



County Offices
Newland
Lincoln
LN1 1YL

27 January 2020

Executive

A meeting of the Executive will be held on **Tuesday, 4 February 2020** in **County Offices, Newland, Lincoln LN1 1YL** at **10.30 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

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

Debbie Barnes OBE
Chief Executive

Membership of the Executive
(8 Members of the Council)

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

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

Councillor C J Davie, Executive Councillor for Economy and Place

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

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

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

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

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

**EXECUTIVE AGENDA
TUESDAY, 4 FEBRUARY 2020**

Item	Title	Forward Plan Decision Reference	Pages
1	Apologies for Absence		
2	Declarations of Councillors' Interests		
3	Announcements by the Leader, Executive Councillors and Executive Directors		
4	Minutes of the Meeting of the Executive held on 7 January 2020		5 - 12
NON KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE			
5	Revenue Budget Monitoring Report 2019/20 <i>(To receive a report from the Executive Director – Resources which provides an update on revenue spending compared with budgets for the financial year which started on 1 April 2019)</i>	I018352	13 - 34
6	Capital Budget Monitoring Report 2019/20 <i>(To receive a report from the Executive Director – Resources which updates on capital spending compared with budgets for the financial year which started on 1 April 2019)</i>	I018712	35 - 60
7	Capital Strategy 2020/21 <i>(To receive a report from the Executive Director – Resources which presents the Capital Strategy 2020/21. The Capital Strategy provides a high level overview of capital expenditure, its financing and its longer term impact on future financial sustainability)</i>	I019275	61 - 96
KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE			
8	Council Budget 2020/21 <i>(To receive a report from the Executive Director - Resources which asks the Executive to propose to the full Council the Council's budget and council tax, in light of the provisional local government settlement and consultation comments on its initial proposals)</i>	I018714	97 - 236

9	Home Based Reablement Service Procurement <i>(To receive a report from the Executive Director - Adult Care and Community Wellbeing which seeks approval to procure a new contract for home based reablement)</i>	I018998	237 - 270
10	Re-procurement of Community Supported Living Services <i>(To receive a report from the Executive Director - Adult Care and Community Wellbeing which updates on progress to date, and seeks approval for the re-procurement of the Community Supported Living - Open Select List)</i>	I019199	271 - 304
11	Homecare <i>(To receive a report from the Executive Director - Adult Care and Community Wellbeing which presents the case for re-commissioning the existing homecare contracts on a broadly similar model however, with a small number of significant changes to how the service functions)</i>	I019269	305 - 350
12	Proposal to expand capacity at The Lincoln St Christopher's School from 200 to 333 (Final Decision) <i>(To receive a report from the Interim Director – Education which seeks approval for the expansion of The Lincoln St Christopher's School from 200 to 333 places with full effect from September 2024)</i>	I019057	351 - 380

Democratic Services Officer Contact Details

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

- Business of the meeting
- Any special arrangements
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Contact details set out above.

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

Councillors R G Davies (Executive Councillor for Highways, Transport and IT), Mrs S Woolley (Executive Councillor for NHS Liaison and Community Engagement), C N Worth (Executive Councillor for Culture and Emergency Services) and B Young (Executive Councillor for Community Safety and People Management).

Councillors: Mrs A M Newton (Electoral Division Councillor for Spalding West), C R Oxby (Vice-Chairman of Environment and Economy Scrutiny Committee) and R B Parker (Chairman of Overview and Scrutiny Management Board) attended the meeting as observers.

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), David Coleman (Chief Legal Officer), Katrina Cope (Senior Democratic Services Officer), Andrew Crookham (Executive Director Resources), Michelle Grady (Assistant Director for Strategic Finance), Andy Gutherson (Executive Director Place), Matthew Harrison (Senior Commissioning Officer - Flood Risk), Carolyn Nice (Assistant Director, Adult Frailty & Long Term Conditions), Janice Spencer OBE (Interim Director of Children's Services) and Nigel West (Head of Democratic Services and Statutory Scrutiny Officer).

46 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs P A Bradwell OBE (Executive Councillor for Adult Care, Health and Children's Services), C J Davie (Executive Councillor for Economy and Place) and E J Poll (Executive Councillor for Commercial and Environmental Management).

47 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest.

48 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements made.

49 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 17 DECEMBER 2019

RESOLVED

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That the minutes of the Executive meeting held on 17 December 2019 be agreed and signed by the Chairman as a correct record.

50 SPALDING WESTERN RELIEF ROAD

The Executive gave consideration to a report by the Executive Director – Place, which sought approval to pursue the Spalding Western Relief Road Highway Scheme, as detailed in the report presented.

The Senior Project Leader (Major Schemes) provided a presentation, which advised of the background behind the Spalding Western Relief Road (SWRR). It was highlighted that the SWRR was a strategic infrastructure project essential to delivering the growth of Spalding and to address the strategic transport connectivity around the town as well as address transport problems within Spalding.

Details of the recommended Route Option 3 – Central and the Alternative Route Option 4 – Trojan Wood, were highlighted to the Executive, as were priority rankings for both routes. It was highlighted that both routes 3 and 4 had scored closely and had different benefits and drawbacks, but both were feasible in meeting SWRR objectives. The Executive noted that Route Option 4 represented a safe and viable solution in providing a route which met the overall scheme objectives.

The Executive was advised that the Trojan Wood route diverted outside the safeguarded corridor in its central sections, which meant that it was less attractive in planning terms than if it was contained wholly within the safeguarded corridor. It was highlighted that this did not mean that the Trojan Wood route would not gain planning permission, and that there would be at least one review of the South East Lincolnshire Local Plan before planning permission was sought on the central sections.

It was highlighted that the cost of Route Option 4 exceeded that of Route 3 by £2.2m, which represented a difference in the total estimated cost of the scheme as a whole of 2.18%. It was highlighted further that Developer contributions were expected to make a significant contribution to the costs of the Scheme.

The Executive was advised that residential properties were affected on both routes; and that without detailed design work, the precise impact of Route Option 4 was not known. The presentation highlighted that for Route Option 3 up to nine properties would need to be demolished, or would be directly affected as a consequence of them being in the line of the route.

It was noted that for Route Option 4, no residential properties would be required to be demolished and no residential properties were affected by the line of the new road itself, but realignment of the existing Bourne Road would impact some frontages. It was highlighted as with all schemes reasonable steps would be taken at detailed design stage to minimise the impact of the new road on adjacent properties.

The Executive were reminded of the comments made by the Highways and Transport Scrutiny Committee at their meeting on 9 December 2019. These were detailed on

page 32 of the report. The Highways and Transport Scrutiny Committee overall supported the Spalding Western Relief Road Scheme but did not support the proposed 'Route Option 3' and formally resolved 'Route Option 4' to the Executive, with an alignment through the Trojan Wood factory site to the west and outside the safeguarded road corridor. Officers confirmed also that since the Highways and Transport Scrutiny Committee, three letters of objection had been received from residents in relation to the Route Option 4, which had been passed on to members of the Executive for their consideration.

The Executive were provided with a Plan entitled "SWRR Sections 2-4 Route Option 4 Executive Meeting 7.1.20" showing Route Option 4. This was the Plan Executive would need to approve under Recommendation 2 if they decided to approve Route Option 4 rather than Route Option 3.

During discussion, the Executive raised issues relating to: the effect of Route Option 4, and to the fact that this avoided the demolition of any residential properties; it was however noted that there would be some implications for some property frontages; and to the commercial venture. Other issues highlighted included increased traffic for Bourne Road; the potential cost of building on fen land; proposed housing developments; and the impact of Developer contributions.

RESOLVED

That the Executive:-

- (1) Approves the carrying out of the Spalding Western Relief Road Scheme ("the Scheme")
- (2) Approves the route shown on the plan entitled "SWRR Sections 2-4 Route Option 4 Executive Meeting 7.1.20" as the preferred route for the Scheme and the land shown on the said plan as land comprised in the site of a highway as proposed to be constructed by the Council as highway authority
- (3) Approves the delivery of the Scheme in five sections as described in the Delivery Strategy attached at Appendix B to this Report
- (4) Approves in principle the procurement and award of a contract for section 5 of the Scheme
- (5) Approves the acquisition by agreement of any land or properties and any third party interests in land and properties as required for the Scheme on terms determined by the Executive Director – Place in consultation with the Executive Councillor for Highways, Transport and IT.
- (6) Authorises the Executive Director – Place to agree the final form and approve the entering into of all agreements and contracts necessary to secure the construction and completion of section 5 of the Scheme to include (but without limitation):
 - (i) any agreement or contract related to funding for section 5 of the Scheme

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- (ii) any contract awarded pursuant to paragraph 4; and
- (iii) any contract or agreement made with statutory undertakers, Network Rail or the like in connection with the Scheme.

51 MEDIUM TERM FINANCIAL STRATEGY AND COUNCIL BUDGET 2020/21

The Executive gave consideration to a report from the Executive Director – Resources, which set out the budget proposals for the next financial year 2020/21, and to approve the estimates presented, for internal and external consultation.

In guiding the Executive through the report presented and the updated budget information circulated on 2 January 2020, the Assistant Director – Strategic Finance advised that the current year was the last year of the four-year funding deal for local authorities and that the provisional settlement was for a one-year spending round. It was noted that the review of business rate retention had also been deferred to the following year. Confirmation was given that nationally an additional £1bn of social care grants funding had been announced, which for the Council would result in an extra £14.7m; and that this figure had been included in the budget proposals.

It was highlighted that at the beginning of the year there had been an anticipated budget gap of £27m by 22/23, and as a result, a thorough review of budgets had been undertaken to help bridge the gap.

Reference was made to the Revenue Budget details in Table A on page 160 of the report; and to the cost pressures summarised in Appendix C, with further service breakdown details being shown in Appendix E.

Reassurance was given that the budget savings proposed shown in Appendices D and E were not reducing any front line services.

It was noted that as part of the budget process a number of areas had been identified as needing more thorough review, details of which were shown in Appendix B. The Executive noted that it was anticipated that these reviews would offer savings in future years.

It was reported that changes to council tax were detailed on page 163; and that the budget proposal was for an increase of 1.5% general levy, plus the 2% Adult Social Care precept, giving a total increase of 3.5% which would generate £14.979m in the Council's budget.

It was highlighted that the provisional settlement confirmed the continuation of a business rates pool, with district council's estimated to generate £2.8m for 2020/21.

It was highlighted further that as well as general reserves, the Council had earmarked reserves which currently stood at £189.234m. The Executive were advised that all these reserves had been reviewed; and that £10.180m of reserves had been identified to be released, and that proposals were for these reserves to be amalgamated into a new reserve called a 'development fund' to fund new initiatives.

The Executive was advised that a ten year capital programme had been compiled; and that Appendix F provided full details of the proposed programme.

Officers advised that the Council had taken advantage of the government's relaxation of the use of capital receipts to fund transformational revenue costs in previous years. However, it was highlighted that the proposal was not to continue that strategy, but to direct capital receipts to funding the capital programme, which would reduce the borrowing requirement.

The Executive noted that the Medium Term Financial Strategy had been developed to support the budget setting process. The Strategy also ensured that the Council was forward looking with its finances, remained sustainable, and that resources were aligned to the proposed ambitions for the county.

RESOLVED

That the budget proposals, as described in the report, be approved as the Executive's preferred option for the purposes of further consultation.

52 JOINT LINCOLNSHIRE FLOOD RISK & WATER MANAGEMENT STRATEGY 2019-2050

Consideration was given to a report from the Executive Director – Place, which asked the Executive to approve, and adopt the Joint Lincolnshire Flood Risk & Water Management Strategy 2019-2050 (attached at Appendix A), and supporting Strategic Vision (attached at Appendix B) of the report.

The Senior Commissioning Officer, Flood Risk advised the Executive of the role of Lincolnshire County Council in its capacity as the Lead Local Flood Authority and its partners in the Lincolnshire Flood Risk and Water Management Partnership. It was highlighted that since 2012 flood risk management had increasingly been recognised as being integral to a wider issue of managing water as a resource, which was essential to economic growth nationally and, particularly, in the east of England. Reference was also made to the success of the Lincolnshire Flood Risk and Water Management Partnership; and to recent flooding incidents and to the challenges they had posed.

The Vice-Chairman of the Environment and Economy Scrutiny Committee presented the comments from the Flood and Water Management Scrutiny Committee meeting held on 9 September 2019 and the Environment and Economy Scrutiny Committee meeting held on 10 September 2019. These were detailed on pages 223 and 224 of the report.

Confirmation was given at the meeting that the policy statement due to be released by the Department for Environment, Food and Rural Affairs (Defra) was now expected in May 2020.

During a short discussion, clarification was sought as to the role of the partners, and a suggestion was made for the need for a protocol document, to confirm

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individual partner roles. Officers confirmed that such matters would be addressed by the Management Group. Officers advised further that this was an area where more work was needed to be done. Officers advised further that as Lead Local Flood Authority, the Council also needed to be more pro-active and use enforcement powers in this regard.

It was also highlighted that other statutory organisations needed to be included in the strategy, to ensure that local agreements were in place to ensure that local problems were solved quickly in the event of a flooding incident.

Reference was made to the role of Internal Drainage Board's, particularly those who had taken over responsibility for some watercourses from the Environment Agency. It was noted that this approach had been piloted and had been successful in some areas. Reference was also made to extending precept areas; and to a suggestion for a Lincolnshire Rivers Authority, it was noted however, that this suggestion would not be generally supported in Lincolnshire

RESOLVED

That the Joint Flood Risk and Water Management Strategy 2019-2050, as detailed at Appendix A and the Strategic Vision at Appendix B to the report, be approved, and adopted on behalf of the Council.

53 FORMATION OF A COMPANY FOR LEGAL SERVICES

The Executive gave consideration to a report from the Executive Director – Resources, which sought approval for the final form and constitution of a company wholly owned by the County Council with the object of the company being licensed by the Solicitors Regulation Authority for the purpose of providing legal advice and services.

Detailed at Appendix A was a copy of the draft Articles of Association for the said company; and Appendix B provided the Executive with a copy of the draft Shareholders Agreement for their consideration.

The Executive was advised that the proposal would allow the Council to proceed to establish an Alternative Business Structure, and to allow Legal Services Lincolnshire to provide services more widely in the future as the opportunity arose and capacity allowed. In particular, it would allow the provision of services to companies owned by the partner District Councils.

It was reported that following feedback from the Overview and Scrutiny Management Board and the Executive in May 2019, three Directors of the company were proposed. Details of further provision of note were included in paragraph 14 of the report.

Reference was made to the business of the Company which was detailed at paragraph 3.1.1 on page 350 of the report.

Confirmation was also given that the Chief Legal Officer would be providing a report to the Overview and Scrutiny Management Board in six months concerning the establishment of the company, followed by an annual report thereafter.

Clarification was given that the Council's liability for any debts of the company was limited to the value of its share (£1.00), and that the company would carry professional indemnity insurance to cover against liability to third parties.

The Chairman of the Overview and Scrutiny Management Board presented the comments from the Overview and Scrutiny Management Board meeting held on 19 December 2019 (as detailed on pages 227/223) of the report. The Executive were advised that overall, the Overview and Scrutiny Management Board had supported the recommendations to the Executive, and had requested a six monthly update report to the Overview and Scrutiny Management Board following the company's establishment; followed by annual reports thereafter, as detailed in the Shareholder's Agreement.

That the Executive:-

- (1) approves the Articles of Association, as detailed at Appendix A and Shareholders Agreement attached at Appendix B to the report, as the constitution and legal documentation relating to the establishment of a company wholly owned by the County Council with the object of the company being licensed by the Solicitors Regulation Authority for the purpose of providing legal advice and services;
- (2) appoints David Coleman Chief Legal Officer; Andrew Crookham, Executive Director - Resources and James Drury, Executive Director - Commercial as Directors of the company;
- (3) appoints Councillor B Young, Executive Councillor for Community Safety and People Management, as the member representative of the company and delegates to Councillor B Young, authority to take decisions in exercise of the Council's powers in relation to the company;
- (4) approves the making available of a cash flow facility of £30,000 to the company; and
- (5) delegates to the Chief Legal Officer, in consultation with the Executive Councillor for Community Safety and People Management, authority to take all necessary procedural steps to establish the company to include amendments to the documentation to the extent necessary to meet Solicitors Regulation Authority requirements and to determine the final terms and the entering into of the cash flow facility.

The meeting closed at 11.59 am

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**Open Report on behalf of Andrew Crookham
Executive Director - Resources**

Report to:	Executive
Date:	04 February 2020
Subject:	Revenue Budget Monitoring Report 2019/20
Decision Reference:	I018352
Key decision?	No

Summary:

This report provides an update on revenue spending compared with budgets for the financial year which started on 1 April 2019.

The tables in this report show the actual income and expenditure for the first eight months of this financial year to 30 November 2019, along with the forecasts for spending and a comparison of the forecasts against the approved budgets.

Recommendation(s):

That the Executive notes the current position on the revenue budget.

Alternatives Considered:

- | | |
|----|---|
| 1. | This report shows the actual revenue expenditure to 30 November 2019, and projected outturns for 2019/20, therefore no alternatives have been considered. |
|----|---|

Reasons for Recommendation:

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

1. Background

1.1 In summary:

- Our total revenue spending is forecast to be £6.481m less than the total budget (excluding schools).

- We forecast that general reserves at the year-end will be within the 2.5% to 3.5% range, but this assumes that some of the forecast underspend will be moved to earmarked reserves to avoid general reserves being above 3.5% of the total budget. We therefore estimate that general reserves will be 3.5% of the total budget based on current spending.
- The savings built into the 2019/20 revenue budget are forecast to be delivered with the exception of one item of £0.100m relating to the Coroners Service. This overspend can be contained this year using temporary mitigating measures and will be addressed as part of the budget setting and service review process for next year. In addition, we planned for increased investment income of £1.000m and are forecasting to achieve £1.500m.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience remains strong.

DISCUSSION

Revenue Budget Monitoring

Table A (Position as at 30 November 2019)

	Revised Net Revenue Budget £'000	Net Expenditure £'000	Year End Forecast £'000	Forecast Variance £'000	Forecast Variance %
COMMISSIONING STRATEGIES					
Readiness for School	5,007	2,447	5,141	134	2.7
Learn & Achieve	35,550	20,013	35,599	50	0.1
Readiness for Adult Life	7,432	4,925	6,335	-1,097	-14.8
Children are Safe and Healthy	66,016	49,948	66,564	548	0.8
Children's Services	114,004	77,334	113,639	-365	-0.3
Adult Safeguarding	4,486	3,176	4,486	0	0.0
Adult Frailty & Long Term Conditions	120,687	41,445	120,120	-567	-0.5
Carers	2,383	1,357	2,093	-290	-12.2
Adult Specialities	72,479	56,415	72,470	-9	0.0
Wellbeing	27,510	19,002	27,654	144	0.5
Public Health Grant Income	-31,800	-23,850	-31,800	0	0.0
Better Care Funding Income	-46,343	-22,165	-46,343	0	0.0
Adult Care and Community Wellbeing	149,403	75,380	148,681	-722	-0.5
Community Resilience & Assets	10,931	6,090	10,931	0	0.0
Sustaining & Developing Prosperity Through Infrastructure	42,160	24,048	42,147	-13	0.0
Protecting & Sustaining the Environment	25,185	14,022	25,656	471	1.9
Sustaining & Growing Business & the Economy	1,178	3,563	1,328	151	12.8
Place	79,453	47,723	80,062	609	0.8
Protecting The Public	24,262	16,031	24,262	0	0.0
How We Do Our Business	8,437	5,289	8,437	0	0.0
Enablers & Support To Council's Outcomes	43,165	32,738	40,898	-2,267	-5.3
Enablers & Support To Key Relationships	30	-183	30	0	0.0
Finance and Public Protection	75,894	53,875	73,628	-2,266	-3.0
TOTAL COMMISSIONING STRATEGIES	418,753	254,312	416,010	-2,744	-0.7
SCHOOL BUDGETS					
Central School Services Block (DSB Funded)	4,007	1,624	3,343	-664	-16.6
Early Years Block (DSB Funded)	41,738	26,201	41,374	-363	-0.9
High Needs Block (DSB Funded)	70,789	47,740	71,676	887	1.3
Schools Block (DSB Funded)	147,456	89,187	147,427	-29	0.0
Dedicated Schools Grant	-252,629	-170,303	-253,031	-402	0.2
Schools Budget (Other Funding)	5,962	-567	5,962	0	0.0
TOTAL SCHOOL BUDGETS	17,323	-6,119	16,752	-571	-3.3
OTHER BUDGETS					
Capital Financing Charges	39,958	-808	35,435	-4,523	-11.3
Contingency	2,787	0	787	-2,000	-71.8
Other Budgets	7,893	11,674	11,526	3,632	46.0
TOTAL OTHER BUDGETS	50,639	10,866	47,748	-2,891	-5.7
TOTAL EXPENDITURE	486,715	259,059	480,509	-6,205	-1.3
INCOME					
Revenue Support Grant	-20,139	-13,694	-20,139	0	0.0
Business Rates	-119,610	-84,370	-119,610	0	0.0
Council Tax	-299,388	-209,572	-299,388	0	0.0
Other Non Specific Grants	-17,676	-11,630	-18,522	-846	4.8
TOTAL INCOME	-456,813	-319,266	-457,659	-846	0.2
USE OF BALANCES					
Use of Balances - Earmarked Reserves	-30,102	-30,102	-30,102	0	0.0
Use of Balances - General Reserves	200	0	200	0	0.0
TOTAL USE OF RESERVES	-29,902	-30,102	-29,902	0	0.0
TOTAL	0	-90,309	-7,051	-7,051	

Children's Services

Readiness for School (Revised Budget £5.007m; Forecast Variance +£0.134m)

1.2 The majority of this overspend relates to an increase in demands in Children's Centres, such as the implementation of maternity hubs, which has had an impact on staffing requirements. This area is subject to a detailed review.

Learn and Achieve (Revised Budget £35.550m; Forecast Variance +£0.050m)

1.3 Although this commissioning strategy overall is broadly on target, there are two significant areas of variance (one overspent and one underspent). Home to School/College transport is currently showing £0.402m overspending, the same overspend presented to the Executive in October 2019. It is always difficult to predict the final position of the Home to School/College budget at this stage in the financial year and work is currently being undertaken using pupil numbers and contract information for the new academic year to ascertain a more accurate forecast. Officers are meeting monthly to review both the expenditure and the forecast but it is recognised that this particular budget is volatile with many external factors that will influence the final year end position.

1.4 Children with Disabilities is currently showing an underspend which relates mainly to the ending of a high cost placement (£0.200m) and a forecast reduction in the number of children requiring specialist equipment and the utilisation of grant funding (£0.153m).

Readiness for Adult Life (Revised Budget £7.432m; Forecast Variance -£1.097m)

1.5 The majority of the underspend (£0.810m) relates to the Council's legal duty for Supported Accommodation, which comes from the work undertaken through the transformation group in determining a suitable accommodation pathway policy for young people who require support or who are experiencing homelessness, and providing suitable more cost effective accommodation.

1.6 In addition the Youth Housing contract is currently forecasting a £0.104m underspend based on the current levels of accommodation. One-off funding from the 1% carry forward was earmarked to support temporary bed vacancies within the contract for young people placements requiring support due to the risk of homelessness. Occupancy levels have been between 95% to 100% and therefore the additional funding has not been required to the level expected for this demand-led budget.

Children are Safe and Healthy (Revised Budget £66.016m; Forecast Variance +£0.548m)

1.7 The majority of the overspending is due to an increase in Out of County Placements, which previously was expected to be on target. This has arisen due to an increase in numbers combined with the requirement for more specialist

placements. The higher cost placements reflect individuals' increasingly complex needs and the increase in numbers is due to there currently being no capacity in-house to accommodate them. This is a demand-led budget and the forecasts have been based on the current number of placements continuing until the end of the financial year. Officers will continue to monitor this budget on a monthly basis.

Adult Care and Community Wellbeing

Adult Safeguarding (Revised Budget £4.486m; Forecast Variance £0m)

1.8 Working in partnership with Lincolnshire Partnership NHS Foundation Trust (LPFT), 2019/20 provided a sum of money to reduce the number of assessments pending. This programme of work is well underway with the number pending reducing. The funds to support this programme are within the Adult Care and Community Wellbeing reserves and will be drawn down to reflect programme delivery. This will place Lincolnshire in a stronger position to transition to the Liberty Protection Safeguards currently proposed to come into being in October 2020.

Adult Frailty and Long Term Conditions (Revised Budget £120.687m; Forecast Variance -£0.567m)

1.9 Adult Frailty and Long Term Conditions budgets are indicating delivery within the allocated budget due to the following: -

- Current activity is forecast to be in line with the levels forecast when the budgets were set; and
- Better Care Fund expenditure is in accordance with the agreed template.

1.10 The projected underspend is as a result of an accelerated recovery of income predominantly from direct payment refunds and debtor income.

Carers (Revised Budget £2.383m; Forecast Variance -£0.290m)

1.11 Small underspends across the service and contracts in place are indicating a forecast underspend by the year end. These are not impacting on service delivery and with discussions with budget holders are being realigned in readiness for 2020/21.

Adult Specialities (Revised Budget £72.479m; Forecast Variance -£0.009m)

1.12 Adult Learning Disabilities is administered via a Section 75 agreement between the Council and NHS Commissioners across Lincolnshire. Current projections are indicating an increase in continuing healthcare services. The position assumes £1.289m additional income will be received from the Clinical Commissioning Group (CCG) for their share of responsibility of this increasing demand.

1.13 Mental Health Services are delivered by LPFT through a Section 75 agreement with the Council. The 2019/20 budget has been increased by £1.100m to reflect the projected increase in demand for mental health care. The projected outturn indicates that this will be fully utilised.

1.14 Executive will be asked on 3 March 2020 to approve the renewal of the Section 75 Agreement, which, if approved will commence on 1 April 2020. Projections are indicating a continued growth in need for mental health care and support. A service review will be completed to review the growth in service demand, analyse its financial impact and consider whether alternative service delivery approaches are available to minimise similar scale cost increases in future years.

Wellbeing (Revised Budget £27.510m; Forecast Variance +£0.144m)

1.15 Public Health and Wellbeing is reporting a £0.144m forecast overspend. This resulted from the likelihood that an expected grant would not be received however very recently the funding has now been released.

Public Health Grant Income (Revised Budget -£31.800m; Forecast Variance £0m)

1.16 The Public Health Grant receivable in 2019/20 is forecast to be within budget.

Better Care Funding Income (Revised Budget -£46.343m; Forecast Variance £0m)

1.17 The Better Care Funding Income receivable in 2019/20 is forecast to be within budget.

1.18 The Lincolnshire Better Care Fund (BCF) is an agreement between the Council and the Lincolnshire CCGs and is overseen by the Health and Wellbeing Board. The BCF pools funds from the organisations to aid the objective of integrated service provision.

1.19 The total pooled amount in 2019/20 is £254.282m which includes £58.682m allocated to the Lincolnshire BCF from the Department of Health and Social Care.

1.20 The pooled budget is made up of the minimum CCG contribution, Council base budgets and additional BCF monies received directly from the government. All the required regional partners have agreed the 2019/20 BCF and the budgets have been allocated accordingly.

1.21 For 2019/20 Winter Pressures monies are also being fed into the Council through this route and the October Adults and Community Wellbeing Scrutiny Committee received a report detailing how this would be spent in 2019/20.

Place

Community Resilience & Assets (Revised Budget £10.931m; Forecast Variance £0m)

1.22 Community Resilience & Assets, which relates to the Customer Service Centre, Libraries, Heritage and Community Services is forecast to be within budget for 2019/20.

Sustaining and Developing Prosperity through Infrastructure (Revised Budget £42.160m; Forecast Variance -£0.013m)

1.23 Although showing almost on target at this stage, there is a forecast overspend of £0.300m on street lighting due to increased energy costs. This is currently partially offset by savings on staffing within Highway Services/Asset Management and additional income within Traffic Management.

1.24 In addition, a forecast underspend within the Transport Service (-£0.109m) from savings in concessionary travel costs due to the reduced volume of journeys, offset by increased spend in progressing accessibility projects, helps to reduce these budget pressures.

Protecting and Sustaining the Environment (Revised Budget £25.185m; Forecast Variance +£0.471m)

1.25 The forecast in this area is for a £0.471m overspend. The areas to report are:

- Waste Services (+£0.279m) – this is mainly due to the anticipated increase in costs for the mixed dry recycling contract;
- Planning (+£0.182m) – this is due to increased costs for consultancy work arising from a planning application relating to a waste rendering plant and pressure to meet the budgeted level of planning fee income.

Sustaining and Growing Business and the Economy (Revised Budget £1.178m; Forecast Variance +£0.151m)

1.26 The forecast overspend of £0.151m within this area is mainly due to an increase in operational costs and reduced rental income from regeneration properties. Savings in other areas of Growth are being examined in order to offset this forecast overspend.

Finance and Public Protection

Protecting the Public (Revised Budget £24.262m; Forecast Variance £0m)

1.27 Protecting the Public which includes Lincolnshire Fire and Rescue Service, Trading Standards, Registration Services, the Coroners Service and Safer Communities is forecast to be within budget for 2019/20.

How We Do Our Business (Revised Budget £8.437m; Forecast Variance £0m)

1.28 How We Do Our Business, including Finance, Audit and Risk and Democratic Services, for 2019/20 is forecast to be within budget.

Enablers and Support to Council Outcomes (Revised Budget £43.165m; Forecast Variance -£2.267m)

1.29 There are four areas within this strategy contributing to the £2.267m underspend forecast. These are the following and will be further explained in paragraphs 1.30 to 1.35.

Service Area	Forecast Variance £'m
IMT	-1.260
Legal Services	-0.738
Human Resources	-0.269
Commercial Team	-0.234
Total	-2.501

1.30 Although reduced by some £0.293m from the September position, almost half of the forecast underspend is from IMT, which is made up of a number of areas. The key variances are summarised below-

- Staffing budgets (-£0.222m) – Vacancies in IMT some of which will shortly undergo job evaluation as the role requirements have changed. This will be re-balanced with the temporary staff/contractors budget as IMT will use more specialist contractors to undertake specialist projects to minimise the permanent staffing levels going forward;
- Microsoft Enterprise Agreement (-£0.104m) – The requirement to purchase the remaining licenses required was delayed and so current projection is for part year costs.
- The "fixing the basics" programme is addressing large numbers of complex technology infrastructure issues whilst also modernising our service; therefore improving performance and increasing stability.

The complexities of the work programme meant that accurate scheduling of the work was not possible at the time of budgeting. Significant work is still on-going and some activity, including Azure implementation (-£0.474m), is now expected to be fully completed in the next financial year.

1.31 Secondly, a surplus in excess of target of -£0.738m in Legal is predicted. This represents a change of +£0.065m on the previously reported position of -£0.803m underspend.

1.32 This is due to projected income generation continuing to be higher than the target for 2019/20. The Legal Management Board will decide on the use of any surplus at year end. In recent years, it has taken a decision to re-distribute the surplus in full to partner authorities in proportion to their use of the service.

1.33 Thirdly, Human Resources (HR) is currently forecasting an overall underspend of -£0.269m and is explained by the following-

- Some staff have been appointed at a later date than originally anticipated and the service is still holding vacancies (-£0.116m);
- Income for the HR Advisory Services had been set prudently. Income received from schools is forecast to exceed expectations (-£0.050m);
- Additional income has been received for both the Disclosure and Barring Service and the psychometric testing (-£0.056m); and
- An anticipated underspend forecast on the Serco contracts based on the current levels of demand (-£0.054m).

1.34 The forecast assumes that the -£0.065m surplus income from the purchase of employee leave will be transferred to reserves at year end.

1.35 Finally, the Commercial team is projected to underspend by -£0.234m. This is due to a number of staffing vacancies (-£0.210m), income of £0.014m from Serco for business analysis work completed by the team and £0.011m not required from non-pay budgets.

Enablers and Support to Key Relationships (Revised Budget £0.030m; Forecast Variance £0m)

1.36 Enablers and Support to Key Relationships for 2019/20 is forecast to be within budget.

Schools Budgets

1.37 In line with the DfE regulations any under or overspends on budgets held centrally within the ring-fenced 2019/20 Schools block, Central Schools Services block, Early Years block and High Needs block of the Dedicated School Grant (DSG) will automatically be carried forward to the next financial year and the Council will consult the Schools Forum on its use.

Central School Services Block (DSB Funded) (Revised Budget £4.007m; Forecast Variance -£0.664m)

1.38 This block covers funding allocated to the Council to carry out central functions on behalf of pupils in maintained schools and academies. The majority of the underspend relates to funding for historic commitments which has been funded

nationally at the same levels as 2018/19 where these commitments continue to exist. Budgets for these areas (which include schools centralised broadband and the PFI scheme funding affordability gap) have been set prudently. Provisional allocations for 2020/21 show that there will be a 20% reduction in historic funding (£0.556m).

Early Years Block (DSB Funded) (Revised Budget £41.738m; Forecast Variance -£0.363m)

1.39 This block covers funding for the universal 15 hour entitlement for all three and four year olds, the additional 15 hours for three and four year old children of eligible working parents, the 15 hour entitlement for disadvantaged two year olds and funding for maintained nursery schools. Overall funding for the Early Years block in 2019/20 is determined from the January 2019 schools census (5/12th) and the January 2020 schools census (7/12th), therefore funding is only provisional at this stage.

1.40 Funding allocated to providers is based on weekly participation levels submitted, therefore it is a demand-led and volatile budget. An underspend is forecast for the payment to private providers (£0.175m) based on expected levels of take up in the Spring term and for disadvantaged two year olds (£0.091m) considering the current level of take up. Further underspends are due to staffing vacancies within the central Early Years team.

High Needs Block (DSB Funded) (Revised Budget £70.789m; Forecast Variance +£0.887m)

1.41 This block covers funding for those pupils with Education, Health and Care plans occupying places in Lincolnshire schools (mainstream and special schools), other Local Authority schools and independent schools. An increasing number of Local Authorities across the country are incurring a deficit on their overall Dedicated Schools Grant (DSG), largely as a result of overspends on their High Needs block. Whilst Lincolnshire had previously not experienced such overspends, the current forecast has highlighted an increased level of spending. This can be explained by the following-

- An increase in the cost of placements made out of county to meet more complex pupil needs (£1.206m);
- A forecast overspend on mainstream school high needs top up funding (£1.021m), which reflects the rise in the number of Education, Health and Care plans in Lincolnshire;
- Exceptional pupil funding for special school placements that are at risk of breaking down (£0.312m); and
- Additional home tuition costs in response to the increasing numbers of pupils requiring specialist provision and the interim educational arrangements being put in place (£0.532m).

1.42 These have been partly offset by a share of the £125m made available nationally (£1.533m) in response to the growing high needs costs across the country, and one off underspends. Officers are continuing to review the position on a regular basis.

Schools Block Block (DSB Funded) (Revised Budget £147.456m; Forecast Variance -£0.029m)

1.43 The Schools block covers funding delegated through the Council agreed funding formula for mainstream maintained schools, and funding recouped by the Education and Skills Funding Agency (ESFA) for academy schools. Schools delegated funding is classified as spent for reporting purposes in line with grant conditions. Schools are required to comply with the Local Authority's school carry forward policy for surplus and deficit balances. A minor underspend is reported on the school growth fund for the Council planned school reorganisations to meet its statutory duty to provide sufficient school places for the children of Lincolnshire.

Dedicated Schools Grant (Revised Budget -£252.629m; Forecast Variance -£0.402m)

1.44 This underspend relates to the prior year adjustment for the Early Years block.

Schools Budget (Other Funding) (Revised Budget £5.962m; Forecast Variance £0m)

This funding relates to government grants for maintained schools allocated throughout the year, such as pupil premium, universal infant free school meals, for example. The Council's responsibility is to passport the grant funding to schools which, in line with the regulations, is classified as spent from a Council perspective. The current spending levels represent the advance grant funding received, and sickness insurance premiums received for the year from schools for the Council led scheme before reimbursements are paid. All underspends in government grants at the year-end for schools and the sickness insurance scheme are moved to earmarked reserves for the following financial year.

Other Budgets

Capital Financing (Revised Budget £39.958m; Forecast Variance -£4.523m)

1.45 An under spend of -£4.523m is forecast for the year on budgets that support the cost of the capital programme in 2019/20. This is due to adjustments to internal borrowing levels, re-phasing that has already taken place, and an allowance for further re-phasing totalling a reduction of £118.400m in the current year borrowing requirement. It also reflects a fall in the projected borrowing interest rates in line with current economic conditions.

1.46 It is assumed that the £0.893m revised budget for revenue contributions towards the capital programme will be fully utilised at the end of the year.

Contingency (Revised Budget £2.787m; Forecast Variance -£2.000m)

1.47 The revenue contingency budget has an original budget of £3.000m in 2019/20. Total allocation so far is £0.213m and detailed below:

- An allocation of £0.087m to Fire and Rescue Control staffing budget to address the risk that Control staffing numbers were too low to provide sufficient resilience; and
- To meet the revenue impact of the Library IT capital project an amount of £0.128m was allocated.

1.48 It now seems unlikely that the contingency will be fully spent by the year end, and a £2.000m underspend has been assumed. If new costs emerge during the remainder of this year which need to be funded by the revenue contingency, then this assumption will be updated.

Other Budgets (Revised Budget £7.893m; Forecast Variance +£3.632m)

1.49 The overspend is mainly due to the following:

- Capital receipts income (budgeted to be used to fund transformational work) is anticipated to be £2.139m less than the budget. This is due to: the challenges in getting planning permission before some properties are marketed which results in a delay to the sale process, and delays due to a current review of properties on the disposal list to see whether some could be used to meet the demands of the Council. From 2020/21 onwards capital receipts will be used to fund the capital programme or to repay borrowing so there will be no direct impact on the revenue budget due to shortfall in capital receipt.
- Insurance is anticipated to overspend and this is estimated to be by £1.303m. The 2019/20 budget was not increased in line with the 2018/19 overspend on premiums, as these became apparent too late in the budget process, and this gave an initial expected budget shortfall of £0.882m.

The 2019/20 premium further increased by £0.421m compared to last year. A proportion of the premium payment is calculated based on the history of the Council's claims. The increase in the number of liability claims alongside the increase in the total amount the Council had to pay to settle these claims in the previous year has contributed to the premium increase. This has been included as a cost pressure in the 2020/21 budget setting process.

Income

Revenue Support Grant (Revised Budget -£20.139m; Forecast Variance £0m)

1.50 The revenue support grant receivable for 2019/20 is forecast to be within budget.

Business Rates (Revised Budget -£119.610m; Forecast Variance £0m)

1.51 The business rates income receivable from the District Councils for 2019/20 is forecast to be within budget.

Council Tax (Revised Budget -£299.388m; Forecast Variance £0m)

1.52 The council tax income receivable from the District Councils for 2019/20 is forecast to be within budget.

Other Non-Specific Grant (Revised Budget -£17.676m; Forecast Variance -£0.846m)

1.53 When setting the budget for 2019/20 we estimated the values of some of the grants we were expecting to receive as information was not available at the time. Now we have received updated information and we are due to receive more than anticipated by £0.846m.

Grant Details	Budget £m	Amount Receivable £m	Difference £m
Extended Rights to Free Travel	0.639	0.758	-0.119
Key Stage 2 Modernisation & Phonics	0	0.028	-0.028
School Improvement, Monitoring & Brokering Grant	0	0.699	-0.699
Total	0.639	1.485	-0.846

Use of Reserves

1.54 We planned to use £3.087m from the Financial Volatility Reserve to balance the revenue budget in 2019/20 and to contribute £0.200m to General Reserves to maintain them at 3.5% of the total budget requirement.

1.55 Further earmarked reserves will be drawn down into service budgets during the financial year. The main drawdown of reserves so far this year is shown below:

- Legal Services Surplus - £0.769m – distribution of Legal Services trading surplus to various service areas; and

- Civil Parking Enforcement - £0.128m – to enable improvement schemes on highways or land/water adjacent to the highway.

Monitoring of Savings Achievement

1.56 A number of savings were identified when the 2019/20 revenue budget was prepared, and these were approved and built into the budget. The table at Appendix A shows these savings and whether or not it is forecast that they will be achieved. Where a saving may not be achieved commentary is provided to explain the reason for this and what mitigating actions may be taken.

1.57 Appendix A shows that there is one saving that will not be met namely-

- Coroners Service (£0.100m) – this is due to nationally agreed and significant increase to Coroners salaries and a decision to allow entry for the Assistant Coroners into the Local Government Pension Scheme; resourcing to clear the backlog of inquests; resourcing to support a higher degree of judicial decision making. The resulting overspend can be contained within existing budgets in the current year, but the shortfall in the base budget will be addressed as part of the ongoing service review and future budget setting.

1.58 There is one area where growth in income is expected to exceed the target.

- Additional interest receipts have generated £0.500m more due to timing of borrowing and investment return benchmark being exceeded by around 0.35%.

Impact on Financial Resilience

1.59 Our financial resilience, which is our ability to afford to continue providing services to our communities in the future, can be assessed using a number of different indicators. This section of the report focuses on those indicators which may be affected by our financial performance during the year and sets out whether our financial performance to date is likely to have either a positive or an adverse effect on our financial resilience.

1.60 Our Financial Strategy requires that our general reserves will be within the range of 2.5% to 3.5% of our total budget for the year. Our financial performance to date indicates that this will be achieved.

1.61 Our annual financial risk assessment, which was last carried out in October 2019, identified several financial risks with an estimated financial impact. The current status of these risks is set out below:

Inflation and interest rate risk. At this stage in the year we believe that our budget assumptions around inflation and interest rates are still reasonable. Short term interest rates have remained stable, whilst long term interest

rates have fallen during the year. The drop in long term interest rates has had a positive impact on our overall cost of borrowing.

Demand-led services. At this stage in the year we believe that our budget assumptions around demand-led services are still reasonable.

Savings built into 2019/20 budget. Appendix A shows how we expect to perform in terms of achieving savings this year. Paragraph 1.56 shows a summary of our performance and we are largely on track to deliver our previously agreed savings. There is one area where we are not achieving our planned savings and the impact is £0.100m – this is a relatively low figure compared to our whole budget and is unlikely to impact significantly on our financial resilience.

Costs of change. At this stage in the year we believe that our budget to cover redundancy costs will be sufficient.

Financial management. This revenue budget monitoring report shows that we are forecasting that expenditure this year will be contained within the overall approved budget. There is a forecast underspend of £6.481m which means that we are unlikely to need to use the planned contribution from the Financial Volatility Reserve to support the budget. The revenue contingency budget has been used this year, but at this stage there is still £2.787m remaining in it (see paragraph 1.47). No calls have been made on the Financial Volatility Reserve this year to date.

1.62 We conclude from this that our financial resilience remains relatively strong.

2. Legal Issues:

Equality Act 2010

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

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

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

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

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.

* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

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

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

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

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

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

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

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

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

Crime and Disorder

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

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

3. Conclusion

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

4. Legal Comments:

The Report sets out an update on spending as at 30 November 2019 compared with the revenue budget for the financial year starting on 1 April 2019 to assist the Executive in monitoring the financial performance of the Council.

5. Resource Comments:

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

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 30 January 2020. Any comments of the Board will be presented to the Executive.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

N/A

7. Appendices

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

Appendix A	Monitoring of Planned Savings 2019/20
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8. Background Papers

Document title	Where the document can be viewed
Budget Book 2019/20	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5273&Ver=4

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

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Monitoring of Savings – Budget Savings

Ref. No.	Commissioning Strategy	Service Area/Saving	Service Saving Information	Reported Position		
				Planned Saving £	Projected Saving £	Shortfall £
BUDGET SAVINGS						
AC01	Carers	Revised Adults Budgets 2018/19 and 2019/24	Other Savings	-75,000	-75,000	0
AE01	Wellbeing	Housing Related Support	Housing related support - redesign and procurement of services plus combining with Wellbeing service.	-181,250	-181,250	0
BB01	Children are Safe and Healthy	0-19 Health Services	Children's Services insourced the 0-19 health services in October 2017. This decision has allowed a more effective, integrated support for families as part of the overall delivery of Children's Services with teams working closely together to give quick, effective, joint support where it's needed. Savings have been found from having a lower cost base infrastructure and through utilisation of existing Children's Services sites, and a realisation of new ways of delivery.	-250,000	-250,000	0
BC01	Readiness for Adult Life	Supported Accommodation	A saving of £0.300m resulting from work undertaken through the transformational group to determine an accommodation pathways policy for young people who require support or who are experiencing homelessness, and providing suitable more cost effective accommodation. The Council is responsible for safeguarding and promoting the welfare of all young people under the age of 18 years, who may be considered to be in need as defined under Section 17 of the Children Act 1989, and all Looked After Children and Care Leavers until the age of 21 years. The new pathway policy has enabled accommodation support to be provided to the right individuals where family and wider network is not a suitable option, and accommodation through a more cost effective approach for intense needs supported accommodation. A pilot has been developed involving having in-house provision as a short term option to supported accommodation, before stepping forward onto another accommodation pathway. To date, this is proving to deliver effective value for money. The Council responded to the cost pressures in prior years for this area from demand and complexity of young people, however Children's Services was determined to reduce costs and deliver better provision & outcome, which is starting to materialise both operationally and financially.	-300,000	-300,000	0
CC01	Protecting and Sustaining the Environment	Waste Disposal	Move to capital purchase of waste transfer vehicles creates a revenue saving of leasing costs (this is dependent on approval of the capital programme). <i>Subject to agreement of additions to the capital programme.</i>	-41,000	-41,000	0
DA01	Protecting the Public	Coroners Service	Whilst we have agreement to move forward with the new model of delivery for the Coroners Service, there is an expectation that the existing cost pressure will continue until that model is fully in place.	-100,000	0	100,000
TOTAL BUDGET SAVINGS				-947,250	-847,250	100,000

Ref. No.	Commissioning Strategy	Service Area/Saving	Service Saving Information	Explanation of Shortfall			Commentary
				Saving Slipped to Next Year £	Budget Reinstated Next Year £	Other £	
BUDGET SAVINGS							
AC01	Carers	Revised Adults Budgets 2018/19 and 2019/24	Other Savings				Saving has been achieved by savings on contracts.
AE01	Wellbeing	Housing Related Support	Housing related support - redesign and procurement of services plus combining with Wellbeing service.				Savings have been delivered
BB01	Children are Safe and Healthy	0-19 Health Services	Children's Services inourced the 0-19 health services in October 2017. This decision has allowed a more effective, integrated support for families as part of the overall delivery of Children's Services with teams working closely together to give quick, effective, joint support where it's needed. Savings have been found from having a lower cost base infrastructure and through utilisation of existing Children's Services sites, and a realisation of new ways of delivery.				Savings have been delivered
BC01	Readiness for Adult Life	Supported Accommodation	A saving of £0.300m resulting from work undertaken through the transformational group to determine an accommodation pathways policy for young people who require support or who are experiencing homelessness, and providing suitable more cost effective accommodation. The Council is responsible for safeguarding and promoting the welfare of all young people under the age of 18 years, who may be considered to be in need as defined under Section 17 of the Children Act 1989, and all Looked After Children and Care Leavers until the age of 21 years. The new pathway policy has enabled accommodation support to be provided to the right individuals where family and wider network is not a suitable option, and accommodation through a more cost effective approach for intense needs supported accommodation. A pilot has been developed involving having in-house provision as a short term option to supported accommodation, before stepping forward onto another accommodation pathway. To date, this is proving to deliver effective value for money. The Council responded to the cost pressures in prior years for this area from demand and complexity of young people, however Children's Services was determined to reduce costs and deliver better provision & outcome, which is starting to materialise both operationally and financially.				Savings have been delivered
CC01	Protecting and Sustaining the Environment	Waste Disposal	Move to capital purchase of waste transfer vehicles creates a revenue saving of leasing costs (this is dependent on approval of the capital programme). <i>Subject to agreement of additions to the capital programme.</i>				Savings have been delivered
DA01	Protecting the Public	Coroners Service	Whilst we have agreement to move forward with the new model of delivery for the Coroners Service, there is an expectation that the existing cost pressure will continue until that model is fully in place.			Action to be determined	Budget saving will not be achieved this year. This has already been impacted by the budget pressures for the nationally agreed and significant increase to Coroners salaries and a decision by the Council to allow entry for the Assistant Coroners into the Local Government Pension Scheme. The new Senior Coroner is also clearing the backlog of inquests from his predecessor and therefore additional resources are needed to help with this. In addition the Coroner is bringing a higher degree of judicial decision making which is also needing to be resourced (e.g. requirement for witness statements). The shortfall this year will be contained within existing budgets.
TOTAL BUDGET SAVINGS							

Monitoring of Savings – Growth in Income

Ref. No.	Commissioning Strategy	Service Area/Saving	Service Saving Information	Reported Position		
				Planned Saving £	Projected Saving £	Shortfall £
GROWTH IN INCOME						
AB04	Adult Frailty, Long Term Conditions and Physical Disability	Revised Adults Budgets 2018/19 and 2019/20	Growth in User Contributions	-1,379,890	-1,379,890	0
AD01	Adult Specialities	Revised Adults Budgets 2018/19 and 2019/20	Growth in User Contributions	-669,223	-669,223	0
9203	Other Budgets		Interest receipts	-1,000,000	-1,500,000	-500,000
TOTAL GROWTH IN INCOME				-3,049,113	-3,549,113	-500,000
TOTAL REDUCTIONS TO BUDGET				-3,996,363	-4,396,363	-400,000

Ref. No.	Commissioning Strategy	Service Area/Saving	Service Saving Information	Explanation of Shortfall			
				Saving Slipped to Next Year £	Budget Reinstated Next Year £	Other £	Commentary
GROWTH IN INCOME							
AB04	Adult Frailty, Long Term Conditions and Physical Disability	Revised Adults Budgets 2018/19 and 2019/20	Growth in User Contributions				Additional income achieved.
AD01	Adult Specialities	Revised Adults Budgets 2018/19 and 2019/20	Growth in User Contributions				Additional income achieved.
9203	Other Budgets		Interest receipts				The increase is due to two factors: 1. Higher than expected cashflows in the year due to borrowing £50m for the capital programme earlier in the year to achieve low points in borrowing rates, coupled with slower than forecast spending on the capital programme. 2. Investment benchmark is also being exceeded by around 0.35% leading to higher than forecast interest receipts for year.
TOTAL GROWTH IN INCOME							
TOTAL REDUCTIONS TO BUDGET							

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Executive

**Open Report on behalf of Andrew Crookham
Executive Director - Resources**

Report to:	Executive
Date:	04 February 2020
Subject:	Capital Budget Monitoring Report 2019/20
Decision Reference:	I018712
Key decision?	No

Summary:

This report provides an update on capital spending compared with budgets for the financial year which started on 1 April 2019.

The tables in this report show the actual expenditure and any grants and contributions for the first eight months of this financial year to 30 November 2019, along with the forecast for spending and a comparison of the forecast against the approved budgets. For Projects the whole life budget and forecast of the project is shown.

The tables are split into "Blocks" which are annual recurrent allocations of funding, usually for maintenance or rolling replacements of assets, and "Projects" where the overall cost of an individual scheme is over £1m. The Gross Programme tables show the total value of the project - some schemes are wholly or partially funded by Grant and income from outside bodies. The Net Programme tables, after having deducted the Grants and income, show the actual cost of the project to be funded by the Council.

Recommendation(s):

That the Executive notes the current position on the capital budget.

Alternatives Considered:

1. This report shows the actual capital expenditure to date, and projected outturns for 2019/20 and for the whole life of capital projects, therefore no alternatives have been considered.

Reasons for Recommendation:

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

1. Background

1.1 In summary:

- This financial year, it is forecast that the capital programme will be underspent by -£0.445m. This is a combination of the net Block Programmes forecast overspend of +£0.179m and the net Projects forecast underspend of -£0.624m.
- The forecast overspend will be carried forward into the next financial year.
- For the Project schemes, the whole life budget is forecast to be underspent by -£13.302m. Of this, -£11.000m is due to the Boston Barrier scheme which is proposed to be replaced by various schemes as part of the 2020/21 onwards capital budget setting process.

DISCUSSION

Capital Programme

Table A: Net Summary Position for Block Schemes (Position as at 30 November 2019)

	Current Year - 2019/20					
	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
BLOCKS						
Adult Care & Community Wellbeing	0	0	0	12	0	0
Finance & Public Protection - Commissioning	17,007	-3,605	13,402	7,461	13,162	-240
Childrens Services - Commissioning	1,616	94	1,710	-5,937	1,481	-230
Environment & Economy - Commissioning	20,024	2,383	22,407	18,714	23,056	649
Other Programmes	7,500	429	7,929	0	7,929	0
Total Block	46,148	-699	45,449	20,250	45,628	179

Table B: Net Summary Position for Project Schemes (Position as at 30 November 2019)

	Current Year - 2019/20					
	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
PROJECTS						
Childrens Services	0	0	0	-397	0	0
Finance & Public Protection - Commissioning	14,510	-3,371	11,139	7,409	11,139	0
Growth	58,296	-13,324	44,971	21,743	44,347	-624
Total Projects	72,806	-16,696	56,110	28,755	55,486	-624

	Whole Life Total				
	Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
Childrens Services	0	0	-397	0	0
Finance & Public Protection - Commissioning	41,391	34,417	23,690	34,417	0
Growth	169,385	199,690	48,311	186,388	-13,302
Total Projects	210,776	234,107	71,603	220,805	-13,302

1.2 The capital programme comprises a series of schemes/projects which often span a number of years. The detailed listing for both Block and Project schemes can be found in Appendix A and B, respectively.

1.3 Where a scheme/project is known to be exhibiting a material variance to its spending profile we will explain this in the narrative.

1.4 As part of the budget monitoring process and in line with the budget setting process, the phasing of spending in the Capital Programme was aligned with the current spending plans i.e. budgets have been moved into future years where appropriate to spending plans.

Block Schemes

Adult Care and Community Wellbeing

Adult Frailty & Long Term Conditions

Disabled Facility Grants (line 2)

Gross Revised Budget £6.149m; Forecast Variance £0m

Net Revised Budget £0m; Forecast Variance £0m

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Blocks						
2 Better Care Fund - Disabled Facility Grants	0	6,149	6,149	6,149	6,149	0

1.5 The programme relates to £6.149m Disabled Facility Grants capital funding, which forms part of the Better Care Fund minimum contribution. We receive this grant and then pass it on in its entirety to the District Councils in line with the national terms of the funding arrangement. District Councils use this funding to deliver housing adaptations.

Finance and Public Protection

Enablers and Support To Council's Outcomes

Property (line 6)

Gross and Net Revised Budget £3.604m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
6	Property	5,804	-2,200	3,604	1,778	3,604	0

1.6 This revised budget includes a £2.300m per annum block allocation for the repairs and maintenance programme, £0.476m for County Farms alongside £0.810m for other schemes including works at Lincoln Campus and Grantham Fire Station.

1.7 The in-year budget changes consist of £0.470m budget brought forward from 2018/19, £2.051m re-phased to future years and budget transfers to other projects of £0.619m following feasibility reviews for schemes such as Grantham Fire Station.

Protecting the Public

Fire Fleet Vehicles and Associated Equipment (line 11)

Gross and Net Revised Budget £5.680m Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
11	Fire Fleet Vehicles and Associated Equipment	8,189	-2,509	5,680	4,387	5,680	0

1.8 This budget is to deliver a rolling programme for fire fleet assets in line with operational replacement cycles. In-year budget changes reflect the revised timing of delivery of vehicles, with 14 scheduled to be delivered in the current year and a further 19 in 2020/21.

Children's Services

Learn and Achieve

Provision of School Places – Basic Need (line 14)

Gross Revised Budget £23.216m; Forecast Variance +£1.200m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Blocks							
14	Provision of School Places (Basic Need)	22,971	245	23,216	6,130	24,416	1,200

Grants and Contribution Revised Budget -£22.971m; Forecast -£1.200m

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
BLOCKS							
14	Provision of School Places (Basic Need)	-22,971	0	-22,971	-13,341	-24,171	-1,200

Net Revised Budget £0.245m; Forecast Variance £0m

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
BLOCKS							
14	Provision of School Places (Basic Need)	0	245	245	-7,211	245	0

1.9 Basic need allocations are paid to local authorities by the Department for Education to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and by establishing new schools. This is un-ringfenced capital funding which is not time-bound so that local authorities can make the best decisions for their local area. The total amount of grant for 2019/20 is £17.921m. Expenditure on current schemes is planned to be £8.950m which will be funded from developer contributions (£1.248m) and the remainder from grant funding. The remaining un-committed funding will be transferred to reserves to be utilised in future years.

School Modernisation Condition Capital (line 15)

Gross Revised Budget £4.765m; Forecast Variance +£1.238m

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
Blocks							
15	Schools Modernisation / Condition Capital	4,511	254	4,765	3,272	6,003	1,238

Grants and Contribution Revised Budget -£4.293m; Forecast -£1.238m

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
BLOCKS							
15	Schools Modernisation / Condition Capital	-4,511	217	-4,293	-2,862	-5,531	-1,238

Net Revised Budget £0.472m; Forecast Variance £0m

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
BLOCKS							
15	Schools Modernisation / Condition Capital	0	472	472	410	472	0

1.10 School condition funding allocations are paid to the local authorities by the Department for Education to support the capital requirement to improve and

maintain the condition of the school estate (buildings and grounds). Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. The total amount of grant for 2019/20 is £4.293m. Expenditure on these schemes is planned to be £4.009m. The remaining balance of the 2019/20 grant (£0.284m) will be transferred to reserves to be utilised in future years.

Place

Community Resilience and Assets

Libraries (line 28)

Gross and Net Revised Budget £1.061m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
28	Libraries	150	911	1,061	64	1,061	0

1.11 The increase in budget was provided from the New Development Capital Contingency Fund to support the provision of updated ICT infrastructure in libraries that will be delivered by GLL.

Protecting and Sustaining the Environment

Flood Defence (line 29)

Gross and Net Revised Budget £1.100m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
29	Flood Defence	0	1,100	1,100	775	1,100	0

1.12 This budget is to fund flood alleviation projects including financial completion of the Louth and Horncastle project. The In Year Changes include budget which has been carried forward from previous years.

Flood and Water Risk Management (line 32)

Gross Revised Budget £0.517m; Forecast Variance £0m

Net Revised Budget £0.594m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Blocks							
32	Flood & Water Risk Management	0	517	517	12	517	0

1.13 The In Year Changes include budget which has been carried forward from last year to meet project commitments for flood and water risk management. Typically,

major flood alleviation schemes take a number of years to deliver, from feasibility to construction. In order to provide the certainty of funding to allow third-party contributions to be sought (including national Flood Defence Grant in Aid), each scheme has a capital allocation, which is carried forward until project completion. The Council's programme currently comprises 17 'live' schemes.

Sustaining and Developing Prosperity Through Infrastructure

Highways Asset Protection (line 36)

Gross Revised Budget £35.638m; Forecast Variance +£5.099m

		Current Year (CY) - 2019/20					Forecast Variance £'000
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	
BLOCKS							
36	Highways Asset Protection	24,955	10,683	35,638	39,158	40,737	5,099

Net Revised Budget £5.700m; Forecast Variance +£4.725m

		Current Year (CY) - 2019/20					Forecast Variance £'000
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	
BLOCKS							
36	Highways Asset Protection	0	5,700	5,700	15,084	10,425	4,725

1.14 This block includes spending on surface treatment, potholes, structures, traffic signals, street lighting and a variety of minor works to maintain highway assets and is predominantly funded by a Department of Transport (DfT) annual grant.

1.15 The original gross budget was £24.955m at the start of the year and this has been increased to £35.638m by the DfT. At the time of writing, the planned programme of work exceeds the DfT grant but delivery of the programme is heavily dependent on weather conditions during the winter so this additional spend may not materialise. Any variations on this spend will be carried forward to the next financial year.

Integrated Transport (line 37)

Gross Revised budget £4.197m; Forecast Variance -£2.716m

		Current Year (CY) - 2019/20					Forecast Variance £'000
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	
BLOCKS							
37	Integrated Transport	3,856	340	4,197	773	1,481	-2,716

Net Revised Budget £0.929m; Forecast Variance -£2.769m

		Current Year (CY) - 2019/20					Forecast Variance £'000
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	
BLOCKS							
37	Integrated Transport	544	385	929	-1,706	-1,840	-2,769

1.16 Although the current forecast is for a net £2.769m underspend in year, this budget has been allocated to emerging transport schemes for future years such as the A46 Welton roundabout project identified below which will, in accordance with the terms of this DfT grant, be carried forward into the next financial year.

Lincolnshire Enterprise Partnership Contribution (LEP) (line 44)

Gross and Net Revised Budget £7.864m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
44	Lincolnshire Enterprise Partnership Contribution	15,208	-7,344	7,864	0	7,864	0

1.17 The change in budget represents the expected timing of payments for the LEP programme in line with its planned portfolio of projects, which include Access to Employment Zones 1 and 2, Lincolnshire Lakes, Agrifood Centre of Excellence, Grantham Southern Relief Road and Scunthorpe Town Centre project. Appropriate budgets will be transferred to the relevant schemes in line with expended cost.

1.18 The wider portfolio of schemes will be spent across multiple financial years in line with LEP board approval.

A46 Roundabouts (line 49)

Gross and Net Revised Budget £0.331m Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
49	A46 Roundabouts	0	331	331	356	331	0

1.19 The In Year Changes include budget which was carried forward from last year due to work on the project being delayed by Public Inquiry. The Inquiry has now been cancelled following withdrawal of the objections and vegetation clearance is planned for February 2020 with construction works due to start in summer 2020.

Energy Efficiency Street Lighting Schemes (line 50)

Gross and Net Revised Budget £0.248m Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
50	Energy Efficiency Street Lighting Schemes	0	248	248	248	248	0

1.20 This project is concerned with replacing street lighting bulbs to gain efficiencies on the rising cost of energy. This has been promoted through a national SALIX agreement.

Sustaining and Growing Business and Economy

LEP Skills Investment Programme (line 55)

Gross and Net Revised Budget £1.698m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
55	LEP Skills Investment Programme	0	1,698	1,698	2,592	1,698	0

1.21 This capital project is funded by the LEP Single Local Growth Fund, aimed at increasing new apprenticeships and training places, by refurbishing existing and creating new learning spaces, initially at four colleges/approved training providers within Greater Lincolnshire, to upskill workforce for future employers to recruit from locally. The total amount of funding for this activity is £6.500m and is drawn down in arrears dependent on project claims. Further draw down of grant funding is anticipated this year.

1.22 The four settings initially incorporated into the project are Boston College, New College Stamford, North Lindsey College and Lincoln College.

