County Offices
Newland
Lincoln
LN1 1YL

21 February 2024

Overview and Scrutiny Management Board

A meeting of the Overview and Scrutiny Management Board will be held on **Thursday, 29 February 2024 at 10.00 am in the Council Chamber, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

Debbie Barnes OBE
Chief Executive

Membership of the Overview and Scrutiny Management Board (11 Members of the Council and 3 Added Members)

Councillors A N Stokes (Chairman), T J N Smith (Vice-Chairman), Mrs J Brockway, M Brookes, I D Carrington, P M Dilks, R J Kendrick, K E Lee, C S Macey, C E H Marfleet and N H Pepper

Added Members

Church Representative: M Kyle

Parent Governor Representatives: Mrs M R Machin and Dr E van der Zee

OVERVIEW AND SCRUTINY MANAGEMENT BOARD AGENDA
THURSDAY, 29 FEBRUARY 2024

Item	Title	Pages
1	**Apologies for Absence/Replacement Members**	
2	**Declarations of Interest**	
3	**Minutes of the meeting held on 25 January 2024**	7 - 14
4	**Announcements by the Chairman, Executive Councillors and Chief Officers**	
5	**Consideration of Call-Ins**	
6	**Consideration of Councillor Calls for Action**	
7	**Corporate Plan Success Framework 2023-24 - Quarter 3** *(To receive a report from Caroline Jackson, Head of Corporate Performance, which invites the Board to consider a report on the Corporate Plan Success Framework for quarter three of 2023-24, prior to consideration by the Executive on 5 March 2024. The views of the Board will be reported to the Executive as part of its consideration of this report)*	15 - 72
8	**People Management Update - Quarter 3** *(To receive a report by Tony Kavanagh, Assistant Director – HR And Organisational Support, which provides an update on people management performance for quarter 3 of 2023/24)*	73 - 78
9	**Revenue Budget Monitoring Report 2023/24 (Quarter 3)** *(To receive a report from Michelle Grady, Assistant Director – Finance, which invites the Board to consider the Revenue Budget Monitoring data for quarter 3 of 2023/24, prior to consideration by the Executive on 5 March 2024. The views of the Board will be reported to the Executive as part of its consideration of this report)*	79 - 104
10	**Capital Budget Monitoring Report 2023/24 (Quarter 3)** *(To receive a report from Michelle Grady, Assistant Director – Finance, which invites the Board to consider the Capital Budget Monitoring data for quarter 3 of 2023/24, prior to consideration by the Executive on 5 March 2024. The views of the Board will be reported to the Executive as part of its consideration of this report)*	105 - 124
11	**Treasury Management Performance - Quarter 3 to 31 December 2023** *(To receive a report by Karen Tonge, Treasury Manager, which invites the Board to consider the Treasury Management Performance for quarter 3 of 2023/24)*	125 - 150

12	**Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2024/25** *(To receive a report from Karen Tonge, Treasury Manager, which invites the Board to consider the Treasury Management Statement and Annual Investment Strategy 2024/25, prior to consideration by the Leader of the Council between 11 and 15 March 2024. The views of the Board will be reported to the Leader as part of his consideration of this report)*	151 - 198
13	**Update Report - Lincolnshire Public Law** *(To receive a report from Will Bell, Chief Legal Officer, which provides an update on the progress of the creation of the legal services company, Lincolnshire Public Law)*	199 - 202
14	**Scrutiny Committee Work Programmes** *(To receive a report which sets out the work programmes of the Children and Young People Scrutiny Committee and the Public Protection and Communities Scrutiny Committee in accordance with the Board's agreed programme)*	203 - 216

ITEMS FOR INFORMATION ONLY

15	**Overview and Scrutiny Management Board Work Programme** *(To receive a report which enables the Board to note the content of its work programme for the coming year)*	217 - 226

Democratic Services Officer Contact Details

Name: **Emily Wilcox**

Direct Dial **01522 552334**

E Mail Address emily.wilcox@lincolnshire.gov.uk

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

- Business of the meeting
- Any special arrangements

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing Agenda for Overview and Scrutiny Management Board on Thursday, 29th February, 2024, 10.00 am (moderngov.co.uk)

All papers for council meetings are available on:
https://www.lincolnshire.gov.uk/council-business/search-committee-records

This page is intentionally left blank

Lincolnshire COUNTY COUNCIL
Working for a better future

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
25 JANUARY 2024

PRESENT: COUNCILLOR A N STOKES (CHAIRMAN)

Councillors T J N Smith (Vice-Chairman), M Brookes, P M Dilks, R J Kendrick, K E Lee, C S Macey, C E H Marfleet, N H Pepper and N Sear

Added Members

Church Representative: M Kyle

Councillors: M A Whittington attended the meeting as observers

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Andrew Crookham (Executive Director Resources), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), Emily Wilcox (Democratic Services Officer), Justin Brown (Assistant Director Growth), Leanne Fotherby (Commercial & Procurement Manager), Michelle Grady (Assistant Director – Finance), Andrew Hancy (Head of Business Support), Adam Hopley (Head of Finance - Corporate) and Kiara Chatziioannou (Scrutiny Officer)

79 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence had been received from Councillors I Carrington and J Brockway.

It was reported that, under Regulation 13 of Local Government Committee and Political Groups Regulation 1990, Councillor N Sear was in attendance as a substitute for Councillor I Carrington, for this meeting only.

80 DECLARATIONS OF INTEREST

None were declared.

81 MINUTES OF THE MEETING HELD ON 30 NOVEMBER 2023

RESOLVED:

That minutes of the meeting held on 30 November 2023 be approved as a correct record and signed by the Chairman.

82 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

There were no announcements.

83 CONSIDERATION OF CALL-INS

There were no Call-ins to consider.

84 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

There were no Councillor Calls for Action to consider.

85 SUBMISSION OF BUSINESS CASES FOR CAPITAL FUNDING UNDER THE GREATER LINCOLNSHIRE DEVOLUTION DEAL

Consideration was given to a report by the Assistant Director – Growth on the proposed submission of business cases for capital funding under the Greater Lincolnshire Devolution Deal, as set out in the report at pages 15-26 of the agenda pack. The Board were invited to consider and comment on the report prior to its consideration by the Executive on 6 February 2024.

The Board supported the recommendations to the Executive, as set out at Appendix A, and during the discussion the following points were noted:

- Members welcomed the proposed schemes. Officers confirmed that they had received three submissions from Boston Borough Council and detailed why these had not met the threshold for consideration, mainly citing funding restrictions (pertinent to pursuing land acquisition), misalignment with the devolution prospectus, potential overlap with previous grants allocation, and lack of awareness about proposed employment sites. Officers committed to revisiting the communication strategy for clarity and provided assurances about the benefits of the UK Food Valley Grant Programme which was queried in the debate.
- Members were also cautioned that these schemes were governed by tight terms of arrangements with a view of being delivered within certain periods of time which made it impossible for some of the proposed projects with longer delivery horizons to meet the criteria for recommendation. It was also clarified that decisions were based on pragmatic delivery of projects recommended and this may be a changing situation in the preparation of the final business plans – notably if partner organisations were unable to engage with the projects given their own workloads.
- Members inquired about the additional £1.5 million allocated for Flood Prevention Schemes and whether this was on top of previously allocated funds. Officers confirmed that to be additional funding. Concerns were expressed about the

significant allocation of £9 million to Old Roman Bank, Sandilands, compared to other projects, which prompted questions about the determination of priorities and funding distribution. Officers explained that the resurfacing projects contributed to the benefit-cost ratio required by the Levelling Up Department, emphasising the interconnections between roads and junctions.

- The Chief Executive highlighted the tightly controlled process of managing the contingency money provided by the Department for Levelling Up and Housing Communities (DLUHC) as being distinct from devolution money. Officers acknowledged the challenge of delivering projects within the specified time frame, expanding on concerns about the feasibility of implementing schemes such as the Lincoln Bailgate one within the upcoming fiscal year within which money ought to be spent. It was clarified that the receipt of funding was not conditional to a devolution deal being agreed.
- Members inquired about the significant barriers affecting the viability of phase two of Sleaford Moor Enterprise Park, specifically mentioning archaeology. Officers rationalised challenges in selling land at a viable price, citing archaeological findings as barriers, and proposed a scheme using grants to address abnormal extra costs, making the land attractive to private businesses.

Councillor K E Lee wished it be noted that she abstained from voting on this item due to what she described as unfair distribution of funding, with £9m proposed for Old Roman Bank, Sandilands, and due to concerns over a lack of much needed funding to repair the Bailgate, Lincoln, which she would continue to lobby for.

RESOLVED:

1. That the recommendations to the Executive be supported;
2. That a summary of the comments made be shared with the Executive ahead of its consideration of a decision.

86 COUNCIL BUDGET 2024/25

Consideration was given to a report by the Assistant Director – Finance, which invited the Board to consider and comment on the Executive's budget proposals, as set out at Appendix A to the report.

Members were informed of a recent announcement by the Government to allocate £500m of funding to social care needs across the Country. The amount of funding allocated to Lincolnshire was currently unknown and whilst additional funding was welcomed, cost pressures were still anticipated over the coming years and therefore it was still recommended that Council tax be increased to ensure no cuts to services.

The Board supported the budget proposals set out at Appendix A to the report and during the discussion the following points were recorded:

- Members welcomed the government's announcement of an extra support package, in addition to the provisional settlement funding, to aid local authorities in delivering essential services. Some concerns were raised about the potential need for a Council tax increase amid the cost-of-living crisis, citing ongoing challenges such as the national living wage and service demands. Officers stressed the importance of fact-based decision-making, suggesting that discussions about using the extra one-off money should wait until the final settlement was received. It was assured that Council tax base information and business rate collection figures, expected by 31 January, would be debated by the Executive on 06 February.
- Members acknowledged the potential need for the Council to transition to a lower cost base due to budget deficits and sought clarification on associated risks and service implications. They inquired about the yearly increase in working age adults needing care, specifically in mental health, and requested details on the cost implications. They also questioned the impact of financial savings by unpaid carers and whether certain benefits, like war pensions, were considered in income assessments. The discussion also covered cost pressures related to Children in Care (CiC), especially those under the National Transfer Scheme (NTS). Officers responded by outlining the use of the financial volatility reserve, addressing care demands, and explaining NTS financial dynamics. They committed to providing more information on specific benefit considerations. The Leader emphasised the need for wise use of funds and highlighted the Council's stable financial position compared to other authorities, considering the government's expectations and conditions tied to additional funding for social care services.
- Members expressed concern over the cost pressure of £3.2 million for educational transport, describing it as a significant financial challenge. They queried if lobbying, particularly by the County Council Network (CCN), had sought to impose a cap on these costs. The Chief Executive acknowledged CCN's attention to the issue in a commissioner report, proposing potential solutions and advocating for a review of outdated home-school transport legislation. While recognising the escalating costs, the discussion also highlighted internal efforts to transform the system and manage expenses. The Chief Executive stressed the importance of exploring means testing and noted the inclusion of educational travel processes in the Business Performance Improvement Program for increased efficiency.

RESOLVED:

1. That the Executive's budget proposals, as set out at Appendix A to the report, be supported;

2. That a summary of the comments made be shared with the Executive.

87 SERVICE REVENUE AND CAPITAL BUDGET PROPOSALS 2024/25

11:10am – Councillor P M Dilks left the meeting.

Consideration was given to a report by the Strategic Finance Lead – Corporate, which invited the Board to consider and comment on the Service Revenue and Capital Budget Proposals for 2024/25, as detailed within the report.

The Board unanimously supported the proposals.

RESOLVED:

1. That the Service Revenue and Capital Budget Proposals 2024/25 be supported;
2. That the views of the Board be reported to the Executive as part of its consideration of the budget.

88 APPROVAL TO AWARD A CONTRACT FOR THE MANAGED SERVICE OF THE COUNCIL'S MULTI-FUNCTION DEVICES (MFDS)

Consideration was given to a report by the Head of Business Support, which invited the Board to consider a report on the Approval to Award a Contract for the Managed Service of the Council's Multi-function Devices (MDF), as at pages 95-104 of the agenda pack. The Board were invited to consider and comment on the report prior to consideration by the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) between 29 January and 2 February 2024.

The Board supported the proposals to the Leader of the Council and during the discussion the following points were recorded:

- Members welcomed the awarding of the contract to a Lincoln based company.
- Members raised concerns about potential disruptions during the transition from the current printer provider to the proposed supplier. Emphasising the essential role of Multifunctional Devices (MFDs) in the Council's operations, they sought assurance regarding a smooth transition without disruptions to business activities. Officers responded, affirming that the transition had been carefully assessed. Collaborating with Serco, they outlined a planned three-month phased program to replace machines, ensuring a seamless handover and implementation of new technology.
- Members questioned the significant reduction in the current printer contract cost, from £480,000 per year in 2017 to £175,000 per year in 2024. Offering assurance that the service quality would not be compromised, Officers explained that the reduction was attributed to changes in usage patterns due to the pandemic. With a shift in working practices, the machines' usage had decreased. Officers affirmed their satisfaction with the contracted service, emphasising the managed service nature

that ensures the supplier's responsibility for appropriate machines and collaborative efforts to match the right equipment with the Council's activity volume.
- Members sought clarification on how the printer contract accommodated individuals using printers at home and whether personal printer costs were covered. Officers clarified that standalone printers in certain areas were not part of the contract. However, individuals seeking a printer for home use must undergo a specific approval process managed by the service to determine eligibility. This process applied to specific needs and service area roles requiring printouts, but the majority of printing occurred through the contracted devices.

RESOLVED:

1. That the option to approve the award of a contract to Hewlett Packard Apogee for the provision of a fully managed service for the Council's Multi-Functional Devices be supported;
2. That a summary of the comments made be shared with the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) between 29 January and 2 February 2024 ahead of his consideration of the decision.

89 SCRUTINY COMMITTEE WORK PROGRAMMES

Consideration was given to an update by the Chairman of the Adults and Community Wellbeing Scrutiny Committee, which set out the recent work and the planned work of the Adults and Community Wellbeing Scrutiny Committee, as set out at pages 108-110 of the agenda pack.

Consideration was given to an update by the Scrutiny Officer, which set out the recent work and the planned work of the Environment and Economy Scrutiny Committee as set out on pages 111-117 of the agenda pack. The Board was advised of two changes to the work programme since publication:
- The 6-monthly update on the work of the Theddlethorpe Geological Disposal Facility Working Group had been added to the April 2024 agenda; and
- The report on Transition of Local Enterprise Partnerships (LEPs) had been deferred to the meeting scheduled for May 2024.

Consideration was given to an update by the Chairman of the Health Scrutiny Committee for Lincolnshire, which set out the recent work and the planned work of the Chairman of the Health Scrutiny Committee for Lincolnshire, as set out on pages 118-123 of the agenda pack. The Board was advised that further to publication of the agenda, the update from North West Anglia was now due to be considered by the Committee on 20 March 2024 and had been replaced on 21 February by an item from United Lincolnshire Hospital's NHS Trust on pressures at the Trust, including Lincoln County Hospital.

Consideration was given to an update by Chairman of the Highways and Transport Scrutiny Committee, which set out the recent work and the planned work of the Highways and Transport Scrutiny Committee, as set out on pages 124-136 of the agenda pack. A pre-decision scrutiny report on the Bus Service Improvement Plan had been added to the agenda for April 2024.

RESOLVED:

1. That satisfaction with the activity undertaken by the scrutiny committees be recorded;
2. That the activities planned for the scrutiny committees for 2024/25 be endorsed.

90 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

The Board was invited to review its work programme, as set out on pages 137-146 of the agenda pack.

RESOLVED:

That the work programme be noted.

The meeting closed at 11.47 am

This page is intentionally left blank

Lincolnshire COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director – Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Corporate Plan Success Framework 2023-24 - Quarter 3**

Summary:
This report invites the Overview and Scrutiny Management Board (OSMB) to consider a report on the 2023-24 Corporate Plan performance for Quarter 3 (Appendix 1), which will be presented to the Executive on 5th March 2024. The views of the Board will be reported as part of its consideration of this item.

There are no service level performance indicators within the remit of OSMB to review in 2023-24 Quarter 3.

Full service level reporting to all scrutiny committees can be found here: Corporate plan – Performance data - Lincolnshire County Council

Actions required:
The Overview and Scrutiny Management Board is invited to:-
1. Consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.
2. Agree any additional comments to be passed on to the Executive in relation to this item.
3. Review and comment on the performance information that is within the remit of the Board and highlight any recommendations or further actions for consideration.

1. Background

The Corporate Plan was approved by the County Council on 11 December 2019 and the Executive approved the initial Corporate Plan Success Framework (CPSF) 2020-21 on 6 October 2020, with subsequent reviews and developments made thereafter.

The Corporate Plan has been refreshed for 2023-24 and was approved by the County Council on 19 May 2023. In order to align to the refreshed Corporate Plan, all performance is reported against the revised CPSF.

The Framework contains performance indicators and key activities against which performance and progress will be reported in order to demonstrate whether the Council is achieving the four ambitions for Lincolnshire as set out in the Corporate Plan.

1.1 The accompanying appendix details the report to the Executive (Appendix 1).

1.2 There are no Service level performance indicators within the remit of Overview Scrutiny and Management Board to review this quarter.

2. Conclusion

Following consideration of the attached report to the Executive, OSMB is requested to consider whether it supports the recommendation(s) in the report and whether it wishes to make any additional comments to the Executive. Comments from OSMB will be reported to the Executive.

3. Consultation

a) Risks and Impact Analysis

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

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Report on Performance reporting against the Corporate Plan Success Framework 2023-24 – Quarter 3, to be presented to the Executive at its meeting on 5 March 2024.

5. Background Papers

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

This report was written by Caroline Jackson – Head of Corporate Performance, who can be contacted by email at caroline.jackson@lincolnshire.gov.uk

Appendix A

Lincolnshire
COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Deputy Chief Executive and Executive Director - Resources

Report to:	**Executive**
Date:	**05 March 2024**
Subject:	**Corporate Plan Success Framework 2023-24 - Quarter 3**
Decision Reference:	**I030128**
Key decision?	**No**

Summary:

This report presents an overview of performance against the Corporate Plan as at 31st December 2023. Detailed information on performance can be viewed on the Council's website.

Recommendation:

That performance for Quarter 3 2023-24 as at 31st December 2023 be considered and noted.

Alternatives Considered:

No alternatives have been considered to recommendation 1 as it reflects factual information presented for noting and consideration.

Reasons for Recommendation:

To provide the Executive with information about how the Council is performing against the Corporate Plan.

1. Background

1.1 The County Council's Corporate Plan (CP) 2020-2030 sets out our priorities for local residents and communities. The CP has been refreshed in order to recognise that additional or different actions are required during the life of the Plan to build on progress and to keep the Plan relevant to changing context and challenges. This refresh was agreed at the full Council meeting on the 19th May 2023 and reflects:

- Progress on delivering the plan since 2019.
- Changes in the Council's operating environments including local priorities, funding and changes in national policy.
- Changing lifestyles, needs and public service recovery from the coronavirus Pandemic.
- Further actions needed to deliver on the Council's ambitions for Lincolnshire's Residents.

1.2 The Corporate Leadership Team (CLT) and Assistant Directors (ADs) have developed the Corporate Plan Success Framework (CPSF) which identifies the developmental activities and Key Performance Indicators (KPIs) that will be undertaken in order to achieve the four ambitions outlined in the CP. This framework has been revised to align with the refreshed plan and was agreed by the Executive on the 4th July 2023.

1.3 The **four ambitions** for the Council are:

- Support high aspirations
- Enable everyone to enjoy life to the full
- Create thriving environments
- Provide good value council services

1.4 All of the four ambitions are 'progressing as planned'. This is based on both the key activities and KPIs.

1.5 This report provides the Executive with highlights of performance of the revised CPSF. The full range of performance is hosted on the Council's website.

2.0 Performance Reporting

2.1 For **Activities**, this includes those which are:-

- **Amber: "Progress is within agreed limits"** a current milestone is slightly behind but the Activity overall is still on plan.
- **Red: "Not progressing as planned"** the Activity is currently behind plan and work is being done to try to achieve the Objective or the Objective cannot be achieved.

Details of all activities reported in quarter 3, including those rated as **Amber: "Progress is within agreed limits"** and **Green: "Progressing as planned"** are available in **Appendix A** and on the Council's website.

2.2 For **KPIs**, this report includes those where an ambition (target) has been set against the KPI and the **ambition** has either-

- Exceeded (performed better than ambition and tolerance levels set)
- Been achieved (within the ambition and tolerance levels set)
- Not been achieved (outside of ambition and tolerance levels set)

2.3 The CPSF includes contextual KPIs, where an ambition has not been set. These have been considered by Executive Directors as to our position:

- Relative to similar authorities or national comparators; and
- Relative to historic data or our expected position at this point in the reporting period.

Where it is considered appropriate to raise with the Executive, these have been highlighted in section 4.6

All KPIs can be found on the Council's website.

3.0 Headline performance – Key activities

3.1 Services have provided key milestones for each activity for 2023-24. Progress is an objective judgement by the service against the milestones.

3.2 To summarise, of the **43 activities** with milestones due to be reported in quarter 3, **93%** are rated as **Progressing as planned**.

40	**Progressing as planned**	Current milestone achieved and activity overall is expected to be achieved either on time or ahead of timescales.
3	**Progress is within agreed limits**	A current milestone is slightly behind but the activity overall is still on plan.
0	**Not progressing as planned**	Activity is currently behind plan and work is being done to try to achieve the objective or the objective cannot be achieved.
43		**Overall performance of activities**

Progressing as planned
100.0

Support high aspirations

Activities
6

Ambition
Progressing as planned

Progressing as planned
84.6%

Enable everyone to enjoy life to the full

Activities
13

Ambition
Progressing as planned

Progressing as planned
100.0

Create thriving environments

Activities
12

Ambition
Progressing as planned

Progressing as planned
91.7%

Provide good value council services

Activities
12

Ambition
Progressing as planned

3.3 There are 3 key activities that are rated as Amber (**Progress is within agreed limits**), none have been rated as Red (**Not progressing as planned**) this quarter. Those key activities that are Amber rated are still progressing within agreed limits however, one of the milestones may not have been achieved but the overall activity is still on track and therefore there is no cause for serious concern at this stage. These are:

3.3.1 Enable everyone to enjoy life to the full

A13 We will work with our districts and other partners in implementing the housing for independence strategy, to increase accommodation options for those wanting Extra Care, those with learning disabilities, mental illness or autism. We will also collaborate to deliver easy access to equipment / adaptations to homes that enable greater independence.

- During this quarter, it is anticipated that planning permission will be approved for The Hoplands scheme in Sleaford and the required funding will be granted to enable development. In addition, planning permission will be submitted by ACIS Group for the Grange Farm redevelopment project in Market Rasen.

Collaborative initiatives to deliver the homes for independence agenda are progressing well through the refocused Housing Health and Ageing Well Delivery Group (HHAWDG) and the Joint Accommodation Strategy Group. Encompassing the ageing well agenda will improve the opportunities for older, working age adults to consider their housing options in preparation for later life and, when appropriate, remain independent in a 'home for life'. Considerable progress has been made to streamline the disabled facilities grant processes across districts, and access to them and equipment services will be made easier through the emerging Good Home Lincs hub.

Several projects are in progress for people who need more specialist independent homes. Following support for planning permission for The Hoplands, partners are now working together to progress detailed design, with North Kesteven District Council's (NKDC) procuring a contractor soon. Due to delays with procurement, funding has not been awarded, however NKDC is working closely with Homes England ahead of submitting the funding application later next year. Work has significantly progressed on site at Prebend Lane, Welton and is still on track to complete towards the end of 2024. LACE Housing and LCC have now commenced the allocation working group process to ensure enough lead in time is allowed to work through nominations for the scheme. Due to the complexities and risks of the site on Grange Farm, additional surveys and contract negotiations with ACIS' chosen contractor took longer than expected, therefore listed building consent was submitted in November 2023. Consequently, construction has not yet commenced on Grange Farm, however we anticipate this will start during Quarter 4 dependent on planning being granted in sufficient time, and funding.

A21 We will now work with partners across our Integrated Care System (ICS), setting clear priorities for the next 3 years to improve health and wellbeing across Lincolnshire

- Lincolnshire Intermediate Care Layer Leaders will review current spend to support the development of a home-based enablement offer (including reablement, rehabilitation and discharge to assess).

A review of how the intermediate care framework is being developed in Lincolnshire is currently underway to ensure the services that are to be commissioned are in the right place which will lead to positive outcomes for Lincolnshire residents. This review will create clear milestones to be achieved in Quarter 4.

During Quarter 4, a clear direction will be set to incorporate the 4 intermediate care priorities by completion of demand and capacity planning, expansion of the care transfer hub, improved workforce utilisation and improved data quality.

The work to develop the Lincolnshire Intermediate Care Layer is only one program of work within the Integrated Care System arrangements which is part of having more integrated approaches to the way we deliver services across the county. The Better Lives Lincolnshire Integrated Care Partnership Strategy sets out the ambition and aims along with the strategic enablers as to how we will collectively work to improve the health and wellbeing of our population. This complements the Joint Health and Wellbeing Strategy (JHWS) which sets out the priorities based on the Joint Strategic Needs Assessment (JSNA).

3.3.2 Provide good-value council services

A47 We will continue to transform the way we engage with customers through the implementation of our customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. Through our digital strategy we will be able to be more innovative so our customers can access us through multiple channels.

- Proposal for future call reductions as part of phase 2 of Customer Digital Delivery project.

It has been agreed that the business case for phase 2 savings should be deferred to Quarter 2 2024/25 to enable a fuller understanding of the impact the AI bot technology has on dealing with and deflecting corporate calls into the CSC. Evidential data will enable us to greater understand the impact the technology will provide to reduce calls activity into additional LCC corporate call queues and the Social Care and Wellbeing hub which will be part of phase 2 scope.

4.0 Key Performance Indicators (KPIs)

4.1 Of those KPIs where an ambition (target) has been set, 25 can be compared with an updated position for quarter 3 reporting. It is a very positive picture to see 88% of KPIs exceeding or achieving the ambition that was set:-

- **9 exceeded the ambition**
    - **PI 15** Percentage of children in care living within a family environment ☆
    - **PI 39** Household waste to landfill ☆
    - **PI 64** Customers' level of satisfaction ☆
    - **PI 67** Percentage of eligible 2-year-olds who are in receipt of their Early Years Entitlement ☆
    - **PI 74** Number of people accessing learning & skills ☆
    - **PI 75** Number of qualifications delivered ☆
    - **PI 78** Carers who have received a review of their needs ☆
    - **PI 82** Number of businesses supported ☆
    - **PI 93** Percentage of ultrafast broadband coverage in residential & business premises ☆

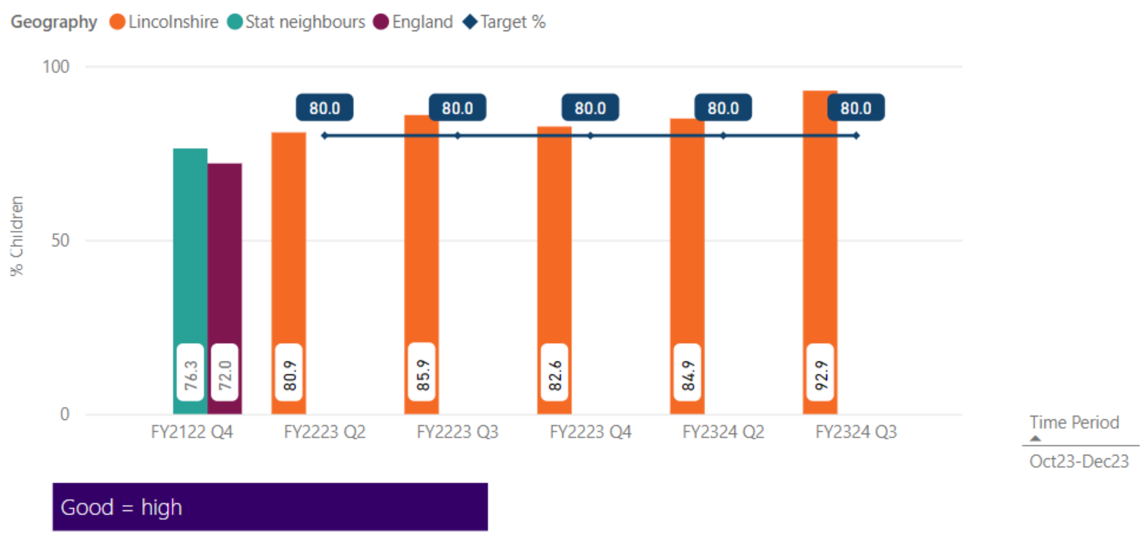
- **13 achieved the ambition**
    - **PI 4** Percentage of 16-17 year olds not in education, employment or training ✓
    - **PI 14** Rate of children in care (per 10,000) ✓
    - **PI 16** Percentage of social care providers in Lincolnshire with a CQC inspection rating of 'good' or 'outstanding' ✓
    - **PI 17** The percentage of adults aged 18 to 64 in receipt of an adult care service who are receiving these in the community ✓
    - **PI 18** The percentage of adults aged 65 and over in receipt of an adult care service who are receiving these in the community ✓
    - **PI 25** For adults discharged from hospital, the percentage who remain at home 91 days after discharge ✓
    - **PI 36** Household waste collected ✓
    - **PI 43** Percentage of contacts resolved through early resolution ✓
    - **PI 44** Days lost to sickness absence per FTE ✓
    - **PI 72** Safeguarding cases supported by an advocate (where appropriate) ✓
    - **PI 73** Concluded safeguarding enquiries where the desired outcomes were achieved ✓
    - **PI 79** Proportion of Adults with a learning disability in paid employment ✓
    - **PI 80** Proportion of Adults with a learning disability in paid employment and volunteering ✓

- **3 did not achieve the ambition**
    - **PI 76** Carers supported in the last 12 months ✘
    - **PI 37** Recycling Rate (new national formula) ✘
    - **PI 38** Recycling at County Council owned Household Waste Recycling Centres ✘

4.2 Exceeded ambition

4.2.1 Support high aspirations

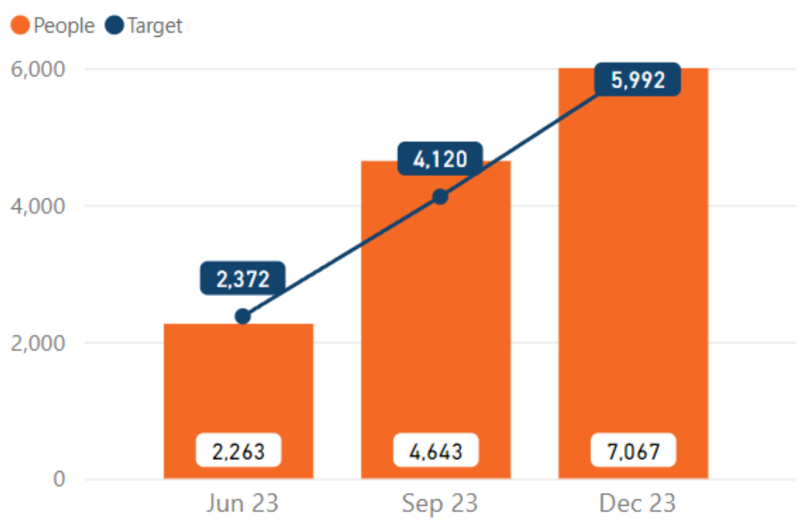
PI 67 Percentage of eligible 2-year-olds who are in receipt of their Early Years Entitlement ☆



In Quarter 3 the take up of those entitled to their 2-year-old early years entitlement was 92.9%, which exceeded the 80% target. The Early Years and Childcare Support team continues to work in collaboration with locality teams, health visitors and a wide variety of partners to share data to encourage families to access their entitlement and improve take-up.

Our appointed outreach officer is also having a positive impact on this target, and at 92.9% Lincolnshire compares favourably to Statistical Neighbours and National data sets.

PI 74 Number of people accessing learning & skills ☆



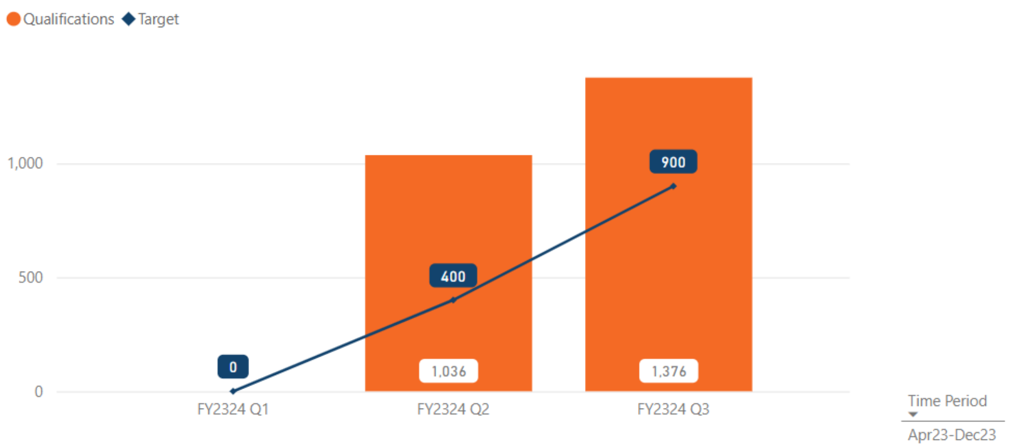
The number of adults accessing Learning and Skills at the end of Quarter 3 was 7,067 exceeding the cumulative target of 5,992. This figure includes learners that attended ESFA funded Adult Skills Budget qualifications and courses, as well as Department for Education (DfE) funded Multiply programmes.

Amongst the 7,067 learners recorded were 1,157 that attended Multiply programmes designed to increase levels of numeracy across the County; 563 that were studying a range of qualification programmes and a further 5,182 that were engaged on adult skills courses, including family learning programmes.

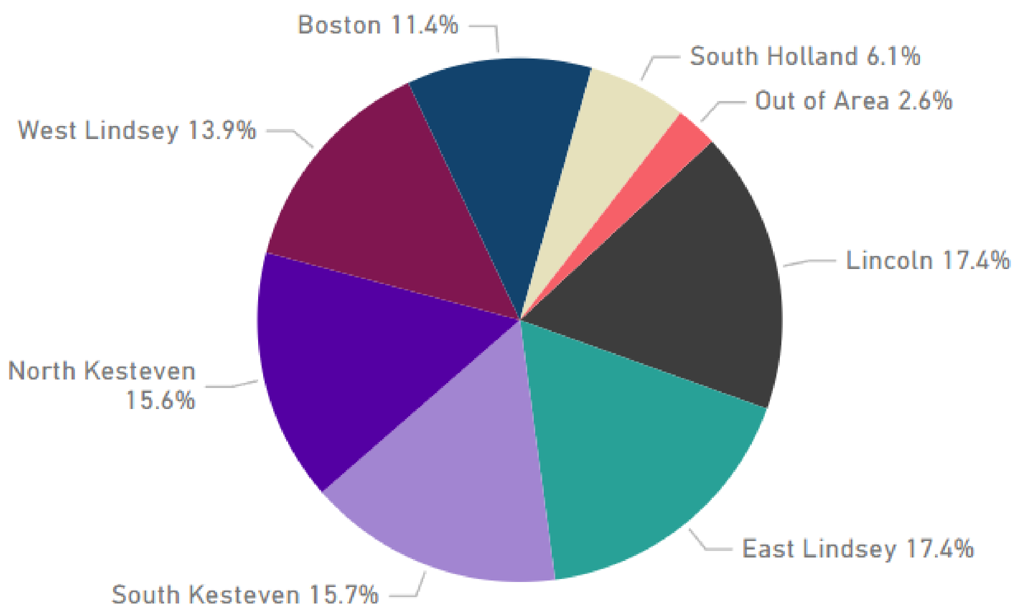
Provision is planned, delivered and aimed at targeted learners with the effect that 58% of learners were unemployed, 39% of learners had no, or low level of qualifications, 35% were male learners, and 30% of learners had a learning difficulty or disability. Focusing on 'filling the gaps' in areas of deprivation across the County, 17% of all learners lived in Lincoln, 16% in East Lindsey, 16% in South Holland and 15% in West Lindsey. With a continued focus on widening participation and supporting employability, 67% of learners attended a range of courses designed to provide skills for work readiness, with 19% attending courses relating to the health and care sectors and a further 13% to digitisation.

In relation to Skills Bootcamps (16 week course for the unemployed and employers seeking progression), 165 learners had reached milestone 1 and have received over 5 guided learning hours for support by the end of Quarter 3.

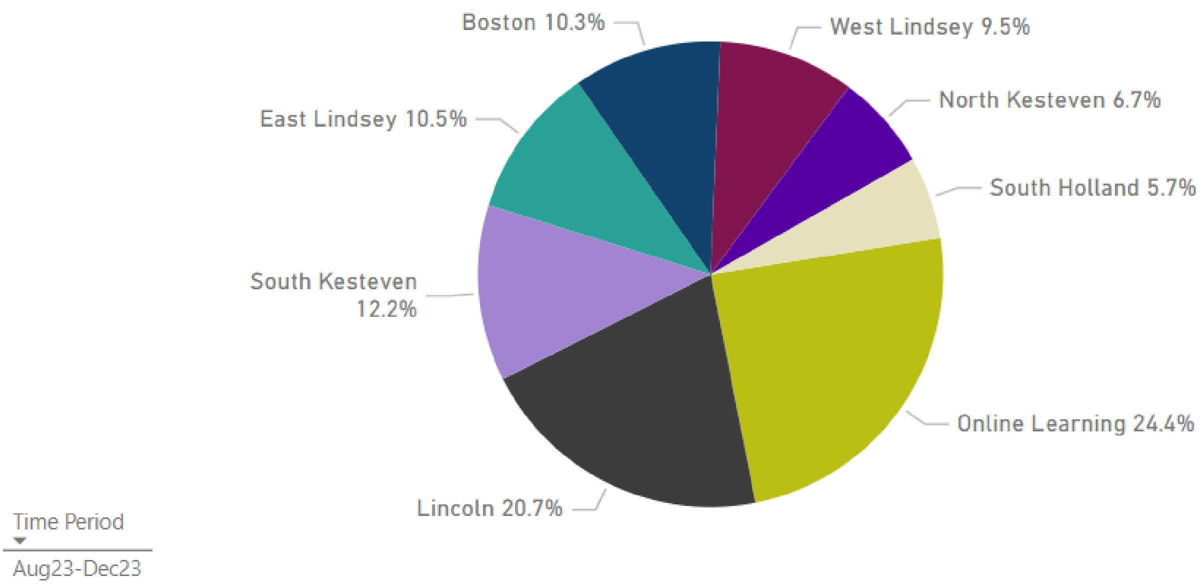
PI 75 Number of qualifications delivered ☆



Number of learners (based on learner postcode)



Number of enrolments (based on postcode location of the course)



Qualification Programme Background information

Lincolnshire receives around £11 million of Adult Education funding to deliver qualifications from the Education & Skills Funding Agency (ESFA). From this £11 million, LCC's allocation is just under £500,000 (4.5%).

LCC uses its qualification funding allocation to fill gaps in Further Education (FE) qualification programmes across the county. Through the annual commissioning process, providers are asked to submit their delivery plans for the following academic year detailing, at a course level, demand for qualification programmes at a local level (both from prospective learners as well as local employers) and how they will focus on geographical areas of need. Through the commissioning moderation process duplication is removed and courses ranked in accordance with the strategic priority of supporting our key sectors, innovation and progression opportunities. A recommendation is then made to the council's Learning Board for discussion and approval.

LCC also uses some of its Community Learning allocation to engage with hard-to-reach learners and progress them onto other FE funded provision. For example, 19% of Boston College LCC learners progressed onto other courses that they deliver.

Quarterly performance information

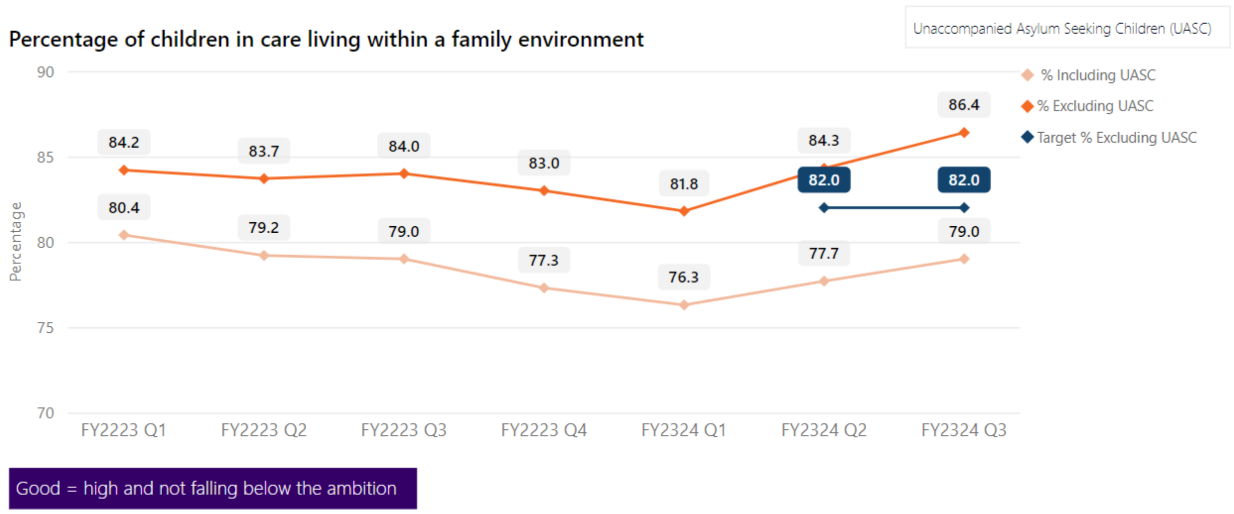
The number of qualifications achieved by adults at the end of Quarter 3 was 1,376 which has exceeded the target of 900. This increase in performance builds on the position reported at the end of Quarter 2 and reflects the success of a project that offers qualifications through sector specific provision including First Aid, Health and Safety and Food Safety. Due to the nature of this project, targeting the 'seldom heard', it wasn't possible to set a qualification target. Of the 1,376 qualifications that were achieved between April and December, 63% of them were delivered in classroom settings, with 37% delivered online.

Provision continues to be aimed at targeted learners with the effect that 59% of qualifications were achieved by male learners, 66% were achieved by unemployed learners and 34% by learners with no, or low levels of prior attainment. 51% of qualifications achieved were at Entry Level with 27% at Level 1, 21% at Level 2 and 1% at Level 3.

With a continued focus on supporting employability, the range of qualifications was varied and included 104 GCSE's or functional skills in English or maths as well as a host of other vocational qualifications. In support of Lincolnshire's priority employment sectors, 514 qualifications related to the wider care sectors, 333 to construction, 162 to accountancy and business administration and 139 to hospitality.

4.2.2 Enable everyone to enjoy life to the full

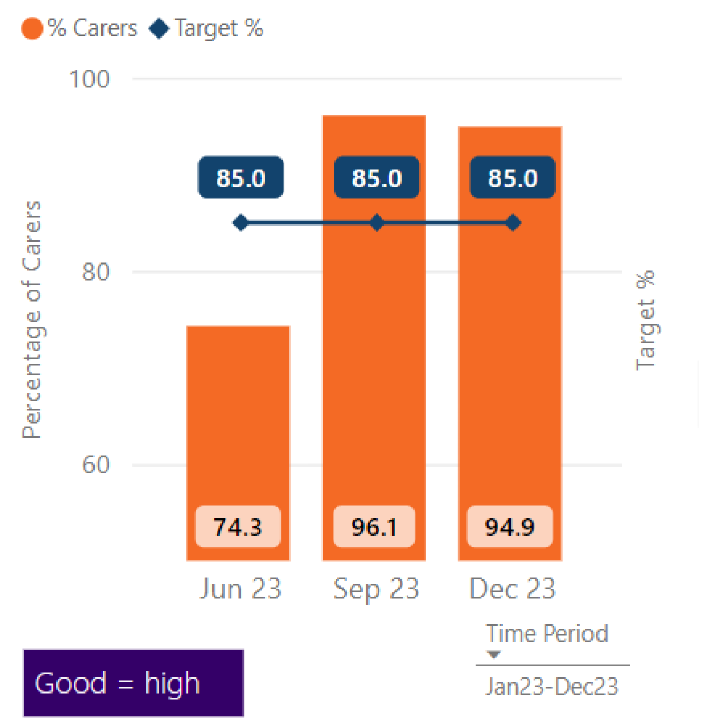
PI 15 Percentage of children in care living within a family environment ☆



Unaccompanied asylum seeking children (UASC) have a large impact on the total percentage of children in care living within a family environment as the majority of them are over 16 and are more suited to semi-independent living arrangements. The number of Unaccompanied children has been rising steadily, making up around 9% of the total child in care population in Lincolnshire at the start of the 2023/24 business year. To illustrate the underlying level of children living within a family environment without the cohort of UASC, we are now providing figures both including and excluding UASC in the Corporate Plan, but this commentary will focus on excluding UASC, with an updated target of 82%.

In Quarter 3, this measure is performing better than the target tolerance range of 80-85%. It has increased markedly since Quarter 2, which had a figure of 84.3% (excluding UASC). Family placements are a continued focus for the Council as for many children in care, a family placement is deemed the most suitable means of offering care and maintaining children within their family networks. The Council continue to explore enabling children and young people to remain within their family or extended network if they cannot, for whatever reason, live with their parents.

PI 78 Carers who have received a review of their needs ☆



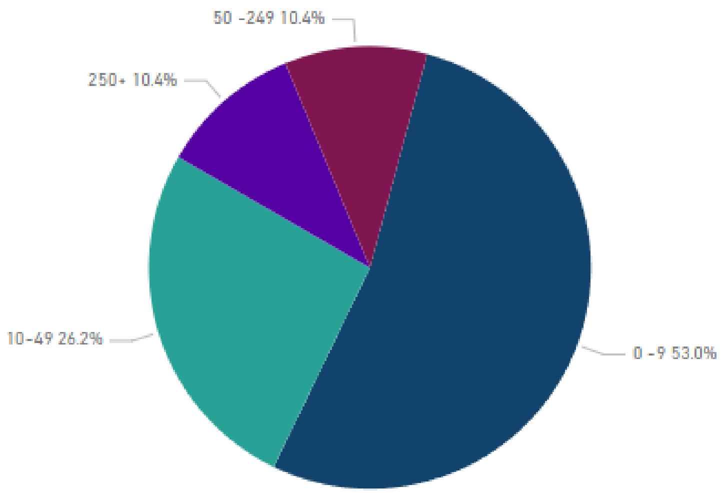
The end of Quarter 3 figure is 94.9% (521 out of 549) which exceeds the target and evidences the effective work of the Carer's Service. It is slightly lower than the end of Quarter 2 figure of 96.1%.

4.2.3 Create thriving environments

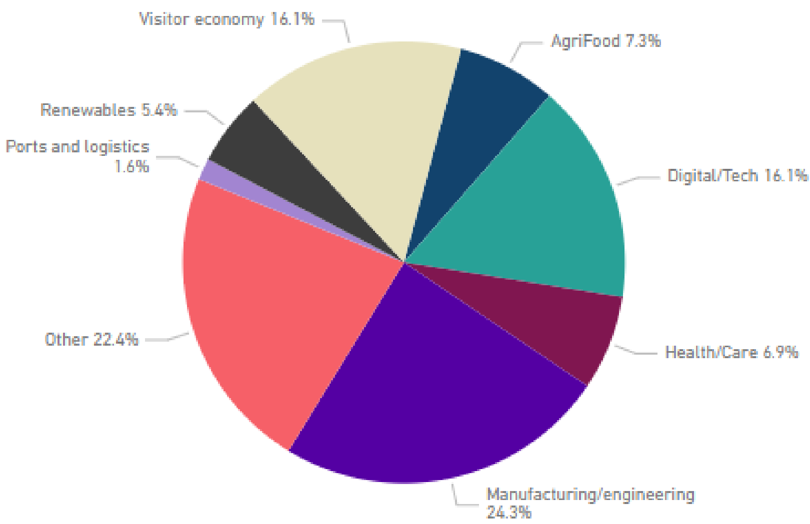
A summary of all Waste PIs is in section 4.5

PI 82 Number of businesses supported ☆

Businesses Assisted by Priority Size



Businesses Assisted by Priority Sectors



Performance for Quarter 3 has seen an additional 819 Businesses Supported bringing the total for 2023/24 to 1,529, exceeding the target of 1,154.

