



County Offices  
Newland  
Lincoln  
LN1 1YL

24 August 2020

**In accordance with the powers granted by the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this will be a virtual meeting.**

**Executive**

A meeting of the Executive will be held on **Wednesday, 2 September 2020 at 10.30 am as a Virtual - Online Meeting via Microsoft Teams** for the transaction of the business set out on the attached Agenda.

Access to the meeting is as follows:

Members of the Executive and officers of the County Council supporting the meeting will access the meeting via Microsoft Teams.

Members of the public and the press may access the meeting via the following link: <https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5521&Ver=4> where a live feed will be made available on the day of the meeting.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'DBarnes', written in a cursive style.

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  
WEDNESDAY, 2 SEPTEMBER 2020**

<b>Item</b>	<b>Title</b>	<b>Forward Plan Decision Reference</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence</b>		
<b>2</b>	<b>Declarations of Councillors' Interests</b>		
<b>3</b>	<b>Announcements by the Leader, Executive Councillors and Executive Directors</b>		
<b>4</b>	<b>Minutes of the Meeting of the Executive held on 7 July 2020</b>		5 - 8
<b>KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE</b>			
<b>5</b>	<b>Extra Care Housing Development at The Linelands, Nettleham, with LACE Housing Limited</b> <i>(To receive a report from the Executive Director – Adult Care and Community Wellbeing and the Executive Director – Commercial, which seeks approval of funding from the Extra Care Housing Capital Programme for Lincolnshire to LACE Housing Ltd through a Funding Agreement to support the development of The Linelands)</i>	<b>I019235</b>	9 - 98
<b>NON KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE</b>			
<b>6</b>	<b>Revenue Budget Monitoring Report 2020/21 - Quarter 1 to 30 June 2020</b> <i>(To receive a report from the Executive Director – Resources which invites the Executive to note the current position on the revenue budget)</i>	<b>I020057</b>	99 - 156
<b>7</b>	<b>Capital Budget Monitoring Report 2020/21 - Quarter 1 to 30 June 2020</b> <i>(To receive a report from the Executive Director – Resources which invites the Executive to note the current position on the capital programme)</i>	<b>I020058</b>	157 - 186

### **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
- Copies of reports

Contact details set out above.

All papers for council meetings are available on:

<https://www.lincolnshire.gov.uk/council-business/search-committee-records>





**EXECUTIVE  
7 JULY 2020**

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

Councillors Mrs P A Bradwell OBE (Executive Councillor for Adult Care, Health and Children's Services) (Deputy Leader), C J Davie (Executive Councillor for Economy and Place), R G Davies (Executive Councillor for Highways, Transport and IT), E J Poll (Executive Councillor for Commercial and Environmental Management), 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).

Councillor R B Parker (Chairman of the Overview and Scrutiny Management Board) was also in attendance.

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Les Britzman (Chief Fire Officer), Andrew Crookham (Executive Director Resources), James Drury (Executive Director Commercial), Cheryl Evans (Democratic Services Officer), Glen Garrod (Executive Director - Adult Care and Community Wellbeing), Michelle Grady (Assistant Director for Strategic Finance), Andy Gutherson (Executive Director Place), Heather Sandy (Executive Director of Children's Services) and Nigel West (Head of Democratic Services and Statutory Scrutiny Officer).

1 APOLOGIES FOR ABSENCE

None were received.

2 DECLARATIONS OF COUNCILLORS' INTERESTS

No interests were declared.

3 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

Leader of the Council

Councillor Martin Hill OBE, the Leader of Lincolnshire County Council, advised that the covid-19 pandemic was continuing, although the incidence of the virus in Lincolnshire was very low. Essential Council services were continuing and other services were now being resumed.

**2**  
**EXECUTIVE**  
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The Local Outbreak Engagement Board, which involving various partners, was continuing to plan for any interventions in response to any local outbreak. The information provided by Public Health England on the results of *NHS Test and Trace* had shown some improvement, but could be improved further.

Executive Councillor for Economy and Place

Councillor Colin Davie, the Executive Councillor for Economy and Place, reported that the Government had awarded £25.8 million from its *Getting Building* fund to the Greater Lincolnshire Local Enterprise Partnership, and activity was continuing on those projects, which fully met the Government's criteria. Further announcements were expected by the Chancellor of the Exchequer in his budget statement on 8 July 2020, and it was anticipated that projects to support digital infrastructure and the environment would be prioritised in the future. The Council's officers would be focused on activities to secure the best for Lincolnshire.

Executive Councillor for Culture and Emergency Services

Councillor Nick Worth, the Executive Councillor for Culture and Emergency Services, reported that a consultant was expected to finalise a report on the three options for the future of the Usher Gallery in Lincoln by 21 July 2020.

With regard to Registration and Celebratory Services, deaths continued to be registered by telephone and some births were also being registered. Notices of marriages were proceeding and wedding ceremonies were expected to take place soon.

Executive Councillor for NHS Liaison and Community Engagement

Councillor Mrs Sue Woolley, the Executive Councillor for NHS Liaison and Community Engagement, reported that to date 240 applications from councillors had been made to the *Covid-19 Community Fund Scheme* and as a result funding of over £130,000 had been allocated to voluntary and community groups to support their responses to the pandemic.

4      MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 2 JUNE 2020

RESOLVED

That the minutes of the meeting of the Executive on 2 June 2020 be confirmed as a correct record.

5      REVIEW OF FINANCIAL PERFORMANCE 2019/20

Consideration was given to a report, which was presented by the Executive Director - Resources and Assistant Director – Strategic Finance, on the Council's financial performance in 2019/20, which included an overall underspend of £15.140 million on Council's budgets and an underspend of £11.958 million on schools' budgets. The

underspend on schools' budgets are retained by each school. The report also identified and explained the variances from the Council's revenue and capital budgets; and how flexible capital receipts of £8 million had been planned to be used to fund revenue expenditure on transformation during the years up to and including 2019/20. Prudential and financial performance indicators for 2019/20 were also included.

Proposals for the use of underspends, which were in excess of 1% of the approved budget from 2019/20, in the current financial year (2020/21) were set out in paragraphs 1.148 – 1.15 of the report. These would be submitted to the County Council for approval.

The Chairman of the Overview and Scrutiny Management Board presented the comments from the Board, which had included reference to the overall underspend in Adult Care and Community Wellbeing commissioning strategies; to compensation payments on the A1073; the overspend of £2.373 million on the home to school/college transport budget; the purpose of the Council's contingency budget of £3 million; and slippage on the capital programme.

The Leader of the Council referred to anticipated pressures on the Council's budget during 2020/21, for example, the potential for inflation arising from the procurement of services, particularly for home to school/college transport. The emphasis of capital programme funding would be on the delivery of the Council's preferred schemes, and if other schemes were to be substituted to take up slippage, there would be a risk that funding would not be available for the preferred schemes. The purpose of the contingency budget would be reviewed during the course of the year.

The following issues were raised:

- On home to school/college transport, although social distancing would not be required from September 2020, there remained a possibility that the awaited government guidance could require pupils to travel in their 'bubble'.
- There was a pressure on bus companies arising from their reduced income during the pandemic.
- On the proposal to allocate funding to a corporate transformation reserve, plans on how this money would be used would be submitted as soon as possible.
- Lincolnshire County Council had been given a grant of £35 million by the Government to aid its response to the Covid-19 pandemic, with expenditure and lost income to date totalling approximately £47 million, which did not take into account any future losses arising from reduced Council Tax or Business Rate income. A further £500 million had been awarded by the Government, and the Council's share of this would be confirmed shortly. The Government had also announced plans for compensating local authorities for lost income, again with details due to be confirmed shortly.

**RESOLVED**

- (1) That the carry forwards set out in paragraphs 1.145 to 1.147 of the report, which are made in line with the Council's Financial Regulations, be noted.
- (2) That it be recommended to the County Council that the proposals in paragraphs 1.148 to 1.150 of the report, relating to the treatment of underspends in excess of 1%, be approved.
- (3) That the transfers to and from reserves carried out in 2019/20, as set out in Table E of the report, be noted.
- (4) That the financial performance in 2019/20, as set out in Table A (Key Financial Performance Measures), Table B (Revenue Budget Final Outturn), Table C (Net Capital Programme Summary Outturn), Appendix B (Prudential Indicators) and Appendix C (Flexible Use of Capital Receipts) of the report, be noted.

The meeting closed at 11.05 am.

**Open Report on behalf of Glen Garrod, Executive Director - Adult Care and Community Wellbeing and James Drury, Executive Director - Commercial**

Report to:	<b>Executive</b>
Date:	<b>02 September 2020</b>
Subject:	<b>Extra Care Housing Development at The Linelands, Nettleham, with LACE Housing Limited</b>
Decision Reference:	<b>I019235</b>
Key decision?	<b>Yes</b>

**Summary:**

This report recommends a further £1.99m of the designated capital programme budget is released to enable The Linelands Extra Care Housing (ECH) scheme, to commence development in Spring 2021. The project is a proposed partnership between Lincolnshire County Council (LCC) and LACE Housing Limited (LH), to provide ECH for the anticipated demand in the West Lindsey District. Following the commencement of the De Wint Court scheme, in partnership with City of Lincoln Council, the remaining capital programme budget is £9.086m.

LCC's contribution of £1.99m towards The Linelands scheme will provide LCC with nomination rights on 20 units for 30 years; using a process of first refusal with no void risk. The scheme will help provide alternative accommodation choice for residents whilst enabling them to retain independence, and access services within the local community. LCC proposes to dispose of the Linelands site for nil value to LH, which is permitted under the state aid rules where the aid provided can be categorised as Services of General Economic Interest (SGEI) exemption. LCC's contribution is on the condition that LH acquires board approval, obtains planning permission and secures the additional funding required.

**Recommendation(s):**

That the Executive:

- (1) Approves the payment of a sum of £1.99m from the Extra Care Housing Capital Programme for Lincolnshire to LACE Housing Ltd through a Funding Agreement to support the development of The Linelands. Lincolnshire County Council and LACE Housing Ltd will enter into a Nominations Agreement and Funding Agreement to secure nomination rights for Lincolnshire County Council on 20 units, through a process of first refusal with no void risk; and

- (2) Delegates to the Executive Director for Adult Care and Community Wellbeing, in consultation with the Executive Councillor for Adult Care, Health and Children's Services, authority to determine the final form, and approve the entering into of all legal documentation necessary to give effect to the above decision.

**Alternatives Considered:**

- |    |  |
|----|--|
| 1) | <p>Do Nothing:</p> <p>The lack of affordable and available ECH in Lincolnshire as a viable alternative to more costly residential services will continue to limit choice and increase revenue costs for LCC in the medium and long term.</p>   |
| 2) | <p>Provide funding for The Linelands on the basis of a Collaboration Agreement rather than a Funding Agreement.</p> <p>It is not possible to evidence the necessary collaboration in this instance to make this a viable option. This approach would require a greater degree of involvement in the Scheme and sharing of risk than can be achieved through a Funding Agreement.</p> |

Further assessment of the above options is set out in the body of this Report.

**Reasons for Recommendation:**

- To enable LCC to develop ECH in partnership with LH, thereby utilising LH's existing housing development resources and expertise, together with their capacity for the creation of the new scheme, to offset the higher revenue costs of residential care, and allow LCC to reinvest resources in preventative measures;
- To provide the means for LCC to use its existing and future best value care service contracts to support the new development; and
- The proposed contractual arrangements using the appropriate exemptions grants the ability for LCC to contribute compliantly with procurement and state aid obligations, together with providing the least risk in relation to the operation of facilities, and in particular financial implications in respect of voids.

## 1. Background

### The Strategic Case

- 1.1 LCC has defined ECH as accommodation which promotes wellbeing and independence. It is designed in such a way it responds to individuals developing care needs as they grow older; consequently providing a more adaptable and flexible approach in the provision of care and support for Lincolnshire's older population.
- 1.2 The Adult Care ECH Capital Programme for Lincolnshire is intended to help older people achieve greater independence and improve wellbeing, by offering further choice over housing and care options within local communities. Furthermore, ECH will help divert a number of older people from moving into residential care, allowing LCC to reinvest resources in preventative services. The development of ECH presents an opportunity to generate a sustainable future for health and social care in Lincolnshire; meeting a key ambition of the sustainable services review.
- 1.3 ECH is a tried and tested model throughout the United Kingdom, and within Lincolnshire. There are currently eight ECH Schemes, providing a total of 293 units within the county. The relationship between local and national demographics is generally consistent and increasingly evident in Lincolnshire. The growth of older aged groups is forecast to accelerate in the next five years, linked to the longer term trend of rising life expectancy. Lincolnshire is a county people wish to retire to and is one of the largest geographical counties in England, and is predominantly rural. Evidence suggests local people wish to age in communities they are familiar with, and therefore, in response to their needs, LCC is aiming to provide a number of schemes across Lincolnshire to enable residents to access services closer to their home and support networks.
- 1.4 The national policy debate has shifted from a focus on frail or vulnerable people and treating ill health, towards an agenda for which the emphasis is:
  - Promoting independence;
  - Improving well-being;
  - Enhancing quality of life; and
  - Accessing services closer to home.
- 1.5 In addition, the national policy recognises the importance of investing in preventative services to facilitate residents in remaining as independent as possible, for as long as possible. The following are the key, consistent themes outlined in national, regional and local strategies:
  - **Transformation:** Public services to respond to demographic challenges presented by an ageing and diverse society, coupled with the rising expectations on health and social care to improve quality of life. The need to extend access to services and developing more effective links between health and social services, and other services such as housing, the voluntary and private sectors;

- **Personalisation:** Creation of an environment people can take greater control of and retain responsibility for their own lives, enabling them to make the choices that matter to them most;
- **Universally available preventative services:** Effective equipment provision which helps people maintain their independence, slows down deterioration in function, and supports and protects the health of carers;
- **Targeted early interventions:** To prevent or postpone the need for more costly services, for example, crisis intervention and hospital admissions; and
- **Information and advice:** People to be well informed about options available.

- 1.6 The most recently published national dataset regarding short and long term adult care support demonstrates expenditure remains on an upward trend. Gross expenditure in 2018/19 on Adult Social Care by local authorities was £18.7 billion, which represents an increase of £802 million from the previous year (4.5% increase in cash terms and 2.6% increase in real terms). The area of care which saw the largest increase in expenditure was long term support, which increased by £674 million to £14.6 billion in 2018/19 (an increase in cash terms of 4.8%). 1.9 million requests for Adult Social Care support from 1.3 million new clients, for which an outcome was determined in the year, were received by local authorities in 2018/19. This was an increase of 3.8% since 2017/18, and is equivalent to more than 5,245 requests for support received per day by local authorities; an extra 195 requests per day over the last year.
- 1.7 An ageing population coupled with rising numbers of profoundly disabled working age adults, presents public services, including housing, with a number of challenges to ensure the availability of adequate and appropriate services. These demographic changes have required a policy response from central government, local housing, health, and social care agencies.
- 1.8 In 2009 Housing our Ageing Population: Panel for Innovation (HAPPI) was commissioned by the Homes and Communities Agency, on behalf of Communities and Local Government and the Department of Health, to consider how best to address the challenge of providing homes which meet the needs and aspirations of older people. The report identified in meeting such needs housing should be a national priority.
- 1.9 In July 2012 the government published – 'Caring for our future: reforming care and support' – White paper and accompanying draft Bill. This outlined the plan to shift the system from one which responds to crisis, to one which focuses on wellbeing, and on an individual's ability to live independently for as long as possible. ECH was identified as a key part of this new system, offering positive solutions for the people who want to continue living in - and potentially owning - their own property, remaining as independent as possible as their needs change. In addition to this document, the government announced £300m in capital grants to support development, and stimulate the specialised housing market over the next five years.



- 1.10 LCC is committed to supporting residents to stay independent within their own homes and, reduce (or limit) the use of long term residential services. The authority has signalled its intent to expand the range of community based services, in conjunction with reducing residential placements. The 'Shaping Care for the 21st century' agenda was developed to provide choice across housing, support and care services, to meet future demand. This included designing and developing schemes which provide options, in lifestyle, accommodation size, location, tenure and services. Partnership with Health, Housing, and District Councils, the Supporting People service, Independent sector bodies and voluntary groups were seen as being essential. The closure of the eight LCC owned and managed residential homes eight years ago emphasised the need for modernised services such as ECH, which are fit for purpose in the 21st century.
- 1.11 The proposed plans will contribute to reshaping Adult Social Care services and opportunities in line with both national best practice and local priorities. The long term effect of this capital strategy will be investment in an infrastructure which supports improvements in choice and diversity of provision, alongside increased independence for residents. The vision is to provide an acceleration in LCC's ability to shift resources away from high cost buildings based services into more appropriate integrated community options. This investment will further develop ECH and support the Adult Social Care strategic intention to further diminish the number of long stay residential care placements, and provide more community based services.
- 1.12 ECH has been viewed as an alternative accommodation aiming to provide further choice for people as they grow older. The Commission on Funding of Care and Support (2011) identified ECH as providing a means by which people might exercise greater control over their lives by planning ahead, and moving to more suitable housing before developing significant care and support needs.
- 1.13 Department of Health commissioned a study by the Personal Social Services Research Unit into ECH. This study reported results of a national evaluation focused on the outcomes for residents, and evaluated the 'productivity' or cost-effectiveness of this promising type of provision, and draws on the results reported in more detail elsewhere; (Bäumker and Netten, 2011; Bäumker et al., 2011a,b,c; Darton et al., 2011a,b).

## **Key Findings of Personal Social Services Research Unit Work**

### **1.14 Delivering person-centred outcomes;**

- Outcomes were generally positive, with most people reporting a good quality of life;
- A year after moving in most residents enjoyed a good social life, valued the activities and events on offer, and had made new friends;
- People had a range of functional abilities on moving in and were generally less dependent than people moving into residential care, particularly with respect to cognitive impairment;
- One-quarter of residents had died by the end of the study, with approximately a third able to end their lives in the scheme;

- Over 90 per cent of residents still alive at the end of the study remained in the scheme;
- For most of those followed-up, physical functional ability appeared to improve or remain stable over the first 18 months compared with when they moved in. Although more residents had a lower level of functioning at 30 months, more than 50 per cent had still either improved or remained stable by 30 months; and
- Cognitive functioning remained stable for the majority of those followed-up, however; at 30 months a larger proportion had improved than had deteriorated.

### **1.15 Costs and cost-effectiveness;**

- Accommodation, housing management and living expenses accounted for approximately 60 per cent of the total cost. The costs of social care and health care showed most variability across schemes, partly because most detail was collected about these elements;
- Comparisons with a study of remodelling appear to support the conclusion building new is not inherently more expensive than remodelling, when like is compared with like;
- Higher costs were associated with higher levels of physical and cognitive impairment and with higher levels of well-being;
- Combined care and housing management arrangements were associated with lower costs;
- When matched with a group of equivalent people moving into residential care, costs were the same or lower in ECH; and
- Better outcomes and similar or lower costs indicate ECH appears to be a cost-effective alternative for people with the same characteristics who currently move into residential care.

### **1.16 Improving choice**

- People had generally made a positive choice to move into ECH, with high expectations focused on improved social life, in particular;
- Alternative forms of housing such as ECH are seen to encourage downsizing. Although larger villages appeal to a wider range of residents, different expectations can create tensions and misunderstandings about the nature of the accommodation and services on offer;
- While the results support ECH as an alternative to residential care homes for some individuals, levels of supply are relatively low;
- ECH funding is complex and, particularly in the current financial climate, it is important incentives deliver a cost-effective return on investment in local care economies if this is to be a viable option for older people in the future; and
- More capital investment and further development of marketing strategies are needed if ECH is to be made more available and appealing to residents of all abilities. Without continuing to attract a wide range of residents, including those with few or no care and support needs, as well as those with higher levels of need, ECH may become likened to residential care and lose its distinctiveness.

## Rationale

1.17 In the context of austerity for local authorities in England, social care services for vulnerable adults are widely recognised as being under-resourced. In addition, services are experiencing growing demand and increasingly complex care needs across the age ranges. This is coupled with increasing NHS pressure and spiralling staff costs, as highlighted in research by the Association of Directors of Adult Social Services (ADASS). The research shows councils require a sustainable long-term funding strategy to underpin social care. Lincolnshire is no exception to this national picture and, as such, alternative approaches need exploring in order to deliver the most cost effective service. Housing is a key priority for the Health and Wellbeing Board and this project contributes to the impact on the following LCC Corporate Plan Strategies:

- Adult Frailty and Long Term Conditions;
- Special Adult Services;
- Carers;
- Adult Safeguarding; and
- Wellbeing.

1.18 The definitions of specialised housing and accommodation for people requiring a degree of care and support tend to be inconsistently used in the UK. For the purposes of this report the following definitions have been used, aligned to the definitions used by Housing Learning and Improvement Network (Housing LIN) in a recent report<sup>1</sup>, commissioned by Lincolnshire District Councils, to research the needs of Greater Lincolnshire:

- **Housing for older people (HfOP):** social sector sheltered and age-designated housing and private sector leasehold retirement housing. This will include schemes, for rent and for sale, with on-site staff support, those with locality-based support services and schemes with no associated support services;
- **Housing with care (HWC):** includes extra care schemes, often called 'assisted living' in the private sector, with 24/7 care available on-site and housing schemes that offer bespoke care services, even if these are not full on-site 24/7 care, across both the social and private sector. People living in this type of housing have their own self-contained homes, their own front doors, and a legal right to occupy the property. It comes in many built forms, and properties can be rented, owned or part owned/part rented. Depending on the offering, housing with care can include communal facilities (residents' lounge, guest suite, laundry, health and fitness facilities, hobby rooms, etc.). Domestic support and personal care can also be made available, usually provided by on-site staff;
- **Residential care:** residential accommodation together with personal care, i.e. a care home; and
- **Nursing care:** residential accommodation together with nursing care i.e. a care home with nursing.

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<sup>1</sup> Housing LIN report 2018 'Review of housing and accommodation need for older people across Greater Lincolnshire to inform future housing and accommodation options'

- 1.19 LCC has a duty to commission care to meet the needs of eligible residents. Residents must have the ability to select their own care provider and directly contract services. The initial offer to provide care services could be accepted by residents, however, there is no guarantee residents would continue to take services from LCC over the longer term. Therefore, LCC must satisfy the regulatory requirements as to the separation of the care provision from the accommodation provision. People should be able to exercise choice and control, and therefore, the Scheme will need to be structured so there is separation to allow residents to have a genuine choice in who supplies the care element.<sup>2</sup>
- 1.20 LCC is contributing to the development of a 'Homes for Independence' Lincolnshire strategy, the delivery of which will be overseen by Lincolnshire's Housing, Health and Care Delivery Group. The strategy will articulate the types of housing required to support those for whom LCC provides services, the scale of this need, and the geographic hotspots in the county. LCC will work in partnership with District Councils and with the supported housing commercial market to deliver the requirements, rather than delivering the housing directly. The strategy will be made publically available to enable the market to develop suitable delivery approaches.
- 1.21 The strategy will be completed in autumn 2020. Currently the main sources of evidence surrounding the need for housing with care in Lincolnshire are the Council's Extra Care Needs Assessment, which was undertaken in 2014 and updated in 2017, and the work of Housing LIN in 2018. For the purposes of this business case, data from both of these sources has been used as the evidence base.
- 1.22 The Needs Assessment introduces LCC's vision for the provision of housing with care, both now, and in the future. This business case supports the following pivotal strategic objectives outlined in the Needs Assessment:
- Provide choices for housing, support and care services, to meet future demand;
  - Design and develop schemes through innovative partnership which provide options in lifestyle, accommodation size, location, tenure and services;
  - Work collaboratively with Health, District Councils, independent housing providers and voluntary groups; and
  - Encourage older people's participation in the design and implementation of new schemes to better meet their requirements.
- 1.23 The Needs Assessment identifies nearly 50 per cent of LCC's Adult Care budget is allocated to providing services for older people, and therefore, this being part of the delivery model for providing housing with care will help LCC manage future budget pressures more effectively.

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<sup>2</sup> Please see the care quality commission guidance "Housing with Care" October 2015 (especially pages 9 to 10): [https://www.cqc.org.uk/sites/default/files/20151023\\_provider\\_guidance-housing\\_with\\_care.pdf](https://www.cqc.org.uk/sites/default/files/20151023_provider_guidance-housing_with_care.pdf)

1.24 The Market Position Statement estimates approximately 2,500 additional housing units will be required to meet the potential demand over the next 20 years. The largest proportion of Adult Care expenditure is on Long Term Residential Care, and it is anticipated the provision of housing with care could significantly reduce this expenditure; providing an alternative for people requiring additional support. The Needs Assessment has found a quarter of people in long term residential care could have accessed housing with care had it been available, and such housing can provide a lower cost solution than long term residential care, as well as have a positive impact on the individuals wellbeing and quality of life.

### **Demographic Profile of Lincolnshire<sup>3</sup>**

1.25 Lincolnshire has higher than the national average number of older people. 176,781 people aged 65 and over lived in Lincolnshire as of the end of 2017; which constitutes 48 per cent of the county's population. These numbers are predicted to increase by 44,286 to 221,067 by 2030, representing 25 per cent growth from 2018.

1.26 The proportion of Greater Lincolnshire's population which is aged 55 and over is increasing, and is projected to increase further to 2035. In Lincolnshire, districts with the highest number of residents aged 55 and over by 2030 are: East Lindsey, South Kesteven, North Kesteven, West Lindsey and South Holland. By 2030, it is predicted East Lindsey will have the highest proportions of older people of all the Lincolnshire districts, as follows:

- 50 per cent of the population will be people aged 55 and over;
- 35 per cent of the population will be people aged 65 and over;
- 17 per cent of the population will be people aged 75 and over; and
- 5 per cent of the population will be people aged 85 and over.

### **1.27 Older people**

The evidence from the Housing Learning and Improvement Network (LIN) indicates there is not currently a balance of specialised housing choices available for the older population in Greater Lincolnshire. In summary,

- Overwhelmingly, the most predominant type of older people's housing is sheltered housing and other age-designated housing in the social rented sector;
- The current prevalence of private retirement housing for sale is very limited in most areas of Greater Lincolnshire;
- There is limited housing with care provision for rent when compared with the predominance of residential care beds;
- There is very little housing with care available to older people who wish to purchase;
- There is a high prevalence of residential care beds when compared to the average level of provision in English local authorities; and
- The current provision of nursing care beds is in line with the average level of provision in English local authorities.

The evidence indicates the following specialised housing needs for Greater Lincolnshire to 2035:

#### **1.28 Housing designated for older people (for rent and for sale):**

- There is net additional need of approximately 1,100 units of older people's housing for rent and approximately 8,000 units of older people's housing for sale;
- There has been a historic focus on development of older people's housing for social rent, both age designated housing and former sheltered housing;
- There is some additional need for social housing for rent, which is attractive, 'care ready' housing; and
- The bulk of net additional need is for housing offers for sale, both outright purchase and shared ownership.