Economic Development – Business Unit Development (line 56)

Gross and Net Revised Budget £1.000m Forecast Variance -£1.000m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
56	Economic Development - Business Unit Development	2,000	-1,000	1,000	0	0	-1,000

1.23 Detailed proposals are still being developed which will result in no expenditure being incurred in 2019/20.

Other Programmes

New Development Capital Contingency Fund (line 57)

Gross and Net Revised Budget £7.929m; Forecast Variance £0m

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS							
57	New Developments Capital Contingency Fund	7,500	429	7,929	0	7,929	0

1.24 For 2019/20 we set aside £7.500m in a New Developments Capital Fund for capital schemes which emerge during the financial year. The "in year" changes are explained below:

New Development Capital Contingency Fund	£'000
Original Budget	7,500
In-Year Changes	
Carried Forward from last year's underspend	6,638
Re-phasing into next year	-4,138
Allocation for Bluelight Collaboration Scheme	-1,357
Allocation for Libraries IT Project	-802
Return of funds due to completion of Horncastle Salt Barn	89
Total In-Year Changes	429
Funds set aside for emerging schemes	-4,664
Forecasted Position	3,265

1.25 It is currently forecast that all of this £3.265m will be allocated to schemes by the end of this financial year.

Project Schemes

Children's Services

Learn and Achieve

SEND Provision with Capital Funding for Pupils with EHC Plans (line 1)

2019-20 Gross Revised Budget £0.771m Forecast Variance £1.615m

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
SEND Provision with Capital Funding						
1 for Pupils with EHC Plans	771		771	1,989	2,386	1,615

2019-20 Net Revised Budget £0m Forecast Variance £0m

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
SEND Provision with Capital Funding						
1 for Pupils with EHC Plans	0	0	0	-397	0	0

Whole Life Project Gross Budget £2.313m, Forecast Variance £0m

	Wholelife Total				
	Original Approved Budget	Total budget and CGU	Total Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
SEND Provision with Capital Funding for					
1 Pupils with EHC Plans	2,313	2,313	1,989	2,313	0

Whole Life Project Net Budget £0m, Forecast Variance £0m

		Whole Life Total				
		Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
		£'000	£'000	£'000	£'000	£'000
PROJECTS						
1	SEND Provision with Capital Funding for Pupils with EHC Plans	0	0	-397	0	0

1.26 This capital funding is to create communities of specialist education across the county for pupils with Special Educational Needs and Disabilities (SEND), in both special and mainstream schools, through collaboration and collective responsibility ensuring all pupils' needs can be met at their nearest schools. When fully implemented, pupils will no longer have to travel considerable distances to a school to have their needs met, nor will pupils need to be educated away from home, unless a very specific need dictates. The Department for Education has allocated grant funding to local authorities to improve the special provision for children and young people with Education, Health and Care (EHC) plans. £2.386m of funding has been received in 2019-2020 and this will be utilised, along with other funding from earmarked reserves, to complete the investment programme between 2021 and 2023.

Enablers and Support to Council's Outcomes

Broadband (line 2)

2019-20 Gross and Net Revised Budget £4.747m Forecast Variance £0m;

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS							
2	Broadband	7,130	-2,383	4,747	1,140	4,747	0

Whole Life Project Gross Budget £40.482m, Forecast Variance £0m

Whole Life Project Net Budget £13.035m, Forecast Variance £0m

		Wholelife Total				
		Original Approved Budget	Total budget and CGU	Total Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
		£'000	£'000	£'000	£'000	£'000
PROJECTS						
2	Broadband	28,600	40,482	33,678	40,482	0

1.27 The In Year budget changes of £2.383m represent the re-phasing of expenditure to reflect the costs of the programme in this financial year in line with contractual performance.

1.28 Re-phased budget and contractual performance credits will enable Lincolnshire County Council (LCC) funding to be made available to match partner contributions for the next contracted phase of the programme.

Blue Light South Park (line 4)

2019-20 Gross Revised Budget £2.695m Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
4 Blue Light South Park	0	2,695	2,695	3,667	2,695	0

2019-20 Net Revised Budget £1.508m Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
4 Blue Light South Park	0	1,508	1,508	3,667	1,508	0

Whole Life Project Gross Budget £20.555m, Forecast Variance £0m

	Wholelife Total				
	Original Approved Budget	Total budget and CGU	Total Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to)
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
4 Blue Light South Park	21,000	20,555	21,528	20,555	0

Whole Life Project Net Budget £8.096m, Forecast Variance £0m

	Whole Life Total				
	Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
4 Blue Light South Park	7,140	8,096	9,068	8,096	0

1.29 The Blue Light Project is jointly funded by the Council, Lincolnshire Police and the East Midlands Ambulance Service (EMAS). The project is on target to budget with the Council's funding being transferred from the New Development Capital Contingency Fund.

1.30 To date £1.358m budget has been transferred from this fund during 2019/20 in line with the expenditure incurred at the end of quarter one with the remaining budget transfer being carried forward from the previous financial year. Remaining income will be received from Lincolnshire Police in line with the Tri-Service collaboration agreement (all monies from EMAS have already been received).

Lexicon House (line 5)

2019-20 Gross and Net Revised Budget £0m Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
5 Lexicon House	1,000	-1,000	0	0	0	0

Whole Life Gross and Net Budget £1.975m, Forecast Variance £0m

		Whole Life Total				
		Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
		£'000	£'000	£'000	£'000	£'000
PROJECTS						
5	Lexicon House	1,975	1,975	975	1,975	0

1.31 The In Year budget changes represent the re-phasing of expenditure to reflect the costs of the programme in this financial year. There has been a delay in establishing specific space requirements and therefore no expenditure is planned for this financial year until the review is complete.

Windows 10 Refresh 2018 (line 6)

2019-20 Gross and Net Budget £3.900m Forecast Variance £0m;

and Cloud Navigator & ICT Innovation (line 7)

2019-20 Gross and Net Budget £0m Forecast Variance £0m;

		Current Year (CY) - 2019/20					
		Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
		£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS							
6	Windows 10 Refresh 2018	0	3,900	3,900	2,596	3,900	0
7	Cloud Navigator & ICT Innovation	5,000	-5,000	0	0	0	0

Whole Life Project Gross and Net Budget £4.079m, Forecast Variance £0m (line 6)

Whole Life Project Net Budget £0m, Forecast Variance £0m (line 7)

		Whole Life Total				
		Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
		£'000	£'000	£'000	£'000	£'000
PROJECTS						
6	Windows 10 Refresh 2018	2,500	4,079	2,775	4,079	0
7	Cloud Navigator & ICT Innovation	14,000	0	0	0	0

1.32 The In Year budget change of £3.900m (line 6) includes carry forward from 2018/19 and transfer between the two projects and represents the allocation of approved IMT funding for the Windows 10 Refresh Project.

1.33 In addition, the remaining £1.100m budget change (line 7) represents the deferral of expenditure not required in 2019/20 into 2020/21 to develop a fit for purpose, secure and resilient IMT platform to support the Council's future requirements.

Protecting and Sustaining the Environment

Boston Barrier (line 17)

2019-20 Gross and Net Revised Budget £0m Forecast Variance £0m;

		Current Year (CY) - 2019/20					
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
PROJECTS							
17	Boston Barrier	0	0	0	0	0	0

Whole Life Project Gross and Net Budget £11.000m, Forecast Variance -£11.000m

		Whole Life Total				
		Original Approved Budget £'000	Total Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS						
17	Boston Barrier	11,000	11,000	0	0	-11,000

1.34 This project had already been re-phased into a future year and is proposed to be removed completely from the future capital programme and replaced with projects for the Boston area totalling £5.5m which, if approved by Council, will commence in 2021/22. The proposal is for a range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.

Sustaining and Developing Prosperity Through Infrastructure

Lincoln Eastern Bypass (line 19)

2019-20 Gross and Net Revised Budget £42.863m Forecast Variance -£1.327m;

		Current Year (CY) - 2019/20					
		Original Budget £'000	In Year Changes £'000	Revised budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
PROJECTS							
19	Lincoln Eastern Bypass	27,122	15,741	42,863	25,359	41,536	-1,327

Whole Life Gross Budget £124.228m, Forecast Variance -£2.943m

		Wholelife Total				
		Original Approved Budget £'000	Total budget and CGU £'000	Total Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS						
19	Lincoln Eastern Bypass	97,950	124,228	86,017	121,285	-2,943

Whole Life Net Budget £73.731m, Forecast Variance -£2.396m

		Whole Life Total				
		Original Approved Budget £'000	Total Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS						
19	Lincoln Eastern Bypass	47,640	73,731	35,520	71,335	-2,396

1.35 Although the current forecast shows a total **net** project underspend of £2.396m (over a £124m project) this position will be monitored as site conditions deteriorate due to the current flooding over the site.

Grantham Southern Relief Road (line 22)

2019-20 Gross Revised Budget £6.322m; Forecast Variance £0m;

2019-20 Net Revised Budget £1.322m; Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
22 Grantham Southern Relief Road	28,574	-22,252	6,322	1,444	6,322	0

Whole Life Gross Budget £101.630m, Forecast Variance £0m

	Wholelife Total				
	Original Approved Budget	Total budget and CGU	Total Expendi- ture to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
22 Grantham Southern Relief Road	64,000	101,630	17,581	101,630	0

Whole Life Net Budget £78.595m, Forecast Variance £0m

	Whole Life Total				
	Original Approved Budget	Total Budget and CGU	Total Net Expendi- ture to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000
PROJECTS					
22 Grantham Southern Relief Road	64,000	78,595	-1,228	78,595	0

1.36 The budget for 2019-20 has been re-phased to future years with the total project (whole life) expenditure still forecast to be on target. Phase 2 works on the A1 started on 16 September 2019 although progress has been impeded by the prolonged wet weather and at this stage it is unclear whether this will impact on the completion date. Phase 3 is programmed to commence in the first half of 2020 and take approximately three years to complete.

Street Lighting Transformation (line 23)

2019-20 Gross and Net Revised Budget £0.158m Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS						
23 Street Lighting Transformation	0	158	158	46	158	0

Whole Life Gross Budget £6.450m Total Project Forecast Variance £0m

	Wholelife Total				
	Original Approved Budget £'000	Total budget and CGU £'000	Total Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS					
23 Street Lighting Transformation	7,500	6,450	6,338	6,450	0

Total Project Net Budget £1.032m Total Project Forecast Variance £0m

	Whole Life Total				
	Original Approved Budget £'000	Total Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS					
23 Street Lighting Transformation	2,082	1,032	920	1,032	0

1.37 This project has been programmed for delivery over several years and is on target for delivery. Its aim is to put in place the infrastructure to enable night-time switch-off of lighting.

A46 Welton Roundabout (line 24)

2019-20 Gross Revised Budget £2.000m Forecast Variance £-1.502m;

	Current Year (CY) - 2019/20					
	Original Budget £'000	In Year Changes £'000	Revised budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
PROJECTS						
24 A46 Welton Roundabout (Integrated Transport/NPIF)	1,100	900	2,000	73	498	-1,502

2019-20 Net Revised Budget £0m Forecast Variance £0m;

	Current Year (CY) - 2019/20					
	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	Forecast Variance £'000
PROJECTS						
24 A46 Welton Roundabout (Integrated Transport/NPIF)	1,100	-1,100	0	-1,127	0	0

Whole Life Gross Budget £4.300m, Forecast Variance +£0.095m

Whole Life Net Budget £0.300m, Forecast Variance +£0.095m

	Wholelife Total				
	Original Approved Budget £'000	Total budget and CGU £'000	Total Expenditure to Date £'000	Scheme Total Forecast £'000	Variance (Total Forecast to Budget) £'000
PROJECTS					
24 A46 Welton Roundabout (Integrated Transport/NPIF)	5,216	4,300	269	4,395	95

1.38 This project is the construction of a new roundabout on the A46 junction at Welton. A reduction in planned expenditure is due to the scheme slipping into the

next financial year due to a Public Inquiry. The budget will be re-phased into 2020/21 and grants will be used to cover the current year expenditure.

Sleaford Rugby Club (Sleaford Growth Scheme) (line 29)

2019-20 Gross and Net Budget £0.166m Forecast Variance -£0.031m;

		Current Year (CY) - 2019/20					Forecast Variance £'000
		Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Actual (CY) £'000	Forecast £'000	
PROJECTS							
29	Sleaford Rugby Club (Sleaford	0	166	166	3	135	-31

Whole Life Gross and Net Budget £0.200m, Forecast Variance £0m

		Whole Life Total				Variance (Total Forecast to Budget) £'000
		Original Approved Budget £'000	Total Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	
PROJECTS						
29	Sleaford Rugby Club (Sleaford Growth	0	200	37	200	0

1.39 Total expenditure for this project is budgeted to be £2.564m with contributions from North Kesteven District Council, Greater Lincolnshire Local Enterprise Partnership (GLLEP) and developers reducing this to a net £0.200m. Some slippage in activity results in a forecast underspend in year of £0.031m but the project is forecast to be on target over the life of the project.

Capital Financing

1.40 The following table sets out the planned financing of the capital programme:

CAPITAL PROGRAMME FUNDING 2019-20			
	Planned Gross Funding	Current Gross Funding	Difference
Sources of Funding	£000	£000	£000
Revenue Funding of Capital	600	645	45
Borrowing	118,353	94,901	-23,453
Use of Capital Grant Unapplied		5,762	5,762
Grants and Contribution	59,547	80,858	21,311
Use of Earmarked Reserves		252	252
TOTAL FUNDING	178,500	182,417	3,917

1.41 As this report is showing that the capital programme is forecast to underspend in 2019/20, the amount of borrowing required is likely to be lower than the figure shown in the table by a further £0.445m.

1.42 The reduction in the borrowing above is the result of re-phasing current year's budget into future years following review of the capital programme.

1.43 Decisions on borrowing are taken in accordance with the Scheme of Delegation and the Treasury Management Strategy 2019/20.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

Crime and Disorder

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

As the Report simply reports on performance against the capital 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 within the report for the Executive to note.

4. Legal Comments:

The Report sets out an update on spending to 30 November 2019 compared with the capital budget for the financial year starting on 1 April 2019 to assist the Executive to monitor the financial performance of the Council. It also incorporates forecast total expenditure against budget for the whole life of capital projects which span more than one financial year, including 2019/20.

5. Resource Comments:

The report indicates that the current year capital budget is projected to be spending within the resources available and therefore no additional call on the reserves of the Council are expected to be required within the current financial year. The forecast underspend will impact on the revenue budget in that there will be a resulting underspend on capital financing charges.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 30 January 2020. Any comments of the Board will be presented to the Executive.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

N/A

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Detailed List of Block Schemes
Appendix B	Detailed List of Projects

8. Background Papers

Document title	Where the document can be viewed
Budget Book 2019/20	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5273&Ver=4

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

Detailed List of Block Schemes

Gross Programme

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Blocks						
1 Adult Care	0	0	0	12	0	0
2 Better Care Fund - Disabled Facility Grants	0	6,149	6,149	6,149	6,149	0
<u>Adult Frailty & Long Term Conditions</u>	0	6,149	6,149	6,161	6,149	0
Adult Care & Community Wellbeing	0	6,149	6,149	6,161	6,149	0
2 Infrastructure and Refresh Programme	600	197	797	225	825	29
4 Replacement ERP Finance System	0	322	322	2	139	-183
5 ICT Development Fund	0	1,153	1,153	551	1,153	0
6 Property	5,804	-2,200	3,604	1,778	3,604	0
7 Property Area Review	550	-390	160	0	160	0
8 County Farms Private Roads	179	-124	55	52	0	-55
9 Property Rationalisation Programme	0	0	0	238	0	0
<u>Enablers & Support To Council's Outcomes</u>	7,133	-1,043	6,090	2,846	5,881	-209
10 Fire & Rescue and Emergency Planning	1,620	-123	1,497	336	1,502	5
11 Fire Fleet Vehicles and Associated Equipment	8,189	-2,509	5,680	4,387	5,680	0
12 Registration Celebratory & Coroners Services	65	33	98	13	98	0
<u>Protecting The Public</u>	9,874	-2,599	7,276	4,736	7,281	5
Finance & Public Protection - Commissioning	17,007	-3,642	13,365	7,582	13,162	-204
13 Devolved Capital	1,136	0	1,136	1,376	1,500	364
14 Provision of School Places (Basic Need)	22,971	245	23,216	6,130	24,416	1,200
15 Schools Modernisation / Condition Capital	4,511	254	4,765	3,272	6,003	1,238
16 Schools Access Initiative	0	0	0	4	5	5
17 Other Academies	0	-8	-8	0	0	8
18 Other Learn & Achieve	1,617	-1,335	281	431	500	218
Provision of School Places (Basic Needs - Sleaford)	0	0	0	2	15	15
Provision of School Places (Basic Needs - Deepings)	0	0	0	7	25	25
<u>Learn & Achieve</u>	30,235	-844	29,391	11,222	32,464	3,073
21 Universal Infant Free School Meals Capital	0	0	0	107	139	139
22 Foster Capital	0	372	372	96	316	-56
23 Short Breaks for Disabled Children	0	20	20	0	0	-20
24 Children's IT	0	164	164	162	162	-2
<u>Children are Safe & Healthy</u>	0	557	557	365	618	61
25 Lincolnshire Secure Unit	0	2	2	8	132	131
<u>Readiness for Adult Life</u>	0	2	2	8	132	131
26 Early Years Sufficiency / Extended Provision	0	71	71	0	0	-71
27 Other Readiness for School	0	-30	-30	7	7	37
<u>Readiness for School</u>	0	41	41	7	7	-35
Childrens Services	30,235	-244	29,991	11,602	33,220	3,230
28 Libraries	150	911	1,061	64	1,061	0
<u>Community Resilience & Assets</u>	150	911	1,061	64	1,061	0
29 Flood Defence	0	1,100	1,100	775	1,100	0
30 Other Protecting & Sustaining the Environment	228	-182	46	0	76	30
31 Energy from Waste	112	-112	0	0	0	0
32 Flood & Water Risk Management	0	517	517	12	517	0
Equipment & Vehicles at Waste Transfer						
33 Stations	138	-138	0	0	0	0
34 Fire Suppression at Waste Transfer Stations	0	30	30	0	0	-30
35 Local Flood Defence Schemes	650	-650	0	0	0	0
<u>Protecting & Sustaining the Environment</u>	1,128	565	1,693	787	1,693	0

Gross Programme cont'd

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
Blocks							
36	Highways Asset Protection	24,955	10,683	35,638	39,158	40,737	5,099
37	Integrated Transport	3,856	340	4,197	773	1,481	-2,716
38	A16/A1073 Spalding to Eye Road Improvement	0	14	14	26	33	19
39	Other Sustaining and Developing Prosperity	0	62	62	2	2	-60
40	Grantham Growth Point - Public Realm 1 & 2 (was Other Regeneration Schemes)						0
41	Lincoln Growth Point	159	-450	-290	87	90	380
42	Lincolnshire Waterways	0	-144	-144	1	-144	0
43	Historic Lincoln	0	72	72	38	72	0
44	Lincolnshire Enterprise Partnership Contribution	15,208	-7,344	7,864	0	7,864	0
45	Network Resilience	0	617	617	533	591	-26
46	NPIF - National Productivity Investment Fund	0	0	0	0	0	0
47	Holdingham Roundabout (Sleaford Growth Schemes)	435	53	488	142	360	-128
48	Other Transport Initiatives	400	106	506	317	400	-106
49	A46 Roundabouts	0	331	331	356	331	0
50	Energy Efficiency Street Lighting Schemes	0	248	248	248	248	0
51	A18 Safer Road Fund	0	0	0	0	0	0
52	Countryside Rights of Way	0	0	0	0	0	0
	<u>Sustaining & Developing Prosperity Through Infrastructure</u>	45,014	4,587	49,601	41,682	52,065	2,464
	Other Sustaining and Growing Business and the						
53	Economy	0	475	475	145	475	0
54	Teal Park, Lincoln	0	0	0	2	0	0
55	LEP Skills Investment Programme	0	1,698	1,698	2,592	1,698	0
56	Economic Development - Business Unit Development	2,000	-1,000	1,000	0	0	-1,000
	<u>Sustaining & Growing Business & the Economy</u>	2,000	1,173	3,173	2,739	2,173	-1,000
	Growth	48,291	7,237	55,528	45,272	56,991	1,464
57	New Developments Capital Contingency Fund	7,500	429	7,929	0	7,929	0
	<u>Other Capital Programmes</u>	7,500	429	7,929	0	7,929	0
	Other Programmes	7,500	429	7,929	0	7,929	0
	Total Gross Programme - Block	103,033	9,929	112,962	70,617	117,452	4,490

Net Programme

	Current Year (CY) - 2019/20					
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
BLOCKS						
1 Adult Care	0	0	0	12	0	0
2 Better Care Fund - Disabled Facility Grants	0	0	0	0	0	0
<u>Adult Frailty & Long Term Conditions</u>	0	0	0	12	0	0
Adult Care & Community Wellbeing	0	0	0	12	0	0
2 Infrastructure and Refresh Programme	600	225	825	164	825	0
4 Replacement ERP Finance System	0	322	322	2	139	-183
5 ICT Development Fund	0	1,153	1,153	551	1,153	0
6 Property	5,804	-2,200	3,604	1,778	3,604	0
7 Property Area Review	550	-390	160	0	160	0
8 County Farms Private Roads	179	-124	55	-8	0	-55
9 Property Rationalisation Programme	0	3	3	238	0	-3
<u>Enablers & Support To Council's Outcomes</u>	7,133	-1,012	6,121	2,725	5,881	-240
10 Fire & Rescue and Emergency Planning	1,620	-118	1,502	336	1,502	0
11 Fire Fleet Vehicles and Associated Equipment	8,189	-2,509	5,680	4,387	5,680	0
12 Registration Celebratory & Coroners Services	65	33	98	13	98	0
<u>Protecting The Public</u>	9,874	-2,594	7,281	4,736	7,281	0
Finance & Public Protection - Commissioning	17,007	-3,605	13,402	7,461	13,162	-240
13 Devolved Capital	0	0	0	295	0	0
14 Provision of School Places (Basic Need)	0	245	245	-7,211	245	0
15 Schools Modernisation / Condition Capital	0	472	472	410	472	0
16 Schools Access Initiative	0	0	0	4	5	5
17 Other Academies	0	-8	-8	0	0	8
18 Other Learn & Achieve	1,616	-1,245	372	256	234	-138
Provision of School Places (Basic Needs - Sleaford)	0	0	0	2	15	15
Provision of School Places (Basic Needs - Deepings)	0	0	0	7	25	25
Childrens Services - Commissioning	1,616	94	1,710	-5,937	1,481	-230
28 Libraries	150	911	1,061	64	1,061	0
<u>Community Resilience & Assets</u>	150	911	1,061	64	1,061	0
29 Flood Defence	0	1,100	1,100	775	1,100	0
30 Other Protecting & Sustaining the Environment	228	-182	46	0	76	30
31 Energy from Waste	112	-112	0	0	0	0
32 Flood & Water Risk Management	0	594	594	-28	594	0
Equipment & Vehicles at Waste Transfer						
33 Stations	138	-138	0	0	0	0
34 Fire Suppression at Waste Transfer Stations	0	30	30	0	0	-30
35 Local Flood Defence Schemes	650	-650	0	0	0	0
<u>Protecting & Sustaining the Environment</u>	1,128	642	1,770	747	1,770	0

Net Programme cont'd

	Current Year (CY) - 2019/20						
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
BLOCKS							
36	Highways Asset Protection	0	5,700	5,700	15,084	10,425	4,725
37	Integrated Transport	544	385	929	-1,706	-1,840	-2,769
38	A16/A1073 Spalding to Eye Road Improvement	0	14	14	26	33	19
39	Other Sustaining and Developing Prosperity	0	70	70	2	2	-68
40	Grantham Growth Point - Public Realm 1 & 2 (was Other Regeneration Schemes)	0	0	0	0	0	0
41	Lincoln Growth Point	159	-450	-290	87	90	380
42	Lincolnshire Waterways	0	-144	-144	1	-524	-380
43	Historic Lincoln	0	72	72	304	72	0
44	Lincolnshire Enterprise Partnership Contribution	15,208	-7,344	7,864	0	7,864	0
45	Network Resilience	0	617	617	533	591	-26
46	NPIF - National Productivity Investment Fund	0	0	0	0	0	0
47	Holdingham Roundabout (Sleaford Growth Schemes)	435	53	488	142	360	-128
48	Other Transport Initiatives	400	106	506	317	400	-106
49	A46 Roundabouts	0	331	331	356	331	0
50	Energy Efficiency Street Lighting Schemes	0	248	248	248	248	0
51	A18 Safer Road Fund	0	0	0	-200	0	0
52	Countryside Rights of Way	0	0	0	0	0	0
	<u>Sustaining & Developing Prosperity Through Infrastructure</u>	16,747	-343	16,404	15,196	18,053	1,649
	Other Sustaining and Growing Business and the						
53	Economy	0	475	475	114	475	0
54	Teal Park, Lincoln	0	0	0	2	0	0
55	LEP Skills Investment Programme	0	1,698	1,698	2,592	1,698	0
56	Economic Development - Business Unit						
	Development	2,000	-1,000	1,000	0	0	-1,000
	<u>Sustaining & Growing Business & the Economy</u>	2,000	1,173	3,173	2,708	2,173	-1,000
	Environment & Economy - Commissioning	20,024	2,383	22,407	18,714	23,056	649
57	New Developments Capital Contingency Fund	7,500	429	7,929	0	7,929	0
	<u>Other Capital Programmes</u>	7,500	429	7,929	0	7,929	0
	Other Programmes	7,500	429	7,929	0	7,929	0
	Total Block	46,148	-699	45,449	20,250	45,628	179

Detailed List of Projects

Gross Programme

	Current Year (CY) - 2019/20						Wholelife Total				
	Original Budget	In Year Changes	Revised budget	Actual (CY)	Forecast	Forecast Variance	Original Approved Budget	Total budget and CGU	Total Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS											
SEND Provision with Capital Funding for Pupils with EHC Plans	771		771	1,989	2,386	1,615	2,313	2,313	1,989	2,313	0
Learn & Achieve	771	0	771	1,989	2,386	1,615	2,313	2,313	1,989	2,313	0
Childrens Services	771	0	771	1,989	2,386	1,615	2,313	2,313	1,989	2,313	0
2 Broadband	7,130	-2,383	4,747	1,147	4,747	0	28,600	40,482	33,678	40,482	0
3 Care Management System (CMPP)	0	11	11	0	11	0	2,500	4,648	4,637	4,648	0
4 Blue Light South Park	0	2,695	2,695	3,667	2,695	0	21,000	20,555	21,528	20,555	0
5 Lexicon House	1,000	-1,000	0	0	0	0	1,975	1,975	975	1,975	0
6 Windows 10 Refresh 2018	0	3,900	3,900	2,596	3,900	0	2,500	4,079	2,775	4,079	0
7 Cloud Navigator & ICT Innovation	5,000	-5,000	0	0	0	0	14,000	0	0	0	0
8 Childrens Services - Childrens Homes	250	-250	0	0	0	0	500	500	0	500	0
9 County Emergency Centre	500	0	500	6	500	0	500	500	6	500	0
10 Property Area Reviews						0	550	390	0	390	0
11 School Mobile Classroom replacement	300	-90	210	0	210	0	600	510	0	510	0
12 County Farms - grain stores						0	387	307	0	307	0
13 Property Improvement Programme						0	500	320	0	320	0
14 Property Improvement	250	-70	180	0	180	0		0	0	0	0
15 County Farms Grain Stores	80	0	80	0	80	0		0	0	0	0
County Farms - Sewage treatment /private roads						0	239	60	0	60	0
16 Enablers & Support To Council's Outcomes - Projects	14,510	-2,188	12,323	7,416	12,322	-1	73,851	74,326	63,599	74,326	0
Finance & Public Protection - Commissioning	14,510	-2,188	12,323	7,416	12,322	-1	73,851	74,326	63,599	74,326	0
17 Boston Barrier						0	11,000	11,000	0	0	-11,000
Boston Household Waste Recycling Centre	0	0	0	0	0	0	1,500	1,670	1,670	1,670	0
18 Protecting & Sustaining the Environment - Projects	0	0	0	0	0	0	15,276	14,757	1,675	3,757	-11,000
19 Lincoln Eastern Bypass	27,122	15,741	42,863	25,359	41,536	-1,327	97,950	124,228	86,017	121,285	-2,943
20 Lincoln East-West Link	0	-2	-2	0	2	3	21,984	20,366	20,368	20,366	0
21 Spalding Relief Road (Phase I)	0	2,494	2,494	86	3,919	1,425	10,000	25,291	92	25,291	0
22 Grantham Southern Relief Road	28,574	-22,252	6,322	1,444	6,322	0	64,000	101,630	17,581	101,630	0
23 Street Lighting Transformation A46 Welton Roundabout (Integrated Transport/NPIF)	1,100	900	2,000	73	498	-1,502	5,216	4,300	269	4,395	95
24 Lincoln Castle Revealed phase 2	0	0	0	43	0	0	1,200	1,067	1,110	1,067	0
25 A1084 Safer Road Fund	1,245	0	1,245	0	250	-995	1,245	1,245	0	1,245	0
26 A631 Middle Rasen to Bishops Bridge Safer Road Fund	645	0	645	0	200	-445	645	645	0	645	0
27 Gainsborough Corringham Road (dev with WLDC)	1,500	-1,500	0	0	0	0	2,500	1,000	0	1,000	0
28 Sleaford Rugby Club (Sleaford Growth Scheme)	0	166	166	3	135	-31		200	37	200	0
29 A631 Louth to Middle Rasen Safer Road Fund	0	0	0	7	5	5	2,725	2,725	7	2,725	0
30 Sustaining & Developing Prosperity Through Infrastructure - Projects	60,186	-4,294	55,891	27,060	53,025	-2,866	214,965	289,148	131,818	286,299	-2,848
31 Holbeach Food Enterprise Zone	0	470	470	160	470	0	6,025	790	480	790	0
32 Skegness Countryside Business Park 2	0	0	0	136	730	730		0	136		0
Sustaining & Growing Business & the Economy - Projects	0	470	470	296	1,200	730	6,025	790	615	790	0
Growth	60,186	-3,824	56,361	27,356	54,225	-2,136	233,490	302,607	134,104	288,759	-13,848
Total Gross Programme - Projects	75,467	-6,012	69,455	36,761	68,934	-522	309,654	379,247	199,691	365,398	-13,848

Net Programme

	Current Year (CY) - 2019/20						Whole Life Total				
	Original Budget	In Year Changes	Revised Budget	Actual (CY)	Forecast	Forecast Variance	Original Approved Budget	Total Budget and CGU	Total Net Expenditure to Date	Scheme Total Forecast	Variance (Total Forecast to Budget)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PROJECTS											
SEND Provision with Capital Funding for Pupils											
1 with EHC Plans	0	0	0	-397	0	0	0	0	-397	0	0
Learn & Achieve	0	0	0	-397	0	0	0	0	-397	0	0
Childrens Services	0	0	0	-397	0	0	0	0	-397	0	0
2 Broadband	7,130	-2,383	4,747	1,140	4,747	0	10,000	13,035	6,231	13,035	0
3 Care Management System (CMPP)	0	14	14	0	14	0	2,500	4,645	4,634	4,645	0
4 Blue Light South Park	0	1,508	1,508	3,667	1,508	0	7,140	8,096	9,068	8,096	0
5 Lexicon House	1,000	-1,000	0	0	0	0	1,975	1,975	975	1,975	0
6 Windows 10 Refresh 2018	0	3,900	3,900	2,596	3,900	0	2,500	4,079	2,775	4,079	0
7 Cloud Navigator & ICT Innovation	5,000	-5,000	0	0	0	0	14,000	0	0	0	0
8 Childrens Services - Childrens Homes	250	-250	0	0	0	0	500	500	0	500	0
9 County Emergency Centre	500	0	500	6	500	0	500	500	6	500	0
10 Property Area Reviews	0	0	0	0	0	0	550	390	0	390	0
11 School Mobile Classroom replacement	300	-90	210	0	210	0	600	510	0	510	0
12 County Farms - grain stores	0	0	0	0	0	0	387	307	0	307	0
13 Property Improvement Programme	0	0	0	0	0	0	500	320	0	320	0
14 Property Improvement	250	-70	180	0	180	0	0	0	0	0	0
15 County Farms Grain Stores	80	0	80	0	80	0	0	0	0	0	0
County Farms - Sewage treatment/private roads	0	0	0	0	0	0	239	60	0	60	0
16 Enablers & Support To Council's Outcomes - Projects	14,510	-3,371	11,139	7,409	11,139	0	41,391	34,417	23,690	34,417	0
Finance & Public Protection - Commissioning	14,510	-3,371	11,139	7,409	11,139	0	41,391	34,417	23,690	34,417	0
17 Boston Barrier	0	0	0	0	0	0	11,000	11,000	0	0	-11,000
18 Boston Household Waste Recycling Centre	0	0	0	0	0	0	1,500	1,670	1,670	1,670	0
Protecting & Sustaining the Environment - Projects	0	0	0	0	0	0	12,500	12,670	1,670	1,670	-11,000
19 Lincoln Eastern Bypass	27,122	15,741	42,863	25,359	41,536	-1,327	47,640	73,731	35,520	71,335	-2,396
20 Lincoln East-West Link	0	-2	-2	0	2	3	15,197	12,626	12,627	12,626	0
21 Spalding Relief Road (Phase I)	0	-6	-6	86	-6	0	10,000	13,291	92	13,291	0
22 Grantham Southern Relief Road	28,574	-27,252	1,322	-3,556	1,322	0	64,000	78,595	-1,228	78,595	0
23 Street Lighting Transformation A46 Welton Roundabout (Integrated Transport/NPIF)	1,100	-1,100	0	-1,127	0	0	3,216	300	-1,731	395	95
24 Transport/NPIF	1,100	-1,100	0	-1,127	0	0	3,216	300	-1,731	395	95
25 Lincoln Castle Revealed phase 2	0	0	0	629	0	0	1,200	1,014	1,056	1,013	-1
26 A1084 Safer Road Fund	0	0	0	0	0	0	0	0	-1,245	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	0	0	0	0	0	0	0	0	-645	0	0
27 Road Fund	0	0	0	0	0	0	0	0	-645	0	0
Gainsborough Corringham Road (dev with WLDC)	1,500	-1,500	0	0	0	0	1,500	0	0	0	0
28 WLDC	1,500	-1,500	0	0	0	0	1,500	0	0	0	0
29 Sleaford Rugby Club (Sleaford Growth Scheme)	0	166	166	3	135	-31	0	200	37	200	0
30 A631 Louth to Middle Rasen Safer Road Fund	0	0	0	7	0	0	0	0	7	0	0
Sustaining & Developing Prosperity Through Infrastructure - Projects	58,296	-13,794	44,501	21,447	43,147	-1,354	144,835	180,789	45,410	178,487	-2,302
31 Holbeach Food Enterprise Zone	0	470	470	160	470	0	6,025	3,116	480	3,116	0
32 Skegness Countryside Business Park 2	0	0	0	136	730	730	0	0	136	0	0
Sustaining & Growing Business & the Economy - Projects	0	470	470	296	1,200	730	6,025	3,116	615	3,116	0
Growth	58,296	-13,324	44,971	21,743	44,347	-624	169,385	199,690	48,311	186,388	-13,302
Total Projects	72,806	-16,696	56,110	28,755	55,486	-624	210,776	234,107	71,603	220,805	-13,302

**Open Report on behalf of Andrew Crookham
Executive Director - Resources**

Report to:	Executive
Date:	04 February 2020
Subject:	Capital Strategy 2020/21
Decision Reference:	I019275
Key decision?	No

Summary:

A Capital Strategy for 2020/21 has been prepared for the Council, in compliance with the CIPFA Prudential Code. The purpose of the Capital Strategy is to provide Members with a high level overview of capital expenditure, its financing and its longer term impact on future financial sustainability. The Capital Strategy will be included in the Council's Budget Book and aims to support budgetary decision making at the February Council meeting.

Recommendation(s):

That the Executive recommends that the Capital Strategy 2020/21 attached at Appendix A is approved by full Council.

Alternatives Considered:

- | | |
|----|--|
| 1. | <p>To adopt a modified Capital Strategy.</p> <p>Councils are required to have an annual Capital Strategy in accordance with the CIPFA Prudential Code as revised in 2017 and this Capital Strategy is considered best to satisfy the requirements of the Code.</p> |
|----|--|

Reasons for Recommendation:

The Capital Strategy 2020/21 will be reported in the Budget Book for 2020/21 and, together with other financial strategies, will support budgetary decision making at full Council.

The recommended Strategy is considered the most appropriate for the management of the Council's capital finances in accordance with the CIPFA Prudential Code.

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code was revised in 2017, and included the new requirement for local authorities to have a capital strategy in place by April 2019. The purpose of a capital strategy is to give a high level overview of how capital expenditure and its financing contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2 This Capital Strategy 2020/21 is an update and refresh of our first Capital Strategy which was for 2019/20. It covers the latest 10 year Capital Programme which forms part of our budget proposals for 2020/21 and includes a strengthened governance process around the review of capital business cases by officers prior to decisions being made on capital schemes by elected members.

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

Content of the Capital Strategy

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

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

1.6 The affordability of the capital programme is covered in section 11 and this is a key area of the strategy for Members. The assessment of affordability over the longer term is based on assumptions about the Council's future funding levels, and this section sets out the broad assumptions which have been made and the inherent risks arising from this forward view. Despite the level of uncertainty about the future local government finance regime and its impact on the Council, it is still possible to take a view on affordability and it has been assessed that the 2020/21 Capital Programme, which is included in the Council Budget 2020/21 report also on this agenda, is affordable over the longer term.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

Crime and Disorder

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

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

3. Conclusion

3.1 The Capital Strategy for 2020/21 is a new strategy for the Council, which will improve transparency around the Capital Programme and non-treasury investments, as well as support Members' decision-making on the Council's Budget.

4. Legal Comments:

The adoption of an annual capital strategy by the Council is required by the CIPFA Prudential Code.

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

5. Resource Comments:

The recommendation to approve the Capital Strategy to full Council is to ensure that a high level overview of the capital programme, its financing and the implications of these on the Council's future financial sustainability, are understood by Members when making decisions about the Council's Budget. The Capital Strategy 2020/21 shows that the Capital Programme proposals for 2020/21 onwards are affordable over the longer term.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 30 January 2020. Any comments of the Board will be presented to the Executive.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

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

7. Appendices

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

Appendix A	Capital Strategy 2020/21
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8. Background Papers

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

Background Paper	Where it can be viewed
Full Council Report dated 22 February 2019 and entitled "Council Budget 2019/20"	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5273&Ver=4
Council Budget Book 2019/20 Appendix N – Capital Strategy	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5273&Ver=4

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CAPITAL STRATEGY 2020/21

1. Aim of the Capital Strategy

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

2. Background Information

- 2.1 The CIPFA Prudential Code was revised in 2017, and included the new requirement for councils to have a capital strategy in place by April 2019.
- 2.2 This requirement has been driven by the changing face of local government finance. Councils have been through a number of years of austerity and reducing government funding, and some councils are now investing in commercial opportunities using capital budgets. In addition to this there are increasing demand pressures on services, which has added to the financial risks faced by councils. The Capital Strategy will help elected Members to understand the key risks and manage those risks to an appropriate level.
- 2.3 The Ministry of Housing Communities and Local Government (MHCLG) has issued revised statutory guidance on local government investments, which came into effect on 1 April 2018 and extended the meaning of "investments" to include the type of commercial investment referred to in paragraph 2.2. The Council has adhered to this guidance and it has been reflected in this Capital Strategy where it is relevant to do so.
- 2.4 In November 2019 the Chartered Institute of Public Finance and Accountancy published a guidance document entitled Prudential Property Investment, which reinforces the principle that Councils must not borrow

more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The guidance covers technical and legal issues relating to investment in commercial property. Appendix B sets out our approach to such investments in our Commercialisation Strategy.

- 2.5 The Council's first Capital Strategy was for 2019/20. This Capital Strategy is the second iteration.

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

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

Definitions

- 3.2 **Capital expenditure** is spending on buying, building or enhancing long term assets. Examples of long term assets include: land and buildings, vehicles, infrastructure such as roads and bridges, specialised facilities such as recycling plants, specialised equipment such as fire-fighting equipment.
- 3.3 The term "**capitalised**" means "treated as capital expenditure". This requires certain accounting treatments and the inclusion of capitalised assets in an asset register.
- 3.4 The Secretary of State will allow some expenditure types to be capitalised in certain exceptional circumstances, and councils must apply for permission to capitalise expenditure which would normally be treated as revenue expenditure. An example of such an item approved for another council in the past is the capitalisation of large-scale redundancy costs.
- 3.5 **Revenue expenditure** is therefore all expenditure which is not capital expenditure – this usually applies to spending on the day to day running costs of the Council which doesn't result in long term assets e.g. salaries of employees, rent of buildings, fuel, stationery etc.
- 3.6 **Capital receipts** are monies received when capital assets are sold. By law, capital receipts can only be used to either repay loans or finance new capital expenditure. The government has introduced a temporary relaxation of these rules to allow capital receipts to be used to fund revenue expenditure on projects which will reduce future revenue costs. This will last until March 2022 and the Council has taken advantage of this in previous years. From 2020/21 onwards, the Council's strategy will be to use capital receipts only to either repay loans or to finance new capital expenditure.

Accounting Policy on Capitalisation

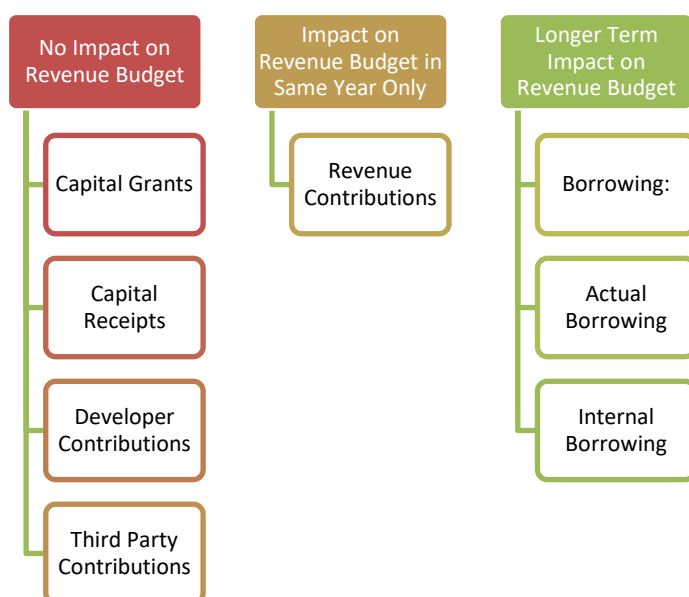
3.7 The rules on what types of expenditure can or cannot be capitalised are set out in International Financial Reporting Standards and in the CIPFA Accounting Code of Practice, as well as in law. Councils are allowed to set a minimum threshold value for capital expenditure to ensure that only the more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

The Funding of Capital Expenditure

3.8 At Lincolnshire County Council the budget for capital expenditure is known as the **Capital Programme** and is separate from the **Revenue Budget**. The Capital Programme will cover at least three years because capital projects are often large projects that span more than one financial year to completion.

3.9 When formulating the Capital Programme, decisions must be made about the most cost effective way of funding it. There a number of different potential sources of funding for the capital programme and these are shown in the diagram below, together with their impact on the Revenue Budget. Further explanation is below the diagram.

Sources of Funding and their Impact on the Revenue Budget:



Capital Grants

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

Capital Receipts

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

Developer Contributions

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

Revenue Contributions

- 3.13 The Council can use some of its Revenue Budget to directly finance new capital expenditure. When this happens there is an impact on the Revenue Budget in that year, however there is no longer term impact. The Council does not usually budget for significant revenue contributions as this would

divert funds away from the running costs needed to provide core services. However, if there is a Revenue Budget underspend at the end of any financial year then this use should be considered as part of the decision on the Council's use of underspends to carry forward to the next financial year's budget. Using revenue underspend to finance part of the capital programme will reduce the capital financing impact on the revenue budget in the longer term.

Actual Borrowing

- 3.14 When the use of the above sources of funding have been maximised to finance the Capital Programme, the remainder of capital expenditure will be financed by borrowing. This amount is called the Council's Borrowing Requirement. The Council's strategy for its borrowing is set out in the Treasury Management Strategy Statement and takes account of factors such as interest rates and the spreading of loan repayment dates to reduce risk. The Council predominantly borrows from the Public Works Loans Board (PWLB), which is an Executive Agent of HM Treasury and provides loans to councils at beneficial interest rates. The Council can also take loans from the financial market if these are at lower rates than PWLB loans.
- 3.15 When borrowing is used to finance the Capital Programme, it impacts on the Revenue Budget in two ways. Firstly, loan interest payments are charged to the Revenue Budget over the term of the loan. Secondly, a charge is made to the Revenue Budget to provide for the cost of repaying loan principal when it falls due – this is called the Minimum Revenue Provision (MRP). The MRP charge is calculated by taking the amount of capital expenditure financed by borrowing and dividing this over the number of years the asset concerned is expected to be in use. This charge is made to the Revenue Budget every year until the end of the asset's life. This means that the impact of capital expenditure on the Revenue Budget can sometimes be very long term e.g. an asset with a life of 50 years would generate an MRP charge for the next 50 years and a loan taken for say 40 years would generate an interest charge for the next 40 years.

Internal Borrowing

- 3.16 The Council's Treasury Management Strategy allows for its borrowing requirement to be deferred until a later date if the Council has sufficient cash surplus to cover the cost of the capital expenditure, and if it would be financially beneficial to do so and it would help to manage risk. This is known as "internal borrowing" i.e. the Council borrows from its own cash reserves and repays these at a later date by taking an actual loan. This, in effect, converts the internal borrowing into actual borrowing. When internal

borrowing is the means of financing, the Minimum Revenue Provision charge is still payable on the asset concerned, however there are no interest costs charged to the Revenue Budget. Once the internal borrowing converts to actual borrowing then there will be an interest charge.

4. The Capital Process

- 4.1 Underpinning the capital process are the Council's service objectives and priorities, together with its asset management strategies. The Council's priorities are set out in Annex A, and links to asset management strategies, can be found in Annex B.
- 4.2 The capital process is as follows:
 1. Identification of a need which would require Capital Expenditure. This should be recorded in a Full or Outline Business Case.
 2. Exploration of options to satisfy the identified need. This should be recorded as an Options Appraisal and should consider: value for money / financial sustainability / risk / capacity to deliver the project. The results should be included in the Full or Outline Business Case.
 3. Review of Full or Outline Business Cases by **Directorate Leadership Teams**.
 4. Presentation of Full / Outline Business Cases to an **Officer Capital Challenge Group**.
 5. The **Officer Capital Challenge Group** will review and, if required, challenge business cases. The **Executive Director for Resources** will then determine whether to refer the business cases for consultation with the **Executive Councillor for Finance and Communications**.
 6. Annually in June, the **Officer Capital Challenge Group** will consider Full / Outline Business Cases prepared in respect of projects for the following year's Capital Programme.
 7. Annually in September, the **Officer Capital Challenge Group** will consider programmes of work prepared in respect of bids for annual "block" funding in the following year's Capital Programme.
 8. Throughout the year, the **Officer Capital Challenge Group** will monitor the delivery of capital projects and this will feed into the capital budget monitoring process.

9. Earmarking of funding in the Capital Programme. The opportunity to do this will be during the autumn of each year as part of the budget setting process. Following feedback on bids from the **Officer Capital Challenge Group** and in the light of consultation with the **Executive Councillor for Finance and Communications**, a draft Capital Programme will be prepared by the **Executive Director of Resources** and its cost calculated. As the Capital Programme covers three years, planning for Capital Projects should be forward-looking. Alternatively, if funding approval is required urgently, Business Cases can be presented to the **Executive Director of Resources** (in consultation with the **Executive Councillor for Finance and Communications**) for approval. Such approval will allow the project to be allocated budget from the capital programme's New Developments Capital Contingency fund.
10. Consideration of the affordability of the Capital Programme. The draft capital programme will be included in budget reports to the **Executive** and to the **Overview and Scrutiny Management Board** as part of the budget setting process and the final Capital Programme will be approved by full Council as part of the budget. The reports will clearly show the potential longer term financial impact of each project / asset on the Revenue Budget, as well as the potential longer term financial impact of the capital programme as a whole.
11. If the capital projects identified by **Departmental Leadership Teams** exceed what is affordable over the longer term, the **Executive** will be asked to prioritise capital projects for presentation to full **Council** to ensure that an affordable capital programme can be approved. In this case, some projects will have to be deferred or removed altogether.
12. Once an affordable capital programme has been approved by the **Council** in February as part of the budget setting process, capital projects will be monitored and reported on as part of the Council's budget monitoring process.
13. Before a capital project which has funding earmarked in the Capital Programme can start there will need to be separate executive level approval to commence, and a detailed Capital Scheme Appraisal report including a Full Business Case must be approved, normally by the **Executive Councillor for Finance and Communications** if the value of the project is over £500,000. If the value of the project is less than £500,000 the project may be approved by **the relevant Executive Director** following consultation with the appropriate **Executive**

Councillor(s). This may be done by an individual report or as part of a wider programme of works.

14. When a capital project is complete and an asset has been created, that asset will be managed over its life. This will involve bringing the asset into use, maintaining it and planning for its disposal and/or replacement, if required, as the end of its useful life approaches.
15. Finally, the asset will be taken out of service and either sold or disposed of.

5. Key Principles of the Capital Strategy

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

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

6. Capital Objectives

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

7. Integration with Other Plans and Strategies

- 7.1 The Capital Strategy is not a standalone document. It must be seen in the context of the Council's other strategic documents which outline how the Council's longer term objectives will be achieved. Some of these have a

clear impact on the Capital Strategy and these impacts have been extracted and are interpreted in Annex B.

8. Guidance for Officers with Responsibility for Capital Planning

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

- 8.5 The Council's Financial Procedure 1 (Financial Planning and Management) must be followed by Officers involved with capital expenditure and can be found on the Council's intranet.
- 8.6 When writing a business case, the cost of the capital project, together with any associated funding such as capital grant, must be phased as accurately as possible into the financial years when the expenditure / income is expected to occur. This will enable the financial impact on the revenue budget to be more accurately assessed.
- 8.7 Business cases should be considered by **Directorate Leadership Teams** to ensure that they align to the **Corporate Plan**. If identified as a project the **Directorate Leadership Team** wishes to progress then they must be submitted to the **Officer Capital Challenge Group** for inclusion in the Capital Programme as part of the budget setting process, by the end of May each year.
- 8.8 Projects requiring urgent (in-year) funding approval can be taken for approval by the **Executive Director of Resources** in consultation with the **Executive Councillor for Finance and Communications**. On such approval Capital Programme budget allocations can be made from the New Developments Capital Contingency Budget.
- 8.9 Inclusion in the Capital Programme or an in-year approval only provides availability of funding. To commence the project an appropriate executive level decision is needed and a Capital Scheme Appraisal will be required to be approved, normally by the **Executive Councillor for Finance and Communications**.

9. Capital Expenditure Approval and Monitoring Process

- 9.1 The **Corporate Leadership Team (CLT)** will review the draft future Capital Programme in October and consider its affordability. If it is deemed to be unaffordable, **CLT** will prioritise the Capital Programme projects and make recommendations to the **Executive** as to which projects should or should not be approved.
- 9.2 The **Executive** is responsible for considering the Capital Programme in December along with recommendations on how the capital programme will be financed as a whole, its affordability and a recommendation from **CLT** on which projects should be prioritised if the whole programme is unaffordable. The **Executive** will propose a budget for public consultation during January and meet in February to recommend a revenue budget and a Capital Programme to the **Council** for approval.
- 9.3 The **Council** will consider and approve a joint Capital Programme and Revenue Budget in February of each year.

- 9.4 Performance against the Capital Programme will be reported to the **Overview and Scrutiny Management Board** quarterly. The final position at the end of the year will be reported to the **Executive** in June each year.

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

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

in the Commercialisation Strategy highlighted in Annex B, however the Council owns some investment properties which do generate income. The majority of these properties are collectively known as County Farms and these are investments which have been held for a number of years by the Council. The table in Annex F shows the value of these investment properties as £108.7m, which is just below 8% of the total value of all property plant and equipment assets owned by the Council as at 31st March 2019. The estimated annual income from investment properties is £2.2m, which is approximately 0.5% of the revenue budget, and is considered to be an insignificant proportion. The Council's strategy is to maintain these assets and a summary of the investments is shown in Annex F.

- Equity shares held for service reasons. Again the strategy is not to invest in equity shares ordinarily but the Council may choose to do so if this would support the delivery of services.

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

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

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

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

- The Council uses a specialist third party agent to manage the collection of rental income.
- Prudential limits have been set to manage the risks arising from non-treasury investments (shown in Annex G).

10.5 A fourth category of non-treasury investment exists, which is: Equity shares held for non-service reasons. The Council does not hold any

equity shares under this category and the current Capital Strategy does not permit the purchase of such investments. Prudential limits have therefore not been set for this category of investment.

- 10.6 A schedule of non-treasury investments currently held by the Council is provided in Annex F.

11. Affordability of the Capital Programme

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

- d) The cost of interest on loans which will be taken in the future is subject to future unknown interest rates. There are other treasury risks which could impact on the cost of future borrowing e.g. re-financing risk and liquidity risk.
- 11.4 Despite the uncertainties, it is still possible to look forward and take a view on the affordability of the capital programme. A high level summary of the proposed capital programme for 2020/21 and future years up to 2028/29 is included at Annex D (the detailed capital programme is included in the Council's Budget Book). The estimated additional on-going impact on the revenue budget of this capital programme has been calculated as just over £5.6m per annum.
- 11.5 This must be seen in the context of the Council's overall net revenue budget in order to determine its affordability. The amount of the Council's budget is not known beyond 31st March 2021, but a prudent estimate can be made going forwards which allows for a modest increase in funding each year up to 2023/24. This assumes that the new local government finance reforms will be more favourable to County Councils than the current system and that there will still be increases to Council Tax levels to some extent. It is expected that the equivalent assumptions in the next iteration of this strategy will be made in the light of more certain information about future funding levels.
- 11.6 The graph at Annex E shows the estimated total proportion of the net revenue budget which would need to be allocated to finance the capital programme set out in Annex D for the next eight years. It can be seen that in each of the next eight years, the Council is expected to be within its voluntary prudential indicator i.e. that capital financing charges, comprising MRP and interest, will not exceed 10% of the Council's total income in each year.
- 11.7 This indicates that the Capital Programme for 2020/21, which also covers future years, is affordable. It is important to note however that there are risks inherent in this conclusion. Some of these risks are explained in paragraph 11.3 above. In addition it must be recognised that the capital programme will be refreshed each year and this assessment will need to be repeated each time to determine future affordability.

12. Role of the Section 151 Officer

- 12.1 The Section 151 Officer is responsible for ensuring that elected members tasked with either treasury management responsibilities or capital programme scrutiny responsibilities have access to training relevant to their needs and those responsibilities.

12.2 The Section 151 Officer is also responsible for ensuring that employees with responsibility for budget management, accounting, finance, and treasury management, are suitably skilled and experienced and have the opportunity to maintain their professional competence.

12.3 Statement of the Section 151 Officer:

The Section 151 Officer is satisfied that the Capital Programme for 2020/21, which includes future years, has been through a robust scrutiny process. The Capital Strategy includes an assessment of financial risks and the Section 151 Officer is satisfied that prudent assumptions have been made relating to those areas of risk and that the Capital Programme for 2020/21 is affordable over the longer term.

Council Priorities

People and Communities will have:

- High aspirations;
- The opportunity to enjoy life to the full;
- Thriving environments;
- Good value Council services.

Links to Other Strategies

A. Medium Term Financial Strategy

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

- a. The Council has set a key financial performance measure which relates to the affordability of the capital programme, which is that the level of council tax will remain in the lowest quartile of all English County Councils.
- b. We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which also covers a longer term period up to ten years.
- c. The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.
- d. The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.
- e. During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.
- f. Budget holders can bid for investment in new opportunities (either revenue or capital) as part of the annual budget process. These will be considered in the context of the business case and affordability.

- g. We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.

B. Flexible Use of Capital Receipts

In September 2016 the Council approved the Efficiency Plan, and the flexible use of Capital Receipts, to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by Government for the period 2016/17 to 2019/20. In December 2017, the Government set out further measures to support councils to deliver services. One of these measures was an extension to the use of Capital Receipts to help meet the Revenue costs of transformation for a further 3 years to April 2022.

From next year, 2020/21, we no longer plan to use Capital Receipts to fund transformation projects. Instead, we plan to use our Earmarked Reserves for this purpose. This will allow us to revert to using Capital Receipts to repay borrowing or to finance new Capital expenditure.

C. Commercialisation Strategy

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

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

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

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

D. Treasury Management Strategy

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

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

- a. Long term loans are usually secured at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime thereby reducing the risk of adverse interest rate changes. However up to 30% of all borrowing could alternatively be secured at variable rates of interest.
- b. The Council will take new borrowing from the PWLB in all periods with the aim of achieving an even "spread of maturity" profile and keeping an increase in the average cost of the Council's debt to a minimum.
- c. Consideration will be given to borrowing market loans, to fit into the above maturity strategy, in order to take advantage of lower rates offered on these loans. This proportion is limited to no more than 20% of total external borrowing for market loans and 10% of total external borrowing for Lender Option Borrower Option loans (which are also market loans).
- d. Other long term liabilities e.g. loans to other bodies and PFI contracts also impact on the revenue budget and future sustainability. Separate limits are set each year for total borrowing and for total other long term liabilities.
- e. Limits are set on the maturity structure of borrowings i.e. no more than 25% will mature within 12 months; no more than 25% will mature between 12 months and 24 months; no more than 50% will mature between 24 months and 5 years; no more than 75% will mature between 5 years and 10 years. This means that exposure to short term interest rate risk is limited.
- f. The Minimum Revenue Provision and Interest Charges together shall not exceed 10% of the Council's Net Revenue Stream.

Two "proportionality" Prudential Indicators have been set for 2020/21, to support the Capital Strategy and these are shown in Annex G. The Treasury Management Strategy includes the Council's **Capital Financing Requirement**,

which reflects the need to borrow to fund capital expenditure in the future. It also includes the Policy for Minimum Revenue Provision which allows for debt to be repaid over the life of the underlying assets.

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

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

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

E. Asset Management Strategies

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

- Highways Asset Management Strategy

<https://www.lincolnshire.gov.uk/directory-record/61684/highways-asset-management-strategy>

- Integrated Risk Management Plan 2016-2020 (which includes a section on Fire and Rescue asset management)

<https://www.lincolnshire.gov.uk/performance-plans-reports/service-planning-values>

Prioritisation of Capital Programme Projects

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

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

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

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

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

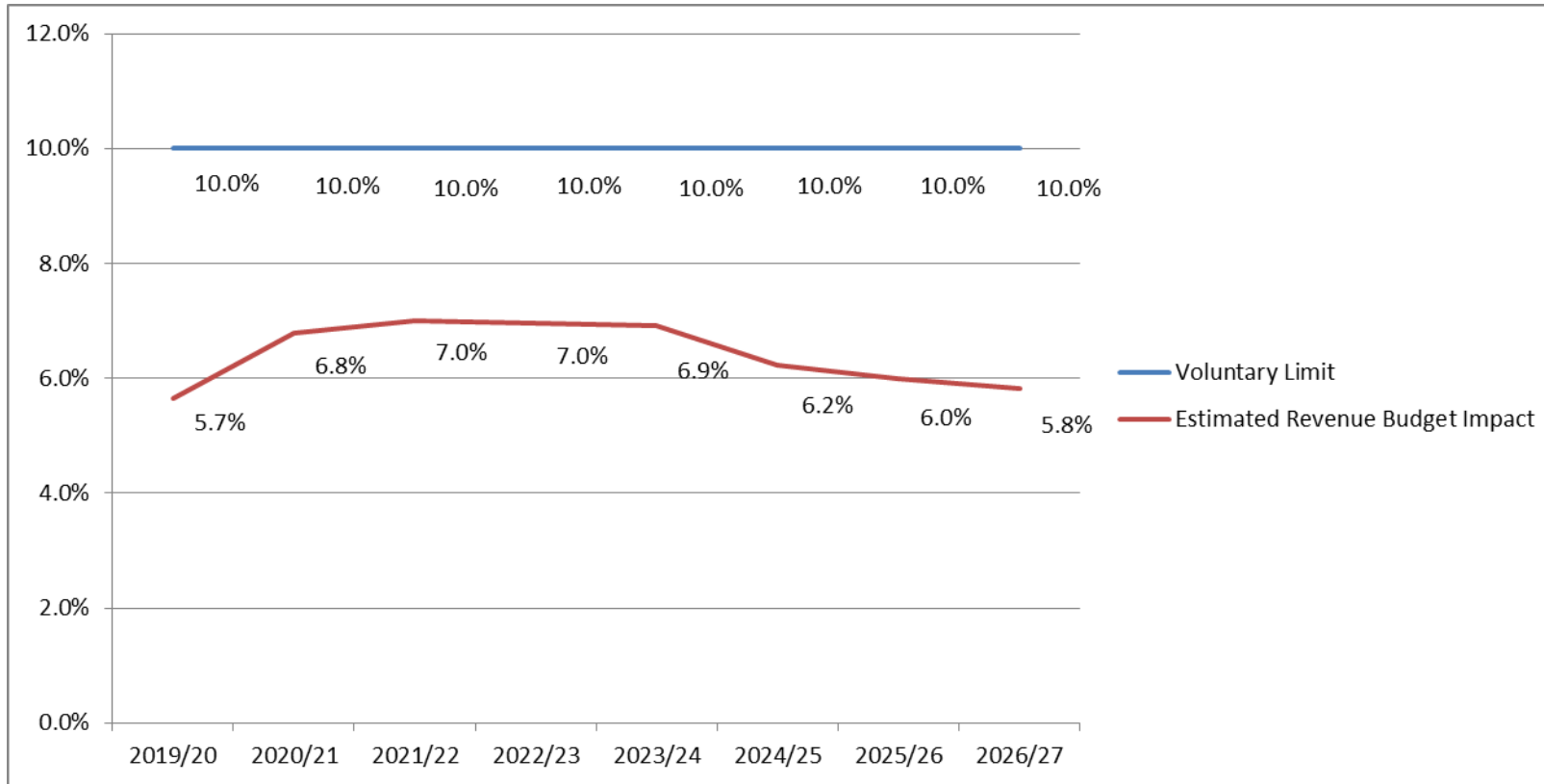
<ul style="list-style-type: none"> ▪ If Yes, please list them? 		
<ul style="list-style-type: none"> ○ Does the project take account of future needs? 		
<ul style="list-style-type: none"> ○ Does the project take account of the changing world, e.g. technology or social changes? 		
<p>When the project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

Capital Programme (2019/20 plus Future Years)	Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY WELLBEING			
Adult Care and Community Wellbeing	6,149	2,800	0
SCHOOLS			
Schools	31,118	32,047	114,125
CHILDREN'S SERVICES			
Children's Services	857	425	1,979
PLACE			
Communities	3,955	5,222	9,685
Growth & Economy	21,013	4,600	1,500
Highways	142,487	90,720	126,203
FIRE AND RESCUE & PUBLIC PROTECTION			
Public Protection	98	0	0
Fire and Rescue & Emergency Planning	8,590	6,656	6,489
COMMERCIAL			
Property	9,755	5,970	30,227
ICT	10,990	10,000	13,951
OTHER BUDGETS			
Other Budgets	8,732	11,638	60,000
Total Budget	243,743	170,077	364,159

Funding of the Capital Programme

	2019/20	2020/21	Future Years
	£'m	£'m	£'m
Grants and Contributions	105.092	67.839	60.025
Borrowing	133.825	102.208	303.029
Use of Reserve	4.201	0.000	0.000
Revenue Funding	0.625	0.030	1.105
Total Funding	243.743	170.077	364.159

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



Schedule of Non-Treasury Investments

Loans To Other Bodies for Service Reasons		Classification	Risk Level	Original Term of Loan in Years	Principal Outstanding as at 31/03/2019 £000's	Estimated Interest Income 2020/21 £000's
B20050	Police Loan Debt	Loan	Low	25	52	0
B14080/B20065	School Academies	Loan	Low	Various	1,218	-38
B14020	Lincs Community Foundation Ltd - Soft Loan	Loan	Medium	24	169	-1
B14075	TransportConnect Fixed Loan	Loan	High	3	603	-13
B20040	TransportConnect Revolving Credit Facility	Loan	High	3	79	-14
Total					2,121	-66
Commercial Investments for Non Service Reasons (including loans to 3rd Parties)		Classification	Risk Level		Fair Value as at 31/03/2019 £000's	Estimated Rental Income 2020/21 £000's
B11005	County Farms	Investment Properties	Low		106,971	-2,174
B11005	Other Non-Farm Properties	Investment Properties	Low		1,734	-35
Total					108,705	-2,209
Equity Purchase for Service Reasons		Classification	Risk Level		Fair Value as at 31/03/2019 £000's	Estimated Dividend Income 2020/21 £000's
	Investors in Lincoln Shares	Non-Specified Investment	Low		294	0
Total					294	0

Prudential Limits Relating to Non-Treasury Investments

PRUDENTIAL INDICATORS		2018-19 Actual	2019-20 Original Estimate	2019-20 Updated Estimate	2020-21 Estimate	2021-22 Forecast	2022-23 Forecast
Proportionality Indicators							
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	15.850	14.600	16.050	16.200	16.400	16.680
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.292	0.298	0.263	0.178	0.140	0.138
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	1.84%	2.04%	1.64%	1.10%	0.85%	0.83%
7) Income from Non Treasury Investments & Net Service Expenditure							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Income from non-treasury investments as a proportion of Net Service Expenditure. (Voluntary Indicator). This is to manage the risk of over dependency of non-treasury investment income to deliver core services.							
Income from Non-Treasury Investments (Including County Farms)	£m	2.545	2.364	2.409	2.276	2.151	2.040
Net Service Expenditure	£m	429.809	463.960	463.959	492.020	504.336	511.481
Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	%	0.59%	0.51%	0.52%	0.46%	0.43%	0.40%

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

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**Open Report on behalf of Andrew Crookham,
Executive Director - Resources**

Report to:	Executive
Date:	04 February 2020
Subject:	Council Budget 2020/21
Decision Reference:	I018714
Key decision?	Yes

Summary:

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

The Executive is also asked to consider prudential targets in relation to capital financing and other treasury management matters.