The Business Lincolnshire Growth Hub has supported 557 businesses in Quarter 3 with this being the second financial quarter of a new UK Shared Prosperity shared service model. This has seen several new services commissioned. The scope of delivery includes generalist and specialist support for Manufacturing, Low Carbon, Retail Leisure & Hospitality, Agriculture and Horticulture, Finance Readiness, and Digitalisation as well as Scale Up, Start-up and Social Economy.

The Growth Hub has also provided International Trade Support including the Export Peer Network and Roundtable and the Empowering Small and Midsize Enterprises in International Trade programmes. There is also funded activity through the Mosaic Digital Hub which focuses on the Growth of the Digital sector.

Quarter 3 saw the launch of the sector specific ‘Internationalisation month’, this included the successful and well received delivery of a Going Global conference. Activity against the delivery profile has gained momentum, with the introduction of increased activity across all new programmes expected to generate significant output numbers over the remaining quarter of 2023/24 and into 2024/25.

In Quarter 3, 33 businesses were engaged on stage 1 of the Made Smarter industrial digitisation programme which involves assisting manufacturing businesses with data capture, assessment and a digital action plan, which will aim to increase efficiencies and reduce costs. This quarter also saw the implementation of an additional micro businesses element to the Programme, which will appeal to more businesses within Lincolnshire.

The Inward Investment service includes Team Lincolnshire (TL), inward investment enquiry handling and the account management of foreign owned businesses. Quarter 3 saw 197 businesses supported through the hosting and attendance at multiple events. This included a well-attended First Annual TL Conference, with 96 ambassadors, a presence at the Greater Lincolnshire LEP (Local Enterprise Partnership) Conference, and attendance at a Property and Business Expo in Nottingham. A December Team Lincolnshire networking event attracted 55 ambassadors and we have hosted Team Lincolnshire Coffee Clubs focussing on Intellectual Property and Brand Protection. We have held 15 Key Account Management meetings with our Foreign Direct Investors and have received 19 inward investment enquiries.

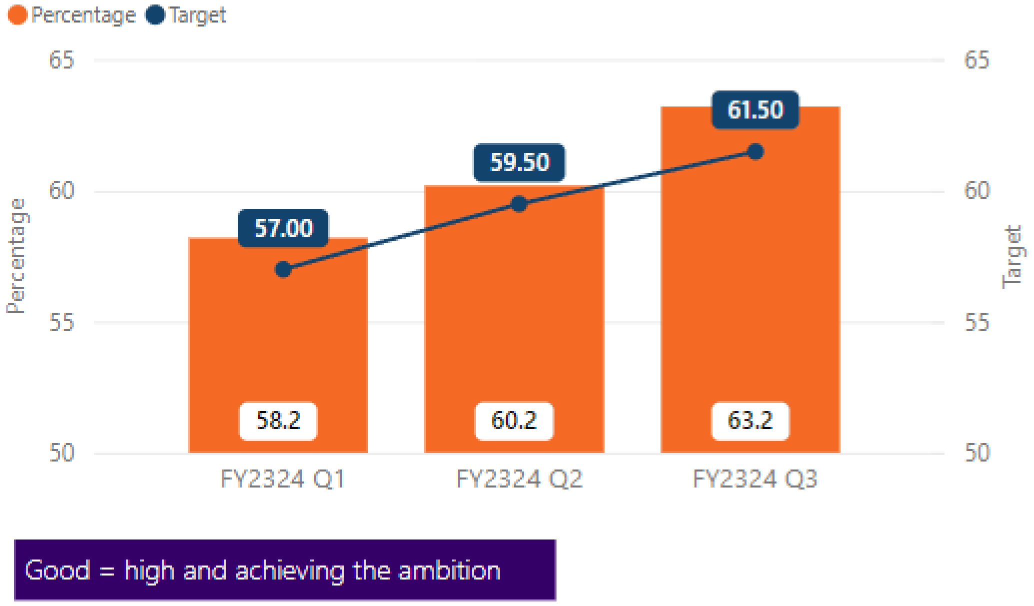
Multiply is a national initiative which aims to support people to understand and work with numbers in everyday life. In Quarter 3, the Multiply Grant scheme was launched for Year 2 of the Programme with 7 applications for Multiply Champions Grants processed, including 3 from North Sea camp Prison. A number of Businesses engaged through the Lets Talk Lincolnshire Multiply Survey – a Survey aimed at gauging information from the Lincolnshire citizens on how the Programme should help them.

The Economic Infrastructure Business Accommodation Portfolio has 229 leasehold properties across 24 LCC-owned estates in 17 towns and villages. This comprises of 6 business centres and other accommodation with 165 office units, 8 food workshops, 38 light industrial workspaces, and 18 miscellaneous units.

The Economic Infrastructure Portfolio team enhances that service level to its tenants, continuing to support them by nurturing through effective relationships and physical and financial support. The team also refers businesses to the Business Lincolnshire Growth Hub to enable them access to advice and support to upskill and grow.

In Quarter 3, 137 tenants received accommodation support, including some who leased more than one unit. As a result of enhanced relationship management 2 Businesses received additional support during the quarter.

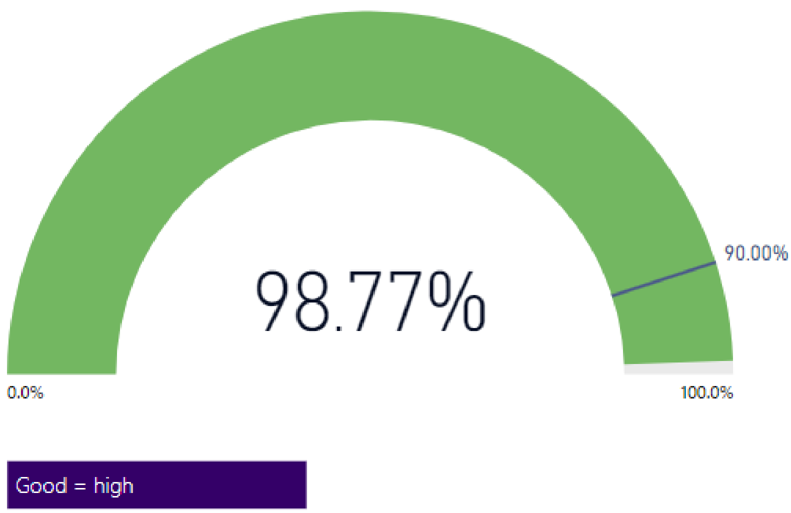
PI 93 Percentage of ultrafast broadband coverage in residential & business premises ☆



Ultrafast broadband continues to move forward positively, driven by the twin efforts of commercial providers expanding their full fibre footprint and the work of Quickline Communications Ltd having now completed their LCC/BDUK contract in the county. We will see continued growth of Ultrafast in rural areas as Project Gigabit commences in the county during 2024 and onwards.

4.2.4 Provide good value council services

PI 64 Customers' level of satisfaction ☆

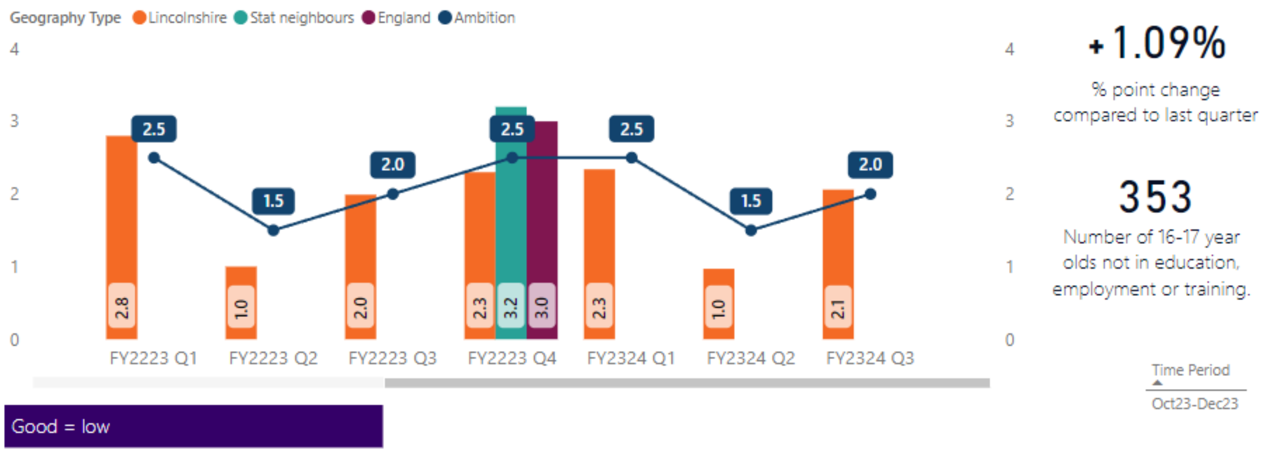


The Quarter 3 result is remarkably consistent with the previous quarter's outturn. Whilst quantities of surveys completed were lower than the previous quarter this is expected given that contact volumes overall reduce in December. Despite this, the period is also notable for some large spikes in contact volume mostly centred around severe weather with both surface water flooding in the county and an early winter cold snap observed.

4.3 Achieved ambition

4.3.1 Support high aspirations

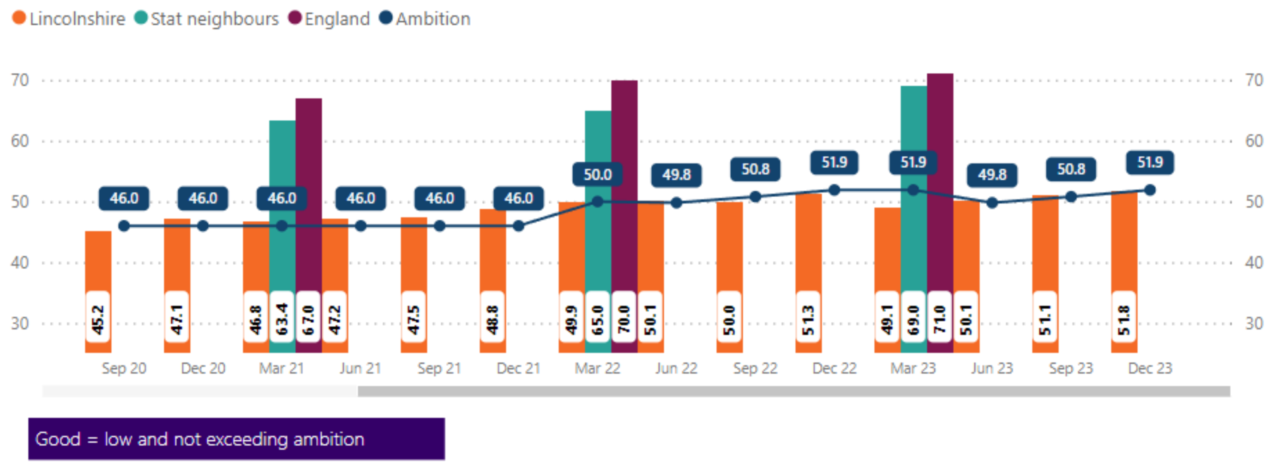
PI 4 Percentage of 16-17 year olds not in education, employment or training ✓



The Quarter 3 performance is the last recorded position for this academic year and as expected the number of 16 and 17 year olds not in education, employment or training is on target. Quarter 3 performance is expected to be lower than Quarter 2 as it is now measuring a different cohort of children as Quarter 2 to Quarter 3 crosses one academic year to another. In Quarter 3 the expected lower performance is due to the new cohort of young people settling on new learning courses or employment. There will always be young people that have not decided on their course of action by September and will make decisions during Quarter 3 which is then picked up later by the trackers during December – February. This follows a similar pattern to last year with the small difference being immaterial.

4.3.2 Enable everyone to enjoy life to the full

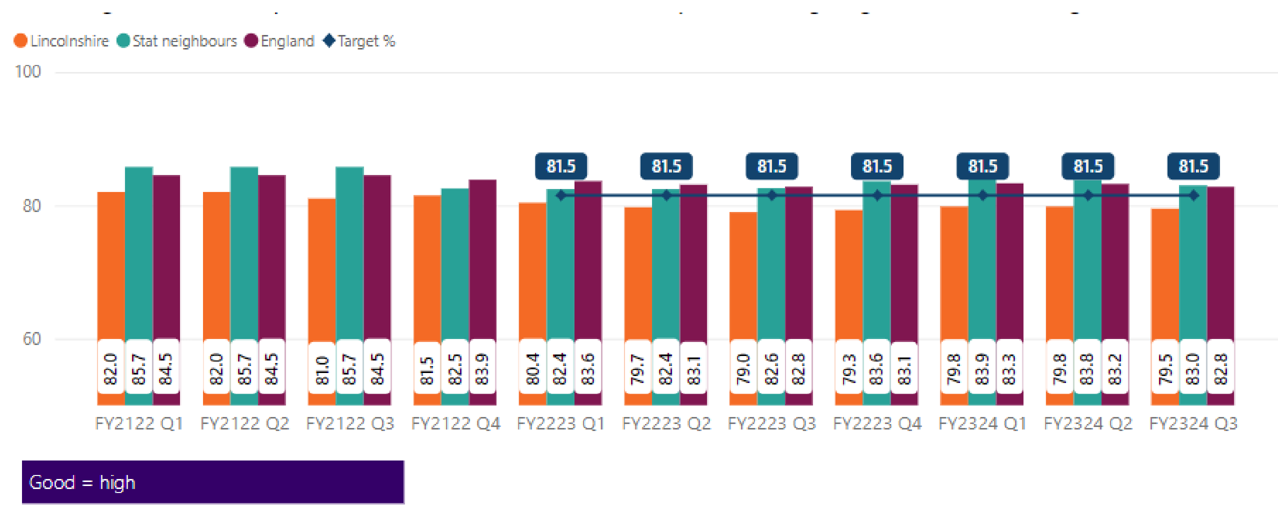
PI 14 Rate of children in care (per 10,000) ✓



At 51.8 per 10,000 children in care, this measure is slightly above target (51.9) but is within tolerance, so has therefore been achieved this quarter. This target has been revised upward in comparison to recent years to take into account the effects of the National Transfer Scheme and the number of children in care per 10,000 remains at a relatively high level compared to recent years. The recent growth in numbers is attributable to the Council's safeguarding responsibilities and is partly attributable to the number of unaccompanied asylum-seeking children that have arrived as part of the new temporary mandated National Transfer Scheme. The expectation is that Lincolnshire will take a maximum of 144 children which equates to 0.1% of the general child population and therefore there continues to be a likely impact of growth going forward.

Despite the recent growth and the potential for future increase there continues to be an emphasis on prevention from children coming into care and exit planning from the care system where it can be achieved. However, even with the increase, the Lincolnshire number of Children in Care (CiC) per 10,000 remains significantly below the most recent published figures both nationally and by our statistical neighbours (71 per 10,000 and 69 per 10,000 respectively as of 31st March 2023).

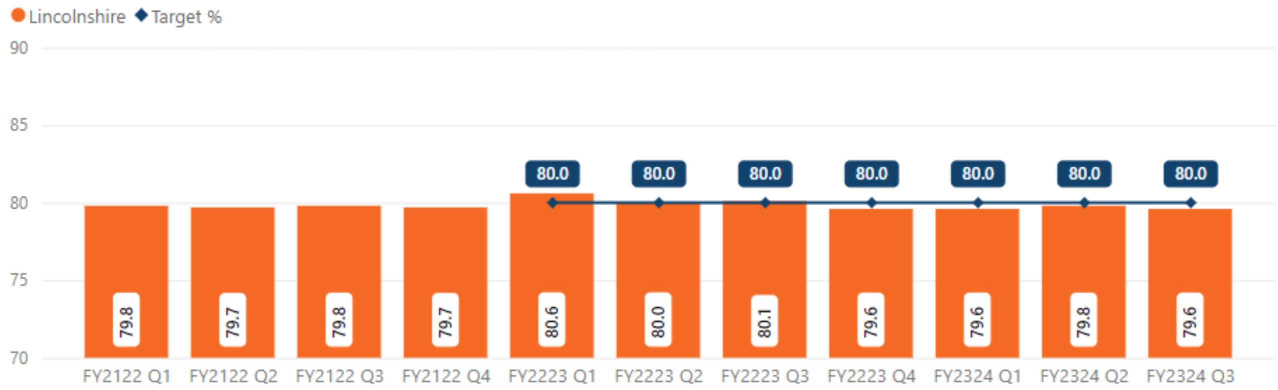
PI 16 Percentage of social care providers in Lincolnshire with a CQC inspection rating of 'good' or 'outstanding' ✓

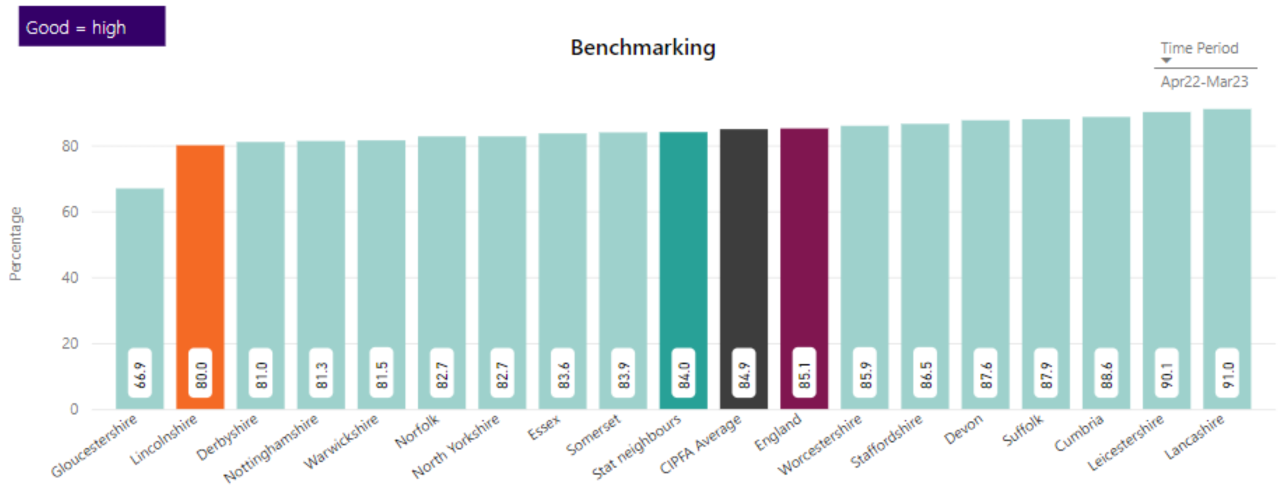


The percentage of social care providers in Lincolnshire with a CQC rating of good or outstanding remains similar in Quarter 3 (290 out of 365 = 79.5%) compared to Quarter 2 (292 out of 366 =

79.8%). Performance across our CIPFA group has decreased slightly to 83.0% compared to 83.8% last quarter and England has decreased slightly to 82.8% from 83.2%.

PI 17 The percentage of adults aged 18 to 64 in receipt of an adult care service who are receiving these in the community ✓

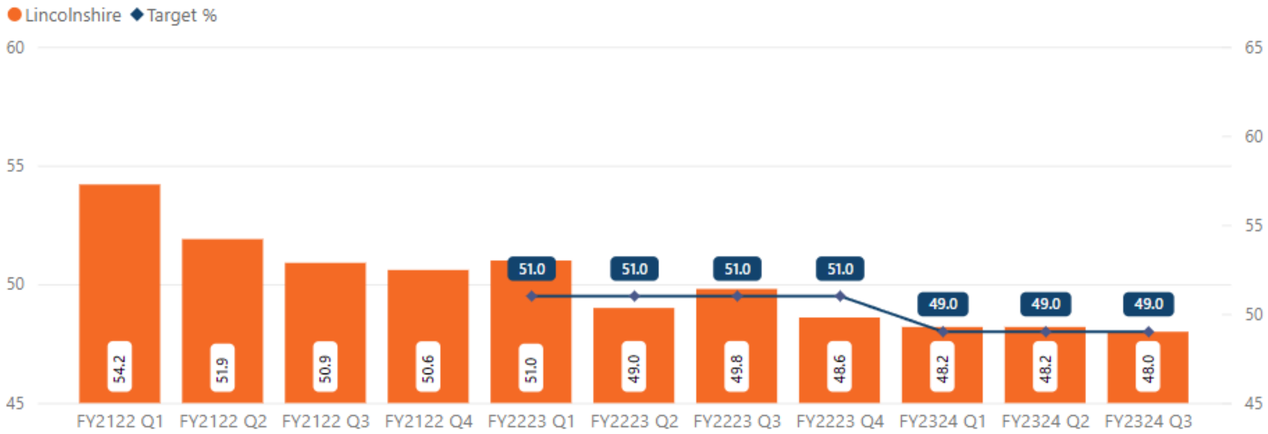


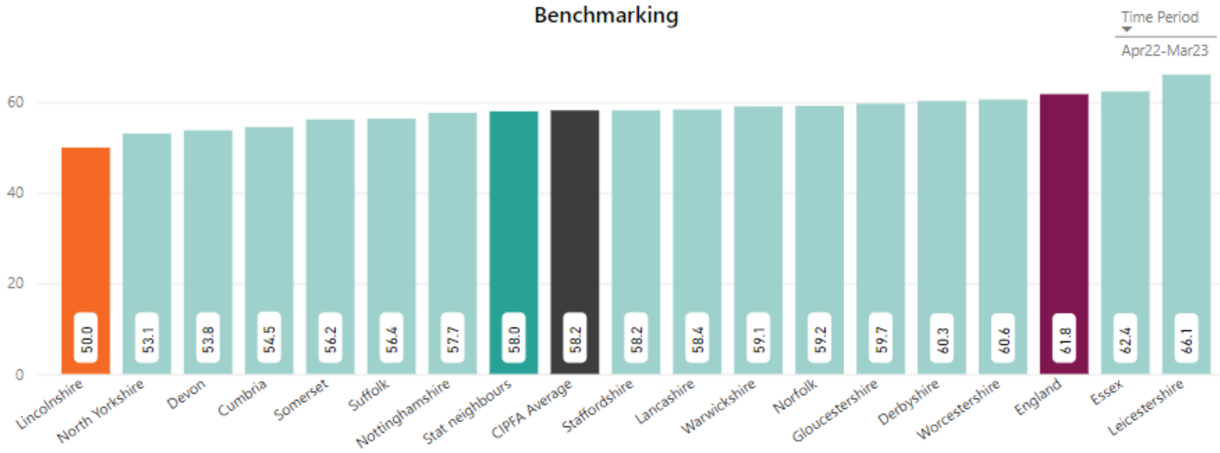


The level of performance (2,641 out of 3,316 = 79.6%) is similar to the end of Quarter 2 (79.8%), and the target has been achieved. 67% (2,214 out of 3,316) of the cohort are in Specialist Adult Services and 76% (1,683 out of 2,214) live in the community. 32% (1,061 out of 3,316) of the cohort are in Adult Frailty and Long-Term Services and in this group 87% (923 out of 1,061) live in the community.

Further improvement against this measure is largely dependent upon the development of additional community-based accommodation options suitable for a diverse range of needs. Whilst there is a significant investment in Extra Care housing for older people it is also important that a similar programme of investment is progressed for working age adults. This will help to maximise people's independence and reduce reliance on residential and nursing care.

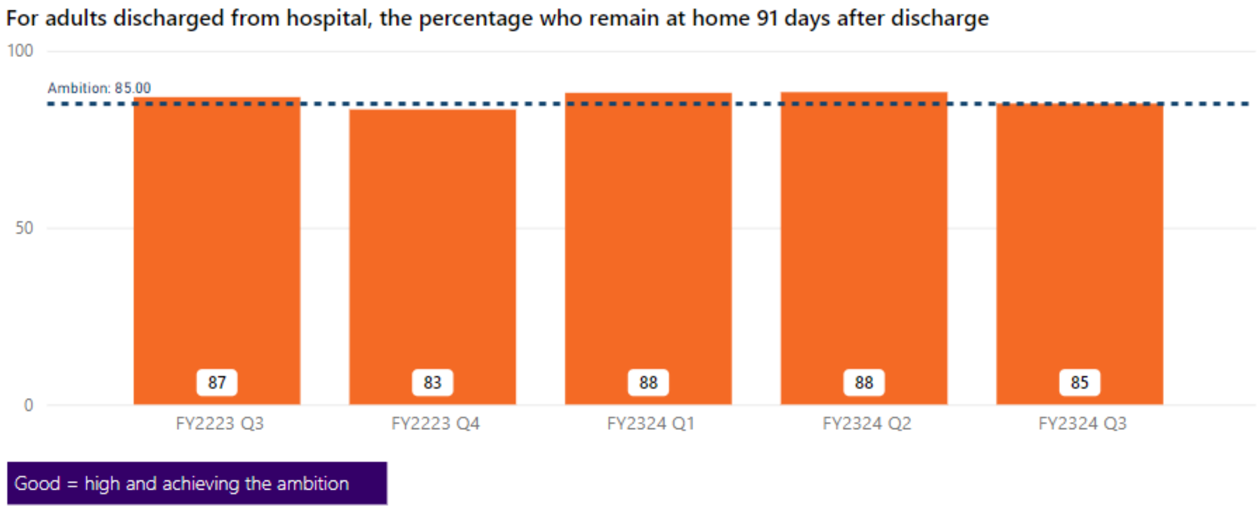
PI 18 The percentage of adults aged 65 and over in receipt of an adult care service who are receiving these in the community ✓





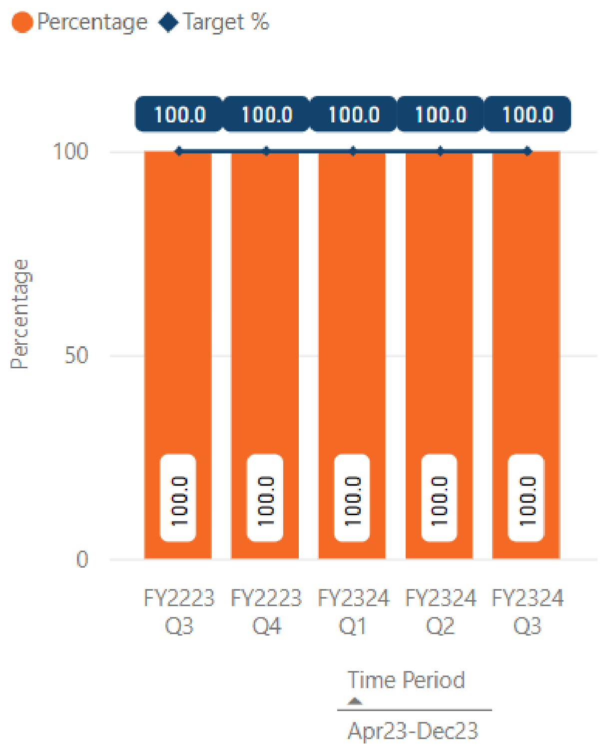
The level of performance (2,327 out of 4,845 = 48%) is similar to the previous quarter (48.2%). The number of older adults living in the community is impacted on by the large proportion of adults aged 85+ with physical support needs who need residential or nursing care.

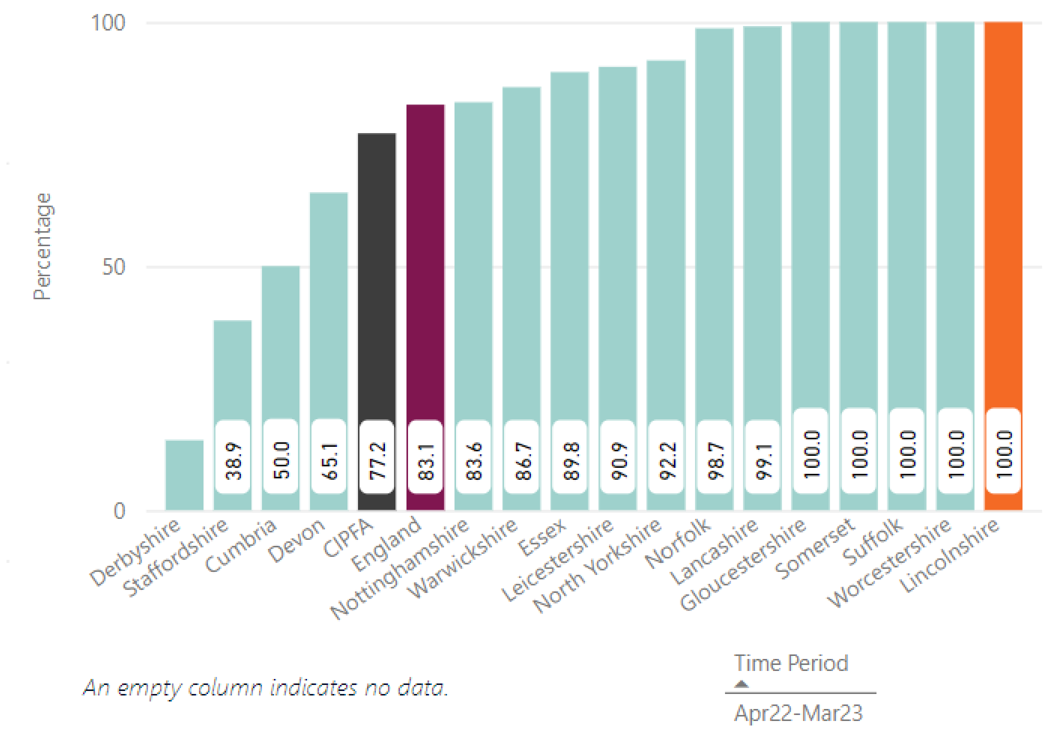
PI 25 For adults discharged from hospital, the percentage who remain at home 91 days after discharge ✓



The target has been achieved which is positive, evidencing that people have received an appropriate assessment of their needs to ensure they remain at home following discharge from hospital (1,011 out of 1,188). Of the 1,011 discharges that are at home after 91 days, 247 of these are at home receiving a long-term support service (e.g. home care). Of the 177 clients not at home on the 91st day, 72 of these are now in long-term residential care and 105 are receiving short-term support

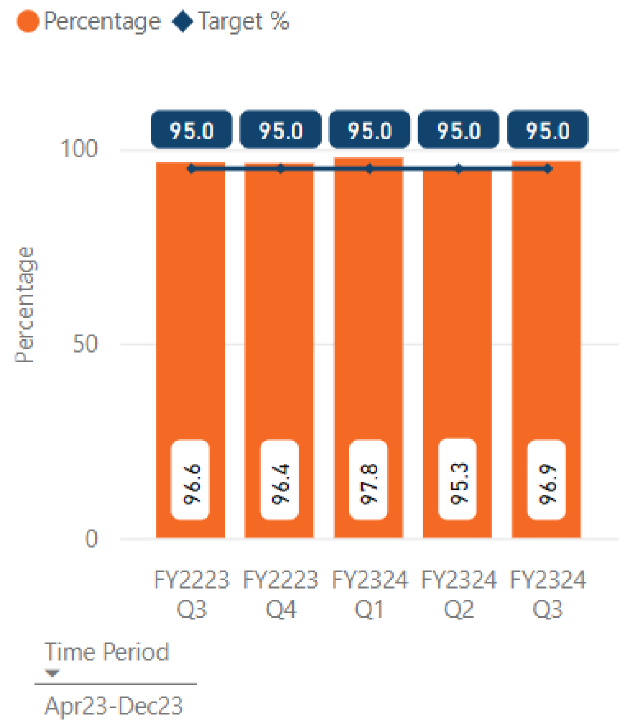
PI 72 Safeguarding cases supported by an advocate (where appropriate) ✓

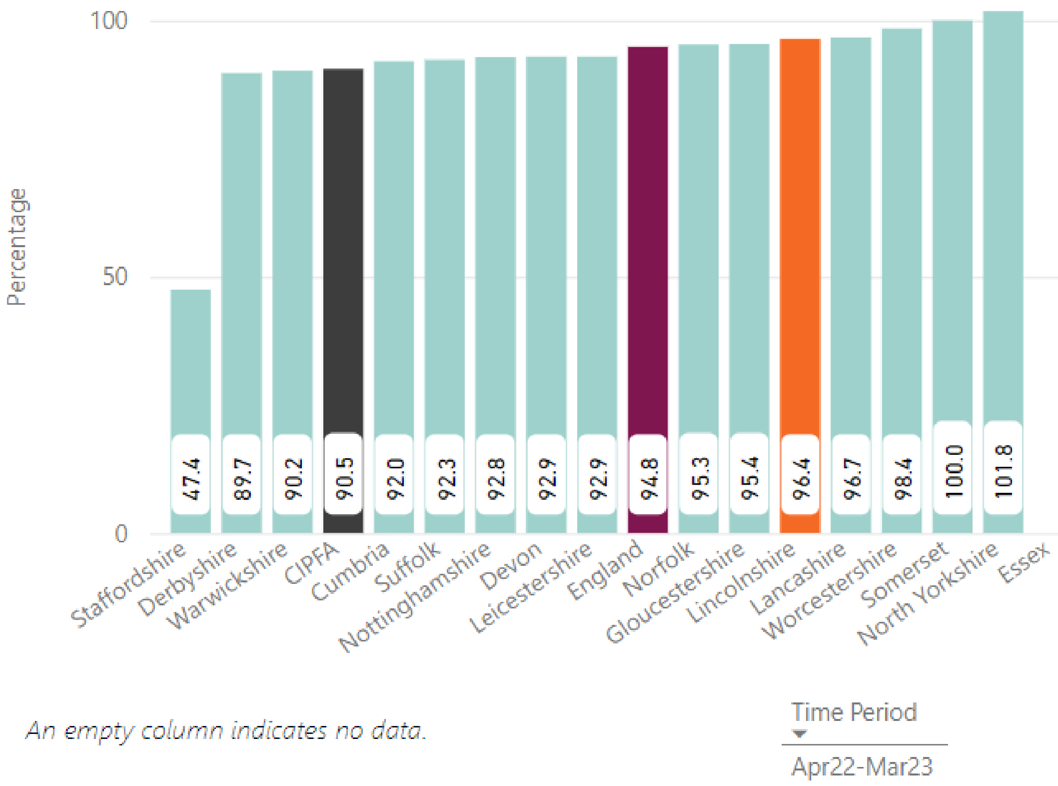




This measure is consistently met and demonstrates that individuals are provided with the necessary support to share their views and wishes. Of the 213 safeguarding cases from April 2023 to December 2023 all were appropriately supported.

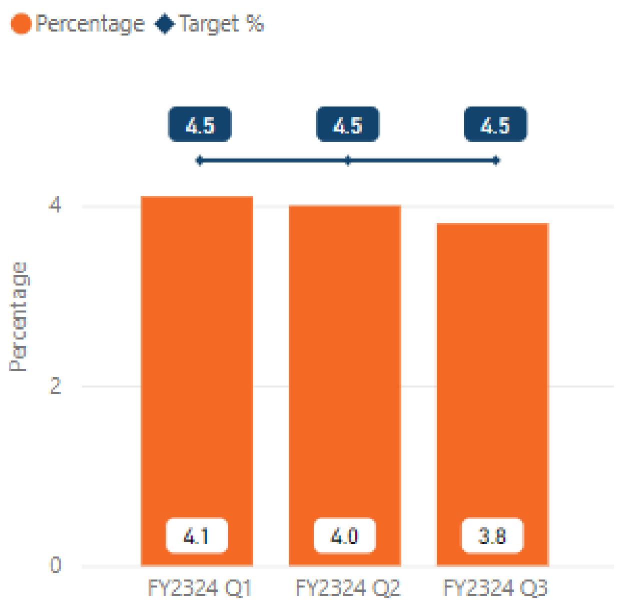
PI 73 Concluded safeguarding enquiries where the desired outcomes were achieved ✓

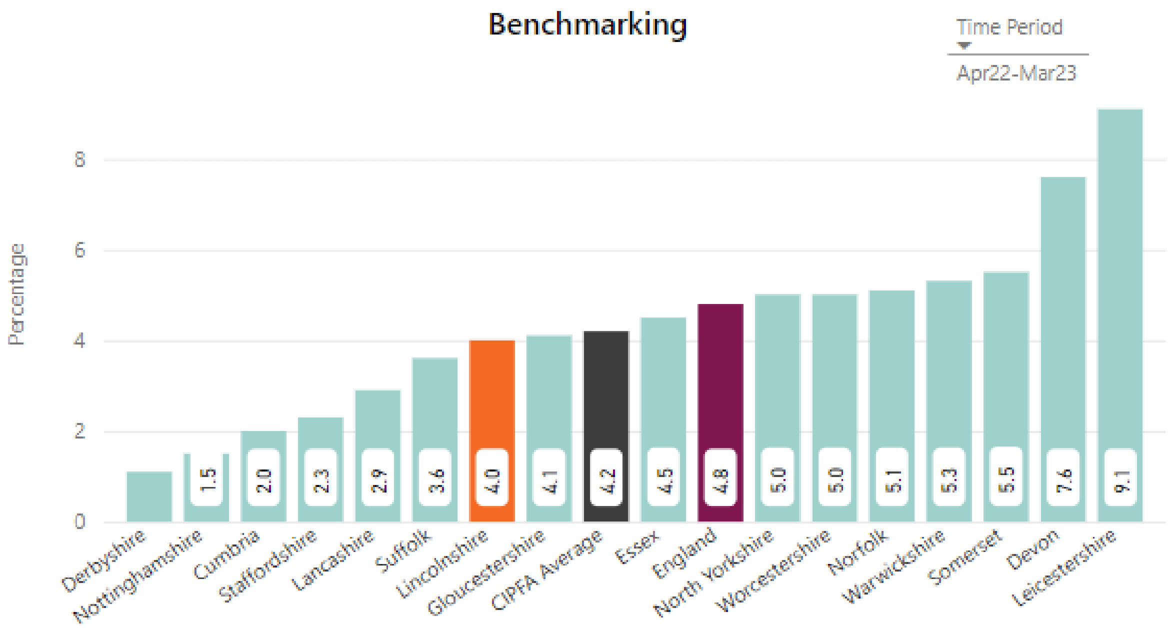




Consistent high performance in this area demonstrates that the key safeguarding principles of 'empowerment' and 'partnership' are firmly embedded into practice. Supporting individual choice and control can improve resilience and outcomes. Of the 354 cases concluded from April 2023 to December 2023, desired outcomes we fully or partially achieved in 343 of those cases.

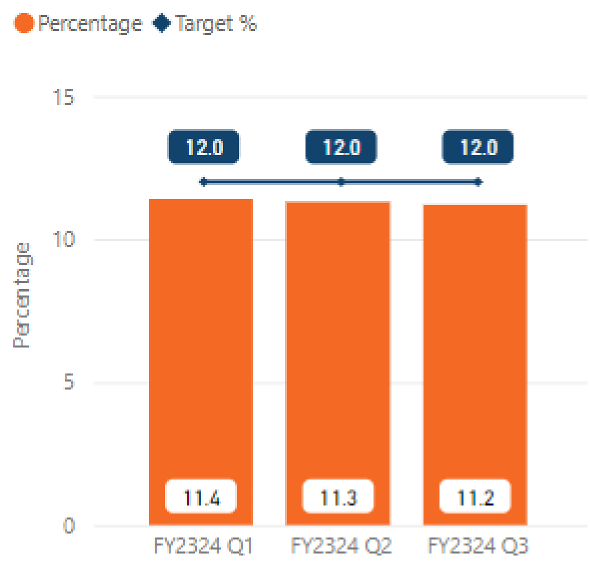
PI 79 Proportion of Adults with a learning disability in paid employment ✓





The figure for Quarter 3 is 3.8% (68 out of 1778) which is within the target tolerance. The number in work has increased by 2 since Quarter 2 reporting. Out of the 68 clients in work, 12 are working more than 16 hours per week and 56 are working less than 16 hours per week. There is a lot of work undertaken to support clients with a learning disability to find work but this is challenging due to the complex needs of many of our clients and the work opportunities available in Lincolnshire. A lot of work takes place with the Maximum Independence Team and the new Job Coaches that have been set up to assist clients to explore the employment world. We expect the number accessing employment to increase over the year.

PI 80 Proportion of Adults with a learning disability in paid employment and volunteering ✓



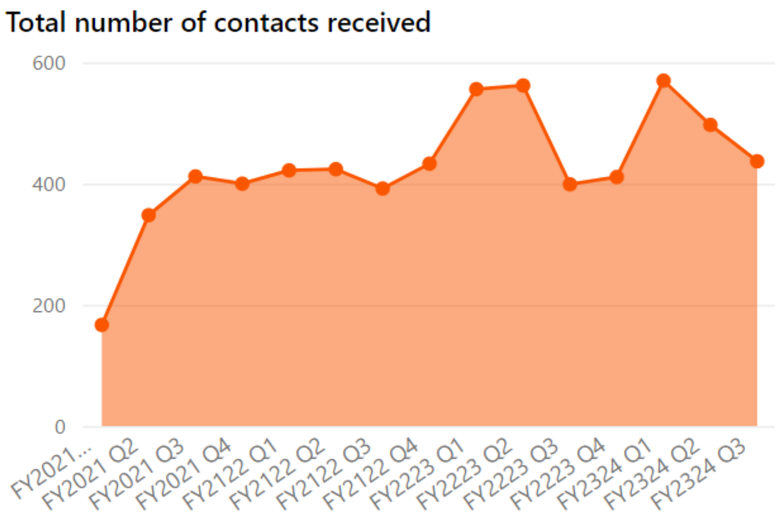
The figure for Quarter 3 is 11.2% (199 out of 1,778) which is within the target tolerance and reflects the work of the learning disability team to support clients to find volunteering opportunities. 13 more clients are volunteering since Quarter 2 reporting.

4.3.3 Create thriving environments

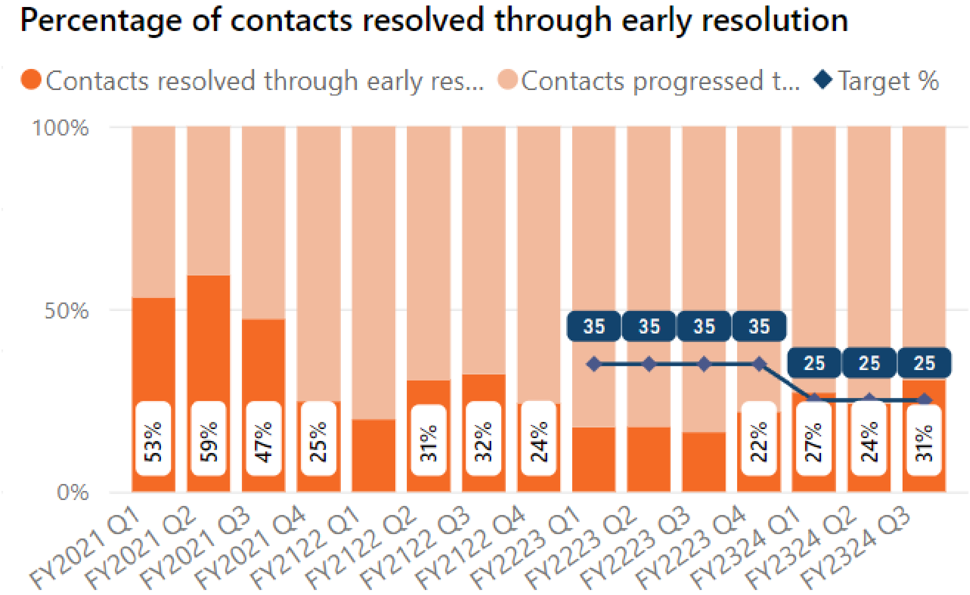
A summary of all Waste PIs is in section 4.5

4.3.4 Provide good value council services

PI 43 Percentage of contacts resolved through early resolution ✓



Good = low contacts with high early resolution

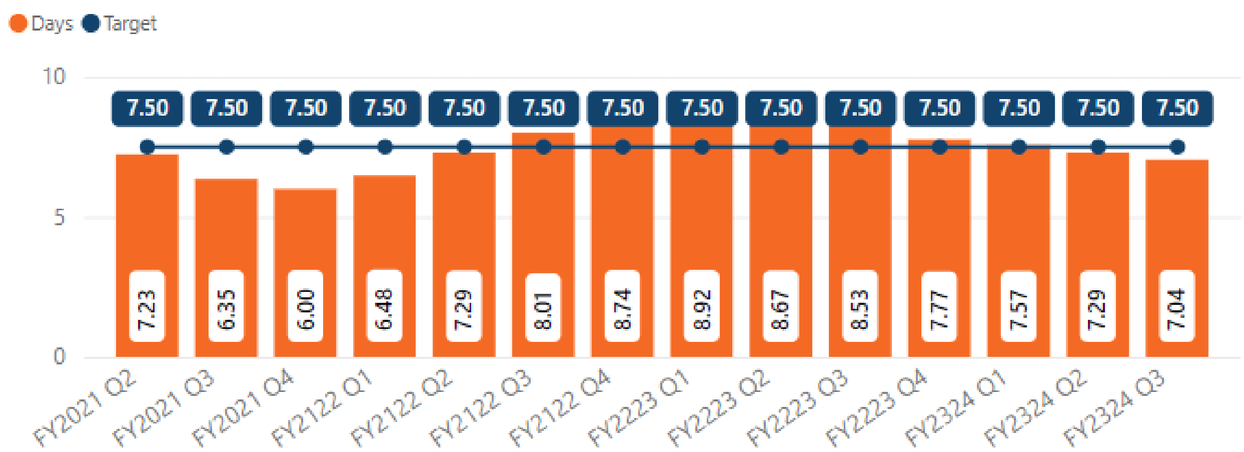


There were 437 contacts in Quarter 3, which is an overall decrease of 12% in comparison to the previous quarter (497 contacts).

Despite the decrease in the number of contacts, the number of cases resolved informally through early resolution has increased. A total of 134 cases were resolved prior to entering the formal process to the satisfaction of the customer.
Adult Care received a total of 60 cases in Quarter 3. One case was resolved informally, achieving a 2% early resolution rate.
Children's Services received a total of 82 cases in Quarter 3. Five cases were resolved early to the satisfaction of the customer, achieving a 6% early resolution rate.
218 cases were raised in relation to Highways, with 107 resolved informally. This was an early resolution rate of 49%.
Communities received a total of 65 cases, with 21 of these resolved informally; achieving an early resolution rate of 32%.

The most significant increase in the number of complaints related to flooding and drainage. This was to be expected given the increased rainfall in the quarter resulting in increased pressure on the drainage systems. It is positive to note that only one of these cases was escalated to the next stage of the local authority's complaints process indicating that the issues highlighted in those complaints were resolved.

PI 44 Days lost to sickness absence per FTE ✓



Good = low sickness absence

Sickness absence has continued to reduce and Quarter 3 of 2023/24 has seen a reduction to its lowest level for two years to 7.04 days and is below the Council’s target of 7.5 FTE.
Quarter 1 and 2 figures have been updated which sees Quarter 1 slightly over target with the revised figure.

We are no longer reporting this PI with a 1 Quarter lag and therefore the latest Quarter is a provisional figure and subject to a tolerance of up to + 0.3 to account for late submissions. During Quarter 3 reporting, the following historic values have been revised.
2022/23 Q3 revised from 8.38 to 8.53
2022/23 Q4 no change 7.77 days
2023/24 Q1 revised from 7.44 to 7.57 (was reported as achieved, but now has not achieved)
2023/24 Q2 revised from 7.22 to 7.29

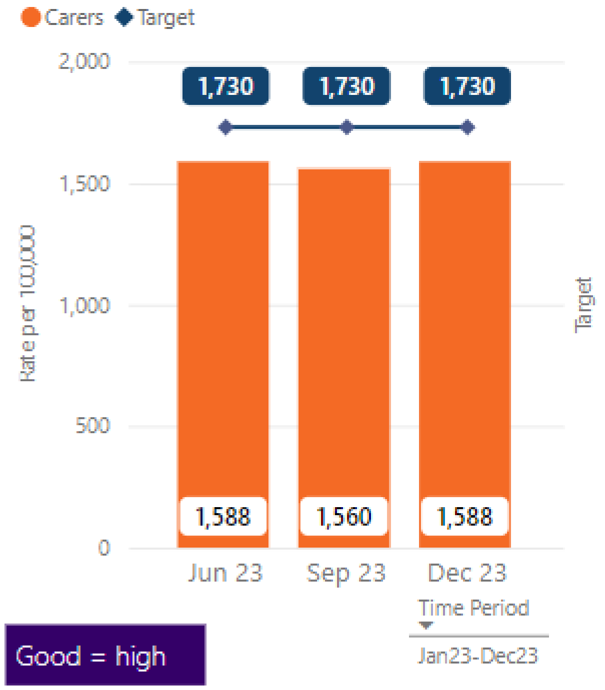
4.4 Did not achieve ambition

4.4.1 Support high aspirations

None in Quarter 3.

