.05%) underspent by year end and this mainly relates to the Waste Management function.

1.43 Key areas of underspending include lower compost costs due to the drier summer and reductions in recycle charges due to market conditions. This is offset by budget pressures that include increased contamination costs, repair work at Great Northern Terrace HWRC and other variations. Much of this underspend, £0.500m is to be utilised within the waste capital programme for fire suppression systems at transfer stations.

1.44 This forecast underspend is offset by budget pressures within the Planning function. This is primarily due to a number of matters that require legal input including three judicial reviews, an injunction and a number of prosecutions for breaches of planning control.

Finance and Public Protection

Protecting the Public

1.45 Protecting the Public is currently forecasting to be £0.059m (0.25%) overspent by year end.

1.46 Increased operational activity levels following a long hot dry summer have led to an increase in firefighter salary costs – particularly for our On Call firefighters where activity is directly related to cost. An extra 325 calls over the same period last year has led to a pressure of £0.059m.

How we do our Business

1.47 How we do our Business is currently forecasting to be £0.304m (-3.88%) underspent by year end.

1.48 There is a forecasted underspend on the schools finance service (£0.106m) following the enhancement of the service and a number of schools upgrading their service.

1.49 The Council expects to receive at least £0.197m net income after costs for the recovery of duplicate payments by Meridian.

Enablers and Support to Council Outcomes

1.50 Enablers and Support to the Council Outcomes is forecasting an underspend of £3.163m (-7.60%). This is mainly due to following areas within this strategy.

IMT Strategy and Support (£3.081m under)

1.51 IMT Strategy and Support forecasting an underspending of £3.081m for the current year.

1.52 The IMT budget was increased by £3.000m in 2018/19 in recognition of the increasing use of cloud services and the need to increase the capability of the retained client team.

1.53 Whilst there has been some delay in implementing these changes, the service have started with the recruitment to the team and an IMT Board is being set up, to ensure responsive decision making and improved financial management is in place. The Board will also consider the on-going revenue budget implications of capital investment in our IT.

1.54 As well as the staff recruitment, a number of projects and initiatives are under way many of which will be monitored by the IMT Board. These include:-

- Increase in broadband bandwidth for Lincoln Campus
- One off Support for windows 10 deployment
- Enhanced security monitoring service
- Serco Service Improvement programme
- IMT staff development and training programme
- Departmental process and modelling system
- Revenue costs of previous capital spend (eg migration to cloud services)

People Strategy and Support (£0.248m under)

1.55 People Strategy and Support within this commissioning strategy is currently forecasting an underspending of £0.248m (-6.79%). The majority of this underspend (£0.155m) relates to income received as a result of the purchase of employee leave. It is expected that this will be transferred to reserves at year end. The remainder relates to the funding of staffing costs temporarily in 2018/19 from grants.

Property Services (£0.146m under)

1.56 Included in this commissioning strategy is Property Services, which is forecasting an underspending of £0.146m for the current year.

1.57 This is due to the revised phasing of Archaeology works relating to the former lease of the mineral site at West Deeping. Budget will be required next financial year to cover the re-phased works.

Commissioning (£0.116m under)

1.58 The underspending this area is due to a number of senior vacancies during the first 6 months of the financial year. Recruitment is currently underway with an optimistic expectation that all vacancies will be filled over the next couple of months.

Business Support (£0.092m under)

1.59 Business Support continue to proactively manage their budgets to reduce spend across the service currently projecting an overall underspend of £0.092m.

1.60 Recruitment to fill posts is now undertaken bi-monthly to achieve savings from vacant positions and commissioned support functions are being fully recharged to service areas or the Better Care Fund (BCF).

1.61 Over recent months there have been increasing pressures on support provision to meet business needs which are being covered from the Business Support budgets and may impact on the final outturn for 2018/19.

Legal (£0.556m under)

1.62 A surplus in excess of target of £0.556m in Legal is predicted. This is due to projected income generation continuing to be higher than the target set for 2018/19.

1.63 The Legal Management Board will decide on the use of any surplus at year end. In recent years it has taken a decision to redistribute the surplus in full to partner authorities in proportion to their use of the service.

Schools Budgets

1.64 Under government regulations, schools carry forward automatically their under and overspendings to the next financial year. Budgets held centrally within the ring-fenced 2018/19 Schools block, Central Schools Services block, Early Years block and High Needs block of the Dedicated Schools Grant (DSG) were once again set prudently due to the demand-led and volatile nature of the services demands, particularly in the area of High Needs. In line with the DfE regulations any under or overspends will automatically be carried forward to the next financial year and the Local Authority will consult the Schools Forum on its use.

Other Budgets

1.65 Capital Financing Charges are currently projecting an underspend of £1.750m. Capital financing charges are lower than originally planned due to slippage in the capital programme in 2017/18, which has resulted in lower minimum revenue provision (MRP), the amount set aside by the Council to repay outstanding capital debt liabilities for 2018/19

1.66 Other Budgets is currently projecting an over spend of £0.629m. This is mainly explained by the following:

- The Council's liability insurance budget is forecasting to be £0.899m overspent due to the base budget not being increased this year in the face of increasing liability as well as an increased number of claims relating to pot holes, which have been caused by worse than usual winter conditions last February/March 2018;
- Following a review of the properties earmarked for sale, it is not expected that the £8.000m income target will be met. It is anticipated that the sale receipts available to be applied to fund transformational projects under the flexible use of capital receipts strategy will be £0.373m lower than expected;
- National Living Wage is currently forecasting to be £0.500m underspent. After initial work undertaken during the financial year it is anticipated that this element of budget will not be required this year as the actual living wage rate is lower than anticipated;
- Successful prosecution against Mid UK Recycling Ltd for breaching planning and environmental controls resulting in the fire at Barkston Heath concluded with an award of £0.226m to the Council. Half of this was transferred to Fire and Rescue to cover blue light cost pressures and £0.036m to cover the legal cost of the prosecution. This will leave £0.078m anticipated not to be used; and
- Corporate and Service Redundancy is projecting an underspending of £0.041m. The Corporate Redundancy budget funds the costs associated with the staffing restructuring changes that had been approved through the 2018/19 Council budget. These planned changes support the Council to bring down future expenditure in line with its current levels of planned income.

Council's General Funding

1.67 The Council's general funding is currently forecast to be £0.647m less than the revenue budget approved at full Council in February 2018. This is relates to Business Rates section 31 grant funding for the current year and is due to an exceptional adjustment made by central government in respect of 2017/18 tariffs and top ups changed to reflect the updated data following the 2017 Rates Revaluation.

Use of Balances

1.68 The Council planned to use £5.076m from the Financial Volatility Reserve to balance the Council's budgets in 2018/19 and £0.800m from the General Fund. The current forecast includes this planned support from reserves, although the underspend position means that it is unlikely that reserves will be required to support the budget this year.

1.69 Further usage of £29.023m earmarked reserves has been drawn down into service budgets so far this financial year. This is shown in Table A within "Use of Balances – Earmarked Reserves", with the related expenditure included within expenditure budgets.

Capital Programme

Table B (Position as at 30 November 2018)

Capital Programme	Gross Actual Expenditure £'000	Gross Revised Budget £'000	Gross Latest Forecast £'000	Gross Forecast Variance £'000	Net Actual Expenditure £'000	Net Revised Budget £'000	Net Latest Forecast £'000	Net Forecast Variance £'000
Children's Services								
Readiness for School								
Early Years Sufficiency / Extended Provision	50	135	64	-71	50	135	64	-71
Other Readiness for School	183	0	0	0	183	0	0	0
Sub Total	233	135	64	-71	233	135	64	-71
Learn and Achieve								
Devolved Capital	834	1,136	1,213	76	-303	0	0	0
Provision of School Places (Basic Need)	7,568	11,026	9,563	-1,463	1,510	0	0	0
School Condition / Maintenance Capital	2,474	0	0	0	2,474	0	0	0
School Modernisation / Condition Capital	2,073	4,511	1,321	-3,189	-1,825	0	0	0
Schools Access Initiative	99	0	56	56	99	0	56	56
Academy Projects	0	-8	0	8	0	-8	0	8
Other Learn and Achieve	559	1,215	1,226	11	-213	443	454	11
Sub Total	13,607	17,880	13,379	-4,502	1,743	436	510	75
Readiness for Adult Life								
Other Readiness for Adult Life	0	2	0	-2	0	2	0	-2
Sub Total	0	2	0	-2	0	2	0	-2
Children are Safe and Healthy								
Universal Infant Free School Meals Capital	135	0	0	0	-138	0	0	0
Foster Capital	186	586	274	-313	186	586	274	-313
Short Breaks for Disabled Children	0	20	0	-20	0	20	0	-20
Phase 1 Children's IT	995	1,855	1,855	0	995	1,855	1,855	0
Sub Total	1,315	2,461	2,129	-333	1,043	2,461	2,129	-333
Adult Care								
Adult Frailty, Long Term Conditions and Physical Disability								
Adult Care	36	0	0	0	36	0	0	0
Better Care Fund - Disabled Facility Grants	5,698	5,698	0	-5,698	0	0	0	0
Wellbeing								
Public Health	8	0	0	0	8	0	0	0
Sub Total	5,741	5,698	0	-5,698	43	0	0	0
Environment and Economy								
Community Resilience and Assets								
Libraries	20	348	348	0	20	348	348	0
Sub Total	20	348	348	0	20	348	348	0
Sustaining and Developing Prosperity Through Infrastructure								
Highways Asset Protection	37,667	44,156	44,156	0	-1,065	13,077	13,077	0
Integrated Transport	1,010	4,693	4,693	0	-1,478	1,381	1,381	0
Lincoln Eastern Bypass	15,036	39,926	30,735	-9,191	11,805	26,811	24,279	-2,532
Lincoln East-West Link	269	-683	-683	0	269	-683	-683	0
Spalding Relief Road	0	0	0	0	0	0	0	0
Grantham Southern Relief Road	351	14,267	2,700	-11,567	351	1,514	0	-1,514
Transforming Street Lighting	60	610	610	0	60	610	610	0
Historic Lincoln	334	-1,338	0	1,338	350	-1,338	0	1,338
Lincolnshire Enterprise Partnership Contribution	0	3,057	2,537	-520	0	3,057	2,537	-520
National Productivity Investment Fund	1,496	1,166	1,166	0	1,158	1,166	1,166	0
A16/A1073 Spalding to Eye Road Improvement	6	-32	62	94	6	-32	62	94
Other Highways and Transportation	46	136	69	-67	38	136	61	-75
Lincoln Growth Point	547	33	125	93	550	33	134	101
Lincolnshire Waterways	1	8	0	-8	1	8	0	-8
Network Resilience	0	480	480	0	0	480	480	0
A46 Welton Roundabout (Integrated Transport/NPIF)	23	2,000	258	-1,742	-777	0	0	0
Other Sustaining and Developing Prosperity Through Infrastructure	236	884	573	-312	-312	336	573	237
Sub Total	57,083	109,362	87,481	-21,881	10,958	46,554	43,675	-2,879
Protecting and Sustaining the Environment								
Flood Defence	0	1,100	1,100	0	0	1,100	1,100	0
Flood and Water Risk Management	188	1,128	1,128	0	-2	938	938	0
Boston Barrier	0	0	0	0	0	0	0	0
Boston Household Waste Recycling Centre	524	646	524	-122	524	646	524	-122
Energy from Waste	0	0	0	0	0	0	0	0
Equipment & Vehicles at Waste Transfer Stations	186	441	441	0	186	441	441	0
Other Protecting and Sustaining the Environment	0	56	56	0	0	56	56	0
Sub Total	898	3,370	3,249	-122	708	3,180	3,059	-122
Sustaining and Growing Business and the Economy								
Skegness Countryside Business Park	0	616	616	0	0	616	616	0
Teal Park, Lincoln	5	-69	-69	0	5	-69	-69	0
Other Sustaining and Growing Business and the Economy	595	1,308	1,308	0	691	1,308	1,308	0
Sub Total	600	1,855	1,855	0	696	1,855	1,855	0
Finance and Public Protection								
Protecting the Public								
Fire and Rescue and Emergency Planning	472	1,525	1,525	0	472	1,525	1,525	0
Fire Fleet Vehicles and Associated Equipment	1,261	4,882	4,882	0	1,261	4,882	4,882	0
Registration Celebratory & Coroners Services	14	55	55	0	14	55	55	0
Sub Total	1,746	6,462	6,462	0	1,746	6,462	6,462	0
Enablers and Support to Council's Outcomes								
Broadband	359	5,921	5,921	0	-4,545	1,018	1,018	0
Infrastructure and Refresh Programme	369	1,087	1,087	0	357	1,087	1,087	0
Replacement ERP Finance System	977	1,601	1,601	0	977	1,601	1,601	0
Care Management System (CMPP)	-193	-173	-173	0	-196	-173	-173	0
ICT Development Fund	878	2,690	2,690	0	878	2,690	2,690	0
Property	1,591	3,277	3,277	0	1,591	3,277	3,277	0
Property Rationalisation Programme	924	849	849	0	917	849	849	0
Blue Light South Park	5,580	863	863	0	3,713	863	863	0
	975	975	975	0	975	975	975	0
	0	2,500	2,500	0	0	2,500	2,500	0
Sub Total	11,460	19,590	19,590	0	4,668	14,687	14,687	0
Other Programmes								
New Developments Capital Contingency Fund	0	10,638	10,638	0	0	10,638	10,638	0
Sub Total	0	10,638	10,638	0	0	10,638	10,638	0
Total Programme	92,703	177,803	145,194	-32,609	21,857	86,759	83,427	-3,332

1.70 The capital programme comprises a series of schemes/projects which often span a number of years. Where a scheme/project is known to be exhibiting a material variance to its spending profile this will ordinarily be described in the narrative associated with that Director area.

1.71 As part of the budget monitoring process and in line with the budget setting process, the Council recently reviewed the phasing of spending in the Capital Programme to realign capital budgets with current spending plans.

Children's Services

1.72 The net underspend of Children's capital mainly relates to the foster carers capital. This budget enables local solutions to be provided when situations arise, which ensures the Council can meet its statutory duty and delivered through a cost effective approach. As these solutions often span across financial years, funding will be required to be carried forward into 2019/20.

Environment and Economy

Sustaining and Developing Prosperity Through Infrastructure

1.73 The major projects such as Lincoln Eastern Bypass and the Grantham Southern Relief attract grants and contributions. The forecasts reflect some uncertainty on the timing of these with any balances managed to delay any Council spending.

1.74 The Historic Lincoln project is currently showing an overspend of £1.338m, the final claim for Heritage Lottery Fund for Lincoln Castle Revealed will be submitted shortly, and all final accounts will need to be settled by then. Officers are working to ensure that all grant income is received, and a final budget position will then be known.

Other Programmes

1.75 For 2018/19 the Council set aside £7.500m in a New Development Capital Contingency Fund for capital schemes which emerge during the financial year. There was also an under spend in 2017/18 of £9.299m which has been carried forward and is available for schemes in 2018/19.

1.76 To date during the financial year £6.161m has been allocated. This has been used to fund the following schemes:

- IT investment of £2.500m to support the upgrade to Windows 365;
- The purchase and refurbishment of Lexicon House for £1.975m. This will create additional office space, some of which may be rented by other organisations;

- Children's Services IT investment for front line services such as social workers and early help workers (£1.503m); and
- County Farms – works to meet Minimum Efficiency Standards (£0.107m) and road improvement programme (£0.076m).

Capital Financing

1.77 The following table sets out the financing of the capital programme:

CAPITAL PROGRAMME FUNDING		
	Gross	Net
Source of Financing	£'000	£'000
Revenue Funding of Capital	4,333	4,333
Borrowing	70,080	70,080
Use of Capital Grants Unapplied	12,335	12,335
Grants and Contributions	91,044	0
Use of Earmarked Reserves	11	11
TOTAL FUNDING	177,803	86,759

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

As the Report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

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

As the Report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

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

As the Report simply reports on performance against the budget, there are no implications that need to be taken into account by the Executive.

3. Conclusion

3.1 The Council's current position on the revenue budget and capital programme are within the report for the Executive to note.

4. Legal Comments:

The Report sets out an update on spending compared with budgets for the financial year starting on 1 April 2018 to assist the Executive to monitor the financial performance of the Council.

5. Resource Comments:

The report indicates that both the current year revenue and capital budgets are projected to be spending within the resources available and therefore no additional call on the reserves of the Council are expected be required within the current financial year.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 31 January 2019. Any comments of the Board will be reported to the Executive at the meeting on 5 February 2019.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

N/A

7. Background Papers

Document title	Where the document can be viewed
Budget Book 2018/19	This can be found in the Council's website by following this link .

This report was written by David Forbes, who can be contacted on 01522 553642 or David.Forbes@Lincolnshire.gov.uk .



Executive

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

Report to:	Executive
Date:	05 February 2019
Subject:	Council Budget 2019/20
Decision Reference:	I016572
Key decision?	Yes

Summary:

This report asks the Executive to propose to the full Council the Council's budget and council tax in light of the provisional local government settlement and consultation comments on its initial proposals.

The Executive is also asked to consider prudential targets in relation to capital financing and other treasury management matters and to recommend to full Council the Flexible Use of Capital Receipts Strategy for 2019/20.

Recommendation(s):

That the Executive:

1. Consider the effect of the updated funding available and revenue expenditure as noted in paragraphs 1.3 to 1.19, APPENDIX A and APPENDIX B of the report;
2. Consider the Equality Impact Analysis at APPENDIX C and the consultation comments as shown in APPENDIX I and presented at the meeting;
3. Subject to recommendation 4 below approve for recommendation to full Council:
 - a) the revenue budget for 2019/20 shown in APPENDIX D of the report;
 - b) the capital programme for 2019/20 shown in Table A and APPENDIX E of the report;
 - c) the levels of council tax proposed in Table B of the report including the increasing of council tax in 2019/20 by 4.95%;

d) the prudential indicators for 2019/20 shown in APPENDIX G of the report; and

e) the Flexible Use of Capital Receipts Strategy for 2019/20 attached at APPENDIX H of the report.

4. Request the Leader, to review and amend the Executive's budget recommendations to the County Council, as appropriate, in light of the final Local Government Settlement, council tax and business rates information from the Lincolnshire District Councils if received between the Executive meeting and the County Council on 22 February 2019.

Alternatives Considered:

1.	The proposals for the revenue budget, capital programme and council tax as described in this report.
2.	Higher levels of spending and consequently higher levels of council tax in future years.
3.	Lower levels of spending and consequently lower levels of council tax in future years.

Reasons for Recommendation:

- The recommended option is proposed because it uses a mixed approach for dealing with the reductions in government grant income for the Council:
 - the increase in Council Tax of 4.95% allows the Council to reduce the impact of income lost from government funding in the final year of the four year funding settlement;
 - savings on service expenditure are proposed to rebalance future spending with the funding which will be available to the Council; and
 - one-off use of reserves allows the Council to smooth the effect of funding reductions and allow time to develop new service delivery models.

1. Background

1.1 The Executive, at its meeting on 18 December 2018, proposed the Council's budget for 2019/20 for consultation. This budget report and appendices are attached for information at **APPENDIX A**. The Local Government Provisional Finance Settlement announcement was received on 13 December after the Executive reports had been issued, so an assessment of this announcement was shared with the Executive and published, with the 18 December budget proposals,

on the Council's website at the beginning of January. This assessment of the provisional settlement is attached to this report at **APPENDIX B**.

1.2 Further information relating to Council Tax and Business Rates has become available since publication of the above budget proposals. These implications are described below and reflected in the appendices to this report.

Council Tax

Council Tax Base

1.3 District Councils have until 31 January 2019 to confirm their Council Tax Base and surplus/deficit position on the Council Tax element of the Collection Fund. The report to the Executive on 18 December 2018, assumed no increase in the council tax base and no collection fund surplus or deficit.

1.4 At the time of preparing this report the County Council has received provisional figures from each one of the seven District Councils. The figures received show an increase in the tax base for these five Councils collectively of 1.65%. This will provide the Council with additional Council Tax income of £4.804m per annum at the proposed new council tax levels.

1.5 All of the District Councils have submitted the provisional position on the council tax elements of their Collection Funds. There is a net surplus attributable to the County Council of £2.670m, which is a one off addition to income for 2019/20. An update to this will be tabled at the Executive meeting on 5 February once figures have been confirmed by all of the Lincolnshire District Councils.

Council Tax Increase

1.6 The Secretary of State in the provisional Local Government Finance Settlement announced the referendum threshold for the general element of Council Tax would remain at 3.00% for 2019/20. The regulations regarding the Adult Care Precept remain unchanged from the 2017/18 settlement and the Council's budget proposals include a 2.00% increase in this element of the Council Tax in 2019/20, following a 2.00% increase in each of the years 2017/18 and 2018/19. This means that the Council has utilised its ability to set an Adult Care Precept at the maximum level allowed of 6.00% in total.

1.7 In light of the Provisional Local Government Settlement the Executive is proposing a Council Tax increase of 4.95%, which is 1.00% higher than had previously been assumed for 2019/20 in the report to the Executive in December 2018. An Impact Analysis has been completed for this increase and is attached at **APPENDIX C**. The equality impacts are addressed further below in part 2 of the report 'Legal Issues'.

Business Rates

1.8 The District Councils have until 31 January to provide business rates returns showing:

- The position on the business rates element of the collection funds; and
- The value of the section 31 compensation grant due to the County Council.

1.09 At the time of preparing this report, the Council had not received notification of provisional collection fund positions from any of the seven District Councils. As with Council Tax, any surplus or deficit from business rates collection will only have a one off effect on the 2019/20 budget. The current working assumption within the budget presented in this report is that of a total business rates collection fund deficit of £0.250m (deficit in 2018/19 was £0.174m).

1.10 The Government confirmed that it will compensate local authorities in full for the continuation of the business rates cap, small business rates relief and rural rate relief by way of a section 31 grant, as in previous years.

1.11 At the time of preparing this report the Council had not received provisional notification from any of the District Councils in respect of section 31 grants. An assumption has been made that the total of business rates section 31 grants for 2019/20 will be in the region of £4.300m but the actual amount cannot be confirmed until the end of January.

1.12 An update will be tabled at the Executive meeting on 5 February on both of these aspects of business rates funding once returns have been received from all of the Lincolnshire District Councils.

Business Rates Pilot

1.13 The Provisional Local Government Finance Settlement announced that the Council, along with its District Council partners and North East Lincolnshire Council, had not been successful in securing a continuation of the 2018/19 business rates pilot into 2019/20. The Council will therefore revert to being in a business rates pool, as was the case in 2017/18. An assumption of pooling gains to the Council of £2.400m has been built into the budget.

Update to Contribution from Reserves following the Executive meeting 18 December 2018

1.14 The report to the Executive in December 2018 showed that a contribution of £23.292m from the Council's Financial Volatility Reserve would be required to balance the budget in 2019/20. This was prior to the Local Government Provisional Finance Settlement announcement, which included announcements of one-off funding increases such as an increase to the Rural Services Delivery Grant and a share of the surplus in the National Business Rates Levy account. Appendix B provides further details on these changes. Implementing the Provisional Finance Settlement changes to the budget, as well as the impact of the decision made by the Executive on 18 December 2018 to remove the proposed saving for Heritage Services, has resulted in a reduction in the budget deficit for next year. As a result, the contribution from the Financial Volatility Reserve required to balance the budget stands at £15.593m prior to any decisions to be taken on the use of additional income outlined in the next paragraph.

Implications of additional Revenue Income

1.15 The changes to Council Tax and Business Rates income set out in paragraphs 1.3 to 1.12 above has increased the Council's income for 2019/20 by £10.257m. This figure comprises: £2.783m arising from an additional 1% increase in council tax; £4.804m resulting from the increase in the Council Taxbase (provisional); £2.670m which is the Council Tax Collection Fund surplus (provisional).

1.16 The Executive is therefore asked to consider the potential use of this additional income. This could be used:

- To reduce the amount of funding required from the Financial Volatility Reserve to set a balanced budget in 2019/20; or
- To fund additional spending by the Council or reduce the savings required to be made; or
- To reduce the planned increase of 4.95% in Council Tax.

1.17 It is recommended that this net additional funding is used to reduce the contribution required from the Council's reserves to meet the 2019/20 budget shortfall. There is still uncertainty regarding the outcomes of the final position on the business rates income, particularly regarding the collective positions on the collection fund. Overall levels of funding to local government have reduced for 2019/20 and will continue to reduce in future years. Use of this funding to smooth the effect of these reductions will allow the Council more time to develop new service models. Continuing to reduce service spending whilst securing additional income from an increase in Council Tax by 4.95% should make the Council more resilient to the pressures caused by reduced government funding.

1.18 Whilst the use of this additional income reduces the contribution from reserves further to £5.336m in 2019/20 there still remains uncertainty regarding the final position on business rates, collection fund surplus/deficit and section 31 grants. There is also a significant amount of uncertainty over the detail of how the future local government funding regime will work and how this will impact on the Council's financial position. It would therefore be prudent to retain resources within the Financial Volatility Reserve to deal with these uncertainties and challenges. It is this recommendation that is reflected in the budget at **APPENDIX D**.

1.19 It is also recommended that if there is net additional income due to the Council from the business rates collection fund positions and the business rates section 31 compensation grants, this is also used to reduce the call on the Financial Volatility Reserve in 2019/20 to maximise the amount available in reserves to be utilised in future years.

Capital Programme

1.20 The proposed capital programme is summarised in **TABLE A** below. Full details of the Council's capital programme are set out at **APPENDIX E**.

TABLE A –Capital Programme 2018/19 to 2019/20 (plus future years to 2026/27)

Capital Programme	2018/19 £m	2019/20 £m	Future Years £m
Gross Capital Programme	188.308	178.500	196.816
Less: Grants and Contribution	-99.044	-59.547	-50.761
Net Programme Funded by LCC	89.264	118.953	146.055
Funded by:			
Revenue Funding	6.705	0.600	0.000
Borrowing	70.080	118.353	146.055
Use of Capital Grants Unapplied	13.362	0.000	0.000
Use of Reserves	-0.883	0.000	0.000
Total Funding by LCC	89.264	118.953	146.055

1.21 There has been no change in the capital programme for 2019/20 since the programme was reported to the Executive on 18 December 2018, however some minor corrections have been made to the programme for future years which has reduced the net programme from £152.054m to £146.055m .

Council Tax Rates

1.22 In light of the Provisional Local Government Finance Settlement the Executive is now minded to propose a Council Tax increase of 4.95% (2.95% for general Council Tax, plus a further 2.00% for the social care 'precept'). The Secretary of State announced the Government's proposed referendum thresholds for 2019/20 would remain at 3.00%, with a number of exceptions. Authorities with Adult Care responsibilities will be able to increase Council Tax up to 6.00% over the three years period (2017/18 to 2019/20) and by up to 3.00% in the first two years, as long as the authority can demonstrate that this additional funding is being allocated to Adult Care Services. The Council proposes an increase for the Adult Care Precept of 2.00% in 2019/20, which would mean that the full 6.00% increase will have been applied evenly between 2017/18 and 2019/20. It is on this basis that the Council proposes to increase Council Tax by 4.95%.

1.23 The recommended increase of 4.95% (2.95%, plus a further 2.00% for the social care 'precept') is shown in **TABLE B** below:

TABLE B – County Council element of the council tax

County Council element of the council tax	2018/19	2019/20
Band D council tax	£1,231.47	£1,292.40
Increase over previous year	4.95%	4.95%

1.24 The effect of this increase on all Council Tax bands can be found at **APPENDIX F**.

1.25 Under section 52ZB of the Local Government Finance Act 1992, the Council as a major precepting authority must, in setting its precept, determine whether its relevant basic amount of council tax for the financial year under consideration is excessive. That question must be determined by the Council in accordance with any principles determined by the Secretary of State and approved by a resolution of the House of Commons. Whilst those principles have not been approved at the date of preparing this report, notification has been given that for 2019/20 the principles will provide for a 2.00% increase in council tax for expenditure on adult social care and a 3.00% increase in council tax for other expenditure. Applying those principles the Executive can determine that the recommended council tax increase is not excessive.

Prudential Indicators

1.26 The Council is required to agree targets for specified prudential indicators in relation to capital financing and other treasury management matters. The Council also sets its own targets in addition to the statutory ones. The main purpose of these targets is to ensure that the Council’s capital financing, in particular its long term borrowing, is prudent, affordable and sustainable. The government issued revised statutory guidance on local government investments, which came into effect on 1 April 2018 and as a result two new prudential indicators have been set for 2019/20 relating to proportionality. These indicators are designed to ensure that the proportion of council funds which may be impacted by investment-related risks is limited to a reasonable sum. The proposed targets are set out in **APPENDIX G**.

1.27 One of the key targets in the Council’s Financial Strategy, is that “the repayment of external debt including interest will be less than 10% of annual income from general government grants, Dedicated Schools Grant and council tax.” This is projected to increase to 7.00% by 2021/22 from 5.04% in 2018/19.

Final Local Government Finance Settlement

1.28 The government grant allocations assumed in the budget proposals are those announced in the Provisional Local Government Finance Settlement. These allocations may be altered in the Final Settlement, although major changes are not expected. At the time of preparing this report, the date of the Final Settlement is not known but expected to be in early February. An update will be tabled at the

Executive meeting on 5 February if there are any amendments required arising from the final Local Government Finance Settlement.

Flexible Use of Capital Receipts Strategy

1.29 In September 2016 County Council approved the Council's Efficiency Plan and flexible use of capital receipts to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by government for the period 2016/17 to 2019/20. The Efficiency Plan included the Council's Flexible Use of Capital Receipts Strategy. Under a Direction issued pursuant to sections 16 and 20 of the Local Government Act 2003 the Council is directed to treat as capital, expenditure that is designed to generate ongoing revenue savings or transform services to reduce costs and is properly incurred for the financial years commencing on 1 April 2016, 2017 and 2018.

1.30 It has been acknowledged by the government that the Council operates in a society that is constantly changing. Therefore in December 2017, the government set out further measures to support the Councils to deliver services. One of these measures is the extension of the use of capital receipts to help meet the revenue costs of transformation for a further 3 years to April 2022.

1.31 The Council is required to have regard to Guidance issued by the Secretary of State which states that Councils should prepare at least one Flexible Use of Capital Receipts Strategy for each of the above financial years. The proposed Flexible Use of Capital Receipts Strategy for 2019/20 is attached at **APPENDIX H** and sets out the plan for using capital receipts flexibly for transformation and the impact this has on the Council's Prudential Indicators. This Strategy complies with the Guidance, and will be complemented by an annual report after the end of the financial year setting out the savings and transformational benefits achieved by the Strategy.

Budget Consultation

1.32 Consultation comments made so far on the budget proposals and the ways in which these are reflected in the final proposals, are detailed in **APPENDIX I**. The Executive must consider these comments in arriving at its recommendations in relation to the final budget.

1.33 At the time of writing this report, a number of consultation events were still to be held. Therefore, an expanded **APPENDIX I** to this report will be tabled and presented to the Executive at the meeting on 6 February to allow any comments from these events, and any other comments received, to be considered with those already made.

Local Government Funding Reform

1.34 Two government consultations were published alongside the Provisional Local Government Finance Settlement on 13 December 2018, both of which covered aspects of the local government funding regime which is likely to come

into effect in April 2020. The Review of Local Authorities Relative Needs and Resources consultation concerns how much councils need to spend to deliver services as well as the amount of funding that they can raise locally, and these two elements will eventually result in a series of formulae which will be used to allocate revenue grant funding to councils from April 2020. The Business Rates Retention Reform consultation considers how business rates might be restructured in a simplified system to allow councils greater control over monies raised to support local economic growth.

1.35 The closing date for both consultations is 21 February 2019. It is anticipated that councils will first start to get a feel for future levels of funding in the autumn of 2019, following completion of the Comprehensive Spending Review 2019 and further work by government on the funding regime.

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

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings will result in changes to service provision and to some reduction in Council services. These will apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation if any will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be, regularly reported to the Executive as part of the decision making processes.

In the meantime consideration has been given as to whether there is any element of the current budget proposals that should be the subject of an equality impact analysis at this stage and as a result an assessment (attached at **APPENDIX C**) has been carried out on the proposal to increase Council Tax. That assessment identifies the potential for the proposal to impact on people with low income and therefore disproportionately on certain people with a protected characteristics including older and younger people, people with a disability and women with children. Overall, however, the increase is modest and each District Council operates a Council Tax Support Scheme which has been designed following consultation and individual impact analyses to mitigate the effects of Council Tax levels on vulnerable people and people with low incomes. 2.00% of the increase is specifically to fund adult social care services that support people with protected characteristics such as age or disability.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the public sector equality duty.

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. In particular a contingency has been built

into the budget proposals in the form of the Financial Volatility Reserve (the balance is estimated to be £68.000m after use to balance the 2019/20 budget) and the annual Contingency budget of £3.000m for 2019/20, for when additional funding cannot be found by way of virement from other service areas.

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

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Well-being Strategy.

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

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

3.1 These budget proposals reflect the level of government funding available to the Council and a proposal to increase general council tax in 2019/20 by 2.95%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2019/20 and this gives a total council tax increase of 4.95%.

3.2 Last year the Council set a two year budget for the financial years 2018/19 and 2019/20, however since then further unavoidable cost pressures as well as some savings have been identified, and the capital programme has been reviewed - the 2019/20 budget has therefore been refined this year. The budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

3.3 The budget proposal from the Executive meeting on 18 December 2018, as developed to reflect the changes contained in this report and consideration of consultation feedback, is recommended as the budget to be put forward by the Executive for approval at the County Council on 22 February 2019, subject to any

change by the Leader to reflect the Final Local Government Finance Settlement and District Council business rates and final council tax information.

4. Legal Comments:

The Executive is responsible for publishing initial budget proposals for the budget in accordance with the Budget and Policy Framework Procedure Rules.

When publishing its budget proposals the Executive must be mindful of its obligation to have due regard to a number of matters including under the Equality Act 2010.

Case law has established that generally it is lawful for a Council first to decide its budget and then to consider the question of consultation and the specific impact of proposed policies and service changes at the time they are developed and decisions are taken on them. Consideration has been given to whether there are any specific proposals within the budget that would require such consideration prior to the budget being set and apart from the proposed Council Tax increase which is dealt with in the Report there are not considered to be any such proposals

The way in which it is proposed to deal with specific service proposals is set out in full in the body of the report.

The legal issues relating to the recommended level of council tax, prudential indicators and the requirement for a Flexible Use of Capital Receipts Strategy are set out in the Report.

The recommendations are within the remit of the Executive and are lawful. The Executive has the power to accept recommendation 3 or to agree one of the alternative approaches referred to in the report.

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from Central Government plus an increase in council tax of 4.95% (2.95% plus a further 2.00% for the social care 'precept'). The Council's Financial Strategy includes one off use of reserves of £5.336m, plus £0.200m addition to the General Fund balance, to produce a balanced budget.

To achieve a sustainable budget from April 2020 onwards, a further review of budgets is required and work on this has already started.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board:

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2019/20 at its meeting on 25 October. The Overview and Scrutiny Management Board supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

Councillor Budget Briefings:

At the beginning of December two budget briefings were held for all Councillors to attend. Comments from these meetings are included within Appendix B.

Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners will take place on 25 January 2018.

The Council's scrutiny committees scrutinised proposals in detail during January and their comments are included in Appendix I.

The Overview and Scrutiny Management Board scrutinised the budget proposals in the report to the executive on 18 December 2018 and their comments will be tabled at the meeting on 5 February 2019.

The proposal to increase Council Tax by 4.95% has been publicised on the Council's website together with the opportunity for the public to comment.

Consultation comments and responses are included in Appendix I for the Executive to consider alongside this report on 5 February 2019.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

An impact analysis relating to the proposal to increase Council Tax has been carried out and is attached at APPENDIX C. Proposed service changes to give effect to the budget will be subject to their own policy proofing considerations.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Executive Report "Council Budget 2019/20" 18 December 2018 plus A1 Commissioning Strategies Glossary and A2 Budget Briefing Sessions December 2018 notes
Appendix B	Update to Council Budget following Provisional Local Government Finance Settlement
Appendix C	Impact Analysis relating to increasing the council tax by 4.95% in 2019/20
Appendix D	Revenue Budgets 2018/19 and 2019/20
Appendix E	Net Capital Programme 2018/19 to 2019/20 and future years
Appendix F	Council Tax Increase per Band
Appendix G	Prudential Indicators
Appendix H	Flexible Use of Capital Receipts Strategy 2019/20
Appendix I	Consultation Comments Received

8. Background Papers

Document title	Where the document can be viewed
Provisional Local Government Finance Settlement announcements	https://www.gov.uk/government/publications/draft-local-government-finance-report-2019-to-2020
Executive Report 18 December 2018 "Council Budget 2019/20"	http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=4975&Ver=4

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk .

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

Report to:	Executive
Date:	18 December 2018
Subject:	Council Budget 2019/20
Decision Reference:	IO16571
Key decision?	Yes

Summary:

This report outlines the Council's budget proposals for the next financial year 2019/20, based on the four year funding deal announced by Government as part of the 2016/17 Local Government Finance Settlement. Details of the Provisional Local Government Finance Settlement for 2019/20 have not yet been issued at the time of writing this report but it is expected that the settlement will be in line with the previously announced funding for this Council.

The Executive is asked to make proposals for the Council's budget for 2019/20 and to refer these proposals for internal and external consultation.

This report describes the basis on which proposals have been developed and their impact on services.

In the current year, 2018/19, the Council is in a Business Rates Pilot arrangement and has made an application to be in a further Pilot in 2019/20. It is anticipated that successful Pilot applications will be confirmed at the same time as the Provisional Local Government Finance Settlement. This report does not assume that the 2019/20 bid will be successful. The Executive is asked to delegate authority to the Leader to either confirm Pilot status if the application is successful or, if unsuccessful, confirm that the Council will revert to a pooling arrangement with the seven Lincolnshire District Councils in line with the Business Rates pooling arrangement in place prior to 2018/19.

Recommendation(s):

That the Executive:

1. agrees the budget proposals described in this report as its preferred option for the purposes of further consultation; and
2. delegates authority to the Leader to confirm either participation in a Business Rates Pilot in 2019/20 or participation in a Business Rates Pool in 2019/20

depending upon the outcome of the Council's application for Pilot status.

Alternatives Considered:

- | | |
|----|--|
| 1. | The proposals for the revenue budget, capital programme and council tax as described in this report. |
| 2. | Higher levels of spending and consequently higher levels of council tax in future years. |
| 3. | Lower levels of spending and consequently lower levels of council tax in future years. |

Reasons for Recommendation:

The recommended option takes account of the reducing government grant income to the Council, allows for an increase in council tax of 3.95% (1.95% general council tax plus a further 2% for the adult social care "precept"), and acknowledges that earmarked reserves will be used to balance the budget in 2019/20 in line with the Council's medium term financial plan.

Prior to 2018/19 the Council participated in a Business Rates Pool with up to seven Lincolnshire District Councils, which generated additional income for the Council. In 2018/19 the Council has participated in a Pilot scheme to retain additional Business Rates income, following a successful application. It is hoped that the Council can continue to be in a Pilot scheme in 2019/20, but if the application is not successful then it is proposed that the Council and the seven District Councils will revert to a Pooling scheme.

1. Background

1.1 This report sets out a financial plan for revenue and capital budgets in 2019/20 to take the Council to the end of the four year funding deal from government. The Council continues to face significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care, waste disposal and the Council's responsibility to pay staff and some contractors the National Living Wage. Uncertainty around government funding beyond the four year funding deal (which runs from 2016/17 to 2019/20) means that the Council has not considered it practicable to develop sustainable long term financial plans into the next decade. Work on this has started and will continue next year as information starts to emerge about the future funding framework.

1.2 The budget process carried out a year ago considered budgets for both 2018/19 and 2019/20. This year, the 2019/20 budgets have been reviewed in the light of latest available information to arrive at the proposals set out in this report. In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax plus use of one off funding (including use of reserves and capital receipts) to set a balanced budget.

1.3 Areas of service expenditure have been reviewed to identify cost pressures which must be funded and savings which can be made through efficiencies and by reducing the level of service provided.

1.4 On an annual basis the Council has the opportunity to review the level of Council Tax. Central government sets thresholds above which a local authority would be required to hold a referendum for Council Tax increases. The technical consultation on the Local Government Finance Settlement proposed that for 2019/20 this threshold might be set at a 3.00% increase for general council tax, plus a further 2.00% for authorities with adult social care responsibilities to deal with pressures in this area including demographic pressures and the impact of the national living wage. A council tax increase of 3.95% (1.95% for general council tax, plus a further 2.00% for the social care 'precept') was proposed by the Council for 2019/20 last year, and this remains the basis for the budget set out in this report. The referendum threshold will be confirmed in the Provisional Local Government Finance Settlement.

The Outlook Beyond 2019/20

1.5 The pre-June 2017 Government was engaged in a substantial exercise to rebase local government funding. That initiative was based on 100% localisation of business rates by 2020 together with a resetting of the funding baselines for all local authorities – this was known as the fair funding initiative. Legislation to deliver this initiative was progressing through Parliament at the time the June 2017 General Election was declared. That legislation fell by the way as Parliament was wound down and there was no replacement legislation in the Queens Speech which sets the legislative programme for the next two sessions of Parliament. However, subsequent communications from the then Department for Communities and Local Government (DCLG) confirmed the department's commitment to work towards a new Local Government Finance Bill continuing towards giving local government greater control over business rate income, albeit that it is now proposed that only 75% of business rates will be retained by local authorities from 2020 rather than the previously announced 100% retention.

1.6 The basis of funding local authorities has not materially changed since the introduction of partial business rate localisation in 2013. It is widely accepted that both absolute and relative changes in demography and other key cost drivers means that the current distribution of resources is no longer a fair reflection of underlying need.

1.7 There are two distinct issues which need to be addressed. Firstly, the issue as to whether the total amount of funding allocated to local government is sufficient given increased service pressures coupled with ongoing reductions in government funding. Secondly, there is the case for an additional share of the national funding to be allocated to this Council.

1.8 At the July 2017 County Council this authority launched a campaign to lobby government to increase the funding coming to the sector and specifically requesting central government look at the distribution of funding to this County

Council with a view to addressing past inequalities between authorities, and to address the relative allocations to reflect the needs of this area.

1.9 The Ministry of Housing, Communities and Local Government has been working with local government representatives on both business rates localisation and the fair funding review and it is anticipated that consultations on each of these significant funding reforms will be issued at the same time as the Provisional Local Government Finance Settlement. In addition, central government will be conducting a Spending Review in 2019 to determine the quantum amounts to be allocated to each government spending department. It is not yet known what period of time the Spending Review outcomes will cover but this will certainly influence the overall total amount to be allocated to local government.

1.10 The Better Care Fund, which significantly supports Adult Services spending, will end on 31 March 2020 and there is uncertainty around how Adult Social Care will be funded in the future. A green paper is expected to address this issue early in 2019.

Provisional Local Government Settlement and Multi Year Settlement Funding

1.11 The Provisional Local Government Financial Settlement for 2019/20 had not been received from central government at the time of writing this report, but is expected to allocate funding largely in line with the anticipated funding for 2019/20 as set out in the four year funding deal covering the years 2016/17 to 2019/20.

1.12 The table below sets out government grants received in each of the years from 2016/17 to 2018/19 as well as the government grants expected for 2019/20 as per the four year funding deal (**TABLE 1**). The figures for 2018/19 show what the Council's funding would have been as per the four year deal, rather than what it actually was as a result of being in the Business Rates Pilot Scheme, to enable a like for like comparison to be made. The level of funding for 2019/20 has been built into the Council's budget proposals set out below and assumes that the Council's application for Business Rates Pilot status in 2019/20 is not successful.

TABLE 1: Multi Year Settlement Funding Levels

Funding Summary	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant	70.351	48.292	33.964	20.139
Transitional Grant	0.011	0.009	0.000	0.000
Rural Services Delivery Grant	6.892	5.565	6.935	5.565
TOTAL	77.254	53.866	40.899	25.704

1.13 When comparing the level of Revenue Support Grant (RSG) received for 2016/17 and expected for 2019/20, the Council has seen a reduction of £50.212m or 71.37% over the four year period.

1.14 Rural Services Delivery Grant of £5.565m for 2019/20 has been awarded as part of the multi-year settlement. This is in recognition of the higher costs of providing services in rural areas.

Other Revenue Government Grants

1.14 It is anticipated that the following non-specific grants will be received in addition to those forming part of the multi-year settlement:

- New Homes Bonus Grant of £2.104m is estimated for 2019/20 (actual £2.342m in 2018/19).
- Lead Local Flood authority grant has been confirmed as £0.125m in 2019/20.
- Special Education Needs and Disability (SEND) grant will cease, with the final amount being £0.259m in 2018/19.
- It is assumed that the following grants will continue at the same level next year:
 - Inshore Fisheries Conservation Authorities from the Department for Environment, Food and Rural Affairs of £0.128m; and
 - Extended Rights to Free Travel from the Department for Education of £0.639m.
- Independent Living Fund grant is estimated to be £1.594m in 2019/20.

1.15 The Public Health Grant will continue as a separate ring-fenced grant for next year. It is estimated that the Public Health Grant will be £31.800m for 2019/20.

1.16 Better Care Fund comes to the County Council in three streams. An element from the Lincolnshire Clinical Commissioning Groups (CCGs) and two grants coming directly to the Council from central government known as Improved Better Care Fund and the (Supplementary) Improved Better Care Fund. These funding streams combined will provide the Council with £46.343m in 2019/20 to fund Adult Care Services. Further details on its utilisation are set out below in the Adult Care and Community Wellbeing comments (paragraph 1.47 to 1.52).

1.17 The Chancellor announced in his Budget statement in October that additional revenue grant funding for Adult Care winter pressures would be made available in 2019/20 as a one year only grant £3.368m. In addition, he announced additional one year revenue grant funding for adults and children's social care of £5.754m.

Council Tax

1.18 It is proposed that Council Tax will be increased by 3.95% in 2019/20. This comprises 1.95% for general council tax plus a further 2.00% for the social care 'precept'. The Local Government Finance Settlement for 2017/18 allowed authorities with adult social care responsibilities to increase their council tax by up to 6.00% over a three year period from 2017/18 to 2019/20. In 2017/18 and in

2018/19 this authority chose to increase the adult social care element by 2.00% in each year, which means that a final increase of 2% can be implemented in 2019/20. The technical consultation on the Local Government Finance Settlement for 2019/20 proposed that the referendum threshold for general council tax might be set at a 3.00% increase which would be the same as the referendum threshold set for 2018/19. If this is confirmed in the Provisional Local Government Financial Settlement for 2019/20 then the Council could choose to increase general council tax by 2.95% which would give a total council tax increase of 4.95%.

1.19 It is estimated that a council tax increase of 3.95% will generate additional income of £10.986m in 2019/20. If the Council were to raise council tax by a further 1% to a total of a 4.95% increase (this would be subject to the referendum limit which is yet to be confirmed) the additional income would be £2.783m making a total additional council tax income of £13.769m.

1.20 The final figures on the council tax base and any surpluses or deficits on the council tax element of the collection fund will not be received from Lincolnshire District Councils until 31 January 2019. In the previous financial year the growth in the Council Tax base across the whole County was 1.27%. If there is growth at a similar level in the next financial year this will generate additional income of £3.672m in 2019/20 based on a 3.95% council tax increase. There would be additional income over and above this of £0.035m if the council tax increase were to be set at 4.95%. The council tax collection fund surplus in 2018/19 was £2.641m. If it is assumed that there will be a surplus of a similar amount, the Council would receive additional income from tax base growth and a collection fund surplus of over £6.000m in 2019/20. The final information on base growth and the surplus/deficit on the council tax collection fund will be reported to the Executive at its meeting on 5 February 2019, together with the funding this will generate for the County Council.

1.21 An Equality Impact Analysis will be completed for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 5 February 2019.

Business Rates

1.22 The multi-year settlement deal estimated the business rates receivable over the four year period to 2019/20, with estimated income from business rates expected to be £109.598m in 2019/20. This is made up of two elements, an amount actually collected by the seven District Councils in Lincolnshire and a top up grant from Central Government as the total business rates collected in Lincolnshire are not sufficient to cover local authority spending in the area. In 2019/20 this is split as: £19.824m collected locally and £89.774m top up from central government.

1.23 It is difficult to compare business rates funding from 2018/19 to 2019/20 as in 2018/19 the Council had Business Rates Pilot status, which resulted in Revenue Support Grant being incorporated into the baseline funding figure. Nevertheless the trend is that business rates income has increased over the four year term of the funding deal by at least the rate of inflation each year.

1.24 Any surpluses or deficits on the business rates element of the collection fund will not be received from the Lincolnshire District Councils until 31 January 2018. In 2018/19 this was a deficit of £0.174m for the County Council. This will be reported to the Executive at its meeting on 5 February 2019. It is worth noting that only 10% of the business rates collected locally is passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.

1.25 In addition to the above business rates funding in previous financial years the Council received section 31 grant as compensation of central government RPI cap and reliefs offered to small and rural businesses. It is anticipated that Government will continue to compensate local authorities in full for the extension of small business rate relief and new rural rate relief. At the time of preparing this paper the Council is awaiting announcement of the value of this grant (the value of this grant in 2018/19 was £10.178m, although this was higher than its usual level due to the Council's participation in the Business Rates Pilot). This will be built into the budget assumptions reported to the Executive at its meeting on 5 February 2019.

Business Rates Pilot Bids 2019/20

1.26 The County Council is currently in a one year Business Rates Pilot Scheme whereby 100% of business rates are retained. The Council has made a bid to government to continue to be in a Pilot Scheme in 2019/20, with the other Lincolnshire District Councils and North Lincolnshire Council. The 2019/20 Pilot Scheme would be on the basis of 75% retention of business rates with this Council allocated 30% and the District Councils 45%. If the bid is successful then there will be some gains accruing from the scheme, estimated at around £3.000m for the Council however it is less likely that the bid will be successful next year as there are fewer Pilot places and more authorities have applied to join the scheme. The bid to government includes details of proposed schemes to be funded; for this authority additional monies would be channelled to cover two distinct areas of spending: pressures already identified in Children's Social Care and to fund highways advanced design work to develop the county's infrastructure and encourage economic growth. If this bid is not successful it is proposed that the County Council would revert to Business Rates Pooling in 2019/20. At the time of preparing this budget paper the Council is still awaiting notification from government regarding Pilot bids.

Following notification from government the additional income from either a successful pilot bid or pooling arrangement will be built into the Council's budget.

The Council's Overall Revenue Budget

1.27 The table below (**TABLE 2**) sets out the overall changes in budget, the cost pressures which the Council proposes to fund, the savings to be made and the current proposed use of reserves to bridge the gap between current funding available and service costs.

TABLE 2: Summary Revenue Budget

SUMMARY REVENUE BUDGET	2019/20 £m
EXPENDITURE:	
Base Budget	457.104
Cost Pressures (<i>including inflation</i>)	25.317
Savings	-18.138
Other Movements (PH Grant & BCF Grant)	-5.437
Total Expenditure	458.846
Use of Reserves	-23.292
Transfer to/from General Reserve	0.200
Budget Requirement	435.754
INCOME:	
Business Rates Local Retention	116.062
Revenue Support Grant	20.139
Other Grants	10.415
County Precept	289.138
Total Income	435.754

1.28 The Council proposes to allocate £2.977m of resources in 2019/20 to fund pay inflation. This provides an allowance of 2.0% for all employment groups. Details on all other cost pressures and savings included within the Council's budget for 2019/20 are set out in the Commissioning Strategy narratives below.

1.29 The Council's current budget proposals include using £23.292m from the Financial Volatility Reserve in 2019/20 to balance the budget and keep the Council's general reserves at 3.5% of the Council's total budget. This is a one off contribution to the Council's budget shortfall and is planned to smooth the effect of reductions in funding on implementing service changes and reductions.

Revenue Budgets

1.30 The revenue budget for 2019/20 is shown in **TABLE 3** below together with the actual comparison for 2018/19. The Council services are delivered on the Commissioning Model and as such the budgets are presented on this basis.

Appendix A to this report provides further details of the services undertaken in each Commissioning Strategy.

TABLE 3: Net Service Revenue Budget 2019/20

Commissioning Strategy Revenue Budgets	2018/19 £m	2019/20 £m
Readiness for School	4.846	4.872
Learn & Achieve	34.075	34.285
Readiness for Adult Life	6.519	6.313
Children are Safe & Healthy	65.627	67.283
Adult Safeguarding	4.187	4.229
Adult Frailty, Long Term Conditions & Physical Disability	120.733	120.804
Carers	2.464	2.389
Adult Specialities	65.594	71.637
Wellbeing	27.174	27.279
Community Resilience & Assets	10.097	10.498
Sustaining & Developing Prosperity Through Infrastructure	43.057	40.635
Protecting & Sustaining the Environment	24.879	25.18
Sustaining & Growing Business & the Economy	1.166	1.199
Protecting the Public	22.835	23.596
How We Do Our Business	7.463	7.882
Enablers & Support to Council Outcomes	41.381	42.13
Enablers & Support to Key Relationships	0	0
Public Health Grant Income	-32.662	-31.8
Better Care Funding	-40.044	-46.343
Other Budgets	50.387	49.453
Schools Block	410.616	410.616
High Needs Block	81.133	81.133
Central School Services Block	3.929	3.929
Early Years Block	40.503	40.503
Dedicated Schools Grant	-538.857	-538.857
Total Net Expenditure	457.102	458.845
Transfer to/from Earmarked Reserves	-5.076	-23.292
Transfer to/from General Reserves	-0.8	0.2
Budget Requirement	451.226	435.754

Children's Services

1.31 Children's Services commissioning strategies include: Readiness for School, Learn and Achieve, Readiness for Adult Life and Children are Safe and Healthy.

1.32 **Readiness for School** strategy is proposing no savings or cost pressures for 2019/20.

1.33 **Learn and Achieve** strategy is proposing to make a saving of £0.259m in 2019/20. Within this strategy there is also a proposed cost pressure of £0.306m in 2019/20.

1.34 The proposed savings reduction of £0.259m relates to the removal of the funding from the government for the Special Education Needs & Disability (SEND) Reform Grant. The grant funding was to recognise the programmes of change in the area of SEND to streamline the system of SEN assessment, support and provision for children and young people 0-25, bringing together the provisions of a variety of Acts covering education, health and care as well as introducing new provisions, statutory implementation of associated duties, regulations and a new SEND Code of Practice. These changes have had a significant impact on the service with a 38% (or 1,260) increase in young people with an Education Health Care plan compared to the year before implementation (2013/14). Local Authorities continue to make representation at a national level of the increasing demands on the administration, assessment, co-ordination and monitoring of SEND services.

1.35 Within this strategy there are also a proposed cost pressures for Home to School / College Transport of £0.306m in 2019/20. The government's desire to deliver living wage rises to £9 per hour by 2020 has increased the hourly rate from £7.83 to £8.21 from April 2019. A large proportion of the individuals delivering transport services are paid on the national living wage causing this proposed cost pressure.

1.36 The Home to School / College Transport is a challenging and volatile budget with unfavourable economic conditions, and changing legislation (incorporation new guidelines relating to safety, Disability Discrimination Act passenger access and ERO6 emissions standards by 2020), the impact of school reorganisations, growth in special school numbers, added with the challenges of Lincolnshire being a rural county. The budget therefore remains a financial risk to the Council, although the service is taking every step to achieve efficiencies to manage such pressures where possible.

1.37 **Readiness for Adult Life** strategy is proposing to make a saving of £0.300m in 2019/20. There is no cost pressure proposed for 2019/20.

1.38 The proposed saving of £0.300m relates to the Local Authority's legal duty (defined under Section 17 of the Children Act 1989) to safeguard and promote the welfare of all young people by providing supported accommodation for those young people of 16 and 17 years at risk of homelessness (due in part to case law referred to the Southwark judgement, and the complex needs of this age group where parents are refusing to continue to provide care for them), and all looked after children and care leavers up to the age of 21 years.

1.39 Transformational work has resulted in a new accommodation pathway for young people who require support or who are experiencing homelessness (and where family and wider network is not a suitable option) by providing suitable and more cost effective accommodation. A pilot involving in-house provision as a pathway into other accommodation is delivering value for money and improved individual outcomes, which the service are planning to roll this out further across the Council, as properties become available.

1.40 **Children are Safe and Healthy** strategy is proposing to make a saving of £0.250m in 2019/20. Within this strategy there are also proposed cost pressures of £1.194m in 2019/20.

1.41 The proposed saving relates to Children's Services insourcing of the 0-19 health services in October 2017. This decision has allowed a more effective and integrated support for families as part of the overall delivery of Children's Services with teams working closely together to give quick, effective and joint support where it is needed. Savings have been delivered by having a lower cost base infrastructure and through utilisation of existing Children's Services sites, and a realisation of new ways of delivery.

1.42 A number of cost pressures exist within children's social care where the Local Authority has a statutory duty to protect children and take action when thresholds are met. Financial shortfalls have been identified for supporting looked after children and Special Guardianships Orders.

1.43 The national increase in looked after children is currently considered by the sector to be at 5% due to a number of reasons: case law, the impact of austerity, and the increasing complex nature of family life as a result of substance use, mental health and domestic abuse. The cost pressure in Lincolnshire relates more to the increasing complexity, costs rises and demand-led nature of providing specialist services for looked after children. This cost pressure of £0.948m will support the costs in fostering, kinship care, and residential home arrangements.

1.44 Special Guardianship Orders (SGOs) are increasingly being seen by the Courts as an important option for permanency for children who need to be removed from their birth parents which is endorsed by officers. The Local Authority is however required to fund SGOs (subject to means testing) so whereas we would once have seen children adopted, we are seeing increased SGO's which must be funded until the child reaches the age of 18 years. The expected increases are based on average numbers of SGO's being granted per month, which has identified a proposed budget pressure of £0.246m in 2019/20.

Adult Care and Community Wellbeing

1.45 There are 5 Commissioning Strategies led by Adult Care and Community Wellbeing, these are: Adult Frailty and Long Term Conditions, Specialist Adult Services, Carers, Safeguarding Adults and Wellbeing.

1.46 The Adult Care budget is set in the context of an ongoing savings requirement, increasing demographic and, cost pressures related to service provider fee increases in order to accommodate the additional cost of employment as a result of the National Living Wage.

1.47 The budget also includes funding for schemes that form a part of the Lincolnshire Better Care Fund (BCF). The current plan which ends in March 2019 totals £232.123m of which £56.165m was the national allocation, this includes Disabled Facilities Grant payments to Districts.

1.48 Lincolnshire's fund is one of the largest in the country and includes pooled budgets for Learning Disabilities, CAMHS and Community Equipment plus 'aligned' Mental Health funds from the County Council and the four CCGs.

1.49 In addition to the continuation of existing pooled funds, there are a number of additional funding streams. These increases result from:

- BCF funding via Lincolnshire Clinical Commissioning Groups (CCG's) for the Protection of Adult Care Services.
- Improved BCF funding that was announced in the Chancellor's November 2015 budget. Lincolnshire received £14.249m in 18/19 and will receive £25.771m in 19/20.
- Supplementary iBCF funding that was announced in the Chancellor's March 2017 budget. Lincolnshire received £9.607m in 18/19 and will receive £4.111m in 19/20.

1.50 Agreement for the 2019/20 Lincolnshire BCF plan is subject to the conditions yet to be set out by the Department of Health and Social Care, including the value of the national allocation, however indications suggests the 2019/20 plan will be an extension of the existing arrangements with an opportunity to review schemes.

1.51 The 2019/20 iBCF allocation will also include an additional £3.368m for winter pressures which was announced by the Chancellor in the October Budget Statement.

1.52 The total value of the 2019/20 Lincolnshire BCF is expected to be £242.285m (including winter pressures), on the basis that the national allocation is estimated to total £57.561m, as such these values are subject to change.

1.53 **The Adult Safeguarding** strategy is proposing to make savings of £1.000m related to Deprivation of Liberty Safeguards (DoLs). Within this strategy there are also proposed cost pressures of £1.006m in 2019/20 the majority also linked to DoLs.

1.54 The recent increase in investment within this strategy is as a direct result of the Cheshire West ruling in March 2014 with regards to DoLs. The assumption has always been that secondary legislation that is currently going through parliament will be passed at the end of this financial year and will mitigate the increase in demand brought about by the ruling. However current indications suggest that the new legislation will not have the desired impact on current levels of activity until much later and as such funding is still required.

1.55 **The Adult Frailty and Long Term Conditions** strategy is proposing to make savings of £6.015m in 2019/20.

1.56 Of the total savings identified in 19/20 £4.635m reflect the removal of non-recurrent schemes funded via the BCF in 2018/19. The remaining £1.380m is a result of increased income derived from increases in service user contributions.

1.57 Pressures funded in 19/20 (£5.768m) relate to increased demographic growth and additional pressure on provider unit costs brought about by increases in the

National Living Wage, largely impacting upon residential and community based services.

1.58 **The Carers** strategy is proposing to make savings £0.075m in 2019/20. Within this strategy there are no proposed cost pressures 2019/20.

Savings occur as a result of the withdrawal of non-recurrent BCF funds.

1.59 **Adult Specialities** strategy is proposing to make savings of £2.891m in 2019/20. Within this strategy there are also proposed cost pressures of £8.833m in 2019/20.

1.60 Of the total savings identified in 2019/20 £0.669m is a result of increases in service user contributions and £2.222m due the removal of one off BCF funds.

1.61 Pressures funded in 2019/20 relate to increased demographic growth and additional pressure on provider unit costs brought about by an increase in the National Living Wage for residential and community based services for those with a learning disability (£6.471m). £1.000m replaces the additional cost of increases to "Sleep-in" and "Waking Night" costs that have increased as a result of a HRMC ruling; these were previously funded via the BCF. £0.600m is to fund the additional cost borne by Lincolnshire Partnership Healthcare Trust for the delivery of community mental health services on behalf of the Council.

1.62 **The Wellbeing** strategy is proposing to make savings of £0.181m in 2019/20, with a cost pressure of £0.242m

1.63 Savings identified in 2019/20 are based on assumed savings following a proposed redesign and procurement of Housing related support services, with the cost pressures relating to a gap in the budget for the delivery of community equipment services against the contract value.

Environment and Economy

1.64 Environment and Economy commissioning strategies include: Community Resilience and Assets, Sustaining and Developing Prosperity Through Infrastructure, Protecting and Sustaining the Environment and Sustaining and Growing Business and the Economy.

1.65 **Community Resilience and Assets** within this strategy there are proposed cost pressures of £0.371m in 2019/20. These relate committed inflationary increases in the Library service contract (£0.042m); support to Lincolnshire Association of Local Councils (LALC) (£0.005m); and a new cost pressure to replace temporary funding for a Prevent Officer to meet the responsibility of the Council under the Counter Terrorism and Security Act 2015 (£0.046m).

1.66 The budget to support the Citizens Advice Bureaux (CAB) in Lincolnshire was removed in February 2017 by the Council, and the service has received support by use of reserves during the last two years. The proposal is to re-instate a budget to support the core services of CAB (£0.278m).

1.67 Sustaining and Developing Prosperity Through Infrastructure - within this strategy there are proposed savings of £4.319m and cost pressures of £1.562m in 2019/20.

1.68 Due to the Department for Transport re-designation of Lincoln as a 'PTE like' area, there was an expected increase in the cost of concessionary fares of £0.145m. £0.100m was added to the base budget for this during 2018/19, with the remaining £0.045m proposed in 2019/20 to give a full year effect.

1.69 An element of the cost pressures for this strategy (mainly within the Transport activity) relates to an increase in contract costs, which have a direct relationship to national living wage levels. There are proposed cost pressures of £0.267m in 2019/20 to meet the Council's obligation to pay staff and some contractors the central government set national living wage.

1.70 The Heritage service is moving towards a self-financing model of delivery so savings of £1.019m have been proposed to move the service to a zero budget in 2019/20. To the extent that the full level of proposed savings cannot be achieved in 2019/20 for any reason, the service has earmarked reserves to the value of £0.880m which can be drawn down to support this transition.

1.71 The Highways Asset protection budget has a number of cost pressures proposed, which reflect the impact on Lincolnshire Highways of previous service reductions. These changes include; returning to two full cycles for weed spraying (£0.150m); reinstating the grass cutting 3rd flail and amenity cuts (£0.300m) and returning to a full cycle of gulley cleansing (£0.370m). There is also a need to have available additional Mobile Maintenance Teams (MMT's) to manage the peak in demand for pot hole repairs over the autumn and winter period (£0.220m). The current arrangement the Council has for the Highways Asset Management 'CONFIRM' software is coming to an end. New licence costs and a move to an on-demand system has created a cost pressure of £0.210m.

1.72 The saving in this budget reflects the removal of the additional 'one-off' budget provided to Highways Asset Maintenance in 2018/19 (£3.300m).

1.73 Protecting and Sustaining the Environment within this strategy there are proposed savings of £0.041m and cost pressures of £0.272m 2019/20.

1.74 The JCB's used in the waste transfer stations have been supplied under a lease arrangement. As these leases expire there is a proposal to move to a capital purchase to replace them. This has generated savings in 2018/19 (£0.123m), and further savings will be generated 2019/20 (£0.041m).

1.75 Within this strategy there are cost pressures of £0.272m in 2019/20. These pressures relate wholly to waste disposal costs in the increase in volumes of waste being collected for disposal and the inflationary increases of the waste management contract.

1.76 **Sustaining and Growing Business and the Economy** there are no savings or cost pressures for 2019/20.

Finance and Public Protection

1.77 Finance and Public Protection commissioning strategies include: Protecting the Public, How We Do Our Business and Enablers and Support to Council's Outcomes.

1.78 **Protecting the Public** strategy is proposing to make savings £0.100m in 2019/20 and has proposed cost pressures of £0.449m.

1.79 The Fire & Rescue Service have total cost pressures of £0.331m. These pressures relate to increased rates costs of fire stations (£0.023m); Emergency Services Network costs (Airwave replacement) (£0.029m); increased software costs for recording operational training records (£0.022m) and operational mobilising technology enhancement (move to Vision 4) (£0.057m). Changes in legislation have increased the number of Retained Duty System (RDS) Firefighters opting into the pension scheme, creating a cost pressure for the service (£0.120m). In order to meet the services risk based inspection programme for fire prevention a capacity issue has been highlighted by HMICFRS, a cost pressure of £0.080m has been identified to recruit to Fire Protection posts to meet these requirements.

1.80 There are cost pressures in 2019/20 within Trading Standards relating to the increased costs of product safety testing (£0.020m) and safeguarding checks required for scams on vulnerable victims (£0.040m).

1.81 There are also cost pressures identified within the Coroners Service (£0.058m) and savings (£0.100m) which relate to the new model of service delivery for the Coroners Service within Lincolnshire.

1.82 **How we do our Business** strategy is proposing cost pressures of £0.279m for 2019/20.

1.83 Whilst the notice to withdraw remains, it is proposed to reinstate the budget for the Local Government Association (LGA) subscription (£0.067m).

1.84 The Finance and Audit teams have recognised the need to establish training posts within the staff structure, to support the succession planning and resilience concerns that have been identified. It is proposed to start this with introducing apprenticeship posts within the Finance Team (£0.080m) and the Audit, Insurance & Risk Teams (£0.105m) with the aim that these training posts will become part of the core establishment in 3-4 years' time. A cost pressure of £0.026m is necessary to continue to deliver the Councils Counter Fraud Partnership. This is a joint initiative with the District Councils and the PCC and is generating significant savings for the Council.

1.85 **Enablers and Support to Council's Outcomes** strategy is proposing to make savings of £0.015m in 2019/20. Within this strategy there are also proposed cost pressures of £0.293m in 2019/20.

1.86 Property Strategy & Support are proposing a saving in 2019/20 (£0.015m) to support the capital programme. The remaining saving in this area relates to the removal of a one off pressure for concluding archaeological costs of West Deeping minerals site (£0.278m).

1.87 An element of the cost pressures for Property Strategy and Support relates to an increase in contract costs, which have a direct relationship to national living wage levels. There are proposed cost pressures of £0.391m in 2019/20 to meet the Council's obligation to pay staff and some contractors the central government set national living wage. There are also cost pressures relating to increasing property rates and utility costs (£0.181m).

Other Budgets

1.88 Other Budgets includes: Capital Financing Charges, Other Budgets and Contingency budgets.

1.89 **Capital financing charges**, within other budgets have been set at a level to reflect the revenue implications of the revised capital programme set out below (paragraphs 1.102 to 1.111). The revenue implications of the capital programme are estimated to cost the Council £41.819m in 2019/20. The overall affordability of the capital programme has been reviewed to ensure that the impact on the revenue budget remains affordable. The Council is also budgeting for £2.000m of receipts from investment of cash balances in 2019/20.

1.90 There are cost pressures within **other budgets**, as follows:

- As reported last year, as advised by the actuary, Hymans Robertson, the employers' pensions secondary payment to the pension fund will be increased by £1.007m to £6.510m in 2019/20; and
- Two small increases to the Apprentice Levy Budget £0.006m and to Eastern Inshore Fisheries and Conservation Association (EIFCA) precept budget £0.059m.