Recommendation(s):

That the Executive:

1. Consider the effect of the updated funding available and revenue expenditure as noted in paragraphs 1.4 and 1.5, APPENDIX A and APPENDIX B of the report;
2. Consider the Equality Impact Analysis at APPENDIX C and the consultation comments as shown in APPENDIX I and presented at the meeting;
3. Subject to recommendation 4 below approve for recommendation to full Council:
 - a) the revenue budget for 2020/21 shown in APPENDIX D of the report;
 - b) the capital programme for 2020/21 shown in Table A and APPENDIX E of the report;
 - c) the levels of council tax proposed in Table B of the report including the increasing of council tax in 2020/21 by 3.50%;
 - d) the prudential indicators for 2020/21 shown in APPENDIX G of the report;

e) the Flexible Use of Capital Receipts Strategy for 2020/21 attached at Appendix H of the report; and

f) the Medium Term Financial Strategy attached at Appendix J to this Report.

4. Request the Leader to review and amend the Executive's budget recommendations to the County Council, as appropriate, in light of the National Living Wage cost pressure outlined in paragraphs 1.14 and 1.15 of the Report, and the final Local Government Finance Settlement and the council tax, and business rates information from the Lincolnshire District Councils if received between the Executive meeting and the County Council on 21 February 2020.

5. Request the Leader to review and amend the figures within the Medium Term Financial Strategy to be recommended to the County Council as appropriate, to ensure consistency with final budget recommendations made to the County Council meeting on 21 February 2020.

Alternatives Considered:

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

Reasons for Recommendation:

- The recommended option is proposed because it results in a balanced budget for 2020/21:
 - the proposed increase in Council Tax of 3.50% allows the Council to manage the cost pressures outlined in the Medium Term Financial Strategy and Council Budget 2020/21 report at Appendix A;
 - savings on service expenditure are proposed to rebalance future spending with the funding which will be available to the Council; and
 - a proposed contribution to the Development Fund earmarked reserve can be budgeted for to help support the delivery of projects designed to improve outcomes for the Council's communities.

1. Background

1.1 The Executive, at its meeting on 7 January 2020, proposed the Council's budget for 2020/21 for consultation. This budget report and appendices are attached for information at **APPENDIX A**. The Local Government Provisional Finance Settlement announcement was received on 20 December after the Executive reports had been issued, so an assessment of this announcement was shared with the Executive and published, with the 7 January budget proposals, on the Council's website after the Executive's meeting. This assessment of the provisional settlement is attached to this report at **APPENDIX B**.

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

Council Tax

Council Tax Base

1.3 District Councils have until 31 January 2020 to confirm their Council Tax Base and surplus/deficit position on the Council Tax element of the Collection Fund. The report to the Executive on 7 January 2020, assumed an increase of 1.5% in the council tax base and a collection fund surplus of £2.670m.

1.4 At the time of preparing this report the County Council has received provisional figures from each one of the seven District Councils. The figures received show an increase in the tax base for these Councils collectively of 1.49%. This is slightly less than the tax base assumption made and will result in reduced Council Tax income of £0.028m per annum at the proposed new council tax levels.

1.5 All of the District Councils have submitted the provisional position on the council tax elements of their Collection Funds. There is a net surplus attributable to the County Council of £3.193m, which is £0.523m higher than the collection fund surplus assumption made. As these are provisional figures, the impacts have not been built into the budget for this report, but an update will be tabled at the Executive meeting on 4 February once figures have been confirmed by all of the Lincolnshire District Councils.

Council Tax Increase

1.6 The Secretary of State in the Provisional Local Government Finance Settlement announced that the referendum threshold for the general element of Council Tax would reduce from 3.00% in 2019/20 to 2.00% for 2020/21. The Provisional Local Government Finance Settlement also confirmed that councils with adult social care responsibilities would be able to charge an Adult Social Care precept of up to 2.00% for 2020/21. This is a continuation of the power to charge such a precept which came into force in 2017/18. The Council's budget proposals include a 2.00% increase in this element of the Council Tax in 2020/21, following a 2.00% increase in each of the years 2017/18, 2018/19 and 2019/20.

1.7 In light of the Provisional Local Government Settlement the Executive is proposing a Council Tax increase of 3.50%. An Impact Analysis has been completed for this increase and is attached at **APPENDIX C**. The equality impacts are addressed further below in part 2 of the report 'Legal Issues'.

Business Rates

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

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

1.9 At the time of preparing this report, the Council had not received notification of provisional collection fund positions from any of the seven District Councils. As with Council Tax, any surplus or deficit from business rates collection will only have a one off effect on the 2020/21 budget. The current working assumption within the budget presented in this report is that there will be neither a surplus nor a deficit for the total business rates collection fund.

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

1.11 At the time of preparing this report the Council had not received provisional notification from any of the District Councils in respect of section 31 grants. An assumption has been made that the total of business rates section 31 grants for 2020/21 will be in the region of £6.427m but the actual amount cannot be confirmed until the end of January.

1.12 An update will be tabled at the Executive meeting on 4 February on both of these aspects of business rates funding once returns have been received from all of the Lincolnshire District Councils.

Business Rates Pooling

1.13 The Council has confirmed that it wishes to remain in a business rates pool with the seven Lincolnshire District Councils as was the case in 2019/20. An assumption of pooling gains to the Council of £2.799m has been built into the budget.

National Living Wage

1.14 On 30 December 2019 the Government announced that the National Living Wage would increase by more than that forecast by the Office for Budget Responsibility with effect from April 2020. The National Living Wage for over 25 year olds will now rise to £8.72 per hour, which is an increase of 6.2%. The Office for Budget Responsibility had previously forecast an increase to £8.63 per hour, an increase of 5.1%, and this assumption had been built into the budget. The additional cost pressure arising from this change is estimated at £0.552m and the

Council has asked the Government to provide funding for this late adjustment in its response to the Provisional Local Government Finance Settlement consultation.

1.15 A recommendation of this report is to request the Leader to review and amend the Executive's budget recommendations to the County Council, as appropriate, when final figures have been confirmed in the Final Local Government Finance Settlement, and final confirmations of council tax and business rates amounts have been received from the District Councils. The National Living Wage cost pressure will also be taken into account by these amendments.

Implications of additional Revenue Income

1.15 The changes to Council Tax income set out in paragraphs 1.4 to 1.5 above have increased the Council's income for 2020/21 by a net £0.494m. This figure comprises: £0.028m resulting from the lower than anticipated increase in the Council Taxbase (provisional); £0.523m which is the additional Council Tax Collection Fund surplus above the amount assumed (provisional).

1.16 As this is based on provisional figures, and other amounts are as yet unconfirmed, the budget will be adjusted once all final information has been received.

Capital Programme

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

TABLE A –Capital Programme 2019/20 to 2020/21 (plus future years to 2029/30)

	2019/20 £'000	2020/21 £'000	Future Years £'000
Gross Capital Programme	189,173	223,204	375,907
Funded By:			
Grants and Contributions	87,473	85,281	68,524
Revenue Funding	775	30	1,106
Use of Reserve	6,025	0	0
Borrowing	94,901	137,893	306,277
Funding by LCC	101,700	137,923	307,383
Total Funding	189,173	223,204	375,907

1.21 There have been some changes to the capital programme for 2019/20 onwards since the programme was reported to the Executive on 7 January 2020. Capital budget has been re-phased into future years, which has impacted on the total budget for 2019/20 and 2020/21, and the gross expenditure budget has increased overall by £10.305m. This increase does not impact on the Council's revenue budget as all of is funded by grants or revenue contributions.

Council Tax Rates

1.22 In light of the Provisional Local Government Finance Settlement the Executive is now minded to propose a Council Tax increase of 3.50% (1.50% for general Council Tax, plus a further 2.00% for the adult social care 'precept'). The Secretary of State announced that the Government's proposed referendum thresholds for 2020/21 would reduce from 3.00% to 2.00%, with a number of exceptions, including the ability for authorities with adult care responsibilities to increase Council Tax by up to 2.00% as long as the authority can demonstrate that this additional funding is being allocated to adult care services.

1.23 The recommended increase of 3.50% (1.50%, plus a further 2.00% for the social care 'precept') is shown in **TABLE B** below:

TABLE B – County Council element of the council tax

County Council element of the council tax	2019/20	2020/21
Band D council tax	£1,292.40	£1,337.58
Increase over previous year	4.95%	3.50%

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

1.25 Under section 52ZB of the Local Government Finance Act 1992, the Council as a major precepting authority must, in setting its precept, determine whether its relevant basic amount of council tax for the financial year under consideration is excessive. That question must be determined by the Council in accordance with any principles determined by the Secretary of State and approved by a resolution of the House of Commons. Whilst those principles have not been approved at the date of preparing this report, notification has been given that for 2020/21 the principles will provide for a 2.00% increase in council tax for expenditure on adult social care and a 1.50% increase in council tax for other expenditure. Applying those principles the Executive can determine that the recommended council tax increase is not excessive.

Prudential Indicators

1.26 The Council is required to agree targets for specified prudential indicators in relation to capital financing and other treasury management matters. The Council also sets its own targets in addition to the statutory ones. The main purpose of these targets is to ensure that the Council's capital financing, in particular its long term borrowing, is prudent, affordable and sustainable. The proposed targets are set out in **APPENDIX G**.

1.27 One of the Council's voluntary Prudential Indicators, is that the repayment of external debt including interest will be less than 10% of annual income from general government grants, Dedicated Schools Grant and council tax. This is projected to increase to 6.6% by 2021/22 from 5.0% in 2019/20.

Final Local Government Finance Settlement

1.28 The government grant allocations assumed in the budget proposals are those announced in the Provisional Local Government Finance Settlement. These allocations may be altered in the Final Settlement, although major changes are not expected. At the time of preparing this report, the date of the Final Settlement is not known but expected to be in early February. An update will be tabled at the Executive meeting on 4 February if there are any amendments required arising from the final Local Government Finance Settlement.

Flexible Use of Capital Receipts

1.29 The Council has approved the strategy of using Capital Receipts flexibly to fund Revenue transformation projects since 2016/17, in line with the Government's amended policy. This flexibility is due to end in March 2022 but it is proposed that from 2020/21 Capital Receipts will only be used to repay loans or fund new Capital expenditure. Transformation projects will instead be funded by using existing revenue budgets or earmarked reserves.

1.30 The statutory guidance relating to the flexible use of capital receipts requires councils to approve annually a Flexible Use of Capital Receipts Strategy. The proposed strategy for 2020/21 is set out in Appendix H and confirms that the Council has not identified any transformation projects in 2020/21 to be funded using this flexibility.

Budget Consultation

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

1.32 At the time of writing this report, a number of consultation events were still to be held. Therefore, an expanded **APPENDIX I** to this report will be tabled and presented to the Executive at the meeting on 4 February to allow any comments from these events, and any other comments received, to be considered with those already made.

Local Government Funding Reform

1.33 The Government's Fair Funding and Business Rates Retention reforms were due to be implemented on 1 April 2020, but both have now been deferred with an expected implementation date of 1 April 2021. To achieve this timescale it is assumed that further detail on each of the proposed reforms will be published and consulted upon over the summer, that the Spending Review will be completed

over the same period, and that indicative figures will be made available to authorities by the autumn. This will support budget planning for 2021/22 and beyond.

The Medium Term Financial Strategy

1.34 The Council's Financial Strategy forms part of the Policy Framework and is due for review. It is opportune to review the Strategy alongside the budget setting process so that the budget can be aligned with the strategic financial objectives of the Council.

1.35 At its meeting on 7 January 2020 the Executive received a draft of the Medium Term Financial Strategy and it was reported that this would be kept under review during the course of consultation and in the light of updated information. This review has taken place and it is not considered necessary to propose any changes. Therefore the proposed final Financial Strategy, referred to as the Medium Term Financial Strategy (MTFS), is as attached to this report as Appendix J, and covers the next three years (2020/21 to 2022/23). It provides an update on the current financial context for the Council. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances.

1.36 The MTFS contains six sections, which broadly cover the topics set out below:

- i. Introduction – this references the Council's new Corporate Plan and the continued uncertainty over future funding;
- ii. Objectives – this section sets out the ten objectives which the MTFS is aiming to fulfil;
- iii. Current financial context – provides a brief summary of recent funding challenges and the current economic climate;
- iv. Forward view – this is a high level summary of how we believe our budget will look over the next three years; the budget process this year; and a summary of our proposed budgets for 2020/21 for both Revenue and Capital;
- v. Delivery – this section covers how we intend to deliver the MTFS and monitor our financial performance;
- vi. Key considerations – includes some information about each of the significant funding streams as well as governance, risk and opportunities.

1.37 The MTFS attached at Appendix J has been used to guide the development of the proposed budget for 2020/21.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

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

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

In the meantime consideration has been given as to whether there is any element of the current budget proposals that should be the subject of an equality impact analysis at this stage and as a result an assessment (attached at **APPENDIX C**) has been carried out on the proposal to increase Council Tax. That assessment identifies the potential for the proposal to impact on people with low income and therefore disproportionately on certain people with a protected characteristics including older and younger people, people with a disability and women with children. Overall, however, the increase is modest and each District Council operates a Council Tax Support Scheme which has been designed following consultation and individual impact analyses to mitigate the effects of Council Tax levels on vulnerable people and people with low incomes. 2.00% of the increase is specifically to fund adult social care services that support people with protected characteristics such as age or disability. The savings of £14.842m built into this budget are all considered to have minimal impacts on service users but, as stated above, equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis.

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

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. In particular a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is currently £55.769m) and the annual Contingency budget of £3.000m for 2020/21, for when additional funding cannot be found by way of virement from other service areas.

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

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

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

Crime and Disorder

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

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

3. Conclusion

3.1 These budget proposals reflect the level of government funding available to the Council and a proposal to increase general council tax in 2020/21 by 1.50%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2020/21 and this gives a total council tax increase of 3.50%.

3.3 The budget proposal from the Executive meeting on 7 January 2020, as developed to reflect the changes contained in this report and consideration of consultation feedback, is recommended as the budget to be put forward by the Executive for approval at the County Council on 21 February 2020, subject to any change by the Leader to reflect the Final Local Government Finance Settlement, the National Living Wage cost pressure, and District Council business rates and final council tax information.

4. Legal Comments:

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

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

Case law has established that generally it is lawful for a Council first to decide its budget and then to consider the question of consultation and the specific impact of proposed policies and service changes at the time they are developed and decisions are taken on them. Consideration has been given to whether there are any specific proposals within the budget that would require such consideration

prior to the budget being set and apart from the proposed Council Tax increase which is dealt with in the Report there are not considered to be any such proposals.

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

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

The proposed Medium Term Financial Strategy forms part of the Council's Policy Framework. Approval of documents forming part of the Policy Framework is reserved to the full Council on the recommendation of the Executive.

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

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from Central Government plus an increase in council tax of 3.50% (1.50% plus a further 2.00% for the adult social care 'precept'). The Council's Financial Strategy includes one off contribution to the Development Fund earmarked reserve of £1.447m, plus £0.150m addition to the General Fund balance, to produce a balanced budget.

To achieve a sustainable budget from April 2021 onwards, a number of service reviews and transformation projects have started with the expectation that further savings will be delivered. The Government's funding reforms are awaited.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board:

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2020/21 at its meeting on 24 October 2019.

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

Councillor Budget Briefings:

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

Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners took place on 23 January 2020. Comments from this meeting will be tabled at the meeting on 4 February 2020.

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

The Overview and Scrutiny Management Board will scrutinise the budget proposals in the report to the Executive on 7 January 2020 and their comments will be tabled at the meeting on 4 February 2020.

The proposal to increase Council Tax by 3.50% has been publicised on the Council's website together with the opportunity for the public to comment.

Consultation comments and responses are included in Appendix I for the Executive to consider alongside this report on 4 February 2020.

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

Yes

e) Risks and Impact Analysis

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

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Executive Report "Medium Term Financial Strategy and Council Budget 2020/21" 7 January 2020 plus A2 Budget Briefing Sessions December 2019 notes
Appendix B	Update to Council Budget following Provisional Local Government Finance Settlement
Appendix C	Impact Analysis relating to increasing the council tax by 3.50% in 2020/21
Appendix D	Revenue Budgets 2019/20 and 2020/21
Appendix E	Net Capital Programme 2019/20 to 2020/21 and future years

Appendix F	Council Tax Increase per Band
Appendix G	Prudential Indicators
Appendix H	Flexible Use of Capital Receipts Strategy 2020/21
Appendix I	Consultation Comments Received
Appendix J	Medium Term Financial Strategy

8. Background Papers

Document title	Where the document can be viewed
Provisional Local Government Finance Settlement announcements	Executive Director of Resources https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021
Executive Report 7 January 2020 "Medium Term Financial Strategy and Council Budget 2020/21"	Attached at Appendix A to this report.

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, Executive Director - Resources

Report to:	Executive
Date:	07 January 2020
Subject:	Medium Term Financial Strategy and Council Budget 2020/21
Decision Reference:	I018713
Key decision?	Yes

Summary:

This report outlines budget proposals for the next financial year 2020/21. The Provisional Local Government Finance Settlement for 2020/21 has not been issued at the time of writing this report, but it is expected that the settlement will be in line with the funding announced in the Local Government Finance Settlement 2020/21 Technical Consultation released on 9 October 2019. The budget proposals for 2020/21 are therefore estimated at this stage.

The Executive is asked to approve the proposals for the Council's budget for 2020/21, set out in this report and based on these estimates, for internal and external consultation.

This report describes the basis on which budget proposals have been developed.

The report also sets out the results of a review of the Council's Medium Term Financial Strategy. The Strategy forms part of the Policy Framework and the final proposed Strategy will be presented to Executive at its meeting in February alongside the final budget proposal for recommendation to the Full Council.

The draft Strategy will in the meantime be kept under review in the light of responses to consultation on the budget itself.

Recommendation(s):

1. That the Executive approves the budget proposals described in this report as its preferred option for the purposes of further consultation.

Alternatives Considered:

1. The proposals for the Revenue Budget, Capital Programme and Council

	Tax as described in this report.
2.	Higher levels of spending and consequently higher levels of Council Tax in future years.
3.	Lower levels of spending and consequently lower levels of Council Tax in future years.

Reasons for Recommendation:

The recommended option takes account of the anticipated levels of Government grant and Business Rates funding to the Council and allows for an increase in Council Tax of 3.50% (1.50% general Council Tax plus a further 2.00% for the Adult Social Care "precept").

The recommended option identifies a reasonable and proportionate balance of funded budget pressures and savings to support the delivery of Council services, while maintaining a balanced budget and mitigating the impacts of continuing uncertainty about the future of Council funding.

1. Background

The Medium Term Financial Strategy

- 1.1 The Council's Financial Strategy forms part of the Policy Framework and is due for review. It is opportune to review the Strategy alongside the budget setting process so that the budget can be aligned with the strategic financial objectives of the Council.
- 1.2 The Financial Strategy, referred to as the Medium Term Financial Strategy (MTFS), is attached to this report as Appendix A, and covers the next three years (2020/21 to 2022/23). It provides an update on the current financial context for the Council. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances.
- 1.3 The MTFS underpins a Medium Term Financial Plan (MFTP), maintained by the Executive Director – Resources, which sets out our expectation of what our budget will look like over the next three years.
- 1.4 The MTFS contains six sections, which broadly cover the topics set out below:
 - i. Introduction – this references the Council's new Corporate Plan and the continued uncertainty over future funding;
 - ii. Objectives – this section sets out the ten objectives which the MTFS is aiming to fulfil;
 - iii. Current financial context – provides a brief summary of recent funding challenges and the current economic climate;

- iv. Forward view – this is a high level summary of how we believe our budget will look over the next three years; the budget process this year; and a summary of our proposed budgets for 2020/21 for both Revenue and Capital;
- v. Delivery – this section covers how we intend to deliver the MTFS and monitor our financial performance;
- vi. Key considerations – includes some information about each of the significant funding streams as well as governance, risk and opportunities.

1.5 This Report attaches the draft MTFS at Appendix A for the information of the Executive. This draft MTFS has then been used to guide the development of the proposed budget for 2020/21 and will be kept under review alongside feedback from the budget consultation. A proposed final version of the MTFS will be reported alongside final budget proposals at the Executive meeting in February for onward recommendation to the full Council if approved by Executive. The key information in the MTFS and the MTFP relating to the 2020/21 budget is highlighted in this report.

The Budget Process

1.6 This year's budget process started earlier than usual, to recognise that our early forecasts showed a budget shortfall over the medium term period to 2022/23 of around £27m. The process was treated as a project, to recognise its wide-reaching impacts across the Council, and a project board was set up to manage it. Budgets have been examined in detail and budget holders were asked to deliver efficiency savings for 2020/21 which have no or minimal impact on service users. Our budget assumptions were re-examined and have been amended during the year as new information has emerged.

1.7 In terms of budget holder input, the budget process has finished and the project board has completed its work. We now await confirmation of next year's funding from central Government – this is expected to come as the Provisional Local Government Finance Settlement some time in December 2019, followed by the Final Local Government Finance Settlement in February 2020 - as well as confirmation of Council Tax base and Collection Fund balances from our local District Councils. Once all of this information has been received, the budget proposals for 2020/21 will be confirmed at the meeting of the Executive on 4 February 2020.

The Medium Term Financial Plan

1.8 The MTFP is built up to take account of our expected spending requirements and our expected sources of funding over the next three years. Our funding for 2020/21 is estimated, but based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019. Our funding beyond 2020/21 is based on our reasonable assumptions about the future. Our key assumptions for this are shown in MTFS Appendix I. This is an area of uncertainty – we had expected that reforms to local government finance would be implemented from April 2020 but the Government has delayed them by a year.

- 1.9 A Government Spending Review is due to take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover. We expect that in the Autumn of 2020 we will start to understand what the impact of the Government's Fair Funding Review and Business Rates Retention reforms will be when they are implemented in April 2021, and the MTFP will then be updated.
- 1.10 Due to the uncertainties outlined in paragraphs 1.7 and 1.8, we are proposing a Revenue Budget for one year only – 2020/21.
- 1.11 On an annual basis the Council has the opportunity to review the level of Council Tax. Central Government sets thresholds above which a local authority would have to hold a referendum for Council Tax increases. The Technical Consultation on the Local Government Finance Settlement proposed that for 2020/21 this threshold might be set at a 2.00% increase for general Council Tax, plus a further 2.00% for authorities with Adult Social Care responsibilities to deal with pressures in this area including demographic pressures and the impact of the National Living Wage. The referendum threshold for 2020/21 will be confirmed in the Provisional Local Government Finance Settlement and we have assumed that Council Tax increases from 2021/22 onwards will be limited to 2.00%.
- 1.12 At this point in time, our MTFP shows that our budget for 2020/21 will be balanced (but this is subject to confirmation of funding for 2020/21). For 2021/22 there will be a budget shortfall of £13.037m, which reduces to a £6.096m budget shortfall in 2022/23. In these latter two years, the deficit could be covered by calling on our Financial Volatility reserve, which currently stands at £55.769m, although we expect to deliver further savings which will reduce the deficits. The position for 2020/21 is shown in the following table:

Table A – Summary Revenue Budget (Medium Term Financial Plan)

SUMMARY REVENUE BUDGET	2020/21 £m
EXPENDITURE:	
Net Base Budget	461.283
Cost Pressures (<i>including inflation</i>)	44.123
Savings & Additional Income	-14.842
Other Movements (PH Grant & BCF Grant)	-1.221
Total Expenditure	489.343
Use of Reserves	-
Contribution to Development Fund	1.800
Transfer to/from General Reserve	0.200
Budget Requirement	491.343
INCOME:	
Business Rates Local Retention	122.119
Revenue Support Grant	20.501
Other Grants	34.357
County Precept	314.367
Total Income	491.343

- 1.12 During this year's budget process we identified a number of areas where an In Depth Review (also referred to as "Deep Dive Review") was required and / or where transformational work could be done. Although these initiatives will only start in the next calendar year, it is expected that these projects will deliver further savings from 2021/22 onwards in addition to the savings shown in the MTFP, or will help us to avoid future increased costs. A list of these projects is shown in Appendix B for information and, as they complete, the results will feed into next year's budget process.
- 1.13 We expect to be able to review some of our budget assumptions on funding for 2021/22 onwards as the Government releases information about the impacts of the April 2021 funding reforms on individual councils. We consider that our current budget assumptions on funding, particularly for Social Care grants, are prudent.

Revenue Budget 2020/21

- 1.14 Table A above shows our overall proposed budget for 2020/21, with a budget requirement of £491.343m (the budget requirement was £458.396m in 2019/20 so this is an increase of 7.2%). The changes in our anticipated funding are explained in paragraphs 1.18 to 1.28 below.
- 1.15 A number of unavoidable cost pressures have been added into the proposed budget, totalling £44.123m, and these are summarised in Appendix C. The most significant of these are in Adult Care; due to increasing demand, complexity of cases and the impact of the National Living Wage, and in Other Budgets; due to increasing capital financing charges and the removal of capital receipts income from the budget (this was previously used flexibly to fund transformation projects).
- 1.16 Budgetary savings are summarised in Appendix D, and total £14.842m. The most significant of these relate to increased income from higher numbers of Adult Social Care service users; the majority of other savings are efficiency savings, increased income or the realignment of budgets to current expenditure levels.
- 1.17 The table below shows the Net Revenue Budget by service area for 2020/21, with comparative budgets for 2019/20. Whilst we continue to follow commissioning principles in the delivery of our services, this year we are reporting our budgets in line with management responsibility to provide greater clarity. The 2019/20 budgets have therefore been restated in the 2020/21 format. This is supported by Appendix E, which shows in more detail how each service area's budget has moved from its 2019/20 approved budget to its 2020/21 proposed budget, by way of inflationary increases, cost pressures and savings or increased income.

Table B – Net Revenue Budgets by Service

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.306	43.522
Early Help Services	18.234	18.383
Education & SEND Services	11.996	12.435
Children Safeguarding	40.344	40.717
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.429	3.494
Highways	23.191	22.549
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	451.754
High Needs Block	84.418	91.285
Central School Services Block	4.257	3.710
Early Years Block	40.708	41.373
Dedicated Schools Grant	-560.080	-590.797
Total Net Expenditure	461.283	489.344
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.800
Transfer to/from General Reserves	0.200	0.200
Budget Requirement	458.396	491.343

Note: detailed budgets are still being worked on so there may be some changes on individual lines in the above table. These will be finalised in the Council Budget 2020/21 report to Executive in February.

Revenue Support Grant 2020/21

1.18 For the four financial years 2016/17 to 2019/20 we received a multi-year settlement in 2015. Our Revenue Support Grant, which is the Government's General Grant funding for councils, was £70.351m in 2016/17 and fell to

£20.139m in 2019/20. We are currently assuming that we will receive this same level plus a 1.8% inflationary increase in 2020/21 i.e. £20.501m.

Other Revenue Government Grants 2020/21

1.19 The table below summarises our other Revenue Grants and the amounts we have assumed for these in 2020/21. This is based on the Local Government Finance Settlement 2020/21 Technical Consultation as well as some subsequent information.

Table C – Other Government Grants

GRANT	Amount 2019/20 £000's	Amount 2020/21 £000's
Rural Services Delivery Grant	6,935	7,060
New Homes Bonus Grant	2,144	2,182
InShore Fisheries Conservation	128	128
Extended Rights to Free Travel	639	639
SEND Implementation	259	0
School Improvement Grant	0	649
Independent Living Fund	1,594	1,554
Lead Local Flood Authority	125	125
Virtual Schools Head Grant	0	98
Social Care Support Grant	5,754	5,754
New Social Care Support Grant	0	14,732
Fire Pension Grant	1,437	1,437
TOTAL	19,014	34,357

1.20 In the Technical Consultation it was announced that the Social Care Support Grant of £5.754m, provided for the first time in 2019/20 for one year only, would continue for a further year. It was also announced that a new Social Care Support Grant of £14.732m would be provided, in 2020/21 only. There remains uncertainty around how Adult Social Care will be funded in the future and we hope that the next Government will address this issue as a matter of urgency.

Council Tax 2020/21

1.21 It is proposed that Council Tax will be increased by 3.50% in 2020/21. This comprises 1.50% for general Council Tax plus a further 2.00% for the Social Care 'precept'. As set out in paragraph 1.10, this is within the expected referendum threshold limit for 2020/21 which will be confirmed in the Final Local Government Finance Settlement.

1.22 It is estimated that a Council Tax increase of 3.50% will generate additional income of £14.979m in 2020/21. If the Council were to raise Council Tax by a further 0.5% to a total of a 4.00% increase (in line with the proposed referendum limit) the additional income would be £1.489m, making a total additional Council Tax income of £16.468m.

- 1.23 The final figures on the Council Tax base and any surpluses or deficits on the Council Tax element of the Collection Fund will not be received from Lincolnshire District Councils until 31 January 2020. We have assumed tax base growth at 1.5% in the next financial year, and the additional income which is generated from this is included in the figures for additional Council Tax income in paragraph 1.22. The Council Tax Collection Fund surplus in 2019/20 was £2.670m and we have assumed that it will be at the same level in 2020/21. The final information on base growth and the surplus/deficit on the Council Tax Collection Fund will be reported to the Executive at its meeting on 4 February 2020, together with the funding this will generate for the County Council.
- 1.24 An Equality Impact Analysis will be completed for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 4 February 2020.

Business Rates 2020/21

- 1.25 Our Business Rates funding is made up of two elements; an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area. We have assumed an increase in total Business Rates funding in line with inflation at 1.8% and in 2020/21 this is split as: £21.437m collected locally and £91.456m top up Grant from central Government.
- 1.26 Notification of any surpluses or deficits on the Business Rates element of the Collection Fund will not be received from the Lincolnshire District Councils until 31 January 2020. In 2019/20, this was a surplus of £6.157m for the County Council for one-off reasons, but was a deficit in the previous year 2018/19. The surplus from 2019/20 was transferred to a Business Rates Volatility Earmarked Reserve and will be used to cover any deficit for 2020/21. We have therefore assumed a neutral position for the Business Rates element of the Collection Fund. The actual position will be reported to the Executive at its meeting on 4 February 2020.
- 1.27 In addition to the above Business Rates funding, in previous financial years we have received Section 31 Grant as compensation of the Government's RPI cap, and reliefs offered to small and rural businesses. It is expected that Government will continue to compensate local authorities in full for the extension of Small Business Rate Relief and Rural Rate Relief. At the time of preparing this report the Council is awaiting announcement of the value of this grant - in 2019/20 it was £6.313m and we have assumed that it will be increased by 1.8% to £6.427m in 2020/21). The actual figure will be built into the budget assumptions reported to the Executive at its meeting on 4 February 2020.
- 1.28 After participating in a Business Rates Pilot scheme during 2018/19, we were unsuccessful in our bid to continue as a pilot authority during 2019/20. There are no new pilot schemes in 2020/21 so we have reverted to being in a Business Rates Pool. Pooling provides us with additional Business Rates growth income and we have assumed that this will be £2.800m for 2020/21.

Reserves

- 1.29 Our General Reserves currently stand at £15.850m. We carried out a financial risk assessment earlier this year which determined that General Reserves should be increased to £16.000m in 2020/21 which would require a contribution of £0.150m in the 2020/21 budget. Our budget proposals currently include a contribution to reserves of £0.200m which allows for last minute adjustments when funding is confirmed.
- 1.30 Our Earmarked Reserves currently stand at £189.234m and have undergone a thorough review this year. As a result of this review, some reserves of a similar nature have been amalgamated so that we have fewer reserves, and some funding has been released from reserves because it is no longer required. The amount of funding released is £10.180m and it is proposed that a new Earmarked Reserve is created, called "Development Fund", which is used to fund the development initiatives shown in Appendix G. The Executive is asked to approve this as part of the proposed budget for consultation.
- 1.31 MTFS Appendix VI shows the proposed list of Earmarked Reserves with estimated balances, following the review referred to in paragraph 1.30 and the Executive is asked to approve this as part of the proposed budget for consultation.
- 1.32 We have a Financial Volatility Reserve within Earmarked Reserves, which exists to deal with volatility in costs and to support the budget over the medium term whilst savings are being delivered. The Financial Volatility Earmarked Reserve currently stands at £55.769m. The MTFP shown in MTFS Table 1 indicates that we will need to draw down £13.037m from this reserve in 2021/22 and a further £6.096m in 2022/23. This will leave a balance in the Financial Volatility reserve of £36.636m by the end of the medium term period.
- 1.33 There will be an annual review of Earmarked Reserves as part of the budget setting process, which will aim to ensure that the reserves we hold are appropriate for the future, and will help to support the Section 151 Officer's assessment of the adequacy of reserves levels.

Capital Programme

- 1.34 A ten year Capital Programme has been compiled in line with the principles set out in our Capital Strategy, including the principle of Affordability. The full Gross Programme is shown at Appendix F and totals £170.077m for 2020/21 plus a further £364.159m for future years. The revenue impact of the Capital Programme (capital financing charges to the Revenue Budget) fluctuates from year to year and it is proposed that fluctuations above and below the base budget are dealt with in future by using an Earmarked Reserve for Capital Financing. The Executive is asked to approve the creation of a Capital Financing Earmarked Reserve as part of the proposed budget for consultation.
- 1.35 As part of our work to continuously improve our financial processes and procedures, governance arrangements around the Capital Programme are currently being assessed. We expect to be able to set out new key principles for managing the Capital Programme in the Council Budget 2020/21 report to full Council in February.

1.36 The table below provides a summary of the proposed Capital Programme and how it will be funded:

	2019/20 £m	2020/21 £m	Future Years £m
Gross Capital Programme	243.743	170.077	364.159
Funded By:			
Grants and Contributions	105.092	67.839	60.025
Revenue Funding	0.625	0.030	1.105
Use of Reserve	4.201	0.000	0.000
Borrowing	133.825	102.208	303.029
Funding by LCC	138.651	102.238	304.134
Total Funding	243.743	170.077	364.159

1.37 A number of new projects have been added to the Capital Programme. These are summarised below:

- Schools:
 - Provision of School Places (Basic Need) - A programme of expansion and new build construction of school buildings.
- Place:
 - Replacement of two Household Waste Recycling Centres.
 - Heritage/Archives (Cultural Services) - Future development of the Heritage service.
 - Economic Development - Horncastle Industrial Estate Extension.
 - Boston Development Schemes (Infrastructure & Economic) - A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston. These schemes will replace the previous capital scheme for the Boston Barrier.
 - North Hykeham relief road - A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway. This scheme is reliant on receiving contributions from Government.
 - Spalding Western Relief Road - Completion of Spalding West Relief Road - Section 1 and Section 5.
 - Local Highways Improvements (Pinch-points) to support Coastal Route - This project will improve the transport corridor to the Lincolnshire Coast by improving pinch-points along the route (A57, A46, and A158).

Flexible Use of Capital Receipts Strategy

1.38 The Council has approved the strategy of using Capital Receipts flexibly to fund Revenue transformation projects since 2016/17, in line with the Government's amended policy. This flexibility is due to end in March 2022 but we are proposing that from 2020/21 we will revert to using Capital Receipts only to repay loans or fund new Capital expenditure. We will be funding transformation projects by using a new Earmarked Reserve. The executive is asked to note this amended strategy for the use of capital receipts and approve it as part of the proposed budget for consultation.

2. Legal Issues:

Equality Act 2010

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

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- * The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- * Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:
 - * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

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

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

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

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is

identified consideration must be given to measures to avoid that impact as part of the decision making process.

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

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

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

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

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

In particular, in the event that any of the proposed reductions cannot be achieved, the usual budget management processes such as the use of Earmarked Reserves, or virement, would be followed, and approval sought at the appropriate levels in accordance with Financial Regulations, including full Council where necessary. Furthermore, a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is currently £55.769m) and the annual Contingency budget of £3.000m for 2020/21, for when additional funding cannot be found by way of Earmarked Reserves or virement from other service areas.

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

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

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

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

Crime and Disorder

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

Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the duty under section 17 of the Crime and Disorder Act 1998.

3. Conclusion

3.1. These budget proposals reflect the level of Government funding available to the Council and a proposal to increase general Council Tax in 2020/21 by 1.50%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2020/21 and this gives a total Council Tax increase of 3.50%.

3.2. A thorough review of Council services was carried out during this year's budget process. Unavoidable cost pressures as well as savings have been identified, and the Capital Programme has been reviewed. The budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

3.3. The budget proposals have been developed alongside and in accordance with the draft Medium Term Financial Strategy attached at Appendix A and a proposed final version of this Strategy will be reported to Executive in February alongside final budget proposals.

4. Legal Comments:

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

It is the function of the Executive to recommend documents forming part of the

Policy Framework such as the proposed Medium Term Financial Strategy to the Full Council for adoption.

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

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

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from central Government plus an increase in Council Tax of 3.50% (1.50% general Council Tax plus a further 2.00% for the Adult Social Care 'precept').

Although the budget proposals are estimated at this stage, the funding assumed is in line with the Technical Consultation received in October 2019, and we have been able to propose a balanced budget.

The Medium Term Financial Plan from 2021/22 onwards still shows an underlying deficit position. We expect to be able to resolve this once our future funding is known and further savings are built into the budget after a number of "In Depth Reviews" and development initiatives are delivered.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board:

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2020/21 at its meeting on 24 October 2019. The Overview and Scrutiny Management Board supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

Councillor Budget Briefings:

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

Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners will take place on 24 January 2020.

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

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

Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 4 February 2020.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

An Equality Impact Analysis will be complete for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 4 February 2020.

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

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Medium Term Financial Strategy (MTFS) 2020/21 to 2022/23
Appendix B	List of In Depth (Deep Dive) Reviews
Appendix C	Cost Pressures 2020/21
Appendix D	Savings 2020/21
Appendix E	Budget Movements 2019/20 to 2020/21
Appendix F	Capital Programme
Appendix G	Development Fund Initiatives
Appendix H	Councillor Comments from the Budget Briefings held on 2 and 4 December 2019

8. Background Papers

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

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The Medium Term Financial Strategy

1. Introduction

- 1.1. Local government has been in a period of austerity since 2010 and has seen its funding reduced in real terms over this time. We will reach the end of a four year funding deal from the Government in 2019/20 which has seen a reduction in General Grant funding and more reliance on one-off specific grants and on local taxation to fund essential services. Council Tax income now represents almost 65% of our net expenditure (it was 51% in 2010/11).
- 1.2. In this context, it is essential that we plan for the future to ensure our financial sustainability, and this Medium Term Financial Strategy (MTFS) aims to help us do this.
- 1.3. This Medium Term Financial Strategy covers the next three years (2020/21 to 2022/23) and provides an update on the current financial context for the Council. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities.
- 1.4. In December 2019 the Council approved a new Corporate Plan. This MTFS will underpin the Corporate Plan by ensuring that financial resources are identified and made available to deliver its ambitions. The work to link these resources to priorities will be done over the next few months. The Corporate Plan sets out four key priorities, which are that People and Communities will have:
 - a) High aspirations;
 - b) The opportunity to enjoy life to the full;
 - c) Thriving environments; and
 - d) Good value Council services.
- 1.5. It must be recognised that over the past few years funding to all councils has been constrained. There is therefore a need to balance our aspirations with affordability and this is a key principle of our financial strategy.
- 1.6. As detailed within this strategy, there is still a large element of uncertainty over our future funding from Government, which makes it difficult to plan for the future. The financial year 2019/20 was the final year of a four year funding settlement and it had been hoped that a new multi-year settlement would be delivered by Government for 2020/21 onwards. We now know that this will not be in place for 2020/21; nevertheless, it is important that we do make plans using our best estimates of future funding as these plans will support the achievement of our ambitions and objectives as set out in the Corporate Plan. The principles within this strategy will apply over the longer term however the current uncertainties around future Government funding mean that it is not practicable to prepare a financial plan for a long term period, so our financial plans cover the medium term at this point in time. We aim to extend our financial planning to cover a longer term period once funding reforms are in place.

2 The Objectives of the Medium Term Financial Strategy

2.1 The MTFS is a flexible strategy which will allow us to forecast our future financial resources and then plan to use these to both deliver core services and to invest in future improvements to service delivery. The objectives of the strategy are to:

- a) Ensure that we are financially resilient now and in the future and can respond positively to adverse financial impacts;
- b) Support the provision of Value for Money services to our communities;
- c) Support sustainable service delivery using a combination of Revenue and Capital Budgets and Reserves;
- d) Maintain Council Tax in the lowest quartile for county councils;
- e) Support other Council strategies;
- f) Deliver assets to improve and maintain services and also to achieve future savings;
- g) Enable the setting of an annual balanced budget. The annual Revenue Budget must be affordable and can be supported by the use of Reserves, but only as part of a medium term plan moving towards a future budget which is balanced without the support of reserves;
- h) Support good decision making;
- i) Recognise financial risks and identify how these will be managed; and
- j) Allow for emerging opportunities to be exploited within the affordable budget.

3 The Current Financial Context

3.1 The past ten years have been a period of austerity for councils, with Government funding reducing significantly over this period. Councils like ours, with Social Care responsibilities, have seen new Government grants introduced to help deal with increasing Social Care pressures, but, over this time, the balance of our sources of funding has changed – we are now more reliant on Council Tax and Business Rates funding to support the provision of services, and less reliant on Government grants, than we were ten years ago (see section 6 for details on funding).

3.2 The table below shows a summary of how our funding has changed since 2011/12 and the cost pressures built into our budget and savings achieved over this same period:

Financial Trends							
Year	General Government Grant £m	Other Govt. Grants received £m	Total Govt. Grant income £m	Savings £m	Cost Pressures £m	Council Tax Increase	Planned Use of Reserves £m
2011/12	211	16	227	57	52	0.00%	0
2012/13	195	17	212	51	23	0.00%	0
2013/14	146	19	165	28	61	0.00%	12
2014/15	125	22	147	40	22	0.00%	8
2015/16	95	25	120	31	31	1.90%	22
2016/17	70	28	98	42	31	3.95%	20
2017/18	48	42	90	39	26	3.95%	18
2018/19	34	49	83	23	30	4.95%	5
2019/20	20	61	81	16	26	4.95%	3

3.3 The current regime for funding councils has been in place since 2013 and is now out-dated. The Government is proposing two major reforms to the system: the Fair Funding Review and Business Rates Retention. Reforms were due to be implemented from April 2020 but have now been deferred until April 2021.

3.4 A Government Spending Review will take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover, but this review will certainly influence the overall total amount to be allocated to the local government sector.

3.5 The economic outlook is currently uncertain, with the issue of the United Kingdom's exit from the European Union still in progress and a new Government in place following the General Election on 12 December 2019. In the context of this uncertainty the Government announced in October that funding for Councils in 2020/21 would be "rolled forward", meaning that it would be largely in line with that in 2019/20 plus some additional grants. Economic forecasts show that inflation is likely to remain close to 2% over the next two years although wage inflation is currently running above this level. Economic growth is expected to remain at a low level and all of these forecasts assume that a Brexit deal will be achieved.

4 The Forward View

4.1 With regard to the proposed funding reforms, we have lobbied Government to increase the total amount of funding coming to the sector as a whole and have specifically requested that Government look at the distribution of funding to this Council with a view to addressing past inequalities between authorities. Whilst we believe that the Government understands the challenges of delivering services in a large rural county, we are still cautious about future funding levels given the amount of uncertainty outlined above.

4.2 We expect that next Autumn (2020) will see the release of more information about the impact of the funding reforms on individual councils, which will enable us to have a clearer picture of our future Government support over the medium term period. In the meantime, we are setting a budget for one year only, whilst still planning for the

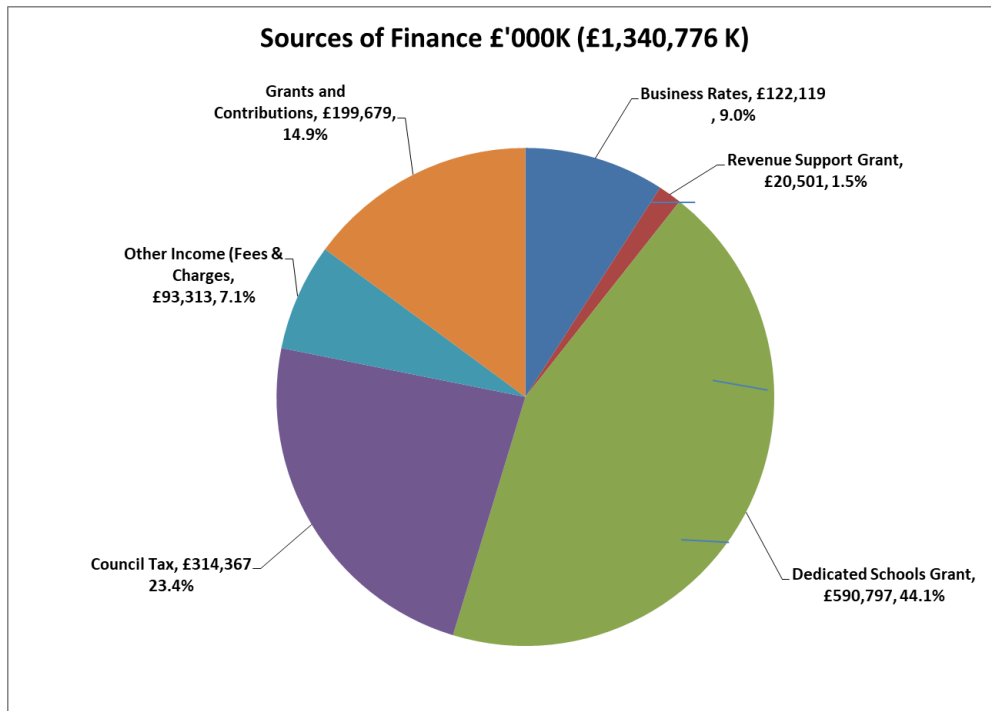
medium term. MTFS Table 1 below sets out our expected medium term budgetary position and proposed budget requirement for each year:

MTFS TABLE 1 - Summary Revenue Budget 2020/21 Onwards

SUMMARY REVENUE BUDGET	2020/21 £m	2021/22 £m	2022/23 £m
EXPENDITURE:			
Net Base Budget	461.283	489.344	501.660
Cost Pressures (<i>including inflation</i>)	44.123	17.514	7.772
Savings & Additional Income	-14.842	-5.198	-0.628
Other Movements (PH Grant & BCF Grant)	-1.221	0.000	0.000
Total Expenditure	489.343	501.660	508.804
Use of Reserves	-	-13.037	-6.096
Contribution to Development Fund	1.800	-	-
Transfer to/from General Reserve	0.200	0.200	0.200
Budget Requirement	491.343	488.823	502.908
INCOME:			
Business Rates Local Retention	122.119	124.267	126.454
Revenue Support Grant	20.501	20.870	21.246
Other Grants	34.357	18.316	18.446
County Precept	314.367	325.370	336.762
Total Income	491.343	488.823	502.908

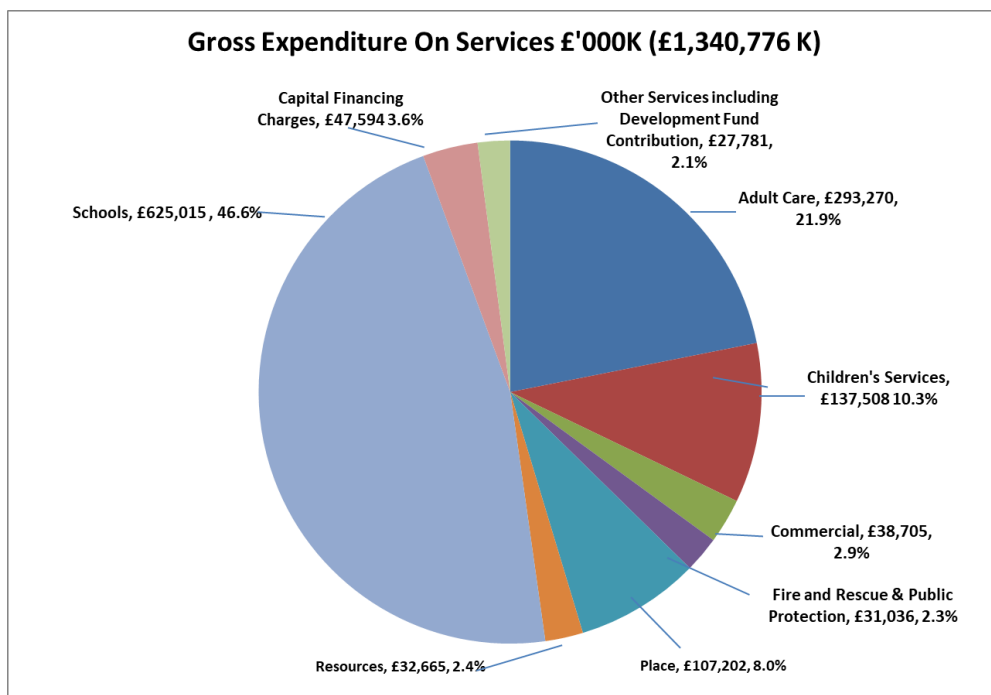
- 4.3 Our funding for 2020/21 is estimated, but based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019. Our funding beyond 2020/21 is based on assumptions about the future and our key assumptions are shown in MTFS Appendix I. Until we receive the final settlement we will not know how accurate our assumptions are and MTFS Appendix I includes a sensitivity analysis which shows the impact of our assumptions on the budget.
- 4.4 We have been through a detailed budget exercise this year which aimed to resolve the forecast deficit over the next three years. As contracts are renewed over the next two to three years we will need to continue to review cost pressures for Adult Social Care.
- 4.5 The table above shows how our base budget each year is increased by cost pressures and reduced by savings or additional income. MTFS Appendix II provides more detail to support the total amount of cost pressures added to our budget in 2020/21, whilst MTFS Appendix III provides more detail to support the total amount of savings or additional income added to our budget in the same year.
- 4.6 We expect our total funding next year to be £1,340.776m. MTFS Pie Chart 1 below shows where this funding will come from.

MTFS PIE CHART 1 - Sources of Funding Revenue Budget 2020/21



4.7 The following pie chart shows how this total of £1,340.776m will be used to fund our services.

MTFS PIE CHART 2 - Gross Expenditure on Services – Revenue Budget 2020/21



MTFS Table 2 below shows our proposed Revenue Budget by service delivery area:

MTFS TABLE 2 - Net Service Revenue Budgets

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.306	43.522
Early Help Services	18.234	18.383
Education & SEND Services	11.996	12.435
Children Safeguarding	40.344	40.717
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.429	3.494
Highways	23.191	22.549
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	451.754
High Needs Block	84.418	91.285
Central School Services Block	4.257	3.710
Early Years Block	40.708	41.373
Dedicated Schools Grant	-560.080	-590.797
Total Net Expenditure		
	461.283	489.344
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.800
Transfer to/from General Reserves	0.200	0.200
Budget Requirement		
	458.396	491.343

4.8 We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which also covers a

longer term period up to ten years. The table below is a summary of our proposed Capital Programme and its proposed funding:

	2019/20 £m	2020/21 £m	Future Years £m
Gross Capital Programme	243.743	170.077	364.159
Funded By:			
Grants and Contributions	105.092	67.839	60.025
Revenue Funding	0.625	0.030	1.105
Use of Reserve	4.201	0.000	0.000
Borrowing	133.825	102.208	303.029
Funding by LCC	138.651	102.238	304.134
Total Funding	243.743	170.077	364.159

4.9 A summary Capital Programme is shown in MTFS Appendix IV.

4.10 The Medium Term Financial Plan shows that we can balance the budget in 2020/21, but this is mainly because we will receive an additional grant of £14.732m next year to support Social Care pressures. Beyond 2020/21 we do not expect to be able to set a balanced budget without using our reserves to bridge the deficit each year; however, this is subject to change depending on the future of Government funding for Social Care and for local government generally. We believe our funding assumptions to be realistic, but cautious. The Government was due to have published a green paper on the reform of Adult Social Care funding by now but there is still no prospect of this in the near future.

4.11 We still have to plan to bridge the budget gap in the event that additional Social Care funding does not transpire. A programme of transformation is starting now, with a number of fundamental service reviews and some development initiatives to be identified in the budget setting reports during the life of this MTFS. It is expected that this programme will start to deliver savings by 2021/22 onwards.

5 Delivering the Medium Term Financial Strategy

5.1 The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. The Section 151 Officer has certain responsibilities for financial management which are set out in regulations, and must follow CIPFA's Codes of Practice.

- 5.2 To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.
- 5.3 The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.
- 5.4 We have an Earmarked Reserve, called the Financial Volatility Reserve, which can be used to support the Revenue Budget in any given year if the requirement to spend is higher than the resources available. Our strategy is that this will only be a temporary solution to balance the budget whilst we work towards finding budget savings or increased funding to ensure that our budgetary position is sustainable. We also have General Reserves which can be called upon to meet any unexpected financial pressures in the year, if these cannot be funded from any other source.
- 5.5 The Strategy is supported by financial performance indicators, which are shown in MTFs Appendix V. These are monitored during the year and performance is reported at the end of the year.
- 5.6 During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.

6 Key Considerations for the Medium Term Financial Strategy

Council Tax

- 6.1 As part of its Technical Consultation released on 9 October, the Government has proposed a referendum limit for general Council Tax of 2%, and is once again allowing the raising of local tax to support Adult Social Care with an additional 2% precept. This gives a potential total Council Tax increase of 4%.
- 6.2 We are proposing to implement the Adult Social Care precept at 2.00% in addition to a 1.50% general Council Tax increase, giving a total increase of 3.50% for 2020/21 (i.e. 0.5% lower than the proposed referendum limit). Our modelling assumes that beyond 2020/21 our Council Tax increases will be 2% each year.

Business Rates

- 6.3 Our Business Rates funding is made up of two elements, an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area.
- 6.4 Any surpluses or deficits on the Business Rates element of the Collection Fund are not received from the Lincolnshire District Councils until 31 January each year. In 2019/20 this was a surplus of £6.157m for the County Council, for one-off reasons, but was a deficit in the previous year. The surplus from 2019/20 was transferred to a Business Rates Volatility Earmarked Reserve and will be used to cover any deficit in future years. We have therefore assumed a neutral position for the Business Rates element of the Collection Fund. It is worth noting that only 10% of the Business

Rates collected locally are passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.

- 6.5 In addition to the above Business Rates funding in previous financial years, the Council received Section 31 Grant as compensation of central Government RPI cap, and reliefs offered to small and rural businesses. It is anticipated that Government will continue to compensate local authorities in full for the extension of Small Business Rate Relief and new Rural Rate Relief.
- 6.6 After participating in a Business Rates Pilot scheme during 2018/19, we were unsuccessful in our bid to continue as a pilot authority during 2019/20. There are no new pilot schemes in 2020/21 so we have reverted to being in a Business Rates Pool. Pooling provides us with additional Business Rates growth income and we have assumed that this will be £2.800m for 2020/21.

Government Funding

- 6.7 We receive General Grant from the Government in the form of Revenue Support Grant. This grant has reduced from its level of £70.351m in 2016/17 to £20.139m in 2019/20. The future of Revenue Support Grant is uncertain given the Government's funding reform agenda, but we have assumed that it will continue at the 2019/20 level, plus inflation, for 2020/21.
- 6.8 In addition to Revenue Support Grant we receive a number of other specific Government grants to support our expenditure, the largest of these being the Better Care Fund and the Public Health grants.

Fees and Charges

- 6.9 The charges made to service users form a significant part of our total gross income, and therefore make an important contribution to the funding of services. MTFS Pie Chart 1 (paragraph 4.6 above) shows that fees, charges and other income is expected to be £92.194m in 2020/21. This income relates to a number of our services, with over half of it coming from users of Adult Social Care services.

Reserves

- 6.10 We hold two types of reserves: General Reserves, which are held as a fund of last resort to cover unexpected and unbudgeted costs which cannot be funded from our Revenue Budget, and Earmarked Reserves, which are funds held for specific purposes and to cover future costs relating to those purposes. Earmarked Reserves are either created from grants and financial contributions received by the Council, or from underspends in the Revenue Budget at year end.
- 6.11 Our General Reserves currently stand at £15.850m, and our strategy is to maintain these reserves at a level which is between 2.5% and 3.5% of the budget requirement each year. The current level is 3.5% of the 2019/20 budget requirement. We carry out an annual risk assessment to ensure that the General Reserves are at a level which is appropriate to cover known risks and the financial risk register used for this assessment is at MTFS Appendix VII.
- 6.12 We will budget for an estimated contribution to or from General Reserves each year to ensure that the level of these reserves keeps pace with the budget requirement and the updated risk assessment.

6.13 Our Earmarked Reserves are currently valued at £189.234m, which includes an Earmarked Reserve which is ring-fenced for Schools of £12.540m. The

Council approves the creation of any new Earmarked Reserves. Our strategy is to regularly review Earmarked Reserves so that they are used for the purposes originally intended, or removed if no longer required, with the funding diverted for a new agreed purpose.

6.14 Within Earmarked Reserves there is a Financial Volatility Reserve which exists to deal with volatility in costs and to support the budget whilst savings are being delivered. There are a number of other Earmarked Reserves which are also used to cover volatility in costs and these support our financial resilience.

6.15 The Financial Volatility Earmarked Reserve currently stands at £55.769m. The MTFP in MTFS Table 1 (paragraph 4.2) indicates that we will need to draw down £13.037m from this reserve in 2021/22 and a further £6.096m in 2022/23. This will leave a balance in the Financial Volatility reserve of £36.636m by the end of the medium term period. Proposed Earmarked Reserves are shown at MTFS Appendix VI.

Flexible Use of Capital Receipts

6.16 In September 2016 the Council approved the Efficiency Plan, and the flexible use of Capital Receipts, to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by Government for the period 2016/17 to 2019/20. In December 2017, the Government set out further measures to support councils to deliver services. One of these measures was an extension to the use of Capital Receipts to help meet the Revenue costs of transformation for a further 3 years to April 2022.

6.17 From next year, 2020/21, we no longer plan to use Capital Receipts to fund transformation projects. Instead, we plan to use our Earmarked Reserves for this purpose. This will allow us to revert to using Capital Receipts to repay borrowing or to finance new Capital expenditure.

Financial Performance

6.18 We have a strong financial foundation upon which to build future years' budgets. Indicators of this are:

- We have prepared for this eventuality by setting aside money in reserves to help smooth the transition to a lower budget base;
- We have a culture of financial management which generally results in expenditure being contained within budgets;
- Prompt action has been taken to reduce budgets in the early years of austerity;
- A prudent approach has been taken to budgeting and this often results in underspends at the end of the year. This in turn has allowed for Earmarked Reserves levels to be increased;
- The CIPFA Financial Resilience Index has just been made available, and early indications are that this Council has a reasonable level of financial resilience;

- The Leader of the Council is the Executive Portfolio Holder for finance and has a good understanding of financial issues. The Executive is involved in the budget process.

Governance, Risk and Opportunities

6.19 As set out in section 5 above, we have a strong culture of good financial management and this is supported by a governance framework as follows:

Constitution and Financial Regulations

All Council business is conducted in accordance with the policies and procedures set out in our Constitution, which defines how we operate, how decisions are made, and the procedures that must be followed.

Financial Procedures

In order to conduct our business efficiently, we need to ensure that we have sound financial management policies and procedures in place and this is done through our Financial Procedures. These set out the financial accountabilities of individuals and the procedures to be followed.

Council

The Council's financial affairs are operated through a number of Member committees which have delegated powers. Decisions that cannot be delegated are taken at meetings of full Council.

The Executive

Each year, the Council agrees a policy framework and budget, and it is the responsibility of the Executive to implement the framework and budget. The Executive has special responsibilities for financial matters.

Scrutiny Committee

The Overview and Scrutiny Management Board reviews and scrutinises any decision made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

Audit Committee

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior

management to continually improve the Council's governance, risk and control environment.