#### **1.29 Housing with care/extra care housing:**

- There is net additional need of approximately 2,000 units of housing with care for rent and approximately 1,800 units of housing with care for sale;
- There has been significant under development of housing with care for both rent and for sale;
- There is a need for all tenures of housing with care, including mixed tenure developments; and
- There will be a need for shared equity models, as well as outright sale models, particularly where older people have relatively low equity in existing homes.

#### **1.30 Registered care:**

- There is no significant net additional need for residential care beds overall;
- There is net additional need of approximately 3,000 nursing care beds; and
- There has been an historic over reliance on the use of residential care.

## **2 The Business Case for The Linelands**

2.1 This business case provides the information for a decision to be taken by LCC to proceed with securing nomination rights on 20 units within this project, as part of the LCC's ECH Programme at a cost of £1.99 million.

2.2 The Linelands is designed to provide an alternative housing option for people with care needs, where their home environment no longer meets their support or care requirements. Understanding by commissioners, designers, developers, providers, planners and other stakeholders of the place that purpose-built ECH occupies in models of housing, care and support for older and disabled people has changed and become more nuanced. From a housing perspective, ECH is regarded as an important response to the diverse needs and wishes of a growing older population, and to the needs of local communities. ECH is placed in the context of modern thinking in the development towards healthy and positive aging within neighbourhoods, towns and cities, which has been built to meet needs over a lifetime within a thriving community.

- 2.3 The project's aim is for individuals to remain in a home of their own connected to their local community, where they can be supported by their social networks, enabling them to live meaningful and independent lives. Individual tenancies provide privacy whilst communal spaces provide an area for neighbours, friends and family to meet, together with the opportunity to engage in group activities if they choose to. It utilises the 24 hour care and support which schemes can provide across a range of residents.
- 2.4 LCC residents will be able to access its care contracts, both via the Wellbeing Service, as well as through a range of options by which LCC supports people including, but not exclusive to, block contracted homecare, self-funded home care, Direct Payments, Personal Health Budgets, and other options developed over time. This care and support will be there to meet identified needs within a joint care and wellbeing vision. A draft nominations process will be drawn up and joint workshops will develop the practical delivery of the care and wellbeing vision, the allocations panel and nominations process for this project.
- 2.5 The purpose of the Linelands project is to deliver ECH provision in the District of West Lindsey, and enable LCC to nominate to 20 of the 43 units within the proposed new scheme for a period of 30 years, with first refusal and no void risk; subsequently helping to meet the identified need within the locality.
- 2.6 LCC owns the freehold of the Linelands site which has been vacant since 2011-12, and ear-marked for ECH, to aid the strategic need to support the development of ECH within the area. LCC has a duty to satisfy its best value obligations under section 123, Local Government Act 1972. LCC assumed it would transfer the site to LH for its market value of £500,000, evidence of which is outlined within the report commissioned by LCC from Banks Long & Co (Appendix D). However, LH will apply for Homes England funding to support the delivery of the scheme, and as such, Homes England requires grant applicants to take "all reasonable measures" to acquire land at nil or reduced consideration to minimise the amount of Homes England grant required.<sup>4</sup>
- 2.7 LCC is able to make an undervalue disposal without specific Secretary of State consent if it can meet the conditions of the Local Government Act 1972 General Disposal Consent (England) 2003. This states that specific consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area, as long as the amount of the undervalue is less than £2 million. In this case, the undervalue is £500,000 as set out in the Report at Appendix D, and the disposal will help secure the promotion of social wellbeing by providing extra care facilities with all the advantages that such facilities bring as set out in this Report.
- 2.8 Alongside compliance with section 123 obligations, disposing of land at an undervalue, together with the giving of grant funding could also amount to state

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<sup>4</sup> Paragraph 81, shared Ownership and Affordable Homes Programme 2016-2021, Prospectus, 13 April 2016.

aid. In order for LCC to comply with their statutory obligations regarding state aid, LCC will rely on the Commission Decision (2012/21/EU) (SGEI Decision) on the basis that ECH is a Service of General Economic Interest (SGEI). LCC has sought external legal advice, which has outlined that aid provided in relation to the scheme is suitable for classification as SGEI. The SGEI Decision specifically refers to social housing and social services, which The Linelands will deliver. LCC, therefore, intends to transfer the site and provide the grant funding to support the construction of the proposed new ECH, which will provide both affordable and rental housing and social care to those who qualify and are nominated by LCC. The Funding Agreement will be drafted to incorporate the requirements of the SGEI Decision.

- 2.9 The benefits of ECH are outlined within the benefits and risk section of this report, however, LCC recognises the purpose of this project is to provide residents with alternative housing choice within West Lindsey, and help provide reassurance and support as people grow older and approach retirement. Research highlights that loss of roles, unsuitable housing, stress, and loneliness can have a significant impact on health and well-being. The Linelands will provide an environment which promotes a more positive and healthy lifestyle, enabling and encouraging motivation to remain independent, and the ability to participate in meaningful and purposeful activities. The scheme will encourage tenants to volunteer in sharing knowledge, skills and experiences, as well as strengthen the opportunity to develop and build new and continued social networks.
- 2.10 There is a significant financial impact on the NHS and social care services. The Building Research Establishment (BRE) 2011 reported that health conditions which have been impacted as a result of poor housing cost the NHS £2 billion, and these figures will continue to rise as the older population increases. This also has a significant impact on Adult Care as further support is required and for some, admission into residential or nursing home care facility.
- 2.11 The Linelands ECH scheme will play an important part in increasing resident's independence, wellbeing and longevity of life, as well as aid in the ability to stop and/or slow down further physical and psychological deterioration, in turn reducing Adult Care revenue budgets, and enabling LCC to reinvest resources into preventative measures.
- 2.12 The Linelands will provide an environment which encourages movement and opportunity for physical exercise which keeps the mind active, develops motivation, increases confidence and enhances creativity. Studies have shown even a small amount of physical activity can transform brain health and cognitive benefits show immediately. In addition, epidemiological studies have highlighted being part of a social network with daily social contact, such as the opportunities on offer at The Linelands, significantly protects against dementia. Participation in daily activities also reduces functional decline and dementia, and volunteering and engaging in social events helps provide a sense of self-worth, accomplishment and the feeling of being a contributing member of society.
- 2.13 Following the proposed sale of the Linelands site to LH, LH's proposal is to demolish the existing decommissioned care home and replace it with an extra care facility comprising of 41 no one bedroom apartments and 2 no two bedroom



apartments, with associated facilities to support independent living and encourage community involvement. Please see Appendix A for proposed site drawings. The project aims to reduce the long term costs of care provision, as cost avoidance, and provide choice for older people, in line with LCC strategy, the benefits of which are highlighted below. This will ensure people with care needs have alternative choice options to traditional residential support, whilst providing affordable options for local people to remain within their communities. The provision is not aiming to generate profitable income.

- 2.14 Construction is planned to commence in spring 2021, for completion in summer 2022. Prior to construction, LCC will enter into a Nominations Agreement and Funding Agreement with LH. LCC will purchase nomination rights for 20 units for a period of 30 years, with first refusal and no void risk. The funding model for this is set out later in this report.

### Existing provision and estimated need of specialised housing for West Lindsey District Council (WLDC) – data from Housing LIN Report 2018

- 2.15 The following table summarises the current profile of older people's housing in the West Lindsey district, in relation to the nomination rights on the proposed new The Linelands scheme.

Housing for Older People	Current provision of housing for older people for rent is significantly above the Greater Lincolnshire and national average. Older people's housing for sale is below both the Greater Lincolnshire and national average.
Housing with Care	No current provision of any housing with care.
Residential Care	Current provision is slightly below Greater Lincolnshire average but above national average.
Nursing Care	Very high level of current provision; significantly above the national average. Ranked 8 out of 326 Authorities.

- 2.16 The table below shows a summary of the **current** provision of older people's housing in the West Lindsey district, the projected need and the shortfall/net need.

This project will aim to address the projected provision for Social (rent) in the Housing with Care section, highlighted in red in the table below.

Type	Current provision	Projected provision required				
		2018	2020	2025	2030	2035
		Units / Beds	Units/Beds	Units/Beds	Units/Beds	Units/Beds
Housing for Older People						
Social (rent) Units	1396	1396	1396	1396	1396	1396
Net need		0	0	0	0	0
Private(for sale) Units	80	287	440	899	1171	1392
Net Need		207	360	819	1091	1312
Housing with Care						
Social (rent) Units	0	134	149	190	206	205

<i>Net need</i>		134	149	190	206	205
Private(for sale)Units	0	15	26	68	127	205
<i>Net Need</i>		15	26	68	127	205
Residential care Beds	384	446	473	552	573	574
<i>Net need</i>		62	89	168	189	190
Nursing care Beds	750	446	483	596	658	705
<i>Net need</i>		-305	-267	-154	-92	-45

## Meeting the need for housing with care

2.17 Due to the need for housing with care having already been recognised across the county, partnership projects have been established with several different District Councils. These projects are partnerships between LCC and the relevant District Council, whereby the District Council acts as the lead and will recover the income through its Housing Revenue Account (HRA). However, where the District Council does not have such an account, a different approach is required.

2.18 The Housing LIN report commissioned in October 2018 summarised that, for the West Lindsey District, there is a predicted increase in the requirement for housing with care. This was with a focus on units for rent. The projected net need shortfall for the District is presented in the table below. The Linelands project proposed by LH supports the short-term need illustrated in the above table, by delivering 43 units for extra care. See Appendix A for site specific drawings.

	Current Provision	2018 Units	2020 Units	2025 Units	2030 Units	2035 Units
<b><i>Housing with Care</i></b>						
Social (rent)	0	134	149	190	206	205
Net Need		134	149	190	206	205
Private (for sale)	0	15	26	68	127	205
Net Need		15	26	68	127	205
Total Need		149	175	258	333	410

## 3 Benefits and Risks

3.1 LCC uses a continuum of 5 levels for risk appetite<sup>5</sup> and corporately takes a 'Creative and Aware' approach, which is summarised as being: *'creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions; a 'no surprises' risk culture.'* This is deemed as a suitable risk appetite level for this project.

3.2 The aim of ECH is to provide high quality housing, support and care services which enable, support, and encourage people to live independently for as long as they wish to do so. The provision of ECH aims to avoid admission to hospital, which consequently expands the bed capacity within hospitals, increases the

<sup>5</sup> The 5 levels are: Averse, Cautious, Creative and Aware, Opportunist and Mature (Hungry).

number of patients discharged from hospital, and decreases those who may have a need for residential care. Below is a list of the identified key benefits and risks of this project:

Benefits	Risks
<ul style="list-style-type: none"> <li>• Additional housing contributing to the current and projected needs;</li> <li>• Reduction in the long term costs of care provision;</li> <li>• Strengthening the partnership with WLDC and LH;</li> <li>• Increasing the availability of suitable housing with the most appropriate care provision;</li> <li>• Supporting residents within Lincolnshire to stay within their local communities as they grow older;</li> <li>• Multiple care needs can be managed on one site;</li> <li>• Decreased risk of service users going 'missing' with ability to monitor location;</li> <li>• Option available for one care provider managing the site care needs;</li> <li>• As older people are particularly prone to the effects of excess cold, they will benefit from new energy efficient accommodation;</li> <li>• Opportunity for added social value through developing a workforce development plan;</li> <li>• Bringing a vacant site back into use, enhancing the local community;</li> <li>• Promote independence for residents and other service users;</li> <li>• Encourage active lifestyles and social contact for residents and other service users;</li> <li>• Offer a living and care environment which has a positive effect on people's health and well-being and prevents or reduces the need for health care interventions;</li> <li>• Offer choice and self-direction or co-production of services for residents;</li> <li>• Be flexible in its style of service</li> </ul>	<ul style="list-style-type: none"> <li>• Creating too much accommodation capacity compared to demand;</li> <li>• Not managing demand and nominations effectively;</li> <li>• Service users do not want to move to the site;</li> <li>• Accommodation provision is over-subscribed, and older accommodation is no longer desirable;</li> <li>• Accommodation design is not flexible enough for multiple needs;</li> <li>• LH is unable to obtain their board approval;</li> <li>• LH is unable to secure planning permission;</li> <li>• LH are unable to obtain sufficient funding to ensure the schemes viability;</li> <li>• Site design is not sufficiently flexible to facilitate one and/or multiple care providers; and</li> <li>• Negative reaction from the local community and issues surrounding planning permission.</li> </ul>

Benefits	Risks
<p>delivery so that services respond well to people's changing needs;</p> <ul style="list-style-type: none"> <li>• Release of local housing for rent and sale to benefit families;</li> <li>• Moderating the burden of family members caring at home;</li> <li>• New facilities developed in the local area for wider community use; and</li> <li>• Couples can avoid being separated as they can live together in extra care accommodation, even if only one is in need of care.</li> </ul>	

### 3.3 Potential economic benefits

- Additional use of, and income to, local businesses e.g. leisure centre, cafes, bus service;
- Additional employment opportunities e.g. on-site management/concierge provision, care provision, building construction, and site maintenance. Sheltered and ECH are both local employers, for each new ECH scheme of 250 units creates approximately 65 permanent staff (ARCO data, 2016);<sup>8</sup>
- Greater use of community facilities, thus supporting their longevity (e.g. GP surgeries);
- Residents providing volunteering in the community, with time banks, fundraising and befriending;
- Facilitates downsizing to more suitable housing, thus freeing up larger homes for the choice-based letting and/or sales markets;
- Delays and reduces the need for primary care and social care interventions including admission to long term care settings and hospital admissions. Unplanned hospital admissions reduce from 8-14 days to 1-2 days. Over a 12 month period, total NHS costs (including GP visits, practice and district nurse visits and hospital appointments and admissions) reduce by 38 per cent for extra care residents. Routine GP appointments for extra care residents fell by 46 per cent after a year. Falls rates in ECH measured at 31 per cent compared to 49 per cent in general housing<sup>6</sup>
- The national financial benefits of capital investment in specialist housing for vulnerable and older people have been examined by Frontier Economics in 2010. They compared the net capital cost of developing specialist housing over general housing, with the calculated net benefit of a person living in specialized housing converted to the net present value of these benefits over the 40 year lifetime of the building. They found an average net benefit of £444 per person per year; this was primarily driven by reducing reliance on health and social care services. The total net benefit for older people is greater than for any other client group due to the high numbers of older people;<sup>8</sup>

<sup>6</sup> Holland, C, (2015). Collaborative Research between Aston Research Centre for Healthy Ageing (ARCHA) and the Extra Charitable Trust. Birmingham: Aston University. [www.aston.ac.uk/lhs/research/centres-facilities/archa/extracare-project/](http://www.aston.ac.uk/lhs/research/centres-facilities/archa/extracare-project/)

- Research by the Strategic Society found that a new specialist retirement housing unit may result in the savings to the state, per person, as set out below. In addition to savings to health and social care, also identified is the impact of new retirement housing to release housing stock onto the market and enabling younger people to get on the housing ladder and to fund their housing and care costs in retirement;<sup>8</sup>
  - Health and care needs - £9,700;
  - Local authority social care entitlement - £18,600;
  - First time buyers and future retirement wealth - £54,800; and
  - Total equals £83,100.
- For older people moving from the private rented sector to a rented sheltered housing property, it is estimated that the saving would be between £5,500 and £5,800 per year;<sup>8</sup>
- Limiting the demand on Housing Benefit – not all residents in a scheme will be in receipt of housing benefit and this creates additional checks and balances due to self-paying residents monitoring and keeping a downward pressure on rents and service charges, helping ensure they only cover the full costs. Compared to other groups, the average Housing Benefit spend per annum is around £5,200 per older person unit compared to £9,000 per working-age unit;<sup>7</sup>
- People in ECH can potentially use less care hours than if in the community, for example, if meals are provided by the scheme, less care hours may be required in preparing food etc.;
- Additional efficiencies can be gained by delivering care to a number of people on one site, reducing travel and mileage costs associated with domiciliary care in the community, and giving increased flexibility in the delivery of that care; and
- Accommodation is economic to heat and is of an appropriate and manageable size.

### **3.4 Potential individual benefits**

- Support and maintain independence through the provision of accommodation options, enabling personal choice;
- Provide peace of mind, safety and security for vulnerable older people;
- Improved physical and mental health;
- Maintain and develop links with the community;
- Maximise incomes of older people (includes benefits income) and reduce fuel poverty;
- Environment is more likely to be free from hazards, safe from harm and promotes a sense of security, enabling movement around the home, including to visitors; and
- On-site support available.

### **3.5 Potential scheme specific benefits**

- Land already in the ownership of LCC and highly developable;
- A very attractive setting with good access to local amenities;

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<sup>7</sup> Source – *The Value of Sheltered Housing report, Jan 2017, James Berrington – Commissioned by the National Housing Federation*; [http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Value\\_of\\_Sheltered\\_Housing\\_Report.pdf](http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Value_of_Sheltered_Housing_Report.pdf)

- Extensive communal facilities designed to be attractive, welcoming and flexible in their use;
- Excellent day-to-day services ensuring that the quality of the scheme environment and service offer will remain very high;
- Support and care services which can be targeted to those who need them and can flex with people's changing circumstances; and
- A genuinely affordable proposition with a focus on great value for money.

#### 4 Market Sufficiency and Competition

4.1 The development and delivery of housing with care typically involves partnerships which include a mixture of local authorities, funding organisations, architects, construction companies, housing associations, private landlords and care providers. There is continuous work and analysis needed to fully understand Lincolnshire's market of those parties willing and able to deliver the county's housing with care needs, and in particular the scale of housing associations in this regard. Indications to date, through liaison with providers and other local authorities' experience, are that housing providers are looking to enter into the county. Lincolnshire has an issue regarding the low sale and rental value of property compared to other areas of the UK, which can affect the willingness of organisations to develop new property.

4.2 There are numerous examples of other local authorities taking the same approach, evidence of which is included below:

- **Nottinghamshire** (*£8 million Housing with care facility = 60 apartments*): This is a partnership development similar to the model LCC intends to use when working with District Councils and Housing Associations. Newark and Sherwood District Council has developed the facility through their Housing Revenue Account (HRA) and Nottinghamshire County Council has invested in return for nomination rights. The 60 apartments give older people, particularly those with low level dementia, the opportunity to live independently and safely. The scheme is the result of a successful funding bid of £1.5 million of funding from the Department of Health's Extra Care and Support Programme, administered by Homes England.
- **Powys** (*£7.5 million Housing with care facility = 48 apartments*): The state of the art £7.5 million development in Newtown, part funded by a £4 million Social Housing Grant from the Welsh Government, has been developed by Wales and West Housing, in partnership with Powys County Council. Wales and West Housing funded the remaining funding gap with £3.5 million to develop 48 energy efficient apartments for affordable rent.

- **Derbyshire** (£9.1 million Housing with care facility = 53 apartments): Geared to the needs of people over 55, Thomas Fields in Buxton, is a brand new £9.1 million facility incorporating 53no two-bedroom apartments, a residential care block for people suffering with dementia, as well as communal facilities. Seventeen of the flats are available for rent, 14 for sale under shared ownership arrangements, and 22 for outright sale. The project is being carried out through a partnership comprising of Housing & Care 21, Derbyshire County Council and community regeneration specialist Keepmoat. Communal facilities within the new building will include a restaurant, hair salon, residents' lounge, a well-being suite, hobby room, laundry, and gardens for residents and their guests to enjoy. The residential care unit incorporates 20 en-suite bedrooms available through Derbyshire County Council.

## 4 Delivery model

- 4.1 Districts Councils with HRAs are responsible for social housing stock and are able to rent domestic properties, and retain the revenue received, in order to plan and provide services to current and future tenants. District Councils are able to deliver their own projects without relying upon additional partners. This helps to inform which delivery option is more suitable. However, WLDC do not hold a HRA, and as such cannot apply for funding through Homes England, or deliver and operate schemes. They require a partner who is a Registered Provider and normally this partner would be a Housing Association.
- 4.2 In accordance with LCC's direction of travel and appetite for delivering ECH, the best delivery method has been sought to ensure LCC are legally in a safe position, to provide best value for money across the county and enrich the lives of as many residents as possible. Throughout the last 12 months the programme board have been developing an understanding of delivery options that will facilitate partnering with District Councils and Housing Associations. Advice and support has been sought from Legal Services Lincolnshire (LSL) and external legal advisers, Bevan Brittan.
- 4.3 The following options should be considered for successful and timely completion of this programme. In Option 3 care is not provided by LH:
  - **Option 1:** Do nothing and allow the market to deliver the needs of the county, using LCC's market position statement and a delivery plan as their guide;
  - **Option 2:** Deliver identified projects via the districts, alongside Housing Associations and Registered Providers who have already formed a robust business case to prove requirement, purchasing nomination rights at an agreed level through a funding agreement; and
  - **Option 3:** Deliver identified projects via the districts, alongside Housing Associations and Registered Providers who have already formed a robust business case to prove requirement, purchasing nomination rights at an agreed level through Hamburg co-operation agreements.

From these options, a shortlist of two for partnering with District Councils and Housing Associations has been identified, 1) a Funding Agreement and 2) A 'Hamburg' Collaboration co-operation agreement. Both options enable LCC to enter into agreement with partners.

#### **4.4 Option 2 - A Funding Agreement**

A Funding Agreement for nomination rights provides a simpler approach to partnering. The expectations from the partner and the commitment from LCC are far fewer. The partner sets up an allocation panel, a decision making body comprising a representative from:

- Housing Association (HA) or District Council;
- Adult Social Care (Local Social worker);
- Care provider; and
- Health.

For the Linelands scheme, LCC intend to deliver the scheme via LH who have already formed a robust business case to prove the requirement, purchasing nomination rights at an agreed level through a Funding Agreement.

#### **4.5 Option 3 - Hamburg Collaboration co-operation agreement model**

Whilst considering the current proposal, the legal requirements of the Hamburg Collaboration co-operation agreement model were reviewed. The model requires LCC to evidence true collaboration with WLDC and LH throughout the process, during the pre-procurement, procurement and eventual running of the ECH scheme.

- 4.6 The programme team has considered LCC's ability to provide evidence of true collaboration, reviewed organisational processes for void management, and the appetite for financial risk of voids. The conclusion is that the Hamburg model is not the correct approach for the current proposal. However, the model is one that could be used moving forward with planning from the outset to ensure true collaboration, with the shared void responsibility as one of the strands of evidence of collaboration, although not necessary to the process.
- 4.7 In either case, typically a panel will meet on a regular basis to review all applicants registered for the scheme; along with a review of the composition of the high, medium and low care and support needs against the individual scheme target. This ensures a combination of people, carer, and place needs is considered when allocating accommodation. In addition to scheduled panel meetings, a virtual panel will be called where a unit becomes available to allow the empty home to be promptly returned to use.



## 5 Risks and Opportunities

### 5.1 A Funding Agreement

Risk/Opportunity	Benefit	Disbenefit
'Bare' nomination rights. Rights given to place on allocations panel for all of accommodation	Tried and tested with certain Housing Associations. Influence on all allocation panels, thereby giving LCC clients stronger chance of allocation.	Requires discipline through staff management, governance and processes.
Simple legal agreement	Deliverable and more achievable, involving less time/cost from Legal and operational teams.	
Longevity	Commitment with RP to keep accommodation in a desirable standard to retain clients.	
Procurement compliance	A simple Funding Agreement securing bare nomination rights is not covered by the procurement rules. No procurement challenge.	

### 5.2 'Hamburg' Co-operation Agreement

Risk/Opportunity	Benefit	Disbenefit
Pooled resourcing of delivery and operation of the scheme	More collaborative working with partners.	Financial cost and possible legal challenge for failure to work collaboratively.
Nomination rights available with specific number of places guaranteed	Guarantee of specific number of places as per legal agreement but no more.	Cost of void for period of time determined in legal agreement – potential cost to LCC revenue budget.
Complicated legal agreement with evidence required throughout lifetime of contract	Legally stronger as a guarantee of places.	Delivery more expensive by involving more time/cost from Legal teams. Long-term revenue cost for operational staff to ensure no voids.

Risk/Opportunity	Benefit	Disbenefit
Procurement compliance	Co-operation arrangements between Councils are exempt under Regulation 12 of the Public Contracts Regulations 2015. No procurement challenge.	
Longevity		Raised risk of voids once building becomes tired and better options are available in the market.

## 6 Recommendations

6.1 It is recommended LCC progress with the partnership with LH, whereby LCC contribute to the development of The Linelands scheme in accordance with Option 2 (Funding Agreement) of the options set out within this report and discussed in the 9<sup>th</sup> July 2019 Executive Report in relation to extra care and the De Wint Court development.

6.2 The inherent financial benefits of the approach in Option 2 (Funding Agreement) are as follows:

- **No void costs:** In previous models of ECH the agreement has included risk agreements which provided the Housing Provider with assurance that vacant properties would be filled within the specified period, with units able to remain vacant for a limited period of time before additional cost become due. The use of Capital Reserves as a financial contribution to any proposed schemes can be done so on the basis that the contribution allows LCC to place service users of their choosing within a pre-agreed proportion of units, over a pre-determined number of years without recourse to void costs; and
- **Diversions from Residential Placements:** The availability of additional extra care units directly funded via Capital Reserves allows for an additional number of services users who would otherwise be placed in residential establishments to be supported within an extra care environment.

6.3 By placing within ECH, LCC avoids expensive hotel costs which would otherwise be incurred, with costs funded via district housing benefit contributions instead. Care support via LCC's existing prime provider framework is also likely to be cheaper than existing residential care and non-care provision.

## 7 The Financial Case

7.1 Funding for the scheme is sourced via Adult Care Capital reserve which has been allowed to grow over a number of years as a result of grant funding awarded to LCC. The grants are specifically earmarked for use against capital investment within Adult Care with the current value of unused capital reserves totalling £9.086m (accounting for De Wint Court commitment).