4.4.2 Enable everyone to enjoy life to the full

PI 76 Carers supported in the last 12 months ×



The rate for Quarter 3 is an increase against Quarter 2, but remains below target. 12,066 unpaid carers were supported over the last 12 months, this comprised 9,398 Adult carers of adults and 2,668 Young Carers. Of the 9,398 adult carers supported; 779 received a Direct Payment and 8,157 were offered Information and Advice as part of the Carers Service. Outside of the Service, 462 cared for persons received respite, providing indirect support to unpaid carers.

The 1,730 per 100,000 population target for this measure was set several years ago and it is intended that this will be changed in 2024/25 to take into account benchmarking alongside the new

Carer's Service model which went live on 1 October 2022. This will provide a realistic target which reflects the work of the Lincolnshire Carers service in the context of other Council services which support carers and are also included in this indicator.

4.4.3 Create thriving environments

A summary of all Waste PIs is in section 4.5

4.4.4 Provide good value council services

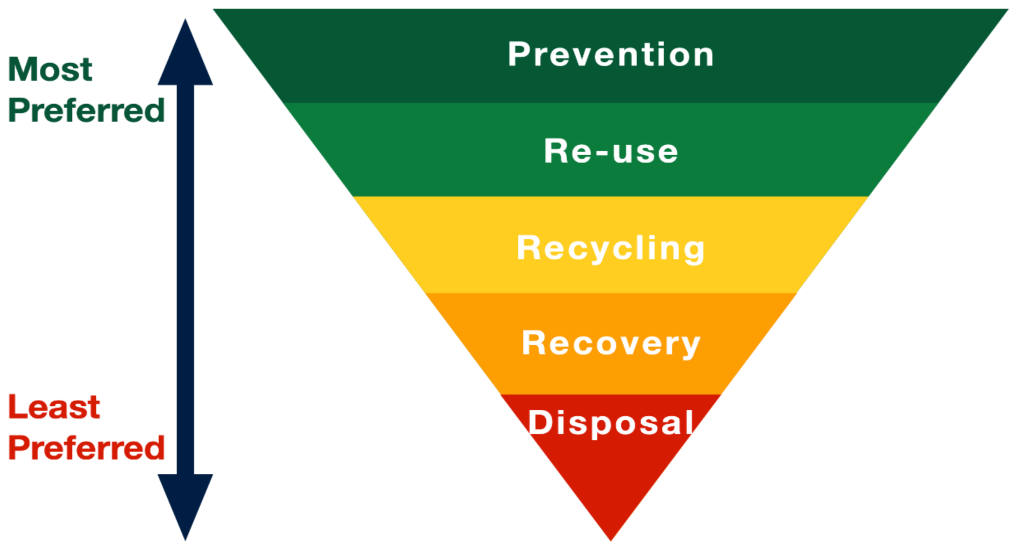
None in Quarter 3.

4.5 Waste PIs

In order to assist the understanding of the different types of waste disposal, we have included the following.

4.5.1 Glossary of terms of the waste hierarchy

All local authorities and businesses have a legal responsibility to apply the "waste hierarchy" in dealing with waste. The waste hierarchy is a simple ranking system used for the different waste management options according to which is the best for the environment. The most preferred option is to prevent waste, and the least preferred choice is disposal in landfill sites.



Prevention
Reducing the amount of waste which is produced in the first place is the highest priority as it helps sustain raw materials for longer which is a major objective of a Circular Economy. This can be achieved by using less material in design and manufacture and keeping products for longer. We

have a KPI for the amount of "Household Waste Collected" in kilograms per household which has an annual target of 1000kg/HH. This can be affected by economic factors as people produce less waste if they spend less money but overall and is difficult to influence. However, it does show the trends in how much waste we produce.

Re-use

Preparing materials for re-use in their original form is the second best approach to dealing with waste. This can be achieved by checking, cleaning, repairing and refurbishing items. Using charity shops is a good method of reusing. In Lincolnshire we are planning to introduce a re-use process at Household Waste Recycling Centres whereby residents can present materials which is then passed onto other residents without having to recycle or incinerate.

Recycling

Recycling involves processing materials that would otherwise be sent to landfills and turning them into new products. It's the third step of the waste management hierarchy because of the extra energy and resources that go into creating a new product. We measure recycling rates for all material which is presented at Household Waste Recycling Centres where it is delivered by the public. We also measure the overall recycling rate which includes all materials including wheely bins at the kerbside and recycling centres. Treatment of food and organic waste by Anaerobic Digestion is classed as recycling which is why it is preferrable to incineration.

Recovery

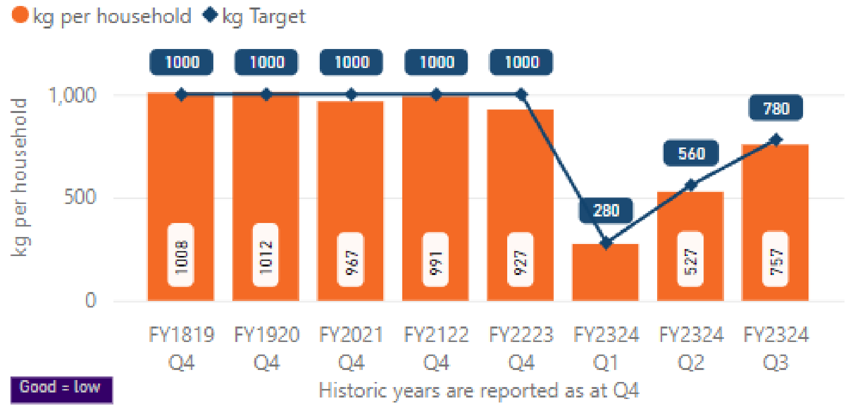
When further recycling is not practical or possible, waste can be treated through such processes as incineration to recover energy. In Lincolnshire we operate an Energy from Waste facility which turned 57% of our waste into energy in 2020/21 which was sold as electricity to the National Grid. Material for recovery is normally collected in the black bin at each household or can be collected at recycling centres. This is preferable to landfilling waste as there is less impact on the environment as greenhouse gases are reduced.

Disposal

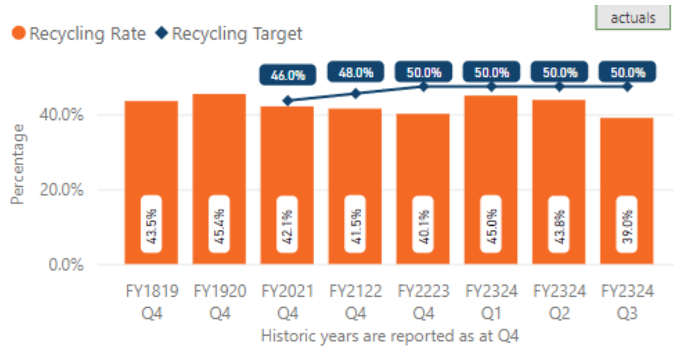
When all else fails, materials that cannot be reused, recycled or recovered for energy will be landfilled. This is an unsustainable method of waste management because waste that sits in landfills can continue to have a damaging environmental impact as such sites continuously release large amounts of damaging carbon into the atmosphere. In 2020/21 we sent 3% of our waste to landfill and such material includes hazardous waste which cannot be treated and certain inert materials such as soil and rubble. Landfills can also leak chemicals and toxic liquids that can contaminate the soil and groundwater.

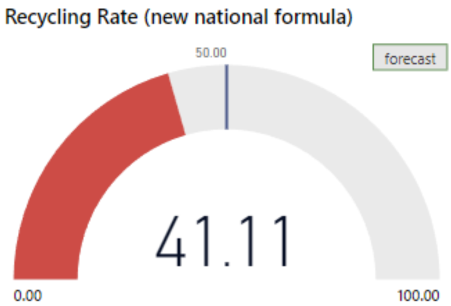
4.5.2 Waste Performance as at Quarter 3

PI 36 Household waste collected ✓

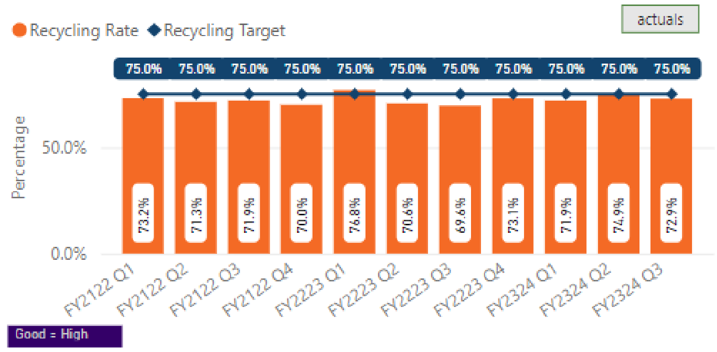


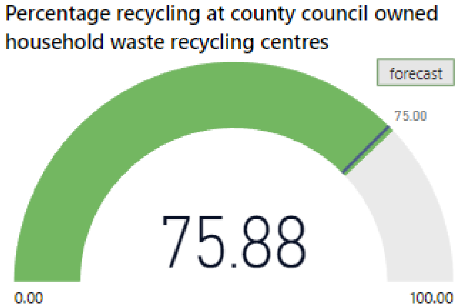
PI 37 Recycling Rate (new national formula) ✘





PI 38 Recycling at County Council owned Household Waste Recycling Centres ✘





PI 39 Household waste to landfill ☆

4.5.3 Summary of Quarter 3 Waste performance

The household waste collected for Quarter 3 is 757kg per household and that is below the target of 780kg which is good news as prevention is the highest objective of the waste hierarchy. This means that less waste is being presented by the public with less haulage and processing needed.

The overall recycling rate for all waste streams is 39.01% which is below the target of 50%. It is difficult to understand why kerbside recycling continues to struggle but it is hoped that with the government's new guidelines for "Simpler Recycling", we will be able to considerably improve in this area, in particular the separate collection of food waste should provide an increase of approximately 7%.

The recycling rate at Household Waste Recycling Centres is 72.9% for Quarter 3. This is slight reduction from quarter 2, however this can be attributed to seasonal variation associated with the reduction of green waste presented at the recycling centres.

The performance indicator for landfill waste continues to be very low which is excellent news. The target for the full year is 5% but we are projecting an actual rate of 0.31%. Landfill has historically been used where we have unplanned outages at the Energy from Waste facility and is the last resort. We may never achieve 0% waste to landfill, but we will always strive towards that target.

National Context

The 4 performance indicators show good trends in how we manage waste and it should be noted that we are already meeting most of the government's planned changes. Simpler Recycling aims to minimise waste and drive up recycling rates to meet the targets of the Environment Act 2021. Nationally, between 2000 and 2022 there has been an increase of 11% in recycling rates to 42%. However, in recent years household recycling rates have plateaued at around 42% to 44% which reflects what has happened in Lincolnshire.

Simpler Recycling requires the following materials to be collected across all authorities:

- paper and card,
- plastic,
- glass,
- metal,
- food waste,
- garden waste

However, it should be noted that the government is concerned about the number of bins households may need and have therefore relaxed the approach to allow co-mingled recycled materials. Fortunately, Lincolnshire has successfully met this requirement for many years and therefore the only change we will have to make is to have separate food waste collections by April 2026. Separate food waste will require capital expenditure to our Waste Transfer Stations, but there should be significant revenue savings once collections of food begins. It is estimated that Lincolnshire residents produce approximately 30,000 tonnes of food waste per year which is currently mixed with other material in residents' black bins and processed at the Energy from Waste facility at a cost of £65 - £99 per tonne. If we dispose of food waste at an Anaerobic Digestion (AD) facility the disposal cost will be significantly lower and may be nett £0 which could provide an annual revenue saving of £2m - £3m. This is similar to the recent approach with paper and card whereby the material is collected separately and recycled at a paper mill. The paper and card is much cleaner as it is uncontaminated and has much greater value which provides a constant income for the authority.

A second benefit of separate food waste disposal will be an improvement in our recycling rate. AD is classed as recycling which will move the food waste from Recovery to Recycling on the Waste Hierarchy and will provide an approximate 7% improvement in the overall recycling rate.

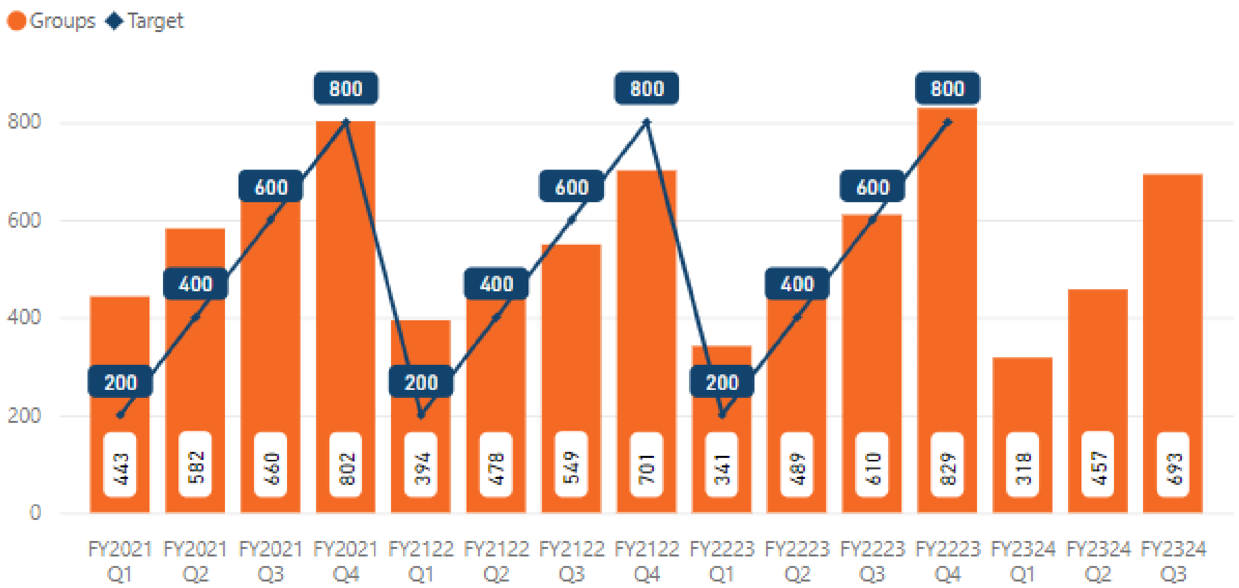
There is a great deal of government emphasis on improving recycling rates but waste prevention should always be our highest priority and disposal of material through landfilling should always be our last resort. Overall Lincolnshire has excellent services already in place but the Environment Act requirements represent a commercial opportunity which will further benefit the environment.

4.6 Contextual KPIs

These KPIs do not have an ambition set but it has been agreed by the Executive Directors these should be highlighted to the Executive. All contextual PIs can be found on the Council's website.

4.6.1 Support high aspirations

PI 70 Voluntary and community groups actively supported in Lincolnshire



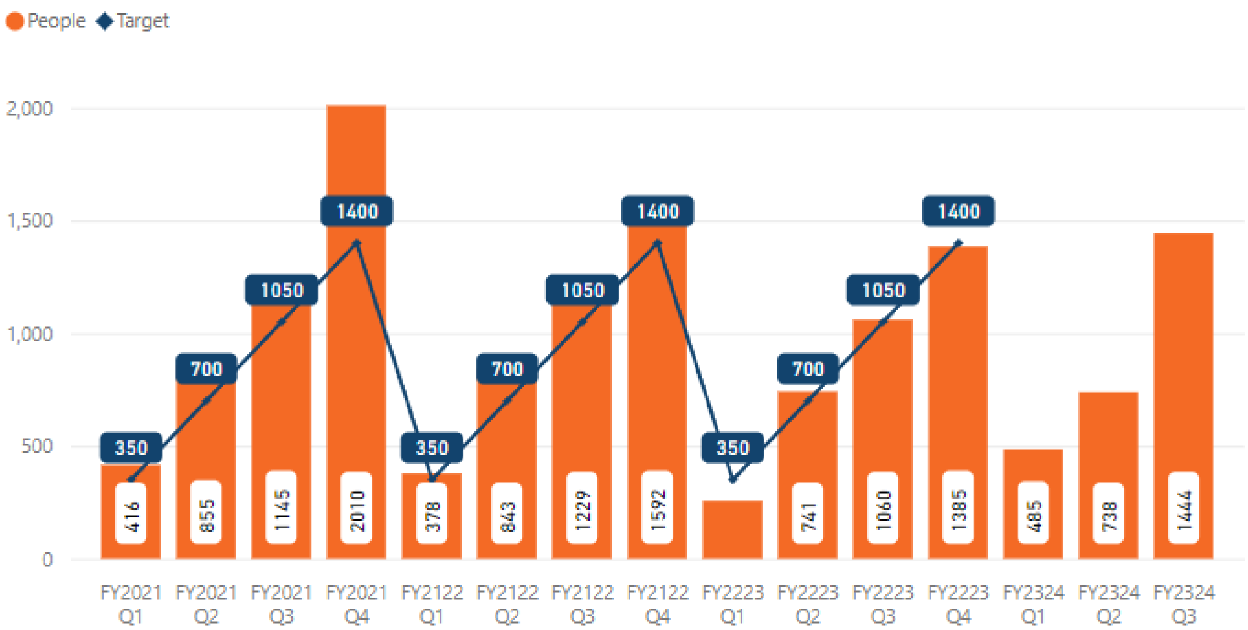
Support has been provided to a wide range of groups and organisations this quarter through the Volunteer Centres with

- practical advice and resources
- forums and regular networking opportunities
- funding advice
- funding readiness online training and support

- support to develop new roles and recruit volunteers
- advice and support with DBS checks
- online training platform for their volunteers

Funding advice and support continues to be most popular and the Funding Ready training programme supported 33 organisations through workshops and one-to-one support. For this quarter groups have been supported to secure £249,155 external funding.

PI 71 People supported who have accessed volunteer opportunities

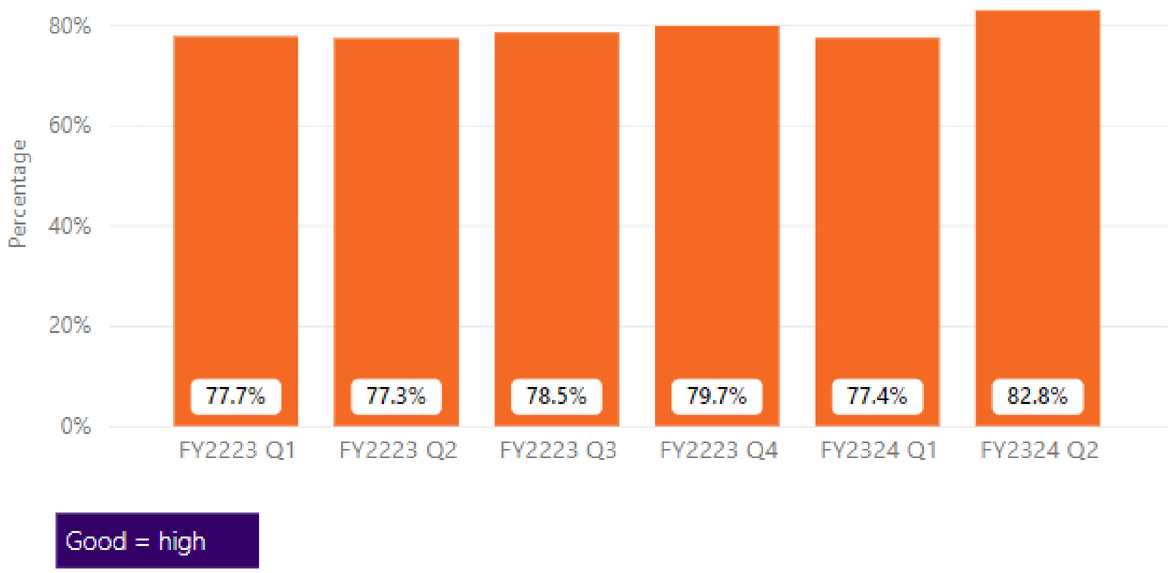


There has been a 25% increase in volunteers seeking to access regular volunteering opportunities via the volunteer brokerage service this quarter. The demand for volunteering appointments with volunteer advisors is at the highest since pre-covid.
There has also been a significant increase in micro volunteering activity during the quarter. Examples include knitting/crocheting poppies for the Remembrance Day services and volunteering at local events such as the South-West Ward Christmas event in Gainsborough.
This quarter has also seen the launch of the Lincolnshire Volunteer Managers Network and preparation is underway for the Lincolnshire Volunteering Conference in 2024.

The new volunteering platform (Team Kinetic Lincolnshire) launched on the 2nd January 2024 and already has over 100 volunteer host organisations registered within the first two weeks. The platform will provide an online searchable volunteering database and platform which will increase visibility of opportunities and ultimately increase the volume of volunteers in Lincolnshire.
During a recent internal audit, more volunteers were identified in Quarter 1. The previously reported figure of 459 has been amended to 485.

4.6.2 Create thriving environments

PI 69 Overall Highway Service combined measure



The Highways measure is calculated by working out the average score for the partners that work on behalf of LCC and is used to indicate generally the performance level that the various partners are currently at.

The score shown is an average of five areas –
- Lincolnshire County Council Highways
- Highways Works Term Contract
- Traffic Signals Works Term Contract
- Professional Services Contract
- Mutual Alliance KPIs

Key Performance Indicators are directed at measuring the achievement of the objectives of the Partners to the Alliance. These mutual objectives represent the aspirations of the Partners to the alliance agreement.

Performance Indicators are directed at measuring the achievement of the objectives of the participating organisations within their Own Contract. These indicators will impinge on the quality of performance at Key Performance Indicator level but would be the responsibility of the specific Partners to provide the appropriate improvements in performance.

The purpose is for the alliance Partners to work in collaboration with each other and to jointly add value to the delivery of services.

The scores are used at a commercial level and may lead to extension or penalties. The score represents the following.
100 – Outstanding
90 – Excellent

80 – Very good
70 – Good – Authority will look to extend existing contractual arrangement.
60 – Above average
50 – Average
40 – Below Average
0 – 30 – Below minimum standard expected

A score currently in the 80s is classed as 'Very good' as broadly speaking the requirements of the partners are on track. Improvement plans are in place for the individual measures that have fallen below the minimum performance level.

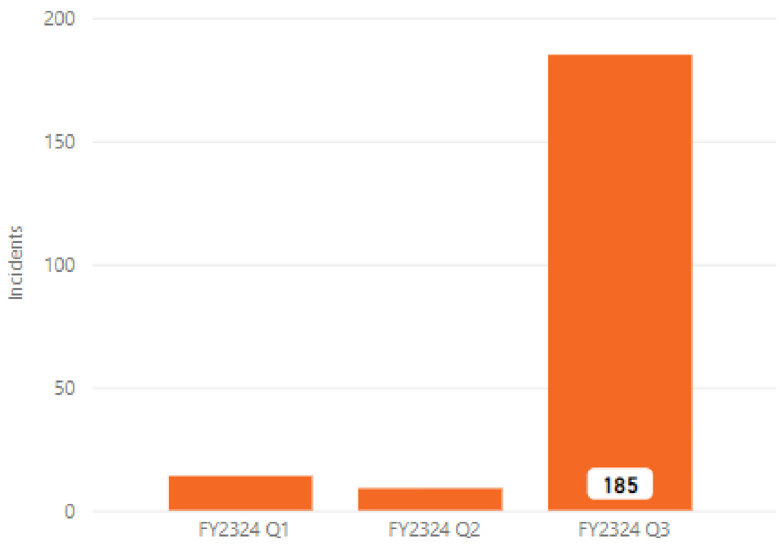
PI 83 Number of people using Visit Lincolnshire's website

The number of people accessing the Visit Lincolnshire website in Quarter 3 was 328,063. Visits to the Visit Lincolnshire website are higher than predicted and are up 82% on the same period last year. Quarter 3 includes the festive period making this a busy time of the year for website traffic and shows the importance of continuously updated event pages. New and engaging content continues to be added to ensure greater search engine optimisation.

Although the season is still difficult with consumers being careful with their spend, there has been an average conversion rate of 19.3% of visitors clicking through to a booking link or for more information. This demonstrates that the site is offering what the visitor wants and is a further quality measure that shows the visitor being taken through to the next stage of making a booking/visit. This figure has previously been in the low teens but has risen through 2023/24 to a positive 19.3%.

Most traffic is visitors to the website through a search engine and unpaid advertising. Destinations such as Stamford and Woodhall Spa continue to perform well, with Stamford ranking at number 1 in searches for a prolonged period. Overall, around 5% of traffic to the Visit Lincolnshire website is from the Lincoln area and around 31% of traffic from the London area.

PI 84 Flooding incidents investigated



During Quarter 3 Lincolnshire was severely affected by Storm Babet which caused 723 properties to be internally flooded with a further 504 properties suffering external flooding. 48 roads were needed to be closed and there were 98 further instances where highways suffered flooding. This storm has generated a need for 180 section 19 investigations alongside 5 instances of non-storm related flooding.

In total 185 investigations were commenced in Quarter 3 covering a total of 732 internally flooded properties. As at the end of the Quarter 3 period (October to December 2023), there were a total of 239 ongoing Section 19 reports being prepared as a result of investigations being undertaken, spanning from 2019 to present.

On 2 January 2024 (Quarter 4 reporting period) the County suffered further flood events following Storm Henk. The figures for this storm will be added as part of the Quarter 4 reporting but early indications show that there is likely to be 131 internally flooded properties of which 42 flooded in both Babet and Henk. It is possible that at least a further 68 section 19 reports will be required.

Details of all current Section 19 investigations, along with their status, can be found on the Flood and Water Management Scrutiny Committee meeting page on the Lincolnshire County Council website - [Browse meetings - Flood and Water Management Scrutiny Committee (moderngov.co.uk)]

4.7 Performance Indicators (PIs) that could not be reported in Quarter 2 have now been updated in Quarter 3.

4.7.1 Data is now available for the following PIs and details can be found on the Council's website.

PI 19 Personal wellbeing estimates – *life satisfaction; happy; worthwhile*

PI 23 Percentage of overweight or obese children

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

The report presents performance against the ambitions and objectives set out in the Corporate 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 and Wellbeing Strategy (JHWS) in coming to a decision.

The report presents performance against the ambitions and objectives set out in the Corporate Plan many of which relate directly to achievement of health and wellbeing objectives.

Crime and Disorder

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

The Report presents performance against the outcomes and measures set out in the Corporate Plan some of which relate to crime and disorder issues.

3. Conclusion

This report presents an overview of performance against the Corporate Plan as at 31st December 2023. There is positive performance overall across all 4 corporate ambitions with both activities and KPIs performing well.

4. Legal Comments

The Executive is responsible for ensuring that the Executive functions are discharged in accordance with the Budget and Policy Framework of which the Corporate Plan is a part.

This report will assist the Executive in discharging this function.

The recommendations are therefore lawful and within the remit of the Executive.

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

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

N/A

c) Scrutiny Comments

The Overview and Scrutiny Management Board (OSMB) is due to consider this report on 29th February 2024. Any comments of the Board will be reported to the Executive.

d) 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	Full list of 2023-24 Quarter 3 Corporate Plan Activities

8. Background Papers

The following Background Papers within section 100D of the Local Government Act 1972 were used in the preparation of this Report:

Document title	Where the document can be viewed
Council report: Refresh of the Corporate Plan - 19 May 2023	Agenda for Council on Friday, 19th May, 2023, 10.30 am (moderngov.co.uk)
Executive report: Performance Reporting Against the Corporate Plan Success Framework 2022-2023 - Quarter 4 - 4 July 2023	Agenda for Executive on Tuesday, 4th July, 2023, 10.00 am (moderngov.co.uk)

Executive report: Revised Corporate Plan Success Framework 2023-24 – Appendix B	Appendix B - Full Corporate Plan Success Framework 2023-24 V2.0.pdf (moderngov.co.uk)
Executive report: Performance Reporting Against the Corporate Plan Success Framework 2023-2024 - Quarter 2 - 5 December 2023	Agenda for Executive on Tuesday, 5th December, 2023, 10.30 am (moderngov.co.uk)

This report was written by Caroline Jackson, who can be contacted on caroline.jackson@lincolnshire.gov.uk.

Corporate Plan Success Framework – Full table of Activities for 2023–24 Quarter 3 **Appendix A**

Ambition: Support high aspirations				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A6	Champion educational excellence across Lincolnshire [7]	We will help schools to be skilled at supporting children with special education needs and disabilities (SEND) in mainstream settings, through developing and delivering strategies and where an education, health and care plan is required, undertaking this assessment in a timely and creative way. Our SEND High Needs transformation programme will support improvement and delivery in this area.	To develop the next phase of a learning offer which all school staff can access to enhance their specialist knowledge and contribute to a culture of inclusion in all aspects of school life. Tier 2 of the SEND Alliance Workforce Development Strategy will be launched for special schools by December 2023. In response to parents and carers' requests for access to training, Introductory level training will be launched by December 2023 to support them in responding to their children's SEND.	GREEN (Progressing as planned)
A7	Champion educational excellence across Lincolnshire [7]	We will continue to support schools to work effectively with a wide range of services and establish robust collaborative arrangements, in order to maximise expertise, and improve opportunities for all children - enhancing our Education Improvement Strategy within the Sector-led self-improving system of maintained schools and trusts.	Almost all schools work in some form of collaborative arrangement in order to monitor and secure good quality provision for children and young people.	GREEN (Progressing as planned)
A1	Enhance the skills of our communities to meet the needs of our businesses and the economy [8]	We will transform how we raise skills levels, productivity, employability and apprenticeship numbers through developing and implementing an updated skills plan.	Evaluate and review the Multiply programmes delivered in the 2023/24 Financial Year. Launch Year 3 Call for Multiply Projects and design a draft programme for Learning Board comment and approval.	GREEN (Progressing as planned)

Ambition: Support high aspirations				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A56	Have high aspirations for our county, promoting Greater Lincolnshire on the national stage and secure greater devolution of powers [11]	We will work with officials to secure a devolution deal for Greater Lincolnshire.	We will work with officials to negotiate and agree the content of a devolution deal for Greater Lincolnshire against timelines set out by government.	GREEN (Progressing as planned)
A63	Promote thriving voluntary community groups that enable active lifestyles, drive collaboration and community innovation [13]	Work proactively with our strategic partners and commissioned services to create an environment across the county in which voluntary community groups are sustainable and able to thrive in line with the Stronger Communities – Lincolnshire Community Strategy.	Develop a plan to address any gaps identified, set out next steps with named owners and governance arrangements.	GREEN (Progressing as planned)
A34	Enhance the safety of local communities by working collaboratively with the police and ambulance services, sharing buildings and response arrangements [14]	We will continue to work with partners to enhance community safety, with a particular focus on prevention and early intervention. We will improve the effectiveness and efficiency of service delivery through building a sustainable financial and operating model for the Public Protection function, pooling budgets and undertaking joint commissioning activity.	Co-production of development workshops for staff. Identify collaborative learning opportunities with partners. Complete the performance measurements for the Domestic Abuse (DA) commissioned services. Interim update on prevention and early intervention activity within schools and the community.	GREEN (Progressing as planned)

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A18	Deliver good quality children's centres, which are at the heart of our communities supporting families, so their children thrive [7]	We will support families in their parenting role through continuing to deliver the healthy child programme, also evaluating the benefits of the Family Hub model with a specific focus on prevention and early intervention specifically around parental and infant mental health, breastfeeding and an enhanced antenatal offer.	We will develop a workforce and service plan which focuses on the delivery of the Healthy Child Programme and Family Hub models, specifically around integrated and collaborative approaches to service delivery. Resulting in a revised service delivery model for 0-19 services, whilst ensuring early intervention and prevention. Digital capability will result in blended delivery options aimed at meeting all children's needs whilst highlighting those who are most vulnerable. Integrated pathways will ensure families can navigate services with ease.	GREEN (Progressing as planned)
A51	Deliver good quality children's centres, which are at the heart of our communities supporting families, so their children thrive [7]	Implementing a family hub approach. This is a system-wide model of providing joined-up, high-quality, whole-family support services from pregnancy, through the child's early years and later childhood, and into early adulthood.	Delivery of the programme will be in place across the majority of the funded areas and this will enhance our core offer in Children's Centres and enhance our local partnership arrangements. There will be evidence that this is making a positive difference to the lives of children and families. We will launch the remaining 4 hub sites. We will agree our evaluation methodology for the programme.	GREEN (Progressing as planned)
A15	Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities [8]	We will continue to improve how we support children in care and care leavers to thrive through the delivery of the children in care transformation programme. This will include the development of two new children homes catering for children with more complex needs and enhancing housing solutions for care leavers.	Full completion and handover of the new Riverhead House children's home in Louth, Ofsted registration for Riverhead House and Homes Manager. Children identified and trajectory planning in place to support move to Riverhead House.	GREEN (Progressing as planned)

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A13	Create further accommodation options for greater independence and wellbeing [9]	We will work with our districts and other partners in implementing the housing for independence strategy, to increase accommodation options for those wanting Extra Care, those with learning disabilities, mental illness or autism. We will also collaborate to deliver easy access to equipment / adaptations to homes that enable greater independence.	During this quarter, it is anticipated that planning permission will be approved for The Hoplands scheme in Sleaford and the required funding will be granted to enable development. In addition, planning permission will be submitted by ACIS Group for the Grange Farm redevelopment project in Market Rasen. **Narrative:** *Collaborative initiatives to deliver the homes for independence agenda are progressing well through the refocused Housing Health and Ageing Well Delivery Group (HHAWDG) and the Joint Accommodation Strategy Group. Encompassing the ageing well agenda will improve the opportunities for older, working age adults to consider their housing options in preparation for later life and, when appropriate, remain independent in a 'home for life'. Considerable progress has been made to streamline the disabled facilities grant processes across districts, and access to them and equipment services will be made easier through the emerging Good Home Lincs hub.* *Several projects are in progress for people who need more specialist independent homes. Following support for planning permission for The Hoplands, partners are now working together to progress detailed design, with North Kesteven District Council's (NKDC) procuring a contractor soon. Due to delays with procurement, funding has not been awarded, however NKDC is working closely with Homes England*	AMBER (Progress is within agreed limits)

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
			ahead of submitting the funding application later next year. Work has significantly progressed on site at Prebend Lane, Welton and is still on track to complete towards the end of 2024. LACE Housing and LCC have now commenced the allocation working group process to ensure enough lead in time is allowed to work through nominations for the scheme. Due to the complexities and risks of the site on Grange Farm, additional surveys and contract negotiations with ACIS' chosen contractor took longer than expected, therefore listed building consent was submitted in November 2023. Consequently, construction has not yet commenced on Grange Farm, however we anticipate this will start during Quarter 4 dependent on planning being granted in sufficient time, and funding.	
A17	Create further accommodation options for greater independence and wellbeing [9]	We will continue to deliver our maximising independence programme across adult care, focused on developing strengths and innovating support including assistive technology and digital support, tracking impact monthly through forward trajectories.	Technology Enabled Prevention and Care Pilot provider appointed and planning for January start for referrals. Integrated delivery team to complete phase 8 of strengths-based approaches, behavioural science and Technology Enabled Care training to teams, focusing on re-visiting teams to ensure that the approach has been sustained by December 2023.	GREEN (Progressing as planned)
A58	Enhance support for carers [10]	We will support unpaid carers to maintain their caring role by providing access to good quality information, advice and guidance using strength-based conversations which consider whole family needs.	Undertake quality review of Information, Advice and Guidance.	GREEN (Progressing as planned)

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A59	Enhance support for carers [10]	We will provide information through a variety of channels, including digital options, to fit around the needs of busy carers.	Develop an action plan to increase digital take up by carers.	GREEN (Progressing as planned)
A60	Enhance support for carers [10]	We will ensure that carers who have an eligible need have access to personalised carers budgets to help them achieve their identified outcomes following assessment.	Create an action plan following ideas from the working group.	GREEN (Progressing as planned)
A61	Enhance support for carers [10]	We will proactively support unpaid carers to maintain or access employment, working with employers in local government, health and other sectors.	Rollout carers passports.	GREEN (Progressing as planned)
A20	Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents [11]	We will support people to make healthy choices across all aspects of their lives, through continuing to commission and deliver effective preventative services, which also provide quality information so people are better informed. The development of the Integrated Care System (ICS) will continue and develop this approach	Implement Public Health Commissioning Programme for 2023/24 1. Sexual Health and Substance Misuse recommissioning - Evaluate and award new contracts. 2. Wellbeing Service recommissioning – Undertake the governance process and complete the service specification. Implement Public Health Priority Work Programme for 2023/24 1. Technology Enabled Prevention and Care Pilot approved by Senior Leaders & commenced in September 2023, 2. Hoarding pilot options appraisal developed. 3. Develop a Memorandum of Understanding (MOU) and a High-Level work plan between Lincolnshire County Council (LCC) and	GREEN (Progressing as planned)

Page 63

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
			Lincolnshire Integrated Care Board (ICB) on the requirements set out in the Mandated Public Health Advice Service. 4. Joint Lincolnshire Health and Wellbeing Strategy and the Better Lives Lincolnshire Integrated Care Partnership Strategy reviewed. Implement Public Health Protection Programme for 2023/24 1. Implement the winter Covid booster and flu vaccination programmes across the care sector programme. 2. Develop an integrated Health Protection approach to Communicable Disease Control. 3. Support the system winter plan as infectious disease outbreaks increase.	
A21	Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents [11]	We will now work with partners across our Integrated Care System (ICS), setting clear priorities for the next 3 years to improve health and wellbeing across Lincolnshire	Lincolnshire Intermediate Care Layer Leaders will review current spend to support the development of a home-based enablement offer (including reablement, rehabilitation and discharge to assess). **Narrative:** *A review of how the intermediate care framework is being developed in Lincolnshire is currently underway to ensure the services that are to be commissioned are in the right place which will lead to positive outcomes for Lincolnshire residents. This review will create clear milestones to be achieved in Quarter 4.* *During Quarter 4, a clear direction will be set to incorporate the 4 intermediate care priorities by completion of demand and capacity planning, expansion of the care transfer hub, improved workforce utilisation and improved data quality.*	AMBER (Progress is within agreed limits)

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
			The work to develop the Lincolnshire Intermediate Care Layer is only one program of work within the Integrated Care System arrangements which is part of having more integrated approaches to the way we deliver services across the county. The Better Lives Lincolnshire Integrated Care Partnership Strategy sets out the ambition and aims along with the strategic enablers as to how we will collectively work to improve the health and wellbeing of our population. This complements the Joint Health and Wellbeing Strategy (JHWS) which sets out the priorities based on the Joint Strategic Needs Assessment (JSNA).	
A40	Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents [11]	We will place the individual, their family and friends at the heart of their care plan through introducing and implementing strength based practice in Adult Care and Community Wellbeing.	Additional training to new starters across Adult Care and Community Wellbeing, Lincolnshire Partnership Foundation Trust, Serco and Carers First as part of induction will be delivered. Integrated delivery team to complete phase 8 of strengths-based approaches, behavioural science and Technology Enabled Care training to teams, focusing on re-visiting a minimum of 8 teams to ensure that the approach has been sustained by December 2023. Learning and development drop in opportunities to be provided to practitioners to support roll out of new tools and workflows.	GREEN (Progressing as planned)
A53	Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents	Working with strategic partners, we will support the delivery of Lincolnshire's Mental Health, Learning Disability and Autism Alliance priorities. This includes joint ownership of the Prevention Concordat for Better Mental Health	Provide public health advice to the system regarding public mental health, dementia, learning disabilities and autism. Report progress on Suicide Prevention and Prevention Concordat for Better Mental Health workstreams.	GREEN (Progressing as planned)

Page 64

Ambition: Enable everyone to enjoy life to the full				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
	[11]	Action Plan, which takes a prevention-focused approach to mental health and wellbeing.	Develop and agree with partners an outcome framework for the Concordat and share learning with national concordat community of practice	

Page 65

Ambition: Create thriving environments				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A8	Thriving businesses creating high skilled jobs and investing in technology [4]	We will support new and existing businesses to thrive, through delivering a strong, flexible and responsive Business Lincolnshire growth hub.	Delivery of an Export focused large conference event to promote new market opportunities to the business community.	GREEN (Progressing as planned)
A23	Thriving businesses creating high skilled jobs and investing in technology [4]	We will improve utility infrastructure in order to enhance growth through exploring and implementing plans to maximise the development of energy, water and sewage, and digital infrastructure.	Strategy for implementing the agreed recommendations from the Energy Options Analysis for Greater Lincolnshire report to be agreed.	GREEN (Progressing as planned)
A4	Champion strategic road and rail improvements to improve local and regional travel and support economic growth [8]	We will produce local transport strategies which promote alternative modes of transport, through collaborative working with our district and local partners which will include the creation of local transport boards.	We will complete the final form of the transport strategy.	GREEN (Progressing as planned)
A49	Champion strategic road and rail improvements to improve local and regional travel and support economic growth [8]	Long term investment strategy for highways infrastructure.	Continue to update and collate a list of aspirational projects for the county to submit for funding bids as and when they are announced. This includes ensuring the supportive data is relevant. Continue to input in to the Devolution works which could result in funding for investment in the highway infrastructure network.	GREEN (Progressing as planned)

Ambition: Create thriving environments				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A27	Promote Lincolnshire as a destination of choice and deliver the recommendations of the Greater Lincolnshire Tourism Plan [10]	We will work with partners to attract tourists to Lincolnshire, leading the way in raising the profile of the county and enhancing collaboration across our councils to maximise what Lincolnshire has to offer.	Develop new programme of Hospitable Green courses.	GREEN (Progressing as planned)
A25	Plan growth to benefit the whole community by connecting people, housing, employment, businesses, green spaces and the natural environment [11]	We will maximise the use and provision of our water as a valuable resource by working with our partners and researching to better understand how we balance over and under supply. Once we have solutions, we will develop an action plan.	We will engage with lead authorities (Anglian Water) on the preliminary design and emergency drawdown plans for the Lincolnshire Reservoir to ensure appropriate considerations are made within those plans with regards to local communities and wider water resource management.	GREEN (Progressing as planned)
A26	Plan growth to benefit the whole community by connecting people, housing, employment, businesses, green spaces and the natural environment [11]	We will use our planning responsibilities to influence new residential and commercial growth so that it contributes to the community in which it is located.	We will work in partnership with all stakeholders, and will seek views of elected ward members, to ensure that development impact is mitigated, and provides community benefit where necessary.	GREEN (Progressing as planned)
A30	Plan growth to benefit the whole community by connecting people, housing, employment, businesses, green spaces and the natural environment [11]	We will prepare and manage an action plan arising from the strategic infrastructure delivery framework.	The action plan will be agreed by the Infrastructure Group, the Chairman will regularly update the Chief Executive's group as appropriate. The action plan will include SMART targets for partners.	GREEN (Progressing as planned)

Ambition: Create thriving environments				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A56	Seek devolution from the Government to unlock infrastructure investment needed to support local growth [13]	We will work with officials to secure a devolution deal for Greater Lincolnshire.	We will work with officials to negotiate and agree the content of a devolution deal for Greater Lincolnshire against timelines set out by government.	GREEN (Progressing as planned)
A10	Manage local risks to our environment to protect our communities' natural and built resources for future generations [15]	We will achieve net zero carbon emissions as a council by 2050 or earlier through the development of the Green Masterplan. We will provide climate leadership in Lincolnshire and beyond. We will revise and update our Carbon Management Plan in 2023.	We will deliver the next iteration of the 5 year Carbon Management Plan to set new targets, milestones and projects for the delivery of the net zero carbon emissions target date of 2050.	GREEN (Progressing as planned)
A11	Manage local risks to our environment to protect our communities' natural and built resources for future generations [15]	We will respond to our communities in a joined-up way and we will proactively coordinate with partners to develop and deliver better flood risk protection within the County.	We will deliver significant surface water alleviation schemes to protect residences and services, including a primary school in Cherry Willingham and Long Bennington.	GREEN (Progressing as planned)
A12	Manage local risks to our environment to protect our communities' natural and built resources for future generations [15]	We will maximise the reuse and recycling potential of the county's waste, treating it as a resource. This will include exploring the opportunity for anaerobic digestion facilities across the County.	Award Contracts for Anaerobic Digestion disposal. District Councils to be notified of preferred locations. Work to continue on the development of Waste Transfer Station improvements in time for 2025 food waste roll out	GREEN (Progressing as planned)

Ambition: Provide good-value council services				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A35	Implement our digital blueprint and customer services strategy to transform how we engage with communities and enable residents to pay for and access more services online [6]	Focus is on the first phase of the digital programme of work by encouraging greater use of online systems and greater take up of virtual engagement, by our customers. Opportunities for digitalisation or automation will be identified where appropriate following process review and optimisation.	Evaluate initial use, and plan for wider roll out of virtual meetings with our customers. Begin process review and optimisation of prioritised areas.	GREEN (Progressing as planned)
A47	Implement our digital blueprint and customer services strategy to transform how we engage with communities and enable residents to pay for and access more services online [6]	We will continue to transform the way we engage with customers through the implementation of our customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. Through our digital strategy we will be able to be more innovative so our customers can access us through multiple channels.	Proposal for future call reductions as part of phase 2 of Customer Digital Delivery project **Narrative:** *It has been agreed that the business case for phase 2 savings should be deferred to Quarter 2 2024/25 to enable a fuller understanding of the impact the AI bot technology has on dealing with and deflecting corporate calls into the CSC. Evidential data will enable us to greater understand the impact the technology will provide to reduce calls activity into additional LCC corporate call queues and the Social Care and Wellbeing hub which will be part of phase 2 scope.*	AMBER (Progress is within agreed limits)
A44	Ensure that public sector buildings and our shared public estate can be used flexibly to benefit communities as new ways of working and lifestyles develop post pandemic [7]	We will protect and enhance our heritage assets and we will maximise the use of our sites for customers, through delivering proposals for the iconic investment in The Lincoln Museum and Usher Gallery and other heritage sites.	Approve primary contractor for permanent gallery refresh through property framework.	GREEN (Progressing as planned)

Ambition: Provide good-value council services				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A46	Ensure that public sector buildings and our shared public estate can be used flexibly to benefit communities as new ways of working and lifestyles develop post pandemic [7]	Develop and approve a new Property Strategy.	Approve final strategy by 31st October 2023.	GREEN (Progressing as planned)
A38	Work in partnership across the public sector in Greater Lincolnshire to exploit opportunities to join up services where they can improve outcomes for residents [8]	We will raise the county's profile nationally and internationally through the delivery of a focused investor promotion strategy and relationship-building, attracting business investment and using our partnership brand, Team Lincolnshire, to do this.	Launch the Greater Lincolnshire Defence proposition at the Defence & Security Equipment International (DSEI) Trade Exhibition in London in partnership with Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the University of Lincoln.	GREEN (Progressing as planned)
A39	Work in partnership across the public sector in Greater Lincolnshire to exploit opportunities to join up services where they can improve outcomes for residents [8]	We will continue to raise the profile of Council Services through a range of strategies including national recruitment campaigns, national conferences and awards, continuing to support improvement in other Councils and advising government on national policy innovation. We will articulate a clear Lincolnshire pride narrative via our Joint Committee to support this activity.	Reporting on Directorates and Corporate Functions implementation of the Attraction & Retention Framework (link with A43)	GREEN (Progressing as planned)
A50	Review our contracted services and recommission them to be fit for the	We will implement the recommendations of the corporate support services review.	Reach Agreement with Hoople for the provision of HR Administration and Payroll Services and commence Transition Plan Activities.	GREEN (Progressing as planned)

Ambition: Provide good-value council services				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
	future [9]		Commence Transition Plan Activities with the replacement Customer Service Provider.	
A52	Review our contracted services and recommission them to be fit for the future [9]	Implementation of the One Council commissioning priorities and outcomes.	Draft and submit an oversight report on the performance of, and risks associated with, the Councils key contracts. Continue working across the Council to embed the One Council Commissioning Framework in practice. Agree cross-Council priorities from our commissioning benchmarking exercise and commence implementation.	GREEN (Progressing as planned)
A41	Maximise opportunities from new technology to transform our services [10]	We will continue to deliver the priorities of our BI Strategy to ensure we have the right systems and processes in place to capture, store and visualise business intelligence in the most efficient way.	Implement the agreed data model including the identification and testing of a data set which will validate the processes of data collection, storage, manipulation and visualisation.	GREEN (Progressing as planned)
A57	Maximise opportunities from new technology to transform our services [10]	To implement quality assurance controls to monitor and report on the effective use of the Business World system in order to embed best practice adoption and ensure the Council is able to realise the full benefits of the system.	Implement agreed quality assurance controls, ensuring all necessary reports and outputs are built and tested for accuracy.	GREEN (Progressing as planned)
A42	The Council is regarded by its workforce as a good employer, attracting and retaining the best [11]	We will refresh our Corporate People Strategy, reviewing culture, values and behaviours, and enabling our staff to be healthy and resilient so we can improve how we support our customers. Structures will be fit for purpose and facilitate our One Council approach.	Reporting on progress of the outcomes of the Year 3 People Strategy (2023-2024) Workplan	GREEN (Progressing as planned)

Ambition: Provide good-value council services				
Activity No.	**Objective**	**Activity Name**	**Activity Milestone**	**RAG**
A43	The Council is regarded by its workforce as a good employer, attracting and retaining the best [11]	We will keep and attract talented people through implementing improved recruitment processes, increasing the number and range of apprenticeships, and developing graduate and work experience placements across the Council.	Reporting on Directorates and Corporate Functions implementation of the Attraction & Retention Framework (link with A39).	GREEN (Progressing as planned)

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**People Management Update – Quarter 3**

Summary:

The purpose of this report is to provide an update on the HR Management Information (HRMI) for Quarter 3 2023-2024.