Internal Audit

The Council maintains an adequate and effective system of internal audit of the accounting records and the systems of internal control in line with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011.

External Audit

An external audit service to the Council is currently provided by Mazars, who report on an annual basis to the Audit Committee on their findings in respect of the Statement of Accounts and on the Council's Value for Money arrangements.

Chief Finance Officer

The Council has designated the Executive Director – Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council. He is a member of the Leadership Team and has a key responsibility to ensure that the Council controls and manages its money well. He is able to operate effectively and perform his core duties, complying with the CIPFA Statement on the role of the Chief Finance Officer.

Monitoring Officer

The Chief Legal Officer is the designated Monitoring Officer, with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the Constitution. The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by Members and co-opted Members of the authority.

Risk Management Strategy

The Audit Committee has overall responsibility for ensuring that the Council's risk management framework is robust, and provides assurance that strategic and operational risks which the Council faces have been identified and managed. Our financial risk register is at MTFS Appendix VII.

6.20 Our strategy is to take account of risk when preparing the MTFP. We have a number of budgets which are volatile because the amount we spend in each year depends on either demand for services or on other factors which we do not control e.g. the weather. We forecast the amount required for such budgets based on the most likely scenarios and hold amounts in contingencies and earmarked reserves to support these budgets if expenditure is higher than expected.

6.21 Our MTFP is supported by assumptions about a number of factors affecting the budget, and we model scenarios based on differing levels of risk for each major assumption: high risk (the outcome which results in a higher risk to our financial position); medium risk (the most realistic outcome); low risk (the outcome which results in a lower risk to our financial position). This provides us with a range of possible financial positions for the future, which we can take account of when making major decisions. We update the MTFP as detailed information about our future costs, income and funding is confirmed.

6.22 We need to ensure that we can grow and develop as a Council, as well as maintain existing core services. To do this we need to be able to make the most of opportunities when they arise. The MTFS allows us to do this by establishing funding for investing in new ideas. Examples of this are:

- Budget holders can bid for investment in new opportunities (either revenue or capital) as part of the annual budget process. These will be considered in the context of the business case and affordability.
- Council Directorates can carry forward up to 1% of their budgets to the following year to the extent that they have delivered a budget underspend..
- We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.
- There are a number of earmarked reserves which can be used to fund investment in new opportunities.

MTFS APPENDIX I

Funding / Expenditure Area	Assumption	2020/21 £000's	Impact of 1% Change £000's	Impact of 5% Change £000's
Funding				
Revenue Support Grant	2019/20 level plus 1.8% inflation pa	-20,501	-205	-1,025
Rural Services Delivery Grant	2019/20 level plus 1.8% inflation pa	-7,060	-71	-353
New Homes Bonus Grant	2019/20 level plus 1.8% inflation pa	-2,182	-22	-109
Independent Living Fund	Reduction of 2.5% pa	-1,554	-16	-78
Public Health Grant	2019/20 level plus 1.8% inflation 2020/21, then flat-lined	-32,341	-323	-1,617
Better Care Funding	2019/20 level plus £680,000 for 2020/21, then flat-lined	-47,023	-470	-2,351
Council Tax Collection Fund Surplus	2019/20 surplus with no growth	-2,670	-27	-133
Council Tax	Taxbase growth 1.5% pa * Band D increase 3.5% / 2% / 2%	311,709	N/A	N/A
BR Collection Fund Surplus	Deficit can be eliminated using volatility reserve	0	0	0
BR collected locally	2019/20 plus growth of 1.8% pa	-21,437	-214	-1,072
BR Top Up Grant	2019/20 plus growth of 1.8% pa	-91,456	-915	-4,573
BR S31 Grant	2019/20 plus growth of 1.8% pa	-6,427	-64	-321
BR Pooling Gain	£2.799m pa based on latest estimate	-2,799	-28	-140
Social Care Grant	2019/20 amount rolled forward for 3 years	-5,754	-58	-288
Social Care Grant (New)	New grant confirmed for 2020/21 only	-14,732	N/A	N/A
Expenditure			-2,412	-12,060
Pay Inflation	2% pa	3,287	33	164
LGPS Employers Contribution	1.1% increase pa	1,688	17	84
LGPS Lump Sum Deficit	18% increase per annum	1,172	12	59
Total			61	307

MTFS APPENDIX II

COST PRESSURES 2020/21			
Service Area	Anticipated Cost Pressures 2020/21 £000's	Anticipated Cost Pressures 2021/22 £000's	Anticipated Cost Pressures 2022/23 £000's
COST PRESSURES ADULT CARE & COMMUNITY WELLBEING	12,150	5,008	0
COST PRESSURES CHILDREN'S SERVICES	2,311	1,790	1,487
COST PRESSURES PLACE	254	42	42
COST PRESSURES FIRE AND RESCUE & PUBLIC PROTECTION	1,793	0	11
COST PRESSURES COMMERCIAL	2,873	945	218
COST PRESSURES RESOURCES	2,639	80	0
COST PRESSURES CORPORATE SERVICES	286	0	0
TOTAL COST PRESSURES SERVICES	22,306	7,865	1,758
TOTAL COST PRESSURES: OTHER BUDGETS	18,778	6,560	2,864
TOTAL COST PRESSURES SERVICES AND OTHER BUDGETS	41,084	14,425	4,622
INFLATIONARY COST PRESSURES	3,040	3,089	3,150
TOTAL COST PRESSURES INCLUDING INFLATION	44,123	17,513	7,772

MTFS APPENDIX III

SAVINGS 2020/21			
Service Area	Proposed savings 2020/21 £	Proposed savings 2021/22 £	Proposed savings 2022/23 £
SAVINGS ADULT CARE & COMMUNITY WELLBEING	-8,708	-3,901	-100
SAVINGS CHILDREN'S SERVICES	-1,232	-131	-22
SAVINGS PLACE	-2,020	-159	0
SAVINGS FIRE AND RESCUE & PUBLIC PROTECTION	-115	0	0
SAVINGS COMMERCIAL	-950	0	0
SAVINGS RESOURCES	-1,004	0	0
TOTAL SAVINGS SERVICES	-14,030	-4,191	-122
TOTAL SAVINGS OTHER BUDGETS	-812	-1,006	-506
TOTAL SAVINGS SERVICES AND OTHER BUDGETS 2020/21	-14,842	-5,198	-628

Capital Programme

Capital Programme (2019/20 plus Future Years)	Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY WELLBEING			
Adult Care and Community Wellbeing	6,149	2,800	0
SCHOOLS			
Schools	31,118	32,047	114,125
CHILDREN'S SERVICES			
Children's Services	857	425	1,979
PLACE			
Communities	3,955	5,222	9,685
Growth & Economy	21,013	4,600	1,500
Highways	142,487	90,720	126,203
FIRE AND RESCUE & PUBLIC PROTECTION			
Public Protection	98	0	0
Fire and Rescue & Emergency Planning	8,590	6,656	6,489
COMMERCIAL			
Property	9,755	5,970	30,227
ICT	10,990	10,000	13,951
OTHER BUDGETS			
Other Budgets	8,732	11,638	60,000
Total Budget	243,743	170,077	364,159

Funding of the Capital Programme

	2019/20 £'m	2020/21 £'m	Future Years £'m
Grants and Contributions	105.092	67.839	60.025
Borrowing	133.825	102.208	303.029
Use of Reserve	4.201	0.000	0.000
Revenue Funding	0.625	0.030	1.105
Total Funding	243.743	170.077	364.159

Key Financial Performance Measures: Financial Health & Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2019/20 Estimate	2020/21 Estimate
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 27 county councils)	Yes	Yes
2	Government grants	Lobby for annual increases in general government grants to be above the county average	Yes	Yes
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.68%	6.26%
4	Accounting	Unqualified external audit opinion	Yes	Yes
5	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
6	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes
7	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90.00%	90.00%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark

Earmarked Reserves

	Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
1	Children's Services - Education	Balances from dedicated schools budget including those held by Schools under a scheme of delegation	12,540	20,638	0	-33,178	0	0
Other Earmarked Reserves								
2	Children's Services - Education	Schools Sickness Insurance Scheme	519	362	0	-881	0	0
3	Children's Services - Education	S77 Poplar Farm School Project	0	344	0	-344	0	0
Children's Services - Education Total Other Earmarked Reserves			473	0	-473			0
4	Children's Services	Youth Offending Service	512	0	0	0	312	200
5	Children's Services	Young People in Lincolnshire	252	0	0	-252	0	0
6	Children's Services	Families Working Together	599	0	0	-599	0	0
7	Children's Services	Music Service Reserve (carry forward)	148	0	0	-148	0	0
Children's Services - Total Other Earmarked Reserves								200
8	Place	Museum Exhibits	133	0	0	-133	0	0
9	Place	Development - Economic Development Reserve PROPOSED TO RE-NAME AS "GROWTH" RESERVE	215	0	665	-880	0	0
10	Place	Salix Carbon Management PROPOSED TO RE-NAME AS "CARBON MANAGEMENT RESERVE"	40	0	0	-40	0	0
11	Place	Heritage Services Earmarked Reserve PROPOSED TO RE-NAME AS "CULTURAL SERVICES"	262	0	94	-312	0	44
12	Place	Highways Permitting Reserve Income PROPOSED TO RE-NAME AS "TRAFFIC MANAGEMENT"	394	0	879	-950	0	323
Place - Total Other Earmarked Reserves								367
13	Fire and Rescue and Public Protection	Safer Communities Development Fund PROPOSED TO RE-NAME AS "COMMUNITY SAFETY"	556	0	310	-846	0	20
14	Fire and Rescue and Public Protection	Co-Responders Services	450	0	400	-519	31	300
Fire and Rescue and Public Protection - Total Other Earmarked Reserves								320
15	Commercial	Procurement	1,063	52	65	-966	162	52
16	Commercial	Support Service Contract Reserve PROPOSED TO RE-NAME AS "CSSC TRANSFORMATION INCLUDING BW RE-BUILD AND DEVELOPMENT"	2,296	0	1,100	-3,396	0	0
17	Commercial	Property Management	130	0	50	-155	25	0
Commercial - Total Other Earmarked Reserves								52
18	Resources	Legal	843	738	0	0	0	1,581
Resources - Total Other Earmarked Reserves								1,581
19	Corporate Services	Local Welfare Provision Reserve PROPOSED TO RE-NAME AS "COMMUNITY ENGAGEMENT RESERVE"	15	0	76	-91	0	0
Corporate Services - Total Other Earmarked Reserves								0
20	Other Budgets	1% carry forwards transfer to revenue	36,834	0	0	-33,360	0	3,474
21	Other Budgets	Insurances	5,237	500	0	-5,737	0	0
22	Other Budgets	Financial Volatility Reserve	45,595	10,174	0	0	0	55,769
23	Other Budgets	Business Rates Volatility Reserve	1,683	0	0	-1,683	0	0
24	FORMERLY Place NOW "OTHER BUDGETS"	Energy from Waste Lifecycles	4,987	0	0	-4,987	0	0
25	Other Budgets	Development Fund						10,180
Other Budgets - Total Other Earmarked Reserves (excluding Development Fund)								59,243
Total Other Earmarked Reserves			113,322	12,722	655	-56,870	8,066	61,763

	Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
Revenue Grants and Contributions Unapplied								
1	Children's Services - Education	Schools Grant & Contribution Reserve	6,075	0	0	-6,075	0	0
Children's Services Education - Total Revenue Grants and Contributions Unapplied								
0								
2	Adults and Community Wellbeing	Public Health Grant PROPOSED TO RE-NAME AS "PUBLIC HEALTH RESERVE"	3,746	0	1,152	0	0	4,897
3	Adults and Community Wellbeing	Adult Care Reserve	0	0	35,045	-13,079	0	21,966
Adults and Community Wellbeing - Total Revenue Grants and Contributions Unapplied								
26,864								
4	Children's Services	Children's Grant & Contribution	8,455	0	0	-8,066	389	0
5	Children's Services	LSCB Grants & Contributions	335	0	0	-335	0	0
Children's Services - Total Revenue Grants and Contributions Unapplied								
0								
6	Place	Section 38 Agreement G & C Reserve	2,068	0	0	0	0	2,068
7	Place	Growth Points Lincoln	73	0	0	-73	0	0
8	Place	Growth Points Grantham	1,001	0	0	-1,001	0	0
9	Place	Road Safety - Lincs Police	56	0	0	0	0	56
10	Place	Highways & Transport Grants & Contributions PROPOSED TO RE-NAME AS "TRANSPORT SERVICES"	447	-261	0	-186	0	0
11	Place	Environment, Planning & Cust Services PROPOSED TO RE-NAME AS "ENVIRONMENT PROJECTS"	262	0	-50	-212	0	0
12	Place	Traffic Commissioner Threshold	0	261	0	0	0	261
Place - Total Revenue Grants and Contributions Unapplied								
2,385								
13	Fire and Rescue and Public Protection	Safer Communities Revenue Grant & Contribution	172	0	0	-172	0	0
14	Fire and Rescue and Public Protection	Fire and Rescue Grant PROPOSED TO RE-NAME AS "FIRE AND RESCUE"	51	0	399	-430	0	20
15	Fire and Rescue and Public Protection	Trading Standards EM G&C Earmarked Reserve	448	0	0	-448	0	0
Fire and Rescue and Public Protection - Total Revenue Grants and Contributions Unapplied								
20								
			65	0	-65	0	0	0
16	Corporate Services	Community Resilience Grant and Contribution Earmarked Reserve	215	0	0	-215	0	0
Corporate Services - Total Revenue Grants and Contributions Unapplied								
0								
17	Other Budgets	EU Exit Fund	88	0	0	0	0	88
Other Budgets - Total Revenue Grants and Contributions Unapplied								
88								
Total Revenue Grants and Contributions Unapplied			63,371	0	-655	-31,245	2,114	29,357
Total Earmarked Reserves (excluding Schools)			176,693	12,722	0	-88,115	10,180	91,120

Financial Risk Register 2020/21

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Inflation							
Pay	Pay awards are 1.0% higher than assumed in the budget.	leading to increased costs	There is a 2.0% provision in 2020/21 budgets for pay awards. The Council has also made a budget provision for the National Pay Spine negotiations.	3.3	2	35%	1.155
Price Increases	Inflation for general price increases is 1.0% more than allowed in budget.	leading to increased costs	There is a 0.0% provision in 2020/21 budgets for price increases.	4.4	3	75%	3.300
Income	Increase is 1.0% less than provided for in budget.	leading to reduced income	There is some provision in 2020/21 for certain income increases e.g. Adult Social Care. In other areas there is no provision for increases.	1.8	3	75%	1.350
Interest rates	Longer term interest rates are 1.0% higher than assumed in the budget.	leading to increased costs on long term borrowing	The budget assumes longer term rates of 2.525% for 2020/21.	1.2	2	35%	0.420
Other Budget Assumptions							
Demand-led Services	Demand for social care, waste disposal, home to school transport, property repairs and maintenance, highways winter maintenance, fire and rescue, coroners: increase in total cost terms by (say) £15m more than budget.	leading to increased costs	Budget prepared on latest projections, but, for example, a bad winter could lead to significant additional winter road maintenance or social care.	15.0	3	75%	11.250
Fair Funding Review and Business Rates Retention Reforms are less advantageous than anticipated from April 21	The Fair Funding Review and Business Rates Retention reforms were due to be implemented from April 20 and have been pushed back to April 21 amid great political uncertainty. Assumptions about increased funding may not be realistic. One-off social care funding of £5.7m has been repeated for 20/21 but may then cease.	leading to less government funding	Assumptions about increases have been fairly cautious.	8.3	3	75%	6.229
Estimated savings	Target savings not achieved fully in 2020/21.	leading to increased costs	Achieving fully the high level of savings required within the year will be very challenging. The Council's 2020/21 budget includes an estimated savings target of £16.3m. Monthly budget monitoring arrangements should highlight any potential budget pressures to allow corrective actions to be taken. Savings are generally low impact.	16.3	2	35%	5.720
Income budgets	Income from charges is 10% less than estimated.	leading to reduced income	Budgets are set on past experience and future expectations.	16.2	2	35%	5.670
Costs of change	A provision has been made within the Council's budget for redundancy costs. The Council will no longer use Capital Receipts flexibly to fund transformation in 2020/21. Some transformation costs are included within service budgets, and earmarked reserves can be used to fund transformation. However the full cost of transformation is not yet known. Provision for service transformation is insufficient by (say) £2m.	leading to increased costs	The current budget savings required for the 2020/21 budget are unlikely to lead to significant redundancies; however service transformation is expected to happen in some areas. If costs are in excess of the current budget the additional costs could be funded from the Council's Contingency Budget, Financial Volatility Reserve or from other earmarked reserves.	2.0	3	75%	1.500
Capital Programme	The programme exceeds by (say) £10m the funding available, leading to use of additional revenue funding.	leading to increased costs	It is normal for the Capital Programme to be underspent, not overspent. An overspend would be funded by taking additional borrowing.	10.0	1	10%	1.000

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Financial Management Arrangements							
Current financial management arrangements	Overspend of 2% in Budget Requirement.	leading to increased costs	There are clear, written financial management procedures; regular staff training; good financial systems including monitoring information; and regular reporting to budget-holders, directorate management teams and the Executive. There have not been substantial overspendings in recent years other than on demand led services; however, as budgets are tightened, overspending may be more	9.7	3	75%	7.268
Schools Expenditure	Overspend of 1% in Schools budget expenditure.	leading to increased costs	Schools expenditure covered by Dedicated Schools Grant. The County Council could be required to provide financial support if there were a major problem.	4.3	1	10%	0.430
Potential Losses							
General Claims against the Council	Claims total £5m more than provided for in budget.	leading to increased costs	Extent of loss is limited by insurance arrangements. There is also an Insurance Reserve; the balance of this stood at £5.237m at 31 March 2019.	5.0	3	75%	3.750
Bad Debts	Write-off of debts of 1%.	leading to reduced income	The Council has a good record of income collection with a low level of debt write-offs.	1.3	1	10%	0.130
Treasury management	Default on loans from the Council.	Reduction in the Council's cash balances	Authorised lending for Treasury Investments list restricted to lowest risk institutions with individual limits. The Council's lending policy is low risk.	25.0	1	10%	2.500
Loans to Other Bodies for Service Purposes	Default on loans from the Council.	Reduction in the Council's cash balances	The Council has made loans to other bodies for service purposes and these carry a higher risk of default than Treasury loans, particularly given IFRS9 implications.	2.4	2	35%	0.840
Major emergencies or disasters	Such an event with a cost of (say) £5m	leading to increased costs	The government provides financial support under the Bellwin scheme for major emergencies or disasters. However, there is no automatic entitlement to financial assistance and where it is given it will not normally cover all the costs incurred.	5.0	1	10%	0.500
						53.011	
Provisions Against Financial Risk							
Contingency Provision	The contingency provision may offset some of the increased costs noted above e.g. price increases above that allowed in budgets.		Budgets include a contingency provision of £3.0m p.a.	-3.0	4	100%	-3.000
Financial Volatility Reserve	At the end of 2011/12 the Council established a financial volatility reserve to help the Council deal with the future uncertainties around local government funding.		At the end of 2019/20 it is estimated that the balance in the FVR will stand at £55m. It is currently estimated that we will need around £7m from the reserve to balance future years' budgets, which means that there will be approximately £48m left to fund these risks. In addition, there may be an underspend in the current year which could be applied to the FVR at the year end.	-48.0	3	75%	-36.000
						-39.000	
Net Total Value of Risks						14.011	
Key To Likelihood Scores:							
1	Very unlikely	10% of impact					
2	Possible but unlikely	35%					
3	Possible for example in view of current higher levels of risk	75%					
4	Very probable or certain	100%					

End of Medium Term Financial Strategy

End of Appendix A

IN DEPTH REVIEWS	
IN DEPTH (DEEP DIVE) REVIEWS	Service Area
Place	Transport
Place	Waste
Place	Heritage & Cultural
Place	Traffic Service and Streetworks/ Permitting team
Children's	Children's Centres
Children's	Home to School transport
Adults	Adult Frailty
Adults	Adult Care Specialities
Adults	Public Health
Fire Rescue & Public Protection	Public Protection
Fire Rescue & Public Protection	Fire Control
Commercial	IMT
Commercial	Corporate Cross Council Review
Resources	Review of Business Support
Resources	Democratic Services

APPENDIX C

COST PRESSURES 2020/21	
Service Area	Anticipated Cost Pressures 2020/21 £000's
COST PRESSURES ADULT CARE & COMMUNITY WELLBEING	12,150
COST PRESSURES CHILDREN'S SERVICES	2,311
COST PRESSURES PLACE	254
COST PRESSURES FIRE AND RESCUE & PUBLIC PROTECTION	1,793
COST PRESSURES COMMERCIAL	2,873
COST PRESSURES RESOURCES	2,639
COST PRESSURES CORPORATE SERVICES	286
TOTAL COST PRESSURES SERVICES	22,306
TOTAL COST PRESSURES: OTHER BUDGETS	18,778
TOTAL COST PRESSURES SERVICES AND OTHER BUDGETS	41,084
INFLATIONARY COST PRESSURES	3,040
TOTAL COST PRESSURES INCLUDING INFLATION	44,123

APPENDIX D

SAVINGS 2020/21	
Service Area	Proposed savings 2020/21 £
SAVINGS ADULT CARE & COMMUNITY WELLBEING	-8,708
SAVINGS CHILDREN'S SERVICES	-1,232
SAVINGS PLACE	-2,020
SAVINGS FIRE AND RESCUE & PUBLIC PROTECTION	-115
SAVINGS COMMERCIAL	-950
SAVINGS RESOURCES	-1,004
TOTAL SAVINGS SERVICES	-14,030
TOTAL SAVINGS OTHER BUDGETS	-812
TOTAL SAVINGS SERVICES AND OTHER BUDGETS 2020/21	-14,842

Budget Movement 2019/20 – 2020/21

Adult Care and Community Wellbeing

Adult Frailty & Long Term Conditions				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	120,804,125		
	BUDGET CHANGES:	- 833,987		
2.0	<u>Inflation</u>	328,174	Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
3.1	Demographic Growth & Inflation	3,160,993	Ref 3.1	Demographic Growth pressures and inflation in rates for Residential/Nursing and Homecare.
3.2	Service Development	2,500,000	Ref 3.2	Broadening the Service of Homecare within the re-procurement of the Homecare service in 20/21.
4.0	<u>Savings</u>			
4.1	Budget 2020 Savings Programme	- 209,715	Ref 4.1	Reduction in Director's Consolidated Running Costs.
4.2	Growth in Service User Contributions	- 1,594,578	Ref 4.2	Proportionate increase in Service User Contributions from increase in benefits.
4.3	Home Based Service	- 319,929	Ref 4.3	Reablement Service efficiencies.
4.4	Increase in Income	- 575,000	Ref 4.4	Increase in Direct Payment Refund Income.
4.5	Increase in Income	- 1,000,000	Ref 4.5	Increase in Debtor Income.
4.6	Peak Demand Efficiencies	- 800,000	Ref 4.6	Improvement in Peak Demand efficiencies.
4.7	Assessment & Care Management Frailty	- 579,000	Ref 4.7	Savings from gaps in posts being filled from staff turnover.
4.8	Transport	- 100,000	Ref 4.8	Reduction in service demand.
4.9	Residential/Nursing Placements	- 500,000	Ref 4.9	Reduction in service demand as more requirement for Community Based Services.
4.10	Other Expenditure Budget - Frailty	- 90,000	Ref 4.10	Reduction in service demand.
4.11	Adult Care Charging	500,000	Ref 4.11	Impact of legislative changes.
5.0	2020/21 BUDGET	120,691,083		

Adult Specialities				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	75,865,468		
	BUDGET CHANGES:	425,267		
2.0	<u>Inflation</u>	137,814	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Demography and National Living Wage	1,613,822	Ref 3.1	Demographic Pressures & increase in National Living Wage Residential and Nursing Care (LD).
3.2	Demography and National Living Wage	3,025,554	Ref 3.2	Demographic Pressures & increase in National Living Wage Community Based Services (LD).
3.3	Demography	1,400,000	Ref 3.3	Demographic Pressures Residential Care & Community Based Services (MH).
4.0	<u>Savings</u>			
4.1	Increased Income	- 250,000	Ref 4.1	Increase in Direct Payment Audit Income.
4.2	CHC Income	- 1,800,000	Ref 4.2	Additional CHC Funding from CCGs.
5.0	2020/21 BUDGET	80,417,925		

Public Health & Community Wellbeing				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	29,668,508		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	59,549	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Mosaic Costs	449,385	Ref 3.1	Transfer of costs from Serco to LCC in respect of Mosaic costs.
4.0	<u>Savings</u>			
4.1	Contract re-procurement and reduction in service requirements	- 1,390,000	Ref 4.1	Agreed reduction in budget based on current service requirements, and savings based on contract re-procurement.
5.0	2020/21 BUDGET	28,787,442		

Children's Services

Commissioning and Health Services

Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	42,286,869		
	BUDGET CHANGES:	86,250		
2.0	<u>Inflation</u>	207,642	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Home to School/College Transport	1,243,136	Ref 3.1	Additional school transport contract costs associated with National Living Wage rises, inflationary costs and an increase in the expected numbers of eligible pupils.
4.0	<u>Savings</u>			
4.1	Commissioning	- 52,482	Ref 4.1	A reduction in the cost of software and a reduction in funding to support market engagement as part of service reviews.
4.2	0-19 Health Services	- 182,000	Ref 4.2	A more effective clinic utilisation leading to a reduction in home visiting.
5.0	2020/21 BUDGET	43,589,415		

Early Help Services

Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	18,111,546		
	BUDGET CHANGES:	122,229		
2.0	<u>Inflation</u>	290,953	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Early Years Service	- 4,050	Ref 4.1	A reduction in childcare so that it is solely focused on supporting short term access as part of a holistic family support plan.
4.2	Early Help Services	- 36,445	Ref 4.2	Budget reductions to meet current service requirements.
4.3	Targeted Support for Young People	- 38,303	Ref 4.3	Efficiencies as a result of the joint delivery of provision.
4.4	Youth Offending	- 59,971	Ref 4.4	Removal of Performance Officer post due to sufficient capacity in the Performance Team and budget reductions to meet current service requirements.
4.5	Virtual School	- 2,858	Ref 4.5	Budget reductions to meet current service requirements.
5.0	2020/21 BUDGET	18,383,101		

Education & SEND Services				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	12,627,221		
	BUDGET CHANGES:	- 630,874		
2.0	<u>Inflation</u>	179,265	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	SEND Services	529,350	Ref 3.1	Staffing restructure relating to SEND assessments.
4.0	<u>Savings</u>			
4.1	SEND Services	- 6,312	Ref 4.1	Additional income generation and budget reductions for training materials and legal costs.
4.2	Education Services	- 16,975	Ref 4.2	Additional income generation, a reduction in the cost of software and budget reductions to meet service requirements.
4.3	School Improvement	- 6,924	Ref 4.3	Budget reductions to meet service requirements.
4.4	Management and Admin	- 239,149	Ref 4.4	Budget reductions to meet service requirements.
5.0	2020/21 BUDGET	12,435,602		

Children Safeguarding				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	39,726,838		
	BUDGET CHANGES:	617,051		
2.0	<u>Inflation</u>	420,720	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Looked After Children	273,450	Ref 3.1	Estimated growth in looked after children numbers of 5%, plus cost increases resulting from living wage implications and general cost increases. This is based on 92% of looked after children being accommodated by the cost effective in-house foster carers.
3.2	Special Guardianship Orders	265,451	Ref 3.2	Estimated growth in Special Guardianship orders which are increasingly being seen by the Courts as an important option for permanency for children who need to be removed from their birth parents.
4.0	<u>Savings</u>			
4.1	Early Help Services	- 42,490	Ref 4.1	Budget reductions to meet service requirements.
4.2	Family Assessment and Support Teams	- 102,700	Ref 4.2	Utilisation of grant income and budget reductions to meet service requirements.
4.3	Adoption and Fostering Services	- 3,480	Ref 4.3	Budget reductions to meet service requirements.
4.4	Leaving Care Services	- 438,320	Ref 4.4	Savings on supported accommodation by increasing in-house provision.
5.0	2020/21 BUDGET	40,716,520		

Place

Communities				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	47,399,662		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	181,987	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Cultural Services	284,000	Ref 3.1	Inflationary costs for the libraries contract.
4.0	<u>Savings</u>			
4.1	Transport Services	- 425,000	Ref 4.1	Contract payments reviewed to provide more emphasis on reducing actual passenger numbers as eligibility age for a concessionary pass rises.
4.2	Cultural Services	- 201,050	Ref 4.2	Budget revision to library vehicles, staffing and associated expenses.
4.3	Environmental Services	- 66,151	Ref 4.3	Budget revisions to meet current service requirements.
4.4	Waste Services	- 590,900	Ref 4.4	Reduction in repairs, maintenance and transport costs, together with contract savings and reduced tonnages of compost and other materials at Household Waste Recycling Centres (HWRC).
5.0	2020/21 BUDGET	46,582,548		

Lincolnshire Local Enterprise Partnership				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	420,301		
	BUDGET CHANGES:	- 14,577		
2.0	<u>Inflation</u>	6,801	Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	412,525		

Growth				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	3,202,228		
	BUDGET CHANGES:	226,785		
2.0	<u>Inflation</u>	64,594	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	3,493,607		

Highways				
Ref No	Main Area of Expenditure		2020/21 Estimate £	Notes
1.0	2019/20 BUDGET		23,461,441	
	BUDGET CHANGES:		- 269,855	
2.0	<u>Inflation</u>		124,391	Ref 2.0 An allocation for Inflation
3.0	<u>Cost Pressures</u>			
3.1	Highways Asset Management	-	30,000	Ref 3.1 Reduction for 'Confirm' system licences.
4.0	<u>Savings</u>			
4.1	Design Services	-	38,780	Ref 4.1 Efficiency saving on system maintenance costs
4.2	Highways Services	-	663,541	Ref 4.2 Efficiency savings on winter maintenance operations (£178,000), with the remainder due to increased charges for a range of highway services including road closures, fixed penalty notices and searches.
4.3	Highways Asset Management	-	34,705	Ref 4.3 Increase in charges for skip and scaffold permits (£24,705) and a reduction in the scanner and scrim surveying contracts (£10,000).
5.0	2020/21 BUDGET		22,548,951	

Fire and Rescue & Public Protection

Fire and Rescue & Emergency Planning				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	19,872,372		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	343,481	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Fire and Rescue	1,793,429	Ref 3.1	Increase in employer pension contributions for Firefighter scheme, in line with government actuary requirements.
4.0	<u>Savings</u>			
4.1	Fire and Rescue	- 115,000	Ref 4.1	A reduction in costs associated with unwanted fire signals (false alarms policy) (£55k), and a reduction in budget to cover firefighter absence to maintain operational resilience (£60k).
5.0	2020/21 BUDGET	21,894,282		

Public Protection				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	3,402,525		
	BUDGET CHANGES:	- 11,874		
2.0	<u>Inflation</u>	67,986	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	3,458,637		

Resources

Resources				
Ref No	Main Area of Expenditure		2020/21 Estimate £	Notes
1.0	2019/20 BUDGET		20,333,687	
	BUDGET CHANGES:		195,694	
2.0	<u>Inflation</u>		453,214	Ref 2.0 An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Support Service Cost pressures		2,339,106	Ref 3.1 The additional cost for financial services (£1,659,405), Human Resources (£358,741), and Business Support (£320,960).
3.2	May 2021 Council Elections		300,000	Ref 3.2 The allocation of an annual budget to cover the cost of future county council elections.
4.0	<u>Savings</u>			
4.1	Human Resources	-	440,000	Ref 4.1 Restructure of Human Resources following the return of staff to LCC.
4.2	Legal Services	-	450,000	Ref 4.2 Realignment of Legal Lincolnshire surplus target in line with recent performance.
4.3	Financial Strategy	-	43,000	Ref 4.3 Increased income from services to schools.
4.4	Audit & Risk	-	22,180	Ref 4.4 Increased income from audit services.
4.5	Information Assurance	-	17,207	Ref 4.5 Increased income from services to schools.
4.6	Democratic Services	-	15,396	Ref 4.6 The permanent removal of a vacant position.
4.7	Business Support	-	16,380	Ref 4.7 The implementation of a paper reduction strategy.
5.0	2020/21 BUDGET		22,617,538	

Commercial

Commercial				
Ref No	Main Area of Expenditure		2020/21 Estimate £	Notes
1.0	2019/20 BUDGET		31,989,148	
	BUDGET CHANGES:		- 1,603	
2.0	<u>Inflation</u>		147,348	Ref 2.0 An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Services Support Contract		2,244,267	Ref 3.1 The additional cost of the Customer Services Centre.
3.2	Property Cost increases		628,295	Ref 3.2 Increase in utility and business rate costs on centrally managed accommodation and the impact on National Living Wage costs on the corporate property contract.
4.0	<u>Savings</u>			
4.1	Property Services	-	278,652	Ref 4.1 Reductions in building and programme costs and alignment of county farms income in line with current year performance.
4.2	Information Management	-	567,198	Ref 4.2 Budget revision to meet current service requirements.
4.3	Commercial Management	-	104,272	Ref 4.3 Budget revision to meet current service requirements.
5.0	2020/21 BUDGET		34,057,333	

Corporate Services

Corporate Services				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	2,186,429		
	BUDGET CHANGES:	- 153,792		
2.0	<u>Inflation</u>	25,848	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Services	285,701	Ref 3.1	The funding of two new assistant directors (Transformation and Corporate Services), and a new head of service (Policy).
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	2,344,186		

Other Budgets

Other Budgets				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	50,871,857		
	BUDGET CHANGES:	115,237		
2.0	<u>Inflation</u>		Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
	Capital Financing Charges	6,032,192	Ref 3.1	Increase in the cost to finance the capital programme.
	Capital Receipt	8,000,000	Ref 3.2	Removal of the flexible use of capital receipts.
	Insurance	1,303,000	Ref 3.3	Increase in insurance premium costs.
	Pension Deficit Contribution	2,859,600	Ref 3.4	Increase in employer's contribution towards pension deficit.
	Pay Negotiations	600,000	Ref 3.5	An allocation for cost relating to pay negotiations and national pay spine changes.
	Surplus Properties	64,000	Ref 3.6	Cost in maintaining surplus properties
	Lewy Payments	18,900	Ref 3.7	Increase in lewy payments
4.0	<u>Savings</u>			
	Commercial Discount	- 705,800	Ref 4.1	Reduction in contract payments.
	Dividend Income	- 206,000	Ref 4.2	Increase in dividend relating to investment.
5.0	2020/21 BUDGET	68,952,986		

Capital Programme 2019/20, 2020/21 and Future Years

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY				
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19.	6,149	0	0
Extra Care Housing	Contribution towards De Wint Extra Care Housing Scheme.	0	2,800	0
Subtotals: Adult Care and Community Wellbeing		6,149	2,800	0
SCHOOLS				
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	1,136	1,100	0
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	23,216	12,351	0
Provision of School Places (Basic Need) - New	A programme of expansion and new build construction of school buildings.	0	0	77,300
Provision of School Places (Basic Need) - New Section 106 expectation	Developer Contribution to fund a programme of expansion and new build construction of school buildings.	0	0	-4,200
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	4,982	4,150	0
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	1,856	14,446	41,025
Other Education & SEND Services	Capital funding for CWD short breaks and other education services	-65	0	0
Academy Projects		-8	0	0
Subtotals: Schools		31,118	32,047	114,125
CHILDREN'S SERVICES				
Phase 1 & 2 Children's IT	Investment in upgrading the ICT hardware for Children's Services staff.	164	0	0
Children's Services - Children's Homes	Two new small children's homes for children who are looked after.	0	375	1,125
Early Help Services	A programme to improve the Youth Centre buildings and to provide early years sufficiency	43	0	482
Safeguarding Services	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation	549	50	372
Commissioning & Health Services	Capital funding for the 0-19 Health Services	100	0	0
Subtotals Children's Services		857	425	1,979
PLACE COMMUNITIES				
Waste				
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	393	72	885
Waste - Fire Suppression Systems at Transfer Stations	Installation of fire suppression systems.	824	0	0
Waste - replacement of HWRC x 2	Replacement programme for 2 Household Waste Recycling Centres.	0	2,000	2,000
Waste Total		1,217	2,072	2,885

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Environment				
Flood Defence	Major project to alleviate flood risk.	1,100	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	477	0	0
Local Flood Defence Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	650	650	4,300
Other Environment and Planning (prev Other Protecting & Sustaining the Environment)	Block of small projects.	181	0	0
Environment Total		2,408	650	4,300
Culture				
Historic Lincoln	Improvement programme for Lincoln Castle.	72	0	0
Libraries	RFID replacement kiosks and library hub capital works.	259	0	0
Heritage / Archives	Future development of the Heritage service.	0	2,500	2,500
Culture Total		330	2,500	2,500
Subtotals - Communities		3,955	5,222	9,685
GROWTH & THE ECONOMY				
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	18,265	3,600	0
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.	41	0	0
Economic Development - Business Unit Development	Development of business units.	1,000	500	500
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	0	500	1,000
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	339	0	0
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	1,367	0	0
Subtotals - Growth & Economy		21,013	4,600	1,500
HIGHWAYS				
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	35,638	24,955	0
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	42,863	20,707	0
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	-2	0	0
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	11,994	11,000	3,291
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	29,986	21,417	24,817

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	716	1,000	0
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	1,315	0	0
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	1,245	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	645	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0	2,725	0
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	14	0	0
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	1,988	2,115	0
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	4,939	0	0
Other Highways and Transportation	Block of smaller Highways projects.	1,161	0	0
Network Resilience	Replacement programme of gritter vehicles.	587	120	4,833
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	4,525	0	0
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	4,137	3,312	0
Transforming Street Lighting	Programme of street lighting improvement.	458	0	0
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	248	209	683
Head of Highway Services - Minor Works	Block of miscellaneous small projects including drainage.	32	159	0
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	0	0	5,500
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	0	0	48,000

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.	0	0	27,800
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	0	0	-5,520
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5	0	0	-4,200
Local Highways Improvements (Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport corridor to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).	0	3,000	21,000
Subtotals - Highways		142,487	90,720	126,203
Subtotals Place		167,456	100,542	137,388
FIRE AND RESCUE & PUBLIC PROTECTION				
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	98	0	0
Subtotals - Public Protection		98	0	0
FIRE AND RESCUE & EMERGENCY PLANNING				
Fire and Rescue & Emergency Planning	Refurbishment of fire and rescue properties.	2,335	0	0
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	6,254	6,656	6,489
Subtotals - Fire and Rescue & Emergency Planning		8,590	6,656	6,489
Subtotals Fire and Rescue & Public Protection		8,688	6,656	6,489
COMMERCIAL PROPERTY				
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	5,105	4,700	0
Property Improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	605	570	2,227
Property Area Reviews	Programme of works for leased properties.	550	0	0
Lexicon House	Refurbishment of Lexicon House for office accommodation.	300	700	0
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.	2,695	0	0
County Emergency Centre	Modernisation of the County Emergency Centre.	500	0	0

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Property maintenance		0	0	28,000
Subtotals - Property		9,755	5,970	30,227
ICT				
Broadband	Provision of superfast broadband across the county.	3,500	2,500	1,951
Replacement ERP Finance System	Improvements to the ERP Finance system.	502	0	0
Care Management System (CMPP)	Installation of the Mosaic system.	11	0	0
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	2,321	0	0
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	1,261	0	0
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	2,500	7,500	12,000
ICT Development Fund	Improvements to ICT infrastructure and network.	895	0	0
Subtotals - ICT		10,990	10,000	13,951
Subtotals Commercial		20,745	15,970	44,178
OTHER BUDGETS				
New Developments Capital Contingency Fund	A council wide budget has been created to fund any schemes that are currently in the development stage. This funding will be awarded to these schemes on the approval of their Business Cases throughout 2019/20.	8,732	11,638	60,000
Subtotals Other Budgets		8,732	11,638	60,000
Total Budget		243,743	170,077	364,159
Funding:				
Revenue Funding		625	30	1,106
Use of Reserves		4,201	0	0
Government Grants & Contributions		105,092	67,839	60,025
Borrowing		133,825	102,208	303,028
TOTAL FUNDING		243,743	170,077	364,159

APPENDIX G

FINANCIAL STRATEGY		DEVELOPMENT BIDS		
SERVICE AREA	Proposed DEVELOPMENT BIDS	Summary of Proposals	Total One-off Investment (Revenue) required £000's	Total One-off Investment (Capital) required £000's
CHILDREN'S SERVICES DEVELOPMENT BIDS				
Children's Services - Strategic Commissioning	Education Transport Links to School (Route Sustainability)	Improvements to footways and public rights of way to enable four routes to schools which are currently identified as unavailable routes for use by children to access school, resulting in transport being provided. The projects would also have wider benefits than simply reducing transport costs in terms of enhancing access to amenities for local communities and businesses, meeting public health priorities, and promoting sustainable modes of transport. Proposed implementation period: 18 months.	0	440
SUBTOTAL CHILDREN'S SERVICES DEVELOPMENT BIDS			0	440
PLACE DEVELOPMENT BIDS				
Place - Environment	Green Masterplan	Specialist advice and implementation of initial projects to develop Green Masterplan for Lincolnshire, and to facilitate engagement with Lincolnshire partners and public consultation to drive forward wider programmes and projects to work together to achieve target of net zero carbon by 2050.	350	0
Place - Communities	Anaerobic Digestion Facilities - Business Case Viability	Development of full business case to investigate potential for construction of specialised Anaerobic Digestion facilities to enable significant improvements to food waste disposal and potential generation of income from production of biomethane fuel and renewable heat initiative (RHI) in Lincolnshire.	150	0
Place - Highways & Communities	Highways Advance Design/ Economic Development Pipeline Projects	To bring forward completion of Traffic Models and Transport Strategies for 8 key Lincolnshire locations and to provide funding to enable feasibility studies to be brought forward on a number of strategic, place-based and thematic Growth priorities across the County; accelerating them to a position to enable timely bids against future government funding rounds and increase ability to identify and respond quickly to other funding opportunities arising.	2,713	0
Place - Highways	Traffic Signals - Wireless Communications	Programme of preparatory work and installation of wireless communications at traffic signals, reducing reliance on fixed broadband and achieving long term savings on monthly rental costs.	5	80
Place - Highways	Community Maintenance Gangs	Provision of maintenance gangs in each Local Highways Area to carry out non-safety works such as street scene maintenance and signage; enhancing the experience of local communities and visitors to/ investors in Lincolnshire, and releasing capacity to complete improvements to footways and drainage facilities more swiftly.	0	3,981
Place - Highways	Drainage Investigation and Flood Repairs	Investment to significantly increase capacity to carry out drainage investigation and repair works; reducing deterioration and improving prevention of localised flooding issues. Anticipated additional benefits of reducing insurance claims and complaints.	200	2,000
SUBTOTAL PLACE DEVELOPMENT BIDS			3,418	6,061

FINANCIAL STRATEGY			DEVELOPMENT BIDS	
SERVICE AREA	Proposed DEVELOPMENT BIDS	Summary of Proposals	Total One-off Investment (Revenue) required £000's	Total One-off Investment (Capital) required £000's
FIRE AND RESCUE & PUBLIC PROTECTION DEVELOPMENT BIDS				
Fire Rescue & Public Protection - Fire and Rescue	Research Study - LFR prevention work	To commission independent research study through Lincoln University to measure impact of LFR's Home Fire Safety Checks and Safe and Well visits, and to evidence whether current prevention activities are effective in reducing fires and fire related incidents.	10	0
Fire Rescue & Public Protection - Fire and Rescue	Flood Management Pumps	Investment in additional Betsy Pumps (x 2) and 4 x4 vehicles (x 2) to be based at strategic locations near East Coast of County to enhance response to flooding incidents and release fire appliance capacity to attend other incidents. Proposal based on learning from recent events.	0	116
Fire Rescue & Public Protection - Public Protection	Replacement Trading Standards Metrology Equipment	To replace computer support system for Metrology Equipment, enabling Trading Standards to more effectively carry out statutory duties, and to support offer to local businesses for calibration of weighing and measuring equipment.	0	50
SUBTOTAL FIRE AND RESCUE & PUBLIC PROTECTION DEVELOPMENT BIDS			10	166
COMMERCIAL DEVELOPMENT BIDS				
Commercial - Transformation	Transformation Programme (Business Process Re-engineering)	External support for Business Process Re-engineering Programme to review processes supporting and impacting customer interaction, operational running of the Council, and day to day delivery of external services; identifying any changes required in staffing, processes and technologies.	280	0
Commercial - IMT	Broadband - 4G	Planning costs, capital investment and project management costs for joint venture programme with 4G provider, to enable extended 4G coverage to rural areas and provide a fast broadband option to more areas.	135	800
SUBTOTAL COMMERCIAL DEVELOPMENT BIDS			415	800
TOTAL DEVELOPMENT BIDS			3,843	7,467

APPENDIX H

On 2 December and 4 December 2019, presentations had been arranged for members of the County Council. Ten members of the Council attended each session, with senior officers and finance officers present to offer insight into specific budget areas.

The presentation pack, which comprised 33 slides, was circulated to those members of the Council who had attended. The pack provided detailed information on the background to the overall budget, including identified savings for each service area, as well as a programme of 'in depth' ('deep dive-') reviews.

No specific comments were agreed at either session by the members present for passing on into the budget process. However, a number of points of fact and clarifications were made, which included the following topics:

- Broadband Connectivity
- Winter Maintenance
- Highway Asset Management – Managing assets
- Street Works
- Home to School Transport
- Services for People with Dementia
- Suicide Prevention Strategy
- Sustainability of Rural Fire Stations
- Reclaiming Costs of Response to Flooding Incidents under the Bellwin Scheme and Contingency Reserves
- Raising Income from Property

Budget Briefing Sessions to Members of the Council

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- Raising Income from Property

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02 JANUARY 2020

UPDATE TO THE COUNCIL BUDGET 2020/21

This briefing paper provides an update on the 2020/21 budget following the publication of the Provisional Local Government Finance Settlement 2020/21 on 20 December 2019. The Council Budget report to the Executive on 7 January 2020 was prepared prior to this date so this information should be read in conjunction with that report. The impact of this information on the Council's budget proposals is set out below.

Provisional Local Government Finance Settlement 2020/21

The funding the County will receive from government next year is largely in line with the funding proposals outlined in the Local Government Finance Settlement 2020/21 Technical Consultation released on 9 October 2019. There are some instances where the inflation allowed for in our modelling was higher than that given in the Provisional Settlement.

The table below shows the 2020/21 major funding streams from government, both as originally budgeted for in the Medium Term Financial Plan (MTFP), and as announced on the 20 December 2019 with the difference between the two. This shows a total decrease in funding of £0.4m compared to the funding assumed in the MTFP.

Changes in Funding following Provisional Finance Settlement 2020/21

	MTFP 2020/21 £	Provisional Settlement 2020/21 £	Difference £
Business Rates Top-up Grant	91,455,555	91,302,226	- 153,329
Revenue Support Grant	20,501,089	20,466,718	- 34,371
Rural Services Delivery Grant	7,059,753	6,934,924	- 124,829
New Homes Bonus	2,182,413	2,091,292	- 91,121
Social Care Support Grant	14,731,549	14,731,468	- 81
Total Change in Funding			- 403,731

Council Tax

The Provisional Settlement confirmed that Councils with adult social care responsibilities can again raise an additional council tax precept in 2020/21 of up to 2%. The core level of council tax which can be levied prior to triggering a referendum was confirmed at 2.0% for next year. This means that council tax can be increased for next year by up to 4.0% without holding a referendum. Our budget proposals include a council tax increase of 3.5% for 2020/21 (2.0% adult social care precept plus 1.5% core council tax).

Impact on the Budget Proposals for 2020/21

We have taken the opportunity to revise the contribution to General Reserves next year from £200,000 to £150,000 so that the level of General Reserves in 2020/21 will be aligned to the financial risk assessment carried out in October 2019. The shortfall arising from the funding announced in the Provisional Settlement, net of the change to the contribution to General Reserves, will be met by reducing our contribution to the Development Fund. As a result of this and the funding changes outlined above, our overall budget position for 2020/21 remains balanced as follows:

Impact on Budget 2020/21

	£
Budget Position 2020/21 per Budget Report Executive 7 January 2020	-
Change in Funding per Provisional Settlement	- 403,731
Reduction in Contribution to General Reserves	50,000
Reduction in Contribution to Development Fund	353,731
Revised Budget Position 2020/21	-

The contribution to the Development Fund will now be £1,446,722 (reduced from £1,800,453). This revised figure, added to the £10.180m which will be transferred to the Development Fund from Earmarked Reserves which are proposed to be released, gives a total amount for the Development Fund of £11.627m. This is sufficient to fund the Development Initiatives shown in Appendix G to the Budget Report, which total £11.310m.

Table A in the Budget Report is set out below, taking account of the changes outlined above:

SUMMARY REVENUE BUDGET	2020/21 £m
EXPENDITURE:	
Net Base Budget	461.283
Cost Pressures (<i>including inflation</i>)	44.123
Savings & Additional Income	-14.842
Other Movements (PH Grant & BCF Grant)	-1.221
Total Expenditure	489.343
Use of Reserves	-
Contribution to Development Fund	1.447
Transfer to/from General Reserve	0.150
Budget Requirement	490.940
INCOME:	
Business Rates Local Retention	121.965
Revenue Support Grant	20.467
Other Grants	34.141
County Precept	314.367
Total Income	490.940

Any further changes arising i.e. from budgetary figures supplied by the District Councils at the end of January or from further announcements relating to other grants not covered by the Provisional Settlement, will be reflected in the next Budget Report to the Executive on 4 February 2020.

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Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

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

Using this form

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

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

Equality Act 2010

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

Protected characteristics

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

Section 149 of the Equality Act 2010

Section 149 requires a public authority to have due regard to the need to:

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

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

Decision makers duty under the Act

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

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

Conducting an Impact Analysis

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

The Lead Officer responsibility

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

Summary of findings

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

Impact – definition

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

How much detail to include?

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

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

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

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

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

Background Information

Title of the policy / project / service being considered	Increase in the council tax for financial year 2020/21	Person / people completing analysis	Michelle Grady – Assistant Director – Strategic Finance
Service Area	All Council Services	Lead Officer	Andrew Crookham – Director of Resources
Who is the decision maker?	Full Council	How was the Equality Impact Analysis undertaken?	Desktop Exercise
Date of meeting when decision will be made	21/02/2020	Version control	1.0
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Directly delivered
Describe the proposed change	<p>Each February the County Council sets a budget for the forthcoming financial year part of which includes a decision on the amount of Council Tax to be levied in that year. For 4 of the past 9 years the decision taken has been to freeze the level of Council tax and to accept a time-limited grant from Government for so doing. The level of government grant support to the Council has substantially fallen over the past 10 years and increasing service pressures and costs means the Council needs to establish a more robust and sustainable income base going forward.</p> <p>The council tax system requires each billing authority (ie. district council) to establish and maintain a local council tax support scheme which is a means tested system to allow those on low income to gain financial support to meet their council tax bill either in part or in full. Schemes vary within the county but some schemes positively favour certain classes of council tax payers with protected characteristics (eg. disability). These schemes are themselves the subject of equality impact assessments undertaken by the individual district council concerned. The County Council is consulted each autumn by the Districts on any changes to their council tax support schemes.</p> <p>Over the past 9 years the local council tax has increased by just over 20% whereas general price inflation over the same period has been just over 15%. The reason why council tax increases have been above the rate of inflation is because the government has allowed authorities with adult social care responsibilities to charge an additional up to</p>		

2% per annum for the 4 years between 2017/18 and 2020/21 (an adult social care precept) and the County Council has exercised this option to help fund rising social care costs. If the adult social care precept had not been charged then the increase in general council tax over the past 9 year would have been just over 11%.

The maximum council tax increase which the Council is allowed to approve in 2020/21 without triggering a local referendum is 4.00% (2.00% for general council tax plus 2.00% for the adult social care precept). It is proposed that the general council tax increase for 2020/21 is 1.5%, which recognises the impact on council tax payers of increases which are above inflation, plus the 2.00% adult social care precept and together these total 3.50%.

Evidencing the impacts

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

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

Data to support impacts of proposed changes

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

Population data and the Joint Strategic Needs Assessment

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

Workforce profiles

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

Positive impacts

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

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

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

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

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

Adverse/negative impacts

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

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

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

Age	<p>The proposed increase in the council tax of 3.50% will impact on all council tax payers who are responsible for the council tax levied on their property. The level of income of the council tax payer and their ability to afford the increase in the annual charge will be the key issue.</p> <p>To the extent to which those with a protected characteristic are council tax payers then they will be potentially impacted by this change. To the extent that any of the protected characteristics impact disproportionately on income generating capacity compared to people without that protected characteristic there is the potential for the council tax increase to impact adversely to a greater extent on individuals with the protected characteristic.</p> <p>As mentioned earlier this differential impact is mitigated by financial support made available from schemes operated by district councils to assist in meeting council tax bills for low income individuals.</p>
Disability	<p>As for Age above.</p>
Gender reassignment	<p>As for Age above.</p>

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

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

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

Stakeholders

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

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

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

Objective(s) of the EIA consultation/engagement activity

The proposed council tax increase is one of the proposals to enable the Council to set a balanced budget for 2020/21. The other key aspect is a range of across the board efficiency savings totalling £14.8m. The Council has undertaken a public engagement/consultation exercise on the budget proposals. There will also be more formal consultation with the Scrutiny Committees of the Council and with key stakeholders such as business, public sector partners and trade unions.

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

Age	The details of public and wider consultation/engagement are described above. This is undertaken at the level of the whole suite of budget proposals rather than specific concentration on one aspect such as the proposed council tax increase. The nature of this proposal combined with the mitigation available through local council tax support schemes means that though there may be a differential impact between those people with a protected characteristic and those who do not share that characteristic this impact is mitigated..
Disability	As for Age above
Gender reassignment	As for Age above
Marriage and civil partnership	As for Age above
Pregnancy and maternity	As for Age above
Race	As for Age above
Religion or belief	As for Age above

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

Further Details

Are you handling personal data?	No If yes, please give details.
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Actions required	Action	Lead officer	Timescale
Include any actions identified in this analysis for on-going monitoring of impacts.	NONE		
Signed off by	Michelle Grady	Date	24/01/2020

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APPENDIX D

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.620	43.835
Early Help Services	19.374	19.545
Education & SEND Services	11.614	12.052
Children Safeguarding	39.273	39.623
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.444	3.509
Highways	23.176	22.534
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	454.764
High Needs Block	84.418	91.983
Central School Services Block	4.257	3.728
Early Years Block	40.708	42.132
Dedicated Schools Grant	-560.080	-595.282
Total Net Expenditure	461.284	489.342
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.447
Transfer to/from General Reserves	0.200	0.150
Budget Requirement	458.397	490.939

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CAPITAL PROGRAMME 2019/20, 2020/21 AND FUTURE YEARS

Capital Programme (2019/20 plus Future Years)	Description	Revised Net Programme	Grants and Contributions	Revised Gross Programme
		2019/20 £'000	2019/20 £'000	2019/20 £'000
ADULT CARE AND COMMUNITY WELLBEING				
Extra Care Housing	Contribution towards De Wint Extra Care Housing Scheme.	0	0	0
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19.	0	-6,149	6,149
Subtotals: Adult Care and Community Wellbeing		0	-6,149	6,149
SCHOOLS				
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	0	-1,136	1,136
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	245	-22,971	23,216
Provision of School Places (Basic Need) - New	A programme of expansion and new build construction of school buildings.	0	0	0
Provision of School Places (Basic Need) - New Section 106 expectation	Developer Contribution to fund a programme of expansion and new build construction of school buildings.	0	0	0
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	472	-4,293	4,765
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	0	-771	771
Other Education & Send Services	Capital funding for CWD short breaks and other education services	25	91	-65
Academy Project		-8	0	-8
Subtotals: Schools		734	-29,081	29,816
CHILDREN'S SERVICES				
Phase 1 & 2 Childrens' IT	Investment in upgrading the ICT hardware for Children's Services staff.	164	0	164
Childrens Services - Childrens Homes	Two new small children's homes for children who are looked after.	0	0	0
Early Help Services	A programme to improve the Youth Centre buildings and to provide early years sufficiency	205	30	175
Safeguarding	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation	607	0	607
Commissioning & Health	Capital funding for the 0-19 Health Services	0	0	0
Subtotals: Children's Services		976	30	946
PLACE COMMUNITIES				
Waste				
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	0	0	0
Waste - Fire Suppression Systems at Transfer Station	Installation of fire suppression systems.	30	0	30
Waste - replacement of HWRC x2	Replacement programme for 2 Household Waste Recycling Centres.	0	0	0
Waste Total		30	0	30
Environment				
Flood Defence	Major project to alleviate flood risk.	1,100	0	1,100
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	594	77	517
Local Flood Defence Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	0	0	0
Other Environment and Planning (prev Other protecting & sustaining the environment)	Block of small projects.	46	0	46
Environment Total		1,740	77	1,663
Culture				
Historic Lincoln	Improvement programme for Lincoln Castle.	72	0	72
Libraries	RFID replacement kiosks and library hub capital works.	1,072	0	1,072
Heritage / Archives	Future development of the Heritage service.	0	0	0
Culture Total		1,144	0	1,144
Subtotals - Communities		2,913	77	2,836
GROWTH & THE ECONOMY				
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	7,864	0	7,864
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.	41	0	41
Economic Development - Business Unit Development	Development of business units.	1,000	0	1,000
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	0	0	0
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	470	0	470
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	1,698	-387	2,085
Subtotals - Growth and Economy		11,073	-387	11,461

Capital Programme (2019/20 plus Future Years)	Description	Revised Net Programme	Grants and Contributions	Revised Gross Programme
		2019/20 £'000	2019/20 £'000	2019/20 £'000
HIGHWAYS				
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	5,830	-29,938	35,768
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	42,863	0	42,863
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	-2	0	-2
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	-6	-2,500	2,494
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	1,322	-5,000	6,322
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	0	0	0
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	166	-399	565
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	0	-1,245	1,245
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	0	-645	645
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0	0	0
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	14	0	14
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	488	0	488
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	0	-3,635	3,635
Other Highways and Transportation	Block of smaller Highways projects.	506	0	506
Network Resilience	Replacement programme of gritter vehicles.	617	0	617
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	331	-4,194	4,525
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	929	-3,267	4,197
Transforming Street Lighting	Programme of street lighting improvement.	158	0	158
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	248	0	248
Head of Highways Services - Minor Works	Block of miscellaneous small projects including drainage.	70	8	62
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	0	0	0
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	0	0	0
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.	0	0	0
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	0	0	0
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5	0	0	0
Local Highways Improvements(Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport corridor to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).	0	0	0
Subtotals - Highways		53,533	-50,816	104,348
Subtotals Place		67,519	-51,126	118,645
FIRE AND RESCUE AND PUBLIC PROTECTION				
PUBLIC PROTECTION				
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	98	0	98
Subtotals - Public Protection		98	0	98
FIRE AND RESCUE AND EMERGENCY PLANNING				
Fire & Rescue and Emergency Planning	Refurbishment of fire and rescue properties.	1,482	5	1,477
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	5,700	0	5,700
Subtotals - Fire and Rescue & Emergency Planning		7,183	5	7,178
Subtotals Fire and Rescue & Public Protection		7,281	5	7,276
COMMERCIAL				
PROPERTY				
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	3,604	0	3,604
Property Improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	525	0	525
Property Rationalisation Programme	Property rationalisation programme project.	3	3	0
Property Area Reviews	Programme of works for leased properties.	160	0	160
Lexicon House	Refurbishment of Lexicon House for office accommodation.	0	0	0
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.	1,508	-1,186	2,695
County Emergency Centre	Modernisation of the County Emergency Centre.	500	0	500
Property maintenance	Maintenance and improvement programme for council properties.	0	0	0
Subtotals - Property		6,300	-1,184	7,484

Capital Programme (2019/20 plus Future Years)	Description	Revised Net Programme	Grants and Contributions	Revised Gross Programme
		2019/20 £'000	2019/20 £'000	2019/20 £'000
ICT				
Broadband	Provision of superfast broadband across the county.	4,747	0	4,747
Replacement ERP Finance System	Improvements to the ERP Finance system.	322	0	322
Care Management System (CMPP)	Installation of the Mosaic system.	14	3	11
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	3,900	0	3,900
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	825	29	797
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	0	0	0
Improvement Transformation		0	0	0
ICT Development Fund	Improvements to ICT infrastructure and network.	1,153	0	1,153
Subtotals - ICT		10,960	31	10,929
Subtotals Commercial		17,260	-1,152	18,413
OTHER BUDGETS				
	A council wide budget has been created to fund any schemes that are currently in the development stage. This funding will be awarded to these schemes on the approval of their Business Cases throughout 2019/20.			
New Developments Capital Contingency Fund		7,929	0	7,929
Subtotals Other Budgets		7,929	0	7,929
Total Budget		101,700	-87,473	189,173

Capital Programme (2019/20 plus Future Years)	Description	Asset Life Yrs	Net	Grants and	Gross
			Programme	Contributions	Programme
			2020/21	2020/21	2020/21
			£'000	£'000	£'000
ADULT CARE AND COMMUNITY WELLBEING					
Extra Care Housing	Contribution towards De Wint Extra Care Housing Scheme.		0	-2,800	2,800
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19.		0	0	0
Subtotals: Adult Care and Community Wellbeing			0	-2,800	2,800
SCHOOLS					
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.		0	-1,100	1,100
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.		0	-12,351	12,351
Provision of School Places (Basic Need) - New	A programme of expansion and new build construction of school buildings.		0	0	0
Provision of School Places (Basic Need) - New Serton 106 expectation	Developer Contribution to fund a programme of expansion and new build construction of school buildings.		0	0	0
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	20	0	-4,150	4,150
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.		1,085	-14,446	15,531
Other Education & Send Services	Capital funding for CWD short breaks and other education services	5	0	0	0
Academy Project		70	0	0	0
Subtotals: Schools			1,085	-32,047	33,132
CHILDREN'S SERVICES					
Phase 1 & 2 Childrens' IT	Investment in upgrading the ICT hardware for Children's Services staff.	5	0	0	0
Childrens Services - Childrens Homes	Two new small children's homes for children who are looked after.	20	375	0	375
Early Help Services	A programme to improve the Youth Centre buildings and to provide early years sufficiency		350	0	350
Safeguarding	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation		64	0	64
Commissioning & Health	Capital funding for the 0-19 Health Services	5	100	0	100
Subtotals: Children's Services			889	0	889
PLACE COMMUNITIES					
<u>Waste</u>					
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	5	465	0	465
Waste - Fire Suppression Systems at Transfer Station	Installation of fire suppression systems.	5	794	0	794
Waste - replacement of HWRC x2	Replacement programme for 2 Household Waste Recycling Centres.		2,000	0	2,000
Waste Total			3,259	0	3,259
<u>Environment</u>					
Flood Defence	Major project to alleviate flood risk.	20	0	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	20	0	0	0
Local Flood Defense Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	20	1,300	0	1,300
Other Environment and Planning (prev Other protecting & sustaining the environment)	Block of small projects.		135	0	135
Environment Total			1,435	0	1,435
<u>Culture</u>					
Historic Lincoln	Improvement programme for Lincoln Castle.	20	0	0	0
Libraries	RFID replacement kiosks and library hub capital works.	20	0	0	0
Heritage / Archives	Future development of the Heritage service.		2,500	0	2,500
Culture Total			2,500	0	2,500
Subtotals - Communities			7,194	0	7,194
GROWTH & THE ECONOMY					
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	50	14,001	0	14,001
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.		0	0	0
Economic Development - Business Unit Development	Development of business units.	50	500	0	500
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	50	500	0	500
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.		0	0	0
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.		0	0	0
Subtotals - Growth and Economy			15,001	0	15,001