- 7.2 The financial feasibility of the project (cost versus savings) is based on LCC's bespoke Financial Feasibility Model (Appendix C). This model has been used to develop the financial models for a number of other LCC housing with care projects and considers a number of options, including number of tenants, level, and cost of care and savings through diversion of care.
- 7.3 LCC's data as at 31 March 2019 shows that LCC is funding the care provision of 6,536 people aged 65 and over in either a residential and nursing placement or within a homecare setting (including existing extra care). The total placed in nursing and residential care homes being 2,397 and 4,139 within a homecare setting. The gross annual cost to LCC for this care provision for these areas of service in 2018/19 was £100.157 million; with a net cost to the Council of £71.974 million.
- 7.4 The financial benefits of ECH are predicated on the basis that the costs of providing care within an ECH setting are materially lower than in traditional residential and nursing settings. The expected cost for older people currently ranges from £502 to £553 per week in 2019/20, with the average annual residential care cost estimate to be £27,566 per annum. Initial analysis suggests the gross cost of providing care within an ECH setting at 20 hours per week would be £309 per week, with an annual cost of £16,111. This represents a gross saving of £11,445 per annum or 41.5 per cent which reduces to £9,118 (33 per cent) once the impact of income loss is taken into consideration as the average placement income within a residential setting is higher than service user contributions derived from an ECH setting.
- 7.5 It is important to note the following:
- LCC would lose a portion of property related income, linked to service users residential care whereby LCC receives income related to the user's house when it is sold (including interest on the amount owed);
  - It is very unlikely that all service users accessing residential care would be willing and able to move to housing with care;
  - The savings will be focused more on new service users rather than those residents already in residential care, though the possibility remains that some people in residential settings may prefer to consider ECH;
  - Placements within an ECH setting are predicated on 33 per cent of these placements being those diverted from a residential setting with the remainder placed via alternative community settings. This assumes that placements are split equally amongst those classified as Low, Medium or High dependency and existing care arrangements continue to be provided via the prime-provider home care contracts (for those categorised as Low and Medium). The majority of the saving will be via diversions away from residential;
  - Initial findings suggest that a £1.99m investment that allows LCC nomination rights on 20 properties supporting 20 individuals could generate an annual saving of £92,502 per annum based on 2019/20 prices; and

- On this basis and assuming a rate of inflation totalling 2 per cent for the duration of the scheme, it is estimated that the total savings will equal the total value invested (i.e. the breakeven point) after 19 years. However, this does not take into account the time value of the initial investment which will reduce over the same the period (i.e. the value of £1 in 2019/20 will be less in future years). An analysis of future savings growth is also included within the financial feasibility model along with data from the Housing Learning and Improvement Network (LIN).

## 8 Timescales

Below is a summarised and early estimation of a potential timetable. A date range of 1 July – 10 October for the decision to be taken has been agreed in light of increased flexibility required due to COVID-19. Construction commencement deadlines could also be affected due to COVID-19. Throughout the COVID-19 pandemic Adults and Community Wellbeing Scrutiny Committee and Executive will meet virtually.

Activity/Milestone	Estimated Start Date	Estimated End Date
Adults and Community Wellbeing Scrutiny Committee	18 August 2020	1 September 2020
Executive	19 August 2020	2 September 2020
Sign Heads of Terms with LH	November 2020	December 2020
Sign Funding Agreement with LH	January 2021	February 2021
Commence Development	Spring 2021	Summer 2022

## 9 Legal Issues:

### 9.1 Equality Act 2010

Under section 149 of the Equality Act 2010, LCC 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; and
- 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; and
- 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.

It is fair to say that 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, ensuring adequate provision of suitable ECH and associated care helps to advance equality of opportunity. The ability of the providers of housing and care to provide services which advance equality of opportunity will be considered in the associated procurement and providers will be obliged to comply with the Equality Act.

The service will not affect those with protected characteristics (age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation) differentially. The nature of the service makes it more likely that adults with additional vulnerabilities or increased risk of adverse outcomes will benefit most.

To discharge the statutory duty the Executive must consider the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified, consideration must be given to measures to avoid that impact as part of the decision making process.

An initial Equality Impact Analysis is attached at Appendix F. This will be kept under review. LH is itself subject to the Equality Act duty and LCC will use its influence to ensure equality issues are taken into account in relation to both the housing and care elements of the project as it progresses.

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

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

LCC is under a duty in the exercise of its functions to have regard to its JSNA and its JHWS. The JSNA for Lincolnshire is an overarching needs assessment. A wide range of data and information was reviewed to identify key issues for the population to be used in planning, commissioning and providing programmes and services to meet identified needs. This assessment underpins the JHWS 2013-18 which has the following themes:

- Promoting healthier lifestyles;
- Improving the health and wellbeing of older people;
- Delivering high quality systematic care for major causes of ill health and disability;
- Improving health and social outcomes and reducing inequalities for children; and;
- Tackling the social determinants of health.

Under the strategic theme of improving the health and wellbeing of older people in Lincolnshire, there are two particularly relevant priorities;

- Spend a greater proportion of our money on helping older people to stay safe and well at home; and
- Develop a network of services to help older people lead a more healthy and active life and cope with frailty.

The provision of ECH will contribute directly to these priorities. It also supports the themes selected as priorities in the forthcoming refreshed JHWS; namely housing, carers, mental health, plus the cross cutting theme of safeguarding.

## **9.3 Crime and Disorder**

Under section 17 of the Crime and Disorder Act 1998, LCC 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.

In commissioning housing and care provision that is designed to provide a supportive and safe environment that enables potentially vulnerable customers to maintain their independence for longer, the provision of ECH may be said to contribute indirectly to the achievement of obligations under section 17.

## **11 Conclusion**

LCC and LH ECH partnership will enable LCC to increase the provision of ECH in the county to assist in offsetting medium and long term revenue cost increases, and facilitate Lincolnshire residents to live independently for as long as possible within their local communities; subsequently improving the wellbeing and quality of life for Lincolnshire people. The Linelands scheme will deliver the initial need identified in the Housing LIN Report 2018.

## **12 Legal Comments:**

The Council has the power to enter into the arrangement proposed.

The detailed legal implications in relation to disposal of land and state aid are set out in the Report.

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

## **13 Resource Comments:**

Funding of £1.99 million for the development of The Linelands exists in the form of previously received capital grants which form part of the Adult Care Capital Programme. LCC's contribution must fall within the processes for Capital expenditure.

## **14 Consultation**

**a) Has Local Member Been Consulted? - No**

**b) Has Executive Councillor Been Consulted? - Yes**

### **c) Scrutiny Comments**

The proposal is due to be considered by the Adults and Community Wellbeing Scrutiny Committee on 1 September 2020 and the Committee's comments will be reported to the Executive.

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

An initial Equality Impact Assessment has been completed and there has been internal and external consultation. Internally, Council staff have been sent a link to the survey and a report will be formed from the results of this survey. Externally, the People's Partnership have been consulted, and they will work with

groups such as Age Concern and Just Lincolnshire. Additionally, WLDC have a survey on their website and Twitter feed as part of the Housing LIN Phase 2 work, and will share this with LCC as part of our consultation. These sources of information will inform future versions of the EIA as the matter progresses.

**e) Risks and Impact Analysis** - See the body of the Report

## 15 Appendices

These are listed below and attached at the back of the report	
Appendix A	<u>The Linelands Extra Care Housing Proposed Site Drawings:</u> A1 Ground Floor Layout Plan A2 Ground Floor General Arrangement Plan A3 First and Second Floor Layout Plan A4 First Floor General Arrangement Plan A5 Second Floor General Arrangement Plan A6 Sectional Perspective – Foyer Area
Appendix B	The Health and Social Care Cost - Benefits of Housing for Older People – A Note for Lincolnshire County Council ( <i>Report by Housing Learning and Improvement Network – May 2019</i> )
Appendix C	Extra Care Feasibility Tool – The Linelands July 2020
Appendix D	<u>Banks, Long &amp; Co Reports</u> D1 Report and Valuation – Linelands, All Saints Lane, Nettleham – 19 December 2019 D2 Addendum Letter – 31 July 2020
Appendix E	The Linelands Extra Care Housing Initial Equality Impact Assessment form

## 16 Background Papers

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Background Paper	Where it can be viewed
Report to Executive - 9 July 2019 in relation to De Wint Court Project.	<a href="https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&amp;MId=5284&amp;Ver=4">https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&amp;MId=5284&amp;Ver=4</a>

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# Nettleham Infant School

Drying area

Secured Private Residents Garden

All Saints Lane

- Existing pedestrian link through to Church View adjusted.

# Church View

BCA

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### Accommodation Schedule

Extra Care Housing		
Floor	1B 2P Apartment	2B 3P Apartment
Ground	11	0
First	15	1
Second	14	1
<b>Total</b>	<b>40</b>	<b>2</b>


Total Number of Apartment - 42

**Total Number of Parking Spaces - 27**

#### Area Schedule - Building (GIA)

Name	Area
Ground Floor	1553 m <sup>2</sup>
First Floor	1478 m <sup>2</sup>
Second Floor	1316 m <sup>2</sup>
	4347 m <sup>2</sup>

### Legend

 <p style="text-align: center;">★</p>	<p>Existing Tree <i>(Indicative position only, Arboricultural survey required)</i></p> <p>Proposed Tree</p> <p>Outline of existing building to be demolished</p> <p>Travel distance from these apartments based on fire engineered solution and to be confirmed with Approved Inspector and Primary Fire Authority.</p>
--	---

### Area Use Legend

Accommodation 1B2P  
 Circulation  
 Communal  
 Kitchen  
 Staff Area

Room Schedule			
Level	Department	Name	Area

00	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
00	Circulation	Lift	5 m <sup>2</sup>
00	Circulation	Corridor	9 m <sup>2</sup>
00	Circulation	Corridor	9 m <sup>2</sup>
00	Circulation	Corridor	11 m <sup>2</sup>
00	Circulation	Stair	14 m <sup>2</sup>
00	Circulation	Corridor	15 m <sup>2</sup>
00	Circulation	D. Lobby	18 m <sup>2</sup>
00	Circulation	Stair	20 m <sup>2</sup>
00	Circulation	Stair	32 m <sup>2</sup>
00	Circulation	Foyer	63 m <sup>2</sup>
00	Circulation	Corridor	105 m <sup>2</sup>
00	Communal	WC	3 m <sup>2</sup>
00	Communal	WC	3 m <sup>2</sup>

Room Schedule			
Level	Department	Name	Area

00	Communal	Store	5 m <sup>2</sup>
00	Communal	Social Space	18 m <sup>2</sup>
00	Communal	Snug	26 m <sup>2</sup>
00	Communal	Buggy	59 m <sup>2</sup>
00	Communal	Lounge	89 m <sup>2</sup>
00	Communal	Dining	95 m <sup>2</sup>
00	Kitchen	Ch. St	2 m <sup>2</sup>
00	Kitchen	WC	4 m <sup>2</sup>
00	Kitchen	Rinse	5 m <sup>2</sup>
00	Kitchen	Lockers	5 m <sup>2</sup>
00	Kitchen	Lobby	5 m <sup>2</sup>
00	Kitchen	D.St	7 m <sup>2</sup>
00	Kitchen	Servrey & Prep	29 m <sup>2</sup>
00	Staff Area	Store	1 m <sup>2</sup>
00	Staff Area	Riser	5 m <sup>2</sup>
00	Staff Area	Cin St	5 m <sup>2</sup>
00	Staff Area	Store	5 m <sup>2</sup>
00	Staff Area	Man. Off/Rec	28 m <sup>2</sup>
00	Staff Area	Plant	59 m <sup>2</sup>

01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>

Room Schedule			
Level	Department	Name	Area

01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	58 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
01	Accommodation 1B2P	1B2P	64 m <sup>2</sup>
01	Accommodation 2B3P	2B3P	80 m <sup>2</sup>
01	Circulation	Lift	5 m <sup>2</sup>
01	Circulation	Corridor	9 m <sup>2</sup>
01	Circulation	Stair	14 m <sup>2</sup>
01	Circulation	Corridor	15 m <sup>2</sup>
01	Circulation	Stair	16 m <sup>2</sup>
01	Circulation	Corridor	17 m <sup>2</sup>
01	Circulation	Stair	20 m <sup>2</sup>
01	Circulation	Corridor	56 m <sup>2</sup>
01	Circulation	Corridor	105 m <sup>2</sup>
01	Communal	WC	5 m <sup>2</sup>
01	Communal	Assist Bath.	26 m <sup>2</sup>
01	Staff Area	Store	2 m <sup>2</sup>

Room Schedule			
Level	Department	Name	Area

01	Staff Area	WC	3 m²
01	Staff Area	IT	4 m²
01	Staff Area	Riser	5 m²
01	Staff Area	Store	5 m²
01	Staff Area	Store	8 m²
01	Staff Area	Terrace	18 m²
01	Staff Area	Carers Off.	73 m²

02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 1B2P	1B2P	58 m²
02	Accommodation 2B3P	2B3P	80 m²
02	Circulation	Lift	5 m²

Room Schedule			
Level	Department	Name	Area

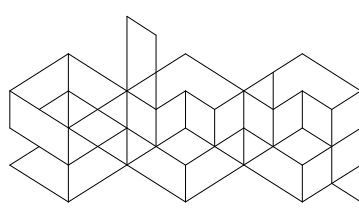
02	Circulation	Corridor	9 m <sup>2</sup>
02	Circulation	Stair	14 m <sup>2</sup>
02	Circulation	Stair	16 m <sup>2</sup>
02	Circulation	Corridor	17 m <sup>2</sup>
02	Circulation	Stair	20 m <sup>2</sup>
02	Circulation	Corridor	56 m <sup>2</sup>
02	Circulation	Corridor	109 m <sup>2</sup>
02	Communal	WC	5 m <sup>2</sup>
02	Communal	Spa Bath.	26 m <sup>2</sup>
02	Communal	Meeting/Hobby	28 m <sup>2</sup>
02	Staff Area	Store	2 m <sup>2</sup>
02	Staff Area	Riser	5 m <sup>2</sup>
02	Staff Area	Store	5 m <sup>2</sup>

Scale 1:250

0 2.5 5 7.5 12.5m



B	Drawings updated to reflect developed elevations.	21.05.20	SL	SL
A	Drawings updated following Client Meeting.	15.05.20	SL	SL
No.	Revision	Date	Chk	Auth

		<div>Revision</div> <div>Date</div> <div>Link</div> <div>Auth</div>	
		<div>Client</div> <div>LACE Housing Ltd</div>	
		<div>Job</div> <div>Linelands</div>	
		<div>Drawing</div> <div>Site Plan Proposed / Ground Floor Layout Plan</div>	
<div>Eastern Gate House, 119 Newmarket Road, Cambridge CB5 8HA T 01223 367723 office@saundersboston.co.uk</div>		<div>The Generator, The Gallery, King's Wharf The Quay, Exeter EX2 4AN T 01392 348627 www.saundersboston.co.uk</div>	
		<div>Scale</div> <div>As indicated @A1</div>	<div>Revision</div> <div><b>B</b></div>
<div>SBA Project Code</div> <div><b>1810</b></div>	<div>Drawn</div> <div>SL</div> <div>Checked</div> <div>DH</div>	<div>Date</div> <div>29/04/20</div> <div>Suitability</div> <div></div>	<div>project</div> <div>1810</div> <div>originator</div> <div>-SBA-XX-00</div> <div>zone</div> <div>-DR-A</div> <div>level</div> <div>503</div> <div>type</div> <div></div> <div>role</div> <div></div> <div>number</div> <div></div>



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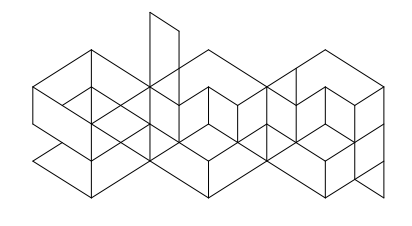
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Area Use Legend

- Accommodation 1B2P
- Circulation
- Communal
- Kitchen
- Staff Area

Area Schedule - Building (GIA)

Name	Area
Ground Floor	1553 m <sup>2</sup>
First Floor	1478 m <sup>2</sup>
Second Floor	1316 m <sup>2</sup>
	4347 m <sup>2</sup>



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SBA Project Code  
**1810**

Drawn SL  
Checked DH

Date 13/05/20  
Suitability Code

Scale  
1 : 100 @A1

Revision  
A

Client  
LACE Housing Ltd

Job  
Linelands

Drawing  
Ground Floor GA Plan

Scale  
1 : 100 @A1

Revision  
A

project  
1810

originator zone level type role number  
-SBA-XX-00 -DR-A-050



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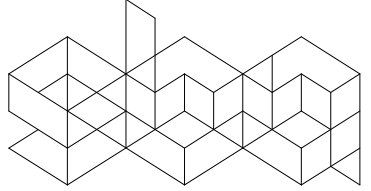
Area Use Legend

- Accommodation 1B2P
- Accommodation 2B3P
- Circulation
- Communal
- Staff Area

Area Schedule - Building (GIA)

Name	Area
Ground Floor	1553 m <sup>2</sup>
First Floor	1478 m <sup>2</sup>
Second Floor	1316 m <sup>2</sup>
	4347 m <sup>2</sup>

A No.		Drawings updated to reflect developed elevations.			21.05.20	SL	SL
Revision					Date	Chk	Auth
Client							
LACE Housing Ltd							
Job							
Linelands							
Drawing							
First Floor GA Plan							
Scale						Revision	
1 : 100 @A1						A	
project	originator	zone	level	type	role	number	
1810	-SBA-XX-01	-DR-A-051					



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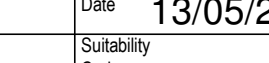
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SBA Project Code	Drawn SL	Date 13/05/20
1810	Checked DH	Suitability Code

project	originator	zone	level	type	role	number
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3D - Foyer Section Box

No.	Revision	Date	Chk.	Auth.



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LACE Housing Ltd

Job  
Linelands

Drawing  
Sectional Perspective - Foyer Area

Scale  
@A1

SBA Project Code	Drawn	SL	Date	21/05/20
1810	Checked	DH	Suitability Code	

project	originator	zone	level	type	role	number
1810	-SBA-XX-ZZ	-DR-A	-150			



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# **The health and social care cost-benefits of housing for older people**

A note for Lincolnshire County Council

## Introduction

This note outlines the evidence for the health and social care benefits, and specifically cost-benefits, of housing for older people, particularly extra care housing. Overall there is reasonably strong evidence to suggest that housing for older people, particularly extra care housing, provide significant cost-benefits to the NHS and local authority adult social care.

- There is reasonably strong evidence that extra care housing residents **visit a GP less frequently**, most likely due to the support from on-site care staff and the resident community in general.
- There is evidence to suggest that extra care housing residents require **fewer community nurse visits**, for similar reasons as GP visits.
- There is evidence that specialist housing for older people can **reduce the number of ambulance callouts**, particularly in response to **falls** at home, due to the property being better designed and adapted to meet the needs of older people and regular contact with staff and other residents.
- There is reasonably strong evidence that the duration of **unplanned hospital stays** is **shorter** on average for those living in extra care housing. There is also some evidence that living in specialist housing for older people **reduces the frequency of unplanned admissions** overall. Communities where homes are accessible, care support is readily available and existing care needs are understood influence positively these cost-benefits.
- Extra care housing can be viewed as a **preventative alternative** to residential care for many people.
- Those living in extra care housing are **less likely to enter long-term care**, compared to those living in the community in receipt of home care.
- There is strong evidence that residents of specialist housing for older people have **improved wellbeing and quality of life**, including:
  - Reduced loneliness
  - Improved psychological well-being, mental health and memory
  - Higher feelings of autonomy and security
- Overall, the evidence indicates that one older person living in extra care housing generates health and social care cost-benefits of **£2,441 per annum**, not including some savings that are difficult to reduce to a per-person figure due to the nature of the evidence.
- In summary, there is a strong argument for providing more specialist housing for older people, particularly extra care housing, on the basis of the significant cost-benefits that it provides to the NHS and local authority adult social care.

## Summary: the health and social care cost-benefits of older people's housing

A review of secondary evidence undertaken by the Housing LIN for a private client indicates that there is a growing body of evidence pointing to the potential health and social care cost-benefits provided by older people's housing, and extra care housing in particular. It is reasonable to conclude that the benefits are in summary:

### **NHS cost-benefits and savings:**

- Fewer GP visits.
- Fewer community nurse appointments.
- Fewer ambulance call-outs.
- Fewer and shorter unplanned hospital admissions.

### **Savings compared to residential care:**

- Delayed moves to a residential or nursing care setting.
- Lower overall health costs.

### **Reduced care needs/reduced growth in care needs:**

- Less costly social care packages (especially for those with higher care needs).

### **Improved outcomes for individuals:**

- Increased sense of autonomy and security.
- Fewer falls.
- Reduced loneliness and depression.
- Higher perceived mental health and quality of life.
- Lower death rate in the period following moving in.

From the evidence reviewed, the specific cost-benefits have been calculated. Table 1 shows financial estimates of potential cost-benefits from extra care housing, drawn from a review of available secondary evidence.

Table 1. Cost-benefits/savings from use of extra care housing.

<b>Area of cost-benefit/savings</b>	<b>Cost benefit/saving (per extra care housing resident per year)</b>
<b>GP visits</b>	£144.78
<b>Community nurse visits</b>	£362.55
<b>Non-elective admissions to hospital</b>	£624.11
<b>Delayed Transfer of Care 'days'</b>	£465.30
<b>Falls</b>	£380.00
<b>Reduction in the number of hours in domiciliary care packages</b>	£427.98
<b>Reduced loneliness</b>	£36.30
<b>TOTAL</b>	<b>£2,441.02</b>

This evidence indicates that an older person living in extra care housing generates health and social care cost-benefits of £2,441 per annum.



## Housing with Care Feasibility Model

Appendix C

**Project Name: West Lindsey District Council**

**Local Authority Partner : Lincolnshire County Council**

	No of Units	SU Per Unit	Total Number of SU's
Number of OP Properties	20	1.5	30

LCC Inflation	2%
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Local Authority Contribution	£1,990,000.00
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Performance Indicators	Target	Actual
Lincolnshire County Council Payback Year	5	19

## Financial Summary

Financial Outputs dependent upon assumptions:	
Projected cost of extra care to LCC ASC	£ 273,008
Current cost of provision to be reprovided	£ 377,428
Projected Loss of income due to reprovion	(£ 11,919)
These figures together produce:	
Net saving to LCC ASC	£ -92,502
Saving per residential diversion	£ -3,083

Negative figure is a saving

Negative figure is a saving

Assumptions including Activity Outputs and finance outputs already summarised above

	Fixed	Variable per individual	Total all units
Hours per week as part of 24 hour cover	168		
Number of tenancy units	20		
Agreed Occupancy Support (Block)		0.5	10
Care planned share (Day Time)			158
Number of residents per property - tenants			30
Tenants - Number low care needs		33%	10
Tenants - Number medium care needs		33%	10
Tenants - Number high care needs		34%	10
Average hours low care needs		5.00	50
Average hours medium care needs		7.50	75
Average hours high care needs		20.00	200
Total care planned hours			325
Of which part of block			158
Hours bought in addition to block			167

## Facility Care Service Unit Price

Assumed hourly rate - day block		£ 15.63
Assumed hourly rate day spot		£ 15.63

Cost to LCC ASC - Block		£ 136,911
Cost to LCC ASC - Spot		£ 136,096
Projected Total Cost to LCC ASC		£ 273,008

Projected cost to LCC ASC		£ 273,008
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## Replacement of existing care provision

Residents with low and medium care needs			
Day hours for residents with low care needs		50	
Current cost per hour existing provision	£ 15.63		
			£ 40,747
Day hours for residents with medium care needs		75	
Current cost per hour existing provision	£ 15.63		
		45	£ 61,121

## Residents with high care needs

Number of residents with high care needs		10	
Calculated cost of residential place			£ 275,560
Average residential cost		£ 27,556	

Current cost of provision to be reprovided		£ 377,428
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## Income change for residential diversions

Number of residents with high care needs		10	
Current expected residential income from assessed charges			-£ 34,767
Expected income from diversion to home support			-£ 22,848

\*Assumes income change from low &amp; medium will be cost neutral

Projected Loss of income		(£ 11,919)
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Net saving to LCC ASC		£ -92,502
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Saving per residential diversion		£ -3,083
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## Residential Support Calculations

Average Expected Cost	£528.50
Income %	30%
Gross Cost	£ 275,560
Income	£ -82,778
% Proportion of SU Paying Contribution	42%
Total Income	£ -34,767

## Homecare Support Calculations

Hourly rate	£ 15.63
Number of hours	28
Annual cost	£ 22,819
Average income	24%
Total Income	£ -5,440
% Proportion of SU Paying Contribution	42%

Grey Cell = not active

Green cell = formula do not otype

Clear cell = assumption you can amend

<b>LCC Initial Investment</b>
<b>£1,990,000.00</b>

Year	Revenue Savings	Cumulative Savings	Repayment Year
1	92,501.69	92,501.69	19
2	94,351.73	186,853.42	
3	96,238.76	283,092.18	
4	98,163.54	381,255.72	
5	100,126.81	481,382.53	
6	102,129.34	583,511.87	
7	104,171.93	687,683.81	
8	106,255.37	793,939.18	
9	108,380.48	902,319.65	
10	110,548.09	1,012,867.74	
11	112,759.05	1,125,626.79	
12	115,014.23	1,240,641.02	
13	117,314.51	1,357,955.53	
14	119,660.80	1,477,616.34	
15	122,054.02	1,599,670.36	
16	124,495.10	1,724,165.46	
17	126,985.00	1,851,150.46	
18	129,524.70	1,980,675.16	
19	132,115.20	2,112,790.36	
20	134,757.50	2,247,547.86	
21	137,452.65	2,385,000.51	
22	140,201.70	2,525,202.22	
23	143,005.74	2,668,207.96	
24	145,865.85	2,814,073.81	
25	148,783.17	2,962,856.98	
26	151,758.83	3,114,615.81	
27	154,794.01	3,269,409.82	
28	157,889.89	3,427,299.71	
29	161,047.69	3,588,347.40	
30	164,268.64	3,752,616.04	
31	167,554.01	3,920,170.06	
32	170,905.10	4,091,075.15	
33	174,323.20	4,265,398.35	
34	177,809.66	4,443,208.01	
35	181,365.85	4,624,573.87	
36	184,993.17	4,809,567.04	
37	188,693.03	4,998,260.07	
38	192,466.90	5,190,726.97	
39	196,316.23	5,387,043.20	
40	200,242.56	5,587,285.76	
			19

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## REPORT AND VALUATIONS

PROPERTY:

**Linelands, All Saints Lane, Nettleham LN2 2NT**

PREPARED FOR:

**Lincolnshire County Council  
County Offices  
Newland  
Lincoln  
LN1 1YL**

DATE OF VALUATION:

**12 December 2019**

PREPARED BY:

**Harriet Hatcher BSc (Hons) MRICS**

## EXECUTIVE SUMMARY

<b>ADDRESS</b>	Linelands, All Saints Lane, Nettleham LN2 2NT	
<b>LOCATION</b>	Situated in the centre of the popular village of Nettleham, approximately 4 miles north east of Lincoln	
<b>DESCRIPTION</b>	A former care home set in a large plot	
<b>SITE AREA</b>	0.40 hectares (0.98 acres)	
<b>TENURE</b>	Freehold	
<b>VALUATION</b>	Market Value:	£500,000 (Five Hundred Thousand pounds)
<b>SWOT ANALYSIS</b>	Strengths:	Popular village location Lack of similar stock on market
	Weaknesses:	Presence of asbestos
	Opportunities:	Re-development
	Threats:	Change in economy
<b>KEY PROPERTY RISKS</b>	Location:	Secondary
	Situation:	Stable
	Flood risk:	Low
	Capital growth prospects:	Stable
	Sales liquidity of the asset:	Medium
	Asset management potential:	Medium
<b>POTENTIAL ISSUES</b>	Demand:	Good
	Lack of Planning Consent	

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### APPENDICES

1. Client Instructions / Terms of Engagement
2. Location / Site Plan
3. Photographs
4. Energy Performance Certificate



20 December 2019

HHA/YL/9910 (V1)

S Schjerve Esq  
Lincolnshire County Council  
County Offices  
Newland  
Lincoln  
LN1 1YL

Dear Sam

**Property:** Linelands, All Saints Lane, Nettleham LN2 2NT

## 1.0 Instructions

In accordance with your instructions dated 10 December 2019, we have now inspected the above property and have made all of the relevant enquiries in order to provide you with our opinion of the current Market Value of the Freehold interest of Linelands, All Saints Lane, Nettleham LN2 2NT.