Actions Required:

The Overview and Scrutiny Management Board is asked to seek assurance on HR Management Information.

1. Background

This report provides a summary of the HR management information data from 2023 Quarter 3 which can be seen in the summary data dashboard in Appendix A.

2. HR Management Information

a. Employments

The number of employments increased by 67 in Quarter 3 (5795) and overall has increased by 136 (2.4%) since Q3 2022-23.

b. Voluntary turnover

The 12-month voluntary turnover percentage has marginally increased in quarter 3 and stands at 9.13%. Turnover is currently stable following the peak in Q3 2022. Adults, Children's and parts of Resources will continue to be challenging given the competition for this workforce, but the Council is currently performing well in terms of retention. One factor in this has been the Council's continuing commitment to several attraction and retention initiatives.

c. Agency spend

There has been an increase (+£390,127) in spend for this latest quarter. The increase relates to higher demand for on-contract services in Childrens (Early Help and Safeguarding), Adult Social Care and Community Wellbeing (Adult Frailty and Long-Term Conditions) and Resources (IT and Legal). Off-contract spend continues to be centred within Educational Psychology, but the model of delivery is still more cost effective than the direct employment provision.

On Contract (Matrix)

Q1 2022	£ 1,500,416
Q2	£ 1,520,141
Q3	£ 1,550,928
Q4	£ 1,427,076
Q1 2023	£ 1,437,863
Q2	£ 1,385,277
Q3	£ 1,746,866

Off Contract (Various Agencies)

Q1 2022	£ 191,424
Q2	£ 202,097
Q3	£ 264,241
Q4	£ 186,481
Q1 2023	£ 332,767
Q2	£ 418,300
Q3	£ 446,787

d. Sickness absence

At the end of quarter 3, Lincolnshire County Council days lost per FTE (Full Time Equivalent) figure for Directorates stands at 7.04 days. The figure has been reducing over the last year and is now below the 7.5 days target.

There are three areas above the sickness absence target of 7.5 days per FTE. The highest level of sickness was Lincolnshire Fire and Rescue, where sickness increased (from 7.53 days in Q2 to 8.74 days in Q3). Children’s services had the next highest sickness absence which reduced (from 9.10 in Q2 to 8.45 in Q3). The third area was Adult Social Care and Community Wellbeing which increased (from 8.09 in Q2 to 8.38 in Q3). The sickness level in all other directorates remains below target.

3. People Strategy

The People Strategy was launched in June 2021 to meet the Corporate Plan ambition on being an ‘employer of choice’. There is a focus on nine core areas for development over the up to June 2024:

3.1 Partnership, Engagement and Communication

The Council's staff survey closed in December 2023. Whilst the outcomes of the survey are currently being collated and then shared with the workforce, employee's responses to the survey increased in most areas with increases in the overall completion by 293 more individual employees than in 2021.

Directorate	2023 (%)	2023 (#)	2021 (%)	2021 (#)	Direction
ACCW	52%	505	44%	323	
Children	39%	726	40%	653	
Corporate *Included Commercial	100%	37	81%	215*	
LFR	19%	138	28%	190	
Place	57%	482	46%	363	
Resources	57%	735	51%	586	
LCC	46%	2623	44%	2330	

4. Conclusion

The Board is invited to review the HRMI data from Quarter 3 2023/24 and seek assurance on HR Management Information.

5. Consultation

Not applicable

a) Risks and Impact Analysis

Not Applicable

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Quarterly HRMI data 2023 Quarter 3

7. Background Papers

The following background papers as defined in section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
People Strategy 2021-2024	Copy can be requested via tony.kavanagh@lincolnshire.gov.uk

This report was written by Tony Kavanagh (Assistant Director – HR and Organisational Support) and Lucy Shevill (Strategic HR Business Partner) both of whom can be contacted via e-mail at tony.kavanagh@lincolnshire.gov.uk and lucyk.shevill@lincolnshire.gov.uk.

HRMI for LCC by quarter from 2021-Q2

Lincolnshire COUNTY COUNCIL Working for a better future

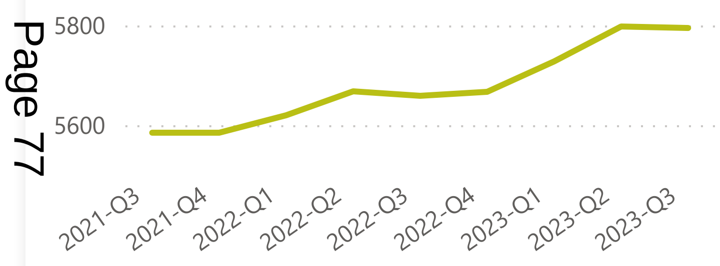
Financial Year - Quarter	Employments
2021-Q3	5585
2021-Q4	5585
2022-Q1	5620
2022-Q2	5668
2022-Q3	5659
2022-Q4	5667
2023-Q1	5728
2023-Q2	5798
2023-Q3	5795

Financial Year - Quarter	Sickness Days Lost per FTE
2021-Q3	8.01
2021-Q4	8.74
2022-Q1	8.86
2022-Q2	8.67
2022-Q3	8.52
2022-Q4	7.77
2023-Q1	7.57
2023-Q2	7.29
2023-Q3	7.04

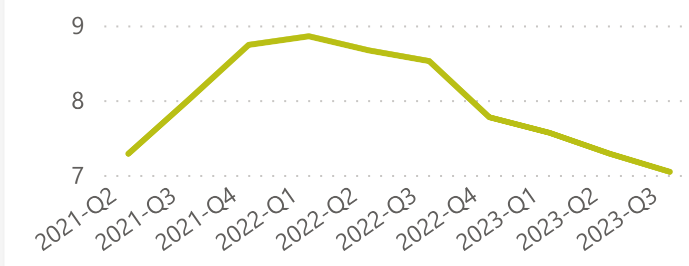
Financial Year - Quarter	Turnover (Voluntary)
2021-Q3	8.86%
2021-Q4	9.79%
2022-Q1	10.09%
2022-Q2	10.05%
2022-Q3	10.51%
2022-Q4	9.66%
2023-Q1	9.75%
2023-Q2	8.90%
2023-Q3	9.13%

Financial Year - Quarter	On-contract Agency Spend	Off-contract Agency Spend	Total Agency Spend
2021-Q3	£1,394,639	£196,219.6	£1,590,858
2021-Q4	£1,458,294	£314,447.1	£1,772,741
2022-Q1	£1,500,416	£191,424.3	£1,691,840
2022-Q2	£1,520,141	£202,096.7	£1,722,237
2022-Q3	£1,550,928	£264,240.8	£1,815,169
2022-Q4	£1,427,076	£186,480.6	£1,613,556
2023-Q1	£1,437,863	£332,766.2	£1,770,629
2023-Q2	£1,385,227	£418,300.4	£1,803,527
2023-Q3	£1,746,866	£446,787.4	£2,193,654

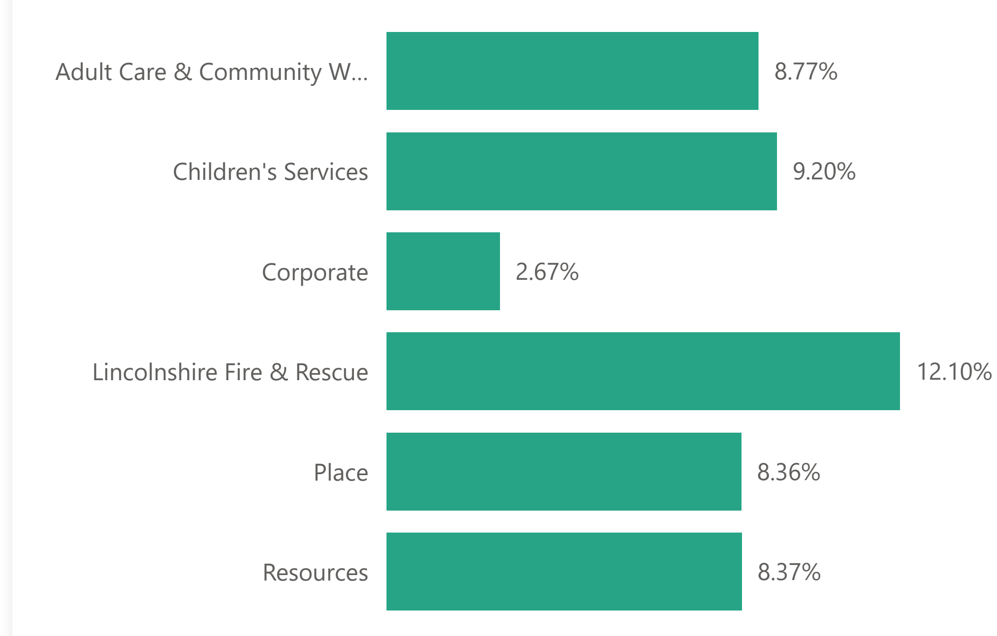
Employments



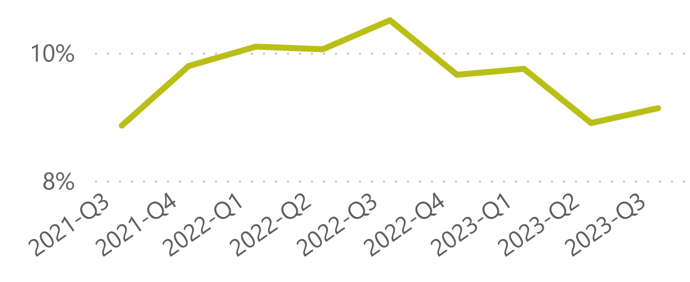
Sickness Days Lost per FTE



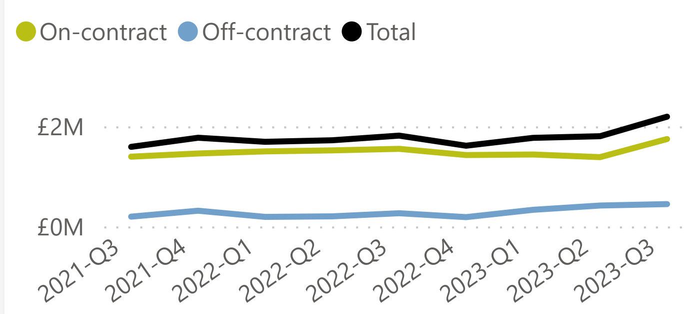
Latest Qtr. turnover (Voluntary) by Directorate



Turnover (Voluntary)



Agency Spend



Appendix A

This page is intentionally left blank

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Revenue Budget Monitoring Report 2023/24 (Quarter 3)**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on Revenue Budget Monitoring, which is being presented to the Executive on 5 March 2024. The views of the Board will be reported to the Executive as part of its consideration of this item.

The Revenue Budget Monitoring Report compares the Council's projected expenditure with the approved budget for 2023/24 and provides explanations for any significant forecast over or under spending.

Actions Required:

The Overview and Scrutiny Management Board is invited to: -

1) Consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.

2) Agree any additional comments to be passed on to the Executive in relation to this item.

1. Background

1.1 The Executive is due to consider the Revenue Budget Monitoring Report 2023/24 - Quarter 3 at its meeting on 5 March 2024.

1.2 The Executive report attached at Appendix A is the revenue budget monitoring report for the third quarter of financial year 2023/24 and has been prepared as at the end of 31 December 2023. It compares projected expenditure for the year with the approved budget and provides explanations for any significant forecast over or under-spending.

1.3 Comments from the Overview and Scrutiny Management Board will be considered by the Executive alongside the report.

2. Conclusion

2.1 To enable the Executive to fully consider the Revenue Budget Monitoring Report 2023/24 - Quarter 3, comments and feedback from this Board will be taken into account.

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 5 March 2024.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2023/24 - Quarter 3 to be presented to the Executive at its meeting on 5 March 2024.

5. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Budget Book 2023/24	The details of the budget set for financial year 2023/24 is within the document Budget Book 2023/24, which can be found on the Council's website. Agenda for Council on Friday, 17th February, 2023, 10.00 am (moderngov.co.uk)

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@lincolnshire.gov.uk.

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	**Executive**
Date:	**05 March 2024**
Subject:	**Revenue Budget Monitoring Report 2023/24 (Quarter 3)**
Decision Reference:	**I030090**
Key decision?	**No**

Summary:

- This report provides an update on revenue spending compared with budgets for the 2023/24 financial year.

- The tables in this report show the actual income and expenditure for the first nine months of this financial year to 31 December 2023, along with the forecasts for spending and a comparison of the forecasts against the approved budgets for the year.

- The report gives an overview of the financial position for revenue, supported by detailed information available within the appendices.

- The revenue budget is forecast to underspend by £11.9m (equivalent to 1.9% of the net budget). This is an increase of £2.3m from the revised quarter two position, and is attributable to increased underspend forecasts within services and other budgets.

- The position is after implementation of the Executive's quarter two decision to invest £12.8m of windfall revenue underspends into Place capital infrastructure.

- If the position remains through to financial outturn, the balance of reserves at outturn would increase, and their usage would subsequently be determined by Full Council.

- General reserves are forecast at the end of the year to remain within the target range of 2.5% to 3.5%, and will potentially need to be increased during the financial outturn process.

- The Council's financial resilience remains relatively strong at this point in time and is supported by the forecasts set out in this report.

Recommendation(s):
That the Executive: 1) Notes the current position on the revenue budget and decides on any corrective action necessary.

Alternatives Considered:	
1.	This report shows the actual revenue expenditure to 31 December 2023, and projected outturns for 2023/24, therefore no alternatives have been considered.

Reasons for Recommendation:
To maintain the Council's financial resilience.

1. Background

1.1 In February 2023, the Council approved plans for revenue spending to support delivery of the Council plan, achieve its strategic objectives and legal duties for the benefit of residents and businesses. The financial strategy guides this and provides the mechanisms to ensure the council is financially sustainable and resilient.

1.2 In line with good financial management practices, the Council's use of resources is closely monitored and reported to the Executive, with this report providing information on the financial position as at the end of quarter three and representing the final in-year update prior to the end of the financial year.

1.3 Quarter three is an important milestone in the financial year, because in the main there has been sufficient time to identify any key changes from the approved financial position and start implementing corrective action where relevant and appropriate. This approach helps to keep the Council in a strong financial position despite the volatile nature of the operating environment and has been followed during 2023/24.

1.4 Notwithstanding, the size and scale of the County Council – and the complexity of the services it provides – means that small percentage changes in assumptions can have large value changes, positive and negative, throughout the financial year. This is counteracted through the Council's prudent approach to the setting of reserves and contingencies, which ensures the Council has capacity to react to material changes to circumstances.

1.5 Separate to this, the Council has also been focussing extensively on its budget setting proposals for the 2024/25 financial year, which incorporate a series of adjustments to reflect the ongoing effect of some causal factors supporting the in-year position. There are inherently strong links between the Council's budget monitoring and setting processes. The timing of this meeting is after the Full Council meeting to set the 2024/25 budget, which sets the monitoring baseline for 2024/25.

1.6 The Council is considered to be in a strong financial position relative to peers, which reflects the prudent approach it has taken to financial management to date and which will continue to be required going forward, evident by; the positive 2022/23 financial outturn, the monitoring position presented within this report, and the setting of a balanced budget for 2024/25 in February 2024. The Council continues to demonstrate its ability to react to changes in its external operating environment and meet emergent need within available resources. It is also important to recognise that well-led services provided by the Council are better for our residents, and also lead to better financial outcomes.

1.7 The assessment of the Council's strong financial position is despite the continuation of inflation and demand pressures, which remain the two biggest areas of cost base risk. Both elements are considered as part of every financial update to the Executive, given their permanent importance and potential impact to the budget. It is hoped that the economic context has started the process of stabilisation with inflation due to return to target by 2025. In respect of demand, the Council continues to experience increases in demand for key front line services (e.g. social care and education transport), which are considered further in this report.

1.8 It should be noted that neither demand nor economic-led challenges are unique to Lincolnshire, and is partly why the Government provided additional resource to the sector in the final settlement for 2024/25. Nevertheless, the current financial system means that the Council needs to continue to successfully influence demand and meet need well within the resources available, and which is a fundamental prerequisite to financial sustainability. An increasing number of local authorities are reporting challenges in doing so, with the consequence of escalating costs which is manifesting as significant increases within the cost base. This was considered further in the previous update to the Executive, in addition to the approach being taken by the newly established Office for Local Government (OFLOG) to improve oversight of the sector. Indeed, the measures published by OFLOG for Lincolnshire and its comparators can be seen within the budget book for 2024/25.

1.9 During the quarter two financial performance update, the Executive approved for a series of additional investments totalling £12.8m in Place infrastructure enabled by a series of windfall gains within the revenue budget. This provides further demonstration of the Council maximising its current financial position to support future service delivery, containing future revenue costs in the process.

Overall Financial Position – Revenue

1.10 The summary revenue forecast as at 31 December 2023 (end of quarter three) is as follows:

Revenue	Budget (£)	Forecast (£)	Variance (£)
Investment in Directorates			
Adult Care and Community Wellbeing	182,245,012	181,776,011	(469,001)
Children's Services	108,521,958	108,078,517	(443,441)
Place	118,349,776	116,309,298	(2,040,478)
Fire and Rescue	24,466,063	24,676,705	210,642
Resources & Corporate	85,721,596	83,916,644	(1,804,952)
Total	519,304,405	514,757,175	(4,547,230)
Other Budgets			
Contingency	12,817,137	13,424,019	606,882
Capital Financing Charges	76,433,017	76,433,017	-
Other Budgets	15,087,631	10,099,115	(4,988,516)
Total	104,337,785	99,956,151	(4,381,634)
School Budgets	18,727,542	18,541,084	(186,458)
Transfer to/from Earmarked Reserves	(38,087,356)	(38,087,356)	-
Net Operating Expenditure	**604,282,376**	**595,167,054**	**(9,115,322)**
Funding			
County Precept	(365,554,704)	(365,554,704)	-
Business Rates	(142,258,972)	(144,885,435)	(2,626,463)
Revenue Support Grant	(23,391,916)	(23,391,916)	-
Other Grants	(73,076,784)	(73,234,020)	(157,236)
Total Funding	**(604,282,376)**	**(607,066,075)**	**(2,783,699)**
RESIDUAL DEFICIT (+) / SURPLUS (-)	**-**	**(11,899,021)**	**(11,899,021)**

1.11 Appendix A shows an expanded version of this summary table, in addition to further explanation on the variances within directorates as well as information on the delivery of planned cost base reductions, confirming that the vast majority of efficiency initiatives are on track to be fully delivered.

1.12 The overall position is that the Council is forecasting to underspend against its budget limit by £11.9m. This comprises:

- Underspend within services (£4.5m or 0.9%)
- Underspend within other budgets (£4.4m or 4.2%)
- Over recovery of funding (£2.8m or 0.5%)

1.13 The position set out above is after the additional £12.8m revenue to capital investment approved during the quarter two report. If the position remains unchanged at financial outturn, it will be for Full Council to determine how to utilise any residual underspend after business as usual items have been accounted for (e.g. carry forwards), which has been reflected within the reserve statement in Appendix B.

1.14 It should be noted that there is further cost base risk that has been identified within education transport, potentially over and above the £9.4m contingency set aside at budget setting. This is currently being worked through and may impact adversely on the outturn position. If this was the case, it would reduce the Place underspend in the first instance.

Q2 Approved Capital Investment

1.15 As part of the quarter two report, the Executive approved for additional revenue funded capital investment in:

- £6.1m Waste Transfer Stations
- £1.2m Cross Keys Bridge electrification
- £1.5m LED swap out
- £4m Flood Investigations and Alleviation

1.16 The additional schemes were incorporated into the capital programme for 2023/24 as part of the quarter two report, and have since been re-phased to 2024/25 through the Council's 2024/25 budget setting report.

1.17 The revenue funding earmarked for this will be applied to fund the capital programme in 2023/24, which will effectively reduce the borrowing need in 2023/24 which will be reallocated to these schemes in 2024/25.

Earmarked Reserves

1.18 Appendix B shows the current balance on the Council's earmarked reserves, together with amounts forecast to be drawn down from reserves to cover expenditure in the current year. The total opening balance for reserves including earmarked reserves, grant reserves and school balances is £238.1m. It is currently forecast that £44.3m of this will be used in 2023/24 to support expenditure in accordance with the purposes of the reserves. Please note this matches the 2024/25 budget book forecasts.

General Fund Reserve

1.19 General reserves are forecast at the end of the year to remain within the target range of 2.5% to 3.5%, with the level reducing to just over 2.5% in 2024/25. The current level will be re-considered during the outturn process.

Progress on Development Fund Initiatives

1.20 Appendix C shows a list of initiatives where the revenue and capital costs are to be funded by the Development Fund earmarked reserve. The latest forecast delivery profile can be seen within the appendix. Expenditure on Development Fund initiatives is currently forecast to be £10.7m in 2023/24, split between revenue (£2.1m) and capital (£8.6m).

Assessment of Impact on Financial Resilience

1.21 The impact of the financial management update set out in this report on the Council's financial resilience has been assessed and it has been concluded that the Council's financial resilience remains relatively strong. The Council took steps in advance of the financial year to mitigate the emerging risk in respect of inflation, which included maintaining the balance of the revenue contingency at the level set in 2022/23.

1.22 The forecast set out in this report is for a revenue underspend, and if this remains through to outturn it would be further evidence of strong financial management when considering the wider economic context the Council has been operating within. It also provides assurance that the measures introduced within this budget to offset emergent risk have been successful, which provides a strong platform to deliver the 2024/25 budget.

1.23 General reserves are forecast at the end of the year to remain within the target range of 2.5% to 3.5%. Based on the current forecast underspend there should be no requirement to draw down our Financial Volatility Reserve to support the 2023/24 budgetary position. The balance of the Financial Volatility Reserve currently stands at £46.9m.

1.24 The Council continues to maintain its financial resilience by:

- Proactive financial management in respect of the emergent financial position,
- Taking action to mitigate issues as and when they arise,
- Continuing to work with the Society of County Treasurers to ensure that the Government understands the particular issues faced by County Councils,
- Refreshing and updating the medium term financial plan and financial strategy,
- Continued emphasis on transformation work, which enables significant reductions within the cost base.

Reporting of Budget Virements

1.25 The Council's financial regulations require officers to report any budget virements made during the year to the Executive. A budget virement is where budget is moved from one service area to another and where the original purpose the budget was approved for has changed. A list of all such virements made in quarter three can be found in Appendix D.

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.

Insofar as this 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.

Insofar as this 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.

Insofar as this 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 overall forecast revenue position is an underspend of £11.9m.

3.2 The position will continue to be monitored and reported throughout the year.

4. Legal Comments:

This report sets out an update on spending as at 31 December 2023 compared with the revenue budget for the financial year starting on 1 April 2023 to assist the Executive in monitoring the financial performance of the Council.

5. Resource Comments:

This report indicates that the current year revenue budget is projected to be underspent, which would be a good outcome when considering the external operating environment. This is also not a position shared by all other local authorities, and therefore provides assurance as to the Council’s current financial position and ongoing financial sustainability.
There are currently no other call on reserves expected to be required within the current financial year. Continued effort in monitoring is essential to ensure that emerging financial risk is identified and mitigated wherever possible throughout the 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 on 25 February 2024. Any comments of the Board will be reported to the Executive.

d) Risks and Impact Analysis

The impact of this reported financial position on the Council's overall financial resilience has been assessed and is reported on within this report.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Forecast Q3 2023/24
Appendix B	Earmarked Reserves
Appendix C	Monitoring of Development Fund
Appendix D	Budget Transfers (Quarter Three 2023/24)

8. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Council Budget 2023/24	Council Budget 2023/24
Budget Book 2023/24	Budget Book 2023/24

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@lincolnshire.gov.uk.

Revenue Budget Monitoring Forecast Q3 2023/24 APPENDIX A

Table A1: Budget Forecast by Budget Book Line

REVENUE BUDGETS (all figures in £ unless stated otherwise)	Revised Budget	Net Expenditure	Forecast Outturn	Forecast Variance	Forecast Variance (%)
CHILDREN'S SERVICES					
Children's Education	14,074,761	12,708,438	14,009,600	(65,161)	-0.5%
Children's Social Care	94,447,197	63,772,843	94,068,917	(378,280)	-0.4%
ADULT CARE & COMMUNITY WELLBEING					
Adult Frailty & Long Term Conditions	140,742,597	88,162,971	140,736,596	(6,001)	0.0%
Adult Specialities	103,127,898	91,232,655	103,200,898	73,000	0.1%
Public Health & Community Wellbeing	29,743,358	14,324,704	29,322,358	(421,000)	-1.4%
Public Protection	6,027,450	3,753,283	5,912,450	(115,000)	-1.9%
Better Care Fund	(61,412,354)	(54,131,345)	(61,412,354)	-	0.0%
Public Health grant income	(35,983,937)	(26,987,953)	(35,983,937)	-	0.0%
PLACE					
Communities	81,385,297	50,040,732	81,825,420	440,123	0.5%
Lincolnshire Local Enterprise Partnership	508,383	(180,634)	508,383	-	0.0%
Growth	2,872,151	(974,137)	3,237,932	365,781	12.7%
Highways	33,583,945	14,817,068	30,737,563	(2,846,382)	-8.5%
FIRE & RESCUE					
Fire & Rescue	24,466,063	17,518,837	24,676,705	210,642	0.9%
RESOURCES					
Finance	8,565,324	5,762,227	8,382,783	(182,541)	-2.1%
Organisational Support	17,485,368	15,485,701	17,090,118	(395,250)	-2.3%
Governance	3,051,278	3,424,734	2,968,044	(83,234)	-2.7%
Corporate Property	19,916,427	12,593,694	18,708,708	(1,207,719)	-6.1%
Commercial	9,081,222	7,945,463	8,907,007	(174,215)	-1.9%
Transformation	7,194,640	5,691,857	7,214,753	20,113	0.3%
IMT	17,371,089	14,406,806	17,673,399	302,310	1.7%
Corporate Services	3,056,248	2,131,810	2,971,832	(84,416)	-2.8%
SERVICE TOTAL	**519,304,405**	**341,499,754**	**514,757,175**	**(4,547,230)**	**-0.9%**
OTHER BUDGETS					
Contingency	12,817,137	-	13,424,019	606,882	4.7%
Capital Financing Charges	76,433,017	(4,800,825)	76,433,017	-	0.0%
Other Budgets	15,087,631	(415,112)	10,099,115	(4,988,516)	-33.1%
OTHER BUDGETS TOTAL	**104,337,785**	**(5,215,937)**	**99,956,151**	**(4,381,634)**	**-4.2%**
SCHOOLS BUDGETS					
Schools Block	159,785,656	99,938,658	159,772,999	(12,657)	0.0%
High Needs Block	106,298,815	74,835,021	106,624,734	325,919	0.3%
Central School Services Block	2,728,169	1,597,906	2,763,508	35,339	1.3%
Early Years Block	43,236,798	31,155,855	42,701,739	(535,059)	-1.2%
Dedicated Schools Grant	(301,604,930)	(229,191,078)	(301,604,930)	-	0.0%
Schools Budget (Other Funding)	8,283,034	1,794,341	8,283,034	-	0.0%
SCHOOLS BUDGETS TOTAL	**18,727,542**	**(19,869,297)**	**18,541,084**	**(186,458)**	**-1.0%**
BUDGET REQUIREMENT (pre-reserves)	**642,369,732**	**316,414,520**	**633,254,410**	**(9,115,322)**	**-1.4%**
Transfer to/from Earmarked Reserves	(38,087,356)	(30,553,963)	(38,087,356)	-	0.0%
BUDGET REQUIREMENT	**604,282,376**	**285,860,557**	**595,167,054**	**(9,115,322)**	**-1.5%**
FUNDING					
County Precept	(365,554,704)	(292,443,763)	(365,554,704)	-	0.0%
Business Rates	(142,258,972)	(108,489,961)	(144,885,435)	(2,626,463)	1.8%
Revenue Support Grant	(23,391,916)	(17,777,856)	(23,391,916)	-	0.0%
Other Grants	(73,076,784)	(53,503,979)	(73,234,020)	(157,236)	0.2%
Total Funding	**(604,282,376)**	**(472,215,559)**	**(607,066,075)**	**(2,783,699)**	**0.5%**
RESIDUAL DEFICIT (+) / SURPLUS (-)	**-**	**(186,355,002)**	**(11,899,021)**	**(11,899,021)**	**-2.0%**

Analysis of Revenue Forecast

Operating Context

1. The Council's revenue budget requirement represents the day-to-day costs of council service delivery. The Council has a strong track record of managing financial risk, with continuous improvement and implementation of efficient delivery models. Given the continued economic challenges, specifically in respect of persistent high levels of inflation, it is essential that the Council can continue to adapt to an ever-changing operating environment. This is a fundamental prerequisite for financial sustainability over the long-term.

2. The Council conducts an organisation wide budget monitoring exercise that seeks to monitor and report progress against approved financial plans on a quarterly basis, with targeted monitoring occurring during intervening periods and focussing on high-risk areas. The position set out within this report and appendix is concerned with the best estimate at quarter three. Robust monitoring is especially important during a prolonged period of economic volatility.

3. In the quarter two update, the Executive approved for additional investment in Place infrastructure funded by windfall revenue underspends. This has been accounted for within Table A1.

4. The complexities associated with the current system of Local Government finance, in addition to the measures being progressed by the Government to ensure better oversight of the relative financial position of local authorities, has been set out in the report section.

Council Summary

5. For 2023/24, the Council has a spending power of £604.2m, otherwise known as its budget requirement. At quarter three, the Council is forecasting a total underspend against the budget limit of £11.9m (or 3.0%). This is shown in Table A1, and comprises an:

    - Underspend within services (£4.5m or 0.9%)
    - Underspend within other budgets (£4.4m or 4.2%)
    - Over recovery of funding (£2.8m or 0.5%)

6. The overall position reflects an amalgamation of identified over and underspends across the Council. The position for each directorate is considered further on in this section.

7. The meeting of the Executive to consider this report is after the date of Full Council to consider setting the 2024/25 budget. The budget proposal makes a series of adjustments to reflect ongoing impact of in-year variances. This includes cost pressures associated with areas like home to school transport, and cost reductions like the ongoing reduction in cost associated with the reduction in wholesale energy prices.

Variance by Directorate

8. Further analysis on the forecast revenue variance by service area is contained within this section.

9. Children's Services (£0.443m underspend):

    - The Children's Education service is forecasting an underspend of £0.065m (or 0.5%), which is comparable to that reported in quarter 2. There continues to be additional Psychology service costs caused by increases in demand for Education Health Care assessments plus higher than expected locum costs (£0.302m – a £0.189m increase from quarter 2) and support costs relating to the processing of SEND annual reviews (£0.301m). This is largely offset by continued underspends in the Domiciliary Care contract (£0.338m or 56.5% - a £0.048m increase from quarter 2) which continues to be unable to access care resources and packages of support due to limited availability within the marketplace and a national shortage of carers for domiciliary care. As a result, there continues to be a number of young people who are waiting for a domiciliary care service. Whilst access to the contract is the preferred option, if that is not possible then the direct payment route or spot purchase package are explored. The other main underspends relate to occupational therapy equipment (£0.120m or 17.9%) and the utilisation of grant funding to offset existing staffing costs (£0.110m).

    - Children's Social Care is forecasting an underspend of £0.378m (or 0.4%), a £0.132m reduction in the underspend reported in quarter 2 (£0.510m). The number of Children in Care (CiC) has increased slightly to 757 at the end of December 2023 compared to 747 as at the end of August 2023. Whilst this number includes Unaccompanied Asylum Seeking Children (UASC) whose costs are covered by grant, there is a continuing need for external placements, leading to overspends on residential placements which has now increased by £0.586m to £0.880m (or 11.1%) and out of county fostering placements which has now increased by £0.307m to £0.855m (or 39.3%). This includes three exceptional secure placements, for welfare reasons, which the revenue contingency has contributed towards (£0.980m), due to its exceptional nature and this cost is not budgeted for within Children's Services. In addition, the authority is seeing fee increases in the unfavourable external market, a situation which is also being experienced nationally and more complex and demanding young people being unable to be placed with our in-house foster carers. The CiC programme continues to have strong oversight and rigour of the budget position of these demand-led and volatile budgets. Within Fostering and Adoption, a forecast underspend on Family Assessments and Regulation 24 (£0.364m) have helped to partly offset these overspends.

    - Social care legal costs are continuing to forecast an underspend (£0.430m or 10.6%). This demand-led budget position should be treated with caution. A significant amount of work has taken place with key stakeholders to improve processes, however services are seeing higher numbers of children in need; child protection and CiC. The anticipated Children’s Services 1% carry forward (£0.968m) from 2022/23 has not been specifically earmarked for particular activities, but rather for use in supporting increased spending on families in crisis, inflationary challenges and supporting emergency external placements.

- It is expected that the additional costs associated with the transport of children and families for family time initially identified in 2022/23, will continue in 2023/24. The Contact Team is forecast to overspend by £0.500m (or 32.1%). This cost is currently assumed to be met from the 2023/24 centrally retained education transport budget, which was established to respond to the rising costs in transport delivery. This has been identified as a budget pressure for 2024/25.

- Leaving Care and Supported Accommodation is forecasting to overspend by £1.229m (or 21.7%), an increase of £0.143m more than previously reported. The majority of this relates to Intense Needs Supported Accommodation (£1.167m or 233.5%) which provides more suitable placements for the young people concerned in addition to being more cost effective when compared to CiC external residential placements.

- There has been a significant increase in the underspend for the 0-19 children’s health service, which is currently forecasting an underspend of £1.349m (or 14.9%). This is a £0.649m increase from that previously reported. This is mainly due to county-wide Health Visitor vacancies which are at a similar level to that experienced in 2022/23. Health Visitor recruitment is a national issue, and workforce development and ongoing recruitment remains key priorities for the service.

- The remaining underspend (£0.231m) reflects the use of Pathfinder and UASC grants to offset staffing costs.

10. Adult Care and Community Wellbeing (£0.469m underspend):

- The key driver influencing the underspend position is the 6% vacancy rate across the Directorate and the ability to maximise grant funding across adult social care and prevention services. Services are seeing an increasing demand for care on discharge from hospital. The Discharge Grant released to support costs in 2023/24 is currently supporting the forecast increase in costs of £3.072m.

- Continued growth in demand for residential and direct payment packages of care is however forecasting a higher than planned cost during the final quarter of 2023-24. Long term residential care is highlighting an increase in demand of approx. 54 long-term residential placements more than previous years. Previous self-funders approaching the council for financial support as their capital decreases is a key driver for the increase with 291 forecast to need support during 2023-24, an increase from 240 people supported during 2022-23. Initial indications are that the Directorate will continue to report within budget for 2023-24.

11. Place (£2.040m underspend):

- Savings on Highways of £2.80m relating to increased income on Traffic Services relating to Traffic Regulation Orders (TRO's) and additional savings on street lighting energy.

- Within Communities there are budget pressures of £0.440m comprising:

    - Increased volumes and contract prices on Waste services of £0.427m,
    - Inflationary pressure within Cultural Services of £0.162m. This is mainly on the Library service,
    - Due to the December floods there is a pressure on the Environmental services budget of £0.143m,
    - Education transport will look to fully utilise the £9.4m contingency allocation to reflect the higher cost base of contracts and emerging risk within education transport

  These budget pressures are partly offset by additional income and savings on vacancies within the Planning service.

- Growth is showing inflationary pressures arising on energy and insurance costs in the business units. This is exacerbated by income levels currently being affected by voids. As the overall budget variance of £0.365m equates to almost 9% of the service area's net budget, there is limited scope to absorb this pressure and it's expected to remain a challenge for the year.

12. Fire and Rescue (£0.211m overspend):

- At this stage in the financial year, the service is forecasting a modest overspend. This will be closely monitored through to the financial year end and offset by some use of reserves.

13. Resources and Corporate (£1.805m underspend):

- The property budget included a cost pressure of £4.388m in respect of energy inflation, which were based on the ESPO energy adviser's forecasts. With a smaller increase now forecast for the next contract year commencing October 2023, there is an expected budget saving for the current financial year of £1.5m.

- There are a series of variances within IT which have emerged during the year. This part reflects additional interventions made to strengthen the operation of the service, in addition to other pressures proposed to be funded via carry forward. The net effect reflects a cost pressure, which primarily relates to new IT priority projects. The timing of spend has been re-profiled from quarter two to reflect the updated estimate of timescales.

- There are forecast underspends across the directorate due to the continued financial impact of higher than budgeted vacancy levels. This has the potential to increase further if recruitment activity is not in line with current expectations.

- The cost of transactional financial services is forecast to be lower during 2023/24 due to lower contract volumes and a forecast reduction in cost of the move from net to gross.

- The cost of insurance within property services is £0.2m lower than budget and reflects the re-tendering of the insurance contract considered within the other budgets section.

14. Other Budgets (£4.382m underspend):

- Insurance liability premiums are forecast to be approximately £1m lower than budget. The insurance contract was reprocured with effect from 1st April 2023 with full details known after the conclusion of the budget setting process where inflationary increases had been assumed. This in part reflects that the Council increased its level of self-insurance, as well as recognising a reduction in the level of claims against the insurance budget. The ongoing gain has been reflected through the budget setting process for 2024/25.

- The Council set a core contingency level for 2023/24 of £6.5m, to mitigate against demand and inflation risk. Part of this has been utilised during the year for the purpose intended. The remaining balance (£3.4m) has been earmarked to fund the additional £4m investment in flood investigations and alleviation approved by the Executive during consideration of the quarter two report. The residual difference (£0.6m) currently shows as a pressure against the contingency line, which is presentational and will be offset by underspends elsewhere within other budgets.

- During the 2023/24 budget setting process, a provision was made for the anticipated increase in pay and pension costs. The former was in recognition of an estimate of the pay award, and the latter was concerned with an adjustment to primary and secondary pension rates following the triennial review. The pay award has been agreed and implemented for 2023/24, and the pension rates set following the triennial review. Taken together, the two provisions were in excess of the amount necessary, and contribute in excess of £3m to the underspend position. There is a short-term benefit in the medium term financial plan, with higher costs expected further into the plan based on a higher pay baseline and a higher primary pension contribution rate.

- There are an amalgamation of small savings across other budgets which contribute a further £0.5m to the underspend position. This includes within the corporate redundancy provision, disposal costs and pension costs associated with pre-2000 schemes.

- In respect of capital financing charges, the Council is anticipating an in year underspend. This is due to a combination of factors:

    - Slippage from the 2022/23 capital budget was higher than anticipated, which results in a lower than budgeted minimum revenue provision charge this year.
    - In turn, this has reduced the short-term need for the Council to borrow simultaneously increasing the Council's cash balances.
    - Higher interest rates reflecting economic volatility has given rise to a period of successive increases in the Bank of England base rate. This increases the cost of borrowing and the interest rate received. For the Council, it has not needed to borrow and has higher cash balances, which have incurred a higher rate of interest.

  The forecast underspend has not been built into the figures shown in Table A1. In line with the adopted policy, we are likely to implement a voluntary revenue provision at the end of this year equivalent to the underspend. The voluntary revenue provision can be used in future years to help manage any increases in capital financing charges.

15. Schools (£0.186m underspend):

- Within the High Needs block, the Alternative Provision (AP) free school place funding is forecast to underspend by £1.443m. This is a temporary underspend assuming that the Department for Education will not fully recoup funding from the Local Authority for this financial year.

- There are several demand-led and volatile areas within the High Needs Block which are forecasting overspends. One of those areas relates to top up funding to mainstream schools for Lincolnshire children and young people with Education and Health Care (EHC) plans which is forecasting an overspend of £1.863m (or 6.1%), a £0.350m increase from that previously reported. This is due, once again, to increased demand. During 2023 Lincolnshire has seen the overall number of EHC plans increase by a further 7.8% (7,500); requests for an EHC plan assessment has increased by 32.5% from 2022, and Lincolnshire issued a further 1,073 new EHC plans in 2023, which is a 30% increase. The SEND transformation programme will continue to have a role in supporting the financial sustainability of the Dedicated Schools Grant.

- Non-Maintained Schools placements, independent mainstream placements and placements with other Local Authorities are overall forecasting an overspend (£1.271m or 6.4% - an increase of £0.793m). This is due to increased demand for those pupils with more complex needs, along with insufficient places within Lincolnshire special schools. Due to the difficulties in placing children, there has been an increase in the need for Home Tuition and the service is now forecasting an overspend of £0.292m (or 14.9%) after expecting to be within budget previously. The Building Communities of Specialist Provision Strategy is delivering an increase in the number of places within Lincolnshire to support growth in places, however future trajectories are forecasting to exceed this level.

- These overspends are offset by available funding that remained earmarked for cost growth (£0.951m), expected savings due to new commissioning arrangements for Alternative Provision (£0.147m) and the utilisation of grant income (£0.632m).

- The Early Years Block is forecasting an underspend of £0.522m (or 1.2%). The majority of this relates to the Early Years participation budgets (£0.508m). The underspend is against the forecast Early Years budget allocation. The DfE will update the September 2023 to March 2024 allocation in July 2024 to take account of the latest January 2024 census data. Funding is allocated to providers and schools based on the actual participation of the Government's early years entitlement. This is a volatile and demand-led budget, therefore the forecast is still to be treated with caution.

16. Funding (£2.784m over recovery of funding):

- The quarter two forecast is that the Council will over recover funding by circa £2.8m. This primarily relates to business rates funding, and reflects a higher than budgeted estimate of the Council's pooling gain. This is based on the factors that supported a better than expected 2022/23 outturn, and specifically assumes that business rate collection across Lincolnshire will continue to be higher than the baseline, and due to pooling this benefit will be retained and shared locally amongst the County and Districts. Enhanced modelling has been established for business rates to support the 2024/25 budget setting process.

- The other increase in funding relates to a higher than expected extended rights to free travel grant. This is held within funding, and is a net in year gain to the budget if transport costs can be contained within the limits set, which is currently the expectation.

<u>Monitoring of Cost Base Reductions</u>

17. When the Council approved its 2023/24 revenue budget in February, it approved total efficiency savings of £12.2m spread across the Council. As part of regular monitoring, services also measure progress of delivery against planned cost reductions. At quarter three, the planned saving per directorate and the revised estimate is shown in the table below:

Table A3: Monitoring of Planned Cost Reductions

Directorate	Planned Saving	Revised Estimate	Variance
Adult Care and Community Wellbeing	3,862	3,862	-
Children's Services	1,331	1,147	(184)
Fire and Rescue	70	70	-
Other Budgets	2,430	2,430	-
Place	3,076	3,076	-
Resources	1,461	1,461	-
Total	**12,230**	**12,046**	**(184)**

18. There is currently one initiative that has been identified as not on-target. Whilst modest, this relates to the savings associated with the opening of two new children's homes, which have been delayed. The first of the home opened in September 2023 with second home expected to open in March 2024, therefore impacting the savings profile for 2023/24.

Impact on Reserves

19. The current forecast underspend for the Council would be expected to lead to a contribution to reserves during the financial outturn process, with their usage to be determined by Full Council in September 2024. This is notionally shown within the reserve statement is shown in Appendix B.

Reserve Statement

APPENDIX B

RESERVE STATEMENT	2022/23 (Actual)	2023/24 (Estimate)	2024/25 (Estimate)	2025/26 (Estimate)	2026/27 (Estimate)
GENERAL FUND	**16,400**	**16,400**	**16,400**	**16,400**	**16,400**
EARMARKED RESERVES:					
Corporate Reserves					
Financial Volatility Reserve	46,922	46,922	46,922	39,731	33,501
Development Fund	34,426	23,649	3,251	4	4
Q3 Forecast Underspend (Full Council)*	-	11,899	-	-	-
Insurances	6,775	6,775	6,775	6,775	6,775
Other Services	2,390	-	-	-	-
Total	90,513	89,245	56,949	46,510	40,280
Adult Care & Community Wellbeing					
Community Safety Reserve	50	50	50	50	50
Community Engagement Reserve	59	59	59	59	59
Total	108	108	108	108	108
Children's Services					
Schools Sickness Insurance Scheme	958	593	593	593	593
Families Working Together	599	485	271	114	-
Music Service Reserve (carry forward)	281	84	-	-	-
All Other	151	-	-	-	-
Total	1,989	1,162	864	707	593
Place					
Energy from Waste Lifecycles	3,877	3,127	2,377	1,627	877
Traffic Management Reserve	1,713	1,713	1,713	1,713	1,713
Growth Reserve	1,037	962	962	962	962
Cultural Services Reserve	295	123	123	123	123
All Other	948	928	928	928	928
Total	7,870	6,853	6,103	5,353	4,603
Resources					
Procurement	1,357	1,190	0	0	0
Legal	811	811	811	811	811
CSSC Transformation	564	0	0	0	0
Purchase of Employee Leave Scheme Reserve	305	252	171	89	35
Elections	288	588	-	300	600
All Other	25	25	25	25	25
Total	3,349	2,866	1,007	1,226	1,471
TOTAL EARMARKED RESERVES	**103,830**	**100,235**	**65,030**	**53,904**	**47,056**
REVENUE GRANTS:					
Children's Services	19,729	7,983	5,665	4,290	2,627
Place	8,972	7,191	6,191	6,191	6,191
ACCW	74,429	62,518	62,491	62,477	62,477
Other Budgets	1,628	1,628	1,628	1,628	1,628
Fire & Rescue	384	333	288	288	288
TOTAL GRANT RESERVES	**105,142**	**79,653**	**76,263**	**74,874**	**73,210**
SCHOOL BALANCES	**29,148**	**13,927**	**9,702**	**6,050**	**2,695**
TOTAL RESERVES	**254,520**	**210,214**	**167,395**	**151,228**	**139,361**

* The forecast underspend in Appendix A (Table A1) is notionally included above to show the potential impact on reserve balances at outturn. The potential use of any residual underspend would be determined by Full Council as part of the financial outturn report.

Monitoring of Development Fund **APPENDIX C**

Revenue/ Capital	Directorate - Service	Project	Total Budget	2020/21 (Actual)	2021/22 (Actual Spend)	2022/23 (Actual Spend)	2023/24 (Planned Spend)	2024/25 (Planned Spend)	2025/26 (Planned Spend)	Residual Balance	Ref*
Revenue	Place - Environment	Green Masterplan	**350**	34	37	131	148	(0)	-	**-**	
Revenue	Place - Communities	Anaerobic digestion Facilities - Business Case Viability	**150**	12	63	-	75	0	-	**-**	
Revenue	Place - Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	**2,713**	484	105	693	660	771	-	**-**	1
Revenue	Place - Highways	Traffic signals - Wireless communications	**5**	-	-	-	5	-	-	**-**	
Revenue	Fire and Rescue	Research study - LFR prevention work	**10**	8	-	-	-	-	-	**2**	
Revenue	Resources - Transformation	Digital	**280**	167	-	-	113	-	-	**-**	
Revenue	Place - Growth	Broadband - 4G	**135**	-	-	-	-	135	-	**-**	
Revenue	Place - Highways	Drainage Investigation and Flood Repairs	**200**	30	135	-	35	(0)	-	**-**	
Revenue	Resources - Transformation	Transformation Programme	**7,394**	136	92	1,015	1,093	1,800	3,247	**10**	2
Revenue	Councilwide	Emergent council priorities	**-**	-	-	-	-	-	-	**-**	3
Capital	Place - Communities	Education Transport links to School (Route sustainability)	**440**	-	-	-	100	340	-	**-**	
Capital	Place - Highways	Community Maintenance Gangs	**3,981**	3,981	-	-	-	-	-	**-**	
Capital	Place - Highways	Drainage Investigation and Flood Repairs	**3,444**	646	561	890	450	897	-	**-**	4
Capital	Place - Highways	Works on B class roads and lower	**10,000**	-	-	10,000	-	-	-	**-**	
Capital	Fire and Rescue	Flood Management Pumps	**116**	116	-	-	-	-	-	**-**	
Capital	ACCW - Public Protection - Trading Standards	Replacement Trading standards Metrology equipment	**50**	-	-	-	50	-	-	**-**	

Revenue/ Capital	Directorate - Service	Project	Total Budget	2020/21 (Actual)	2021/22 (Actual Spend)	2022/23 (Actual Spend)	2023/24 (Planned Spend)	2024/25 (Planned Spend)	2025/26 (Planned Spend)	Residual Balance	Ref*
Capital	Place - Highways	Traffic signals - Wireless communications	**80**	80	-	-	-	-	-	**-**	
Capital	Place - Growth	Broadband - 4G	**800**	-	-	-	-	800	-	**-**	5
Capital	Place - Highways	Highways initiatives/works	**22,045**	-	-	-	6,600	15,445	-	**-**	6
Capital	Place - Highways	Lines and signage	**1,000**	-	-	-	1,000	-	-	**-**	7
Capital	Place - Various	Minor infrastructure works, skills development and public rights of way	**658**	-	-	-	448	210	-	**-**	8
			53,851	**5,696**	**993**	**12,729**	**10,777**	**20,397**	**3,247**	**12**	

* further information provided on next page where number reference stated (i.e. to see further information in respect of item 1, please refer to point 1 on the following page)

Analysis of Development Fund

The Development Fund has been utilised to support investment within Council priorities and includes transformation of the Council to a lower cost base. The Development Fund is specifically monitored to consider progress against approved investment.