Capital Programme (2019/20 plus Future Years)	Description	Asset Life	Net Programme	Grants and Contributions	Gross Programme
		Yrs	2020/21 £'000	2020/21 £'000	2020/21 £'000
HIGHWAYS					
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	20	0	-24,955	24,955
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	120	20,707	0	20,707
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	120	0	0	0
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	120	10,000	-10,500	20,500
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	120	40,163	-5,692	45,855
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	120	716	-1,000	1,716
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.		0	-750	750
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.		0	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.		0	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.		0	-2,725	2,725
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	120	0	0	0
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	120	2,115	-1,500	3,615
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	120	1,304	0	1,304
Other Highways and Transportation	Block of smaller Highways projects.	5	655	0	655
Network Resilience	Replacement programme of gritter vehicles.		120	0	120
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.		0	0	0
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	20	100	-3,312	3,412
Transforming Street Lighting	Programme of street lighting improvement.	40	150	0	150
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.		209	0	209
Head of Highways Services - Minor Works	Block of miscellaneous small projects including drainage.		159	0	159
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.		0	0	0
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	120	0	0	0
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.		0	0	0
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1		0	0	0
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5		0	0	0
Local Highways Improvements(Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport corridor to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).		3,000	0	3,000
Subtotals - Highways			79,399	-50,434	129,833
Subtotals Place			101,594	-50,434	152,028
FIRE AND RESCUE AND PUBLIC PROTECTION					
PUBLIC PROTECTION					
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	20	0	0	0
Subtotals - Public Protection			0	0	0
FIRE AND RESCUE AND EMERGENCY PLANNING					
Fire & Rescue and Emergency Planning	Refurbishment of fire and rescue properties.	20	858	0	858
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	7	7,210	0	7,210
Subtotals - Fire and Rescue & Emergency Planning			8,068	0	8,068
Subtotals Fire and Rescue & Public Protection			8,068	0	8,068
COMMERCIAL					
PROPERTY					
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	20	6,201	0	6,201
Property Improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	20	650	0	650
Property Rationalisation Programme	Property rationalisation programme project.	20	0	0	0
Property Area Reviews	Programme of works for leased properties.		390	0	390
Lexicon House	Refurbishment of Lexicon House for office accommodation.	50	1,000	0	1,000
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.		0	0	0
County Emergency Centre	Modernisation of the County Emergency Centre.		0	0	0
Property maintenance	Maintenance and improvement programme for council properties.		0	0	0
Subtotals - Property			8,241	0	8,241

Capital Programme (2019/20 plus Future Years)	Description	Asset Life Yrs	Net Programme	Grants and Contributions	Gross Programme
			2020/21 £'000	2020/21 £'000	2020/21 £'000
ICT					
Broadband	Provision of superfast broadband across the county.		2,500	0	2,500
Replacement ERP Finance System	Improvements to the ERP Finance system.	4	0	0	0
Care Management System (CMPP)	Installation of the Mosaic system.	4	0	0	0
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	4	0	0	0
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	4	2,908	0	2,908
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	4	0	0	0
Improvement Transformation			1,000	0	1,000
ICT Development Fund	Improvements to ICT infrastructure and network.	4	0	0	0
Subtotals - ICT			6,408	0	6,408
Subtotals Commercial			14,649	0	14,649
OTHER BUDGETS					
	A council wide budget has been created to fund any schemes that are currently in the development stage. This funding will be awarded to these schemes on the approval of their Business Cases throughout 2019/20.				
New Developments Capital Contingency Fund		20	11,638	0	11,638
Subtotals Other Budgets			11,638	0	11,638
Total Budget			137,923	-85,281	223,204

Capital Programme (2019/20 plus Future Years)	Description	Net	Grants and	Gross
		Programme	Contributions	Programme
		Future Years	Future Years	Future Years
		£'000	£'000	£'000
ADULT CARE AND COMMUNITY WELLBEING				
Extra Care Housing	Contribution towards De Wint Extra Care Housing Scheme.	0	0	0
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19.	0	0	0
Subtotals: Adult Care and Community Wellbeing		0	0	0
SCHOOLS				
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	0	0	0
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	0	0	0
Provision of School Places (Basic Need) - New	A programme of expansion and new build construction of school buildings.	58,300	-19,000	77,300
Provision of School Places (Basic Need) - New Section 106 expectation	Developer Contribution to fund a programme of expansion and new build construction of school buildings.	-4,200	0	-4,200
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	0	0	0
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	0	-41,025	41,025
Other Education & Send Services	Capital funding for CWD short breaks and other education services	0	0	0
Academy Project		0	0	0
Subtotals: Schools		54,100	-60,025	114,125
CHILDREN'S SERVICES				
Phase 1 & 2 Childrens' IT	Investment in upgrading the ICT hardware for Children's Services staff.	0	0	0
Childrens Services - Childrens Homes	Two new small children's homes for children who are looked after.	1,125	0	1,125
Early Help Services	A programme to improve the Youth Centre buildings and to provide early years sufficiency	0	0	0
Safeguarding	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation	300	0	300
Commissioning & Health	Capital funding for the 0-19 Health Services	0	0	0
Subtotals: Children's Services		1,425	0	1,425
PLACE COMMUNITIES				
<u>Waste</u>				
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	885	0	885
Waste - Fire Suppression Systems at Transfer Station	Installation of fire suppression systems.	0	0	0
Waste - replacement of HWRC x2	Replacement programme for 2 Household Waste Recycling Centres.	2,000	0	2,000
Waste Total		2,885	0	2,885
<u>Environment</u>				
Flood Defence	Major project to alleviate flood risk.	0	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	0	0	0
Local Flood Defense Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	4,300	0	4,300
Other Environment and Planning (prev Other protecting & sustaining the environment)	Block of small projects.	0	0	0
Environment Total		4,300	0	4,300
<u>Culture</u>				
Historic Lincoln	Improvement programme for Lincoln Castle.	0	0	0
Libraries	RFID replacement kiosks and library hub capital works.	0	0	0
Heritage / Archives	Future development of the Heritage service.	2,500	0	2,500
Culture Total		2,500	0	2,500
Subtotals - Communities		9,685	0	9,685
GROWTH & THE ECONOMY				
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	0	0	0
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.	0	0	0
Economic Development - Business Unit Development	Development of business units.	500	0	500
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	1,000	0	1,000
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	0	0	0
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	0	0	0
Subtotals - Growth and Economy		1,500	0	1,500

Capital Programme (2019/20 plus Future Years)	Description	Net Programme	Grants and Contributions	Gross Programme
		Future Years £'000	Future Years £'000	Future Years £'000
HIGHWAYS				
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	0	0	0
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	0	0	0
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	0	0	0
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	3,291	0	3,291
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	24,817	-8,499	33,316
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	0	0	0
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	0	0	0
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	0	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	0	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0	0	0
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	0	0	0
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	0	0	0
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	0	0	0
Other Highways and Transportation	Block of smaller Highways projects.	0	0	0
Network Resilience	Replacement programme of gritter vehicles.	4,833	0	4,833
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	0	0	0
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	0	0	0
Transforming Street Lighting	Programme of street lighting improvement.	150	0	150
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	683	0	683
Head of Highways Services - Minor Works	Block of miscellaneous small projects including drainage.	0	0	0
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	5,500	0	5,500
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	48,000	0	48,000
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.	27,800	0	27,800
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	-5,520	0	-5,520
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5	-4,200	0	-4,200
Local Highways Improvements (Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport corridor to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).	21,000	0	21,000
Subtotals - Highways		126,353	-8,499	134,852
Subtotals Place		137,538	-8,499	146,037
FIRE AND RESCUE AND PUBLIC PROTECTION				
PUBLIC PROTECTION				
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	0	0	0
Subtotals - Public Protection		0	0	0
FIRE AND RESCUE AND EMERGENCY PLANNING				
Fire & Rescue and Emergency Planning	Refurbishment of fire and rescue properties.	0	0	0
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	6,489	0	6,489
Subtotals - Fire and Rescue & Emergency Planning		6,489	0	6,489
Subtotals Fire and Rescue & Public Protection		6,489	0	6,489
COMMERCIAL PROPERTY				
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	0	0	0
Property Improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	2,227	0	2,227
Property Rationalisation Programme	Property rationalisation programme project.	0	0	0
Property Area Reviews	Programme of works for leased properties.	0	0	0
Lexicon House	Refurbishment of Lexicon House for office accommodation.	0	0	0
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.	0	0	0
County Emergency Centre	Modernisation of the County Emergency Centre.	0	0	0
Property maintenance	Maintenance and improvement programme for council properties.	28,000	0	28,000
Subtotals - Property		30,227	0	30,227

Capital Programme (2019/20 plus Future Years)	Description	Net Programme	Grants and Contributions	Gross Programme
		Future Years £'000	Future Years £'000	Future Years £'000
ICT				
Broadband	Provision of superfast broadband across the county.	704	0	704
Replacement ERP Finance System	Improvements to the ERP Finance system.	0	0	0
Care Management System (CMPP)	Installation of the Mosaic system	0	0	0
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	0	0	0
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	5,900	0	5,900
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	8,000	0	8,000
Improvement Transformation		3,000	0	3,000
ICT Development Fund	Improvements to ICT infrastructure and network.	0	0	0
Subtotals - ICT		17,604	0	17,604
Subtotals Commercial		47,831	0	47,831
OTHER BUDGETS				
	A council wide budget has been created to fund any schemes that are currently in the development stage. This funding will be awarded to these schemes on the approval of their Business Cases throughout 2019/20.			
New Developments Capital Contingency Fund		60,000	0	60,000
Subtotals Other Budgets		60,000	0	60,000
Total Budget		307,383	-68,524	375,907

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**County Council Element of Council Tax
by Property Band**

Property Band	Proportion of Band D	Council Tax per Property £
Band A	6 / 9	891.72
Band B	7 / 9	1,040.34
Band C	8 / 9	1,188.96
Band D	9 / 9	1,337.58
Band E	11 / 9	1,634.82
Band F	13 / 9	1,932.06
Band G	15 / 9	2,229.30
Band H	18 / 9	2,675.16

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PRUDENTIAL INDICATORS

PRUDENTIAL INDICATORS		2018-19 Actual	2019-2020 Original Estimate	2019-2020 Updated Estimate	2020-21 Estimate	2021-22 Forecast	2022-23 Forecast
Prudence Indicators:							
1) Capital Expenditure & Financing							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Capital Expenditure	£m	188.308	178.500	189.173	223.204	64.549	100.286
Capital Financing							
Borrowing	£m	70.080	118.353	94.901	137.893	50.303	83.496
Grants & Contributions	£m	99.044	59.547	87.473	85.281	14.175	16.675
Capital Receipts, Reserves & Revenue	£m	19.184	0.600	6.799	0.030	0.071	0.115
Total Capital Financing	£m	188.308	178.500	189.173	223.204	64.549	100.286
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	554.638	606.586	556.484	633.240	749.600	770.712
Add Additional Borrowing	£m	19.971	118.353	94.901	137.893	50.303	83.496
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	0.000	0.000	1.613	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	18.125	19.119	18.145	23.146	29.191	31.580
Capital Financing Requirement	£m	556.484	705.820	633.240	749.600	770.712	822.628
3) Gross Borrowing and the Capital Financing Requirement							
The Council will ensure that gross long term borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years. This is to ensure that over the medium term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	£m	601.681	760.696	770.712	822.628	816.018	802.738
Forecast of Long Term External Borrowing and Credit Arrangements	£m	477.242	602.619	512.134	628.398	649.422	701.252
Headroom	£m	124.439	167.568	258.578	194.230	166.596	101.486
4) External Debt							
The Council will set for the forthcoming year and the following two financial years an authorised limit and operational boundary for its total gross external debt, gross of investments, separately identifying borrowing from other long term liabilities:							
Authorised Limit for External Debt							
Borrowing	£m	628.558	696.847	621.421	715.305	742.576	779.032
Other Long Term Liabilities	£m	12.771	12.026	12.270	11.488	11.964	10.728
Total Authorised Limit	£m	641.329	708.873	633.691	726.793	754.540	789.760
Operational Boundary for External Debt							
Borrowing	£m	613.558	681.847	606.421	700.305	727.576	764.032
Other Long Term Liabilities	£m	10.771	10.026	10.270	9.488	9.964	8.728
Total Operational Boundary	£m	624.329	691.873	616.691	709.793	737.540	772.760
Affordability Indicators:							
5) Financing Costs & Net Revenue Stream							
The Council will estimate for the forthcoming year and the following two financial years the proportion of financing costs to net revenue stream (NRS), including dedicated schools grant (DSG). The Council will also set the following voluntary indicator limit: minimum revenue provision and interest not to exceed 10% of net revenue stream (NRS) including dedicated schools grant (DSG).							
Proportion of Financing Costs to NRS (Incl DSG)	%	5.12%	5.52%	5.21%	5.79%	6.91%	7.29%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	5.00%	5.68%	4.95%	5.61%	6.59%	6.92%

PRUDENTIAL INDICATORS		2018-19 Actual	2019-20 Original Estimate	2019-20 Updated Estimate	2020-21 Estimate	2021-22 Forecast	2022-23 Forecast
Proportionality Indicators							
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	15.850	14.600	16.050	16.200	16.400	16.680
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.292	0.299	0.263	0.178	0.140	0.138
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	1.84%	2.04%	1.64%	1.10%	0.85%	0.83%
7) Income from Non Treasury Investments & Net Service Expenditure							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for income from non- treasury investments as a proportion of Net Service Expenditure. (Voluntary Indicator). This is to manage the risk of over dependency of non-treasury investment income to deliver core services.							
Income from Non-Treasury Investments (Including County Farms)	£m	2.545	2.364	2.409	2.276	2.151	2.040
Net Service Expenditure	£m	429.809	463.960	463.959	492.020	504.336	511.481
Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%	%	0.59%	0.51%	0.52%	0.46%	0.43%	0.40%
Treasury Indicators							
8) Interest Rate Exposures (Variable)							
The Council will set for the forthcoming year and the following two financial years, an upper limit to its exposure to effects of changes in interest rates on variable rate borrowing and investments. (Voluntary Indicator).							
Upper limit for variable interest rate exposures							
Borrowing	%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Investments	%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
9) Total Principal Sums Invested							
The Council will set an upper limit for each forward year period for the maturing of investments (treasury and non-treasury) longer than 365 days.							
Upper limit for total principal sums invested for over 365 days (per maturity date)	£m	10.000	40.000	40.000	40.000	40.000	40.000
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	%	3.11%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	3.10%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	6.43%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	13.04%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	74.32%	100.00%	100.00%	100.00%	100.00%	100.00%
Lower limit							
All maturity periods	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11) Borrowing in Advance of Need							
The Council will set for the forthcoming financial year and the following two years upper limits to any borrowing undertaken in advance of need.							
Borrowing in advance of need limited to percentage of the expected increase in CFR over 3 year budget period	%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
(Voluntary Indicator)	£m	0.000	13.719	34.368	18.257	11.327	-4.972

Flexible Use of Capital Receipts Strategy for 2020/21

Background

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

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

The guidance requires the Strategy to:

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

Flexible Use of Capital Receipts

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

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

Strategy for 2020/21

The Council will not take advantage of the flexibility to use capital receipts to fund revenue transformation projects in 2020/21. Instead such projects will be funded from either revenue budgets or earmarked reserves, and capital receipts in 2020/21 will be used to fund new capital assets or to repay debt.

There is therefore no schedule of projects to be funded by capital receipts for 2020/21.

Impact on Prudential Indicators 2020/21

As the Council will not be using capital receipts to fund revenue transformation projects in 2020/21, there is no impact of the strategy on Prudential Indicators. Details on the Council's Prudential Indicators are set out at **APPENDIX G** to this report and they demonstrate that the capital programme and associated financing remain affordable for the County Council.

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BUDGET CONSULTATION FEEDBACK

This Appendix provides details of the budget consultation events which have taken place in December 2019 and January 2020. At the time that this appendix was prepared, details of the feedback received from Members during the December 2020 Councillor Budget Briefings and from the Scrutiny Committee meetings which have taken place before 24 January have been received and are included below.

Further Scrutiny Committee meetings are due to take place in the week commencing 27 January 2020, and the public consultation via the Council website is due to close on 25 January. A meeting with businesses, trade unions and other public bodies took place on 23 January 2020. An update on the budget consultation feedback from these meetings and the public consultation will be tabled at the meeting on 4 February.

Councillor Budget Briefings: 2 and 4 December 2019

Comments received at these briefings were reported in Appendix H of the report to Executive on 7 January 2020, and are repeated here for completeness:

On 2 December and 4 December 2019, presentations had been arranged for members of the County Council. Ten members of the Council attended each session, with senior officers and finance officers present to offer insight into specific budget areas.

The presentation pack, which comprised 33 slides, was circulated to those members of the Council who had attended. The pack provided detailed information on the background to the overall budget, including identified savings for each service area, as well as a programme of 'in depth' ('deep dive-') reviews.

No specific comments were agreed at either session by the members present for passing on into the budget process. However, a number of points of fact and clarifications were made, which included the following topics:

- Broadband Connectivity
- Winter Maintenance
- Highway Asset Management – Managing assets
- Street Works
- Home to School Transport
- Services for People with Dementia
- Suicide Prevention Strategy
- Sustainability of Rural Fire Stations

- Reclaiming Costs of Response to Flooding Incidents under the Bellwin Scheme and Contingency Reserves
- Raising Income from Property

Overview and Scrutiny Committees

The following statements have been received from Scrutiny Committee meetings which have taken place during January 2020:

Adults and Community Wellbeing Scrutiny Committee – 15 January 2020

On 15 January 2020, the Adults and Community Wellbeing Scrutiny Committee recorded its support for the budget proposals for Adult Care and Community Wellbeing for 2020/21 and concluded that the proposals for 2020/21 were cogent. In addition to senior officers, the Executive Councillor for Adult Care, Health and Children's Services was also in attendance at the Committee's meeting.

The Committee is pleased to record its congratulations to Adult Care and Community Wellbeing for consistently balancing its budget for the last seven completed financial years and there is an expectation that 2019/20 will represent an eighth year. Given the challenges and demands facing the service, and the overall reduction of funding from local government, this represents a significant achievement.

In relation to the 2020/21 details, the following points were clarified for the Committee:

- The grouping of the 2020/21 Adult Care and Community Wellbeing budget into three strategies (instead of the five used in 2019/20) does not materially affect the proposed levels of funding for each particular service.
- An additional Government allocation for adults and children's social care of £14.7 million had been confirmed (and this will for apply each year of the current Parliament).
- There is continued funding of £5.7 million for social care support grant and the winter pressures grant; the latter of which will be consolidated into the improved Better Care Fund and will continue at 2019/20 levels.
- Confirmation from the Government on the level of public health grant was awaited, but it was expected to contain a real terms increase of one per cent.
- Technological developments referred to will predominantly be funded via capital monies or existing funds used differently. Grant monies may also offer opportunities.
- Regulations and statutory guidance issued under the Care Act 2014 specified the charging structure for adult social care services. It was emphasised to

the Committee that the County Council had to follow this legislation in developing its charging policy.

- Some large contracts, which were due for renewal during 2021/21, have increased the scale of financial pressure and these are included in the proposed 2020/21 budgets.

The Committee also reflected on the longer term budgetary challenges for adult social care, from 2021/22 onwards, which will be considered as part of the Government's comprehensive spending review during 2020. When there is more detail on the Government's plans, this will be considered by the Committee.

Children and Young People Scrutiny Committee – 17 January 2020

On 17 January 2020, the Children and Young People Scrutiny Committee supported the budget proposals for Children's Services for 2020/21.

In relation to the 2020/21 details, the following points were clarified for the Committee:

- There would be no impact on service delivery from the changes to the Children's Services budget.
- The approach across the Council this year was to identify any savings by removing flexibilities from within the budgets, that could be given up to help with balancing the Council's budget to avoid making cuts to services and staffing.
- The Home to School/College Transport budget would be directly impacted by any major increases in fuel prices and assurance could not be provided that there would be no cost pressure arising from fuel price rises. The budget had been reviewed and cost increases were considered and built within the 2020/21 requirements. This budget was monitored on a monthly basis, due to it being a volatile and demand-led budget. If a cost pressure arose, it would be reported through the budget monitoring process, and considered corporately on how it could be managed.
- The budget for the Building Communities of Specialist Provision Strategy consisted mainly of government grant funding. The government's Special Provision Fund allocations to transform SEND capital infrastructure was however small compared to what was actually required. The financial needs of this programme of works (£50.637m) were being regularly reviewed as surveys and requirements to the schemes progress, including the completion of capital appraisals for Executive approval and exploring alternative funding streams that come available.

- All schools would be receiving a gain in per pupil funding under the schools national funding formula for 2020/21. There was a government review commencing on how to make small schools more sustainable which may lead to greater certainty for small schools. It was suggested that the Committee considers the government review of school funding for small schools once it had been published.

Environment and Economy Scrutiny Committee – 14 January 2020

On 14 January 2020, the Environment and Economy Scrutiny Committee supported the budget proposals for the Environment and Economy services for 2020/21.

The Committee highlighted the following points in relation to Revenue and Capital Budget Proposals for 2020/21:

- A member of the Committee highlighted the £5.500m addition to the capital programme in relation to the addition of a range of Infrastructure and Economic Development initiatives to support economic and housing growth in and around Boston. The Committee member queried the figure of £5.500m and sought clarification on the amount as this was understood to be a reduction on £11.000m previously allocated.
- Members expressed their concerns over the limited budgets for rural and countryside services, as a growing service offering a range of benefits.
- The Committee highlighted the work of the Council as Lead Local Flood Authority and the need to be proactive in relation to flood risk. The Committee recommended the need to ensure funding matched the increasing demand in this area.

Highways and Transport Scrutiny Committee – 20 January 2020

On 20 January 2020, the Highways and Transport Scrutiny Committee supported the budget proposals for the Highways and Transport services for 2020/21.

The Committee highlighted the following points in relation to Revenue and Capital Budget Proposals for 2020/21:

- A member of the Committee highlighted the reduction in the volume of concessionary travel journeys which is expected to generate savings of £0.425m in 2020/21. Officers confirmed that decreasing volume of journeys was a national trend and that changes in the state pension age meant that the demand for concessionary bus passes had reduced.

The budget proposals will also be presented to:

- Public Protection and Communities Scrutiny Committee on 28 January, and
- Overview and Scrutiny Management Board on 30 January.

Meeting with businesses, trade unions and other public bodies

Budget proposals were presented to representatives from business, trade unions and other public bodies on 23 January 2020. Feedback from the meeting will be reported in due course.

Public Consultation via the Council website

Following consideration of the budget proposals 2020/21 by the Executive on 7 January 2020, a public consultation was published on the Council website, and is due to close on 25 January. Any comments received will be reported in due course.

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The Medium Term Financial Strategy

1. Introduction

- 1.1. Local government has been in a period of austerity since 2010 and has seen its funding reduced in real terms over this time. We will reach the end of a four year funding deal from the Government in 2019/20 which has seen a reduction in General Grant funding and more reliance on one-off specific grants and on local taxation to fund essential services. Council Tax income now represents almost 65% of our net expenditure (it was 51% in 2010/11).
- 1.2. In this context, it is essential that we plan for the future to ensure our financial sustainability, and this Medium Term Financial Strategy (MTFS) aims to help us do this.
- 1.3. This Medium Term Financial Strategy covers the next three years (2020/21 to 2022/23) and provides an update on the current financial context for the Council. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities.
- 1.4. In December 2019 the Council approved a new Corporate Plan. This MTFS will underpin the Corporate Plan by ensuring that financial resources are identified and made available to deliver its ambitions. The work to link these resources to priorities will be done over the next few months. The Corporate Plan sets out four key priorities, which are that People and Communities will have:
 - a) High aspirations;
 - b) The opportunity to enjoy life to the full;
 - c) Thriving environments; and
 - d) Good value Council services.
- 1.5. It must be recognised that over the past few years funding to all councils has been constrained. There is therefore a need to balance our aspirations with affordability and this is a key principle of our financial strategy.
- 1.6. As detailed within this strategy, there is still a large element of uncertainty over our future funding from Government, which makes it difficult to plan for the future. The financial year 2019/20 was the final year of a four year funding settlement and it had been hoped that a new multi-year settlement would be delivered by Government for 2020/21 onwards. We now know that this will not be in place for 2020/21; nevertheless, it is important that we do make plans using our best estimates of future funding as these plans will support the achievement of our ambitions and objectives as set out in the Corporate Plan. The principles within this strategy will apply over the longer term however the current uncertainties around future Government funding mean that it is not practicable to prepare a financial plan for a long term period, so our financial plans cover the medium term at this point in time. We aim to extend our financial planning to cover a longer term period once funding reforms are in place.

1 The Objectives of the Medium Term Financial Strategy

1.1 The MTFS is a flexible strategy which will allow us to forecast our future financial resources and then plan to use these to both deliver core services and to invest in future improvements to service delivery. The objectives of the strategy are to:

- a) Ensure that we are financially resilient now and in the future and can respond positively to adverse financial impacts;
- b) Support the provision of Value for Money services to our communities;
- c) Support sustainable service delivery using a combination of Revenue and Capital Budgets and Reserves;
- d) Maintain Council Tax in the lowest quartile for county councils;
- e) Support other Council strategies;
- f) Deliver assets to improve and maintain services and also to achieve future savings;
- g) Enable the setting of an annual balanced budget. The annual Revenue Budget must be affordable and can be supported by the use of Reserves, but only as part of a medium term plan moving towards a future budget which is balanced without the support of reserves;
- h) Support good decision making;
- i) Recognise financial risks and identify how these will be managed; and
- j) Allow for emerging opportunities to be exploited within the affordable budget.

2 The Current Financial Context

2.1 The past ten years have been a period of austerity for councils, with Government funding reducing significantly over this period. Councils like ours, with Social Care responsibilities, have seen new Government grants introduced to help deal with increasing Social Care pressures, but, over this time, the balance of our sources of funding has changed – we are now more reliant on Council Tax and Business Rates funding to support the provision of services, and less reliant on Government grants, than we were ten years ago (see section 6 for details on funding).

2.2 The table below shows a summary of how our funding has changed since 2011/12 and the cost pressures built into our budget and savings achieved over this same period:

Financial Trends							
Year	General Government Grant £m	Other Govt. Grants received £m	Total Govt. Grant income £m	Savings £m	Cost Pressures £m	Council Tax Increase	Planned Use of Reserves £m
2011/12	211	16	227	57	52	0.00%	0
2012/13	195	17	212	51	23	0.00%	0
2013/14	146	19	165	28	61	0.00%	12
2014/15	125	22	147	40	22	0.00%	8
2015/16	95	25	120	31	31	1.90%	22
2016/17	70	28	98	42	31	3.95%	20
2017/18	48	42	90	39	26	3.95%	18
2018/19	34	49	83	23	30	4.95%	5
2019/20	20	61	81	16	26	4.95%	3

2.3 The current regime for funding councils has been in place since 2013 and is now out-dated. The Government is proposing two major reforms to the system: the Fair Funding Review and Business Rates Retention. Reforms were due to be implemented from April 2020 but have now been deferred until April 2021.

2.4 A Government Spending Review will take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover, but this review will certainly influence the overall total amount to be allocated to the local government sector.

2.5 The economic outlook is currently uncertain, with the issue of the United Kingdom's exit from the European Union still in progress and a new Government in place following the General Election on 12 December 2019. In the context of this uncertainty the Government announced in October that funding for Councils in 2020/21 would be "rolled forward", meaning that it would be largely in line with that in 2019/20 plus some additional grants. Economic forecasts show that inflation is likely to remain close to 2% over the next two years although wage inflation is currently running above this level. Economic growth is expected to remain at a low level and all of these forecasts assume that a Brexit deal will be achieved.

3 The Forward View

3.1 With regard to the proposed funding reforms, we have lobbied Government to increase the total amount of funding coming to the sector as a whole and have specifically requested that Government look at the distribution of funding to this Council with a view to addressing past inequalities between authorities. Whilst we believe that the Government understands the challenges of delivering services in a large rural county, we are still cautious about future funding levels given the amount of uncertainty outlined above.

3.2 We expect that next Autumn (2020) will see the release of more information about the impact of the funding reforms on individual councils, which will enable us to have a clearer picture of our future Government support over the medium term period. In the meantime, we are setting a budget for one year only, whilst still planning for the

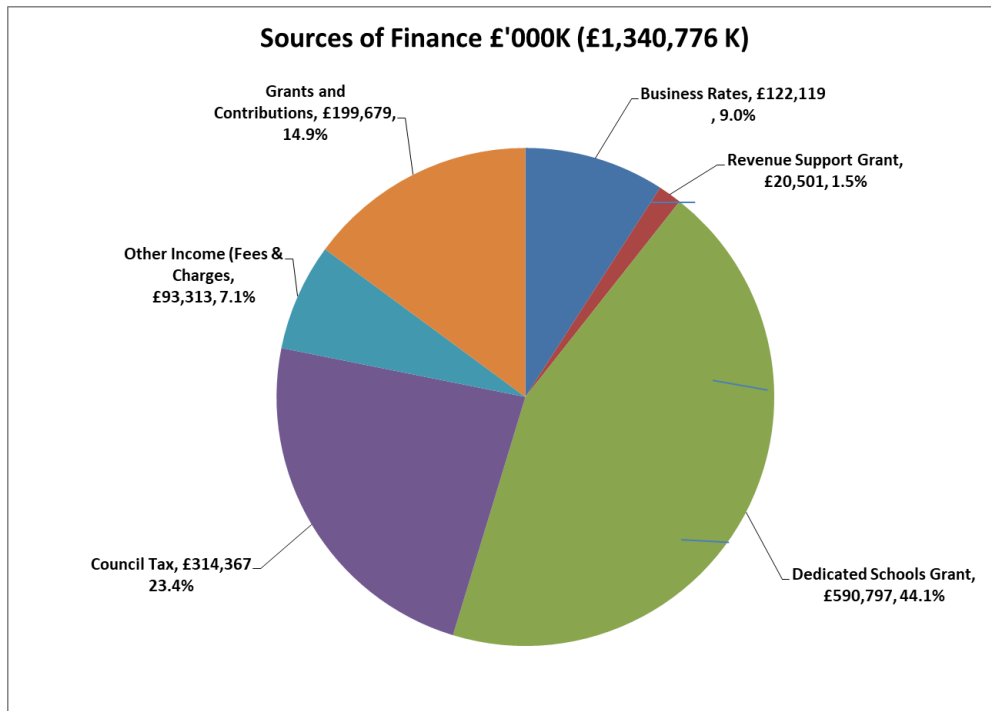
medium term. MTFS Table 1 below sets out our expected medium term budgetary position and proposed budget requirement for each year:

MTFS TABLE 1 - Summary Revenue Budget 2020/21 Onwards

SUMMARY REVENUE BUDGET	2020/21 £m	2021/22 £m	2022/23 £m
EXPENDITURE:			
Net Base Budget	461.283	489.344	501.660
Cost Pressures (<i>including inflation</i>)	44.123	17.514	7.772
Savings & Additional Income	-14.842	-5.198	-0.628
Other Movements (PH Grant & BCF Grant)	-1.221	0.000	0.000
Total Expenditure	489.343	501.660	508.804
Use of Reserves	-	-13.037	-6.096
Contribution to Development Fund	1.800	-	-
Transfer to/from General Reserve	0.200	0.200	0.200
Budget Requirement	491.343	488.823	502.908
INCOME:			
Business Rates Local Retention	122.119	124.267	126.454
Revenue Support Grant	20.501	20.870	21.246
Other Grants	34.357	18.316	18.446
County Precept	314.367	325.370	336.762
Total Income	491.343	488.823	502.908

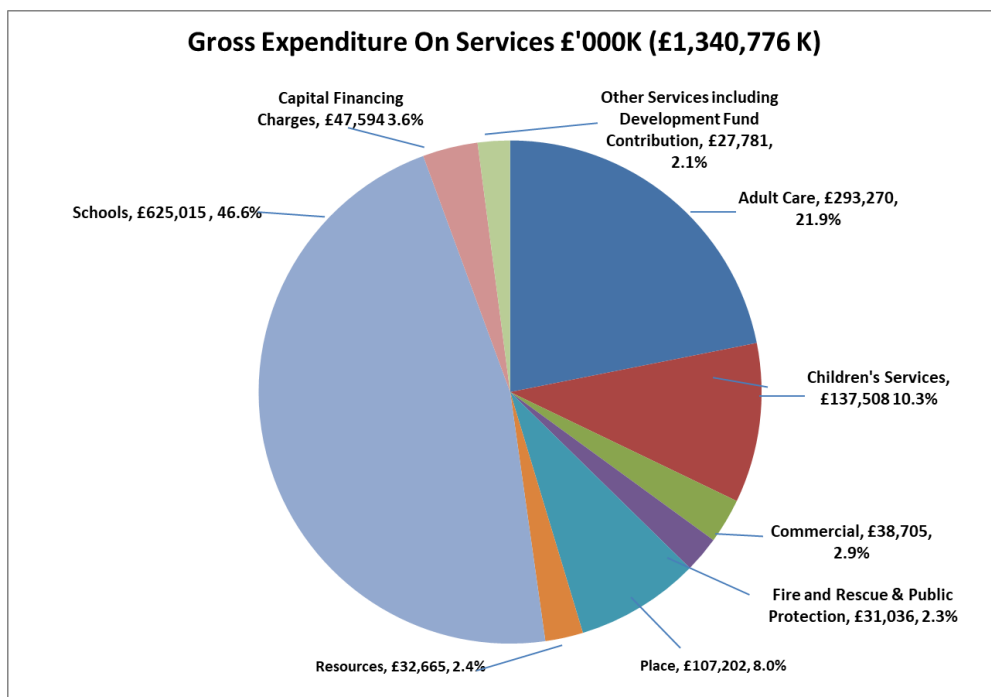
- 3.3 Our funding for 2020/21 is estimated, but based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019. Our funding beyond 2020/21 is based on assumptions about the future and our key assumptions are shown in MTFS Appendix I. Until we receive the final settlement we will not know how accurate our assumptions are and MTFS Appendix I includes a sensitivity analysis which shows the impact of our assumptions on the budget.
- 3.4 We have been through a detailed budget exercise this year which aimed to resolve the forecast deficit over the next three years. As contracts are renewed over the next two to three years we will need to continue to review cost pressures for Adult Social Care.
- 3.5 The table above shows how our base budget each year is increased by cost pressures and reduced by savings or additional income. MTFS Appendix II provides more detail to support the total amount of cost pressures added to our budget in 2020/21, whilst MTFS Appendix III provides more detail to support the total amount of savings or additional income added to our budget in the same year.
- 3.6 We expect our total funding next year to be £1,340.776m. MTFS Pie Chart 1 below shows where this funding will come from.

MTFS PIE CHART 1 - Sources of Funding Revenue Budget 2020/21



3.7 The following pie chart shows how this total of £1,340.776m will be used to fund our services.

MTFS PIE CHART 2 - Gross Expenditure on Services – Revenue Budget 2020/21



MTFS Table 2 below shows our proposed Revenue Budget by service delivery area:

MTFS TABLE 2 - Net Service Revenue Budgets

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.306	43.522
Early Help Services	18.234	18.383
Education & SEND Services	11.996	12.435
Children Safeguarding	40.344	40.717
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.429	3.494
Highways	23.191	22.549
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	451.754
High Needs Block	84.418	91.285
Central School Services Block	4.257	3.710
Early Years Block	40.708	41.373
Dedicated Schools Grant	-560.080	-590.797
Total Net Expenditure	461.283	489.344
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.800
Transfer to/from General Reserves	0.200	0.200
Budget Requirement	458.396	491.343

3.8 We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which also covers a

longer term period up to ten years. The table below is a summary of our proposed Capital Programme and its proposed funding:

	2019/20 £m	2020/21 £m	Future Years £m
Gross Capital Programme	243.743	170.077	364.159
Funded By:			
Grants and Contributions	105.092	67.839	60.025
Revenue Funding	0.625	0.030	1.105
Use of Reserve	4.201	0.000	0.000
Borrowing	133.825	102.208	303.029
Funding by LCC	138.651	102.238	304.134
Total Funding	243.743	170.077	364.159

3.9 A summary Capital Programme is shown in MTFS Appendix IV.

3.10 The Medium Term Financial Plan shows that we can balance the budget in 2020/21, but this is mainly because we will receive an additional grant of £14.732m next year to support Social Care pressures. Beyond 2020/21 we do not expect to be able to set a balanced budget without using our reserves to bridge the deficit each year; however, this is subject to change depending on the future of Government funding for Social Care and for local government generally. We believe our funding assumptions to be realistic, but cautious. The Government was due to have published a green paper on the reform of Adult Social Care funding by now but there is still no prospect of this in the near future.

3.11 We still have to plan to bridge the budget gap in the event that additional Social Care funding does not transpire. A programme of transformation is starting now, with a number of fundamental service reviews and some development initiatives to be identified in the budget setting reports during the life of this MTFS. It is expected that this programme will start to deliver savings by 2021/22 onwards.

4 Delivering the Medium Term Financial Strategy

4.1 The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. The Section 151 Officer has certain responsibilities for financial management which are set out in regulations, and must follow CIPFA's Codes of Practice.

- 4.2 To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.
- 4.3 The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.
- 4.4 We have an Earmarked Reserve, called the Financial Volatility Reserve, which can be used to support the Revenue Budget in any given year if the requirement to spend is higher than the resources available. Our strategy is that this will only be a temporary solution to balance the budget whilst we work towards finding budget savings or increased funding to ensure that our budgetary position is sustainable. We also have General Reserves which can be called upon to meet any unexpected financial pressures in the year, if these cannot be funded from any other source.
- 4.5 The Strategy is supported by financial performance indicators, which are shown in MTFs Appendix V. These are monitored during the year and performance is reported at the end of the year.
- 4.6 During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.

5 Key Considerations for the Medium Term Financial Strategy

Council Tax

- 5.1 As part of its Technical Consultation released on 9 October, the Government has proposed a referendum limit for general Council Tax of 2%, and is once again allowing the raising of local tax to support Adult Social Care with an additional 2% precept. This gives a potential total Council Tax increase of 4%.
- 5.2 We are proposing to implement the Adult Social Care precept at 2.00% in addition to a 1.50% general Council Tax increase, giving a total increase of 3.50% for 2020/21 (i.e. 0.5% lower than the proposed referendum limit). Our modelling assumes that beyond 2020/21 our Council Tax increases will be 2% each year.

Business Rates

- 5.3 Our Business Rates funding is made up of two elements, an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area.
- 5.4 Any surpluses or deficits on the Business Rates element of the Collection Fund are not received from the Lincolnshire District Councils until 31 January each year. In 2019/20 this was a surplus of £6.157m for the County Council, for one-off reasons, but was a deficit in the previous year. The surplus from 2019/20 was transferred to a Business Rates Volatility Earmarked Reserve and will be used to cover any deficit in future years. We have therefore assumed a neutral position for the Business Rates element of the Collection Fund. It is worth noting that only 10% of the Business

Rates collected locally are passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.

- 5.5 In addition to the above Business Rates funding in previous financial years, the Council received Section 31 Grant as compensation of central Government RPI cap, and reliefs offered to small and rural businesses. It is anticipated that Government will continue to compensate local authorities in full for the extension of Small Business Rate Relief and new Rural Rate Relief.
- 5.6 After participating in a Business Rates Pilot scheme during 2018/19, we were unsuccessful in our bid to continue as a pilot authority during 2019/20. There are no new pilot schemes in 2020/21 so we have reverted to being in a Business Rates Pool. Pooling provides us with additional Business Rates growth income and we have assumed that this will be £2.800m for 2020/21.

Government Funding

- 5.7 We receive General Grant from the Government in the form of Revenue Support Grant. This grant has reduced from its level of £70.351m in 2016/17 to £20.139m in 2019/20. The future of Revenue Support Grant is uncertain given the Government's funding reform agenda, but we have assumed that it will continue at the 2019/20 level, plus inflation, for 2020/21.
- 5.8 In addition to Revenue Support Grant we receive a number of other specific Government grants to support our expenditure, the largest of these being the Better Care Fund and the Public Health grants.

Fees and Charges

- 5.9 The charges made to service users form a significant part of our total gross income, and therefore make an important contribution to the funding of services. MTFS Pie Chart 1 (paragraph 4.6 above) shows that fees, charges and other income is expected to be £92.194m in 2020/21. This income relates to a number of our services, with over half of it coming from users of Adult Social Care services.

Reserves

- 5.10 We hold two types of reserves: General Reserves, which are held as a fund of last resort to cover unexpected and unbudgeted costs which cannot be funded from our Revenue Budget, and Earmarked Reserves, which are funds held for specific purposes and to cover future costs relating to those purposes. Earmarked Reserves are either created from grants and financial contributions received by the Council, or from underspends in the Revenue Budget at year end.
- 5.11 Our General Reserves currently stand at £15.850m, and our strategy is to maintain these reserves at a level which is between 2.5% and 3.5% of the budget requirement each year. The current level is 3.5% of the 2019/20 budget requirement. We carry out an annual risk assessment to ensure that the General Reserves are at a level which is appropriate to cover known risks and the financial risk register used for this assessment is at MTFS Appendix VII.
- 5.12 We will budget for an estimated contribution to or from General Reserves each year to ensure that the level of these reserves keeps pace with the budget requirement and the updated risk assessment.

5.13 Our Earmarked Reserves are currently valued at £189.234m, which includes an Earmarked Reserve which is ring-fenced for Schools of £12.540m. The

Council approves the creation of any new Earmarked Reserves. Our strategy is to regularly review Earmarked Reserves so that they are used for the purposes originally intended, or removed if no longer required, with the funding diverted for a new agreed purpose.

5.14 Within Earmarked Reserves there is a Financial Volatility Reserve which exists to deal with volatility in costs and to support the budget whilst savings are being delivered. There are a number of other Earmarked Reserves which are also used to cover volatility in costs and these support our financial resilience.

5.15 The Financial Volatility Earmarked Reserve currently stands at £55.769m. The MTFP in MTFS Table 1 (paragraph 4.2) indicates that we will need to draw down £13.037m from this reserve in 2021/22 and a further £6.096m in 2022/23. This will leave a balance in the Financial Volatility reserve of £36.636m by the end of the medium term period. Proposed Earmarked Reserves are shown at MTFS Appendix VI.

Flexible Use of Capital Receipts

5.16 In September 2016 the Council approved the Efficiency Plan, and the flexible use of Capital Receipts, to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by Government for the period 2016/17 to 2019/20. In December 2017, the Government set out further measures to support councils to deliver services. One of these measures was an extension to the use of Capital Receipts to help meet the Revenue costs of transformation for a further 3 years to April 2022.

5.17 From next year, 2020/21, we no longer plan to use Capital Receipts to fund transformation projects. Instead, we plan to use our Earmarked Reserves for this purpose. This will allow us to revert to using Capital Receipts to repay borrowing or to finance new Capital expenditure.

Financial Performance

5.18 We have a strong financial foundation upon which to build future years' budgets. Indicators of this are:

- We have prepared for this eventuality by setting aside money in reserves to help smooth the transition to a lower budget base;
- We have a culture of financial management which generally results in expenditure being contained within budgets;
- Prompt action has been taken to reduce budgets in the early years of austerity;
- A prudent approach has been taken to budgeting and this often results in underspends at the end of the year. This in turn has allowed for Earmarked Reserves levels to be increased;
- The CIPFA Financial Resilience Index has just been made available, and early indications are that this Council has a reasonable level of financial resilience;

- The Leader of the Council is the Executive Portfolio Holder for finance and has a good understanding of financial issues. The Executive is involved in the budget process.

Governance, Risk and Opportunities

5.19 As set out in section 5 above, we have a strong culture of good financial management and this is supported by a governance framework as follows:

Constitution and Financial Regulations

All Council business is conducted in accordance with the policies and procedures set out in our Constitution, which defines how we operate, how decisions are made, and the procedures that must be followed.

Financial Procedures

In order to conduct our business efficiently, we need to ensure that we have sound financial management policies and procedures in place and this is done through our Financial Procedures. These set out the financial accountabilities of individuals and the procedures to be followed.

Council

The Council's financial affairs are operated through a number of Member committees which have delegated powers. Decisions that cannot be delegated are taken at meetings of full Council.

The Executive

Each year, the Council agrees a policy framework and budget, and it is the responsibility of the Executive to implement the framework and budget. The Executive has special responsibilities for financial matters.

Scrutiny Committee

The Overview and Scrutiny Management Board reviews and scrutinises any decision made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

Audit Committee

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done.

It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior

management to continually improve the Council's governance, risk and control environment.

Internal Audit

The Council maintains an adequate and effective system of internal audit of the accounting records and the systems of internal control in line with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011.

External Audit

An external audit service to the Council is currently provided by Mazars, who report on an annual basis to the Audit Committee on their findings in respect of the Statement of Accounts and on the Council's Value for Money arrangements.

Chief Finance Officer

The Council has designated the Executive Director – Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council. He is a member of the Leadership Team and has a key responsibility to ensure that the Council controls and manages its money well. He is able to operate effectively and perform his core duties, complying with the CIPFA Statement on the role of the Chief Finance Officer.

Monitoring Officer

The Chief Legal Officer is the designated Monitoring Officer, with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the Constitution. The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by Members and co-opted Members of the authority.

Risk Management Strategy

The Audit Committee has overall responsibility for ensuring that the Council's risk management framework is robust, and provides assurance that strategic and operational risks which the Council faces have been identified and managed. Our financial risk register is at MTFS Appendix VII.

5.20 Our strategy is to take account of risk when preparing the MTFP. We have a number of budgets which are volatile because the amount we spend in each year depends on either demand for services or on other factors which we do not control e.g. the weather. We forecast the amount required for such budgets based on the most likely scenarios and hold amounts in contingencies and earmarked reserves to support these budgets if expenditure is higher than expected.

5.21 Our MTFP is supported by assumptions about a number of factors affecting the budget, and we model scenarios based on differing levels of risk for each major assumption: high risk (the outcome which results in a higher risk to our financial position); medium risk (the most realistic outcome); low risk (the outcome which results in a lower risk to our financial position). This provides us with a range of possible financial positions for the future, which we can take account of when making major decisions. We update the MTFP as detailed information about our future costs, income and funding is confirmed.

5.22 We need to ensure that we can grow and develop as a Council, as well as maintain existing core services. To do this we need to be able to make the most of opportunities when they arise. The MTFs allows us to do this by establishing funding for investing in new ideas. Examples of this are:

- Budget holders can bid for investment in new opportunities (either revenue or capital) as part of the annual budget process. These will be considered in the context of the business case and affordability.
- Council Directorates can carry forward up to 1% of their budgets to the following year to the extent that they have delivered a budget underspend..
- We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.
- There are a number of earmarked reserves which can be used to fund investment in new opportunities.

MTFS APPENDIX I

Funding / Expenditure Area	Assumption	2020/21 £000's	Impact of 1% Change £000's	Impact of 5% Change £000's
Funding				
Revenue Support Grant	2019/20 level plus 1.8% inflation pa	-20,501	-205	-1,025
Rural Services Delivery Grant	2019/20 level plus 1.8% inflation pa	-7,060	-71	-353
New Homes Bonus Grant	2019/20 level plus 1.8% inflation pa	-2,182	-22	-109
Independent Living Fund	Reduction of 2.5% pa	-1,554	-16	-78
Public Health Grant	2019/20 level plus 1.8% inflation 2020/21, then flat-lined	-32,341	-323	-1,617
Better Care Funding	2019/20 level plus £680,000 for 2020/21, then flat-lined	-47,023	-470	-2,351
Council Tax Collection Fund Surplus	2019/20 surplus with no growth	-2,670	-27	-133
Council Tax	Taxbase growth 1.5% pa * Band D increase 3.5% / 2% / 2%	311,709	N/A	N/A
BR Collection Fund Surplus	Deficit can be eliminated using volatility reserve	0	0	0
BR collected locally	2019/20 plus growth of 1.8% pa	-21,437	-214	-1,072
BR Top Up Grant	2019/20 plus growth of 1.8% pa	-91,456	-915	-4,573
BR S31 Grant	2019/20 plus growth of 1.8% pa	-6,427	-64	-321
BR Pooling Gain	£2.799m pa based on latest estimate	-2,799	-28	-140
Social Care Grant	2019/20 amount rolled forward for 3 years	-5,754	-58	-288
Social Care Grant (New)	New grant confirmed for 2020/21 only	-14,732	N/A	N/A
Expenditure			-2,412	-12,060
Pay Inflation	2% pa	3,287	33	164
LGPS Employers Contribution	1.1% increase pa	1,688	17	84
LGPS Lump Sum Deficit	18% increase per annum	1,172	12	59
Total			61	307

MTFS APPENDIX II

COST PRESSURES 2020/21			
Service Area	Anticipated Cost Pressures 2020/21 £000's	Anticipated Cost Pressures 2021/22 £000's	Anticipated Cost Pressures 2022/23 £000's
COST PRESSURES ADULT CARE & COMMUNITY WELLBEING	12,150	5,008	0
COST PRESSURES CHILDREN'S SERVICES	2,311	1,790	1,487
COST PRESSURES PLACE	254	42	42
COST PRESSURES FIRE AND RESCUE & PUBLIC PROTECTION	1,793	0	11
COST PRESSURES COMMERCIAL	2,873	945	218
COST PRESSURES RESOURCES	2,639	80	0
COST PRESSURES CORPORATE SERVICES	286	0	0
TOTAL COST PRESSURES SERVICES	22,306	7,865	1,758
TOTAL COST PRESSURES: OTHER BUDGETS	18,778	6,560	2,864
TOTAL COST PRESSURES SERVICES AND OTHER BUDGETS	41,084	14,425	4,622
INFLATIONARY COST PRESSURES	3,040	3,089	3,150
TOTAL COST PRESSURES INCLUDING INFLATION	44,123	17,513	7,772

MTFS APPENDIX III

SAVINGS 2020/21			
Service Area	Proposed savings 2020/21 £	Proposed savings 2021/22 £	Proposed savings 2022/23 £
SAVINGS ADULT CARE & COMMUNITY WELLBEING	-8,708	-3,901	-100
SAVINGS CHILDREN'S SERVICES	-1,232	-131	-22
SAVINGS PLACE	-2,020	-159	0
SAVINGS FIRE AND RESCUE & PUBLIC PROTECTION	-115	0	0
SAVINGS COMMERCIAL	-950	0	0
SAVINGS RESOURCES	-1,004	0	0
TOTAL SAVINGS SERVICES	-14,030	-4,191	-122
TOTAL SAVINGS OTHER BUDGETS	-812	-1,006	-506
TOTAL SAVINGS SERVICES AND OTHER BUDGETS 2020/21	-14,842	-5,198	-628

Capital Programme

Capital Programme (2019/20 plus Future Years)	Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY WELLBEING			
Adult Care and Community Wellbeing	6,149	2,800	0
SCHOOLS			
Schools	31,118	32,047	114,125
CHILDREN'S SERVICES			
Children's Services	857	425	1,979
PLACE			
Communities	3,955	5,222	9,685
Growth & Economy	21,013	4,600	1,500
Highways	142,487	90,720	126,203
FIRE AND RESCUE & PUBLIC PROTECTION			
Public Protection	98	0	0
Fire and Rescue & Emergency Planning	8,590	6,656	6,489
COMMERCIAL			
Property	9,755	5,970	30,227
ICT	10,990	10,000	13,951
OTHER BUDGETS			
Other Budgets	8,732	11,638	60,000
Total Budget	243,743	170,077	364,159

Funding of the Capital Programme

	2019/20 £'m	2020/21 £'m	Future Years £'m
Grants and Contributions	105.092	67.839	60.025
Borrowing	133.825	102.208	303.029
Use of Reserve	4.201	0.000	0.000
Revenue Funding	0.625	0.030	1.105
Total Funding	243.743	170.077	364.159

Key Financial Performance Measures: Financial Health & Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2019/20 Estimate	2020/21 Estimate
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 27 county councils)	Yes	Yes
2	Government grants	Lobby for annual increases in general government grants to be above the county average	Yes	Yes
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.68%	6.26%
4	Accounting	Unqualified external audit opinion	Yes	Yes
5	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
6	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes
7	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90.00%	90.00%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark

Earmarked Reserves

Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
1 Children's Services - Education	Balances from dedicated schools budget including those held by Schools under a scheme of delegation	12,540	20,638	0	-33,178	0	0
Other Earmarked Reserves							
2 Children's Services - Education	Schools Sickness Insurance Scheme	519	362	0	-881	0	0
3 Children's Services - Education	S77 Poplar Farm School Project	0	344	0	-344	0	0
Children's Services - Education Total Other Earmarked Reserves		473	0	-473			0
D Children's Services	Youth Service Positive Activities Development Fund	20	0	0	0	20	
4 Children's Services	Youth Offending Service	512	0	0	0	312	200
5 Children's Services	Young People in Lincolnshire	252	0	0	-252	0	0
6 Children's Services	Families Working Together	599	0	0	-599	0	0
7 Children's Services	Music Service Reserve (carry forward)	148	0	0	-148	0	0
Children's Services - Total Other Earmarked Reserves							200
D Place	Adverse Weather	67	433	0	0	500	
8 Place	Museum Exhibits	133	0	0	-133	0	0
9 Place	Development - Economic Development Reserve PROPOSED TO RE-NAME AS "GROWTH" RESERVE	215	0	665	-880	0	0
D Place	Development - Lincs Coastal Country Park	49	0	0	-2	47	
10 Place	Salix Carbon Management PROPOSED TO RE-NAME AS "CARBON MANAGEMENT RESERVE"	40	0	0	-40	0	0
D Place	Flood and Water Risk Management	558	96	0	-160	494	
D Place	Lincoln Eastern Bypass (LEB)	500	0	0	0	500	
D Place	Street Lighting Earmarked Reserve	100	0	0	0	100	
11 Place	Heritage Services Earmarked Reserve PROPOSED TO RE-NAME AS "CULTURAL SERVICES"	262	0	94	-312	0	44
D Place	Highways Advanced Design	834	0	0	0	834	
D Place	Environmental Improvements Sustainability Reserve (Environment)	1,000	0	0	-250	750	
D Place	Environmental Improvements Sustainability Reserve (Infrastructure)	4,000	0	0	0	4,000	
12 Place	Highways Permitting Reserve Income PROPOSED TO RE-NAME AS "TRAFFIC MANAGEMENT"	394	0	879	-950	0	323
Place - Total Other Earmarked Reserves							367
13 Fire and Rescue and Public Protection	Safer Communities Development Fund" PROPOSED TO RE-NAME AS "COMMUNITY SAFETY"	556	0	310	-846	0	20
14 Fire and Rescue and Public Protection	Co-Responders Services	450	0	400	-519	31	300
D Fire and Rescue and Public Protection	Domestic Homicide Reviews	71	0	0	0	71	
Fire and Rescue and Public Protection - Total Other Earmarked Reserves							320
15 Commercial	Procurement	1,063	52	65	-966	162	52
16 Commercial	Support Service Contract Reserve PROPOSED TO RE-NAME AS "CSSC TRANSFORMATION INCLUDING BW RE-BUILD AND DEVELOPMENT"	2,296	0	1,100	-3,396	0	0
17 Commercial	Property Management	130	0	50	-155	25	0
D Commercial	Corporate Property Business Case	100	0	0	0	100	
Commercial - Total Other Earmarked Reserves							52
18 Resources	Legal	843	738	0	0	0	1,581
D Resources	Purchase of Employee Leave Scheme Reserve	264	0	0	-144	120	
Resources - Total Other Earmarked Reserves							1,581
19 Corporate Services	Local Welfare Provision Reserve PROPOSED TO RE-NAME AS "COMMUNITY ENGAGEMENT RESERVE"	15	0	76	-91	0	0
Corporate Services - Total Other Earmarked Reserves							0
20 Other Budgets	1% carry forwards transfer to revenue	36,834	0	0	-33,360	0	3,474
21 Other Budgets	Insurances	5,237	500	0	-5,737	0	0
22 Other Budgets	Financial Volatility Reserve	45,595	10,174	0	0	0	55,769
23 Other Budgets	Business Rates Volatility Reserve	1,683	0	0	-1,683	0	0
24 FORMERLY Place NOW "OTHER BUDGETS"	Energy from Waste Lifecycles	4,987	0	0	-4,987	0	0
25 Other Budgets Development Fund							10,180
Other Budgets - Total Other Earmarked Reserves (excluding Development Fund)							59,243
Total Other Earmarked Reserves		113,322	12,722	655	-56,870	8,066	61,763

Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
Revenue Grants and Contributions Unapplied							
1	Children's Services - Education Schools Grant & Contribution Reserve	6,075	0	0	-6,075	0	0
Children's Services Education - Total Revenue Grants and Contributions Unapplied							
0							
D	Adults and Community Wellbeing ASC LD - Supporting People	990	0	0	0	990	
D	Adults and Community Wellbeing Personal Health Budgets	288	0	0	0	288	
D	Adults and Community Wellbeing Care Act Implementation Grant	255	0	0	0	255	
2	Adults and Community Wellbeing Public Health Grant PROPOSED TO RE-NAME AS "PUBLIC HEALTH RESERVE"	3,746	0	1,152	0	0	4,897
3	Adults and Community Wellbeing Adult Care Reserve	0	0	35,045	-13,079	0	21,966
Adults and Community Wellbeing - Total Revenue Grants and Contributions Unapplied							
26,864							
4	Children's Services Children's Grant & Contribution	8,455	0	0	-8,066	389	0
5	Children's Services LSCB Grants & Contributions	335	0	0	-335	0	0
D	Children's Services SEN Grant for SEND	1,069	0	0	-877	192	
Children's Services - Total Revenue Grants and Contributions Unapplied							
0							
6	Place Section 38 Agreement G & C Reserve	2,068	0	0	0	0	2,068
7	Place Growth Points Lincoln	73	0	0	-73	0	0
8	Place Growth Points Grantham	1,001	0	0	-1,001	0	0
9	Place Road Safety - Lincs Police	56	0	0	0	0	56
10	Place Highways & Transport Grants & Contributions PROPOSED TO RE-NAME AS "TRANSPORT SERVICES"	447	-261	0	-186	0	0
11	Place Environment, Planning & Cust Services PROPOSED TO RE-NAME AS "ENVIRONMENT PROJECTS"	262	0	-50	-212	0	0
12	Place Traffic Commissioner Threshold	0	261	0	0	0	261
Place - Total Revenue Grants and Contributions Unapplied							
2,385							
13	Fire and Rescue and Public Protection Safer Communities Revenue Grant & Contribution	172	0	0	-172	0	0
14	Fire and Rescue and Public Protection Fire and Rescue Grant PROPOSED TO RE-NAME AS "FIRE AND RESCUE"	51	0	399	-430	0	20
15	Fire and Rescue and Public Protection Trading Standards EM G&C Earmarked Reserve	448	0	0	-448	0	0
Fire and Rescue and Public Protection - Total Revenue Grants and Contributions Unapplied							
20							
65							
0							
-65							
0							
0							
16	Corporate Services Community Resilience Grant and Contribution Earmarked Reserve	215	0	0	-215	0	0
Corporate Services - Total Revenue Grants and Contributions Unapplied							
0							
17	Other Budgets EU Exit Fund	88	0	0	0	0	88
Other Budgets - Total Revenue Grants and Contributions Unapplied							
88							
Total Revenue Grants and Contributions Unapplied							
		63,371	0	-655	-31,245	2,114	29,357
Total Earmarked Reserves (excluding Schools)							
		176,693	12,722	0	-88,115	10,180	91,120

Financial Risk Register 2020/21

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Inflation							
Pay	Pay awards are 1.0% higher than assumed in the budget.	leading to increased costs	There is a 2.0% provision in 2020/21 budgets for pay awards. The Council has also made a budget provision for the National Pay Spine negotiations.	3.3	2	35%	1.155
Price Increases	Inflation for general price increases is 1.0% more than allowed in budget.	leading to increased costs	There is a 0.0% provision in 2020/21 budgets for price increases.	4.4	3	75%	3.300
Income	Increase is 1.0% less than provided for in budget.	leading to reduced income	There is some provision in 2020/21 for certain income increases e.g. Adult Social Care. In other areas there is no provision for increases.	1.8	3	75%	1.350
Interest rates	Longer term interest rates are 1.0% higher than assumed in the budget.	leading to increased costs on long term borrowing	The budget assumes longer term rates of 2.525% for 2020/21.	1.2	2	35%	0.420
Other Budget Assumptions							
Demand-led Services	Demand for social care, waste disposal, home to school transport, property repairs and maintenance, highways winter maintenance, fire and rescue, coroners: increase in total cost terms by (say) £15m more than budget.	leading to increased costs	Budget prepared on latest projections, but, for example, a bad winter could lead to significant additional winter road maintenance or social care.	15.0	3	75%	11.250
Fair Funding Review and Business Rates Retention Reforms are less advantageous than anticipated from April 21	The Fair Funding Review and Business Rates Retention reforms were due to be implemented from April 20 and have been pushed back to April 21 amid great political uncertainty. Assumptions about increased funding may not be realistic. One-off social care funding of £5.7m has been repeated for 20/21 but may then cease.	leading to less government funding	Assumptions about increases have been fairly cautious.	8.3	3	75%	6.229
Estimated savings	Target savings not achieved fully in 2020/21.	leading to increased costs	Achieving fully the high level of savings required within the year will be very challenging. The Council's 2020/21 budget includes an estimated savings target of £16.3m. Monthly budget monitoring arrangements should highlight any potential budget pressures to allow corrective actions to be taken. Savings are generally low impact.	16.3	2	35%	5.720
Income budgets	Income from charges is 10% less than estimated.	leading to reduced income	Budgets are set on past experience and future expectations.	16.2	2	35%	5.670
Costs of change	A provision has been made within the Council's budget for redundancy costs. The Council will no longer use Capital Receipts flexibly to fund transformation in 2020/21. Some transformation costs are included within service budgets, and earmarked reserves can be used to fund transformation. However the full cost of transformation is not yet known. Provision for service transformation is insufficient by (say) £2m.	leading to increased costs	The current budget savings required for the 2020/21 budget are unlikely to lead to significant redundancies; however service transformation is expected to happen in some areas. If costs are in excess of the current budget the additional costs could be funded from the Council's Contingency Budget, Financial Volatility Reserve or from other earmarked reserves.	2.0	3	75%	1.500
Capital Programme	The programme exceeds by (say) £10m the funding available, leading to use of additional revenue funding.	leading to increased costs	It is normal for the Capital Programme to be underspent, not overspent. An overspend would be funded by taking additional borrowing.	10.0	1	10%	1.000

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Financial Management Arrangements							
Current financial management arrangements	Overspend of 2% in Budget Requirement.	leading to increased costs	There are clear, written financial management procedures; regular staff training; good financial systems including monitoring information; and regular reporting to budget-holders, directorate management teams and the Executive. There have not been substantial overspendings in recent years other than on demand led services; however, as budgets are tightened, overspending may be more	9.7	3	75%	7.268
Schools Expenditure	Overspend of 1% in Schools budget expenditure.	leading to increased costs	Schools expenditure covered by Dedicated Schools Grant. The County Council could be required to provide financial support if there were a major problem.	4.3	1	10%	0.430
Potential Losses							
General Claims against the Council	Claims total £5m more than provided for in budget.	leading to increased costs	Extent of loss is limited by insurance arrangements. There is also an Insurance Reserve; the balance of this stood at £5.237m at 31 March 2019.	5.0	3	75%	3.750
Bad Debts	Write-off of debts of 1%.	leading to reduced income	The Council has a good record of income collection with a low level of debt write-offs.	1.3	1	10%	0.130
Treasury management	Default on loans from the Council.	Reduction in the Council's cash balances	Authorised lending for Treasury Investments list restricted to lowest risk institutions with individual limits. The Council's lending policy is low risk.	25.0	1	10%	2.500
Loans to Other Bodies for Service Purposes	Default on loans from the Council.	Reduction in the Council's cash balances	The Council has made loans to other bodies for service purposes and these carry a higher risk of default than Treasury loans, particularly given IFRS9 implications.	2.4	2	35%	0.840
Major emergencies or disasters	Such an event with a cost of (say) £5m	leading to increased costs	The government provides financial support under the Bellwin scheme for major emergencies or disasters. However, there is no automatic entitlement to financial assistance and where it is given it will not normally cover all the costs incurred.	5.0	1	10%	0.500
						53.011	
Provisions Against Financial Risk							
Contingency Provision	The contingency provision may offset some of the increased costs noted above e.g. price increases above that allowed in budgets.		Budgets include a contingency provision of £3.0m p.a.	-3.0	4	100%	-3.000
Financial Volatility Reserve	At the end of 2011/12 the Council established a financial volatility reserve to help the Council deal with the future uncertainties around local government funding.		At the end of 2019/20 it is estimated that the balance in the FVR will stand at £55m. It is currently estimated that we will need around £7m from the reserve to balance future years' budgets, which means that there will be approximately £48m left to fund these risks. In addition, there may be an underspend in the current year which could be applied to the FVR at the year end.	-48.0	3	75%	-36.000
						-39.000	
Net Total Value of Risks						14.011	
Key To Likelihood Scores:							
1	Very unlikely	10% of impact					
2	Possible but unlikely	35%					
3	Possible for example in view of current higher levels of risk	75%					
4	Very probable or certain	100%					

**Open Report on behalf of Glen Garrod,
Executive Director Adult Care and Community Wellbeing**

Report to:	Executive
Date:	04 February 2020
Subject:	Home Based Reablement Service Procurement
Decision Reference:	I018998
Key decision?	Yes

Summary:

The Home Based Reablement Service (HBRS) is designed to help people learn or relearn the skills necessary for daily living, which have been lost through illness, deterioration of health and/or increased support needs. The HBRS offers outcome focussed, person centred care and support in the service user's own home, designed to optimise their independence, for a period of up to six weeks per user episode. Current performance is based on an average of around three weeks. In addition to reablement support, the service requires the provider to offer a 'provider of last resort' (POLR) service to support people with long term needs in their own homes; intended to provide a contingency at times of market failure in the home care market and designed to be on a short term basis.