1.91 The Autumn Statement 2016 and the Provisional Local Government Settlement of that year provided local authorities with some flexibilities around the use of capital receipts in 2016/17 and for the following two financial years. This flexibility has been extended up to 01 April 2020. Under previous regulations these were required to be utilised to fund capital expenditure, or repay debt. Under these new flexibilities the Council will be able to use capital receipts to fund the cost of transformation of which the key criteria is the expenditure will generate ongoing revenue savings to the authority.

1.92 It is currently proposed that an amount of £8.000m will be used from income generated from capital receipts to fund these types of schemes in 2019/20. Details of the schemes to be funded and the Council's updated Efficiency Plan will be presented to Executive at its meeting on 5 February 2019.

1.93 The Council's **contingency budget** for 2019/20 will remain at £3.000m. This budget is available to fund any pressures which arise during the financial year.

Schools

1.94 The Schools Budget is funded via the Dedicated Schools Grant (DSG). In 2019/20, the DSG will continue to comprise of four blocks: schools, central school services, high needs, and early years block. Each of the four blocks of the DSG is determined by a separate national funding formula.

1.95 Lincolnshire's indicative DSG allocation for 2019/20 is £551.862m, and will be used to support all schools in Lincolnshire including Local Authority schools and academies. Over half of Lincolnshire pupils attend academy schools; therefore the DSG figure for the Schools block will be revised down for the academy schools budget share allocations. The DSG is a ring-fenced grant and the actual split between academies and Local Authority schools has no financial risk to the Council from the DSG schools delegated budget perspective.

1.96 The government implemented a new national funding formula in 2018/19 to ensure a fairer settlement for each school. The Council agreed to replicate the funding formula factors and monetary values along with the government's agreed floors and ceiling approach to enable incremental steps to move to the 'hard' formula. The introduction of the new national funding formula increased overall Lincolnshire mainstream school funding levels by c.3.7% in 2018/19, and is planned to grow by a further 2.9% in 2019/20.

1.97 The Local Authority will continue to be responsible for setting the mainstream school funding formula for all Lincolnshire schools including academies in 2019/20. The Local Authority's decision agreed to the direction of travel of replicating the government's national funding formula to ensure schools' allocations are on a sensible trajectory towards the move to the 'hard' formula. The Local Authority remains committed to continue replicating the national funding formula in 2019/20 with the protection arrangements (floors and ceiling) in place subject to affordability of the DSG from central government.

1.98 In 2019/20, the Schools block that is used for the purposes of funding all mainstream schools budget shares will be determined by aggregating the schools' notional allocations under the national funding formula determined by the government. The government will ensure all schools notional allocations will receive at least 0.5% per pupil increase in 2019/20 in respect of all mainstream schools compared to their 2018/19 baselines, and gains of up to 3% per-pupil in 2019/20 depending on each schools' circumstance.

1.99 The government is also moving to a basis for distributing funding to Local Authorities for children and young people with high needs, taking into account an up-to-date assessment of the level of need in each area as opposed to funding on the basis of historic spending. Local Authorities will be protected under the formula by seeing a minimum increase of 0.5% per head in 2019/20 compared to their 2018/19 High Need block.

1.100 Lincolnshire's indicative pupil premium allocation for 2019/20 is £30.677m. Pupil premium funding nationally is at £2.423 billion, and will grow for increases in pupils meeting the eligibility criteria. Similarly to the DSG, the pupil premium allocation for Lincolnshire covers both the allocations for Local Authority schools and academy schools. The Education and Skills Funding Agency will continue to allocate pupil premium for academy schools, so the grant will be reduced accordingly. However, this has no financial risk to the Council. The final publication of 2019/20 allocations will be released in year.

Reserves

1.101 The Council's current financial strategy is to maintain general reserves within a range of 2.5% to 3.5% of the Council's total budget, at 31 March 2018 the balance stood at £15.200m. General reserves, at 31 March 2018, are expected to remain at £15.200m which is 3.49% of the budget requirement for 2019/20 as set out in this report. The Overview Scrutiny and Management Board considered a report on Financial Risk in October 2018 and recommended to the Executive Councillor with responsibility for finance that the general reserves should be maintained at £15.200m for the forthcoming financial year

Capital Programme

1.102 The proposed capital programme covers the remainder of the current year and 2019/20, as well as major schemes for future years. Schemes comprise: a number of major highways schemes; the rolling programme of renewal and replacement of fire fleet vehicles, gritters fleet and vehicles at the Waste Transfer Stations; improvements and review of property portfolio and information technology (IT) developments.

1.103 The gross programme is set at £381.315m from 2019/20 onwards, with grants and contributions of £110.308m giving a net programme of £271.007m to be funded by the County Council.

1.104 The overall capital programme and its funding are shown in **TABLE 4**.

TABLE 4: Summary Capital Programme 2018/19 plus future year's commitments.

	2018/19 £m	2019/20 £m	Future Years £m
Gross Capital Programme	186.303	178.500	202.815
Less: Grants and Contributions	-99.044	-59.547	-50.761
Net Programme Funded by LCC	87.259	118.953	152.054
Funded By:			
Revenue Funding	4.833	0.600	0.000
Borrowing	70.080	118.353	152.054
Use of Capital Grants Unapplied	12.335	0.000	0.000

Use of Revenue Grant Reserves	0.011	0.000	0.000
Total Funding by LCC	87.259	118.953	152.054

1.105 The following additions have been made to the net capital programme as part of the budget setting process:

1.106 Environment and Economy

- Additional budget for Grantham Southern Relief Road £20.130m in future years as a result of increased costs of construction, archaeology, and additional scheme requirements.
- Additional budget for Lincoln Eastern Bypass £11.700m in 2019/20 and £14.578m in future years. This is due to an increase in archaeology costs and the need to re-let the main contract following the demise of Carillion.
- Additional budget for Spalding West Relief Road scheme section 5 - £3.291m in future years to complete this major scheme development. Advance design work is continuing for section 1 of the Spalding West Relief Road, but any future capital support for this scheme will be reliant on an agreed level of developer contribution.
- Major scheme development of Corringham Road in partnership with West Lindsey District Council (WLDC) – budget of £1.500m in 2019/20 and receipt of £1.000m contribution during 2020/21.
- Budget of £1.100m in 2019/20 for the A46 Dunholme/ Welton Roundabout, the scheme has been partly funded by £2.000m National Productivity Improvement Fund awarded in 2018/19 and £1.839m of Integrated Transport Grant.
- Improvement of Holdingham Roundabout £0.435m in 2019/20 and £2.115m in future years.
- To support the programme of local flood improvement schemes in relation to the Council's responsibility as Lead Local Flood Authority to undertake improvement measures - £0.650m in 2019/20 and £1.950m in future years.
- Budget for the development of Business Units to safeguard employment - £2.000m in 2019/20. Independent research shows that there is demand for these centres, and income would be received from renting the facilities to tenants.
- The Executive has approved the development of a business case for a North Hykeham Relief Road to enable bids for 70% of grant funding to be made. Future budgets for this scheme will be considered based on the outcome of this bid.

1.107 Finance and Public Protection

- Firefighters' personal protective equipment (PPE) and breathing apparatus and maintenance of fire safety programme - £0.325m in 2019/20 and £2.953m in future years. This is to replace damaged items, to provide PPE to new recruits, a full refresh of PPE, to support fitting of smoke detectors in the private homes of vulnerable members of the community, and ensure adequate water provision for firefighting across the county.
- Replacement of fire mobilising system for fire and rescue £0.875m in 2019/20. The mobilising system provides the mechanism for the Council's Fire Control function to alert and inform fire crews of an emergency incident on station.

The system provides remote alerting to the Lincolnshire Fire and Rescue 'On Call' staff, who have an Alerter (pager). The funding includes the replacement of Alerters, which are coming to the end of their life.

- Development of Cloud Navigator and support ICT innovation £5.000m in 2019/20 and £9.000m in future years. The Cloud Navigator will enable the digital transformation of services to citizens.
- Property Improvement Programme £0.250m in 2019/20 and £0.250m in future years. This funding will enable further opportunities for property rationalisation to release inefficient office accommodation and realise associated revenue savings; to continue to maximise the use of existing office space by implementing the 'next office' concept, which supports rationalisation; and to target specific improvements to the office estate where facilities have been identified as poor, e.g. sub-standard toilet and kitchen facilities.
- Improvement to County Farms £0.259m in 2019/20 and £0.367m in future years to include works on sewage treatment, private roads and grain stores.

This funding will ensure that the 17 dwellings on the County Farms Estate affected by new regulations implemented in January 2020 will have a new sewage treatment plan which will comply with legislation (General binding rules: small sewage discharge to a surface water). Non-compliance will be enforced by the Environment Agency.

Secondly, the funding will improve the condition of the private roads on the County Farms estate by undertaking resurfacing works.

Lastly, the funding will allow investment in modern agricultural buildings suitable for modern machinery and crop storage to Farm Assurance standards. This will increase the capital value of the holdings and improve the efficiency of farming operations in order to increase the rental value. The new buildings may make existing yards surplus, thereby creating potential capital receipts.

- Schools Mobile Classroom Replacement Programme £0.300m in 2019/20 and £0.300m in future years to support the provision of schools places programme.
- Property Area Reviews £0.550m in 2019/20. This will support the relocation of staff as a result of property leases coming to an end.
- Modernisation of the County Emergency Centre £0.500m in 2019/20 to ensure the facility supports the Lincolnshire Resilience Forum (LRF) and all Emergency Planning requirements. The project will include upgraded information technology (IT) and resilience.
- To support the current priority condition works required over the next few years on Children's Homes - £0.250m in 2019/20 and £0.250m in future years. This will ensure lower disturbance and a comprehensive plan will be implemented to ensure that value for money is achieved for the works.

1.108 Other Programmes

- Development Capital Contingency £37.500m in future years (i.e. £7.5m per annum) to fund emerging schemes identified at the time.

The Council receives government grant funding to support large parts of the capital programme, including schools and roads maintenance. The following grants have been incorporated into the capital programme for 2019/20 and future years:

1.109 Environment and Economy

- An indicative award of £24.995m per annum for 2019/20 and future years, for the Highways Asset Protection Maintenance Block;
- An indicative award for Integrated Transport Grant of £3.312m per annum 2019/20 and future years; and
- Successful bids from the Safer Roads Fund to improve some of the most dangerous stretches of 'A' roads were announced by Department of Transport.

Under this scheme the Council will receive £1.245m in 2019/20 for A1084 Brigg to Caistor; £0.645m in 2019/20 towards A1084 Middle Rasen to Bishops Bridge; and £2.725m in future years for A631 Louth to Middle Rasen;

1.110 Children's Services

- An allocation for Provision of Schools Place Basic Need Grant is £22.971m in 2019/20, and £12.351m is planned for 2020/21. This will allow the

Council to plan strategically to fulfil its statutory duty to provide sufficient school places for the children of Lincolnshire;

- An indicative grant award for the Schools Condition Allocation is £4.511m for 2019/20. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2019;
- An indicative allocation for Devolved Formula Capital is £1.136m for 2019/20. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2019, and
- The award of the Special Provision Fund allocations of £0.771m per annum in both 2019/20 and 2020/21. This funding will support the implementation of the Building Communities of Specialist Provision Strategy, which is to make significant improvements to SEND provision, so pupils can access an integrated school system which meets All Needs, in the right place, at the right time as close to home as possible.

1.111 The Council funds the net capital programme primarily from borrowing £118.353m in 2019/20, £152.054m in future years, and revenue contributions of £0.006m in 2019/20.

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

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings may result in changes to service provision and to some reduction in Council services. These may apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation if any will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be, regularly reported to the Executive as part of the decision making processes. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the public sector equality duty.

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for.

Consideration of the public sector equality duty and/or consultation may be necessary at the budget setting stage where a decision to reduce spending is significant, sufficiently focussed and in financial terms apparently rigid.

It is not considered that this applies to any of the proposed reductions set out in this Report.

In particular, in the event that any of the proposed reductions cannot be achieved, the usual budget management processes such as the use of earmarked reserves

or virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. Furthermore, a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is estimated to be £21.324m after use to balance the 2019/20 budget) and the annual Contingency budget of £3.000m for 2019/20, for when additional funding cannot be found by way of earmarked reserves or virement from other service areas.

A full Equality Impact Analysis will be developed in respect of the final budget proposal and in particular any Council Tax proposals in the light of feedback received during the consultation process.

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

Individual proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Well-being Strategy.

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

. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

3.1 These budget proposals reflect the level of government funding available to the Council and a proposal to increase general council tax in 2019/20 by 1.95%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2019/20 and this gives a total council tax increase of 3.95%.

3.2 A thorough review of Council services was carried out during last year's budget process, which covered both the 2018/19 and 2019/20 financial years. This year

further unavoidable cost pressures as well as some savings have been identified, and the capital programme has been reviewed - the 2019/20 budget has therefore been refined this year. The budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

4. Legal Comments:

The Executive is responsible for publishing initial budget proposals for the budget for the purposes of consultation before determining the budget it will recommend to the full Council.

The matters to which the Executive must have regard in reaching its decision are set out in the body of the report.

The recommendations are within the remit of the Executive and are lawful. The Executive has the power to accept the recommendation 1 or to agree one of the alternative approaches referred to in the report, subject to the limits on Council Tax increases referred to in the report.

The proposed delegation in recommendation 2 is lawful.

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from central government plus an increase in council tax of 3.95% (1.95% general council tax plus a further 2.00% for the adult social care 'precept'). The Council's Financial Strategy for 2019/20 includes one off use of reserves of £23.292m to produce a balanced budget.

To achieve a sustainable budget from 2020/21 a comprehensive review of budgets will be required and the planning for this has started.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board:

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2019/20 at its meeting on 25 October.

The Overview and Scrutiny Management Board supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

Councillor Budget Briefings:

At the beginning of December two budget briefings were held for all Councillors to attend. Comments from these meetings are included within Appendix B.

Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners will take place on 25 January 2018.

The Council's scrutiny committees will have the opportunity to scrutinise proposals in detail during January.

The proposals will be publicised on the Council's website together with the opportunity for the public to comment.

Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 5 February 2019.

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

Yes

e) Risks and Impact Analysis

An Equality Impact Analysis will be complete for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 5 February 2019.

Further Equality Impact Analyses will need to be undertaken on a service by service basis.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Commissioning Strategies Glossary
Appendix B	Councillor Comments from the Budget Briefings held on 3 and 5 December 2018

8. Background Papers

Document title	Where the document can be viewed
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Provisional Government Settlement announcements	Local Finance	Executive Director of Resources and Public Protection
Council 2019/20	Budget	Executive Director of Resources and Public Protection

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk.

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Commissioning Strategies Glossary

COMMISSIONING STRATEGY	COMMISSIONING ACTIVITIES	DEFINITION OF COMMISSIONING STRATEGY
Readiness for School	Children Centres - and commissioned services	This commissioning strategy aims to ensure all children will be ready to learn when they start school enabling them to achieve their full potential.
	Early Years sufficiency and support to the Private, Voluntary and Independent sector	
	Birth to 5 Service	
Learn & Achieve	School Support Services	This commissioning strategy aims to ensure all children and young people will learn and achieve, enabling them to reach their potential.
	School Improvement	
	Statementing process and interventions (to be replaced with new health, education and social care plan)	
	Home to school/college transport	
	Children with Disabilities	
Readiness for Adult Life	Careers Service	This commissioning strategy aims to ensure all young people will be prepared and ready for adult life.
	Positive activities for young people	
	Teenage Pregnancy	
	Supported accommodation/lodgings	
	Supported employment	
	Lincs Secure Unit	
	Reducing youth offending	
Leaving Care Service		
Children are Safe and Healthy	School Nursing	This commissioning strategy aims to ensure all children and young people will be safe and healthy.
	Healthy schools & healthy child	
	Child protection (contact, referral and assessment)	
	Targeted Support - young people	
	Looked after Children	
	Fostering and adoption	
	Residential homes	
	Child and Adolescent Mental Health Services	
	Family support	
	Commissioning Support for all Children's Strategies	
Adult Frailty, Long Term Conditions and Physical Disability	Supporting Adult frailty (older people)	This commissioning strategy aims to ensure that individuals receive appropriate care and support that enables them to feel safe and live independently.
	Physical disability	
	Dementia	
Carers	Adult & Young carers	This commissioning strategy aims to ensure that carers feel respected and are able to balance their caring roles and maintain their quality of life.
Adult Specialities	Supporting Adults with learning disability	This commissioning strategy aims to improve outcomes for adults with mental health, learning disabilities and/or autism.
	Mental health	
	Autism	
Adult Safeguarding	Adult Safeguarding (including Mental Capacity Act)	This commissioning strategy aims to ensure all vulnerable adults rights are protected to live in safety and free from abuse and neglect.

COMMISSIONING STRATEGY	COMMISSIONING ACTIVITIES	DEFINITION OF COMMISSIONING STRATEGY
Community Resilience and Assets	Advice, information and support services from community and voluntary sector infrastructure organisations	This commissioning strategy aims to assist communities in the county to support themselves. It will also include the community response to emergencies.
	Financial Inclusion	
	Library and information services	
	Customer Service Centre	
Wellbeing	Health Improvement, prevention and self management	This commissioning strategy aims to assist improvements in the health and wellbeing of the population as a whole, it covers advice, information and preventative services.
	Public Health statutory service	
	Wellbeing Service (including specialist equipment, assistive technology and Disabled Facility Grants)	
	Sexual Health	
	Housing related support	
	Prevention and treatment of substance misuse	
Protecting the Public	Preventing and reducing crime	This commissioning strategy will cover all of the work required in order to protect the communities in Lincolnshire.
	Tackling domestic abuse	
	Preventing and tackling fires & emergency response	
	Protecting the public through trading standards	
	Protecting the public by planning for and responding to emergencies	
	Improving road safety	
	Registration, Celebratory and Coroners service	
Sustaining & Developing Prosperity Through Infrastructure	Transportation including concessionary fares and other government grants etc	This commissioning strategy facilitates growth and prosperity through encouraging investment and enhancing the economic potential of the county.
	Highway asset maintenance	
	Highway network management	
	New transport investments including highways improvements and bypasses, growth corridors and programmes	
	Heritage & tourism operation and development	
Protecting & Sustaining the Environment	Reducing carbon emissions	This commissioning strategy covers how the Council will protect, enhance and balance our environmental needs.
	Flood risk management	
	Protecting and enhancing the natural & built environment	
	Waste management	
	Sustainable Planning	
Sustaining & Growing Business & the Economy	Improving skills and employability	This commissioning strategy covers how the council will help businesses to be the drivers of economic growth through supporting a climate in which they are able to invest, enhance their business performance, and offer attractive jobs to a skilled workforce.
	Encourage enterprise through support to business and our growth sectors	
	Attracting and expanding business investment	
	Lobbying and attracting funding for Lincolnshire	

COMMISSIONING STRATEGY	COMMISSIONING ACTIVITIES	DEFINITION OF COMMISSIONING STRATEGY
How We Do Our Business	Budget & Policy Framework - Finance & Audit	This commissioning strategy will include the overarching governance and standards for the Council, including decision making through the democratic process.
	Chief Executive's Office	
	Decision making, including the democratic processes and elections	
	Monitoring Officer requirements	
	Eastern Inshore Fisheries & Conservation Authority - Levy	
Enablers & Support to Council's Outcomes	Information Management & Technology Strategy & support	This commissioning strategy will include the enablers required to support the delivery of the Councils agreed outcomes.
	Property Strategy & support (including County Farms)	
	People Management Strategy & support	
	Legal Advice	
	Commissioning Strategy & Support	
	Business Support	
	Strategic Communications	
Enablers & Support to Key Relationships	Partnership engagement & support	This commissioning strategy encompasses the Council's corporate strategies and the support to our relationships with the public, service users, partners and outside bodies.

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County Councillor Budget Briefings

Notes of Key Outcomes from Sessions on 3 December and 5 December 2018

Two budget briefing sessions for all county councillors were held on 3 December and 5 December 2018. Each session was attended by 13 councillors. Factual clarifications were given at each session, which have not been reproduced in these notes.

During the first session the following observations were made:

- Business Rates – Councillors highlighted the impact of retail sector changes on the localisation of Business Rates. It was suggested that the government needed to be aware of this due to the move towards greater online shopping and a smaller high street/retail sector.
- Future Budget Planning – Councillors highlighted that planning for future savings needed to be a consideration during the coming year. There was support from Councillors that income generation needed to be a greater focus from 2020 onwards.
- Adult Social Care – Councillors welcomed the digital platform for charging discussed by Glen Garrod.

At the second session, the following observation was made:

- Heritage Services – A Councillor commented that the budget savings associated with the Heritage Service becoming financially self-sufficient ought not to be taken in advance of decisions being made about the service delivery model. Although advice was given that earmarked reserves could be used to fund the service in 2019/20 until a decision on the service was implemented, there was a view that appropriate budget provision ought to be made rather than relying on reserves.

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APPENDIX B

13 DECEMBER 2018

UPDATE TO THE COUNCIL BUDGET 2019/20

This briefing paper provides an update on the 2019/20 budget following the publication of the Provisional Local Government Finance Settlement 2019/20 on 13 December 2018. The Council Budget report to the Executive on 18 December 2018 was prepared prior to this date so this information should be read in conjunction with that report. The impact of this information on the Council's budget proposals is set out below.

Provisional Local Government Finance Settlement 2019/20 and the Multi-Year Funding Deal

The funding the County will receive from government next year is largely in line with the four year deal which the authority agreed to in October 2017. The main exception is a positive one whereby our Rural Services Delivery grant is expected to be over £1.3m higher next year than agreed as part of the four year deal. This increase is analogous to one made in last year's provisional settlement. Our grant will now be £6.935m next year in recognition of the additional costs of providing services in rural areas.

The table below shows the 2019/20 major funding streams from government, both as originally indicated as part of the four year deal, and as announced on the 13 December 2018 with the difference between the two. This shows a total increase in funding of just under £1.5m.

	<u>2019/20 Original</u>	<u>2019/20 Provisional Settlement</u>	<u>Difference</u>	<u>Notes</u>
	£	£	£	
Business Rates Baseline Funding Level	109,597,860	109,676,913	79,053	Provisional settlement
Revenue Support Grant	20,138,594	20,138,594	0	Provisional settlement
Rural Services Delivery Grant	5,565,063	6,934,924	1,369,861	Assumption based on ministerial statement
New Homes Bonus Grant	2,104,177	2,143,824	39,647	Provisional settlement
			1,488,561	

It was also announced that there is a surplus amount in the national Business Rates Levy Account and this will be distributed to authorities next year. The indicative amount for Lincolnshire County Council is £1.683m.

Business Rates Pilot Bid

The County wide business rate pilot bid for next year submitted by all 8 Lincolnshire authorities together with North Lincolnshire Council was not approved. Fifteen such bids have been approved for 2019/20 with just two of these in respect of authorities who had pilot status in 2018/19. The non-approval, whilst disappointing, was in line with our expectations given the success in getting a bid approved for the current

year. This Council will revert to a business rates pooling arrangement with all 7 Districts for the year ahead.

Confirmation of One-Off Funding Announced in Budget

The provisional settlement reaffirms an announcement made by the Chancellor in his Autumn Budget that further one year funding will be available next year for both adult care winter pressures (£3.368m for Lincolnshire) and for additional adult and children's social care pressures (£5.754m for Lincolnshire). This latter sum will assist in funding the ever increasing demand for these services and the increasing unit cost of provision which is driven substantially by further increases in the national living wage.

Also previously announced in the Chancellor's Autumn Budget was an additional £13.7m capital funding for highways maintenance ('pothole funding') which, whilst available in the current year, is expected be of some benefit next year in terms of improving the condition of the road network.

Council Tax

The core level of council tax which can be levied prior to triggering a referendum will be 3% for next year (plus 2% for the adult care precept). The provisional budget approved for 2019/20 by Full Council in February 2018 was predicated on only a 2% maximum referendum threshold for core council tax next year. The Council will have to decide whether to use all or some of this additional flexibility. An additional 1% council tax income is worth around £2.8m pa in the income base of the Council.

Future Funding Consultations

Further consultation papers on the proposed 75% business rate localisation from April 2020 and the related national Fair Funding Review were also released along with the Provisional Settlement. These will be analysed over the coming weeks – the consultation response date for both is 21 February 2019.

Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

- I. help decision makers fulfil their duties under the Equality Act 2010 and
- II. for you to evidence the positive and adverse impacts of the proposed change on people with protected characteristics and ways to mitigate or eliminate any adverse impacts.

Using this form

This form must be updated and reviewed as your evidence on a proposal for a project/service change/policy/commissioning of a service or decommissioning of a service evolves taking into account any consultation feedback, significant changes to the proposals and data to support impacts of proposed changes. The key findings of the most up to date version of the Equality Impact Analysis must be explained in the report to the decision maker and the Equality Impact Analysis must be attached to the decision making report.

****Please make sure you read the information below so that you understand what is required under the Equality Act 2010****

Equality Act 2010

The Equality Act 2010 applies to both our workforce and our customers. Under the Equality Act 2010, decision makers are under a personal duty, to have due (that is proportionate) regard to the need to protect and promote the interests of persons with protected characteristics.

Protected characteristics

The protected characteristics under the Act are: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Section 149 of the Equality Act 2010

Section 149 requires a public authority to 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 relevant protected characteristics and persons who do not share those characteristics
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The purpose of Section 149 is to get decision makers to consider the impact their decisions may or will have on those with protected characteristics and by evidencing the impacts on people with protected characteristics decision makers should be able to demonstrate 'due regard'.

Decision makers duty under the Act

Having had careful regard to the Equality Impact Analysis, and also the consultation responses, decision makers are under a personal duty to have due regard to the need to protect and promote the interests of persons with protected characteristics (see above) and to:-

- (i) consider and analyse how the decision is likely to affect those with protected characteristics, in practical terms,
- (ii) remove any unlawful discrimination, harassment, victimisation and other prohibited conduct,
- (iii) consider whether practical steps should be taken to mitigate or avoid any adverse consequences that the decision is likely to have, for persons with protected characteristics and, indeed, to consider whether the decision should not be taken at all, in the interests of persons with protected characteristics,
- (iv) consider whether steps should be taken to advance equality, foster good relations and generally promote the interests of persons with protected characteristics, either by varying the recommended decision or by taking some other decision.

Conducting an Impact Analysis

The Equality Impact Analysis is a process to identify the impact or likely impact a project, proposed service change, commissioning, decommissioning or policy will have on people with protected characteristics listed above. It should be considered at the beginning of the decision making process.

The Lead Officer responsibility

This is the person writing the report for the decision maker. It is the responsibility of the Lead Officer to make sure that the Equality Impact Analysis is robust and proportionate to the decision being taken.

Summary of findings

You must provide a clear and concise summary of the key findings of this Equality Impact Analysis in the decision making report and attach this Equality Impact Analysis to the report.

Impact – definition

An impact is an intentional or unintentional lasting consequence or significant change to people's lives brought about by an action or series of actions.

How much detail to include?

The Equality Impact Analysis should be proportionate to the impact of proposed change. In deciding this asking simple questions “Who might be affected by this decision?” “Which protected characteristics might be affected?” and “How might they be affected?” will help you consider the extent to which you already have evidence, information and data, and where there are gaps that you will need to explore. Ensure the source and date of any existing data is referenced.

You must consider both obvious and any less obvious impacts. Engaging with people with the protected characteristics will help you to identify less obvious impacts as these groups share their perspectives with you.

A given proposal may have a positive impact on one or more protected characteristics and have an adverse impact on others. You must capture these differences in this form to help decision makers to arrive at a view as to where the balance of advantage or disadvantage lies. If an adverse impact is unavoidable then it must be clearly justified and recorded as such, with an explanation as to why no steps can be taken to avoid the impact. Consequences must be included.

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Proposals for more than one option If more than one option is being proposed you must ensure that the Equality Impact Analysis covers all options. Depending on the circumstances, it may be more appropriate to complete an Equality Impact Analysis for each option.

The information you provide in this form must be sufficient to allow the decision maker to fulfil their role as above. You must include the latest version of the Equality Impact Analysis with the report to the decision maker. Please be aware that the information in this form must be able to stand up to legal challenge.

Background Information

Title of the policy / project / service being considered	Increase in the council tax for financial year 2019/20	Person / people completing analysis	David C Forbes – County Finance Officer
Service Area	All Council Services	Lead Officer	Pete Moore – Director of Finance & Public Protection
Who is the decision maker?	Full Council	How was the Equality Impact Analysis undertaken?	Desktop Exercise
Date of meeting when decision will be made	22/02/2019	Version control	1.0
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Directly delivered
Describe the proposed change	<p>Each February the County Council sets a budget for the forthcoming financial year part of which includes a decision on the amount of Council Tax to be levied in that year. For 4 of the past 8 years the decision taken has been to freeze the level of Council tax and to accept a time-limited grant from Government for so doing. However, the level of that grant has now fallen and it is to cease by the end of the decade. Increasing service pressures and costs means the Council needs to establish a more robust and sustainable income base going forward.</p> <p>The council tax system requires each billing authority (ie. district council) to establish and maintain a local council tax support scheme which is a means tested system to allow those on low income to gain financial support to meet their council tax bill either in part or in full. Schemes vary within the county but some schemes positively favour certain classes of council tax payers with protected characteristics (eg. disability). These schemes are themselves the subject of equality impact assessments undertaken by the individual district council concerned. The County Council is consulted each autumn by the Districts on any changes to their council tax support schemes.</p> <p>Over the past 8 years the local council tax has increased by just under 14.8% whereas general price inflation has been close to 25.5%.</p>		

Evidencing the impacts

In this section you will explain the difference that proposed changes are likely to make on people with protected characteristics. To help you do this first consider the impacts the proposed changes may have on people without protected characteristics before then considering the impacts the proposed changes may have on people with protected characteristics.

You must evidence here who will benefit and how they will benefit. If there are no benefits that you can identify please state 'No perceived benefit' under the relevant protected characteristic. You can add sub categories under the protected characteristics to make clear the impacts. For example under Age you may have considered the impact on 0-5 year olds or people aged 65 and over, under Race you may have considered Eastern European migrants, under Sex you may have considered specific impacts on men.

Data to support impacts of proposed changes

When considering the equality impact of a decision it is important to know who the people are that will be affected by any change.

Population data and the Joint Strategic Needs Assessment

The Lincolnshire Research Observatory (LRO) holds a range of population data by the protected characteristics. This can help put a decision into context. Visit the LRO website and its population theme page by following this link: <http://www.research-lincs.org.uk> If you cannot find what you are looking for, or need more information, please contact the LRO team. You will also find information about the Joint Strategic Needs Assessment on the LRO website.

Workforce profiles

You can obtain information by many of the protected characteristics for the Council's workforce and comparisons with the labour market on the [Council's website](#). As of 1st April 2015, managers can obtain workforce profile data by the protected characteristics for their specific areas using Agresso.

Positive impacts

The proposed change may have the following positive impacts on persons with protected characteristics – If no positive impact, please state 'no positive impact'.

Age	Increasing the council tax adds a permanent and sustainable income stream to the funding of the Council. In so doing it thereby assists in limiting what would otherwise be more significant cuts in service provision over the wide range of services provided by the Council. Many of those services provided key support to those with protected characteristics.
Disability	As for Age above.
Gender reassignment	As for Age above.
Marriage and civil partnership	As for Age above.
Pregnancy and maternity	As for Age above.
Race	As for Age above.
Religion or belief	As for Age above.

Sex	As for Age above.
Sexual orientation	As for Age above.

If you have identified positive impacts for other groups not specifically covered by the protected characteristics in the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.

The benefits outlined above in terms of limiting wider service reductions apply to all those who use Council services and not just to those with protected characteristics.

Adverse/negative impacts

You must evidence how people with protected characteristics will be adversely impacted and any proposed mitigation to reduce or eliminate adverse impacts. An adverse impact causes disadvantage or exclusion. If such an impact is identified please state how, as far as possible, it is justified; eliminated; minimised or counter balanced by other measures.

If there are no adverse impacts that you can identify please state 'No perceived adverse impact' under the relevant protected characteristic.

Negative impacts of the proposed change and practical steps to mitigate or avoid any adverse consequences on people with protected characteristics are detailed below. If you have not identified any mitigating action to reduce an adverse impact please state 'No mitigating action identified'.

Age	The proposed increase in the council tax of 4.95% will impact on all council tax payers who are responsible for the council tax levied on their property. The level of income of the council tax payer and their ability to afford the increase in the annual charge will be the key issue. To the extent to which those with a protected characteristic are council tax payers then they will be potentially impacted by this change. The existence of a protected characteristic is really a secondary rather than a primary consideration in this case. Clearly if the protected characteristic in question has a direct impact on income generating capacity this will have a more direct effect. As mentioned earlier financial support is available from schemes operated by district councils to assist in meeting council tax bills for low income individuals.
Disability	As for Age above.
Gender reassignment	As for Age above
Marriage and civil partnership	As for Age above

Pregnancy and maternity	As for Age above
Race	As for Age above
Religion or belief	As for Age above
Sex	As for Age above
Sexual orientation	As for Age above

If you have identified negative impacts for other groups not specifically covered by the protected characteristics under the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.

The ability to afford the proposed council tax increase applies to all individuals who are responsible for paying a council tax bill.

Stakeholders

Stake holders are people or groups who may be directly affected (primary stakeholders) and indirectly affected (secondary stakeholders)

You must evidence here who you involved in gathering your evidence about benefits, adverse impacts and practical steps to mitigate or avoid any adverse consequences. You must be confident that any engagement was meaningful. The Community engagement team can help you to do this and you can contact them at consultation@lincolnshire.gov.uk

State clearly what (if any) consultation or engagement activity took place by stating who you involved when compiling this EIA under the protected characteristics. Include organisations you invited and organisations who attended, the date(s) they were involved and method of involvement i.e. Equality Impact Analysis workshop/email/telephone conversation/meeting/consultation. State clearly the objectives of the EIA consultation and findings from the EIA consultation under each of the protected characteristics. If you have not covered any of the protected characteristics please state the reasons why they were not consulted/engaged.

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Objective(s) of the EIA consultation/engagement activity

The proposed council tax increase is simply one, but an important, proposal in a set of measures to enable the Council to set a balanced budget for 2019/20. The other key aspects are a range of across the board savings totalling £16m and the use of reserves of £5.3m to avoid further service reductions. The Council has undertaken a public engagement/consultation exercise on the budget proposals. There will also be more formal consultation with the Scrutiny Committees of the Council and with key stakeholders such as business, public sector partners and trade unions.

Who was involved in the EIA consultation/engagement activity? Detail any findings identified by the protected characteristic

Age	The details of public and wider consultation/engagement are described above. This is undertaken at the level of the whole suite of budget proposals rather than specific concentration on one aspect such as the proposed council tax increase. The nature of this proposal combined with the mitigation available through local council tax support schemes means there is no particularly differential impact between those exhibiting different protected characteristics.
Disability	As for Age above
Gender reassignment	As for Age above
Marriage and civil partnership	As for Age above
Pregnancy and maternity	As for Age above
Race	As for Age above
Religion or belief	As for Age above

Sex	As for Age above
Sexual orientation	As for Age above
Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way? The purpose is to make sure you have got the perspective of all the protected characteristics.	Yes The proposal has received extensive publicity and has been undertaken to invite feedback from all key stakeholders. The main mitigation of the impact of the proposal rests in the Council Tax Support Schemes operated by District Councils. These scheme themselves are the subject of equality impact assessments undertaken by the District concerned.
Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?	Feedback is received periodically from the Districts on the take up of the County Tax Support Schemes not least because the County Council funds around 75% of the cost of such schemes.

Further Details

Are you handling personal data?	No If yes, please give details.
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Actions required	Action	Lead officer	Timescale
Include any actions identified in this analysis for on-going monitoring of impacts.	NONE		
Signed off by	[David C Forbes]	Date	[31/01/2019]

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APPENDIX D

Revenue Budgets 2018/19 to 2019/20

Commissioning Strategy Revenue Budgets	2018/19	2019/20
	£m	£m
Readiness for School	4.822	4.848
Learn & Achieve	34.370	34.580
Readiness for Adult Life	5.964	5.757
Children are Safe & Healthy	65.911	67.567
Adult Safeguarding	4.187	4.229
Adult Frailty, Long Term Conditions & Physical Disability	120.733	120.804
Carers	2.464	2.389
Adult Specialities	65.594	71.637
Wellbeing	27.174	27.279
Community Resilience & Assets	10.097	10.498
Sustaining & Developing Prosperity Through Infrastructure	43.057	41.654
Protecting & Sustaining the Environment	24.879	25.180
Sustaining & Growing Business & the Economy	1.166	1.199
Protecting the Public	22.835	23.596
How We Do Our Business	7.463	7.882
Enablers & Support to Council Outcomes	41.381	42.130
Public Health Grant Income	-32.662	-31.800
Better Care Funding	-40.044	-46.343
Other Budgets	50.387	49.653
Schools Block	410.616	428.021
High Needs Block	81.133	84.418
Central School Services Block	3.929	4.257
Early Years Block	40.503	40.708
Dedicated Schools Grant	-538.857	-560.080
Total Net Expenditure	457.102	460.063
Transfer to/from Earmarked Reserves	-5.076	-5.336
Transfer to/from General Reserves	-0.800	0.200
Budget Requirement	451.226	454.927

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Capital Programme	Description	Revised Net Programme	Revised Gross Programme	Asset Life	Annual Capital Financing Cost	Net Programme	Gross Programme	Net Programme	Gross Programme	
		2018/19 £'000	2018/19 £'000		Years	£'000	2019/20 £'000	2019/20 £'000	Future Years £'000	Future Years £'000
Children's Services		4,801	22,246		0	1,616	31,006	0	18,769	
<u>Readiness for School</u>										
Other Readiness for School	Programme of investment for the "two year free entitlement" strategy.	153	153			0	0	0	0	
Sub Total		153	153			0	0	0	0	
<u>Learn and Achieve</u>										
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	951	2,088			0	1,136	0	1,136	
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	0	11,026			0	22,971	0	12,351	
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	0	4,511			0	4,511	0	4,511	
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	0	771			0	771	0	771	
Academy Projects		-8	-8			0	0	0	0	
Other Learn and Achieve	Other Children's Services capital schemes including non-school related projects.	1,079	1,079			1,616	1,616	0	0	
Sub Total		2,023	19,467			1,616	31,006	0	18,769	
<u>Readiness for Adult Life</u>										
Other Readiness for Adult Life	A programme of capital investment in Early Years provision throughout the county.	137	137			0	0	0	0	
Sub Total		137	137			0	0	0	0	
<u>Children are Safe and Healthy</u>										
Other Children are Safe and Healthy	A programme of capital investment in Foster Care provision throughout the county.	632	632			0	0	0	0	
Phase 1 & 2 Childrens' IT	Investment in upgrading the ICT hardware for Childrens Services staff.	1,855	1,855			0	0	0	0	
Sub Total		2,488	2,488			0	0	0	0	
Adult Care & Community Wellbeing		0	5,698		0	0	0	0	0	
<u>Adult Frailty, Long Term Conditions and Physical Disability</u>										
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19	0	5,698			0	0	0	0	
Sub Total		0	5,698			0	0	0	0	

Capital Programme	Description	Revised Net Programme	Gross Programme	Asset Life Years	Annual Capital Financing Cost £'000	Revised Net Programme	Gross Programme	Revised Net Programme	Gross Programme
		2018/19 £'000	2018/19 £'000			2019/20 £'000	2019/20 £'000	Future Years £'000	Future Years £'000
Environment and Economy		52,438	115,436		2,873	78,320	108,477	92,176	124,168
<u>Sustaining and Developing Prosperity Through Infrastructure</u>									
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	13,077	44,156			0	24,955	0	24,955
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	1,381	4,693			544	3,856	0	3,312
Lincoln Eastern Bypass	Extension of Lincoln bypass - Eastern part.	26,811	39,926	120	1,270	27,122	27,122	14,578	14,578
Lincoln East-West Link	Construction of the new East-West link in Lincoln.	-683	-683			0	0	0	0
Spalding Relief Road (Phases 1 to 5)	Completion of Spalding West Relief Road - Phases 1 to 5	0	0	120	159	0	0	13,291	13,291
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	1,514	14,267	120	973	28,574	28,574	37,233	37,233
Corringham Road (development with WLDC)	Major scheme development of Corringham Road in partnership with West Lindsey District Council.	0	0	120	73	1,500	1,500	0	1,000
Transforming Street Lighting	Programme of street lighting improvement	610	610			0	0	0	0
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	0	0			0	1,245	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge under Safer Roads Funds.	0	0			0	645	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen under Safer Roads Funds,	0	0			0	0	0	2,725
Holdingham Roundabout	Improvement of Holdingham Roundabout.	0	0	120	123	435	435	2,115	2,115
National Productivity Investment fund	Schemes to improve local road networks.	1,166	1,166			0	0	0	0
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	0	2,000	120	53	1,100	1,100	0	0
Other Highways and Transportation	Block of smaller Highways projects.	439	987			400	400	0	0
Grantham Growth Point	Contribution to Grantham Southern Relief Road.	0	0			0	0	2,264	2,264
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	3,057	3,057			15,208	15,208	3,600	3,600
Network Resilience	Replacement programme of gritter vehicles.	480	480			0	0	5,028	5,028
Historic Lincoln	Improvement programme for Lincoln Castle.	-1,338	-1,338			0	0	0	0
Other Sustaining and Developing Prosperity	Block of small projects.	41	41			159	159	159	159
Sub Total		46,554	109,362			75,042	105,199	78,269	110,261

Capital Programme	Description	Revised Net Programme	Gross Programme	Asset Life Years	Annual Capital Financing Cost £'000	Revised Net Programme	Gross Programme	Revised Net Programme	Gross Programme
		2018/19 £'000	2018/19 £'000			2019/20 £'000	2019/20 £'000	Future Years £'000	Future Years £'000
<u>Protecting and Sustaining the Environment</u>									
Flood Defence	Major project to alleviate flood risk.	1,100	1,100			0	0	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	938	1,128			0	0	0	0
Local Flood Defense Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	0	0	20	126	650	650	1,950	1,950
Boston Barrier	Investment in infrastructure around the Environment Agency flood risk scheme.	0	0			0	0	11,000	11,000
Boston Household Recycling Centre	Completion of new household recycling centre.	646	646			0	0	0	0
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	441	441			138	138	957	957
Waste - Fire Suppression Systems at Transfer Station	Installation of fire suppression systems.	500	500			0	0	0	0
Energy from Waste	Lifecycle of Energy from Waste plant	0	0			112	112	0	0
Other Environment and Planning	Block of small projects	56	56			228	228	0	0
Sub Total		3,680	3,870			1,128	1,128	13,907	13,907
<u>Sustaining and Growing Business and the Economy</u>									
Economic Development - Business Unit Development	Development of business units.	0	0	50	97	2,000	2,000	0	0
Other Sustaining and Growing Business and the Economy	Investment in Business Parks and Lincs Coastal Observatory	1,855	1,855			0	0	0	0
Sub Total		1,855	1,855			2,000	2,000	0	0
<u>Community Resilience and Assets</u>									
Libraries	RFID replacement kiosks and library hub capital works.	348	348			150	150	0	0
Sub Total		348	348			150	150	0	0

Capital Programme	Description	Revised Net Programme	Gross Programme	Asset Life	Annual Capital Financing Cost	Revised Net Programme	Gross Programme	Revised Net Programme	Gross Programme
		2018/19 £'000	2018/19 £'000		Years	£'000	2019/20 £'000	2019/20 £'000	Future Years £'000
Finance and Public Protection		21,387	34,290		963	31,517	31,517	16,378	16,378
Protecting the Public									
Registration Celebratory & Coroners Service	Coroners IT system for case management and improvement to Gainsborough celebratory premises.	55	55			65	65	0	0
Fire & Rescue and Emergency Planning	Replacement of fire-fighters' personal protective equipment and refurbishment of fire and rescue properties.	1,525	1,525	4	42	1,620	1,620	0	0
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	4,882	4,882	5	156	8,189	8,189	6,211	6,211
Sub Total		6,462	6,462			9,874	9,874	6,211	6,211
<u>Enablers and Support to Council's Outcomes</u>									
Broadband	Provision of superfast broadband across the county.	1,018	5,921			7,130	7,130	0	0
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PC's, other IT equipment and ICT infrastructure.	1,087	1,087			600	600	0	0
Replacement ERP Finance System	Installation and improvements to the ERP Finance system.	1,601	1,601			0	0	0	0
Care Management System (CMPP)	Installation of the Mosaic system.	66	66			0	0	0	0
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	2,500	2,500			0	0	0	0
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	0	0	4	607	5,000	5,000	9,000	9,000
ICT Development Fund	Improvements to ICT infrastructure and network.	2,690	2,690			0	0	0	0
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	3,277	3,277	Various	59	5,804	5,804	0	0
Property improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	0	0	20	24	809	809	917	917
Property Rationalisation Programme	Property rationalisation programme projects.	1,712	9,712			0	0	0	0
Property Area Reviews	Programme of works for leased properties.	0	0	50	27	550	550	0	0
County Emergency Centre	Modernisation of the County Emergency Centre.	0	0	20	24	500	500	0	0
Childrens Services - Childrens Homes	Programme of works for Childrens Homes.	0	0	50	24	250	250	250	250
Lexicon House	Purchase and refurbishment of Lexicon House for office accomodation.	975	975			1,000	1,000	0	0
Sub Total		14,925	27,828			21,643	21,643	10,167	10,167

	Description	Revised Net Programme	Gross Programme	Asset Life Years	Annual Capital Financing Cost	Revised Net Programme	Gross Programme	Revised Net Programme	Gross Programme
		2018/19 £'000	2018/19 £'000		£'000	2019/20 £'000	2019/20 £'000	Future Years £'000	Future Years £'000
Other programmes		10,638	10,638		1,813	7,500	7,500	37,500	37,500
New Developments Capital Contingency Fund	Budget for schemes currently on development stage and will be transferred when approved during the year.	10,638	10,638	20	1,813	7,500	7,500	37,500	37,500
Sub Total		10,638	10,638			7,500	7,500	37,500	37,500
TOTAL		89,264	188,308		5,649	118,953	178,500	146,054	196,816

APPENDIX F

County Council Element of Council Tax by Property Band 2019/20

Property Band	Proportion of Band D	Council Tax per Property £
Band A	6 / 9	861.60
Band B	7 / 9	1,005.20
Band C	8 / 9	1,148.80
Band D	9 / 9	1,292.40
Band E	11 / 9	1,579.60
Band F	13 / 9	1,866.80
Band G	15 / 9	2,154.00
Band H	18 / 9	2,584.80

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Prudential Indicators

PRUDENTIAL INDICATORS		2017-18 Actual	2018-19 Original Estimate	2018-19 Updated Estimate	2019-20 Estimate	2020-21 Forecast	2021-22 Forecast
Prudence Indicators:							
1) Capital Expenditure & Financing							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Capital Expenditure	£m	131.218	158.689	188.308	178.500	127.556	30.056
Capital Financing							
Borrowing	£m	14.602	84.076	70.080	118.353	76.794	30.056
Grants & Contributions	£m	113.443	74.012	112.407	59.547	50.762	0.000
Capital Receipts, Reserves & Revenue	£m	3.172	0.600	5.822	0.600	0.000	0.000
Total Capital Financing	£m	131.218	158.689	188.308	178.500	127.556	30.056
2) Capital Financing Requirement							
The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years:							
Opening CFR	£m	557.773	576.535	554.638	606.586	705.820	757.643
Add Additional Borrowing	£m	14.602	84.076	70.080	118.353	76.794	30.056
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	0.000	0.000	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	17.737	20.578	18.131	19.119	24.971	27.004
Capital Financing Requirement	£m	554.638	640.034	606.586	705.820	757.643	760.695
3) Gross Borrowing and the Capital Financing Requirement							
The Council will ensure that gross long term borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years. This is to ensure that over the medium term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	£m	599.388	685.231	757.643	760.695	749.972	733.876
Forecast of Long Term External Borrowing and Credit Arrangements	£m	462.657	526.898	493.294	593.127	645.610	649.430
Headroom	£m	136.731	158.333	264.349	167.568	104.362	84.446
4) External Debt							
The Council will set for the forthcoming year and the following two financial years an authorised limit and operational boundary for its total gross external debt, gross of investments, separately identifying borrowing from other long term liabilities:							
Authorised Limit for External Debt							
Borrowing	£m	583.007	651.751	628.558	696.847	737.584	734.829
Other Long Term Liabilities	£m	13.701	12.984	12.771	12.026	11.260	10.495
Total Authorised Limit	£m	596.708	664.735	641.329	708.873	748.844	745.324
Operational Boundary for External Debt							
Borrowing	£m	559.007	636.751	613.558	681.847	722.584	719.829
Other Long Term Liabilities	£m	11.701	10.984	10.771	10.026	9.260	8.495
Total Operational Boundary	£m	570.708	647.735	624.329	691.873	731.844	728.324
Affordability Indicators:							
5) Financing Costs & Net Revenue Stream							
The Council will estimate for the forthcoming year and the following two financial years the proportion of financing costs to net revenue stream (NRS), including dedicated schools grant (DSG). The Council will also set the following voluntary indicator limit: minimum revenue provision and interest not to exceed 10% of net revenue stream (NRS) including dedicated schools grant (DSG).							
Proportion of Financing Costs to NRS (Incl DSG)	%	5.19%	5.62%	5.04%	5.65%	6.78%	7.00%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	5.26%	5.72%	5.19%	5.81%	7.02%	7.39%

Prudential Indicators

PRUDENTIAL INDICATORS		2017-18 Actual	2018-19 Original Estimate	2018-19 Updated Estimate	2019-20 Estimate	2020-21 Forecast	2021-22 Forecast
Proportionality Indicators							
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	15.300		15.200	14.600	14.200	14.000
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.544		0.374	0.298	0.221	0.175
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	3.56%		2.46%	2.04%	1.56%	1.25%
7) Income from Non Treasury Investments & Net Service Expenditure							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for income from non- treasury investments as a proportion of Net Service Expenditure. (Voluntary Indicator). This is to manage the risk of over dependency of non-treasury investment income to deliver core services.							
Income from Non-Treasury Investments (Including County Farms)	£m	2.533		2.479	2.364	2.234	2.112
Net Service Expenditure	£m	521.244		459.780	462.740	448.845	454.736
Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	%	0.49%		0.54%	0.51%	0.50%	0.46%
Treasury Indicators							
8) Interest Rate Exposures (Variable)							
The Council will set for the forthcoming year and the following two financial years, an upper limits to its exposure to effects of changes in interest rates on variable rate borrowing and investments. (Voluntary Indicator).							
Upper limit for variable interest rate exposures							
Borrowing	%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Investments	%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
9) Total Principal Sums Invested							
The Council will set an upper limit for each forward year period for the maturing of investments (treasury and non-treasury) longer than 365 days.							
Upper limit for total principal sums invested for over 365 days	£m	15.014	40.000	40.000	40.000	40.000	40.000
(per maturity date)							
10) Maturity Structure of borrowing							
The Council will set for the forthcoming financial year and the following two years both upper and lower limits with respect to the maturity structure of its borrowing: (Fixed & Variable Rate Borrowing).							
Upper limit							
Under 12 months	%	7.70%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	3.10%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	9.50%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	13.60%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	66.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Lower limit							
All maturity periods	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11) Borrowing in Advance of Need							
The Council will set for the forthcoming financial year and the following two years upper limits to any borrowing undertaken in advance of need.							
Borrowing in advance of need limited to percentage of the expected increase in CFR over 3 year budget period	%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
(Voluntary Indicator)	£m	0.000	11.299	37.764	13.719	-1.918	-6.705

Flexible Use of Capital Receipts Strategy for 2019/20

Background

The Local Government Finance Settlement for 2016/17 announced additional flexibilities for local authorities to be able to use capital receipts, from the sale of Council assets, for revenue transformation projects. Previously these receipts were required to be used to fund new capital assets or to repay debt from the purchase of assets. In December 2017, the government extended this period for a further 3 years to April 2022.

To qualify to use capital receipts in this way the Council must prepare, at least annually, a Flexible Use of Capital Receipts Strategy (required in Statutory Guidance issued under section 15 of the Local Government Act 2003).

The guidance requires the Strategy to:

- Document how the new flexibilities in the use of capital receipts will be used; and
- Show the effect on Prudential Indicators for the period of capital receipt flexibilities.

Flexible Use of Capital Receipts

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

"Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."

TABLE A sets out the Council's current estimated spend on transformation projects to be funded by the use of capital receipts.

TABLE A – Planned Flexible Use of Capital Receipts

	2018/19 £'m	2019/20 £'m	2020/21 £'m
Planned use of capital receipts	8.000	8.000	
Anticipated use of capital receipts			4.000

TABLE B sets out, in summarised form, the schemes which will be delivered from 2018/19 to 2019/20.

TABLE B – Schemes to be funded using Capital Receipts

Transformational Work	2018/19	2019/20	
	Revised £'m	Proposed £'m	Anticipated Savings/ Transformation
Service changes and reductions (including redundancies)	1.500	1.500	The Council tracks the payback period for redundancy costs. It is estimated that for every £1 spent on redundancy costs within a 9 month period the Council saves £1.25. This also supports the Council to continue to provide services in efficient and effective ways.
Property rationalisation	1.269	1.236	Savings here relate to reductions in rent and associated property costs. Examples of works include the conversion of fire houses for supported accommodation that is estimated to generate annual savings of £0.300m; and supporting the ongoing Bluelight project, which will also transform the service provided by Fire and Rescue and other partners. This programme of work also contributes to the generation of capital receipts.
Efficiencies through contracting and procurement	1.572	1.720	Savings here are about reducing contract costs and keeping future contract costs as low as possible (i.e. ensuring that growth in costs is kept to a minimum).
Transforming information technology	3.439	3.324	Improvements and efficiencies here may not easily convert directly into a reduction in spending, however, they will increase capacity and allow greater efficiencies to be delivered across other areas of the Council.
Preventing and detecting fraud	0.220	0.220	Again it is difficult to convert this work into a cashable saving, however this work protects the Council's finances. Any monies recovered can be ploughed back into provision of services. One example is the review of single person discounts, which the Council is co-ordinating and in partnership with local district councils . In 2018/19 current estimates are that this activity will generate £1.400m in additional Council Tax revenues. This will be subject to some challenges and subsequent restatement of discounts, but initial proposals indicated the net additional income to the Council would be around £1.180m.
TOTAL	8.000	8.000	

This Strategy will be kept under review during the period. Actual spending and savings achieved will be reported as part of the Council's Review of Financial Performance Report in June of each financial year.

Impact on Prudential Indicators

Up to 1 April 2016 it was the Council's policy to utilise all capital receipts generated in any financial year to fund the capital programme in that financial year (thus allowing the Council to keep the need for borrowing to a minimum). With the change in policy allowing utilisation of capital receipts to fund revenue spending on transformational projects the Council will stop using all capital receipts to fund the capital programme.

Diverting this money away from the capital programme does have a financial impact for the Council. Details on the Council's Prudential Indicators are set out at **APPENDIX G** to this report. The Prudential Indicators demonstrate that the capital programme and associated financing remain affordable for the County Council.

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Budget Consultation Feedback

This appendix sets out the feedback from a range of budget consultation events occurring during January 2019. These include:

- Reports and presentations to Scrutiny Committees;
- Public Consultation on budget proposals via the Council's website; and
- Meeting with businesses, trade unions and other public bodies.

These comments will be considered by the Executive in recommending the budget for approval by County Council.

An update on the budget consultation feedback will be tabled / reported verbally at the meeting for feedback received after the deadline for this report.

Budget Comments from Scrutiny Committees**Adults and Community Wellbeing Scrutiny Committee – 16 January 2019**

The Adults and Community Wellbeing Scrutiny Committee agreed to support the budget proposals for Adult Care and Community Wellbeing for the 2019/20 year.

The Committee focused on the funding for future years, in effect from 2020/21 onwards, as the Better Care Fund was due to cease in its current form at the end of 2019/20. Since 2016/17, the Council had received the following Better Care Fund support:

Expenditure	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Better Care Fund (BCF)	16,825,000	15,900,000	16,186,200	16,461,365
Improved BCF	-	2,105,730	14,249,038	25,770,902
Supplementary Improved BCF	-	15,265,596	9,608,578	4,110,611
2019/20 Winter Pressures	-	-	-	3,368,000
Total	16,825,000	33,271,326	40,043,816	49,710,879

It was confirmed to the Committee that there was an expected overall Council shortfall of funding of £46 million in 2020/21 and £55 million in 2021/22, based on existing assumptions. *(Please refer to note ¹ below)* Such shortfalls would clearly lead to a focus on the Council's discretionary services, although certain discretionary services could reduce demand on mandatory services.

¹ After the Committee's meeting, advice was received that work had begun to look at ways to meet the funding shortfall and it was expected that the Council's overall shortfall of £18.6 million initially identified for 2019/20 would reduce. The projected £55 million shortfall in 2021/22 was a worst case scenario, with the shortfall likely to be closer to £40 million for this year.

There was an expectation that an equivalent to the Better Care Fund would be put in place for the year 2020/21 and future years, but this has not been confirmed. The arrangements for the future funding of adult social care are dependent on the publication by the Government of its *Green Paper on Care and Support for Older People* and the subsequent implementation of any proposals. As a complication, on 7 January 2019 the NHS published its *Long Term Plan*, in which there is an emphasis on community services, integration between health and adult social care, and prevention.

The Adults and Community Wellbeing Scrutiny Committee plans to include the *Green Paper* and the *NHS Long Term Plan* in its future work programme, at the appropriate times. The Committee is also offering to support the Executive in any review of services or service changes within its remit in the coming year, as a result of national requirements, and any consequential impacts on the County Council's budget.

Children and Young People Scrutiny Committee – 18 January 2019

The Children and Young People Scrutiny Committee agreed to support the proposed council tax increase of 4.95% for the 2019/20 year. The Committee also agreed to support the proposed budget for 2019/20 for Children's Services, including the rationale for the cost pressures identified in two of the commissioning strategy areas:

- Learn and Achieve Commissioning Strategy (£306,000); and
- Children are Safe and Healthy Commissioning Strategy (£1.194 million)

The Committee also referred to impact of the Government's comprehensive spending review, and the Council's *Fairer Funding* campaign, the outcomes of which are currently unknown. Given these uncertainties, the Committee's support for the council tax increase, which was above the rate of inflation, was difficult, but the pressures on the Council, including Children's Services, were genuine. It was also acknowledged that the County Council would continue to rely on reserves for the coming years.

Environment and Economy Scrutiny Committee – 15 January 2019

The Environment and Economy Scrutiny Committee considered budget implications for the commissioning strategies 'Protecting & Sustaining the Environment', 'Sustaining and Growing Business and the Economy' and 'Economic Infrastructure and Regeneration'.

The Committee endorsed the overall proposed revenue and capital budget proposals for 2019/20 and the proposed 4.95% increase in Council Tax.

The Committee highlighted support for the proposed (£2.000m) capital investment for the development of Business Units to safeguard employment, and endorsed officers working up detailed proposals to measure demand and supply across the County.

The Committee highlighted three key areas of future concern within this area to the Executive.

- The need for the County Council to take a leadership role in ensuring the vitality and viability of local High Streets, due to the rapid changes within this area and the possible impact on the wider economy,
- The potential impact on grants and funding delays from exiting the European Union and;

- The importance of the skills agenda in getting more adults into learning that will enhance careers as an important way to increase productivity.

Highways and Transport Scrutiny Committee – 21 January 2019

The Highways and Transport Scrutiny Committee considered budget implications for the commissioning strategy 'Sustaining and Developing Prosperity Through Infrastructure'.

The Committee highlighted support for returning to two full cycles for weed spraying (£0.150m); reinstating three rounds of safety grass cutting (£0.300m) and returning to a full cycle of gully cleansing (£0.370m) as positive developments given the input of the Committee in these areas. The Committee also supported the funding for greater availability of additional Mobile Maintenance Teams (MMT's) to manage the peak in demand for pothole repairs over the autumn and winter period (£0.220m).

The Committee endorsed the proposed 2019/20 revenue and capital budget proposals for Highways and Transport; and the proposed 4.95% increase in Council Tax given the identified on-going budget pressures. The Committee also endorsed the proposed capital programme, as well as major schemes which stretch into future years.

Public Protection and Communities Scrutiny Committee – 22 January 2019

The Public Protection and Communities Scrutiny Committee considered the budget implications for the commissioning strategies Community Resilience & Assets, Protecting the Public and Sustaining & Heritage Services. The Committee endorsed the proposed 2019/20 revenue and capital budget and supported the funding of the known cost pressures identified within the proposals.

The Committee welcomed the proposals to re-instate a budget to support the core services of the Citizens Advice Bureaux (CAB) (£0.278m), after the service received support by use of reserves during the last two years.

The Committee acknowledged the limited options available to continue to effectively fund services going forward. The Committee supported the proposed 4.95% increase in Council Tax and welcomed comments from officers that Lincolnshire would remain in the lowest quartile for Council Tax in the Country.

Overview and Scrutiny Management Board – 31 January 2019

To follow.

Public Consultation – Comments received from Members of the Public

There has been one response from a member of the public, who generally commented that the level of service received from the Council did not reflect the amount of council tax paid. Specific examples of services which he felt ought to be improved were pothole repairs and the timing of road closures. A further comment was made about the increasing cost of road schemes and he suggested that the Council should work with the City Council to regenerate lower Lincoln High Street. He also questioned whether it would be more prudent to make savings sooner so as not to drain reserves.

Consultation Meeting with External Stakeholders Comments

A Budget Consultation meeting was held with external stakeholders on 25 January 2019.

Further detail to follow.

Attendees

Name	Organisation

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

Report to:	Executive
Date:	05 February 2019
Subject:	Capital Strategy 2019/20
Decision Reference:	I016780
Key decision?	Yes

Summary:

A Capital Strategy for 2019/20 has been prepared for the Council, in compliance with the CIPFA Prudential Code revised in 2017. The purpose of the Capital Strategy is to provide Members with a high level overview of capital expenditure, its financing and its longer term impact on future financial sustainability. The Capital Strategy will be included in the Council's Budget Book and aims to support budgetary decision making at the February Council meeting.

Recommendation(s):

That the Executive recommend that the Capital Strategy 2019/20 is adopted by full Council.

Alternatives Considered:

1. Council's are required to have a Capital Strategy in place by 1 April 2019 in accordance with the CIPFA Prudential Code as revised in 2017 and this Capital Strategy satisfies that requirement. Therefore no alternative has been considered.

Reasons for Recommendation:

The Capital Strategy 2019/20 will be reported in the Budget Book for 2019/20 and, together with other financial strategies, will support budgetary decision making at full Council.

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code was revised in 2017, and included the new requirement for local authorities to have a capital strategy in place by April 2019. The purpose of a capital strategy

is to give a high level overview of how capital expenditure and its financing contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2 This requirement has been driven by the changing face of local government finance. Local authorities have been through a number of years of austerity and reducing government funding, and some authorities are now investing in commercial opportunities and using external borrowing to fund these. In addition, there are increasing demand pressures on services, which have added to the financial risks faced by local authorities.

1.3 There is no prescribed template for a Capital Strategy and Councils are free to include whatever information they feel is relevant to achieve the aim of the Capital Strategy. This aim is to ensure that elected Members can make decisions about capital spending plans that support the Council's objectives, are affordable over the long term and demonstrate that financial risks are being managed. CIPFA has produced some guidance with suggested areas that could be included in the Capital Strategy and this guidance has been followed.

1.4 The Capital Strategy will be refreshed annually and will underpin the capital budget setting process. It will be reported in the Council's Budget Book alongside the other financial strategies, resulting in a more comprehensive strategic framework which supports medium term budget planning.

Content of the Capital Strategy

1.5 The Capital Strategy includes background information, definitions and descriptions of processes to aid the understanding of the reader. Section 5 outlines the key principles which underpin the Council's strategy for capital, and section 6 sets out capital objectives i.e. the reasons why the Council might wish to spend money on long term assets.

1.6 The Ministry of Housing Communities and Local Government issued statutory guidance on local government investments, which came into effect on 1 April 2018, and included the requirement to report on investments made for non-treasury purposes i.e. investments made outside of the usual processes for managing the Council's cash flows. Section 10 sets out the Council's strategy for non-treasury investments and gives information about the Council's existing holdings of such investments.

1.7 The affordability of the capital programme is covered in section 11 and this is a key area of the strategy for Members. The assessment of affordability over the longer term is based on assumptions about the Council's future funding levels, and this section sets out the broad assumptions which have been made and the inherent risks arising from this forward view. Despite the level of uncertainty about the future local government finance regime and its impact on the Council, it is still possible to take a view on affordability and it has been assessed that the 2019/20 Capital Programme, which is included in the Council Budget 2019/20 report also on this agenda, is affordable over the longer term.

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

This is a strategy document which covers capital expenditure and non-treasury investments and, in itself, does not have any equality impacts. Future capital schemes or investments may have equality impacts, and assessments will need to be carried out for these at the time when proposals are made.

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

This is a strategy document which covers capital expenditure and non-treasury investments and, in itself, does not have any health and well-being implications. Individual capital scheme proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Well-being Strategy.

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

This is a strategy document which covers capital expenditure and non-treasury investments and, in itself, does not have any crime and disorder implications. Individual capital scheme proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

3.1 The Capital Strategy for 2019/20 is a new strategy for the Council, which will improve transparency around the Capital Programme and non-treasury investments, as well as support Members' decision-making on the Council's Budget.

4. Legal Comments:

The adoption of a capital strategy by the Council before the end of March is required by the CIPFA Prudential Code.

As the Capital Strategy is part of the budget book it must be approved by full Council. The Report proposes a strategy for recommendation to full Council by the Executive. Recommendation of the strategy is consistent with the Policy Framework and within the remit of the Executive.

5. Resource Comments:

The recommendation to approve the Capital Strategy to full Council is to ensure that a high level overview of the capital programme, its financing and the implications of these on the Council's future financial sustainability, are understood by Members when making decisions about the Council's Budget. The Capital Strategy 2019/20 shows that the Capital Programme proposals for 2019/20 onwards are affordable over the longer term.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 31 January 2019. The comments of the Board will be presented to the Executive.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

This is a strategy document which, in itself, does not have any risk impacts. However it does highlight the risks associated with capital expenditure and its financing, and sets out how such risks will be managed.

7. Appendices

These are listed below and attached at the back of the report

Appendix A	Capital Strategy 2019/20
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8. 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 David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk.

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CAPITAL STRATEGY 2019/20

1. Aim of the Capital Strategy

- 1.1 The aim of the Capital Strategy is to enable elected Members to make decisions about capital spending plans that support the Council's objectives and are affordable over the long term. In making those decisions, elected Members should understand the financial risks and how those risks will be managed.
- 1.2 The Capital Strategy also provides a framework of guidance to support elected Members in their decision making and to support Officers involved in capital planning.
- 1.3 The Capital Strategy will be refreshed annually and presented to the Council within the Budget Book, alongside capital and revenue budget plans. This will ensure that the Capital Strategy is adapted as the Council's financial position evolves over time, and that Council's approval of the capital programme budget takes account of the Capital Strategy and its implications.

2. Background Information

- 2.1 The CIPFA Prudential Code was revised in 2017, and included the new requirement for councils to have a capital strategy in place by April 2019.
- 2.2 This requirement has been driven by the changing face of local government finance. Councils have been through a number of years of austerity and reducing government funding, and some councils are now investing in commercial opportunities using capital budgets. In addition to this there are increasing demand pressures on services, which has added to the financial risks faced by councils. The Capital Strategy will help elected Members to understand the key risks and manage those risks to an appropriate level.
- 2.3 The Ministry of Housing Communities and Local Government (MHCLG) has issued revised statutory guidance on local government investments, which came into effect on 1 April 2018 and extended the meaning of "investments" to include the type of commercial investment referred to in paragraph 2.2. The Council has adhered to this guidance and it has been reflected in this Capital Strategy where it is relevant to do so.

3. What is "Capital" and How Does it Impact on Budgets?

- 3.1 It is important that those making decisions about capital spending plans understand the terminology used in reports as well as how budgets will be impacted by their decisions.

Definitions

- 3.2 **Capital expenditure** is spending on buying, building or enhancing long term assets. Examples of long term assets include: land and buildings, vehicles, infrastructure such as roads and bridges, specialised facilities such as recycling plants, specialised equipment such as fire-fighting equipment.
- 3.3 The term "**capitalised**" means "treated as capital expenditure". This requires certain accounting treatments and the inclusion of capitalised assets in an asset register.
- 3.4 The Secretary of State will allow some expenditure types to be capitalised in certain exceptional circumstances, and councils must apply for permission to capitalise expenditure which would normally be treated as revenue expenditure. An example of such an item approved for another council in the past is the capitalisation of large-scale redundancy costs.
- 3.5 **Revenue expenditure** is therefore all expenditure which is not capital expenditure – this usually applies to spending on the day to day running costs of the Council which doesn't result in long term assets e.g. salaries of employees, rent of buildings, fuel, stationery etc.
- 3.6 **Capital receipts** are monies received when capital assets are sold. By law, capital receipts can only be used to either repay loans or finance new capital expenditure. The government has introduced a temporary relaxation of these rules to allow capital receipts to be used to fund revenue expenditure on projects which will reduce future revenue costs. This will last until March 2022 and the Council has taken advantage of this in its Flexible Use of Capital Receipts Strategy (see Annex B).