We understand that the valuation is required for Internal Purposes. Our Report and Valuation has been prepared in accordance with your instructions, our own standard Conditions of Engagement, copies of which are incorporated within Appendix 1 of this report, together with the requirements of the RICS Valuation Global Standards 2017 (which incorporate the International Valuation Standards 2017) and the UK National Supplement.

The property was inspected externally by Harriet Hatcher BSc (Hons) MRICS who is also an RICS Registered Valuer, we were advised not to enter the building and therefore we have not carried out an internal inspection. The inspection took place on the 12 December 2019. The weather at the time of the inspection was intermittently raining.

The Valuer has knowledge of the particular market for this property and the skills and understanding to undertake the valuation competently. Banks Long & Co act as external Valuers whilst we have previously provided marketing advice in January 2019, we do not consider there to be any conflict of interest or potential conflict of interest that may arise as a result of us undertaking this valuation on your behalf. Appropriate Professional Indemnity Insurance is available in respect of the service provided.

In arriving at our valuation we may have taken reliance on information provided by a third party. Where this is the case, it will be brought to the reader's attention. Whilst we will use reasonable endeavours to validate this information no warranties can be given as to its accuracy.

26 Westgate, Lincoln LN1 3BD t 01522 544515 e enquiries@bankslong.com

**Managing Director:** Timothy J Bradford BSc (Hons) MRICS **Directors:** Simon D Bridge BSc (Hons) MRICS, James R Butcher BSc (Hons) MRICS, William Wall BSc (Hons) MRICS, Daniel Garfoot BSc (Hons) MRICS, Alexander Statham BSc (Hons) MRICS

**Associate Directors:** Lewis Cove BSc (Hons) MRICS, James Hall BSc MRICS, Sarah Pettefar MA Cantab MRICS FCIArb, Emma L Surphlis BSc (Hons) MRICS **Consultant:** Peter R Banks BSc (Hons) FRICS IRRV

Banks Long & Co Limited. Registered No. 7685573. Registered in England and Wales. Registered office: 12 Tentercroft Street, Lincoln LN5 7DB

Regulated by RICS



The valuation is prepared in pounds sterling (GBP).

The date of the valuation is 12 December 2019.

## **2.0 Basis of Value**

Market Value as defined in VPS4 of the RICS Valuation Global Standards being:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."*

## **3.0 Subject of the Valuation**

Linelands, All Saints Lane, Nettleham LN2 2NT.

## **4.0 Type and Classification**

Freehold – Former residential care home

## **5.0 Location**

The site is situated in the centre of the large and popular village of Nettleham, which lies about 4 miles north east of Lincoln City Centre.

The village offers a good range of local amenities including three pubs, a Lincolnshire Co-operative Convenience Store, pharmacy and post office, together with a well regarded junior school and medical centre, all located within relatively close proximity of the subject property. The village is bordered to the west by the A46, which in turn provides easy access to Lincoln Bypass and the City Centre.

The village has a resident population of 3,437 (2011 Census) and is the home of the Lincolnshire Police Headquarters, which is located on a site on Deepdale Lane.

The subject site is bordered to the west by Nettleham Infant School and to the east by Church View Care Home, the remainder of the surrounding area is predominately residential in nature.

Plans showing the location of the property in both a regional and local context are included in Appendix 2.

## **6.0 Description**

The subject site comprises a relatively level parcel of land, extending to 0.4 hectares. At present is an irregularly shaped former care home of brick construction under a pitched tiled roof to each of the four wings, and a flat roof over the central area. At the time of our inspection, steel shutters had been fitted for security purposes.

We understand the property is in a poor state of repair internally, having been vandalised over recent years.

Externally is a tarmaced surfaced car park to the rear, with the remainder of the site being mainly laid to lawn, with mature trees to the boundaries.

Photographs of the subject property are shown to the rear of this report at Appendix 3.

## **7.0 Accommodation**

The approximate dimensions and area of the site, which have been scaled from the Ordnance Survey Plan, detail the site occupying an area of 0.40 hectares (0.98 acres).

## **8.0 Tenure**

We understand the property is held Freehold.

We have not inspected any documents of Title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoing, covenants or Rights of Way. We have also assumed that it is not affected by any Local Authority proposals. We recommend that solicitors be instructed to verify the position.

We confirm that we have not had sight of the Report on Title, however upon receipt of a copy, we would be pleased to separately confirm whether the content of this has an impact on the advice provided in this appraisal.

## **9.0 Services**

We have assumed that all mains services are available to the property although we have not made enquiries with respective service supply companies.

It should be noted that none of the services or appliances have been tested and no warranty can be given as to their condition or use.

## **10.0 Rating**

The property is not currently assessed for rating purposes.

## **11.0 Planning and Statutory Enquiries**

We have made enquiries of the Planning Department at West Lindsey District Council and understand that the property has a valid planning consent for its current use. There are currently no outstanding applications or consents made with respect to the subject property.

We have assumed for the purposes of our Report and Valuation that the use of the property falls within Use Class C2 (Residential Institutions) of the Town and Country Planning (Use Classes) Order 1987. In our opinion the most appropriate use of the site will be for private residential C3 or some form of care or residential house facility with the current user clause. We further understand that the property is not Listed and is not situated within a Conservation Area.

We have made enquiries of the Highways Department at Lincolnshire County Council and it has been confirmed that All Saints Lane is an adopted highway maintainable at public expense.

The Regulatory Reform (Fire Safety) Order 2005 came into effect on 1 October 2006. This requires the responsible persons for all non-domestic properties to prepare a Fire Risk Assessment (FRA). During our inspection we were not provided with an FRA and we are unable to confirm whether the use of the property complies with the requirements. It is the responsibility of the tenants to provide their own FRA.

In England and Wales the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates (EPC) to be made available for all properties (with limited exceptions), residential and commercial when bought, sold or rented. The Certificate is valid for ten years and includes an Energy Efficiency Rating between A (Most Efficient) and G.

We have undertaken a search using the web-based register of EPC documents provided by Landmark. This confirms that an EPC has been issued. The Certificate Reference number is 9432-3026-8026-0300-5401. The certificate is shown to the rear of this report detailing a rating of C62 with an expiry date of 06 June 2022.

The existing EPC certificate that has been provided indicates that the subject property will fall within the acceptable energy performance range for the purposes of the Act. Although the legislation is not expected to be reviewed again until 2020, the method of assessment may have changed since the EPC certificate was issued. It is therefore advisable to obtain an expert's opinion on whether the building would still comply with the minimum standard if the building were re-certified under the current methodology.

The Energy Act 2011 applies to both residential and commercial property and stipulates that properties with an energy efficiency rating falling in bands F and G of the Energy Performance Certificate (EPC) are no longer permitted to be let, as of April 2018, without improvement works being undertaken. There may be an adverse impact on the value of these properties that do not meet the minimum standards, together with their marketability.

The Equality Act came into force on 1 October 2010. The Act consolidates and brings together previous equality laws including the law on disability discrimination. Operators are under a duty to make reasonable adjustments to the provision of their services to accommodate people with disabilities. The duty is anticipatory – so adjustments must be made before a claim for disability discrimination is brought. What will constitute a reasonable adjustment very much depends on the size and nature of the service.

## **12.0 Environmental Considerations**

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to assume that if investigations were to be made, then nothing would be discovered sufficient to affect value.

Our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation. We would stress, however, that we have not carried out, nor are we qualified to carry out an environmental audit. Our comments therefore, should be used as a guide only and should not be relied upon. If you require confirmation of the position then we strongly recommend that an initial environmental audit is carried out. Our inspections were only of a limited visual nature and we cannot give any assurances that previous uses on-site or in the surrounding areas have not contaminated sub-soils or ground waters. In the event of contamination being discovered, then further specialist advice should be obtained.

We have been provided with a copy of the asbestos report provided by Rilmac Asbestos Services dated 05 November 2019. We understand that asbestos is present throughout the fabric of the building and the quote provided necessitates £120,000 is spent on the removal of this.

We have detected no evidence to suggest that further deleterious or hazardous materials or techniques have been used in the construction or subsequent modification of the building.

At the time of the inspection we did not identify any invasive plant or shrub species. Should it be established that they are apparent on the subject property, or any neighbouring land or boundaries, we would reserve the right to re-inspect or revise the report as this may adversely affect the valuation.

We have made enquiries of the Environment Agency website, which identifies the property at postcode LN2 2NT as being in an area that has a very low chance of flooding from rivers and seas. The chance of flooding in this location is detailed as less than 0.1%. Enquiries into the risk of surface water flooding reveal that the area has a low chance of flooding. The chance of flooding from surface water each year is detailed as between 0.1% and 1%.

The Public Health England (PHE) website has identified that the property is situated in an area where between 5% and 10% of properties are at or above the radon gas action level. Further advice should be taken to establish whether action is required on this property.

We have also referred to the Public Health England website for further information on Environmental matters. From our informal enquiries, there is no indication that the site or its immediate locality:

- is on or near landfills
- is located within a mining area
- is in an area that has been identified as having a risk of subsidence or landslip
- is subject to water or land pollution
- has been used for the manufacture, storage or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, asbestos, explosives, paint or radioactive materials
- is close to incinerators or chimneys giving off heavy emissions

### **13.0 General Condition & State of Repair**

We have not carried out a building survey of the property as this was not within the scope of the instruction, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and, for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all functioning adequately and no allowances have been made for replacement or repair. The property has been valued with due regard to its existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We have formed a general opinion of the state of repair of the property insofar as it is likely to affect our valuation.

We consider the building to be suitable for demolition due to the poor state of repair, presence of asbestos and location of the site within the village.

## 14.0 General Market

The subject property comprises a former care home as a site of 0.98 acres, situated in the popular village of Nettleham.

The latest UK Property Market Survey conducted by the RICS showed a fairly subdued trend across the occupier market, with the uncertainties created by the ongoing Brexit negotiations, weighing heavily on occupier decisions. However, structural challenges continue to pose the most significant near-term threat particularly for retailers, while on the flip side conditions within the industrial sector continue to benefit from the shift towards online shopping. At a headline level, occupier demand fell slightly for the fifth consecutive quarter, driven by the fall in demand for retail space, although this fails to reflect the disparities between the three traditional sectors of the UK market, as demand for industrial space continued to grow, thereby extending a run of interrupted growth going back to 2012. At the same time demand for office space has remained static.

Consequently, the availability of space grew within the retail sector, prompting Landlords to increase incentive packages, whilst availability and the size of incentive packages remained stable within the office sector and fell within the industrial sector, driven by a continuing lack of supply and strong demand.

At an all sector level, it is anticipated that rental levels will remain unchanged in the short term but industrial rents are expected to post solid growth over the medium to longer term, with the expectation for prime office rental levels be moderately positive and broadly flat for secondary space. Expectations for rental levels for both prime and secondary retail space in the short to medium term remains firmly negative.

At a regional level, the picture mirrors the projections for the wider national market, with retail rents across all regions expected to fall, office rents remain stable and industrial rents grow across all areas, although in some areas the level of projected growth has been trimmed back slightly from levels expected early last year.

Within the investment market, demand fell firmly in line with the strengths of the different sectors within the occupier market, with demand therefore strongest for industrial properties, with the level of demand growing slightly from the previous quarter and demand lowest within the retail sector, although demand within this sector was slightly up from levels seen in the previous quarter. Overseas investment demand remains largely unchanged with a small growth within the demand for industrial investment products. Alongside this, the supply of property investments for sale fell within all but the retail sector, where supply continued to rise for the fifth consecutive quarter.

On the back of this, capital value expectations in the short to medium term remain negative within the retail sector nationwide, with a fall in the capital value of both primary and secondary stock widely anticipated. Relative to recent expectations, office capital value growth in the medium term has been paired back slightly within the prime sector, so limited growth is now expected, whilst expectations within the secondary market have fallen slightly into negative territory. Finally given the supportive supply and demand dynamics, prime and secondary capital values within the industrial sector are expected to again see solid growth over the year ahead.

At a regional level, the picture for capital values mirror the expectations for rental values, with industrial values expected to grow in all parts of the UK, retail values fall across the whole country and office values remain broadly flat. The outlook for secondary industrial values appear strongest in the South and Midland regions.



On a wider macro-economic level, economists are suggesting that if a deal can be agreed with the EU to resolve the Brexit crisis, removing the uncertainty hanging over the economy, there remains scope for activity to pick up later this year. We would expect that if this can be maintained then it should have a positive benefit on the property market across all sectors, to varying degrees, as occupiers will feel more confident in investing in their businesses.

We would expect that there would be a good level of demand for the property due to the popular village location and lack of similar stock on the market and we are aware there are parties who have expressed an interest in the site for residential development.

In respect of capital values, we would expect that there will be a marketing period in the order of 9-12 months to achieve a sale.

## 15.0 Comparable Evidence

In formulating our opinion as to Market Value, we have had regard to lettings and sales of comparable properties in and around the surrounding area making allowances for age, size, specification and location. In particular, we perceive that the following evidence is the most pertinent.

Price/Yield Evidence						
Address	Description	Effective Date	Size (acres)	Price	Comments	Analysis
Land adjacent Fir Tree Lodge, North Scarle	Residential development site	January 2019	1.76	£615,000	Planning consent for 7 dwellings. Less popular village than subject	£350,000 per acre
Dunholme Road, Scothern	Residential development site	October 2017	4.09	£1,250,000	Consent for 32 dwellings including 8 affordable units.	£305,000 per acre
Site on Longleys Road, Lincoln	Residential care home development site	2018	1.23	£750,000	Site sold without planning consent	£609,756 per acre

## 16.0 Valuation Consideration and Analysis

The property is a former care home situated on a good sized plot of 0.98 acres, situated in the centre of Nettleham close to amenities. In our opinion, due to its location, the site would appeal to care home operators and residential developers alike.

Whilst the site does not have planning for redevelopment, we consider the previous use and surrounding land uses, mean that securing planning consent for an attractive scheme should be relatively straight forward. With this in mind we consider the land to be reasonably valued at a figure of £500,000. This is at the upper end of the comparables above but allows for an element of quantum, the popular village location but also takes the lack of planning permission into account.

## 17.0 Valuation

### Market Value

We are of the opinion that the Market Value of the Freehold interest of the site as at the 12 December 2019, with vacant possession, as described above for Internal Purposes, is:

**£500,000**  
**(Five Hundred Thousand pounds)**

We consider 9-12 months is a realistic period required to achieve this value, although anticipate that changes in market conditions may adversely affect the property performance and rental and capital values.

Taking into account the evidence set out, for valuation purposes we have adopted the market approach using the comparable method. We do not foresee any substantial increase in the value of the property other than as a result of any general improvement in market conditions. We do not consider that there is likely to be any significant decrease in the valuation figure stipulated provided that current market conditions prevail and the property continues to be maintained to at least an equivalent standard to that witnessed at the time of our inspection.

We do not consider that there are any environmental or contamination issues at the property or on adjoining land which would materially affect our valuation figures.

We do not consider that there is any Hope, Marriage or Special Purchaser Value attached to the property now, or likely to arise in the future.

We can confirm that our Firm carries current Professional Indemnity Insurance of £5,000,000 for any one claim plus legal fees. There is an excess of £10,000 for each and every claim.

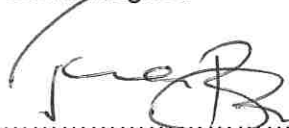
#### **19.0 Confidentiality**

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purposes stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party for the whole of any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.



**Harriet Hatcher BSc (Hons) MRICS**  
**RICS Number: 1249443**

Countersigned



**James R Butcher BSc (Hons) MRICS**  
**RICS Number: 0844159**

For and on behalf of Banks Long & Co

Date 20 DECEMBER 2019

# **APPENDIX 1**

## **Standard Conditions of Engagement**



## CONDITIONS OF ENGAGEMENT

### Appraisal and/or Valuation Instructions

In accordance with formal procedures set out by the RICS Valuation Global Standards 2017 - including the International Valuation Standards ("The Red Book"), we confirm our Conditions of Engagement for the work undertaken on behalf of clients in connection with the preparation of formal Reports and Appraisals/Valuations for all types of commercial and residential property.

<b>Purpose of Valuation or Appraisal</b>	Each Report we provide to our clients will confirm the purpose of the Valuation or Appraisal. If there are special circumstances which require this to be confidential, then we will make appropriate assumptions which will be specified in our Report in order that clients can clearly see the way in which we have approached the Valuation or Appraisal.
<b>Nature of Property Interest</b>	Our Report will clearly confirm the interest in the property which is the subject of the Valuation or Appraisal, for example: freehold with vacant possession; freehold subject to a specified Lease; or a leasehold interest. With regard to any leasehold interest we will clearly confirm our summary of the principal terms and any assumptions which have been made where there is no formal Lease documentation available for our inspection.
<b>Scope and Nature of Valuation</b>	Our Report will clearly state whether or not we have valued or appraised a property on a "bricks and mortar" only basis or whether we have included fixtures, fittings, plant and/or machinery in our Valuation or Appraisal figures, being that present within the property at the date of our inspection. Unless otherwise stated, our Valuation or Appraisal of a property will normally exclude any element of value attributable to specialist trade fixtures, fittings and equipment and will not include any element of value attributable to any goodwill which may exist in connection with an established Business or Company occupying the property.
<b>Basis of Valuation and Market Value (MV)</b>	<p>We will confirm the basis of our Valuation or Appraisal figures provided and each Report will include (unless otherwise agreed) our opinion of the property's Market Value (MV). This is defined in the RICS Valuation Global Standards 2017 as:</p> <p>"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p>
<b>Valuation as an Operational Entity</b>	With regard to certain properties, it may be appropriate to provide an opinion of Value on the basis of a fully equipped operational entity having regard to trading potential. This does not include a Valuation of the goodwill which is specific to a certain owning party and which would not pass with the property on a sale with vacant possession, but will take into account value which is attributable to the property for its ongoing business use inclusive of all trade fixtures, fittings, equipment, furnishings and/or floor coverings present within the property at the date of valuation. In such cases it will be assumed that any Justices/Statutory Licences, Certificates or other approvals which are required for the operation of the business from the property will for the foreseeable future be readily capable of renewal and that the property will for the foreseeable future continue to comply with all required Statutory Consents and Regulations. Any consumable stocks will, however, be excluded from any Valuation on this basis. No equipment or fixtures have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and it is assumed that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

<b>Depreciated Replacement Cost (DRC)</b>	<p>Certain properties of a specific and specialised nature will by definition be required to be valued on the basis of Depreciated Replacement Cost. This is defined in the RICS Valuation Global Standards 2017 as:</p> <p>"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."</p> <p>DRC should not be confused with net current replacement cost as by definition it has been reduced to reflect the physical characteristics and factors affecting the specific property (such as age, condition, construction and nature of design). It is also specific to the particular building or buildings which comprise the property at the valuation date and should not be construed as an estimate to erect a building or buildings in the future.</p> <p>When providing an opinion of the DRC, we will qualify our valuation figure as being subject to the adequate potential profitability of the business compared with the value of the total assets employed. It will be for the Directors or Owners to decide if the business is sufficiently profitable to be able to carry the property in the balance sheet at the full DRC or whether some lower figure should be adopted. In the case of leasehold land, we will draw our client's attention to the amount of rent payable both in the present and (where foreseeable) future and any unusual or onerous covenants which could affect the Directors' or Owners' judgement on the adequacy of profits.</p> <p>In the case of specialised properties in public ownership or not occupied primarily for profit, where the test of adequate potential profitability is not available, we will confirm our opinion of DRC as being subject to the prospect and viability of the continuance of the occupation and use.</p> <p>As and when required we can confirm separately in further detail the specific assumptions and procedures adopted with regard to the land and buildings elements when confirming our opinion of DRC.</p>
<b>Market Rent (MR)</b>	<p>Where required we are able to provide our opinion of Market Rent (MR) and this is defined in the RICS Valuation Global Standards 2017 as:</p> <p>"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p> <p>MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on Market Rent. In certain countries or states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.</p>
<b>Reinstatement Valuation</b>	<p>If we have prepared a Reinstatement Valuation we will not have carried out a detailed cost appraisal and the figure should therefore be considered for guidance purposes only.</p>
<b>The Nature of Inspection</b>	<p>Unless otherwise specifically agreed, our inspection of the property will be undertaken externally from ground level only and internally from the main accommodation areas where accessible to us. If our internal or external inspections have been unduly restricted then this will be confirmed in our Report. For example, where a property is situated in a narrow street amongst other abutting or connecting buildings, it may not be possible to visually inspect all the walls and roof slopes as these may not be capable of being seen from the Public Highway or from within the curtilage of the property.</p> <p>Any other restrictions limiting our inspection of the property will be specifically referred to in our Report and where known prior to our inspection will have been agreed with our client.</p> <p>With regard to land considered suitable for development, we will assume that there are no onerous ground conditions and that normal construction methods relative to the proposed development can be used without any material increase in cost as a result of the condition of the land which is the subject of our Report and Valuation/Appraisal. We will not have undertaken any on-site ground condition tests and where appropriately accessible to us we will have only undertaken a visual surface inspection of the land and its immediate surroundings. If information on ground conditions and the resulting additional construction costs is made available to us by our instructing clients, then this will be appropriately referred to and reflected in our Valuation/Appraisal.</p> <p>Where a property is occupied and/or contains fixtures, fittings, trade equipment, stock, furnishings and/or floor coverings, the existence of such items and/or the property's occupation (where applicable) will restrict the nature of our internal inspection and we will confirm in our Report whether or not this has been the case.</p> <p>Unless specifically instructed to do so, we will not have undertaken a full Structural or Dilapidations Survey but will, subject to the limitations of our inspection, reflect the general apparent condition and state of repair of the property at the date of our inspection in our Appraisal or Valuation figures. In this regard, those parts of the property which are hidden, inaccessible or otherwise unexposed cannot be inspected and we would not therefore be able to reflect any defects in these areas in our Appraisal or Valuation figure(s).</p>



	<p>If a Structural or Dilapidations Survey is required then this can be provided by our in-house Chartered Building Surveyor and where required can be reflected in our valuation figure(s).</p>
<b>Tenure, Lettings and Reports on Title and/or Tenancies</b>	<p>Unless otherwise stated, we have not inspected the title deeds, leases and related legal documents and, unless otherwise disclosed to us, we have assumed that there are no onerous or restrictive covenants in the titles or leases which would affect the value.</p> <p>Where we have not been supplied with leases, unless we have been advised to the contract, we have assumed that all the leases are on a full repairing and insuring basis and that all rents are reviewed in an upwards direction only, at the intervals notified to us, to the full market value.</p> <p>We have assumed that no questions of doubt arise as to the interpretation of the provisions within the leases giving effect to the rent reviews.</p> <p>We have disregarded any inter-company lettings and have arrived at our valuations of such accommodation on the basis of vacant possession.</p> <p>If a solicitors' Report on Title and/or Tenancies has been provided to us, our valuation will have regard to the matters therein. In the event that a Report on Title and/or Tenancies is to be prepared, we recommend that a copy is provided to us in order that we may consider whether any of the matters therein have an effect upon our opinion of value.</p>
<b>Environmental Matters and Contamination</b>	<p>In each Report we will confirm our assumptions and/or qualifications with regard to environmental factors. A formal Environmental Assessment will not be provided or implied and this would only be available where separately commissioned. Our Report and Valuation/Appraisal will be provided on the assumption that there are no environmental or contamination issues which materially affect the value of the property as confirmed.</p> <p>Subject to the limitations of our inspection we will, however, draw to our client's attention any issues which give rise for concern and as a result of which it may be prudent to separately commission an environmental audit, land quality statement or similar environmental report prepared by a specialist advisor. Where such is required we reserve the right to vary our valuation figure(s), or where such is already available and forwarded to us we can (where applicable) reflect the contents of such specialist report in our Report and Valuation/Appraisal.</p>
<b>Third Party Enquiries</b>	<p>Where a client has specifically asked us to rely on certain information which limits the scope of our normal enquiries or inspection of the property then our valuation figures will be totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made and such will be specified in our Report.</p>
<b>Date of Inspection and Conflicts of Interest</b>	<p>Our Report will confirm the date of our inspection and the name and qualifications of the person who inspected the property. We will also confirm that such person has the necessary experience and expertise to value a property of this particular nature in the subject location. We will further confirm to the best of our knowledge that neither this firm nor the individual Valuer has any conflict of interest in the matter. All valuations will be prepared by a suitably qualified valuer as defined by Valuation Practice Statement 1 of the RICS Valuation Global Standards 2017.</p>
<b>Date of Valuation</b>	<p>Unless otherwise specifically stated, the assumed date of valuation will be the date of our inspection. Where instructed by our clients we can confirm a specific date of valuation and the assumptions which have been taken into account in this regard.</p>
<b>Currency</b>	<p>Unless otherwise specifically stated, all valuation figures will be confirmed in pounds sterling (GBP).</p>
<b>Taxation</b>	<p>Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or notional, and neither have we made any deduction for Capital Gains Tax, Value Added Tax or any other tax.</p>
<b>Descriptions and Area Calculations</b>	<p>Subject to the limitations of our inspection, our Report will confirm an appropriate description of the property, commenting on its age, nature, use, accommodation, construction, general state of repair and condition, amenities and services.</p> <p>Subject to the limitations of our inspection, our Report will confirm a description of the locality in which the property is situated, commenting on the characteristics of the locality, neighbouring uses, availability of highway and other relevant communications, together with any other apparent matters affecting value.</p> <p>Our description of the property will include a summary schedule of the approximate floor areas of the main accommodation and comment on any specific areas of accommodation which are not accessible to us at the date of our inspection. Such schedules of accommodation will confirm the approximate area in square metres and in square feet. Where applicable we will also confirm an approximate calculation of the site area and site coverage of any buildings thereon.</p> <p>All measurements of land and buildings will be undertaken in accordance with the current edition of the RICS Code of Measuring Practice and any departures therefrom will be drawn to the attention of our client. With regard to site areas, we will confirm whether or not these have been calculated from on-site measurements or scaled from the Ordnance Survey or such other plans as are available to us.</p>