Following a procurement process in 2015, a contract for a countywide home based reablement service was awarded to Allied Healthcare, commencing in November 2015 for a maximum duration of five years. Allied Healthcare went into administration in December 2018, resulting in the novation of the contract on an interim basis to Alderson Libertas to secure continuity for this vital service. Since November 2015, performance of the service has improved significantly, in particular since the current provider took over the service. The current contract expires on 30 June 2020 and it is therefore necessary to make decisions about the future scope and procurement of the service.

This report seeks approval from the Executive to procure a new contract for home based reablement.

Recommendation(s):

That the Executive:

1. Approves a procurement be undertaken to deliver a contract to be awarded to a single provider of a county-wide home based reablement service for a period of three years with the possibility of a further two year extension.

2. Delegates to the Executive Director of Adult Care & Community Wellbeing, in consultation with the Leader of the Council and the Executive Councillor for Adult Care, Health & Children's Services, the authority:
 - (i) to approve the entering into a pilot with the contractor to assess the effects of broadening eligibility for the services; and
 - (ii) to determine the final form of the contract and to approve the award of contract(s) and the entering into of contract(s) and other legal documentation necessary to give effect to the above decision.

Alternatives Considered:

1. Negotiate a revised contract with the current provider.

Continuing with the current provider is not viable as there is no legal basis on which to extend the contract.

2. To do nothing.

The service is a critical mechanism in maximising and maintaining the independence of Lincolnshire's residents. Without this service the impact on service users and the wider health system would be far reaching and highly disruptive. It would also not address the statutory requirements of Lincolnshire County Council relating to preventing, reducing or delaying needs under the Care Act 2014.

3. Integrate reablement and homecare services.

There are a number of dependencies between homecare and reablement services, including service user cohort and market characteristics, and the review considered the opportunity to integrate the services to be delivered as a single contract. However no evidence was found to suggest that commissioning homecare and reablement as an integrated service would work more effectively than separate services; and analysis of relative risks and benefits indicated that they would not.

4. Deliver the service in-house.

As the service was previously delivered in-house, a review of alternative delivery channels considered the potential to in-source service delivery at the conclusion of the current contract. This aspect of the review concluded that there would be significant additional cost associated with in-house delivery and as a result, this option should not be pursued.

Reasons for Recommendation:

1. Home based Reablement is a critical service which is at the front line of maintaining the independence of Lincolnshire's residents. Without this service the impact on service users and the wider health system would be far reaching and highly disruptive. Not only is an effective reablement service beneficial for individuals' health and wellbeing, it also creates the opportunity to reduce reliance on other commissioned health and care services, and therefore to deliver savings by providing more intense services upfront.
2. The alternatives considered have been deemed unacceptable in delivering the required outcomes of the service.
3. The service addresses and supports the statutory requirements in relation to preventing, reducing or delaying needs under the Care Act 2014.

1. Background

- 1.1 The service was first established by the Council in November 2012. Since being externalised by the Council in 2014, the HBRS has been the subject of three separate contract arrangements, two of which have concluded in advance of the planned end date. The agreement with Lincolnshire Partnership Foundation Trust was terminated in 2015 due to poor performance; and following the financial collapse of Allied Healthcare in December 2018, it was necessary for the Council to implement a contingency solution to secure continuity of the service. In line with legal advice, an emergency award was carried out and the contract was novated to Alderson Libertas in Dec 2018. The performance of the service has significantly improved over this time



Figure 1 - Timeline of HBRS delivery arrangements since beginning of the service.

- 1.2 Adult Care has a strategic direction to enable people to remain living independently in their own home for as long as possible.
- 1.3 An effective reablement service is key in supporting people to gain or regain their skills by contributing to faster recovery from illness, fewer unnecessary hospital admissions, prompt discharge from hospital and more opportunities for independent living.
- 1.4 People using reablement experience greater improvements in physical functioning and improved quality of life compared with using standard home care.

- 1.5 From a social care perspective, there is a high probability that reablement is cost effective. Reablement achieves cost savings through reducing or removing the need for ongoing support via traditional home care or admission to long term residential care.
- 1.6 Continuing demographic change means increased pressures and escalating challenges for the Council and the Care Sector in the future.
- 1.7 It is essential that as many individuals as possible are reabled to their maximum potential through the home based reablement service.

2. General Environment

- 2.1 Home based reablement is essential in maintaining the independence of Lincolnshire's residents. Without this service the impact on the wider health system would be far reaching and highly disruptive.
- 2.2 There are many policy developments which are influencing the care market and commissioning activities on a national and local level which can be summarised as follows:
- 2.3 *Implementation of personalisation* - local authorities are required to ensure that service users and carers have more choice and control over the services they are able to access and the way in which the services are provided. Although Lincolnshire County Council will continue to adopt a single provider model for home based reablement, service users will be able to choose whether to use the County Council commissioned provider or self fund with a privately commissioned provider.
- 2.4 *The Care Act - focus on wellbeing* - The Care Act is person-centred; it places the wellbeing of the individual at its core and emphasises the need for greater integration and cooperation between agencies. The Care Act attempts to rebalance the focus of social care on preventing and delaying needs rather than only intervening at crisis point. Wellbeing puts people at the heart of care and support and enables a person to maximise their independence for as long as possible.
- 2.5 *Reablement* - there is evidence nationally that where, following a period of illness, people are supported to regain and retain their independence they are less likely to need long term care services or only require a reduced amount of care. Local authorities are working with the NHS to ensure that they commission services which help people to retain their independence.
- 2.6 *Demographic changes and the need for preventative services*- as more people are helped to live at home for longer and given the demographics of an increasingly ageing population, there is an increase in the need for services which prevent or delay the deterioration of wellbeing resulting from ageing, illness or disability.

- 2.7 *Hospital avoidance and early discharge* - the NHS and local authorities are developing a range of community based services and initiatives to prevent the need for people to be admitted to hospital and to ensure that people are discharged from hospital at the earliest opportunity.
- 2.8 *Workforce development* – there is wide recognition that good quality care services require investment in a skilled and trained workforce which is motivated and well supported. Last year the Equality and Human Rights Commission produced a report, 'Close to home: an inquiry into older people and human rights in home care' which recommends that local authorities should ensure that the way in which services are commissioned, procured and monitored, adheres to the Human Rights Act. This includes ensuring that services are provided in a way which promotes and maintains dignity with service users having some level of consistency in the care staff that deliver their care. Market testing on the ability of providers to deliver the service within the outlined cost envelope has delivered positive feedback. It can therefore be assumed that providers will be able to accommodate the TUPE transfer of existing staff including their protected terms and conditions as a legacy of their service in the public sector.
- 2.9 *Provision of Services* - In addition to the above, the Care Act requires councils to provide or arrange for the provision of services, facilities or resources, or take other steps, which they consider will contribute towards preventing or delaying the development by adults in its area of needs for care and support.

3. Current Service Summary

- 3.1 The contract is delivered by a single provider of a countywide service, meeting all of the Council's demand for home based reablement.
- 3.2 The HBRS offers outcome focussed, person centred care and support in the service user's own home, designed to optimise their independence, for a period of up to six weeks per user episode. In addition to reablement support the service requires the provider to offer a 'provider of last resort' (POLR) service to support people with long term needs in their own homes; intended to provide a contingency at times of market failure in the home care market and designed to be on a short term basis. The service is providing reablement support to approximately 3,300 service users per annum based on the previous 12 months, with 844 service users supported in Q1 of 2019.
- 3.3 The contract requires the provider to deliver 137,200 face to face reablement support hours per annum, which equates to 11,433 hours per month.

4. Service Review

- 4.1 A review of the service has been undertaken including benchmarking with other local authorities, a review of service performance against contract measures and targets, engagement with the provider market and key project

stakeholders. Key findings of the review are summarised in the following paragraphs.

- 4.2 Performance of the service is very strong both in terms of delivery against contract performance targets and by comparison to other local authorities (further service performance information is included at Appendix 1).
- 4.3 There are a number of dependencies between homecare and reablement services, including service user cohort and market characteristics, and the review considered the opportunity to integrate the services to be delivered as a single contract. However no evidence was found to suggest that commissioning homecare and reablement as an integrated service would work more effectively than separate services; and analysis of relative risks and benefits indicated that they would not.
- 4.4 As the service was previously delivered in-house (until 2014), a review of alternative delivery channels considered the potential to in-source service delivery at the conclusion of the current contract. This aspect of the review concluded that there would be significant additional cost associated with in-house delivery and as a result, that this option should not be pursued.
- 4.5 Whilst service performance is strong, the key challenge remains the sufficiency of capacity to meet demand. The only key performance indicator (KPI) in which the provider is not meeting or exceeding targets is 'Percentage of refusals due to no capacity'. This can be attributed to the impact of a high number of over stayer and provider of last resort (POLR) cases impacting the total capacity available to the service. Over stay and POLR functions are an important and necessary tool to support the effective management of the homecare market, and in managing and minimising Delayed Transfers of Care, and need to remain in scope of the HBRS. However, reducing the level of dependence on POLR (and overstay) in future should be possible, in the main by adopting strategies recommended in the homecare review to improve capacity and flexibility in the homecare contracts.
- 4.6 Market engagement identified that developing improved working relationships between reablement and homecare providers offers potential for significant service efficiencies and improvements; having also indicated that there is currently limited or no communication between the groups
- 4.7 A review of existing eligibility criteria suggested that broadening the criteria presents potential for savings in 'downstream' social care services.

5. Proposed Changes to Current Arrangements

- 5.1 As the review concluded that the existing contract model works well, it is proposed to re-commission the service in largely the same format. However, the following changes are proposed:
- 5.2 Service development opportunities should be addressed in the new specification and associated operational processes, intended to support

service capacity, responsiveness and enable more of a preventative reablement focus in future;

5.2.1 Strategies to minimise reliance on provider of last resort and overstay capacity in order to maximise reablement capacity;

5.2.2 Developing and formalising expectations for effective working relationships between homecare and reablement providers;

5.2.3 Improve community referral pathways to enable a more preventative reablement focus in future.

5.3 Broadening service eligibility should be trialled to confirm potential benefits;

5.3.1 The service currently operates with selective eligibility, where eligibility is restricted to those considered to have potential for improvement in their level of independence at the point of assessment. The proposal is to broaden eligibility for the service to offer a period of reablement of up to six weeks, to all individuals who have been assessed as requiring a level of County Council funded community care. This would effectively encompass all individuals referred in to homecare, with the exception of those on an end of life pathway or with advanced dementia.

5.3.2 Academic evidence¹ (from a study undertaken by the Social Policy Research Unit at The University of York and PSSRU at the University of Kent, funded by the Department of Health) is available to suggest that the costs of the social care services for people following a period of reablement were 60 per cent less than the costs of the social care services used by people using conventional home care services, measured over the 12 months of the study, excluding the costs of reablement intervention itself.

5.3.3 However, in the study, the reduction in care costs was in large part offset by the initial cost of the reablement intervention. The total (including reablement) mean cost of the social care services used by the reablement group was £380 lower than the total mean cost of the social care services used by the comparison group. The study did also find that Reablement had positive impacts on users' health-related quality of life and social care-related quality of life up to ten months after reablement, again in comparison with users of conventional home care services.

5.3.4 Calculations to quantify the funding required to achieve eligibility for all people referred to homecare suggest an additional cost of around £2.9m per annum based on current contact rates, which equates to approximately 50 additional cases per week (approx. 75% increase in service volumes).

5.3.5 There is evidence to suggest that this would be at worst cost neutral, with potential for savings. Applying the mean cost reduction in ongoing social care services, as identified in the study, to the

¹ Home Care Reablement Services: Investigating the longer-term impacts (prospective longitudinal study) Caroline Glendinning, Karen Jones, Kate Baxter, Parvaneh Rabiee, Lesley A. Curtis, Alison Wilde, Hilary Arksey, Julien E. Forder November 2010

estimated additional eligible cases in Lincolnshire would result in a potential net saving of around £990,000 per annum.

- 5.3.6 It is recognised however, that given the significant additional budget commitment necessary to enable this development to be realised, further work to verify the concept and quantify the potential benefits should be undertaken. It is therefore proposed to pilot the scheme with a sample of users in the first year of the new contract with a view to obtaining the necessary evidence, and to understand the provider's ability to resource up to deliver the increased demand.
- 5.3.7 Should the pilot prove successful and in the event that funding is available, it is proposed to scale up to countywide coverage in year three. Given the amounts involved this would go through a separate approval process which would be informed by the results of the pilot. Should the expected benefits not be realised, the pilot would conclude after 12 months. The total additional expenditure proposed for the first year of the pilot scheme is £500,000, with a potential cost reduction of £747,665.
- 5.3.8 Recommendation 2 seeks approval for the funding of the proposed pilot to be agreed as part of the delegated decision. The funding would come from the Adult Care reserve.

6. Budget and Cost Implications

- 6.1 1.6% of the gross budget in Adult Social Care is spent on Reablement currently. The annual service budget of £4,316,792 is made up of £2,034,835 from the Lincolnshire County Council base budget and £2,281,957 from the Better Care Fund (BCF). A further £1.5m allocation is made from the BCF purely to fund the provider of last resort service element, currently £1.5m p.a. The annual spend for 2019/20 is projected to be £4,345,000, which breaks down as £3,375,000 for Reablement hours and £970,000 for Provider of Last Resort & overstay cases.
- 6.2 Other than the funding to implement the proposal to trial the broadening of service eligibility (discussed at paragraph 5), the reablement service should continue with a consistent budget for the next contract cycle.

7. Risks and Dependencies

- 7.1 The major risks and dependencies associated with this service are detailed below;
- 7.2 The Homecare service is also under review and new contract arrangements need to be in place for 1st October 2020, with a procurement process running along the same timeline as the HBRS. There are a number of associated risks / dependencies here. The most significant being:
- 7.2.1 *Service Mobilisation:*
Where there is potential for a new homecare provider implementation, there will ideally be a stable and effective HBRS in operation to support and offer viable contingency capacity. The reverse is also true, and for a new HBRS provider, a smooth and effective mobilisation will be

much easier to achieve if there is an effective and established homecare provision in place. As scheduled, the new HBRS will commence 3 months prior to the new homecare contracts. This should mitigate operational risks to a greater extent. However, it will be important to prevent slippage in the HBRS procurement timeline.

7.2.2 Competitiveness of tender:

Factors such as overlap in provider market and proximity of the tender periods have potential to impact on the competitiveness of one or both procurement processes. An overlap has been built into the tender period in order to address this. Based on initial market engagement with providers it is expected that there are enough providers interested in both opportunities to ensure effective competition.

- 7.3 The management of capacity in the HBRS, in particular reliance on 'provider of last resort' and overstay functions, is dependent on capacity in the Homecare service. The effectiveness of the changes proposed to the new homecare services, designed to improve capacity and flexibility in those services is therefore a key dependency for HBRS.
- 7.4 Staff recruitment and retention, in common with the wider care market, represents a challenge for the reablement service. Rates of pay are higher than elsewhere in the sector, reflecting a more skilled role, but this does not entirely mitigate the risk. Other factors, including rurality have an impact, and the Council will continue to engage in workforce development activities. To further support mitigation, the Council will ensure that service volume requirements are developed and communicated during the pre-procurement phase, and throughout contract operation.
- 7.5 In the Spending Review on 4 September 2019 it was announced that BCF funding would roll forward for another year to 2020/21. The majority of local authorities are building into their medium term financial plan that BCF funding will continue even if it is in a different format. Market engagement feedback that the initial term of the contract should be for a minimum of three years, and it is therefore recommended to proceed with a contract duration of three years with options to extend by up to a further two years. If BCF (or replacement) funding is reduced in future years there will need to be a decision as to whether additional base budget and/or reserves would be committed to fund the remaining period of the contract. In the new contract the Council will also reserve the right to tighten eligibility and flex demand down in order to continue within a reduced budget should that be necessary.

8. Commercial Model

- 8.1 As noted, the service review has indicated that the current service delivery model is performing well and does not warrant any significant change. We will therefore continue to seek a single provider with an emphasis on ensuring that the required volume 'face to face' hours, as well as reablement outcomes, will be delivered.

- 8.2 Providing committed demand through a single provider remains a viable solution as the required hours are set at a number that in turn equates to a sufficient amount of work as to allow the provider a strong cost base to work from.
- 8.3 By continuing to arrange the contract into a single strategic block the Council will be able to achieve a position wherein it can be satisfied the new agreement will be sustainable and will result in good quality care for service users.

9. Payment and Performance Management

- 9.1 The payment mechanism will be based on a core payment with a separate system of financial incentives and deductions according to performance levels against a small number of key performance targets, with a focus on the delivery of the quality outcomes for the service. Both elements of the payment mechanism fall within the Council's maximum budget allocation for the service. The core payment will be determined by the actual volume of activity undertaken within the invoicing period. If activity levels are equivalent to those that the provider commits to deliver at the point of submitting their bid, they will receive their full core payment allocation. The incentive mechanism will be limited to plus/minus 5% of the total available budget, but are felt proportionate and of a level significant enough to delivery of effective outcomes for service users.
- 9.2 Performance management will continue to be embedded into the contract. This will be linked to manageable, measurable and achievable targets aligned to the agreed key performance indicators, and a formalised system of managing and monitoring performance against the contract. A further review of contract KPI measures will be undertaken prior to commencement of the procurement process to help to ensure that the required service levels across the service are optimised. It will be made clear from the outset that the provider will be contractually responsible for ensuring that they are able to meet the required number of 'face to face' hours and the qualitative outcomes.

10. Contract Commencement and Duration

- 10.1 The existing HBRIS contract comes to a conclusion on 30 June 2020, with the new contract needing to commence on 1 July 2020.
- 10.2 The proposed duration of this contract will be for an initial period of three years with an extension period of two years. The attractiveness of this approach was tested as a part of the market engagement process, and the views of the market provided validation that the proposal is a realistic, reasonable and attractive term for the contract.

11 Procurement Implications

- 11.1 The Procurement is being undertaken in accordance with regulations 74 to 76 of the Public Contract Regulations 2015 under "Light Touch Regime" utilising an Open Procedure method. An OJEU Notice will be published on 10 February 2020 and a Contract Award Notice will be issued on any award to a successful bidder.
- 11.2 In undertaking the procurement the Council will ensure the process utilised complies fully with the EU Treaty Principles of Openness, Fairness, Transparency and Non-discrimination.
- 11.3 The procurement process shall conform with all information as published and set out in the OJEU Notice.
- 11.4 All time limits imposed on bidders in the process for responding to the OJEU Notice and Invitation to Tender will be reasonable and proportionate.
- 11.5 Subject to the maximum available budget and a commitment to deliver the minimum service volume expectations, which will be aligned to existing service volume expectations, the final cost of the service will be determined via competition.
- 11.6 ITT evaluation will focus on a combination of service cost and quality, and the capability of the single provider and any organisations they may wish to form sub contracting arrangements with to deliver the required volume of hours and quality outcomes across the county.

12. Public Services Social Value Act

- 12.1 In January 2013 the Public Services (Social Value) Act 2013 came into force. Under the Act the Council must before starting the process of procuring a contract for services consider two things. Firstly, how what is proposed to be procured might improve the economic social and environmental wellbeing of its area. Secondly, how in conducting the process of procurement it might act with a view to securing that improvement. The Council must only consider matters that are relevant to the services being procured and must consider the extent to which it is proportionate in all the circumstances to take those matters into account. In considering this issue the Council must be aware that it remains bound by EU procurement legislation which itself through its requirement for transparency, fairness and non-discrimination places limits on what can be done to achieve these outcomes through a procurement.
- 12.2 A stronger and well-resourced community support service will have the potential to deliver increased social and economic benefits to the area by;
- 12.3 Helping people live at home for longer; helping relieve pressure on acute hospitals, care homes, and the wider health system by assisting with front line care and preventing avoidable admissions to hospital.

- 12.4 Ways will be explored of securing social value through the way the procurement is structured. The operation of sub-contracting and consortium arrangements will be explored as a means of ensuring a role for local small to medium-sized enterprises (SMEs) in the delivery of the services. Evaluation methodologies will be explored so as to incentivise the delivery of a skilled and trained workforce.
- 12.5 Under section 1(7) of the Public Services (Social Value) Act 2013 the Council must consider whether to undertake any consultation as to the matters referred to above. The service and the value it delivers is well understood. Best practice recently adopted elsewhere has been reviewed. This and the market consultation carried out is considered to be sufficient to inform the procurement. It is unlikely that any wider consultation would be proportionate to the scope of the procurement.

1. 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

13.1 The key purpose of the service is essential to enabling all those individuals who require community care services to live more independent and healthier lives. In that sense the delivery of the service helps to advance equality of opportunity. The providers' ability to provide services which advance equality of opportunity will be considered in the procurement and providers will be obliged to comply with the Equality Act.

13.2 An Impact Assessment has been completed for the home based reablement service re-procurement and a copy has been included at Appendix 2.

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

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

13.3 One of the overarching themes for the current Joint Health and Wellbeing Strategy for Lincolnshire is to embed prevention across all health and care services. The continued commissioning of the Home Based Reablement Service will contribute directly to the achievement of this.

13.4 Adults Health and Wellbeing is a core theme of the JSNA, with a key priority being to improve health and reduce health inequalities for individuals. Home based reablement is one of the primary services that the Council utilises to meet its statutory duties and ensure service users are able to live in their own homes for longer.

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

13.5 This service is unlikely to contribute to the furtherance of the section 17 matters.

14. Conclusion

- 14.1 Reablement Services are a fundamental part of the care system in Lincolnshire and play a critical role in the overall healthcare system. By providing intensive interventions for residents experiencing a change in need, helping to decrease the need for longer-term social care services, supporting discharge from hospitals and reducing the chances of re-admission, this improves their quality of life and reduces pressures on already overburdened residential homes and hospitals.
- 14.2 Performance of the current HBRS is exceeding expectations in most areas. Current performance measures evidenced high levels of outcomes achieved and positive Service User feedback.
- 14.3 Re-procuring the service supports the Council in fulfilling its statutory duties for preventing, reducing or delaying needs under the Care Act 2014.
- 14.4 From a social care perspective, there is a high probability that reablement is cost effective by reducing or removing the need for ongoing support via traditional home care or admission to long term residential care. Subject to agreement, the proposal to pilot a broadening of service eligibility will help to provide local evidence to support this position.
- 14.5 It is expected that the proposed changes to HBRS specification, to associated processes and to the inter-dependent Homecare model will allow the council to maximise the capacity available, fully develop referral pathways and improve working relationships with homecare providers. In turn this will maximise service user outcomes.
- 14.6 Additionally, it is expected that the changes will support the management of provider of last resort and overstays in the HBRS, with the intention of reducing reliance on these functions and maximising overall reablement capacity in the service.
- 14.7 A further review of contract KPI measures will also help to ensure that the required service levels across the service are optimised. In addition, continuation of the existing Contract management process will ensure a robust management of the service.

15. Legal Comments:

The Council has the power to commission and enter into the home based reablement service contract as proposed. The decision is consistent with the policy framework and within the remit of the Executive.

16. Resource Comments:

With the procurement recommending no change to the financial structure of this service, the budget reflects continuation at current rates.

£0.5m is set aside within ACCW reserve to fund the pilot referred to should it be agreed.

2020-21 will see a rollover of the Better Care funding which contributes to this service.

An element of financial risk is introduced given we haven't confirmation of BCF from 2021-22, should we face this risk materialising this service would form part of a wider review across ACCW.

17. Consultation

Has The Local Member Been Consulted? N/A

Has The Executive Councillor Been Consulted? Yes

Scrutiny Comments

This report was considered by the Adults and Community Wellbeing Scrutiny Committee on 15 January 2020, with the Executive Councillor for Adult Care, Health and Children's Services in attendance.

The Committee agreed to support the two recommendations set out in the report to the Executive.

The re-ablement service supported the principles of prevention and early intervention and aimed to improve the quality of life of individuals and reduce more intensive (and costly) interventions at a later stage. In line with these principles, the Committee welcomed the proposed pilot scheme, outlined in section 5.3 of the report, which would broaden the eligibility for the re-ablement service. The Committee looks forward to a positive outcome from the pilot scheme.

The Committee also recorded its gratitude to the officers, whose prompt and decisive action during the existing contract period ensured minimal disruption to service users, following the withdrawal of Allied Healthcare and the novation of the contract to Libertas.

Has a Risks and Impact Analysis been carried out? - Yes

Risks and Impact Analysis

See body of report and Appendix 2 Equality Impact Assessment.

18. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Service Performance Summary
Appendix 2	Equality Impact Assessment

19. Background Papers

Document title	Where the document can be viewed
Home Care Reablement Services: Investigating the longer-term impacts (prospective longitudinal study) - November 2010	Commercial Team People Services

This report was written by Carl Miller, who can be contacted on 01522 553673 or carl.miller@lincolnshire.gov.uk .

Current Performance of the Service

There are 13 KPI's in total and the provider is meeting or exceeding targets in all cases except for one; 'Percentage of refusals due to no capacity', the reasons for which, as noted in the body of the report, can be attributed to the impact of a high number of over stayer and Provider of Last Resort cases impacting the total capacity available to Libertas to undertake reablement.

Four of the contract KPI's, being those considered to be the most relevant indicators of a high performing reablement service and were given an incentivisation mechanism linked to payment, including both payment enhancements and deductions to reward or penalise the provider based on pre-determined performance thresholds. These indicators, along with the associated targets, performance levels and performance credits achieved since Libertas took over the contract are shown in the table below:

Key Performance Indicator	Target	Q4 18/19 KPI %	Q4 18/19 Performance Credit	Q1 19/20 KPI %	Q1 19/20 Performance Credit
% of people reabled to no service	55%	57.8%	£16,500	58.8%	£22,000
Average length of stay in reablement per episode (days)	29	22	£10,000	22	£10,000
Average number of hours between actual start date/time and assessment (hours)	24	0	£7,500	0	£7,500
% of people whose outcome following reablement was admission to hospital	16%	15%	£1,000	16%	£0
Total			£35,000		£39,500

Figure 1 – Key performance indicators linked to Performance and Service credits since Libertas took over the contract

The total number of contact hours per month is currently exceeding target as shown at figure 2. This is currently tracking an average of 11,826 per month (since the current provider started in Dec 2018) which equates to 141,912 per annum. These figures do include POLR & Overstays.

KPI 1 – Total number of contact hours delivered	Allied Healthcare			Alderson Libertas		
	2016/17 Average per month Q1-Q4	2017/18 Average per month Q1-Q4	2018/19 Average per month Q1-Q3	2018/19 Average per month Q4	2019/20 Average per month Q1	2019/20 Average per month Q2 (July & Aug figs only)
Hours delivered	9,404	10,689	10,391	10,398	13,078	12,199
Target (hours)	11,433	11,433	11,433	11,433	11,433	11,433
Performance	Behind Target	Behind Target	Behind Target	Behind Target	Exceeding Target	Exceeding Target

Figure 2 – Average monthly number of Reablement contact hours delivered since 2016/17

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Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

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

Using this form

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

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

Equality Act 2010

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

Protected characteristics

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

Section 149 of the Equality Act 2010

Section 149 requires a public authority to have due regard to the need to:

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

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

Decision makers duty under the Act

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

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

Conducting an Impact Analysis

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

The Lead Officer responsibility

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

Summary of findings

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

Impact – definition

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

How much detail to include?

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

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

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

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

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

Background Information

Title of the policy / project / service being considered	Reablement Re-procurement	Person / people completing analysis	Danielle Garratt, Rebecca Walukiewicz,.
Service Area	Adult Care	Lead Officer	Danielle Garratt/Mark Fowell
Who is the decision maker?	Executive	How was the Equality Impact Analysis undertaken?	Research / Discussions have taken place at the Home Based Reablement Project Board. There has been service data gained throughout the contract management of the existing contract. and some engagement with front line staff. Pre-market engagement was also undertaken in the form of a questionnaire.
Date of meeting when decision will be made	04/02/2020	Version control	V1
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Re-commissioned
Describe the proposed change	<p>This impact analysis forms part of the decision making process relating to the re-procurement of the Reablement contract.</p> <p>Background</p> <ul style="list-style-type: none"> • Adult Social Care has a strategic direction to enable people to remain living independently in their own home for as long as possible. • An effective re-ablement service is key in supporting people to gain or regain their abilities by contributing to faster recovery from illness, fewer unnecessary hospital admissions, prompt discharge from hospital and more opportunities for independent living. • The Care Act, and its implementation guidance, includes reference to commission activity which focuses on outcomes 		

and well- being of people using services.

- A home based reablement service contributes significantly to the overall well- being of people in regaining or maintaining their independence and reducing their need for long term support.
- It needs to contribute to reducing avoidable hospital admissions and support prompt hospital discharges.
- There is a need for all service provision to be effective and to provide value for money .

Evidencing the impacts

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

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

Data to support impacts of proposed changes

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

Population data and the Joint Strategic Needs Assessment

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

Workforce profiles

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

Positive impacts

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

Age	The proposed outcomes of this process would be applicable to those adults whose assessed care needs meet the national threshold regardless of their age. However, it is expected that the service will be used predominantly by older people (65 and over). More people aged 75 and over appear to benefit from the service than any other group (*See table below) .
Disability	The proposed outcomes would be applicable to those adults whose assessed care needs meet the national threshold regardless of their disability. Adult Care supports people who have a disability; this includes those with learning or physical disabilities, autistic spectrum disorder, and older people, the impact is promoting health and wellbeing and enhancing quality of life for adults with eligible care needs, who, for whatever reason relating to those care needs, it is not appropriate, either in the short or longer term, to live in their own homes.
Gender reassignment	There is no specific positive impact relating to gender re assignment. The changes would be applicable to those adults whose assessed care needs meet the national threshold regardless of their gender reassignment
Marriage and civil partnership	There is no specific positive impact relating to marriage or civil partnership
Pregnancy and maternity	There is no specific positive impact relating to pregnancy and maternity
Race	There is no specific positive impact relating to race. The changes are applicable to those adults whose assessed care needs meet the national threshold regardless of race The ethnic origin profile of adults ASC currently supports is consistent with the current overall profile of Lincolnshire residents.

Religion or belief	There is no specific positive impact relating to religion or belief. The changes would be applicable to those people whose assessed care needs meet the national threshold regardless of their religion or belief
Sex	The changes would be applicable to those people whose assessed care needs meet the national threshold regardless of their sex. More females than males appear to benefit from the service (*See table below)
Sexual orientation	There is no specific positive impact relating to sexual orientation. The changes would be applicable to those people whose assessed care needs meet the national threshold regardless of their sexual orientation

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

A home based re-ablement service is for people who are assessed as suitable and able to benefit from a period of reablement regardless of the protected characteristics of Age : gender re-assignment: pregnancy or maternity: race : disability: religion or belief: sex: sexual orientation : marriage & civil partnership . However people's individual care needs and therefore eligibility for ASC support correlate to groups identified by protected characteristics.

It is anticipated that a new contract will result in positive benefits for all people who use the service.

An effective re- ablement service can also benefit an individual's family and informal carers.

*The following table shows the breakdown of clients who have been supported by the current service provider over a 3 month period by the protected characteristics of age and sex.

Count of Step ID	Column Labels		Grand Total
Row Labels	F	M	Grand Total
Under 25	1		1
25-49	9	5	14
50-64	50	32	82
65-74	124	75	199
75-84	322	190	512
85+	408	205	613
Grand Total	914	507	1421

This illustrates that older people 75+ and more females than males, benefit from a reablement service

The information used is the 19/20 Q2 STS002a figures which shows new clients (no long term support at time of reablement) that had an episode of reablement ending/expected to be ending between 01/04/2019 – 30/09/2019.

Adverse/negative impacts

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

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

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

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Age	'No perceived adverse impact'
Disability	No perceived negative impact
Gender reassignment	'No perceived adverse impact'
Marriage and civil partnership	'No perceived adverse impact'
Pregnancy and maternity	'No perceived adverse impact'

Race	'No perceived adverse impact'
Religion or belief	'No perceived adverse impact'
Sex	'No perceived adverse impact'
Sexual orientation	'No perceived adverse impact'

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

N/A

Stakeholders

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

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

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

Objective(s) of the EIA consultation/engagement activity

The engagement process supports the procedure for providing Equality Impact Assessments, which will allow LCC ASC to check that new services are being introduced fairly and have evidence of wide ranging and appropriate community engagement

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

Age	Engagement covers all adults (18-64 and 65 and over) whose assessed care needs meet the national threshold, all service providers included in the cohort regardless of their age and all professionals included in the cohort regardless of their age.
Disability	All disability groups, with increasing demand from OP as a result of an ageing population in Lincolnshire.
Gender reassignment	No Specific findings
Marriage and civil partnership	No specific findings
Pregnancy and maternity	No specific findings
Race	No specific findings
Religion or belief	No specific findings

Sex	No specific findings
Sexual orientation	No specific findings
Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way? The purpose is to make sure you have got the perspective of all the protected characteristics.	Yes
Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?	The change will be managed via a robust contract management framework that will continue to monitor any impacts with regards to equality.

Further Details

Are you handling personal data?	<p>Yes</p> <p>If yes, please give details.</p> <p>LCC and each successful provider will have a joint controller relationship. The GDPR will be stipulated within each contract setting out the responsibilities for each party.</p>
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Actions required	Action	Lead officer	Timescale
Include any actions identified in this analysis for on-going monitoring of impacts.	Any potential impacts will be monitored in accordance with the contract management framework.	Rachel West	On-going on a quarterly basis unless issues arise.
Signed off by		Date	Click here to enter a date.

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**Open Report on behalf of Glen Garrod
Executive Director Adult Care and Community Wellbeing**

Report to:	Executive
Date:	04 February 2020
Subject:	Re-procurement of Community Supported Living Services
Decision Reference:	I019199
Key decision?	Yes

Summary:

The Community Supported Living - Open Select List is a framework agreement of approved providers who can meet care and support, and if appropriate, accommodation needs for vulnerable adults across Lincolnshire. The current framework has 38 providers approved to deliver services; there are 21 active at this time.

The current contractual arrangement ends on the 31 May 2020. The service has been reviewed and recommendations made to ensure future demand can be met across Lincolnshire and in particular, for those who have needs of a highly complex nature.

This report gives an update on progress to date, and seeks approval for the re-procurement of the Community Supported Living - Open Select List.

Recommendation(s):

That the Executive;

1. Approves the procurement of a framework of Care Quality Commission registered Community Supported Living providers who can meet care and support needs across Lincolnshire.
2. Delegates to the Executive Director of Adult Care & Community Wellbeing, in consultation with the Executive Councillor for Adult Care, Health & Children's Services, the authority to determine the final form of the contract and to approve the award of contract(s) and the entering into of contract(s) and other legal documentation necessary to give effect to the decision.

Alternatives Considered:

1. Extend the current provision

The 5 year contract term ends 31 May 2020, with no provision to extend. In any event, extending current contracts would fail to address the challenges and opportunities for improvement identified in the service review and noted below:

- Gap in provision to meet need for those with particularly highly complex needs and/or behaviour that challenges
- Opportunity to enhance and strengthen service provision, clarifying contractual requirements to ensure consistent operational practice from commissioners and providers, strengthening contract management tools and introducing person-centred outcome reporting.
- Opportunity to mitigate risk that future tenancies in established Lincolnshire CSL schemes go to those from out of county NHS organisations or local authorities, reducing valuable provision for those in county, by introducing nominations agreements in appropriate circumstances.

2. Not to commission the service at all

The CSL services address and support statutory requirements under the Care Act 2014 which require local authorities to provide or arrange for the provision of services, facilities or resources, or take other steps, which they consider will contribute towards preventing or delaying the development by adults in its area of needs for care and support. . This service is one of a range of options to ensure there is a choice of high quality care and support services available for vulnerable adults. Not to have a framework of approved providers in place would mean a requirement to spot contract for each and every situation which would be both ineffective in terms of time and costly. This option would also be likely to have an adverse impact to the effectiveness of contract management.

3. Bring services in-house

The Council has commissioned these services and developed the market for care and support provision for vulnerable people across Lincolnshire over a number of years. This is aligned to current government policy and the personalisation agenda, the Council does not have the infrastructure or budget available to bring these services in-house.

Reasons for Recommendation:

1. The proposed model will allow the Council continued access to approved providers who offer good performance and quality, committed to meeting the care and support needs for vulnerable adults across Lincolnshire. It will also allow access to new providers who can meet future demand, particularly where need is of a highly complex nature.
2. The established delivery model is flexible in meeting need, capable of offering the best value, in terms of price and quality, to the Council. All providers are effectively contract managed with strong working relationships developed and support given proportionate to current risk ratings and provider knowledge.
3. A framework offering a choice of approved providers with the ability to meet wide ranging levels of client needs is advantageous to commissioners.
4. Where new accommodation is part of the requirement, a mini-competition process enables value for money and specific outcomes for the individual(s) concerned to be established at the point of contract call-off.

1. Background

- 1.1 The Council currently commissions care and support in the community for vulnerable adults, and where appropriate, access to accommodation through the Community Supported Living (CSL) - Open Select List (OSL) framework agreement. CSL services provide care and support to individuals who live in a variety of settings including dedicated single or shared supported living schemes, rented accommodation, owner occupied property, extra care schemes or live with family, carers or friends.
- 1.2 Where rented accommodation is required, suitable vacancies within existing and established schemes are utilised wherever possible. Where existing schemes are fully occupied or unsuitable, care and support providers may work with housing providers in order to meet a requirement to establish new dedicated community supported living schemes. The person supported has their own tenancy agreement, and the accommodation always remains separate from the provision of care and support, enabling a level of independence not possible in a residential care setting.

1.3 The framework was established on 1 June 2015 and concludes on 31 May 2020. It has 38 providers, 21 of which are actively delivering services in the form of call off contracts. Across Lincolnshire 903 people are currently supported (excluding those who access services via direct payment), 569 of whom are supported within a dedicated accommodation setting and 334 are supported at home. Over 90% have a primary diagnosis of learning disability. Support for a wide range of needs is in scope of the framework, so an opportunity exists for greater utilisation to support other primary support needs, including Mental Health and Physical Disabilities in future.

2. Duty to Deliver

2.1 CSL services address and support statutory requirements under the Care Act 2014 which require local authorities to provide or arrange for the provision of services, facilities or resources, or take other steps, which it considers will contribute towards preventing or delaying the development by adults in its area of needs for care and support. . This service is one of a range of options to ensure there is a choice of high quality care and support services available for vulnerable adults.

3. Compliance with Legislation, Policy & Guidance

3.1 There has been a policy shift to utilise supported living schemes that have a focus on enablement and independence in order to meet care and support needs and outcome expectations.

3.2 In reviewing the service and updating the service specification, national legislation and the principles, guidance and standards outlined in the following key publications have been considered;-

- Valuing People (DOH 2001)
- Our Health Our Care Our Say (DOH 2006)
- Valuing People Now (DOH 2009)
- Health and Social Care Act (2012)
- Care Act (2014)
- Mental Capacity Act (2005)
- The Building the Right Support nine core principles and golden threads in the national service model published in October 2015 to support commissioners of health and social care services
- Registering the Right Support 2017
- NICE Guidance published in March 2018
- Transforming Care guidance

3.3 It is expected providers will deliver high quality services that will recognise and promote the rights of the people they support as citizens and encourage their independence, choice and inclusion through a person centred approach.

4. Service Performance

4.1 The service is performing well. The performance metrics available demonstrate improvement when comparing an extract of data two years apart.

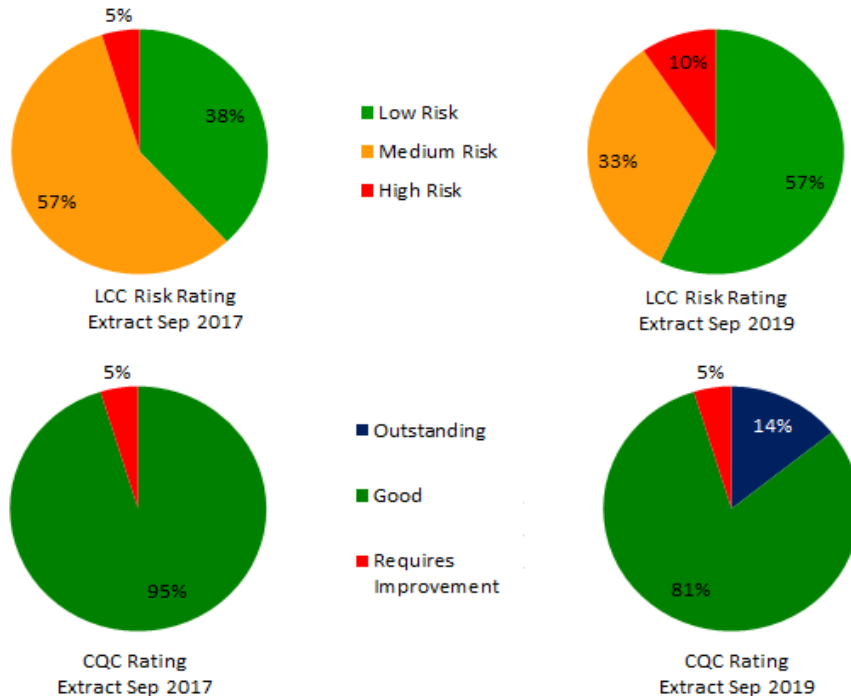


Figure 1: LCC Risk Rating & CQC Rating Sep 17 v Sep 19

4.2 The risk rating is the Council's own internal measure and encompasses the CQC rating, safeguarding concerns, poor practice concerns as well as current intelligence related to key areas which are thought to impact providers i.e. staff turnover, management changes, financial situation. The Council's contract management support is proportionate to the providers' CQC rating. The current CQC ratings demonstrate an improvement with 3 (14%) achieving an outstanding rating by September 2019 though it is recognised that some suppliers still require improvement.

4.3 The approach to comprehensive contract performance and risk management of care and support providers on the current framework will continue under the new framework; and will be supplemented by the use of service credits, KPI's based on outcomes for individuals, a strengthened service specification and a contract call off document which improves clarity of expectation for delivery in all packages of care and support. These are all tools to enhance contract and performance management in supporting provider excellence.

5. Future Demand

- 5.1 Projecting future demand for Adult Social Care is challenging. As well as estimating how many new people will be assessed as eligible for care and support it is also necessary to estimate attrition. Whilst the overall net number of people eligible for CSL is increasing year on year the complexity of needs is also increasing. The 2019-20 budget for Learning Disability Services (which represents 90% of the current CSL activity) was based on 67 new placements and 40 discharges. Latest activity levels still suggest that these figures will hold true for 2019-20. Similar activity levels will also inform the 2020-21 financial year.
- 5.2 A service review has been undertaken by the Commercial Team in relation to future demand and estimates that 200 people currently known to Adult Care may require CSL services at some point in the future (12 transforming care; 42 children transitioning to adult services; 146 where they may be in own home, family home or residential care). However, it is difficult to predict with certainty when estimated demand will become need, as many factors impact this. In recent years, existing and established dedicated accommodation settings have met the majority of the accommodation need.
- 5.3 Of the 200 people who may feed into future demand, there are twelve individuals under S.75 through transforming care and 40 leaving educational / residential settings who are likely to fall into a highly complex need category over the next 5 years though at this stage, it is unknown if all will require community supported living. The review established that several providers on the framework had the ability to meet highly complex need, but only one willing to do so within our current ceiling rate. Therefore, the new framework needs to address the barriers of the current ceiling rate payment mechanism.
- 5.4 Additional demand may also come through future integrated working opportunities, such as teams supporting those with physical disability or mental health accessing the CSL framework.

6 Current Contract Call Off Process

- 6.1 There are three current methods of contract call off from the framework
- 1) **Direct by Practitioner:** where care and support need is identified at the family or own home, and where the support requirement is less than 24/7, practitioners select a provider who can meet need.
 - 2) **Brokerage into Existing Setting:** Where accommodation is part of the requirement, placement into a suitable vacancy from existing scheme accommodation options is brokered wherever possible. The care and support provision will usually already be in place in this scenario.
 - 3) **Mini Competition:** Where there are either no vacancies or no suitable vacancies in existing CSL settings, providers are invited to participate in a mini competition according to geographical area, capability and

specialism. Mini competitions may require providers to identify suitable new accommodation solutions as part of the proposal.

- 6.2 There have been occasions when it has not been possible to establish a call off from the framework by one of these routes. This occurs when providers are unable to meet the needs of the individual(s) concerned because of a lack of capability or capacity, or because they are unable to do so within the constraints of the framework pricing mechanism. In these circumstances an exception route is used to commission services from a provider outside of the framework, utilising a spot contract, often at a price point above that of the framework. Whilst this does work in the small number of cases in which it is necessary, it is also challenging in the context of constrained timescales, choice, control and leverage for the Council. Given the predicted higher future demand for highly complex needs, a clear pathway to manage these cases within scope of the new framework is proposed to help to address the associated challenges.

7 Pricing

- 7.1 The framework operates with an hourly rate for provision of care and support, determined by providers subject to a cap or ceiling rate, currently set at £16.01 p/h. This has been very successful in managing service delivery costs. For the majority (99.98%) of care and support needs, the current rate is sufficient with just 13 exceptions above the current ceiling rate. When compared with other local authorities, the current ceiling rate is comparative in meeting general need, but other local authorities engaged through the review process have identified similar issues in meeting highly complex needs. Recognising this, some have started to introduce a higher tier rate.

8. Sleep in Support

- 8.1 In April 2017 the CSL-OSL framework was varied to account for an emerging risk about the qualification of 'sleep-in' support as working time and payment of the National Minimum Wage. The variation introduced an "Enhanced Sleep In Rate" equal to the minimum wage for sleep in support. This move was welcomed by providers; a proportion of whom were already, or were intending to voluntarily pay the minimum wage for sleep in. In part this was to avoid any future potential liability related to this issue and followed the outcome of employment tribunal rulings.
- 8.2 On Friday 13 July 2018, in the case Royal Mencap Society v Tomlinson-Blake and Shannon v Rampersad (t/a Clifton House residential Home), the Court of Appeal ruled that workers who 'sleep-in' at or near their place of work are not entitled to the minimum wage for the time they spend asleep. This overturned previous employment tribunal rulings.
- 8.3 Although the Court ruled in their favour, Mencap now pay the minimum wage for sleep in to their workers.

- 8.4 There remains uncertainty on this position, Unison applied for an appeal to the Supreme Court which was granted, the date set for this hearing is the 12 and 13 February, 2020. The decision is expected by July 2020.
- 8.5 Subject to the final decision reached by the Supreme Court in this appeal case, the Council may need to review its sleep in payment and arrangements. The intention to review sleep in arrangements and associated payment following this decision will be described within the procurement documentation and service specification, to ensure the provider market is aware of this eventuality.

9 Market Engagement & Feedback

- 9.1 A prior information notice was published on 9th September, 2019. This initiated a process of pre-tender market engagement. Feedback gained from this process has provided an understanding of the market's preferred approach to a number of important issues affecting the commercial model, including contract duration, market capacity and resource, ability to manage highly complex individuals within the current cost model. The results of the engagement exercise are summarised below:
- A preference that the contract duration of five years is not reduced, and includes an option(s) to extend.
 - A theme of being unable to meet highly complex need within the current ceiling rate was identified, which is in line with experience of operating the current framework. This will be addressed with the introduction of a 'highly complex' pathway, as described in section 9, point (a).
 - A desire for full transparency and fairness of opportunity in the way that the Council allocates new placements was identified. This is acknowledged and will be addressed with the proposal for centralised oversight of all new placements under this contract as part of the new framework (section 9, point d).
 - Comments about limited opportunities to deliver new placements. This is acknowledged and improved clarity in the new framework regarding future demand projections and mechanisms for call off and the allocation of new placements are intended to help to address this.

10 Scope and Proposed Changes to Current Arrangements

- 10.1 The framework mechanism has proved successful and it is proposed to maintain this approach when re-commissioning services, with only a small number of relatively minor but important changes identified following the review of the service. These are intended to support the Council to improve transparency and control, strengthening the specification in support effective contract management, allowing for the potential of further integrated working with health, and meeting the full range of care and support needs for vulnerable adults over the next contract term through the framework. The proposed changes are:

- a) Introduction of a highly complex pathway where, if required, there is the ability to go above the ceiling rate within scope of the framework. This is intended to attract more suppliers who specialise in meeting this type of highly complex need to join the framework, offering the Council more choice and leverage. This will replace the current exception route and is necessary because future demand shows that there is increased demand in the area of those who will fall into a 'highly complex' category where it is likely we would need to use an exception route. The mechanism proposed is to first seek to place within the ceiling rate for the framework, and where that is not possible, to use a mini-competition to establish a bespoke rate for the individual or group. The pricing requirements for such a competition will give full transparency of rate calculation to ensure value for money is maintained.
- b) The second recommendation is that providers are incentivised to bid lower than the ceiling rate at the point of joining the framework, with ongoing centralised oversight for all new opportunities, by making cost a consideration in all new placement requirements. This should help to mitigate the risk that existing and potential new framework providers bid to join the new framework at the maximum ceiling rate, and ensure ongoing value for money. If all existing providers were to re-join the framework at the ceiling rate, based on current year costs and care packages, the resulting additional cost would be £135k per annum.
- c) The Council establishes a nominations agreement whereby it secures first refusal for a period to be determined for new accommodation settings. The precise terms could be negotiated according to the characteristics of the setting, but a general principal of exclusivity on nominations a reasonable period is proposed. It may be necessary to share the risk of void costs with the provider during this period, and the Council's appetite for this could be determined on a case by case basis according to prevailing demand, and the costs and quality of the setting. This is intended to address a risk whereby Lincolnshire County Council loses vacancies in existing schemes to competing local authorities. Engagement with providers has shown that out of county commissioners placing in Lincolnshire are willing to pay higher rates. On occasion, the Council has lost potential tenancies in dedicated accommodation settings. This change will also give clarity to providers of the potential maximum vacancy period expected prior to accepting referrals from elsewhere.
- d) Strengthen the specification in the specific areas identified through review, engagement and analysis. These are described at Appendix 1, and include the introduction of service credits, clear detailing of processes for contract call-off, creating outcome focussed and person centred KPI's, setting clear expectations of support hours, options for flexibility and associated payment, and inclusion of health partners named as potential commissioners.

11 Budget and Cost Implications

- 11.1 The 2019/20 budget for Community Supported Living – Open Select List contract is £32m; with a projected spend of £31.8m. Budget setting for 2020/21 is underway and will take account of inflationary cost increases applied to the ceiling rate (average 4.7% annual increase over current framework period), and estimated net increases in service utilisation (an average net growth of 6.4% p.a. over the last three years).
- 11.2 A risk has been identified in the financial exposure of existing providers all bidding at the ceiling rate in the forthcoming tender process, as noted at section 9.1(b). This is quantified as £135k per annum based on current year costs and volumes. Having identified this risk we are seeking to mitigate as described in that section.
- 11.3 The proposal to add a 'highly complex' pathway will allow the Council greater choice of highly specialised provider. Whilst this will enable prices for services to exceed the ceiling rate mechanism, this will remain a small proportion of total service utilisation and is therefore not anticipated to have a significant impact on overall service costs. Additionally, there will be controls in the pricing requirements for such cases, giving full transparency of rate calculation to ensure value for money is maintained.
- 11.4 The CSL-OSL framework has been used primarily for those with Learning Disability and/or Autism. The budget relates to the use of this framework for those individuals. As the framework is intentionally wider in scope i.e. refers to care and support for vulnerable adults; a wider group of commissioners could use this framework to engage providers e.g. LPFT mental health teams, physical disability teams. Initial conversations indicate this is desirable as the flexibility of this framework represents value for money and it will establish clear pricing at the level of provider. Individuals with other primary support needs will already be supported by, or be entitled to support from the Council in a variety of support settings. However those currently supported to live in the community will be, in the main, utilising direct payments, so the opportunity for the Council to directly commission support through the CSL framework more widely should have the effect of increasing choice and improving control over costs.

12 Procurement Implications

- 12.1 The procurement is being undertaken in accordance with regulations 74-76 of the Public Contract Regulations 2015 under "Light Touch Regime" utilising an open procedure method.
- 12.2 It is the intention to issue an OJEU notice for publication week commencing 3 February 2020 and a contract notice award will be issued to bidders who are successful in being admitted onto the framework.

- 12.3 In undertaking the procurement the Council will ensure the process complies fully with the EU treaty principles of openness, fairness, transparency and non-discrimination.
- 12.4 All time limits imposed on bidders in the process for responding to the OJEU notice and invitation to tender will be reasonable and appropriate.

13 The Invitation to Tender (ITT) document

- 13.1 The ITT will include the following
- A revised specification drafted incorporating key findings and input from stakeholder consultation
 - Revised contract terms and conditions
 - Clarity of award and evaluation criteria in relation to becoming an approved provider via this framework
 - Clarity for the subsequent contract call-off process
 - Clear requirements for submission of evidence in relation to quality and performance with the development of key performance indicators

14 Competition

- 14.1 Exposing the service to the open market has generated a high level of interest. Following the publication of the Prior Information Notice in September 2019, over 100 organisations have expressed interest. This will encourage improved value for money in terms of quality and price. It will also open up the option of attracting those providers who can address the identified gaps in provision (geographical area; specialism) in this market. It offers the Council flexibility of provider to meet future care and support requirements.

15. Contract Commencement and Duration

- 15.1 The existing CSL OSL come to a conclusion on 31st May 2020, with the new framework (if approved) commencing on 1st June 2020. Call off contracts created under the existing framework are separate contracts in their own right and will continue unless and until they expire or are terminated under their own terms. Continuity of provision is therefore preserved for existing recipients of services.
- 15.2 The proposed term for the new Open Select List framework is five years, in line with existing arrangement, and it is further proposed to include an option to extend by up to a further two years (5+1+1). Evidence from market engagement feedback suggests that this is an acceptable term for the arrangement and would provide sufficient financial assurance for the provider.

16. Contract Structure

- 16.1 The aim for CSL services will be to have multiple providers to ensure full coverage and capacity geographically and in terms of service specialisms, enabling vulnerable adults to access the services they need. This is also intended to enable continuity of care for individuals already in receipt of CSL services wherever possible.
- 16.2 Service providers will deliver high quality CSL provision to the eligible population, and will be required to work in collaboration with the Council and other stakeholders and partners to ensure effective and high quality services are delivered and maintained.
- 16.3 In order to achieve this, an Open Select List (OSL) will be re-established. This is a flexible framework approach which ensures that the market can remain dynamic by periodically giving new providers to opportunity to join. This will help to ensure that the market remains sustainable in the long term, and enable the Council to ensure that all providers are suitably qualified based on consistent application of Lincolnshire County Council requirements and policies.

17. Payment and Performance Management

- 17.1 The OSL will continue to operate with an hourly rate for provision of care and support, determined by providers at the point of joining the framework, subject to a cap or ceiling rate. The rates will then be subject to an annual inflationary cost review, with any uplift determined by the Council. This has proved effective in the current service contracts and remains a cost effective solution, enabling a flexible approach to changing user needs.
- 17.2 Comprehensive contract performance and risk management of care and support providers will also continue. This proposal adds the use of service credits, user outcome linked KPI's, a strengthened service specification and a contract call off document which improves clarity of expectation for delivery in all packages of care and support. These are all tools to enhance contract and performance management in supporting provider excellence.

18. Public Services Social Value Act

- 18.1 In January 2013, the Public Services (Social Value) Act came into force. Under the Act the Council consider during the pre-procurement phase how they can secure wider social, economic and environmental benefits. This is consideration of how what is proposed to be procured might improve the economic social and environmental wellbeing of Lincolnshire. Secondly, how in conducting the process of procurement it might act with a view to securing that improvement. The council must only consider matters that are relevant to the services being procured and must consider the extent to which it is proportionate in all the circumstances to take those matters into account. In considering this issue the Council must be aware that it remains bound by EU procurement legislation which itself through its requirement for

transparency, fairness and non-discrimination places limits on what can be done to achieve these outcomes through a procurement.

18.2 This framework agreement will allow Lincolnshire County Council to improve the social wellbeing of vulnerable citizens across Lincolnshire. Related to this, the council has engaged with those supported to develop 5 statements shown below that providers are expected to provide outcome for. This will demonstrate how this framework is enhancing the social wellbeing of those supported.

1. "I am supported to exercise choice and control in all aspects of the care I receive and my quality of life is enhanced"
2. "My health and wellbeing are promoted at all times and I am supported to maintain my independence wherever possible"
3. "I am included and have the support required to join in activities and social events and be part of my local community"
4. "I feel safe – protected from avoidable harm and free from any kind of abuse, harassment and discrimination"
5. "My staff team are experienced, well trained and effectively supported to meet my needs"

18.3 Under section 1(7) of the Public Services (Social Value) Act 2012 the Council must consider whether to undertake any consultation as to the matters referred to above. The framework has been operational since 1st June 2015; therefore, there the market is well understood. As part of the pre-procurement work, a wide ranging market engagement and stakeholder consultation have been undertaken. A wider consultation would be unlikely to be proportionate to the scope of this procurement.

19 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

19.1 An Equality Impact Assessment (EIA) has been completed (Appendix 2). The re-commissioning of this service will have a positive impact on those with disability. This service will apply to adults, where the threshold to have needs met is placed on the local authority by the Care Act 2014, and will be open to all in line with the Equalities Act 2010.

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

19.2 Health & Wellbeing are two of the core themes of the JSNA. There is a key priority to reduce health inequality and improve health for individuals. The CSL service provides care and support which helps those supported to achieve these outcomes.

19.3 Successful providers will be expected to understand Lincolnshire, rurality and demographics. They will be expected to have a local presence appropriate to the service delivery.

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

19.4 This service is unlikely to directly impact section 17 of the Crime and Disorder Act 1998. Providers', who deliver CSL services, have a responsibility to deliver successful outcomes for individuals. In some cases, this may result in a lowering the risk and/or instances of anti-social behaviour in communities.

18.5 For individuals in receipt of CSL services, providers have a responsibility to meet their outcome of "feeling safe – protected from avoidable harm and free from any kind of abuse, harassment and discrimination" which has relevance to section 17 of the Crime and Disorder Act 1998.

20. Conclusion

20.1 CSL services address and support statutory requirements under the Care Act 2014. They form a critical element of a range of service options to ensure there is a choice of high quality care and support services available for vulnerable adults, supporting and enabling them to live as independently as possible in the community.

20.2 The conclusion of the existing CSL Open Select List framework at the end of June 2020 means a procurement process needs to commence in February 2020. The service has been reviewed, and engagement undertaken with key stakeholders to help to ensure that a sustainable and high quality service for vulnerable adults requiring care and support in the community continues. The recommended changes and improvements are intended to ensure future demand can be met across Lincolnshire, in particular for those who have needs of a highly complex nature. The key principles of future service delivery are summarised below:

- a) Meeting the care and support needs for vulnerable adults in a range of settings including their own home, family home, rented accommodation and/or dedicated accommodation settings.
- b) Invitation of framework providers for future opportunities to deliver care and support, and if required, accommodation that will meet outcomes detailed within an agreed care plan for those individuals supported.
- c) To develop a highly complex placement pathway, to allow the Council greater choice of provider, replacing the current 'exception route', ensuring contract compliance and value for money.