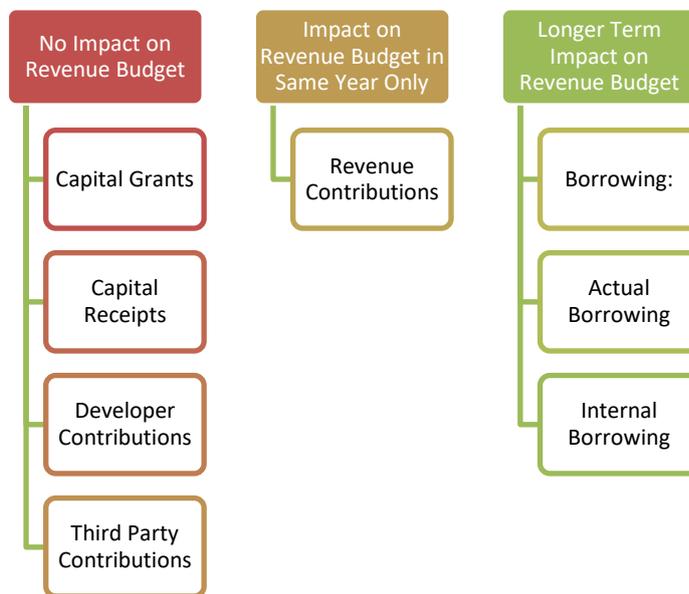
Accounting Policy on Capitalisation

- 3.7 The rules on what types of expenditure can or cannot be capitalised are set out in International Financial Reporting Standards and in the CIPFA Accounting Code of Practice, as well as in law. Councils are allowed to set a minimum threshold value for capital expenditure to ensure that only the more significant assets are capitalised. Lincolnshire County Council has set a minimum threshold value of £10,000 spent on buildings, vehicles or equipment in its capital accounting policy. Expenditure on buying, building or enhancing assets which is below this level may be treated as revenue expenditure.

The Funding of Capital Expenditure

- 3.8 At Lincolnshire County Council the budget for capital expenditure is known as the **Capital Programme** and is separate from the **Revenue Budget**. The Capital Programme will cover at least three years because capital projects are often large projects that span more than one financial year to completion.
- 3.9 When formulating the Capital Programme, decisions must be made about the most cost effective way of funding it. There a number of different potential sources of funding for the capital programme and these are shown in the diagram below, together with their impact on the Revenue Budget. Further explanation is below the diagram.

Sources of Funding and their Impact on the Revenue Budget:



Capital Grants

- 3.10 Capital grant applications are made to the government to support essential but expensive capital projects, such as the building of new schools or new roads. Capital grants may cover the whole project cost or only part of it. When capital grants are used to finance new capital expenditure, there is no cost to the Revenue Budget in respect of the proportion of capital expenditure covered by grant. This is therefore an extremely important source of funding as some of our major projects would be unaffordable without these capital grants. The Council's strategy will be to seek to maximise the use of capital grants wherever possible.

Capital Receipts

- 3.11 When capital receipts are used to finance new capital expenditure, there is no cost to the Revenue Budget. This is therefore an attractive source of funding, however the amount of capital receipts generated each year is relatively low so they are not a significant source of funding for the Council. They can also be used to repay loans and finance certain types of revenue costs, as explained in paragraph 3.6 above. Capital receipts can be used in the year that they are received, or carried forward to be used in future years. When determining how to fund the Capital Programme the Council must take a view on how best to apply capital receipts to ensure that value for money is obtained.

Developer Contributions

- 3.12 Development companies engaged in projects such as house building will make financial contributions to the Council to help finance the cost of developing infrastructure e.g. roads to support their housing development. When developer contributions are used to finance new capital expenditure, there is no cost to the Revenue Budget in respect of the proportion of capital expenditure covered by such contributions. This is therefore another extremely important source of funding for the Council, however in some instances developer contributions are received by the Council in later years i.e. after a project has started, which means that another source of funding will be required in the short term and the deferred developer contribution will be used to fund future capital scheme expenditure.

Revenue Contributions

- 3.13 The Council can use some of its Revenue Budget to directly finance new capital expenditure. When this happens there is an impact on the Revenue Budget in that year, however there is no longer term impact. The Council does not usually budget for significant revenue contributions as this would divert funds away from the running costs needed to provide core services. However, if there is a Revenue Budget underspend at the end of any financial year then this use should be considered as part of the decision on the Council's use of underspends to carry forward to the next financial year's budget. Using revenue underspend to finance part of the capital programme will reduce the capital financing impact on the revenue budget in the longer term.

Actual Borrowing

- 3.14 When the use of the above sources of funding have been maximised to finance the Capital Programme, the remainder of capital expenditure will be financed by borrowing. This amount is called the Council's Borrowing Requirement. The Council's strategy for its borrowing is set out in the Treasury Management Strategy Statement and takes account of factors

such as interest rates and the spreading of loan repayment dates to reduce risk. The Council predominantly borrows from the Public Works Loans Board (PWLB), which is an Executive Agent of HM Treasury and provides loans to councils at beneficial interest rates. The Council can also take loans from the financial market if these are at lower rates than PWLB loans.

- 3.15 When borrowing is used to finance the Capital Programme, it impacts on the Revenue Budget in two ways. Firstly, loan interest payments are charged to the Revenue Budget over the term of the loan. Secondly, a charge is made to the Revenue Budget to provide for the cost of repaying loan principal when it falls due – this is called the Minimum Revenue Provision (MRP). The MRP charge is calculated by taking the amount of capital expenditure financed by borrowing and dividing this over the number of years the asset concerned is expected to be in use. This charge is made to the Revenue Budget every year until the end of the asset's life. This means that the impact of capital expenditure on the Revenue Budget can sometimes be very long term e.g. an asset with a life of 50 years would generate an MRP charge for the next 50 years and a loan taken for say 40 years would generate an interest charge for the next 40 years.

Internal Borrowing

- 3.16 The Council's Treasury Management Strategy allows for its borrowing requirement to be deferred until a later date if the Council has sufficient cash surplus to cover the cost of the capital expenditure, and if it would be financially beneficial to do so and it would help to manage risk. This is known as "internal borrowing" i.e. the Council borrows from its own cash reserves and repays these at a later date by taking an actual loan. This, in effect, converts the internal borrowing into actual borrowing. When internal borrowing is the means of financing, the Minimum Revenue Provision charge is still payable on the asset concerned, however there are no interest costs charged to the Revenue Budget. Once the internal borrowing converts to actual borrowing then there will be an interest charge.

4. The Capital Process

- 4.1 Underpinning the capital process are the Council's service objectives and priorities, together with its asset management strategies. The Council's priorities are set out in Annex A, and links to asset management strategies, can be found in Annex B.
- 4.2 The capital process is as follows:

1. Identification of the need for Capital Expenditure. This should be recorded in a Pre-Business Case / Full Business Case.
2. Exploration of options to satisfy the identified need. This should be recorded as an Options Appraisal and should consider: value for money / financial sustainability / risk / capacity to deliver the project.
3. Identification of Capital Project. This will initially be by **Departmental Management Teams** who review the Business Case and Options Appraisal.
4. If appropriate, a clear exit plan will be created to ensure the asset has future sustainability or will be disposed of accordingly.
5. Addition of Capital Project to the Capital Programme. The opportunity to do this will be during the autumn of each year as part of the budget setting process. As the Capital Programme covers three years, planning for Capital Projects should be forward-looking. Alternatively, if funding approval is required urgently, the Business Case and Options Appraisal can be presented to the **Executive Director of Resources** (in consultation with the **Executive Councillor for Finance**) for approval, at their monthly liaison meeting. Such approval will allow the project to be allocated budget from the capital programme's Capital Development Contingency fund.
6. Consideration of the affordability of the Capital Programme. The draft capital programme will be included in budget reports to the **Executive** and to the **Overview and Scrutiny Management Board** as part of the budget setting process and the final Capital Programme will be approved by full Council as part of the budget. The reports will clearly show the potential longer term financial impact of each project / asset on the Revenue Budget, as well as the potential longer term financial impact of the capital programme as a whole.
7. If the capital projects identified by Departmental Management Teams exceed what is affordable over the longer term, executive members will be asked to prioritise capital projects to ensure that an affordable capital programme can be approved. In this case, some projects will have to be deferred or removed altogether.
8. Once an affordable capital programme has been approved by the **Council** in February as part of the budget setting process, capital projects will be monitored and reported on as part of the Council's standard budget monitoring process.

9. Before a capital project can commence there will need to be separate executive level approval to commence, and a detailed Capital Appraisal report must be approved, normally by the **Executive Councillor for Finance** if the value of the project is over £500,000. If the value of the project is less than £500,000 the project must be approved by **the relevant Executive Director** following liaison with the appropriate **Executive Councillor(s)**. This may be done by an individual report or as part of a wider programme of works.
10. When a capital project is complete and an asset has been created, that asset will be managed over its life. This will involve bringing the asset into use, maintaining it and planning for its disposal and/or replacement, if required, as the end of its useful life approaches.
11. Finally, the asset will be taken out of service and either sold or disposed of.

5. Key Principles of the Capital Strategy

- 5.1 The Council's strategy in relation to capital is underpinned by the following principles:
 1. Capital expenditure / investment decisions must be made to drive forward **service objectives** (*service objectives will need to be clearly identified as part of the Council's strategic planning and will need to take account of future changes to services - the asset implications of such changes must be assessed*). They must also support one or more of the **capital objectives** – see Section 6.
 2. The Council's assets must be **properly planned for and managed** over their lifetime (*asset management strategies and plans which demonstrate this should exist for all key types of asset*). This should result in the identification of new capital requirements, as well as the identification of surplus assets for disposal.
 3. Capital expenditure / investment decisions must be supported by a **business case** which clearly sets out why the expenditure is required, what outcomes it will help to achieve, as well as costs and risks.
 4. A key consideration in decision making must be the achievement of **value for money** (*different options for achieving outcomes must be considered and costed, using the Council's options appraisal template and the best all round option selected*). External funding will be actively sought to support capital projects where possible.

5. Capital expenditure / investment plans must take account of **risk**, which should be identified and managed appropriately.
6. Capital expenditure / investment plans must be **achievable** (the capacity to deliver projects must exist, projects must be properly managed in accordance with the Council's project management framework, project risk must be considered).
7. There must be clear **governance** around capital expenditure with approval of capital projects made at appropriate levels.
8. Capital expenditure / investment plans must demonstrate **affordability** (*the future impact on council tax levels must be considered and the whole life cost must be understood, albeit with assumptions made about the future financial landscape*). Decisions made about capital projects must not threaten the overall financial sustainability of the Council. The financing of capital expenditure must remain within approved prudential limits.
9. Capital expenditure / investment plans must be **prioritised** if ambition exceeds available resources (*options appraisals should show financial and non-financial implications, risk implications, links to service objectives, the "do nothing" option and its implications, to enable scarce resources to be directed to those schemes which generate the best value for the Council*). See Annex C.
10. Capital programme projects must be **managed** (*in accordance with the Council's project management framework*) and the procurement of suppliers and contractors must be in accordance with the Council's procurement policies and procedures.

6. Capital Objectives

- 6.1 All capital projects must help to deliver the Council's overall service objectives but there are also a number of supplementary capital objectives which recognise the nature of capital expenditure in that it will result in long term assets to support the Council's aims. The capital programme as a whole should allow for:
 1. The replacement or refurbishment of existing assets.
 2. The creation of assets to satisfy increasing demand for services.
 3. The creation of assets which will enable economic growth.
 4. The creation of assets necessary to meet statutory requirements.

5. The creation of transformational assets which will generate future: capital receipts / reduced revenue costs / income streams.

7. Integration with Other Plans and Strategies

- 7.1 The Capital Strategy is not a standalone document. It must be seen in the context of the Council's other strategic documents which outline how the Council's longer term objectives will be achieved. Some of these have a clear impact on the Capital Strategy and these impacts have been extracted and are interpreted in Annex B.

8. Guidance for Officers with Responsibility for Capital Planning

- 8.1 This guidance is intended to highlight the main considerations for the planning of capital programme projects. It follows the principles outlined in section 5 and includes links to more detailed guidance.
- 8.2 Asset management is about supporting the delivery of strategic objectives through the use of long term assets. It is an integral part of business planning. All service areas which rely on long term assets to deliver services must plan for those assets over their whole life-cycle. This will include planning for the creation / purchase / build of new assets, their use, their replacement and their eventual disposal. Proper asset planning will result in a forward-looking capital programme, where major projects are identified and resourced well in advance of their starting.
- 8.3 Once a need for a new asset has been identified, the Council's project management framework must be followed (this can be found on the Council's Intranet under "Project Management Standard"). This will involve preparing a business case and an options appraisal, and will ensure that the full implications of every proposal are fully understood by those making decisions about whether or not to proceed with the capital investment required. It will also ensure that capacity to deliver the project, risks associated with the project, and value for money have all been considered. In the early stages of the process, a "pre-business case" should be completed with sufficient financial information included to allow the affordability of the project to be assessed by the **Corporate Management Board**. If it is deemed to be a desirable and affordable project then a full business case must be completed.
- 8.4 Service areas have a wealth of experience in the delivery of capital projects and it is important that this experience is used to inform the planning of future projects. Project reviews should be carried out and lessons learned should be documented and made available to others in the Council who might benefit from this learning. Project reviews should

provide information to help with the estimation of costs for future projects and the inclusion within capital budgets of appropriate contingency amounts.

- 8.5 The Council's Financial Procedure 1 (Financial Planning and Management) must be followed by Officers involved with capital expenditure and can be found on the Council's intranet.
- 8.6 When writing a project proposal, the cost of the capital project, together with any associated funding such as capital grant, must be phased as accurately as possible into the financial years when the expenditure / income is expected to occur. This will enable the financial impact on the revenue budget to be more accurately assessed.
- 8.7 Project proposals must be considered by **Departmental Management Teams**. If identified as a project the **Departmental Management Team** wishes to progress then they must be submitted to the **Finance Department** for inclusion in the Capital Programme as part of the budget setting process, by the end of August each year.
- 8.8 Projects requiring urgent (in-year) funding approval can be taken to the monthly Resources Liaison meeting for approval by the **Executive Director of Resources** in consultation with the **Executive Councillor for Finance**. On such approval Capital Programme budget allocations can be made from the New Developments Capital Contingency Budget.
- 8.9 Inclusion in the Capital Programme or an in-year approval only provides availability of funding - to commence the project an appropriate executive level decision is needed and a capital appraisal may be required to be approved by the **Executive Councillor for Finance**.

9. Capital Expenditure Approval and Monitoring Process

- 9.1 The **Corporate Management Board (CMB)** will review the draft future Capital Programme in October and consider its affordability. If it is deemed to be unaffordable, **CMB** will prioritise the Capital Programme projects and make recommendations to the **Executive** as to which projects should or should not be approved.
- 9.2 The **Executive** is responsible for considering the Capital Programme in December along with recommendations on how the capital programme will be financed as a whole, its affordability and a recommendation from **CMB** on which projects should be prioritised if the whole programme is unaffordable. The **Executive** will propose a budget for public consultation

during January and meet in February to recommend a revenue budget and a Capital Programme to the **Council** for approval.

- 9.3 The **Council** will consider and approve a joint Capital Programme and Revenue Budget in February of each year.
- 9.4 Performance against the Capital Programme will be reported to the **Overview and Scrutiny Management Board** twice per year, in September and January. The final position at the end of the year will be reported to the **Executive** in June each year.

10. Annual Investment Strategy for Non-Treasury Investments 2019/20

- 10.1 The Ministry of Housing Communities and Local Government (MHCLG) has issued revised statutory guidance on local government investments, which came into effect on 1 April 2018. Under section 15(1)(a) of the Local Government Act 2003 councils are required to have regard to such statutory guidance. In this guidance, the meaning of investments has been extended to include both **financial** (related to treasury management) and **non-financial** investments (for non-treasury management reasons).
- 10.2 For **financial** (treasury) investments, the Council's priorities for investment are security first, liquidity second, and then return or yield and the risk appetite is set as "low". **Non-financial (non-treasury investments)** are made for purposes which are different to treasury management and will primarily relate to the securing of future service delivery. The risk appetite is therefore set as "medium" or "high" which recognises that the Council is prepared to accept some risk to the security of the investments albeit within the parameters of the prudential limits set to manage risk to an appropriate level. An example of such an investment is a loan made to a supplier commissioned by the Council to provide adult social care but currently experiencing financial difficulties.
- 10.3 The Capital Strategy allows for certain types of **non-treasury investments** to be made and the Council currently holds non-treasury investments falling within three categories. Further detail about the management of risk associated with these investments is set out in paragraph 10.4.
- Loans to other bodies for service reasons. Such loans may not be planned for as part of the budget process but may emerge at any time e.g. due to the Council's statutory duty to manage the market in adult social care. The Council's strategy is to invest only in other bodies either to secure future service delivery or where the other body is a subsidiary company of the Council which has been created for service reasons.

- Investments for non-service reasons (commercial investments which may include loans to other bodies). The current strategy is that the Council will not make new investments in commercial activity unless there is a direct service benefit and this is reflected in the Commercialisation Strategy highlighted in Annex B, however the Council owns some investment properties which do generate income. The majority of these properties are collectively known as County Farms and these are investments which have been held for a number of years by the Council. The table in Annex F shows the value of these investment properties as £107.7m, which is just below 8% of the total value of all property plant and equipment assets owned by the Council as at 31st March 2018. The estimated annual income from investment properties is £2.5m, which is approximately 0.5% of the revenue budget, and is considered to be an insignificant proportion. The Council's strategy is to maintain these assets and a summary of the investments is shown in Annex F.
- Equity shares held for service reasons. Again the strategy is not to invest in equity shares ordinarily but the Council may choose to do so if this would support the delivery of services.

Treasury investments, which are made by using the Council's surplus cash balances, fall under the remit of the Council's Treasury Management Strategy Statement and are not covered within this Capital Strategy.

10.4 Loans made to other bodies for service reasons may be designated as low, medium or high risk. The measures in place to manage these risks are:

- the financial procedures for loans to outside bodies which include the scheme of delegation for the approval of new loans;
- loan agreements signed by both parties to the loan
- credit control arrangements in place to ensure that interest and loan repayments are made on time, and
- adherence to prudential indicator limits for proportionality.

For investments in commercial properties made for non-service reasons, the measures in place to manage risk are:

- the Council uses a specialist third party agent to manage the collection of rental income.

- Prudential limits have been set to manage the risks arising from non-treasury investments (shown in Annex G).
- 10.5 A fourth category of non-treasury investment exists, which is: Equity shares held for non-service reasons. The Council does not hold any equity shares under this category and the current Capital Strategy does not permit the purchase of such investments. Prudential limits have therefore not been set for this category of investment.
- 10.6 A schedule of non-treasury investments currently held by the Council is provided in Annex F.

11. Affordability of the Capital Programme

- 11.1 The CIPFA Prudential Code requires councils to ensure that capital spending plans are affordable, sustainable and prudent. Determining whether or not a capital programme is affordable over the long term is difficult to do, because it requires looking into an uncertain future. There is, therefore, no precise calculation which can be done to work out how much is affordable, instead we have to use our judgement to make assumptions about the Council's finances in the future and we have to understand this carries the risk that our assumptions may turn out to be incorrect.
- 11.2 Some elements of the cost of financing the capital programme are more certain. The future cost to the revenue budget of all past capital expenditure is largely known, and is explained in principle in section 3. These future costs comprise the minimum revenue provision and the interest payments on loans already taken to finance the capital programme.
- 11.3 Virtually all other relevant factors are uncertain. Below are some examples of the inherent uncertainties, which could result in financial risk:
- a) The value of the revenue budget in future years is dependent on many factors outside of the Council's control e.g.:
 - The Council's main sources of income are often subject to government determination or changes in policy e.g. Limits on Council tax increases
 - The amount the Council needs to spend is subject to inflation.
 - b) Capital projects may overspend or underspend, or may take more or less time to complete than planned. As explained elsewhere in this strategy any effect on capital expenditure will also impact on the cost to the revenue budget including the timing of those impacts.
 - c) Statutory policy relating to capital may change e.g.:

- The method of calculating Minimum Revenue Provision has changed over time
 - The accounting standard which defines capital expenditure and its accounting treatment could change.
- d) The cost of interest on loans which will be taken in the future is subject to future unknown interest rates. There are other treasury risks which could impact on the cost of future borrowing e.g. re-financing risk and liquidity risk.
- 11.4 Despite the uncertainties, it is still possible to look forward and take a view on the affordability of the capital programme. A high level summary of the proposed capital programme for 2019/20 and future years up to 2026/27 is included at Annex D (the detailed capital programme is included in the Council's Budget Book). The estimated additional on-going impact on the revenue budget of this capital programme has been calculated as just over £5.6m per annum.
- 11.5 This must be seen in the context of the Council's overall net revenue budget in order to determine its affordability. The amount of the Council's budget is not known beyond 31st March 2020, but a prudent estimate can be made going forwards which allows for a very modest increase in funding each year up to 2023/24. This assumes that the new local government finance reforms will be more favourable to County Councils than the current system and that there will still be increases to Council Tax levels to some extent. It also assumes that the overall size of the local government finance "pot" will continue to be restricted by austerity for the foreseeable future. It is expected that the equivalent assumptions in the next iteration of this strategy will be made in the light of more certain information about future funding levels. Increases in overall funding levels are assumed, for the purposes of this strategy, to be 0.8% each year from 2020/21 to 2023/24, and 0% thereafter.
- 11.6 The graph at Annex E shows the estimated total proportion of the net revenue budget which would need to be allocated to finance the capital programme set out in Annex D for the next eight years. It can be seen that in each of the next eight years, the Council is expected to be within its voluntary prudential indicator i.e. that capital financing charges, comprising MRP and interest, will not exceed 10% of the Council's total income in each year.
- 11.7 This indicates that the Capital Programme for 2019/20, which also covers future years, is affordable. It is important to note however that there are risks inherent in this conclusion. Some of these risks are explained in

paragraph 10.3 above. In addition it must be recognised that the capital programme will be refreshed each year and this assessment will need to be repeated each time to determine future affordability.

12 Role of the Section 151 Officer

- 12.1 The Section 151 Officer is responsible for ensuring that elected members tasked with either treasury management responsibilities or capital programme scrutiny responsibilities have access to training relevant to their needs and those responsibilities.
- 12.2 The Section 151 Officer is also responsible for ensuring that employees with responsibility for budget management, accounting, finance, and treasury management, are suitably skilled and experienced and have the opportunity to maintain their professional competence.
- 12.3 Statement of the Section 151 Officer:

The Section 151 Officer is satisfied that the Capital Programme for 2019/20, which includes future years, has been through a robust scrutiny process. The Capital Strategy includes an assessment of financial risks and the Section 151 Officer is satisfied that prudent assumptions have been made relating to those areas of risk and that the Capital Programme for 2019/20 is affordable over the longer term.

Council Priorities

- Safeguarding children and adults;
- Maintaining and developing highways and infrastructure;
- Managing flood risks;
- Supporting communities to support themselves;
- Fire and rescue services.

Links to Other Strategies

A. Financial Strategy

The Financial Strategy covers the medium term period but is refreshed periodically as part of the budget process. It sets out the Council's framework for financial management and provides some key principles which directly influence the Capital Strategy – these are interpreted below:

- a. Business cases and options appraisals will be completed and agreed before all major capital projects are commenced.
- b. The Council has set a key financial performance measure which relates to the affordability of the capital programme, which is that the level of council tax will remain in the lowest quartile of all English County Councils.
- c. The Council has set a key financial performance measure which relates to the financing of the capital programme, which is that capital receipts will be at least £8m per annum from 2017/18.
- d. The Council has set a further key financial performance measure which relates to the financing of the capital programme, which is that MRP and interest payments will not exceed 10% of total Council income in any year.

B. Flexible Use of Capital Receipts Strategy

The current strategy covers the period up to 2019/20. A new strategy will be agreed as part of the budget setting process 2020/21 onwards. The legal power to use capital receipts flexibly has been extended by the government to the end of 2021/22. The Council's current strategy is to use up to £8m of capital receipts per annum to fund transformational revenue expenditure and this therefore limits the value of capital receipts which can be used to finance the capital programme.

C. Commercialisation Strategy

This strategy documents the Council's approach to commercialisation. It sets out a broad vision of commercial activities that the Council could engage in, which include activities that might require capital investment e.g. the use of digital technologies to deliver savings or increase value and investment opportunities. The aim is to generate extra revenue streams and deliver cost reductions through commercial activity, thereby supporting the continued delivery of front line services. The strategy also clarifies the principle that all commercial opportunities considered should provide benefit to people who live in, work in or visit Lincolnshire i.e. the achievement of service objectives will be

the prime driver for commercial activities, with income generation a secondary benefit.

As the generation of income is not the main motive for the Council's commercial investment, the extent to which the Revenue Budget is reliant upon commercial income streams is not significant. However the Council has held some investment properties for a number of years, which are County Farms.

The Commercialisation Strategy defines the Council's risk appetite for investing in commercial opportunities as "whilst willing to take risk, we will manage that risk so as not to jeopardise the services and opportunities we offer to Lincolnshire citizens. Risk management will be proportionate to the magnitude of the risk and the adverse impact should it materialise"

Proposed new commercial activities will be scrutinised by the appropriate Scrutiny Board before being considered by the Executive. Commercial projects are subject to the Council's project management framework.

D. Treasury Management Strategy

The Council's annually approved Treasury Management Strategy is very closely aligned to the Capital Strategy as it covers the Council's borrowing strategy for the year ahead, a key source of funding for the capital programme. The relevant aspects of the Treasury Management Strategy are set out below:

In line with the CIPFA Prudential Code the Treasury Management Strategy sets out a series of Prudential Indicators which ensure and demonstrate that the Council's capital expenditure plans remain **affordable**, **prudent** and **sustainable** and manage treasury risks:

- a. Long term loans are usually secured at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime thereby reducing the risk of adverse interest rate changes. However up to 30% of all borrowing could alternatively be secured at variable rates of interest.
- b. The Council will take new borrowing from the PWLB 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.
- c. Consideration will be given to borrowing market loans, to fit into the above maturity strategy, in order to take advantage of lower rates offered on these loans. This proportion is limited to no more than 10% of total external borrowing for each of market loan and Lender Option Borrower Option loan.
- d. Other long term liabilities e.g. loans to other bodies and PFI contracts also impact on the revenue budget and future sustainability. Separate limits are set each year for total borrowing and for total other long term liabilities.

- e. Limits are set on the maturity structure of borrowings i.e. no more than 25% will mature within 12 months; no more than 25% will mature between 12 months and 24 months; no more than 50% will mature between 24 months and 5 years; no more than 75% will mature between 5 years and 10 years. This means that exposure to short term interest rate risk is limited.
- f. The Minimum Revenue Provision and Interest Charges together shall not exceed 10% of the Council's Net Revenue Stream.

Two "proportionality" Prudential Indicators have been set for 2019/20, to support the Capital Strategy and these are shown in Annex G. The Treasury Management Strategy includes the Council's **Capital Financing Requirement**, which reflects the need to borrow to fund capital expenditure in the future. It also includes the Policy for Minimum Revenue Provision which allows for debt to be repaid over the life of the underlying assets.

The Treasury Management Strategy is scrutinised by the **Overview and Scrutiny Management Board** and approved by the **Executive Councillor for Finance**. Performance against prudential indicators is also scrutinised by the **Overview and Scrutiny Management Board**, as is the Treasury Management Annual Report at year end.

Treasury Management activity is governed by The CIPFA Code of Practice for Treasury Management and a set of Treasury Management Practices arising from this Code. These set out the relevant delegations and processes which are designed to manage risk to an acceptable level. The Council's risk appetite for treasury activity is set at low – the security and liquidity of Council funds is of paramount importance and the Strategy includes a number of controls designed to manage risks to security and liquidity.

The Treasury Management Strategy also includes the policy on the use of external advisers, which states that the Council uses Link Asset Services Ltd as its external treasury management adviser, and recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

E. Asset Management Strategies

The Council has a corporate asset management plan covering all types of assets however there are also asset management strategies in place for the major types of assets. Asset management is about supporting the delivery of strategic objectives through the use of long term assets. All service areas which rely on long term assets to deliver services must plan for those assets over their whole life-cycle. This will include planning for the creation / purchase / build of new assets, their use, their replacement and their eventual disposal.

- The Council's Corporate Asset Management Plan 2014/15 – 2016/17
<https://www.lincolnshire.gov.uk/local-democracy/how-the-council-works/key-plans-and-strategies/corporate-asset-management-plan/51408.article>
- Highways Asset Management Strategy 2016
<https://www.lincolnshire.gov.uk/search-results?keywords=highways%20asset%20management%20strategy%202016&cmd=GoToPage&val=2>
- Property Strategy 2018-2020
supported by The State of the Estate 2017/18
- Integrated Risk Management Plan 2016-2020 (which includes a section on Fire and Rescue asset management)
<https://www.lincolnshire.gov.uk/searchResults.aspx?qsearch=1&keywords=irmp&x=0&y=0>

Prioritisation of Capital Programme Projects

If the total capital programme is deemed to be unaffordable then capital programme projects will need to be prioritised, and this may result in the cancellation or deferral of projects.

The aim of the process of prioritisation is to select those projects which generate the best value for the Council. As the Council's functions are wide-ranging, this diversity is reflected in the capital programme and this makes it difficult to compare projects. In many cases the benefits are non-financial and hard to measure, which means that return on investment measure is not an appropriate tool to use when trying to rank projects.

It is recognised that the reasons for undertaking capital projects may be complex, and that ranking projects in order of priority may sometimes be a matter of subjective assessment. When a Business Case for a capital project is prepared, the checklist below must be completed and submitted with the Business Case. The considerations set out on the checklist are designed to assist those making decisions on the prioritisation of capital projects if this is required. This is not an exhaustive list of factors to consider – there may be others.

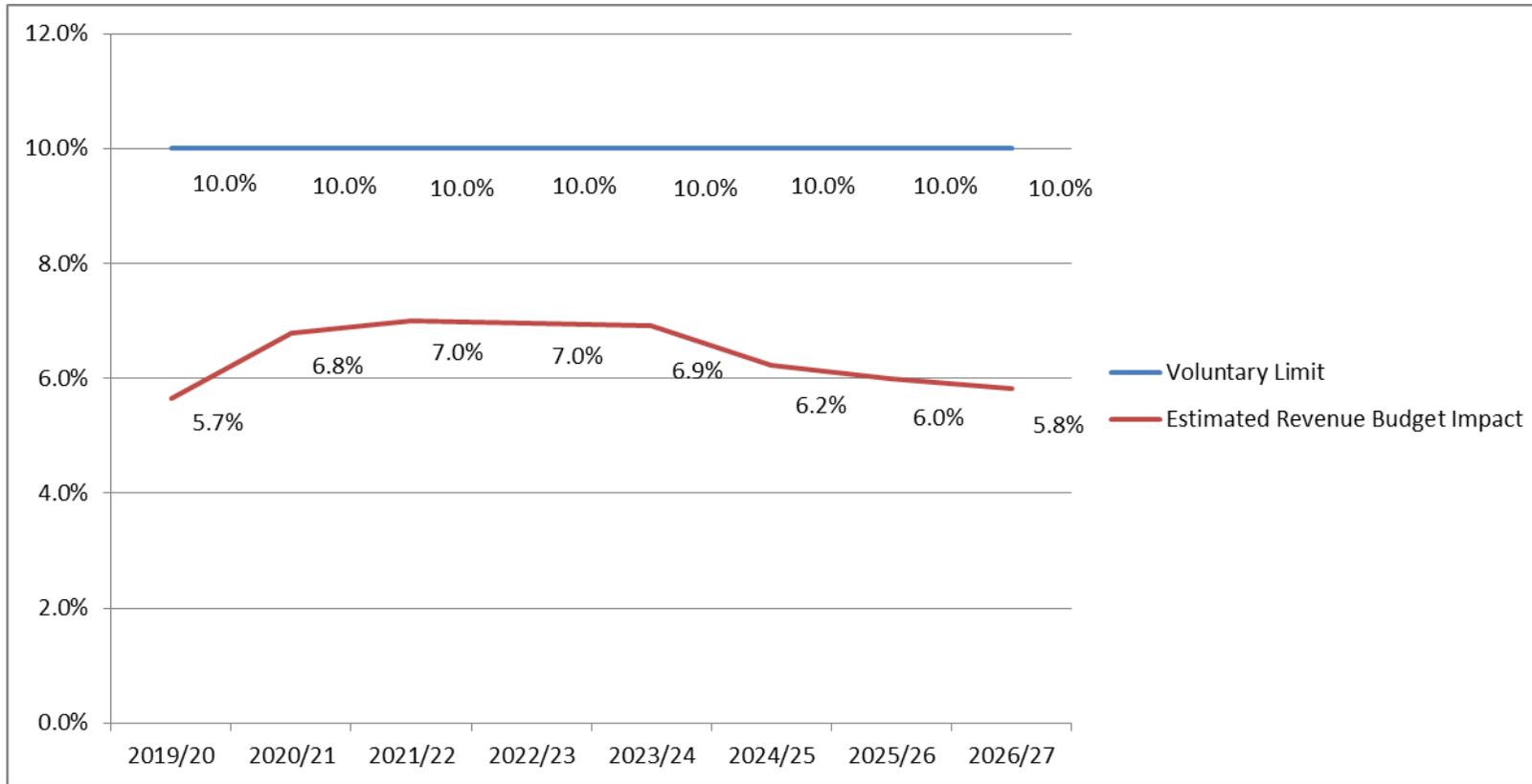
Consideration	Yes / No	If Yes, please provide detail
To what extent does the project support the Council's objectives (Appendix Capital A) or the Capital objectives (Section 6)?		
• Does it maintain current service delivery by replacing or refurbishing existing assets?		
• Does it improve current service delivery by:		
○ Satisfying increasing demand for services;		
○ Enabling economic growth;		
○ Meeting new statutory requirements;		
○ Transforming service delivery thereby:		
▪ Generating future capital receipts;		
▪ Reducing revenue costs;		
▪ Increasing income?		
• Does it meet identified community expectations?		

How is Value for Money achieved by this project?		
• What are the project Benefits?		
○ Number of citizens who benefit		
○ Significance of improvement to citizens lives		
○ Significance of improvement to aspects of service delivery		
• What are the project Costs?		
○ What is the whole life cost of the asset:		
▪ What is the expected useful life of the asset in years?		
▪ What is the total capital cost?		
▪ Minimum Revenue Provision charge?		<i>(Finance to provide)</i>
▪ Interest charge?		<i>(Finance to provide)</i>
▪ Asset maintenance costs per annum?		
○ Is external funding available for the project?		
▪ If Yes, how much?		
▪ If Yes, where from?		
▪ If Yes, when will it be received?		
○ Is internal funding available for the project?		
▪ If Yes, how much?		
▪ If Yes, where from (capital receipts or revenue contributions)		
▪ If Yes, when will it be received?		
What are the key risks inherent in this project?		
○ How urgent is the need?		
○ How long will the project take?		<i>If more than 1 year, please phase the capital costs over Year 1, Year 2, Year 3 etc.</i>
○ Does the Council have the capacity to deliver the project?		
▪ If Yes, please list them?		
○ Are there any other significant project risks?		

<ul style="list-style-type: none"> ▪ If Yes, please list them? 		
<ul style="list-style-type: none"> ○ Does the project take account of future needs? 		
<ul style="list-style-type: none"> ○ Does the project take account of the changing world, e.g. technology or social changes? 		
<p>When the project is complete, a post implementation review must be undertaken and a Project Closure report completed.</p> <p>Please add any further information which you think may support the decision-making process.</p>		

<u>Capital Programme (2019/20 to 2026/27)</u>	Estimated Maximum Annual Revenue Impact £'000	Revised Net Programme	Grants and Contributions	Gross Programme	Revised Net Programme	Grants and Contributions	Gross Programme
		2019/20 £'000	2019/20 £'000	2019/20 £'000	Future Years £'000	Future Years £'000	Future Years £'000
Children's Services	0	1,616	29,390	31,006	0	18,769	18,769
Adult Care & Community Wellbeing	0	0	0	0	0	0	0
Environment and Economy	2,873	78,320	30,157	108,477	92,176	31,992	124,168
Finance and Public Protection	963	31,517	0	31,517	16,378	0	16,378
Other programmes	1,813	7,500	0	7,500	37,500	0	37,500
TOTAL	5,649	118,953	59,547	178,500	146,054	50,761	196,816

Estimated Proportion of Revenue Budget to be Spent on Capital Financing Charges Compared to Prudential Indicator Voluntary Limit



Schedule of Non-Treasury Investments

			Original	Principal	Estimated
			Term of	Outstanding	Interest
		Risk	Loan in	as at	Income
Loans to Other Bodies made for Service Reasons		Level	Years	31/03/2018	2019/20
Classification				£000's	£000's
Police Loan Debt	Loan	Low	25	104	-1
School Academies	Loan	Low	Various	1,973	-48
Lincs Community Foundation Ltd -Soft Loan	Loan	High	24	174	-11
Transport Connect Ltd - Fixed Loan	Loan	High	3	522	-24
Investors in Lincoln Debenture -written off 2018/19	Loan	High	14	200	0
Transport Connect Revolving Credit Facility	Loan	High	3	257	-13
Total				3,229	-97
Commercial Investments held for Non Service reasons (including loans to 3rd Parties)					
				Fair Value as	Estimated
		Risk		at 31/03/2018	Rental Income
Classification		Level		£000's	2019/20
				£000's	£000's
County Farms	Investment Properties	Low		105,971	-2,386
Other non-farm properties	Investment Properties	Low		1,690	-77
				107,661	-2,463
Equity Purchase held for Service Reasons					
				Estimated	Estimated
		Risk		Value as at	Dividend
Classification		Level		31/03/2018	Income
				£000's	2019/20
				£000's	£000's
ESPO Trading Limited Shares	Non-specified investment	Low		0	0
Investors in Lincoln Shares	Non-specified investment	Low		14	0
				14	0

Prudential Limits Relating to Non-Treasury Investments

		2017-18 Actual	2018-19 Updated Estimate	2019-20 Estimate	2020-21 Forecast	2021-22 Forecast
PRUDENTIAL INDICATORS - PROPORTIONALITY						
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments						
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).						
General Reserves	£m	15.300	15.200	14.600	14.200	14.000
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.544	0.374	0.298	0.221	0.175
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	3.56%	2.46%	2.04%	1.56%	1.25%
7) Income from Non Treasury Investments & Net Service Expenditure						
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Income from non- treasury investments as a proportion of Net Service Expenditure. (Voluntary Indicator). This is to manage the risk of over dependency of non-treasury investment income to deliver core services.						
Income from Non-Treasury Investments (Including County Farms)	£m	2.533	2.479	2.364	2.234	2.112
Net Service Expenditure	£m	521.244	459.780	462.740	448.845	454.736
Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	%	0.49%	0.54%	0.51%	0.50%	0.46%

A full list of Prudential Indicators is included within the Council's Budget Book

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**Open Report on behalf of Andy Gutherson,
Interim Executive Director of Place**

Report to:	Executive
Date:	5 February 2019
Subject:	Future of the Heritage Service
Decision Reference:	I016025
Key decision?	No

Summary:

This report seeks approval to conduct public consultation on proposed changes to the Council's Heritage service based on a move to a Cultural Enterprise Model. A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are then used to ensure the enterprise's long-term sustainability and development. A Cultural Enterprise requires a culture of creativity, commercialisation and medium risk-taking.

This change would involve moving from a microsite to supersite approach. A microsite is a museum, gallery or heritage site which offers access to a single narrative through a highly specialized collection whereas a supersite is a heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximizes the potential for income generation.

The Report also proposes changes to the mix of sites that the Council should continue to deliver as part of its heritage offer.

Recommendation(s):

That the Executive:-

- 1) approves the carrying out of a public consultation on the proposed changes set out in the Report to the Council's Heritage Service; and
- 2) delegates to the Interim Executive Director of Place in consultation with the Executive Councillor for Culture and Emergency Services, authority to determine the detail of the consultation to include scope, timing, content and methodology.

Alternatives Considered:

1. Maintain the status quo.
2. Offer a different mix of sites as part of the Council's heritage offer.
3. Closer integration of the archives service with other heritage collections to create a combined archive and museum.

All of the above alternatives considered are set out below in section '1.7 Options considered'.

Reasons for Recommendation:

The reasons for the recommendation are:-

1. Reductions in government funding with increased demand on mandatory services leave discretionary services such as the large majority of the Heritage Service at risk of cuts in service.
2. At the same time Heritage contributes significantly to the wider economy. An increase in engagement with culture and heritage increases economic performance and growth through increased employment and visitor numbers as well as improving health and wellbeing and reducing pressures on NHS services.
3. If these benefits are to continue to be realised the Heritage Service will have to move to a cultural enterprise model. This will involve the service becoming more commercially minded and financially self-sustaining.
4. The current Heritage offer in Lincolnshire is based on a model of multiple microsites which are limiting and fixed in the stories that they tell. Microsites lack the size and flexibility to enable a changing offer which enables differentiated narratives and experiences to be offered. As well as giving rise to a static, unchanging heritage experience microsites do not create the conditions for financial self-sustainability through attracting an increase in visitors through attracting new audiences or repeat visits.
5. This would be partly remedied by creating a new supersite at The Collection Museum and Art Gallery to add to the one at Lincoln Castle. This would represent a change to a more modern, responsive and relevant heritage service, telling a range of stories and offering a range of heritage experiences that aims to enrich the cultural experience the Council and Lincolnshire has to offer to residents and visitors alike. It would also enable the generation of greater income to support the financial sustainability of the service.
6. The strategic goals of moving to the supersite model would then be enhanced by the retention of three microsites, Museum of Lincolnshire Life (MLL), Battle of Britain Memorial (BBMF) and Heckington Windmill, given their uniqueness and inability to be recreated within the supersites.

7. Under the proposed model, the Council would cease to operate the Usher Gallery as an art gallery but the art collection would remain within The Collection Museum and Art Gallery. The Council would return operation of Gainsborough Old Hall to English Heritage. The Council would seek to transfer ownership and/or operation of remaining microsites at Discover Stamford, and Ellis Mill, Burgh le Marsh and Alford Windmills but if that was not possible they would close as heritage attractions.
8. Prior to taking a decision whether this should be the future direction of the Heritage service the views of the public should be ascertained including on the principle of the cultural enterprise model and a change to supersites and the mix of sites included in the Council's Heritage Offer.

1. Background

1.1 Analysis of the current position

This Report sets out the result of a review of the Council's heritage service in the form of a Detailed Business Case (DBC) for a future model of the heritage service attached at Appendix A and the drivers for this review are set out in the Strategic Case at section one of the DBC.

The recommendations of the DBC respond both to the changing appetite for culture and the fundamental challenge of how to make a heritage service financially sustainable in the face of the continuing financial challenges facing local government and Lincolnshire County Council.

Traditionally heritage services (including in Lincolnshire) have operated on the basis of two fundamental principles:-

- That expert heritage professionals interpret collections and present those collections to the public for their education and enjoyment; and
- The presentations of those collections are carried out for the public good and publicly funded through a grant-in-aid model except for some peripheral income generation.

Both of these principles have come under pressure during the period of financial challenge affecting the public sector but also due to changes in the public appetite with how they engage with culture. In particular, financial pressures have led to heritage organisations, including Lincolnshire, having to find new ways of funding their services. This in turn has led to a consideration as to the best model for the heritage service.

Lincolnshire and Lincolnshire County Council are not immune to these financial pressures. The County Council has had to make savings of £130 million since 2015 as a result of central government cuts and has experienced a 38% reduction

in its funding between 2009/10 and 2016/17 with cost pressures expected to continue.

The provision of heritage services is not a statutory duty. A significant risk therefore arises that the Council's discretionary spending will get squeezed between reduced funding and increasing cost pressures from mandatory services. The current model therefore, is likely to be unsustainable.

As a result the Heritage Service has been given the challenge of exploring possibilities for reducing the funding it needs from the Council. Work has already been done to make savings through a staffing re-organisation in July 2017. This has contributed to the reductions in the amount the County Council puts into the Heritage Service from £1.6m in 2017/18 to £1.1m in 2018/19.

Further review of the Heritage Service has been to identify a model which is as self-sustaining as possible and that will be affordable to the public purse thereby balancing the need for the County Council to make savings. Any proposals, however, will require consideration of the offer and take into account the wider benefit of heritage to the economy and well-being. The full analysis of the changes proposed for consultation is set out in the DBC.

Although the proposals set out in this Report require a more commercially minded approach and are pursued with a view to increased income generation and the potential making of surplus the purpose of the proposals is to secure the continued public provision of access to heritage, art and culture through the continued exercise by the Council of its statutory powers to provide museums, galleries and attractions but in new ways.

1.2 Move to a cultural enterprise model and supersite approach

Cultural Enterprise Model

The DBC makes recommendations to move to a cultural enterprise model. This is a method of operating which can be differentiated from the traditional model currently operated by the County Council.

The cultural enterprise model has two essential characteristics:-

- It creates products and services (exhibitions, events, programmes) based on art, culture and heritage to deliver a wide range of social outcomes; and
- It also seeks to generate a surplus from greater commercialisation of their activity.

Central to the ability to generate surplus from greater commercial activity is a change of mind-set from the delivery of a fixed offer based on the determination of heritage professionals to one that recognises that people are motivated to engage with culture and visit heritage sites for different reasons and seek different experiences and this is what the heritage service needs to respond to through its cultural enterprise model.

Microsites and Supersites

The DBC recommends moving away from what is described in the DBC as a microsite approach, a museum, gallery or heritage site which offers access to a single narrative through a highly specialized collection, which is currently operated by LCC's Heritage Service, to what is called a supersite approach, a heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximizes the potential for income generation.

A supersite therefore is specifically designed to facilitate the kind of programming and activity that engages with visitors through both permanent exhibitions as well as rotating programmes of high quality temporary exhibitions and events encouraging repeat visits and increased revenue opportunities by meeting audience expectations.

With the exception of Lincoln Castle all of the Council's heritage attractions are microsites telling a single story through fixed exhibitions.

It is considered that the changes proposed in this Report would provide a more modern, responsive and relevant heritage service, telling a range of stories and offering a range of heritage experiences that aims to enrich the cultural experience the Council and Lincolnshire has to offer.

The conclusion of the DBC is also that the Heritage Service cannot free itself of the grant-in-aid funding model, and therefore move towards self-sustainability, on the basis of a continued microsite approach. The DBC concludes that the Heritage Service therefore needs to move the focus of its model from a microsite approach to a more supersite approach accepting that it will have a mixed economy of microsites and supersites for the foreseeable (and perhaps in any) future.

1.3 The Lincolnshire DNA

A clear narrative is important to support the stories that we tell at each site and collectively across the service and so the Heritage Service has developed the concept of the Lincolnshire DNA, a framework that offers Lincolnshire's heritage in audience-friendly, accessible, significant and relevant ways and in ways that resonate with audiences welcoming new visitors and encouraging re-visits.

The Lincolnshire DNA themes more fully described at section 1.9.2 of the DBC are;

- **Influence**, the stories of Lincolnshire institutions and residents that have shaped and influenced the UK and worldwide.
- **Innovation**, the stories of innovations from the stone age through to agricultural, industrial and digital revolutions.
- **Integration**: the stories of invasion, migration and integration that have brought significant change to Lincolnshire and the wider world.

1.4 Proposed supersites and microsites

The DBC proposes that the Heritage Service's offer should consist of a mixed economy of microsites and supersites as detailed below. More detail is contained within the DBC.

Lincoln Castle

Lincoln Castle can already be viewed as a successful pilot of the supersite model, being a '*history where it happened*' attraction and having a permanent offer whilst also capitalising on income generating activity through a variety of temporary exhibitions and events. However, there is still scope to increase the availability of temporary exhibition spaces through conversion and re-configuration of existing spaces that will enhance the offer of education and skills and create engagement from schools, adult learners and families.

Collection Museum and Art Gallery

It is proposed that the Collection Museum and Art Gallery (CMAG) will be created as a supersite from the current Collection Museum and Usher Art Gallery, displaying both art and archaeology within the Collection building. The permanent exhibition would be redeveloped to make best use of our collections and exhibition spaces will be expanded to display art and increased flexible space will form the basis for a programme of travelling exhibitions and events supported by the wider Heritage Service commercial plan. Any changes to the building layout will form part of negotiations with the landlord, City of Lincoln Council.

Further information about the future of Usher Gallery is provided under the heading Impacts below at 1.5.

Museum of Lincolnshire Life

The Museum of Lincolnshire Life (MLL) tells an important story about the social history of Lincolnshire through permanent exhibitions. This social history offer would be retained as a microsite and forms part of the Lincolnshire DNA. MLL does not currently have sufficient temporary exhibition space for an effective programme of temporary exhibitions and so cannot become an income generating site unless further exploration and development was completed.

Other Microsites

The Battle of Britain Memorial Flight (BBMF) is a unique Lincolnshire visitor attraction showcasing Lincolnshire's rich aviation history and forms part of the Lincolnshire DNA. The BBMF attraction could not be replicated in the other supersites.

Heckington Windmill is a unique Lincolnshire visitor attraction showcasing Lincolnshire's rich agricultural history and forming part of the Lincolnshire DNA. The uniqueness in this windmill is its eight maintained sails. The Heckington Windmill attraction could not be replicated in the other supersites.

1.5 Impacts

The impacts of the proposals set out in the DBC for a mixed economy of microsites and supersites is the reduction in other sites currently operated by LCC's Heritage Service.

The Usher Gallery

The Usher Gallery would no longer be operated by the County Council as an art gallery. Although a listed building with a strong local resonance, it has inherent drawbacks including;

- It is not flexible enough as a space. The way we engage with art has been transformed and the gallery is increasingly unable to house the kind of exhibitions that we would want to display and engage with wider audiences.
- It is not popular with visitors. Although the Usher has some passionate advocates the gallery enjoys a significantly smaller number of visitors compared to The Collection.
- It is expensive for LCC to maintain. As a separate site it incurs costs of around 100k per annum in staff, business rates and utilities.

It is proposed that many of the Usher Gallery's key art collections would continue to be showcased at the CMAG supersite and around the county. However, the future use of the Usher Gallery and collections, which are both owned by City of Lincoln Council (CoLC), would be part of on-going discussions between LCC, CoLC and other third parties having regard to existing covenants.

The Usher Gallery would be closed as a gallery but LCC would continue to lease the Usher site as it could potentially be used by other LCC departments with a public-facing role. One such use that could be considered is the use of the site for the Registrars & Celebration service. Any change in use for the Usher site would require a renegotiation of the lease with City of Lincoln Council.

Gainsborough Old Hall

Gainsborough Old Hall (GoH) is owned by English Heritage and leased to Lincolnshire County Council (LCC) to operate. That lease can be terminated by either English Heritage or LCC in October 2020 on the basis of a year's notice (in Oct 2019). The real importance of GoH lies in its architectural legacy, rather than the stories associated with the site and as the national body who have the remit to preserve and present it, English Heritage are best placed to interpret and showcase its history. Accordingly, discussions have been had with English Heritage over the future operation of the Hall who have embraced the opportunity to fully engage with this plan. It is therefore the proposal of the Council to surrender the lease and for English Heritage to take over its operation.

If the lease is terminated, the operation of the attraction at Gainsborough Old Hall including the opening hours, event and exhibition programmes and facilitated learning programme would be determined by English Heritage.

Other microsites

Full details can be found within the DBC but in summary the Council would not under the proposals provide the following sites as part of the Council's Heritage offer but the Council would seek to;

- preserve the availability of Ellis, Alford and Burgh Le Marsh windmills through working with community groups and volunteers for them to offer access to those sites;
- preserve the story of Discover Stamford and its collections through the involvement of local and/or a third party organisations and for them to offer access to this collection.

Educational Provision

As a result of the proposals for a reduction in sites, the Education and skills provision currently operated at GoH would no longer be offered by the Heritage service if the operation of it is returned to English Heritage.

As a result of the proposals for the creation of supersites at Lincoln Castle and CMAG, the education and skills provisions, including in respect of children with special educational needs and disabilities, will continue although the space in which it is delivered on those sites may alter. Any offer currently available at any of the proposed retained microsites will remain unaffected.

Community Engagement

In recognition of the fact that both supersites will be located in Lincoln, we are keen to ensure that the service is able to support wider cultural and heritage engagement and activity across Lincolnshire. As part of the Heritage Service's ongoing strategic leadership role within the County we will continue to explore opportunities to support and develop community heritage hubs in addition to the delivery of the supersites. Acknowledging that this will form a different model to the County's library hubs, it will build on the success of these community hubs as well as existing relationships with town and district councils and local trusts.

Our plan, as described at section 1.10.1 of the DBC, is to explore, with the many excellent existing heritage organisations, how this support can best benefit the heritage offer in Lincolnshire, working with existing heritage hubs, parish, town and district councils, libraries, local history societies, trusts, civic societies, village halls and third sector organisations as well as supporting the establishments of new hubs.

Through artefact loans and advice on funding applications as well as the potential to apply for small grants and support on accreditation processes, the service will explore the development of a framework for broader engagement involving the communities, providing easier access to the county's rich heritage including helping those organisations set up their own temporary exhibitions and displays. This will help communities and visitors to engage with and celebrate the rich history of their local area.

Over time this may lead to new and innovative ways of providing culture and heritage which better respond to the needs of the communities as well as exploring wider objectives of co-curation, creativity, the opportunities for volunteering, learning and skills development, local participation and positive impacts on health and wellbeing.

1.6 Consultation

Prior to taking a decision whether what is outlined in the DBC and summarised above should be the future direction for the Heritage Service, the views of the public should be ascertained. It is therefore proposed to conduct a 10 week public consultation between 13 February 2019 and 24 April 2019.

The full detail of the proposed consultation has not yet been determined and under Recommendation 2 of this Report the Interim Executive Director of Place in consultation with the Executive Councillor for Culture and Emergency Services would be granted delegated authority to determine the final detail of the consultation.

However in preparation for this proposed consultation, work has begun on preparing both the proposed methodology and the content of a consultation survey to ascertain the views of the various elements of change highlighted above.

It is envisaged that once the consultation begins the survey will be made available via LCCs online platform and in paper form, by request. The Cultural Management Team will be supported in public engagement activities by the Community Engagement Team during the 10 week consultation period by attending sites and events to publicise the consultation.

The design of the consultation survey is not complete but it will include questions and an opportunity to express views about the proposals including;

- the proposal to move to a cultural enterprise model
- the proposal to create a supersite at The Collection and closing the Usher Gallery
- the future operation of Gainsborough Old Hall, and;
- the proposed mix of supersites with the Council's Heritage Service offer proposals for the future of Discover Stamford, Ellis, Burgh Le Marsh and Alford Mills

Analysis of the consultation responses will also take place throughout the 10 weeks and the results will inform the recommendations put forward to the Executive on the Future of the Heritage Service. These will be publically available papers and will show stakeholders, the general public and all others involved in the consultation how their responses and feedback was captured and taken into account.

1.7 Options considered

Maintain the Status Quo

For the reasons outlined above, subject to consultation views, the existing model of operation and heritage offer is not considered to be financially sustainable. It is foreseen that if the existing model is retained the service will likely be subject to a series of cuts which impact on the scale and quality of the offer. It is currently believed that the proposal set out in this Report and the DBC would enable the service to achieve financial sustainability.

This is not the whole of the story, however, as the changes proposed are considered in any event to represent a change to a more modern, responsive and relevant heritage service, telling a range of stories and offering a range of heritage experiences that aims to enrich the cultural experience the Council and Lincolnshire has to offer.

Offer a different mix of sites

The mix of sites proposed in the DBC is considered to be the mix of sites which is most consistent with the move to a cultural enterprise model and a supersite approach. They are either sites with the potential to act as supersites or they have specific relevance to the Lincolnshire DNA story and their own unique characteristics. Consultees will be able to express views on the mix of sites which they believe the Council should retain during the public consultation.

Integration of the archive on an existing site or creation of a third supersite consisting of a combined archive and museum

One area that was considered was whether an opportunity existed to integrate the archives more fully with the other heritage attractions so as to give access to a combined archive/heritage experience.

The archives however require a range of specialist considerations including specific storage capacity with room for expansion, technical requirements about the fabric of the building itself and the way in which its contents can be stored. As a result it became clear it was technically difficult to incorporate such requirements into any existing site and associated costs would be significant.

The creation of a new archives/museum supersite was considered but with both the technical costs of creating a new archive (as set out above) together with the costs associated with a new capital build of this nature it was concluded that the cost was prohibitive and it was not prudent for the Council to pursue this option within its current financial constraints.

Accordingly, the Heritage service require further time to consider the Council's current and future requirements for the archive and this will now form part of a different work stream. However, if the Heritage service is to have the opportunity to modernise and become more financially self-sustaining, and thereby alleviating the

budget pressure on the Council, it must move forward now with a consultation on the proposed changes to the rest of the heritage service.

1.8 Finances and Funding

The DBC identifies the financial challenge that has faced the Council since 2015 and the savings that have had to be made to achieve a balanced budget. A series of papers have informed the Heritage Service's current operational position, responding to priorities within LCC to reduce costs, increase efficiency and create higher quality services, which were announced in Nov 2015 as part of an effort to cut spending across the Council by at least £130m. The ramifications of this for the Heritage Service were significant as the aspiration was to save £1.8m from the operations budget and become self-sustaining by April 2018.

The service has generally been met on a funded basis, principally funded by the Council but supported by some peripheral income generation. Reductions in required contributions have been made by the service through a staff re-organisation and efficiencies however they still currently operate on a funded basis.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2016/17	£5.5m	£3.0m	£2.5m
2017/18	£5.0m	£3.4m	£1.6m
2018/19	£4.3m	£3.2m	£1.1m*

*Forecast April 2018

The future financial risk of the Heritage Service if it continues this model is that it will become squeezed between reduced funding and the increased cost of mandatory services and therefore heritage sites and services are reduced in response to reductions in the money available to subsidise the services.

1.8.1 The financial benefit

The proposal to move to a cultural enterprise model is forecast to reduce the contributions made by LCC and increase financial sustainability through an income generation programme. Over a 6 year period (2018/19 – 2023/24) LCC contributions are forecast to decrease from just under £1.0m to less than £250k as income generating activity increases, microsites are reduced and any further efficiencies are made. With no change to a cultural enterprise model and no investment into supersites, the Service would still require funding of circa £1m pa.

Year	LCC Contribution (Status Quo)	LCC Contribution (Two Supersites)
2018/19	£959,510	£959,510*
2019/20	£921,844	£813,675
2020/21	£926,076	£648,524
2021/22	£891,584	£504,778

Year	LCC Contribution (Status Quo)	LCC Contribution (Two Supersites)
2022/23	£954,319	£520,421
2023/24	£970,646	£221,666

*Forecast November 2018

More detail is contained within the DBC.

1.8.2 The economic benefit

Impact on the local economy can be improved greatly by culture and heritage within an area and economic impact analysis on the proposal to move to a cultural enterprise model forecasts a reduction in LCC contribution per visitor from £2.34 (2018/19) to £0.60 (2023/24) whereas there would be no reduction for the status quo option.

Across the proposed programme timeline the Supersite model delivers a marginally higher return for both Tourism Impact (1%) and Wider Economic Impact (0.5%) than the status quo; however in 2023/24 under the first full year following the opening of CMAG under the Supersite Model Tourism Impact is 8.5% greater than the Status Quo, while the Wider Economic Impact is 7.3% greater.

More detail is contained within the DBC.

1.8.3 Funding

We estimate the cost for this proposed scheme of work to be £5million, most of which would be to fund capital and exhibition installation at the new CMAG supersite.

We would expect to fundraise for around 70-80% of this figure, which we anticipate would be met from HLF, ACE and other public and private donors. Any expectation to meet 100% of the fundraising goal from external funding sources is unrealistic in today's economic climate, and it would be likely that LCC would have to contribute 20-30% of the total, including cash and in-kind donations. This makes LCC's likely contribution around £1-1.5m, depending on the final scheme of work, and would help to facilitate the following:

- Increased income generation at Lincoln Castle and CMAG
- New temporary exhibition space created at CMAG
- New art gallery for the Usher collection
- New permanent installation at CMAG
- Better utilisation of existing assets at Lincoln Castle

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.

An Initial Equality Impact Assessment (EIA) has been undertaken and is included as Appendix B.

The initial EIA has identified a positive impact in that development to an existing site provides an opportunity to enhance language/translation (including Audio Guides) that might make the site more appealing and accessible to

visitors/tourists/students and migrant communities who are visiting or are new to Lincolnshire. Such enhancements will also positively impact access and experience for those with a disability. In addition any improvements to sites will be fully compliant with the Council's legal duties relating to the accessibility of its buildings.

Greater flexibility to change displays and mount temporary exhibitions increases the potential to tell different stories including those that help advance equality of opportunity and foster good relations in relation to people with protected characteristics.

The initial EIA has also identified potential negative impacts mainly in terms of Age and Disability in terms of less heritage sites to access with potentially greater distances to travel. These will need to be explored further and any necessary mitigation measures will be considered.

There would potentially be some loss of educational provision available for children and young people (including those with special educational needs or a disability) at Gainsborough Old Hall depending on what offer is made by English Heritage. Educational provision will be maintained at the other sites forming part of the Council's heritage offer

The initial EIA will be revised following the consultation feedback (and possibly during the consultation period) and assumptions will be tested out with specific groups regarding these and any other identified impacts on those with protected characteristics.

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.

Whilst the impact of these proposals on the JSNA and JHWS is difficult to quantify there is research to assess the cost savings on NHS services due to the reduced likelihood of GP visits and psychotherapy services as a result of visits to museums, galleries and heritage sites. The findings suggested that engagement with different forms of culture will deliver a different range of savings depending on the kind of visit that takes place. Further details of such considerations can be found at section 2.6 in the Economic case of the DBC.

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 Heritage Service plays a crucial role in tackling social exclusion, contributing to regeneration, to promoting safer communities, encouraging healthier lifestyles, providing opportunities for voluntary and community activity and stimulating lifelong learning. The Heritage sector has a significant role to play in achieving this aspiration, by providing inspiring, engaging and educational experiences, promoting a sense of place for all who visit, live and work. Lincolnshire has a strong sense of place and its museums and heritage sites play an important part in helping residents and visitors alike to understand the deep roots of its cultural identity and its traditions, giving our visitors and non-visitors what they want and developing new activities which will encourage them to visit and return on a regular basis, whilst also creating a sense of place and helping deliver social cohesion.

3. Conclusion

The Heritage service has developed a Detailed Business Case to support a case for change and a way forward for the future of the heritage service within an affordable financial envelope.

The Executive is asked to consider this report and attached appendices and to approve the carrying out of a public consultation on proposed changes to the Council's Heritage Service.

4. Legal Comments:

The Council has a power but not a duty to provide museums and art galleries pursuant to the Public Libraries and Museums Act 1964. It is possible that other heritage attractions could be treated for the purposes of this Act as provision of a museum but if not then the power to provide such attractions would otherwise be covered by the general power of competence under the Localism Act 2011.

The DBC outlines proposals to consult on changes to the Council's heritage service which would be within the power of the Council to deliver should such proposals be approved by the Executive in due course following consultation. It is now appropriate for them to be subject to public consultation.

If, after public consultation, these changes were approved then the Council would use its powers under these Acts to make improvements at the existing supersite at Lincoln Castle and the proposed supersite at The Collection Museum and Art Gallery but would also cease to use its powers to provide an art gallery at the Usher and cease to use its powers to provide the other heritage attractions of Gainsborough Old Hall, certain windmills and Discover Stamford.

The Executive must conscientiously take into account the results of public consultation before reaching a final decision.

The decision is consistent with the Policy Framework and within the remit of the Executive.

5. Resource Comments:

Accepting the recommendation within this report to undertake public consultation on proposed changes to the Heritage service, should have no material impact on the Council's budget.

Whilst the report sets out the proposals for the service in looking to achieve a self-sustaining heritage offer, the impacts on the revenue operational budget for the service will need to be assessed if a new model of delivery is approved following the consultation. The report identifies the need for capital investment to support the changes to the Heritage Service, these can be met from the currently approved capital programme via, a bid to the new developments capital contingency fund on the production of a suitable capital appraisal and secured external funding.

6. Consultation

a) Has Local Member Been Consulted?

Yes

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This decision will be considered by the Public Protection and Community Scrutiny Committee at its meeting on 22 January 2019 and the comments of the Committee will be reported to the Executive.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

Section one of the Detailed Business Case details the risks and impacts analysis.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Detailed Business Case Future of the Heritage Service + Appendices <i>(Please note that owing to its size this document is only available to view electronically at:</i> http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5279&Ver=4 <i> or a hard copy upon request from Democratic Services)</i>
Appendix B	Equality Impact Analysis

8. Background Papers

Document title	Where the document can be viewed
Future of the Heritage Service (Executive Report 04/10/16)	http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=4811&Ver=4

This report was written by Nicole Hilton, Chief Community Engagement Officer, who can be contacted on 01522 553786 or nicole.hilton@lincolnshire.gov.uk .

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Lincolnshire County Council

Detailed Business Case

Future of the Heritage Service

Prepared by

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Sponsor

Nicole Hilton, Chief Community Engagement Officer, Economy & Environment Directorate

Project overview

Project	Future of the Heritage Service
Summary	<p>A detailed business case to create long-term sustainability of the Heritage Service through a transformation programme – called a FuturePlan - which will see its operating model shift from a traditional council-led service funded through grant-in-aid, to an audience-focused Cultural Enterprise which will be primarily funded through commercial operations.</p> <p>This will necessitate a number of changes, including the development of two supersites at Lincoln Castle and The Collection Museum & Art Gallery to maximise commercialise opportunities through more innovative and audience-focused programming, the rationalisation of the property portfolio, and cultural and operational change within the Heritage Service to ensure successful delivery.</p>
Investment Aim & Objectives	<p>The aim of this DBC is to establish the Heritage Service as a Cultural Enterprise that will allow it to leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors. The four Investment Objectives (IO) are as follows:</p> <p>IO1: Establish a Cultural Enterprise model to support the long-term financial sustainability of the heritage service.</p> <p>IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.</p> <p>IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.</p> <p>IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.</p>
Key points to be aware of	<ul style="list-style-type: none"> • Requires capital investment and fundraising to enable the Supersite concept to be realised at both Lincoln Castle and The Collection to unlock commercial returns. • Substantial cultural and structural change in the way the Heritage Service operates is required, most notably in its audience focus and success criteria which now have to be more fully connected to the commercial performance of the service. • Some sites will cease to be in LCC's portfolio and will be operated by third parties or will experience a change of use.
Current status	We are seeking approval to start implementing this scheme of work as outlined in this DBC.
Funding profile	<ul style="list-style-type: none"> • Over the course of this scheme of work LCC's contribution to the operation of the Heritage Service will be reduced from around £960k in 2018/ 19 to about £222k in 2023/24. • We also propose to fundraise for approx. £5m to cover capital works at The Collection & Lincoln Castle to transform them into more commercially viable Supersites. LCC is likely to have to contribute between £1-£1.5m to support this investment.
Key dates	Key dates are outlined within the Management Case.
Key risks	<ul style="list-style-type: none"> • Failure to fundraise for capital works at Lincoln Castle and The Collection. • Failure to make cultural and operational changes within the Heritage Service to run as a Cultural Enterprise.

Executive Summary

Introduction

As a result of ongoing austerity, LCC has had to make £130m of funding cuts since November 2015. This continues to affect many council services, including the Heritage Service, which has introduced efficiency savings to reduce LCC's grant-in-aid, as outlined below.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2016/17	£5.5m	£3.0m	£2.5m
2017/18	£5.0m	£3.4m	£1.6m
2018/19 ¹	£4.3m	£3.2m	£1.1m

Although the Heritage Service's budget has been reduced and Lincoln Castle continues to perform, no new income streams have been developed which means that long-term financial sustainability is unachievable under the current business model. The purpose of this business case, then, is to propose a new business model which will lead to long-term financial sustainability for the Service. This is expressed through four objectives:

1. Establish a Cultural Enterprise model to support the long-term financial sustainability of the heritage service.
2. Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.
3. Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.
4. Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

Moving from grant-in-aid to a cultural enterprise model

The Heritage Service currently looks after a diverse portfolio of ten sites, most of which are defined as microsities - museums, galleries or heritage sites which offer access to a single narrative through a highly specialised collection. However, microsities² offer little motivation for visitors to return and have limited commercial potential as a result. Their installations have reached the end of their lifespan and are increasingly irrelevant to younger generations. Visitor numbers are in decline.