<b>Local Authorities, Statutory Undertakers and Legal Searches</b>	<p>We have not made any formal searches or enquiries in respect of the property and are therefore unable to accept any responsibility in this connection. We have, however, made informal enquiries of the local planning authority in whose areas the property is situated as to whether or not they are affected by planning proposals. We have not received a written reply and, accordingly, have had to rely upon information obtained verbally.</p> <p>We have assumed that all consents, licences and permissions including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the date of our inspection have been obtained and that there are no outstanding works or conditions required by lessors or statutory, local or other competent authorities.</p>
<b>Utility Services</b>	<p>We will confirm, subject to the limitations of our inspection, which mains utility services are connected to the property or, where appropriate, those which in our opinion are available for connection. However, unless specifically instructed, we cannot confirm the ongoing suitability of any existing or anticipated services or connections and will have assumed they are connected and/or available for the purposes of our valuation figures. Unless separately commissioned, no specific tests will be undertaken of the service installations within the property but, subject to the limitations of our visual surface only inspection, we will endeavour to draw to the attention of our clients any issues which give rise for concern to the extent that a specialist report should be obtained.</p>
<b>Rating</b>	<p>We will make verbal enquiries of the Billing Authority to ascertain the Rateable Value of the property (or with regard to residential property the Band for Council Tax purposes). We will not comment on the appropriateness of the Rateable Value confirmed to us unless we are specifically instructed to do so and in which circumstances we will be able to provide specialist Rating Advice from our in-house Rating Surveyors.</p>
<b>Mortgages</b>	<p>We have disregarded the existence of any mortgages, debentures or other charges to which the property may be subject.</p>
<b>Arrears</b>	<p>We have assumed that all rents and other payments payable by virtue of the leases have been paid to date. If there are rent or other arrears, we recommend that we should be informed in order that we may consider whether our valuation should be revised.</p>
<b>Defective Premises Act, Health &amp; Safety at Work Act and Disability at Work Act</b>	<p>Our valuations do not take account of any rights, obligations or liabilities, whether prospective of accrued, under the Defective Premises Act, 1972. Unless advised to the contrary, we have assumed that the properties comply with, and will continue to comply with, the current Health &amp; Safety and Disability legislation.</p>
<b>Insurance</b>	<p>In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.</p>
<b>Duty of Care</b>	<p>Unless specifically agreed, our Report and Valuation/Appraisal will be prepared for the sole reliance of the instructing party for the purpose(s) confirmed and should not be relied upon by any other party, or by the instructing party for any other purpose, without our prior written consent.</p>
<b>Publication and Circulation</b>	<p>With the exception of valuations prepared for commercial or residential mortgage/ loan purposes neither the whole nor part of our Report, nor published references thereto, including references in company accounts and/or directors' reports, chairmen's or other statements or reviews or any company statement or circular, should be published without our prior written consent.</p> <p>Valuations prepared for Accounting and/or Balance Sheet purposes will be specifically stated as being prepared for such purpose and will therefore be deemed to have our consent for such publication and use.</p>
<b>Fees</b>	<p>Unless a client has established fee arrangements the fee will be agreed in advance for each commission.</p> <p>Our Scale of Charges leaflet is available on request.</p> <p>Fees for professional services are payable within twenty-eight days of issue of our fee account.</p>

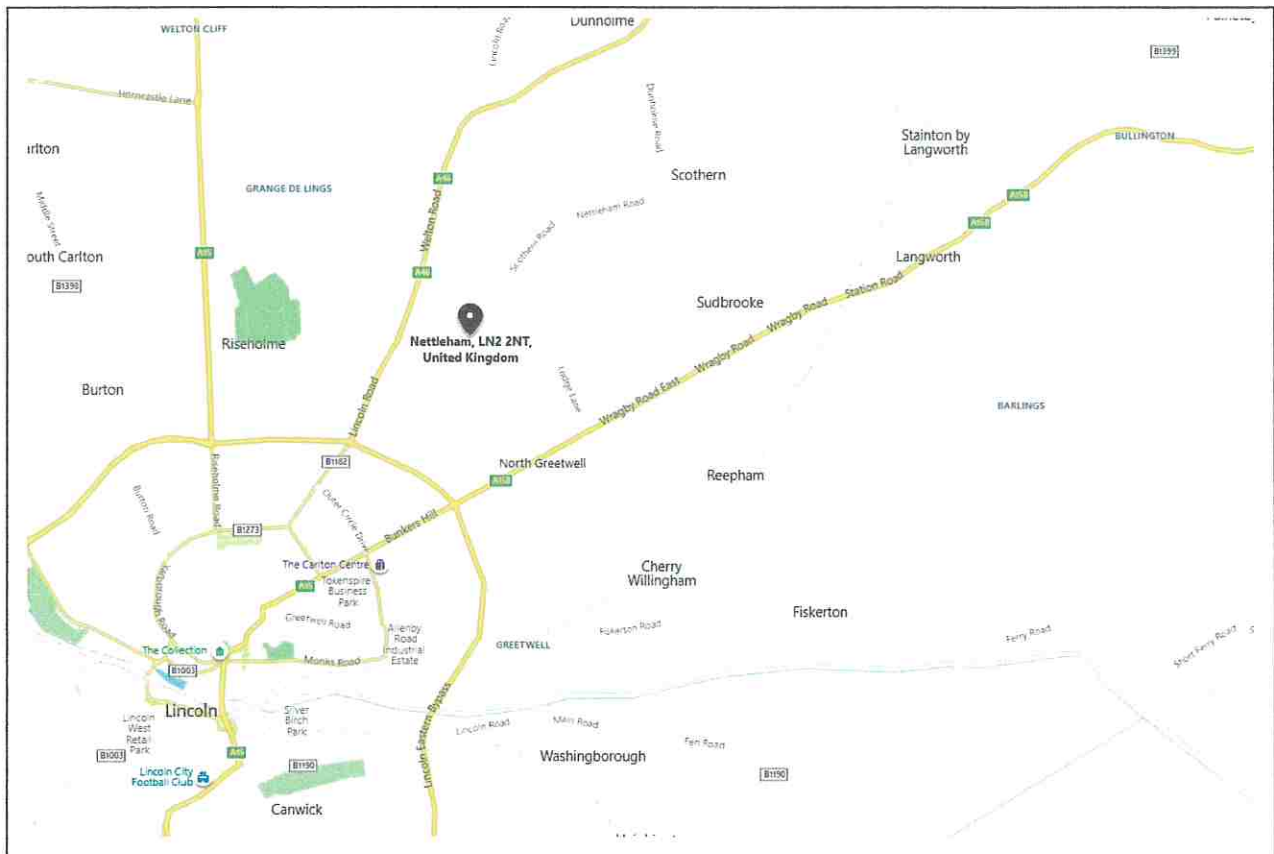
We would be pleased to provide clarification of any of our conditions of engagement and enquiries should be addressed to the Directors or senior staff.

# APPENDIX 2

## Location Plan Ordnance Survey Extract

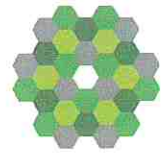


## LOCATION PLAN

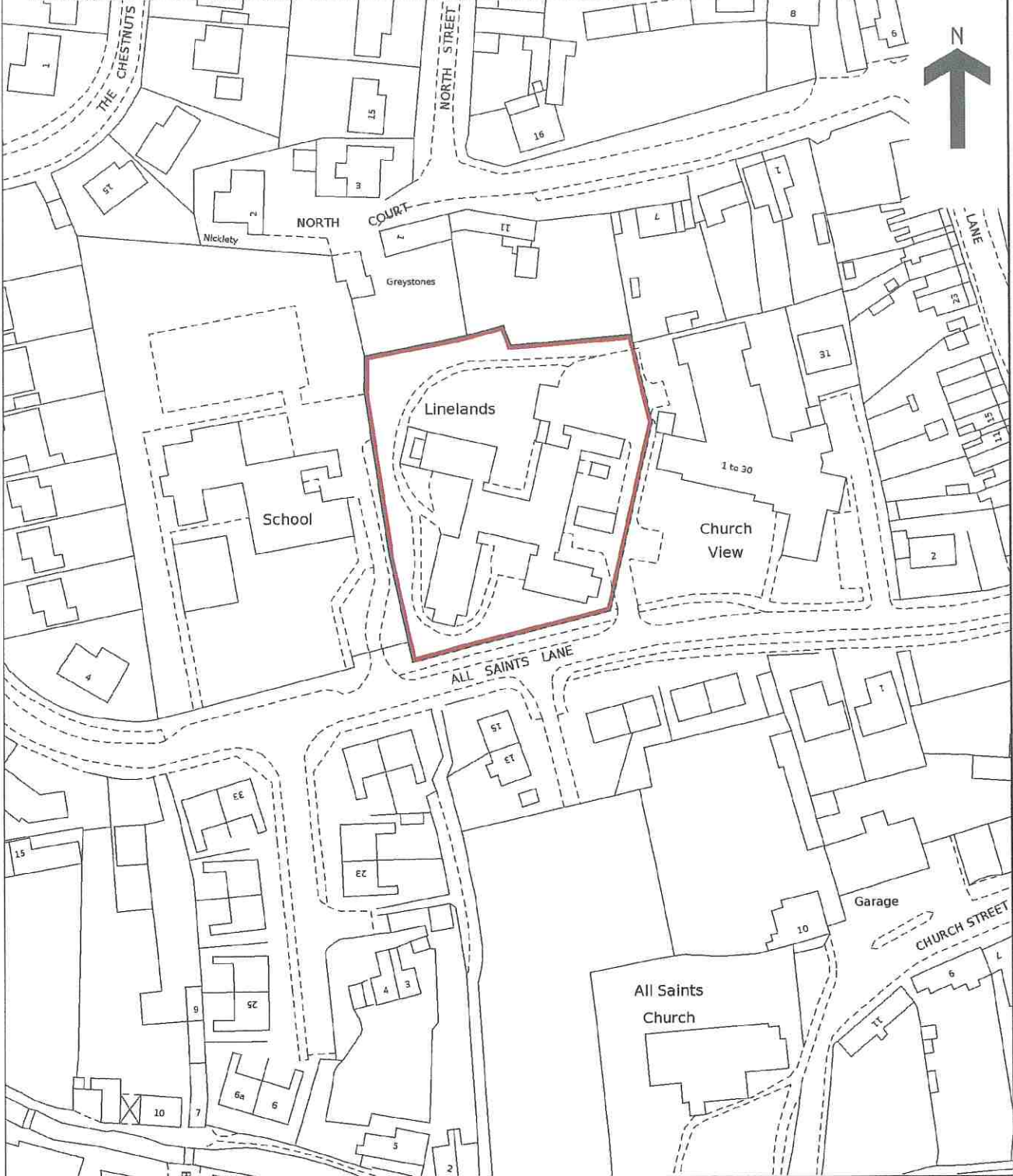


# HM Land Registry Current title plan

Title number **LL249084**  
Ordnance Survey map reference **TF0075SE**  
Scale **1:1250**  
Administrative area **Lincolnshire : West Lindsey**



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This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 20 December 2019 at 14:27:45. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.





This title is dealt with by HM Land Registry, Kingston upon Hull Office.







## **APPENDIX 3**

### **Photographs**



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## **APPENDIX 4**

### **Energy Performance Certificate**



# Energy Performance Certificate

Non-Domestic Building



Linelands  
All Saints Lane  
Nettleham  
LINCOLN  
LN2 2NT

**Certificate Reference Number:**  
9432-3026-0826-0300-5401

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information in the guidance document *Energy Performance Certificates for the construction, sale and let of non-dwellings* available on the Government's website at [www.gov.uk/government/collections/energy-performance-certificates](http://www.gov.uk/government/collections/energy-performance-certificates).

## Energy Performance Asset Rating

More energy efficient

A+

..... Net zero CO<sub>2</sub> emissions

A 0-25

B 26-50

C 51-75

◀ 62 This is how energy efficient the building is.

D 76-100

E 101-125

F 126-150

G Over 150

Less energy efficient

## Technical Information

Main heating fuel:	Natural Gas
Building environment:	Heating and Natural Ventilation
Total useful floor area (m <sup>2</sup> ):	1382
Assessment Level:	4
Building emission rate (kgCO <sub>2</sub> /m <sup>2</sup> per year):	109.25
Primary energy use (kWh/m <sup>2</sup> per year):	Not available

## Benchmarks

Buildings similar to this one could have ratings as follows:

28	If newly built
76	If typical of the existing stock

## Administrative Information

This is an Energy Performance Certificate as defined in the Energy Performance of Buildings Regulations 2012 as amended.

<b>Assessment Software:</b>	SBEM v4.1.d using calculation engine SBEM v4.1.d.0
<b>Property Reference:</b>	426843230000
<b>Assessor Name:</b>	Mr Kristen Jones
<b>Assessor Number:</b>	EES/008857
<b>Accreditation Scheme:</b>	Elmhurst Energy Systems
<b>Employer/Trading Name:</b>	Lincoln Energy Surveys
<b>Employer/Trading Address:</b>	62 St. Augustine Road, Lincoln, LN2 4FH
<b>Issue Date:</b>	07 Jun 2012
<b>Valid Until:</b>	06 Jun 2022 (unless superseded by a later certificate)
<b>Related Party Disclosure:</b>	Not related to the owner.

Recommendations for improving the energy performance of the building are contained in the associated Recommendation Report - 0540-0342-3869-2206-4002.

## About this document and the data in it

This document has been produced following an energy assessment undertaken by a qualified Energy Assessor, accredited by Elmhurst Energy Systems. You can obtain contact details of the Accreditation Scheme at [www.elmhurstenergy.co.uk](http://www.elmhurstenergy.co.uk).

A copy of this certificate has been lodged on a national register as a requirement under the Energy Performance of Buildings Regulations 2012 as amended. It will be made available via the online search function at [www.ndepcregister.com](http://www.ndepcregister.com). The certificate (including the building address) and other data about the building collected during the energy assessment but not shown on the certificate, for instance heating system data, will be made publicly available at [www.opendatacommunities.org](http://www.opendatacommunities.org).

This certificate and other data about the building may be shared with other bodies (including government departments and enforcement agencies) for research, statistical and enforcement purposes. Any personal data it contains will be processed in accordance with the General Data Protection Regulation and all applicable laws and regulations relating to the processing of personal data and privacy. For further information about this and how data about the property are used, please visit [www.ndepcregister.com](http://www.ndepcregister.com). To opt out of having information about your building made publicly available, please visit [www.ndepcregister.com/optout](http://www.ndepcregister.com/optout).

There is more information in the guidance document *Energy Performance Certificates for the construction, sale and let of non-dwellings* available on the Government website at: [www.gov.uk/government/collections/energy-performance-certificates](http://www.gov.uk/government/collections/energy-performance-certificates). It explains the content and use of this document, advises on how to identify the authenticity of a certificate and how to make a complaint.

## Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

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31 July 2020

HHA/YL/9910

S Schjerve Esq  
Lincolnshire County Council  
County Offices  
Newland  
Lincoln  
LN1 1YL

Dear Sam

**Property: Linelands, All Saints Lane, Nettleham LN2 2NT**

Further to your email of 24 July 2020 with regards to the above property. This letter should be read in conjunction with our original valuation report, dated 12 December 2019, and not in isolation from it. I can confirm we consider the Market Value of Linelands, All Saints Lane, Nettleham LN2 2NT as at 31 July 2020, to be:

**£500,000**  
**(Five Hundred Thousand pounds)**

I trust this is satisfactory for your requirements however, should you have any queries then please do not hesitate to contact me.

Yours sincerely



**Harriet Hatcher** BSc (Hons) MRICS  
**Valuation Surveyor**  
Banks Long & Co

**T** 01522 518580 | **M** 07540 281486 | **E** harriet.hatcher@bankslong.com

26 Westgate, Lincoln LN1 3BD t 01522 544515 e enquiries@bankslong.com

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Regulated by RICS

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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

<b>Title of the policy / project / service being considered</b>	Adult Care Capital Programme – Extra Care Housing at The Linelands, Nettleham, in partnership with LACE Housing	<b>Person / people completing analysis</b>	Gareth Everton/Emma Rowitt
<b>Service Area</b>	Adult Care and Community Wellbeing	<b>Lead Officer</b>	Gareth Everton
<b>Who is the decision maker?</b>	Glen Garrod	<b>How was the Equality Impact Analysis undertaken?</b>	Desktop exercise updated after engagement and consultation
<b>Date of meeting when decision will be made</b>	02/09/2020	<b>Version control</b>	1.0
<b>Is this proposed change to an existing policy/service/project or is it new?</b>	New	<b>LCC directly delivered, commissioned, re-commissioned or de-commissioned?</b>	Commissioned
<b>Describe the proposed change</b>	<p>The council has identified the need for the development of new Extra Care Housing (ECH) facilities in Lincolnshire in order to alleviate the long term pressure for the provision of residential care in the county, and to increase the availability of ECH generally. In addition, the extra care accommodation will help to encourage independence, allowing service users to remain in their home for as long as possible, and access services close to their local community and support circles. As part of the Extra Care Capital Programme, Lincolnshire County Council's (LCC) intention is to partner with LACE Housing to deliver a 43no one bedroom unit extra care scheme at the former Linelands care home site in Nettleham, Lincoln.</p> <p>This Equality Impact Analysis addresses the equalities implications of the proposed new Extra Care Housing development at The Linelands. The programme deploys a £11.886m Adult Care Capital grant to be used to enable Housing schemes to commence development. Each specific scheme will require a detailed equality impact assessment to be undertaken by the District Council or Housing Association, leading on the development of the specific scheme.</p> <p>The Adult Care Capital grant will provide Adult Care with nomination rights for a proportion of the units; this number is dependent on each specific scheme. This basis of which will be a 30 years process of first right of refusal with no void risk</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 1<sup>st</sup> 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'.

<b>Age</b>	<p>The demographic trends for Lincolnshire indicate that there will be greater need for ECH as the percentage of people aged 65+ increases, whilst Lincolnshire has the lowest level of ECH provision of any county in the country. ECH is aimed at older people but because it is a preventative model, it attracts people of varying ages, allowing individuals to remain independent for as long as possible and avoiding admission to residential care. Evidential research indicates that ECH is a cost effective way to deliver care in comparison to residential and domiciliary care and that ECH promotes increased wellbeing and independence. The positive impacts on this age group are;</p> <ul style="list-style-type: none"><li>- The ability to stay within their local communities where they friends and family are;</li><li>- Remain independent through having their own property, with their own front door;</li><li>- Be supported in an environment where there is additional care and support should it be required;</li><li>- Access services closer to their home and network;</li><li>- The benefit of creating a social life and community, with social activities and events on offer, and the opportunity to make new friends;</li><li>- The flexibility to be able to request additional support and care should their needs develop and change and still remain with their own home for as long as possible;</li><li>- Improve the choice of housing options available within the county;</li><li>- Multiple care needs can be managed on one site;</li><li>- Benefit from new energy efficient accommodation;</li><li>- The encouragement and opportunity for active lifestyles and social contact with other residents;</li><li>- The offer of a living and care environment which has a positive effect on people's health and well-being and prevents or reduces the need for health care interventions; and</li><li>- Couples can avoid being separated as they can live together in extra care accommodation even if only one is in need of care.</li></ul>
<b>Disability</b>	<p>Extra Care Housing as a model can be provided for people with a range of needs including those with both physical and learning disabilities which means the positive impacts of ECH are also available to people with a disability where the nature of the scheme allows.</p> <p>Depending on the source of funding, Homes England specify that the funding can only be used to support people over 55 some of whom may have a disability. The positive impacts are outlined below.</p> <ul style="list-style-type: none"><li>- The ability to stay within their local communities where they friends and family are;</li></ul>

	<ul style="list-style-type: none"> <li>- Remain independent through having their own property, with their own front door;</li> <li>- Be supported in an environment where there is additional care and support should it be required;</li> <li>- Access services closer to their home and network;</li> <li>- The benefit of creating a social life and community, with social activities and events on offer, and the opportunity to make new friends;</li> <li>- The flexibility to be able to request additional support and care should their needs develop and change and still remain with their own home for as long as possible;</li> <li>- Improve the choice of housing options available within the county;</li> <li>- Multiple care needs can be managed on one site;</li> <li>- Benefit from new energy efficient accommodation;</li> <li>- The encouragement and opportunity for active lifestyles and social contact with other residents;</li> <li>- The offer of a living and care environment which has a positive effect on people's health and well-being and prevents or reduces the need for health care interventions; and</li> <li>- Couples can avoid being separated as they can live together in extra care accommodation even if only one is in need of care.</li> </ul> <p>The funding agreements which successful applicants will be required to enter into will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH.</p>
<b>Gender reassignment</b>	<p>No positive impact</p> <p>The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH</p>
<b>Marriage and civil partnership</b>	<p>No positive impact</p> <p>The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH</p>
<b>Pregnancy and maternity</b>	<p>No positive impact</p> <p>The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH</p>
<b>Race</b>	<p>No positive impact</p> <p>The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH</p>



<b>Religion or belief</b>	No positive impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
<b>Sex</b>	No positive impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
<b>Sexual orientation</b>	No positive impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH

**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 Linelands Extra Care Housing scheme could assist in providing community capacity which encourages a variety of different providers and promote a market which supports the offer of a sustainable and diverse range of care and support and different types of service. It provides genuine choice to meet the needs and reasonable preferences of local people. It provides part of the response to the care options for those who self-fund or who arrange and manage their own care through Direct Payments. In addition, it creates further employment opportunities within the district.

### 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	Although the proposed new scheme will not have a negative impact on younger people, it is appreciated that they would not be able to access the positive impacts of the scheme should it be available to a more diverse and wider age range. The mitigation for this, however, is the range of services including accommodation that LCC does make available to younger people to whom it owes a duty.
Disability	ECH must be designed suitability to meet needs of disabled people. The mitigation is that the design of scheme will be in line with the Equalities Act i.e. Disability Discrimination.
Gender reassignment	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
Marriage and civil partnership	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
Pregnancy and maternity	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH

<b>Race</b>	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
<b>Religion or belief</b>	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
<b>Sex</b>	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH
<b>Sexual orientation</b>	No perceived adverse impact The Linelands scheme will be available to potential residents regardless of this protected characteristic. The funding agreements will oblige applicants to comply with the Equality Act 2010 in the delivery of ECH

**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.**

Any successful developer will be expected to develop their own Equality Impact Assessment and in doing so identify whether their actions would have any negative impacts. This will provide evidence that developers are actively engaging the local community and potential future users .

## 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](mailto: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 to be undertaken with various groups about likely impacts to inform this Equality Impact Analysis as the programme progresses

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

<b>Age</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Disability</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Gender reassignment</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Marriage and civil partnership</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Pregnancy and maternity</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Race</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Religion or belief</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.

<b>Sex</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>Sexual orientation</b>	Engagement on ECH programme was previously undertaken with council staff, people's partnership, Age Concern and Just Lincolnshire.
<b>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?</b> The purpose is to make sure you have got the perspective of all the protected characteristics.	Yes
<b>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?</b>	There will be continued Council involvement in extra care housing development through the nominations process and the Council's presence on the Nominations Panel. Evaluation of benefits will be conducted through this process and ongoing monitoring of the extra care programme

### Further Details

<b>Are you handling personal data?</b>	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.	Undertake engagement with protected characteristics groups	Emma Rowitt?	By 05/08/2020.
Signed off by	Emma Rowitt	Date	15/07/2020



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

Report to:	<b>Executive</b>
Date:	<b>02 September 2020</b>
Subject:	<b>Revenue Budget Monitoring Report 2020/21 - Quarter 1 to 30 June 2020</b>
Decision Reference:	<b>I020057</b>
Key decision?	<b>No</b>

**Summary:**

- This report provides an update on revenue spending compared with budgets for the financial year which started on 1 April 2020.
- The tables in this report show the actual income and expenditure for the first three months of this financial year to 30 June 2020, along with the forecasts for spending and a comparison of the forecasts against the approved budgets.
- The report gives an overview of the financial position, with more detailed information on each budget area provided in Appendices A to M. The financial impacts of Covid-19 and other variances arising from our "business as usual" activity are considered separately in this report, with the combined position summarised in the Overall Financial Position section.
- The overall revenue position is that we are forecasting an overspend this year of **£3.555m** (excluding schools). There is a forecast underspend on capital financing charges of £6.948m but this is not reported and not included within this forecast position at this stage. This is because the Review of Financial Performance 2019/20 report, which will be considered by Council on 18 September 2020, includes a recommendation that a capital financing earmarked reserve be created to help manage future fluctuations in the annual capital financing charges budget. This will entail transferring any underspends on this budget into the earmarked reserve.
- We are assuming that our forecasted Covid-19 position will be contained within the government emergency grant because although we are currently forecasting a deficit of **£3.157m**, there is an additional grant of around £4.200m which can be claimed to cover losses of income as well as the potential for the government to provide further grant support as the year progresses.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%, but if we do not manage to turn around the current revenue forecast then we will need to use our Financial Volatility Reserve to support the budgetary position.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience has weakened due to the financial impacts of the Covid-19 pandemic both in

this year and looking forward to next year, as well as the current forecast revenue budget overspend. We have healthy reserves balances and will aim to strengthen our financial resilience as set out in paragraph 1.22.

#### **Recommendation(s):**

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

#### **Alternatives Considered:**

This report shows the actual revenue expenditure to 30 June 2020, and projected outturns for 2020/21, therefore no alternatives have been considered.

#### **Reasons for Recommendations:**

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

## **1. Background**

### **Overall Financial Position**

#### **1.1 Table of Summary Position as at 30 June 2020.**

	Current Budget	Forecast Outturn	Forecast (Under) / Overspend	Previous Forecast (Under) / Overspend
	£'000	£'000	£'000	£'000
Children's Services	113,750	117,012	3,262	0
Adult Care and Community Wellbeing	148,888	148,647	-240	0
Place	72,987	75,159	2,172	0
Fire and Rescue & Public Protection	25,252	24,263	-989	0
Resources	22,547	22,154	-393	0
Commercial	37,152	37,105	-47	0
Corporate Services	2,491	2,456	-35	0
School Budgets	-2,676	-4,151	-1,475	0
Other Budgets	69,503	69,328	-175	0
Transfer to / from Earmarked Reserves	2,722	2,722	0	0
Total Excluding schools	495,292	498,847	3,555	0
Income	-492,616	-492,617	-1	0
Total Including Schools	495,292	500,926	2,079	0

#### **1.2 Appendix A shows an expanded version of this summary table.**

- 1.3 This position assumes that the financial impacts of Covid-19 will be contained within the emergency grant funding we receive this year. Further detail on this is provided in the "Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic" section of this report.