The table on the previous page references numbers in the far right hand column, which correspond to the explanations set out below:

Ref	Project	Narrative
1	Highways Advance Design/Economic Development Pipeline Projects	This funding is being utilised to supplement the Advance Design Block budget to accelerate development of Traffic Models, Transport Strategies and Feasibility Studies while still investing the previous level of revenue funding into developing detailed designs for highway based projects and capital funding bids to third parties (e.g. DfT, DLUHC, etc). In addition, it is enabling the development of a pipeline of Economic Infrastructure schemes to bid against emerging government, LCC and other funding opportunities.
2	Transformation Programme	The Transformation Reserve is committed to funding a range of projects within the programme such as Property Rationalisation, Business Intelligence and Corporate Support Services. Resources and funding will be required to deliver the Business Performance Improvement Programme whereby monies will be allocated based on costed business cases. Any additional projects that may be included within the programme will also be allocated funding on costed business cases.
3	Emergent council priorities	The balances that have previously shown on these lines have since been reallocated in line with approvals from Council.
4	Drainage Investigation and Flood Repairs	Major works e.g. Cherry Willingham and Scothern and a number of other projects are being addressed to alleviate localised flooding issues. Our contractors, Balfour Beatty, have provided additional resources to deliver these works and we have also employed additional specialist drainage engineers to complete all investigation and design work on the more complex schemes that our Technical Services Partnership design team is overseeing.
5	Broadband - 4G	We are working with Building Digital UK (BDUK) to understand the specific details of where they will invest in the next stage of the rural broadband programme. Our priorities are to foster business growth and to tackle the viability gap which deters communities and businesses from having the best possible digital services. This is a particular problem for our rural, farming, and tourism businesses.

Ref	Project	Narrative
6	Highways initiatives/works	Applicable to reference 6, 7 and 8: During the budget setting process for 2023/24, the Council identified £8.7m of reserve balances which were re-allocated to the development fund following a comprehensive review of earmarked reserves. This is being utilised to support investment in local highways schemes (£7m), highways lines and signage works (£1m) as well as investment in a series of smaller schemes incorporating minor infrastructure works, skills development and public rights of way. Where any specific expenditure proposals require formal decision-making they will go through the appropriate constitutional procedures. Specific to reference 6: This is in addition to the previously approved £5m (via 2021/22 financial outturn) and £10.045m (via 2022/23 financial outturn) which is also to be spent on local highways work, in line with Council approvals. Phasing has been updated to reflect latest highways estimates of spend profiles.
7	Highways Lines and signage	Please see commentary for reference 6.
8	Minor infrastructure works, skills development and public rights of way	Please see commentary for reference 6. This is planned to be spent against adult skills development (£0.250m), castle infrastructure and equipment (£0.200m), and public rights of way (£0.208m).

Budget Transfers (Quarter Three 2023/24) **APPENDIX D**

Revenue

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Chief Finance Officer - Other	Transformation	Moving budget from Business World and Mosaic Development to Pay Negotiations & National Pay Spine to support Corporate System budget shortfall.	Strategic Finance Lead - Corporate	0.006m

Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Contingency	Commercial Services	Move budget from Capital Contingency to Orchard House B scheme.	Strategic Finance Lead - Corporate	5.000m
Corporate Property	Children´s Education	Property budget reassigned to Myle Cross SEMH schools.	Assistant Director - Corporate Property	0.232m

Revenue to Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
(Revenue) Adult Frailty & Long-Term Conditions (Capital) Capital Funding	Capital Financing Charges Adult Frailty & Long-Term Conditions	Transfer £663,324 of service 1% carry forward revenue budget into Capital budget to support Welton Extra Care Housing scheme.	Head of Financial Services	0.663m

Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Capital Budget Monitoring Report 2023/24 - Quarter 3**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on Capital Budget Monitoring, which is being presented to the Executive on 5 March 2024. The views of the Board will be reported to the Executive as part of its consideration of this item.

The Capital Budget Monitoring Report compares the Council's projected expenditure with the approved Capital Programme and highlights any forecast over or under spending.

Actions Required:

The Overview and Scrutiny Management Board is invited to: -

1) Consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.

2) Agree any additional comments to be passed on to the Executive in relation to this item.

1. Background

1.1 The Executive is due to consider the Capital Budget Monitoring Report 2023/24 - Quarter 3 at its meeting on 5 March 2024.

1.2 The Executive report attached at Appendix A is the capital budget monitoring report for the third quarter of financial year 2023/24 and has been prepared as at 31 December 2023. It compares projected expenditure for the year with the approved Capital Programme and highlights any forecast over or under-spending.

1.3 Comments from the Overview and Scrutiny Management Board will be considered by the Executive alongside the report.

2. Conclusion

2.1 To enable the Executive to fully consider the Capital Budget Monitoring Report 2023/24 - Quarter 3, comments and feedback from this Board will be taken into account.

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 5 March 2024.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Capital Budget Monitoring Report 2023/24 - Quarter 3 to be presented to the Executive at its meeting on 5 March 2024

5. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Budget Book 2023/24	The details of the Capital Programme set for the financial year 2023/24 and beyond is within the document Budget Book 2023/24, which can be found on the Council's website. Agenda for Council on Friday, 17th February, 2023, 10.00 am (moderngov.co.uk)

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@lincolnshire.gov.uk.

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	**Executive**
Date:	**05 March 2024**
Subject:	**Capital Budget Monitoring Report 2023/24 (Quarter 3)**
Decision Reference:	**I030091**
Key decision?	**No**

Summary:

- This report provides an update on capital investment compared with budgets for the 2023/24 financial year.
- The report presents the updated capital programme, reflecting any external funding or re-phasing adjustments that have been made during quarter three.
- The detailed programme can be seen within Appendix A, together with narrative on progress against key investment schemes.
- The current forecast is that there will be an in year underspend which will necessitate further re-phasing of the programme.

Recommendation(s):

That the Executive:

1) Notes the position on the capital programme and decides on any corrective action necessary.

Alternatives Considered:

1.	This report shows the projected outturn for 2023/24 based on information at a point in time, therefore no alternatives have been considered.

Reasons for Recommendation:

To maintain the Council's financial resilience.

1. Background

1.1 In February 2023, the Council approved a capital investment strategy in addition to a revised capital investment programme. Both strands support delivery of the Council plan, helping the Council to achieve its strategic objectives and legal duties for the benefit of residents and businesses that operate within its area.

1.2 In line with good financial management practices, the Council's use of resources is closely monitored and reported to the Executive, with this report providing information on the financial position as at the end of quarter three and representing the final in-year update prior to the end of the financial year.

1.3 Quarter three is an important milestone in the financial year, because in the main there has been sufficient time to identify any key changes from the approved financial position and start implementing corrective action where relevant and appropriate. This approach helps to keep the Council in a strong financial position despite the volatile nature of the operating environment, and has been followed during 2023/24.

1.4 Unlike with revenue, capital investment is often planned over a multi-year period and therefore variances within the capital programme tend to reflect timing of spend, as opposed to an underlying variance. However, where there are variances to consider, they will be considered through this report.

1.5 The size and scale of Lincolnshire, and its capital programme, means that it has relatively high exposure to changes in its external environment. This includes economic factors, which are regularly considered as part of financial updates. The rate of inflation has been in excess of the Bank of England's target since August 2021, and in latest Bank forecasts is not intended to fall below the target level until 2025. The inflation rate is on a declining path, in part due to a permanently increased higher price base. The rate of inflation for capital projects tends to be different, with different cost inputs subject to different inflationary pressures.

1.6 The evolving environmental landscape is also a key consideration within the context of capital planning. Environmental factors bring about considerable risk to the delivery of existing schemes, and potentially necessitate new schemes. Whilst both economic and environmental factors are important, they are national issues and should be considered as such.

1.7 Partly in recognition of the latter, the Executive approved the use of £12.8m of revenue funded capital investment in Place infrastructure. This has been enabled by windfall gains within the revenue budget. Of the planned capital investment, £4m relates to flood investigations and alleviation. These have built in to the capital programme in 2023/24 in line with Executive approvals, with the Council's 2024/25 Budget proposing that they be deferred to 2024/25 to match likely timing of spend.

1.8 The Council continues to take a prudent approach to planned capital investment which partly reflects the increased cost of capital, and the uncertainty over the Council's long-term funding position. This includes not growing the borrowing the requirement of the capital programme

1.9 The external factors considered above impact nationally, and therefore are not specific to Lincolnshire. Nevertheless, there are three known capital related elements which will be considered fully as part of the 2024/25 financial planning process:

- The first is that the cost of capital investment has increased, because of the impact of inflation and other inflationary causes (e.g. cost of raw materials). This means that there is a diminished buying power for capital investment, relative to a few years ago.

- The second relates to the cost of capital financing, which has been on an upward trajectory because of continued increases in the Bank of England base rate intended to counteract the rate of inflation. The base rate has potentially now peaked. For the Council, it means that the cost of borrowing is now higher than it could be accessed for in prior years. This could have implications for the revenue budget over the longer-term, assuming that rates remain high at the time when the Council needs to borrow with internal borrowing currently prioritised and preferred.

- Conversely, this does also mean that slower than planned delivery of capital investment could result in higher interest receipts in the short-term. This has been considered within the revenue report considered as part of the same Executive meeting agenda.

1.10 It should be noted that, by the time the Executive meet to consider this report, the financial planning process for 2024/25 will have concluded, and this will contain an updated capital strategy and capital programme which will effectively be the most recent position.

1.11 The Council utilises capital investment to support investment within Council services, which helps to continuously achieve better service outcomes and better financial outcomes within revenue. There is a clear link between revenue and capital and therefore neither can be considered in isolation.

1.12 The Council categorises capital investment into projects and blocks. Capital blocks investment comprises schemes which maintain and/or replace the Council's existing assets (e.g. highways maintenance). Capital projects are specific schemes which represents specific investment within an area to create a new asset which will deliver additional benefit to Lincolnshire.

Summary Financial Position – Capital

1.13 The summary capital forecast for net investment as at 31 December 2023 (end of quarter three) is as follows:

Capital	2023/24 Budget	2023/24 Forecast	2023/24 Variance
Investment by Directorate			
Adult Care and Community Wellbeing	9,272,529	9,073,826	(198,703)
Children's Services	35,551,246	35,493,532	(57,714)
Place	153,861,484	143,737,278	(10,124,206)
Fire and Rescue	2,266,441	2,403,835	137,394
Resources & Corporate	12,379,843	12,250,009	(129,834)
Total	213,331,543	202,958,480	(10,373,063)
New Development Capital Contingency	14,861,389	-	(14,861,389)
Total Capital Investment	**228,192,932**	**202,958,480**	**(25,234,452)**
Funding			
External Funding	(94,035,399)	(94,924,532)	(889,133)
Borrowing	(91,780,995)	(66,546,543)	26,123,585
Capital Receipts	(5,000,000)	(5,000,000)	-
Revenue	(37,376,538)	(37,376,538)	-
Total Funding	**(228,192,932)**	**(203,847,613)**	**25,234,452**

1.14 It should be noted that the capital programme has been amended since the quarter two update to reflect programme re-phasing and the Executive's decision to invest an additional £12.8m in Place infrastructure.

1.15 Appendix A shows the summarised capital forecast by directorate and by block or project, compared to the current budget (Table 1). In addition, the breakdown by capital project and scheme can be seen within the Appendix (Table 2). This is followed by further information in respect of the in-year variances reported.

1.16 The overall forecast of a net underspend of circa £25.2m is heavily linked to the current assumption that the new developments capital contingency budget (£14.9m) will remain unspent through the remainder of the year, with its usage subject to a wider re-prioritisation exercise through the budget setting process.

1.17 There are a series of other in year variances, up and down, but the vast majority relate to timing of spend and will be corrected via re-phasing either through the budget setting process or via the outturn process. Further re-phasing is expected on internally funded schemes, and this will have the effect of reducing the Council's short-term borrowing requirement compared to the estimate at the start of the year. This is also likely to provide a short-term benefit to the revenue budget, considered within the revenue quarter three update report.

1.18 The capital investment strategy will also be refreshed during the financial planning process.

Assessment of Impact on Financial Resilience

1.19 The capital forecast reflects an in year forecast net underspend, which reflects current assumptions. There have not been any cost overspends reported that cannot be contained through re-phasing, albeit the programme remains large and exposed to risks around things like raw material prices. In terms of revenue cost of capital investment, there could be longer-term cost implications if higher interest rates persist over the long-term. This is not expected to cause a short-term issue although is one that will continue to be monitored. The Capital Investment Strategy 2023/24 requires the capital programme to be affordable over the longer term and the latest position remains in line with this position.

1.20 The Council continues to maintain its financial resilience by:

- Proactive financial management in respect of the emergent financial position
- Taking action to mitigate issues as and when they arise
- Continuing to work with the Society of County Treasurers to ensure that the Government understands the particular issues faced by County Councils, including within the context of capital investment and affordability
- Refreshing and updating the capital investment strategy and capital investment programme,
- Continued emphasis on investment which supports transformation and enables significant reductions within the revenue cost base.

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 this 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 this 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 this 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 capital programme is highlighted in this report for the Executive to note.

3.2 The position will continue to be monitored and reported throughout the year.

4. Legal Comments:

This report sets out an update on capital investment forecasts compared with the capital budget for the financial year starting on 1 April 2023 to assist the Executive to monitor the financial performance of the Council.

5. Resource Comments:

This report provides a set of updated capital investment forecasts, compared to the budget for 2023/24. The position reflects anticipation of an overall underspend, especially against internally funded schemes. This primarily reflects timing of spend.

Due to the closeness in timing to the 2024/25 Budget report, the capital programme will be updated as part of that report which will represent the most up-to-date capital strategy and detailed programme.

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 on 25 February 2024. Any comments of the Board will be reported to the Executive.

d) Risks and Impact Analysis

The impact of this reported financial position on the Council's overall financial resilience has been assessed and is reported on within this report.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Capital Budget Monitoring Forecast Q3 2023/24

8. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Council Budget 2023/24	Council Budget 2023/24
Budget Book 2023/24	Budget Book 2023/24

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@lincolnshire.gov.uk.

Capital Budget Monitoring Forecast Q3 2023/24 **APPENDIX A**

Table 1: 2023/24 Capital Investment Forecast (Summary)

Capital	2023/24 Budget	2023/24 Forecast	2023/24 Variance
Investment in Blocks			
Adult Care and Community Wellbeing	8,113,826	8,113,826	-
Children's Services	8,614,672	8,588,427	(26,245)
Place	75,492,396	73,840,482	(1,651,914)
Fire and Rescue	2,266,441	2,403,835	137,394
Resources & Corporate	7,870,388	7,741,592	(128,796)
Total	102,357,723	100,688,162	(1,669,561)
Investment in Projects			
Adult Care and Community Wellbeing	1,158,703	960,000	(198,703)
Children's Services	26,936,574	26,905,105	(31,469)
Place	78,369,088	69,896,796	(8,472,292)
Fire and Rescue	-	-	-
Resources & Corporate	4,509,455	4,508,417	(1,038)
Total	110,973,820	102,270,318	(8,703,502)
New Development Capital Contingency	14,861,389	-	(14,861,389)
Total Capital Investment	**228,192,932**	**202,958,480**	**(25,234,452)**
Funding			
External Funding	(94,035,399)	(94,924,532)	(889,133)
Borrowing	(91,780,995)	(66,546,543)	26,123,585
Capital Receipts	(5,000,000)	(5,000,000)	-
Revenue	(37,376,538)	(37,376,538)	-
Total Funding	**(228,192,932)**	**(203,847,613)**	**25,234,452**

Table 2: 2023/24 Capital Investment Forecast (Detail)

		Gross Forecast			External & Grant Forecast			Net Forecast		
B/P	**Scheme**	**Budget**	**Forecast**	**Variance**	**Budget**	**Forecast**	**Variance**	**Budget**	**Forecast**	**Variance**
	Adult Care and Community Wellbeing									
B	Adult Care	0.484	0.484	-	-	-	-	0.484	0.484	-
B	Safer Communities	0.025	0.025	-	-	-	-	0.025	0.025	-
B	Registration Celebratory & Coroners Services	0.020	0.020	-	-	-	-	0.020	0.020	-
B	Better Care Fund	7.585	7.585	0.000	7.585	7.585	-	0.000	0.000	0.000
P	Welton - Extra Care Housing	1.159	0.960	(0.199)	-	-	-	1.159	0.960	(0.199)
	Sub-total	**9.273**	**9.074**	**(0.199)**	**7.585**	**7.585**	**-**	**1.687**	**1.489**	**(0.199)**
	Children's Services									
B	Schools Maintenance Programme	4.888	4.888	-	4.888	4.888	-	0.000	0.000	-
B	Provision of School Places (Basic Need)	1.639	1.639	0.000	1.939	1.939	-	-0.300	-0.300	0.000
B	Devolved Capital	0.962	0.962	-	0.962	0.962	-	0.000	0.000	-
B	Foster Care	0.120	0.072	(0.048)	-	0.040	0.040	0.120	0.032	(0.088)
B	Other Children´s Social care	0.009	0.001	(0.008)	-	-	-	0.009	0.001	(0.008)
B	Connect the Classroom	0.465	0.494	0.029	0.471	0.501	0.029	-0.007	-0.007	-
B	SEMH Schools - Expanding provision	0.532	0.532	-	-	-	-	0.532	0.532	-
P	SEND Reorganisation	14.531	14.500	(0.031)	9.259	9.259	-	5.272	5.241	(0.031)
P	Children´s Homes	2.011	2.011	-	0.412	0.412	-	1.599	1.599	-
P	Lincolnshire Secure Unit	0.116	0.116	-	0.116	0.116	-	0.000	0.000	-
P	Lincs Secure Unit	10.278	10.278	-	7.266	7.266	-	3.013	3.013	-
	Sub-total	**35.551**	**35.494**	**(0.058)**	**25.313**	**25.383**	**0.069**	**10.238**	**10.111**	**(0.127)**
	Fire and Rescue									
B	Fire Fleet and Equipment	2.237	2.404	0.167	-	-	-	2.237	2.404	0.167
B	Fire & Rescue and Emergency Planning	0.030	0.000	(0.030)	-	-	-	0.030	0.000	(0.030)
	Sub-total	**2.266**	**2.404**	**0.137**	**-**	**-**	**-**	**2.266**	**2.404**	**0.137**
	Other Budgets									
B	New Developments Contingency Fund	14.861	0.000	(14.861)	-	-	-	14.861	0.000	(14.861)
B	Capital Fund	-	0.000	-	1.568	1.568	-	-1.568	-1.568	-
	Sub-total	**14.861**	**0.000**	**(14.861)**	**1.568**	**1.568**	**-**	**13.293**	**-1.568**	**(14.861)**

B/P	Scheme	Gross Forecast Budget	Gross Forecast Forecast	Gross Forecast Variance	External & Grant Forecast Budget	External & Grant Forecast Forecast	External & Grant Forecast Variance	Net Forecast Budget	Net Forecast Forecast	Net Forecast Variance
	Place									
B	Highways Asset Protection	56.296	58.909	2.612	45.607	45.607	-	10.689	13.302	2.612
B	Integrated Transport	4.905	4.623	(0.282)	3.337	3.337	-	1.568	1.286	(0.282)
B	Boston Development Schemes	0.914	0.879	(0.035)	-	-	-	0.914	0.879	(0.035)
B	Network Resilience	1.787	1.872	0.085	-	-	-	1.787	1.872	0.085
B	Heritage/archives	1.625	1.625	-	-	-	-	1.625	1.625	-
B	Lincolnshire Enterprise Partnership Contribution	1.536	1.536	-	-	-	-	1.536	1.536	-
B	Flood & Water Risk Management	4.584	0.584	(4.000)	-	-	-	4.584	0.584	(4.000)
B	Local Flood Defence Schemes	0.504	1.825	1.321	-	1.321	1.321	0.504	0.504	-
B	Other Highways	2.374	0.874	(1.500)	-	-	-	2.374	0.874	(1.500)
B	Local Highways Improvements (pinchpoints) to support Coastal Routes	0.664	0.664	-	-	-	-	0.664	0.664	-
B	Equipment & Vehicles at Waste Transfer Stations	0.250	0.250	-	-	-	-	0.250	0.250	-
B	Other Transport Initiatives	0.403	0.403	-	-	-	-	0.403	0.403	-
B	Libraries	0.323	0.323	-	-	-	-	0.323	0.323	-
B	Energy Efficiency Street Lighting	0.224	0.224	-	-	-	-	0.224	0.224	-
B	Economic Development- Business Unit Development	0.191	0.006	(0.185)	-	-	-	0.191	0.006	(0.185)
B	Fire Supression at Waste Transfer Stations	0.028	0.028	-	-	-	-	0.028	0.028	-
B	Exec £10m additional funding. B class roads and lower	-	0.000	-	-	-	-	0.000	0.000	-
B	Holdingham Roundabout (Sleaford Growth Schemes)	0.070	0.070	-	-	-	-	0.070	0.070	-
B	Waste	-	0.000	-	-	-	-	0.000	0.000	-
B	Countryside Rights of Way	0.045	0.045	-	-	-	-	0.045	0.045	-
B	Other Growth and the Economy - Economic Infrastucture	0.044	0.000	(0.044)	-	-	-	0.044	0.000	(0.044)
B	A46 Roundabouts	0.021	0.021	(0.000)	-	-	-	0.021	0.021	(0.000)
B	Other Environment & Planning	0.006	0.006	-	-	-	-	0.006	0.006	-
B	LEP Skills Investment Fund	(0.000)	0.000	0.000	-	-	-	0.000	0.000	0.000
B	Teal Park Lincoln	(0.001)	0.000	0.001	-	-	-	-0.001	0.000	0.001
B	A18 Safer Road Fund	(0.007)	-0.007	-	-	-	-	-0.007	-0.007	-
B	A16/A1073 Spalding to Eye Road Improvement	0.006	0.006	-	-	-	-	0.006	0.006	-
B	Lincolnshire Waterways	(0.144)	0.000	0.144	-	-	-	-0.144	0.000	0.144
B	Lincoln Growth Point	(0.256)	0.000	0.256	-	-	-	-0.256	0.000	0.256
B	Rural Roads Fund	(0.926)	-0.926	-	-	-	-	-0.926	-0.926	-
B	Sutton Bridge Place Marking	0.025	0.000	(0.025)	0.025	-	(0.025)	0.000	0.000	-
P	Grantham Southern Relief Road	21.061	20.765	(0.296)	-	-	-	21.061	20.765	(0.296)
P	Spalding Western Relief Road (Section 5)	23.718	25.903	2.185	-	-	-	23.718	25.903	2.185
P	North Hykeham Relief Road	6.606	6.553	(0.054)	3.580	4.587	1.007	3.026	1.966	(1.060)
P	Broadband	8.525	1.505	(7.020)	7.020	-	(7.020)	1.505	1.505	-

		Gross Forecast			External & Grant Forecast			Net Forecast		
B/P	Scheme	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
P	Lincoln Eastern Bypass	1.796	1.721	(0.074)	-	-	-	1.796	1.721	(0.074)
P	A16 Levelling Up Fund (LUF)	5.177	11.078	5.901	-	5.536	5.536	5.177	5.542	0.365
P	HWRC Skegness	-	0.000	-	-	-	-	0.000	0.000	-
P	Economic Development - Horncastle Industrial Estate Extension	-	0.000	-	-	-	-	0.000	0.000	-
P	Waste - Separated Paper and Card Scheme	1.247	1.247	-	-	-	-	1.247	1.247	-
P	A52 Skegness Roman Bank Reconstruction	0.903	0.241	(0.661)	-	-	-	0.903	0.241	(0.661)
P	A631 Louth to Middle Rasen Safer Road Fund	0.700	0.700	-	-	-	-	0.700	0.700	-
P	A46 Welton Roundabouts (Integrated Transport/NPIF)	0.137	0.135	(0.001)	-	-	-	0.137	0.135	(0.001)
P	Spalding Western Relief Road Section 1	0.000	0.000	(0.000)	-	-	-	0.000	0.000	(0.000)
P	Skegness Countryside Business Park 2	0.040	0.000	(0.040)	(0.000)	-	0.000	0.040	0.000	(0.040)
P	A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.013	0.013	-	-	-	-	0.013	0.013	-
P	Spalding Western Relief Road Section 1 S106	-	0.000	-	-	-	-	0.000	0.000	-
P	Spalding WRR Section 5 S106	-	0.000	-	-	-	-	0.000	0.000	-
P	Local Electric Vehicle Infrastructure	-	0.000	-	(0.000)	-	0.000	0.000	0.000	(0.000)
P	Street Lighting Transformation	-	0.000	-	-	-	-	0.000	0.000	-
P	Sleaford Rugby Club (Sleaford Growth Schemes)	-	0.000	-	-	-	-	0.000	0.000	-
P	Gainsborough Corringham Road (Phase 1-5)	(0.000)	0.000	0.000	-	-	-	0.000	0.000	0.000
P	Electronic Ticket Machines	(0.004)	-0.004	-	-	-	-	-0.004	-0.004	-
P	A1084 Safer Road Fund	(0.011)	-0.011	-	-	-	-	-0.011	-0.011	-
P	HWRC Tattershall	-	0.000	-	-	-	-	0.000	0.000	-
P	Holbeach Food Enterprise Zone	(0.337)	0.050	0.387	-	-	-	-0.337	0.050	0.387
P	Waste Transfer Stations	6.100	0.000	(6.100)	-	-	-	6.100	0.000	(6.100)
P	Cross Keys Bridge electrification	1.200	0.000	(1.200)	-	-	-	1.200	0.000	(1.200)
P	LED swap out	1.500	0.000	(1.500)	-	-	-	1.500	0.000	(1.500)
	Sub-total	**153.861**	**143.737**	**(10.124)**	**59.569**	**60.389**	**0.820**	**94.293**	**83.349**	**(10.944)**
	Resources & Corporate									
B	Property	4.400	4.346	(0.054)	-	-	-	4.400	4.346	(0.054)
B	Improvement Transformation	0.350	0.350	-	-	-	-	0.350	0.350	-
B	Infrastructure and Refresh Programme	2.450	2.476	0.026	-	-	-	2.450	2.476	0.026
B	County Farm Block	0.531	0.531	(0.000)	0.000	-	(0.000)	0.531	0.531	(0.000)
B	Replacement ERP Finance System	0.127	0.039	(0.088)	-	-	-	0.127	0.039	(0.088)
B	ICT Development Fund	0.013	0.000	(0.013)	-	-	-	0.013	0.000	(0.013)
B	Orchard House Repairs	-	0.000	-	-	-	-	0.000	0.000	-
P	School Mobile Classroom Replacement	-	0.000	-	-	-	-	0.000	0.000	-
P	Property Area Review	0.067	0.067	-	-	-	-	0.067	0.067	-
P	Waddington Training Facility - Capital	0.378	0.378	-	-	-	-	0.378	0.378	-

B/P	Scheme	Gross Forecast Budget	Gross Forecast Forecast	Gross Forecast Variance	External & Grant Forecast Budget	External & Grant Forecast Forecast	External & Grant Forecast Variance	Net Forecast Budget	Net Forecast Forecast	Net Forecast Variance
P	Fire Door Replacement	0.144	0.144	-	-	-	-	0.144	0.144	-
P	Grantham Fire Project	0.469	0.476	0.007	-	-	-	0.469	0.476	0.007
P	2023 Device Replacement (Refresh)	2.384	2.461	0.077	-	-	-	2.384	2.461	0.077
P	IMT (Cloud Navigator/Windows 10)	0.077	0.000	(0.077)	-	-	-	0.077	0.000	(0.077)
P	Care Management System (CMPP)	0.014	0.000	(0.014)	-	-	-	0.014	0.000	(0.014)
P	Leverton Fire Station	0.310	0.315	0.005	-	-	-	0.310	0.315	0.005
P	Orchard House B - Closed	0.667	0.667	-	-	-	-	0.667	0.667	-
P	Azure Data Migration Project	-	0.000	-	-	-	-	0.000	0.000	-
	Sub-total	**12.380**	**12.250**	**(0.130)**	**0.000**	**-**	**(0.000)**	**12.380**	**12.250**	**(0.130)**
	Council Total	**228.193**	**202.958**	**(25.234)**	**94.035**	**94.925**	**0.889**	**134.158**	**108.034**	**(26.124)**

Analysis of Capital Investment

1. The Council plans to invest almost £700m of capital resource between 2023/24 and 2032/33 to support delivery of the Council plan. Investment in the County's highways network continues to be a key priority for the Council, in addition to investment in other priorities such as education and the Council's asset base.

2. The summary capital forecast position for 2023/24 can be seen in Table 1, and this is supported by the forecast data in Table 2. The detail shows the gross forecast, external funding, and net forecast. Within Table 2, each capital scheme is categorised as either "B" or "P", which means block or project. A capital block refers to recurrent spend on assets (e.g. highway maintenance), whereas project spend specifically relates to a new capital project (e.g. new road).

3. The Council undertakes regular monitoring of its capital investment programme, to ensure the programme remains realistic and invests in Council priorities. This is especially important given the size and scale of the capital programme, and its susceptibility to planning assumption changes (e.g. scope, price).

4. This report focusses on forecast investment in 2023/24, compared with the current budget. The Council's budget proposal for 2024/25, which is to be considered by Full Council during February 2024, will update the capital programme for further re-phasing and other changes considered as part of the proposal. Please note that there have been changes made to the capital programme during quarter three in respect of re-phasing and incorporating additional external funding.

5. The Council currently plans to invest £228.2m in 2023/24, supported by £94.0m of external and grant funding, giving rise to a net planned investment of £134.2m. The revised forecast, shown in Table 1, shows gross investment is expected to be £202.9m, supported by £94.9m of external and grant funding, indicating a revised net investment estimate of £108.0m, therefore an in year net underspend of £26.2m.

6. Given the capital programme is delivered over a longer timescale, the vast majority of variances associated with the timing of spend, and therefore are not real cost pressures or savings. Trend analysis of prior year spend indicates that further re-phasing is likely to be required during the remainder of the 2023/24 financial year to ensure budgets are aligned with delivery timescales.

7. Considering the wider economic context, there is an increased risk that the programme will become more expensive if delivered over a longer timeframe, given the continued inflationary challenges and the uncertainty around the future Bank of England base rate. The persistent high levels of inflation – of which construction specific indices have been subject to much higher increases – has meant that the cost of some capital schemes have increased already and could increase further.

8. In addition, the Bank of England has continued to increase the cost of capital as a result of successive increases to the base rate, which has now considered to have peaked. The increase in the base rate has increased the cost of borrowing to the Council, in turn increasing the cost of capital financing. The Council does not set

capital financing budgets based on historical low rates, however there is expected to be longer-term cost increases if the cost of financing remains at the current level.

9. The Council's capital investment strategy is being refreshed as part of the 2024/25 budget setting process. There will be further changes necessary during 2024/25 to give a renewed focus on investment principles, as well as a desire for better reporting of investment impact and as improving line of sight on capital affordability over the longer-term.

10. A significant portion of the underspend relates to the recently approved £12.8m additional investment in Place infrastructure. The schemes have been built into the 2023/24 budget but are not expected to be delivered until 2024/25. The revenue funding set aside to fund these schemes will be used to fund other internally funded schemes during 2023/24, which will free up borrowing to be allocated to these schemes next year.

11. The new development capital contingency is not likely to incur expenditure during 2023/24, therefore the remaining £14.9m budget is forecast to fully underspend. Taken together, both elements more than account for the stated variance. The budget setting exercise and proposal for 2024/25 will consider how to best utilise the built up balance of the new development contingency budget.

12. The position for each directorate is considered in turn, based on the information reported to directorate leadership teams.

Adult Care and Community Wellbeing

13. The directorate has a total capital programme of £15.670m.

14. To date £3.281m has been spent with the majority funding the DeWint Extra Care Housing development. Council has approved a further £7.339m investment into extra care and working age adult accommodation and day services. The refurbishment of day services is forecast to cost approx. £3.5m. In addition to the £2.504m already allocated, £0.663m carry forward from 2022/23 is agreed, plus a proposal to utilise the 2023/24 ACCW revenue forecast underspend.

15. Current proposals for the use of the £4.974m balance include:

- £2.320m extra care and working age adult developments in Horncastle,
- £1.663m day services,
- £0.991m balance into working age adults housing, location tbc, supporting the need to meet demand.

Children's Services

16. SEND Capital Funding: the overall programme is expected to be on target although there is a slight underspend expected for the current year. Work on the Horncastle St Lawrence building has been completed and the demolition of the old school building has commenced. The delivery of the work on St Christophers, St Francis and Gosberton is expected to be completed in 2024/25.

17. Childrens Homes: SEND Capital Funding: the overall programme is expected to be on target although there is a slight underspend expected for the current year. Work on the Horncastle St Lawrence building has been completed and the demolition of the old school building has commenced. The delivery of the work on St Christophers, St Francis and Gosberton is expected to be completed in 2024/25.

18. SEND Capital Funding: the overall programme is expected to be on target although there is a slight underspend expected for the current year. Work on the Horncastle St Lawrence building has been completed and the demolition of the old school building has commenced. The delivery of the work on St Christophers, St Francis and Gosberton is expected to be completed in 2024/25.

Fire and Rescue

19. The service has been undertaking a comprehensive review of its forward capital programme to meet the challenges of Fire Control mobilisation and Fleet replacement in particular. For the current year there is expected to be some variations within the programme but overall, they are expected to be near to the budget target.

Place

20. For block budgets most of the funding, £49m out of £75m, relates to grants from the Department for Transport (DfT). This covers investment in Highways asset protection and the programme of work lends itself to variances between years given the uncertainty of weather conditions. The current forecast variance is estimated as £2.33m over the budget.

21. This is offset by the new funding (£4m) recently agreed for Flood and Water risk management. This will be carried forward as needed in 2024/25.

22. Although currently forecast on target the delay in the heritage / archives block of projects is likely to lead to a budget carry forward into 2024/25.

23. The key variances within named project are around timing issues on delivery as the following have been added to the capital programme in the last few months following Executive approval. These are funded from forecast revenue underspends in the current year:

- Infrastructure work at Waste Transfer Stations to comply with new standards on the treatment of waste. This work is scheduled for the next financial year with a value of £6.1m.
- More investment in LED bulbs to help reduce the cost of energy. This work has started but the majority of spend will be next year. This has a budget of £1.5m.
- Electrification of Cross Keys bridge has a budget allocation of £1.2m with work starting in the new financial year.
- Additional flood investigations and alleviation work with an increase in budget of £4m.

Resources

24. There are minor in-year underspends totalling £0.129m to report across the directorate which reflects that there has been re-phasing undertaken as part of the budget setting process. The reported underspend is split between property and IT maintenance spend on assets, with most due to further re-phasing being required as part of the outturn process.

Other Budgets

25. The New Developments Contingency Fund has existed to date to ensure some protection against unforeseen and unplanned increases in the cost of capital schemes, which is especially important considering the wider economic context. The budget setting process is currently considering how to best utilise the remaining balance to support identified need and Council priorities. As a consequence, the contingency budget will not be spent until 2024/25 at the earliest.

This page is intentionally left blank

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director – Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Treasury Management Performance 2023/24 - Quarter 3 to 31 December 2023**

Summary:

This report details the treasury management activities and performance for Quarter 3 of 2023/24 to 31st December 2023, comparing this to the Treasury Management Strategy and Annual Investment Strategy 2023/24 that was approved by the Executive Councillor for Resources, Communications and Commissioning on 13 March 2023. This report meets the reporting requirements as detailed in the CIPFA Code of Practice for Treasury Management that the Council follows.

Actions Required:

The Overview and Scrutiny Management Board is invited to review the report and pass any comments onto the Executive Councillor for Resources, Communications and Commissioning.

1. Background

1.1. The Treasury Management Strategy and Annual Investment Strategy 2023/24 sets the framework for how we manage the cashflow, borrowing and treasury investments of the Council and the risks involved.

1.2. Actual activity and performance compared to this strategy is reported quarterly, this report being the third quarter report for 2023/24 covering the period up to 31st December 2023.

1.3. Activity and performance up to 31st December 2023 compared to the Strategy is detailed in the Conclusion in Section 2 below. Supporting information is detailed in the attached appendices.

2. Conclusion

<u>Comparison of Activity and Performance to Strategy for Period up to 31st December 2023</u>

Interest Rate Forecast:

***Strategy*:**

At the time of writing the Strategy:

- *By Qtr4 of 2022/23, the Bank of England's Monetary Policy Committee (MPC) had increased Base Rate nine consecutive times from 0.50% to 3.50% to combat on-going inflationary and wage pressures and two more increases left Bank Rate at 4.25% at the end of the financial year.*
- *Further **increase in Bank Rate** was forecast **to peak at around 4.50% by May 2023, then fall back gradually from this point to end the year around 4.00%** and to 2.50% by December 2025. This forecast was linked to inflation falling back over the year as predicated so that the MPC could loosen monetary policy to promote growth.*
- ***Long term rates** were in the region of 4.10% to 4.70% over different periods and were **expected to fall gradually, by around 0.30% to 0.40% in 2023/24,** in line with the expectation for falling inflation.*
- *This forecast was linked to the expectation of inflation falling back over 2023/24 from its highs of over 10%. Growth was expected to contract in 2023/24 due to increases in interest rates and the cost of living squeeze, and the MPC was thought to be keen to reduce rates again as soon as inflationary pressures eased to promote growth.*

Activity and Performance to 31st December 2023:

Short term Rates.	The MPC kept Base Rate on hold in December for the third time in a row at 5.25% despite softer wage and inflation data. Both the markets and Link Asset Services, (our Treasury Advisor), think that **Base Rate has now peaked at 5.25%**, with cuts to Base Rate next expected by September 2024. **A fall to 3.75% is forecast by the end of 2024/25**, reaching 3.00% by 2026.
Long Term Rates.	The movement in gilt yields, which impact long-term borrowing rates, have mirrored the revised fall in Bank Rate at the shorter end of the yield curve (5yrs to 10 yrs). Medium to long term rates (15yrs to 50yrs) are also influenced by the outlook for inflation and the market appetite to purchase gilts, hence they too have fallen alongside expected inflation falls. **PWLB 5 year to 50 year rates were in the range of between 4.19% to 4.68% at the end of December 2023** but have since risen to 4.56% to 5.08% respectively at the time of writing. Link expect rates to gradually fall by December 2026 to the region of **3.50% to 3.90%.**

Economic Review.	Inflation (CPI) in the UK fell to 4% in December, in line with expectations, as the high energy price cap fell out of the data. Economists are expecting inflation to **fall to the MPC target of 2% by April 2024** which has convinced markets that Base Rate will be cut sharply in the second half of 2024. Growth (GDP) in 2023 stayed at 0.5% and forecasts for 2024 were revised down to 0.00% (from 0.50%) by the MPC. Economists expect there may only be the lightest of recessions or possibly not at all, citing the robustness and resilience of the UK economy. Wage growth has also started to fall moderately alongside the reduction in CPI. Inflation, wage inflation, the general election, worldwide conflicts and a weakening pound are all risk factors that will influence the expectations for growth and interest rates going forward, making any forecasts volatile and difficult to predict.

Appendix A shows a graph of key interest rate movements in 2023/24 to date, together with the interest rate forecast and commentary from Link Asset Services Ltd (TM Advisor) dated 8th January 2024 which goes into more detail on the upside and downside risks to current forecasts.

Investments:

Strategy:

- *Investment priority – security first, liquidity second and finally yield.*
- *Aim to invest in all periods up to two years to suit direction of interest rates, at rates in excess of market levels.*
- *Low risk counterparty strategy adopted: minimum long-term rating for approved counterparties set at 'A' and Sovereign Rating of 'AA-' for any two from three credit rating agencies.*

Activity and Performance to 31st December 2023:

Investment Position and Performance.	Cash balances were just above £268m on 31st December 2023. This level is expected to fall by the end of 2023/24, as capital spending increases, which will be funded by Internal cash resources. (Internal Borrowing). The Councils Weighted Average Maturity or **WAM fell to 96 days (from 121 days) at 31st December 2023**, as longer term investments were restricted because cash balances are predicted to fall and liquidity tighten.

Investment return for the period has **increased to 5.057%,** reflecting the rising interest rate environment. This was **above the new SONIA benchmark return of 5.002% by -0.055%.** With Base Rate increases now on hold and the next movement expected to be a cut, the lag of MMF Returns to SONIA has now disappeared as Fund Returns have caught up with market levels. (Note: the SONIA rate is reduced by 0.10% to account for the lack of a bid-offer spread in the market rate).

The Council's return on 31st December 2023 also **exceeded other Councils in the Link Benchmarking group and the English Counties Benchmarking group,** even as the WAM in all groups has fallen. It is expected, however, that performance will be impacted going forward as long term strategic investments will be restricted to maintain adequate levels of liquidity and cash balances fall towards the end of the financial year. For more detail on Investment activity see **Appendix B.**

Lending List Changes and Annual Investment Strategy.

In accordance with the Annual Investment Strategy, maximum amount limits have been set to align with maximum average cash balances of up to £300m. There have been no breaches in Investment limits during the quarter. Improvement in the credit rating for National Bank of Canada has led to improved lending limits for the bank during the quarter from £20m/6 months to £25m/365 day. There has been no changes to the Annual Investment Strategy that sets the Council's investment risk appetite. The Lending List as on 31st December 2023 is shown in **Appendix C**.

Appendix D shows a full list of investments held on 31st December 2023, provided by Link Asset Services (TM Advisor).

Borrowing:

***Strategy*:**

- *Long term external borrowing at start of year was £467.8m, costing 3.725%.*
- *New borrowing requirement for 2023/24 to finance capital programme was set at £77.496m.*
- *Regard is made to the Debt Liability Benchmark for 2023/24, before any new borrowing is undertaken, taking into consideration the cash balance of the Council. As per the Strategy Report, no external borrowing is necessary in 2023/24 to meet the Debt Liability Benchmark.*
- *Any external long-term borrowing, if undertook, would be taken with the aim to reduce the overall cost of debt and for periods to ensure an even debt maturity profile.*

Activity and Performance to 31st December 2023:

Revised Borrowing Requirement.	Borrowing requirement brought forward from 2022/23 brings the balance of Borrowing Requirement at 31st December 2023 to £127.315m. Adjustment for target, changes, rephasing, grants and contributions, Internal borrowing and voluntary repayment of debt will bring this requirement down to zero and **no external borrowing will be undertaken to meet the Debt Liability benchmark for the year**, although the latest Debt Liability Benchmark, as shown in **Appendix E**, shows that external borrowing will be required in 2024/25 to maintain a chosen cash position for liquidity of £100m. The benchmark will be consistently revised for changes in budget and outturn figures going forward and the strategy amended if appropriate to suit market conditions. With borrowing rates forecast to fall, the decision to delay external borrowing is supported by market conditions at present.
Borrowing Position and Performance.	Debt maturing during the period has brought the balance of borrowing at 31st December 2023 to £459.439m at a cost of 3.717%. As no external borrowing will be undertaken in the year the balance of debt outstanding at the year-end is forecast to be £457.439m, at a reducing cost of 3.713%. A total of £10.329m debt will be maturing naturally in 2023/24 and will not be replaced.
Temporary Borrowing.	No temporary borrowing was taken in the period for liquidity purposes and no temporary debt was outstanding at 31st December 2023.

Debt Rescheduling.	No debt rescheduling was undertaken in the period.
Prudential Indicator Limits 2023/24.	All prudential limits were met with no breaches during the period.

Appendix F shows borrowing detail and latest maturity profile on 31st December 2023.

Other Treasury Issues:

-Statutory Guidance on Minimum Revenue Provision (MRP).

The consultation from the Department of Levelling Up, Housing and Communities (DLUHC) on changes to the Statutory Guidance on MRP was issued on 21st December 2023 with a deadline for responses being 16th February 2024. As expected, proposed changes in the guidance concentrate on ensuring a **prudent debt repayment provision** is made by Councils by ensuring that MRP is calculated using the full capital indebtedness of the authority, known as the Capital Financing Requirement (CFR). Any changes will be effective from 1st April 2024 and it is envisaged that there will be minimal financial impact to Lincolnshire County Council's level of MRP calculated from the proposed changes in the legislation. The Councils' MRP Policy for 2024/25 has been revised accordingly to be compatible with any proposed changes implemented from this review.

3. Consultation

a) Risks and Impact Analysis

Risk and impact analysis for treasury management forms TMP1 of the Treasury Management Practices that are required by the CIPFA Code of Practice. A treasury management risk register details the main risks for treasury management, and this is reviewed annually. Both the TMPs and the risk register are held with the Technical Team of Financial Services.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Movement of Key Interest Rates for 2023/24 to date and Latest Interest Rate Forecast and Commentary from Link Asset Services Ltd
Appendix B	Investments: Activity and Performance on 31st December 2023
Appendix C	Authorised Lending List on 31st December 2023 and Credit Rating Key
Appendix D	Monthly Investment Analysis on 31st December 2023 - Link Asset Services Ltd
Appendix E	Debt Liability Benchmark as at 31st December 2023
Appendix F	Borrowing: Activity and Performance and Long-Term Maturity Profile on 31st December 2023

5. Background Papers

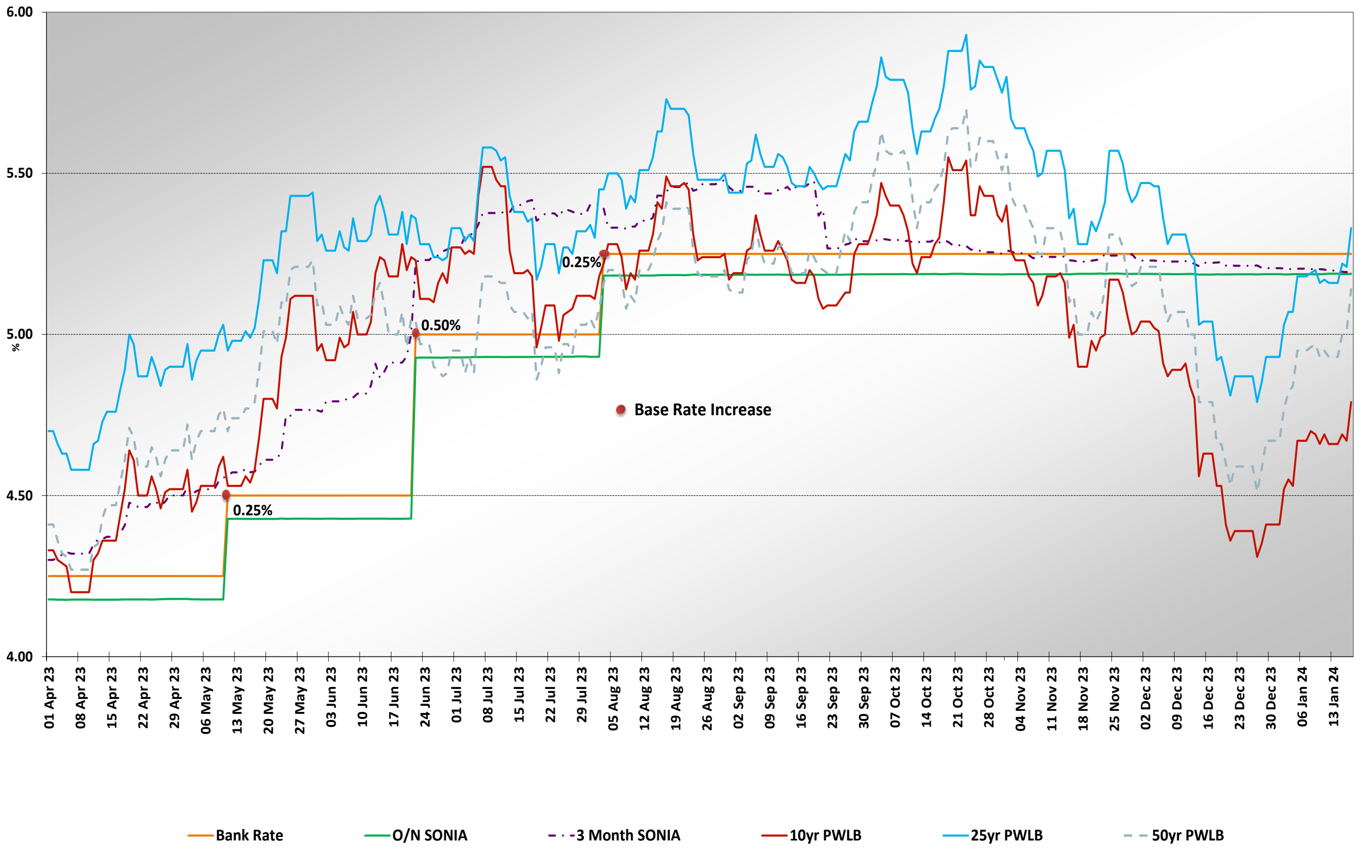
The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 - 13/3/2023	
Council Budget 2023/24 - 17/2/2023	

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

This page is intentionally left blank

Movement of Key Interest Rates During 2023/24



Interest Rate Forecast – Link Asset Services Ltd (8 January 2024)

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Economic and Interest Rate Commentary– Link Asset Services Ltd- Quarter Ended 31st December 2023

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

- At its 14th December meeting, the Bank of England's Monetary Policy Committee (MPC) kept rates on hold for the third time in a row, pushing back against the prospect of near-term interest rate cuts. The vote in favour of keeping rates on hold was 6-3.