This business case proposes that the Heritage Service should shift from its current grant-in-aid model which supports microsities and their traditional forms of heritage and cultural engagement, to a cultural enterprise model, in which the Heritage Service becomes more entrepreneurial in the way it delivers culture-based products and services with an explicit intent to generate a surplus, which is then used to ensure the enterprise's long-term sustainability and development. The intention is to transform the public's perception of the Heritage Service through its offer so that it is seen as the key driver for a more vibrant cultural life in Lincolnshire, rather than *just* being the service which looks after old buildings and artefact collections.

¹ Forecast as of April 2018/19

² Lincoln Castle is the exemption as it has created a compelling visitor offer through free to access, paid for entry and a rotating events programme which invites visitors to return often, however it requires investment to ensure it can perform.

Developing two new supersites

By their nature, successful cultural enterprises have to be more audience-focused, creative, relevant, and commercial in their approach, but they also require the right physical spaces to facilitate more diverse programming. We have called these spaces Supersites - heritage sites, galleries or museums that offer multiple experiences, including permanent and temporary exhibition as well as a rotating programme of events, to enable the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

We propose two Supersites, one at Lincoln Castle and the other at The Collection Museum & Art Gallery (CMAG) which would run under a Freemium business model, offering a small free-to-access offer and a wider commercial offer of temporary exhibitions and events.

To create the CMAG Supersite we propose a range of changes that would reinvent the museum experience completely. The basement would become a 'white cube' gallery to house the Usher art collection, the main gallery would be reconfigured to create a larger temporary and a smaller permanent gallery, and a smaller range of physical changes would help to re-energise the museum. We also propose to retain control of the café operation which is currently operated by Stokes.

Lincoln Castle requires a number of changes to ensure it can perform successfully as a supersite and drive the overall growth of the Heritage Service. These are business as usual, essentially musical chairs, which would see office and learning spaces in the prison block freed up to create more flexible exhibition and event space, while also making better use of the Heritage Skills Centre as a dedicated learning centre for all, rather than just for traditional craft skills for a very small niche.

We also propose to dispose of a number of microsities - Discover Stamford, Gainsborough Old Hall, Usher Gallery, and Ellis, Burgh le Marsh and Alford Mills, which would be administered by third parties. Remaining microsities (MLL, BBMFC and Heckington Mill) will be maintained within the Heritage Service. This will create operational savings and increase the capacity of the service to focus on developing the offer at the two proposed supersites.

Cost of capital works

The cost of this is estimated at approx. £5m with 70-80% expected to be fundraised through HLF, ACE and other funders. LCC's contribution would be £1-1.5m, depending on the final scheme of work agreed. This is very good value for money as it would contribute in large part to the successful delivery of the objectives noted earlier. The proposed changes to Lincoln Castle would be undertaken immediately, but given the process for fundraising and design we expect that CMAG would not reopen as a Supersite until 2023/24.

Development of a commercial programme

Development of an income-generating programme would begin immediately with income being generated through a formalised programme of audience-focused paid-for temporary exhibitions and events, as well as improved café and retail activity from the associated increase in visitor numbers. This would be supported by a wide range of other income-generating initiatives, including an annual pass for both Lincoln Castle and The Collection which would substantially drive up ticket yield by offering better value to holders, as well as the development of a range of fundraising, sponsorship and patronage schemes for individuals and businesses. These are now standard across the sector.

Expected financial performance

The business case proposes that the Heritage Service's income will increase year on year, thus also reducing LCC's contribution year on year, although this would be affected temporarily by the capital work to create the CMAG supersite in 2022/23. This is outlined in the table below and represents a substantial saving to LCC given that the status quo would require a similar commitment as that projected in 2018/19 going forward, probably leading to a situation where further cuts would be required which would impact on the performance of the Heritage Service.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2018/19 ³	£3,975,809	£3,016,299	£959,510
2019/20	£4,070,308	£3,256,633	£813,658
2020/21	£3,900,743	£3,252,219	£648,524
2021/22	£3,700,319	£3,195,541	£504,778
2022/23	£3,644,094	£3,123,672	£520,421
2023/24	£3,656,911	£3,435,245	£221,666

While the programme outlined in this business case ends in 2023/24, we anticipate that similar performance levels would be maintained from 2024/25 onwards given the investment in supersites.

Wider impact

Total visitor numbers across the six year programme are 2.75million under the Supersite model compared to 2.69million under a status quo model.

Across the proposed schedule the Supersite model delivers a marginally higher return for both Tourism Impact (1%) and Wider Economic Impact (0.5%) than the status quo; however in 2023/24 under the first full year following the opening of CMAG under the Supersite Model Tourism Impact is 8.5% greater than the Status Quo, while the Wider Economic Impact is 7.3%.

A DCMS model has been used to calculate Health & wellbeing savings on NHS services due to the reduced likelihood of GP visits and psychotherapy services following engagement with culture & heritage. As with the economic impact assessment, the Supersite model delivers marginally more (0.4%) combined Health & Wellbeing savings than the Status Quo model; however, in 2023/24 the savings are 7.5% more than the same year in the Status Quo model.

Management approach

All work would be undertaken using LCC's own project and programme management methodologies, and which already includes a dedicated programme board. However, we also propose a new advisory board for the Heritage Service comprising a range of sector-specific expertise to ensure that the service remains focused on its audiences and is supported in its development.

It is likely that an organisational restructure of the Heritage Service would take place in order to redistribute resources to reflect the needs of a cultural enterprise, but also to ensure that required areas of expertise are introduced into the service and support the cultural change journey that must take place. However, it should be noted staffing budgets would not exceed those outlined in this

³ Forecast as of November 2018/19

business case. As with all organisational change at LCC, any proposed change in the Heritage Service would be undertaken in partnership with HR using LCC's Organisation Design Toolkit.

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Introduction

Following engagement with the Commercial Team, it was agreed that a Detailed Business Case was required for the Future of the Heritage Service programme and it was agreed that this would follow the Treasury's Green Book approach.

The Treasury Green Book methodology⁴ is the UK Government's approved approach for appraising and evaluating policies, projects and programmes. It is considered best practice around the world in ensuring good value for public money invested in policies, projects or programmes.

This methodology proposes the creation of up to five different documents which take an idea from initial development through to a Full Business Case (or Business Justification for smaller investments). During the course of this process for development of a policy, project or programme, a number of options are assessed in an Outline Business Case (OBC), followed by a Detailed Business Case (DBC) which focuses on the single preferred option agreed during the OBC decision-making process.

Both the OBC and DBC use a five business case approach which offers a 360 degree assessment of the policy, project or programme. It is laid out as follows:

1. Strategic Case – This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme. It seeks to answer questions about the drivers for change for the proposed operation.
2. Economic Case – This sets out how value for money will be optimised given the required investment. It seeks to answer questions around value for money given the investment required to deliver the proposed operation.
3. Commercial Case – This sets out how the policy, project or programme will operate in delivery mode. It seeks to answer questions around the suggested method of delivery of the proposed operation.
4. Financial Case – This highlights likely funding and affordability issues and the potential balance sheet. It seeks to answer questions around the viability of the proposed financials to deliver the proposed operation.
5. Management Case – This demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice. It seeks to answer questions around how the proposed operation will be managed.

⁴ See <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Key Definitions

A number of terms are used in this business case in order to help describe the Heritage Service's transformation. These have been noted below for convenience.

Microsite

A museum, gallery or heritage site which offers access to a single narrative through a highly specialised collection.

Supersite

A heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

Cultural Enterprise

A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are then used to ensure the enterprise's long-term sustainability and development. A Cultural Enterprise requires a culture of creativity, commercialisation and medium risk-taking.

Business Model

A business model describes the rationale of how an organisation creates, delivers, and captures value.

Building successful business models is an integral component of developing a successful strategy as it details the resources required to deliver a specific value proposition and the income that must be derived from such activity to ensure long-term sustainability.

Value Proposition

A value proposition describes the benefits customers can expect from your products and services. A value proposition can also apply to an entire organisation, either whole or in part, or particular audience segments.

Together with business model design, value proposition design is an integral part of successful strategic development because satisfying customers is the source of sustainable business models.

1 Strategic Case

1.1 Introduction

The purpose of the Strategic Case is to demonstrate the spending proposal provides business synergy and strategic fit. It is predicated on a robust and evidence-based case for change which outlines why intervention is required, the scope for change and the proposed outputs and outcomes. As such, it seeks to identify and answer questions about the drivers for change.

This business case looks at the UK's wider economic and political context within the UK, followed by changes within the visitor economy and cultural policy, before providing context for Lincolnshire. A full strategic analysis has then been undertaken on the Heritage Service before making a recommendation on future strategy.

1.2 UK economic and political context

Having experienced their highest ever levels of funding in 2009-10, councils in England have since borne the brunt of austerity policies designed to cut the national deficit. This has seen overall government grants to councils cut by 38% and collective council tax revenue fall by 8% between 2009-10 and 2016-17. In response, cuts have been instituted by all councils, and Culture (approx. 40% cut), Libraries (approx. 35% cut) and Planning & Development (approx. 58% cut) have all been particularly affected⁵.

From 2011, regional growth has been stimulated, in part, through the UK Government's city deals (later devolution and growth deals) and to date there are 45 such deals in place. Such deals tend to favour urban areas, however, and there is no growth deal operating in Lincolnshire at present. Work within LCC (and other rural areas) is ongoing to ensure fairer funding and growth policies for rural areas.

The period since 2016 has been dominated by the Brexit referendum and subsequent declaration to leave the EU. This was followed quickly by the development of the UK Government's Industrial Strategy⁶, designed to create a foundation for future growth outside of the EU and also address long-standing structural challenges to the UK economy, which also contributed to the dissatisfaction with the status quo and the EU referendum result. The strategy has five pillars; Ideas – *the world's most innovative economy*, People – *good jobs and greater earning power for all*, Infrastructure – *a major upgrade to the UK's infrastructure*, Business environment – *the best place to start and grow a business*, and Places – *prosperous communities across the UK*.

The national agenda is driven by twin priorities – ongoing financial prudence in local and national government and driving economic growth in the regions.

⁵ See *A time for revolution? British local government finance in the 2010s*, Institute for Fiscal Studies, <https://www.ifs.org.uk/uploads/publications/comms/R121.pdf#page=6>

⁶ See *Industrial Strategy: Building a Britain Fit for the Future*, HM Government, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

1.3 Current growth in the UK's visitor economy

Tourism is one of the UK's great ongoing success stories. It is an exciting, confident and dynamic sector, and one that welcomes visitors from home and abroad who come to experience the best of Great Britain and leave inspired by our unique cultural offer that is the envy of the world. The sector employs 3.1m people across every nation and region and across every local authority, and contributes almost £127bn, equivalent to 9% of GDP. At present, £6.1bn of this is based in the East Midlands, ranking 7th of 9 regions, with London, the South East and South West dominating the UK tourism sector.

However, in-line with the industrial strategy and its focus on Place, VisitBritain, the government's body responsible for supporting tourism, has now developed a strategic priority to support the growth of markets outside the traditional tourist powerhouses noted above as part of their sector deal development. As England's competitive advantage in tourism is based on its culture and heritage, this makes Lincoln well-placed to exploit a growing market, especially given that global tourism is set to grow by 3.9% year on year until 2027⁷, the UK's inbound tourism has grown at an average of 6% since 2010⁸ and that Lincolnshire's own tourism growth is currently 3% year on year.⁹

1.4 Culture and Heritage – UK Policy Context

While the industrial strategy has an economic focus, it's also acknowledged by the UK government that culture and heritage also has a role to play in creating and sustaining economic growth. The mission of the Department for Digital, Culture, Media and Sport (DCMS), for example, is to 'drive growth, enrich lives and promote Britain abroad'¹⁰ by supporting the growth of the creative industries, one of Britain's great economic success stories, and exemplified in such initiatives like the UK City of Culture.

Hull's tenure as UK City of Culture in 2017, for example, attracted almost six million visitors, up from 4.75 million when the award was announced in 2013, but also created 800 new jobs and attracted £220m of investment in the same period. Government investment in the initiative was £15m, representing a substantial return on investment. Evaluation from previous winners in Londonderry and Liverpool suggests that the transformation continues long after the year-long festival has come to an end¹¹, indicating that culture and heritage has a key role to play in making places attractive to live in, work, visit, and invest – and therefore in creating and sustaining economic growth.

It's also worth noting the 'heritage premium' as identified by the HLF, which states that those listed buildings occupied by businesses deliver £13,000 GVA¹² per annum than non-listed buildings.¹³ Rather than being isolated in the past, heritage has a key role to play in supporting future growth.

Collectively, this approach is referred to as placemaking, a process which capitalises on local assets, inspiration and potential in order to create places that promote a wide range of social and economic

⁷ See Travel & Tourism Global Economic Impact & Issues 2017, World Travel & Tourism Council, <https://www.wttc.org/-/media/files/reports/economic-impact-research/2017-documents/global-economic-impact-and-issues-2017.pdf>

⁸ See <https://www.visitbritain.org/visitor-economy-facts>

⁹ See <https://www.lincolnshirelive.co.uk/news/local-news/tourism-booming-new-figures-show-1919116>

¹⁰ See <https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport>

¹¹ See Does being UK City of Culture create a lasting legacy?, BBC, <https://www.bbc.co.uk/news/uk-england-43485141>

¹² Gross value added (GVA) is a productivity metric that measures the contribution of a corporate subsidiary, company or municipality to an economy, producer, sector or region. Gross value added provides a dollar value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production. It is important because it contributes to the calculation of Gross Domestic Product (GDP), which is a key indicator of economic wealth.

¹³ See New ideas need old buildings, HLF, see <https://www.hlf.org.uk/new-ideas-need-old-buildings>

benefits. As well as delivering a wide range of social impacts, culture's role is shifting toward one of placemaking.

1.4.1 Culture White Paper

The Culture White Paper (2016) sets out the government's ambition and strategy for the cultural sector. This highlights that the role of culture in the UK should be one that is audience-focused, rather than one that is to preserve access for the elite. Its recommendations were:

- Everyone should enjoy the opportunities culture offers, no matter where they start in life;
- The riches of our culture should benefit communities across the country;
- The power of culture can increase our international standing; and
- Cultural investment, resilience and reform.

1.4.2 Mendoza Review of Museums

A recommendation from the Culture White Paper, the Mendoza Review of Museums¹⁴ was the first government-sponsored report into the future of museum development for over a decade. This report recommended the following to help museums develop greater levels of resilience and sustainable business models¹⁵ in the future:

- Adapting to today's funding environment
- Growing and diversifying audiences
- Dynamic collections curation and management
- Contributing to placemaking and local priorities
- Delivering cultural education
- Developing leaders with appropriate skills and diversifying the workforce
- Digital capacity and innovation
- Working internationally

These recommendations have been taken forward by leading government funders including the HLF, ACE, DCMS and also national museums. This opens up the scope for culture and heritage to be more audience-focused, demand-driven and commercial in their approach of delivering wider social and educational objectives and outcomes.

1.4.3 Culture is Digital (2018)

This DCMS report¹⁶ highlighted how culture and technology, two of Britain's competitive advantages, could work together to drive audience engagement, boost the capability of cultural organisations and unleash the creative potential of technology to deliver wider innovation. Its themes were:

- Audiences: Digital experiences are transforming how audiences engage with culture and are driving new forms of cultural participation and practice.
- Skills and the digital capability of cultural organisations: Cultural organisations are increasingly using technology to help them deliver across many areas of their business. Research shows that organisations that benefit most from digital technology are those who are digitally mature.

¹⁴ See The Mendoza Review, published by DCMS, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/673935/The_Mendoza_Review_an_independent_review_of_museums_in_England.pdf

¹⁵ A business model describes the rationale of how an organisation creates, delivers, and captures value.

¹⁶ See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687519/TT_v4.pdf

- Future Strategy: The UK cultural offer is the key to our soft power, as well as an important source of exports and inward investment. Soft power is most accessible to visitors through tourism.

1.4.4 Statutory duties related to museums

There are no statutory duties related to the provision or operation of museums for councils. Rather, the Council has a power but not a duty to provide museums and art galleries through the Public Libraries and Museums Act (1964). Other attractions will probably be treated as museum under the 1964 Act but would otherwise be covered by the general power of competence under the Localism Act (2011).

The Council has a wide degree of discretion as to the scope and nature of the services it provides in relation to museums and galleries. Lawfulness will therefore come down to the overall rationality of the proposals based on a combination of considerations including heritage reasons, sustainability and costs, and taking into account mandatory factors such as the Public Sector Equality Duty and consultation views.

However, it should be noted that Arts Council England (ACE) operates a voluntary accredited museum scheme which sets out national standards for museums in the UK. This includes baseline quality standards to support the efficient operation of museums and provide a high quality experience to visitors.

1.4.5 Key national drivers for future cultural provision

The key national drivers for the future development of culture are as follows:

- Culture and heritage can play a larger role in promoting economic growth through placemaking;
- Everyone, regardless of their age or personal circumstances, should be able to enjoy the benefits of culture and heritage;
- Cultural organisations must adapt to today's economic climate and become more enterprising in their approach;
- Becoming audience-focused is integral to future success;
- Digital helps to create new opportunities for engagement;

1.5 Lincolnshire Context

Situated in the region of the East Midlands, Lincolnshire is the second largest county in England by area and 18th largest by population (around 750,000 people). Quality of life in Lincolnshire is good overall; property is competitively priced and the cost of living is low, reflecting that average salaries are lower than many parts of the country (approx. 12% lower than the national average).

Key drivers for economic growth include agri-food and manufacturing, and both sectors perform well within the current economic climate, as well as the visitor economy, which while growing, is currently underdeveloped. Substantial growth in the local economy is hampered by the lack of investment in road and rail infrastructure, although ongoing investment continues to deliver progress in these areas. For example, from May 2019 Lincoln would get direct trains to and from London every two hours, an investment which would also see around 20 minutes cut from the average journey time.¹⁷ Such initiatives would directly support growth in the visitor economy and facilitate stronger business relationships.

The county also has two universities, the University of Lincoln and Bishop Grosseteste University, both of which enjoy world-class within their respective specialisms. The county enjoys a wide range of open spaces, including many parks and a designated Area of Outstanding Natural Beauty – the Lincolnshire Wolds, as well as world-class heritage.

1.5.1 Greater Lincolnshire LEP

This LEP has identified six sectors which have a competitive advantage and can offer real growth potential. One of these targeted areas is the visitor economy, in particular by strengthening the quality of the visitor experience and improving business performance.

This acknowledges the sizeable contribution of the visitor economy to Lincolnshire which now stands at around £1.9bn per annum across Greater Lincolnshire. The Heritage Service is increasingly recognised as a key driver for the visitor economy.

1.5.2 Lincolnshire's heritage

By any standard, Lincolnshire has a rich heritage and there are very few places in the UK that can compete with its range of histories and sense of continuity over time. This stretches from Iron Age settlements through to the Romans, Vikings and Normans, the rise and then slow decline of religious power, key stories from the Tudor era, significant Civil War battles, the Agricultural and Industrial revolutions, and major contributions to the First and Second World Wars. Many major historic figures have originated from Lincolnshire, including Isaac Newton, Margaret Thatcher, George Boole (creator of Boolean logic which is central to computer science), the naturalist Joseph Banks (who was instrumental in the founding of Kew Gardens and the colonisation of Australia), and one of the greatest Victorian poets Alfred, Lord Tennyson. All of this has helped to shape a distinct identity, what is often referred to as the Lincolnshire DNA.

Yet curiously, although heritage may be deeply embedded, perhaps even intrinsically woven into the fabric of Lincolnshire life, it's yet to be fully appreciated by both domestic and inbound tourists, as the county has an underdeveloped visitor economy. This is in part due to the transport challenges that arise out of the rural nature of the county, however there is still work that needs to be done in

¹⁷ <https://thelincolnite.co.uk/2018/03/11-new-direct-trains-lincoln-london-start-2019/>

telling the stories of Lincolnshire in a way that resonates with local residents but which is also a sufficient attractor to external visitors. Two key questions arise from this discussion; how do we use our heritage to tell a strong story of the distinctive identity of Lincolnshire? And, how can this heritage be leveraged for the county's wider benefit, including delivering against key LCC priorities?

1.6 LCC's strategic priorities

Since the onset of austerity, LCC has had to find savings of £245 million¹⁸ to balance its books, and the current financial environment continues to be challenging. Key priorities have reflected this and can broadly be defined as:

- Ongoing emphasis on a wide range of efficiency savings;
- Increasing productivity;
- Strategic investment in service areas that deliver the best value for the public, and
- Investment in those areas which contribute to the growth of the county's wider economy

1.6.1 Commercialisation and Commissioning Strategies

Commissioning is the cycle of assessing the needs of people in an area, designing, and then achieving appropriate outcomes based on those needs. The services required to deliver these outcomes may be delivered by the public, private or civil society (a.k.a. third sector) sectors.

This strategy sets out LCC's increasingly commercial approach to service provision, where increasingly the Council sees itself as a commissioner of services whether that be from in-house providers, external contractors, shared services or other similar arrangements. The view is that Commissioning Strategies would ensure;

- the better matching of need and improved services
- the better development of services in accordance with priorities
- better balance between tiers of services e.g. an increase in preventative services
- increased causal connectivity between services and desired outcomes
- better engagement with service users, the market and commissioning partners

In order to balance future budgets the Council needs to embrace commercialisation and the opportunities that presents for both income generation and improved service.

There is significant potential for the Heritage Service to exploit the potential of a commercial approach to service provision, not only to deliver better outcomes for users but also to ensure increased financial sustainability.

1.6.2 Community Resilience and Assets Commissioning Strategy

The Community Resilience and Assets Commissioning Strategy (2017-21) sets out how by working together, the Council, communities and partners can make a real difference and have a central role to play in continuing to make Lincolnshire a great place. Its vision – working for a better future – would be realised through:

- Building on our strengths;
- Protecting your lifestyle;
- Ambitious for the future

¹⁸ See [Our Plan For Lincolnshire: the Conservative Group Manifesto for the Lincolnshire County Council elections on Thursday, 4th May 2017](#), page 17

Purpose:

- Investing in infrastructure and the provision of services
- Commissioning on outcomes based on our communities' needs
- Promoting community wellbeing and resilience;
- Influence, coordinating and supporting other organisations that contribute to the life of Lincolnshire; and
- Making the best use of our resources

There are specific elements of this strategy that are directly relevant to Heritage Services. This refers to two aspects, first through feedback from stakeholders, and second through LCC priorities.

1. Feedback from stakeholders around what they want from their cultural services:
 - Share stories that inspire through engagement with our Heritage sites and collections.
 - Create experiences that put our visitors at the heart of all we do.
 - Value heritage so that it can be enjoyed now and by future generations.

2. LCC's five priority areas are noted, together with agreed heritage priorities below these headline priorities:
 - Our citizens are informed and engaged
 - Provide engaging spaces at all our sites, plus an online presence that engages with communities
 - Provide active interpretation of exhibits and other products attached to the history of their local area
 - Citizens who do it for themselves
 - Provide intergenerational opportunities and learning
 - Help individuals to build their confidence, skills and experience
 - Facilitation of the transfer of resource to enable community action
 - Our assets are protected and celebrated
 - Heritage sites and collections are valued and protected so that they can be enjoyed now and by future generations
 - Sites and collections are interpreted so that they are accessible for all audiences
 - Develop a strong sense of place
 - Connect people and places by sharing stories of Lincolnshire that inspire
 - Celebrate the county's history at Heritage Service sites
 - Build a service that has volunteering at its heart

1.7 LCC Heritage Service

The Heritage Service currently manages the visitor experience for a wide range of properties which are noted below:

- Lincoln Castle
- Heritage Skills Centre (inside Lincoln Castle but not part of the core visitor offer)
- The Collection, including Usher Gallery
- Museum of Lincolnshire Life
- Gainsborough Old Hall
- Battle of Britain Memorial Flight Visitor Centre
- Discover Stamford
- A range of windmills including Heckington Mill, Alford Mill, Ellis Mill and Burgh le Marsh

This is a diverse portfolio which, as a whole, tells an unfocused and incomplete story of Lincolnshire, largely as a result of legacy acquisitions and the microsite¹⁹ approach, even if individual experiences are high quality. Overall, the portfolio does not add up to more than the sum of its parts, does not match the rich heritage that Lincolnshire enjoys, or support the long-term financial sustainability of the Heritage Service.

1.7.1 Heritage Service – Current Operational Position

A series of papers have informed the Heritage Service's current operational position, responding to priorities within LCC to reduce costs, increase efficiency and create higher quality services, which were announced in Nov 2015 as part of an effort to cut spending by at least £130m.

Future of the Heritage Service (04/10/2016 - I010710) placed these proposed changes within LCC's wider strategic context and also highlighted a long list of governance options which could support greater levels of financial self-sustainability while increasing the quality and impact of the public offer. At the time the LCC Executive gave approval to explore ways to reduce the cost of its service while improving and enhancing its public offer and the results of the thinking and research associated with this are represented in this business case.

Since that time the Heritage Service's budget has been reduced over time, as outlined in the table below.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2016/17	£5.5m	£3.0m	£2.5m
2017/18	£5.0m	£3.4m	£1.6m
2018/19	£4.3m	£3.2m	£1.1m

This represents significant progress in meeting LCC's direction to make ongoing efficiency savings and to commercialise the heritage service, particularly with the ongoing success of Lincoln Castle. While this is positive, as it currently stands, the Heritage Service will not generate sufficient income to reduce LCC's contribution and so key questions need to be answered; how can we improve the quality of our offer to engage a wider range of audiences and then create greater levels of sustainability for the Heritage Service as a result?

1.7.2 Current Heritage Offer

An overview of the Heritage Service's offer is noted below.

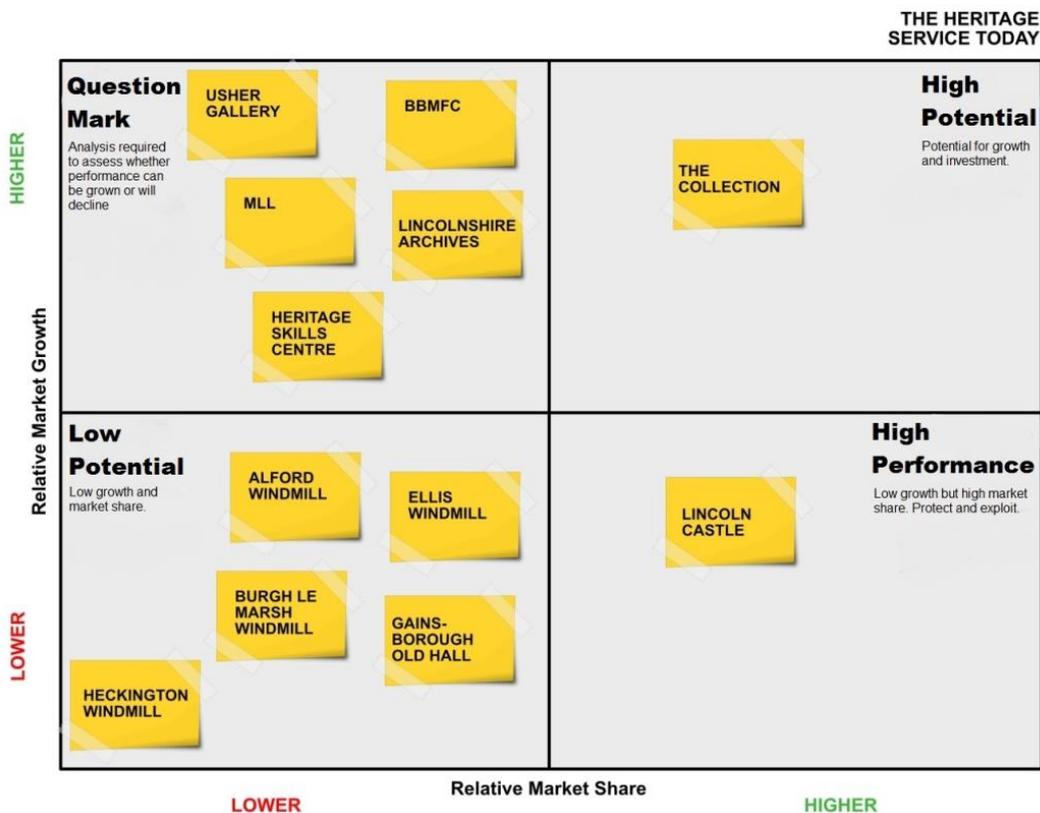
Site	Overview
Lincoln Castle including Heritage Skills Centre	The Castle's performance as a visitor attraction, both financially and as a visitor experience, has impressed since it reopened in 2015. Admissions remain strong and the commercial programme is growing. The Heritage Skills Centre, on site at Lincoln Castle, is tied into a number of funding streams, including from the EU and HLF which will come to an end in 2021/22.

¹⁹ A microsite is broadly defined as a heritage site, gallery or museum which offers a single story or experience.

The Collection	<p>The Collection, which opened in 2005, is a highly regarded space although its permanent installation is now 13 years old and requires updating. Temporary exhibitions are delivered at this site but space limitations reduce its overall capacity to leverage more revenue from this approach. Visitor numbers are now declining and the site is also subject to a punitive rates bill. Internal works would need to be undertaken to create the additional space needed to support a vibrant temporary and ticket-able programme.</p>
Usher Gallery	<p>The Usher Gallery, opened in 1927, and its collection of art and objet d'art were gifted by one of Lincoln's greatest benefactors, James Ward Usher. However, it attracts only 20,000 visitors a year, around 1/6th of the total for The Collection. Its visitor experience is also in need of a substantial refresh to reflect a general shift in the way we now engage with art. The building is leased by LCC from City of Lincoln Council and any significant change in the use of the building would require renegotiation with the leaseholder. Around 45% of the art in the collection is owned by City of Lincoln Council with the remainder being loaned to or owned by LCC.</p>
Museum of Lincolnshire Life	<p>Although MLL is situated in a highly distinctive building with listed status, its location and offer limits its ability to attract visitors. The visitor experience is in need of a substantial refresh as there hasn't been investment in the social history displays since the 1980s, although the displays about the Lincolnshire Regiment were installed around 15 years ago. The Butterworth store, which houses substantial number of large items, and Ellis Windmill are also located at MLL.</p>
Gainsborough Old Hall	<p>Although a stunning example of a surviving medieval manor house with some interesting Tudor history, GOH's real importance lies in its architectural legacy, rather than the stories associated with the site.</p> <p>Gainsborough Old Hall's location also means that it does not enjoy a significant number of visitors to make it a strong commercial proposition. The hall is owned by English Heritage and remains within its portfolio, but is leased to LCC. Break clauses exist within the contract which would allow us to reconsider our involvement with the site.</p>
Battle of Britain Memorial Flight Visitor Centre	<p>BBMFC tells a key story for Lincolnshire – that of the Battle of Britain and the role Lincolnshire played in it. The site comprises a hangar with historic aircraft, all of which are owned by the RAF. However, as a result of a lease between LCC and the RAF, a Visitor Centre has been provided (by LCC) which facilitates public access to the site. LCC also manages the provision of volunteer-led guided tours managed by the Heritage Service.</p> <p>Access to the sites is dependent on RAF permissions, and changing MOD priorities may mean that the site and/or access to the planes are moved</p>

	outside of LCC control.
Discover Stamford	<p>Discover Stamford is a small heritage offer in Stamford Library that was adapted from the Stamford Museum that was closed in 2011. There is also a museum objects store in the same site (but not in the same building).</p> <p>There are opportunities to engage with a third party who are interested in the transfer of the collections to their ownership so that they can engage the public. Should that happen it would also facilitate the closure of Discover Stamford which would then be released to the library for their use.</p>
A range of windmills including Heckington Mill, Alford Mill, Ellis Mill and Burgh le Marsh	<p>While the mills represent a substantial period of Lincolnshire's agricultural history, and represent some key innovations in the history of mills, given their respective locations they enjoy much smaller numbers of visitors. Their upkeep, particularly of the sails, can be substantial, which is met by LCC Property Services. Contractual agreements vary and there are opportunities to better engage third parties to operate these locations who are passionately engaged with the mills and their histories.</p>

The following Boston Consulting Group Growth-Share Matrix indicates the current performance of the entire portfolio. This is a planning tool to help organisations decide where investment should take place to support growth.



Key points of analysis:

- At present, only Lincoln Castle is generating surplus income. The others are generally locked into business models which are unsustainable as they currently deliver insufficient income, do not charge for admission, are hampered by substantial running costs, or lack the space needed for income generation.
- In all cases except Lincoln Castle, the visitor experience is outdated, and certainly doesn't work as a means of driving visitors to these sites.
 - The Collection's permanent exhibition has not been changed since 2003 when it opened and MLL's permanent exhibition was opened in the mid-1980s while the Regimental Museum was opened around 15 years ago.
 - Of these sites only The Collection, including the Usher, has the potential for temporary exhibitions that can drive income, but even these spaces are not sufficiently large or flexible enough to be used as a commercial proposition.
 - All in all, there exists little to drive visitors to these sites and even less to encourage them to return even if they have already visited. In other words, they are losing their relevance, and with it, their visitors.

Given this assessment, the status quo is unsustainable. Lincoln Castle is the only high performer and generates a surplus, and while this success is acknowledged, it is insufficient to drive the rest of the service. The foundation of financial sustainability, as with all enterprises, is to create value for its customers. New ideas and approaches are required in order to create relevance, galvanize investment, breathe new life into old sites and their stories, and facilitate greater opportunities to generate commercial income. It is this combination that will increase financial sustainability.

1.7.3 Stakeholders

With such a broad portfolio, the Heritage Service has a wide range of internal and external stakeholders, reflecting the wide range of users and the role of culture across multiple sectors of the Lincolnshire economy. Considerable work has been done in order to ascertain our stakeholders and the nature of our relationships with them.

These are summarised as follows. Please note that this is not an exhaustive list but an indication of the breadth of stakeholders with which we engage:

Type of Stakeholder	Examples
Key organisations	Friends of Lincoln Museums and Art Gallery (FLMAG), Lincolnshire Family History Society, Lincoln Cathedral, Survey of Lincoln, Alford Town Council, University of Lincoln, Bishop Grosseteste University, Stamford Town Council, Lincoln Crown Court, Friends of Lincoln Castle, Bailgate Guild, Friends of Old Hall, Usher Trust, English Heritage, Schools in Lincolnshire, Lincoln BIG, Heritage Lincolnshire, Historic Lincoln Trust, West Lindsey District Council, City of Lincoln Council (Usher Gallery & Collection), Society for Lincolnshire History & Archaeology, Lincolnshire Artists Society, Lincolnshire Co-operative, and many others.
Key funders	Heritage Lottery Fund, Arts Council England, David Ross Foundation, Art Fund, Heslam Trust, Lincolnshire Co-operative, Peter Hodgkinson Trust, Headley Trust, and others
Key individuals	Lord Cormack, District Councillors, David Ross, Lord Lieutenant, Liz Bates

Considerable resources are already invested in maintaining good relationships with many individuals and organisations alike and previous engagement with stakeholders took place Nov 2017 – Feb 2018 which has helped to shape the position reflected in this business case. Pre-engagement is already taking place to establish stronger relationships and establish a worthwhile dialogue to help shape the future of the service.

In order to formalise the contribution that key stakeholders can make to the future development of the Heritage Service, we would also be looking to establish an advisory group of senior officials. This is discussed further in the Management Case.

1.8 Future Business Strategy

In developing a future business strategy for the heritage service a full strategic analysis has been undertaken. The purpose of this analysis is to ensure that the strategic case fully supports key LCC and national priorities, while also looking at the commercial potential of the service in-line with opportunities to improve the visitor experience.

1.8.1 PESTLE – Analysis of the External Environment

The purpose of the PESTLE is to assess the external environment in which activity would take place to ascertain key factors that would contribute to the development of the business strategy. The full PESTLE is in appendix 1A, however headlines are noted below.

Political	The main political driver is placemaking and both culture and heritage have a key role to play in making Lincolnshire a great place to live in, work, visit, and invest, which in turn helps to create more highly paid jobs. Culture and heritage, therefore, has a key role to play in the placemaking and the Heritage Service is one of LCC's key drivers in this process.
Economic	<p>The key LCC driver is to enhance the sustainability of the Heritage Service by reducing its financial investment over time, but also to ensure that the Heritage Service can adapt to delivering a more commercial service. This can be facilitated externally by the ongoing growth of the visitor economy which is forecast to grow by 3.9% until 2027 and is likely to be further enhanced in the UK by the relative weakness of the pound which would increase inbound visitors and persuade domestic visitors to staycation. Taking advantage of this would support a fundamental shift in the Heritage Service's business model.</p> <p>Capital funding is available from public bodies (ACE, HLF), however it is generally available in smaller amounts and joint-funding is increasingly expected.</p>
Social	Changing engagement trends are increasingly shaping the cultural experience today, which are increasingly narrative-based, experiential and participatory in nature. This is being driven by demographic change and a need to be more audience-focused. Collectively, this reflects a substantial change to the static and passive experiences that have dominated cultural and heritage institutions in the recent past. These approaches would also

	<p>deliver wider social outcomes which are important to wider LCC strategic priorities.</p> <p>Taking advantage of these changes in cultural engagement would support the Heritage Service in substantially improving the visitor experience across its portfolio.</p>
Technological	<p>Increased prevalence of digital technology is creating a wide number of new opportunities for engagement, particularly in the creation of new experiences. Technology also facilitates better ticketing facilities and more focused marketing opportunities, which lend themselves more effectively to commercialisation.</p>
Legal	<p>As previously stated, no statutory duties related to the provision or operation of museums for councils currently exists. Rather, the Council has a power but not a duty to provide museums and art galleries through the Public Libraries and Museums Act (1964) and as such it enjoys a wide degree of discretion as to the scope and nature of the services it provides in relation to museums and galleries.</p> <p>There is also the potential for LCC to face legal challenges if the consultation process is not delivered effectively.</p>
Environmental	<p>A range of environmental and sustainability benefits can be realised through the redevelopment of sites, though these are not going to be drivers for change unless they become legal necessities.</p>

1.8.2 SWOT – Internal Analysis of the Heritage Service

The SWOT is designed to assess the competitive position of the Heritage Service in terms of its strengths, weaknesses, opportunities and threats. It sits alongside the PESTLE and highlights areas that would require a renewed focus. The full analysis is available in Appendix 1B; however the key factors from the SWOT analysis are as follows:

- The success of Lincoln Castle Revealed has proved that strategic investment in key cultural initiatives to improve the visitor experience can contribute to greater levels of self-sufficiency for the Heritage Service, wider economic growth for Lincolnshire, and help to make Lincolnshire a more attractive place to live in, work, visit, and invest.
- Setting ambitious goals which tell the under-developed story of Lincolnshire in innovative and exciting ways for our audiences would attract income from funders.
- Focusing on our audience needs, wants and preferences would lead to increased visitor numbers and a greater commercial return.
- Delivering this would require investment in and transformation of the heritage service in order to create an efficient, audience-focused and commercial Cultural Enterprise.²⁰
- The status quo is an unsustainable long-term solution. Maintaining a portfolio of disparate sites which offer a patchy experience and are not sufficiently well developed to diversify the

²⁰ A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are then used to ensure the enterprise's long-term sustainability and development.

offer and attract visitors would lead to further cutbacks and lead to death by a thousand cuts.

1.8.3 Porter's Five Forces – Assessing the Competitive Environment

This exercise identifies and assesses the five competitive forces²¹ that shape every industry, thus helping to determine its strengths and weaknesses, and ultimately, to inform whether investment in that industry would deliver an appropriate return on investment. Each investment is graded as LOW, MEDIUM or HIGH. The full analysis is in Appendix 1C, however a summary is provided below.

Given that the power of suppliers (funders) is HIGH; this project would require what is often called a BHAG (Big Hairy Audacious Goal) which is aligned to funder's wider priorities, as they would want to see impact for their investment. Also, given the power of customers is HIGH, it would be essential to provide a highly differentiated experience to attract and maintain a more diverse range of audiences. Incremental improvements to the current model that would not substantially improve the visitor experience are unlikely to strike a chord either with funders or audiences, and would not help to deliver a more financially sustainable or resilient Heritage Service.

An investment to deliver a BHAG that would significantly improve the visitor experience would also help to make Lincolnshire a great place to live, work, visit and invest, and would allow Lincoln to compete with York and other major tourist destinations. This BHAG would provide the golden thread that connects Lincoln's distinctive cultural heritage to its visitors through an improved visitor experience provided by the Heritage Service, which can then be used as soft power on a national and international stage.

How this can be achieved given the current portfolio and business model operated by the Heritage Service is discussed in further detail below.

1.8.4 Strategies for growth – Building a better business model

There are two main strategies for growth, **Cost leadership** (lowest price products sell more) and **Differentiation** (Products and services that create wider value sell more).

Museums generally mix these approaches, for a number of different reasons. As culture is part of our shared human experience – *it belongs to each of us equally* – it's generally considered that it should be accessible. This usually means delivery free at the point of delivery, paid for through grant-in-aid by the UK Government, either directly or indirectly through a range of public bodies, including DCMS, as well as city or county councils.

At the same time, because museums represent a niche interest, they also offer a highly differentiated experience. However, provision of museum services with such specificity is generally not economically sustainable unless collections are of such relevance that a large customer base is available who are prepared to pay for access, or grant-in-aid to cover costs can be justified.

Lincolnshire's current culture and heritage offer, which is largely based on cost leadership through grant-in-aid which makes culture free at the point of access, is not sustainable because LCC itself is moving toward a more commercial model. However, it needs to be acknowledged that the population of Lincolnshire (including tourists) is not yet large enough to generate commercial

²¹ These are the Threat of new entrants, Power of suppliers, Power of customers, Threat of substitutes, and Competition in the industry.

demand for a differentiated experience based on current displays of our collections. In other words, switching from one business model to another overnight is not sufficient to deliver the requisite increase in commercial value needed to sustain the Heritage Service as it currently exists.

The only way to overcome this is to develop an approach to the delivery of culture and heritage that is based on differentiation and aligned to our audiences and their preferences, and the value it creates for them, rather than a traditional view in which LCC dictates the kind of value that its visitors should generate from their heritage or cultural offer. This approach would ensure that the maximum number of audiences would engage with the widest range of experiences we provide, thus delivering the highest income levels by creating the greatest amount of value for our audiences.

This approach requires the development of a new operating model that:

- Supports the delivery of audience-focused cultural experiences which consistently delight audiences with their quality, diversity and innovation.
- Generates genuine value for a wider range of audiences so that they will want to return often.
- Generates economic value, either directly or indirectly, to financially sustain the service.
- Creates an agile Heritage Service that is efficient, innovative and resilient.

This is most often encapsulated in what is called a Cultural Enterprise - an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are used to ensure the enterprise's long-term sustainability and development.

Facilitating this change to a Cultural Enterprise, then, is the purpose of this business case.

1.9 Aims and Objectives for the Future Heritage Service Programme

Reflecting on the analysis above creates the following investment aim and objective for this programme of work as follows:

Key investment aim

Transform the Heritage Service through the establishment of a Cultural Enterprise that can leverage the full social and economic value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors.

Investment Objectives

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

1.9.1 Creating a Heritage FuturePlan as a *Big Hairy Audacious Goal*

The objectives noted above are business-like and are appropriate for a business case but the language is unlikely to fully resonate with the public. To achieve this it is suggested that they be encapsulated within a FuturePlan which can capture the spirit of what we are trying to achieve with the transformation of the Heritage Service. A *Big Hairy Audacious Goal* represents a goal that everyone in LCC, as well as the audiences we serve within the Heritage Service, can get behind and on which resources can be focused.

And by focusing our entire change programme on what our visitors want to see (rather than pushing our collections onto people) we would open up a range of new opportunities about how we can use culture and heritage to engage more people and create wider commercial viability.

For example, a FuturePlan which encapsulates this could look like this:

LCC's Heritage FuturePlan

Purpose: An ambitious programme of development to transform LCC's Heritage Service so that it can continue to delight and inspire the public with Lincolnshire's world-class culture and heritage.

Vision: To place culture and heritage at the heart of Lincolnshire life.

Mission: We help *everyone* explore the story of Lincolnshire, its identity and significance, through its unique geography, history and culture.

Our FuturePlan has four stands:

Strand 1: Investing for the future

- Creating new spaces for public engagement at our sites
- Transforming the way we tell our stories

Strand 2: Focusing on our audiences

- Improving and diversifying the visitor experience
- Delivering experiences that are relevant to everyone

Strand 3: Transforming the way we work

- Increasing our resilience by developing our commercial acumen
- Becoming more agile and efficient as a service

Strand 4: Supporting LCC's ambitions for Lincolnshire

- Helping to make Lincolnshire a great place to live in, work, and invest
- Supporting growth in the visitor economy

This FuturePlan gives a clear indication of direction of travel:

Lincolnshire has strong cultural foundations and a rich heritage and many people have benefited (and continue to benefit) from the investment we have made in our Heritage Service. But we also recognise that over time preferences for cultural engagement change and that looking ahead we need to find new ways to remain relevant so that we can continue to delight and inspire our audiences.

We need to challenge ourselves to make sure that the way we deliver culture and heritage at LCC is both sustainable and resilient. This means investing in our spaces so that we can make culture and heritage accessible, engaging, and inspiring for everyone, from those who have visited museums many times before to those who have not yet been enthralled by the stories of our shared heritage, as well as everyone in between. But it also means changing the way we work, becoming more audience-focused to ensure that culture and heritage resonates with the young and old, working more efficiently to deliver better value for money, and becoming more commercial in our outlook to increase the sustainability of our service.

That's why our FuturePlan is important and with the right level of support and investment we can make that a reality.

1.9.2 Transforming the way we tell our stories: Introducing the Lincolnshire DNA

Recent work by the Cultural Management Team (CMT) and supported by wider members of the Heritage Service has developed a clear narrative that would inform the stories that we tell at each site and collectively across the service. We call this the Lincolnshire DNA and at its heart it is the story of the people that have lived in, visited or worked in Lincolnshire, the impact they have had, and how that has shaped Lincolnshire, the UK and the wider world, and how that resonates with our lives today.

The purpose of this framework is to narrow down the range of available stories, offering Lincolnshire's heritage in audience-friendly, accessible, significant, relevant and where appropriate, drama-filled, ways, but to do so in such a way that they resonate with our audiences. To make the Lincolnshire DNA accessible we have developed three²² themes:

Influence: the stories of how Lincolnshire's institutions and notable (and notorious) residents have shaped the county and influenced the UK and the wider world. Key stories are:

- Lincolnshire Explorers
- Sir Joseph Banks sailed with Captain Cook on The Endeavour to 'discover' Australia (1768 – 1771)
- Matthew Flinders was the first to circumnavigate the Australian mainland (1802-03)
- Sir John Franklin's efforts to uncover the North West Passage (1845)
- John Smith and the founding of Jamestown in the New World (1607)
- Alfred, Lord Tennyson – Poet Laureate and one of the greatest Victorian writers
- Baroness Margaret Thatcher – First female Prime Minister and the longest serving Prime Minister for over 150 years.
- Magna Carta – a great symbol of English law and the limitations of Royal power
- Sir William Cecil – Elizabeth I's Chief Councillor and the power behind the throne
- Religious dissenters – The Mayflower pilgrims and Lincolnshire Rising (1536)
- Great songwriters – Bernie Taupin and Rod Temperton who ruled the radio airwaves in the 1970s and 1980s
- Mint in Lincoln – the economic edge of royal power pre and post Norman invasion

²² There's a case to be made that this headings could be widened – for example, Leadership, Power & Influence; Ideas, Innovation & Impact; and Invasion, Migration & Change. Such an approach would widen out the range of stories that can be told and with greater nuance to reflect the strengths of the collection and audience segmentation.

Innovation: the stories of innovation that have originated in Lincolnshire, from the stone age through to the agricultural, industrial and digital revolutions.

Key stories are:

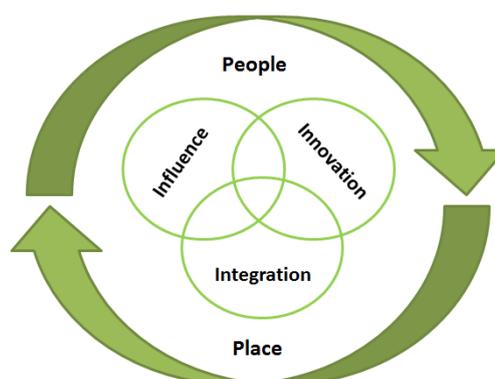
- George Boole – creator of Boolean logic which is key to the development of computer programming.
- Sir Isaac Newton – one of the founding fathers of Physics, the Master of the Mint at the Tower of London and the scourge of coin counterfeiters.
- Agricultural – long history of increase in productivity in agriculture to feed a growing nation, from the agricultural revolution, to the proliferation of windmills across the county, and from the industrialisation of food production in the 19th century through to GM crops in the late 20th century.
- Military – the development of the tank during WW1, and the crucial role of the RAF in the Battle of Britain and beyond.
- Industrial – the growth of the steam train industry and how it dominated Lincolnshire industry in the 19th century.
- Inward innovation from the Romans and Vikings, for whom both Lincoln was a key strategic town to support wider colonial ambitions.

Integration: the stories of invasion, migration and integration that have brought significant change to Lincolnshire and the wider world.

Key stories are:

- Stone age settlers and their early migration to what would become Lincolnshire some 250,000 years ago. This is the start of a key story, one of continuity amid radical change and why we are drawn to the idea of place.
- Roman Lincoln was a key city of the Roman Empire and connected London to York.
- The Anglo-Saxon kingdom of Lindsey, its transition into Mercia.
- The Viking invasion which began in AD865 and the later establishment of Danelaw.
- The Norman invasion and the building of Lincoln Castle.
- First and Second World Wars and the Lincolnshire experience.
- Long story of economic migration, including Jewish communities, Huguenot refugees, the Dutch in the 17th century through to the economic migration of the 21st centuries.

As a diagram, the Lincolnshire DNA can be represented as follows:



The Lincolnshire DNA

1.9.3 Redefining the Heritage Service as a Cultural Enterprise

A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are used to ensure the enterprise's long-term sustainability and development. It has two main characteristics:

1. A cultural enterprise creates products and services (such as exhibitions, festivals, events, programmes, etc.) based on arts, culture, heritage, etc., which are delivered either onsite at a museum, gallery or heritage site, offsite within a community setting, or online through digital engagement. These products or services deliver a wide range of social outcomes and other impact factors as detailed by the enterprise and its sponsors.
2. A cultural enterprise also seeks to generate a profit (or a surplus if it's a not-for-profit or public institution), from their activity, which is then used to sustain and further develop the enterprise.

If the first characteristic is common to all cultural organisations, the second is not. Indeed, like most cultural organisations, LCC's Heritage Service currently deviates from a cultural enterprise in the second characteristic, as LCC provides grant-in-aid to run the service and any income is largely seen as a bonus, rather than as a means of sustaining and developing the service so that it can expand its impact.

The success of a cultural enterprise is based on its ability to create a range of products and services that have such a compelling value proposition²³ that they can continually generate sufficient revenue through the associated business model that the enterprise can be sustained and developed.

This doesn't necessarily mean that a charge is attached to every public-facing initiative; income could be derived from any combination of sponsorship, grant-in-aid, fundraising, retail or café activity, admissions income, or any other appropriate source. However, it does mean that the service needs to reassess the kind of value it creates for its audiences and how income can be derived directly or indirectly from that value.

It follows that if the Heritage Service is to succeed as a cultural enterprise it must be able to continually deliver a sufficient range of differentiated experiences so that a wider range of audiences will be prepared to pay for its services. This places an explicit emphasis on developing an unrelenting focus on audiences, improving and diversifying the visitor experience, and investing in new experiences at our sites.

1.9.4 Creating two Supersites to support the Cultural Enterprise model

At present, almost all LCC's heritage portfolio can be defined as a microsite – a museum, gallery or heritage site which offers access to a single narrative through a highly specialised collection. While the individual experience may be of a good quality, over time there is no compelling reason to return, leading to a decline in visitor numbers. While sites with this model have merits, they are difficult to maintain in a Cultural Enterprise model because they are not typically operated on a self-financing model, and the only opportunities for commercialisation are then directly linked to visitor numbers, usually in the form of a café and/or retail activity.

²³ A value proposition describes the benefits customers can expect from your products and services.

Shifting toward a cultural enterprise model requires the Heritage Service to move away from a microsite model in order to improve and diversify the visitor experience in ways that will unlock the commercial potential of its portfolio. This is embodied in what we have called a Supersite approach.

A supersite is a heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

The Supersite model is designed specifically to facilitate the kind of programme that enables visitors to return often through the provision of a hub and spoke model. In practice this means that a supersite would provide a permanent offer, effectively the hub, as well as a rotating programme of high quality temporary exhibitions and events, effectively the spokes, which diversify and improve the visitor experience and support the development of commercial revenue streams. A Supersite would also have an individual identity or collections focus, providing complementary approaches so that sites don't compete with each other.

The permanent offer at each Supersite would be based on the Lincolnshire DNA framework, providing an engaging and inspiring story of Lincolnshire and how it has evolved over time – helping Lincolnshire residents to understand how the county has developed its unique identity and offering a distinctive experience for visitors from outside the county to engage with its culture and heritage.

However, each supersite would also deliver a series of temporary exhibitions, events and experiences – effectively the spokes for each hub – across the year. These temporary exhibitions would empower the Heritage Service to deliver a wide range of new experiences that have a contemporary resonance, are designed to engage specific audiences, or which facilitate the display of the best of the UK's rich culture to be on display in Lincoln through the use of travelling exhibitions.

The market for temporary exhibition providers is growing in the UK and internationally, including from national portfolio museums. This is discussed in some detail in the Commercial Case (Section 3.5); however it should also be noted that the Heritage Service already has experience in developing its own temporary exhibitions and partnering with other institutions to hire temporary exhibitions, so this approach builds on existing experience.

Given the diversity of offers and larger audience base that can be delivered at Supersites, more commercial opportunities also exist. This creates greater potential for increased ticketing revenue, either through single tickets or a membership scheme, as well as higher levels of café and retail activity, and so on. Naturally, delivering this programme requires each supersite to have both permanent and temporary exhibition space, and also requires the Heritage Service to develop a range of other commercial activities (detailed in the Commercial Case), in order to ensure long-term sustainability.

This approach is audience-focused because the financial sustainability of the Heritage Service is linked to increasing the number of visitors. As a result, it will force us to diversify our offer, engage a wider range of audiences, deliver the widest range of health and wellbeing outcomes, and work more commercially.

We believe that the Supersite approach will also protect the integrity and authenticity of our sites and their collections because it requires us to ensure that our offer is constantly refined and made relevant for our audiences.

We are proposing to create two supersites at the following locations:

- Supersite 1: Lincoln Castle
- Supersite 2: The Collection Museum & Art Gallery

1.9.4.1 Supersite 1: Lincoln Castle

The identity of Lincoln Castle would be characterised as follows:

- Experiential – immersed in heritage
- History where it happened... and which still resonates today
- A world-leading visitor attraction that offers a great day out

Lincoln Castle²⁴ should be viewed as a successful pilot of the supersite model. It exemplifies the experience of 'history where it happened', offering a great day out that creates memories for all who visit, and has been a huge success since it reopened. However, given that it must now act as the high performer for the Heritage Service, additional targeted investment is required in order to ensure that it can deliver more to support a successful Cultural Enterprise model.

At present there is more space dedicated to the Learning programme (for schools) than there is to the general public. While Learning (for schools) should and always will remain a core part of our service, the use of such extensive premium space does not support the wider income-generating programme of exhibitions, events and commercial hire which is necessary to support the Cultural Enterprise, as at present temporary exhibitions must share the space with the main story in the prison. This limits the scope of our exhibitions and also dilutes the prison story.

In order to create a more commercially successful Lincoln Castle and support the learning programme we propose to make changes in the Heritage Skills Centre and Prison Block.

Heritage Skills Centre

This is an underutilised space and the level of custom for such niche activity cannot support the associated staffing and facilities costs. We propose to make minor changes to the existing workshop and gallery spaces in order to make them suitable for all learning audiences, creating a dedicated learning centre with 270m² of workshop space.

We propose that Learning then use these spaces in order to deliver an amended programme, while also supporting the heritage skills programme as appropriate. Such a space also expands the scope of what the Learning programme can achieve, creating greater opportunities for innovation to respond to support local schools.

Prison Block

We propose to create additional exhibition space on the first and second floors of the prison block by converting current Learning and office space to create up to 180 m² of premium space that can be used flexibly, either for exhibitions, events or commercial hire.

²⁴ A full description and images to reflect the Lincoln Castle Supersite can be found in Appendix 1D.

Crown Court

Lincoln Crown Court utilises a building with the environs of Lincoln Castle. Our long-term ambition is to be able to use this space which would create more opportunities for visitor engagement and increase the castle's commercial viability. However, we also understand that any plans for the change of use of this space are subject to the decisions of a wide number of stakeholders and so we do not anticipate that it would become available within this scheme of work.

We expect this range of changes to be able to support an incremental growth in visitor numbers that is outlined in the Commercial Case (Section 3.11) and represented within the Financial Case (Section 4.3.1).

1.9.4.2 Supersite 2: The Collection Museum & Art Gallery

The Collection is a well-regarded museum and striking architectural space but its current exhibitions and spaces do not offer the flexibility required to support the Cultural Enterprise model. As with Lincoln Castle, a number of changes are required, including updating the concept of the museum and a number of physical changes to the building that will convert it into a genuine Supersite.

The identity of The Collection Museum & Art Gallery would be characterised as:

- A first-class museum experience – a classic object-focused museum with a contemporary twist in a stunning piece of contemporary architecture.
- A new permanent exhibition that displays the best of our art and archaeology collections, telling a much more refined and engaging story about the history of Lincoln and/or Lincolnshire.
- A rotating programme of exhibitions that bring the best experiences to Lincoln from the UK's national museums and collections.

A full description of the proposed concept for The Collection Museum & Art Gallery (CMAG) can be found in Appendix 1E, however creating this supersite would necessitate the closure of the Usher Gallery and the installation of its collection within a new gallery at The Collection. Although a listed building with a strong local resonance, it has inherent drawbacks. These include:

- It is not flexible enough as a space. The way we engage with art has been transformed in the last 92 years since the Usher Gallery was opened and the gallery is increasingly unable to house the kind of exhibitions that we would want to display and which would resonate with wider audiences.
- It is not popular with visitors. Although the Usher has some passionate advocates the gallery enjoys a significantly smaller number of visitors compared to The Collection (20,000 compared to 120,000). Its displays do not, therefore, serve the wider public.
- It is expensive to maintain. As a separate site it incurs costs of around 100k per annum in staff, business rates and utilities.

To create a new Supersite at The Collection Museum & Art Gallery we propose a number of changes that would significantly alter how we use that space in order to improve and diversify the visitor experience and maximise commercial opportunities. These include:

- Creation of new space in the basement in order to accommodate the Usher Collection, including using the current staff offices. This would give the Usher collection a new contemporary home of approx. 500m² that befits its status.

- Reconfiguration of galleries on the ground floor to create space for a smaller permanent gallery (333m²) and a larger temporary gallery (500m²) to support a three season programme of exhibitions.²⁵
- A new permanent exhibition which offers a focused narrative of key themes and stories highlighted within the Lincolnshire DNA, rather than the current chronological approach.
- A redesign of the Orientation Hall to make it a more welcoming and purposeful space. This would also include the installation of 'wow!' objects and moving the ticket/reception into this space.
- Closing in the external courtyard to allow for more private events and for the safe install of large-scale objects.
- Retaining control of the café which is currently run by Stokes.
- A wider reassessment of all other spaces in the museum, including the Auditorium, Mezzanine, Courtyard Gallery and the current play area next to the entrance, to ensure that the permanent collection gets enough space, as well as the Learning programme and staff offices. Because of the use of glass in some of these spaces, significant and expensive intervention is required in order to bring them up to required standards for museums display.

We expect this range of changes to have a transformative impact on the museum's performance by driving as it will fundamentally change the nature of the space and improve its commercial potential. The impact of these changes is discussed in more detail in the Commercial Case (Section 3.11) and represented within the Financial Case (Section 4.3.1).

1.10 Proposed Heritage Service Portfolio

As well as the two stated Supersites at Lincoln Castle, Collection Museum & Art Gallery, we also propose to maintain three other unique microsites that will further support our strategy to improve the visitor experience and tell a more relevant range of stories through the Lincolnshire DNA framework. These are:

- Battle of Britain Memorial Flight Visitor Centre (BBMFC) would be retained because of the importance of aviation to the Lincolnshire DNA and the unique nature of the exhibits which cannot be exhibited in any of the supersites.
- Heckington Windmill would be retained because of its importance to the story of agriculture forming part of the Lincolnshire DNA and again its uniqueness as an 8-sailed windmill which could not be exhibited in any other way.
- The Museum of Lincolnshire Life (MLL) would be retained as it tells an important story about the social history of Lincolnshire. This site has the potential for future development in another phase of the FuturePlan.

This would create the following public facing offer:

Supersites	Microsites
Lincoln Castle	BBMFC
The Collection Museum & Gallery	Heckington Windmill
	MLL

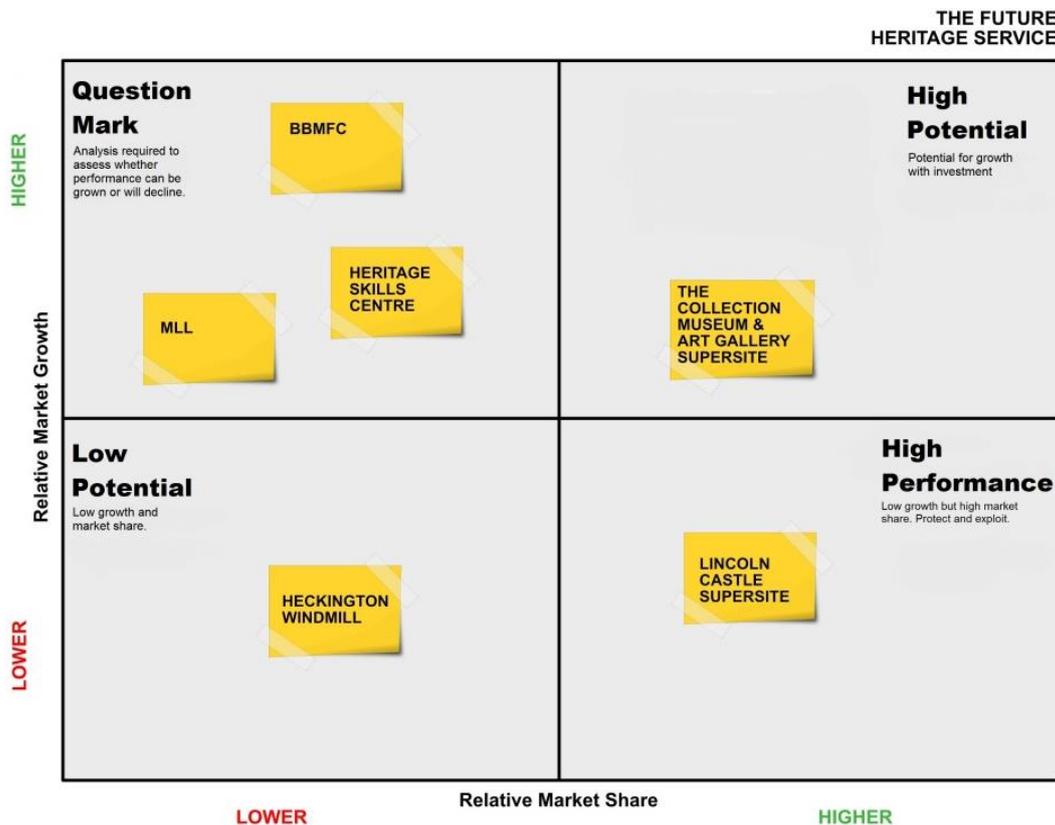
²⁵ See section 3.5 for more detail about the market for temporary exhibitions.

The impact on our offer would be as follows:

Site	Proposed status	Comments
BBMFC	Maintain	As previously stated, this would remain within our portfolio as it is a key Lincolnshire DNA story.
Heckington Mill	Maintain	As previously stated, this would remain within our portfolio as it is a key Lincolnshire DNA story.
Alford Mill	Disposal	There is potential for this to be transferred to the control of a third party in order to manage it. The intention is that the site would still remain open to the public.
Gainsborough Old Hall	Disposal	Given that it represents a nationwide architectural story rather than a core Lincolnshire DNA story, we propose to dispose of the property in line with our current contract with English Heritage, who has expressed an interest in returning the site to their portfolio. It is expected that GOH would remain open to the public should a transfer of operational ownership take place.
Burgh le Marsh Mill	Disposal	Burgh le Marsh is currently run by a third party and we would work with them to ensure they can manage the site efficiently and effectively, while keeping it open to the public.
Ellis Mill	Maintain	A number of surveys are being undertaken to better understand alternate uses and/or its potential for disposal.
Discover Stamford	Disposal	A third party has expressed an interest in integrating displays into their own buildings to make them accessible to the public. This process would transfer collections to that group and return spaces to the Stamford Library for their own use.
MLL	Maintain	MLL would be retained as it is at present - a social history museum. Its development would be considered in another phase of the FuturePlan.
Usher Gallery	Repurpose	The Usher Gallery would be closed as a gallery but would remain within LCC as it could potentially be used by other departments with a public-facing role. This would require a renegotiation of the lease with City of Lincoln Council, but it's likely that some art would still be displayed to meet leasing conditions. The art collection itself would be displayed in The Collection Museum & Gallery Supersite.

Lincoln Castle	Maintain	Already developed as a supersite, we would seek to reconfigure use of space (see section 1.9.4.1) to improve the visitor offer to maximise engagement and income potential.
Heritage Skills Centre	Maintain	We are committed to a programme of delivery until the end of 2021/22 but as previously indicated we intend to make better use of the workshop spaces to support the growth potential of the castle.
The Collection Museum	Redevelop	As previously outlined (see Section 1.9.4.2), in order to leverage its potential as a supersite The Collection would need redevelopment in order to create additional display space to support a temporary exhibition programme and house the Usher collection. We propose to pilot certain approaches to learn more about its potential in the interim.

Assuming this scheme of work goes ahead, we would expect the Heritage Portfolio to perform in the following categories as detailed in a new Boston Consulting Group Growth-Share Matrix, building long-term capacity to improve the offer and increase income generation to support the investment aim and objectives as stated above.



Key points of analysis are as follows:

- Crucially, both Lincoln Castle and The Collection Museum & Gallery Supersites offer the opportunity to unlock greater levels of audience impact and commercialisation in the future.

- Lincoln Castle remains the high performer and protecting and growing this revenue stream is integral to achieving all four investment objectives.
- The Collection Museum & Art Gallery will require investment in order to unlock its full potential.
- MLL has potential for redevelopment, however further work would be needed in order to ascertain future direction of travel under another phase of the FuturePlan. In the interim, it can be maintained as is.
- While the growth potential at both Heckington Mill and BBMFC are limited, the stories they represent are integral to the Lincolnshire DNA concept and can be maintained with a small financial outlay.
- The Heritage Skills Centre is locked into funding agreements and is out of scope for this business case; however we have proposed to use it more widely as a learning space to ensure that we're getting more value from this space.
- Further work and discussion will be necessary to assist in the development of an interpretation strategy that helps identify those stories and core collections which are key to Lincolnshire's DNA. This will include collections that are currently on display or are stored from our art, archaeology, and social history collections.

1.10.1 Ensuring a service for the whole of Lincolnshire

Given that both supersites will be located in Lincoln, we are also putting measures in place to ensure that the service is able to support wider cultural and heritage engagement across Lincolnshire.

The Heritage Service already plays a strategic leadership role within the County and supports the delivery of three key themes across Lincolnshire directly aligned to the Lincolnshire Cultural Strategy:

1. Inspiring Children and Young People,
2. Growing Participation, Engagement and
3. Wellbeing, and Strengthening Communities and Places.

To further develop their delivery around these themes, the Heritage Service will work with stakeholders to deliver SMART outcomes. These can already be evidenced through the Community Resilience and Assets Commissioning Plan where, in partnership with LCC's Community Engagement Team, priorities have been given to *Our Citizens are informed and engaged*, *Our Citizens do it for themselves*, *Our assets are protected and celebrated*, and *Development of a strong sense of place*. The Heritage Service will continue to work in partnership with other heritage organisations across the County, including strengthening our strategic partnerships with Lincoln University. These partnerships will help to strengthen the impact of our outcomes and ensure we remain connected with the wider heritage community.

The Heritage Service, in support of and in partnership with, Destination Management Organisations (DMOs) will look at the development of a new web portal promoting the county's heritage, signposting visitors to the rich culture and heritage offer we will be providing.

The supersites will continue the development of a national profile permanent and temporary (events and exhibitions) offer, bringing visitors to the county through the highest quality profiling of sites and activity, increasing the critical mass of attraction to the county.