### **Key Issues Highlighted – "Business As Usual"**

- 1.4 The overall revenue position is that we are forecasting an overspend of £3.555m. Within this figure the most significant variances are:
- 1.5 Children's Services (Children's Social Care): a forecast overspend of £1.841m due to an increased requirement for looked after children requiring specialist placements. Contributing factors include: an increase in looked after children numbers; a shift of placement composition from internal foster carer arrangements to more specialist external placements that have a significantly greater unit cost, and market forces within the external looked after children sector, which result in expensive placement costs (see Appendix B for further detail).
- 1.6 Children's Services (Children's Education): a forecast overspend of £1.744m due mainly to the higher cost per day transport delivery costs using the current academic year costs (pre-Covid-19) and applied to the September 2020 to March 2021 period. This higher cost per day transport costs are as a result of higher unit costs for contracted mainstream pupils transport, and an increase in the number of pupils eligible with special educational needs and disability (see Appendix B for further detail).
- 1.7 Place (Communities): a forecast overspend of £1.690m on waste services, due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract. The price paid for the processing of MDR waste fluctuates depending on market conditions with the present expectation being that the rate payable during 2020/21 will be more than double that paid under the previous contract (see Appendix D for further detail).
- 1.8 Fire and Rescue & Public Protection (Fire and Rescue and Emergency Planning): a forecast underspend of £1.437m. The fire pension schemes' employer contribution rates increased significantly from April 2019. In 2019/20 a grant was received to cover 90% of this increased cost, with no guarantee that further grant would be received in future years. The resultant cost pressure was therefore built into the 2020/21 base budget however a grant to help cover the 2020/21 cost of the pension increase has been now been received, creating an underspend of £1.437m (see Appendix E for further detail).
- 1.9 Excluded from the overall forecast overspend is Other Budgets (Capital Financing Charges): a forecast underspend of £6.948m. This underspend has not been reported because the Review of Financial Performance 2019/20 report, which will be considered by Council on 18 September 2020, includes a recommendation that a capital financing earmarked reserve be created to help manage future fluctuations in the annual capital financing charges budget. This will entail transferring any underspends on this budget into the earmarked reserve, and using the earmarked reserve in future to fund any overspends on this budget. Although the precedent of transferring an underspend into the earmarked reserve was set at the end of 2019/20, this proposed policy could

be reviewed in the context of the overall financial position as it emerges during this year, including the impacts of Covid-19. The explanation of the underspend is that the current budget for Minimum Revenue Provision (MRP) was calculated in 2019 before the 2019/20 capital outturn position had been reported. The 2019/20 borrowing outturn was significantly lower than estimated due to re-phasing, underspend carry forward and the level of internal borrowing taken. Also a large proportion of the borrowing outturn (£39.755m) used to calculate MRP was also allocated to Infrastructure Under Construction Assets that are not due to start for a couple of years and hence the MRP calculated for this area was allocated forward to future years MRP. All this has resulted in MRP showing a £4.600m underspend in the current budget period. The budget for interest on borrowing was calculated based on a borrowing requirement of £137.9m during 2020/21 at a cost of 3.375%. This level has now been reduced to £79.077m due to re-phasing and an assumed level of underspend of £24.000m and internal borrowing of £17.000m. The cost of this borrowing has now been reduced to 2.325%, as rates fall due to the current economic climate and Covid measures. This has resulted in interest costs forecasting an underspend of £2.748m, which is partially offset by interest receipts from cashflow balances being lower by £0.900m, due to market interest rates tumbling to levels of 0.10% due the current economic climate and Covid measures.

- 1.10 The Public Health grant received in this year is £1.205m higher than budgeted for and plans for using this to fund services is described in Appendices B and C.

### **Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic**

- 1.11 Appendix K is a table showing the latest forecast expenditure and losses of income arising from the impacts of the coronavirus (Covid-19) pandemic.
- 1.12 Actual expenditure and losses to 30 June is £6.778m, and forecast expenditure and losses is currently £43.077m. This latter figure includes £11.934m of expenditure and losses which may be incurred depending on the behaviour of the virus during the remainder of this year, and on the national and local response to this. There was also some Covid-19 related expenditure in the last financial year, to the tune of £0.378m.
- 1.13 We have received £40.299m of emergency Covid-19 grant from the government to date to fund both last year's and this year's costs, so Appendix K is showing a forecast deficit of £3.157m between the expected expenditure and losses and this grant. However we are currently assuming that our forecasted Covid-19 position will be contained within the emergency grant because there is an additional grant which can be claimed to cover losses of income. The detailed guidance on how this grant will be applied has not yet been published, but we expect to be able to claim in the region of a further £4.200m of grant income based on an outline communication from the government.
- 1.14 In addition we have received some ring-fenced grants for Covid-19 which are to be spent on supporting specific services or activities. Examples of these are: Infection Control grant for adult social care (£10.458m); Test and Trace grant (£3.069m); Emergency Supplies grant (£0.824m). These grants and their usage are not included in this report. We are also able to reclaim monies from

Clinical Commissioning Groups to cover the additional cost of new or extended out of hospital health and social care support packages for people being discharged from hospital. These additional costs and the related funding are not included in this report.

- 1.15 The most significant area of Covid-19 related expenditure is in Adult Care and Community Wellbeing, representing 49% of our total forecast. The Children's Services forecast for Covid-19 represents 19% of our total forecast. Where there are financial impacts of Covid-19, appendices B to I provide further detail.
- 1.16 The financial impacts of Covid-19 are evolving as the year progresses and are being monitored and reported to the Corporate Leadership Team as well as to the government on a monthly basis. As the situation evolves we will update our reporting and start to consider any longer term impacts on the medium term financial plan for 2021/22 onwards.

### **Progress on Achievement of Budget Savings**

- 1.17 Appendix L shows the savings built into the 2020/21 budget as part of the last budget process and indicates, for each saving, whether or not it is expected to be achieved this year. There are a number of savings which will now not be achieved, but these are almost all due to the impacts of Covid-19. We are therefore treating these overspends as Covid-19 related costs and using the Covid-19 emergency grant to cover these. Appendix L gives more detail on the reasons for the non-achievements of savings.

### **Progress on Development Fund Initiatives**

- 1.18 Appendix M shows a list of initiatives where the revenue costs are to be funded by the Development Fund earmarked reserve. Progress on each of these is reported in the appendix.

### **Assessment of Impact on Financial Resilience**

- 1.19 The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience has weakened due to the financial impacts of the Covid-19 pandemic. The pandemic has resulted in additional costs, losses of income and the non-achievement of budget savings built into this year's base budget, and these impacts have been felt across the whole of the local government sector. The pandemic has also had some indirect effects e.g. the reduction in the base rate at the start of the pandemic will reduce our levels of investment income on treasury management deposits. Our revenue budget position excluding the impacts of Covid-19 is also a forecast overspend, and although this is relatively low at less than 1% of the total budget, it still needs to be managed and reduced.
- 1.20 Looking forward, there is uncertainty about the impact of Covid-19 on next year's council tax and business rates income. We anticipate that the government's Spending Review announcement expected in September 2020 will aim to address this issue.
- 1.21 We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%. If the overall financial position remains within budget to the end of the year then there will be no requirement to draw down

our Financial Volatility Reserve to support the budgetary position, however if the current forecast overspend position continues then this reserve will need to be used. The balance on this reserve currently stands at £52.683m. A possible alternative would be to review the use of the forecast capital financing charges underspend and preserve it within the revenue budget to help cover the forecast overspends reported to date, rather than being transferred to the capital financing earmarked reserve.

- 1.22 We will aim to strengthen our financial resilience by: continued monitoring of the financial position and undertaking work to address issues as they arise; continued reporting of the Covid-19 impacts to government alongside working with the Society of County Treasurers to ensure that the government understands the particular issues faced by County Councils; refreshing and updating the Medium Term Financial Plan and Strategy; focusing on transformation work to reduce cost pressures and create budget savings; we have already asked all budget holders to preserve any budgetary savings incurred this year to help support the overall position.

## **2. Legal Issues:**

### Equality Act 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Crime and Disorder

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

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

### **3. Conclusion**

- 3.1 The Council's overall forecast revenue position is an overspend of £3.555m (excluding the schools position and excluding the capital financing charges underspend). This variance is relatively low at less than 1% of the total budget, but still needs to be managed and reduced. We are assuming that Covid-19 costs and losses of income can be contained with the government's emergency grant but note that it is difficult to predict how the coronavirus will continue to impact, so whether or not this is feasible will emerge as the year progresses.
- 3.2 The financial impacts of Covid-19 have weakened our financial resilience and we will focus on addressing this and mitigating the impacts.



#### **4. Legal Comments:**

This report sets out an update on spending, including spending relating to Covid-19, as at 30 June 2020 compared with the revenue budget for the financial year starting on 1 April 2020 to assist the Executive in monitoring the financial performance of the Council.

#### **5. Resource Comments:**

This report indicates that the current year revenue budget is projected to be overspent and, unless this position can be turned around, we may need to use our Financial Volatility earmarked reserve to support the budgetary position. The balance on this reserve is £52.683m so it is sufficient to cover the forecast overspend, however if it is used this will reduce the balance available to support the medium term budgetary position.

#### **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 on 27 August 2020. Any comments of the Board will be reported to the Executive.

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

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

##### **e) Risks and Impact Analysis**

See d) above.

#### **7. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2020/21 as at 30 June 2020
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue & Public Protection

Appendix F	Resources
Appendix G	Commercial
Appendix H	Corporate Services
Appendix I	Schools
Appendix J	Other Budgets
Appendix K	Summary of Financial Impact of Covid-19 2020/21 as at 30 June 2020
Appendix L	Monitoring of Planned Savings 2020/21
Appendix M	Monitoring of Development Fund Initiatives 2020/21

## 8. Background Papers

Document title	Where the document can be viewed
Council Budget 2020/21	<a href="https://lincolnshire.moderngov.co.uk/documents/s31682/County%20Council%20Budget%202020_21.pdf">https://lincolnshire.moderngov.co.uk/documents/s31682/County%20Council%20Budget%202020_21.pdf</a>
Budget Book 2020/21	<a href="https://lincolnshire.moderngov.co.uk/documents/s31685/Budget%20Book%202020-21.pdf">https://lincolnshire.moderngov.co.uk/documents/s31685/Budget%20Book%202020-21.pdf</a>

This report was written by Michelle Grady, who can be contacted on 01522 553235 or [Michelle.Grady@lincolnshire.gov.uk](mailto:Michelle.Grady@lincolnshire.gov.uk).

### Revenue Executive Budget Monitoring Report 2020/21

	Revised Net Revenue Budget £'000	Net Expenditure £'000	Year End Forecast £'000	Forecast Variance £'000	Forecast Variance %
<b>SERVICE DELIVERY</b>					
Children's Social Care	73,452	25,069	75,630	2,178	3.0
Children's Education	40,298	11,338	41,382	1,084	2.7
<b>Children's Services</b>	<b>113,750</b>	<b>36,408</b>	<b>117,012</b>	<b>3,262</b>	<b>2.9</b>
Adult Frailty & Long Term Conditions	118,816	18,998	118,565	-251	-0.2
Adult Specialities	80,497	29,771	80,775	278	0.3
Public Health and Community Wellbeing	29,518	6,577	29,251	-267	-0.9
Public Health Grant Income	-32,921	-16,773	-32,921	0	0.0
Better Care Funding	-47,023	-11,083	-47,023	0	0.0
<b>Adult Care and Community Wellbeing</b>	<b>148,888</b>	<b>27,490</b>	<b>148,647</b>	<b>-240</b>	<b>-0.2</b>
Communities	46,532	11,378	48,347	1,815	3.9
Lincolnshire Local Enterprise Partnership	398	-12,756	398	0	0.0
Growth	3,524	2,975	3,410	-114	-3.2
Highways	22,534	10,088	23,004	470	2.1
<b>Place</b>	<b>72,987</b>	<b>11,684</b>	<b>75,159</b>	<b>2,172</b>	<b>3.0</b>
Fire and Rescue and Emergency Planning	21,794	5,097	20,357	-1,437	-6.6
Public Protection	3,459	1,259	3,906	447	12.9
<b>Fire and Rescue &amp; Public Protection</b>	<b>25,252</b>	<b>6,356</b>	<b>24,263</b>	<b>-989</b>	<b>-3.9</b>
Resources	22,547	8,632	22,154	-393	-1.7
<b>Resources</b>	<b>22,547</b>	<b>8,632</b>	<b>22,154</b>	<b>-393</b>	<b>-1.7</b>
Commercial	37,152	15,905	37,105	-47	-0.1
<b>Commercial</b>	<b>37,152</b>	<b>15,905</b>	<b>37,105</b>	<b>-47</b>	<b>-0.1</b>
Corporate Services	2,491	691	2,456	-35	-1.4
<b>Corporate Services</b>	<b>2,491</b>	<b>691</b>	<b>2,456</b>	<b>-35</b>	<b>-1.4</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>423,067</b>	<b>107,165</b>	<b>426,796</b>	<b>3,729</b>	<b>0.9</b>
<b>SCHOOL BUDGETS</b>					
Schools Block	134,591	33,570	134,592	0	0.0
High Needs Block	75,865	24,548	75,165	-700	-0.9
Central School Services Block	3,728	114	3,125	-604	-16.2
Early Years Block	42,132	15,836	41,960	-172	-0.4
Dedicated Schools Grant	-258,992	-92,683	-258,992	0	0.0
Schools Budget (Other Funding)	0	-4,137	0	0	NO BUDGET
<b>TOTAL SCHOOLS BUDGETS</b>	<b>-2,676</b>	<b>-22,751</b>	<b>-4,151</b>	<b>-1,475</b>	<b>55.1</b>
<b>OTHER BUDGETS</b>					
Contingency	3,000	0	3,000	0	0.0
Capital Financing Charges	45,694	69	45,694	0	0.0
Other	20,809	-9,694	20,634	-175	-0.8
<b>TOTAL OTHER BUDGETS</b>	<b>69,503</b>	<b>-9,626</b>	<b>69,328</b>	<b>-175</b>	<b>-0.3</b>
<b>TOTAL NET EXPENDITURE</b>	<b>489,894</b>	<b>74,788</b>	<b>491,974</b>	<b>2,080</b>	<b>0.4</b>
Transfer to/from Earmarked Reserves	2,722	0	2,722	0	0.0
<b>BUDGET REQUIREMENT</b>	<b>2,722</b>	<b>0</b>	<b>2,722</b>	<b>0</b>	<b>0.0</b>
<b>MET FROM:</b>					
Business Rates local Retention	-123,271	-35,738	-123,271	0	0.0
Revenue Support Grant	-20,467	-3,684	-20,467	0	0.0
Other Non Specific Grants	-34,016	-5,926	-34,017	-1	0.0
County Precept	-314,862	-62,972	-314,862	0	0.0
<b>TOTAL MET FROM</b>	<b>-492,616</b>	<b>-108,320</b>	<b>-492,617</b>	<b>-1</b>	<b>0</b>
<b>TOTAL</b>	<b>0</b>	<b>-33,532</b>	<b>2,079</b>	<b>2,079</b>	

# Children's Services

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Children's Services

This report details the key changes in position and/or risk faced within Children's Services. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Services	£113.750	£117.012	£3.262	£0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Social Care	£73.452	£75.630	£2.178	£0.000

The financial position is driven by :-

- An increased requirement for looked after children requiring specialist placements has identified a material forecast overspend (£1.841m or 33.9%). Contributing factors include: an increase in looked after children numbers (655 at the end of July 2020); a shift of placement composition from internal foster carer arrangements to more specialist external placements that have a significantly greater unit cost, and market forces within the external looked after children sector, which result in expensive placement costs, which can cause fluctuations in the financial position due to demand-led nature of the statutory service. The forecasted spend for 2020/21 is £7.273m (allowing for Covid-19 related costs to the grant) – this is in comparison to 2019/20 final cost of £7.044m. This budget is determined as high risk, and placements and expenditure will continue to be reviewed monthly including undertaking financial forecasts to the end of the financial year.
- Social care legal costs is forecasting an overspend (£0.787m or 30.0%). Spend for the first three months is £0.854m (or 32% of the budget), and disbursement fees represent 58% of the cost. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings. Contributing factors include: more proceedings being issued; there is an increase in the length of proceedings as a result of court availability and the circumstances of the cases; complexity of proceedings and an increase in the requirement for expert assessments, such as counsel, which represent the high disbursement costs to date. It remains that once the case has issued care proceedings, the costs can be dictated by the court. The management team continue to review the position, and a Children's Services review with engagement with Legal services is currently underway in this area.
- The financial position includes new expenditure budgets to cover costs of £0.465m which have been funded from the available 2020/21 Public Health grant funding that is higher than the budgeted allocation.
  - The Department of Health & Social Care increase in the employer contribution rate to 20.6% for the NHS Pension Scheme. This was a 6.3% increase to the current employer contribution rate resulting in additional costs of £0.383m for the 0-19 service.
  - Following the conclusion of the deep dive review of children's centres, the support infrastructure of the children centre buildings cost pressure for the 48 sites has been reduced from £0.200m to £0.082m. This was achieved through a re-alignment of building related budgets; establishing a central fund for property related repairs; agreed staffing establishments, and creation of income budgets for room use. The shortfall is proposed to be met from the increased grant allocation ensuring the continuation of early childhood services across Lincolnshire.

The movement in position relates to :-	
<ul style="list-style-type: none"> <li>A rise in costs due to an increase in looked after children and a change to the placement composition to more specialist placements which are high cost.</li> </ul>	
Key Financial Risks to Delivery and Mitigating Actions	
Key Risk 1 – Looked after children	<ul style="list-style-type: none"> <li>Looked after children services are demand-led in nature and can be volatile. The financial risk is recognised within the Council's financial plan. The impact can be significant financially, due to the cost of requiring externally commissioned specialist placements. There has been a rise in looked after children numbers, however Lincolnshire's benchmarked looked after children numbers per 10,000 of the population is at 43 per 10,000, compared to nationally in the prior year of 65 (over 50% more). Steps continue to be in place to mitigate and manage escalation of needs.</li> </ul> <p>Increased costs come from the changing composition of looked after placements from internal foster carer arrangements to more specialist external placements. This is caused by the complex nature of family life, added with market forces in the sector.</p> <p>Recognising the rising cost of placements, which is considered not only to be a national issue, but CIPFA LAC benchmarking for Local Authority participants showed Lincolnshire's average looked after child placement costs (2019) to be £41,555 p.a. compared to the average of other Local Authorities of £53,287.</p> <p>The Council recognises the financial risk of this due to the demand-led nature and complexity of support required for these young people in care. The Local Authority has agreed to support an increase in its internal residential estate to meet these growing needs, to deliver improved outcomes and achieve better use of resources. Corporate assistance is being provided to support Children's Services in undertaking a review of the whole process from early help services to regulated services.</p> <ul style="list-style-type: none"> <li>Social care legal costs have continued to rise annually, and in 2019/20 a material overspend of £1.014m was incurred due to the complexity and length of cases, the need for expert opinions and the use of counsel. The trajectory of spending remains the case in 2020/21. It is expected that legal costs will continue to rise based on current trends, added with delays in cases being concluded due to the Covid-19 restrictions and also because of the impact of deprivation on some of the children and families. Further work is being undertaken to consider measures to bring spending down both internally and with Legal services.</li> </ul>

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Children's Education	£40.298	£41.382	£1.084	£0.000

The financial position is driven by :-	
<ul style="list-style-type: none"> <li>Home to School and College transport is forecasting an overspend (£1.744m or 6.4%). Although the net overspend is £1.744m, the periods April to August 2020 and September 2020 to March 2021 have been impacted differently in its service delivery by the pandemic causing different financial impacts. An overspend (£2.353m) on business as usual is mainly attributable to the higher cost per day transport delivery costs (c.£0.156m versus the budgeted cost per day of c.£0.144m) using the current academic year costs (pre-Covid-19) and applied to the September 2020 to March 2021 period. This higher cost per day transport costs are as a result of higher unit costs for contracted mainstream pupils transport, and an increase in the number of pupils eligible with special educational needs and disability. All known financial commitments have been built into the forecast.</li> </ul>	

The forecast for Home to School and College Transport at this stage in the financial year is always difficult to predict for the new academic year with a new cohort but the position will become clearer when eligible pupil numbers are agreed. A decision has been made to delay the procurement of a number of transport contracts due to end in response to Covid-19 and extend current agreements into the new academic year to ensure this critical services of transporting pupils to schools is maintained. This cost has been assigned to the Covid-19 grant.

The Council agreed to provide financial support to school transport providers in accordance with Procurement Policy Note (PPN) issued by the Cabinet Office. It advised on the role of Local Authorities in providing payment of their suppliers to ensure service continuity during and after the Covid-19 outbreak. The payment for suspended transport services for the April to July 2020 period were below the 100% contracted amount, which has resulted in a revised cost per day of c.£0.135m. The cost avoidance is £0.021m per day or the physical cost reduction compared to the budget c.£0.010m per day. The overall cost reduction is £0.609m across this period, which is netted off against the £2.353m forecast overspend for the period September 2020 to March 2021 to determine a net overspend of £1.744m across the 2020/21 financial year.

The financial position assumes an increase in the budget to reflect the additional cost of the National Living Wage (£0.147m) from that previously budgeted for, and the government announcement of addition grant for Extended Rights to Free Travel (£0.334m).

Financial risks associated with home to school and college delivery from September 2020 (£0.500m) due to Covid-19 has been disclosed within a later section of the report including other costs / income impacted covering the period April 2020 to March 2021 (£0.988m).

- An underspend within Special Educational Needs and Disabilities (£0.257m) is largely as a result of the reduction in the number of Education, Health and Care plan Needs Assessments during the Covid-19 lockdown period and the delay in progressing the potential new Psychology service contract with an external provider. Other smaller underspends are being reported.

The movement in position relates to :-

- Increased costs forecast for Home to School and College transport delivery.

#### Key Financial Risks to Delivery and Mitigating Actions

##### *Key Risk 1 : Home to School/College Transport*

- The Home to School and College Transport is always difficult to predict and it is recognised that this particular budget is volatile with many external factors that will influence the final year-end spend. Officers will continue to meet monthly to review both the expenditure and forecasts due to its high risk category, and operational discussions continue to take place amongst Transport Services Group that procure transport on behalf of Children's Services.  
  
An Executive paper is to consider the re-basing of the Home to School and College Transport budget to current spending levels per day. This area was identified as a deep dive. The output of this review categorised Lincolnshire's current policy between statutory and discretionary.
- A request is to be made to CLT that a detailed review of Education Transport in Lincolnshire is undertaken to identify any improvements or changes that could be made.
- The One School One Operator financial model for special schools transport is being reviewed as a result of Covid-19. This is acknowledged as a potential financial risk at this stage.
- Home to school and college transport spending can be impacted by school reorganisations. When such instances occur, the financial impact is considered.

## Revenue Budget Monitoring Report - Children's Services Covid-19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Services	£1.405m	£5.153m	£2.974m	£8.127m

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Social Care	£0.699m	£3.476m	£2.316mm	£5.792m
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>An additional payment of £400 per carer household per month for period of 3 months (May to July 2020) was made to support foster carers and children in their care during this challenging period to continue securing placements and support of carers (£0.328m).</li> <li>Additional costs for specialist placements including out county, fostering and supported accommodation (£2.588m). The impact of the Covid-19 restrictions has resulted in a number of foster carers unable to accept new children into their homes due to self-isolating and therefore children have had to be placed in specialist placements out county. The criteria are continuing to be reviewed and refined.</li> <li>There has been a delay in implementing the new Youth Housing contract that was intending to accommodate more complex individuals by offering smaller units of accommodation for those young people of 16 and 17 years at risk of homelessness and looked after children and care leavers up to the age of 21 years. Children's Services had put forward a saving of £0.438m in 2020/21 following the transformation work and the new contract award; however circumstances have led to this to be only being part-delivered resulting in an additional cost of £0.271m.</li> <li>Additional financial risks of £2.316m have been identified for the recovery period that involve increased looked after children placement costs due to an escalation of need from lockdown; additional residential care capacity required to support the internal residential estate; a change to the employment position of carers and adopters that could lead to an increase to allowances, and continued support to foster carers.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 – Foster Carers		<ul style="list-style-type: none"> <li>A number of assumptions have been made for the recovery period, but as lockdown eases, family circumstances will become clearer.</li> </ul>		

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Children's Education	£0.706m	£1.677m	£0.658m	£2.335m
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Loss of income from parents for post 16 transport for the Summer term and anticipated impact on the next academic year (£0.700m). Holiday transport costs relating to Easter and May half-term (£0.123m), and delayed procurement activities (£0.165m) are earmarked against the Covid-19 grant.</li> <li>In July 2020, the government published its guidance for the full opening of schools from September 2020. The Local Authority is working through the guidance, and will put in place solutions locally. Support to providers is likely to include signage, cleaning of vehicles, staff protection etc. These financial costs including support for extremely vulnerable children who cannot be transported in a mixed bubble has been identified as £0.500m. This position will be reviewed and monitored, and have been identified as a financial risk at this stage.</li> <li>Loss of income from parents for the Music Service in the Summer term, and an anticipated 20% income reduction for the new academic year (£0.576m).</li> <li>Reduction in income from fines for children not attending school (e.g. absent from school due to going away on holiday). It has been assumed that no fines will be issued until Jan 2021 (£0.113m).</li> <li>The Local Authority may be required to respond to a higher number of Educational Health Care plan requests during the autumn term, therefore a financial risk has been identified (£0.158m).</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 – Home to School/College Transport		<ul style="list-style-type: none"> <li>The Local Authority will continue to work through the government guidance for the full opening of schools from September 2020. Local solutions for transporting pupils to schools will be provided in accordance with the guidance, and the financial impact will be understood at the point of decision-making.</li> </ul>		





# Adult Care & Community Wellbeing

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report

This report details the key changes in position and/or risk faced within Adult Care and Community wellbeing. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Care & Community Wellbeing (ACCW)	228.831	228.591	(0.240)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Frailty & Long Term Conditions (AF&LTC)	118.816	118.566	(0.250)	0.000

The financial position is driven by :-

- AF & LTC forecast an equivalent to 24wte (6%) vacancies and built a vacancy factor into the 2020-21 budget. This vacancy factor will be delivered. With the slowdown in recruitment resulting from Covid-19, AF & LTC are forecasting an equivalent to 41wte (10%), 17wte higher than forecast. The £0.410m resulting from the higher level of vacancies will be utilised to reduce the waiting list developed during Covid19 due to constrained capacity.
- Direct payment (DP) refunds continue to recoup income higher than the planned 2020-21 levels. The DP audit team are reviewing all DP service users to ensure they have an audit within the last 12months. The team have 371 audits still to do which is forecast to recoup £0.250m-£0.470m above the income budget set.