- d) To include tender scoring as part of future provider selection, incentivising existing providers to bid lower than the ceiling rate and maintain value for money.
- e) To establish nominations agreements in appropriate circumstances, to ensure that eligible Lincolnshire residents benefit from services established in the county.
- f) To make improvements to the current specification to improve oversight and offer greater clarity of expectations for the provider market, including; the introduction of service credits, clear detailing of processes for contract call off, creating outcome focussed and person centred KPI's, examples of tailoring hours to achieve outcomes, clear expectations of support hours, options for flexibility and associated payment, and ensure health partners are named as potential commissioners.

21. Legal Comments:

The Council has the power to commission and enter into the Open Select List framework as proposed.

The decision is consistent with the policy framework and within the remit of the Executive.

22. Resource Comments:

This report seeks to present the case for the commissioning of a Community Supported Living (CSL) service. I can confirm that the changes proposed are not anticipated to have any significant impact on overall costs, however it should be noted that the following factors will influence budget allocations over the next five year contracting period:-

- 1) Population growth in demand, particularly for highly complex individuals
- 2) Inflationary cost pressures, in particular wage inflation
- 3) Continued impact of the policy shift to utilise supported living schemes that have a focus on enablement and independence in order to meet care and support needs and outcome expectations.

This is being addressed through the budget 2020 process which full Council will receive in February 2020. I can also confirm that current commissioning intentions and delegated approvals recommended within this report meet the criteria set out in the Councils published financial procedures.

23. Consultation

- a) **Has Local Member Been Consulted?** - N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report was considered by the Adults and Community Wellbeing Scrutiny Committee on 15 January 2020, with the Executive Councillor for Adult Care, Health and Children's Services in attendance.

The Committee agreed to support the two recommendations set out in the report to the Executive.

In relation to the proposed changes to the contract (section 10[a]-[d]), the Committee strongly supports the proposal for a nomination agreement to proposals (section 10[c]). The Committee also welcomes the proposals for incentivising providers to bid lower than ceiling rate (section 10[b])

Section 8 of the report refers to court cases on 'sleep in support', with the Supreme Court expected to make a decision by July 2020. The Committee was advised that depending on the Supreme Court's decision, there were two potential financial impacts to the Council: the requirement for backdated pay to staff; and the consequences for the service's budget in the future. In relation, to the former a contingency reserve had been established by the County Council.

c) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

See body of report and Appendix 2 Equality Impact Assessment. A summary project risk analysis is also included below.

<u>Risk Description</u>	<u>Mitigating Action</u>
Re-procurement may result in higher costs. Two providers indicated during engagement they would increase their standard hourly rate to ceiling. Potential £135k per annum additional cost if all providers increase to ceiling.	Implement incentive for providers to come in at lower rate, tiered for new opportunities.
Level of Interest – interest overall is high confirmed by expressions of interest in prior information notice and return of market engagement questionnaires. Also current lack in some geographical areas of providers, particularly meeting moderate to high needs.	Implement a cap on no. of providers admitted based on application form

Established care and support providers do not meet the minimum standard required for new framework.

In this event, following extended contract support transitional arrangements will be implemented to support continuity of care in the short term and until alternative support is established.

24. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Specification Gap Analysis
Appendix 2	Equality Impact Assessment

25. Background Papers

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

This report was written by Eilidh French, who can be contacted on 01522 553670 or eilidh.french@lincolnshire.gov.uk .

SPECIFICATION GAP ANALYSIS SUMMARY

Area	Reason
Introduction of Service Credits	Financial incentive to help to drive good performance, helpful tool to support effective contract management and aligned with other similar contractual mechanisms
Housing	Greater clarity of expectation of housing providers to meet the requirements of the Mental Health Act, separation of care and support, and guidance on fair rental charges
Contract Call Off Process	Greater clarity on the process for placement call off and further competitions covering all circumstances for award of new opportunities
Contract Call Off – Specific Outcomes	Set expected outcomes relevant to new packages of care and support, supporting contract management and care management.
Mencap sleep in ruling	Review sleep in payment in light of decision expected by Supreme Court expected July 20
Sharing of Core Hours & 1:1 Support	Provide example and expectation that supported living care and support is a flexible and responsive service within service specification
Tiering Providers	Include how providers will be tiered based on their application to the framework, requires scenario planning
Clear Nomination Rights	As an appendix for providers to return to formalise process that vacancies are offered to LCC first for an agreed length of time
Key Performance Indicators	Move to an "outcome focused & person centred" KPI expectation that providers will submit as part of their annual reporting; also strengthening reporting arrangements for providers on workforce statistics e.g. vacancy rates, turnover rates and recruitment and retention rates
Payment schedules	Ensure providers are signing for hours delivered. Clear expectation they do so defined in the specification.

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Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

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

Using this form

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

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

Equality Act 2010

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

Protected characteristics

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

Section 149 of the Equality Act 2010

Section 149 requires a public authority to have due regard to the need to:

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

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

Decision makers duty under the Act

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

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

Conducting an Impact Analysis

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

The Lead Officer responsibility

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

Summary of findings

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

Impact – definition

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

How much detail to include?

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

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

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

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

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

Background Information

Title of the policy / project / service being considered	Community Supported Living – Open Select List re-commissioning	Person / people completing analysis	Eilidh French
Service Area	Adult Care and Community Wellbeing	Lead Officer	Joanna Tubb
Who is the decision maker?	Executive	How was the Equality Impact Analysis undertaken?	There has been extensive stakeholder consultation and pre-market engagement alongside a service review.
Date of meeting when decision will be made	04/02/2020	Version control	1.1
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Re-commissioned
Describe the proposed change	The existing service is countywide, meeting the care and support needs for vulnerable adults, fundamentally this is a continuation of the service with some important, but minor changes described in the Executive Report.		

Evidencing the impacts

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

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

Data to support impacts of proposed changes

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

Population data and the Joint Strategic Needs Assessment

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

Workforce profiles

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

Positive impacts

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

Age	The community supported living open select list is a framework of providers who can meet care and support needs, with accommodation where appropriate, for vulnerable adults.
Disability	The community supported living open select list applies to vulnerable adults in order that they can access care and support provision. This service supports those people who have a disability which is likely to have substantial, adverse, and long-term effect on ability to carry out normal day-to-day activities, therefore, it will result in a positive impact for this group.
Gender reassignment	No positive impact.
Marriage and civil partnership	No positive impact.
Pregnancy and maternity	No positive impact.
Race	No positive impact.
Religion or belief	No positive impact.

No positive impact.

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No positive impact.

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No positive impact.

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

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Adverse/negative impacts

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

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

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

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Age	No perceived adverse impact
Disability	No perceived adverse impact
Gender reassignment	No perceived adverse impact
Marriage and civil partnership	No perceived adverse impact
Pregnancy and maternity	No perceived adverse impact

Race	No perceived adverse impact
Religion or belief	No perceived adverse impact
Sex	No perceived adverse impact
Sexual orientation	No perceived adverse impact

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

N/A

Stakeholders

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

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

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

Objective(s) of the EIA consultation/engagement activity

Engagement conducted to explore if change to service is necessary and if it would provide positive or negative impact for people.
The engagement process supports the procedure for providing Equality Impact Assessments, which will allow LCC ASC to check that new services are being introduced fairly and have evidence of wide ranging and appropriate community engagement.

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

Age	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Disability	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Gender reassignment	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Marriage and civil partnership	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Pregnancy and maternity	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Race	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Religion or belief	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues

Sex	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Sexual orientation	A sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues
Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way? The purpose is to make sure you have got the perspective of all the protected characteristics.	Proposed changes to the service are based on engagement with all stakeholders, a sample of those supported by the service, existing and potential providers, practitioners, contract officers and health colleagues.
Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?	The changes will be evaluated regularly through contract monitoring as well as annual reviews into the service, which will involve appropriate engagement with users of the service.

Further Details

Are you handling personal data?	<p>Yes</p> <p>If yes, please give details.</p> <p>The service providers (suppliers) who are delivering call-off contracts from the framework hold personal data regarding the individuals they support</p>
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Actions required	Action	Lead officer	Timescale
Include any actions identified in this analysis for on-going monitoring of impacts.			

Version	Description	Created/amended by	Date created/amended	Approved by	Date approved
1.0	Version issued as part of procurement documentation	ES	01/12/19		
1.1	As above. Minor amend to Positive Impacts – Disability section wording	CM	06.01.2019		

Examples of a Description:
 'Version issued as part of procurement documentation'
 'Issued following discussion with community groups'
 'Issued following requirement for a service change; Issued following discussion with supplier'

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**Open Report on behalf of Glen Garrod
Executive Director Adult Care and Community Wellbeing**

Report to:	Executive
Date:	04 February 2020
Subject:	Homecare
Decision Reference:	I019269
Key decision?	Yes

Summary:

The Council currently commissions twelve, zone based, contracts to deliver Homecare across the county. These arrangements are due to come to an end on 30 September 2020

The council has statutory duty to provide homecare in the community and as such must ensure there are satisfactory arrangements in place with the market to discharge this duty. The contracts are the Council's only method of directly commissioned domiciliary care with the only other main alternative available being direct payments.

This report presents the case for re-commissioning the existing homecare contracts on a broadly similar model however with a small number of significant changes to how the service functions.

Recommendation(s):

That the Executive Councillor:

1. Approves the re-procurement of twelve zone-based Homecare contracts to establish a county-wide service effective from 1 July 2020 with services fully commencing on 1 October 2020
2. Subject to approval by full Council of additional funding sufficient to cover the additional cost identified in paragraph 2.21 of the report, approves the inclusion within each of the said Homecare contracts of:
 - (i) a 30 minute minimum call duration for all personal care;
 - (ii) a new 'extra rural rate' in extremely remote areas with low volumes of call activity; and
 - (iii) the establishment of a Floating Support Team.

3. Delegates to the Executive Director - Adult Care and Community Wellbeing in consultation with the Executive Councillor for Adult Care, Health and Children's Services, the authority to determine the final form of the service, the procurement and the contract, to approve the award of the contract and entering into the contract, and any other legal documentation necessary to give effect to the above decisions.

Alternatives Considered:

1. Revert to a framework or Dynamic Purchasing System
2. Change the number or geographic extent of the zones

The relative merits of these alternatives are explored in the body of the Report.

Reasons for Recommendation:

The existing commercial arrangements for Homecare services have, on the whole, worked well over the duration of the current contracts. The proposed re-procurement builds on the strengths that have been developed within the local market but also proposes new recommendations to target the specific areas of increased risk that the Council faces over the near future. It is anticipated that with the approval of the recommendations within this report homecare services will not only continue to be sustainable for the future but also offers good opportunities for continued improvement.

1. Background

The Services

- 1.1. Homecare services are one of Adult Care's most strategically important services with over 2,500 people receiving regulated care via one of the Council's contracted providers each week totalling over 1.3 million hours of care delivered each year. With a total annual spend of over £ 24m per annum it represents approximately 10% of the total Adult Care budget and is a vital part of the wider health and care system. It is also one of the most challenging and pressurised parts of the adult care system, both locally and nationally, due to increasing overall demand, increasing complexity of care needs coupled with a market that has struggled to be able to meet demand effectively for some time now. There are no other contracts in place for Homecare with Direct Payments being the only alternative.
- 1.2. There are twelve 'Lead Provider' contracts in place each one taking responsibility for meeting all the demand for commissioned homecare in a specific area either directly or via sub-contractors.

- 1.3. Following a three month transition period from July to September 2015 the old Community Support Framework contracts of over 70 providers ended and the new Homecare Services commenced under the new Lead Provider model. This transition period was extremely challenging and led to a significant degree of disruption for service users and the market.
- 1.4. There were numerous reasons to move to a new model which remain absolutely relevant to the pressures facing Homecare providers now.
- 1.5. One of the foremost reasons was the extensive fragmentation in the market and that operating costs were replicated across every Provider and in turn that cost and inefficiency was redistributed back to the Council in addition to the internal costs of managing so many Providers across the County. The Lead Provider model addresses the cost pressures that result from market fragmentation. By guaranteeing exclusivity of demand to a smaller number of Providers many of the pressing issues faced by businesses were alleviated. In giving this certainty of income the Provider was able to better manage their costs, establish a viable operating financial model which covers their overheads, allows for profit, as well as improving their ability to retain staff which continues to be a key operational concern.
- 1.6. All twelve homecare contracts are due to expire on 30 September 2020 with the majority of contracts reaching the full five year term. Since the start of the contracts in 2015 where we undertook a major market restructure moving from over 70 providers to twelve, there has been a considerable degree of change within the market both locally and nationally, and following a number of reviews of the Lincolnshire homecare market the decision was taken in February by Adult Care and Community Wellbeing Executive DLT to start work on preparing for a full scale re-procurement in 2020. A series of three key reports have been presented to Adult Care Exec DLT which have summarised this work and explored a wide range of potential developments for the new contracts.
- 1.7. At the point of contracting in 2015 there were twelve individual providers, one per zone, but since then changes to the market has resulted in a number of contracts changing to new providers. The following table sets out the original profile of how zones were allocated and how they have changed to date.

Zone	Area	Original Provider	Current Provider	Date Transferred
1	Market Rasen	Hales Healthcare	Hales Healthcare	
2	Louth	Libertas	Libertas	
3	Boston	CRG Homecare	CRG Homecare	
4	Skegness	Walnut Care at Home	Walnut Care at Home	
5	Lincoln	Mears Care Ltd	Sage Care Ltd	June 2017
6	Gainsborough	Carewatch Care Services Ltd	Libertas	May 2018

Zone	Area	Original Provider	Current Provider	Date Transferred
7	Hykeham	Sevacare (UK) Ltd	Sevacare (UK) Ltd	
8	Lincoln South	Sage Care Ltd	Sage Care Ltd	
9	Grantham	Homecare Helpline	Fosse HealthCare	Oct 2018
10	Sleaford	Care at Your Home	CRG Homecare	April 2016
11	Spalding	Atlas Care Services Ltd	Atlas Care Services Ltd	
12	Stamford & Bourne	Bloomsbury Home Care	Atlas Care Services Ltd	Oct 2018

Contracted Hourly Rate

- 1.8. There are two standard hourly rates for all Lead Providers, one for urban work and one for rural. Within the first year of the contract the National Living Wage was introduced and from 1 April 2016 the hourly rate has been increased each year to reflect the National Minimum Wage change.

	2015 Rate	2016/17 Rate	2017/18 Rate	2018/19 Rate	2019/20 Rate
Urban	£13.03	£13.56	£14.23	£15.00	£15.63
Rural	£13.32	£13.85	£14.53	£15.30	£15.96

2. Service Review Activity

- 2.1. Due to the critical nature of the homecare contracts a detailed review exercise has been undertaken over 2019 with three main phases of work

PHASE ONE – FUNDAMENTAL REVIEW OF HOMECARE MODELS

- 2.2. The first phase of the review consisted of a comprehensive analysis and review of how we do business. An analysis with a focus on the commercial model, the market for homecare services and adult care in general, and operational practices that directly relate to the proper functioning of homecare contracts.
- 2.3. The report covered three main areas; the internal council view, how providers view the contracts and what other local authorities are doing.
- 2.4. Detailed interviews with stakeholders directly affected by the performance of the contracts have been conducted over the last four months. Interviews generally took two hours each and were based on a set of questions to draw out the main strategic and operational concerns of each party.

- 2.5. The requirement for local authority homecare services is consistent across England and as such each local authority will have similar arrangements in place. By reviewing how other councils have modelled their homecare provision it can provide a useful point of comparison when considering our options for the future model.
- 2.6. As there are 26 County Councils, as well as many other tier one local authorities, the decision was taken to focus on local authorities that have a similar profile to Lincolnshire i.e. a large rural county with a relatively high proportion of over 65s.
- 2.7. It was possible to directly interview many of the councils listed and where this has not been possible detailed analysis has been completed after reviewing published committee papers.

Nottinghamshire
 Wiltshire
 Devonshire
 Cumbria
 Norfolk
 Kent
 Derbyshire

Suffolk
 Leicestershire
 Rutland
 Surrey
 Staffordshire
 Thurrock

- 2.8. After compiling the substantial volume of feedback it was then possible to analyse and consolidate many recurring issues and themes. Many of these issues relate to the fundamental challenges facing homecare systems across the country, particularly in relation to how the workforce performs.

- Finding a yes vs. being able to say no – reconciling the legal duty of the council to find care for all eligible people and the ability of the market to be able to respond to this demand safely.
- A stressed and fragile system – an account of the limited flexibility and resilience of the homecare market (nationally and locally) and the specific risk of failure events spiralling further.
- Expectations management and communication – how the council and providers can better communicate with service users to avoid unmet expectations.
- Call Times and Bandings – how to build in more flexibility around high demand call times
- Workforce capacity and capability – an account of the critical importance of the workforce in all aspects of the service and that all steps should be taken to support it.
- Alternate layer of provision – rapid response teams, insourcing or other options.
- The Rate and Funding – analysis of other local authority rates and how we can structure funding to better meet service outcomes

- Outcome Based Working – an account of a different way of working for homecare and how it would potentially solve a great deal of the challenges we face.
- Zones and geography – a review of the zone model and where changes may be beneficial
- Technology and Centralised Systems – how there is considerable available improvement in the utilisation of new technology.
- Private providers in the market – an investigation into why private providers do not bid for local authority contracts
- Market stability and provider growth – how to support the market in general
- Service transition and continuity of care – the need to avoid unnecessary disruption and damage to the market via transition
- Commercial Model – exploration of factors such as duration, performance management and incentivisation
- Integration with Health – update on joint working
- Extra Care – the need to continue to work with independent housing providers and homecare providers to ensure Extra Care works properly
- Home Based Reablement Integration

2.9. There is a large amount of additional information contained within the feedback which will also be taken into account within the new contracts.

2.10. Other findings of the phase one review were:

- Every local authority charged with providing Homecare is grappling with the same challenges as Lincolnshire. The state of the workforce, limited funding, and how to deal with travel time/rurality appear to be the biggest common challenges we all face with no obvious or easy solutions.
- In many aspects Lincolnshire appears to be in a strong position particularly around managing demand and the overall cost of the service.
- It is clear that simply paying a higher rate alone is not a straightforward solution to improving homecare outcomes and market capacity. Many other local authorities pay significantly more than Lincolnshire but experience the same, or worse, issues than we do particularly when there is evidence of weak control of the market.
- The most common commercial model in place for other councils is a type of framework or dynamic purchasing system similar to Lincolnshire contracts prior to 2015

- In some cases this is supplemented with additional block arrangements to deal with a lack of capacity in certain areas
- Use of BCF monies has not been as forward thinking or effective as has been the case in Lincolnshire.
- The prevailing, nation-wide, pressures within the system means that regardless of how much a local authority pays or how their contracts are structured there are the same problems in every county

REVIEW PHASE TWO – MARKET CONSULTATION

2.11. With the initial findings from the first phase it was then possible to develop a set of common issues and themes for more focused exploration with our local market. An early market engagement event was held at the Bentley Hotel on 26 June 2019 with attendance from twelve local and national providers. At this event the key findings from phase one were summarized and discussed in detail with providers who were also able to raise any new or additional comments for consideration. In general the market was supportive of the work completed to date and that the initial observations were representative of their own point of view.

2.12. In summary the phase two findings were:

- There is the potential for substantial improvement in technology and our processes as whole however the most beneficial area to focus on are the Council's systems.
- We would all benefit from a much greater ability to share data and communicate more effectively
- The way the system is set up at the moment (time and task) is inherently inflexible and does not support our shared goals for better outcomes and a more resilient market
- Call times are a significant issue in how day to day operations affect the bigger picture. Short calls are particularly challenging especially in rural areas, often leading to reduced quality outcomes as well as increased risk of late calls
- How the workforce operates continues to be perhaps the single most important element of how services work. Every effort should be made to improve the role of care worker including employment terms, incentives, the profile of the job, career progression, etc.
- The relationship between the council and its lead providers must continue to grow closer. With the desire to move to outcome based working as well as measures to improve operational outcomes this will require the council placing more trust in providers to act with more autonomy than currently is the case.

PHASE THREE – DEVELOPMENT OF NEW INITIATIVES FOR APPROVAL

2.13. Taking both phase one and phase two outcomes into account it was then possible to develop number of areas that were determined as in scope for further development in order to establish whether or not they are suitable for inclusion in the new contracts.

TABLE 1

	Item	Scope and aims
1	Process and technology review	Identify, map and document all processes surrounding home care (the 'as is'), from initial assessment, through to placement and all steps in between. The activity should consider physical processes and system interactions. This will help assess the impact of any proposed changes to the current model and identify potential efficiencies.
2	Improving provider flexibility and responsiveness	Review, assess and cost up the potential commissioning of a new provider led support team for each zone in the contract. This would be a small team of staff working on shifts with guaranteed hours that would deal with difficult cases, instances of staff loss, or any other factor that might undermine the stability of the provider. Where there is 'down time' for this team they would be expected to make best use of this by looking to improve service user outcomes, focusing on re-abling clients, or dealing with waiting lists.
3a	Extra Rural Rate	Review the current funding model and assess the impact of the creation of a new 'extra rural' rate.
3b	High Volume Call Times	Assess the financial implications of a payment mechanism that recognises the demand and cost for high volume call times, e.g. 7.30am.
3c	Short Calls	Assess the operational and financial impact of how we currently commission care call durations.
4	Zone Boundary Review	Review and propose changes to the existing zone boundaries to better account for more effective working areas. Particularly with regard to zone 10 which may require a fundamental change
5	Individual Service Funds Pilot and Outcome Based Working	Develop the ISF pilots across all zones in the existing contract in order to help develop a pathway to Outcome Based Working as soon as possible in the new contracts.

	Item	Scope and aims
6	Time Banding	Complete a full roll out of the time banding system to embed this practice into current contracts. Take into account any lessons learnt to date. Engagement with operational teams, brokerage and providers.
7	Domestic work	Undertake a review to identify the potential for differentiating between domestic care calls and personal care calls. Assess whether or not this could better direct resources and funding to the right areas in the new contract, whilst taking into account that separating these out may lead to increased complexity in call scheduling.
8	Care Worker Incentivisation Programme	Identify and explore opportunities to develop a meaningful incentivisation programme for care workers, e.g. PerkBox type discounts, childcare vouchers etc.
9	Joint Commissioning with Health	Actively develop joint commissioning plans with health.
10	Data Sharing Protocol	Build a data sharing portal or protocol that allows all parties to do their job better.

2.14. Over August and September a significant amount of work has since been undertaken to investigate and develop each of these items and the findings are presented below.

1. Minimum Call duration for Personal Care Calls (Item 3c in Table 1)

Overview

The volume and length of calls is a critical factor in relation to how services perform. Short calls are problematic as these types of calls are operationally challenging and often uneconomical particularly where there is extended travel time. Care workers, being only paid for the contact time they have with clients, also tend to find short calls to be very unattractive which in turn makes recruitment and retention very difficult. Most importantly though is the potential improvement to quality and service user outcomes. In all cases sub-30 minute calls for personal care adds pressure and risk to an already stressed system.

Concept

Implementing a 30 minute minimum call time for all personal care calls, excepting those cases where the service user requests a shorter call and when calls are undertaken in an Extra Care Home. This new standard would also be welcomed by CQC who's inspection regime and quality assessments are directly influenced by the amount of time given to care calls.

Summary

An additional **£1.7m** p.a. would be required to increase the minimum call duration of all personal care calls to 30 minutes. Calls that are not personal care will remain as shorter durations as will those requested by the Service User. The actual amount of this will vary depending on the current profile of service users and may in fact be lower if it can be clearly established that specific service users request short call durations as their preference. For the remaining non-personal care calls there will be further investigation into the possibility of alternative service delivery options such as new technologies to carry out medicines prompts and checks.

2. Floating Support Team (FST) (item 2 in Table 1)

Overview

Homecare is paid via an hourly rate and only for the actual commissioned call time that is required. This means that provider income is wholly based upon a relatively precise and inflexible basis as there is no surplus time built into the model. Providers are able to apply for a variation to a specific call payment if there are extenuating circumstances e.g. waiting for an ambulance, but this does not happen as a matter of course. Employment contracts also reflect the time specific nature of the work with few providers having full time salaried care staff, the majority being on 'Variable' or zero hour contracts.

The current system therefore means that that majority of provider resources are focused on meeting total demand and attending calls. Almost every facet of the system puts pressure on this goal and providers may then consider overstressing the safe limits of their capabilities leading to an increased rate of incidents of failure e.g. late calls, staff not turning up. This can have a spiralling effect on the provider as failures deepen system stress and increases the risk of even greater failure.

Based on the first phase analysis one of the proposals for consideration is establishing a new provider led floating response team for each zone in the contract. This would be a small team of staff working on shifts with guaranteed hours that would deal with difficult cases, instances of staff loss, or any other factor that might undermine the stability of the provider. Where there is 'down time' for this team they would be expected to make best use of this by looking to improve service user outcomes, focusing on re-abling clients, or dealing with waiting lists.

Concept

Establish additional capacity and responsiveness within each zone with guaranteed hours, providing availability to respond to staff loss, difficult cases and any delays

The new contract would stipulate that:

- There were named individuals on the FST (with the ability to have substitutes upon the Council's notification)
- Account for and ensure that each FST worker maintains 25 hours per week on standard commissioned work
- Account for the activities undertaken as part of the FST work
- Ensure that activities are directed on
 - Dealing with short term call round issues. This should result in less late or missed calls.
 - Dealing with reducing the waiting list. While it would not be appropriate for the FST to pick up cases that are waiting for a long period of time (as this will permanently reduce the FST capacity) they may be able to start a care package early while the provider recruits for a more permanent solution.
 - Dealing with emergencies
- If there is a persistent failure to show that FST hours are not being used effectively and the outcomes above are not improving then there will be an option to suspend or terminate this element.

Summary

Each zone requires approx.100 staff to meet demand, on average care staff work 25 hours per week. This proposal establishes a small team of 3FTE in each zone by topping up 3 workers (by an additional 12 hrs) in each zone/

Countywide equates to an additional 22,000 hours per year with an additional cost of approx. **£300,000** per year.

3. Extra Rural Rate (item 3a in Table 1)

Overview

Rurality has always presented a significant challenge in Lincolnshire. With the high number of villages and hamlets, care workers have to travel long distances. The existing rural banding covers a fairly wide parameter from hamlets with one service user to a small village with a high volume of work. These highly isolated calls are often uneconomical for both providers and care workers leading to a higher turnover of staff working in very rural areas and increased costs to providers.

Concept

Introduce an enhanced “extra rural rate” based on parameters including lowest value, highest wait and rurality to identify problem areas while continuing to have an urban and rural rate.

The new contracts would also include a contract mechanism to widen scope based upon set criteria and local authority approval eg new care package starts in a hamlet that has not previously had service users as well as turn off an extra rural rate in the instance of call volumes in an area increasing to the point it becomes more economically viable.

Summary

By applying an extra rural rate (a 5% increase to the current rural rate would be £16.76 based on 19/20 rates) to the majority of Zone 10 as well as a number of other more isolated areas in county the additional annual cost would be **£55,724**. The actual amount may vary in future based on how new service users are distributed

4. Process & Technology Review (item 1 in Table 1)

Time and capacity within the homecare system is a highly scarce resource and as such we must be able to find a way to ensure that the business of doing business is as lean as theoretically possible. Current working practices are still based on a large degree of manual work, emails, isolated spreadsheets and little over-arching governance.

Providers have stated clearly that they have to allocate a lot of staffing resource to managing the call verification and payments process. Both internal staff and providers have reported that our current practices often result in simple errors having an outsized effect on our ability to focus on the service itself.

An initial review based on the NHS pathfinder scheme has produced some high level findings however there is still a need to fully understand how each step of the process impacts on both the council and provider with a view to optimising the end-to-end process as much as possible. A separate work stream will continue alongside the re-procurement and into the new contracts.

5: High Volume Calls (item 3b in Table 1)

Overview

It is well understood that there are specific times of the day when care calls are required at higher levels (7am, 12pm and various evening times). Trying to respond to this demand puts pressure on the system and can lead to disruption to individual calls.

Concept

Following the market consultation exercise a small number of providers suggested the potential to associate the cost of the service (the hourly rate) to the relative amount of demand in the day (the volume of calls at a specific time of the day.)

However, the Council does not specify a call time when setting up a care package, this is determined at placement via brokerage in conjunction with the provider based on the service users preference & the providers capacity.

As such, the only source of data that shows specific call times sits with providers ECM information.

Providers were asked to share further evidence of this factor however there was a very limited response which was not able to show a conclusive result.

Summary

The data set is too small to draw any final conclusions and it is anticipated that the alternate proposals for call bands will alleviate some of these pressures. As such this approach is not recommended for further development.

6. Care Worker Incentivisation (item 8 in Table 1)

Overview

As previously discussed the role of the workforce is absolutely crucial to the performance of the service. Homecare is one of the largest commissioned employee groups with over a thousand personnel from providers. That being said there are serious and sustained pressures on the workforce

The job itself is a very difficult one with a low hourly wage and unsociable working hours in comparison to less challenging work. Care workers in Lincolnshire tend to earn just over the National Minimum Wage (currently £8.21 for those aged >25) at £8.50 per hour with some roles and areas attracting a higher rate, in comparison Aldi and Lidl supermarkets offer £9+ per hour and there are many other 'entry level' jobs in Lincolnshire that can offer more attractive pay and employment terms. This differential is even further exacerbated by many other factors;

- Care work is much more difficult and skilled than retail or hospitality work. Care workers have to deal with vulnerable people, emotionally distressing incidents, have to deal with service users with high complex needs such as dementia, multiple personality disorders, people going through gender transition, or even be subjected to violent behaviour. All these have to be dealt with professionally in order to just be able to do the basic care tasks that are required.
- Care workers are paid on 'contact time' with travel time being built into their hourly wage or, less often, paid additionally. This often means that depending on how an individual care worker's rota breaks down may not get paid for the full span of down time between calls thus lowering their average hourly rate. Again in comparison to retail work, or even care home employment, this is not a concern and is a more attractive offer to a prospective worker.
- Care workers rota's are often operated on a split shift basis
- The need to travel itself is a real barrier as the job frequently requires that the worker drive in order to be able to get to clients, especially in a highly rural county.
- Unemployment in Lincolnshire is very low with some areas being <1% meaning again there is a much more limited available number of potential workers to start with.
- There are very limited career development opportunities for care workers. Those that are successful almost always move into the business side of care, in fact there are many excellent examples of front line workers becoming owners or directors of businesses. However given the large

number of the workforce this single route for advancement is not suitable and does not also take full advantage of the care and health skills developed by effective care workers.

- The care worker job does not have as positive a reputation as it deserves, particularly when contrasted with Health workers.

Turnover of care workers is very high with a 30% national average rate compared to 15% in UK retail, this rate increases significantly at the start of the recruitment process with over 50% of new recruits leaving within the first 2-6 weeks. Over and above the very negative operational impact of this there is a further damage to the provider in that each failed recruitment represents an estimated loss of over £3,500 per person according to Skills for Care ("Calculating the Cost of Recruitment"). With the large numbers of failed recruits this amounts to a significant amount of lost resource, one which our providers are acutely aware of. Many of them have full time dedicated recruitment managers for each branch and have sophisticated recruitment and retention programmes to help mitigate the loss rate and to keep up with the required demand.

Concept

Implement a range of value-added options to the contract which may support the recruitment and retention of the Caring Workforce that are based on taking advantage of existing schemes.

Summary

This could include implementing; employee discount schemes, a long service award scheme, childcare co-ordinator role and/or funding childcare places, employee support and counselling service, travel schemes and car support.

The cost for this is variable and would ideally be funded by supplementary measures like BCF or other grants.

7. Zone Review (item 4 in Table 1)

Overview

The original model for zones was based on area teams being divided into 6 main zones with 2 area teams per zone.

There are differences in the sizes of each area in square miles as well as the mix of urban and rural. The classification was primarily based on ONS data

Feedback from the marketplace noted that the zone model works well but there was a limited need to review the current boundaries based on, 1) rationalising zone boundaries that span urban areas and 2) considering Zone 10, the most challenging zone with high levels of cases waiting and Poor Practice Concerns reported throughout.

Concept

For item 1) to review the main postcode area list to identify exceptions and implement a secondary layer of classifications in order to better cover whole towns.

For feedback item 2) pending the approval of the new measures presented within this report it is anticipated zone 10 will still be competitively viable. If not further negotiation will be required in order to find the best way in which to re-distribute zone 10.

Summary

No additional costs to resolve feedback items 1 and 2 .

If competition fails we have recourse to negotiate with the marketplace to resolve how the zone is distributed

8. Time Bandings (item 6 in Table 1)

Overview

One of the on-going challenges for Home Care services is the high levels of demand at peak times during the day (eg early morning, lunchtime, evening time etc). To try and reduce pressure on peak times, Adult Care & Community Wellbeing Executive DLT supported a pilot introducing time bandings within the home care service on 10 November. This type of working is also closely aligned to Outcome Bases Working as it relies on there being more choice and flexibility within the system when determining call times rather than being prescriptive.

The pilot began on 19 February 2018 in two zones;

- *Zone 1, Market Rasen operated by Hales*
- *Zone 10, Sleaford operated by CRG*

The pilot was later extended to include;

- *Zone 7, Hykeham operated by Sevacare*

The pilot assigned a tiered banding to new service users depending on the assessment of their needs. The tiers were as follows;

Tier	Time Banding	Descriptor
Tier 1	07:00 – 09:30	Time critical morning call eg SU is unable to get out of bed Service user is unable to toilet themselves SU has time critical medication SU needs to be ready before a particular time
Tier 2	07:00 – 11:00	Non time critical morning call
Tier 3	11.30 – 14.00	Time critical lunch call
Tier 4	15:45 – 18.30	Time critical tea call
Tier 5	18.30 – 22.00	Non time critical evening call
Tier 6	20.00 – 22.00	Time critical evening call

The model separates the day into a series of time slots with each given a banding and a description to identify priority or standard access. The Provider is required to support the client within the time band. The flexibility to respond to calls within the wider time banding rather than a specific set time allows the provider to have greater flexibility in managing rotas and utilise staffing capacity with more fluidity. In

addition, a six week transition period following allocation to bandings, was implemented which allowed the provider to vary the delivery of support within the time period, with a view to this becoming more consistent after the six weeks had ended. The time banding makes provision for service users who require time critical calls (e.g. those requiring medication).

The feedback from the providers delivering the pilot work was positive and contributed to the following outcomes;

- greater ability to cover carer sickness and annual leave
- positively enabled quicker response particularly around hospital discharge and emergency placements
- greater flexibility
- enabled responding to a higher number of requests for support

The pilot showed the limitations of the time banding approach includes;

- during the first six weeks (the time of greatest variability) the service user is unsure as to when support will arrive which can contribute to confusion and a negative perception of time bandings
- time bandings may mean calls are too close together and not spaced out in a way which is more beneficial for service users

Concept

Implementing time bandings as standard in the new contracts to create greater flexibility during peak periods.

Trying to manage a bottleneck of calls at specific times helps manage service users expectations and staffing rotas

Within the bandings, priority status can be given to those with certain requirements (those who require medication at certain times)

Summary

Change in the approach to commissioning social care at point of care planning through to care delivery, monitoring and management of provision.

Would require internal change and change management to fully realise all the potential benefits

9. ISF and Outcome Based Working (item 5 in Table 1)

Overview

Current contracts already include the intention to move to Outcome Based Working (OBW) as a key aspiration which has been the case since 2015. Unfortunately we have only been able to make limited steps towards making OBW a reality. As things stand there is sufficient organisational clarity and capability within the market to actively pursue outcome based working and there is already an Individual Service Fund (ISF) pilot scheme underway which seeks to test some of the core concepts. Based on this initial work it appears quite possible to create a basic arrangement with the provider that means they are more responsible for

developing a person centred approach in how best to deliver and meet a service users care outcomes.

Analysis of how other local authorities have sought to implement OBW shows limited success with a few examples of substantial progress. One of the more common case studies cited in local authorities doing OBW is Wiltshire who implemented what was a full scale model that incorporated a new assessment process and contracts which linked payment to achievement of outcomes. However it has since become clear that this has not been wholly successful with the council recently deciding to revert a lot of the service functions to more traditional models, particularly as a result of the complexity of monitoring and paying providers under this regime. This also came at the cost of putting additional pressure on the relationship with the market.

Nottinghamshire have also recently sought to move towards OBW in a more incremental fashion with their new contracts having a 2.5% retention rate applied to providers with the understanding that if they meet a quality threshold then this amount will be released. While this approach is certainly closer to OBW it could also be considered akin to previous quality incentive models like the council's Quality Assessment Framework which also experienced similar issues. In this case the quality threshold is based on a customer satisfaction survey of a representative number of service users for each provider. Feedback from Nottinghamshire has stated that this approach is problematic on a number of fronts; firstly it is not sufficiently accurate or broad enough to be a suitable assessment tool, but also it has created a substantial administrative burden for the council to the point that it appears no longer sustainable.

As we can see one of the foremost issues with fully realising outcome based working is less to do with the 'front end' of creating a care plan but rather with how to practically manage and oversee these arrangements. As the core concept of outcome based working means a substantial transfer of trust and responsibility to providers this means that the council must be able to properly ensure that care is being properly delivered within this new regime. Where a time and task approach is relatively straightforward to manage (did the call take place and were the tasks completed?) the difference with outcome based working is there is much less definition on what a day or weeks' worth of care should look like. For example it may well be acceptable for a limited period of time that a service user requires less care which might then be utilised more flexibly in the future however it is difficult for the council to accurately confirm this without what would be a brand new approach to monitoring and contract management. It is also not possible to fully transfer this responsibility to providers due to the statutory duties the council holds, particularly around ensuring there are proper safeguards against individuals not receiving adequate care.

By carrying out a high level analysis of the changes required to the current system we can see that in order to fully implement OBW there would need to be a fundamental and systematic redesign of all aspects of the care journey.

	Care Needs Assessment	Financial Assessment	Referral	Care Plan Created	Care Delivered	Monitoring and Management
Current Time and Task	Based on a series of tasks over a defined visit schedule	Personal Budget generated via RAS which is predicated on time	Care requirements are sent to provider with set times and expectations	Provider starts to deliver care Can initially propose variations based on capacity	Care is delivered as per time and task. Any divergence from this is considered a failure	Verification of visits, quality of care, reports of poor quality and safeguarding
Outcome Based Working	Assesments would need to change to a brand new process	New financial assessments required to properly take account of what outcomes 'cost'	Outline care plan sent to provider with outcomes and, by exception, time critical calls stated	Care provider works with the service user to define how their care will be delivered	Care is delivered in a more flexible and variable manner with service user consent (where possible)	Brand new monitoring, contract management and payment processes required.

New technical solution for accurately verifying every single service user's outcomes are actually being met.

Additional safeguards on ensuring care is actually being delivered - how do we tell if it is a missed call or the service user has requested a variation?

Even with the significant challenges that must be faced the main rationale for moving to OBW still holds merit. As discussed it would offer much needed flexibility and responsiveness to how care is delivered, it should improve care outcomes, it would improve care worker job satisfaction as well as truly placing the service user at the centre of their care.

Concept

As with any major systems change an incremental approach provides the least risk but will take the most time. It would also provide an opportunity to optimise our own internal resources alongside a new performance management regime, rather than having to spend many hours manually processing, checking and validating call and payment data it would be possible to focus more on the fundamental reasons for the care call in the first place.

Summary

A 'big bang' approach to change would mean wholesale, transformational change in the approach to commissioning social care starting from care needs assessment, financial assessment and referral through to care planning, care delivery, monitoring and management of provision.

Therefore a very careful, incremental and small scale approach would be necessary for any implementation of OBW in the future contract.

10. Domestic & Social Inclusion Calls – Care Package Analysis (item 7 in Table 1)

Overview

In addition to the typical personal care tasks being carried out there are a smaller subset of calls that are commissioned for Domestic and Social Inclusion purposes. Based on analysis of commissioned care calls there is a very low frequency and low number – 1.08% of commissioned care calls are designated as such

Concept

To consider commissioning via a separate contract to carry out domestic work. Costs are not likely to be much lower to the council for non-regulated activities such as cleaning and this would also require additional overheads in procuring and managing a further contract which may not be value for money given the scale and low margins in these services.

Summary

Based on the very low proportion of Domestic and Social Inclusion calls and the complexity of implementing a separate tier it is not recommended to pursue this option.

11. Working with Health (item 9 in Table 1)

Constructive conversations with Health colleagues are ongoing but unfortunately have not progressed substantially over the last few months and at this stage it is unlikely the Council will be able to formally integrate any Health requirements for homecare for the start of new contracts. However the contract will be structured in a way that would allow for Health to buy in at a future date if possible

12. Data Portal (item 10 in Table 1)

Overview

Current systems and processes that underpin how local services operate are often time consuming and could benefit from enhanced technology. From the start of the process at assessment through to verifying the quality and cost of paying the provider, there are multiple independent systems leading to a lack of consistency as well as substantial manual input to ensure that core tasks are completed and captured. The current system includes the collation of the following information (see table one.)

Table one.

Adults Needs Assessment	Care and Support Plan Review	Adult Purchase Service Admin
<ul style="list-style-type: none"> • Name • Address • Mosaic ID • DOB • Telephone Number • NHS Number • Primary Support Reason • Primary Support Reason Sub-Category • Accommodation type • Consent and Capacity • Support Network • Informal Support / Carers • Advocacy • Mobility • Personal Care • Eating and Drinking • Health and Wellbeing • Engaging in local community • Health Conditions • Continuing Health Care • Risks • Eligibility 	<ul style="list-style-type: none"> • Name • Address • Mosaic ID • DOB • Telephone Number • NHS Number • Accommodation type • Consent and Capacity • Review details • Type of Review • Prompt to consider accuracy of Care and Support Plan, Personal Budget and any changes 	<ul style="list-style-type: none"> • Name • Address • Mosaic ID • DOB • Telephone Number • Email address • Ethnicity • Sub-ethnicity • Religion • Gender • Language • Primary Support Reason • Primary Support Reason Sub-Category • Purchasing Team • Budget Code • Overview of commissioned services including – • Rural or urban cost • Units per week • Unit cost • Number of carers • Preferred time banding • Duration • Tasks to be carried out

A more centralised system, with added layers of scrutiny, offers the potential to better embed a more timely, responsive and consistent approach across the county contributing to a more positive experience of care for both providers and the end user. The implementation of a shared data portal to host the flow to and from providers, combined with the full realisation of the Electronic Call Monitoring approach could enable the organisation to have greater control over the quality of commissioned services.

The stakeholder engagement event on 23 July 2019 at the Bentley Hotel identified that there was no appetite to develop a single electronic system used by all parties. There were concerns that this proposal would create duplication of cost and effort. Instead, establishing a simpler concept of a shared data portal would be beneficial.

By allowing all parties to share and transmit basic datasets we can then transfer data into each separate technology platform. It was suggested this may include:

1. Assessment "early notice" pipeline information which alert providers as to potential placements (whether urgent or routine)
2. Accurate referral information for required placements as soon as possible, enabling providers and requestors to speak directly
3. Variations, delays and cancellation information – a 'real time' waiting list
4. A simplified and quicker verification process to enable faster payments to providers

Please see the suggested data sets in Table Two.

Table Two

Ref	Data Set – Purpose	Content	Attachments and Date Inputter
1	To support with early warning of potential placement, enabling providers to proactively respond to emergent need	<ul style="list-style-type: none"> ▪ Name of client ▪ Mosaic ID ▪ Package Type (community routine/emergency or Hospital) ▪ Current client location ▪ Key worker ▪ Timescale of confirmation 	<ul style="list-style-type: none"> • Adults Needs Assessment • Brokerage • Hospital Co-ordinator • Community Care Worker
2	To support with instigating referrals as early as possible to identify marketplace capacity and ability to respond within timescales	<ul style="list-style-type: none"> ▪ Name of client ▪ Mosaic ID ▪ Package Type (community routine/emergency or Hospital) ▪ Zone required <p>Hospital Data</p> <ul style="list-style-type: none"> ▪ Discharge information ▪ Moving and Handling Plan ▪ Scripts <p>Package Details</p> <ul style="list-style-type: none"> ▪ Start Date ▪ Overview of commissioned services including – <ul style="list-style-type: none"> ➢ Rural or urban cost ➢ Units per week ➢ Unit cost ➢ Number of carers ➢ Preferred time banding ➢ Duration ▪ Tasks to be carried out 	<ul style="list-style-type: none"> • Adults Needs Assessment • Adult Purchase Service Admin • --- • Brokerage

Ref	Data Set – Purpose	Content	Attachments and Date Inputter
3	To support with delays (such as hospital discharge, travel disruption etc) and cancellations	<ul style="list-style-type: none"> ▪ <i>Name of client</i> ▪ <i>Mosaic ID</i> ▪ <i>Cancellation Notice / Delay Notice</i> ▪ <i>Confirmation of delay and date of effect</i> 	Care and Support Plan Review Adult Purchase Service Admin --- Brokerage Hospital Co-ordinator Community Care Worker
4	To support with variations and temporary suspensions	<ul style="list-style-type: none"> ▪ <i>Name of client</i> ▪ <i>Mosaic ID</i> ▪ <i>confirmation of variation and date of effect</i> ▪ <i>confirmation of changes to tasks or units of time</i> ▪ <i>inclusion of updated Care and Support Plan review and Adult Purchase Service Admin</i> 	Care and Support Plan Review Adult Purchase Service Admin --- Brokerage Community Care Worker
5	To confirm payments and time bandings	<ul style="list-style-type: none"> ▪ <i>Adult Purchase Service Admin with confirmed units purchased, overview of commissioned service</i> ▪ <i>Time banding allocations</i> 	Adult Purchase Service Admin --- Brokerage
6	Providers – County Council confirmation of commencement of placement and acknowledgement of placement terms	<ul style="list-style-type: none"> ▪ <i>Name of client</i> ▪ <i>Mosaic ID</i> ▪ <i>nature of placement (routine, emergency)</i> ▪ <i>planned duration</i> ▪ <i>cost and deliverables</i> ▪ <i>confirmation of total units and planned costs per week, per month, per quarter (scaled up to each period to support with invoicing process)</i> 	Provider
6	Providers – County Council Invoice (generated from ECM)	<ul style="list-style-type: none"> ▪ <i>Name of client</i> ▪ <i>Mosaic ID</i> ▪ <i>Scaled up unit costing per quarter</i> 	Provider

A live portal system referring directly to the provider could improve efficiencies whilst enhanced reporting methods will improve accuracy of reporting by removing the human element as all referrals, along with offers of support, can be reportable through workflow. This could contribute to improved oversight of performance. The mechanism through which the data portal is hosted needs to be determined. The existing case management portal for Adult Social Care (Mosaic) could be utilised as the host, or, an alternate model of delivery commissioned from the marketplace could be considered.

Concept

A simple but effective central data sharing repository in which all relevant parties can upload vital information to be used in the proper function of the service. A data sharing protocol will also clearly set out what data should be shared, by whom, by what time, and in what format. This will enable all parties to work more efficiently with less delays and errors.

Summary

Implement a live data portal system either via the County Council website, IMP or an alternate existing system which can host and manage key service data.

- 2.15. Of all of the potential changes there are three areas which will have a significant impact on the budget for Homecare.

30 Minute Minimum Call Duration for all Personal Care

- 2.16. The initiative that has the largest overall effect is the proposal to introduce a new minimum call length for all personal care calls as the volume and length of calls is a critical factor in relation to how services perform. A prevalence of short calls is considered to be counter-productive as these types of calls are operationally very challenging & often uneconomical particularly where there is extended travel time. Care workers, being only paid for the contact time they have with clients, also tend to find short calls to be very unattractive which in turn makes recruitment and retention very difficult. With the workforce perhaps being the single most important element of provider's capability to deliver services it must be a priority to make the job financially and personally worthwhile. Additionally as we face increasing demand and a static, or decreasing workforce overall, we must also take steps to ensure the long term viability of the care workforce. Finally, and most importantly, is how service user outcomes are best met within this system and while sub-30 minute calls in certain cases are quite reasonable it is felt that in order to achieve the right level of service quality a 30 minute minimum for all personal care calls is necessary. Given the extremely high volume of homecare care required in Lincolnshire even a relatively modest increase of call durations will result in a significant increase in the cost of the services.

Extra Rural Rate

2.17. The introduction of a new 'extra rural rate' in addition to the existing urban and rural rates will directly address the challenges of providers having to meet demand in extremely remote areas with low volumes of call activity. As this measure is designed to primarily deal with areas of very low call numbers the proposed increase does not represent a large increase to the overall budget. By implementing this rate this will directly support the market and care workers more specifically when they are required to carry out highly remote work. This has been a particularly difficult problem in zone 10 which has a high proportion of small and remote villages. The incumbent provider for zone 10 has stated that without changes to how the zone operates, is funded, it will not be viable. It is hoped that with the introduction of the extra rural rate and the minimum call duration for personal care this will resolve this issue.

Floating Support Team

2.18. The proposal to establish a 'Floating Support Team' in each of the contract zones will add much need operational capacity and flexibility. As Homecare is paid via an hourly rate & only for the actual commissioned call time that is required this leaves no surplus time in the model for many inevitable issues (having to wait for ambulances, unavoidable travel delays, emergencies, etc.) which places considerable demand on the system and directly on care workers. By establishing additional capacity within each zone through guaranteed hours for a small number of staff (3 out of typically 100 care workers per zone), this will increase the ability of the provider to respond to staff loss, difficult cases & any other delays. This will then engender greater stability within the service as well as when there is "down time" within the Floating Support Team the care workers can move to focusing on waiting lists, re-abling clients, and improving service user outcomes.

2.19. It should also be noted that following detailed market engagement providers have been clear that continuing with the status quo is not sustainable in the long term and may also result in providers exiting the market.

2.20. All three of the primary initiatives are designed to direct the limited resources available to the most needed parts of the system and in doing so will:

- Allow for better outcomes for service users
- Make the care worker job better both in terms of job satisfaction and remuneration thus strengthening the entire system from the bottom up
- Introduce more flexibility and capacity to a system that is currently struggling to meet increasing demand.

Financial Impact of the New Initiatives

2.21. Based on the approval of the above three proposals there is a total of approximately £2m additional spend per annum proposed in the new contracts consisting of:

- £1.7m p.a. to increase the minimum call duration of all personal care calls to 30 minutes. Calls that are not personal care will remain as shorter durations as will those requested by the Service User. The actual amount of this will vary depending on the current profile of service users and may in fact be lower if it can be clearly established that specific service users request short call durations as their preference. For the remaining non-personal care calls there will be further investigation into the possibility of alternative service delivery options such as new technologies to carry out medicines prompts and checks.
- £300,000 p.a. to establish a 'Floating Support Team' in each zone.
- £50,000 p.a. to fund an extra rural rate designed to target the most remote areas in the county with the smallest volume of activity.

Service Users and Quality – Survey results

2.22. A telephone feedback survey was undertaken between April-June 2019 for Homecare provision using a simple response scale (1-5; 1 = poor, 5 = good).

2.23. 364 people were consulted, representing approx. 17.5% of the total number of current service users. Each respondent was asked a wide range of questions dealing with how they perceive their carer, how the care provider works, how they receive information and updates and many other factors. Overall the response was a positive one with service users having good feedback with regard to how they receive their care. However there are clear areas of improvement in how care providers manage the wider business, particularly with regard to communication with service users.

Key Findings – What's Working Well

- Many positive comments about care staff and good relationships
- A high number of respondents (4.25 out of 5) felt their carers stayed for the planned duration
- A high number of respondents (4.27 out of 5) were satisfied with their support
- A high number of respondents (4.34 out of 5) felt their carers were well trained
- A high number of respondents (4.48 out of 5) felt carers followed their care plan well

Key Findings – What’s Not Working Well

- Poor communication from the office
- Poor punctuality and concerns about scheduling
- Not enough time between visits
- Lack of consistent care workers

Key Findings – What Needs to Happen

- Clearer communication to service users when delays happen
- Scheduling time to get “back on track” without taking time from people on the way
- Small stable teams, consistent & familiar care staff

2.24. These findings further support the outcomes of the prior analysis, on the whole the services are performing well but there are some key weaknesses related to how the homecare system works and how we can better improve reliability and consistency.

Commercial Approach

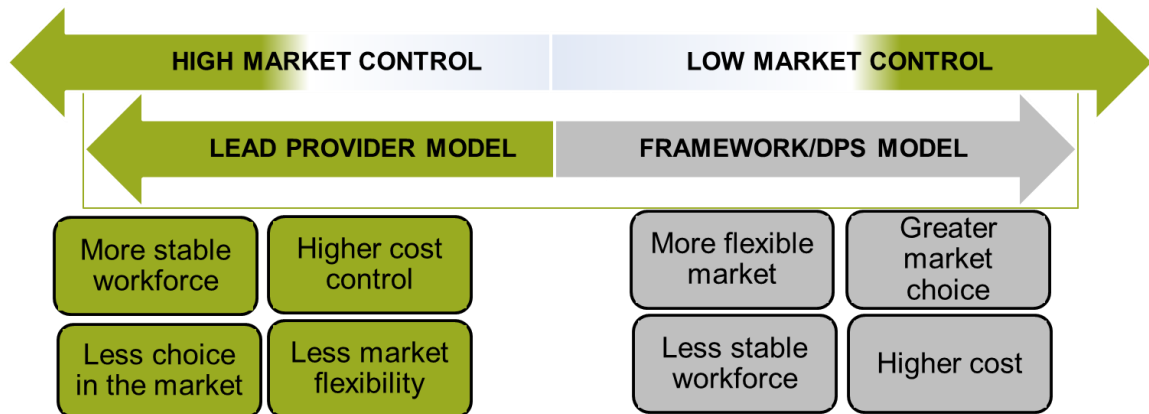
2.25. The current commercial model is fit for purpose and provides the necessary stability and control for managing the homecare market. While there have been significant changes to individual zones within the life of the current contracts it is evident that in the majority of zones services have performed well overall and in many cases very well. Therefore it is clear that the characteristics of the commercial model are sufficient for good providers to do well and where there are difficulties in the future with specific providers there will continue to be a range of performance management tools available to the commercial team to manage this risk.

2.26. The existing twelve zone approach also works well overall with only minor changes required for future contracts. This is likely to only extend to a very small degree wherein existing zone boundaries span a town.

2.27. It is recommended that the existing block guarantee payment is no longer necessary in the new contracts with exclusivity being sufficient for providers. Service volume estimates will be clearly communicated to bidders who will then be in a position to be able to plan accordingly.

2.28. Following the introduction of the contracts in 2015 there was a significant degree of disturbance to the local market and services which resulted in a period of time wherein the waiting list reached uncomfortably high levels. Given the relative fragility of the market it will be a priority to minimise disruption wherever possible. While changes of providers are, and have been, necessary this almost always results in a weakening of local systems. The evaluation of bids will therefore focus on ensuring that the new providers can deliver a quality service but also that existing strength in the local market is not undermined.

2.29. An alternative approach, discussed earlier, might be to revert to a framework model which was in effect pre-2015. The framework model is also prevalent in many other councils however there are significant drawbacks to considering this as a viable alternative. Firstly we would lose almost all of the strength and stability that has been built up over the last five years. Secondly it the local market is not well aligned to this type of contracting model as it relies on a large number of smaller providers. More fundamentally though, the reasons why the Council chose to move to the current model are still wholly relevant. The lead provider model provides a higher degree of stability, control, and resilience than a framework.



2.30. Operating a lead provider model offers the highest degree of assurance as to ensuring that we can “find a yes” in the market. A framework model tends to result in cases being 'handed back' when circumstances are not ideal for providers and historically this often occurred just before each weekend. These handback events were highly disruptive and in some cases led to many late or missed calls. In order to mitigate the impact of these types of events the only option available to councils tends to be entering into another type of agreement with any available provider at a higher rate. This was evident in the findings of the first phase analysis wherein many local authorities operating frameworks were forced to operate with a higher tier of providers that dealt with difficult care calls at a much higher premium. The lead provider model makes it clear that there is no ability to hand back cases and in fact all demand in each zone must be met by the provider. This not only provides greater clarity and stability to the market but also ensures a high degree of cost control too.

2.31. However it is acknowledged that even within the lead provider model there is still limited capacity and flexibility to meet demand. This one of the main reasons in recommending the new changes to the future contracts. The introduction of the Floating Support Team is particularly apposite in this case.

- 2.32. The proposed contract duration for the new Homecare contracts is an initial term of five years with the option to extend by a further three years (5+1+1+1). This increase from the current duration (3+1+1+1) takes into account clear feedback from all stakeholders that in many cases it is accurate to say that it has taken the full duration of the existing contracts for providers to fully stabilise and establish themselves. Therefore increasing the duration will allow the council, the market and service users a greater opportunity to reach a more stable and sustainable position.
- 2.33. The new contracts shall be awarded to start on 1 July 2020 at which point there will be a three month transition in which the old contracts and new contracts run side-by-side. Within the transition period the old provider will work with the incoming provider to transfer all service users and staff affected by TUPE in a manner that results in as little disruption as possible. On 1 October 2020 the old contracts will have ceased entirely and the new providers will be solely responsible for meeting all demand for commissioned homecare within their zone.

3 Tender Process

- 3.1 The market for homecare services continues to operate under significant pressure, and we have seen locally the market shrink over the last five years following a wider national trend of some providers withdrawing from local authority contracts. . Based upon the prevailing market conditions and the experience of re-tendering zones 9 and 12 it is recommended to undertake a single 'Open Process' tender exercise. This will provide sufficient scope to enable effective competition as well as allow for additional time for the critical transition phase over summer.
- 3.2 In order to properly ensure there is a good level of competition for the contracts the commercial team will undertake proactive, enhanced market engagement as was the case in the 2018 re-procurement. This resulted in a significant increase in the number of new bidders to the local market.

3.3 Provisional Tender Timeline

Issue the ITT	14 February (approx.)
Evaluation period	24 April
Contact Award	3 July
Mobilisation period	3 July – 30 Sept
Go Live	1 October

4. 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 key purpose of the service is to improve the health and wellbeing of the most vulnerable people by ensuring access to support; to prevent their needs escalating to more costly statutory service thresholds, and to help them access and maintain stable, settled and appropriate accommodation.

An Impact Assessment has been completed and copy of is appended to this report at **Appendix A**. No adverse impacts have been identified.

5. 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.

Adults Health and Wellbeing is a core themes of the JSNA, with a key priority being to improve health and reduce health inequalities for individuals. Homecare is one of the councils primary services that is required to meet its statutory duties and ensure service users are able to live in their own homes for longer.

6. Crime and Disorder

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

This service is unlikely to contribute to the furtherance of the section 17 matters.

7. Conclusion

7.1. To consider the proposals for the new homecare contracts and the financial impact of their inclusion. Establishing a new minimum call duration for personal care calls, while the most expensive initiative, perhaps holds the best overall chance to materially improve the conditions of the whole homecare system. The inclusion of a new extra rural rate and Floating Support Teams are targeted measures which are also important to further strengthen the homecare system at a time when it is facing serious and sustained challenge. With these major changes as well as retaining the strength and stability that has been built up in the local market the proposed new contracts offer a strong foundation for the future of homecare services in Lincolnshire.

8. Legal Comments:

The Council has the power to enter into the contract proposed. The legal considerations to be taken into account in reaching a decision are dealt with in the Report. The decision is consistent with the Policy Framework and within the remit of the Executive.

9. Resource Comments:

It is recognised that the funding needed to deliver the improved scope is above current budget. This is being addressed through the budget 2020 process which full Council will receive in February 2020. A deep dive across adult frailty is underway reviewing efficiency and effectiveness of budgets.

10. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report was considered by the Adults and Community Wellbeing Scrutiny Committee on 15 January 2020, with the Executive Councillor for Adult Care, Health and Children's Services in attendance.

The Committee agreed to support the three recommendations set out in the report to the Executive.

The Committee recognised the extensive work which had been undertaken in preparation for this procurement exercise, including the engagement which had taken place both with service users and the potential providers of these services. The proposed contract would build on the strengths of the existing contract, and a contract period of up to eight years (five year initial term, with an option for three one-year extensions) was supported.

The Committee was pleased to see the proposed contract including a minimum of thirty minutes for a visit where a service user required personal care. The proposed introduction of extra rural rates and a floating support team was strongly supported, as they would provide sustainability and resilience for the service.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

See the main body of the Report and Appendix A

11. Appendices

These are listed below and attached at the back of the report	
Appendix A	Equality Impact Assessment

12. Background Papers

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

This report was written by Alexander Craig, who can be contacted on 01522 554070 or at alexander.craig@lincolnshire.gov.uk .

Equality Impact Analysis to enable informed decisions

The purpose of this document is to:-

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

Using this form

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

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

Equality Act 2010

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

Protected characteristics

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

Section 149 of the Equality Act 2010

Section 149 requires a public authority to have due regard to the need to:

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

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

Decision makers duty under the Act

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

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

Conducting an Impact Analysis

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

The Lead Officer responsibility

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

Summary of findings

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

Impact – definition

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

How much detail to include?

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

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

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

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

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

Background Information

Title of the policy / project / service being considered	Homecare Services	Person / people completing analysis	Alexander Craig
Service Area	Adult Care	Lead Officer	Alexander Craig
Who is the decision maker?	Councillor Bradwell	How was the Equality Impact Analysis undertaken?	Desktop
Date of meeting when decision will be made	01/02/2020	Version control	V1
Is this proposed change to an existing policy/service/project or is it new?	Existing policy/service/project	LCC directly delivered, commissioned, re-commissioned or de-commissioned?	Re-commissioned
Describe the proposed change	<p>Lincolnshire County Council (LCC) has twelve contracts delivering Homecare Services.</p> <p>All of these contracts come to an end as of 30th Sept 2020. A review has been completed looking at the performance of the current contracts and expectations in terms of future demand. It is recommended that a set of new contracts are procured based on the recommendations set out in the report to the executive.</p>		

Evidencing the impacts

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

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

Data to support impacts of proposed changes

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

Population data and the Joint Strategic Needs Assessment

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

Workforce profiles

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

Positive impacts

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

Age	The homecare service is an adult age service but the vast majority of service users are 65+. The homecare service is a critical frontline service that helps people with social care needs stay at home for longer..
Disability	The service also provides support to a small number of people with a primary need stemming from a physical disability.
Gender reassignment	There is no specific positive impact relating to gender re assignment.
Marriage and civil partnership	There is no specific positive impact relating to marriage or civil partnership
Pregnancy and maternity	There is no specific positive impact relating to pregnancy and maternity
Race	There is no specific positive impact relating to race.
Religion or belief	There is no specific positive impact relating to religion or belief.

Sex	As the vast majority of homecare workers are female the proposed improvements to the contracts will hopefully increase employment opportunities and the overall quality of the career locally.
Sexual orientation	There is no specific positive impact relating to sexual orientation.