The opportunity to develop a Community Museum hub, building on the successful Library Hub model will be explored, delivering a framework for broader engagement involving communities in decision making and provision of the heritage offer.

To assist Community Hub Museums, as well as other community organisations such as libraries, local history societies, village halls and third sector organisations, the Heritage Service will invest in the procurement of temporary display cases. These will provide easier access to its significant collections to help those organisations set up their own temporary exhibitions and displays, as well as encourage the setting up of pop-up museums in other local organisations facilitated by a touring programme of collections. This will also allow collections pertinent to communities to be made publically available.

External funding opportunities would be identified to help facilitate the development of a wider learning & engagement programme. This would include a review of the current loans box offer, development of self-facilitated sessions or support through living history costumed interpreters, as well as a review of our schools programme in order to ensure that we can support. This could include support and/or assistance for schools to develop their own local community history projects that are then displayed at the school in its own temporary 'museum'. Schools could then link this project to other areas of the National curriculum including geography, art etc.

Lincs to the Past, delivered through Lincolnshire Archives, already makes our collections digitally available. As part of the service's future digital review, *Lincs to the Past* will also be redeveloped to make it more navigable, improve the search engine, and make more digital content available.

1.10.2 Other heritage-focused work provided by LCC

The Heritage Service is not the only department that engages the public with heritage. A detailed breakdown is provided in the Appendix 1F, and it should be noted that of all the projects listed only two have a Lincoln focus.

1.11 Benefits & risks, constraints & dependencies

1.11.1 Benefits

The following benefits are linked to the Investment Objectives:

- Support the long-term sustainability of the Heritage Service by increasing commercial opportunities and supporting the overall efficiency of the service.
- Tell a better story of Lincolnshire's history to residents and visitors alike.
- Improve the visitor experience and the public's engagement with culture.
- Deliver a wider range of social, education and wellbeing outcomes for a wider range of the population, including perceptions of Lincoln and Lincolnshire.
- Increased footfall in Lincoln city centre.
- Increased economic growth in Lincoln by supporting the visitor economy.
- Improve the status of Lincoln across the UK by using culture as a form of soft power on the political stage.

1.11.2 Risks

The following risks are linked to the Investment Objectives:

Key risks have been identified as follows. (Please note, a separate risk register for the management of the programme of work is also being monitored and is also addressed within the Management Case.)

Risk	Impact	Mitigation
LCC does not want to close Usher Gallery	Limited efficiency savings due to ongoing commitment for Rates, Utilities and Staff costs. Commercial opportunities will offset costs, assuming they can still be delivered.	Usher potentially becomes space for temporary exhibitions but would require additional investment to prepare space. Unlikely to deliver significant commercial return.
LCC does not want to invest in other physical changes at The Collection	Reduced ability to deliver Supersite concept at this site.	Explore potential to remove permanent collection and replace with temporary programme to drive commercial income.
LCC fails to support supersite model	Unable to deliver investment objectives. Likely to result in reduced service provision in other areas in order to make ongoing efficiency savings. Increased reputational risk for LCC as service is reduced.	Heritage Service maintained by cutting costs, leading to long-term decline of the service through ongoing removal of sites from the portfolio. Contractual commitments meant that ceiling of savings is reached within 2-3 years.
LCC supports supersite model but would not invest in concept.	Likely to have short-term impact in the closing of sites to make savings. Reputational risk for LCC.	Fundraising campaign to raise money which would extend the programme by a number of years. Funders unlikely to be persuaded unless LCC is also committing investment.
Loss of sites outside of Lincoln	Lack of LCC visibility in wider visitor economy outside of Lincoln.	Sites outside of Lincoln to be disposed would be kept open by third party. Additional proposals for wider work by Heritage Service in Lincolnshire are noted in section 1.10.2

1.11.3 Constraints and dependencies

This is an ambitious programme of work which carries with it a range of constraints and dependencies. Those which are of the greatest significance and would impact on this scheme of work are as follows:

- The successful delivery of this scheme of work is dependent on the development of a commercial programme to generate income (that is described in the Commercial Case and modeled in the Financial Case), as this is the fundamental purpose of the Supersite concept.

Without this, it is likely that the Heritage Service would continue to make cuts for a number of years, which would have a wider impact on Lincolnshire and its visitor economy. The status quo, therefore, is not a sustainable long-term option and another plan would require development if the Supersite concept is not agreed.

- Investment from a range of funders, including LCC, as well as range of potential external funders including HLF, ACE, and a range of other public or private funding streams, is required to support the development of The Collection Museum & Art Gallery Supersite.
- Structural change to the operation of the Heritage Service would be required to support the transition to a commercially-focused programme and to support the wider efficiency of the service. This would result in a reduction of offers and/or the closing of a number of microsites, as well as the development of new areas of staff expertise.
- Cultural change, both inside the council and within the Heritage Service itself is necessary to support the shift toward a commercial enterprise and away from a traditional service-based provision mentality. Without it, commercial opportunities are likely to underperform, which could have an impact on the future sustainability of the service.
- Growth in visitors to the Supersites is, in part, linked to growth in Lincolnshire's visitor economy. It is assumed that other LCC and stakeholder activity would be taking place to support this growth. This could be achieved through more effective Destination Management, or integration of Culture and Heritage activity within wider strategies, for example signage, pedestrian or road cycling strategies, to facilitate an increase in footfall, or strategic initiatives to support the development of a more vibrant evening economy in Lincoln City Centre.

1.12 Impact Assessments

The following impact assessments have been completed as part of this business case.

1.12.1 Equality Impact Analysis

An Equality Impact Analysis has been completed for this scheme of work and is available for consultation, having been produced by members of the Senior Management Team and the Community Engagement Team.

1.12.2 Privacy Notice and Data Protection Impact assessment

In undertaking this scheme of work both a Data Protection Impact Analysis and Privacy Notice Assessment have been assessed and been found to be not applicable to this programme of work.

1.13 Conclusions

Like many County Councils, LCC continues to face significant shortfalls in its budgets and is required to make substantial and ongoing cutbacks, which are challenging the underlying assumptions which have underpinned their particular business model for many years. The council is looking for new way to make efficiency savings, to leverage economies of scale and scope, but also to develop business models that would improve the visitor experience, generate revenue, and improve the long-term sustainability of its services. The Heritage Service is one such area that must respond to this challenge.

This Strategic Case recommends that the Heritage Service should transition to a Cultural Enterprise model. This which would create opportunities for greater long-term growth and sustainability by

developing two Supersites at Lincoln Castle and The Collection Museum & Art Gallery which would deliver a wide range of audience-focused programmes with an increased commercial focus, as well as rationalising the rest of the Heritage Service portfolio in order to create wider efficiency gains. This would mean that the only microsites that we maintain are Heckington Windmill, MLL, and BBMFC, and all others would be disposed.

Investment is required at The Collection in order to unlock its potential as a Supersite but we believe that there is significant potential to generate a significant proportion of the funding required from external sources. This would deliver a new permanent exhibition, bringing it up to date for younger generations, and the development of new, more contemporary spaces for the Usher art collection, as well as new and larger spaces for a commercial programme of temporary exhibitions. This combination would:

- Improve the visitor experience, making our sites more attractive for a wider range of audiences, especially younger generations who want to engage with culture & heritage in ways that are relevant and meaningful to them.
- Deliver increased investment in our culture & heritage assets to ensure that their future is as important as their past.
- Improve the financial sustainability and resilience of the Heritage Service by generating commercial income.

These changes would form part of a scheme of work called LCC's Heritage FuturePlan in order to make it more accessible and communicate its contents to the public.

2 Economic Case

The Economic case sets out how value for money would be assessed for the investment required to deliver this project. It seeks to answer questions around value for money given the economic investment required in the proposed operation.²⁶

Traditionally, economic investment is assessed through a standardised analysis such as Net Present Value (NPV) or Internal Rate of Return (IRR), measures which emphasize the direct economic return of investment in order to inform decision-making.

While this is an acceptable method for profit-making opportunities, it sits uneasily with investment in culture because such investment is made primarily for social benefit, which is difficult to quantify economically (as a result of market failure). It follows, then, that the use of IRR or NPV alone will present an incomplete picture of the wider market benefits of the provision of culture. As a result, it is important to acknowledge that a number of different approaches are needed in order to properly assess the wider economic return that is generated through investment in culture.

This case, then, is built around exploring the concept of market failure and understanding the other means of measuring economic impact related to investment in culture, namely visitor numbers, Health & Wellbeing impact, as well as Economic Impact which are used to assess the two supersite model when compared with the status quo.

2.1 Market failure

Market failure occurs when the allocation of goods and services by a free market is not efficient, which, in turn, leads to a net social welfare loss. In the case of cultural provision, the market undervalues the wider benefits of cultural engagement, leading to underinvestment in culture and an under supply of goods and services; and/or individuals undervaluing the benefits of engagement leading to a socially inefficient level of demand.

Where market failure exists, the market and individuals, acting alone, cannot be relied on to produce a socially optimum level of supply and demand. Public intervention is then required to overcome market failure, which then leads to an increase in overall societal welfare.

The rationale for cultural development is supported by a number of market failures that support the objectives and intended benefits of this programme of works:

- Financial market and information failures
- Equity
- Placemaking, tourism and inward investment

2.1.1 Financial market and information failures

Creative enterprises such as museums and other cultural institutions often find it difficult to raise finance. This is typically for three reasons:

- They do not operate to create a profit but to deliver a range of charitable or other objectives focused on the public good.

²⁶ Please note that under the Treasury Green Book methodology all operational financial data is detailed in the Financial Case.

- They are legally constituted in such a way that forbids them from raising capital on the financial markets, or which limits access to such capital.
- Information asymmetry or failure exists so that the wider value of their services is either underestimated or not recognised. This could include both the social benefits cultural institutions create as well as their work in conserving material culture of historic importance. As a result, cultural institutions are unable to commercialise the benefits they create.

This combination makes the economic impact of cultural institutions difficult to measure accurately, even though it is recognised that a lack of investment in culture is likely to lead to a decline in overall societal welfare. For example:

- A socially efficient level of consumption can improve the quality of life for all, and not just those that consume cultural content. Engagement with culture allows groups to improve communication within society by raising the quality of public discourse; it can change the way people think and act, support health, wellbeing and social cohesion, as well as being an important tool for reflecting regional or group identities.
- Information failure may exist. This occurs when individuals do not know that consumption of cultural goods would benefit them (or others), especially if those benefits are only realised in the long run.

Overall, not only does this mean that cultural institutions are unable to readily access finance that they need to innovate and grow, they are also unable to respond to sudden changes in the market that demand efficiency and commercial return. At the same time, they must operate within a business culture in which the wider social value they create is not recognised.

2.1.1.1 Supporting evidence - financial market and information failure

While registered charities are able to take on debt finance if their articles allow it, the realistic options for acquiring debt finance are limited to specialist financial institutions including BIGInvest, CAF Bank, Charity Bank and Co-operative & Community Finance and the Community Development Finances Association. They will require a track record of income generation and may require physical assets to secure the loan. However, it is likely that those cultural institutions which operate within a local or county council will not be able to access such funds because they have not previously operated under a business model which would generate the track record required.

A growing body of literature exists which has researched how a range of different cultural interventions deliver health and wellbeing outcomes for specific groups, most notably in the 'Creative Health' report²⁷, published by the UK Government's All Party Parliamentary Group on Arts, Health and Wellbeing in July 2017. The benefits of cultural engagement which have been evidenced include:

- The impact of the arts on healthcare. This has been evidenced to reduce stress, depression, need for medication and even blood pressure²⁸ and is estimated to have a cost savings due to reduced likelihood of GP visits and psychotherapy services.²⁹

²⁷ See http://www.artshealthandwellbeing.org.uk/appg-inquiry/Publications/Creative_Health_Inquiry_Report_2017.pdf

²⁸ ACE (2004) cited in Sport Industry Research Centre and Centre for Regional Economic and Social Research (Sheffield Hallam University) and Business of Culture (BOC) (2015), 'A Review of the Social Impacts of Culture and Sport', CASE, March 2015.

²⁹ Simetrica (2015), '[Further analysis to value the health and educational benefits of sport and culture](#)', DCMS, March 2015.

- Arts Council England’s evidence review ‘*The value of arts and culture to people and society*’, found strong research studies since 2010 about relationships between cultural engagement and educational attainment and later life outcomes.³⁰
- Taylor, et al (2015)³¹ found the volume of evidence pointed towards a positive relationship between cultural engagement and social capital. The evidence review suggests that arts participation may lead to greater social interaction, enhanced self-esteem and the development of social relationships and networks, which nurture social capital.
- Previous research has found evidence linking engagement in cultural activities to the promotion of pro-social and anti-criminal behaviours, which can contribute to a reduction in the likelihood of re-offending.

2.1.2 Equity (inclusive growth and participation)

Government intervention is justified in the provision of culture because if left to the free market, cultural services are unevenly distributed across the UK, which then leads to uneven rates of cultural participation across different demographics groups and geographical regions.

2.1.2.1 Supporting Evidence – Equity (inclusive growth and participation)

A regional imbalance of economic investment in culture exists and Arts Council England (ACE) have been criticised in recent years for underinvestment outside of London which resulted in a Commons Select Committee undertaken by DCMS. This resulted in calls for a better redistribution of cultural investment across England where ACE currently invests 40% of its grant-in-aid in London.³²

2.1.3 Placemaking, tourism and inward investment

Placemaking represents an active shift forward from traditional approaches to urban design. While these were focused on the provision of and access to services, placemaking represents a multi-faceted approach which capitalises on a local community’s assets, inspiration and potential, with the intention of creating public spaces that promote health, happiness and well-being. This, in turn, also supports economic growth and wider forms of prosperity by making places attractive to visit, work in and to invest.

Placemaking also helps to shape the visitor economy. This is because it is much easier to market the idea of a place, which has a coherent identity, than a single asset within a geographic area. For example, marketing Lincolnshire as a place to relax, enjoy quality food, engage with heritage, enjoy the countryside, etc. is likely to result in a much more significant economic return than marketing Lincoln Castle, or indeed any other destination, as a single asset.

The provision of arts and culture, therefore, plays a key role in placemaking, as it is the tangible evidence of a community that is prosperous, open, engaged and which is able to draw down on the benefits of ongoing cultural engagement to have a positive impact on the health & wellbeing of its residents. It is also a key driver for tourism³³ following the creation of key transport and accommodation infrastructure.

³⁰ http://www.artscouncil.org.uk/sites/default/files/download-file/Value_arts_culture_evidence_review.pdf

³¹ Varah, Iain and Mark Taylor, Chief Culture and Leisure Officers Association, *The role of culture and leisure in improving health and wellbeing*, 2014

³² <https://icon.org.uk/news/countries-culture-calls-better-regional-balance-in-arts-funding>

³³ It is worth noting that despite its ubiquity, tourism receives comparatively little direct investment from government, which typically supports tourism through wider investment in infrastructure investment and through the funding of arts and culture. The Tourism sector is

2.1.3.1 Supporting evidence – Placemaking, tourism and inward investment

The strongest evidence to support this can be found in Hull and its contrasting fortunes before and after its tenure as UK City of Culture. The successful delivery of this project, which included total direct and indirect UK Government investment of £21m,³⁴ has proved to be deeply transformative, and proved to be a tipping point in the city's history as post-war decline has started to give way to 21st century prosperity.

- Since 2013, the year of the announcement for Hull's City of Culture in 2017, investment in the region has amounted to £3.3 billion, of which £240m is linked to culture or cultural assets. In both the private and public sector almost 7000 jobs have been created in the city³⁵. A number of companies including Smith and Nephew, RB and Croda are investing in research and development facilities at their existing manufacturing plants³⁶.
- The city's employment rate is at its highest recorded rate (120,400 of the city's 260,240 population are currently in work) and the number of businesses is at a record high of 6,060, which is 245 more than last year³⁷. Additionally, there have been 93 new businesses (start-ups or change of use) in Hull City Centre since 2013 – 74% food and beverage, with over 550 new cultural jobs created.
- In the first three months of 2017 hotel occupancy was up almost 14% on the same period in 2016. Hotel booking are reported to have gone up by almost 80% between July and September 2017 and were 60% higher between April and June 2017 than in the same period the previous year³⁸.
- The joint tourism plan for Hull & East Yorkshire is showing positive signs that on the back of UK City of Culture, the value of the visitor economy would exceed £1bn per annum for the first time by 2018/19.
- Over half of the audiences were from Hull with nearly all residents (over 95%) attending at least one cultural activity during the year. The evaluation evidenced a new confidence in local people, with significant increases (+9%) in residents' willingness to take part in a range of cultural and non-cultural activities, including volunteering and sport.³⁹ This is also clear evidence that the success of such initiatives creates new audiences, rather than just displacing audiences from other attractions.

2.2 Economic rationale to support the Future Heritage Service programme

The aim of the section above (2.1) is not only to offer insight into the limitations of traditional forms of assessing the rationale for economic assessment (such as NPV), but also to provide insight into other forms of impact to supplement economic impact which are relevant to the investment aim and objectives for the programme noted below.

supported by VisitBritain which acts mostly as an information and marketing agency and actually provides little financial support for the growth of tourism product or service.

³⁴ Direct funding from GOV/Treasury includes: £5m for refurbishment of Hull New Theatre, £8m legacy projects, £1.5m Ferens Gallery refurbishment and Turner Prize staging, and £0.5m to support the cultural programme. Indirect funding includes £3m grant from ACE and £3m grant from HLF.

³⁵ Source - Hull City Council

³⁶ Source Hull City Council comments <http://www.hulldailymail.co.uk/news/jobs/14200-jobs-created-hull-city-657342>

³⁷ Comments by Hull City Councillor <http://www.hulldailymail.co.uk/news/jobs/14200-jobs-created-hull-city-657342>

³⁸ <http://www.yorkshirepost.co.uk/news/city-of-culture-sends-hotel-bookings-through-the-roof-1-8843655>

³⁹ <https://www.hull.ac.uk/work-with-us/more/media-centre/news/2018/city-of-culture-evaluation.aspx>

Key investment aim

Establish a sustainable heritage service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors.

Investment Objectives

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

We believe that a wider combination of assessments will help to overcome some of the inherent weaknesses of the NPV model which does not take into account market failure and the impact this has on ascertaining a 360 degree assessment of the value of cultural investment.

With that in mind, we propose the following criteria to assess the economic impact:

- LCC contribution to the FuturePlan.
- Visitor numbers – the number of people who will visit our sites.
- Economic Impact Assessment – the tourism and wider economic contribution made by our service.
- Health & Wellbeing Assessment – cost savings due to reduced likelihood of GP visits and psychotherapy service.

We also suggest a number of other criteria going forward in order to retrospectively assess the impact of the service to deliver the investment objectives.

2.3 LCC Contribution to the FuturePlan

We estimate the cost for this scheme of work at both CMAG and Lincoln Castle to be £5million, most of which is to fund capital and exhibition installation at CMAG.

We would expect to fundraise for around 70-80% of this figure, which we anticipate would be met from HLF, ACE and other public and private donors. Any expectation to meet 100% of the fundraising goal from external funding sources is unrealistic in today's economic climate, and it would be likely that LCC would have to contribute 20-30% of the total, including cash and in-kind donations. This makes LCC's likely contribution around £1-1.5m.

While it's not possible to provide a Net Present Value figure at the time as we lack a full range of costings and benefits at present, as a headline figure this represents a good return on investment as it will deliver:

- Increased commercial return at Lincoln Castle and CMAG
- New temporary exhibition space created at CMAG
- New art gallery for the Usher collection
- New permanent installation at CMAG
- Better utilisation of existing assets at Lincoln Castle

As such, this investment is crucial to the success of the Cultural Enterprise model and the long-term sustainability of the Heritage Service and the realisation of the other objectives of this scheme of work.

2.4 Visitors Numbers

The success of the Cultural Enterprise model is based on being able to increase the number of visitors to our supersites, which is itself conditional on improving and diversifying the visitor experience. Through this we are able to increase the commercial return and improve financial sustainability.

2.4.1 Visitor numbers at Lincoln Castle

Lincoln Castle has experienced substantial growth in visitors since it reopened in 2015/16. Prior to this visitor numbers were 132,000 in 2013/14 and 107,000 in 2014/15, but jumped to 287,000 in 2015/16. Since this time they have declined to 214,000 in 2016/17 and 195,000 in 2017/18.

This experience is not uncommon across the sector as visits tend to spike in the first year after such projects are finished and then trail off after 2-3 years, which is precisely why additional investment is needed to refresh and diversify the offer. The proposed visitor numbers for Lincoln Castle very much reflect an incremental increase based on the proposed changes as outlined in the Strategic Case (See section 1.9.4.1).

2.4.2 Visitor numbers at The Collection Museum & Art Gallery

Having opened to much fanfare in 2004, visitor numbers at The Collection are now in decline and have fallen from 142,000 (2013/14) to 120,000 (2017/18) and are likely to fall further in 2018/19. This is not surprising given the age of the permanent installation. Indeed, the programme outlined in the Commercial Case is designed to arrest this fall and increase visitor numbers through the provision of temporary exhibitions until the investment to transform it into a Supersite will take place in 2022/23 which is likely to cause a temporary decline in visitor numbers.

As a result, we are expecting that a significant growth in visitor numbers would not be experienced until 2023/24 when the site reopens as The Collection Museum & Art Gallery. The proposed visitor numbers of 175,000 in 2023/24 noted below should be considered a conservative estimate, and could actually be higher, taking into account the explosive growth at Lincoln Castle following its reopening in 2015 (see section 2.4.1 above).

2.4.3 Visitor numbers at other sites

For the purposes of this business case we are expecting little change in visitor numbers at other sites which is reflected in the data below.

2.4.4 Comparative Total Visitor Numbers 2018/19 – 2023/24 – Supersite vs. Status Quo

Proposed comparative visitor figures for the new proposed portfolio for the Cultural Enterprise model for the Heritage Service are provided below, together with a line graph on the following page which better details a site by site comparison. Full details for Visitor Numbers can be found in Appendix 2A.

Heritage Service - Comparative Visitor Figures of Key Sites - Supersite Model (2018/19 - 2023/24)

Financial Year	LCC Contribution to Heritage Service	Total Visitors	LCC Contribution per visitor	Lincoln Castle (Supersite)	The Collection (Supersite)	MLL (Microsite)	BBMFC (Microsite)	GOH (Microsite)
2018/19	£959,510	448,000	£2.14	195,000	120,000	70,000	33,000	30,000
2019/20	£813,675	463,000	£1.76	201,000	130,000	71,000	32,000	29,000
2020/21	£648,524	459,000	£1.41	207,000	135,000	68,000	33,000	16,000
2021/22	£514,778	455,000	£1.13	213,000	140,000	68,000	34,000	
2022/23	£520,421	421,000	£1.24	219,000	100,000	69,000	33,000	
2023/24	£221,666	503,000	£0.44	226,000	175,000	68,000	34,000	
Total	£3,678,574	2,749,000	£1.34	1,261,000	800,000	414,000	199,000	75,000

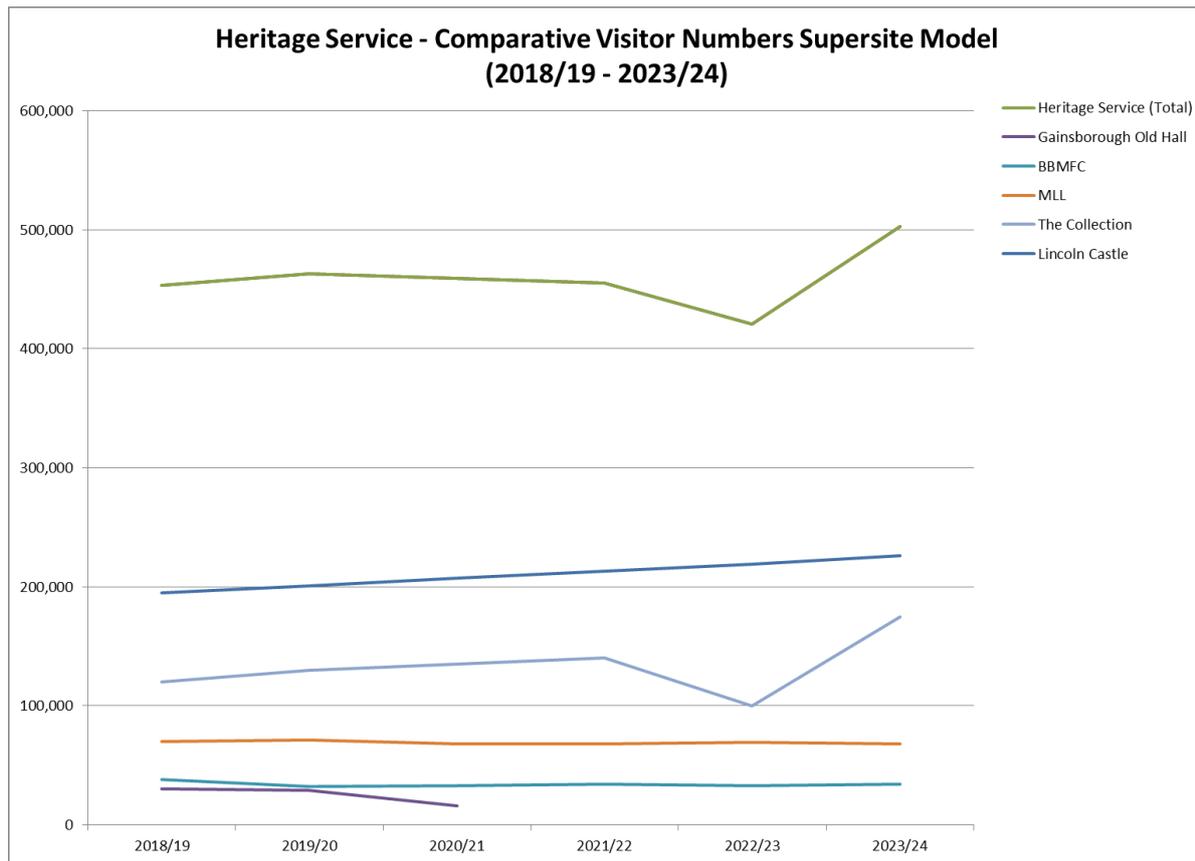
Heritage Service - Comparative Visitor Figures of Key Sites - Status Quo Model (2018/19 - 2023/24)

Financial Year	Total LCC Contribution to Heritage Service	Total Visitors	LCC Contribution per visitor	Lincoln Castle (Supersite)	The Collection (Supersite)	MLL (Microsite)	BBMFC (Microsite)	GOH (Microsite)
2018/19	£959,510	448,000	£2.14	195,000	120,000	70,000	33,000	30,000
2019/20	£921,844	448,000	£2.06	195,000	120,000	70,000	33,000	30,000
2020/21	£926,076	448,000	£2.07	195,000	120,000	70,000	33,000	30,000
2021/22	£891,584	448,000	£1.99	195,000	120,000	70,000	33,000	30,000
2022/23	£954,319	448,000	£2.13	195,000	120,000	70,000	33,000	30,000
2023/24	£970,646	448,000	£2.17	195,000	120,000	70,000	33,000	30,000
Total	£5,623,979	2,688,000	£2.09	1,170,000	720,000	420,000	198,000	180,000

Key points of analysis:

- The list of key sites includes Lincoln Castle, The Collection (including the Usher Gallery as appropriate), MLL, BBMFC & GOH. It does not include those microsites where it is not possible to ascertain visitor numbers.
- Under the supersite model the number of visitors per annum increases from 448,000 in 2018/19 to 503,000 in 2023/24. As the annual number of visitors in the Status Quo model is assumed to be 448,000 per annum, this represents a 12.2% increase in the first full year of the Supersite model.
- Under the Supersite model the number of visits to the two Supersites as a proportion of total visitors increases from 70.3% of all visitors in 2018/19 to 79.7% in 2023/24. (Lincoln Castle's visitor numbers increase from 195,000 in 2018/19 to 226,000 in 2023/24 while The Collection Museum & Art Gallery's visitor numbers increase from 120,000 in 2018/19 to 175,000 following its re-opening in 2023/24.)
- The Heritage Service's financial reliance on LCC is reduced substantially (76.9%) from £959,510 in 2018/19 (£2.14 per visitor) to £221,666 in 2023/24 (£.44 per visitor) under the Supersite model. Across the entire period this averages out at £1.34 per visitor, while under the Status Quo model the average contribution is £2.09 per visitor.
- Microsite performance remains consistent, however as GOH will no longer be managed by LCC from Q3 2020/21 under the Supersite model, the Status Quo model includes around 100,000 extra visitors over the entire period that are not included within the Supersite model.

The graph below indicates comparative visitor figures for each site across the entire period (Supersite model only as the Status Quo model would be the same each year).



2.4.4.1 Visitor numbers beyond 2023/24

It is extremely difficult to ascertain visitor performance for the Heritage Service beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

In this case, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the FuturePlan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

2.5 Economic Impact Analysis

The Association of Independent Museums has produced a straightforward approach to economic impact assessment⁴⁰ in order to help museums assess the impact they have on their local economy. The Toolkit was produced in 2010, and later revised in 2014 with updated tourism spend metrics, and more detailed geographic assumptions for day visits. This takes into account both the visitor number and operating costs in order to create a reliable and comparative set of metrics to create Tourism and Wider Economic Impact.

We have used the 2014 model in order to assess the economic impact of the proposed scheme of work. Data for non-staff costs and site expenditure on Goods/Services is taken from the projections noted in the Financial Case and are detailed here for illustrative purposes only.

Employment Impact, which indicates the direct impact of employees on the local economy, has not been calculated because we currently lack sufficient data on staff in order to model this and the results would not be reliable.

2.5.1 Economic Impact Assessment 2018/19 - 2023/24

These are detailed in the table below (full data can be found in Appendix 2B) for both the Supersite model and also for the Status Quo.

Please note that this is for Key Sites only, namely Lincoln Castle, The Collection, MLL, BBMFC, and Gainsborough Old Hall (where appropriate) and includes only their respective operational costs. It does not include operational costs for Discover Stamford, Windmills (Except Ellis Mill which is included with MLL), Heritage Skills Centre, Aviation Heritage, Development Activity, Central budgets and HLF Bursary projects, because these strands of work are not appropriate for this particular model. This explains the difference between non-staff costs in the table below and those noted in the Financial Case which, as an operational budget, includes all Heritage Service cost centres.

As previously stated in 2.5, it also does not include salary costs.

Tourism & Wider Economic Impact of Key Sites - Supersite Model - (2018/19 - 2023/24)

Financial Year	Total Visitors	Non-Staff Costs	Expenditure on Goods & Services	Tourism Impact (£)	Wider Economic Impact (£)
2018/19	448,000	£1,639,697	£716,016	£10,020,457	£10,736,473
2019/20	463,000	£1,693,808	£739,645	£10,300,419	£11,040,064
2020/21	459,000	£1,684,671	£731,782	£10,140,655	£10,872,437
2021/22	455,000	£1,673,341	£722,721	£9,960,748	£10,683,469
2022/23	421,000	£1,714,754	£740,713	£9,416,640	£10,157,353
2023/24	503,000	£1,707,911	£738,362	£10,872,324	£11,610,686
Total	2,749,000	£10,114,182	£4,389,238	£60,711,243	£65,100,482

⁴⁰ See <https://www.aim-museums.co.uk/wp-content/uploads/2017/02/AIM-Economic-Impact-Toolkit-2014.pdf>

Tourism & Wider Economic Impact of Key Sites - Status Quo Model - (2018/19 - 2023/24)

Financial Year	Total Visitors	Non-Staff Costs	Expenditure on Goods & Services	Tourism Impact (£)	Wider Economic Impact (£)
2018/19	448,000	£1,639,697	£716,016	£10,020,457	£10,736,473
2019/20	448,000	£1,693,808	£739,645	£10,020,457	£10,760,102
2020/21	448,000	£1,746,316	£762,573	£10,020,457	£10,783,031
2021/22	448,000	£1,800,451	£786,213	£10,020,457	£10,806,670
2022/23	448,000	£1,856,265	£810,586	£10,020,457	£10,831,043
2023/24	448,000	£1,913,809	£835,714	£10,020,457	£10,856,171
Total	2,688,000	£10,650,346	£4,650,746	£60,122,744	£64,773,490

Key points of analysis:

- Overall, the Supersite model delivers a marginally higher return for both Tourism Impact (1%) and Wider Economic Impact (0.5%) than the Status Quo 2018/19 – 2023/24.
- However, the most insightful data is revealed in 2023/24 under the first full year following the opening of The Collection Museum & Art Gallery under the Supersite Model. As a result of the increase in visitor numbers and a more efficient operational model, Tourism Impact is 8.5% greater than the Status Quo while the Wider Economic Impact increases to 7.3% compared to the Status Quo.

2.5.1.1 Visitor numbers beyond 2023/24

It is extremely difficult to ascertain both Tourism and Wider Economic Impact beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

As stated in 2.4.4.1, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the FuturePlan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

2.6 Health & Wellbeing Impact

DCMS commissioned research to assess the cost savings on NHS services due to the reduced likelihood of GP visits and psychotherapy services⁴¹ as a result of visits to museums, galleries and heritage sites. The findings suggested that engagement with different forms of culture will deliver a different range of savings depending on the kind of visit that takes place.

These have been calculated for the Supersite and Status Quo options in order to provide comparative data for health & wellbeing impacts of the proposed scheme of work. We have used the following amounts advised by DCMS:

- Health
 - £2.59 per adult visitor to a heritage site
 - £1.89 per adult visitor to a museum
- Wellbeing
 - £3.50 per adult visitor to a heritage site
 - £2.55 per adult visitor to a museum

There are several aspects that contextualise our understanding of a Health & Wellbeing assessment.

- Impact is explicitly related to the number of adult visitors only. Therefore, redefining the visitor profile to engage more families, for example, which is an aspiration of the Heritage Service, would lead to a downward trend in the Health & Wellbeing impact even if the overall number of visitors increases. At present there is no way to reliably estimate a similar economic impact for families.
- Simply visiting a site is not necessarily a measure of impact. Lower quality visitor experiences will deliver lower results, even if they are not explicitly measured. In this way, any investment in improving the quality of the experience is more likely to deliver transformative outcomes and also increased savings to NHS and mental health services as a result. At present, the model is not sophisticated enough to reflect this, however it can be assumed that any investment outside of the status quo is likely to deliver deeper impact and improved savings.
- Making a definitive link between cultural engagement and health & wellbeing outcomes does create the potential to develop new strategic commissioning partnerships and audience development opportunities that could deliver wider economic returns in the future.

As with previous analysis, this has been calculated across the full scheme of this work (2018/19 – 2023/24, however this data requires the use of adult visitor numbers only.

2.6.1 Health & Wellbeing impact 2018/19 – 2023/24

These are detailed in the tables below (full data can be found in Appendix 2C) for both the Supersite and Status Quo models.

⁴¹ Simetrica (2015), '[Further analysis to value the health and educational benefits of sport and culture](#)', DCMS, March 2015.

Heritage Service - Health & Wellbeing Impact Data - Supersite Model (2018/19 - 2023/24)

Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum
			Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55	
2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2019/20	463,000	320,936	£479,904	£256,369	£648,519	£345,895	£1,730,686
2020/21	459,000	315,707	£463,758	£258,269	£626,700	£348,458	£1,697,183
2021/22	455,000	310,130	£440,999	£264,335	£595,945	£356,643	£1,657,923
2022/23	421,000	288,468	£449,502	£217,189	£607,436	£293,033	£1,567,160
2023/24	503,000	341,388	£463,760	£306,804	£626,703	£413,942	£1,811,208
Total	2,749,000	1,887,978	£2,771,528	£1,545,812	£3,745,308	£2,085,620	£10,148,268

Heritage Service - Health & Wellbeing Impact Data - Status Quo Model (2018/19 - 2023/24)

Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum
			Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55	
2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2019/20	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2020/21	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2021/22	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2022/23	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2023/24	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
Total	2,688,000	1,868,094	£2,841,629	£1,457,077	£3,840,039	£1,965,897	£10,104,641

Key points of analysis:

- Over the period of this scheme of work the Supersite model delivers marginally more (0.4%) combined Health & Wellbeing savings than the Status Quo model.
- However, in 2023/24, when The Collection Museum & Art Gallery opens as a Supersite, the savings are 7.5% more than the same year in the Status Quo model, reflecting the increase in visitors.
- The lower performance delivered in the preceding year under the Supersite model can be attributed to the lower number of visitors at The Collection prior to its reopening as a Supersite and the loss of visitors from the handover of GOH to a third party.

2.6.1.1 Health & Wellbeing impact beyond 2023/24

It is extremely difficult to ascertain Health & Wellbeing Impact beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

As stated in 2.4.4.1 and 2.5.1.1, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the Future Plan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

2.7 Future forms of assessment

Evidencing the impact of culture is often challenging, though not impossible, and the options provided below are intended to support wider discussion to decide those KPIs which can be used to ensure that the Heritage Service can report against the Investment Aim and Objectives.

All KPIs can be broken down into four key areas. These are:

- Reach – audience size and demographics, including age, ethnicity, gender, etc.
- Quality – Internal efficiency, audit trail, recommendations from and number of repeat visitors
- Impact – softer measures depending on the audience based on three key outcomes: discovery (knowledge-based), participation (active engagement), and transformation (attitude change and/or skill improvement)
- Value – costs, income or other forms of commercial return, etc.

How these are evidenced in relation to the Investment Objectives noted above varies and is dependent on clearly articulating the priorities for the scheme of work, taking into account the resources available to deliver these. The specific KPI would be agreed with LCC and the Heritage Service's Advisory Panel (see the Management Case)

Investment Objective	Proposed evidence format
IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.	<ul style="list-style-type: none"> • Financial self-sufficiency of Heritage Service, including income generated. • Ability to secure fundraising investment, including from private, public and corporate sources. • Success of commercial strategy to increase ticketing spend, etc.
IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.	<ul style="list-style-type: none"> • Adoption of Lincolnshire DNA framework, rollout and evidence of impact – no of stories, people, etc. • Health & Wellbeing measures, including savings to NHS and mental health services. • No of schools visits.
IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.	<ul style="list-style-type: none"> • Economic impact assessment. • Visitor numbers to our sites and to Lincolnshire. • Increase in employment using VisitBritain measures of x1 FTE is created with £54,000 increase in income.

<p>IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.</p>	<ul style="list-style-type: none"> • Visitor numbers. • Formal qualitative assessment. • Public perception. • Press articles, mentions, social media activity, etc. • No of temporary exhibitions, subject matter, museum of origin, relative status.
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While resource limitations may not allow the full range of these KPIs to fully assess impact, they can be carefully selected to present both the breadth and depth of impact related to the work that the Heritage Service delivers.

2.8 Conclusions

Four different methods have been used in order to assess the Economic Case related to this scheme of work. These are LCC's estimated contribution to the proposed changes to the development of two supersites, Visitor numbers, Economic impact (Including both Tourism Impact and Total Economic Impact), as well as Health & wellbeing Impacts.

In each case it is clear that a targeted investment through the Supersite model would deliver an increase in Visitor numbers, Tourism Impact and Wider Economic impact, as well as Health & wellbeing. As a direct comparison between the Supersite and Status Quo models there is only a modest improvement in performance with the Supersite model, however greater impact will be unlocked once The Collection Museum & Art Gallery opens as a Supersite in 2023/24. Although it is very difficult to estimate performance beyond this, based on the experience of Lincoln Castle Revealed we can assume an increased level of impact as to that experienced in 23/24. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

As a result, the FuturePlan should be seen as a long-term investment to ensure that the Heritage Service is able to maintain relevance for future generations, support its aspirations for greater levels of financial self-sufficiency, and support LCC's wider ambitions to make Lincolnshire an attractive place to live, grow, and invest.

A range of other options have also been provided in order to support ongoing reporting of the performance of the Heritage Service. While these do not support this specific investment, they do address the need for ongoing KPIs to ensure the Heritage Service continues to deliver against the investment objectives across the duration of this scheme of work.

3 Commercial Case

3.1 Introduction

The Commercial Case demonstrates that the proposed operating model represents a commercially viable operation.⁴²

With regards to this business case and the key investment aim - to establish a sustainable heritage service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors, the Commercial Case is explicitly concerned with IO1:

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

Delivering IO1 would then substantially drive delivery of the other three objectives:

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

It should be noted that this Commercial Case does not significantly challenge the underlying business model of the provision of a number of sites, which are free to access at the point of delivery, notably The Collection, MLL, and to a certain degree, Lincoln Castle. Instead it focuses on the creation of a more successful Freemium model which can derive income from a number of additional sources to create a more financially sustainable Heritage Service.

While it would be possible to make the case that introducing ticketed and chargeable entry for all our sites would make the sites more financially sustainable, the result would be a significant reduction in visitor numbers which would potentially undermine the other IOs in this DBC, as well as a number of LCC's other strategic goals to drive growth in the visitor economy and deliver health & wellbeing outcomes for the benefit of Lincolnshire residents.

3.2 Changing approaches to Commercial Strategy in the museum sector

Museums have tended to follow a commercialisation strategy which was an extension of the UK Government's cultural policy which operated 1997-2010. This model was largely developed for national museums that were well-funded through generous grant-in-aid which covered core costs but which also allowed them to experiment through temporary exhibitions programme without threatening core operating costs if they were not successful. This model also allowed museums to retain income from ticketing, thus rewarding them for their innovation, and also to supplement this income through wider fundraising activity, while also maintaining free access to permanent collections for all visitors.

⁴² Please note that under the Treasury Green Book methodology all operational financial data is detailed in the Financial Case.

Grant-in-aid funding has been reduced substantially over recent years, so much so that it has become essential for almost all cultural organisations to develop alternative forms of income in order to keep the doors open. Over time this has effectively redefined these national museums as Cultural Enterprises rather than as a traditional service subsidised by the public purse. This has been challenging for the entire sector, and while there are success stories, these are largely in national institutions that have the following characteristics:

- They are based in large cities with sizeable populations, thus ensuring that there is sufficient number of people that would be interested in their particular niche.⁴³
- They hold, or at least have access to, world-leading collections within their specific areas of interest, which has, given the scarcity of public access to these collections, allowed them to raise ticket prices substantially⁴⁴.
- They have reduced permanent display space and replaced them with multiple temporary spaces and offered a seasonal programme of exhibitions to increase consumer choice and drive up spend per visitor. This is also reflected in a push toward more annual memberships.
- They are able to leverage large-scale commercial retail and café opportunities to increase secondary spend or to become a destination in their own right.
- They have become more audience-focused through the use of segmentation tools which has necessitated a change in the kind of exhibitions they deliver.
- An explosion of professional fundraising has taken place. This is the key growth area in employment with the sector.
- They have repositioned themselves as key drivers (and beneficiaries) of a growing visitor economy.
- They have developed strong brands which have been used to leverage significant corporate partnerships.

The most successful nationally funded institutions are now able to sustain themselves with around 1/3 of operating income from grant-in-aid and 2/3 of operating income from wider commercial operations, including retail, café, ticketing, sponsorship, fundraising, etc.

However, it should be noted that driving up this commercial income is dependent on demand side factors, most notably the size of the available audience. Indeed, the further you move out of central London, the more challenging it becomes to sustain this particular commercial proposition. This is still the case in major urban metropolis like Birmingham, Manchester and Leeds, whose cultural attractions are still facing a range of financial challenges.

Unlike London, Lincolnshire does not have a population of 7 million and a visitor economy shaped by 42 million inbound tourists who visit annually, so delivering traditional exhibitions that focus only on a particular niche, whatever their inherent museological quality, is unlikely to deliver a successful commercial programme. In other words, even if you could import the V&A (or the NPG, etc.) wholesale in Lincolnshire, it still wouldn't be a commercially sustainable offer because the audience appetite for such a collection is not (yet) large enough.

⁴³ London, for example, has a population of over 7 million and hosts 42 million inbound visitors a year

⁴⁴ For example, TATE now charges approx. £20 for exhibitions, the National Gallery £18 and the British Museum £17, while a day out at the Tower of London is £22.70 and Hampton Court Palace is £19.20.

3.3 Developing a new business model – moving to Freemium

A business model details the way in which a business (including not-for-profit or public institutions) organises its resources to generate sufficient income (or other mission critical impacts) to sustain itself. At present, the Heritage Service's business model is not sustainable as LCC has implemented funding cuts, but the present levels of income are insufficient to sustain the service. The result is that there needs to be a fundamental change in the business model in order to focus on developing greater levels of income.

The success of a business model is dependent on the value that it creates for its customers, who will then exchange money (or time, effort, etc.) for this value. This is called a value proposition. All things being equal, if the Heritage Service is unable to generate sufficient income from its services, it is because the associated value proposition of those services does not sufficiently resonate with enough members of the public to warrant their investment in it through ticketing and other commercial activity.

The Commercial Strategy for this DBC is concerned with ensuring that both the value proposition and business model are aligned. In this way the Heritage Service will be able to deliver the right kind of value to our audiences who will be prepared to pay for the services we provide, thus allowing the Heritage Service to be sustained in line with LCC's expectations.

We are proposing that the Heritage Service's business model shifts to what is called a Freemium business model. The term freemium is coined from 'free' and 'premium'. A basic version of the service is provided free of charge and at minimum cost in the hope that audiences will be converted by the value proposition and be prepared to pay for additional value.

Such a model is already in use at Lincoln Castle and has been integral to the site's success and the contribution it makes to LCC. We are suggesting that this model needs to be implemented at The Collection, following the proposed development works, which would create a smaller 'free' offer and a larger 'premium' offer with larger commercial potential. At the same time, this needs to be scaled up across the entire service to take advantage of the opportunities this provides for fundraising, membership, events, sponsorship, etc.

Developing this approach requires a fundamental shift in the value the Heritage Service creates for its audiences and therefore for itself. It must be understood that commercial success will not come from the traditional approach of worthy but dull exhibitions because there is insufficient interest in Lincolnshire to justify the financial investment, let alone the commercial return. Instead, the value we create must be aligned to the ways in which we can make heritage and culture more accessible to a much wider range of people. In other words, it is the audiences' needs, wants and motivations for engagement, not access to the museum's rare collections, which must drive the content of exhibitions and events going forward in order to unlock the commercial potential of the Heritage Service.

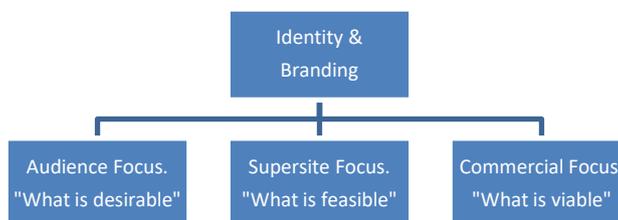
3.4 Our winning aspiration – to create a sustainable cultural enterprise model

Above all, our winning aspiration for the Commercial Strategy is to ensure the long-term economic sustainability of the Heritage Service. This is underpinned by the following:

- Widen the range of audiences which visit our sites.
- Improve the quality of the visitor experience, including engagement levels.

- Generate income to support the development of the service.
- Support wider initiatives to increase organisational efficiency.

This Commercial Strategy lays out the direction of travel toward the development of a successful cultural enterprise model. At its top level this is comprised of the following:



These four areas will now be assessed individually.

3.4.1 New purpose and identity of the Heritage Service

Key to unlocking increased commercial activity is a new purpose and identity for the Heritage Service. The current purpose represents a one-way traditional service-based approach in which the service is funded to deliver what they feel is best to the public. A new purpose must give all stakeholders a reason to care about engaging with the service. It answers the 'So what?' questions about why we choose to deliver culture and heritage in LCC.

In other words, in a busy world with considerable competition for audience time, money and attention, we need to give our audiences a reason to engage with us that creates value for them and would compel them to visit. This needs to go much further and resonate more deeply than highlighting supply side factors about the value of our collections on the assumption that audiences recognise that it's good for them to know about the culture on their doorstep.

Draft vision and mission statements have been suggested within the Strategic Case, noted below, which are intended as placeholders and indicate direction of travel.

Vision: To place culture and heritage at the heart of Lincolnshire life.

Mission: We help *everyone* explore the story of Lincolnshire, its identity and significance through its unique geography, history and culture.

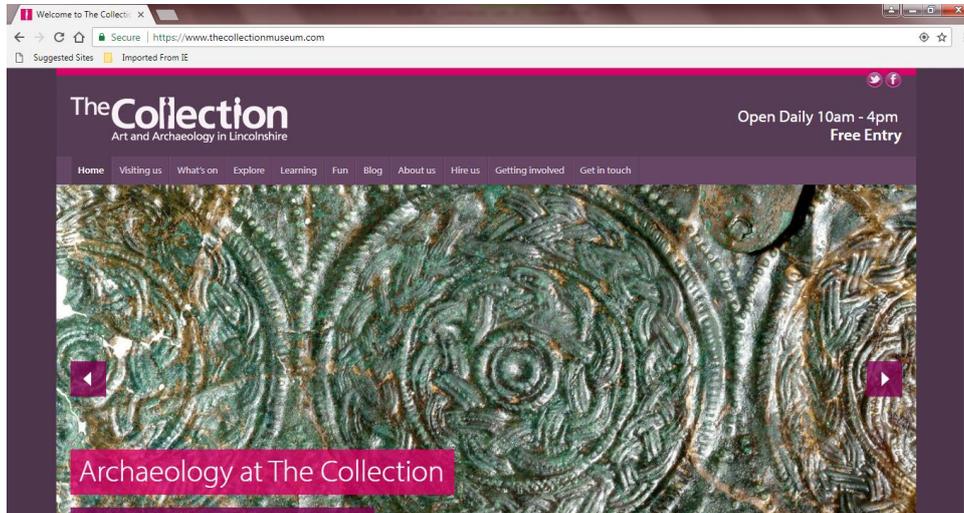
As previously stated, this opens up the interpretation of what culture and heritage mean and gives permission for the Heritage Service to create innovative experiences that are relevant to a wider range of audiences going forward. It also explicitly states that culture and heritage are for everyone whatever their age or background.

3.4.2 New branding for the Heritage Service

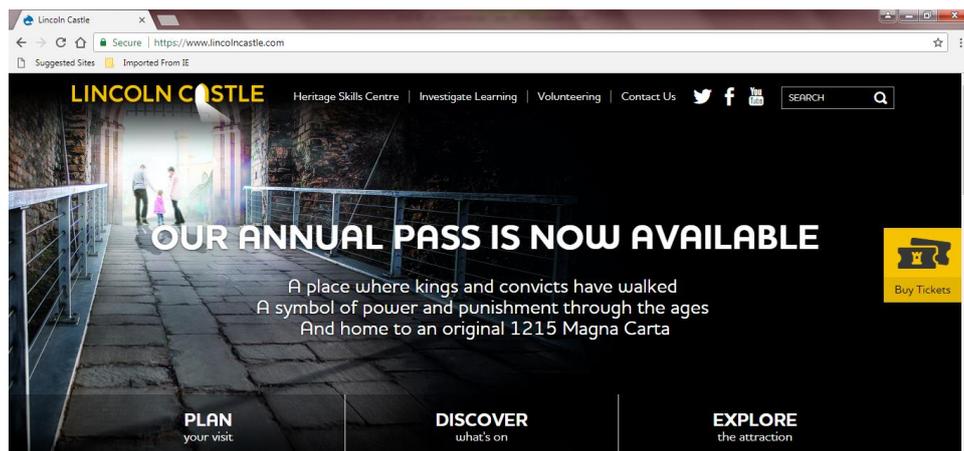
As well as there being no clear purpose to the service, there is also no brand that unifies the different offers or sites.

For example, while The Collection and Lincoln Castle have their own websites, MLL is hosted on the LCC site. Branding, where it exists for individual sites, is also not complimentary. As far as the public

is concerned, they are run by different organisations; there is little evidence of a relationship between them, meaning that not only are they largely in competition with one another for the public's time and money, but they are also unable to leverage the advantages of being within the same portfolio.



The Collection



Lincoln Castle

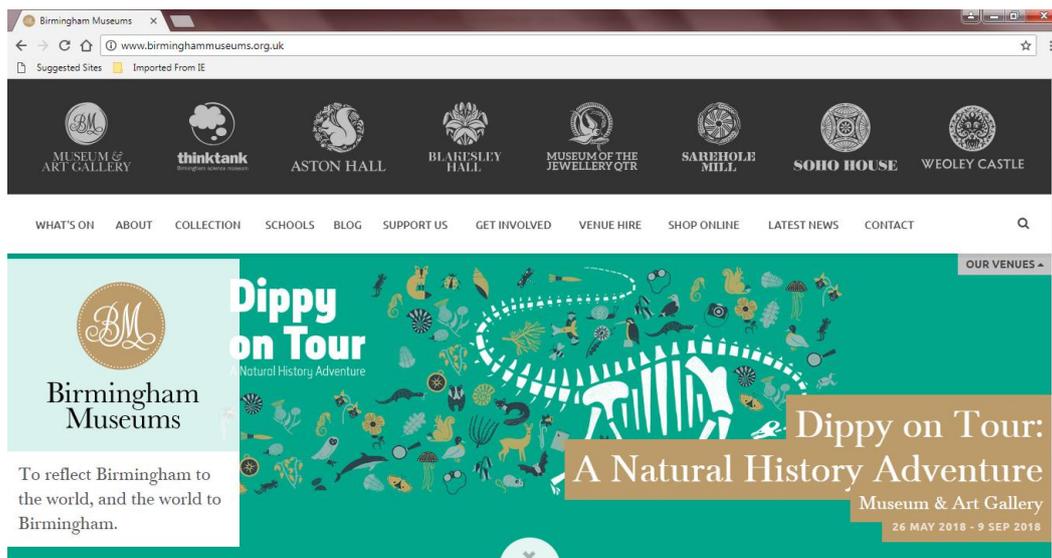


Museum of Lincolnshire Life

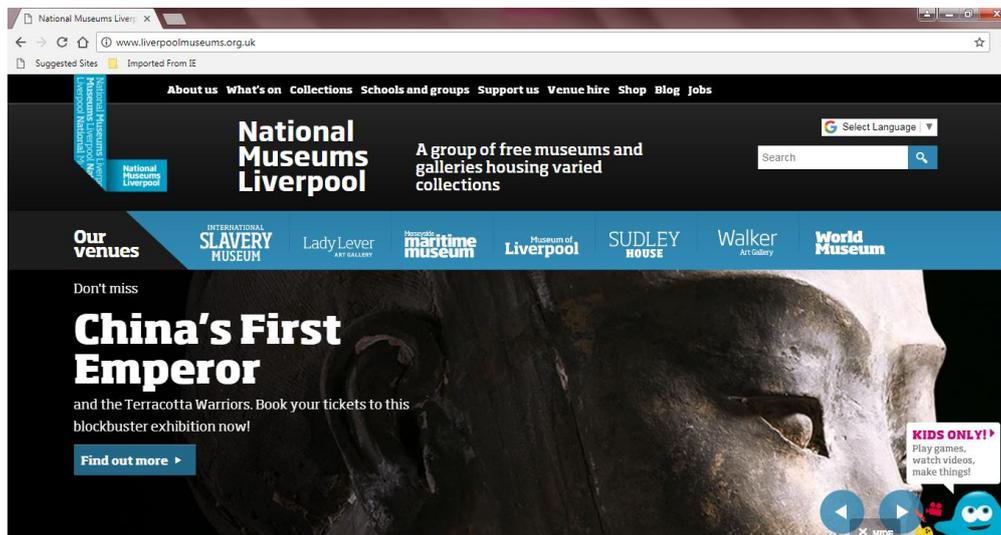
This approach must change in order to make the commercial proposition more sustainable. It is increasingly used by many other museum groups including:

- Historic Royal Palaces (six sites)
- TATE (four sites)
- National Museums Liverpool (seven sites)
- National Museums Northern Ireland (three sites)
- Birmingham Museums (eight sites).

This is best represented on their websites, screenshots for some are noted below.



Birmingham Museums



National Museums Liverpool



Historic Royal Palaces

Unifying the supersites under a single identity with a clear purpose and branding would give the Heritage Service a clear outward facing purpose and reason to engage with the public. The advantages of this are numerous, it would:

- Enable a more customer-focused approach as it allows audiences to consider multiple options based on their needs and wants, rather than checking several websites.
- Inform our choices around the kind of exhibitions and events we put on display, can charge for, and what constitutes success.
- Increase potential for more ticketing options, including cross-selling, membership and sponsorship schemes that would raise the average ticket yield.
- Encourage wider collaboration and reduces competition between sites.
- Support fundraising efforts by increasing the potential range of sponsorship schemes for wealthy patrons as they would patronise the entire service, rather than a single project or site.
- Produce economies of scale and scope across the organisation.
- Help to foster stronger relationships across all sites and for staff toward the brand, rather than a single site.
- Support senior leaders to communicate the future direction and aspirations of the service at a corporate level with one single voice.
- Reinforce the supersites approach and the associated merits.
- Increase the potential for cross-site strategies to be implemented, including learning, interpretation, commercial events, etc.
- Increase the potential to recruit high quality volunteers to support services.
- Strengthen the service's voice within the museum sector and allow it to compete it at a higher level in obtaining temporary exhibitions.
- Support wider objectives to reposition the service as a key driver of the visitor economy, an approach that has delivered huge dividends in Liverpool over the last decade.

3.4.3 Three foundation pillars for commercial growth

Beneath the new identity and branding are three key commercial pillars which detail the areas where the Heritage Service would focus or 'play'. These are the key enablers toward commercial success.

1. Driving growth through a focus on audiences
2. Developing supersites to enable commercialisation
3. Developing a portfolio business models and value propositions to create commercial income

3.4.3.1 Driving growth through a focus on audiences

Traditionally, museum services work on the premise that as the experts in their field they are best-placed to communicate the meaning and value of their collections to visitors. The idea underpinning this is that it is generally considered good citizenship to 'know about' culture and that it has beneficial side effects on health, wellbeing and education. And while there are elements of truth to this, what typically happens in practice that left to their own devices museums attract the same narrow range of audiences at the expense of all others.

However, a range of audience segmentations tools have recently been developed which are increasingly challenging the status quo outlined above. These seek to align motivations to engage with culture – why they would engage with culture, with the way in which different audiences like to engage with culture – what kind of activities they like to do. By analysing the available data it's then possible to understand which segments live close to your sites and how they like to engage with culture, which can be used to inform development of the public programme. This is what it means to create what is desirable.

In order to utilise the power of this data, it's proposed that the Heritage Service would begin to use *Audience Finder* by The Audience Agency. This is a national audience data and development programme, which enables cultural organisations to share, compare and apply insight. It provides tools for collecting and analysing data in a standardised way which builds a clear picture of audiences locally and nationally. The results help organisations find new audience opportunities using a range of tools, features and support, including user-friendly reporting dashboards, online mapping and insight tools, and the opportunity to work in collaborative, data-sharing groups.

Although developed and managed by The Audience Agency, it is funded by Arts Council England, and is now used by over 10,000 culture professionals each year. In fact, the tipping point is fast-approaching where we would be at a competitive disadvantage by not moving toward an audience segmentation system.

A few examples of the power of this data would provide some insight as to its potential value. In the East Midlands, for example, the average yield across all cultural forms is as follows:

Art form	Average ticket yield
Children and family	£13.03
Christmas show	£21.09
Contemporary Visual Arts	£9.50
Dance	£28.21
Film	£7.20
General Entertainment	£20.10

Literature	£10.42
Museums & Heritage	£9.63
Music	£29.75
Musical Theatre	£30.81
Outdoor Arts	£27.20
Plays/Drama	£21.12
Workshops	£17.04

- Ticket yield for Museums & Heritage (£9.63) is comparatively low which reinforces why it's essential to deliver programming with a strong value proposition for audiences so that more would attend. Niche programming that would be successful with a larger audience base in London is not sustainable in Lincolnshire.
- Integrating an annual focus on a Christmas Show (£21.09) or a summer focus on Children and family (£13.03) would raise ticket yield substantially.

Proposed exhibitions and events can be aligned with key segmentation of audiences⁴⁵. In the East Midlands, for example, the segmentation is as follows:

Audience Spectrum segment	East Midlands		England		Index
	Count	%	Count	%	
Metroculturals	5,057	0%	2,342,194	5%	3
Commuterland Culturebuffs	323,682	8%	5,315,818	12%	71
Experience Seekers	220,995	6%	3,921,781	9%	65
Dormitory Dependables	617,782	16%	6,998,182	15%	102
Trips & Treats	883,929	22%	7,169,496	16%	143
Home & Heritage	470,029	12%	4,626,424	10%	118
Up Our Street	471,357	12%	3,959,433	9%	138
Facebook Families	556,640	14%	5,188,457	11%	124
Kaleidoscope Creativity	168,264	4%	4,090,824	9%	48
Heydays	212,800	5%	1,983,510	4%	124
Unclassified	34,007		410,732		
Adults 15+ estimate 2016	3,930,535		45,596,119		

Base totals and percentages do not include unclassified psotcodes.

Some immediate insights are:

- By focusing exhibition programming on *Trips & Treats*, *Dormitory Dependables* and *Facebook Families*, those groups with more conservative tastes, it is possible to appeal to almost 2,000,000 people within the East Midlands, around half of the population. This helps to explain the success of Lincoln Castle which delivers a strong value proposition as a great (but traditional) day out.
- Avoid programming for *Metroculturals* and *Kaleidoscope Creativity*, who prefer cutting edge and innovative programming. In Lincolnshire this would lead to a poor return on investment because of the comparative lack of population density - only 4% of the population (175,000 people) in East Midlands. To make an exhibition successful for this group would mean we'd have to attract around 1/3 of this figure to attend, an over-optimistic assumption.

⁴⁵ Descriptions of all segments are in Appendix 3A.

- Traditional museum exhibitions tend to appeal to *Commuterland Culturebuffs* who make up only 8% (323,000 people) of the East Midlands population. This helps to explain why previous exhibitions in the Heritage Service have not been commercially successful.

The reality is that it is only through an unrelenting focus on audiences the Heritage Service would attract with a wider audience base, but would also be more commercially sustainable as a result. A whole organisation approach is required to deliver this.

Leveraging audience data in order to inform exhibition development is absolutely essential to this process and the Heritage Service must invest in order to develop expertise. This would necessitate building relationships with external consultants such as the Audience Agency. An audience development strategy, which would sit alongside the Interpretation Strategy and Pricing and Ticketing Strategy, is required to develop this further.

3.4.3.2 Creating Supersites that support commercialisation

The concept of Supersites has already been explored in some detail within the Strategic Case, but is worth repeating here in highlighted form to support the Commercial Case.

Most of our current heritage portfolio is delivered through a microsite approach, where one story is told which is based on a particular heritage site or collection. Although there may be some income-generation through ticket sales, with secondary retail or café activity, they fundamentally offer little motivation for visitors to return and are limited in their commercial scope as a result.

Supersites, on the other hand, are specifically designed to facilitate the kind of programme that enables visitors to return often through the provision of a varied programme in the form of a hub and spoke model. In practice this means that each supersite would provide a permanent offer, effectively the hub, as well as a rotating programme of temporary exhibitions and events, effectively the spokes.

The permanent offer at each site would be based on the Lincolnshire DNA framework, providing an engaging and inspiring story of Lincolnshire and how it has evolved over time – helping Lincolnshire residents to understand how the county has developed its distinctive identity and offering a distinctive experience for visitors from outside the county to engage with the county in accessible ways.

These stories would be told in a complementary fashion across Supersites so that each supersite can excel in its own way. Lincoln Castle would develop its focus as an outstanding visitor attraction, providing a great day out for its visitors, and The Collection Museum & Gallery would develop as a museum by adding a contemporary twist, bringing the best museum experiences from around the country to Lincolnshire.

However, each Supersite would also have a series of other offers across the year through the provision of a series of temporary exhibitions, events and experiences - the spokes for each hub. Each of these temporary interventions would be designed with specific audiences in mind, thus ensuring that the widest range of audiences can enjoy the broadest range of cultural and heritage experiences from season to season and year to year, while also creating opportunities for commercial development of the service. Delivering this programme requires that each supersite has

both permanent and temporary exhibition space, as well as appropriate retail opportunities, as without it the supersite concept is unsustainable.

This approach is focused on audiences; it enables the widest range of segments to engage with culture and heritage in ways that resonate with and are relevant to them, it delivers the widest range of health and wellbeing outcomes because of the breadth of its offer, and it provides the Heritage Service with the greatest range of commercial opportunities to support its development as a sustainable cultural enterprise under a single brand and identity.

How these spaces break down site by site is described below.

Supersite	Permanent spaces	Temporary spaces
Lincoln Castle	Castle Grounds, Wall Walk, Magna Carta, Victorian Jail	Scope for temporary exhibitions exists within the Prison and Castle Grounds which can be installed around the permanent exhibitions; however we also propose to create additional space as outlined in the Strategic Case. Considerable potential also exists for increased commercial hire at Lincoln Castle, as well as growth in café and retail concessions.
The Collection Museum & Art Gallery	Permanent Archaeology Gallery in The Collection. Usher Art Gallery.	Some temporary spaces already exist but these are much smaller. Long-term development of The Collection would reconfigure current spaces to create a larger temporary exhibition space (496m ²) and a new art gallery of approx. 500m ² . In the short-term we are proposing a three season programme of temporary exhibitions with chargeable ticketing which can be piloted through better use of existing spaces.

Supersites represent a range of opportunities to improve the customer experience and to generate income from commercial opportunities, and as such they represent the gateway toward the long-term sustainability of the Heritage Service. Without this transition to the supersite approach, it will be much more difficult to ensure the same level of sustainability. This is what it means to deliver what is feasible.

3.4.3.3 Developing a portfolio of business models and value propositions to create commercial income

As the Heritage Service shifts to a cultural enterprise model we are proposing to develop a number of new offers with associated value propositions. Generating revenue from a portfolio of income streams, rather than just relying on traditional forms of income such as ticketing and grant-in-aid, are key. This would include:

- Commission-led programming with commercial outcomes
- Making commercial activity a priority

- Fundraising and sponsorship
- Ticketing strategy
- New learning and engagement strategy
- Rent income
- Ongoing efficiency savings – creating more lean ways of working

It's important to highlight that the key factor in making the most of commercial opportunities is to be able to successfully market the service to a wide range of audiences. While this is not explicit within each section, it is an idea which must underpin the entire commercial development of the service and should not be overlooked. This is what it means to deliver what is viable.

3.5 Temporary exhibition programming

Museums traditionally invest considerable time, money and organisational capacity to conduct research and then put on exhibitions. The time this takes limits the number of exhibitions that can reasonably be displayed so that such exhibitions soon become permanent; even when those permanent displays have moved far beyond their natural lifespan, are seen by few people and generate limited secondary spend. We are seeking to disrupt this model.

Permanent exhibitions would still exist; however, the purpose of permanent displays is to tell a clear and engaging story about the Lincolnshire DNA – the stories of the people and places that have shaped Lincolnshire over time, not simply to house collections that fall in convenient academic silos. While refreshes may take place over time, these would be focused on telling another part of the story of the Lincolnshire DNA, rather than simply swapping out objects (although this may still occur for conservation purposes).

The exhibitions that are housed in the temporary spaces at each supersite would be commission-led developments. These are exhibitions that are contracted for a time-limited appeal on a commercial basis with an expectation that they would meet income and visitor number targets, drive audience development, while also delivering secondary spend in retail and cafe and delivering wider social outcomes.

Touring exhibitions typically come in different types:

- Turnkey exhibitions which include all physical assets, cases and displays.
- Curated collections which include a number of objects and interpretation that can be integrated into displays.
- Exhibition blueprint packs which generally include digital assets that allow you to create your own exhibition.

Touring exhibitions also fall into different economic models:

- Partial cost recovery – exhibitions which drive engagement and increase visitor diversity but would not meet the full costs of the exhibit.
- Full cost recovery – exhibitions that would meet the costs of the exhibit but would not make a profit.
- For profit – exhibitions which turn a profit.

The economic benefit of touring exhibitions is actually very difficult to measure given the respective business models and funding structures of institutions, especially as each would have its own purpose for introducing touring exhibitions and which may or may not be linked to commercial outcomes. However, we would be making our selection based on the following qualifiers:

- Have a proven track-record of attracting audiences (or are clearly commercially viable if they are new experiences).
- Have subject matter that resonates strongly with Lincolnshire at either a local, national or international level.
- Provide opportunities to introduce ideas and experiences that would not normally be available to Lincolnshire residents (and/or its visitors).
- Preference would be based on the provision of active experiences which tell engaging stories rather than traditional exhibitions display collections passively.⁴⁶
- Would provide clear opportunities for a complementary retail offer and would drive other secondary spend.

For a number of years the Heritage Service has developed its own temporary exhibitions, but it now has begun to hire temporary exhibitions. For example;

- A Kingdom of LEGO at Lincoln Castle – this family friendly quest based on everyone’s favourite childhood toy has proved to be the major attractor in Lincoln this summer. This has generated a significant increase in visitor footfall and admissions income.
- Dinosaur Encounter – would be coming to The Collection in summer 2019 and promises an animatronic encounter that would engage visitors of all ages. It has been produced originally by the Natural History Museum.