- However, recent softer wage and inflation data (annual CPI is currently 3.9%) mean that markets have moved significantly in the direction of Link's November interest rate forecast, pricing in a first rate cut in Q2 2024, a full quarter earlier than our own forecast which has only undergone a little fine-tuning today**. Link now expects Bank Rate to be cut to 4.25% by the end of 2024 (4.5% previously) and 3% by the end of 2025.** The low point of the interest rate cycle is also expected to be 3%.

- Regarding the Bank of England, it continued to sound hawkish last month. Indeed, the evidence of subsiding price pressures did not dissuade the more hawkish members of the Monetary Policy Committee (MPC) – Catherine Mann, Megan Greene and Jonathan Haskel – from again voting to raise interest rates by 25 basis points (bps). The MPC maintained its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it reiterated that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time".

- At the time of the meeting, the Bank did not appear to have taken any comfort from subsiding price pressures in the US and the Eurozone either, saying that measures of inflation persistence are higher in the UK than in other major advanced economies. And its statement that relative to developments in the US and the Eurozone “measures of wage inflation were considerably higher in the UK and services price inflation had fallen back by less so far”. Nonetheless, even if the Bank would prefer to cut interest rates after the Fed and the ECB, **Capital Economics’ forecast for the CPI measure of inflation to drop below 2% by April, and for core inflation to drop below 2% only three months later, further convinces us that rates will be cut sharply in the second half of 2024 if not before.**

- Since the December rate decision, the Bank’s hawkish bias has also not prevented the markets from forming a view that rates will be falling soon. Accordingly, swap rates and gilt yields have reduced significantly over the past month despite a partial rebound upwards since the turn of the year. This will have the effect of ensuring upcoming mortgage rate resets (c400k per quarter) will be somewhat lower than they were through the second half of 2023. Indeed, it is noteworthy that the Halifax house price index has recently moved into positive territory after registering only a slight fall in house prices from their peak in the summer of 2022.

- Looking further afield, we suspect the **wider economy may only endure the lightest of recessions or, possibly, not at all.** Clients will recall that the Bank’s November Quarterly Monetary Policy Report saw it revise down its Q3 and Q4 GDP forecasts for 2023 and its annual forecast for 2024 from 0.4% to 0.0% (2023 stayed at 0.5%). But it could be this outlook underestimates the robustness and resilience of the UK economy, particularly considering upward revisions to GDP stemming from the pandemic years.

- As outlined in November, there are, of course, significant risks to our central forecast. First, we are probably still in the early days of the Gaza-Israel conflict, and a meaningful and prolonged shift up in oil prices from $75 per barrel to something closer to $120 would keep inflation higher for longer. Furthermore, the UK domestic labour market is still having to contend with very low unemployment (4.2%) and the total number of job vacancies is only a little below one million. Even if Labour takes over the governmental reins in the next year or so, it is unlikely that a fundamental overhaul of immigration policy, with a view to addressing staff shortages in various sectors of the economy, is going to be a priority, so keeping a lid on wages is going to be a tough challenge even if some of the more recent signs are that wage growth is moderating (still c7% y/y).

- Regarding PWLB rates, movement in the **short part of the curve has reflected the revised Bank Rate expectations** to a large degree, whilst **medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, but by the market’s appetite for significant gilt issuance.** Indeed, although we have a slightly lower starting point for the envisaged reduction in short and medium dated gilts, **we now forecast the 10, 25 and 50 years part of the curve to not fall quite as low as we thought in November.**

- Furthermore, a General Election is expected in the next year, so Government fiscal policy may potentially loosen at the same time as the Bank's monetary policy is still trying to take momentum out of the economy. That may mean that Bank Rate stays elevated for a little longer than our central forecast.

- Of course, what happens outside of the UK remains critical to movement in gilt yields as well. The ECB has made it clear that policy tightening is at, or close to, the terminal rate (currently 4%), whilst the US FOMC has held its Bank Rate equivalent in the range of 5.25% - 5.5%.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. **We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession** over the coming months (although most recent GDP releases have surprised with their on-going robustness).

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

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

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

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

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

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

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

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

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

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

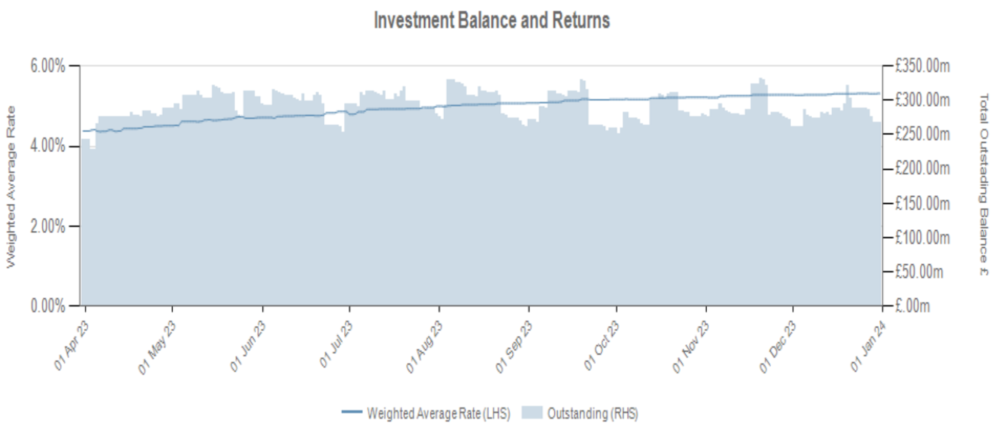
This page is intentionally left blank

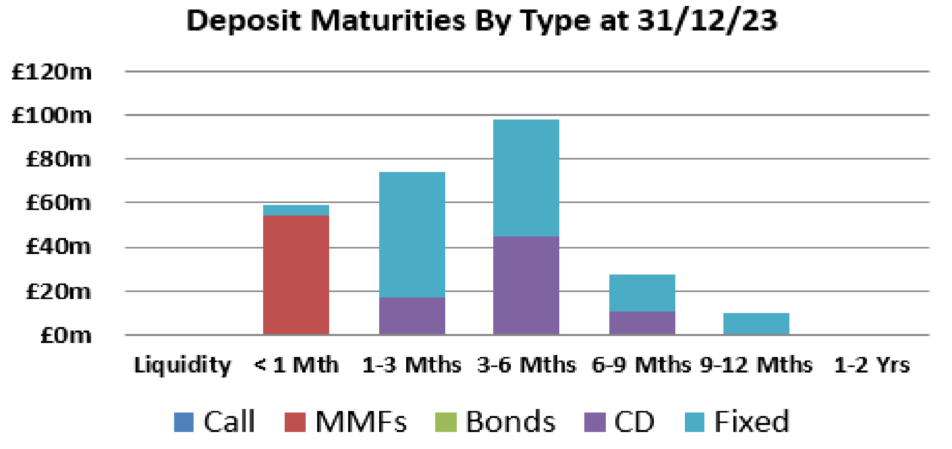
Page 139

Appendix B

Investments: Activity & Performance on 31st December 2023

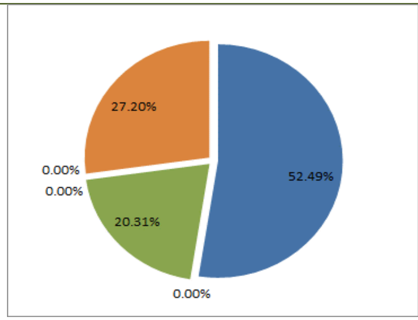
Investment Position at 31st December 2023				
Investments Outstanding 31st December 2023	**Weighted Average Maturity (WAM)**	**Benchmark Return (O/N- 3 Month SONIA less 0.10%) Annualised**	**Council Performance Annualised**	**Outperformance**
£268.425m	**96 Days**	**5.002%**	**5.057%**	**0.055%**

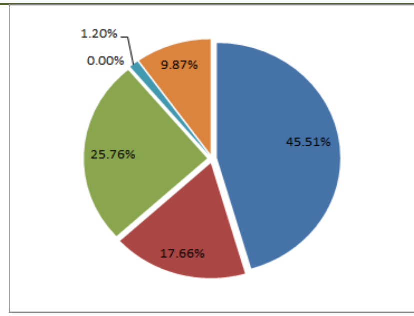


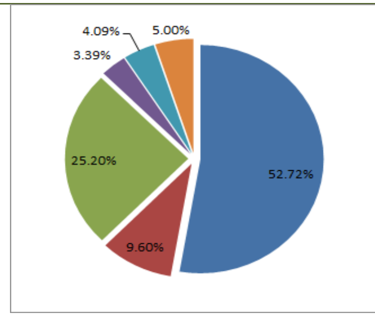


Link Benchmarking Analysis of Investments on 31st December 2023			
	LCC	**Benchmark Group (14)**	**English Counties (17)**
Return at 31st December 2023	**5.31%**	**5.19%**	**5.16%**
WAM	**96**	**87**	**108**
Risk Weighted Score (Duration & Credit Quality)	**3.23**	**3.11**	**2.64**
Model Banding- Expected Return for Risk Taken	**5.02% - 5.34%**	**5.05% - 5.36%**	**5.00% - 5.32%**

5.166%	Fixed Deposits
0.000%	Call & O/N
5.599%	CDs
0.000%	Bonds
5.317%	MMFs
0.000%	Enhanced MMFs







This page is intentionally left blank

Appendix C

Appendix C

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

Country			Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	Sovereig	For Treas CDS Overlay
	1	Other Local Authorities	25 each	24 Months					
	2	Debt Management Account Deposit Facility	50	6 Month					
	3	UK Banks :							
		# HSBC Group	25	365 Day					
UK		HSBC Bank PLC (NRFB)	25	365 Day	365 Day	SB	AA-	AA-	365 Day
		HSBC 31 Day Notice Account	25	365 Day					
		# RBS Group - Part Nationalised	50	365 Day					
UK		National Westminster Bank PLC (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		The Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		# LloydsHBOS Group	20	365 Day					
		Lloyds Bank Plc (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
		Bank of Scotland PLC (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Barclays Bank PLC (NRFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Close Brothers Ltd	20	6 Months	6 Months	NO	A-	AA-	6 Months
UK		Nationwide Building Society	20	6 Months	6 Months	SB	A	AA-	6 Months
UK		Santander Uk PLC	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Standard Chartered Bank	20	6 Months	6 Months	SB	A+	AA-	6 Months
	4	Other Banks							
AUS		Australia and New Zealand Banking Group Ltd.	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Commonwealth Bank of Australia	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		National Australia Bank Ltd.	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Macquarie Bank Ltd.	20	6 Months	6 Months	SB	A	AAA	6 Months
AUS		Westpac Banking Corp.	25	365 Day	365 Day	SB	A+	AAA	365 Day
		# BNP Paribas Group	25	365 Day					
BEL		BNP Paribas Fortis	20	6 Months	6 Months	SB	A+	AA-	6 Months
FRA		BNP Paribas	25	365 Day	365 Day	SB	A+	AA-	365 Day
CAN		Bank of Montreal	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Bank of Nova Scotia	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Canadian Imperial Bank of Commerce	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		National Bank of Canada	25	6 Months	365 Day	SB	A+	AA+	365 Day
CAN		Royal Bank of Canada	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Toronto-Dominion Bank	25	365 Day	365 Day	SB	AA-	AA+	365 Day
DEN		Danske A/S	20	6 Months	6 Months	SB	A+	AAA	6 Months
FRA		Credit Industriel et Commercial	25	365 Day	365 Day	SB	A+	AA-	365 Day
FRA		Societe Generale	20	6 Months	6 Months	PO	A-	AA-	6 Months
FIN		Nordea Bank Abp	25	365 Day	365 Day	SB	AA-	AA+	365 Day
FIN		OP Corporate Bank plc	25	365 Day	365 Day	SB	AA-	AA+	365 Day
GER		DZ BANK AG Deutsche Zentral-Genossenschaftsbank	25	365 Day	365 Day	SB	AA-	AAA	365 Day
GER		Landesbank Hessen-Thueringen Girozentrale	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		Bank Nederlande Gemeenten	25	24 Months	24 Months	SB	AAA	AAA	24 Months
NETH		Cooperatieve Rabobank U.A.	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		ING Bank N.V.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		DBS Bank Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		Oversea-Chinese Banking Corp. Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		United Overseas Bank Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWITZ		UBS AG	25	365 Day	365 Day	SB	A+	AAA	365 Day
SWE		Skandinaviska Enskilda Banken AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWE		Swedbank AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
		# Svenska Group	25	365 Day					
SWE		Svenska Handelsbanken AB	25	365 Day	365 Day	SB	AA	AAA	365 Day
UK		Handelsbanken Plc	25	365 Day	365 Day	SB	AA	AA-	365 Day
		Svenska Handelsbanken - 35 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- 10 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- Call Account	25	365 Day	365 Day				365 Day
USA		Bank of New York Mellon, The	25	24 Months	24 Months	SB	AA	AA+	24 Months
USA		Bank of America N.A.	25	365 Day	365 Day	SB	AA	AA+	365 Day
USA		JPMorgan Chase Bank N.A.	25	365 Day	365 Day	SB	AA	AA+	365 Day
	5	AAA Money Market Funds							
		# MMF Group	200	24 Months					
		HSBC Global Liquidity Fund	25	24 Months			AAA		
		Morgan Stanley Sterling Liquidity Fund	25	24 Months			AAA		
		Deutsche Managed Sterling Fund	25	24 Months			AAA		
		Insight GBP Liquidity Fund	25	24 Months			AAA		
		Aberdeen Standard Liquidity Fund	25	24 Months			AAA		

Group Limit of applies where indicated.

** A maximum of 20% of total funds to be held in the Building Society Sector.

** No more than 20% of total funds to be held in any one institution or group,excluding Govt/MMFs.

Any adverse press comments concerning borrowers/potential borrowers should be referred to M Grady / S Maycock / K Tonge / T Spencer

Revised: 31st December 2023

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

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

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

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

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

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

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

Sovereign Ratings (Fitch)

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

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

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

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

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

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

Money Market Fund Rating (Moodys)

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

Credit Default Swap (CDS) Spreads

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

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

This page is intentionally left blank

Monthly Investment Analysis on 31st December 2023 -Link Assets Services

Lincolnshire County Council

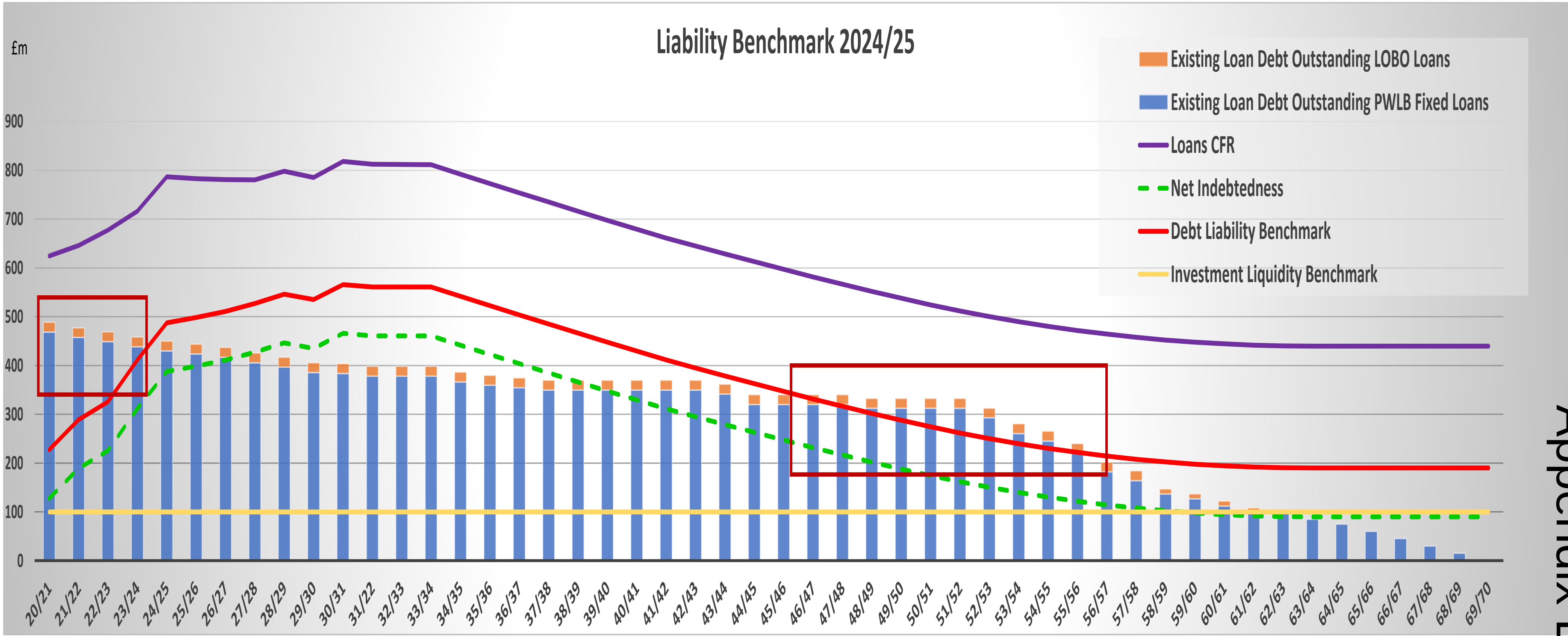
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Deutsche	25,000,000	5.27%		MMF	AAAm	
MMF HSBC	2,890,000	5.31%		MMF	AAAm	
MMF Insight	25,000,000	5.30%		MMF	AAAm	
MMF Morgan Stanley	1,635,000	5.35%		MMF	AAAm	
Close Brothers Ltd	5,000,000	5.30%	25/10/2023	24/01/2024	A-	0.003%
Close Brothers Ltd	5,000,000	5.75%	31/07/2023	31/01/2024	A-	0.004%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	6,900,000	5.02%	02/05/2023	02/02/2024	A+	0.004%
Nordea Bank Abp	10,000,000	4.64%	03/02/2023	05/02/2024	AA-	0.002%
DBS Bank Ltd	10,000,000	4.45%	07/02/2023	07/02/2024	AA-	0.002%
Nordea Bank Abp	7,000,000	5.80%	09/08/2023	09/02/2024	AA-	0.002%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	5,000,000	4.55%	23/02/2023	23/02/2024	A+	0.007%
Australia and New Zealand Banking Group Ltd	10,000,000	4.72%	02/03/2023	29/02/2024	A+	0.007%
London Borough of Southwark	5,000,000	4.40%	20/03/2023	18/03/2024	AA-	0.005%
DBS Bank Ltd	15,000,000	4.75%	31/03/2023	28/03/2024	AA-	0.005%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	5,675,000	4.70%	04/04/2023	03/04/2024	A+	0.012%
Oversea Chinese Banking Corporation Ltd	9,900,000	4.90%	14/04/2023	12/04/2024	AA-	0.006%
Skandinaviska Enskilda Banken AB	10,000,000	5.04%	14/04/2023	12/04/2024	A+	0.013%
Skandinaviska Enskilda Banken AB	10,000,000	5.28%	21/04/2023	19/04/2024	A+	0.014%
Commonwealth Bank of Australia	10,000,000	5.18%	22/05/2023	22/04/2024	A+	0.014%
Oversea Chinese Banking Corporation Ltd	5,000,000	4.95%	28/04/2023	26/04/2024	AA-	0.007%
Close Brothers Ltd	5,000,000	5.55%	06/11/2023	03/05/2024	A-	0.015%
Close Brothers Ltd	5,000,000	5.55%	06/11/2023	03/05/2024	A-	0.015%
National Australia Bank Ltd	5,000,000	6.35%	27/06/2023	24/05/2024	A+	0.018%
Australia and New Zealand Banking Group Ltd	5,000,000	5.68%	05/12/2023	05/06/2024	A+	0.019%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	7,425,000	5.46%	06/06/2023	05/06/2024	A+	0.019%
UBS AG	10,000,000	6.50%	07/07/2023	07/06/2024	A+	0.020%
Kingston Upon Hull City Council	10,000,000	5.75%	15/12/2023	17/06/2024	AA-	0.010%
UBS AG	5,000,000	6.33%	26/07/2023	25/07/2024	A+	0.026%
Australia and New Zealand Banking Group Ltd	10,000,000	5.68%	17/11/2023	16/08/2024	A+	0.028%
UBS AG	6,000,000	6.39%	21/08/2023	19/08/2024	A+	0.029%
Great Yarmouth Borough Council	6,000,000	5.67%	13/12/2023	13/09/2024	AA-	0.016%
Bank of Montreal	10,000,000	5.76%	13/10/2023	11/10/2024	A+	0.035%
Total Investments	**£268,425,000**	**5.31%**				0.013%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

This page is intentionally left blank

Debt Liability Benchmark as at 31st December 2023



Appendix E

This page is intentionally left blank

Borrowing: Activity & Performance and Long-Term Maturity Profile on 31st December 2023

Long-Term Borrowing Position on 31st December 2023

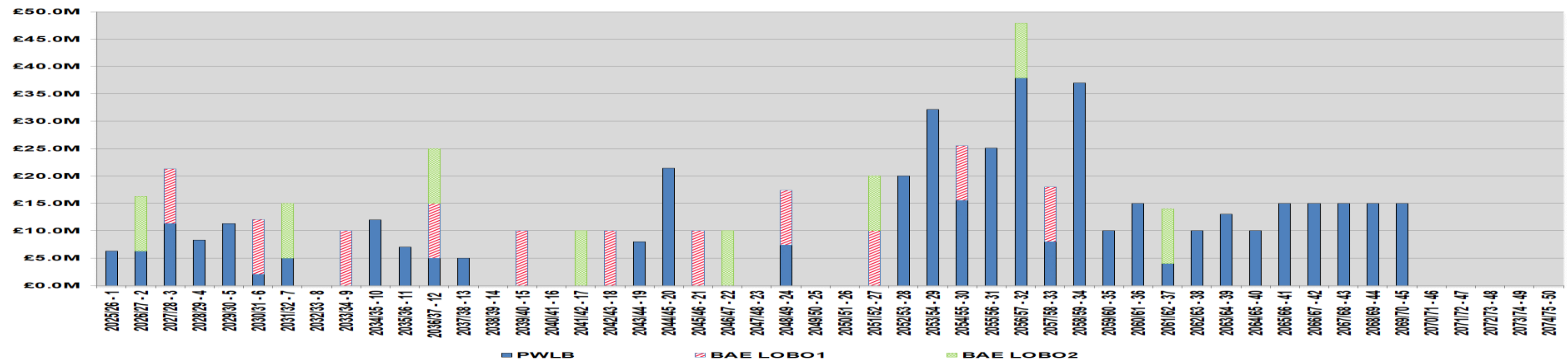
External Borrowing Position 31/12/2023 and Forecast for 2023/24

Borrowing Position1/4/2023	£467.768m	3.725%
New Borrowing Taken to 31/12/23	£0.000m	
Debt Repaid to 31/12/2023	-£8.329m	
Borrowing Position 31/12/2023	**£459.439m**	**3.717%**
Further action required in 2023/24:		
Remaining Borrowing Requirement 2023/24	£0.000m	
Further Debt Repayments Due	-£2.000m	
Projected Borrowing at 31/3/2024	**£457.439m**	**3.713%**

Borrowing Requirement Position at 31/12/2023

Borrowing Requirement 2023/24	£77.496m
Plus Carry Forward from 2022/23	£49.819m
	£127.315m
Less adjustments:	
Rephasing/Target Changes	(£7.847m)
Grant & Contribution Changes	(£59.193m)
Internal Borrowing	(£50.176m)
Voluntary Repayment of Debt	(£10.099m)
	£0.000m
Less Borrowing Taken- to 31/12/2023	(£0.000m)
Remaining Borrowing Requirement 2023/24 At 31.12.2023	**£0.000m**

Long Term Borrowing Maturity Profile At 31st December 2023 (External Borrowing)



This page is intentionally left blank

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	**Overview & Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2024/25**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on the Treasury Management Strategy Statement 2024/25, including the Annual Investment Strategy for Treasury Investments 2024/25, which is due to be considered by the Executive Councillor for Resources, Communication and Commissioning between 11th March 2024 and 15th March 2024. The views of the Board will be reported to the Executive Councillor as part of his consideration of this item.

Actions Required:

The Overview and Scrutiny Management Board is invited to:-

1) consider the attached report and to determine whether the Board supports the recommendations(s) to the Executive Councillor for Resources, Communications and Commissioning as set out in the report.

2) agree any additional comments to be passed to the Executive Councillor in relation to this item.

1. Background

The Executive Councillor for Resources, Communication and Commissioning is due to consider the Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2024/25 between 11th March 2024 and 15th March 2024. The full report to the Executive Councillor is attached as Appendix A to this report. The key points of the report are highlighted below.

Key Points Summary

- The Treasury Management Strategy and Annual Investment Strategy set the framework for how we manage cash flows, borrowings, treasury investments and risk. The sums involved are significant. Non-treasury investments made for service reasons have a different risk profile and are covered in a separate Capital Strategy that is included along with the County Council Budget 2024/25.

- Performance against these strategies will be reported quarterly to OSMB throughout the forthcoming financial year.

- CIPFA published revised Treasury Management and Prudential Codes in December 2021 and these Strategies fully comply with the new requirements of the 2021 Codes.

- A Knowledge & Skills Framework for those involved in Treasury Management, (officers & members), is a new requirement of the CIPFA Treasury Management Code 2021. This has been developed and will be launched in April 2024. It will involve identifying competencies appropriate for the role, self-assessment against these competencies, tailored learning plans to fill any gaps and monitoring of attendance at training sessions.

- The Council pools the cash of the Pension Fund within the surplus Council cash balances for investment in line with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. This cash can include both the day-to-day cash balances of the Pension Fund and also its Strategic Asset Allocation of cash from time to time. Pension Fund cash is forecast to be around £70m at the year end.

- Bank Rate is at 5.25% and this is thought to be the peak of the cycle, as the Monetary Policy Committee (MPC) kept Bank Rate on hold for the fourth time in a row at its February 2024 meeting. The first cut in Bank Rate is expected in August 2024 and the Bank Rate is expected to be 3.75% by the end of 2024/25. This forecast is dependent on inflation which is thought to fall to the 2% target by Spring 2024, however the MPC think it may rebound above this level for the bulk of the next 3 years, so are cautious about cutting rates too quickly. Long term borrowing rates are also forecast to fall moderately in 2024/25, but again this is dependant of the path of inflation. Economic growth is supposed to be tepid at best over 2024/25, although a recession is expected to be avoided.

- The Council has a significant borrowing requirement over the next 3 years to meet its capital expenditure plans. In accordance with the requirements of the new revised CIPFA Code 2021, the Debt Liability Benchmark has been calculated, (shown in Annex D of the Report). This benchmark focuses on what level of borrowing is required in order to keep investments at a level of £100m to meet liquidity needs. The Benchmark indicates that £22.5m of external borrowing is needed in 2024/25 to maintain the £100m liquidity position set, given the capital expenditure plans.

- In line with the CIPFA Prudential Code, Prudential Indicators, which limit the Council's borrowing and investment activity, are set. These limits ensure the Councils capital expenditure plans, are affordable, prudent and sustainable. (See Annex B).

- The Council's Minimum Revenue Provision (MRP) policy is covered in Annex C and details how the Council will set aside cash resource from Revenue each year to repay borrowing. The level of MRP forms Prudential Indicator Number 6 as shown in Annex B. The MRP Policy has been revised to be compatible with the proposed changes to Statutory Guidance on MRP that is currently under consultation with DLUHC and will become effective on 1st April 2024. There will be no significant financial impact to the level of the Council's MRP as a result of the proposed changes.

- Prudential Indicator Number 6 also shows that the Councils cost of borrowing plans remain well within the limit set of 10% of Net Revenue. (See Annex B) for the forecasting period to 2025/26.

- Prudential Indicator Number 3 is the Council's Authorised Limit for External Borrowing or Affordable Borrowing Limit, which is set to ensure that Council borrowing remains affordable. This limit covers borrowing and other long term liabilities (OLTLs) which are finance lease agreements that are recorded on the balance sheet and are akin to borrowing. The OLTL limit for 2024/25 has been increased by £2.5m, plus £2m headway, to accommodate for any extra finance leases to be recorded on the balance sheet at 31/3/2025 as a result of the IFRS16 Leases accounting standard requirements. This increase in limit is only an estimate at this stage, so may need to be amended mid-year if necessary, once actual figures are known.

- Giving consideration to current borrowing and investment factors highlighted, the key elements of the Councils borrowing and investment strategies for 2024/25 are highlighted in the green sections of the report. (See paras 2.3.6 and 2.4.6).

- The Investment benchmark SONIA, adjusted by -0.10% to make it more appropriate for a market operation benchmark, will continue to be used in 2024/25 to benchmark the Councils investment return.

- Cash balances of the Council are forecast to be around £200m, including Pension Fund cash, for 2024/25. External borrowing taken in line with the debt liability forecast should maintain the £100m of core cash needed for liquidity purposes.

- The Council's risk appetite for treasury investments remains low, its priorities will remain security first; liquidity second then finally yield.

2. Conclusion

Following consideration of the attached report, the Board is requested to consider whether it supports the recommendation(s) in the report and whether it wishes to make any additional comments to the Executive Councillor. The Board's views will be reported to the Executive Councillor.

3. Consultation

a) Risks and Impact Analysis

See report to Executive Councillor attached at Appendix A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Report to the Executive Councillor for Resources, Communications and Commissioning on the Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2024/25.

5. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
County Council Budget 2024/25 - 23rd February 2024	Democratic Services - [Agenda for Council on Friday, 23rd February, 2024, 10.00 am (moderngov.co.uk)]
LCC Treasury Management Policy Statement and Treasury Management Practices	Lincolnshire County Council, Resources

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

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director – Resources

Report to:	**Councillor M J Hill OBE, Leader of the Council and Executive Councillor for Resources, Communications and Commissioning**
Date:	**11 - 15 March 2024**
Subject:	**Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2024/25**
Decision Reference:	**I030812**
Key decision?	**No**

Summary:

The Treasury Management Strategy Statement is an annual statement that sets out the expected treasury activities for the forthcoming year 2024/25. These activities include the Council's expected borrowing and treasury investments, cashflows and banking.

Annual strategies for the Council's borrowing and treasury investments are included as part of this Report, as well as the Council's Minimum Revenue Provision Policy Statement and the Annual Investment Strategy for Treasury Investments which sets out the Council's policies for investing its surplus cash for the year ahead taking into account the risks involved.

This report meets the requirements of the 2021 CIPFA Code of Practice for Treasury Management in the Public Sector, (adopted in the Council's Financial Regulations), and also the Local Government Act 2003 and the Ministry of Housing Communities and Local Government (MHCLG) Government Guidance. Requirements of the Code relating to Non-Treasury Investments (for Service or Commercial reasons) are detailed in the Council’s Capital Strategy 2024/25 that is an Appendix to the Budget 2024/25 to be approved by Full Council on 23rd February 2024.

Approval for this Strategy Statement and Annual Investment Stategy is required by the Executive Councillor with Responsibility for Resources, Communications and Commissioning.

Recommendation(s):
That the Leader of the Council approves:
The Treasury Management Strategy Statement for 2024/25, including the Annual Investment Strategy Statement for Treasury Investments 2024/25 and the Minimum Reveunue Provision Policy Statement contained within the Statement for the year ahead.

Alternatives Considered:	
1.	Not to approve the strategies or to approve amended strategies.

Reasons for Recommendation:
The Council's Financial Regulations require the Council to prepare annually a Treasury Management Strategy Statement (including an Annual Investment Strategy Statement for Treasury Investments and a Minimum Revenue Provision Policy Statement).
The strategies proposed in this Report have been developed with regard to relevant Guidance and in accordance with the Council's financial policies. They are alligned to the Council's Prudential Indicators. The advice of the Council's Treasury Management advisor has been taken during the course of developing the strategy and the proposals in this report are considered to be the most appropriate approach for the Council to adopt.

1. INTRODUCTION / BACKGROUND

1.1. Background

1.1.1. CIPFA defines treasury management as:

'The management of the Council's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.'

1.1.2. The main functions of treasury management are outlined in the table below.

• Cash Flow	Cash raised during the year meets cash expenditure as part of a balanced budget. This cash flow is planned and managed to ensure cash is available when needed. (Investing surplus cash or short-term borrowing for predicted shortfalls).

• Investing Surplus Monies	Surplus monies are invested in accordance with the Councils low risk appetite and in line with its liquidity requirements. The Council outlines its investment policy and investment risk appetite within its **Annual Investment Strategy**. Risk appetite is low as security of investments is paramount over any returns made.
• Borrowing (Long Term) to fund Capital Plans.	The Council's capital plans provide a guide to the longer-term borrowing need of the Council; essentially longer term cash flow planning. Both external and internal borrowing, (using long term cash surpluses), is done to manage this long-term cash flow requirement.

1.1.3. These functions are critical to the Council, as the management of both debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due both in the short and long term for both revenue and capital projects. The minimisation of interest costs on borrowing and the maximisation of interest earned on investments, subject to the security of the sums invested, also play a significant role to the available resources of the Council

1.2. <u>Relevant Treasury Management Regulation / Legislation</u>

1.2.1. The Council's treasury management activities are governed and meet the requirements of the following regulations, legislation and guidance.

- The Local Government Act 2003.
- CIPFA Prudential Code 2021.
- MHCLG MRP Guidance 2018.
- CIPFA Treasury Management Code 2021.
- MHCLG Investment Guidance 2018.

The Council has also adopted the key requirements of the CIPFA Treasury Management Code as part of its **Financial Regulations** within the **Constitution**.

CIPFA published the revised Treasury Management and Prudential Codes on 20th December 2021 , effective for 2023/24 and the requirements of this revision are now fully implemented in the Treasury Management, Annual Investment and Capital Strategies of the Council for 2024/25. The new Code requires the Council to ensure that:

- it defines its risk appetite and its governance processes for managing risk.

- it sets out, at a high level, its investment policy in relation to environmental, social and governance (ESG) aspects.

- it adopts a liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.

- it does not borrow to finance capital expenditure to invest primarily for commercial return.

- increases in the Capital Financing Requirement (CFR) and borrowing are undertaken solely for purposes directly and primarily related to the functions of the authority. Where any financial returns are related to the financial viability of the project in question, they should be incidental to its primary purpose.

- an annual review is conducted to evaluate whether commercial investments, (if held), should be sold to release funds to finance new capital expenditure or refinance maturing debt.

- its capital plans and investment plans are affordable and proportionate.

- all borrowing/other long-term liabilities are within prudent and sustainable levels.

- risks associated with commercial investments, (if held), are proportionate to overall financial capacity to sustain losses.

- treasury management decisions are in accordance with good professional practice.

- reporting to members is done quarterly, including updates of prudential indicators.

- it should assess the risks and rewards of significant investments over the long term, (if held**),** as opposed to the usual three to five years that most local authority financial planning has been conducted over, to ensure the long-term financial sustainability of the authority.

- it has access to the appropriate level of **expertise** to be able to operate safely in all areas of investment and capital expenditure, and to involve members adequately in making properly informed decisions on such investments.

To meet these requirements the Council will:

- attribute all investments and investment income to one of the following three purposes: **Treasury Management**, **Service Delivery** and **Commercial Return;**
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a **proportionate approach to commercial and service capital investment** by setting apprmedian Prudential Indicators (Included in Capital Strategy);

- create new **Investment Management Practices (IMPs)** to manage risks associated with non-treasury investment, similar to the current Treasury Management Practices or TMPs (included in Capital Strategy);
- require implementation of a policy to review **commercial property (if held)**, with a view to divest where appropriate. (Included in Capital Strategy);
- develop a new requirement to clarify **reporting requirements for service and commercial investment**, especially where supported by borrowing/leverage. (Included in Capital Strategy);
- adopt a new **debt liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement;
- ensure that any **long term treasury investment,** (if held)**,** is supported by a business model;
- **effectively manage liquidity and longer term cash flow requirements**;
- address any **ESG issues** within the Capital or Treasury Strategy and amend TMP1 to address the Councils's **ESG policy** within the treasury management risk framework;
- create a **knowledge and skills register** for all individuals involved in the treasury management function, including Members, - to be proportionate to the size and complexity of the treasury management conducted by each council;

1.3. Reporting Requirements: Treasury Management

1.3.1. The following reporting requirements of the CIPFA Treasury Management Code are met as follows:

- The Treasury Management Strategy, including the Annual Investment Strategy for Treasury Investments and the Council's Minimum Revenue Provision Policy Statement, is submitted to the **Executive Councillor with Responsibility for Resources, Communications and Commissioning** for approval prior to the start of the financial year. It is presented to the **Overview & Scrutiny Management Board** prior to this decision for scrutiny comment.
- **Quarterly update reports** will then be presented to the Overview & Scrutiny Management Board throughout the financial year which will monitor and report on actual treasury activity against the approved Strategy. This will include an update on Prudential Indicator performance against Limits set for the year.

1.3.2. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities regarding delegation and reporting.

1.4. Treasury Management Training – Creation of Knowledge & Skills Framework

1.4.1. All public service organisations should be aware of the complexity of treasury management in general and its application to the public services in particular. Modern treasury management demands the following appropriate skills:

- a knowledge of money and capital market operations,
- appreciation of the economic and interest rate environment and how this impacts treasury strategy,
- an awareness of available sources of funds and investment opportunities and how to determine these,
- An ability to assess, manage and control risk in relation to all aspects of treasury management,
- An appreciation of the implications of legal and regulatory requirements and key reports presented to Council.

1.4.2. Public service organisations also have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively, including treasury management and those charged with governance also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

1.4.3. The CIPFA Treasury Management Code 2021 therefore requires the S151 Officer to ensure that all parties, (members and officers), involved in the treasury management process for the Council, including those who cover treasury responsibilities in periods of staff absence, receive adequate training in treasury management and that the Council needs to have a **formal and comprehensive knowledge and skills, (or training), policy** for the effective acquisition and retention of treasury management knowledge and skills for all those responsible for **management, delivery, governance and decision making**.

1.4.4. The importance of ensuring that all staff and members involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them are already recognised by the Council.

1.4.5. The Council seeks to appoint individuals who are both capable and suitably experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

1.4.6. All treasury management staff are encouraged to take any suitable training in treasury management provided by CIPFA, Link Asset Services Ltd or other relevant market participants.

1.4.7. The Section 151 Officer ensures that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

1.4.8. To formulise this area in line with the CIPFA Code requirements, an appropriate knowledge and skills framework has been developed which will be launched in April 2024. An outline of this framework is detailed as follows:

- **treasury management competencies** relevant and appropriate for the needs of the roll, will be specified for the following roles identified;
  - **the treasury manager**
  - **the treasury officer**
  - **cover staff for the above two roles**
  - **the monitoring officer**
  - **the chief finance officer (S151 officer) and deputy**
  - **the Executive Councillor for Resources responsible for decision making and approval.**
  - **council members responsible for scrutiny**
- **A knowledge and skills schedule** will be maintained to record those treasury management skills identified and this information will be ascertained following the completion of a self-assessment form by all treasury management officers and members to measure against the required competencies identified for their role. Any gaps in required skills, knowledge or understanding will be identified and recorded following this assessment..
- **Tailored learning plans** for treasury management officers and members will be devised to fill any gaps in Knowledge and Skills identified in the self-assessment process and any training identified can be provided either internally or externally as appropriate for the need. Special topics can also be covered by training as identified.
- **Monitoring and review** of the knowledge and skills developed by treasury management officers and members will take place by developing training plans and recording attendance at such training, and having regular communication with officers and members to encourage them to highlight training needs on an ongoing basis.

1.5. External Service Providers: Treasury Management

1.5.1. The Council currently uses **Link Asset Services Ltd** as its external treasury management advisers.

1.5.2. The Council recognises that responsibility for treasury management decisions always remains with the Council and will ensure that undue reliance is not placed upon our external service providers.

1.5.3. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subjected to regular review.

1.6. Pension Fund Cash

In line with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, effective from 1st April 2010, an agreement is in place for the pooling of Pension Fund cash within the surplus Council cash balances for investment. This cash can include both day to day cash balances of the Pension Fund and its Strategic Asset Allocation for Cash at any time.

1.7. Definition of Investments

1.7.1. The revised CIPFA Treasury Management and Prudential Code 2021 requires all investments and investment income to be attributed to one of the following three purposes:-

Treasury management
Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments. Treasury investments are made under the **Section 12 Local Government Act 2003 - Investment powers.**

Service delivery
Classed as Non-Treasury Investments held primarily and directly for the delivery of public services including regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose". **Investments for this purpose are made under Section 1 Local Government Act 2003 - Expenditure Powers.**

Commercial return
Classed as Non-Treasury Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority is not permitted to borrow to invest primarily for financial return and hence not to finance this class of investment. **Investments for this purpose are made under Section 1 Local Government Act 2003 - Expenditure Powers.**

1.7.2. Non-treasury investments (Service Delivery and Commercial Return) generally arise from capital expenditure, not from the Council's day to day cashflow activities, and can comprise commercial financial assets and property, third party loans supporting service outcomes, investments in subsidiaries and investment in property portfolios.

1.7.3. Non-treasury investments held by the Council are therefore not covered within this Treasury Strategy but are reported within the Council's **Capital Strategy 2024/25**, which will be presented to Full Council for approval on 23 February 2024 along with the County Council Budget for 2024/25. The risks of holding these types of investment and how the Council manages these risks are fully explained within the Capital Strategy as they differ to the risks relating to Treasury Investments as outlined in this document.

2. TREASURY MANAGEMENT STRATEGY STATEMENT 2024/2025

2.1. Introduction

2.1.1. The Treasury Management Strategy for 2024/25 is based upon the capital and revenue expenditure plans of the Council and the Treasury Officers' current views on interest rates for the year ahead.

2.1.2. Both capital and treasury management issues are covered in the following three areas of the Strategy as detailed below:

1- Prospect For Interest Rates 2024 to 2027 and Economic Commentary	
2- Borrowing	
- Borrowing Requirement 2023/24 to 2026/27	
- Associated Prudential Indicators (PI), including: ▪ Capital Expenditure and Financing Plans. ▪ Capital Financing Requirement & Debt Liability Benchmark. ▪ Affordable Borrowing Limit 2024/25 to 2026/27. ▪ **Minimum Revenue Provision (MRP) Policy.** ▪ Borrowing in Advance of Need Policy. ▪ Interest Rate Exposure Re Borrowing.	 PI 1 PI 2,9 PI 3 **PI 6** PI 13 PI 12
- Debt Rescheduling.	
- Borrowing Performance Benchmark.	
- Long Term Borrowing –Factors for Consideration 2024/25.	
- **Long Term Borrowing Strategy for 2024/25.**	
3- Investments	
- Annual Investment Strategy for Treasury Investments 2024/25	
- Interest Rate Exposure re Investments.	PI 12
- Short Term and Long-Term Cash Flow Management. ▪ Liquidity of Investments.	 PI 11
- Treasury Investment Performance Benchmark.	

- Treasury Investments – Factors for Consideration 2024/25.	
- Treasury Investment Strategy for 2024/25.	

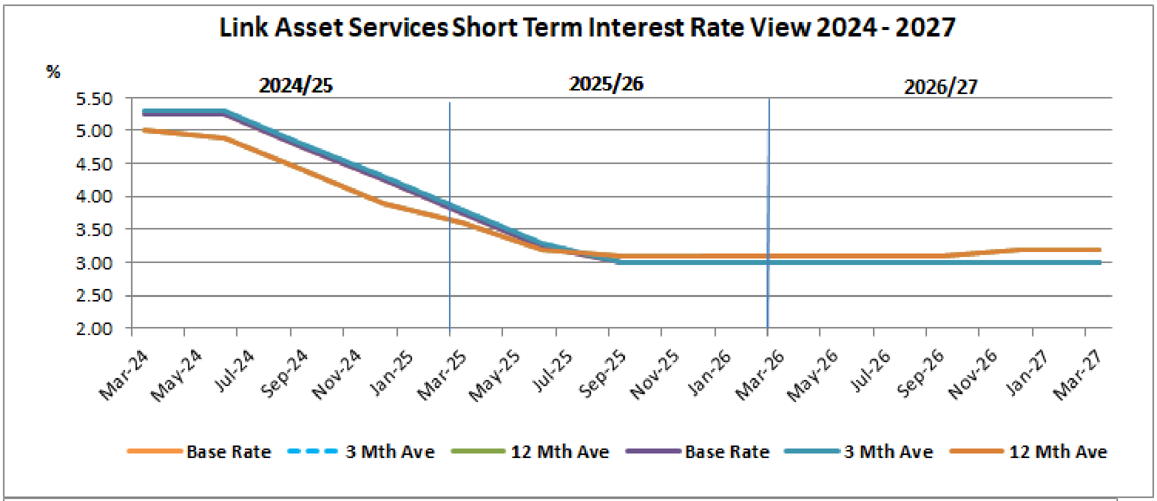
2.1.3. To place this Treasury Management Strategy in context, the table below shows the Council's net treasury portfolio position on 31 December 2023 compared to the start of the year, with associated average percentage costs/returns. It shows the net borrowing position of the Council as follows:

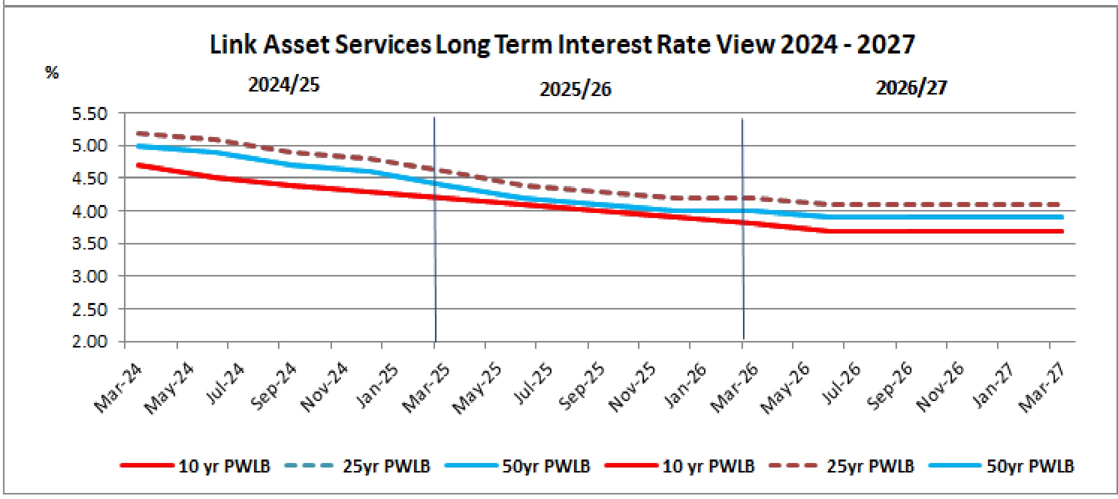
	1 Apr 2023		31 Dec 2023	
	Principal £m	Ave Rate %	Principal £m	Ave Rate %
PWLB Debt	**(447.768)**	**3.71%**	**(439.439)**	**3.70%**
LOBO Debt	**(20.000)**	**4.00%**	**(20.000)**	**4.00%**
Long Term Borrowing	**(467.768)**	**3.73%**	**(459.439)**	**3.72%**
Fixed Deposits	**144.930**	**4.38%**	**140.900**	**5.17%**
Bonds	**0.000**	**0.00%**	**0.000**	**0.00%**
Certificates of Deposit	**35.000**	**4.82%**	**73.000**	**5.60%**
Call & O/N	**0.000**	**0.00%**	**0.000**	**0.00%**
Money Market Funds	**62.850**	**4.13%**	**54.525**	**5.32%**
Treasury Investments*	**242.780**	**4.38%**	**268.425**	**5.31%**
Net Borrowing	**(224.988)**		**(215.847)**	

* Note this balance excludes non-treasury investments but includes Pension Fund cash.