The movement in position relates to :-

- The £0.250m underspend is driven by a higher than planned direct payment refund level. AF & LTC are not forecasting an underspend resulting from the vacancy position as this is needed to reduce the number of service users waiting for care.

### Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 – Potential non delivery of £1.0m additional income recurrently.	<ul style="list-style-type: none"> <li>• A debt review programme is underway which will continue to resolve ACCW debt older than 1 year and implement alternative ways of working learning from the programme so far. Due to the age of the debt, the bulk of 2020-21 additional income forecast will be delivered from DP audit refunds. The risk is that this is non-recurrent and therefore additional focus is in place via the debt review programme to deliver a more efficient debt recovery process from 1<sup>st</sup> April 2021.</li> </ul>
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Adult Specialties	80.498	80.775	0.278	0.000

The financial position is driven by :-

- 1<sup>st</sup> April saw the transfer of financial monitoring from LPFT to LCC. Based upon current service users, forecast forward for the full year, the forecast spend is £10.190m against an allocation of £9.585m. A strengthened process is being established which monitors packages of care by service user and any financial implications of a change to the package or a new service user highlighted at the point the care is agreed. With this in place, the forecast over spend in mental health by the end of year is £0.305m.
- A few minor underspends result in the forecast £0.278m.

The movement in position relates to :-

- A higher than planned cost for mental health community care

#### Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 : Higher demand than planned</i>	<ul style="list-style-type: none"> <li>• There continues to be a risk of additional costs resulting from increased demand however we are minimising this through strengthening the governance arrangements in place.</li> </ul>
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Health & Community Wellbeing	29.518	29.251	(0.267)	0.000

The financial position is driven by :-

- The 2020/21 Public Health grant is higher than the budgetary assumption by an additional £1.205m. This funding will be used to support the costs arising from:
  - i. The Department of Health & Social Care increase in the employer contribution rate to 20.6% for the NHS Pension Scheme. This was a 6.3% increase to the current employer contribution rate resulting in additional costs of £0.403m (£0.383m children's and £0.020m adults)
  - ii. £0.580m Integrated Lifestyle Service (ILS) contract within adult's public health. The ILS support is non-recurrent support whilst other contracts come to their end.
  - iii. £0.082m cost pressure arising from the children's centres should the Children's Services Directorate Leadership Team (DLT) paper be agreed by the Director of Public Health.
  - iv. £0.130m cost pressure arising from the increase in unit cost of buprenorphine, a substance misuse drug.
  - v. The balance of additional funding of £0.010m will remain within Adult Public Health for now.

<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• Increase in Public Health Grant above the budgeted amount, which has been allocated to support increased costs.</li> </ul>	
Key Financial Risks to Delivery and Mitigating Actions	
Key Risk 1 :	None to highlight at this time

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Health Grant	(32.921)	(32.921)	0.000	0.000

The 2020/21 Public Health Grant allocation for Lincolnshire is confirmed as £33.546m. This announcement is £1.205m higher than included in the 2020-21 budget. The Public Health section of this report above includes adjustments to both income and expenditure budgets to reflect the increase in allocation and the cost pressures that the grant will cover.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Better Care Fund (BCF) Grant	(47.023)	(47.023)	0.000	0.000

Improved BCF (iBCF) rolled over from 2019-20 into 2020-21 at the same value however the allocation previously ring fenced for winter pressures has been added to the iBCF baseline, no longer ring fenced for winter pressures.

## Revenue Budget Monitoring Report - Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Care & Community Wellbeing	2.483	16.963	4.150	21.113

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Frailty & Long Term Conditions	1.389	7.500		7.500

The financial position is driven by :-

- The Sustainability Fund which provides financial support to all commissioned providers across ACCW. ACCW has adopted an open book approach to providing financial support to providers. Key triggers driving this reliance are Personal Protective Equipment (PPE) usage, the social care workforce and the adult social care (ASC) environment.
- Following confirm and challenge we have paid £1.843m relating to the period 23rd March – 30th June covering approx. 320 claims from 128 providers, 44.1% of commissioned providers.

### Key Financial Risks to Delivery and Mitigating Actions

*Key Risk 1 – the grant received by LCC is not sufficient to continue with this level of funding*

- We are forecasting a continuation of financial support through to 31Mar21 however these costs alongside all Lincolnshire County Council (LCC) Covid19 forecasts costs exceed the governments covid19 funding received. We have built into the fund criteria with providers that we must remain within the funding allocation. We have also committed to a 4week notice period should the fund be withdrawn.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Adult Specialties	0.812	1.228		1.228

The financial position is driven by :-

- Service users have been unable to access some services due to closure/shielding etc. Following individual needs assessments, 28 service users received changes to packages of care initially in place for 12wks. Each individual is regularly reviewed to understand on going need. The key trigger to reduce this forecast is providers being able to re-open services safely and service users feeling confident to attend.
- Welfare checks with service users in receipt of a direct payment are now complete. Service users are supported through the DP mechanism. A few small, local providers have escalated financial hardship to the council as a result of non-payment of service user contributions. Whilst all providers were signposted to government schemes and, working together, redeploy staff where appropriate, approx. 10 have been paid £0.039m as one-off financial support. Key trigger to reducing providers need for support is the reopening of services for this cohort of service users.
- During the emergency phase of the pandemic, LCC sent out communications that confirmed that where service users across all areas of ASC paid in full for their care yet didn't receive care, they would not be expected to pay their contributions. For those who pay a contribution we would contact them as part of their annual review. Given the length of time of both lockdown, DLT have agreed to refund service users where they haven't received any care. The current forecast of this impact is a loss of income of £0.230m for the initially agreed period. Key trigger to reduce the need to support is the reopening of services.

Key Financial Risks to Delivery and Mitigating Actions	
<i>Key Risk 1 – the grant received by LCC is not sufficient to continue with this level of funding</i>	<ul style="list-style-type: none"> <li>• ACCW are liaising with providers and service users to encourage and/or support the safe reopening of services. This will in turn reduce the need for the higher cost 1:1 packages of care. The additional risks factors in payments to providers may also be required for July and Aug if they haven't been able to fully reopen and/or their clients remain shielded.</li> <li>• The additional risks include the cohort of service users whose contributions have not yet been reviewed in relation to the care they have received. This is underway and is expected by the end of Aug20.</li> </ul>

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Public Health & Wellbeing	0.282	8.234		8.234
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• PPE current forecast spend assumes £0.161m cost per week through to 31st March. The trigger to increasing / reducing this cost is the evolving national and local guidance. Full details behind the £161,000 can be found in the CLT paper embedded below. This forecast doesn't take into account the mobilisation of clipper (NHS PPE system).</li> <li>• We have suspended the increases to telecare charges for the time being to encourage continued use of this service during lockdown. The full year loss of income is £0.32m.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
<i>Key Risk 1 – changing guidance / demand for PPE has the potential to increase current forecast</i>	<ul style="list-style-type: none"> <li>• PPE guidance is continuously changing and will impact upon the spend forecast accordingly. LCC are in the process of setting up a framework and as an interim have in place a supplier list to purchase all internal requirements from ensuring value for money.</li> </ul>			

## 2020-21 Emerging Risks

£3m of the £4.15m additional risks relate to

- uncertainty within the adult social care market. For example the potential increase to insurance costs currently raised on a national level and the impact of reduced self-funded service users. The latter for Lincolnshire looks to be approx 8% which indicates more of a focussed support for a small number of homes rather than a blanket sustainability approach.
- The potential for an increase in demand from the shielding cohort in Lincolnshire. Current forecast suggest an increase in demand of 291 service users across adult social care services.

The following areas are funded through specific ring fenced grants or monies not held by LCC

#### Discharge to Assess Model funded by the NHS £1.3bn

	Residential		Home Care		Total
	Packages	£m	Packages	£m	£m
Apr-Jun	362	1.643	1,128	0.979	2.622

The Government confirmed an additional £1.3bn to fully fund the cost of new or extended out-of-hospital health and social care support packages for people being discharged from hospital or who would otherwise be admitted into it. This money is in addition to the £35,467,578m received into LCC.

Within Lincolnshire we have agreed that the local authority will lead on the commissioning of both routine health and social care residential beds and homecare packages for social care needs. The CCG, via the CHC team, will commission homecare packages for health care needs.

Feedback through national conferences is that this is expected to continue through to 31<sup>st</sup> December 2020. Monitoring in place is by service user. LCC move all service users off NHS funding and onto the traditional ASC financial assessment based funding as soon as their longer term needs are confirmed, maximum 6weeks.

#### £600m Care Home Funding, ring-fenced grant.

	Number of Providers	Grant paid
Residential	274	3.840
Homecare	71	1.116
	<b>345</b>	<b>4.956</b>
Balance (grant declined/to pay)	26	0.273
	<b>371</b>	<b>5.229</b>

On the 13th May, the government announced a new care homes support package backed by a £600 million adult social care infection control fund. This has been introduced to help tackle the spread of COVID-19 in care homes. The fund has been provided to support adult social care providers to reduce the rate of transmission in and between care homes and support wider workforce resilience.

The funding is paid to councils in two equal instalments with the government requesting 75% of the first tranche is passed directly to care homes. The remaining 25% councils can allocate based on need, including to domiciliary care. The Council received the first 50% 22nd May 2020 £5.229m.

Grant agreements are into place prior to payment being made given the strict conditions of the grant including fully spent by 23rd September, claw back of any unspent funds and two national reporting timescales to be met.

Second tranche is expected July 2020. The £0.273m balance will be distributed as part of tranche 2.



# Place

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Place

This report details the key changes in position and/or risk faced within Place. The key to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Place	72.987	75.158	2.171	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Communities	46.532	48.347	1.815	0.000

Explanations for the main variances are set out below:-

- The most significant variance is an overspend of £1.69m related to Waste due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract. The price paid for the processing of MDR waste fluctuates depending on market conditions with present expectation being that the rate payable during 2020/21 will be more than double that paid under the previous contract.
- Planning fee income is forecast to be £0.195m below the ambitious target set for the year.
- Staff vacancies within Transport contribute an underspend of £0.07m

The movement in position relates to :-

As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

### Key Financial Risks to Delivery and Mitigating Actions

<i>Higher contract costs than planned</i>	Waste is a demand driven service and as such is exposed to the risk of increased cost due to activity levels being higher than planned. This risk is exacerbated by the fluctuating market prices causing variation in the cost of processing.
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Lincolnshire Local Enterprise Partnership	0.398	0.398	0.000	0.000

- This budget, which mainly relates to staffing costs is forecast to be in line with budget for the year.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Growth	3.524	3.410	(0.114)	0.000

<p>Explanations for the main variances are set out below:-</p> <ul style="list-style-type: none"> <li>A forecast underspend of £0.114m is due to staffing vacancies from the early part of the year that are now not expected to be filled until the second half.</li> </ul>	
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection</li> </ul>	
Key Financial Risks to Delivery and Mitigating Actions	
	None to highlight at this time

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Highways	22.534	23.004	0.470	0.000
<p>Explanations for the main variances are set out below:-</p> <ul style="list-style-type: none"> <li>A forecast over spend of £0.6m relates to a shortfall in the expected level of Section 38 income based on the current level of income projected for the full financial year. This is income received in advance where a developer proposes to construct a new estate road for residential, industrial or general purpose traffic that may be offered to the Highway Authority for adoption as a public highway. Any shortfall during the financial year could potentially be drawn down from the S38 reserve. However, the reserve is made up from developers contributions for works to be carried out in the future and on many occasions it will be 5+ years when the works will be completed. The S38 reserve should therefore be viewed as representing the future liability and the implication of utilising it in the short-term could create unfunded liabilities in future years. This will continue to be monitored on a monthly basis and revised if income levels increase.</li> <li>A forecast overspend of £1.125m relates to "pain" on the term maintenance contract but this is currently not included in the overall forecast variance as it is expected that the majority, if not all, will be chargeable to capital when it arises. This position will be monitored on a monthly basis.</li> <li>Underspends in staffing costs due to unfilled vacancies contribute £0.130m to offsetting the above overspend</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
	None to highlight at this time			

## Revenue Budget Monitoring Report - Place Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Place	1.227	7.146	1.760	8.906

The costs and losses arising from Covid-19 are detailed below.

The current forecast does not include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Communities	0.106	2.093	0.250	2.343
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Loss of income from sales, fees and charges due to closure of services as well as reduction in clients when services reopen;</li> <li>The cost of working in a covid-safe environment.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Loss of income from cultural and heritage sites due to closure and social distancing measures £1.750m.</li> <li>Household Waste Recycling Centres – additional staffing costs and loss of income from recyclable sales £0.087m.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –		<ul style="list-style-type: none"> <li>A second wave of the virus causing cultural and heritage sites to close for longer.</li> </ul>		

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Lincolnshire Local Enterprise Partnership	0	0	0	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Nothing to report to date.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Nothing to report to date</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –				

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Growth	0.006	0.382	0.250	0.632
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Loss of income from sales, fees and charges due to closure of services;</li> <li>Support to businesses to promote economic recovery.</li> </ul>				

<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Cost of economic recovery plan, additional staffing costs and loss of rental income within Growth £0.522m.</li> </ul>	
Key Financial Risks to Delivery and Mitigating Actions	
Key Risk 1 –	

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Highways	1.594	4.671	1.260	5.931

<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>The cost of working in a covid-safe environment;</li> <li>Loss of income from sales, fees and charges due to closure of services as well as reduction in clients when services reopen;</li> <li>Supporting the supplier market to preserve continuity of supply.</li> </ul>
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<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Implementation of covid-safe ways of working on capital schemes £1.388m.</li> <li>Concessionary travel payments maintained at 2019/20 trip volumes to support supplier – budgeted saving now cannot be achieved £0.425m.</li> <li>Loss of income from suspension of parking enforcement and reduction in permitting activity £2.182m.</li> <li>Loss of income from road works and fines £0.325m.</li> <li>Lincs Laboratory loss of income £0.300m.</li> <li>Loss of income from course fees for National Driver Offender Retraining Scheme £1.490m.</li> <li>Covid compensation relating to highways contracts £0.228m.</li> </ul>
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Key Financial Risks to Delivery and Mitigating Actions	
Key Risk 1 –	<ul style="list-style-type: none"> <li>A second wave of the virus.</li> </ul>

# Fire and Rescue & Public Protection

Financial Position 1st April – 30th June 2020



## Revenue Budget Monitoring Report - Fire and Rescue & Public Protection

This report details the key changes in position and/or risk faced within Fire and Rescue & Public Protection. The key to the report is shown below

Forecast Key:	
	Underspends within 1% of budget
	Underspends >1%<2% of budget Overspends up to 2%
	Under / Over spends >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Fire and Rescue & Public Protection	25.252	24.262	(0.990)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Fire and Rescue and Emergency Planning	21.794	20.357	(1.437)	0.000

Explanations for the main variances are set out below:-

- The fire pension schemes' employer contribution rates increased significantly from April 2019. In 2019/20 a grant was received to cover 90% of this increased cost, with no guarantee that further grant would be received in future years. The resultant cost pressure was therefore built into the 2020/21 base budget. However, a grant to help cover the 2020/21 cost of the pension increase has been now been received creating a positive variance (underspend) of £1.437m. There is still no indication that the grant will continue in future so it appears the longer-term cost pressure remains.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

None to report at present.

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Public Protection	3.459	3.906	0.447	0.000

Explanations for the main variances are set out below:-

The overspend is made up of two key elements from within the Coroner's service.

- A budget shortfall of £0.215m consists of £0.100m of prior year savings that are not yet achievable, with the service supported in 2019/20 by an allocation of legal surplus and underspends from within Fire & Public Protection. There is also an additional £0.115m budget shortfall relating to the cost of mortuary and post-mortem services for Lincolnshire as identified during the budget setting process and which is being addressed through a "deep dive" review.
- A further pressure of £0.232m has arisen from price increases following the direct award of a one year contract for mortuary and post-mortem services as the market is not yet in a position to tender for longer term contracts which are now planned for September 2021.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

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## Revenue Budget Monitoring Report - Fire and Rescue & Public Protection Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Fire and Rescue & Public Protection	0.784	2.949	0	2.949

The costs and losses of income included in the table above are explained below.

The current forecast doesn't include any costs associated with the potential for a second wave of the coronavirus.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Fire and Rescue and Emergency Planning	0.094	0.339	0	0.339
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• Additional staffing costs to respond to the pandemic</li> <li>• The cost of personal protective equipment to allow staff to interact with our communities</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• Additional costs relating to Retained Duty System staff supporting the East Midlands Ambulance Service (£0.028m)</li> <li>• Additional costs for staff to attend Local Resilience Forum / Silver Command (£0.072m)</li> <li>• The cost of personal protective equipment (£0.176m)</li> <li>• The loss of income from commercial training (£0.040)</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –				

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Public Protection	0.690	2.610	0	2.610
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>• The potential need to deal with excess deaths arising from the coronavirus</li> <li>• Loss of income from celebratory ceremonies and Trading Standards work</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• The construction of a temporary mortuary facility (£2.306m)</li> <li>• Loss of income re Trading Standards food hygiene work (£0.047m)</li> <li>• Loss of income from celebratory ceremonies which have had to be cancelled (£0.236m)</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
<p>Key Risk 1 –</p> <ul style="list-style-type: none"> <li>• Further waves of the virus – <ul style="list-style-type: none"> <li>○ may result in an increase in the running costs of the temporary mortuary may result in further restrictions being placed on ceremonies</li> </ul> </li> </ul>				

# Resources

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Resources

This report details the key changes in position and/or risk faced within Resources. The key to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Resources	22.547	22.154	(0.393)	0

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Resources	22.547	22.154	(0.393)	0

Explanations for the main variances are set out below:-

- Higher than budgeted contract indexation on out-sourced Exchequer services (£0.032m) and increased activity volumes (£0.136m) combine to give an overspend of £0.168m.
- Reduced corporate spend on postage/print and stationery provides a projected saving of £0.080m.
- The deployment of Business Support staff to the CEC funded by Covid grant provides an underspend in business as usual activity of £0.355m.
- Delayed recruitment to a number of Business Support vacancies has resulted in a forecast underspend of £0.062m
- Reduced staff travel provides an underspend of £0.036m.
- Savings due to a councillor vacancy, by-election contingency (as no elections can be held before May 2021) and Members' travel expenses give a forecast underspend of £0.050m
- Other minor variances across a number of expenditure headings create a further net overspend of £0.022m.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions

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## Revenue Budget Monitoring Report - Resources Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Resources	0.051	0.301	0.301	0

The Covid-19 costs and income losses are detailed below.

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Resources	0.051	0.301	0.301	0
The financial position is driven by :- <ul style="list-style-type: none"> <li>The additional costs of Business Support staff covering additional Covid-19 related work.</li> <li>The potential increase in insurance claims resulting from Covid-19.</li> </ul>				
The movement in position relates to :- <ul style="list-style-type: none"> <li>The potential for the council to receive additional insurance claims arising from the pandemic. An estimate of an additional £0.250m is included.</li> <li>The additional costs of Business Support staff covering additional Covid-19 related work (£0.046m).</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk 1 –	<ul style="list-style-type: none"> <li>The potential of a second wave of virus may lead to further increased costs in these areas.</li> </ul>			



# Commercial

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Commercial

This report details the key changes in position and/or risk faced within Commercial. The key to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Commercial	37.152	37.105	(0.047)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Commercial	37.152	37.105	(0.047)	0.000

Explanations for the main variances are set out below:-

- Covid-19 has changed demand across the Customer Service Centre (CSC) displacing business as usual activity at Tier 0 and Tier 2, while adding additional volume at the Tier 1 level which has driven up cost a little overall. To date the total demand across all Tiers is similar to 2019/20 total volumes. The contract re-negotiation for the extension with the provider is likely to result in reduced CSC charges and the service is confident these rates will be secured and retrospectively applied from April 2020 onwards. This, combined with grant funding for Covid activity, results in a forecast underspend of £0.103m.
- Modest savings from Commercial staff vacancies in the earlier part of the year have contributed a further underspend of £0.019m.
- The Corporate Property service is forecast to overspend by £0.075m. This results from increased facilities management and centrally managed accommodation costs, most notably increased business rates for the South Park Blue Light Centre, offset by increased rental income and the reduction of rents payable to the Crown Estate following the surrender of County Farm holdings in December 2019.
- IMT is currently forecast to be on budget. However, beneath this there are a number of compensating variances emerging:
  - The need to continue to preserve access to data held in the SAP system has resulted in higher than budgeted licence costs with further costs being incurred in order to migrate this data in order to provide a longer-term solution (£0.287m)
  - Higher than budgeted contract indexation on out-sourced IT support services (£0.082m)
  - Delays to the migration of data storage from Sungard to Azure caused by Covid and the resultant shift in priorities has increased the time and therefore cost of dual running (£0.106m)
  - Savings in staffing costs, reduced training activity and a re-evaluation of Mosaic costs have enabled the service to manage these cost pressures at present but the increasing need to engage specialist resource to progress Corporate IMT projects makes this unsustainable in the medium-term (-£0.469m)
  - Work is ongoing on quantifying the additional systems, skills and resources required to support a more agile organisation
  - It will be critical to understand and capture the financial benefits of working in new ways that will accrue across a range of Council services as a result of enabling a smarter way of working

The movement in position relates to :-

As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection

Key Financial Risks to Delivery and Mitigating Actions	
<i>Higher demand than planned</i>	The CSC is a demand driven service and as such is exposed to the risk of increased cost due to activity levels being higher than planned, which can be exacerbated by shifts in delivery models elsewhere in the Council stimulating higher call volumes. This is mitigated by the ongoing management of the provider contract.
<i>Increased pace of IMT transformation projects</i>	There is a risk that the increased pace of transformation of IMT services results in increased cost for more specialist resource or diverts existing resources causing delay and cost over-runs in existing activity. Further work in project design and identification of the accompanying budget requirement helps to mitigate this, together with identification and delivery of financial benefits across the Council from working in smarter ways.

## Revenue Budget Monitoring Report - Commercial Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Commercial	0.327	1.460	1.460	0

The costs and losses arising from Covid-19 are described below.

The current forecast does not include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Commercial	0.327	1.460	1.460	0

The financial position is driven by :-

- Re-direction of the Customer Service Centre to deal with Covid-19 issues.
- Maintaining hygiene measures and purchasing hygiene consumables, and preparing for excess deaths.
- Enabling homeworking capability for workforce, and extending current software licences
- Loss of income from traded services to Schools.
- New post to oversee the Council's recovery from Covid-19.

The movement in position relates to :-

- The additional costs related to the Customer Service Centre (£0.794m);
- The additional cost of cleaning / deep cleaning premises and buying hygiene consumables such as hand sanitiser (£0.037m);
- Additional costs relating to preparation for excess deaths (£0.021m);
- Additional preliminary building works arising from lockdown measures (£0.039m);
- Overtime payments to staff dealing with Covid-19 issues (£0.013m);
- Cost of rolling out technologies to give staff the capability of working from home (£0.280m);
- Cost of extending current software licences due to delay in replacing system as a result of Covid-19 (£0.038m);
- Loss of income from traded services to Schools (£0.096m);
- Cost of new post to oversee the Council's recovery from Covid-19 (£0.118m).

### Key Financial Risks to Delivery and Mitigating Actions

#### Key Risk 1 –

- Risk of a second wave of virus which will prolong and increase some of the above costs and losses.

# Corporate Services

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Corporate Services

This report details the key changes in position and/or risk faced within Corporate Services. The key to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Corporate Services	2.491	2.456	(0.035)	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Corporate Services	2.491	2.456	(0.035)	0.000

Explanations for the main variances are set out below:-

- The vast majority of this underspend relates to reduced direct and indirect staffing expenditure as a result of vacancies not being recruited to, compounded by delays in being able to progress recruitment and restructure consultation exercises, resulting from the impact of Covid19.

The movement in position relates to :-

- As this is the first quarterly report of the financial year, there is nothing to report in terms of movement against the previous quarter's projection.

Key Financial Risks to Delivery and Mitigating Actions

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## Revenue Budget Monitoring Report - Corporate Services Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Corporate Services	0	0.222	0.222	0

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Corporate Services	0	0.222	0.222	0

The financial position is driven by :-

- This position is mainly driven by the local Member coronavirus grant scheme
- The need to communicate with the public on Covid-19 matters.

The movement in position relates to :-

- Of the total forecast of £0.222m, £0.210m is for the local Member coronavirus grant scheme. The remainder of the forecast relates to printing and advertising used to communicate messages and information about council services during the pandemic.

Key Financial Risks to Delivery and Mitigating Actions

Key Risk 1 –	
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# Schools Budgets

Financial Position 1st April – 30th June 2020

## Revenue Budget Monitoring Report - Schools

This report details the key changes in position and/or risk faced within Schools. The key to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Schools	(£2.676m)	(£4.151m)	(£1.475m)	0

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Schools Block	£134.591m	£134.591m	£0.000m	0

The financial position is driven by :-

- The Schools block covers funding delegated through the Council agreed funding formula for mainstream maintained schools, and funding recouped by the Educational 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.

The movement in position relates to :-

- No significant variance to report.

### Key Financial Risks to Delivery and Mitigating Actions

Key Risks	<ul style="list-style-type: none"> <li>No risks highlighted at this time.</li> </ul>
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
High Needs Block	£75.865m	£75.165m	(£0.700m)	0

The financial position is driven by :-

- There are a number of budgets within the High Needs block that are large, demand-led, and can be difficult to estimate (e.g. SEND related budgets, including out of county placements, top up funding for Education Health Care (EHC) plans for mainstream schools, special school placements, and meeting the education needs for pupils through alternative provision arrangements). There continues to be a growing trend nationally, and this being seen in Lincolnshire, with more young people requiring specialist support which is having a material financial impact on the High Needs block. This remains a financial risk, particularly at a time of increasing demands. The Local Authority received an 8% increase in its funding from existing baseline funding in 2020/21 to respond to this challenge (£7.000m). It is expected that it will be a much tighter financial environment going forward for high needs services.
- The increasing level of Education and Healthcare Needs Assessment requests and ensuing EHC plans; demand for Special School places which, in turn, is increasing the length of time pupils are being home tutored; the increasing number of pupils in Independent Non-Maintained Schools (external specialist placements) and perceived complexity of need are all having a major impact of the affordability of the High Needs block (£1.665m).