Most of the UK’s national museums now make exhibitions available within a touring format and are increasingly obliged to do so by DCMS as part of the Industrial Strategy. A recent selection is provided below.

Museum	Touring offer
National Portrait Gallery	Both the <i>BP Portrait Award</i> and <i>Taylor Wessing Photographic Portrait Prize</i> tour annually. Various other exhibitions have also toured including <i>Picasso Portraits</i> , <i>Audrey Hepburn: Portrait of an Icon</i> , and <i>Marilyn Monroe: A British Love Affair</i>
National Gallery	The ongoing <i>Masterpiece Tour</i> is committed to promoting the understanding, knowledge and appreciation of Old Master paintings to as wide an audience as possible.
Science Museum	Exhibitions include <i>The Sun: Living with our Star</i> , <i>Superbugs: the Fight for our Lives</i> , <i>3D: Printing the Future</i> , <i>Our Lives in Data</i> , and <i>Robots: the 500</i>

⁴⁶ The Santa Cruz Museum of Art & History is an exemplar of a more participatory approach to museum engagement. Santacruzmah.org

Group	<i>Year Quest to Make Machines Human</i> . They also offer <i>Space Descent</i> , a 13-minute Virtual Reality spaceflight based on the astronaut Tim Peake's experience.
V&A	A range of offers including <i>Pop Art in Print</i> , <i>Woman's Hour Craft Prize</i> , <i>The Art of Selling Songs: Music Graphics from the V&A</i> , <i>Selling the Seaside: Holiday Posters from the V&A</i> , and <i>A Pirate's Life for Me...</i>
Natural History Museum	A wide range of exhibitions including <i>Treasures of the Natural World</i> , <i>Ancient Oceans</i> , <i>Wildlife Photographer of the Year</i> , <i>T. Rex The Killer</i> , <i>Question</i> , <i>Art of Nature</i> , and <i>A History of Life Through Fossils</i> .
Design Museum	Following its recent move to West London, the Design Museum is now beginning to offer a range of touring exhibitions including its recent blockbuster <i>Ferrari: Under the Skin</i> , as well as a range of other exhibitions including <i>Hello: My Name is Paul Smith</i> , and <i>New Old: Designing for our Future Selves</i> .
Touring Exhibition Group	Not a museum in itself, but a non-profit membership body which offers support and acts as a central database of touring exhibition opportunities. It typically lists around 300 exhibitions across the arts, history, science, design, costume, and natural history.

This table is by no means exhaustive but it is indicative of the range and quality of exhibitions available which can be used to construct a commercially focused strategic approach to temporary exhibition development.

In order to take this forward, the Heritage Service would require the development of an Interpretation Strategy in order to align audience priorities and create a balanced approach to our exhibitions which maximise ticketing admission.

3.6 Making commercial activity a priority

The long-term financial sustainability of the Heritage Service depends on its ability to maximise revenue from commercial activity. This cannot be stressed enough, commercial hire is not a nice to have, nor an added bonus, it is core business which must be targeted and grown, and is the difference between success and failure as it subsidises core audience-focused activity.

It is, then, essential that our supersites would also be used to leverage commercial opportunities. This means developing strategies to:

- Increase third party hire of our sites
- Maximise retail and café income

3.6.1 Increasing third party hire of our sites

Commercial hire has always been available at our sites, and since re-opening Lincoln Castle has substantially increased its volume of commercial hire, reflecting the overall success of the project

and the efforts of the Heritage Service to facilitate this. Commercial hire for 18/19 at Lincoln Castle is forecast for 193k.

There are many opportunities to consolidate and expand on this offer, creating a whole service approach that can deliver a greater economic return through the use of stretching targets. This can be achieved in two ways:

- An internal team facilitates commercial hire which has a wide-ranging remit to ensure sufficient economic return across the sites. This could be facilitated through a trading company which deeds its profits back to LCC/Heritage Service.
- It is also possible to outsource the management of commercial hire. Sodexo, for example, manage commercial contracts at over 50 venues, including a number of heritage sites and museums, most notably IWM London, Laing Art Gallery (Newcastle), Dundas Castle (West Lothian), and the National Gallery (London).

Further research is required to ascertain the full potential of commercial hire at our sites.

3.6.2 Maximising café and retail income

The aspiration of most museums appears to treat the shop as an extension of the gallery – a destination in and of itself, filled with unique and/or distinctive objects. There are few museums that can sustain such an approach and these tend to be very specific design-led offers, including MoMA (New York), V&A (London), and the Louisiana Museum (Denmark), which means that most museum retail offers would underperform.

Those museums with the more successful retail offers include The Science Museum, Natural History Museum, and Historic Royal Palaces. While these benefit from substantially greater levels of footfall, their success is based on a philosophy which aligns the available offer to their audience segmentation, rather than just their museum collection, and takes a supermarket approach, rather than that of a designer boutique.

Further strategic research is required to ascertain the potential for improvement at our sites, but we would expect to improve the turnover and margin year-on-year and above inflationary increases, especially at The Collection which would introduce a rotating programme of exhibitions which facilitate a more varied offer. Improvements could include.

- Introduction of a more tourist-friendly offer, rather than a 'boutique' approach.
- More pocket money friendly items for children and young people.
- Small ticket items with larger margins (drinks, confectionary, etc.) that would significantly increase the profit margin of each transaction.
- Wider use of promotions and offers to increase the transaction amount.
- The use of pop-up shops at seasonal periods.
- Exploring the potential of commissioning guide books and maps which can be sold with a significant margin.
- Explore potential to coordinate offers across supersites, where appropriate, to gain economies of scale.

The financial performance of our café at Lincoln Castle has improved significantly following the service's takeover of this offer, and we expect this improved performance to continue. The café at The Collection is currently run by Stokes and brings in some rent income, however the opportunity exists to reconsider this relationship when the lease comes up for renewal.

3.7 Fundraising and sponsorship

The Heritage Service has a strong track record for raising funds from key national agencies including the Heritage Lottery Fund (HLF) and Arts Council England (ACE), as well as a number of private donors and benefactors. We would continue to leverage these relationships; however, we would also develop a fundraising strategy which looks at how we can develop other income streams. This would include:

- Improve opportunities to increase donations.
- Maximise fundraising to support specific projects.
- Develop a number of schemes including for patrons, corporate giving and/or sponsorship, and legacy giving.

3.7.1 Improve opportunities for visitors to make cash and cashless donations within the supersites.

Increasingly, in the world of donations, cash is no longer king, and we must improve the potential for cashless giving. For example, the use of terminals provided by Thyngs, Square, PayPal Here, SumUp or Intuit, can facilitate cashless donations and are all simple and cost-effective means of facilitating donations.

However, it's also important to acknowledge that our donation boxes do bring in revenue, and we also intend to review the number, location and messaging which accompanies them in order to encourage wider giving.

3.7.2 Pursue fundraising opportunities with trusts and foundations

There are many trusts and foundations that can support specific project-based work which aligns with their charitable objectives. This could either be capital build, significant programmes of repair, or engagement projects with specific audiences, such as schools, young people, etc., as well as sponsorship for exhibitions, particularly in areas that cannot be funded through core budgets. This extends reach to audiences that do not currently engage with culture and heritage. It should be noted that we are unlikely to get specific fundraising to meet ongoing operational costs.

3.7.3 Develop a laddered patron scheme that delivers additional benefits beyond annual membership

There are many wealthy individuals who are seeking more than an annual membership. They want exclusivity and access, but they also want to know they are making a difference, and museums are increasingly tailoring their programmes to be able to support this through the development of patron schemes. For example, the Garden Museum in London offers a Patron scheme for £500 which offers:

- Invitations to exhibition Private View and other exclusive events
- An invitation to the Patron's lunch
- Free entry to the museum

- Discounts in the shop
- Free copies of the Museum Journal

Tate, on the other hand, offers patron schemes ranging from £1200 for 18-24 year olds and up to £12000 for a Platinum model that provides exclusive access to artists' studios, dinners with collectors, and museum directors. This indicates the flexibility and range which exists for such programming.

3.7.4 Explore the potential for a corporate scheme of giving and sponsorship to enable large local companies to support the service.

There are opportunities to formalise corporate giving which offers cash to the museum and tax and other benefits to corporate sponsors. For example, The Baltic in Gateshead utilises a number of approaches in their corporate sponsorship programme. They receive income and in-kind support from a tiered range of organisations and individuals:

- Founders: Core funders who founded the gallery.
- Benefactors: Core funders who continue to maintain the gallery. These are public funding organisations such as ACE, Gateshead Council and Northumbria University.
- B.Partners: Corporate sponsorship. This programme starts at 5.5k per annum and offers discounts for sponsor staff, free space for meetings, VIP events, etc.
- Programme Supporters: Funders who support individual programmes, events or exhibitions.
- Patrons: Wealthy individuals who support the Baltic.

On a slightly smaller scale, Tullie House Museum in Carlisle offers three levels, ranging from £500 to £2500, which offers:

- Discounted room hire
- Guest passes to exhibitions
- Behind the scenes tours

Further research is required to ascertain the demand and associated finance structure which this would provide within Lincolnshire.

3.7.5 Legacy giving

The service has already benefited from generous financial donations made through legacies or bequests made in wills, however this has not been formalised as a service. This does not need to be a complex development but does require support from legal services to ensure this can be managed effectively in-house.

This approach is now common across the sector, with both large and small organisations benefitting from this approach to support the charitable purposes of the organisation.

Legacies that would include the donation of objects or collections would be negotiated on a case-by-case basis in order to ensure that these do not incur significant financial expense to look after, and can be integrated into exhibitions and displays as appropriate.

3.7.6 Moving forward with fundraising

There is no one-size-fits-all approach to fundraising, but it is an area that is increasingly well-supported by the Museums Association and Association of Independent Museums. A range of training courses are available, it is a growing area of specialism, and there are many creative opportunities to leverage this.

However, this would require additional resource in the form of fundraising specialists to be able to ensure that it can be managed effectively. It also requires a coordinated effort across the Heritage Service to ensure alignment of fundraising efforts with organisational resources which ensures that priority areas are aligned.

3.8 Ticketing strategy

By necessity, our ticketing strategy must align with the freemium business model we intend to operate across both Supersites. This strategy must maximise returns but also provide sufficient increased value to our visitors to warrant their ongoing investment.

To implement this we are proposing to undertake a ticketing review which would assess current ticketing options and align them across the whole site. This would include the following:

- Assessing the benefit of the joint Castle ticket with the Cathedral which is now so popular that it is benefiting the Cathedral and potentially harming our own economic return.
- Test the price elasticity of demand of ticketing prices to ensure that we are getting the maximum return of our largest asset (Lincoln Castle).
- Review seasonal ticket pricing to test whether this would have an impact on demand in quieter seasons.
- As The Collection Museum & Art Gallery would move to a three season programme, ticketing options, including pricing, would need to be assessed.
- Develop a range of different ticketing options including annual membership and/or pay once/visit multiple times.

3.8.1 Annual membership

This allows audiences to engage with their favourite sites, for example, annual passes for individual or multiple sites. This is common for most museums with multiple sites. Birmingham Museums, for example, provides two tiers of membership, one that offers entry to all sites except Thinktank Science Museum, and one that includes it for an additional charge. Tickets are also available for individuals, two adults or families, as well as a range of other offers including free guided tours, family activities, e-newsletter and café/shop discount.

3.8.2 Pay once/visit multiple times

Alternatives to this approach allow visitors to buy a ticket and enjoy return visits free for a specific period of time, up to a year. Tullie House Museum in Carlisle offers adults the opportunity to buy two kinds of tickets, including a £10 ticket that allows return for free within a year, as well as a £6.50 single visit ticket. A similar system is used by the London Transport Museum.

The advantage of this approach is that it does not require the additional support required by an annual pass – discounts, free tours, etc., however there is no reason why a combination of these methods can be used together to offer a wide variety of promotions.

It’s important to highlight that Lincoln Castle already offers a wide range of ticketing options, including joint ticketing and annual membership, and so the proposals here are concerned with scaling up this approach across the rest of the service.

3.9 Other opportunities for commercial engagement

Other opportunities for commercialisation exist, noted below.

3.9.1 New learning and engagement strategy

Both primary and secondary schools across England are under increasing pressure to deliver improved performance and this, in turn, has created opportunities to develop commercial services that deliver high impact education outcomes. This would include:

- Teacher CPD to embed heritage in the classroom to leverage the wider benefits of working with the service. Such programmes have been proven to deliver transformative outcomes in students and substantially improve student performance.
- The potential to develop a LEGO Education Innovation Centre which would offer a range of STEAM opportunities (Science, Technology, Engineering, Arts, Maths) that are unique to the county.
- GCSE and A Level programming that uses archive documents in a study day format to improve critical thinking skills and better prepare students for exams.

All of these opportunities could be fundraised externally so could be operated on a project by project basis; however there are also opportunities to leverage the existing relationship with David Ross through the David Ross Education Trust. By co-developing with DRET (and other academy chains) it would be possible to create deep-level partnerships to co-create services together.

While it is difficult to run museum education services at a profit, cost-neutrality is a realistic goal, which then provides scope for a year on year increase in education visitors, which would deliver a wider range of social and educational outcomes. At the same time, it’s important to recognise that a great deal of community engagement work is fundable and not integrating this is a missed opportunity.

3.9.2 Ongoing efficiency savings – building a lean service

The Heritage Service has recently been through a restructure in order to create ongoing cost-savings that reflect LCC’s approach to financial prudence. The management team are committed to maintaining this approach to ensure that costs are maintained at budgeted levels, building the LEAN organisation that can deliver on our aspirations.

3.10 Core capabilities and management systems required

Developing a successful Commercial Strategy requires a change in organisational culture and a change in the skills of the team. These would be wide-ranging but would specifically include the following:

Audience segmentation	Understanding the underlying motivations why specific audience segments engage with culture and heritage and how that informs the development of successful programming.
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Interpretive master-planning	Understanding the key stories that can be told across the sites and how they would be represented across the sites in ways that enhance the offer for the public and which align with the wider temporary exhibition programme.
Financial management and commercial development	Although budget work has already been completed to support more effective management decision-making, a range of metrics are required to more effectively measure return on investment to ensure commercial programmes are delivering suitable returns.
Business model and value proposition design	Creating business models and value propositions that contribute to increased commercial income and improved visitor experience.
Participatory engagement and other new forms of museum engagement	Update skill base for engagement methodology in order to successfully widen the audience base.
Fundraising	A broad range of fundraising skills and expertise from Trusts & Foundations, national funding providers (ACE and HLF), corporate sponsorship, individual giving, etc.

3.11 Potential impact of Commercial programme

While there are many options for commercialisation of the service, those options presented in the tables below are characterised by the following:

- They complement and build on the freemium model proposed for our Supersites. Microsites would continue with their present entry arrangements.
- They maximise existing opportunities and infrastructure, for example by maximising retail and café income.
- They focus on those business development opportunities which are already common across the sector such as memberships, patronage and sponsorship schemes, for which there is already evidence of success.

Indicative targets related to this programme are noted in the table below, however all figures are included in the Heritage Service's operational budgets as noted in the Finance Case (Section 4.3.1). In most cases, the contributions made by the individual strands of the commercial programme are included in the respective site budgets, although the cross-site Development Activity strand has its own budget.

Commercial income - Supersite model

Lincoln Castle

Commercial strand	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Admissions	£1,397,080	3% inflationary increase in ticketing. 3% increase in admissions based on growth in the visitor economy	£1,480,905	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,569,759	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,663,945	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,763,781	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy
Commercial income	£135,000	Third party hire of our sites	£155,000	Third party hire of our sites	£175,000	Third party hire of our sites	£195,000	Third party hire of our sites	£215,000	Third party hire of our sites
Café	£26,000	10% increase in income after inflation	£28,000	5% increase in income after inflation	£30,000	5% increase in income after inflation	£31,000	3% increase in income after inflation	£32,000	3% increase in income after inflation
Retail	£60,000	10% increase in income after inflation	£63,000	5% increase in income after inflation	£66,000	5% increase in income after inflation	£68,000	3% increase in income after inflation	£70,000	3% increase in income after inflation
Donations	£20,000	Voluntary scheme with ticket purchase	£22,000	Marginal increase	£24,000	Marginal increase	£26,000	Marginal increase	£28,000	Marginal increase
Total	£1,638,080		£1,748,905		£1,864,759		£1,983,945		£2,108,781	

The Collection

Commercial strand	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Admissions	£26,000	Ticket admission from two season programme	£24,000	Ticket admission from three season programme	£44,000	Ticket admission from three season programme	£30,000	Reduced ticket admission due to proposed capital works	£66,000	Increase in admissions following reopening of site.
Commercial income	£8,000	Third party hire of our sites	£9,000	Third party hire of our sites	£10,000	Third party hire of our sites	£6,000	Third party hire of our sites - reduced to proposed capital works	£12,000	Third party hire of our sites
Café	£8,000	Rent income	£15,000	Renegotiated contract	£15,000		£15,000		£15,000	
Retail	£21,000	Improved retail offer	£23,000	Growth in retail offer	£23,690	Further growth in retail	£15,000	Lower to represent reduced programming during capital build	£35,000	Growth following reopening
Donations	£20,000	Increased donations	£22,000	Increased donations	£24,000	Increased donations	£26,000	Increased donation	£40,000	Increased donations following reopening
Total	£83,000		£93,000		£116,690		£92,000		£168,000	

Cross-site Development Activity

Development Activity	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Fundraising				Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build
Sponsorship				Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build
Patron scheme			£10,000	20 people at £500 each	£11,000	22 people at £500 each	£12,000	24 people at £500 each	£13,000	26 people at £500 each
Corporate membership			£10,000	Two corporate sponsors	£15,000	Three corporate sponsors	£20,000	Four corporate sponsors	£25,000	Five corporate sponsors
Legacy giving			£10,000	Wills & bequests	£12,000	Wills & bequests	£13,000	Wills & bequests	£14,000	Wills & bequests
Annual membership scheme (cross-site)			£30,000	Introduction of annual membership scheme	£40,000	Annual memberships	£45,000	Annual memberships	£50,000	Annual memberships
Total	£0		£60,000		£78,000		£90,000		£102,000	

Key points of analysis:

Commercial activity for the Two Supersite model is characterised by a focus on the following:

- Creating higher performance at Lincoln Castle, increasing ticketing, as well as associated retail and café income. This will raise admissions income from around £1.4m in 2018/19 to £1.8m in 2023/24, as well as raise commercial hire from 115k in 2018/19 to 215k in 2023/24.
- Supporting delivery of initiatives at other sites to maximise income generating opportunities. This includes the generation of extra ticketing revenue at The Collection through the development of a three season temporary exhibitions programme, together with an uplift of associated retail activity.
- Renegotiation of the café contract to take the service in-house, allowing the service to exploit the expertise of running the café at Lincoln Castle and exploiting economies of scale.
- Introducing a Development Activity strand which facilitates a range of fundraising activity including annual passes, legacy giving, corporate giving, etc. This will not come online until 2020/21 but will generate a modest and achievable amount of over 350k over the course of this programme.
- Full data is evident in the operational budgets presented in the Financial Case.

3.12 Conclusions

The purpose of the commercial strategy is to indicate how this commercial approach can support all four investment objectives, but most specifically IO1:

- IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

As indicated, this requires substantial work on Identity & Branding in order to bring purpose to the service and a clear outward-facing brand. Only then would it be possible to deliver more audience-focused exhibitions that would bring diversity and increase engagement, increased utility of our sites through the proposed supersite concept, and a portfolio of business models that are designed to increase commercial return. As previously stated,

The benefits of this are numerous:

- Eliminates over-reliance on one income stream and therefore dissipates financial risk as income streams change over time.
- Encourages a focus on the development of services that deliver on customer needs, wants and motivations, rather than those shaped by strong curatorial voices which are distant to the visitor.
- Fosters innovation as it requires us to change in-line with customer demand.
- Supports a 'one team' approach as many areas of the business are economically important, rather than seeing many areas as a drain on the resources of successful areas.
- Opens up the potential for new income streams to be generated from a number of different sources, and not just from a traditional exhibition-led approach.
- Develops new areas of expertise for the Heritage Service.
- Above all, it would support greater levels of financial sustainability.

While there are clear benefits to a commercial programme, there are also risks. Although there has been progress in recent years, there are few cultural enterprises that are entirely self-sustaining, and the journey toward full sustainability would be challenging, particularly in the short-term. Without a doubt, investment is required in the right people and in the tools that can better support fundraising and the development of commercial opportunities.

There are also cultural changes that are necessary within the Heritage Service. Few people choose culture as a career choice because they have a passion to generate commercial return, in fact the opposite is true, and there would be changes required in knowledge, skills and attitudes among staff within the Heritage Service.

Cultural change is also required within LCC itself. The Heritage Service is being asked to operate almost as a start-up, but one that also has significant legacies to engage with around its property portfolio and existing business model, and which must also operate within LCC's existing bureaucracy and democratic processes. This brings many benefits but it can also slow down the service's ability to respond to some opportunities.

Additionally, to what extent commercial or high profile donors would seek to donate to a council-branded service is open to question, and there is some research to be done to understand the potential impact of this and how potential risks can be mitigated through effective branding and communication.

Whatever these challenges, the same conclusion still stands. The future of the Heritage Service is entirely dependent on the successful commercialisation of the service and this should be the priority for the service going forward.

4 Financial Case

4.1 Introduction

The Financial Case demonstrates that the preferred option would result in a fundable and affordable scheme of work and which delivers return on investment given the data laid out in the Economic Case. It is split into two areas:

- The first relates to the estimated capital and revenue costs associated with the development of the two proposed Supersites (see section 4.2). This includes:
 - Indicative costs for building works required to create a supersite from the current site of The Collection Museum & Art Gallery
 - Highlighting the ongoing investment required at Lincoln Castle to increase revenue.
- The second relates to the ongoing operational costs related to the Heritage Service presented over six years (with 2018/19 being Year Zero and 2023/24 being Year Five. (see section 4.3)

4.2 Developing Two Supersites

4.2.1 Developing the CMAG Supersite

As previously stated in the Strategic Case, the transition of The Collection Museum and Usher Gallery into a Supersite would require the closure of the Usher Gallery and undertaking a range of internal works to The Collection building, creating The Collection Museum & Art Gallery. This would create the capacity to significantly diversify the wider visitor offer and realise greater commercial returns.

We have undertaken a study of The Collection building in order to ascertain how we can create more flexible space within the museum which would support its transition into a Supersite. Indicative costs for this are noted below. These are options and all do not have to be completed; however there are cost efficiencies when those works selected take place at the same time.

Location in The Collection	Cost (Exc. VAT)
1. Basement Level Exhibitions Gallery Create a total of 427m ² of exhibition space in the basement, including two galleries of 379m ² and 48m ² respectively.	£717,830
2. Temporary Exhibitions Gallery Expansion Reconfigure current permanent gallery into two spaces – a permanent gallery of 333m ² and temporary gallery of 497m ² , totalling 830m ² .	£420,149
3. Auditorium Flexibility Make the seating foldaway to enhance flexibility.	£225,205
4. Children's Play Area Flexibility Create 63m ² of display space in the area currently used as the children's play area.	£244,435
5. Courtyard Enclose the courtyard to enable display of large-scale pieces of archaeology and an external event space for ticketed events.	£62,780
6. Mezzanine Education Space Conversion of current learning spaces into a single display space of 115m ² .	£311,684
Total costs	£1,982,083

These costs do not include costs for a new permanent exhibition which, depending on their level of sophistication, would cost £1000 - £3000 per m², where the guiding assumption is that art is more cost effective to display, while objects that require specific cases, or sophisticated digital displays, are much more expensive to deliver.

To create the CMAG supersite areas 1 & 2 would have to be completed, however as stated in the Strategic Case, we would also anticipate making additional changes, so it's not possible to state at this time the extent of the proposed works. Estimating the full cost for this scheme of work is difficult without first undertaking a full master-planning exercise which is dependent on arriving at a final assessment of how spaces in the museum will be used. We envision this as the first stage in the fundraising process for this phase of the FuturePlan.

4.2.2 Developing Lincoln Castle Supersite

As highlighted in the Strategic Case, we also propose to make additional changes at Lincoln Castle to create more flexible space for exhibitions, events and commercial hire, as well as transforming the Heritage Skills Centre into a dedicated Learning Centre for the site. These proposed changes are not significant, however we would have to undertake a feasibility study and consultation with staff at Lincoln Castle to fully understand the direct and indirect costs associated with this option.

4.2.3 Estimated costs for Supersite development

We estimate the cost for this scheme of work at both CMAG and Lincoln Castle to be approx. £5million. We would expect to fundraise for around 70-80% of this figure which would be met from HLF, ACE and other public and private donors. Any expectation to meet 100% of the fundraising goal from external funding sources is unrealistic in today's economic climate, and it would be likely that LCC would have to contribute 20-30% of the total, including cash and in-kind donations. This makes LCC's likely contribution around £1-1.5m, depending on the final scheme of work, and would help to facilitate the following:

- Increased commercial return at Lincoln Castle and CMAG

- New temporary exhibition space created at CMAG
- New art gallery for the Usher collection
- New permanent installation at CMAG
- Better utilisation of existing assets at Lincoln Castle

As such, this investment is crucial to the success of the Cultural Enterprise model and the long-term sustainability of the Heritage Service and the realisation of the other objectives of this scheme of work.

4.3 Future Heritage Service Operating Costs

The financial data laid out below covers a total of six years, starting with 2018/19 as a baseline or Year Zero, followed by a five year programme, Years 1 – 5, which ends in 2023/24. Two options have been provided to cover the two Supersite model and Status Quo options. However, it also needs to be remembered that this is part of a wider transition in the Heritage Service that has taken place since 2015 and which has already delivered a substantial net saving in the operating costs of the service since that time.

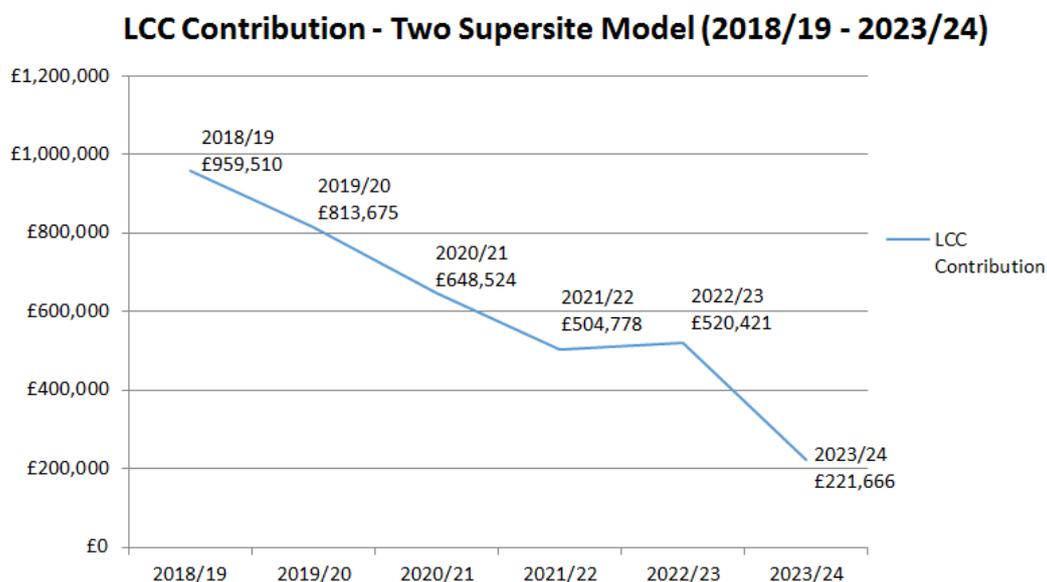
4.3.1 Proposed two supersite model operating budget

Full budgets for the six years of this programme of work can be found below and detail the financial performance of the Heritage Service under the two Supersite model. It is characterised by the following:

- Over the course of six years this model takes the Heritage Service from a deficit (the LCC contribution) of £959,510 (2018/19) to a deficit of £221,666 (2023/24). Year by year figures are noted in the table and graph below.
- Introduction of a commercially-focused programme which is intended to drive income generation at existing sites as well as through a range of new approaches in a Development Activity programme. This has been outlined in detail in the Commercial Case.
- Maintaining strong performance at Lincoln Castle as the financial powerhouse of the Heritage Service. This is reflected in increased admissions, but also includes performance improvements in associated areas such as café and retail.
- HLF/EU Funding for the Heritage Skills Centre ends Q4 21/22; however it is assumed that a similar programme will operate from 22/23 onwards so appropriate costs have been included.
- The Usher Gallery closes in 2022/23 with a saving of around 100k to the Heritage Service which is reflected in 2023/24 operating costs. This could occur earlier if all stakeholders were in agreement.
- A number of microsites pass into third party administration. Dates for these are noted in the site by site narrative.
- Capital works take place at The Collection during 2022/23 leading to lower overall performance as it's likely the site will be closed during works taking place.
- The Collection Museum & Art Gallery reopens in Q1 2023/24 with a new range of permanent and temporary exhibitions and will deliver a substantial uplift in visitors and income as a result. This is in line with the experience of Lincoln Castle Revealed as well as the wider sector's experience following substantial redevelopment projects.

- LCC's contribution for this option for the period 2018/19 – 2023/24 is noted below in both a table and graph formats.

Year	LCC Contribution – Two Supersite model
2018/19	£959,510
2019/20	£813,675
2020/21	£648,524
2021/22	£504,778
2022/23	£520,421
2023/24	£221,666



Heritage Service - Site by Site Narrative - Two Supersites Option							
Site	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	18/19	19/20	20/21	21/22	22/23	23/24	
Supersite 1 Lincoln Castle	Lincoln Castle	Supersite already in operation	[Green bar with arrow]				
	Heritage Skills Centre	Current service is maintained	[Green bar with arrow]	Funding ends Q4 (March) 2022.	Maintenance of current programme (subject to funding) or site to be repurposed		
Supersite 2 The Collection Museum & Art Gallery (CMAG)	The Collection Museum	Ongoing development of temporary programme of exhibitions and events	[Green bar with arrow]			Usher Gallery closes end of Q4 22/23	The Collection Museum & Gallery Supersite opens (Q1).
	Usher Gallery		[Green bar with arrow]		Available for disposal		
Microsites to be maintained that support Lincolnshire DNA framework	BBFMC	Current service is maintained	[Green bar with arrow]				
	MLL	Current service is maintained	[Green bar with arrow]				
	Heckington Mill	Current service is maintained	[Green bar with arrow]				
Programmes	Aviation Heritage programme	Current service is maintained	[Green bar with arrow]	Programme ends Q1 (June) 2020.	[Black bar]		
	HLF Bursary Programme	Current service is maintained	[Green bar with arrow]			[Black bar]	
Microsites for disposal	GOH	Current service is maintained	Notice given to break contract in Oct 2019.	English Heritage take over in Oct 2020 (start of Q2).	[Black bar]		
	Stamford	Current service is maintained	Passed on to third party by end of Q4	[Black bar]			
	Alford Mill	Passed on to third party by end of Q4	[Black bar]				
	Burgh-le-Marsh	Current service is maintained	Passed on to third party by end of Q4.	[Black bar]			

Key: Site to be maintained long-term Site available for disposal or repurposing
 Site to be disposed or programmes that have ended Not within scope

Future Heritage Service - Two supersite model: Lincoln Castle & The Collection Museum & Art Gallery

2018/19	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-1,849,601	-85,878	-198,078	-181,153	-154,450	-256,260	-142,012	-1,655	-7,243	30		-140,000	-3,016,299
STAFFING COSTS	686,018	115,882	89,822	336,166	454,432	158,073	101,694	51,895					1,993,983
NON PAY COSTS													
Premises-Related Expenditure	185,865	68,997	3,931	480,711		45,577		25,050	6,860	3,239			820,230
Transport-Related Expenditure	5,464	642	2,933	10,678	273	1,520	9,811			82			31,403
Supplies & Services	475,379	32,389	78,855	148,134	48,552	58,689	67,168	2,513	78	503			912,260
Other supplies/services	29,702		256			9,975						178,000	217,933
Total Non Pay Costs	696,410	102,028	85,975	639,523	48,825	115,761	76,979	27,563	6,938	3,824		178,000	1,981,826
Total Expenditure	1,382,428	217,910	175,797	975,689	503,257	273,834	178,673	79,458	6,938	3,824		178,000	3,975,809
(Surplus)/Deficit	-467,173	132,033	-22,281	794,536	348,807	17,574	36,661	77,803	-305	3,854		38,000	959,510

2019/20	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-1,991,114	-88,773	-204,614	-216,024	-118,210	-256,260	-142,012	-42,655		30		-197,000	-3,256,633
STAFFING COSTS	711,180	126,616	93,776	348,210	420,643	165,206	104,186	53,325					2,023,142
NON PAY COSTS													
Premises-Related Expenditure	191,999	71,274	4,061	496,574		47,081		25,877	4,925	3,346			845,136
Transport-Related Expenditure	5,644	663	3,030	11,030	303	1,570	6,125			85			28,450
Supplies & Services	491,067	33,458	81,457	153,022	50,118	60,626	69,385	2,596	81	520			942,329
Other supplies/services	30,682		264			10,304						190,000	231,251
Total Non Pay Costs	719,392	105,395	88,812	660,627	50,421	119,582	75,509	28,473	5,006	3,950		190,000	2,047,166
Total Expenditure	1,430,572	232,011	182,588	1,008,837	471,064	284,787	179,696	81,797	5,006	3,950		190,000	4,070,308
(Surplus)/Deficit	-560,542	143,237	-22,027	792,813	352,854	28,527	37,684	39,142	5,006	3,980		-7,000	813,675

2020/21	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,110,923	-91,525	-210,957	-224,024	-121,875	-153,756	-35,503	-42,655			-60,000	-201,000	-3,252,219
STAFFING COSTS	727,971	129,424	96,114	356,247	429,481	84,500	26,580	54,463					1,904,782
NON PAY COSTS													
Premises-Related Expenditure	197,950	73,483	4,187	511,968		24,270		26,679	991				839,529
Transport-Related Expenditure	5,819	684	3,124	11,372	312	809	1,531						23,652
Supplies & Services	506,290	34,495	83,982	157,766	51,672	31,253	17,346	2,676	83				885,563
Other supplies/services	31,633		273			5,312						210,000	247,218
Total Non Pay Costs	741,693	108,662	91,565	681,107	51,984	61,644	18,877	29,355	1,074			210,000	1,995,962
Total Expenditure	1,469,664	238,086	187,680	1,037,354	481,465	146,144	45,457	83,818	1,074			210,000	3,900,743
(Surplus)/Deficit	-641,260	146,561	-23,278	813,330	359,590	-7,612	9,954	41,163	1,074		-60,000	9,000	648,524

2021/22	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,236,359	-94,363	-217,497	-247,014	-125,653			-42,655			-78,000	-154,000	-3,195,541
STAFFING COSTS	745,164	125,751	98,511	364,489	438,501			55,625					1,828,041
NON PAY COSTS													
Premises-Related Expenditure	204,087	75,761	4,316	527,839				27,506	991				840,501
Transport-Related Expenditure	6,000	705	3,221	11,725	322								21,972
Supplies & Services	521,985	35,564	86,586	162,657	53,274			2,759	86				862,910
Other supplies/services	32,614		281									114,000	146,895
Total Non Pay Costs	764,685	112,031	94,404	702,221	53,595			30,265	1,077			114,000	1,872,278
Total Expenditure	1,509,849	237,781	192,915	1,066,710	492,097			85,891	1,077			114,000	3,700,319
(Surplus)/Deficit	-726,510	143,419	-24,582	819,696	366,444			43,236	1,077		-78,000	-40,000	504,778

2022/23	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,360,812	-97,288	-224,239	-179,130	-129,548			-42,655			-90,000		-3,123,672
STAFFING COSTS	762,768	135,004	100,968	338,541	447,707			56,811					1,841,800
NON PAY COSTS													
Premises-Related Expenditure	210,414	78,110	4,450	544,202				28,359	991				866,526
Transport-Related Expenditure	6,186	727	3,320	12,088	332								22,653
Supplies & Services	538,166	36,667	89,270	157,239	54,925			2,845	88				879,200
Other supplies/services	33,625		290										33,915
Total Non Pay Costs	788,390	115,504	97,330	713,530	55,257			31,203	1,079				1,802,294
Total Expenditure	1,551,158	250,507	198,299	1,052,071	502,964			88,015	1,079				3,644,094
(Surplus)/Deficit	-809,653	153,219	-25,941	872,941	373,416			45,360	1,079		-90,000		520,421

2023/24	Lincoln Castle	MLL	BBMFC	The Collection Museum & Art Gallery	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,491,101	-100,304	-231,191	-334,430	-133,564			-42,655			-102,000		-3,435,245
STAFFING COSTS	780,795	137,904	103,486	321,467	457,103			58,022					1,858,777
NON PAY COSTS													
Premises-Related Expenditure	216,936	80,531	4,588	501,073				29,238	991				833,357
Transport-Related Expenditure	6,377	749	3,423	12,463	342								23,355
Supplies & Services	554,849	37,804	92,037	162,114	56,628			2,933	91				906,456
Other supplies/services	34,667		299								0		34,966
Total Non Pay Costs	812,830	119,084	100,348	675,649	56,970			32,171	1,082		0		1,798,134
Total Expenditure	1,593,625	256,989	203,834	997,116	514,072			90,193	1,082		0		3,656,911
(Surplus)/Deficit	-897,476	156,685	-27,357	662,686	380,508			47,538	1,082		-102,000		221,666

Budget notes related to the two Supersites option:

1. 50% of the Cultural Services Manager and 50% of the Archives Manager salaries and associated on-costs have been removed from the Central budget and are now located in the Cultural Services and Archives budgets respectively, reflecting their individual remit.
2. Most activity laid out in the Commercial Case is represented within the improved admissions, café, retail, donations and commercial hire activity at each Supersite. All other cross-site activity, including corporate memberships, patronage schemes, annual (cross-site) passes, is represented within Development Activity. This wider development activity is not evident until 20/21 at the earliest.
3. Fundraising is focused on the project build and would be represented within capital build project budgets.
4. All sites which are closed have their budgets switched off. In the case of those sites in which a change occurs mid-year then pro-rata income/expenditure calculations have been applied.
5. The Heritage Service assumes an annual staffing budget across this entire programme of no more than that budgeted 2018/19 (subject to LCC salary increases).
6. Windmills budget includes Alford, Burgh le Marsh and Heckington. Ellis Mill's budget is included in MLL budgets.
7. The LGPS rate is assumed to be 16.4%; however this does not include the cash contribution.

4.3.2 Status Quo Operating Budgets

Full budgets for the six years of this programme of work can be found below and detail the financial performance of the Heritage Service if a status quo model was operated. It is characterised by the following:

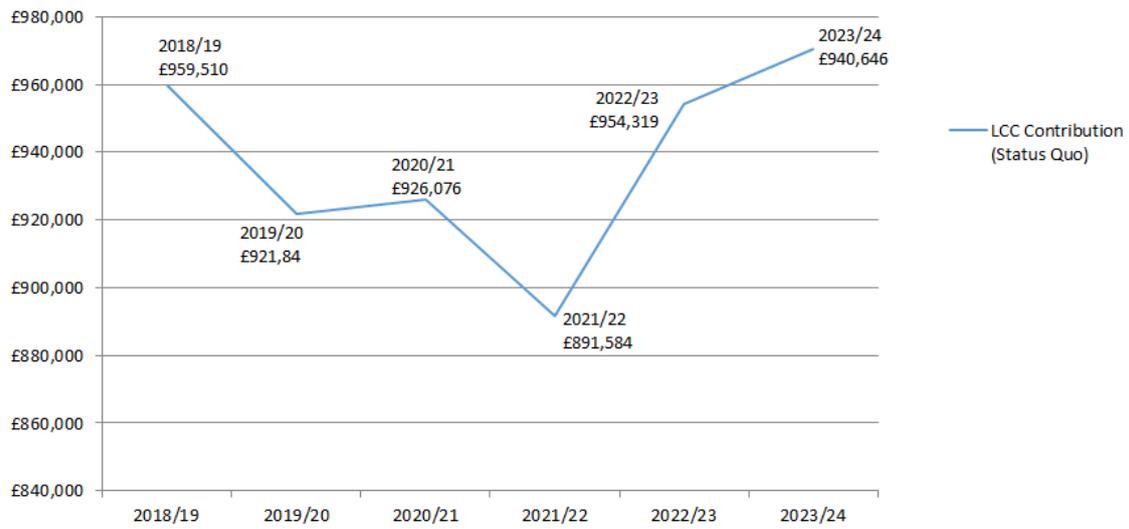
- Maintenance of the current offer as it is today.
- No commercial programme development, although incremental admissions income from inflationary increases is included.

Headline performance data:

- Over the course of six years this model takes the Heritage Service from a deficit (LCC's contribution) of £959,510 (2018/19) to a deficit of £970,646 (2023/24). Year by year and this is indicated in the graph below.
- For the duration of this business case the incremental growth at Lincoln Castle is marginally more than the inflationary increase in costs, however by 2023/24 this has almost been eradicated.

Year	LCC Contribution – Status Quo model
2018/19	£961,116
2019/20	£921,844
2020/21	£926,076
2021/22	£891,584
2022/23	£954,319
2023/24	£970,646

LCC Contribution - Status Quo Model (2018/19 - 2023/24)



Future Heritage Service - Status Quo Model

2018/19	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-1,849,601	-85,878	-198,078	-181,153	-154,450	-256,260	-142,012	-1,655	-7,243	30		-140,000	-3,016,299
STAFFING COSTS	686,018	115,882	89,822	336,166	454,432	158,073	101,694	51,895					1,993,983
NON PAY COSTS													
Premises-Related Expenditure	185,865	68,997	3,931	480,711		45,577		25,050	6,860	3,239			820,230
Transport-Related Expenditure	5,464	642	2,933	10,678	273	1,520	9,811			82			31,403
Supplies & Services	475,379	32,389	78,855	148,134	48,552	58,689	67,168	2,513	78	503			912,260
Other supplies/services	29,702		256			9,975						178,000	217,933
Total Non Pay Costs	696,410	102,028	85,975	639,523	48,825	115,761	76,979	27,563	6,938	3,824		178,000	1,981,826
Total Expenditure	1,382,428	217,910	175,797	975,689	503,257	273,834	178,673	79,458	6,938	3,824		178,000	3,975,809
(Surplus)/Deficit	-467,173	132,033	-22,281	794,536	348,807	17,574	36,661	77,803	-305	3,854		38,000	959,510

2019/20	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-1,903,923	-88,773	-204,614	-183,673	-118,210	-256,260	-142,012	-42,655	-7,243	30		-197,000	-3,144,335
STAFFING COSTS	711,180	120,326	93,776	348,210	420,643	165,206	104,186	53,325					2,016,852
NON PAY COSTS													
Premises-Related Expenditure	191,999	71,274	4,061	496,574		47,081		25,877	7,086	3,346			847,297
Transport-Related Expenditure	5,644	663	3,030	11,030	303	1,570	6,125			85			28,450
Supplies & Services	491,067	33,458	81,457	153,022	50,118	60,626	69,385	2,596	81	520			942,329
Other supplies/services	30,682		264			10,304						190,000	231,251
Total Non Pay Costs	719,392	105,395	88,812	660,627	50,421	119,582	75,509	28,473	7,167	3,950		190,000	2,049,327
Total Expenditure	1,430,572	225,721	182,588	1,008,837	471,064	284,787	179,696	81,797	7,167	3,950		190,000	4,066,179
(Surplus)/Deficit	-473,352	136,948	-22,027	825,164	352,854	28,527	37,684	39,142	-76	3,980		-7,000	921,844

2020/21	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-1,962,945	-91,525	-210,957	-186,906	-121,875	-264,204	-35,503	-42,655	-7,243	30		-201,000	-3,124,783
STAFFING COSTS	727,971	123,009	96,114	356,247	429,481	169,000	26,580	54,463					1,982,866
NON PAY COSTS													
Premises-Related Expenditure	197,950	73,483	4,187	511,968		48,540		26,679	7,306	3,450			873,564
Transport-Related Expenditure	5,819	684	3,124	11,372	312	1,619	1,531			87			24,548
Supplies & Services	506,290	34,495	83,982	157,766	51,672	62,506	17,346	2,676	83	536			917,352
Other supplies/services	31,633		273			10,624						210,000	252,530
Total Non Pay Costs	741,693	108,662	91,565	681,107	51,984	123,289	18,877	29,355	7,389	4,073		210,000	2,067,994
Total Expenditure	1,469,664	231,671	187,680	1,037,354	481,465	292,289	45,457	83,818	7,389	4,073		210,000	4,050,860
(Surplus)/Deficit	-493,281	140,145	-23,278	850,449	359,590	28,085	9,954	41,163	146	4,103		9,000	926,076

2021/22	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,023,796	-94,363	-217,497	-190,238	-125,653	-272,394		-42,655	-7,243	30		-154,000	-3,127,809
STAFFING COSTS	745,164	125,751	98,511	364,489	438,501	181,223		55,625					2,009,264
NON PAY COSTS													
Premises-Related Expenditure	204,087	75,761	4,316	527,839		50,045		27,506	7,533	3,557			900,644
Transport-Related Expenditure	6,000	705	3,221	11,725	322	1,669				90			23,731
Supplies & Services	521,985	35,564	86,586	162,657	53,274	64,443		2,759	86	552			927,906
Other supplies/services	32,614		281			10,953						114,000	157,848
Total Non Pay Costs	764,685	112,031	94,404	702,221	53,595	127,110		30,265	7,618	4,199		114,000	2,010,129
Total Expenditure	1,509,849	237,781	192,915	1,066,710	492,097	308,334		85,891	7,618	4,199		114,000	4,019,393
(Surplus)/Deficit	-513,947	143,419	-24,582	876,472	366,444	35,939		43,236	375	4,229		-40,000	891,584

2022/23	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,086,534	-97,288	-224,239	-193,674	-129,548	-280,839		-42,655	-7,243	30			-3,061,990
STAFFING COSTS	762,768	135,004	100,968	372,921	447,707	185,220		56,811					2,061,400
NON PAY COSTS													
Premises-Related Expenditure	210,414	78,110	4,450	544,202		51,597		28,359	7,766	3,667			928,564
Transport-Related Expenditure	6,186	727	3,320	12,088	332	1,721				93			24,466
Supplies & Services	538,166	36,667	89,270	167,699	54,925	66,441		2,845	88	569			956,671
Other supplies/services	33,625		290			11,292							45,207
Total Non Pay Costs	788,390	115,504	97,330	723,990	55,257	131,051		31,203	7,854	4,329			1,954,909
Total Expenditure	1,551,158	250,507	198,299	1,096,911	502,964	316,271		88,015	7,854	4,329			4,016,308
(Surplus)/Deficit	-535,375	153,219	-25,941	903,237	373,416	35,433		45,360	611	4,359			954,319

2023/24	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
INCOME	-2,151,216	-100,304	-231,191	-197,216	-133,564	-289,545		-42,655	-7,243	30			-3,152,904
STAFFING COSTS	780,795	137,904	103,486	381,420	457,103	189,309		58,022					2,108,039
NON PAY COSTS													
Premises-Related Expenditure	216,936	80,531	4,588	561,073		53,196		29,238	8,007	3,780			957,350
Transport-Related Expenditure	6,377	749	3,423	12,463	342	1,774				96			25,225
Supplies & Services	554,849	37,804	92,037	172,898	56,628	68,501		2,933	91	587			986,328
Other supplies/services	34,667		299			11,643					0		46,609
Total Non Pay Costs	812,830	119,084	100,348	746,434	56,970	135,113		32,171	8,098	4,463	0		2,015,511
Total Expenditure	1,593,625	256,989	203,834	1,127,854	514,072	324,422		90,193	8,098	4,463	0		4,123,550
(Surplus)/Deficit	-557,591	156,685	-27,357	930,638	380,508	34,878		47,538	855	4,493	0		970,646

Notes

1. 50% of the Cultural Services Manager and 50% of the Archives Manager salaries and associated on-costs have been removed from the Central budget and are now located in the Cultural Services and Archives budgets respectively, reflecting the nature of their roles.
2. No commercial activity is undertaken in the Status Quo model.
3. This assumes an LGPS of 16.4%, however this does not include the cash contribution.

4.4 Conclusions

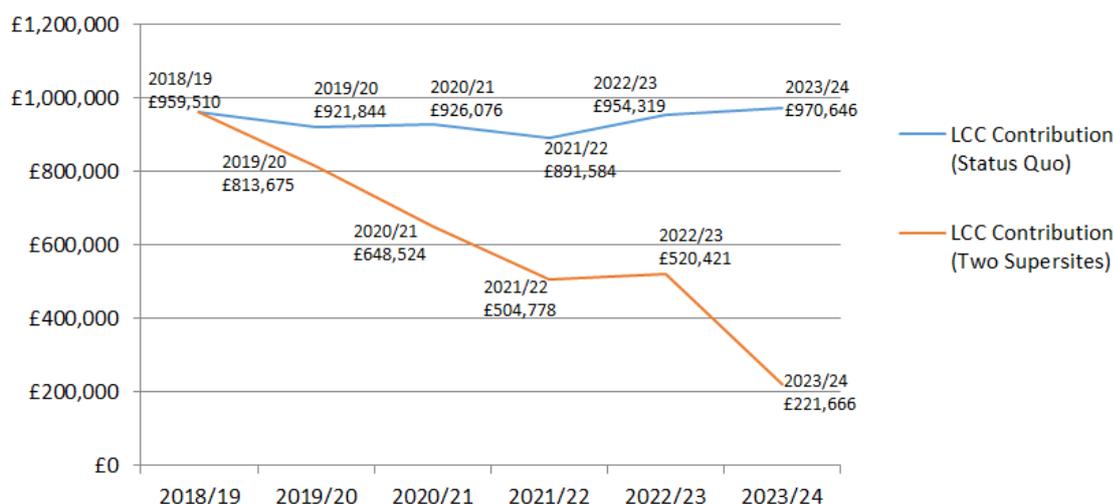
This Financial Case has presented two sets of financial data, one for the proposed two Supersite model and one for the Status Quo model.

- The Supersite model implemented a change programme based on the creation of two Supersites at Lincoln Castle and The Collection, the passing on of some Microsites to third parties, some efficiency savings, as well as the introduction of a Commercial programme which has been previously detailed in the Commercial Case.
- The Status Quo model maintained incremental growth and assumed that all sites within the present Heritage Service portfolio would be maintained as is.

The headline comparative data for both models is detailed in the table and graph below.

Year	LCC Contribution (Status Quo)	LCC Contribution (Two Supersites)
2018/19	£959,510	£959,510
2019/20	£921,844	£813,675
2020/21	£926,076	£648,524
2021/22	£891,584	£504,778
2022/23	£954,319	£520,421
2023/24	£970,646	£221,666

LCC Contribution to Heritage Service - Comparative Data (2018/19 - 2023/24)



The Status Quo model would deliver marginal savings initially. This is based on incremental performance improvements at Lincoln Castle, however these would be eaten away by rising costs at the other sites by the end of this scheme of work.

However, with the right investment at both The Collection and Lincoln Castle to create two Supersites, as well as efficiency savings and a commercial programme would deliver substantial income improvements over time. This would reduce LCC's contribution to the Heritage Service substantially over the course of this scheme of work.

5 Management Case

5.1 Introduction

The Management Case demonstrates that the preferred operation is capable of being delivered successfully, in accordance with LCC's recognised best practice.

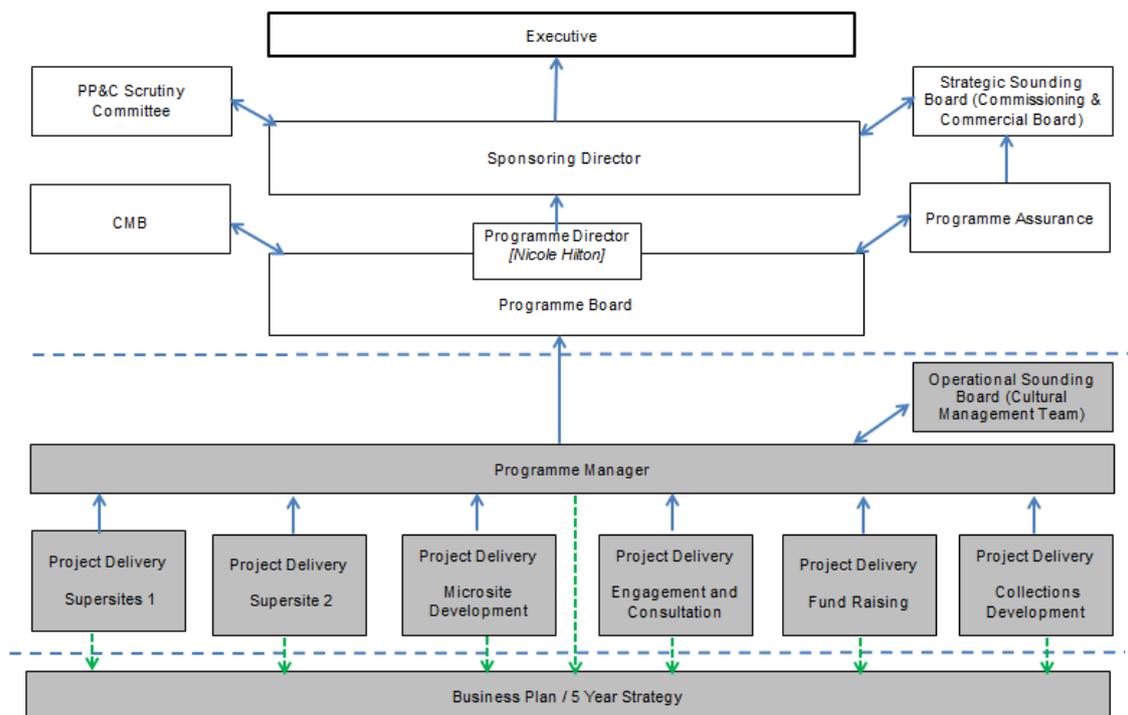
This section of the business case requires the spending authority to demonstrate that the spending proposal would be implemented in accordance with a recognised Programme and Project Management (PPM) methodology and that there are robust arrangements in place for change management and contract management, the delivery of benefits and the management and mitigation of risk.

It also requires the spending authority to specify the arrangements for monitoring (including key performance indicators) during implementation and for post implementation evaluation, as well as for Gateway reviews (if applicable), and the contingency plans for risk management of the scheme. The proposed approach is detailed below.

5.2 Programme and Project Management Methodology (PPM), Structure & Resources

This programme of work would be carried out in-line with LCC's own project management approach. This is a well-established methodology which is familiar to the organisation and draws on established practices from *Managing Successful Programmes* and *Prince 2.0* certifications.

The governance structure is outlined below.



The programme board is made up of the following:

- Programme Director
- Programme Manager
- Programme Administrator/Secretariat

- Audit
- Legal

And representation from the following LCC service area areas;

- Commercial
- Corporate Property
- Finance
- Corporate Communications
- Community Engagement
- Heritage Services
- People Management
- IMT

Additional representation from other officers within the Council may be required from time to time and attendance would be agreed by the Programme Director.

Terms of Reference have already been agreed and the board has been meeting since July 2018. The primary purpose of the Programme Board is to drive the Heritage Services Operating Model Change Programme forward; providing collaborative strategic leadership to ensure a successful conclusion to the programme. In order to achieve this, the Board would;

- Take decisions and make recommendations to appropriate committees to enable matters to be progressed.
- Ensure any issues and risks are raised so that potential consequences are mitigated.
- Demonstrate benefits realisation of individual projects, ensuring delivery of key commitments, objectives and milestones.
- Monitor and manage programme expenditure, highlighting cost pressures and potential efficiencies/savings.
- Coordinate the delivery of the programme, identifying the correlating impact of decisions made and interdependencies with other developments within the Council and other key stakeholders.
- Maintain a focus on staffing issues, including organisational culture.
- Give consideration to reputational issues that may impact on the standing of the Council, its staff and other stakeholders.
- Provide appropriate preparation for and attention to Board meetings.
- The programme would be managed by a Programme Manager with support from dedicated Project Officers and members of the Cultural Management Team to ensure that this programme of work can meet ongoing deadlines.

In addition, many of the aspects laid out in the Commercial Case would be delegated directly to the Cultural Management Team via the Programme Manager which is made up by a number of senior managers from across the service. This would typically include aspects such as development of ongoing interpretation across the sites, research around ticketing and pricing, etc.

There are currently a number of senior manager vacancies within the team and recruitment of these would be carried out in-line with the changes proposed in this business case in order to ensure that the strongest and most appropriate candidates are sourced.

It is expected that the structure noted above would remain in place until the next stage of this project is developed following feedback from this report and after the consultation period has been completed, dates of which are outlined below.

5.3 Programme Management Plans

Noted below are two timelines. The first is the initial timeline of the programme which takes us through the key gateways, including the consultation process, which allows the project to proceed as noted in this business case.

Date	Action
Ongoing	Stakeholder Analysis & Communications
18 th December 2018	Informal Executive
14 th January 2019	Publication of Proposals
22 nd January 2019	Public Protection and Scrutiny
5 th February 2019	Executive Decision
6 th February 2019	Consultation Begins (10 weeks)
March 2019	Mid Consultation Review
April 2019	End of Consultation
April 2019	Analysis of Consultation
TBC	Public Protection and Scrutiny
TBC	Executive Decision
TBC	Implementation Plan based on approval

5.4 Timeline for the proposed works

The timeline for the proposed works depends has been previously noted in the Financial Case (See 4.4.1).

As a whole, this is an ambitious scheme of work which builds on the achievement of previous projects such as original build at The Collection and, more recently, Lincoln Castle Revealed. As with these projects, it requires the support of many teams across LCC, including those listed within the Programme Board, as well as a wide range of stakeholders both internal and external to LCC.

5.5 Use of external contractors

The programme of work requires the development of a Cultural Enterprise model for the Heritage Service. As such, it requires the utilisation of expertise that currently sits outside of LCC and it would be necessary to bring in a number of external contractors, either to undertake specific schemes of work or to help build capacity of the existing team. This includes:

Contractor	Expertise
Interpretive master-planning	Refers to the planning and design of the museum or heritage experience in order to ensure that it delivers a coherent story, a wide range of appropriate outcomes and, in this case, is coordinated across sites and timelines to ensure a truly complementary programme across supersites to deliver the Lincolnshire DNA.
Fundraising	Now incorporates a wide-range of fundraising expertise to generate

	income from donations, wealthy individuals, corporates, etc.
Audience development	The process of understanding particular audience segment needs and integrating them into an ongoing public programme of exhibitions and events. This is concerned with attracting and retaining segments.
Business model & value proposition development	The quality of a product is no longer the only driver that will guarantee long-term sustainability of the Heritage Service. It is necessary to be able to understand how that product creates value for audiences (in order to attract them in the first place) and how income can be generated from those audiences. Business model & value proposition design are concerned with these processes.
Exhibition design	A traditional process of ensuring the look and feel of an exhibition delivers a high quality experience that also delivers a wide range of outcomes.

Each of these would be procured in-line with LCC's existing procurement processes to ensure quality and value for money given the available budget.

It is also worth highlighting that any building works commissioned as part of this programme will also require the use of a number of external contractors. LCC has considerable expertise in this area within Corporate Property and the Heritage Service welcomes the opportunity to work more closely with our colleagues to successful procurement and project delivery.

5.6 Impact on Heritage Service organisational structure

The proposed move to a supersite model would have an impact across the entire team, including that of the senior management team, in order to ensure that available resources are aligned to deliver against all investment objectives. It should be noted that for the duration of this programme, including after any potential organisational restructure that may take place, the overall staffing budget would not be increased from the 18/19 budget.

Design of a new team would take place using LCC's Organisation Design Toolkit which has been prepared to support managers to address key issues including career development, resourcing cross-functional departments, providing flexibility for changing demands, avoiding duplication of work, and ensuring effective integration of services.

We would also work with HR who would use the consultation task list which outlines the key events leading up to, during and after the consultation process, as well as HR-approved pre-engagement methods to prepare staff for this process.

5.7 Change and Contract Management Arrangements

Substantial work has been undertaken in the last 12 months to understand the legal and contractual commitments related to all our existing sites. This underpins the development of the Supersite concept and we are confident that we understand the legal position of these properties and that it would not delay implementation of this scheme of work.

Members of the Cultural Management Team have already undertaken a wide range of engagement with key stakeholders with whom we have developed strong relationships in order to ascertain their feedback and would continue to do so in advance of the formal consultation.

The formal consultation process which is due to begin in February 2019 and outlined in the schedule above has been designed by CMT with LCC's Community Engagement Team, together with input and expertise from LCC's Legal team. This would ensure that there is absolute clarity over the purpose of the consultation and support the implementation of a best-practice approach to consultation that would not delay this programme of work.

We intend to consult on the changes proposed to the heritage service, including the concept of Supersites. Key messages would include:

- We're extremely proud of our heritage sites, but we think there is the potential to do much more.
- We're developing a blueprint for the future of local heritage attractions, which would include investment in our sites to diversify our offer and improve the financial sustainability of our Heritage Service.
- The proposals would dramatically improve what the county has to offer Lincolnshire residents and inbound visitors, helping to deliver a wide range of social outcomes and boost the local tourism economy.

The purpose of this consultation is to:

- Generate enthusiasm for the proposals, and ascertain alternative suggestions, for the future of the Heritage Service.
- Minimise any criticism stemming from the proposed closure of/changes within our current property portfolio.
- Keep stakeholders well-informed throughout the process.

Consultation would take place with both internal and external stakeholders with 150+ types or groups having been identified. This includes, but is not limited to.

Internal	External
<ul style="list-style-type: none"> • Executive councillors • Local ward members • Other county councillors • Trade unions • Heritage staff • Heritage volunteers • Other LCC staff 	<ul style="list-style-type: none"> • Heritage stakeholders/partner organisations • Lincolnshire MPs • Relevant district, town, parish councils • Site visitors • Media • General public

5.7.1 Changes following consultation

Any changes to the programme of work after the Consultation process would be managed by the Programme Manager following discussion from the Programme Board. This would ensure that they are integrated within the scheme of work as it progresses.

5.8 Benefits Realisation

Benefits realisation typically spans the pre and post-delivery phases of a project to ensure that outcomes (and outputs) don't fall short of their original promise. It brings clarity to the articulation of the proposed benefits and also ensures accountability following the project's delivery. It's typically formed of three areas:

- Definition: clearly defined range of benefits and outcomes
- Planning: defines all changes needed to maximise benefits
- Realisation: ensures that plans are carried out and benefits maximised.

The Economic Case contains the four Investment Objectives and the evidence we would be collecting in order to ascertain success/failure. Resources will be used appropriately so that they are invested in collecting only that data which is necessary to underpin the development of the service.

We also propose to use the Heritage Lottery Fund's Outcomes Framework for the development of the proposed project which are noted in Appendix 5A. This currently has three outcomes (Outcomes for People, Outcomes for Heritage, and Outcomes for communities), but may be changed following HLF's current reassessment of their funding programmes which is due to be unveiled in January 2019. Both LCC and the Heritage Service are already familiar with this framework as it was used to support the highly successful transformation that was delivered in the Lincoln Castle Revealed project.

5.9 Creation of a Heritage Service Advisory Board

We propose that a new Heritage Service Advisory Board is established which is made up of those with core expertise within the wider cultural enterprise sphere. As with a traditional board of trustees, which is not possible with the current governance structure, this group would advise the Head of Cultural Services and wider LCC members to support the delivery of the investment objectives noted in the Strategic Case.

Their expertise would reflect those areas that are required to support this programme of work. This would include:

- People with a range of hard or technical skills. This would include, but is not limited to, financial, legal, management, commercial, fundraising, etc., who can ask and answer questions, and also offer an independent voice to support the development of the Heritage Service.
- Those people with a range of expertise from the wider culture and heritage sector. These are people who can advise on the future direction of the service with regards to the exhibitions and events that are planned, to share expertise, etc.
- People from the local community. Those people who are part of and understand local communities and can ensure that their voice is present in key discussions about the development of opportunities going forward.

The intention of this board is not to replace the expertise provided by LCC but to augment it to ensure that there is a balanced view that takes into account the commercial and wider audience considerations which now underpin the Heritage Service.

5.10 Risk Management

Risks and Issues for the delivery of this programme of work would be managed using the agreed methods as outlined in LCC's Project Management Toolkit with responsibilities outlined as follows:

- Risks are identified by the Programme Manager with support from the wider team and documented within the RAID log. These are reviewed regularly and resolved at a local level with support from the Cultural Management Team, if appropriate.
- The Project Sponsor and Programme Board will advise on the status of these risks and potential mitigations, if they can't be mitigated by the Programme Manager and/or the Cultural Management Team.
- If further escalation is required to mitigate any risk then it will be raised with the Programme Sponsor.
- The Heritage Service Advisory Board (once established) would also monitor long-term and strategic risks that would impact on the performance of the service.
- LCC's Audit team would ensure compliance with the programme's risk management through regular gateway reviews and would formally report with recommendations for further action.

5.11 Monitoring and implementation

Monitoring during implementation would be carried out at a number of levels and given the scope of works outlined, and would be proportionate to the significance of the work undertaken.

- The Programme Manager would monitor progress based on the associated action plans for each strand of work and the associated milestones. Each strand would have its own Project Officer who would be responsible for their scheme of work.
- The Programme Board would continue to monitor the project and would hold the Programme Manager to account. Changes to the implementation plan would be agreed and recorded in the project's documentation.
- As funding is likely to come from a number of sources, each funder would have their own monitoring criteria and milestones which would have to be reported at regular intervals.
- The Interpretation Steering Board would monitor progress of the commercial development of the service with support from the Cultural Management Team.

5.12 Post-implementation evaluation arrangements

A mixture of formal and informal evaluation would take place post-implementation.

- HLF, ACE and other funders would require a range of formal evaluation reporting at regular periods during the post-evaluation period. Reporting would be based on the HLF outcomes.
- We would commission an independent evaluation that formally assesses the project's delivery of the four investment objectives. This would be a combination of qualitative and quantitative aspects.

- While the Programme Board may no longer be running in the current format, formal reporting of the project would be made to the appropriate board at LCC. This would include feedback ascertained from the Advisory Board.
- A series of qualitative discussions based with key stakeholders would be undertaken to ascertain the impact of the project on them and the communities they represent.
- The project team would conduct its own informal evaluation within four broad sections in order to embed the learning from this project going forward.
 - What went well?
 - What didn't go well?
 - What improvements could be made?
 - How can feedback be implemented in projects going forward?
- Those business as usual aspects would be incorporated into the duties of the Cultural Management Team. This would include, for example, the planning and performance of the commercial programme within a robust reporting framework.
- A range of potential KPIs have also been identified and have been listed within the Economic Case.

5.13 Contingency arrangements

As outlined within the Strategic Case, the proposed option is to operate the Heritage Service under a Cultural Enterprise model with two Supersites based at Lincoln Castle and The Collection Museum & Art Gallery. If this option was not viable, the contingency options are as follows:

Contingency	Impact
Operate Heritage Service as Cultural Enterprise with only one Supersite – Lincoln Castle.	<ul style="list-style-type: none"> • Lincoln Castle still requires investment in order to maintain performance. • The Collection's financial performance is held back by a significant rates bill and without investment its financial contribution will always be held back. • Fewer visitors at The Collection over time. Its permanent exhibition is now 13 years old, three years older than what is considered permanent by the sector. • Likely to require closure of other Heritage Sites in order to control costs, potentially leading to long term decline of the Heritage Service and associated risk to the reputation of LCC. • Note that some sites cannot be closed due to contractual agreements already in place. Additionally, closing the • Usher Gallery would still require additional space to be created at The Collection
Extend timescale for development works over a longer period of time	<ul style="list-style-type: none"> • Additional costs incurred to maintain properties and service commitments over a longer period of time. • Impact on timing of exploiting commercial opportunities, depending on when physical changes to The Collection take place, leading to lower levels of financial sustainability for the Heritage Service. • LCC would need to financially support Heritage Service for longer or agree to further cutbacks to achieve cost neutrality.
Do nothing while researching other ways to deliver a more limited range of objectives with smaller scope.	<ul style="list-style-type: none"> • Heritage Service likely to be reduced year on year without capacity to develop commercially. Like to lead to slow decline of service, as highlighted above and negative impact on the visitor economy. • Reputational risk to LCC for failing to support a sustainable form of culture and heritage provision.

5.14 Exit strategy

This scheme of work is both ambitious and innovative and necessitates a number of projects across the Heritage Service.

In some cases, exit takes place when the specific schemes of work have been completed, for example once any intervention in either Lincoln Castle or The Collection have taken place, or when other sites no longer fall within the Heritage Service's remit or have been disposed of by LCC.

However, as the aim of this business case is to establish a Heritage Service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors, together with the associated investment objectives, a successful exit strategy is dependent on a more than a number of physical outputs.

This means that exit actually takes place when both sites and the specific actions noted in this business case are integrated into the Heritage Services' next 5 year strategy or second phase of the FuturePlan. In essence, then, the changes posited become business as usual, until a new scheme of work is proposed and undertaken.