2.2. Prospect for Interest Rates 2024 to 2027 and Economic Commentary

2.2.1. Link Asset Services provided their view for both short term and longer-term interest rates for the following three years to March 2027 on 8th January 2024, considering the current outlook for the UK Economy. This is summarised in the graphs below.





2.2.2. The Monetary Policy Committee (MPC) kept Bank Rate on hold, **at 5.25%**, for the fourth time in a row at its meeting on 1st February 2024. They expect CPI inflation to fall to the 2% target in Q2 2024, (April 24 to June 24), but then think it will rebound to above this level for the bulk of the next 3 years, due to service inflations and wage growth, and are therefore adopting a restrictive policy in the cutting of Bank Rate. Link's short term interest rate graph shows that the **first cut in Bank Rate is expected in August 2024 and for it to be cut to 3.75% by the end of 2024/25 with a drop to the low point of the cycle at 3% by the end of 2025**. The markets concur with this forecast, but the movement of Bank rate is pinned to the inflation outcome.

2.2.3. The forecast for long term PWLB rates are determined by gilt yield movements. Shorter end gilt rate forecasts, (5yrs to 10yrs), reflect the Bank Rate forecast above, whilst medium to longer dated gilt yield forecasts (15yrs to 50yrs) are influenced by the inflation outlook and the markets appetite for significant gilt issuance. Link's long term interest rate graph shows that **PWLB rates are expected to fall gradually by around 0.30% to 0.70% in 2024/25 and to continue to fall to a low point of between 3.50% to 3.90% by March 2027.** Again, all hinges on the inflation position as to the actual outcome for long term rates.

2.2.4. A more detailed overview of the future path of Interest Rates and Economic Commentary from Link Asset Services is shown in **Annex A.**

2.2.5. A summary of this economic outlook, that will set the backdrop to the Council's treasury management activity in 2024/25, is detailed below:

- **GDP** – As the MPC concentrate on inflationary pressures by holding Bank Rate at present, this, and the cost of living squeeze is having a detrimental effect on Growth. The MPC forecast GDP at 0.00% for 2024 (from 0.50%) and analysts think growth will be tepid at best, although a recession is now thought to be avoidable.

- **CPI inflation** – CPI inflation has fallen over 2023/24 as predicted, as high energy cap prices fall out of the data, and was 4% in December 2023. It is expected to fall to the 2% target level by June 2024, however concerns over services inflation and wage growth have the MPC thinking that it will be above this 2% level for the bulk of the next 3 years.. The inflation level is underpinning the interest rate forecasts for 2024/25 and beyond.

- **Labour Market/Wage Growth** – A challenge for the MPC is how tight the labour market is with unemployment still below 4% and current wage growth more than 6%. Wage pressures may cause inflation and hence rates to remain higher than predicted levels whilst at the same time labour shortages give little prospect to sustainable increases in economic growth.

2.2.6. The economic outlook and structure of market interest rates have several **key treasury management implications** for the year ahead as follows:

- Investment returns start the year at a peak of 5.25% and are expected to fall back over the year starting in August 2024 to reach a predicted level of 3.75% by the financial year end. **It is therefore advantageous to lock into longer term investment rates early in the year before the market prices in the predicted fall in rates, where sufficient liquidity permits**.
- Liquid investments such as Money Market Funds (MMFs) will see **yields fall as market yield falls**, however the MMF yields still compare favourably to call/ notice account yields when investing for liquidity purposes at present.
- Notice Account returns, which are variable, usually struggle to compete with fixed deposit returns in a falling interest rate environment, so use of them will be managed accordingly.
- The borrowing yield curve is still relatively flat with only a 0.50% spread over all periods. With long term rates expected to fall over 2024/25, **any external borrowing should be concentrated towards the end of the financial year**. The timing in the fall in rates will depend on the inflation position during 2024/25 and hence remains unpredictable.
- The gap between short term investment rates and long term borrowing rates is minimal at the time of writing, however as Base Rate is predicted to fall throughout 2024/25 and hence investment rates fall, **the cost of borrowing will end the year higher than investment rates and therefore a cost of carry**

will return, i.e.) a revenue loss between borrowing costs and investment returns, in the medium term.

2.3. Borrowing

2.3.1. Borrowing Requirement Estimates 2023/24 to 2026/27

The **long term borrowing requirement** plans for the Council come from the Council's **capital expenditure and financing plans** which form part of the Council Budget each year.

The **affordability, prudence and sustainability** of the capital expenditure and financing plans are assessed / demonstrated by setting a series of **Prudential Indicators and Limits** each year, as required by the CIPFA Prudential Code. **Annex B** shows these Prudential Indicators, actuals for 2022/23 and estimated for 2023/24 through to 2026/27. These are submitted with the Council Budget 2024/25 Report, due to be considered at the meeting of the County Council on 23rd February 2024. A more detailed explanation of the Prudential Indicators linked to borrowing is provided in 2.3.2 below.

2.3.2. Prudential Indicators Associated with Borrowing

PI 1 -Capital Expenditure and Financing Plans

The table below shows the Council's **capital expenditure plans** for the reporting period and the element of this expenditure which is not to be financed straight away from cash resource or grants, hence, to be financed at a future date by borrowing (**i.e. the borrowing requirement**). The table also shows the amount of external borrowing taken which is due to mature over the reporting period which impacts on the total indebtedness of the Council.

	Estimate 2023/24 £m	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Total £m
Capital Expenditure Plans (Gross)	193.155	144.706	61.400	68.586	**467.847**
New Borrowing Requirement	63.788	89.425	24.284	27.885	**205.382**
Maturing Borrowing Requirement	10.329	8.304	6.304	6.304	**34.241**

PI 2 - Capital Financing Requirement and PI 9 -Debt Liability Benchmark

The Capital Financing Requirement (CFR) is a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. i.e., the Council's total indebtedness or **need to borrow for capital financing purposes**. Credit arrangements (finance leases and private finance initiatives) are also included in the CFR as they have the same practical impact as borrowing. The CFR is **increased** each year by the **new borrowing / credit arrangement requirement,** as highlighted in the table above, and **reduced** each year by the **Minimum Revenue Provision (MRP)**, or the Council's repayment of debt provision. (The Councils current policy for MRP is outlined in **Annex C**). The Councils current CFR based on its current borrowing requirement and MRP plans can be seen on the graph in **Annex D** – This is **the purple line** on the graph. This shows that the CFR gradually reduces from year 10 onwards as MRP repayment exceeds any borrowing requirement needed after this time. It also shows that the CFR is a long way above actual external borrowing taken (shown by the **blue** and **orange** bars), which highlights the level of borrowing requirement the Council has chosen to **finance internally** from its cash resource. (Internal Borrowing).

The **Debt Liability Benchmark** is a new Treasury Indicator introduced in the revised 2021 CIPFA Code, and it introduces the concept of focusing on **net indebtedness** when making decisions on how much external borrowing to undertake to meet the borrowing requirement plans of the Council. **Net indebtedness is the level of the Council's cash resource and reserves net of its borrowing liabilities.** This is shown on the graph in **Annex D** as the **green dashed line**. Add to this, the level of cash the Council is comfortable with for ongoing cash flow liquidity, and this results in the Debt Liability benchmark (the **red line** on the graph). (i.e., the level of debt you need to keep investments at the **chosen Liquidity Investment Benchmark** level which is shown as the **yellow line** on the graph, and has been set at £100m for the current time.

As indicated on the graph, the areas covered by the red boxes indicate where the level of the Council's external debt exceeds the Liability Benchmark in that year and hence no further external borrowing is needed in these years in order to increase internal borrowing and bring the cash balance of the Council down to the £100m chosen investment level benchmark.

The graph in Annex D shows that after taking into account the capital expenditure plans and borrowing plans in the PI1 table above, the **Council is in an overborrowed position in 2023/24** and hence no external borrowing will be taken in 2023/24 which will increase the Council's **internal borrowing level to around £252m and reduce its cash balance level to around £190m (including around £70m Pension Fund Cash).** This position reverses however from 2024/25 to an under borrowed position, whereby the Council will have to borrow at least £22.5m in 2024/25 to maintain the chosen liquidity investment position.

The Debt Liability Forecast will be recalculated for 2023/24 actuals along with the Council's outturn at the end of March 2024 and the position will be reviewed at this time and on an ongoing basis.

<u>PI 3 - Affordable Borrowing Limit for 2024/2025 to 2026/2027</u>

The Council has a statutory duty to determine and keep under review how much it can afford to borrow i.e., to determine its "**Affordable Borrowing Limit**" or the **Authorised Limit for External Borrowing** which is another Prudential Indicator.

The Borrowing Limit set must be affordable, prudent and sustainable so that the borrowing impact upon future council tax levels is acceptable and affordable to sustain a balanced budget. The limit includes both external borrowing and credit arrangements (finance leasing and PFI) and is set on a rolling basis for the forthcoming financial year and two successive financial years. Once set this limit should not be breached.

The Executive Director of Resources has responsibility to set the Authorised Borrowing Limit, to monitor the limit and to report to the **Executive Councillor with responsibilities for Resources, Communications and Commissioning**, if he is of the view that the limit is likely to be breached. The Executive Councillor has then to decide to take appropriate action for the limit not to be breached or to raise the limit if prudent to do so.

The Council's **Authorised Limit for External Debt for 2024/25 to 2026/27** is shown in the table below. The Council's actual external debt forecast as shown in the graph in **Annex D**, falls well within these limits set.

	2024/25 £million	2025/26 £million	2026/27 £million
Borrowing	585.758	561.085	540.202
Other Long Term Liabilities	*7.756	9.259	8.094
TOTAL	**593.514**	**570.344**	**548.296**

***Note:** Other Long Term Liabilities (OLTL) include Finance Lease agreements whose nature and terms are akin to borrowing and hence they are recorded as Long term Liabilities on the Balance Sheet of the Council. The **IFRS16 accounting standard on Leases** is effective for the financial year 2024/25 which will bring currently off balance sheet leased assets (operating leases) onto the balance sheet as finance leases, under certain conditions. Work is underway to identify applicable leases and these will be recorded on the balance sheet for the closing accounts for 2024/25. The Authorised Limit for OLTL for 2024/25 has therefore been increased to allow for an extra £2.5m plus £2m headway to accommodate for the adjustment as an initial estimate. Limits may need to be amended mid-year once the detailed impact is known.

PI 6 – Minimum Revenue Provision (MRP) Policy

Financing capital expenditure by borrowing allows the Council to incur capital expenditure that it does not immediately fund from cash resources. Instead, the Council sets cash resource aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making **minimum revenue provision (or MRP) for the repayment of debt.**

Regulation and Statutory Guidance requires the Council to produce a **Minimum Revenue Provision (MRP) Policy Statement** in advance of each year, which sets out options followed to calculate, as a minimum, a **prudent MRP charge.** Voluntary Revenue Provision (VRP), over and above the statutory MRP can be made if desired and this can be reclaimed in future years if deemed necessary or prudent.

The Council's MRP Policy Statement for 2024/25 is detailed in **Annex C**. This policy uses the **average life** and **straight-line repayment methods** to calculate the MRP charge, in accordance with the Guidance. The policy has been amended to be compatible with the proposed changes to Statutory Guidance on MRP that is currently under consultation with the Department of Levelling Up, Housing and Communities (DLUHC) and will become effective on 1st April 2024. There will be no significant financial impact to the level of the Council's MRP calculated as a result of the proposed changes.

The MRP and planned VRP charge calculated for 2023/24 to 2026/27, based on the borrowing requirement above, is shown in the table below:

	Estimate 2023/24 £m	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m
Minimum Revenue Provision (MRP)	21.540	21.070	28.132	29.730
Voluntary Revenue Provision (VRP)	0.000	0.000	0.000	0.000

The Council's policy at present is to **actually repay** external debt at the MRP level, (not just make a provision against revenue balances), and as a measure of **affordability** the following voluntary Prudential Indicator (No 6) has been set:

MRP and Interest as a percentage of the Councils Income will not exceed 10%

Annex B shows that projected MRP and Interest to 2026/27 is well under this 10% limit –see PI 6.
In future this policy may have to change to adapt to the new Liability Benchmark as a method of managing future debt levels.

PI 13 – Policy for Borrowing in Advance of Need
The Council has set a Voluntary Prudential Indicator (No 13) which sets an upper limit for borrowing in advance of need to 25% of the expected increase in CFR over a 3 year budget period as shown in Annex B.

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds. In determining whether borrowing will be undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need, including adherence to the Debt Liability Benchmark indicator.

- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered.
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.
- consider the merits and demerits of alternative forms of funding.
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

PI 12 - Interest Rate Exposure –Borrowing

Long term loans are usually secured at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime. However up to **30%** of all borrowing could alternatively be secured at **variable rates of interest**. (This is a voluntary Prudential Indicator -Number 12) as shown in **Annex B**). This may be appropriate if, for example, funding is required for a relatively short period, or if the Council wishes to defer locking into fixed rate loans because the interest rate forecast indicates that interest rates will be lower than the prevailing rate in the near term.

2.3.3. **Debt Rescheduling**

Debt rescheduling involves repaying existing loans and replacing these with new loans at different terms for the prime objective of generating financial savings on interest paid.

The Council's Financial Strategy states that **'the Council will actively pursue debt rescheduling to the extent that it will generate financial savings without adding significantly to the overall debt burden**'.

Repaying debt early does incur a premium[1] or discount[2] depending on the current level of interest rates compared to the rate of interest on the debt repaid. The following strategy will be followed when undertaking any debt rescheduling:

- The timing of any rescheduling during the year will take place to minimise premium or maximise the discount available. This is achieved by repaying loans at a peak in current interest rate levels to reduce the amount of premium due and locking into replacement loans at a trough in current interest rates. This strategy can incur an interest cost due to the delay in replacing debt repaid or interest can be made by borrowing in advance of repaying debt. There is also a level of interest rate risk of any timing decision.
- Suitable loans will be selected for rescheduling that match out both premium and discounts, thereby eliminating the cash impact to the Council.

[1] A premium is incurred on repaying a loan early when the interest rate of the loan to be repaid is higher than the current rate available for the remaining duration of the existing loan.

[2] A discount is incurred on repaying a loan early when the interest rate of the loan to be repaid is lower than the current rate available for the remaining duration of the existing loan.

- Any positions taken via rescheduling will be in accordance with the borrowing strategy position outlined in 2.3.6 below.
- The appropriate timing of any rescheduling will be monitored throughout 2024/25 by the Council and Link Asset Services Ltd.

To date interest savings have been made by rescheduling existing PWLB EIP[3] loans into PWLB maturity[4] loans and some existing LOBO[5] debt has also been rescheduled into PWLB debt, at the request of the LOBO holder, to generate savings over the remaining term of the loan.

However, PWLB to PWLB debt restructuring is now much less attractive because of the large premiums that would be incurred due to the introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt.

2.3.4. **Borrowing Performance Benchmarks**

The performance of long-term borrowing undertaken will be assessed against the relevant **PWLB rate for the year** for the relevant loan type and interest rate banding. **CIPFA Treasury Management benchmarking** will also be considered to compare with other Councils average borrowing rates for the year. **Reducing or keeping increases to the average rate of the debt portfolio to a minimum** will also be a target indicator.

Short term borrowing will be assessed against the average **Sterling Overnight Index Average (SONIA),** or relevant equivalent, for the year. Short-term borrowing for cash flow purposes will be measured against the current **average yields on Money Market Fund investments.**

2.3.5. **Long Term Borrowing – Factors for Consideration for 2024/25**

- **Forecast for Long Term Interest Rates during 2024/25** – long term rates are expected to fall gradually by around 0.30% to 0.70% in 2024/25 and will be less volatile. However this is dependent on inflation reducing as expected. **(See 2.2.3 and Annex A).**

- **Target Rates for Borrowing (Source: Link Asset Services Ltd 5/2/2024) –** see below:

[3] With EIP loans, an equal amount of principal is repaid on a half yearly basis throughout the term of the loan with interest calculated on the reducing balance, hence total payments reduce over the lifetime of the loan.

[4] With Maturity loans, only interest repayments are made during the life of the loan and repayment of principal is made in full at the end of the loan period.

[5] A LOBO is a 'Lender's Option, Borrowers Option' money market loan, whereby the Lender has the option to change the rate of a loan after a designated fixed period of time and the Borrower (LCC) has the option to accept this new rate or repay the loan. The fixed period of time is typically for 1 to 20 years and the total length of the LOBO is typically for 50 to 70 years.

Period	Target Rate
50 Years	4.00%
25 Years	4.20%
10 Years	3.90%
5 Years	3.70%

- **The Council's Debt Liability Benchmark for 2024/25** can be seen at **Annex D**. In 2024/25 the debt liability position shows an under borrowed position, whereby the Council will have to externally borrow another £22.5m to maintain the chosen liquidity investment position of £100m. Given the forecast of falling long term borrowing rates in 2024/25, any borrowing taken will be concentrated to the last quarter of the year. Any external borrowing taken during 2024/25, will fill gaps in the Council's existing maturity profile at the shorter end of the yield curve, at prevailing rates of interest.

- **Type of Debt**: An appropriate balance between PWLB and other types of fixed period debt from the market should be maintained in the debt portfolio. As such the following limits for **type of debt** against the total debt portfolio, should be followed:

Type of Debt	Limit
PWLB Debt	100%
Market Debt (Fixed term market institution debt).	20%
LOBO Debt	10%
Short Term (up to 10 years) Local Authority Debt	100%

2.3.6. **Long Term Borrowing Strategy 2024/25**

Given the factors detailed above, the following **borrowing strategy** will be adopted for 2024/25:

- **Regard will be made to the Debt Liability Benchmark for 2024/25 which is indicating that £22.5m external borrowing will be required to maintain the liquidity investment position of £100m at the planned capital expenditure plans for the year. The Benchmark will be revised for actuals and target changes and the results monitored throughout the year.**

- **Any new borrowing taken, if required, will be taken to fill gaps in the Council's existing maturity profile in the shorter end of the yield curve where the best value appears to be, 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.**

- **Target levels will be monitored, and timing of borrowing taken will be in the last quarter of the financial year and coincide with any**

reduced rate opportunity below the target levels identified at this time.

- **Consideration will be given to borrowing market loans, to fit into the above maturity strategy and limits, in order to take advantage of the lower rates offered on these loans.**

- **Short-term borrowing from the money markets or other local authorities will be considered if appropriate.**

- **Borrowing in advance of need will be undertaken during the year if considered appropriate in accordance with the Council's policy as detailed in 2.3.2, PI 13 above.**

2.3.7. To support the above strategy, prevailing interest rates and market forecasts will be continually monitored throughout the year and appropriate borrowing actions, including debt rescheduling if appropriate, will be taken in response to any sharp rise or fall in long- and short-term interest rates occurring throughout the year.

2.4. Investments

2.4.1. **Annual Investment Strategy for Treasury Investments 2024/25**

Regulation and Statutory Guidance requires the Council to produce an **Annual Investment Strategy** in advance of each year which indicates the type of treasury and non-treasury investments permitted against a given level of risk adopted for each type. This is shown in **Annex E**.

(Note: The Investment Strategy for Non-Treasury Investments is reported separately within the Capital Strategy Report 2024/25, as Non-Treasury Investments have a different risk profile to that of Treasury Investments).

The Council's **risk level** adopted for its Treasury Investments is **low** to achieve the following investment priorities:

- **the security of capital and**
- **the liquidity of its investments**

The Council will aim to achieve the optimum return on its treasury investments commensurate with proper levels of security and liquidity.

The Treasury Investment Strategy outlines the **Specified** and **Non-Specified Investments** that the Council deems acceptable given the level of risk it has adopted. Authorised counterparties, lending limits and maturity limits are set using credit worthiness methodology from Link Asset Services Ltd and an approved **Counterparty Investment Lending List** is formulated from this methodology. **(See Annex F**). These limits increase depending on the level of average Investment Balance at any time. All treasury investments will be made in accordance with the Annual Investment Strategy and Approved Lending List and any breaches during the year will be reported to the Executive Director of Resources.

2.4.2. **Interest Rate Exposure re Investments PI 12**

As a general guide, term deposits are usually at a **fixed rate** of interest, whereas amounts invested on call (to maintain sufficient liquidity in the investment portfolio) are usually at **variable rates** of interest. Fixed investments of up to 2 years are considered acceptable to good quality counterparties, limits permitting, where above market rates are achievable and sufficient liquidity is available, as a way of enhancing investment return. In a forecast rising interest rate scenario, fixed deposits should be pegged to coincide with the forecast increase periods at market levels. **There are no upper limits set to variable rate investments.**

2.4.3. **Short Term and Long-Term Cash Flow Management**

Liquidity of Investments – PI 11

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, always, for the achievement of the Council's objectives.

The Council's investment level is forecast to be around **£200 million** including Pension Fund cash in 2024/25, of which around **£100 million** can be identified as 'core' balances which will be available to invest for longer periods of investment. The remaining balance of cash is cash-flow driven.

After taking external borrowing to meet the Debt Liability Benchmark in 2024/25, then the level of investment should be maintained at the cash flow driven level of around £100 million (net of Pension Fund Cash) by the end of the financial year.

The following measures and limits have been put in place to manage the liquidity of the Council:

- The Council will seek to maintain **liquid short-term deposits** of at least **£25m** available within a week's notice.
- **Prudential Indicator Number 11** has been set to place an upper limit to investments made over 365 days to **£40m.** (See **Annex B**).
- **Temporary Borrowing for Liquidity Purposes -** Temporary short-term borrowing will be taken instead of drawing on investments, when cheaper to do so, in order to minimise the loss of interest from withdrawing funds at higher rate from call or deposit accounts to maintain liquidity.

2.4.4. **Treasury Investment Performance Benchmark**

The target investment return for investments for 2024/25 is the **Sterling Overnight Index Average or SONIA rate**. This rate has replaced the LIBOR/LIBID reference rate that ceased on 31st December 2021. SONIA is the risk-free rate for sterling markets administered by the Bank of England. It represents the **average overnight rate that banks and financial institutions will lend overnight to each other during Sterling Clearing Operations.** This is a relative benchmark which moves with the markets, however the rate is not representative of what general Money Market participants, such as the Council, can achieve, due to size and available counterparties. It is also just an average rate with no Bid/Offer spread. (The LIBOR/LIBID spread was around 0.12%). Being an overnight rate it also moves immediately to a change in Bank Rate and therefore in times when the Bank Rate is increasing significantly there will always be a time lag for actual return achieved to catch up to the benchmark rate and vice versa when interest rates fall rapidly.

To make the SONIA rate into a relevant benchmark to use, it will be adjusted by -0.10% to simulate a Bid/Offer spread rate. The adjusted benchmark will be reviewed during 2024/25 for its appropriateness and adjusted if required.
Investment performance will also be compared against **benchmarking data provided by Link Asset Services.**

2.4.5. **Investments –Factors for Consideration for 2024/25**

- **Forecast for Short Term Interest Rates during 2024/25 -** Bank Rate is forecast to fall from its current peak of 5.25%, starting in August 2024 and ending the year at 3.75%. However this is dependent on inflation reducing as forecast (**See 2.2.2 and Annex A**).

- **Reduced Investment Level -**Cash available for strategic Investment will fall over the year as the Debt Liability Benchmark is followed and investment liquidity levels are reached.

- **Annual Investment Strategy for Treasury Investments** – permitted counterparties, types of investments and all limits, as detailed in the Annual Investment Strategy, and amended, when necessary, should be adhered to throughout the year.

- **ESG Investments** – Any Economic, Social and Governance (ESG) Investments will be considered, provided they meet the counterparty criteria and risk parameters as set out in the Annual Investment Strategy.

2.4.6. **Treasury Investment Strategy for 2024/25**

Given these factors above, the following **investment strategy** will be adopted for 2024/25:

- **For the element of the Council's investment portfolio that represents 'core' balances, investments will be made in all periods of 3 months to 2 years, to acceptable counterparties, to lock into rates in excess of the predicted base rate level.**

- **Extensive use of Bank Business Reserve Accounts and Money Market Funds[6] will be made, that offer returns close to or in excess of base rate level, for the Council's 'core' cash and cash flow generated balances.**

- **Investment in Certificates of Deposit[7], Treasury/LA Bills[8], Dated Bonds held to maturity[9] and Repo[10] will also be considered where appropriate.**
- **Short dated deposits (overnight to 6 months) will also be made for the Council's cash-flow generated balances in order to benefit from compounding of interest.**

In addition to the above strategy, prevailing interest rates and market forecasts will be continually monitored throughout the year and appropriate investment actions will be taken in response to any sharp rise or fall in long and short-term interest rates occurring throughout the year.

[6] Pooled investment vehicles offering returns equivalent of up to 1 month cash deposits whose assets comprise of cash type investments such as Certificates of Deposit, Commercial Paper and Cash Deposits.
[7] A bearer instrument which certifies that a sum of money has been deposited with the bank issuing the certificate at a fixed yield and on the stated maturity date the deposit is repaid with interest. The maturity length is typically from 1 month to 1 year.

[8] Short term securities issued by HM Treasury on a discounted basis i.e. issued below 100, with 100 being received on maturity with the difference equalling the interest return.

[9] A debt security instrument that governments, supranationals, and companies sell to investors (issue) to finance a variety of projects and activities. The investor buys the bond and receives fixed or variable coupons (interest) in return. Bonds can be dated (mature/repayable on a certain date) or non-dated (never mature). Bonds are tradeable (can be bought and sold) and hence the price of a bond fluctuates over its life. The total yield (return) on a bond for investor equals the npv of the cashflows (e.g. price paid, coupons received, nominal value received on maturity).

[10] A Repo is a form of securitised lending based on a Global Master Repo Agreement (GMRA 2000). Collateral is pledged against each loan made under a Repo Agreement, usually consisting of Gilts or Treasury Bills or acceptable Corporate Bonds. This collateral passes to the Lender in the case of a default of the loan with the original Counterparty.

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 details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2024/25. There are no equalities implications that need to be taken into account by the Executive Councillor.

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 details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2024/25. There are no JSNA or JHWS implications that need to be taken into account by the Executive Councillor.

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 details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2024/25. There are no Crime and Disorder implications that need to be taken into account by the Executive Councillor.

3. Conclusion

The Treasury Management Strategy, determining appropriate borrowing and treasury investment decisions, and the Annual Investment Strategy, outlining the Council's policy for treasury investments, has been set for 2024/25 considering the anticipated economic environment and movement of interest rates for the year ahead. These strategies reflect the latest requirements of the CIPFA Code of Treasury Management, the CIPFA Prudential Code and the MHCLG Guidance on Local Government Investments. Based on officer recommendation, this report is presented to the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) for approval in order to comply with Financial Regulations.

4. Legal Comments:

The Council's Financial Regulations require the Council to annually produce a Treasury Management Strategy setting out expected treasury activities in accordance with the requirements of the CIPFA Code of Practice. CIPFA published revised Treasury Management and Prudential Codes on 20th December 2021 and this Treasury Management Strategy incorporates the requirements of these revised Codes. The strategy statement must be submitted to the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) for approval prior to the commencement of each financial year.

The Financial Regulations also require the production of an Annual Investment Strategy to ensure that Section 15 (1) of the Local Government Act 2003 is complied with, that is that all authorities must "have regard to guidance on investment issued by the Secretary of State" when investing their surplus cash. The strategy also must also be approved by the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning).

This report enables the Council to meet its legal obligations in accordance with the Financial Regulations. The recommendations are lawful and within the remit of the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning).

5. Resource Comments:

This report sets out the Council's Treasury Management Strategy and Investment Strategy for Treasury Investments for the year ahead. The Council requires a Treasury Management Strategy and Investment Strategy for Treasury Investments for the year ahead in order to comply with Financial Regulations.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The Overview & Scrutiny Management Board is responsibile for monitoring and scrutiny of the operation of the treasury management policies and practices and as such will consider this report at their meeting on 29th February 2024 and pass any comments to the Executive Councillor with responsibility for Resources, Communications and Commissioning prior to making a decision.

d) Risks and Impact Analysis

Risk & Impact Analysis for Treasury Management forms TMP1 of the Treasury Management Practices, as required by the CIPFA Code of Practice 2021. A Risk Register which details the main risks for Treasury Management has been completed and is reviewed annually. Both the TMPs and the Risk Register are held in the Treasury Files held on IMP at County Offices.

7. Appendices

These are listed below and attached at the back of the report	
Annex A	Interest Rate Forecast and Economic Commentary -Link Asset Services. 8th January 2024.
Annex B	Prudential Indicator Table 2022/23 to 2026/27
Annex C	Minimum Revenue Provision Policy Statement for Repayment of Debt 2024/25.
Annex D	Liability Benchmark 2024/25.
Annex E	Annual Investment Strategy for Treasury Investments 2024/25.
Annex F	Authorised Lending List Effective 1st April 2024 and Definition of Credit Ratings and Credit Default Swaps.

8. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
County Council Budget 2024/25 – 23rd February 2024	Agenda for Council on Friday, 23rd February, 2024, 10.00 am (moderngov.co.uk)
LCC Treasury Management Policy Statement and Treasury Management Practices.	Decision - Treasury Management Strategy Statement & Annual Investment Strategy (moderngov.co.uk)

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

Interest Rate Forecast – Link Asset Services Ltd (8 January 2024)

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Prospect for Interest Rates and Economic Commentary – Link Asset Services Ltd

- Our central forecast for interest rates was previously updated on 7 November 2023 and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least mid-2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November 2023 as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is circa 70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

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

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

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

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

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

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

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

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

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

Prudential Indicator Table 2022/23 to 2026/27

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATORS		2022-23 Actual	*2023-2024 Original Estimate*	2023-2024 Updated Estimate	2024-25 Estimate	2025-26 Forecast	2026-27 Forecast
PRUDENCE INDICATORS:							
CAPITAL EXPENDITURE							
1) Capital Expenditure							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Gross Capital Expenditure	**£m**	**196.279**	***136.879***	**193.155**	**144.706**	**61.400**	**68.586**
Net Capital Expenditure	**£m**	**101.566**	***82.657***	**106.164**	**94.625**	**29.483**	**33.042**
Capital Financing							
Borrowing	**£m**	61.316	*77.496*	63.788	89.425	24.284	27.885
Grants & Contributions	**£m**	94.713	*54.223*	86.991	50.081	31.917	35.544
Capital Receipts, Reserves & Revenue	**£m**	40.250	*5.161*	42.377	5.201	5.198	5.157
Total Capital Financing	**£m**	**196.279**	***136.879***	**193.155**	**144.706**	**61.400**	**68.586**
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**	645.920	*742.554*	677.199	719.447	790.302	786.454
Add Additional Borrowing	**£m**	61.316	*77.496*	63.788	89.425	24.284	27.885
Add Additional Credit Liabilities (PFI & Finance Leases)	**£m**	0.000	*0.000*	0.000	2.500	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	**£m**	20.694	*26.551*	21.540	21.070	28.132	29.730
Less Revenue Provision for Debt Repayment (VRP)	**£m**	9.343					
Capital Financing Requirement	**£m**	**677.199**	***793.499***	**719.447**	**790.302**	**786.454**	**784.609**
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:							
3) Authorised Limit for External Debt							
Borrowing	**£m**	659.512	*578.736*	548.590	585.758	561.085	540.202
Other Long Term Liabilities	**£m**	11.017	*11.018*	8.931	7.756	9.259	8.094
Total Authorised Limit	**£m**	**670.529**	***589.754***	**557.521**	**593.514**	**570.344**	**548.296**
4) Operational Boundary for External Debt							
Borrowing	**£m**	644.521	*563.736*	533.590	570.758	546.085	525.202
Other Long Term Liabilities	**£m**	9.017	*9.018*	6.931	5.756	7.259	6.094
Total Operational Boundary	**£m**	**653.538**	***572.754***	**540.521**	**576.514**	**553.344**	**531.296**
5) 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 meduim term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	**£m**	684.965	*790.903*	786.454	784.609	780.289	797.969
Forecast of Long Term External Borrowing and Credit Arrangements	**£m**	475.962	*528.900*	464.428	535.200	531.279	529.356
Headroom	**£m**	**209.003**	***262.003***	**322.026**	**249.409**	**249.010**	**268.613**

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATORS		2022-23 Actual	*2023-2024 Original Estimate*	2023-2024 Updated Estimate	2024-25 Estimate	2025-26 Forecast	2026-27 Forecast
AFFORDABILITY INDICATORS:							
6) 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 reveunue stream (NRS) including dedicated schools grant (DSG).							
Proportion of Financing Costs to NRS (Incl DSG)	**%**	**5.26%**	***4.08%***	**3.24%**	**3.35%**	**4.45%**	**4.48%**
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10%	**%**	**5.69%**	***4.95%***	**4.27%**	**3.99%**	**4.85%**	**4.89%**
(Voluntary Indicator)							
PROPORTIONALITY INDICATORS:							
7) Net Income from Commerical and Service Investments to Net Revenue Stream							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Net Income from Commerical and Service investments as a proportion of Net Revenue Stream (NRS) including Dedicated School Grant (DSG). This is to manage financial exposure to the Council from potential loss of income from these investments.							
Net Income from Non-Treasury Investments (Including County Farms)	£m	2.362	*1.992*	2.317	2.200	2.089	1.987
Net Revenue Stream (NRS) including Dedicated School Grant (DSG).	£m	836.234	*909.999*	905.832	991.526	994.036	1015.493
Proportion of Net Commerical and Service Investment Income to Net Revenue Stream -Limit 3%	**%**	**0.28%**	***0.22%***	**0.26%**	**0.22%**	**0.21%**	**0.20%**
8) 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	**16.400**	***16.400***	**16.400**	**16.400**	**16.400**	**16.400**
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.029	*0.052*	0.028	0.027	0.025	0.024
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	**%**	**0.18%**	***0.32%***	**0.17%**	**0.17%**	**0.16%**	**0.15%**
TREASURY INDICATORS:							
9) Liability Benchmark							
The Council will estimate and measure the debt liability benchmark (or Gross Loans Requirement), for the period that covers the debt maturity profile, for a given level of liquidity (or Investment Liquidity Benchmark). This will be compared to Existing External Debt outstanding to show the Under or Over Borrowed position. This position will be explained and mar as required. A chart showing the Debt Liability Benchmark for the total debt maturity length will be included in the Treasury Management Strategy for 2023/24.							
Investment Liquidity Benchmark	£m	100.000	*100.000*	100.000	100.000	100.000	100.000
Debt Liability Benchmark	£m	325.406	*448.570*	411.101	472.659	477.168	482.949
Existing External Borrowing	£m	469.030	*458.672*	458.672	450.083	443.508	436.970
Under / Over (-) Borrowed Position	£m	-143.624	*-10.102*	-47.571	22.576	33.660	45.979
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	%	2.30%	*25.00%*	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	1.80%	*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	%	5.70%	*75.00%*	75.00%	75.00%	75.00%	75.00%
10 years and above	%	80.70%	*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) Long Term Treasury Management Investments							
The Council will set an upper limit for each forward year period for the maturing of long term treasury investments, longer than 365 days and including longer term instruments with no fixed maturity date. (Excludes Non Treasury Investments for Commercial and Service Reasons).							
Upper limit for total principal sums invested for over 365 days and no fixed maturity (per maturity date)	**£m**	**1.260**	***40.000***	**40.000**	**40.000**	**40.000**	**40.000**
12) 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	%	0.00%	*30.00%*	30.00%	30.00%	30.00%	30.00%
Investments	%	26.00%	*100.00%*	100.00%	100.00%	100.00%	100.00%
13) 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	%	**0.00%**	***25.00%***	**25.00%**	**25.00%**	**25.00%**	**25.00%**
expected increase in CFR over 3 year budget period	£m	**0.000**	***-0.649***	**16.752**	**-1.423**	**-0.663**	**4.218**
(Voluntary Indicator)							

Minimum Revenue Provision Policy Statement for Repayment of Debt 2024/25

In accordance with statutory guidance and regulations issued by the Department for Levelling Up, Housing and Communities (DLUHC), the Council has a duty to make to make a **prudent revenue provision for the repayment of debt**, and as such the Council adheres to the draft Statutory Guidance on Minimum Revenue Provision (MRP), issued in December 2023 which comes into force on 1st April 2024.

Any changes within the draft Statutory Guidance have been followed in this policy and are consistent with the Council's current policies, hence will have no significant financial impact on the level of prudent MRP to be charged in 2024/25.

In making its prudent provision, the Council includes all capital expenditure financed by debt, that increases its Capital Financing Requirement (CFR) , with the exception of non-commercial loans made for a capital purpose for service reasons, where no MRP will be charged for these loans unless an actual or expected credit loss is made on the loans within the year. The CFR is calculated as set out in CIPFA's Prudential Code.

In accordance with Council policy, capital receipts are only used for new capital investment or set aside to reduce the Council's underlying need to borrow. Capital receipts are not used to set off MRP provision.

The Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit.

A prudent MRP is achieved by applying the following methodology in its calculation:

Borrowing	MRP Repayment Basis	Change to Previous Year
Pre 1st April 2008 Debt	This element of the Capital Financing Requirement is being repaid on a full repayment method based on a standard asset life of 50 years which equates to a flat rate of 2% per year until the debt is fully repaid over 50 years.	Consideration to moving to **Asset Life Annuity method** removed, in line with Statutory Guidance to remain with existing repayment option for borrowing taken prior to 1st April 2008 for Supported capital expenditure. No impact to MRP charged.
Unsupported Debt-2008/09 onwards	This element of the Capital Financing Requirement is being repaid using the **Asset Life EIP method**. Whereby equal instalments of principal debt repayment are repaid over the asset lives of the assets financed from borrowing. Consideration may be made to moving to the **Asset Life Annuity method** at a future date if deemed appropriate and prudent.	

Borrowing	MRP Repayment Basis	Change to Previous Year
Debt used to finance assets whose benefit increases as time passes (e.g. Infrastructure - Major New Road Schemes).	This element of the Capital Financing Requirement is being repaid using the **Asset Life Annuity method**. Whereby a fixed repayment of debt consists of primarily all interest in early years and principal repayment increases in later years. This method therefore has the advantage of linking MRP to the flow of benefits from an asset where the benefits of those assets are expected to increase in later years, related to the time value of money. .	
Credit Arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.	
Assets financed by borrowing when if sold, the income is classed as a capital receipt.	For capital expenditure incurred, financed by borrowing, that increased the CFR whose subsequent sale resulted in a capital receipt that reduced the CFR, MRP will be made on the capital expenditure over the life of the asset financed.	Clarification of expenditure included removed as all expenditure included except for Non-Commercial Loans made for Capital purpose for service reasons. No impact to MRP Charged
Loans made for a Capital Purpose for Service Reasons	Borrowing taken to finance loans given will not be included when making the MRP charge as loan repayments made will reduce the loan burden over time. MRP will be provided however, if an actual or expected credit loss for the loan given is realised in the year. The MRP charge in this situation must not be lower than the credit loss amount, but can be reduced by any previous amounts provided to write down the CFR on the loan.	New methodology in line with revised Statutory Guidance. Minimal impact to MRP charged, if credit loss is realised, due to low value of loans portfolio.
Loans made for a capital purpose for Commercial loans made primarily for return.	MRP must be charged on borrowing taken to finance loans given for Commerical loans made primarily for return, however this type of loan is against Council policy and hence the Council has no such applicable loans.	New methodology in line with revised Statutory Guidance. No impact to MRP charged.
Capitalised Expenditure Under Regulation 16 (2)(b) & 25(1) of LGA 2003	The **Asset Life method** is used to calculate MRP on all **capitalised expenditure**, using maximum asset lives as stated in **Statutory Guidance on MRP**.	

Revenue provision is chargeable in the **first financial year after the relevant capital expenditure is incurred**.

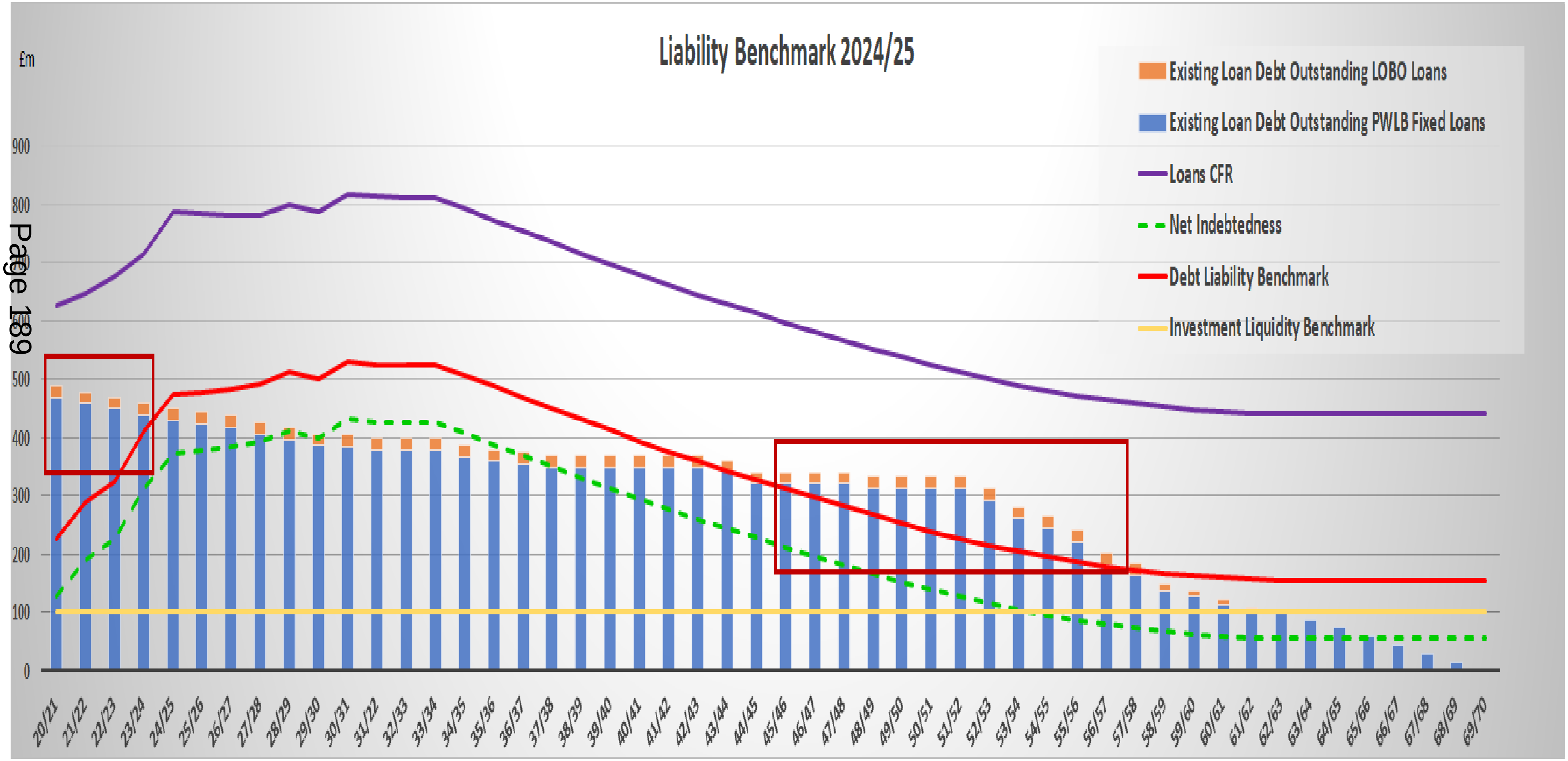
The guidance also allows Councils not to start charging MRP **until an asset becomes operational**.

Where it is practical or appropriate to do so, the Council may make **voluntary revenue provision (VRP)**, (Make more MRP than is calculated prudent in any given year), or **apply capital receipts** to reduce debt over a shorter period. Any VRP made can be used to offset MRP in following years. There are no plans for making a VRP within the 2024/25 budget.

The table below shows the estimates for asset lives per type of asset used under the Asset Life MRP policy detailed above. Professional advice has been used to ascertain these asset lives.

Type of Asset	Estimated Asset Life in Years
Land	50
Construction	50
Matched Funding	25
Repair & Maintenance	20
Infrastructure (New Road Schemes)	120
Road Maintenance	20
Bridges	120
Integrated Transport	20
Waste Transfer Plant	40
Heavy Engineering Equipment	30
Vehicles	4
Long Life Specialist Vehicles	7
Equipment	5
IT	4
IT -Broadband	10
ERP Finance System	10
Mosaic	10
Investment Properties held for Commercial Reasons	50
Capitalised Expenditure:	
Loans & Grants Made for Capital Purposes	Useful life of assets which loan is used to purchase.
Share Capital	20

Annex D


Liability Benchmark 2024/25
£m
900
800
500
400
300
200
100
0
Existing Loan Debt Outstanding LOBO Loans
Existing Loan Debt Outstanding PWLB Fixed Loans
Loans CFR
Net Indebtedness
Debt Liability Benchmark
Investment Liquidity Benchmark
20/21 21/22 22/23 23/24 24/25 25/26 26/27 27/28 28/29 29/30 30/31 31/32 32/33 33/34 34/35 35/36 36/37 37/38 38/39 39/40 40/41 41/42 42/43 43/44 44/45 45/46 46/47 47/48 48/49 49/50 50/51 51/52 52/53 53/54 54/55 55/56 56/57 57/58 58/59 59/60 60/61 61/62 62/63 63/64 64/65 65/66 66/67 67/68 68/69 69/70

ANNEX E

Annual Investment Strategy for Treasury Investments 2024/25

This report details the Council's **Investment Policy** for its Treasury Investments for 2024/25 and has regard to the following:

- MHCLG's Guidance on Local Government Investments 2018.
- CIPFA Treasury Management Code of Practice and Guidance Notes 2021.

The Government extended the meaning of 'investments' in their Guidance in 2018 to include both **financial (treasury related)** and **non-financial (non-treasury related)** investments. The revised CIPFA Treasury Management Code, issued in December 2021, further breaks down investments made into 3 purposes namely, **treasury management, service delivery or commercial return**. This Annual Investment Strategy applies to the Councils **treasury related investments only**. The investment strategy dealing with the Council's non-treasury related investments and loans is included in the Capital Strategy which is considered along with the Council Budget for 2024/2025.

The above guidance from MHCLG and CIPFA place a high priority on the management of risk when making investments. The **risk appetite** of the Council for its treasury investments is **low**, its priorities being **security first, liquidity second and then return.** The intention of the Treasury Strategy is to provide security of investment and minimisation of risk.

This prudent approach to risk is defined by the Council by using the following means:

- **Minimum acceptable credit criteria** – applied to generate a list of highly creditworthy investment counterparties. This also enables diversification and this avoidance of concentration risk. Key Ratings used to monitor counterparties are the **short term** and **long-term** ratings from credit rating agencies.

- **Other Information sources** – continual assessment of financial sector in relation to economic and political environments in which Counterparties operate using the following sources:

  ~ 'Credit default swap' pricing.

  ~ Financial press / Internet.

  ~ Share price websites.

The Secretary of State, within the MHCLG Guidance, has defined investments into two categories as follows:

- **Specified Investments -** Investments of no more than one year with a high level of credit quality.