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

Adverse/negative impacts

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

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

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

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Age	'No perceived adverse impact'
Disability	No perceived adverse impact
Gender reassignment	'No perceived adverse impact'
Marriage and civil partnership	'No perceived adverse impact'
Pregnancy and maternity	'No perceived adverse impact'

Race	'No perceived adverse impact'
Religion or belief	'No perceived adverse impact'
Sex	'No perceived adverse impact'
Sexual orientation	'No perceived adverse impact'

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

Stakeholders

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

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

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

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Objective(s) of the EIA consultation/engagement activity

The service is informed by statutory requirements for advocacy in:

- Care Act (2014)
- Mental Health Act (2007)
- Mental Capacity Act (2005)
- Children and Families Act (2014)
- Health and Social Care Act (2012)

Engagement activity has been undertaken with a wide range of key stakeholders, including existing and potential service providers, users of the existing commissioned services, other Councils, care quality commission, and service users.

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

Age	No specific feedback identified
Disability	No specific feedback identified
Gender reassignment	No specific feedback identified
Marriage and civil partnership	No specific feedback identified
Pregnancy and maternity	No specific feedback identified
Race	No specific feedback identified
Religion or belief	No specific feedback identified

Sex	No specific feedback identified
Sexual orientation	No specific feedback identified
Are you confident that everyone who should have been involved in producing this version of the Equality Impact Analysis has been involved in a meaningful way? The purpose is to make sure you have got the perspective of all the protected characteristics.	Yes
Once the changes have been implemented how will you undertake evaluation of the benefits and how effective the actions to reduce adverse impacts have been?	<p>The Equality Impact Analysis will be a live document, regularly reviewed by commissioning leads and commercial colleagues.</p> <p>There will be regular implementation meetings with the successful providers as part of awarding the contracts. These meetings will review whether there are any impacts against individual service users, particularly those who are protected under the Equality Act 2010. A review of any adverse impacts will be carried out six months after the new service has been implemented.</p> <p>Following implementation there will be quarterly contract management meetings, again these will review the service delivery and will identify any protected groups or individuals who may be impacted either in a positive or negative way.</p>

Further Details

Are you handling personal data?	<p>Yes</p> <p>If yes, please give details.</p> <p>Service will hold personal data regarding individual cases they are dealing with.</p>
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Actions required	Action	Lead officer	Timescale
Include any actions identified in this analysis for on-going monitoring of impacts.			
Signed off by		Date	Click here to enter a date.

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Open Report on behalf of Heather Sandy, Interim Director - Education

Report to:	Executive
Date:	04 February 2020
Subject:	Proposal to expand the capacity at The Lincoln St Christopher's School from 200 to 333 (Final Decision)
Decision Reference:	I019057
Key decision?	Yes

Summary:

Lincolnshire County Council has a statutory duty to ensure that there are sufficient school places to accommodate all pupils of statutory school age who live in Lincolnshire, including provision for children with special educational needs and disabilities (SEND). The Local Authority (LA) believes that this proposal is the best available option to fulfil this duty.

The proposal under consideration is to permanently expand the capacity at The Lincoln St Christopher's School from 200 to 333 across two sites to ensure there is sufficient SEND provision for primary and secondary age children. This will supersede the original proposal as part of the Building Communities of Specialist Provision Strategy which was to reduce the capacity of St Christopher's from 200 to 155, expand St Francis from 128 to 173 and to build a new Free School for 155 pupils on the former Usher site subject to a successful capital bid.

With the Free School bid being unsuccessful it has been necessary to reconsider the available options for Lincoln, with the proposal to expand St Christopher's over two sites being taken forward, with a modification to the expansion at St Francis from 128 to 155 instead of 173.

The Local Authority is co-ordinating the process following statutory guidelines published in the Department for Education (DfE) guide "Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision-makers" (October 2018) in accordance with the terms of the Education and Inspections Act 2006, as updated by the Education Act 2011.

On 5 September 2019 a four week period of consultation commenced which closed on 3 October 2019 and is further referred to later in this report in the Consultation section. A summary of written responses received is also attached in Appendix A.

Following the consultation period the decision was taken on 22 October 2019 to publish a Statutory Notice on 7 November 2019. This initiated a four week Representation Period up to 5 December 2019 when further written objections and comments may be submitted. The process is now entering the final stage when the LA, as decision maker, must take the final decision regarding the proposal within 2 months from the end of the Representation Period (by 5 February 2020).

This report seeks to advise the Executive on making the final decision regarding the proposed expansion of The Lincoln St Christopher's School.

Recommendation(s):

That the Executive approves the expansion of The Lincoln St Christopher's School from 200 to 333 places with full effect from September 2024. Such approval is conditional on any necessary planning permission being granted by 31 December 2020 in respect of proposed development works at both St Christopher's school site and the former Usher Junior site.

That the Executive approves the modification of the determination for the expansion of St Francis special school from 128 to 155 instead of to 173.

Alternatives Considered:

1. The Council retains the school as it is at present with no expansion of the capacity at St Christopher's School.

However, the above alternative would have the following disadvantages:

It is likely that there would be insufficient school places for children with special educational needs in Lincolnshire and the LA may be unable to comply with its statutory duty to ensure sufficient provision in the county in future years without having to place pupils at independent schools, out of county schools, at schools a significant distance from where they live, at mainstream schools that cannot meet need, or on home tuition.

It would place increasing pressure on St Christopher's and other schools in Lincolnshire, to provide the standard of special needs education that children are entitled to with limited resources and facilities. If the expansion proposal does not go ahead this would lead to concerns over the consequent impact of overcrowding on the quality of education provided, particularly for St Christopher's which is operating at 17.5% above their official capacity.

In the future it would likely lead to children being offered places at schools outside of their local community. The likely result would be pupils travelling considerable distances to access a suitable school with the specialist provision required, with concerns over the impact of additional

<p>2</p>	<p>travelling time on the children affected. Costly out of county placements would increase as well as transport costs and traffic from potential increased car usage.</p> <p>For the LA not to expand St Christopher's School but the LA would look at alternative options for increasing special educational needs provision in the county. This would mean that St Christopher's School remains as it currently is with no further expansion.</p> <p>The Building Communities of Specialist Provision Strategy has been developed to address the increasing demand for special school places and to enable children and young people with SEND to access the right education, health and care, in the right place at the right time, as close to home as possible. The strategy is responsible for the creation of over 500 additional school places to address increased demand and current overcrowding issues and in order for this to come to fruition, all special schools which have the scope to expand are already doing so. Of the 14 special schools aligned to the strategy, only 3 schools are not subject to planned expansion as projected demand does not require them to.</p> <p>Projected demand for required special school places in the Lincoln City area indicates the need for an additional 111 places to be available by 2023. It would not be possible to add enough capacity to either Lincoln St Christopher's School or St Francis Special School (which serve the children and young people of Lincoln City and surrounding areas) on their existing sites as there is not adequate external space for extending the buildings. In order to increase the provision of special school places in Lincoln City and surrounding areas, these school places can only be developed on an additional site if they are to be in the correct geographical location to meet demand.</p> <p>Expanding another special school located outside of Lincoln City and the surrounding area to meet the needs of children and young people who live near St Christopher's would fail to address the significant challenge of excessive travel undertaken by many special school pupils.</p> <p>Other options around Lincolnshire have been explored and of the special schools not already identified for planned expansion, only two could be considered for potential expansion instead of Lincoln St Christopher's School to meet locality need. However, they have not been found to be suitable due to reasons such as geographical location in relation to demographic pressures, undersized sites, distance that pupils would have to travel, parental preference, impact on standards, potential planning challenges, costs and leadership and management capacity. This is the most appropriate school in this area of Lincolnshire for expansion to increase special educational needs provision of this type. Not only would it increase the number of places available, but it would also provide the opportunity to improve the quality of accommodation currently on the site of St Christopher's.</p>
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Formation of two separate schools with St Christopher's staying on their existing site and a new school being built on the former Usher site.

The option to build a new all needs, all through special school on the former Usher School site was originally cited as part of the Building Communities of Specialist Provision Strategy, approved by Executive in November 2018. The presumption for this proposal was a successful free school application which unfortunately did not come to fruition. The option to continue with this proposal was considered and disregarded for the reasons outlined below.

A new all needs all through free school built under LA Presumption would require a competitive process for Academy sponsorship which would be complex and lengthy, potentially delaying the project beyond the committed implementation period.

A significant amount more capital (approx. £3m) would also be required for two separate schools (in comparison to the current proposal) which would also require two separate funding streams and potentially more pressure on the high needs block, an additional senior management team etc. Specialist teaching spaces and therapeutic provision would need to be replicated in both schools placing an additional pressure on the capital funding allocation. However, in the case of an expansion, teaching resources and facilities will be available within the school as a whole. Two separate schools would require specialist secondary facilities on both sites compared to the proposed model of having primary provision on the new expanded site and secondary provision on the existing St Christopher's site.

Whilst the option to build a new all needs all through special school would provide the number of places required, it may have caused challenges regarding pupil place allocation and parental preference, and have a potentially detrimental impact on St Christopher's in the short-term. New families would have been provided with the choice between a modern purpose built special school and a "currently" overcrowded special school undergoing extensive construction work. If there was a separate new school on the former Usher School site then the existing St Christopher's site would need to continue to be primary and secondary with a reduced capacity and it is likely that most parents would opt for the purpose built school, negatively impacting Lincoln St Christopher's School. By expanding the current school across two sites, Lincoln St Christopher's can support seamless transition both during and after the building period, ensuring pupils continue to have access to quality resources and facilities.

There would also be less scope to provide the ideal solution on the current St Christopher's site. Working as one provider across two sites allows for a much more co-ordinated project to have the least impact on pupils and staff. A new school would have to be a Free School (LA Presumption) and the operator of that school would be unknown (selected by the Regional School Commissioner (RSC)). Therefore the level of engagement with St

Christopher's to ensure a successful implementation would also be unknown.
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Reasons for Recommendation:

To enable the LA to meet its statutory obligation to ensure that there are sufficient school places in Lincolnshire for all children of statutory school age including provision for children with special educational needs and disabilities.

To ensure that the provision of school places is planned so as to promote high educational standards, enable fair access to educational opportunity for every child and promote the fulfilment of each child's potential. This proposal will enhance the quality of provision, sustain local provision and relieve the pressure the school is under from being over capacity. It is also an opportunity to extend and enhance further the already excellent provision in place at St Christopher's School to benefit current and additional pupils and staff.

The proposal will assist in meeting parental preference. The Government has made it clear that the wishes of parents should be taken into account in planning and managing school estates. Department for Education (DfE) guidance states that places should be allocated where parents want them and that successful and popular schools be allowed to grow. The Lincoln St Christopher's School was rated overall by Ofsted as a 'Good' school with 'Outstanding' characteristics at its last inspection in June 2019 and is popular with parents.

The LA considers the proposal to be the most appropriate available solution to the expected shortage of special educational needs school places in Lincolnshire with the most efficient use of resources. This proposal has the support of the School Leadership Team and the Governing Body, and also the School Improvement Service being confident that the school has the leadership, management and governance required.

1. Background

An increase in the number of school aged children in recent years has put significant pressure on the mainstream primary sector. There are now increasing pressures on the secondary and special school sectors as well as continued pressure on the primary sector in some urban areas. In September 2019 St Christopher's was 35 over its official capacity with 235 children on roll.

As part of the consultation on the Building Communities of Specialist Provision Strategy which was adopted in November 2018, the original proposals had been to successfully bid for a new school on the former Usher Junior site and to reduce the capacity at St Christopher's to 155 from 200, and a change of type of need catered for. The strategy also consulted on expanding the capacity of St Francis from 128 to 173, as well as a change of type of need catered for there also. Under this new proposal the change to all need will still go ahead for both schools, but St Francis

will now expand from 128 to 155 instead of 173, which will take some of the pressure off the St Francis site and reduce the cost of that project by approximately £1m. The savings made from this change will be used to support the expansion of St Christopher's onto the new site.

By a decision dated 6 November 2018 the Executive approved the expansion of St Francis special school from 128 to 173, with an implementation date of September 2021.

Therefore, in accordance with The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013, it is not only necessary to make a decision on the proposal to expand St Christopher's, but also for the decision maker to agree a modification to the original determination for St Francis to expand from 128 to 155 instead of 173. The proposed expansion of St Christopher's supersedes the original proposal to reduce the capacity had the new Free School gone ahead.

This proposal is to permanently expand the capacity of the all-through school by the formation of a split site school. A new dedicated primary aged site with a capacity of 130 pupils would be built on the former Usher Junior School site, which is in close proximity of the current St Christopher's School (1.5 miles by road). The two sites are shown in Appendix E. The current St Christopher's site would then be extensively redeveloped and remodelled to provide specialist secondary age education for 203 pupils. This would increase the school's overall capacity from 200 to a new capacity of 333. The proposed expansion would provide additional teaching and resource space for the children already on roll and enable the school to provide more specialist places for SEND pupils.

St Christopher's School, Hykeham Road, Lincoln is currently located on a constrained site in buildings which are not fit for purpose for the modern school system. This makes it challenging to deliver an effective curriculum to the existing capacity and extremely unlikely to be able to expand primary and secondary provision here both now and in the future. The proposal would allow for the overall capacity of both primary and secondary ages to increase and for the buildings on the current site to be significantly improved. It would also provide some scope for potential future expansion. The new site combined with the existing site provides the necessary overall site size to enable a large capital project to take place across both sites, with the new site being predominantly the primary age site in new buildings, and the existing site to become predominantly secondary age with extensive demolition, remodelling of existing buildings and new build. There would be a 'middle school over-lap' on both the primary and secondary school sites to ensure the primary aged pupils experience a smooth transition into their secondary education. The school would operate over the two sites under one leadership and management team and the same governing body. The sites are located 1.5 miles away by road which is only a few minutes away, so the staff can work across both sites. The proposed model is not too dissimilar from how St Christopher's operates now, but rather than being on the same site the primary and secondary elements will be further apart, but with more space and vastly improved facilities.

Following statutory consultation, if approved, it is proposed that building work would begin in spring 2021 on the new primary aged facility and in summer 2022 on the current site (subject to any planning permission being granted), with a completion date for St Christopher's School as a whole by 1 September 2024. Staggering the build of the new primary site and the redevelopment of the existing site would cause minimal disruption to the school. Pupils would continue to be educated on the current site whilst the new primary premises are built. Once the primary site is complete it will provide the necessary capacity to relocate and educate all primary ages pupils, freeing up capacity at the existing site whilst the current St Christopher's School undergoes extensive redeveloping and remodelling. Once both building projects are complete the pupils will be split between the primary and secondary sites for the start of the September 2024 academic year. The new facilities will present excellent opportunities to improve the school overall that would benefit the children already on roll as well as provide additional accommodation for increasing pupil numbers. It will also reduce the potential need for temporary classrooms and provide flexibility in the way the accommodation is used to deliver the curriculum.

Having additional teaching spaces, associated resources and more children on roll will also have financial benefits for the school. This may potentially provide the opportunity to enhance teaching provision and career opportunities for staff which in turn will benefit the learning experience of the children. This proposal also offers the opportunity to support the school in maintaining the already high standards and provide a platform for further improvements.

This proposal is part of the Building Communities of Specialist Provision Strategy. The Lincolnshire SEND project is a strategy supported through significant investment where the LA aims to enhance the good and outstanding specialist education provision currently provided. The objectives of the project is to ensure a sufficient supply of specialist school places to meet the needs of pupils within their local community, thus reducing travel time; develop a flexible education with greater collaboration between mainstream and special schools; provide opportunities for pupils with SEND to transition to mainstream school; clarify and enhance existing health offer to special schools; and provide opportunities for mainstream and special school staff to enhance their knowledge of SEND.

Reaching the decision – Preliminary Considerations

The requirements for decision making relating to school organisation in LA Maintained schools are set out in the guide "Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision-makers" (October 2018) published by the DfE.

The DfE does not prescribe the exact process which a decision maker should follow but the decision maker must have regard to this guidance. The decision maker should consider the views of those affected by the proposal and should not simply take account of the numbers of people expressing a view but give greatest weight to those stakeholders most likely to be affected and especially the parents of children at the school concerned.

Factors to be considered by Decision Makers

The Consultation and Representation Period

The Executive must be satisfied that the appropriate consultation and representation periods have been carried out and that all of the responses received have been given due consideration.

Although there is no longer a prescribed consultation period prior to the publication of the Statutory Notice and Complete Proposal the DfE's guidance states "*a strong expectation on schools and LAs to consult interested parties in developing their proposal prior to publication*". The LA conducted a four week period of pre-consultation to fulfil this expectation and also to operate a fair and open process and ensure all views were considered. A Statutory Notice (Appendix C) and Complete Proposal (Appendix D), initiating a four week Representation Period, were published in accordance with current statutory requirements.

Responses submitted during both the Consultation and Representation Period have been made available to the Executive for consideration when taking the final decision and further details of these responses are provided in section 6 of this report (**Consultation**).

Education standards and diversity of provision

The Executive should consider the quality and diversity of schools in the area and be satisfied that the proposal will meet the aspirations of parents, contribute to raising local standards of provision and lead to a closing of attainment gaps. The Government's aim is to create a more diverse school system offering excellence and choice so that every child receives an excellent education whatever their background and wherever they live.

The LA believes that this proposal provides the best option to maintain and improve standards of attainment with an enhanced quality of education for current and future children in the area whilst maintaining diversity.

Demand

The LA believes that this proposal is the best available option to address the current and projected needs of pupils with SEND. St Christopher's School will be designated as an all needs school and this will cover a wide range of special educational needs including, but not limited to; physical and medical needs, Autistic Spectrum Disorders, social communication difficulties, severe and profound learning difficulties etc. Although the school's current capacity is 200 there are 235 attending the school, with some temporary accommodation on site. The proposed expansion would provide additional teaching and resource space for the children already on roll and enable the school to provide specialist places for more SEND pupils.

The proposed expansion will enable children to attend a suitable school with the specialist provision that they need, whilst reducing the need to place children in schools a considerable distance away from where they live. The LA believes that the proposal is an opportunity to extend and enhance further the good provision in place at St Christopher's School to benefit and support more children with additional needs and provide them with the opportunity to reach their full potential. This proposal will enable the school to offer up to 133 additional places above their current capacity of 200, to a new capacity of 333.

Equal Opportunity

The LA must have 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations and should consider whether there are any sex, race or disability discrimination issues that arise out of the proposed expansion. There should be a commitment to provide access to a range of opportunities which reflect the ethnic and cultural mix of the area while ensuring that such opportunities are open to all.

The LA will continue to be committed to provide access to a range of opportunities which reflect the ethnic and cultural mix of the area while ensuring that such opportunities are open to all.

Community cohesion

The impact on the community must be considered and schools have a key part to play in providing opportunities for young people from different backgrounds to learn from and respect each other and gain an understanding of other cultures, faiths and communities. The decision-maker must take account of the community served by the school and the views of different sections of the community.

Travel and accessibility

The Executive should be satisfied that accessibility planning has been properly taken into account and that proposed changes do not adversely impact on disadvantaged groups. Proposals should not unreasonably extend journey times or increase transport costs or result in too many children being prevented from travelling sustainably due to unsuitable walking or cycling routes. The proposal should be considered on the basis of how it will support and contribute to the Council's duty to promote the use of sustainable travel and transport to school.

This proposal will address the projected need for this type of SEND provision and enable children to attend a suitable school with the specialist support they require whilst reducing the need to place children in schools a considerable distance away from where they live, in some cases out of county.

Capital

The Executive should be satisfied that any land, premises or capital required to implement the proposals will be available and that all relevant parties have given their agreement. A proposal cannot be approved conditionally upon funding being

made available. The proposal being consulted on is to permanently expand the capacity of the school by incorporating the former Usher Junior School site (owned by Lincolnshire County Council) as an extension of the current St Christopher's School site.

Should a decision be made at the end of this process to proceed, the majority of the build costs would be met from the Children's Services Capital Programme through Basic Need, along with a contribution from savings resulting from St Francis reduced expansion, and the Dedicated Schools Grant underspend, with the latter subject to formal approval from the Secretary of State. The schools place revenue funding will be made through the Local Authority's special schools funding formula within the High Needs block of the Dedicated Schools Grant.

School premises and playing fields

All schools are required to provide suitable outdoor space to both enable physical education for pupils in accordance with the curriculum and also for pupils to play outside safely. DfE guidelines suggest areas for pitches and games courts but these are non-statutory.

This proposal will create more internal and external space for the pupils at St Christopher's School.

Special Educational Needs and Disabilities (SEND) Provision and SEND Improvement Test

The expansion of the school will have a positive impact on SEND provision. The additional teaching and resource space created will benefit the children already on roll as well as to enable the school to increase the capacity. The increased capacity will enable staff to pupil ratios to be maintained without the need to increase the number of pupils in a class, as there will be more classrooms and more staff.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

An Equality Impact Assessment has been carried out and is available on request. No negative impacts were identified.

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 provision of additional places at the school arising out of the expansion would support both the JSNA and the Joint Health & Well Being Strategy as follows:-

- Ensuring young children do not have to travel long distances to get to school to avoid negative impact on their health and safety and general wellbeing.
- Ensuring that young children do not have extended school days caused by travel to schools other than their local school which might lead to over tiredness. Fatigue and lack of concentration might otherwise lead to accidents, impaired learning ability and children not reaching their full potential.
- Enabling children to attend a school in their local community and socialise with their friends will contribute to their enjoyment of their time in education with the consequent benefits to the learning process.

- Enabling children to attend a school in their local community will increase the number of children able to walk, cycle or scoot to school which will be beneficial to their health and physical wellbeing.

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.

Not Applicable

3. Conclusion

The final decision is required from the Executive to determine whether to approve the proposal to expand the capacity at The Lincoln St Christopher's School as detailed in this report, and to modify the decision to expand St Francis from 128 to 155 instead of 173. The factors to consider in making this decision are within this report and all valid written responses received during consultation and the Representation Period (see section 6 Consultation) in relation to the expansion of St Christopher's School must be considered.

The LA believes this proposal to be in the best interests of local children and local parents as well as educational provision in the area and it supports the Council's aim of ensuring that as many children as possible can reach their full potential. It also enables the LA to fulfil its statutory duty of ensuring that there are sufficient places to accommodate all pupils of statutory school age in Lincolnshire.

It is recommended that the proposal is implemented to ensure the best educational opportunities for the children of Lincoln and the wider area. The advantages of implementing this proposal are detailed earlier in this report in the "Reasons for Recommendations" section.

4. Legal Comments:

The Council is the decision-maker for school alteration proposals of this type under the School Organisation (Prescribed alterations to maintained schools) Statutory guidance for proposers and decision-makers (October 2018). The decision-maker may reject the proposal, approve the proposal without modification or approve the proposal with such modifications as the Council considers desirable but only after consultation on those modifications with the governing body.

The Council as decision-maker may make the approval of the proposal conditional but only on specified matters contained in the Regulations.

The Council as decision-maker may, before the approved implementation date, approve modification of proposals post determination.

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

5. Resource Comments:

The recommendation in the report to approve the expansion of St Christopher's School from 200 places to 333 places will enable the Local Authority to meet its statutory obligation of sufficient school places for children with special educational needs. It is seen as the best available option to relieve the pressure of the school being at overcapacity and to address the projected need for places in the local area. By primary and secondary provision being on separate sites this option will offer value for money from a revenue and capital perspective by making best use of existing resources. It will avoid placements being made out of the local area, and also reduce the requirement to make placements out of county that are high cost in nature.

A competitive tendering exercise would take place determined by the Local Authority agreed specifications of the build. These build costs would be met from the Children's Services Capital Programme through Basic Need and other earmarked funding, namely prior year Dedicated School Grant underspends to be capitalised following the support of Schools Forum and a redistribution of some of the budget from the reduced St Francis scheme.

The schools place revenue funding will be made through the Local Authority's special schools funding formula within the High Needs block of the Dedicated Schools Grant.

6. Consultation

In order for the school to expand the Local Authority must follow the necessary statutory processes in accordance with the Education and Inspections Act 2006, the Education Act 2011 and the guidance "Making 'prescribed alterations' to maintained schools. Statutory guidance for proposers and decision-makers" (October 2018) issued by the DfE.

Under these guidelines the LA must ensure that sufficient time and information are provided for people to understand, form a view on the proposal and make a response. Under the DfE guidelines which came into effect in October 2018 there is no longer a prescribed consultation period for significant changes to schools (including physical expansions). However there is a "*strong expectation on schools and LAs to consult interested parties in developing their proposal prior to publication*". To comply with this the Local Authority has conducted a four week period of pre-consultation. Any documentation issued must set out the problem that is being addressed and invite comment on one or more solutions. The Local

Authority must explain the decision making process and take all reasonable steps to draw the proposal to the attention of all those who might be interested and take into account their views.

The Education and Inspections Act 2006 specifically includes as interested parties the registered parents of registered pupils at the school and also the appropriate District and Parish Councils for the area. The guidance issued by the DfE in October does not prescribe a definitive list of consultees. The list of interested parties was therefore compiled comprising as wide a range of consultees as practicable to ensure that all interested parties were included and incorporated parents of current St Christopher' pupils, the District Council, as well as individual County, District and Parish Councillors as appropriate.

A letter incorporating relevant information and reasons for the proposal was sent out to a wide range of interested parties on 5 September 2019 to commence a four week period of consultation. There was the opportunity to provide a response to the consultation online, by letter, email or by returning a response form by 3 October 2019. A copy of the letter commencing consultation was published on the County Council website at www.lincolnshire.gov.uk/schoolorganisation.

All written responses received during consultation have been made available to the Executive for consideration and further details are confirmed in this report in Appendix A. To briefly summarise, however, there were 13 valid responses in total with 0 against the proposal, 12 for the proposal and 1 neither for nor against. All comments made will be taken into consideration by the Executive in the decision making process.

An information event was also held at the school to discuss the proposed expansion. Notes taken from the meetings are shown in Appendix B.

Following the completion of the consultation period all feedback was considered with a full report (which is referred to in the Background Papers section below and will also be re-considered along with this report) by the Executive Councillor for Adult Care, Health and Children's Services and a decision was taken on 22 October 2019 to proceed to Statutory Notice. A statutory 4 week Representation Period was entered into on 7 November 2019 commencing with the publication of the Statutory Notice (Appendix C) in the local press, on the Lincolnshire County Council's website and at the school gates. The Complete Proposal, available in paper and electronic format (Appendix D) to which the Statutory Notice refers, was sent to interested parties as detailed in the statutory guidance and was also published on the website at www.lincolnshire.gov.uk/schoolorganisation. The Representation Period provided a further opportunity for people and organisations to express their views and ensure that they are taken into account when the final decision is taken. One response was received during the Representation Period which supported the proposal.

Under current legislation the Local Authority is the decision maker for the proposal and is co-ordinating the statutory process before making a final decision in February 2020. The LA, as decision maker, must be able to show that all relevant

issues raised are taken into consideration in the decision making process. Points raised can be considered unpersuasive but must not be ignored altogether.

a) Has Local Member Been Consulted?

Yes.

b) Has Executive Councillor Been Consulted?

Yes.

c) Scrutiny Comments

On 17 January 2020, the Children and Young People Scrutiny Committee considered this report and supported the recommendations to the Executive.

The Committee heard from Ann Hoffmann, Executive Headteacher for St Francis and St Christopher's School, who highlighted the support for the proposals from staff and parents.

The following points were confirmed by the Committee's consideration:

- With regards to the carbon impact of the proposal and the impact on staff of the school being a split site, it was anticipated that staff would not be moving between the two sites too much due to the need for different staff at a primary and secondary level. There should be reduced traffic at the current St Christopher's School site as the traffic would be split between the two sites going forward, and there would be improved parking and drop off/pick up places available as well. In addition, the access to the new St Christopher's School site would be away from the main road. Pupils would also have reduced travelling times to school as a result of more local places being made available. The carbon impact could be considered as part of the School's travel plan.
- Disruption to the pupils from the building works would be kept to a minimum as the primary site would be completed first allowing the primary pupils to move across when complete, which would then create additional capacity at the secondary site to minimise disruption to the secondary pupils. Work was being undertaken with Corporate Property and the contractors to minimise the impact on the children and to ensure that opportunities were taken to involve the children where appropriate.
- A capital appraisal for the scheme would be brought forward once the expansion had been agreed. An explanatory note on the decision-making process for these types of decisions would be provided to the Committee.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

An Equality Impact Assessment has been completed and in summary the analysis indicates that there will be several positive impacts and no negative impacts arising out of the Executive's decision.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Summary of written consultation responses
Appendix B	Notes from information event at the school
Appendix C	Statutory Notice
Appendix D	Complete Proposal
Appendix E	Draft indicative sites

8. Background Papers

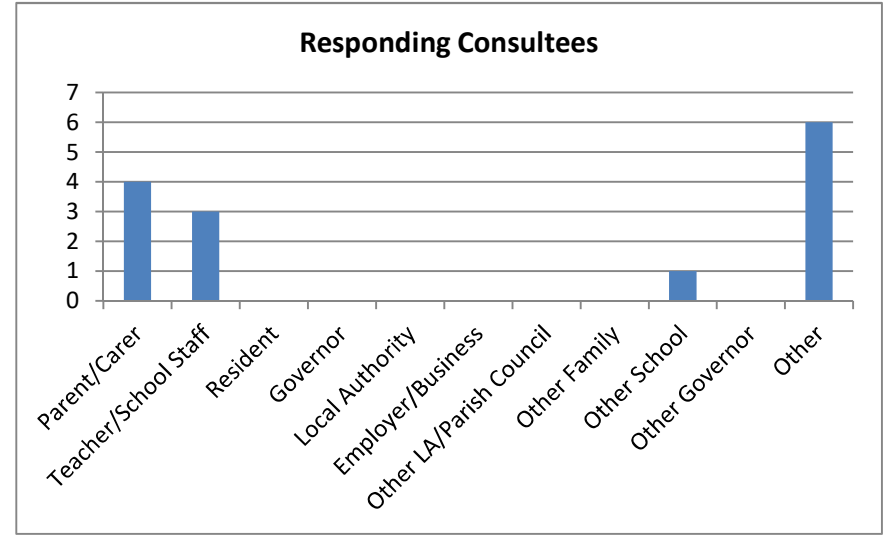
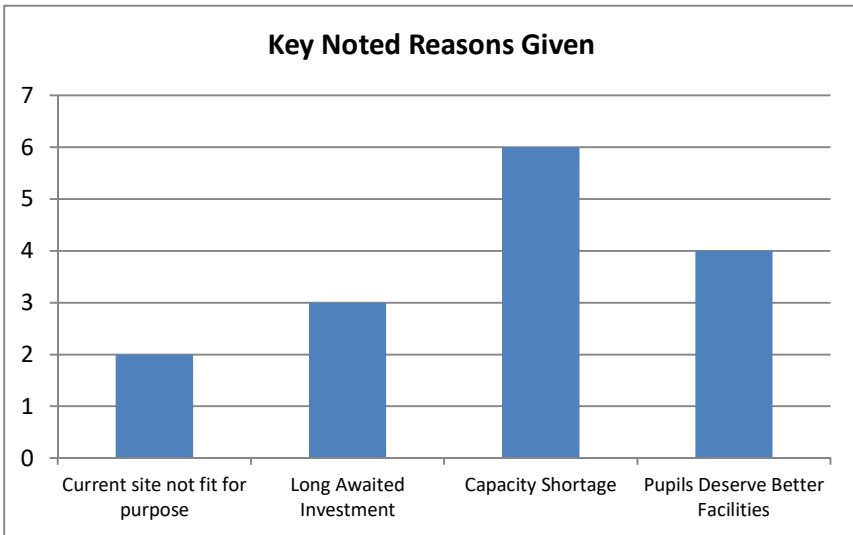
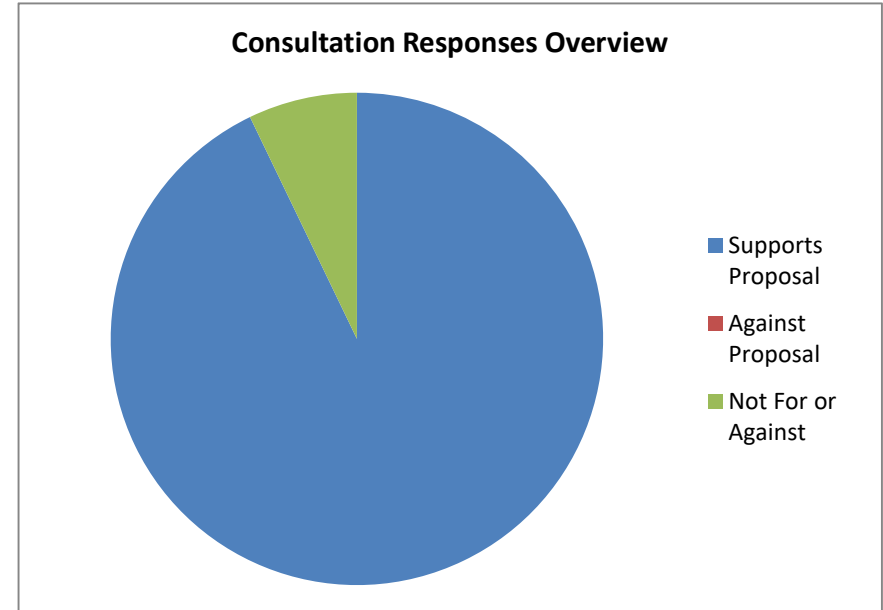
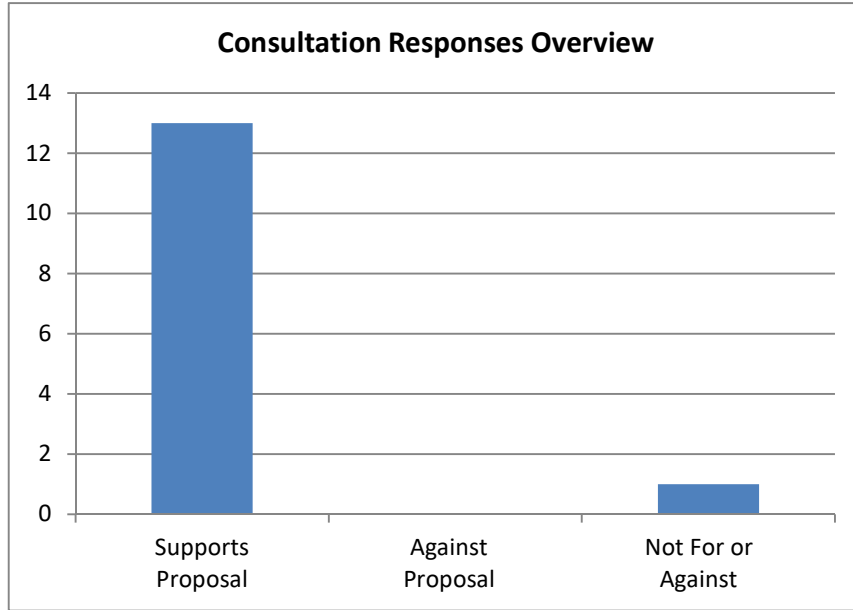
Document title	Where the document can be viewed
Proposal to expand the capacity at The Lincoln St Christopher's School (decision to go to Statutory Notice)	Lincolnshire County Council Committee Records Reference I018735: https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=550
The DfE guide "Making 'prescribed alterations' to maintained schools. Statutory guidance for proposers and decision-makers" (October 2018)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756572/Maintained_schools_prescribed_alterations_guidance.pdf
Equality Impact Analysis	Available on request from the School Organisation Planning Team, Children's Services.
Individual consultation responses	Individual responses available to be viewed by the decision maker. Content of responses anonymised and summarised to this report in Appendix A .
Building Communities of Specialist Provision Strategy	Lincolnshire County Council Committee Records Reference I015623 https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=461

This report was written by Matthew Clayton, who can be contacted on 01522 553535 or matthew.clayton@lincolnshire.gov.uk.

APPENDIX A

Written Responses in the Consultation and Representation Period on the proposed expansion of The Lincoln St Christopher's School

Point of View	Supports Proposal	Against Proposal	Not For or Against	Other comments/Notes
Teacher/School Staff	Y			Current site not fit for purpose due to increase in complex student needs in primary setting. Expansion would ensure children are able to access high quality education close to home, pupils have been turned away in last few years due to no space/building constraints.
Teacher/School Staff	Y			Pleased with proposal. Will make a massive improvement to school, community and SEND provision in Lincolnshire. Been needed for a long time.
Other	Y			Thrilled with proposed SEND provision increase in Lincoln. New buildings for St Christopher's is well overdue. Hope the building will be eco-friendly, saving energy and giving pupils more natural light. Hope there will be future proofing in case of increasing numbers.
Parent/Carer	Y			
Parent/Carer	Y			Delighted to hear about the plan to improve and expand facilities for SEND pupils. A long awaited investment.
Other	Y			
Other School	Y			More SEND education capacity is required in Lincoln and this provides additional spaces.
Teacher/School Staff	Y			Current building not fit for purpose. Pupils deserve more space, appropriate break out areas, wider corridors, more appropriate changing facilities and better on site parking for parents. A new building and better facilities would make so much difference to their education. life skills and social development.
Parent/Carer	Y			Increasing complexity of need evident in children, too many young children experiencing distressing time in mainstream due to needing more specialist provision. Many children not able to access school at all as no special school places available and mainstream not able to meet need. More opportunities required for early intervention and support for children and their families.
Parent/Carer	Y			Pupils deserve a new school and this would bring new and wonderful experiences for them.
Other	Y			
Other			Y	
Other	Y			Supportive of any proposals to increase the capacity to ensure there are enough school places to accommodate all pupils of statutory school age , including provision for children with special educational needs and disabilities. The provision of additional school places for children with SEND is particularly welcome and much needed in the city.
Other	Y			A welcomed proposal in providing more Special School places. It was disappointing that the free school proposal was turned down but this appears to be a positive alternative.



Lincoln St Christopher's School Consultation Event

16th September 2019

Consultation for Parents and Carers

Session attended by one parent so informal meeting was held in Heads office.
Present: Parent, Kyna Adkins (Headteacher), Matt Clayton (LCC) and Eileen McMorrow (LCC)

The following contributions were made by the attending parent:

- Children and families associated with St Christopher's have been subject to upset and disruption, particularly with the closure of Queens Park. How are the LA going to ensure families voices are heard in the consultation and not disregarded, as the contributor felt had happened in the past.
- The LA needs to provide assurances that the project will be efficiently managed.
- The building users (i.e. staff, parents and children) should have a voice as to how the building is designed – particularly those with Autism as their specific needs must be considered.
- The LA and School need to provide parents with reassurances that contractors will be accountable for their behaviours and actions on site.
- Disruption during build programme should be considered and kept at a absolute minimum as it could have a harmful impact on students, particularly those with Autism
- Are the LA going to learn from their mistakes on previous projects? Building projects going over time and over budget.
- What about the mistakes made in the development of St Christopher's. The Ark is not well-designed and the LA needs to ensure this doesn't happen again.
- What are the contingency planning arrangements – both is this doesn't go ahead and if it does, contingency plans to ensure it is completed.
- The LA must not ask the school to fund the project.

Consultation for Staff

Attended by approximately 30 staff members. Present: Kyna Adkins (Headteacher), Matt Clayton (LCC), Eileen McMorrow (LCC), Tina Shaw (LCC)

- Staff generally excited about the project but concerned that the council might say no/not go through with it. Could the council not implement the proposal?

- Staff asked how they could support the proposals through the consultation period and also if/when planning is submitted.
- How are the plans going to address the ongoing highway and parking issues at the school? There is currently congestion on Hykeham Rd with the amount of traffic from Manor Leas School and St Christopher's traffic. This needs to be addressed in the plans.
- It was raised that traffic congestion around the old Usher School was problematic with the number of schools in the area. How would this be addressed in the plans for the primary facility?
- How will the LA manage parental preference in the All Needs system? Nearest school.
- Discussion held regarding the LA's plans for workforce development to ensure all staff can meet all needs.
- Would any of the current pupils be forced to change school if they live near a special school which has been expanded and redeveloped before this school. It was reiterated that no child would be forced to change school and that any transition would be effectively managed through the Annual Review process.
- How will the school manage staffing of the new premises – would staff be expected to change sites/offered the opportunity to work on a different site?
- Discussion regarding transition for students once the primary facility is open. How long would the school have to move into the new premises and would it be staggered?
- Would it make more sense to move the secondary provision to the new site and leave early years at the existing site? LA had explored this option but it was deemed that this option would be preferred.
- Would staff, parents and pupils have the opportunity to be involved in the design process?

Proposal to expand The Lincoln St Christopher's School

NOTICE IS HEREBY GIVEN in accordance with section 19(1) of the Education and Inspections Act 2006 as updated by the Education Act 2011 that Lincolnshire County Council, County Offices, Newland, Lincoln LN1 1YQ intends to make a prescribed alteration to The Lincoln St Christopher's School, Hykeham Road, Lincoln, LN6 8AR with effect from 1 September 2024.

The proposal is to expand the capacity at The Lincoln St Christopher's School across two sites. The current net capacity of St Christopher's School is 200 and the proposed net capacity will be 333. There are 235 pupils attending St Christopher's School at present.

The prescribed alteration being consulted on is not related to any other statutory proposal. All statutory consultation requirements in respect of this proposal have been complied with.

This Notice is an extract from the complete proposal. Copies of the complete proposal can be obtained by writing to: School Organisation Planning Team, Children's Services, Lincolnshire County Council, County Offices, 51 Newland, Lincoln LN1 1YQ or by calling 01522 553392 or by emailing schoolorganisation@lincolnshire.gov.uk or online at www.lincolnshire.gov.uk/schoolorganisation

A copy of the County Council's Home to School Transport policy can be obtained online at www.lincolnshire.gov.uk/schooltransport

Within four weeks from the date of publication of this proposal, any person may object to or make comments on the proposal by completing a short survey online at www.lincolnshire.gov.uk/schoolorganisation or by sending them to School Organisation Planning, Children's Services, Lincolnshire County Council, County Offices, 51 Newland, Lincoln LN1 1YQ or by emailing schoolorganisation@lincolnshire.gov.uk

Further details on the consultation which have led to this proposal can be accessed online at www.lincolnshire.gov.uk/schoolorganisation

Signed:

A handwritten signature in black ink that reads "H. Sandy". The signature is written in a cursive style with a large initial 'H' and a long, sweeping underline.

Heather Sandy
Interim Director of Education
Lincolnshire county Council

Publication Date: 7 November 2019

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Complete Proposal
to Expand
The Lincoln St Christopher's School

MATTERS TO BE SPECIFIED IN SECTION 19 OF THE EDUCATION AND
INSPECTIONS ACT 2006

PROPOSALS TO MAKE A PRESCRIBED ALTERATION TO A SCHOOL

07 November 2019

Contact details

This proposal has been published by Lincolnshire County Council, County Offices, Newland, Lincoln LN1 1YQ regarding the expansion of The Lincoln St Christopher's School, Hykeham Road, Lincoln, LN6 8AR.

Implementation

The proposal is to expand The Lincoln St Christopher's School with full effect from 1 September 2024. This proposal is being made to ensure that there is sufficient provision for primary and secondary age children with special educational needs and disabilities (SEND). This would enable the Local Authority (LA) to fulfil its statutory duty of providing school places for all children of statutory school age in Lincolnshire. This proposal will address the current and projected need for SEND places covering a wide range of special educational needs including; physical and medical needs, Autistic Spectrum Disorders, social communication difficulties and severe and profound learning difficulties.

Objections and Comments

Any person or organisation may object to or make comments on the proposal by sending them to the School Organisation Planning Team, Children's Services, Lincolnshire County Council, County Offices, Newland, Lincoln LN1 1YQ or by emailing schoolorganisation@lincolnshire.gov.uk to be received by the deadline of 5 December 2019.

Alteration Description

The proposal under consideration is to permanently expand the capacity at The Lincoln St Christopher's School to contribute towards ensuring that there is the required number of school places for primary and secondary age children with SEND in Lincolnshire. This proposal will address the projected need for a wide range of SEND provision covering physical and medical needs, Autistic Spectrum Disorders, social communication difficulties and severe and profound learning difficulties. The proposal would enable children to attend a suitable school with the specialist support they require whilst reducing the need to place children in schools a considerable distance away from where they live, in some cases out of county. The proposal would expand the school by the addition of 133 places across two sites, which would increase the capacity from 200 to 333. The expansion would come into full effect from 1 September 2024.

School Capacity and Sites

The proposal being consulted on is to build a dedicated primary aged site to accommodate 130 pupils on the site of the former Usher Junior School on Skellingthorpe Road, Lincoln. The current site on Hykeham Road, Lincoln would be extensively redeveloped to provide specialist secondary aged education for 203 pupils. In total the school would expand by the addition of 133 places across two sites, which would increase the capacity from 200 to 333. Currently St Christopher's School operates from one site with both primary and secondary aged pupils.

The school's current capacity is 200 although there are 235 attending the school, with some temporary accommodation on site. The proposed expansion would provide additional teaching and resource space for the children already on roll and enable the school to provide specialist places for more SEND pupils.

Consideration was given to a number of options to address the need for additional capacity. The site on Skellingthorpe Road was selected as the preferred option for expansion as the existing St Christopher's site on Hykeham Road is not big enough to enable expansion and remodelling to take place. The former Usher site is LCC land and will enable significant building work to take place without disrupting the day to day operation of St Christopher's. It is also in close proximity to the existing site to allow staff to travel between the two. This site will allow a primary and secondary model to be adopted with the least disruption to existing pupils of the school.

Following statutory consultation, if approved, it is proposed work would begin in early 2020 on the new primary facility and in early 2022 on the current site. The intention of the Local Authority (LA) is to complete the new primary facility by 1 September 2022 and complete The Lincoln St Christopher's School as a whole by 1 September 2024, this would be managed to cause minimal disruption. Pupils would continue to be educated on the current site whilst the new primary premises are built. Once the primary site is complete it will provide the necessary capacity to relocate and educate all primary age pupils, freeing up capacity at the existing site whilst the current St Christopher's School undergoes extensive redeveloping and remodelling. This would be managed to cause minimal disruption to the school during term time making the best use of school holidays where possible. Any potential building project would look to be isolated from the existing provision to ensure minimal disruption to the children and the running of the school. Once both building projects are complete the pupils will be split between the primary and secondary sites for the start of the September 2024 academic year. The new facilities will present excellent opportunities to improve the school overall that would benefit the children already on roll as well as provide additional accommodation for increasing pupil numbers. It will also remove the need for temporary classrooms on site and provide flexibility in the way the accommodation is used to deliver the curriculum.

The school would operate over two sites under one leadership and management team and the same governing body. Admissions arrangements would remain the same.

Primary aged pupils would be based at the new site on Skellingthorpe Road and secondary aged pupils would be educated at the existing redeveloped St Christopher's site on Hykeham Road, Lincoln. There would be a 'middle school' over-lap on both the primary and secondary school sites to ensure the primary aged pupils experience a smooth transition into their secondary education.

The sites are located 1.5 miles away by road which is only a few minutes away, it will still be easily accessible to the community that the school serves and will not have a significant impact on the journey of those pupils travelling from other areas of the county and beyond. It will also be suitable for staff working across both sites should their contracts require them to.

Each site will have its own facilities in order to deliver education targeted to its specific age group (primary and secondary). Both sites will have sufficient outdoor space, halls, therapy rooms etc. One facility that will be used across both sites will be the hydrotherapy pool which will be located at the new (primary) site. This facility is for all pupils at St Christopher's, the school will ensure it is accessed by all and pupils will be transported from the secondary site over to the primary site when required.

Objectives

This proposal is part of the Building Communities of Specialist Provision Strategy. The Lincolnshire SEND project is a strategy supported through significant investment where the LA aim to enhance the good and outstanding specialist education provision currently provided. The objectives of the project is to ensure a sufficient supply of specialist school places to meet the needs of pupils within their local community, thus reducing travel time; develop a flexible education with greater collaboration between mainstream and special schools; provide opportunities for pupils with SEND to transition to mainstream schools; clarify and enhance existing health offer to special schools; provide opportunities for mainstream and special school staff to enhance their knowledge of SEND.

The proposal detailed in this document is to expand The Lincoln St Christopher's School with full effect from 1 September 2024. The objectives are to ensure that there are sufficient places in Lincolnshire to accommodate children with special educational needs and disabilities, enabling the LA to fulfil its statutory duty of providing school places for all children of statutory school age in Lincolnshire within a reasonable distance from where they live.

The LA considers this proposal to be the most appropriate solution to address the current and projected need for SEND places to enable primary and secondary aged children to attend a suitable school with the specialist provision that they need, whilst reducing the need to place children in schools a considerable distance away from where they live. The LA would not be actively participating in this process if it did not see significant advantages for children and young people, their parents/carers and the local community.

Other options around Lincolnshire have been explored and of the special schools not already identified for planned expansion, only two could be considered for potential expansion to meet locality need instead of Lincoln St Christopher's School. However they have not been found suitable due to reasons such as geographical location in relation to demographic pressures, undersized sites, distance that pupils would have to travel, parental preference, impacts on standards, potential planning challenges, costs and leadership and management capacity. This is the most appropriate school in Lincolnshire for expansion to increase special educational needs provision of this type in this area, whilst also addressing a potential overcrowding situation in buildings that could be improved through this proposal.

The proposal to expand The Lincoln St Christopher's School has the support of the Headteacher and the Governing Body. The School Improvement Service is confident that the school has the required leadership, management and governance.

This proposal will provide the opportunity to continue to improve the learning experience and outcomes for the children to enable them to reach their full potential. It will also assist in meeting parental preference. The Government has made it clear that the wishes of parents and carers should be taken into account in planning and managing school estates. DfE guidance states that places should be allocated where parents want them and successful and popular schools be allowed to grow. The Lincoln St Christopher's School was rated overall by Ofsted as a 'Good' school with 'Outstanding' characteristics at its last inspection in June 2019.

Having additional classrooms and more children on roll at the school will also have financial benefits for the school. This may potentially provide the opportunity to enhance teaching provision and career opportunities for staff which in turn will benefit the learning experience of the children. This opportunity will support the school in maintaining standards and provide a platform for continued improvements.

Consultation

In order for the school to expand the LA must follow the necessary statutory legal processes as required by the Secretary of State in accordance with the Education and Inspections Act (EIA) 2006 and updated by the Education Act 2011 together with the guidance "Making 'prescribed alterations' to maintained schools. Statutory guidance for proposers and decision-makers" (October 2018) issued by the DfE. Under this guidance there is no longer a requirement for a prescribed consultation period prior to the publication of the Statutory Notice and Complete Proposal. However, the DfE still has a strong expectation that LAs will consult interested parties in developing their proposal. To fulfil this expectation the LA undertook a fair and open consultation to ensure all views were considered.

Consultation originally began on 5 September 2019. A letter incorporating relevant information and reasons for the proposal was sent out to interested parties to commence a four week period of consultation. There was the opportunity to provide a response to the consultation online, by letter, email or by returning a response form by 3 October 2019. An information event was also held at the school on 16 September 2019 for parents and staff.

All written responses received during consultation have been made available to the Executive Councillor for consideration and further details are confirmed in the decision report which can be found through the link below or by writing to request a copy. To briefly summarise, there were 13 valid responses in total with 0 against the proposal, 12 for the proposal and 1 neither for nor against.

Information events were also held at the school to discuss the proposed expansion.

Parents/carers and other interested parties were given the opportunity to respond as part of the consultation process by 3 October 2019. Copies of the letter commencing consultation and the response form were also published on the County Council website under the webpage [Current Consultations](http://www.lincolnshire.gov.uk/schoolorganisation) on www.lincolnshire.gov.uk/schoolorganisation

Under current legislation the LA is the decision maker for the proposal and is co-ordinating the statutory process before making a final decision in February 2020.

The LA, as decision maker, must be able to show that all relevant issues raised are taken into consideration in the decision making process.

Project Costs

Should a decision be made at the end of this process to proceed, the build costs would be met from Children's Services Capital Programme through Basic Need and other allocated capital funding. The school's place revenue funding will be made through the Local Authority's special schools funding formula within the High Needs block of the Dedicated Schools Grant.

Special Educational Needs and Disability (SEND) Provision

The expansion of the school will have a positive impact on SEND provision. The additional teaching and resource space created will benefit the children already on roll as well as to enable the school to increase the capacity. The increased capacity will enable staff to pupil ratios to be maintained without the need to increase the number of pupils in a class, as there will be more classrooms and more staff.

Related Proposals

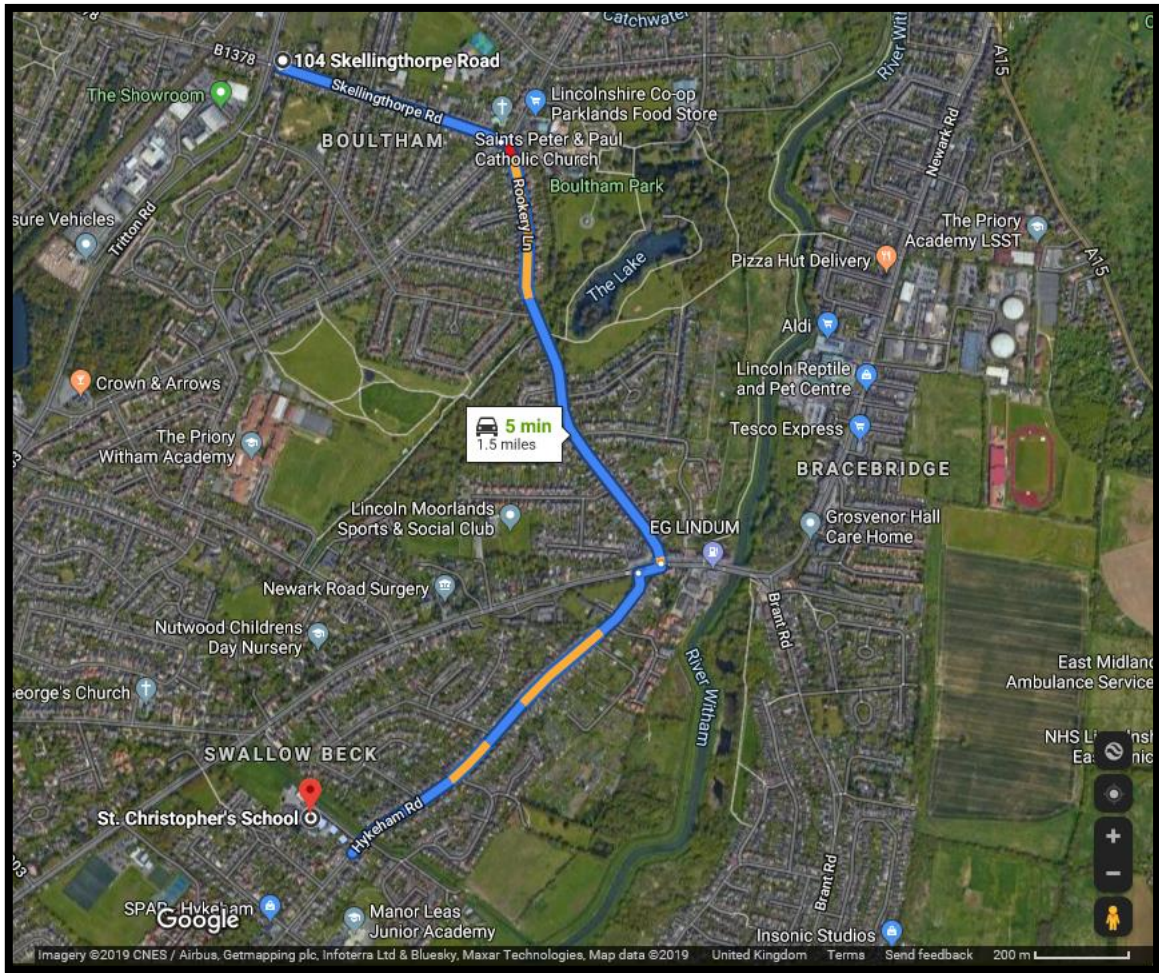
The proposal to expand The Lincoln St Christopher's School is not related to any other statutory proposal.

What will happen now?

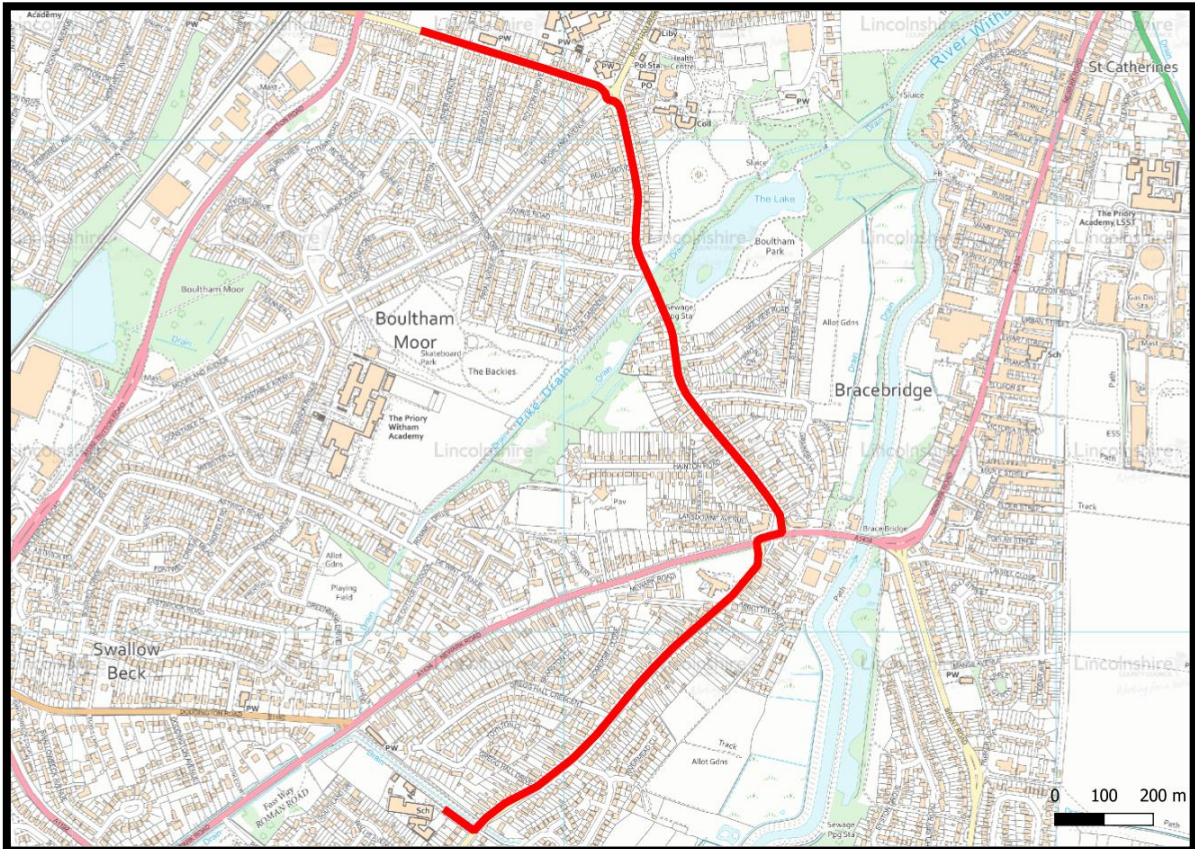
Any person may object to or make comments on this proposal by sending them to the School Organisation Planning Team, Children's Services, Lincolnshire County Council, County Offices, 51 Newland, Lincoln LN1 1YQ, by emailing schoolorganisation@lincolnshire.gov.uk or online via www.lincolnshire.gov.uk/schoolorganisation through a simple online survey.

At the close of the 4 week representation period (statutory formal consultation) on 5 December 2019 responses will be collated and analysed. A further report will be presented for a Full Executive final decision in February 2020 on the expansion of the school. The representation period is the final opportunity for people and organisations to express their views about the proposal and ensure that they will be taken into account by the decision maker.

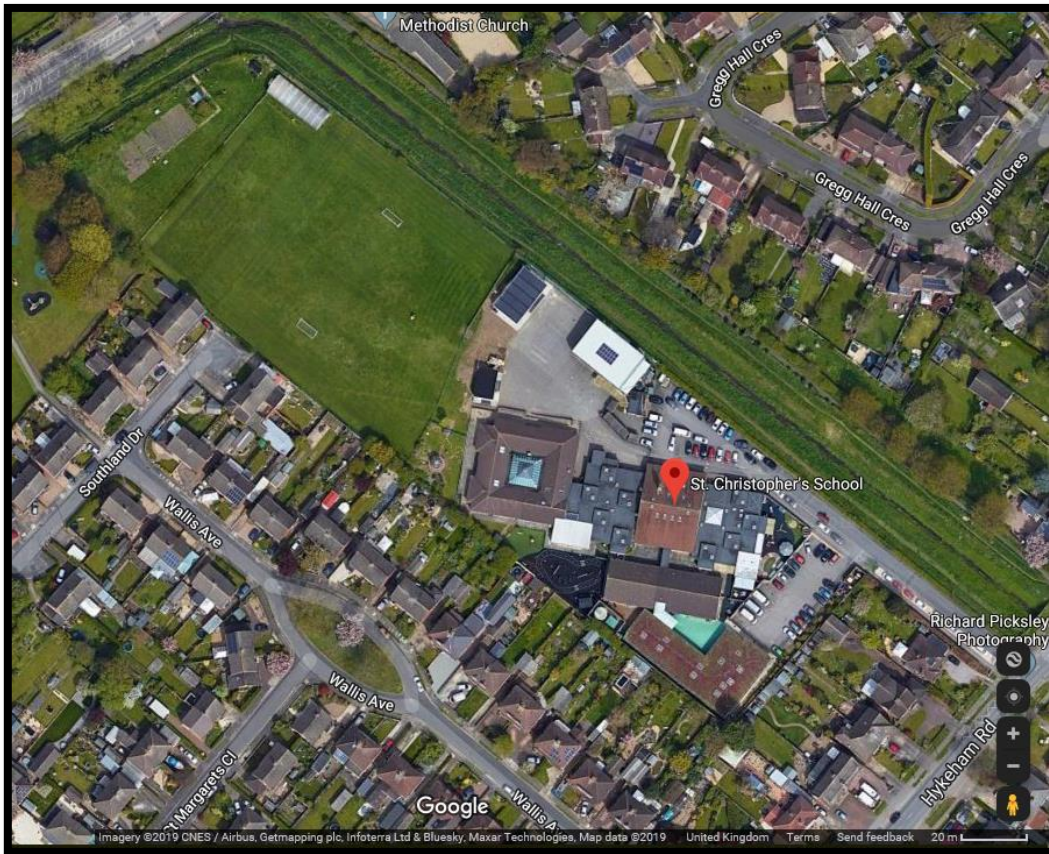
APPENDIX E: Draft Indicative Site Locations – Lincoln St Christopher's School



Above map data: Google, CNEW/Airbus, Getmapping plc, Infoterra Ltd & Bluesky, Maxar Technologies.



Current St Christopher's Site



Proposed Second Site (former Usher Junior School site on Skellingthorpe Road)



Map data: Google, CNEW/Airbus, Getmapping plc, Infoterra Ltd & Bluesky, Maxar Technologies.