5.15 Conclusions

This Management Case has presented a comprehensive approach to the management of this scheme of work. This utilises LCC's approved project management approach and also integrates with key democratic timelines, while also ensuring a comprehensive consultation with stakeholders. A clear process for identifying and managing risk has also been detailed. Contingencies have also been identified.

With regards to the development of the service, key areas for professional development for the service that are necessary to help deliver the increased commercial return necessary to support the long-term sustainability of the Heritage Service, have also been identified. This also includes the development of a formalised Advisory Panel that will bring a wide range of external expertise into the service.

A post-implementation evaluation approach has been identified, together with an Exit strategy which identifies the integration of this proposed scheme of work into the Heritage Service's as business as usual and/or the development of a second phase in the FuturePlan. This is an approach that will further support the delivery of the investment aim and objectives related stated within this business case.

Appendix

These have been created as a separate document, but contents are noted as follows:

Strategic Case

Appendix 1A: PESTLE (1.8.1)

Appendix 1B: SWOT (1.8.2)

Appendix 1C: Porter's Five Forces (1.8.3)

Appendix 1D: Lincoln Castle Supersite Concept (1.9.4.1)

Appendix 1E: CMAG Concept (1.9.4.2)

Appendix 1F: LCC's Heritage-related projects (1.10.2)

Economic Case

Appendix 2A: Comparative Visitor Number Data (2.4.4)

Appendix 2B: Comparative Data for Health & Wellbeing Impact (2.5.1)

Appendix 2C: Comparative Data for Economic Impact Assessment (2.6.1)

Commercial Case

Appendix 3A: Audience Finder Segmentation Definitions (3.4.3.1)

Financial Case

No Appendices

Management Case

Appendix 5A: HLF Outcomes (5.8)

Lincolnshire County Council

Detailed Business Case - Appendices

Future of the Heritage Service

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Strategic Case

Appendix 1A: PESTLE Analysis (1.8.1)

Political

- Brexit – is likely to result in a period of political instability until the UK has developed new relationships with Europe and the wider world.
- Industrial Strategy – government commitment to creating a more prosperous country post-Brexit. Of particular interest to this business case are People – *good jobs and greater earning power for all*, Infrastructure – *a major upgrade to the UK's infrastructure*, and Places – *prosperous communities across the UK*.
- Likely replacement for EU funds would be the *Shared Prosperity Fund* (tbc). While the precise make-up of this fund is not yet known, it is not intended to be a direct like-for-like replacement for ERDF, Creative Europe, etc., and would be more closely aligned to support the Industrial Strategy and other government priorities.
- While the Industrial Strategy has an economic focus, DCMS are currently in early stage development of a social (industrial) strategy which would highlight the crucial role that culture has to play in delivering economic growth and stronger communities.
- Culture and heritage play a key role in creating soft power, potentially even social control, and leveraging this is a priority for both national and regional governments.
- Political support for some additional investment within LCC, as well as a focus on commercialization of service and continued focus on efficiency savings.
- Culture and heritage increasingly seen as key factors in placemaking and key to economic growth. Placemaking refers to the development of a feeling of identity and pride for a particular place, for residents, workers, visitors and investors, and the role of government to shape this.

Economic

- Need to respond to LCC economic pressures and maintain efficiencies to support service to become cost-neutral.
- Heritage's role in increasing economic impact – the so-called heritage premium. Businesses that are based in heritage properties contribute greater GVA.
- Need to increase Heritage Service's commercial ability to promote greater levels of sustainability.
- Clear evidence from Hull (and other areas) that the right investment in culture can lead to further economic growth and attract inward investment.
- Culture and heritage contribute to skills development and increase employability.
- Success of Lincoln Castle project in increasing Lincoln's visitor economy.
- Visitor economy worldwide is expected to grow by 3.9% year on year until 2027, and the UK is going through a tourism boom on the back of the lower value of the pound.
- More UK visitors like to 'staycation' (remain in the UK for their holidays) given the relative decline of the strength of the pound since 2016.
- Developing the visitor economy is key priority for the LEP, although it's not clear to what extent this is represented within the development of the Lincolnshire local industrial strategy.
- Heritage service budgets do not reflect certain 'below the line' costs, including HR, IMT, Property, Legal, etc. This makes cost neutrality more complex to assess.
- Efficiencies in running multiple properties can be made through a more focused whole service development programme.

- Capital funding is available from public bodies (ACE, HLF), however it is generally available in smaller amounts and joint-funding is increasingly expected.

Social

- Changing cultural engagement trends tend toward storytelling and participatory approaches which are not reflected across the full LCC heritage portfolio.
- Demographic change indicates that younger generations want to experience culture in ways that are relevant to them and should reflect their needs, wants and interests.
- Improved audience segmentation methodologies now exist, including The Audience Agency's Audience Finder and MHM's Culture Segments, which support more targeted development exhibitions and events.
- Culture and heritage able to deliver wide range of health & wellbeing, as well as both formal and informal learning outcomes.
- Well-managed heritage increases community vibrancy, and creates a greater sense of identity and pride in place – it anchors us and creates a sense of shared memory.
- Heritage aligned with a key range of LCC social priorities through its Community Resilience and Assets Commissioning Plan.
- Erroneous assumptions from across the UK that Lincolnshire is a cultural wasteland so unable to attract greater levels of inward investment from large companies.

Technological

- Increased ubiquity of smart technology and social media is driving changes in marketing.
- Technology is better informing our understanding of audiences and their motivations to visit.
- Increased opportunities to integrate technology into interpretation to deliver a more innovative and engaging visitor experience.
- Technology can support more flexible offsite and multi-site working.

Legal

- There are no statutory duties related to museum provision. However, the Council has a power but not a duty to provide museums and art galleries through the Public Libraries and Museums Act (1964). Other attractions will probably be treated as museum under the 1964 Act but would otherwise be covered by the general power of competence under the Localism Act (2011).
- Potential for legal challenge from courts exists if LCC doesn't follow appropriate protocol related to stakeholder engagement and consultation.

Environment

- Environmental footprint and sustainability of sites, including reducing energy consumption and carbon footprint.
- Opportunities to improve conservation of assets.

Appendix 1B: SWOT (1.8.2)

	Helpful Strengths	Harmful Weaknesses
Internal	<ul style="list-style-type: none"> Lincoln Castle - world class attraction and commercially successful with clear evidence of economic impact and a growing reputation. Lincolnshire's historic breadth covering the last 2000 years is strong and there are many stories to be told Track record in obtaining large-scale funding The Collection (as a physical space) Good relationship with stakeholders and sector partners Sandford Award-winning learning programme Some strong collections across a range of historic periods HMT committed to change programme and supportive of wider commercialization ACE NPO status with 3 years of committed funding Heritage Service recognized as a key driver for the delivery of Community Resilience and Assets Commissioning Plan. 	<ul style="list-style-type: none"> Limited commercialization experience in the team and so limited audience development planning, interpretive masterplan, pricing strategy, etc. Lack of audience-focused development for exhibitions and events Constraints imposed by LCC reduce responsiveness of service to available opportunities for efficiency savings and value creation. Below the line costs which limit governance options. Current vision and mission don't position Heritage Service as driver of visitor economy. Not sufficiently audience-focused or innovative in approach to programming. Disparately placed sites – not always in the places you would choose to put a visitor site. This limits growth but also drives up operational costs. Outstanding legal commitments make site rationalization more complex and could push back timeline for change. 'Tired' exhibitions at MLL, The Collection and The Usher Gallery, as well as other microsites, are increasingly a turn-off for visitors, particularly younger generations. Lack of clear unifying identity and stories across sites – no Lincolnshire narrative The Collection and Lincoln Castle require further investment to unlock Commercial opportunities.

	Helpful Opportunities	Harmful Threats
External	<ul style="list-style-type: none"> • Leverage heritage assets to support wider LCC priorities, as well as placemaking , and economic growth through the visitor economy • Revisit mission and vision to align with placemaking and visitor economy priorities. • Retell story of Lincolnshire by creating a strategic interpretive masterplan which align stories and sites more effectively. • Fully develop commercial strategy by placing audiences (and not collections) at the heart of the development process. This needs to reflect segmentation, pricing, interpretation, fundraising, business model and value proposition, etc. • Potential to develop wider range of partnerships with national partners to support strategic growth opportunities through the display of temporary exhibitions. • Potential for fully-fledged programme to be introduced in order to increase commercial potential across the site. This would focus on more revenue generating initiatives. 	<ul style="list-style-type: none"> • LCC transition toward to commissioning and commercialisation may be interpreted by some funders as lack of support for culture and heritage. • Status Quo gives limited options for growth and would not contribute to placemaking or further growth of the visitor economy. Is likely to lead to long-term decline of the Heritage Service. • Cost neutrality less plausible without rationalization exercise. • Fundraising increasingly competitive. Less money available and more potential bidders. • HLF currently undergoing restructure of funding approach and new formats would not be clear until Jan 2019 (tbc). • Stakeholder interpretation of any proposed alterative of the service could be interpreted out of context.

Appendix 1C: Porter's Five Forces (1.8.3)

This exercise identifies and assesses the five competitive forces¹ that shape every industry, thus helping to determine its strengths and weaknesses, and whether investment in that industry should take place. Each investment is graded as LOW, MEDIUM or HIGH

Threat of new entrants (LOW)

A low threat of new entrants exists. The City of Lincoln Council, who would be the likely entrant, has leased many of its culture and heritage assets to LCC and so is unable to reposition itself as a direct competitor. A much higher threat of substitutes exists as a result.

Power of suppliers (HIGH)

In this case, suppliers relates to both funders, the supplies of capital, as well as those suppliers who provide commercial and other services related to exhibitions and events.

Funders hold most of the power. Without such investment the project would simply not happen, which also means that funders can substantially shape the direction of the project. Aligning with their desired outcomes is of key importance. Most providers of temporary exhibitions do so to extend the legacy of their existing exhibitions rather than to explicitly support other museums increase their commercial return.

Power of customers (MED-HIGH)

The more focused the value created then the less power customers hold. The success of Lincoln Castle, for example, is predicated on the development of a strong value proposition and this places greater power in the hands of the Heritage Service to charge more for ticketing and the associated retail and subsistence activity. This is not the case at out other sites, so ensuring that the future services deliver a strong value proposition is integral to its success.

Threat of substitute products/services (MED)

In terms of wider leisure or visitor attractions, there are many substitutes, notably traditional cinema and theatre; however, given Lincolnshire's rural nature there are a range of outdoor pursuits, including visiting the coast and notably the new North Sea Observatory at Chapel Point. Being able to offer a unique experience is the key to overcoming these threats.

Competition in the industry (MED)

A wide range of heritage sites exist in Lincolnshire. At the one end of the scale there is Lincoln Cathedral which is currently undergoing redevelopment through the Lincoln Castle Connected scheme, subsidized by a £12m grant by the HLF. When this opens it would be a significant competitor. A wider range of smaller heritage sites operates by both the National Trust (NT) and English Heritage (EH), as well as a number of sites operated by independent trusts also exists.

¹ These are the Threat of new entrants, Power of suppliers, Power of customers, Threat of substitutes, and Competition in the industry.

Appendix 1D: Lincoln Castle Concept (1.9.4.1)

The identity of the Lincoln Castle Supersite would be characterized as follows:

- Experiential – immersed in heritage
- History where it happened... and which still resonates today
- A world-leading visitor attraction that offers a great day out

Lincoln Castle should be viewed as a successful pilot of the supersite model which exemplifies the experience of 'history where it happened', offering a great day out that creates memories for all who visit. It also has a variety of flexible spaces in which blockbuster exhibitions which would drive income in the summer period and ensures that income levels are maintained.

The site, the themes and the interpretive principles for Lincoln Castle ensure not only a groundbreaking visitor experience but one that makes essential and relevant viewing. The themes of Power and Justice stand in connection with William the Conqueror, King John, Magna Carta, the Battle of Lincoln Fair, the operation of the law and the punishment that could follow; the overarching theme, however, is Accountability, for as then and now, we are all held to account for our actions.

The buildings and walls stand testament to Lincoln Castle's status and strategic importance over the last nearly 1,000 years. Today, it hosts two astonishing artefacts: Magna Carta and the Charter of the Forest. Though these documents answered the needs of a particular group of people at a specific time in history, their impact on our lives, even 800 years on, cannot be undervalued. Lincoln Castle is the only place in the world where they can be viewed together.

These documents are displayed in another of Lincoln Castle's assets, an original 18th-century prison building, and only moments away from a third, an original 19th-century Crown Court. These components, in their interconnectedness, underpin the interpretive power of the site. They tell a story of local, national and international significance – the story of justice, law, punishment, individual rights, equality and the freedoms we have as citizens. These themes are as relevant to us now as they were at the sealing of Magna Carta.

The intention of Lincoln Castle is to share this extraordinary history through the power of its assets – 1,000 years of history where it happened. And in so doing, drive to make Lincoln a destination of choice, revitalising the tourist industry and being a key contributor to the local visitor economy.

Also, given its stunning backdrop, the castle also offers great opportunities to leverage commercial events that bring in different audience segments and raise income, but also to expand the range of space available for temporary exhibitions to give our audiences more of a reason to return.



Lincoln Castle Revealed (from the air)



Lincoln Castle offers a stunning vantage point to appreciate Lincoln Cathedral and other local sites.



Digital engagement helps to communicate the crucial role that Magna Carta has played in shaping our lives today



Costumed interpretation adds an engaging layer to any school visit at Lincoln Castle

Appendix 1E: CMAG Concept (1.9.4.2)

The identity of The Collection Museum & Art Gallery would be characterized as:

- First-class museum experience – a classic object-focused museum with a contemporary twist in a stunning piece of contemporary architecture.
- Permanent exhibition that displays the best of our art and archaeology collections, telling a much more refined and engaging story about the history of Lincoln and/or Lincolnshire.
- Rotating programme of exhibitions that bring the best experiences to Lincoln from the UK's national museums and collections.

Above all, The Collection Museum & Art Gallery (CMAG) is a collection-centric museum, and as its name suggests, it would be located at The Collection building. It would tell the story of Lincoln and the county of Lincolnshire from prehistory and its early settlers up to modern times. The museum and gallery would connect audiences with the lived experience of Lincolnshire's past, by vividly telling the story of the city, the county and its people.

The story it would tell is one of place and people, evolving through interaction and exchange with artefacts. The county's complexities and contrasts would be revealed through the combined display and exploration of collections including archaeology, art, nature and social history, collectively displayed in this unique building.

CMAG would showcase the county's unique history. Exhibitions and displays would highlight and celebrate original material relating to the county's finest heritage stories, inspiring wide ranging interests and audiences. It would provide a snapshot into the past, and create a space in which visitors can learn, explore and develop a sense of place through the stories of who and what went before them.

Displays would be collections rich, providing a tapestry of artefacts in which the tangible evidence of the past is explored to reveal the story of historic Lincolnshire. Adaptable and layered interpretation would allow visitors to 'dip in' to the headlines, or 'dig deeper' into detailed stories and histories, as relevant to their individual interests. A variety of artefacts collectively displayed would create a blend of art, archaeology, nature, and social history, ranging from the ever extraordinary to the now unfamiliar but once every-day. Galleries would illustrate Lincolnshire's history-derived from the past- and re-interpreted for enjoyment and exploration by the county and community in which the museum and heritage collections now sit.

CMAG's wider temporary exhibition² and events programmes would build on The Heritage Service's existing experience in this area, enabling the very best of national and international touring exhibitions and prestigious loans to the County, complementing the county's rich showcase and providing the opportunity to explore and present Lincolnshire's position within, and to, the wider world.

² Temporary exhibitions are discussed in some detail in sections 1.9.4 And 3.5



Stunningly designed interiors



Improving public engagement through access to experts



Re-displaying the Usher Collection in ways that engage and inspire



Accessible to all, diversified in its provision



Classic museum experience with a twist – delivering the unexpected!

Appendix 1F – Full range of LCC's Heritage-related Projects (1.10.2)

LCC's Heritage focused projects					
	2013/14	2014/15	2015/16	2016/17	2017/18
Ruston and Hornsby Digitisation Project					
LCC Cost		£3,792.00	£20,408.31	£3,625.75	£0.00
Grant		-£28,642.00	-£10,313.62	-£17,615.00	-£4,565.00
Complete					Y
Lincoln Castle Revealed					
LCC Cost	£1,247,149.00	£2,134,335.00	£463,867.00	-£164,762	-£104,089
Grant	-£3,540,225.00	-£5,735,795.00	-£1,403,639.00	-£256,133	-£527,973
Complete					N
Bastion in the Air*					
LCC Cost				£5,394.22	£4,160.74
Grant*				£0.00	-£71,446.45
Complete					N
Aviation Heritage Partnership Grants					
LCC Cost	£944.00	£15.00	£2,167.05	£0.00	£0.00
Grant	-£139,757.00	-£106,424.00	-£96,605.95	-£64,847.37	-£79,017.50
Complete	Y	Y	Y	Y	Y

*This project is being delivered in partnership with West Lindsey District Council, who are the Grant holders, and reimburse the County Council for any tasks it completes as part of this project.

Lincolnshire Remembrance					
LCC Cost	£10,025	£10,025	£10,025		
Grant	£77,400	£29,920	£7,480		
Complete	Y	Y	Y		
Memories and Memorials					
LCC Cost			£7,933	£7,933	£7,933
Grant			£49,500	£23,600	£5,900
Complete			Y	Y	Y
Portable Antiquities Scheme					
LCC Cost					
Grant	£31,000	£31,000	£31,000	£31,000	£31,000
Complete	Y	Y	Y	Y	Y
Portable Antiquities Scheme Internship					
LCC Cost			N/A	N/A	N/A
Grant			£5,000.00	£5,000.00	£5,000.00
Complete			Y	Y	Y
Holbeach town assessment					
LCC Cost					£12,500
Grant					N/A
Complete					Y
Lincolnshire Extensive Urban Survey (PD)					
LCC Cost					N/A
Grant					£1,600
Complete					
Heritage Open Days					
LCC Cost					£20,000
Grant					£13,500
Complete					N
Boston Sessions House					
LCC Cost				£6,000	£7,730
Grant					£10,000
Complete				Y	Y
HLF Skills for the Future 2018-2022					
LCC Total Cost					£3,100
Total Grant					£30,600
Complete					N
HLF Skills for the Future 2010-2015**					
LCC Total Cost			£214,223		
Total Grant			£370,017		
Complete			Y		

**Unable to subdivide costs into each year

Places Team					
Prehistory Learning Resources				£10,000	£5,000
Bricks and Bones					£2,900
Lincolnshire Heritage Forum website					£1,100
Landowners Project					£11,944
Value of heritage					£20,000
Heritage Lincolnshire Layers of History			£4,000		£20,500
Community Engagement Team					
St. Oswald's Church Walcott PCC Walcott - Billinghay	£300.00				
Martin Dales First World War Memorial	£150.00				
Art Pop-Up	£500.00				
Art Pop-Up	£500.00				
Sleaford Museum Trust	£400.00				
The Royal British Legion	£400.00				
Art Pop-Up	£500.00				
Art Pop Up	£500.00				
Gatherums and Springside Regeneration Group	£1,000.00				
Utterby Parish Council	£500.00				
Bourne Civic Society	£200.00				
RAF Chapel Flower Guild	£250.00				
Westborough and Dry Doddington Parish Council	£400.00				
The Mallard Project	£100.00				
The Mallard Project	£100.00				
Gatherums of Aswell Hole and the Horsesteps	£23,804.40				
RAF Ingham Heritage Group	£25,000				
Utterby St Andrews District Church Council	£14,661.18				
Heritage Trust	£86,597				
Airborne Forces Memorial RAF Barkston Heath		£500.00			
North Thoresby Parochial Church Council		£1,000.00			
Barrowby Bell Ringers		£250.00			
Ingoldmells Parish Council		£500.00			
St James Deeping Signal Box Group		£1,000.00			
Church of St Mary Cowbit PCC Cowbit		£200.00			
St Lawrence Church Bardney		£1,000.00			
Bracebridge Neighbourhood Board		£500.00			
Sturton-by-Stow Parish Council		£1,000.00			
Tattershall with Thorpe Parish Council		£250.00			
St Martin's Church		£500.00			
Strubby Memorial Fund		£1,200.00			
Friends of Lea Road Station		£200.00			
Alford & District Civic Trust Limited		£300.00			
Bilsby & Farlethorpe Parish Council		£200.00			
Bracebridge Heath Parish Council		£250.00			
Stamford Town Council		£1,100.00			
St Wulfram's Spire Appeal		£250.00			
St Thomas's PCC Project Team			£700.00		
Stickford Parish Council			£300.00		
Fishtoft Parish Council			£1,500.00		
Glentham Parish Council			£200.00		
Long Bennington Pre-School			£200.00		
Installation of heating into Beonna at All Saints			£20,000		
Heckington Windmill Regeneration Project			£20,000		
Long Sutton Market House Trust Archdoor Replacement			£3,930		
My Grantham			£14,500		
Memories & Memorials - Ruskington Library hub				£1,000.00	
St Mary Le Wigford - Bricks & Bones				£2,400.00	

Economic Case

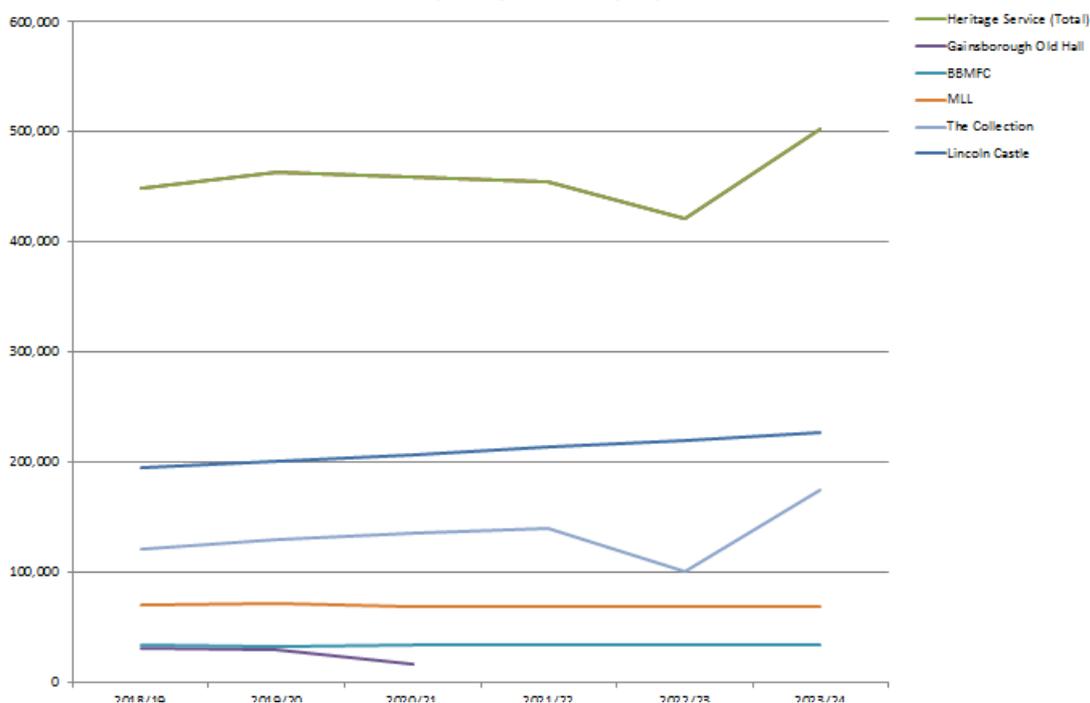
Appendix 2A: Comparative Visitor Number Data (2.4.4)

Heritage Service Visitor Numbers - Two Supersite Model					
Lincoln Castle					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	195,000	131,820	31,505	49,169	51,146
2019/20	201,000	135,876	32,474	50,682	52,720
2020/21	207,000	139,932	33,444	52,195	54,294
2021/22	213,000	143,988	34,413	53,708	55,867
2022/23	219,000	148,044	35,383	55,220	57,441
2023/24	226,000	152,776	36,513	56,985	59,277
Totals	1,261,000	852,436	203,732	317,959	330,745
	100%	67.6%	23.9%	37.3%	38.8%
The Collection					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	120,000	77,040	39,059	23,343	14,638
2019/20	130,000	83,460	42,314	25,288	15,857
2020/21	135,000	86,670	43,942	26,261	16,467
2021/22	140,000	89,880	45,569	27,234	17,077
2022/23	100,000	64,200	32,549	19,453	12,198
2023/24	175,000	112,350	56,961	34,042	21,347
Totals	800,000	513,600	260,395	155,621	97,584
	100%	64.2%	50.7%	30.3%	19.0%
MLL					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	70,000	51,450	30,664	15,847	10,084
2019/20	71,000	52,185	31,102	16,073	10,228
2020/21	68,000	49,980	29,788	15,394	9,796
2021/22	68,000	49,980	29,788	15,394	9,796
2022/23	69,000	50,715	30,226	15,620	9,940
2023/24	68,000	49,980	29,788	15,394	9,796
Totals	414,000	304,290	181,357	93,721	59,641
	100%	73.5%	59.6%	30.8%	19.6%
BBMFC					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	33,000	25,509	5,000	9,413	11,096
2019/20	32,000	24,736	4,848	9,128	10,760
2020/21	33,000	25,509	5,000	9,413	11,096
2021/22	34,000	26,282	5,151	9,698	11,433
2022/23	33,000	25,509	5,000	9,413	11,096
2023/24	34,000	26,282	5,151	9,698	11,433
Totals	199,000	153,827	30,150	56,762	66,915
	100%	77.3%	19.6%	36.9%	43.5%

Gainsborough Old Hall					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	30,000	25,530	4,366	15,395	5,770
2019/20	29,000	24,679	4,220	14,881	5,577
2020/21	16,000	13,616	2,328	8,210	3,077
2021/22					
2022/23					
2023/24					
Totals	75,000	63,825	10,914	38,486	14,424
	100%	85.1%	17.1%	60.3%	22.6%

Heritage Service (Total)					
Financial Year	Total Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	448,000	311,349	110,594	113,166	92,734
2019/20	463,000	320,936	114,959	116,052	95,143
2020/21	459,000	315,707	114,502	111,473	94,731
2021/22	455,000	310,130	114,922	106,033	94,173
2022/23	421,000	288,468	103,158	99,706	90,676
2023/24	503,000	341,388	128,414	116,119	101,852
Totals	2,749,000	1,887,978	686,548	662,549	569,309
	100%	68.7%	36.4%	35.1%	30.2%

Heritage Service - Comparative Visitor Numbers Supersite Model (2018/19 - 2023/24)



Heritage Service Visitor Numbers - Status Quo Model

Lincoln Castle					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	195,000	131,820	31,505	49,169	51,146
2019/20	195,000	131,820	31,505	49,169	51,146
2020/21	195,000	131,820	31,505	49,169	51,146
2021/22	195,000	131,820	31,505	49,169	51,146
2022/23	195,000	131,820	31,505	49,169	51,146
2023/24	195,000	131,820	31,505	49,169	51,146
Totals	1,170,000	790,920	189,030	295,013	306,877
	100%	67.6%	23.9%	37.3%	38.8%

The Collection					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	120,000	77,040	39,059	23,343	14,638
2019/20	120,000	77,040	39,059	23,343	14,638
2020/21	120,000	77,040	39,059	23,343	14,638
2021/22	120,000	77,040	39,059	23,343	14,638
2022/23	120,000	77,040	39,059	23,343	14,638
2023/24	120,000	77,040	39,059	23,343	14,638
Totals	720,000	462,240	234,356	140,059	87,826
	100%	64.2%	50.7%	30.3%	19.0%

MLL					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	70,000	51,450	30,664	15,847	10,084
2019/20	70,000	51,450	30,664	15,847	10,084
2020/21	70,000	51,450	30,664	15,847	10,084
2021/22	70,000	51,450	30,664	15,847	10,084
2022/23	70,000	51,450	30,664	15,847	10,084
2023/24	70,000	51,450	30,664	15,847	10,084
Totals	420,000	308,700	183,985	95,080	60,505
	100%	73.5%	59.6%	30.8%	19.6%

BBMFC					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	33,000	25,509	5,000	9,413	11,096
2019/20	33,000	25,509	5,000	9,413	11,096
2020/21	33,000	25,509	5,000	9,413	11,096
2021/22	33,000	25,509	5,000	9,413	11,096
2022/23	33,000	25,509	5,000	9,413	11,096
2023/24	33,000	25,509	5,000	9,413	11,096
Totals	198,000	153,054	29,999	56,477	66,578
	100%	77.3%	19.6%	36.9%	43.5%

Gainsborough Old Hall					
Financial Year	Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	30,000	25,530	4,366	15,395	5,770
2019/20	30,000	25,530	4,366	15,395	5,770
2020/21	30,000	25,530	4,366	15,395	5,770
2021/22	30,000	25,530	4,366	15,395	5,770
2022/23	30,000	25,530	4,366	15,395	5,770
2023/24	30,000	25,530	4,366	15,395	5,770
Totals	180,000	153,180	26,194	92,368	34,619
	100%	85.1%	17.1%	60.3%	22.6%

Heritage Service (Total)					
Financial Year	Total Visitors	Adult Visitor Volume	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors
2018/19	448,000	311,349	110,594	113,166	92,734
2019/20	448,000	311,349	110,594	113,166	92,734
2020/21	448,000	311,349	110,594	113,166	92,734
2021/22	448,000	311,349	110,594	113,166	92,734
2022/23	448,000	311,349	110,594	113,166	92,734
2023/24	448,000	311,349	110,594	113,166	92,734
Totals	2,688,000	1,868,094	663,563	678,996	556,405
	100%	69.5%	35.5%	36.3%	29.8%

*Given the lack of deviation in visitor numbers under the Status Quo model, no graph has been produced.

Appendix 2B: Comparative Data for Economic Impact Assessment (2.5.1)

Heritage Service - Comparative Economic Impact Data - Supersite Model (2018/19 - 2023/24)

Lincoln Castle (Supersite 1)											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£696,410	Major	£293,798	£5,026,024
2019/20	201,000	135,876	Large	32,474	50,682	52,720	£4,877,833	£719,392	Major	£303,494	£5,181,326
2020/21	207,000	139,932	Large	33,444	52,195	54,294	£5,023,440	£741,693	Major	£312,902	£5,336,342
2021/22	213,000	143,988	Large	34,413	53,708	55,867	£5,169,047	£764,685	Major	£322,601	£5,491,648
2022/23	219,000	148,044	Large	35,383	55,220	57,441	£5,314,654	£788,390	Major	£332,602	£5,647,256
2023/24	226,000	152,776	Large	36,513	56,985	59,277	£5,484,529	£812,830	Major	£342,913	£5,827,441
Totals	1,261,000	852,436		203,732	317,959	330,745	£30,601,728	£4,523,400	Major	£1,908,309	£32,510,037
	100%	67.6%		23.9%	37.3%	38.8%					

The Collection Museum & Art Gallery (Supersite 2)											
						Fall in visitors in 2022/23 due to closure of Usher Gallery. Increase in visitors in 2023/24 due to re-opening of museum as Supersite					
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£639,523	Major	£269,799	£2,313,552
2019/20	130,000	83,460	Large	42,314	25,288	15,857	£2,214,066	£660,627	Major	£278,702	£2,492,768
2020/21	135,000	86,670	Large	43,942	26,261	16,467	£2,299,222	£681,107	Major	£287,342	£2,586,565
2021/22	140,000	89,880	Large	45,569	27,234	17,077	£2,384,379	£702,221	Major	£296,249	£2,680,628
2022/23	100,000	64,200	Large	32,549	19,453	12,198	£1,703,128	£713,530	Major	£301,020	£2,004,148
2023/24	175,000	112,350	Large	56,961	34,042	21,347	£2,980,474	£675,649	Major	£285,039	£3,265,513
Totals	800,000	513,600		260,395	155,621	97,584	£13,625,022	£4,072,657	Major	£1,718,152	£15,343,174
	100%	64.2%		50.7%	30.3%	19.0%					

MLL											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£102,028	Low/Moderate	£51,652	£1,506,260
2019/20	71,000	52,185	Large	31,102	16,073	10,228	£1,475,389	£105,395	Low/Moderate	£53,356	£1,528,745
2020/21	68,000	49,980	Large	29,788	15,394	9,796	£1,413,049	£108,662	Low/Moderate	£55,010	£1,468,059
2021/22	68,000	49,980	Large	29,788	15,394	9,796	£1,413,049	£112,031	Low/Moderate	£56,716	£1,469,764
2022/23	69,000	50,715	Large	30,226	15,620	9,940	£1,433,829	£115,504	Low/Moderate	£58,474	£1,492,303
2023/24	68,000	49,980	Large	29,788	15,394	9,796	£1,413,049	£119,084	Low/Moderate	£60,286	£1,473,335
Totals	414,000	304,290		181,357	93,721	59,641	£8,602,972	£662,704	Low/Moderate	£335,494	£8,938,466
	100%	73.5%		59.6%	30.8%	19.6%					

BBMFC											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£85,975	Low/Moderate	£42,945	£1,007,974
2019/20	32,000	24,736	Medium	4,848	9,128	10,760	£935,787	£88,812	Low/Moderate	£44,362	£980,148
2020/21	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£91,565	Low/Moderate	£45,737	£1,010,767
2021/22	34,000	26,282	Medium	5,151	9,698	11,433	£994,273	£94,404	Low/Moderate	£47,155	£1,041,428
2022/23	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£97,330	Low/Moderate	£48,616	£1,013,646
2023/24	34,000	26,282	Medium	5,151	9,698	11,433	£994,273	£100,348	Low/Moderate	£50,124	£1,044,397
Totals	199,000	153,827		30,150	56,762	66,915	£5,819,423	£558,434	Low/Moderate	£278,938	£6,098,361
	100%	77.3%		19.6%	36.9%	43.5%					

Gainsborough Old Hall						Notice given for English Heritage to retain operational ownership in Q3 2019/20, with handover taking place in Q3 2020/21. Thereafter, the					
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£115,761	Low/Moderate	£57,823	£882,662
2019/20	29,000	24,679	Medium	4,220	14,881	5,577	£797,345	£119,582	Low/Moderate	£59,731	£857,076
2020/21	16,000	13,616	Medium	2,328	8,210	3,077	£439,914	£61,644	Low/Moderate	£30,791	£470,705
2021/22											
2022/23											
2023/24											
Totals	75,000	63,825		10,914	38,486	14,424	£2,062,098	£296,987	Low/Moderate	£148,345	£2,210,443
	100%	85.1%		17.1%	60.3%	22.6%					

Heritage Service Combined Totals											
Financial Year	Total Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	448,000	311,349	N/A	110,594	113,166	92,734	£10,020,457	£1,639,697	N/A	£716,016	£10,736,473
2019/20	463,000	320,936		114,959	116,052	95,143	£10,300,419	£1,693,808		£739,645	£11,040,064
2020/21	459,000	315,707		114,502	111,473	94,731	£10,140,655	£1,684,671		£731,782	£10,872,437
2021/22	455,000	310,130		114,922	106,033	94,173	£9,960,748	£1,673,341		£722,721	£10,683,469
2022/23	421,000	288,468		103,158	99,706	90,676	£9,416,640	£1,714,754		£740,713	£10,157,353
2023/24	503,000	341,388		128,414	116,119	101,852	£10,872,324	£1,707,911		£738,362	£11,610,686
Totals	2,749,000	1,887,978		N/A	686,548	662,549	569,309	£60,711,243		£10,114,182	N/A
	100%	68.7%		36.4%	35.1%	30.2%					

Heritage Service - Comparative Economic Impact Data - Status Quo Model (2018/19 - 2023/24)

Lincoln Castle											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£696,410	Major	£293,798	£5,026,024
2019/20	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£719,392	Major	£303,494	£5,035,719
2020/21	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£741,693	Major	£312,902	£5,045,128
2021/22	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£764,685	Major	£322,601	£5,054,827
2022/23	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£788,390	Major	£332,602	£5,064,828
2023/24	195,000	131,820	Large	31,505	49,169	51,146	£4,732,226	£812,830	Major	£342,913	£5,075,139
Totals	1,170,000	790,920		189,030	295,013	306,877	£28,393,356	£4,523,400	Major	£1,908,309	£30,301,665
	100%	67.6%		23.9%	37.3%	38.8%					

The Collection Museum & Art Gallery											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£639,523	Major	£269,799	£2,313,552
2019/20	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£660,627	Major	£278,702	£2,322,455
2020/21	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£681,107	Major	£287,342	£2,331,095
2021/22	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£702,221	Major	£296,249	£2,340,003
2022/23	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£723,990	Major	£305,433	£2,349,187
2023/24	120,000	77,040	Large	39,059	23,343	14,638	£2,043,753	£746,434	Major	£314,902	£2,358,655
Totals	720,000	462,240		234,356	140,059	87,826	£12,262,520	£4,153,902	Major	£1,752,427	£14,014,947
	100%	64.2%		50.7%	30.3%	19.0%					

MLL											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£102,028	Low/Moderate	£51,652	£1,506,260
2019/20	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£105,395	Low/Moderate	£53,356	£1,507,965
2020/21	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£108,662	Low/Moderate	£55,010	£1,509,619
2021/22	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£112,031	Low/Moderate	£56,716	£1,511,324
2022/23	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£115,504	Low/Moderate	£58,474	£1,513,083
2023/24	70,000	51,450	Large	30,664	15,847	10,084	£1,454,609	£119,084	Low/Moderate	£60,286	£1,514,895
Totals	420,000	308,700		183,985	95,080	60,505	£8,727,653	£662,704	Low/Moderate	£335,494	£9,063,147
	100%	73.5%		59.6%	30.8%	19.6%					

BBMFC											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£85,975	Low/Moderate	£42,945	£1,007,974
2019/20	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£88,812	Low/Moderate	£44,362	£1,009,392
2020/21	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£91,565	Low/Moderate	£45,737	£1,010,767
2021/22	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£94,404	Low/Moderate	£47,155	£1,012,185
2022/23	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£97,330	Low/Moderate	£48,616	£1,013,646
2023/24	33,000	25,509	Medium	5,000	9,413	11,096	£965,030	£100,348	Low/Moderate	£50,124	£1,015,154
Totals	198,000	153,054		29,999	56,477	66,578	£5,790,180	£558,434	Low/Moderate	£278,938	£6,069,118
	100%	77.3%		19.6%	36.9%	43.5%					

Gainsborough Old Hall											
Financial Year	Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£115,761	Low/Moderate	£57,823	£882,662
2019/20	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£119,582	Low/Moderate	£59,731	£884,571
2020/21	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£123,289	Low/Moderate	£61,583	£886,422
2021/22	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£127,110	Low/Moderate	£63,491	£888,331
2022/23	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£131,051	Low/Moderate	£65,460	£890,299
2023/24	30,000	25,530	Medium	4,366	15,395	5,770	£824,839	£135,113	Low/Moderate	£67,489	£892,328
Totals	180,000	153,180		26,194	92,368	34,619	£4,949,036	£751,906	Low/Moderate	£375,577	£5,324,613
	100%	85.1%		17.1%	60.3%	22.6%					

Heritage Service Combined Totals											
Financial Year	Total Visitors	Adult Visitor Volume	Size	Local Adult Visitors	Day Adult Visitors	Overnight Adult Visitors	Tourism Impact (£)	Non-Staff Costs	Significance	Expenditure on Goods/Service	Wider Economic Impact (£)
2018/19	448,000	311,349	N/A	110,594	113,166	92,734	£10,020,457	£1,639,697	N/A	£716,016	£10,736,473
2019/20	448,000	311,349		110,594	113,166	92,734	£10,020,457	£1,693,808		£739,645	£10,760,102
2020/21	448,000	311,349		110,594	113,166	92,734	£10,020,457	£1,746,316		£762,573	£10,783,031
2021/22	448,000	311,349		110,594	113,166	92,734	£10,020,457	£1,800,451		£786,213	£10,806,670
2022/23	448,000	311,349		110,594	113,166	92,734	£10,020,457	£1,856,265		£810,586	£10,831,043
2023/24	448,000	311,349		110,594	113,166	92,734	£10,020,457	£1,913,809		£835,714	£10,856,171
Totals	2,688,000	1,868,094	N/A	663,563	678,996	556,405	£60,122,744	£10,650,346	N/A	£4,650,746	£64,773,490
	100%	69.5%			35.5%	36.3%					

Appendix 2C: Comparative Data for Health & Wellbeing Assessment (2.6.1)

Two Supersite Model - Health & Wellbeing Comparative Data (2018/19 - 2023/24) Based on DCMS' Further analysis to value the health and educational benefits of sport and culture Exercise completed using 13-18 visitor data (WM), assumption of adult visitors from 2016/17 complete analysis and costs savings from DCMS analysis							
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	Financial Year	Visitor Volume	Adult Visitor Volume 67.6%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
Lincoln Castle	2018/19	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2019/20	201,000	135,876	£351,919		£475,566		£827,485	£6.09
	2020/21	207,000	139,932	£362,424		£489,762		£852,186	£6.09
	2021/22	213,000	143,988	£372,929		£503,958		£876,887	£6.09
	2022/23	219,000	148,044	£383,434		£518,154		£901,588	£6.09
	2023/24	226,000	152,776	£395,690		£534,716		£930,406	£6.09
	Total	1,261,000	852,436	£2,207,809		£2,983,526		£5,191,335	£6.09

	Financial Year	Total Visitor Volume	Adult Visitor Volume 64.2%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
The Collection	2018/19	120,000	77,040	£145,606		£196,452		£342,058	£4.44
	2019/20	130,000	83,460	£157,739		£212,823		£370,562	£4.44
	2020/21	135,000	86,670	£163,806		£221,009		£384,815	£4.44
	2021/22	140,000	89,880	£169,873		£229,194		£399,067	£4.44
	2022/23	100,000	64,200	£121,338		£163,710		£285,048	£4.44
	2023/24	175,000	112,350	£212,342		£286,493		£498,834	£4.44
	Total	800,000	513,600	£970,704		£1,309,680		£2,280,384	£4.44

	Financial Year	Total Visitor Volume	Adult Visitor Volume 73.5%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
MLL	2018/19	70,000	51,450	£97,241		£131,198		£228,438	£4.44
	2019/20	71,000	52,185	£98,630		£133,072		£231,701	£4.44
	2020/21	68,000	49,980	£94,462		£127,449		£221,911	£4.44
	2021/22	68,000	49,980	£94,462		£127,449		£221,911	£4.44
	2022/23	69,000	50,715	£95,851		£129,323		£225,175	£4.44
	2023/24	68,000	49,980	£94,462		£127,449		£221,911	£4.44
	Total	414,000	304,290	£575,108		£775,940		£1,351,048	£4.44

	Financial Year	Total Visitor Volume	Adult Visitor Volume 77.3%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
BBMF	2018/19	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2019/20	32,000	24,736	£64,066		£86,576		£150,642	£6.09
	2020/21	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2021/22	34,000	26,282	£68,070		£91,987		£160,057	£6.09
	2022/23	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2023/24	34,000	26,282	£68,070		£91,987		£160,057	£6.09
	Total	199,000	153,827	£398,412		£538,395		£936,806	£6.09

	Financial Year	Total Visitor Volume	Adult Visitor Volume 85.1%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
GoH	2018/19	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2019/20	29,000	24,679	£63,919		£86,377		£150,295	£6.09
	2020/21	16,000	13,616	£35,265		£47,656		£82,921	£6.09
	2021/22								
	2022/23								
	2023/24								
	Total	75,000	63,825	£165,307		£223,388		£388,694	£6.09

Heritage Service - Health & Wellbeing Impact Data - Supersite Model (2018/19 - 2023/24)

	Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum	Heritage Service Total per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
Heritage Service	2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2019/20	463,000	320,936	£479,904	£256,369	£648,519	£345,895	£1,730,686	£5.39
	2020/21	459,000	315,707	£463,758	£258,269	£626,700	£348,458	£1,697,183	£5.38
	2021/22	455,000	310,130	£440,999	£264,335	£595,945	£356,643	£1,657,923	£5.35
	2022/23	421,000	288,468	£449,502	£217,189	£607,436	£293,033	£1,567,160	£5.43
	2023/24	503,000	341,388	£463,760	£306,804	£626,703	£413,942	£1,811,208	£5.31
	Total	2,749,000	1,887,978	£2,771,528	£1,545,812	£3,745,308	£2,085,620	£10,148,268	£5.38

Status Quo Model - Health & Wellbeing Comparative Data (2018/19 - 2023/24)
 Based on DCMS' Further analysis to value the health and educational benefits of sport and culture
 Exercise completed using 13-18 visitor data (WM), assumption of adult visitors from 2016/17 complete analysis and costs savings from DCMS analysis

	Financial Year	Visitor Volume	Adult Visitor Volume 67.6%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
Lincoln Castle	2018/19	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2019/20	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2020/21	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2021/22	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2022/23	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	2023/24	195,000	131,820	£341,414		£461,370		£802,784	£6.09
	Total	1,170,000	790,920	£2,048,483		£2,768,220		£4,816,703	£6.09

	Financial Year	Total Visitor Volume	Adult Visitor Volume 64.2%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
The Collection	2018/19	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	2019/20	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	2020/21	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	2021/22	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	2022/23	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	2023/24	120,000	77,040		£145,606		£196,452	£342,058	£4.44
	Total	720,000	462,240		£873,634		£1,178,712	£2,052,346	£4.44

	Financial Year	Total Visitor Volume	Adult Visitor Volume 73.5%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
MLL	2018/19	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	2019/20	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	2020/21	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	2021/22	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	2022/23	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	2023/24	70,000	51,450		£97,241		£131,198	£228,438	£4.44
	Total	420,000	308,700		£583,443		£787,185	£1,370,628	£4.44

	Financial Year	Total Visitor Volume	Adult Visitor Volume 77.3%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
BBMF	2018/19	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2019/20	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2020/21	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2021/22	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2022/23	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	2023/24	33,000	25,509	£66,068		£89,282		£155,350	£6.09
	Total	198,000	153,054	£396,410		£535,689		£932,099	£6.09

	Financial Year	Total Visitor Volume	Adult Visitor Volume 85.1%	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Total per site/year	Saving per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
GoH	2018/19	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2019/20	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2020/21	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2021/22	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2022/23	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	2023/24	30,000	25,530	£66,123		£89,355		£155,478	£6.09
	Total	180,000	153,180	£396,736		£536,130		£932,866	£6.09

Heritage Service - Health & Wellbeing Impact Data - Status Quo Model (2018/19 - 2023/24)

	Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum	Heritage Service Total per adult visitor
				Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55		
Heritage Service	2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2019/20	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2020/21	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2021/22	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2022/23	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	2023/24	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107	£5.41
	Total	2,688,000	1,868,094	£2,841,629	£1,457,077	£3,840,039	£1,965,897	£10,104,641	£5.41

Commercial Case

Appendix 3A - Audience Finder Segmentation Definitions (3.4.3.1)

For full descriptions see audiencefinder.org

Segment	Average Ticket Yield
<p>Metroculturals</p> <ul style="list-style-type: none"> • Prosperous, liberal urbanite group • Often choose a city lifestyle for the broad cultural opportunity it affords • Interested in a very wide spectrum of activity, but many tend towards their own preferred artform or style • Apt to be active museum attenders, but tend to be more engaged with the arts and many on a weekly basis. Represent good prospects for new, innovative work. • Likely to be working in demanding but rewarding professions, including arts professionals, they are highly educated and have a wide variety of other interests. 	£28.50
<p>Commuterland Culturebuffs</p> <ul style="list-style-type: none"> • Affluent and settled group with many working in higher managerial and professional occupations • Keen consumers of culture, with broad tastes but a leaning towards heritage and more classical or traditional offerings • Often mature families or retirees, living largely in leafy provincial suburban or greenbelt comfort • A group wounding to travel and pay for premium experiences, their habits perhaps influenced by commuting • Motivations are multiple, ranging from social and self-improvement, to the pursuit of learning opportunities for older children • Tend to be frequent attenders and potential donors 	£26.25
<p>Experience Seekers</p> <ul style="list-style-type: none"> • Make up an important and significant part of urban arts audiences • This group are highly active, diverse, social and ambitious singles and couples and younger people engaging with the arts on a regular basis • Often students, recent graduates and in the early to mid-stages of their careers • Tend to live close to city centres, so have easy access to and attend a wide variety of arts, museums, galleries and heritage • Interests cover mainstream, contemporary and culturally diverse offers and attending is at the heart of their social lives • They are mostly in search of new things to do and have disposable income to spend on a variety of leisure activities like sports/arts memberships, visits to cafes, bars and restaurants • Typically digitally savvy, they would share experiences through social media on their smartphones 	£19.86

<p>Dormitory Dependables</p> <ul style="list-style-type: none"> • A significant proportion of arts audiences are made up of this dependably regular if not frequently engaging group • Most live in suburban or small towns and show a preference for heritage activities alongside popular and more traditional mainstream arts • Many are thriving, well off mature couples or busy older families • Lifestage coupled with more limited access to an extensive cultural offer mean that culture is more an occasional treat or family or social outing than an integral part of their lifestyle 	<p>£23.41</p>
<p>Trips & Treats</p> <ul style="list-style-type: none"> • While this group may not view arts and culture as a passion, they are reasonably culturally active, despite being particularly busy with a wide range of leisure interests • Tend to be comfortably off and living in the heart of suburbia • Children range in ages, and include young people still living at home • With a strong preference for mainstream arts and popular culture like musicals and familiar drama, mixed in with days out to museums and heritage sites • This group are led by their children’s interests and strongly influenced by friends and family 	<p>£22.14</p>
<p>Home & Heritage</p> <ul style="list-style-type: none"> • A more mature group that is generally conservative in their tastes • Large proportion are National Trust members • Classical music and amateur dramatics are comparatively popular • While this is not a highly engaged group – partly because they are largely to be found in rural areas and small towns – they do engage with local cultural activity • Likely to look for activities to match their needs and interests, such as accessible day-time activities or content exploring historical events 	<p>£23.34</p>
<p>Up Our Street</p> <ul style="list-style-type: none"> • Often living reasonably comfortable and stable lives • A group that engage with popular arts and entertainment and museums, and are also visitors of heritage sites • Many are older and have some health issues • Living on average or below average household incomes, so access in all its forms can be an issue • Characterised as modest in their habits and in their means, value for money and low-risk can be important factors in leisure decision making 	<p>£21.83</p>
<p>Facebook Families</p> <ul style="list-style-type: none"> • A younger, cash-strapped group living in suburban and semi-urban areas of high unemployment • Least likely to think themselves as arty, arts and culture generally play a very small role in the lives • Less than a third believe that the arts is important 	<p>£20.40</p>

<ul style="list-style-type: none"> • Often go out as a family: cinema, live music, eating out and pantomime being most popular 	
<p>Kaleidoscope Creativity</p> <ul style="list-style-type: none"> • A group characterised by low levels of cultural engagement • Often living in and around city areas where plenty of opportunities are within easy reach • Mix of ages, living circumstances, resources and cultural backgrounds • For many low incomes and unemployment can present barriers to accessing some cultural provision • Two thirds annually engage with more popular and accessible culture, some of this in the local community and outside the mainstream • Free, local events like outdoor arts, festivals and carnivals may appeal, and so might popular offerings like musicals and music events 	<p>£20.21</p>
<p>Heydays</p> <ul style="list-style-type: none"> • Group least likely to attend arts or cultural events • Tend to believe that the arts are no longer as important or relevant to them as perhaps they once were • Many live in sheltered or specially adapted accommodation for older people • Often excluded from many activities due to a raft of health, access and resource barriers • If they do engage this is likely to be participatory such as crafts, knitting, painting, reading and writing activities organised by their sheltered housing, church group or community library. 	<p>£20.37</p>

Financial Case

No Appendices exist for the Financial Case

Management Case

Appendix 5A: HLF Outcomes (5.8)

<p>Outcomes for heritage</p>	<ul style="list-style-type: none"> • Improved management of heritage assets, including financial performance. • Heritage assets are in a better condition, including improvements in the physical state of heritage. • Heritage assets would be better interpreted and explained, including clearer explanations and new ways to help people make sense of heritage. • Heritage would be identified/recorded, including heritage that was previously hidden be available to the public.
<p>Outcomes for people</p>	<ul style="list-style-type: none"> • People, including staff and volunteers, would have developed skills, including better skill development and capacity building to look after heritage. • People would have learned about heritage, including in ways that meet their needs and interests. • People would have changed their attitudes or behaviour, including thinking differently about their heritage, would have changed their daily behaviour, or been inspired to take some form of action. • People would have had an enjoyable experience, including finding that experience fun, interesting and rewarding. • People would have volunteered time, including a contribution of time or talent in a way that is personally rewarding for them.
<p>Outcomes for communities</p>	<ul style="list-style-type: none"> • Environmental impacts would have been reduced, including in key areas including water, energy, as well as visitor transport. • More people and a wider range of people would have engaged with heritage, including a more diverse audience than those that had visited before. • Communities would be better places to live, work or visit, including improving the quality of life for local residents and generating feelings of pride and sense of belonging to the local community.

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Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

- I. help decision makers fulfil their duties under the Equality Act 2010 and
- II. for you to evidence the positive and adverse impacts of the proposed change on people with protected characteristics and ways to mitigate or eliminate any adverse impacts.

Using this form

This form must be updated and reviewed as your evidence on a proposal for a project/service change/policy/commissioning of a service or decommissioning of a service evolves taking into account any consultation feedback, significant changes to the proposals and data to support impacts of proposed changes. The key findings of the most up to date version of the Equality Impact Analysis must be explained in the report to the decision maker and the Equality Impact Analysis must be attached to the decision making report.

****Please make sure you read the information below so that you understand what is required under the Equality Act 2010****

Equality Act 2010

The Equality Act 2010 applies to both our workforce and our customers. Under the Equality Act 2010, decision makers are under a personal duty, to have due (that is proportionate) regard to the need to protect and promote the interests of persons with protected characteristics.

Protected characteristics

The protected characteristics under the Act are: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Section 149 of the Equality Act 2010

Section 149 requires a public authority to 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 relevant protected characteristics and persons who do not share those characteristics
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The purpose of Section 149 is to get decision makers to consider the impact their decisions may or will have on those with protected characteristics and by evidencing the impacts on people with protected characteristics decision makers should be able to demonstrate 'due regard'.

Decision makers duty under the Act

Having had careful regard to the Equality Impact Analysis, and also the consultation responses, decision makers are under a personal duty to have due regard to the need to protect and promote the interests of persons with protected characteristics (see above) and to:-

- (i) consider and analyse how the decision is likely to affect those with protected characteristics, in practical terms,
- (ii) remove any unlawful discrimination, harassment, victimisation and other prohibited conduct,
- (iii) consider whether practical steps should be taken to mitigate or avoid any adverse consequences that the decision is likely to have, for persons with protected characteristics and, indeed, to consider whether the decision should not be taken at all, in the interests of persons with protected characteristics,
- (iv) consider whether steps should be taken to advance equality, foster good relations and generally promote the interests of persons with protected characteristics, either by varying the recommended decision or by taking some other decision.

Conducting an Impact Analysis

The Equality Impact Analysis is a process to identify the impact or likely impact a project, proposed service change, commissioning, decommissioning or policy will have on people with protected characteristics listed above. It should be considered at the beginning of the decision making process.

The Lead Officer responsibility

This is the person writing the report for the decision maker. It is the responsibility of the Lead Officer to make sure that the Equality Impact Analysis is robust and proportionate to the decision being taken.

Summary of findings

You must provide a clear and concise summary of the key findings of this Equality Impact Analysis in the decision making report and attach this Equality Impact Analysis to the report.

Impact – definition

An impact is an intentional or unintentional lasting consequence or significant change to people's lives brought about by an action or series of actions.

How much detail to include?

The Equality Impact Analysis should be proportionate to the impact of proposed change. In deciding this asking simple questions “Who might be affected by this decision?” “Which protected characteristics might be affected?” and “How might they be affected?” will help you consider the extent to which you already have evidence, information and data, and where there are gaps that you will need to explore. Ensure the source and date of any existing data is referenced.

You must consider both obvious and any less obvious impacts. Engaging with people with the protected characteristics will help you to identify less obvious impacts as these groups share their perspectives with you.

A given proposal may have a positive impact on one or more protected characteristics and have an adverse impact on others. You must capture these differences in this form to help decision makers to arrive at a view as to where the balance of advantage or disadvantage lies. If an adverse impact is unavoidable then it must be clearly justified and recorded as such, with an explanation as to why no steps can be taken to avoid the impact. Consequences must be included.

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Proposals for more than one option If more than one option is being proposed you must ensure that the Equality Impact Analysis covers all options. Depending on the circumstances, it may be more appropriate to complete an Equality Impact Analysis for each option.

The information you provide in this form must be sufficient to allow the decision maker to fulfil their role as above. You must include the latest version of the Equality Impact Analysis with the report to the decision maker. Please be aware that the information in this form must be able to stand up to legal challenge.

Background Information

Title of the policy / project / service being considered	Future of the Heritage Service	Person / people completing analysis	Heritage Service supported by the Community Engagement team
Service Area	Environment & Economy	Lead Officer	Chief Community Engagement Officer, Economy & Environment Directorate
Who is the decision maker?	Executive	How was the Equality Impact Analysis undertaken?	Desktop meeting between Heritage Service and Community Engagement Team
Date of meeting when decision will be made	08/05/2019	Version control	V0.19
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Directly delivered
Describe the proposed change	<p>The Council is considering changes to its Heritage Service, which if implemented would involve changes to its offer including the closure or handing over of a number of sites, and the development of the heritage offer at Lincoln Castle and The Collection Art & Archaeology Museum. And considering how it can be made more financially sustainable for the longer term.</p> <p>The current Heritage Service consists mainly of microsites, with the exception of Lincoln Castle, which can already be seen as a supersite. Microsites are defined as a museum, gallery or heritage site which offers access to a single narrative through a highly specialized collection. This single narrative doesn't provide significant appeal for return visits and so leads to restricted development of the site and the offer and any prospect for increasing income is limited.</p> <p>The current Heritage Service already has one supersite, at Lincoln Castle. Supersites are defined as a heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events,</p>		

which enables the broadest range of audiences to engage with the widest range of experiences, and which maximizes the potential for commercial return.

The service believes that this does encourage return visits and increases the potential for income generation and so reduces the investment required by LCC. Lincoln Castle has already shown this by generating a net surplus and has attracted national profile exhibitions such as the Poppies Wave, as well as becoming the first venue outside of London to showcase the Domesday Book.

The service believes that investment at The Collection to create a second supersite would also improve the financial viability of the site by becoming more audience focused through listening to what our audiences tell us and would enable replacement of the existing permanent exhibition which is now 15 years old to display more appropriate collections of art, archaeology, natural and social history as well as provide more flexible space enhancing the temporary exhibitions programme.

The service believes that the operation of two supersites would be supported further by the retention of three microsites which tell unique stories of Lincolnshire as well as support the cultural enterprise model. These are BBMF, Heckington Windmill and MLL.

The development of supersites under the cultural enterprise model seeks to improve the visitor experience across the service, providing a more modern, responsive and relevant heritage service, telling a diverse range of stories and offering a range of heritage experiences that aims to enrich the cultural experience of residents of and visitors to Lincolnshire. This model is also considered to support wider income generation opportunities which are not currently available. LCC's contribution to the running of the Heritage Service in 2018/19 will be approximately £960,000, Current forecasts are that the adoption of the plans which we're consulting about would reduce this figure to approximately £222,000 in 2023/24.

Lincoln Castle

Lincoln Castle requires a number of changes to ensure it can perform successfully as a supersite and drive the overall growth of the Heritage Service. These changes would see office and learning spaces in the prison block freed up to create more flexible exhibition and event space, while also making better use of the Heritage Skills Centre as a dedicated learning center for all, rather than just for traditional craft skills for a very small niche.

The Collection Art & Archaeology Museum in Lincolnshire

The proposal is to create a The Collection Museum and Art Gallery (CMAG) supersite at The Collection building which would display the best of our art and archaeology collections, telling a much more refined and engaging story about the history of Lincoln and/or Lincolnshire.

The Collection

To create a new Supersite at The Collection Museum & Art Gallery we propose a number of changes that would significantly alter how we use that space in order to improve and diversify the visitor experience and maximise income generation opportunities. To create the CMAG Supersite we propose a range of changes that would reinvent the museum experience completely. The basement would become a 'white cube' gallery to house the Usher art collection, the main gallery would be reconfigured to create a larger temporary and a smaller permanent gallery, and a smaller range of physical changes would help to re-energise the museum. We also propose to retain control of the café operation which is currently operated by Stokes.

Usher Gallery

The building is leased by LCC from City of Lincoln Council and around 45% of the art in the collection is owned by City of Lincoln Council with the remainder being loaned to or owned by LCC. The Heritage Service proposes to close the Usher as a gallery but for it to remain within LCC as it could potentially be used by other departments with a public-facing role. This would require a renegotiation of the lease with City of Lincoln Council, but it's likely that some art would still be displayed. However, the art collection itself would be displayed in The Collection Museum & Gallery Supersite.

Gainsborough Old Hall

The proposal is to not renew the lease and to return the operation of Gainsborough Old Hall to its owner, English Heritage. This site would no longer be part of the LCC Heritage service. English Heritage owns the building and LCC currently manages the attraction via a lease agreement which has a one year break clause in 2019. The building is of national architectural significance and English Heritage, as the national body who have the remit to preserve and present the architectural treasures, are therefore best placed to interpret and showcase its history upon activation of the break clause in 2019 which will then come into effect in 2020. After activation of the break clause, the operation of this attraction at Gainsborough Old Hall, including the opening hours, event and exhibition programmes and facilitated learning programme would be determined by English Heritage.

Discover Stamford

The proposal is to explore opportunities to engage with a third party who has expressed an interest in the social history collections currently contained within Discover Stamford (which consist of the museum display at Stamford Library and the Stamford store) to display them in their own buildings for public access. This would mean the current sites would close as public attractions and the collections display would be provided by a third party at a new site. If the collection was not transferred to a third party, LCC would close the attractions and would no longer be part of the LCC Heritage Service.

Ellis Mill

The proposal is to explore the transfer of ownership and/or full operational responsibility for the mill to a third party. Any transfer of ownership would include transfer of the existing covenant covering its use as a mill. If we cannot transfer the ownership or lease the mill, the proposal is that the site would close as a public attraction and would not be part of the LCC Heritage Service.

Burgh le Marsh Mill

The proposal is to explore the transfer of ownership and/or full operational responsibility for the mill to a third party. If we cannot transfer the ownership or lease the mill the proposal is that the site would close as a public attraction and would not be part of the LCC Heritage Service.

Alford Mill

The proposal is to explore the transfer of ownership and/or full operational responsibility for the mill to a third party. If we cannot transfer the ownership or lease the mill the proposal is that the site would close as a public attraction and would not be part of the LCC Heritage Service.

Evidencing the impacts

In this section you will explain the difference that proposed changes are likely to make on people with protected characteristics. To help you do this first consider the impacts the proposed changes may have on people without protected characteristics before then considering the impacts the proposed changes may have on people with protected characteristics.

You must evidence here who will benefit and how they will benefit. If there are no benefits that you can identify please state 'No perceived benefit' under the relevant protected characteristic. You can add sub categories under the protected characteristics to make clear the impacts. For example under Age you may have considered the impact on 0-5 year olds or people aged 65 and over, under Race you may have considered Eastern European migrants, under Sex you may have considered specific impacts on men.

Data to support impacts of proposed changes

When considering the equality impact of a decision it is important to know who the people are that will be affected by any change.

Population data and the Joint Strategic Needs Assessment

The Lincolnshire Research Observatory (LRO) holds a range of population data by the protected characteristics. This can help put a decision into context. Visit the LRO website and its population theme page by following this link: <http://www.research-lincs.org.uk> If you cannot find what you are looking for, or need more information, please contact the LRO team. You will also find information about the Joint Strategic Needs Assessment on the LRO website.

Workforce profiles

You can obtain information by many of the protected characteristics for the Council's workforce and comparisons with the labour market on the [Council's website](#). As of 1st April 2015, managers can obtain workforce profile data by the protected characteristics for their specific areas using Agresso.

Positive impacts

The proposed change may have the following positive impacts on persons with protected characteristics – If no positive impact, please state 'no positive impact'.

Age	<p>Work to both Lincoln Castle and the Collection building would be consistent with the Council's obligations to ensure accessibility to its buildings. It also allows improvements to be considered which would give greater access to the interpretation of the collections through, for instance, audio guides.</p> <p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including different age groups. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including age.</p>
Disability	<p>Work to both Lincoln Castle and the Collection building would be consistent with the Council's obligations to ensure accessibility to its buildings. It also allows improvements to be considered which would give greater access to the interpretation of the collections through, for instance, audio guides.</p> <p>Evidence: Anecdotal evidence suggests that access may even be improved with Investment in Lincoln Castle to redevelop existing spaces currently used for learning and utilising the Heritage Skills Centre.</p> <p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people with a disability. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including disability. .</p>
Gender reassignment	<p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people considering, undergoing or who have undergone gender reassignment. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including gender reassignment.</p>
Marriage and civil partnership	<p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people who share this protected characteristic. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including marriage and civil partnership. .</p>

Pregnancy and maternity	<p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people who share this protected characteristic. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including pregnancy and maternity.</p>
Race	<p>Work to both Lincoln Castle and the Collection allows improvements to be considered which would give greater access to the interpretation of the collections through, for instance, audio guides.</p> <p>Evidence: Anecdotal evidence suggests that there are a number of visitors to Heritage sites from different racial backgrounds whose first language is not English.</p> <p>Impact: This provides an opportunity to enhance language/translation (including Audio Guides) services at the newly developed site that might make it more appealing and accessible to visitors/tourists/students and migrant communities who are visiting or are new to Lincolnshire. This might in turn attract a more international audience (diverse cohort of visitors), reduce social isolation, increase wellbeing and enhance the experience of all visitors.</p> <p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people of different races. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including race.</p>
Religion or belief	<p>Insofar as people having a particular religion or belief may also share the protected characteristic of race, the evidence and impacts set out in the preceding box will apply.</p> <p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people of different religions or beliefs. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including religion and belief.</p>
Sex	<p>The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people who share this protected characteristic. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including sex.</p>

Sexual orientation	The increased scope for flexibility of display and the attraction of temporary and touring exhibitions at Lincoln Castle and the Collection Museum and Art Gallery gives greater scope for tailoring the Heritage offer to the interests and experiences of different groups including people who share this protected characteristic. The increased capacity to incorporate different narratives alongside the core offer has the potential to advance equality of opportunity and foster good relations in relation to people with a protected characteristic including sexual orientation.

If you have identified positive impacts for other groups not specifically covered by the protected characteristics in the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.

Rural Isolation/wellbeing: This gives an opportunity to consider and review opening hours, which might attract more visitors and volunteers to the sites, reduce social isolation and increase wellbeing. If the Windmills are to transfer over to a community collective, this may improve the social fabric of the community by people coming together for community ownership. .

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Adverse/negative impacts

You must evidence how people with protected characteristics will be adversely impacted and any proposed mitigation to reduce or eliminate adverse impacts. An adverse impact causes disadvantage or exclusion. If such an impact is identified please state how, as far as possible, it is justified; eliminated; minimised or counter balanced by other measures.

If there are no adverse impacts that you can identify please state 'No perceived adverse impact' under the relevant protected characteristic.

Negative impacts of the proposed change and practical steps to mitigate or avoid any adverse consequences on people with protected characteristics are detailed below. If you have not identified any mitigating action to reduce an adverse impact please state 'No mitigating action identified'.

Age	<p>Reducing the opening times or closing any sites would impact on the accessibility of attractions and potentially require some people to travel further distances to access a particular type of heritage experience, particularly windmills. This is likely to disproportionately impact on older and younger people who may use facilities as form of social activity and find it more difficult to travel thereby potentially impacting on isolation or wellbeing, especially those who may already experience travel challenges in rural areas of Lincolnshire.</p> <p>There may be a reduction in educational provision for young people depending on what English Heritage provide if it takes over direct management of Gainsborough Old Hall.</p>
Disability	<p>Reducing the opening times or closing any sites would impact on the accessibility of attractions and potentially require some people to travel further distances to access a particular type of heritage experience, particularly windmills. This is likely to disproportionately impact on people with a disability who may use facilities as form of social activity and find it more difficult to travel thereby potentially impacting on isolation or wellbeing, especially those who may already experience travel challenges in rural areas of Lincolnshire</p> <p>There may be a reduction in educational provision for young people with special educational needs or a disability depending on what English Heritage provide if it takes over direct management of Gainsborough Old Hall.</p>
Gender reassignment	<p>No perceived adverse impact'</p>

Marriage and civil partnership	No perceived adverse impact'
Pregnancy and maternity	Reducing the opening times or closing any sites would impact on the accessibility of attractions and potentially require some people to travel further distances to access a particular type of heritage experience, particularly windmills. This is likely to disproportionately impact on pregnant women or women with very young children who may use facilities as form of social activity and find it more difficult to travel thereby potentially impacting on isolation or wellbeing, especially those who may already experience travel challenges in rural areas of Lincolnshire.
Race	No perceived adverse impact'
Religion or belief	No perceived adverse impact'
Sex	Reducing the opening times or closing any sites would impact on the accessibility of attractions and potentially require some people to travel further distances to access a particular type of heritage experience, particularly windmills. This is considered likely to disproportionately impact on women who may be expected to be disproportionately likely to be carers or have primary responsibility for children. They may use facilities as form of social activity and find it more difficult to travel thereby potentially impacting on isolation or wellbeing, especially those who may already experience travel challenges in rural areas of Lincolnshire.
Sexual orientation	No perceived adverse impact'

If you have identified negative impacts for other groups not specifically covered by the protected characteristics under the Equality Act 2010 you can include them here if it will help the decision maker to make an informed decision.