- **Non-Specified investments - Investments** that are more complex, longer than one year, or with a lower credit quality that results in higher risk than Specified Investments.

The Council has determined its Specified and Non-Specified Investments for 2024/25 as shown in the table below:

Characteristics/Type	Counterparty Categories
Specified Investments	
• Sterling deposits. • Up to and including one year. • Offering high security / high yield. • Fixed, callable or forward term deposits as appropriate[1], Certificates of Deposit, Treasury/ Local Authority Bills, Dated Bonds and Repo.	• UK Government/ Supranational/ Multilateral Development Banks. • Local Authorities. • Bodies or Investment Schemes meeting the Councils **minimum acceptable credit rating criteria for Specified Investments** (Includes Banks, Building Societies, Corporates, and Money Market Funds CNAV, LVNAV).
Characteristics/Type	**Counterparty Categories**
Non-Specified Investments	
• Sterling deposits. • Period greater than 12 months up to a maximum of 2 years. • Higher risk than Specified Investments. • Fixed, callable or forward term deposits as appropriate, Certificates of Deposit, Treasury/ Local Authority Bills, Dated Bonds and Repo.	• UK Government/ Supranational/ Multilateral Development Banks. • Local Authorities. • Bodies or Investment Schemes meeting the Councils **minimum acceptable credit rating criteria for Non-Specified Investments** (Includes Banks, Building Societies, Corporates and Enhanced Money Market Funds VNAV).

Creditworthiness Policy

The Council uses the **creditworthiness service** provided by Link Asset Services Ltd, its treasury management advisor, to assess the risk level of its Counterparties. This service has been progressively enhanced and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and

[1] Fixed Deposit : Investment fixed for specific term at specific rate.
Callable Deposit : Investment whereby borrower has option to pay back deposit at specific intervals.
Forward Deposit : Investment whereby period, rate and amount are agreed in advance of a future date. The forward period plus the deal period to be within the maturity limit allowed.

Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies.
- Credit default swap (CDS) spreads to give early warning of likely changes in credit ratings.

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a **weighted scoring system** for which the result is a series of **colour coded bands** which indicate the relative creditworthiness of counterparties.

Limits for amount and duration of investment are then assigned to each colour banding. Maximum amount limits have been assigned to different levels of balances which enable the Council to be more risk sensitive to both falling and increasing balances going forward. Details can be seen in the table below:

Link Weighted Colour Band	**Maximum Duration**	**Maximum Amount Based on Average Cash Balance of Up To:**			
		£450m	**£300m**	**£200m**	**£100m**
Specified Investments					
Blue*	1 Year	£50m	£50m	£40m	£25m
Orange	1 Year	£30m	£25m	£20m	£15m
Red	6 Months	£25m	£20m	£15m	£10m
Green	100 Days	£20m	£15m	£10m	£5m
Non Specified Investments					
Purple	2 Years	£30m	£25m	£25m	£15m
Yellow**	2 Years	£30m	£25m	£20m	£15m

* Nationalised/ Part Nationalised UK Banks
** MMF's/ Government/ Local Government

Minimum Credit Rating Criteria			
Any Two of Three	**Fitch**	**Standard & Poors**	**Moodys**
Sovereign	AA-	AA-	Aa3
Long Term	A	A	A2
Money Market Funds	AAA	AAAm	Aaa/MR1

Additional Minimum Rating Criteria/Limits in Place

In addition to the Link's creditworthiness recommendations, the Council has also set **further minimum credit requirements** that restrict the number of acceptable counterparties further to meets its low risk appetite. (See previous table and below).

- **A minimum Sovereign (Country) Rating* from a minimum of two rating agencies of AA, where rated by all three credit rating agencies. (Being our home nation the UK is excluded from this limit). Discretion applies if rated by less than three credit rating agencies.**

- **A minimum Long Term Rating** from a minimum of two rating agencies of A or equivalent, where rated by all three credit rating agencies. Discretion applies if rated by less than three credit rated agencies.**

- **A limit of a maximum of no more than 20% of total investments to be placed with any one bank/group, corporate or building society sector - to ensure diversification of investments. (With exception of Part UK Nationalised Banks*** which are deemed to bear same low risk as UK Government).**

*Sovereign Rating
Credit Rating Agencies have removed the effect of Sovereign Support from an entities individual rating. This now makes it more important to focus solely on the ratings of an entity itself within an investment strategy. A minimum Sovereign limit of AA- is in line with Link's creditworthiness policy and will allows greater depth and diversification to the Council's Counterparty list, while still maintaining the tenets of security and liquidity.

** Long Term Rating
The definition of an A rating is 'High Credit quality with low expectation of credit risk, with a strong capacity for timely payment of financial commitments'. Ratings can also be assigned a "+" or "–" to denote the relative status within a rating category, but the category still has the same definition regardless of a "+" or "-". For reference, Link's credit worthiness matrix uses a minimum Long Term Rating level of A-.

*** Nationalised or semi nationalised UK Banks:-
As a result of the banking crisis which started in 2008, Governments across the world had to inject capital directly into banks to support their capital ratios and to avoid failure of financial institutions. Several banks were nationalised or part nationalised in this way.

These nationalised banks in the UK have credit ratings which do not conform to the credit criteria usually used by Councils to identify banks which are of high credit worthiness. As they are no longer separate institutions in their own right, their individual ratings, which assess their stand-alone financial strength, are impaired. However, it is considered that institutions that have been nationalised or part nationalised effectively take on the creditworthiness of the Government itself and as such UK nationalised or semi nationalised banks are included within the Councils acceptable investment criteria and will continue to do so as long as they remain semi nationalised. At the time of writing, the only UK Bank falling into this category is now the Royal Bank of Scotland Group, which includes National Westminster Bank.

Barclays Bank plc

Barclays Bank plc is the Councils banker at present and therefore the Council have an intra-day financial exposure to Barclays bank on a daily basis. This intra-day exposure will not be included with limits set for Barclays as part of the Annual Investment Strategy. When it is not financially viable to make an investment, a cash balance will be left at the bank overnight, so long as Barclays Bank remains on Link's recommended Counterparty list.

Authorised Lending List

The Executive Director for Resources has delegated responsibility to produce an '**Approved Lending List**' of acceptable counterparties to whom the Council will lend its surplus cash and this is derived from the credit criteria above.

Annex F shows this Lending List as at 1st April 2024 together with definitions of credit ratings, watches and credit default swaps. The limits on the Lending List are set in ranges depending on the level of average cash investment balance.

Monitoring

The credit ratings of counterparties are monitored on an ongoing basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings, the Council will be advised of information in movements in CDS prices of Counterparties against the iTraxx benchmark[2] and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or suspension from the Council's lending list.

The Council is satisfied that this service gives an improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources. However sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and other market information, from various sources such as the internet, portals, brokers, government, CIPFA etc.

[2] iTraxx Senior Financials Index that measures the "average" level of the most liquid financial CDS prices in the CDS market.

Additions to Non-Specified Investment List

Proposals to invest in any other non-specified investment will be referred to the Executive Director for Resources for approval after first seeking the advice of the Council's treasury advisors, Link Asset Services Ltd. If approved by the Executive Director, a recommendation for the change to the Annual Investment Strategy will be sought from the Executive Councillor for Resources and Communications.

Liquidity of Treasury Investments

Prudential Code Indicator (No 11) sets a voluntary total limit for investments over 365 days at any one time as **£40 million**, see Annex C. This limit reflects a prudent proportion of the Council's estimated level of core cash balances available to invest for longer periods. The Executive Councillor for Resources and Communications will be informed on any occasion when investments are lent for over 12 months.

In determining the amount of funds that can prudently be committed for more than 12 months, consideration will be given to the following factors:

- Long Term Cash Flow Forecasts of the Council and Balance Sheet Review - 3 years ahead showing :
    - Projected core cash balances over the term of proposed investment.
    - Foreseeable spending needs over the term of proposed investment.
    - Level of provision for contingencies.
    - Acceptable level of reserves.

Annex F

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

Country			Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	Sovereign	For Treas CDS Overlay
	1	Other Local Authorities	25 each	24 Months					
	2	Debt Management Account Deposit Facility	50	6 Month					
	3	UK Banks :							
		# HSBC Group	25	365 Day					
UK		HSBC Bank PLC (NRFB)	25	365 Day	365 Day	SB	AA-	AA-	365 Day
		HSBC 31 Day Notice Account	25	365 Day					
		# RBS Group - Part Nationalised	50	365 Day					
UK		National Westminster Bank PLC (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		The Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		# LloydsHBOS Group	20	365 Day					
		Lloyds Bank Plc (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
		Bank of Scotland PLC (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Barclays Bank PLC (NRFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Nationwide Building Society	20	6 Months	6 Months	SB	A	AA-	6 Months
UK		Santander Uk PLC	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Standard Chartered Bank	20	6 Months	6 Months	SB	A+	AA-	6 Months
	4	Other Banks							
AUS		Australia and New Zealand Banking Group Ltd.	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Commonwealth Bank of Australia	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		National Australia Bank Ltd.	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Macquarie Bank Ltd.	20	6 Months	6 Months	SB	A	AAA	6 Months
AUS		Westpac Banking Corp.	25	365 Day	365 Day	SB	A+	AAA	365 Day
		# BNP Paribas Group	25	365 Day					
BEL		BNP Paribas Fortis	20	6 Months	6 Months	SB	A+	AA-	6 Months
FRA		BNP Paribas	25	365 Day	365 Day	SB	A+	AA-	365 Day
CAN		Bank of Montreal	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Bank of Nova Scotia	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Canadian Imperial Bank of Commerce	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		National Bank of Canada	25	6 Months	365 Day	SB	A+	AA+	365 Day
CAN		Royal Bank of Canada	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		Toronto-Dominion Bank	25	365 Day	365 Day	SB	AA-	AA+	365 Day
DEN		Danske A/S	20	6 Months	6 Months	SB	A+	AAA	6 Months
FRA		Credit Industriel et Commercial	25	365 Day	365 Day	SB	A+	AA-	365 Day
FRA		Societe Generale	20	6 Months	6 Months	PO	A-	AA-	6 Months
FIN		Nordea Bank Abp	25	365 Day	365 Day	SB	AA-	AA+	365 Day
FIN		OP Corporate Bank plc	25	365 Day	365 Day	SB	AA-	AA+	365 Day
GER		DZ BANK AG Deutsche Zentral-Genossenschaftsbank	25	365 Day	365 Day	SB	AA-	AAA	365 Day
GER		Landesbank Hessen-Thueringen Girozentrale	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		BNG Bank N.V.	25	24 Months	24 Months	SB	AAA	AAA	24 Months
NETH		Cooperatieve Rabobank U.A.	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		ING Bank N.V.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		DBS Bank Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		Oversea-Chinese Banking Corp. Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		United Overseas Bank Ltd.	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWITZ		UBS AG	25	365 Day	365 Day	SB	A+	AAA	365 Day
SWE		Skandinaviska Enskilda Banken AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWE		Swedbank AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
		# Svenska Group	25	365 Day					
SWE		Svenska Handelsbanken AB	25	365 Day	365 Day	SB	AA	AAA	365 Day
UK		Handelsbanken Plc	25	365 Day	365 Day	SB	AA	AA-	365 Day
		Svenska Handelsbanken - 35 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- 10 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- Call Account	25	365 Day	365 Day				365 Day
USA		Bank of New York Mellon, The	25	24 Months	24 Months	SB	AA	AA+	24 Months
USA		Bank of America N.A.	25	365 Day	365 Day	SB	AA	AA+	365 Day
USA		JPMorgan Chase Bank N.A.	25	365 Day	365 Day	SB	AA	AA+	365 Day
	5	AAA Money Market Funds							
		# MMF Group	200	24 Months					
		HSBC Global Liquidity Fund	25	24 Months			AAA		
		Morgan Stanley Sterling Liquidity Fund	25	24 Months			AAA		
		Deutsche Managed Sterling Fund	25	24 Months			AAA		
		Insight GBP Liquidity Fund	25	24 Months			AAA		
		Aberdeen Standard Liquidity Fund	25	24 Months			AAA		

Group Limit of applies where indicated.

** A maximum of 20% of total funds to be held in the Building Society Sector.

** No more than 20% of total funds to be held in any one institution or group,excluding Govt/MMFs.

Any adverse press comments concerning borrowers/potential borrowers should be referred to M Grady / S Maycock / K Tonge / T Spencer

Revised: 1st April 2024

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

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

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

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

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

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

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

Sovereign Ratings (Fitch)

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

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

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

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

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

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

Money Market Fund Rating (Moodys)

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

Credit Default Swap (CDS) Spreads

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

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

Open Report on Andrew Crookham, Deputy Chief Executive & Executive Director – Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Update Report – Lincolnshire Public Law**

Summary:

This report seeks to update the Overview and Scrutiny Management Board on the progress on the creation of the legal services company, Lincolnshire Public Law (LPL).

Actions Required:

The Overview and Scrutiny Management Board is invited to review the progress made in relation to setting up of LPL.

1. Background

On 7 January 2020, the Executive approved the final documentation underpinning the establishment of a company wholly owned by the County Council with the object of the company being licensed by the Solicitors Regulation Authority (SRA) for the purpose of providing legal advice and services.

The driver for the company was to enable Legal Services Lincolnshire (LSL) to continue to provide services to its partner Councils when they deliver services through new structures such as companies without risk of it acting contrary to the requirements of the SRA as our professional regulator.

At this meeting the Executive approved the Articles of Association and Shareholders Agreement, appointed the Company Directors, and delegated to the Chief Legal Officer authority to take all necessary procedural steps to establish the company to include amendments to the documentation to the extent necessary to meet SRA requirements and to determine the final terms and the entering into of a cash flow facility.

The company was incorporated on 17 March 2020 under the name of Legal Services Lincolnshire (Trading) Limited and approval from the SRA and the granting of a license to operate as a legal practice was granted on 5 August 2022.

2. Current Position

A report was brought to this Board in December 2022 updating the Board as to the progress that had been made in setting up the company. This report seeks to further update the Board on the outstanding actions that were identified in that report.

Since then, work has been underway to ensure that the company which trades as Lincolnshire Public Law has in place the policies and procedures necessary to ensure compliance with SRA requirements. These include the following:

- Information Governance
- Money Laundering
- Term and Conditions between the ABS and LSL
- Terms of Business
- Conflicts of interest
- Client care

In addition, a dedicated physical workspace has been provided within the LSL accommodation to conduct LPL's business. This is a secure office that allows LPL's business to be conducted separately from the work of LSL and ensures compliance with the SRA requirements.

A dedicated LPL website has been created to establish an online presence, provide contact details and publish documents required for transparency purposes. This website is now live and can be viewed at: www.lincolnshirepubliclaw.co.uk.

On completion of the above, LPL commenced trading and in January 2024 received and accepted its first set of instructions in relation to a property transaction on behalf of a company wholly owned by a District Council. At the time of writing this report the company has two live instructions and has received enquiries from a unitary council seeking its services.

Due to the imminent retirement of one of the company Directors, David Coleman – the Executive Councillor for People Management, Legal and Corporate Property has, in accordance with LPL's Articles of Association, been presented with a report seeking approval to appoint Lisa Tremble, Head of Legal Services as a new Director to replace David. Subject to the aforementioned Executive Councillor's approval, in due course, LPL will be invited to appoint Lisa as both its Compliance Officer for Legal Practice and Anti Money Laundering Officer, again to satisfy SRA compliance requirements.

3. Conclusion

LPL is now operational, and trading and this report provides an update on its progress.

4. Consultation

a) Risks and Impact Analysis

No risks or impacts have been identified from preparation of this report, that are not managed in accordance with LPL's operating practice and procedures.

5. Background Papers

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Background paper	Where it can be viewed
Overview and Scrutiny Management Board Report 15 December 2022 – "Establishment of the Legal Services Company – Update Report"	Agenda for Overview and Scrutiny Management Board on Thursday, 15th December, 2022, 10.00 am (moderngov.co.uk)

This report was written by Will Bell, Chief Legal Officer who can be contacted at will.bell@lincolnshire.gov.uk.

This page is intentionally left blank

Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director – Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Scrutiny Committee Work Programmes: -** • **Children and Young People Scrutiny Committee** • **Public Protection and Communities Scrutiny Committee**

Summary:

As set out in the Council's constitution, a key role for this Board is monitoring the work programmes of the other scrutiny committees. The role of the Board is to satisfy itself that it is content with each committee's work programme, rather than to discuss the detail of particular items listed in the work programme, as these discussions are appropriately held at the relevant meeting of the scrutiny committee.

This report focuses on the Children and Young People Scrutiny Committee and the Public Protection and Communities Scrutiny Committee and includes information on activity since 30 November 2023, when reports on these two committees were last considered by the Board.

Actions Required:

(1) The Board is requested to determine whether it is satisfied with the activity undertaken since 30 November 2023 by:

(a) the Children and Young People Scrutiny Committee; and
(b) the Public Protection and Communities Scrutiny Committee.

(2) The Board is requested to determine whether it is satisfied with the planned work programme of:

(a) the Children and Young People Scrutiny Committee; and
(b) the Public Protection and Communities Scrutiny Committee.

1. Background

The Council's constitution includes in this Board's terms of reference the following two clauses: -

- To agree and monitor the ongoing overview and scrutiny work programme, in particular holding the chairmen and/or vice chairmen to account for their committee's work programme on a quarterly basis.

- To monitor and guide the activities of the other overview and scrutiny committees.

Children and Young People Scrutiny Committee and Public Protection and Communities Scrutiny Committee

Since 30 November 2023, when a report was last submitted, the Children and Young People Scrutiny Committee has met on 8 December 2023 and 12 January 2024. The Public Protection and Communities Scrutiny Committee has met on 12 December 2023 and 30 January 2024.

The key activities since November 2023 and the planned work programme of each committee and are set out in Appendices A and B respectively. If members of the Board require further details on any item of previous activity, the full reports can be found on the County Council's website.

Committee Reporting Timetable

The table below sets out the planned reporting timetable until October 2024: -

<table>
<tr><th>Scrutiny Committee</th><th>Monitoring Date</th><th>Monitoring Date</th><th>Monitoring Date</th></tr>
<tr><td>Adults and Community Wellbeing</td><td rowspan="2">25 Jan 24</td><td rowspan="2">25 Apr 24</td><td rowspan="2">29 Aug 24</td></tr>
<tr><td>Health</td></tr>
<tr><td>Children and Young People</td><td rowspan="2">29 Feb 24</td><td rowspan="2">30 May 24</td><td rowspan="2">26 Sept 24</td></tr>
<tr><td>Public Protection and Communities</td></tr>
<tr><td>Environment and Economy</td><td rowspan="3">12 Mar 24</td><td rowspan="2">27 June 24</td><td rowspan="3">31 Oct 24</td></tr>
<tr><td>Highways and Transport</td></tr>
<tr><td>Flood and Water Management</td><td></td></tr>
</table>

2. Conclusion

The Board is asked to consider whether it is satisfied with the previous activity and the planned work programmes of the Children and Young People Scrutiny Committee, and the Public Protection and Communities Scrutiny Committee.

3. Appendices

These are listed below: -

Appendix A	Children and Young People Scrutiny Committee – Activity and Planned Work
Appendix B	Public Protection and Communities Scrutiny Committee – Activity and Planned Work

4. 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 Tracy Johnson, Senior Scrutiny Officer, who can be contacted on 07552 253814, or via tracy.johnson@lincolnshire.gov.uk

APPENDIX A

CHILDREN AND YOUNG PEOPLE SCRUTINY COMMITTEE

ACTIVITY REPORT

Since its last report to the Board, the Committee has met on 8 December 2023 and 12 January 2024. Full details on all the items considered at these meetings are available on the County Council's website:

https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=124

Set out below is a summary of the outcomes at these two meetings:

8 December 2023		
	Item	*Summary of Outcomes*
1	Insourcing of the catering service at Lincolnshire Secure Unit	The Committee supported the recommendations in the report and agreed to pass on comments. The recommendations were approved by the Executive Councillor for Children's Services, Community Safety, Procurement and Migration on 13 December 2023.
2	Service Level Performance Reporting against the Success Framework 2023-24 - Quarter 2	The Committee was satisfied with the Children and Young People Service Level Performance for 2023-24 Quarter 2. Members raised concerns about whether the Council held sufficient capacity to respond to risks that commonly contributed to children being subjected to a Child Protection Plan. Assurance was provided that there was a system of quality assurance processes around this work and the Council heavily invested in preventative measures to address risks.
3	Childcare Sufficiency in Lincolnshire	The Committee supported the actions as set out in the report and the publication of the Childcare Sufficiency Report for 2023. Members were informed that the Childcare Sufficiency Survey had determined that Lincolnshire had a good level of sufficiency of early years places. However, South Holland had insufficient provision, but Members were assured that the two nurseries in the locality would offer over 50 places for 0-5 year olds and the Wrap Around Programme, which was due to be considered by the Committee in January 2024, would further support this work.

8 December 2023		
Item		*Summary of Outcomes*
4	Myle Cross & Cherry Willingham Childrens Centre Refurbishment – Alternative Provision (EXEMPT)	The Committee supported the recommendations in the exempt report and agreed to pass on comments. The recommendations were approved by the Leader of the Council on 15 December 2023.

12 January 2024		
Item		*Summary of Outcomes*
1	Council Budget 2024/25	The Committee supported the Children's Services budget proposals for 2024/25 as set out in the report and agreed to pass on comments to the Executive for consideration at its meeting on 6 February 2024. The Committee recognised that Children's Services had very little control over the rising cost pressures due to the unprecedented market conditions, increasing demand, and rising prices, which were causing the 10% increase in the overall budget for Children's Services. Assurance was provided that Children's Services was working hard to mitigate the impact through early intervention and by making sure it remained competitive within a market.
2	Mainstream Schools Funding 2024/25	The Committee supported the recommendations to the Executive Councillor for Children's Services, Community Safety, Procurement and Migration on the basis and principles as set out in the report and agreed to pass on comments. The recommendations were approved by the Executive Councillor for Children's Services, Community Safety, Procurement and Migration on 7 February 2024.
3	Childcare Reforms & Early Years Funding Formula	The Committee supported the recommendations in the report and agreed to pass on comments. The recommendations were approved by the Executive Councillor for Children's Services, Community Safety, Procurement and Migration on 30 January 2024.
4	Attendance in Schools, Elective Home Education and Children Missing Education Annual Report 2022/23	The Committee endorsed the Attendance in Schools, Elective Home Education and Children Missing Education Annual Report for the 2022/23 academic year. Apprehension was raised by Members regarding parents potentially receiving fixed penalty notices, which were issued at the Headteacher's discretion, in instances where a

12 January 2024		
Item		*Summary of Outcomes*
		child was being bullied and where attending school would be harmful. The Committee was informed that the Government was developing a national framework to establish more consistency with the issuing of fixed penalty notices.
5	Welton William Farr (Church of England) Comprehensive School - New Sixth Form Block (EXEMPT)	The Committee supported the recommendations in the exempt report and agreed to pass on comments. The recommendations were approved by the Leader of the Council on 26 January 2024.

PLANNED WORK

Set out below are the items planned for future meetings of the Committee:

08 March 2024			
Item		*Contributor*	*Notes*
1.	Lincolnshire School Performance 2022 - 23	Martin Smith, Assistant Director – Education Matt Spoors, Head of Service - School Standards Nicky Myers, Interim Head of Service Early Years and Childcare Support	This is the annual update report on school performance and Ofsted outcomes.
2.	Service Level Performance Reporting Against the Success Framework 2023-24 Quarter 3	Jo Kavanagh, Assistant Director – Early Help	This is the quarterly performance report.
3.	Children's Services Annual Statutory Complaints Report 2022-23	Jo Kavanagh, Assistant Director - Early Help	This is an annual report which sets out the complaints received in relation to Children’s Social Care.

19 April 2024			
Item		*Contributor*	*Notes*
1.	Lincolnshire Leaving Care Service from April 2025	Bridie Fletcher, Senior Commissioning Officer – Children's Strategic Commissioning Amy Allcock, Commissioning Manager - Commercial	This item is for pre-decision scrutiny prior to an Executive Councillor decision between 3 and 7 June 2024.
2.	Children and Young People Mental Health Transformation Programme	Charlotte Gray, Head of Service – Children’s Strategic Commissioning	This item will provide an update on progress with the children and young people mental health transformation programme.
3.	Families First for Children Pathfinder Programme	Andy Cook, Head of Service - Families First for Children Pathfinder	This item will inform the Committee of the Families First for Children Pathfinder Programme which Children’s Services has been invited to participate in.
4.	New Lincolnshire Secure Children’s Home build – Main Works Contract (EXEMPT)	Matt Clayton, Interim Head of Capital Reform and Education Sufficiency Dave Pennington, Head of Property Development Dave Clarke, Service Lead - Secure Estate Rachel Freeman, Head of Service Children in Care and Residential Estates	This item is for pre-decision scrutiny prior to an Executive decision on 8 May 2024.
5.	Primary School Mobile Replacement Scheme (EXEMPT)	Dave Pennington, Head of Property Development	This item is for pre-decision scrutiny prior to a Leader decision between 29 April and 3 May 2024.
6.	Gosberton House Academy - New Block Extension and External Works as part of the SEND Building Communities of Specialist Provision Strategy (EXEMPT)	Eileen McMorrow, Programme Manager SEND Strategy Dave Pennington, Head of Property Development	This item is for pre-decision scrutiny prior to a Leader decision between 29 April and 3 May 2024.

19 April 2024			
Item		*Contributor*	*Notes*
7.	Minerva House project – remodelling to provide accommodation for Children's Services (EXEMPT)	Dave Pennington, Head of Property Development	This item is for pre-decision scrutiny prior to a Leader decision between 29 April and 1 May 2024.

14 June 2024			
Item		*Contributor*	*Notes*
1.	Ofsted Inspection of Children's Services - Improvement Plan	Andrew Morris, Head of Service - Leaving Care, Semi-Independent Living and Unaccompanied Children	This item will provide a progress update on the implementation of the two recommendations from the Ofsted inspection.
2.	Children in Care Transformation Programme Update	Matt Clayton, Interim Head of Capital Reform and Education Sufficiency Tracey Robinson, Programme Manager – Sector Led Improvement & Children in Care Transformation Tara Jones, Assistant Director – Children's Safeguarding	This item will provide an update on the progress made with the children in care transformation project.

APPENDIX B

PUBLIC PROTECTION AND COMMUNITIES SCRUTINY COMMITTEE

ACTIVITY

Since its last report to the Board, the Committee has met on 12 December 2023 and 30 January 2024. Full detail on these items is available on the County Council's website:

https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=551

Set out below is a summary of the outcomes at these meetings:

12 December 2023		
Item		*Summary of Outcomes*
1	LCC Coronial Toxicology Services	The Committee supported the recommendations in the report and agreed to pass on comments. The recommendations were approved by the Executive Councillor for NHS Liaison, Integrated Care System, Registration and Coroners on 15 December 2023.
2	Multiply - Numeracy Programme Update	The Committee acknowledged the work taking place to deliver the Year 2 Multiply Programme and agreed that the comments and suggestions made by the Committee were taken into consideration by relevant officers and portfolio holders. Members questioned whether Multiply was only delivered during work hours as this could prevent many adults from accessing the programme, and were assured a wide range of delivery options were available, including community based provision delivered during weekdays, evenings, and weekends, and free online independent provision was also available and could be accessed at any time. It was acknowledged that smaller employers may face more constraints in delivering the Multiply programme in-house as it would be more difficult for them to release staff. Consequently, Members welcomed additional provision outside of work hours to increase engagement.

12 December 2023		
Item		*Summary of Outcomes*
3	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Inspection of Lincolnshire Fire and Rescue 2023	The Committee considered the findings from the inspection report and requested an update on progress against the areas for improvement and the action plan in six months' time. Members expressed concern regarding HMI's findings that staff did not *'have confidence in the service's approach to dealing with bullying, harassment and discrimination'*. The Chief Fire Officer echoed Members' sentiments and asserted these findings were unacceptable and assured that these views were not widespread. The briefings from the national thematic inspection on misconduct noted occasions where staff used inappropriate language which was not initially or sufficiently addressed; however, staff now better understood expected behaviours.
4	Community Risk Management Plan 2024-2028 – Consultation	The Committee supported the information contained within the Community Risk Management Plan (CRMP) 2024-28 public consultation. Members were assured that the contents of the draft CRMP acknowledged the outcomes of the HMI Inspection on the Fire Service.
5	Service Level Reporting against the Success Framework 2023-24 - Quarter 2	The Committee was satisfied with the Public Protection and Communities Service Level Performance for Quarter 2 of 2023/24. Some of the topics explored by Members included: • The 17 orders issued to seize tobacco products, including three premises that were ordered to close for the third time. Members were informed that it was the responsibility of the Landlord to ensure their business tenants were legally compliant. Officers agreed to assess the legal tactics available to the Council to punish Landlords who repeatedly offend and to inform the Committee of available powers once realised. • Whether measures had been implemented to improve Home Fire Safety visits as it had been suggested by the Committee and HMI to use on-call staff. Officers agreed that on-call staff could conduct the visits, although there was an increased cost in doing so, and informed Members that Community Safety Advocates often conducted these visits.

30 January 2024		
Item		*Summary of Outcomes*
1	Revenue and Capital Budget Proposals 2024-2025	The Committee supported the budget proposals in the report for the Public Protection and Communities services and agreed to pass on comments for consideration by the Executive on 6 February 2024.
2	Community Risk Management Plan 2024-2028	The Committee supported the recommendations in the report and agreed to pass on comments. The recommendations were approved by the Executive on 6 February 2024.
3	Lincolnshire Fire and Rescue (LFR) Attendance at Flooding Incidents – Annual Report on Performance up to March 2023	The Committee was satisfied with the Fire Service's performance and its approach to supporting the local communities during flooding incidents. Confirmation was given that flooding was not a statutory duty for Fire and Rescue, and as such, it was not part of the service's core responsibilities. There was, however, recognition that LFR had the capabilities and the skills to support communities. The Committee was advised that the service did not get direct funding to deliver such services and was only able to support communities because of the support it received from the Council through its budget setting process.
4	Lincolnshire Local Resilience Forum (LRF) Business Plan 2023-2026	The Committee agreed to receive annual updates of progress against the LRF Business Plan 2023-26, which will provide greater transparency of LRF workstreams and enhance the accountability for the LRF. Members were advised that the purpose of the LRF was being able to respond when one single agency had an event or situation they were unable to respond to from their own resources or capabilities. All councillors were encouraged to attend member training events regarding emergency planning, as these provided information to assist councillors to help their communities in an emergency situation.
5	Trading Standards Food Safety Activity 2022-2023	The Committee was satisfied with the delivery of food safety and standards work undertaken by the Trading Standards Service. A request was made for future reports to identify how many interventions the service should be making, and how many interventions were actually taking place, broken down into headings such as inspections, monitoring, surveillance, and

30 January 2024		
Item		*Summary of Outcomes*
		also information as to what sort of backlog had built up. Officers agreed to look at how the figures were presented going forward and highlighted that a new food risk assessment was due to be implemented during the summer that might have an impact on the categories.

PLANNED WORK

Set out below are the items planned for future meetings of the Committee:

19 March 2024			
Item		*Contributor*	*Notes*
1.	LCC Library Services – Re-procurement	Louise Egan, Library and Heritage Client Lead Emma Golds, Senior Commercial & Procurement Officer William Mason, Head of Culture	This item is for pre-decision scrutiny. A decision will be taken by the Executive Councillor between 25 March - 1 April 2024.
2.	Lincolnshire Road Safety Partnership Annual Report	Steven Batchelor, Lincolnshire Road Safety Partnership Senior Manager	This is the annual report from the Lincolnshire Road Safety Partnership.
3.	Service Level Performance Reporting against the Success Framework 2023-2024 – Quarter 3	Nicole Hilton, Assistant Director - Communities Lee Sirdifield, Assistant Director - Corporate Mark Baxter, Chief Fire Officer Steven Batchelor, Lincolnshire Road Safety Partnership Senior Manager Mark Keal, Head of Trading Standards Clare Newborn, Head of Community Safety James Chapple, Head of Registration, Celebratory and Coroners Services	This is a quarterly report on performance of services.

19 March 2024			
Item		*Contributor*	*Notes*
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
4.	Domestic Abuse Strategy – Update Report	Jade Thursby, Domestic Abuse Business Manager	This report updates the Committee on the delivery and outcomes of the Domestic Abuse Strategy.
5.	Serious Violence in Lincolnshire - A Partnership Response – Position Report	Clare Newborn, Head of Community Safety Zoe Walters, Business Manager, Safer Lincolnshire Partnership Angela Nauth, Serious Violence Coordinator, Safer Lincolnshire Partnership	This report is an annual position overview of activity undertaken and planned to tackle serious violence.

14 May 2024			
Item		*Contributor*	*Notes*
1.	Lincolnshire Fire and Rescue New Crewing Arrangements – Post Implementation Review	Mark Baxter, Chief Fire Officer	This report will set out the outcomes of the post implementation review of the new crewing arrangements.
2.	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Inspection of Lincolnshire Fire and Rescue – Progress Update against Areas for Improvement and Action Plan	Mark Baxter, Chief Fire Officer	This item will provide an update on the progress made by LFR in relation to the areas for improvement and action plan arising from the 2023 inspection.
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
3.	Prevent Annual Report	Richard Clare, Strategic Prevent Lead, Safer Communities Clare Newborn, Head of Community Safety	This is an annual report on the work in relation to Prevent, which is part of the UK Government's Counter-Terrorism strategy.

25 June 2024			
	Item	*Contributor*	*Notes*
1.	Coroners Service Annual Report	Paul Smith, HM Senior Coroner for Lincolnshire	This is an annual report on the work of the Coroners Service.
2.	Volunteering in Lincolnshire	Lee Sirdifield, Assistant Director - Corporate Ben Rollett, CEX, Voluntary Centre Services	This item will provide an update from Voluntary Centre Services and Lincolnshire Community Voluntary Services about the work that they complete to support the voluntary sector.
3.	Update on Lincolnshire Fire and Rescue's Waddington Training Facility	Mark Baxter, Chief Fire Officer	This is an update on the future plans for the Waddington training facility. This item was requested by the Committee in October 2023.
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
4.	Safer Lincolnshire Partnership - Annual Report Update	Zoe Walters, Business Manager, Safer Lincolnshire Partnership	This is an annual position report on the work of the Safer Lincolnshire Partnership.
5.	Lincolnshire Women and Girl's Strategy (Reducing Reoffending)	Karen Pentin, Community Safety Strategy Coordinator Zoe Walters, Business Manager, Safer Lincolnshire Partnership	This item will set out an update on the Lincolnshire Women and Girl's Strategy.

Potential Items to be Scheduled:

- Community Safety and Public Trust in Police
- Trading Standards – Tackling Repeat Offenders of Illicit Alcohol and Tobacco Products
- Leverton Lincolnshire Fire and Rescue Project (Summer 2024)
- Lincolnshire Local Resilience Forum (LRF) Business Plan 2023-2026 – Annual Progress Update (January 2025)

Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 February 2024**
Subject:	**Overview and Scrutiny Management Board Work Programme**

Summary:

This item serves to apprise the Board of the ongoing initiatives and tasks outlined in its operational agenda for the year 2024.

Actions Required:

This particular item is intended solely for informational purposes, providing relevant details about the Boards Work Programme.

1. Background

Work Programme

The current version of the work programme for the Overview and Scrutiny Management Board is set out in Appendix A.

Executive Forward Plan

The Executive Forward Plan of key decisions is set out at Appendix B. This is background information for the Board to ensure that all key decisions are scrutinised by the relevant scrutiny committee.

2. Conclusion

This item is to inform the Overview and Scrutiny Management Board of its current work programme for 2024, which is attached at Appendix A to this report.

3. Consultation

a) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Overview and Scrutiny Management Board – Work Programme
Appendix B	Forward Plan of Key Decisions

5. Background Papers

No background papers as defined in section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

This report was written by Nigel West, Head of Democratic Services and Statutory Scrutiny Officer, who can be contacted by e-mail at nigel.west@lincolnshire.gov.uk and Kiara Chatziioannou, Scrutiny Officer, who can be contacted on 07500571868 or by e-mail at Kiara.Chatziioannou@lincolnshire.gov.uk.

APPENDIX A

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Each agenda includes the following standard items:

- **Call-in (if required)**
- **Councillor Call for Action (if required)**

29 February 2024– 10:00am			
Item		**Contributor**	**Purpose**
1.	**Corporate Plan Success Framework 2023-2024 – Quarter 3**	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 5 March 2024)
2.	**People Management Update - Quarter 3**	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
3.	**Revenue Budget Monitoring Report 2023/24 – Quarter 3 to 31 December 2023**	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 5 March 2024)
4.	**Capital Budget Monitoring Report 2023/24 – Quarter 3 to 31 December 2023**	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 5 March 2024)
5.	**Treasury Management Performance Quarter 3 to 31 December 2023**	Karen Tonge, Treasury Manager	Performance Scrutiny
6.	**Treasury Management Strategy Statement and Annual Investment Strategy 2024/25**	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Pre-Decision Scrutiny (Executive Councillor Decision between 11th to 15th March 2024)
7.	**Legal Services Company Update**	Chief Legal Officer	Performance Scrutiny
8.	**Overview and Scrutiny Work Programmes** • **Children and Young People SC** • **Public Protection and Communities SC**	Cllr Rob Kendrick, Chairman of Children and Young People SC Cllr Nigel Pepper, Chairman of Public Protection and Communities SC	Performance Scrutiny

12 March 2024– 10:00am			
Item		**Contributor**	**Purpose**
1.	**Devolution Deal**	Lee Sirdifield, Assistant Director, Corporate	Pre-Decision Scrutiny (Leader decision on 13 March 2024)
2.	**Future IT Service Delivery Model**	David Matthewman, Chief Information Officer	Pre-Decision Scrutiny (Executive decision on 3 April 2024)
3.	**Transformation Programme Update**	Clare Rowley, Head of Transformation Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance	Performance Scrutiny
4.	**Property Services Contract Year Seven Report**	Stuart Wright, Contract Manager - Corporate Property	Performance Scrutiny
5.	**Update on IMT Services - Project Portfolio**	Donna Fryer, Head of Portfolio and Resources	Performance Scrutiny
6.	**Overview and Scrutiny Work Programmes** • **Environment and Economy SC** • **Highways and Transport SC** • **Flood and Water Management SC**	Cllr Ian Carrington, Chairman of Environment and Economy SC Cllr Mike Brookes, Chairman of Highways and Transport SC Cllr Tom Ashton, Chairman of Flood and Water Management SC	Performance Scrutiny

25 April 2024– 10:00am			
Item		**Contributor**	**Purpose**
1.	**Deepings Leisure Centre**	Jayne Sowerby-Warrington, Assistant Director - Corporate Property	Pre-Decision Scrutiny (Executive decision on 5 March 2024)
2.	**Overview and Scrutiny Annual Report 2023-24**	Nigel West, Head of Democratic Services and Statutory Scrutiny Officer	Performance Scrutiny
3.	**Corporate Support Services Contract Report**	Arnd Hobohm, Corporate Support Services Contract Manager	Performance Scrutiny
4.	**Overview and Scrutiny Work Programmes** • **Adults and Community Wellbeing SC** • **Health SC**	Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing SC Cllr Carl Macey, Chairman of Health SC	Performance Scrutiny

30 May 2024– 10:00am		
Item	**Contributor**	**Purpose**
1. People Management Update - Quarter 4	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
2. Overview and Scrutiny Work Programmes • **Children and Young People SC** • **Public Protection and Communities SC**	Cllr Rob Kendrick, Chairman of Children and Young People SC Cllr Nigel Pepper, Chairman of Public Protection and Communities SC	Performance Scrutiny

27 June 2024– 10:00am		
Item	**Contributor**	**Purpose**
1. Corporate Plan Success Framework 2023/24 – Quarter 4	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 2 July 2024)
2. Review of Financial Performance 2023/24	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 2 July 2024)
3. Treasury Management Annual Report 2023/24	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Performance Scrutiny
4. Overview and Scrutiny Work Programmes • **Environment and Economy SC** • **Highways and Transport SC**	Cllr Ian Carrington, Chairman of Environment and Economy SC Cllr Mike Brookes, Chairman of Highways and Transport SC	Performance Scrutiny

Items to be programmed:
Annual Scrutiny Report (September 2024) – Nigel West

For more information about the work of the Overview and Scrutiny Management Board please contact Kiara Chatziioannou, Scrutiny Officer, on 07500571868 or by e-mail at Kiara.Chatziioannou@lincolnshire.gov.uk

APPENDIX B

FORWARD PLAN OF KEY DECISIONS FROM 1 MARCH 2024

PUBLISH DATE 1 FEBRUARY 2024

DEC REF	MATTERS FOR DECISION	DATE OF DECISION	DECISION MAKER	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE SUBMITTED FOR DECISION	HOW AND WHEN TO COMMENT PRIOR TO THE DECISION BEING TAKEN	RESPONSIBLE PORTFOLIO HOLDER AND CHIEF OFFICER	DIVISIONS AFFECTED
I030025	Local Electric Vehicle Infrastructure (LEVI) Pilot - Contract Procurement	Between 4 March 2024 and 8 March 2024	Executive Councillor: Highways, Transport and IT	Environment and Economy Scrutiny Committee Affected Local Members Relevant Officers	Exempt report	Senior Commissioning Officer tanya.vaughan@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director - Place	Birchwood; Boston Coastal; Boston North; Boston Rural; Boston South; Boston West; Boultham; Carholme; Hartsholme; Horncastle and the Keals; Skegness North; Skegness South; Sleaford; St Giles; Stamford East; Stamford West
I032025 New!	B199 Newland/A57 Carholme Road, Lincoln PRN Package	Between 4 Mar 2024 and 8 Mar 2024	Executive Councillor: Highways, Transport and IT, Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)	Highways Colleagues and utility companies	Reports	Senior Project Leader - Highways Infrastructure E-mail: steve.brooks@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director - Place	Carholme
I030085	Deepings Leisure Centre	5 March 2024	Executive	Overview and Scrutiny Management Board	Report	Assistant Director - Corporate Property E-mail: jayne.sowerby-warrington@lincolnshire.gov.uk	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) and Executive Director - Resources	Deepings East; Deepings West and Rural
030837 New!	Residential Care and Community Supported Living Framework Contract 2022- 2025 Rate Uplifts for 2024/25	5 Mar 2024	Executive	Adult Care and Community Wellbeing Scrutiny Committee; Lincolnshire Care Association	Report	Senior Strategic Commercial and Procurement Manager Tel: 07879 412886 Email: carl.miller@lincolnshire.gov.uk	Executive Councillor: Adult Care and Public Health and Executive Director - Adult Care and Community Wellbeing	All Divisions

DEC REF	MATTERS FOR DECISION	DATE OF DECISION	DECISION MAKER	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE SUBMITTED FOR DECISION	HOW AND WHEN TO COMMENT PRIOR TO THE DECISION BEING TAKEN	RESPONSIBLE PORTFOLIO HOLDER AND CHIEF OFFICER	DIVISIONS AFFECTED
I030272	Future IT Service Delivery Model	5 March 2024	Executive	Corporate Leadership Team Informal Executive Overview and Scrutiny Management Board Leader of the Council Executive Councillor for Highways, Transport and IT	Report	Chief Information Officer E-mail: david.matthewman@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director - Resources	N/A
I032097 New!	Extension of Integrated Lifestyle Support Service	5 Mar 2024	Executive	Adults and Community Wellbeing Scrutiny Committee	Reports	Consultant in Public Health E-mail: andy.fox@lincolnshire.gov.uk	Executive Councillor: Adult Care and Public Health and Executive Director - Adult Care and Community Wellbeing	N/A
I032030 New!	Public Rights of Way Fees & Charges	Between 5 Mar 2024 and 14 Mar 2024	Executive Councillor: Highways, Transport and IT	Highways and Transport Scrutiny Committee	Reports	Public Rights of Way and Access Manager E-mail: andrew.fletcher@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director - Place	N/A
I030841	Grantham Future High Street Fund - Market Place & Station Approach Projects	Between 11 Mar 2024 and 15 Mar 2024	Executive Councillor: Highways, Transport and IT	Highways and Transport Scrutiny Committee	Report	Senior Project Leader (Major Schemes) E-mail: teresa.james@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director – Place	Grantham East; Grantham North; Grantham South; Grantham Wes
I030411	Primary School Mobile Replacement Scheme	Between 22 January 2024 and 26 January 2024	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)	Children and Young People Scrutiny Committee	Report	Head of Property Development E-mail: dave.pennington@lincolnshire.gov.uk	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) and Executive Director - Resources	All Divisions
I028654	Gosberton House Academy - New Block Extension and External Works as part of the SEND Building Communities of Specialist Provision Strategy	Between 18 March 2024 and 22 March 2024	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)	Children and Young People Scrutiny Committee	Exempt Report	Head of Property Development E-mail: dave.pennington@lincolnshire.gov.uk	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) and Executive Director - Resources	

DEC REF	MATTERS FOR DECISION	DATE OF DECISION	DECISION MAKER	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE SUBMITTED FOR DECISION	HOW AND WHEN TO COMMENT PRIOR TO THE DECISION BEING TAKEN	RESPONSIBLE PORTFOLIO HOLDER AND CHIEF OFFICER	DIVISIONS AFFECTED
I032139 New!	A631 Corringham	Between 18 Mar 2024 and 22 Mar 2024	Executive Councillor: Highways, Transport and IT, Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)	Highway colleagues and utility companies	Reports	Senior Project Leader (Major Schemes) E-mail: steve.brooks@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director – Place	Scotter Rural
I032031 New!	Salt Procurement for Lincolnshire County Council 2024 - 2028	Between 25 Mar 2024 and 1 Apr 2024	Executive Councillor: Highways, Transport and IT	Network Resilience Team	Reports	Network Resilience Manager E-mail: darrell.redford@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director – Place	All Divisions
I032102 New!	NHS Health Checks Re-Procurement	8 May 2024	Executive	Adults and Community Wellbeing Scrutiny Committee	Reports	Senior Commercial and Procurement Officer E-mail: mark.fowell@lincolnshire.gov.uk	Executive Councillor: Adult Care and Public Health and Executive Director - Adult Care and Community Wellbeing	N/A
I032116 New!	New Lincolnshire Secure Children's Home Build - Main Works Contract	8 May 2024	Executive	Directorate Leadership Team Corporate Leadership Team Legal Services Finance Services Children and Young People Scrutiny Committee	Exempt Reports	Interim Head of Capital Reform and Education Sufficiency E-mail: matthew.clayton@lincolnshire.gov.uk	Executive Councillor: Children's Services, Community Safety, Procurement and Migration and Executive Director of Children's Services	Sleaford
I029445	Waste Transfer Station Improvements	Open	Executive Councillor: Waste and Trading Standards Between 3 Jun 2024 and 7 Jun 2024	Environment and Economy Scrutiny Committee	Reports	Head of Waste E-mail: chris.yorston@lincolnshire.gov.uk	Executive Councillor: Economic Development, Environment and Planning and Executive Director - Place	All Divisions

DEC REF	MATTERS FOR DECISION	DATE OF DECISION	DECISION MAKER	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE SUBMITTED FOR DECISION	HOW AND WHEN TO COMMENT PRIOR TO THE DECISION BEING TAKEN	RESPONSIBLE PORTFOLIO HOLDER AND CHIEF OFFICER	DIVISIONS AFFECTED
I030828	Lincolnshire Leaving Care Service from April 2025	Between 3 Jun 2024 and 7 Jun 2024	Executive Councillor: Children's Services, Community Safety, Procurement and Migration	Representatives from Children's Services teams (social care and IROs); care leavers and other stakeholders involved in services for care leavers; Children's Services DLT	Report	Senior Commissioning Officer E-mail: Bridie.fletcher@lincolnshire.gov.uk	Executive Councillor: Children's Services, Community Safety, Procurement and Migration and Executive Director of Children's Services	All Divisions
I030731	Parking Enforcement Procedures Manual	Between 17 June 2024 and 24 June 2024	Executive Councillor: Highways, Transport and IT	Place DLT Highways and Transport Scrutiny Committee	Report	Parking Services Manager E-mail: Matt.jones@lincolnshire.gov.uk	Executive Councillor: Highways, Transport and IT and Executive Director - Place	All Divisions
NEW!	LCC Library Services – Re-procurement	Between 25 March - 1 April 2024	Executive Councillor: Fire & Rescue and Cultural Services	Commercial and Commissioning Board Public Protection and Communities Scrutiny Committee	Report	Head of Culture E-mail: william.mason@lincolnshire.gov.uk	Executive Councillor: Fire & Rescue and Cultural Services and Executive Director - Place	All Divisions

This page is intentionally left blank