Rural isolation/wellbeing: Reducing the opening times or closing any sites may impact on people who may use facilities as form of social activity, thereby potentially impacting on isolation or wellbeing, especially those who may already experience travel challenges in rural areas of Lincolnshire. .

Stakeholders

Stake holders are people or groups who may be directly affected (primary stakeholders) and indirectly affected (secondary stakeholders)

You must evidence here who you involved in gathering your evidence about benefits, adverse impacts and practical steps to mitigate or avoid any adverse consequences. You must be confident that any engagement was meaningful. The Community engagement team can help you to do this and you can contact them at consultation@lincolnshire.gov.uk

State clearly what (if any) consultation or engagement activity took place by stating who you involved when compiling this EIA under the protected characteristics. Include organisations you invited and organisations who attended, the date(s) they were involved and method of involvement i.e. Equality Impact Analysis workshop/email/telephone conversation/meeting/consultation. State clearly the objectives of the EIA consultation and findings from the EIA consultation under each of the protected characteristics. If you have not covered any of the protected characteristics please state the reasons why they were not consulted/engaged.

Objective(s) of the EIA consultation/engagement activity

The objective is to test assumptions about the likely impact Heritage Service changes would have on people with protected characteristics. These assumptions were made during the initial development of the EIA and will be updated in response to stakeholder feedback and evidence.

Who was involved in the EIA consultation/engagement activity? Detail any findings identified by the protected characteristic

Age	To be conducted at the next stage of the process
Disability	To be conducted at the next stage of the process
Gender reassignment	To be conducted at the next stage of the process
Marriage and civil partnership	To be conducted at the next stage of the process
Pregnancy and maternity	To be conducted at the next stage of the process
Race	To be conducted at the next stage of the process
Religion or belief	To be conducted at the next stage of the process

Sex	To be conducted at the next stage of the process
Sexual orientation	To be conducted at the next stage of the process
<p>Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way?</p> <p>The purpose is to make sure you have got the perspective of all the protected characteristics.</p>	<p>Yes at this stage – however this document will be revisited during consultation and updated as appropriate. It will be revisited after the consultation ends and updated as appropriate. There will also be test groups invited to comment on and enhance this EIA..</p>
<p>Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?</p>	<p>If the proposal is approved and changes are made, outcomes will be evaluated with representative groups.</p>

Further Details

Are you handling personal data?

No

If yes, please give details.

Actions required

Include any actions identified in this analysis for on-going monitoring of impacts.

Action

To arrange EIA test meeting with protected characteristic groups

Lead officer

Community Engagement Team

Timescale

During consultation

Version	Description	Created/amended by	Date created/amended	Approved by	Date approved
V0.19	Version v0.19 EIA – Future of the Heritage Service	Heritage Service supported by the Community Engagement team and legal team	03 01 2019	Chief Community Engagement Officer, Economy & Environment Directorate	

Examples of a Description:

'Version issued as part of procurement documentation'

'Issued following discussion with community groups'

'Issued following requirement for a service change; Issued following discussion with supplier'

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

Report to:	Executive
Date:	05 February 2019
Subject:	Establishment of a Property Company
Decision Reference:	I017211
Key decision?	Yes

Summary:

It is proposed that the County Council establish a property company limited by shares. The property company (PropCo) will be a subsidiary company of the Council's Holding Company Lincolnshire Future Ltd (itself 100% owned by the Council). Being underneath the Holding Company and part of the Council's wider corporate group provides an overarching governance arrangement for the PropCo and consistency of approach between the Holding Company, PropCo and any other Council subsidiary company in the future. The establishment of the Holding Company was approved by the Executive on 6 March 2018.

The PropCo will be established to deliver, amongst other things, a range of potential developments including specialist housing for alleviating budgetary pressures in respect of the provision of adult care. The PropCo will also enable the Council to stimulate and accelerate housing development in the Greater Lincolnshire area at a time where there is a drive from central government for local authorities to deliver housing in their communities.

Recommendation(s):

That the Executive:

- 1) Approves the establishment of a commercial trading property company which will be limited by shares and 100% owned by Lincolnshire Future Ltd;
- 2) Approves the name of the company; and
- 3) Delegates authority to the Executive Director for Finance & Public Protection, in consultation with the Leader of the Council and Executive Councillor for Resources and Communications, to complete all legal matters to enable the company to be established including approval of the final form of all necessary legal documentation and the appointment of Directors as well as the Council's representative in relation to the Company.

Alternatives Considered:

- | | |
|----|--|
| 1. | Not to establish a PropCo. Whilst a given opportunity could potentially, (depending on the circumstances) be developed by the Council directly in reliance on specific "non-trading" powers, the Council could not undertake commercial trading activity without establishing a company. |
|----|--|

Reasons for Recommendation:

The establishment of the PropCo by the Council will allow the Council to develop a range of property opportunities.

It is expected that a variety of property and development opportunities will be presented for the PropCo to take forward, with each opportunity needing a business case before commencing. The most appropriate means of delivery will be considered for each opportunity through the business case and therefore the establishment of the PropCo is to ensure that the Council is not unintentionally ignoring this option at the outset and to enable the Council to move quickly and use the PropCo, if required.

1. Background

- 1.1 This is a business case for setting up a property company (PropCo) as a subsidiary to the LCC Holding Company (Lincolnshire Future Ltd).

It is expected that a variety of property and development opportunities will be presented for the PropCo to take forward. A business case will be developed and placed before the Executive for approval in respect of any opportunity.

2. Core Drivers

- 2.1 The PropCo's objectives are to be established on a broad basis, so as not to exclude any particular opportunity. Accordingly, it is proposed that the PropCo's objectives will be as follows as is set out in the Business Case for the PropCo appended at Appendix A to this report:

- To acquire, lease, invest in, finance, develop, hold, manage and/or dispose of property including housing of various tenures and classes
- To stimulate and accelerate property development in Greater Lincolnshire and wider
- To undertake any and all activity which from time to time may be considered necessary, connected with or ancillary, or in any way conducive to attaining the above objectives.

4. Company Formation, name and investment/resourcing requirements; risks

4.1 Sections 3-5 of the appended Business Case for the PropCo sets out how the PropCo will sit within in the Council's corporate group, the principal documents governing the PropCo, the possible PropCo name as well as investment/resourcing requirements.

4.2 Section 6 of the appended Business Case for the PropCo sets out common risks in establishing companies and their possible mitigation. Opportunity-specific risks, as well as the wider risks, are to be considered on a case by case basis with the Executive approving any opportunities and the relevant business cases going forward.

5. Legal Issues:

5.1 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

There are not considered to be any equality impacts of the establishment of PropCo. Impact Assessments will be completed alongside each business case for individual development opportunities.

5.2 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.

There are not considered to be any JSNA or JHWS impacts of the establishment of a PropCo. Further consideration will be given to these issues alongside each business case for individual development opportunities.

5.3 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

There are no implications in relation to Crime and Disorder with regards the formation of the PropCo.

6. Conclusion

The establishment of PropCo as a subsidiary to the Council's holding company, Lincolnshire Future Ltd, will allow the Council to develop a range of property and development opportunities to support the Council in investment and provision of housing.

7. Legal Comments:

The Council has the power to form the PropCo as proposed.

The legal implications and the other matters to which the Executive must have regard are dealt with in detail in the Report and appended Business Case.

The decision is consistent with the Policy Framework and within the remit of the Executive.

8. Resource Comments:

There are no financial resources implications in the establishment of a County Council wholly owned company. Opportunities will be explored on a case by case basis with detailed business cases developed and submitted to the Executive for approval. Each business case will identify financial resources implications and be reported to the Executive.

9. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision will be considered by the Overview and Scrutiny Management Board at its meeting on 31 January 2019 and the comments of the Board will be reported to the Executive on 5 February 2019.

d) Have Risks and Impact Analysis been carried out

No

e) Risks and Impact Analysis

See the body of the Report

10. Appendices

These are listed below and attached at the back of the report

Appendix A	Business Case for Property Company
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11. Background Papers

No Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this Report.

This report was written by Kevin Kendall, who can be contacted on 01522 553726 or kevin.kendall@lincolnshire.gov.uk .

Appendix A

Business Case

Property Company

Prepared by : Kevin Kendall

Sponsor : Pete Moore, Executive Director Finance & Public Protection

Introduction

This is a business case for setting up a Property Co (PropCo) underneath the LCC Holding Company (Lincolnshire Future Ltd).

A business case must analyse the appropriate business model for a given initiative, which may or may not be through a company. Where a local authority is relying on section 95 Local Government Act 2003 (and arguably this reflects a wider fiduciary duty even where that power is not being relied upon), it must prepare and approve a business case pursuant to the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009. This requires the local authority to consider and approve a suitable business case for establishing a trading company, which must include details about:

- a. the objectives of the business
- b. the investment and other resources required to achieve those objectives
- c. any risks the business might face and how significant these risks are
- d. the expected financial results of the business, together with any relevant outcomes that the business is expected to achieve

It is expected that a variety of property and development opportunities will be presented for the PropCo to take forward, with each opportunity needing a separate business case to be approved by the Executive before commencing. The risks associated with specific developments and the expected financial results are only going to be known as and when opportunities are brought forward to the Executive, those subsequent business cases will need to cover points a-d above.

1. Overview

One of the opportunities for the PropCo is the development housing which as well as being a commercial opportunity for the Council would contribute to the need to increase housing delivery in the County. Another key opportunity is the development of specialist housing for adult care. In this context local authorities are looking at various ways to develop including those listed below. These options are also applicable for all types of development and not just housing:

1. **Single wholly-owned vehicle for ownership**, where the council moves homes/properties into the vehicle with the function of being a "landlord" but no development plans.
2. **Single wholly-owned vehicle for development**, where the company plays a role in new home/property delivery but only to the extent that the council may require all or some units built to be transferred into the company.
3. **Wholly-owned company with subsidiaries**, where the company operates via site (or tenure) specific subsidiaries. This may be advantageous to ring fence risk in development activity or to unbundle differing types of housing/tenure. As an alternative to subsidiaries (the vertical model) underneath the company, the council could set up a number of companies (a horizontal model), each having a different focus or role. Equally, this approach can involve an overarching "holding company" not necessarily confined to housing activity. The degree of complexity depends on, and should be driven by, the objectives.
4. **Joint venture vehicle**, where the council would engage with a range of developers to pursue either a bundle of projects or single projects (where of sufficient size/value to justify the transaction and set-up costs). This type of approach has been used by other councils where they wish to bring in the resources and expertise (and money) of a developer partner, but without ceding control via the traditional development agreement.
5. **Virtual development company**, where the council ramps up its delivery capacity in-house. To do this, it recruits either fixed-term or permanent staff with the right mix of development management skills.

The Council has assessed that the most appropriate route would be a combination of 1 and 2 above. Option 3 is effectively the structure of the County Council's anticipated corporate group, given the LCC Holding Company has already been incorporated. JVs under option 4, where appropriate, may still be pursued. A company limited by shares has been chosen as the most appropriate vehicle for the PropCo. A summary of the key advantages and disadvantages of this model are set out below:

<u>Advantages</u>	<u>Disadvantages</u>
"Tried and tested" – a flexible and familiar structure which is still the most popular form of corporate vehicle.	Annual and event driven reporting to Companies House means a reasonably high degree of publicity regarding the company.
Simple mechanism for introduction of new equity/transfers of existing equity, although transfers of shares subject to potential 0.5% stamp duty charge. The share capital structure means the shareholder(s) can hold different numbers of shares (or different classes) and therefore, if there is more than one shareholder in the future, hold varying levels of influence.	Directors subject to statutory and common law duties, which will be of particular concern (to those directors) if the company is insolvent or is nearing possible insolvency.
Nature of shares as an investment gives	Company treated as a separate taxable entity

possibility of future "exit" as well as income return for shareholders, subject to there being sufficient profits available for the purpose of distribution.	from its shareholders.
Company can be established with a sole shareholder, so capable of being owned outright by the Council.	Potential issues surrounding valuation of shares on exit.

2. Objectives

It is recommended that the PropCo's objectives are established on a broad basis, so as not to exclude any particular opportunity. Accordingly, it is proposed that the PropCo's objectives will, broad terms, be:

- To acquire, lease, invest in, finance, develop, hold, manage and/or dispose of property including housing of various tenures and classes
- To stimulate and accelerate property development in Greater Lincolnshire and wider
- To undertake any and all activity which from time to time may be considered necessary, connected with or ancillary, or in any way conducive to attaining the above objectives

The principles above would be developed in more detail in each of PropCo's business cases.

3. Corporate structure

At present, the PropCo will be a dormant "shell" with no assets or business plans/cases to deliver. It will nevertheless "bolt into" the existing framework being established by the County Council underneath the LCC Holding Company, Lincolnshire Future Ltd.

The corporate and resourcing relationships between the Council, the Holding Company and the PropCo would be governed at a high level by four principal documents:

- A **Shareholder Agreement** setting out the more "commercial" elements of the corporate relationship between the Council, the LCC Holding Company and the PropCo, including how decisions are made, the matters reserved to the Council as ultimate owner of the group, how profits are treated, funding, information rights and other Council controls, and termination. The PropCo would undertake to adhere to its terms, thereby creating a more unified governance structure across the corporate group.
- **Articles of Association** for the PropCo are a requirement from a corporate law perspective and set out more "administrative" provisions. The Articles dovetail with the Shareholder Agreement.
- A **Resourcing Contract** setting out how the PropCo would "call down" support from the Council or other members of the corporate group when required. As with the Shareholder Agreement, the PropCo would undertake to adhere to its terms, thereby aligning the way in which the Council enables each subsidiary (including the PropCo) to operate. The nature of the resourcing (for example, physical assets, property, IPR, personnel) needs to be priced in a way which complies with state aid principles.
- A **Funding Agreement** setting out how the Council would fund the PropCo, to the extent the Council is not investing by way of equity subscription and/or third party debt is not sought. In any case, the funding arrangements would be agreed through the PropCo business plan (the adoption of which is a Council reserved matter).

The PropCo would be managed by a board of directors (albeit the board would operate in adherence to the documents listed above and therefore certain decisions would be reserved to the Council as ultimate owner of the group). For incorporation purposes, it is proposed that an LCC Executive Director is appointed as director. Upon approval of the first business case of the PropCo, it is proposed that further directors of the Board be nominated by the appointed Executive Director in consultation with the Leader of the Council Executive Councillor for Resources and Communications.

In addition to approving the appointments to the PropCo Board, the County Council retains a significant level of control through the reserved matters set out in the Shareholder Agreement.

The PropCo will be influenced by the Holding Company in terms of overarching policies, Data Protection, Health and Safety and Insurance. PropCo will establish a separate set of accounts, auditing and banking facilities coupled with governance requirements.

There are no immediate staffing requirements for the PropCo. Staffing requirements will be identified from individual business cases. There will be a need for the PropCo to administer its own internal administration and compliance with company requirements. It is envisaged that this will be managed in the first instance at least through secondment or the provision of services by the Council to the PropCo.

As the PropCo, would be 100% owned by the County Council it would be a local authority controlled company for the purposes of the Local Authority (Companies) Order 1995. This places a number of administrative, disclosure and financial obligations on controlled companies:

- Any financial support for the PropCo, or possible liability for the Council associated with the PropCo, will have to be included in any assessment of the Council's finances under the prudential framework for capital investment by local government.
- All "relevant documents" must state that the PropCo is controlled by the Council and name the Council.
- There are limits on the allowances payable to directors of the PropCo.
- PropCo would be bound by the restrictions on publication of information imposed by section 2 of the Local Government Act 1986. This means that it would be prohibited from publishing party political material.
- Directors of the PropCo must be removed if they become disqualified for membership of a local authority.
- The PropCo must obtain the Audit's Commission's consent to the appointment of its auditor.
- Requirements are imposed relating to the provision of information to the local authority's auditor and members and of financial information to the local authority.
- If the PropCo is not an arm's length company, then it must allow for public inspection of the minutes of any general meeting for four years after the meeting, unless disclosure would be in breach of any statutory requirement or obligation owed to any individual.

4. Company names

The following company names are put forward for consideration, at the time of writing this report all of the names are available at Companies House:

- Lincolnshire County Property Ltd
- Newland Gate Ltd.
- Newland Gate Developments Ltd
- Development Lincolnshire

5. Investment and other resources required to achieve those objectives

The investment and other resources required to establish the PropCo are low. The form of Shareholder Agreement and Articles of Association are near finalised and the PropCo will need to undertake various formalities to approve and adhere to them.

As an opportunity arises, it will be subject to:

- Commercial, financial and legal due diligence
- External commercial advice where that is considered appropriate
- A separate business case
- Executive approval

At this stage, it is anticipated that the PropCo would require finance and external support on:

- business planning and financial modelling
- market research
- legal matters
- Tax advice to ensure the most tax efficient structure is pursued

The borrowing requirements of the PropCo will be identified in the detailed business cases when opportunities are identified. The State aid implications of this will also be considered on a case by case basis.

Taxation will likewise be looked at in each PropCo business case. This will allow proper consideration of individual areas to include capital allowances, stamp duty, corporation tax, options to elect to tax for VAT purposes and lease arrangements. In principle, due to the establishment of the LCC Holding Company and subsidiary approach, this should enable the Council to take advantage of more tax efficient group company arrangements in appropriate circumstances.

The investment required would therefore be approved on a per-opportunity basis rather than upfront through this business case.

6. Risks

A register will be developed as more thought and investigation is undertaken into the management, operation and development activities proposed for the Company and as opportunities arise.

Common risks and their possible mitigation might include:

<u>Risks</u>	<u>Mitigation</u>
Insufficient through-put of business to justify separate PropCo	PropCo to be actively considered as owner/ developer of appropriate property, with suitability, viability to be established on a case by case basis. Underlying administration cost of PropCo low with lean resourcing model, so overheads kept to a minimum unless potentially viable cases are brought forward. At least initially, the costs of early stage business case development will be borne by the County Council rather than PropCo, with costs of approved business cases being on-charged to PropCo as part of the financial model.
Dependencies (resourcing, staffing, etc.) still located within the Council – this is the downside of a "lean" model.	PropCo to enter into Group-wide Resourcing Contract as above, to regulate drawdown of resources as needed.
Directors' duties owed by those on the Board of PropCo	Clarity of governance structure under Shareholder Agreement and Articles. Ensuring directors are those with the

	<p>appropriate mix of skills and experience (i.e. they know what they are doing and why they need to make decisions).</p> <p>Regular review to ensure governance processes are working efficiently and properly.</p> <p>Training for potential Board members (one session already provided by Bevan Brittan).</p>
<p>Administrative burden increases with additional corporate structures such as PropCo</p>	<p>See above regarding administration costs.</p>

Opportunity-specific risks, as well as the wider risks, are to be considered on a case by case basis with the Executive approving any opportunities and the relevant business cases going forward.

7. Expected financial results of the business

These are to be assessed as opportunities arise. At present, the PropCo will be a dormant "shell" with no assets or business plans/cases to deliver.

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Open Report on behalf of Debbie Barnes OBE, Head of Paid Service

Report to:	Executive
Date:	05 February 2019
Subject:	Final Draft Council Business Plan 2019 - 2020
Decision Reference:	I016892
Key decision?	No

Summary:

The purpose of this report is for Executive to consider the outcomes and measures that are the final draft Council Business Plan detailed in Appendix A and decide whether to recommend them to full Council on 22 February 2019. The Council Business Plan is part of the Budget and Policy Framework and must be approved by full Council.

Recommendation(s):

That:-

1. The Executive approve in principle the recommendation of outcomes and measures generally as specified in Appendix A as the Council Business Plan for 2019 - 2020; and
2. The Leader of the Council determines any changes to the said outcomes and measures to be finally recommended to full Council following discussion with Executive Councillors.

Alternatives Considered:

To amend the final draft Council Business Plan 2019 - 2020.

Reasons for Recommendation:

The final draft Council Business Plan 2019 - 2020 sets out the outcomes and measures recommended by senior managers to Members of the Executive.

1. Background

The format and content of the Council Business Plan remains largely unchanged from previous years, except of course for the inclusion of 2019 - 2020 targets and a small number of changes to the measures. The draft Council Business Plan is attached in Appendix A and the changes to the content are detailed in Appendix B.

The targets in the final draft Council Business Plan, that is the outcomes and measures from the commissioning strategies are based on performance information as at mid-December 2018 and some targets may be subject to change once the 2018 -2019 out turn is known. Once approved the Council Business Plan may require to be changed to reflect changes in the wider economy, the nature of demand and the consequences of any service changes. A caveat to reflect this has been included in the draft Council Business Plan 2019 – 2020, see Appendix A. Full Council in approving the Business Plan will be invited to grant a delegation to the Head of Paid Service to give effect to any change in discussion with the Leader of the Council and relevant Executive Councillors.

Next Steps

Council Business Plan 2019 - 2020 to be finalised by the Leader and recommended for approval by Council on 22 February 2019.

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 targets 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 targets and measures that are the Council Business Plan. It is the responsibility of each service when it is considering making a change, stopping, or starting a new service to have regard to the JSNA and the JHWS.

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 targets and measures that are the Council Business Plan. It is the responsibility of each service when it is considering making a change, stopping, or starting a new service to comply with section 17 of the Crime and Disorder Act 1988.

3. Conclusion

The outcomes and measures in Appendix A represent the final draft Council Business Plan 2019/2020 and the Executive is invited to consider and approve the

final draft in principle for recommendation to Council with any changes being made by the Leader in light of comments from Overview and Scrutiny Management Board and discussions with Executive Councillors.

4. Legal Comments:

The Executive is asked to recommend the Business Plan to Full Council. The approval of the Council's Business Plan is reserved to full Council.

The decision as to what to recommend is lawful and within the remit of the Executive and the Leader has the necessary authority to make final changes prior to recommendation.

5. Resource Comments:

The financial resources required to deliver this plan will be included in the budget to be considered by full Council at its meeting on 22 February 2019.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

N/A

c) Scrutiny Comments

The draft Council Business Plan will be discussed at the meeting of the Overview and Scrutiny Management Board (OSMB) on 31 January 2019. Any comments of the Board will be presented to the Executive at its meeting on 5 February 2019.

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. Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Council Business Plan 2019-2020
Appendix B	Changes to Council Business Plan

8. 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 .

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Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes	Measures	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
Protecting the public The purpose of this commissioning strategy is to create an environment that enables the people of Lincolnshire to succeed and prosper, to ensure the public feel protected and secure and that those that are most vulnerable are safeguarded.	The public are protected from unsafe and dangerous goods	1. Illicit alcohol and tobacco seized Number of illicit alcohol and tobacco products seized. Products include: Illicit alcohol and tobacco includes counterfeit, non-duty paid, unsafe, incorrectly labelled, and other illicit brands.	Actual 10,522 products Target 3000 products	6000 products	Target to be confirmed once Q3 2018/19 performance is analysed	Higher number of products is better	
		2. Unsafe goods removed from the market This measure is a count of the numbers of unsafe goods removed from the market in Lincolnshire, reducing the risk of any of these products causing harm to the end-user. An 'unsafe good' is any product that does not conform to European and/or UK safety standards and regulations or does not meet the definition of a safe product in the General Product Safety Regulations 2005. There are many types of product that could be unsafe and would be the responsibility of Trading Standards and this includes electrical items, cosmetics, clothing, furniture and toys. These figures are dependent on successful legal process, meaning forfeiture or surrendering of the products.	Actual 2359 products Target 12,000 products	31,000 products	Target to be confirmed once Q3 2018/19 performance is analysed	Higher number of goods removed is better	
		3. High risk premises inspected by Trading Standards This is a count of the number of premises that are categorised as 'High risk' that have been inspected by Trading Standards. A 'High risk' premises is one that has been categorised as such by the Food Standards Agency, DEFRA, and the Better Regulation Delivery Office as requiring an annual compliance visit based upon an assessment of the risk posed to the public.	Actual 113 premises Target 70 premises	221 premises	Target to be agreed in Q1 2019/20 once 2018-19 national inspection requirements are agreed	Higher number of premises inspected is better	
	Improve public safety by the reduction in drugs and alcohol misuse, focused on town centre alcohol fuelled violence and anti-social behaviour, young people and drug misuse	107. Antisocial behaviour This measure is a count of all Police recorded anti-social behaviour incidents. It is a contextual measure to be considered alongside the measure of alcohol related anti-social behaviour. It should be noted that this measure relates to Police recorded anti-social behaviour only and does not cover all anti-social behaviour occurring within Lincolnshire, for example, those incidents reported to District Councils or Housing providers are not included.	10,543 incidents	It is not appropriate to set a target for this measure	Smaller number of incidents reported is better.		
	Increase public confidence in how we tackle domestic abuse	7. Reported incidents of domestic abuse This measure is a count of all incidents reported to the Police where a Domestic Abuse Stalking and Harassment (DASH) risk assessment was completed. These risk assessments are performed in all incidents that meet the government's definition of domestic abuse.	Actual 5,233 reported incidents Target 4,947 reported incidents	Increase by 2% on 2017/18 year end outturn (9525 incidents)	TBC once 2018/19 year end outturn is confirmed	Higher number of reported incidents is better	

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
		8. Domestic homicides A Domestic Homicide is identified by the Police and refers to when someone has been killed as a result of domestic violence.	2 incident(s)	It is not appropriate to set a target for this measure		Lower is better	
		9. Repeat referrals of Domestic Abuse to MARAC The MARAC (Multi-Agency Risk Assessment Conference) is a meeting where key agencies formulate action plans to help protect victims of domestic abuse who are at a high risk of murder or serious harm. Local agencies refer high risk victims to MARAC following completion of a Domestic Abuse Stalking and Harassment (DASH) risk assessment. Following being heard at MARAC, if within 12 months there is a further serious incident reported to the police or a disclosure received by any of the agencies the victim is to be referred back to the MARAC as a 'repeat'. This measure is a count of repeat referrals to MARAC expressed as a percentage of the total MARAC referrals on a rolling 12 month basis. Although this measure is used as a proxy for repeat victims of domestic abuse, it does not provide a full or accurate picture of repeat victimisation. MARAC covers high risk domestic abuse victims who account for less than 8% of all reported incidents of domestic abuse. This disproportion means that there are likely higher numbers of repeat victims than can be detected in the MARAC data.	21.3% (October 2017 – September 2018)	It is not appropriate to set a target for this measure		Maintain rate of repeat referrals	
	Reduce the number of people killed and seriously injured on Lincolnshire's roads	11. People killed and seriously injured in road traffic collisions Data is reported by calendar year, with 3 month (1 quarter lag)	Actual 130 casualties April – June 2018	It is not appropriate to set a target for this measure		Lower is better	
		12. Children killed or seriously injured in road traffic collisions Data is reported by calendar year, with 3 month (1 quarter) lag	Actual 10 casualties April – June 2018	It is not appropriate to set a target for this measure		Lower is better	
	Reduce adult reoffending	13. Satisfaction with responses to crime and anti-social behaviour This measure helps demonstrate our achievement against Section 17 of the Crime and Disorder Act 1998 "Duty to consider crime and disorder implications" which sets out the requirement for Local Authorities to work in partnership with relevant agencies " ...to do all that it reasonably can to prevent crime and disorder in its area". Satisfaction that the Police and Local Council are dealing with anti-social behaviour and crime issues is a measure of successful multi-agency response in Lincolnshire. (Reported annually in Q1)	Actual - 57.5% satisfaction 2017/2018 Target - 61% satisfaction 2017/2018 Data is reported with a 3 month (1 Quarter lag) so 2017/18 data will be reported in Q1 2018/19.	59.7%	Exceed the national result for 2018/19 (Available in Q1 2019/20)	Higher percentage of satisfaction is better	

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
		<p>14. Adults Reoffending This is a measure of adult reoffending rates over a 12 month rolling period. Offenders who are formally informed by Lincolnshire Police that they will be recorded as being responsible for committing a crime over a 3 month period are included in the numerator. The denominator is then the number of those offenders who commit another offence in Lincolnshire during a 12 month follow-up period that leads to the offender being informed by the police that they will be recorded as being responsible for the crime. The data is reported cumulatively. This measurement is local to Lincolnshire, it does not replace the existing or forthcoming MOJ Reoffending Rate but is meant to compliment and allow more timely and practical analysis. The methodology is intended to mirror the format of the revised MOJ Reoffending Rate which will be used nationally from October 2017 however the final figures will not be the same due to slightly different cohort compositions.</p>	<p>Actual 30.0% April – June 2018</p> <p>Target 28.7% April – June 2018</p>	<p>Decrease by 2% on 2017/18 year end outturn (28.4% reoffending rate)</p>	<p>TBC once 2018/19 year end outturn is confirmed</p>	<p>Lower percentage of adults reoffending is better</p>	
	<p>Reduce the number of young people committing a crime</p>	<p>15. Juvenile first time offenders The First Time Entrant (FTE) measure is a rate per 100,000 of 10-17 population in Lincolnshire. However, for this purpose we are reporting the actual number of young people, rather than the rate. A lower number is a sign of good performance. The target is set by Lincolnshire County Council, the Youth Justice Board monitor and challenge progress. (Data is reported with a 6 month lag.)</p>	<p>Actual 144 April 2017 – March 2018</p> <p>Target 203 April 2017 – March 2018</p> <p>(Most recent performance data Jul 17 – Jun 18 - 89)</p>	<p>255 (10% decrease on April 2016- March 2017 performance. Target no longer based on Midlands Regional Average.)</p>	<p>230 (10% reduction on 2018/19 target)</p>	<p>Lower number of offenders is better</p>	
		<p>125. Juvenile re-offending The Ministry of Justice has changed the methodology for measuring reoffending. There has been a move to a three month cohort rather than a 12 month cohort. The cohort will still be tracked over 12 months. Changing from 12 month cohorts to the 3 month cohorts results in a greater proportion of prolific offenders and hence higher reoffending rates, though both measures show similar trends over time at a national level.</p>	<p>July 2016 - Sept 2016</p> <p>Actual 42.4% Target 39.8%</p> <p>(Most recent performance data, Oct 16 - Dec 16 - 29.1%)</p>	<p>To be in line with, or less than the Midlands Regional Average of 40.8% (Based on performance data from Oct 16-Dec 16)</p>	<p>To be in line with, or less than the Midlands Regional Average (January 2016- March 2016) 43.6%</p>	<p>Lower percentage is better</p>	

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
	Reduce fires and their consequences	19. Primary fires Primary fires are fires in buildings, vehicles and outdoor structures, fires including casualties or rescues, or fires attended by five or more fire engines.	Actual 85.20 per 100,000 population 640 fires Target 76.27 per 100,000 population 567 fires	141.24 per 100,000 population 1,050 fires	137.88 per 100,000 population 1,025 fires	Lower is better	
		20. Fire fatalities in primary fires This measure counts the number of fatalities from primary fires where the Fire Service attended (per 100,000 population).	Actual 0.13 per 100,000 population 1 fatality	It is not appropriate to set a target for this measure		Lower is better	
		21. Deliberate primary fires This measure counts the number of incidents of fires involving property; and/or casualties, fatalities or rescues; and/or five or more pumping appliances where the Fire Service attended & determined that the cause of the fire was deliberate/malicious intent (per 10,000 population).	Actual 1.69 per 10,000 population 127 fires Target 1.67 per 10,000 population 124 fires	3.05 per 10,000 population 227 fires	3.05 per 10,000 population 227 fires	Lower is better	
		22. Deliberate secondary fires This measure counts the number of incidents of fires:- not involving property; were not chimney fires in buildings; did not involve casualties, fatalities or rescues; were attended by four or fewer pumping appliances where the Fire Service attended and determined that the cause of the fire was deliberate/malicious intent (per 10,000 population).	Actual 2.26 per 10,000 population 170 fires Target 2.23 per 10,000 population 166 fires	3.24 per 10,000 population 241 fires	3.24 per 10,000 population 241 fires	Lower is better	

2019/20 targets (where provided) in this document are informed by latest performance information (2018/2019 Q2) and are subject to change to reflect:- 2018/19 out turns; changes in the wider economy; the nature of demand; the consequences of any service reductions; and any changes in priorities. This Council Business Plan will be reviewed as part of quarterly performance reporting. Any proposed changes to reporting will be agreed in consultation with the Executive.

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
<p>Children are safe and healthy</p> <p>The purpose of this commissioning strategy is that children growing up in Lincolnshire are safe and healthy. We think this can be achieved by children growing up in homes where they feel safe and are supported to make decisions to live a healthier life.</p>	Children are safe and healthy	<p>23. Looked after children</p> <p>This measure counts the number of looked after children per 10,000 population aged under 18. This measure is reported taking a snapshot in time.</p>	<p>Actual as at 30th September 2018 605 children</p> <p>42.1 per 10,000 population under 18</p> <p>Target as at 30th September 2018 680 children 48 per 10,000 population under 18</p>	<p>680 children 48 per 10,000 population under 18</p>	<p>665 children 46 per 10,000 population under 18</p>	Lower number of looked after children is better	
		<p>24. Children who are subject to a child protection plan</p> <p>A child protection plan is a plan drawn up by the local authority. It sets out how the child can be kept safe, how things can be made better for the family and what support they will need. This measure is reported taking a snapshot in time.</p>	<p>Actual as at 30th September 2017 279 children</p> <p>19.4 per 10,000 population under 18</p> <p>Target as at 30th September 2017 340 children 24 per 10,000 population under 18</p>	<p>340 children 24 per 10,000 population under 18</p>	<p>330 children 22.8 per 10,000 population under 18</p>	Lower is better	

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		25. Average time taken to move a child from care to an adoptive family This measure counts the average number of days between the child entering care and moving in with their adoptive family. This measure is reported as a three year rolling average.	Actual average July 2018 – Sept 2018 328 days Target average July 2018 – Sept 2018 400 days	400 days	400 days	Lower number of days is better	
		26. Average time taken to match a child to an adoptive family This measure counts the average number of days between the local authority receiving the court order to place a child and the local authority deciding on a match to an adoptive family. This measure is reported as a three year rolling average.	Actual average July 2018 – Sept 2018 139 days Target average July 2018 – Sep 2018 175 days	175 days	150 days	Lower number of days is better	
Safeguarding adults The purpose of this commissioning strategy is that vulnerable adults' rights are protected so that everyone can live safely and free from abuse and neglect.	Safeguarding adults whose circumstances make them vulnerable, protecting them from avoidable harm and acting in their best interests where they lack capacity	28. Safeguarding cases supported by an advocate This measure identifies the proportion of concluded safeguarding enquiries, where the person at risk lacks capacity and support was provided by an advocate, family or friend.	Actual 100% Target 100%	100%	100%	Higher percentage is better	
		114. Percentage of completed safeguarding enquiries where risk was identified, where the 'Source of Risk' is a service provider. Change to existing measure definition, hence 'New', to monitor the source of risk for S42 enquiries where a risk has been identified. This enables benchmarking from the Safeguarding Collection with other authorities.	TBC in Quarter 3 2018/19	31%	31%	Lower percentage is better	n/a
	Making safeguarding personal	116. Percentage of concluded enquiries where the desired outcomes were fully or partially achieved New measure to track the progress on Making Safeguarding Personal (MSP). This will be derived from the new mandatory reporting table in the Safeguarding Adults Collection (SAC). Targets are based on incomplete voluntary submissions from 16/17 using the comparator group average.	Actual 92.5% Target 95%	95%	95%	Higher percentage is better	

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Wellbeing The purpose of this commissioning strategy is to improve the health and wellbeing of people in Lincolnshire. We think this can be best achieved when people are supported to be independent, make healthier choices and live healthier lives.	People are supported to live healthier lifestyles	31. Percentage of alcohol users that left specialist treatment successfully This measures the percentage of alcohol users that leave drug treatment successfully. Individuals achieving this outcome demonstrate a significant improvement in health and well-being in terms of: - increased longevity; reduced alcohol related illnesses and hospital admissions; improved parenting skills; and improved psychological health. It will also reduce the harms to others caused by dependent drinking. Alongside this, it aligns with the ambition of both public health and the Government's strategy of increasing the number of individuals recovering from addiction and also aligns well with the outcome of reducing re-offending rates, given that offending behaviour is often closely linked to dependent alcohol use.	Actual 35.2% Apr – June 2018 Target 40% Apr – June 2018	40%	40%	Higher percentage is better	
		111. People successfully supported to quit smoking Supports a number of areas of the JSNA and aligns to the PHOF which measures a number of population level outcomes regarding smoking. Target is aligned to the KPI within the contract which is considerably higher than baseline performance level.	Actual 524 people Target 800 people	3,200	3,200	Higher number is better	
	Peoples' health and wellbeing is improved	33. People aged 40 to 74 offered and received an NHS health check Cumulative percentage of eligible population aged 40-74 offered an NHS health check who received an NHS health check between 2014/15 to 2018/19	Actual April 2014 – Sept 2018 61.4% Target April 2014 – Sept 2018 55%	55%	55%	Higher percentage is better	
		34. Chlamydia diagnoses (per 100,000 15-24 year olds) Crude rate of chlamydia diagnoses per 100,000 young adults aged 15-24 based on their area of residence. This measure is reported with a 6 month (2 Q lag)	Actual Jan – Mar 2018 2,247 Target Jan – Mar 2018 2,045	2,045 (for data relating to April 2018 – Mar 2019)	2,045 (for data relating to April 2019 – Mar 2020)	Higher number of diagnoses is better	

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	Work with others to promote community wellbeing	109. Number of staff and volunteers trained in Making Every Contact Count (MECC) Whilst not a PHOF indicator this meets needs identified in the JSNA. Proposed descriptor change to reflect the wider workforce to which the programme is being rolled out.	Actual 399 staff and volunteers trained Target 350 staff and volunteers trained	1000	400 (The target has been lowered due to funding streams and consequent staffing structures changing during 2019-2020)	Higher number is better	
	People are able to live life to the full and maximise their independence	110. Percentage of people supported by the Wellbeing Service to improve their outcomes Supports a number of areas of the JSNA and the Council to meet its Care Act responsibilities regarding prevention. Proposed measure is a change to align to the KPI in the newly commissioned Wellbeing Service. New target to be agreed in October 2018.	Actual 93% Target 95% (Not previously reported in CBP)	95%	95%	Higher number is better	
		112. Percentage of people accessing housing-related support services that are successfully 'supported to access and maintain their settled accommodation'. Supports the Council to meet its Care Act responsibilities regarding prevention and also supports wider PHOF outcomes regarding housing. The target is aligned to the KPI in the contract.	Actual 98% Target 90%	90%	90%	Higher percentage is better	
		113. Percentage of emergency and urgent deliveries and collections completed on time within Integrated Community Equipment Services This is a core commissioned service in the Community Wellbeing Commissioning Strategy and supports the Council to meet its Care Act responsibilities. The target is aligned to the KPI in the contract.	Actual 98.6% Target 98%	98%	98%	Higher percentage is better	
Community resilience and assets The purpose of this commissioning strategy is for communities In	Enable and encourage people to participate in Lincolnshire's culture	35. Contact with the heritage service either in person, on the phone, by email or via the website Contact with the heritage service either in person, on the phone, by email or via the website.	Actual 2,108,174 Target 2,700,000	4,800,000 contacts (subject to changes due to change in service.)	3,600,000 contacts (to reflect a picture of nationally declining numbers and IT difficulties)	Higher number is better	

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Lincolnshire to be resilient. We think this can be best achieved when people and communities have the information they need to come together, solve the problems they face and build the county they want.		128. Traveller review rating from Trip Advisor of excellent and/or very good aggregated across all Heritage Visitor sites This measure will be reported as a snapshot in time	This is a new measure to the Council Business Plan in 2019/2020 - not reported in 2018/19	Not reported in 2018/19	85%	Higher percentage is better	n/a
		129. Overall enjoyment of the services as measured by the visitor feedback forms aggregated across all Heritage Visitor sites	This is a new measure to the Council Business Plan in 2019/2020 - not reported in 2018/19	Not reported in 2018/19	TBC	Higher percentage is better	n/a
		36. Number of visits to Core Libraries and Mobile Library services Number of physical visits to: Boston; Lincoln; Stamford; Grantham; Gainsborough; Mablethorpe; Skegness; Sleaford; Spalding and Louth libraries which are open from between 45 to 58 hours per week and Bourne; Horncastle; Market Rasen; Woodhall Spa; Long Sutton libraries which are open from between 18 to 45 hours per week. A visit is a physical visit by an individual to a library premise as per the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.	Actual 756,863 Target 837,167	1,665,480 visits	1,723,917	Higher number of visits is better	
		37. Number of visits to library website The definition of a visit, as per the Chartered Institute of Public Finance and Accountancy (CIPFA), is defined as a session of activity/series of one or more page impressions, served to one User to the library website (or relevant library-service-related directories of the authority website as defined by the authority).	Actual 232,441 Target 201,368	402,898 visits to website	417,034	Higher number of visits is better	
		38. Number of hours of community use This measures the number of community spaces booked in libraries; the number of activities offered in libraries and the number of people attending activities and scheduled events for Tier 1 and Tier 2 libraries and Community Hubs.	Actual 3793.2 hours Target 1022.6 hours	1844.52 hours (target aligned to GLL contract)	1909.24	Higher number of hours is better	
		39. Voluntary and community groups/organisations actively supported in Lincolnshire A Non-governmental organisation refers to civil society organisations (i.e. voluntary organisations and community led organisations).	Actual 587 groups/organisations Target 400 groups/organisations	800 groups/organisations	800 groups/organisations	Higher number of groups/organisations is better	

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		<p>105. People supported who have accessed volunteer opportunities through Lincolnshire County Council supported projects This measure aims to track the number of people supported to access volunteer opportunities through Lincolnshire County Council supported projects.</p>	<p>Actual 1,018 people supported</p> <p>Target 700 people supported</p>	1,400 people supported	1,400 people supported	Higher number of people supported is better	
<p>Readiness for adult life The purpose of this commissioning strategy is for all young people to be prepared and ready for adult life.</p>	Young people are supported to reach their potential	<p>42. Achievement gap between disadvantaged pupils and their peers at key Stage 4 Disadvantaged pupils that achieve at least 5+ 9-5 GCSEs including English and Maths compared to all the other pupils. Disadvantaged pupils are defined as Looked After Children and children eligible for free school meals. (Reported annually in Q4)</p>	<p>Actual 2017/18 results 34%</p> <p>Target 2017/18 results 31%</p>	26%	27%	Smaller percentage is better	
		<p>45. 16-17 year old Looked After Children participating in Learning This measures young people recorded as being Looked After Children at the end of the reporting period and will not take into consideration the length of time that they have been in local authority care. This measure is reported as a snap shot in time.</p>	<p>Actual as at 30th September 2018 64.52%</p> <p>Target as at 30th September 2018 60%</p>	88%	89%	Higher percentage is better	
		<p>46. Care Leavers in Suitable Accommodation A care leaver is a young person who reaches the age of 18 who had been in local authority care. This measure is reported as a snap shot in time.</p>	<p>Actual as at 30th September 2018 94.1%</p> <p>Target as at 30th September 2018 92%</p>	92%	92%	Higher percentage is better	

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Readiness for school The purpose of this commissioning strategy is for all children to get the best possible start in life so that they are ready to learn when they start school.	There is a secure foundation for all children to progress through school and life	47. Achievement at a good level of development in the Early Years Foundation Stage Children achieving at least the expected level in the Early Learning Goals in the prime areas of learning and in specific areas of literacy and maths. (Reported annually in Q4.)	Actual 2017/2018 70% Target 2017/2018 72%	71%	70%	Higher percentage is better	
		48. Achievement gap between disadvantaged pupils and their peers at Foundation stage Achievement gap between the free school meals eligible pupils and their peers at Foundation stage' reports all disadvantaged pupils. This measure was previously titled 'Achievement gap between the lowest 20% of pupils and their peers at Foundation Stage'. (Reported annually in Q4)	Actual 2017/18 20% Target 2017/18 19%	19%	22%	Lower percentage is better	
Specialist Adult Services Enhanced quality of life and care for people with learning disability, autism and or mental illness		49. Adults with learning disabilities who live in their own home or with family The measure shows the proportion of all adults with a learning disability who are known to the council, who are recorded as living in their own home or with their family.	Actual 75.8% Target 79%	79%	80%	Higher percentage is better	
		51. Adults who receive a direct payment (Learning Disability or Mental Health) Proportion of adults supported in the community who receive a direct payment (for adults receiving learning disability or mental health services provided or commissioned by LCC). Is measure is reported as a snapshot in time.	Actual 49.4% Target 48.0%	48%	49%	Higher percentage is better	
		117. Percentage of adults aged 18-64 with a mental health problem living independently LPFT measure, which is a subset of the national ASCOF measure just looking at social care service recipients. It is expected to be reported from Q1 2018/19. Targets based on the setting of current clients (residential/community).	Actual 79% Target 75%	75%	75%	Higher percentage is better	
		118. Percentage of adults with a learning disability in receipt of long term support for 12 months or more who have been reviewed in the period This measure was combined previously, with two new measures created to monitor (internal) learning disability and (S75 commissioned) LPFT mental health activity separately.	Actual 50.8% Target 47.5%	95%	95%	Higher percentage is better	
	People have a positive experience of care						

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		<p>119. Percentage of adults aged 18-64 with a mental health need in receipt of long term support for 12 months or more who have been reviewed in the period</p> <p>This measure was combined previously, with two new measures created to monitor (internal) learning disability and (S75 commissioned) LPFT mental health activity separately.</p>	<p>Actual 37%</p> <p>Target 48%</p>	<p>95%</p>	<p>95%</p>	<p>Higher percentage is better</p>	
<p>Carers</p> <p>The purpose of this commissioning strategy is to help carers build resilience in their caring role and to prevent young carers from taking on inappropriate caring roles, protecting them from harm. Carers should have appropriate access to support which enables them to improve their quality of life and help prevent crisis.</p>	<p>Carers feel valued and respected and able to maintain their caring roles</p>	<p>56. Carers included or consulted in discussions about the person they care for</p> <p>This measures responses to the question in the Carers Survey "In the last 12 months, do you feel you have been involved or consulted as much as you wanted to be, in discussions about the support or services provided to the person you care for?" (Statutory Survey every 2 years; LCC will be conducting the survey every year. Reported in Q4.)</p>	<p>Actual Apr 16 –Mar 17 64.4%</p> <p>Target Apr 16 –Mar 17 71.4%</p> <p>(Local survey - Actual Apr 17-Mar 18 66.7</p> <p>Target Apr 17-Mar 18 71.4)</p>	<p>71%</p> <p>Target Apr 18-Mar 19</p>	<p>71%</p> <p>Target Apr 19 -Mar 20</p>	<p>Higher is better</p>	
		<p>59. Carers supported in the last 12 months per 100,000</p> <p>The total number of carers supported over the last 12 months with direct and indirect care (personal budgets, commissioned services, information and advice to the carer and respite for the person cared for).</p>	<p>Actual 1,678 per 100,000 10,238 carers</p> <p>Target 1,730 per 100,000 10,553 carers</p>	<p>1,730 per 100,000</p> <p>10,553 carers</p>	<p>1,587 per 100,000</p> <p>9,680 carers</p>	<p>Higher amount of carers supported is better</p>	
		<p>120. Percentage of carers who reported that they had as much social contact as they would like</p> <p>Identified from the last survey as significantly impacting on a carers' quality of life. Linked to social isolation project in Community Wellbeing and with employment project with the Lincolnshire carers Service. Target set above Lincolnshire's CIPFA comparator group average.</p>	<p>Actual 33.2% 2018/2019</p> <p>Target 35.5% 2018/2019</p>	<p>35%</p>	<p>35%</p>	<p>Higher percentage is better</p>	

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		<p>121. Percentage of eligible carers (caring for adults) who have received a review of their needs in the period New measure to ensure LCC's responsibilities under the Care Act are met to review carers who meet the national threshold for support.</p>	<p>Actual Oct 2017-Sept 2018 87.1%</p> <p>Target Oct 2017-Sept 2018 85%</p>	85%	85%	Higher percentage is better	
<p>Adult frailty and long term conditions The purpose of this commissioning strategy is to outline the local authority's intentions in Adult Care Frailty and Long Term Conditions across Lincolnshire. The key commissioning intentions focus on supporting people to live in their own homes for as long as they wish by developing high quality, personalised services that are flexible, responsive and give people choice and control over how their care and support is provided.</p>	Enhance the quality of life for people with care and support needs	<p>63. Adults who receive a direct payment This measure reflects the proportion of people using services who receive a direct payment. Numerator: Number of users receiving direct or part direct payments. Denominator: Number of adults aged 18 or over accessing long term support on the last day of the period. The percentage is calculated as follows: Numerator divided by the denominator multiplied by 100. This measure is reported as a snapshot in time so for example Q2 is performance as at 30th September.</p>	<p>Actual as at 30th Sept 2018 31.9%</p> <p>Target as at 30th September 2018 40%</p>	40%	40%	Higher percentage is better	
		<p>123. Percentage of people who report that services help them to have control over their daily life (Survey measure) Alternative measure from the annual client survey that focuses on whether the services and support help people to have control - over which we have influence - rather than reporting on a general feeling of control.</p>	Data to be reported in Q4 2018/19	95%	95%	Higher percentage is better	n/a (Data reported in Quarter 4)
	Delay and reduce the need for care and support	<p>60. Permanent admissions to residential and nursing care homes aged 65+ The number of admissions of older people to residential and nursing care homes relative to the population size (65+). This is a national Adult Social Care Outcomes Framework measure 2Aii</p>	<p>Actual 383 admissions Target 575</p>	1,150 admissions	1,150 admissions	Lower number of admissions is better	
		<p>122. Requests for support for new clients, where the outcome was no support or support of a lower level For all distinct requests for support from new clients aged 65 or over, the proportion where the outcome to the request was no support or support of a lower level. New clients are defined as people who were not receiving long term funded support at the time of the request. This is another demand management measure which monitors the number / proportion of people who approach the council and are signposted away from more intensive support. This measure will come directly from the SALT requests table for people aged 65+ (STS001 table 2), and as such is underpinned by statutory guidance for recording and reporting. A higher percentage indicates a better performance.</p>	<p>Actual 96.0%</p> <p>Target 93%</p>	93%	93%	Lower percentage is better	

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		<p>124. Percentage of completed episodes of Reablement where the outcome was either no ongoing support or support of a lower level</p> <p>New measure to monitor the effectiveness of the Reablement service, which is a key preventative activity for delaying or reducing need for longer term support services.</p>	Actual 94.3%	95%	95%	Higher percentage is better	
	Ensure that people have a positive experience of care and support	<p>65. People in receipt of long term support who have been reviewed</p> <p>Lincolnshire County Council has a statutory duty to assess people with an eligible need and once the person has a support plan there is a duty to reassess their needs annually. This measure ensures people currently in receipt of long term support or in a residential / nursing placement are reassessed annually.</p>	Actual 54.2%	90%	90%	Higher percentage is better	
Learn and achieve	Improve educational attainment for all pupil	<p>67. Permanent exclusions</p> <p>This measures the number of permanent term exclusions in all schools (primary, secondary, special schools, academies and maintained schools), divided by the school population and is measured annually by academic year. This measure is reported with a 2 year lag. This means data for the academic year (September 2015- July 2016) is reported in 2017/18.</p>	Academic year September 2015-July 2016 (reported in Q4 2017/18) 0.15%	Academic year September 2016- July 2017 0.12%	Academic year September 2017- July 2018 0.11%	Lower percentage is better	
		<p>104. Percentage of pupils achieving the threshold in English and mathematics at Key Stage 4</p> <p>This is the first year this new national measure is being introduced and will allow reporting of performance against the national threshold. (Reported annually in Q4.)</p>	Actual Apr 17-Mar 18 42.4%	43%	43%	Higher percentage is better	
Sustaining and growing business and the economy	Jobs created as a result of the Council's support	<p>68. Jobs created and safeguarded</p> <p>The purpose of this commissioning strategy is for businesses in our most important sectors to be developed, to encourage investment in Lincolnshire and help to train people so that there is a skilled workforce to whom businesses can offer quality jobs.</p>	Actual 438	360	624	Higher percentage is better	
The purpose of this			Target 180				

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commissioning strategy is for businesses in our most important sectors to be developed, to encourage investment in Lincolnshire and help to train people so that there is a skilled workforce to whom businesses can offer quality jobs.		69. Businesses supported by the Council Number of businesses who receive direct support and advice from services the Council commission.	Actual 551 Target 399	797	805	Higher number of businesses supported is better	
		70. Qualifications achieved by Adults Number of qualifications achieved (Skills programmes, vocational training programmes, adult and community learning) through programme support by the council.	Actual 731 Target 544	525	1000	Higher amount of qualifications achieved is better.	
		71. External funding attracted to Lincolnshire Amount of external funding attracted to Lincolnshire (including Greater Lincolnshire Local Enterprise Partnership and European Union funding programmes) by the council. The 2017/18 target is made up of £30m LEP funding and £5m EU funding. The timetable for LEP funding meant that none could be included in 2016/2017.	Actual £1,724,970 Target £0	£18,891,735	£21,391,735	Higher amount of external funding is better	
Protecting and sustaining the environment The purpose of this commissioning strategy is an environment that supports economic growth. We think this can be best achieved when the environmental opportunities for investment are emphasised whilst still making sure that the natural environment is protected.	Reduce the risk of flooding	72. Flooding incidents within a property This measure is calculated on the basis of the number of formal investigations undertaken by the County Council under section 19 of the Flood and Water Management Act 2010 where the incident involves flooding within a property from any source, although under the Act the County Council only has a responsibility for local flood risk i.e. from surface water, groundwater or ordinary watercourses. Lincolnshire County Council has interpreted a flooding incident to be any in which one or more domestic properties are flooded internally.	9	This measure is included for context and so a set target is not appropriate.		Lower number of incidents is better	
	Reduce carbon emissions	74. CO2 emissions from county council activity Carbon dioxide (CO ₂) is a greenhouse gas which contributes, along with other gasses, to global warming and the resulting climate change. The County Council is no different to any other organisation in that its activities use energy and emit significant amounts of these gasses. (Reported annually in Q1) New baseline to be agreed for renewal of measure in 2018/19.	Actual as at March 2018 23.4% Target as at March 2018 22%	50 properties protected	TBC once 2018/19 outturn is known	Higher number of properties protected is better	
		Actual as at March 2018 23.4% Target as at March 2018 22%	TBC in Quarter 3 2018/19	TBC once 2018/19 outturn is known.	Lower amount of emissions is better		

2019/20 targets (where provided) in this document are informed by latest performance information (2018/2019 Q2) and are subject to change to reflect:- 2018/19 out turns; changes in the wider economy; the nature of demand; the consequences of any service reductions; and any changes in priorities. This Council Business Plan will be reviewed as part of quarterly performance reporting. Any proposed changes to reporting will be agreed in consultation with the Executive.

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
		75. Lincolnshire CO2 reductions This is a nationally collected (by the Department for Communities and Local Government) set of data that shows the amount of greenhouse gas emissions (CO ₂) from all sectors within the UK. The emissions for Lincolnshire are expressed as the amount of CO ₂ emitted per person (capita). (Reported annually in Q1.)	Actual 5.4 tonnes emitted per person 2016 This is the latest data available from the Department of Energy and Climate Change	This measure is included for context and so a set target is not appropriate.		Lower number of emissions is better	
	Increase Recycling	76. Recycling at County Council owned Household Waste Recycling Centres (HWRC) This measure excludes all sites which are not owned by Lincolnshire County Council as the Council has limited control and influence over what streams are recycled. Performance includes some estimates where actual figures are not yet available. Officially approved data is available four months after the end of the Quarter to which it applies.	Actual 74.2% Target 75%	73%	74%	Higher percentage is better	
		77. Tonnage of recycling material collected at the kerbside The tonnage of recycling material collected at the kerbside depends on how much is presented by the public in kerbside recycling collections and on how much of that material has to be excluded due to it being non-recyclable. This measure excludes waste that has been 'rejected' so that we can see how much recyclable material was collected. Performance includes some estimates where actual figures are not yet available. Officially approved data is available four months after the end of the Quarter to which it applies.	Actual 23,009 tonnes	This measure is included for context and so a set target is not appropriate.		Higher tonnage of recyclable material collected is better	
		78. Household waste recycled and composted The percentage of waste collected by either the County or District Councils which was reused, recycled or composted.	Actual 46.6% Target 55%	47%	48.5%	Higher amount of household waste recycled is better	

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		<p>79. Garden waste composted The tonnage of green waste collected by either the County or District Councils which was sent for composting.</p>	Actual 48,462 tonnes	This measure is included for context and so a set target is not appropriate.		Higher amount of green waste composted is better	
<p>Sustaining and developing prosperity through infrastructure</p> <p>The purpose of this commissioning strategy is for infrastructure that supports economic growth and prosperity. We want to encourage investment and enhance the economic potential of Lincolnshire. We think this can be achieved by encouraging new investment in transport, supporting business, managing and maintaining a high quality highway network and encouraging a reliable and accessible transport service.</p>	Reduce barriers to business growth	<p>81. Lincoln Eastern Bypass Contract awarded December 2016 and a start on site June 2017 with completion December 2019. Under a separate contract Network Rail are due to hand over the Spalding Rail bridge to LCC in March 2018 to enable access under the railway.</p>	<p>Activities</p>				
		<p>127. Grantham Southern Relief Road Phase 1 commenced in September 2015 with completion in June 2016. Phase 2 expected to commence in April 2018 with completion in December 2019. Phase 3 expected to commence in April 2019 with completion in May 2022 subject to no Public Inquiry.</p>					
		<p>82. Spalding Western Relief Road Phase 1 (Southern section known as Holland Park). Following the EIP adoption LCC will submit a planning application for the road only with an aspiration works commencement in Autumn 2021. Section 5 (Northern Connection) – SHDC in collaboration with LCC have submitted a bid to HCA through the Housing Infrastructure Fund Marginal Viability option for approximately £12m. If successful this will result in unlocking the opportunity to progress the project with a similar timescale as Section 1, only if the local plan is adopted and planning is granted.</p>					
		<p>83. Progress in preparation of the Lincoln Southern Relief Road Preparing an Outline Business Case for submission. Aiming to submit a Department for Transport Majors Fund bid in June 2018 with three options using the corridor in Local Plan based in previous consultation.</p>					
		<p>84. Condition of Principal roads Principal classified roads where maintenance should be considered as measured by SCANNER (Surface Condition Assessment for the National Network of Roads). Principal roads are A class roads e.g. A15, A158. Non-Principal classified roads are B and C class roads. (Reported annually in Q4.)</p>	Actual 2% based on condition surveys done during 2016/17	3%	TBC once latest condition surveys are completed (March 2019)	Lower percentage is better	
		<p>85. Condition of Non Principal roads Non Principal classified roads where maintenance should be considered as measured by SCANNER (Surface Condition Assessment for the National Network of Roads). Principal roads are A class roads e.g. A15, A158. Non-Principal classified roads are B and C class roads.</p>	Actual 5% based on condition	7%	TBC once latest condition surveys are completed (March 2019)	Lower percentage is better	

2019/20 targets (where provided) in this document are informed by latest performance information (2018/2019 Q2) and are subject to change to reflect:- 2018/19 out turns; changes in the wider economy; the nature of demand; the consequences of any service reductions; and any changes in priorities. This Council Business Plan will be reviewed as part of quarterly performance reporting. Any proposed changes to reporting will be agreed in consultation with the Executive.

Appendix A - Council Business Plan 2019-2020

Commissioning Strategy	Outcomes Outcomes are the results or benefits for individuals, families, groups, communities, organisations or systems. Outcomes reflect priorities and resources are allocated to achieve stated outcomes.	Measures Measures are how we will monitor and report progress in achieving the outcome.	Latest Performance and Target April 2018 – Sept 2018 -at time of writing -Cumulative Unless otherwise stated	Annual Target April 2018- March 2019	Annual Target April 2019- March 2020	Direction of Travel	April – Sept 2018  - Achieved (within target range)  - Improving but not yet achieved  - Not Achieved  - Measured
		(Reported annually in Q4.)	surveys done during 2016/17				
		86. Condition of Unclassified roads Unclassified roads where maintenance should be considered as measured by SCANNER (Surface Condition Assessment for the National Network of Roads). Principal roads are A class roads e.g. A15, A158. Non-Principal classified roads are B and C class roads. (Reported annually in Q4.)	Actual 29% 2016/17 data	30%	TBC once latest condition surveys are completed (March 2019)	Lower percentage is better	
		108. Public Satisfaction with Highways and Transport services The National Highways and Transport (NHT) Network Public Satisfaction Survey collect public perspectives on, and satisfaction with, Highway and Transport Services in Local Authority areas. It is a unique, standardised, collaboration between Highway Authorities across the UK enabling comparison, knowledge sharing, and the potential to improve efficiencies by the sharing of good practice. The survey targets a balanced demographic of Lincolnshire's residents and provides detailed and summary results based on themes such as Highways Maintenance, Public Transport, Walking and Cycling, Tackling Congestion, Accessibility and Road Safety. The result for overall satisfaction is produced from a combination of these themes. Reported in Q4.	Reported in Quarter 4 2018-19	52%	To be in line with, or less than 2018/19 outturn	Higher percentage is better	n/a
How we do our business	Effective financial and management accounting arrangements	88. Unqualified annual external audit opinion on the financial statements The external auditor's report is a formal opinion as a result of an external audit. An auditor's report is considered an essential tool when reporting financial information. (Annual Measure)	Unqualified 2016/2017	Unqualified 2017/2018	Unqualified 2018/2019	n/a	
Enablers to the business	General reserves maintained within parameters set by the financial strategy	89. General reserves are 2.5% to 3.5% of the annual budget requirement net of dedicated schools grant General reserves are usually used for strengthening the financial position and meeting future contingencies or to offset potential future losses	3.5%	3.5%	3.5%	n/a	
Partnership engagement and support These three commissioning strategies have been grouped together as they provide the corporate framework within which the Council works, supports other commissioning	Maintenance of an adequate governance, risk internal control, regime	90. Unqualified annual external audit opinion on the Council's Value for Money (Annual Measure)	Unqualified 2016/2017, except for the availability of information for informed decision making	Unqualified 2017/2018	Unqualified 2018/19	n/a	

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strategies and carries out its business.		91. Annual governance statement by the Audit Committee (Review of Council's governance, risk and control framework and assurance arrangements) (Effective or ineffective) (Reported annually in Q1.)	Effective with governance issues	Effective with governance issues	Effective with governance issues	n/a	
		92. Employee turnover	Data not yet available	This measure is included for context and so a set target is not appropriate.	n/a		
		93. Sickness absence	Data not yet available	7.5 days per FTE	TBC once 2018/19 outturn is confirmed	Lower number of days is better	
	Impact and increase employment and apprenticeship opportunities currently offered to young people aged 16 - 24 within Lincolnshire County Council	106. Growth in apprenticeships and the knock on effect of the employment of young people Through the introduction of the new Apprenticeship Reforms, plans are being put in place to implement a long term goal to increase the number of apprentices employed in substantive roles year on year. This will be monitored and measured by workforce data.	Data not yet available (Reported annually in Q4)	This measure is included for context and so a set target is not appropriate. The aim is to increase the number of apprentices employed in substantive roles year on year from the 2017/18 Q4 Baseline.	A higher number of apprentices employed is better		
	Get better value from our use of land and buildings by assessing performance	95. Capital receipts Progression through property disposal towards a triennial set capital receipts target	Actual Jul 18 – Sept 18 £4,193,826 Cumulative actual April 2016 – September 2018 £11,284,895	£20million by April 2019 It is not appropriate to set an annual target	£15 million by April 2019 It is not appropriate to set an annual target	Higher number is better	
Record and investigate all reported security incidents in a timely manner to ensure impact is minimised and effective remedial action undertaken to reduce the likelihood of reoccurrence	98. Reported security incidents The measure relates to the number of security incidents relating to council assets reported to the council's Information Assurance Team over the previous 12 months. A security incident is any fact or event which results in the compromise, misuse, or loss of council information. Where the cause of a security incident is identified, for example human error or malicious activity, corrective action is recommended in order to reduce the risk of an incident reoccurring. (Reported annually in Q4.)	Actual 2016/2017 92	It is not appropriate to set a target for this measure	Lower number of incidents is better			

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	Meet external information assurance compliance requirements	99. Public Services Network connection Compliance PSN (Public Services Network) is a network operated by a number of suppliers for government that provides a trusted, reliable, solution to departments, agencies, local authorities and other bodies that work in the public sector. Maintaining compliance requires the council to meet a number of information assurance requirements designed to provide an achievable and sensible baseline for security. (Reported annually in Q4.)	Compliant	Compliant	Compliant	n/a	
	New support services partnership contracts perform effectively and efficiently to allow the Council to achieve its commissioning outcomes	101. Achievement of key performance indicators within the VINCI Facilities Partnership Limited contract (Property Services) An overall score of over 75% is required for the contractor to benefit from financial incentives gained by performing lower than their target costs.	Actual 95.6% Target 75%	75%	75%	Higher percentage is better	
	Meet external data security and protection requirements	102. NHS Digital – Data Security and Protection Toolkit The Data Security and Protection Toolkit replaces the previous Information Governance toolkit from April 2018. The Data Security and Protection Toolkit is an online self-assessment tool that enables organisations to measure and publish their performance against the National Data Guardian's ten data security standards. All organisations that have access to NHS patient data and systems must use this toolkit to provide assurance that they are practising good data security and that personal information is handled correctly. (Reported annually in Q1.)	Compliant	Compliant	Pass	n/a	
	New support services partnership contracts perform effectively and efficiently to allow the Council to achieve its commissioning outcomes	100. Achievement of key performance indicators within the SERCO contract for Information Management Technology; People Management; Finance and Customer Service Centre	Of the 41 measures, performance for November 2018: 37 met contract Target Service Levels; 0 met contract Minimum Service Levels; 0 were below contract Minimum Service Level; 4 had an excusing cause/mitigation factor associated with it.	Meet targets within the contract	Meet targets within the contract	n/a	n/a

Appendix B Changes from Council Business Plan 2018/2019 to 2019/2020

Measures removed

Commissioning Strategy	Measure	Ref No	Reason	Executive Director
Protecting the Public	Alcohol related anti-social behaviour incidents	5	Data is no longer comparable due to changes in reporting practices within the Police.	Pete Moore
	Alcohol related violent crime incidents	6		
How we do our business Enablers to the business Partnership engagement and support	Information governance training	96	Information Governance operational measures, not appropriate for the level of the Council Business Plan.	Debbie Barnes
	Information assurance polices reviewed and updated within a 12 month period	97		
How we do our business Enablers to the business Partnership engagement and support	We want to make a positive difference for our communities. When we review or introduce a new policy or activity, commission, begin a new project, decommission or help communities to do things for themselves, we will always assess the impact on people with protected characteristics. This analysis helps us to make informed decisions.	40	This is an activity and the impact of such proposals are considered as part of decision making reports	Debbie Barnes

Measures added

Commissioning Strategy	Measure	Ref No	Reason	Executive Director/Director
Community resilience and assets	Accumulative traveller review rating from Trip Advisor of excellent and/or very good aggregated across all Heritage Visitor sites	128	Provides a more accurate and informed picture of the quality of the offer including the impact it has upon people's lives. Provides much greater understanding as to whether visitors would return or recommend us others.	Andy Gutherson
	Overall enjoyment of the services as measured by the visitor feedback forms aggregated across all Heritage Visitor sites	129		

Changes to measures

Commissioning Strategy	Measure changed from	Ref	Measure changed to	Reason	Director
Protecting the Public	Unsafe and Counterfeit goods removed from the market	2	Unsafe goods removed from the market	Service will be implementing a different approach to counterfeit items in 2019/2020.	Pete Moore

Wellbeing	Percentage of alcohol users that left drug treatment successfully who do not re-present to treatment within 6 months	31	Percentage of alcohol users that left specialist treatment successfully	Revised to align more closely with the National Drug Treatment Monitoring System (NDTSM)	Glen Garrod
	Number of frontline staff and volunteers trained in Making Every Contact Count (MECC)	109	Number of staff and volunteers trained in Making Every Contact Count (MECC)	Reflects the wider workforce to which the programme is being rolled out.	
	Department of Health Information Governance Toolkit	102	NHS Digital – Data Security and Protection Toolkit	Reflects the new naming convention and approach by NHS Digital	

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