<ul style="list-style-type: none"> <li>• The SEND pressure above has been offset by the Alternative Provision (AP) free school place funding (£2.053m) funded by the department for 2020/21 only – this is therefore a temporary underspend.</li> <li>• A few minor underspends on other High Needs budgets make up the remaining £0.312m underspend.</li> <li>• An increasing number of Local Authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the High Needs block. Lincolnshire is currently not in this position; however the position needs to be carefully and prudently managed particularly in light of the growth in demands and complexities of young people.</li> </ul>	
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>• An increasing number of EHC plans and the associated top up funding, which has been offset by one-off temporary savings due to government funded AP free school place funding.</li> </ul>	
Key Financial Risks to Delivery and Mitigating Actions	
<p><i>Key Risk : Increasing number of EHC Plans</i></p>	<ul style="list-style-type: none"> <li>• Lincolnshire's inclusive ambition for children and young people with high needs and their families has been co-produced and agreed by LCC, schools, health, parent representatives &amp; other system partners. This aims to increase understanding across the partnership of the <i>Graduated Approach</i> and the support available in Lincolnshire to meet children's SEND needs at the right time and so avoid them escalating to a point where there is reliance on statutory plans.</li> <li>• Transformation work is also focused on ensuring that mainstream settings have strong knowledge and understanding of supporting children with additional needs and are able to teach social and emotional skills. There will also be a greater focus on settings working with families to ensure that the home environment reflects other support taking place.</li> <li>• The development of a support and inclusion hub to provide advice and guidance to settings to assist them in accessing early support and prevent escalation of need.</li> <li>• There will be a roll-out of the Valuing SEND tool to ensure there is robust evidence of early intervention, clear and measurable outcomes and a move away from EHC Plans as a default option. All key partners and parents will be trained in the use of Valuing SEND.</li> <li>• There is work underway to reframe the Local Offer ambition to increase understanding of the availability of support, provide clarity on early intervention and the <i>graduated approach</i> and enable families to self-help without reliance on statutory interventions.</li> <li>• The actions outlined above support better evidence gathering, more positive and ambitious relationships; focus on outcomes and support and building increased resilience in mainstream settings. This will reduce the reliance on specialist provision and give a clearer understanding of 'complexity'.</li> </ul>
<p><i>Demand for Special School places, reliance on Home Tuition and perceived complexity of need</i></p>	<ul style="list-style-type: none"> <li>• The <i>Building Communities of Specialist Provision</i> strategy is a major programme of capital investment to increase the capacity of Special School places within the county. This will reduce the reliance on costly INMS placements.</li> <li>• The <i>Building Communities of Specialist Provision</i> strategy means that all maintained and academy Special Schools in county remove their former designations and become 'all needs' specialist providers catering for a wider range of SEN and Disability and reducing reliance on independent specialist provision.</li> <li>• A Workforce Development Strategy to ensure that education providers in county have access to the right training to support them in meeting the needs of pupils in their settings. This will reduce the reliance on the specialisms offered in the INMS sector and will increase parental confidence in their child attending Lincolnshire's Special Schools.</li> </ul>
<p><i>Affordability of the High Needs Block</i></p>	<ul style="list-style-type: none"> <li>• The future sustainability of the High Needs Block specifically remains a high concern due to continued pressures on SEND budgets.</li> </ul>

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Central School Services Block	£3.728m	£3.125m	(£0.604m)	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>The underspend mainly relates to historical budgets of PFI contractual costs and the centralised schools broadband contract. These funding streams are outside the government's current national funding formula arrangements. The government is reducing these budget streams of Local Authorities annually by 20% to remove the perceived unfairness in funding. The budgets had been set prudently to respond to this future funding implication.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Prudently set historical budgets to enable the Local Authority to meet its future financial obligations whilst responding to 20% reductions in government funding.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk :	<ul style="list-style-type: none"> <li>No risks highlighted at this time.</li> </ul>			

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Early Years Block	£42.132m	£41.960m	(£0.172m)	0
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Minor underspends on central staffing (£0.085m) due to the recruitment process being suspended during the first part of the financial year; the training budget (£0.055m) and the quality improvement budget (£0.033m), all of which have been significantly impacted upon by the Covid-19 restrictions.</li> <li>The forecast assumes that the (£0.467m) early year entitlement participation clawback of funding from 2019/20 by the Department of Education will be funded from the prior year underspend held in reserves.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>Minor underspends in relation to central costs in early years delivery caused by the impact of Covid-19 restrictions.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk : Early Years	<ul style="list-style-type: none"> <li>Covid-19 will impact on the services ability to delivery face to face training to the sector which may result in funding not being able to be fully utilised as planned in the current year.</li> <li>The work to improve the quality and outcomes in setting has been hindered by the pandemic, and providers identified a lack of capacity for this. Work is being considered to understand this impact and how the service will adapt to this challenge.</li> <li>The financial sustainability of early years providers during and after the pandemic is a key priority for the service to ensure the sufficiency of early years places are maintained across the county. A policy is being developed, however at this stage the financial implications are not known.</li> </ul>			

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Dedicated Schools Grant	(£258.992m)	(£258.992m)	£0m	£0m
<p>The financial position is driven by :-</p> <ul style="list-style-type: none"> <li>Budget on target. No variance to report.</li> </ul>				
<p>The movement in position relates to :-</p> <ul style="list-style-type: none"> <li>No variance to report.</li> </ul>				
Key Financial Risks to Delivery and Mitigating Actions				
Key Risk :	<ul style="list-style-type: none"> <li>No risks highlighted at this time.</li> </ul>			

## Revenue Budget Monitoring Report - Schools Covid19

Directorate Summary	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Schools	£0.022m	£0.172m	£0	£0.172m

The current forecast doesn't include any costs associated with the potential for a second peak in infections.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
Schools Block	£0	£0.150m	£0	£0.150m

The financial position is driven by :-

- A CLT supported scheme for the Local Authority to establish a local arrangement of financially supporting to maintained schools going into 'financial difficulties' from a loss of income relating to the period April to August 2020. The Local Authority did not support maintained schools to use the Coronavirus Job Retention Scheme (CJRS) due to the explicit expectation that the public sector will not utilise the scheme except in exceptional circumstances, hence an alternative funding approach. A policy document will be shared with maintained schools of the eligibility criteria.

### Key Financial Risks to Delivery and Mitigating Actions

*Key Risk : Schools*

- Schools in financial difficulties where staffing changes were agreed by the Local Authority, however these consultations were delayed due to the pandemic, therefore worsening the schools financial position.

Service Area	Current Spend	Forecast Outturn	Additional Risks	Revised 2020-21 Forecast
High Needs Block	£0.022m	£0.022m	£0	£0.022m

The financial position is driven by :-

- Additional provision for the Behavioural Outreach Service during Easter holidays and May half term based on actual trips booked. No amount has been included for possible provision in the summer months as we wait for further information from the Department of Education on the re-opening of schools.

### Key Financial Risks to Delivery and Mitigating Actions

*Key Risk :*

- No risks highlighted at this time.

# Other Budgets

Financial Position 1st April – 30th June 2020



## Revenue Budget Monitoring Report - Other Budgets

This report details the key changes in position and/or risk faced within Other Budgets to the report is shown below

Forecast Key:	
	Underspend within 1% of budget
	Underspend >1%<2% of budget Overspend up to 2%
	Under / Over spend >2% of budget

Directorate Summary	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Other Budgets	69.503	62.380	-7.123	0.000

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Contingency	3.000	3.000	0.000	0.000

The financial position is driven by :-

- Emerging pressures which may arise during the financial year.

The movement in position relates to :-

- Currently no budget has been allocated for emerging pressures, although it is possible that the contingency may be required to fund the local government pay award if this is higher than the 2% pay award budgeted for.

Key Financial Risks to Delivery and Mitigating Actions

Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Capital Financing Charges	45.694	38.746	-6.948	0.000

The financial position is driven by :-

- The Capital Financing Charges (CFC) budget comprises minimum revenue provision (MRP), interest cost of long term borrowing, revenue financing of capital and other costs of financing capital such as cost of asset disposals, leasing and PFI costs less interest receipts earned for cashflow balances.
- MRP is calculated based on the asset lives of assets funded by borrowing in the previous calendar year and interest is derived from the estimated external borrowing requirement taken to finance the capital programme for the year. The amount of internal borrowing actually taken also therefore plays a significant role in the interest estimates derived.

The movement in position relates to :-

- The Current Budget for MRP was calculated in 2019 before the 2019/20 Capital Outturn. The 2019/20 Borrowing Outturn of £77.897m was significantly lower than estimated due to re-phasing, underspend carry forward and level of internal borrowing taken. Also a large proportion of the borrowing outturn (£39.755m) used to calculate MRP was also allocated to Infrastructure Under Construction Assets that are not due to start for a couple of years and hence the MRP calculated for this area was allocated forward to future years MRP. All this resulted in MRP showing a £4.600m underspend in the current budget period.

- The forecast for Interest Borrowing Costs were calculated based on a borrowing requirement of £137.9m during 2020/21 at a cost of 3.375%. This level has now been reduced due to £79.077m due to re-phasing and an assumed level of underspend of £24m and internal borrowing of £17m. The cost of this borrowing has now been reduced to 2.325%, as rates fall due to the current economic climate and Covid measures. This has resulted in interest showing an underspend of £2.748m.
- Interest Receipts from cashflow balances have also been revised down by £-0.900m, due to market interest rates tumbling to levels of 0.10% due the current economic climate and Covid measures.

#### Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 : Higher demand than planned</i>	<ul style="list-style-type: none"> <li>• Further re-phasing is planned as part of this year's budget setting and this will affect some element of CFC, in particular the interest receipt in cashflow balances.</li> </ul>
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Service Area	Current Budget	Forecast Outturn	Forecast Over/(Underspend)	Previous Over/(Underspend)
Other	20.809	20.634	(0.175)	0.000

The financial position is mainly driven by :-

- The monthly cost of teachers' pension and S24 payments that we have to cover in addition to their pension agreement.
- The effect of the pay award on the apprenticeship levy payable by us.

The movement in position mainly relates to :-

- There is a reduction of £0.166m in the monthly payment of teachers' pensions and S24 payments due to higher level of attrition than budgeted. The reduction in monthly payment is recycled to cover the yearly inflationary increase of this pension. This will be reviewed during this year's budget setting to establish whether there will be longer term savings within this area.
- There is currently an offer of 2.75% pay inflationary increase and this is higher than the budget. Therefore if this offer is accepted by the Union, this will result in backdated salary payments and will result in an increase in apprenticeship levy payable. It is anticipated that this will result in an overspend of £0.032m.

#### Key Financial Risks to Delivery and Mitigating Actions

<i>Key Risk 1 : Higher demand than planned</i>	<ul style="list-style-type: none"> <li>• There is currently an offer of 2.75% pay inflation increase and if accepted this will result in an overspend of £0.032m. If this is rejected and the offer is increased the overspend in apprenticeship levy will be much higher than anticipated at this time.</li> </ul>
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**Summary of Financial Impact of Covid-19 2020/21 as at 30 June 2020**

	Actual March 2020 (19/20) £000's	Actual to 30 June 2020 £000's	Estimated for Year 2020/21 £000's	Estimate for Year 2020/21 incl. Risks £000's
<u>Adult Care and Community Wellbeing</u>				
Adult Frailty & Long Term Conditions	100	1,389	7,500	11,650
Adult Specialties	0	812	1,228	1,228
Public Health	0	282	8,234	8,234
<b>Total ACCW</b>	<b>100</b>	<b>2,483</b>	<b>16,963</b>	<b>21,113</b>
<u>Children's Services</u>				
Children's Social Care	178	699	3,476	5,792
Children's Education	31	728	1,677	2,335
<b>Total Children's</b>	<b>208</b>	<b>1,427</b>	<b>5,153</b>	<b>8,127</b>
<u>Place</u>				
Communities	60	106	2,093	2,343
Lincolnshire LEP	0	0	0	0
Growth	0	6	382	632
Highways	0	1,115	3,783	4,543
<b>Total Place</b>	<b>60</b>	<b>1,227</b>	<b>6,258</b>	<b>7,518</b>
<u>Fire and Rescue &amp; Public Protection</u>				
Fire and Rescue & Emergency Planning	0	94	339	339
Public Protection	10	690	2,610	2,610
<b>Total F and R &amp; PP</b>	<b>10</b>	<b>784</b>	<b>2,949</b>	<b>2,949</b>
<u>Resources</u>				
<b>Resources</b>	<b>0</b>	<b>51</b>	<b>301</b>	<b>301</b>
<u>Commercial</u>				
<b>Commercial</b>	<b>0</b>	<b>327</b>	<b>1,460</b>	<b>1,460</b>
<u>Corporate Services</u>				
<b>Corporate Services</b>	<b>0</b>	<b>0</b>	<b>222</b>	<b>222</b>
<u>Other Budgets</u>				
Other Budgets	0	0	0	0
Capital Expenditure	0	479	888	1,388
<b>Other Budgets</b>	<b>0</b>	<b>479</b>	<b>888</b>	<b>1,388</b>
<b>Total Costs and Losses</b>	<b>378</b>	<b>6,778</b>	<b>34,193</b>	<b>43,077</b>
Covid-19 Emergency Grant	(378)	(39,921)	(39,921)	(39,921)
<b>Surplus / (Deficit)</b>	<b>0</b>	<b>33,142</b>	<b>5,727</b>	<b>-3,157</b>

**Monitoring of Planned Savings 2020/21**

			Reported Position			
Directorate	Service Area	Saving Information *	Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	Explanation of any Shortfall and/or Covid19 Grant Support
BUDGET SAVINGS						
Children's Services	Home to School/College transport	Budget Reductions to meet service requirements	8	Y		
Children's Services	Special Educational Needs & Disability	Additional income generation and budget reductions for training materials and legal costs	6	Y		
Children's Services	Education Support Services	Additional income generation, a reduction in the cost of software and budget reductions to meet service requirements	17	Y		
Children's Services	School Improvement	Budget reductions to meet service requirements	7	Y		
Children's Services	Statutory Regulatory Duties	Removal of peripatetic social worker vacant posts, a reduction in the cost of software licences, a reduction in funding required to support market management as part of service reviews and budget reductions to meet service requirements	286	Y		
Children's Services	0-19 Health Services	A more effective clinic utilisation leading to a reduction in home visiting	180	Y		
Children's Services	Early Help Services	Budget reductions to meet service requirements	85	Y		
Children's Services	Family Assessment and Support Team	Utilisation of grant income and budget reductions to meet service requirements	103	Y		

**Monitoring of Planned Savings 2020/21**

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Children's Services	Adoption and Fostering Services	Budget reductions to meet service requirements	3	Y		
Children's Services	Leaving Care Services	Savings from the new supported accommodation pathway in meeting 16-17 year olds and care leavers	438	N		There is a cost pressure of £0.271m in this area. This is due to the delay in implementing the new Youth Housing contract that was intending to accommodate more complex individuals. Circumstances have led to this only being part-delivered. This cost has been put to the Covid-19 grant.
Children's Services	Targeted Support for Young People	Efficiencies as a result of the joint delivery of provision	43	Y		
Children's Services	Youth Offending	Rationalisation of work activities with the Performance Team and budget reductions to meet current service requirements	56	Y		
Adult Care and Community Wellbeing	Budget 2020 Savings Programme	Reduction in Director's consolidated running costs	210	Y		
Adult Care and Community Wellbeing	Home based Service	Reablement Service efficiencies	320	Y		
Adult Care and Community Wellbeing	Peak Demand efficiencies	Improvement in Peak Demand efficiencies	800	Y		
Adult Care and Community Wellbeing	Assessment and Care Management	Savings from gaps in posts being filled from staff turnover	579	Y		

**Monitoring of Planned Savings 2020/21**

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Adult Care and Community Wellbeing	Transport	Reduction in service demand	100	Y		
Adult Care and Community Wellbeing	Residential/Nursing placements	Reduction in service demand as more requirement for Community based services	500	Y		
Adult Care and Community Wellbeing	Other Expenditure budget	Reduction in service demand	90	Y		
Adult Care and Community Wellbeing	Adult Care Charging	Impact of legislative changes	-500	Y		
Adult Care and Community Wellbeing	Public Health and Community Wellbeing	Agreed reduction in budget based on current service requirements and savings based on contract re-procurement	1,390	N		Against the £1m Housing Related Support saving, there is a shortfall in delivery of £424,655 in 2020-21 only. This is due to a delay in contract start resulting from Covid19. This is funded through the Covid19 grant received therefore reporting financial position on target. Full year saving on track.
Place	Transport Services	Contract payments reviewed to provide more emphasis on the reducing actual passenger number as eligibility age for a concessionary pass rises	425	Y		
Place	Heritage and Archive Services	Budget revision to library vehicles, staffing and associated expenses	201	Y		
Place	Environmental Services	Budget revisions to meet current service requirements	66	Y		

**Monitoring of Planned Savings 2020/21**

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Place	Waste Services	Reduction in repairs, maintenance and transport costs together with contract savings and reduced tonnages of compost and other materials at Household Waste Recycling Centres	591	N		There is currently a forecast overspend of £1.69m related to Waste Services due to a 5% increase in the volume of household waste being collected and increased cost of the Mixed Dry Recycling (MDR) contract.
Place	Design Services	Efficiency saving on system maintenance costs	39	Y		
Place	Highways Services	Efficiency savings on winter maintenance operations with the remainder due to increased charges for a range of highway services including road closures, fixed penalty notices and searches	664	N		Although charge rates were reviewed at the start of the year, the ability to secure additional income has been severely affected by Covid but the shortfall is currently planned to be met from grant support.
Place	Highways Asset Management	Increase in charges for skip and scaffold permits and a reduction in the scanner and scrim surveying contracts	35	N		Permit rates were reviewed at the start of the year, however the ability to secure additional income has been severely affected by Covid but the shortfall is currently planned to be met from grant support.
Fire and Rescue and Public Protection	Fire and Rescue	A reduction in costs associated with unwanted fire signals (false alarms) policy and a reduction in budget to cover fire-fighter absence to maintain operational resilience	115	Y		
Resources	Human Resources	Restructure of Human Resources following the return of staff to LCC	440	Y		
Resources	Legal Services	Realignment of Legal Lincolnshire surplus target in line with recent performance	450	Y		Legal Services Income figures for April were down by 14%, May 27% and June 9% on previous years. This is due to a fall in instructions during the Covid crisis and is currently forecast to be funded from grant support
Resources	Democratic Services	The permanent removal of a vacant position	15	Y		



**Monitoring of Planned Savings 2020/21**

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Resources	Business Support	Implementation of a paper reduction strategy	16	Y		
Commercial	Property Services	Reductions in building and programme costs and alignment of county farms income in line with current year performance	279	Y		
Commercial	Information Management	Budget revision to meet current service requirements	567	Y		
Commercial	Commercial Management	Budget revision to meet current service requirements	104	Y		
Other Budgets	Commercial Discount	Reduction in contract payments	706	Y		
<b>TOTAL BUDGET SAVINGS</b>			<b>9,434</b>	<b>0</b>	<b>0</b>	

<b>GROWTH IN INCOME</b>						
Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Proportionate increase in Service User Contributions from increase in benefits	1,595	Y		
Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Increase in Direct Payment Refund income	575	Y		
Adult Care and Community Wellbeing	Adult Frailty and Long Term Conditions	Increase in Debtor income	1,000	Y		

**Monitoring of Planned Savings 2020/21**

Directorate	Service Area	Saving Information *	Reported Position			Explanation of any Shortfall and/or Covid19 Grant Support
			Planned Saving £000's	Delivery Y / N	If N, Shortfall £000's	
Adult Care and Community Wellbeing	Adult Specialties	Increase in Direct Payment Refund income	250	Y		
Adult Care and Community Wellbeing	Adult Specialties	Additional CHC Funding from CCG's	1,800	Y		
Resources	Financial Strategy	Increased income from Schools	43	Y		
Resources	Audit and Risk	Increased income from audit services	22	N		Loss of income due to being unable to deliver planned audit work in Quarter 1 to District clients. Covid-19 costs and savings are being captured and it is anticipated that additional grant funding will cover the overspend.
Resources	Information Assurance	Increased income from Schools	17	Y		
Other Budgets	Dividend Income	Increase in dividend relating to investment	206	Y		
<b>TOTAL GROWTH IN INCOME</b>			<b>5,508</b>	<b>0</b>	<b>0</b>	
<b>TOTAL REDUCTIONS TO BUDGET</b>			<b>14,942</b>	<b>0</b>	<b>0</b>	

\* Any shortfall will be explained within the appendix for that Directorate.

**Monitoring of Development Fund Initiatives 2020/21**

Directorate	Service Area	Development Initiative	Planned One-Off Investment £000's	Progress to date *
Place	Environment	Green Masterplan	350	Activity progressing but delayed due to COVID and now unlikely to fully spend in 2020/21
Place	Communities	Anaerobic digestion Facilities - Business Case Viability	150	Update to follow
Place	Highways and Communities	Highways Advance Design/Economic Development Pipeline Projects	2,713	Forecast spend of £0.940m in 2020/21 is being managed alongside the annual allocated ADB budget and agreed with Exec Directors and Exec Members.
Place	Highways	Traffic signals - Wireless communications	5	Successfully installed and operated trial site, roll-out being planned and decommissioning of broadband connections being progressed.
Place	Highways	Drainage Investigation and Flood Repairs	200	A draft programme of works is being drawn up and will be presented to the Executive Members and Executive Director at the end of August, date currently being arranged
Fire and Rescue and Public Protection	Fire and Rescue	Research study - LFR prevention work	10	Lincoln University has been commissioned and are currently underway with the analysis to evaluate our Prevention activities. This work will be completed by end of this calendar year and time for us to utilise for the upcoming HMICFRS Inspection. The costs have been confirmed at 10K.
Commercial	Transformation	Transformation Programme (Business Process re-engineering)	280	Transformation Programme Board established. Governance arrangements and outline programme developed
Commercial	IMT	Broadband - 4G	135	Not yet commenced.
	Reserves	Development Fund Reserve balance (not yet allocated to initiatives)	1,444	
<b>TOTAL DEVELOPMENT INITIATIVES</b>			<b>5,287</b>	

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

Report to:	<b>Executive</b>
Date:	<b>02 September 2020</b>
Subject:	<b>Capital Budget Monitoring Report 2020/21 - Quarter 1 to 30 June 2020</b>
Decision Reference:	<b>I020058</b>
Key decision?	<b>No</b>

**Summary:**

- This report provides an update on capital spending compared with budgets for the financial year which started on 1 April 2020.
- The tables in this report show the net expenditure for the first three months of this financial year to 30 June 2020, along with the forecasts for spending and a comparison of the forecasts against the latest revised budgets.
- For capital projects which span more than one financial year, the forecast position for the whole life of the project is given.
- The tables are split into "Blocks" which are annual recurrent allocations of funding, usually for maintenance or rolling replacements of assets, and "Projects". 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.
- The report gives an overview of the financial position, with more detailed information on selected capital programme schemes in Appendix C.
- The current forecasted position is an underspend of **£23.352m**. The forecast underspend will be carried forward into the next financial year. For the project schemes, the whole life budget is forecast to be overspent by **£31.942m**. This whole life position will be considered as part of the forthcoming budget setting process to ensure that the overall capital programme remains affordable.

**Recommendation(s):**

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

**Alternatives Considered:**

This report shows the actual capital financial performance to 30 June 2020, and forecast outturns for 2020/21, 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****Overall Financial Position**

1.1 The table below shows the Net Summary position for Block schemes as at 30 June 2020.

	2020/21					
	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Net Expenditure £'000	Forecast £'000	Forecast Variance £'000
Blocks						
Adult Care	0	0	0	-6,143	0	0
Children's Services	514	423	937	-499	190	-747
Commercial	10,109	2,329	12,439	2,605	9,684	-2,755
Fire and Rescue and Public Protection	8,068	752	8,820	1,390	4,275	-4,545
Place	23,524	-6,735	16,789	-10,068	12,507	-4,282
Resources	0	0	0	0	0	0
Other Budgets	11,638	7,905	19,542	0	19,542	0
Total Block	53,853	4,673	58,526	-12,714	46,198	-12,328

1.2 The table below shows the Net Summary position for Project schemes as at 30 June 2020.

	2020/21					
	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Net Expenditure £'000	Forecast £'000	Forecast Variance £'000
Projects						
Adult Care	0	0	0	0	0	0
Children's Services	1,460	5,000	6,460	1,450	6,460	0
Commercial	4,540	2,423	6,963	326	2,666	-4,297
Fire and Rescue and Public Protection	0	0	0	0	0	0
Place	78,041	5,138	83,179	11,583	76,452	-6,727
Resources	0	0	0	0	0	0
Other Budgets	0	0	0	0	0	0
Total Project	84,041	12,561	96,602	13,358	85,578	-11,024

	Whole Life total				
	Original Approved Budget £'000	Total Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	Variance £'000
Projects					
Adult Care	0	1,400	1,400	1,400	0
Children's Services	1,500	8,569	2,217	8,569	0
Commercial	42,556	44,235	25,502	44,395	160
Fire and Rescue and Public Protection	0	0	0	0	0
Place	176,258	189,261	71,254	221,044	31,782
Resources	0	0	0	0	0
Other Budgets	0	0	0	0	0
Total Project	220,314	243,466	100,373	275,408	31,942

1.3 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.

1.4 Where a scheme/project is known to be exhibiting a material variance to its spending profile we will explain this in Appendix C, which shows further detail for selected Block Schemes and Projects, including those highlighted below.

1.5 Where the coronavirus pandemic has led to increased costs in the current year, we aim to fund these from the government's emergency Covid-19 grant and these costs are reported in the Revenue Monitoring report for quarter one which is on the same agenda as this report. Where the Covid-19 impacts will affect future years, there is no guarantee of future grant funding to cover those impacts so these will need to be managed within the context of the whole capital programme.

### Key Issues Highlighted

1.6 The forecast position for this year on the Block Schemes is a net underspend of £12.328m. The most significant variances within this figure are:

1.7 Fire and Rescue & Public Protection (Fire Fleet & Equipment): forecast underspend this year of £4.199m. Following a review of the planning profile, Lincolnshire Fire and Rescue expect to delay or re-phase expenditure on the current position based on the cumulative approved budget to 2024/25.

1.8 The balance is made up of smaller variances on a number of schemes, which are almost all forecast underspends. Appendix A gives more detail on these.

1.9 The forecast position for this year on Capital Projects is a net underspend of £11.024m. The most significant variances within this figure are:

- 1.10 Commercial (Broadband): forecast underspend of £3.047m. The budget for this year was increased by £1.187m carried forward from 2019/20 and we are expecting a refund from British Telecom of around £1.840m. The resulting underspend will be re-phased into future years to support the new contract.
- 1.11 Place (New Household Waste Recycling Centres (HWRCs)): forecast underspend of £1.950m. This project is to replace two HWRCs at Skegness and at Kirkby on Bain. Some re-phasing of the project into future years is being considered due to delays arising from Covid-19.
- 1.12 Place (Lincoln Eastern Bypass): forecast underspend of £3.936m. The forecast for the current year is an underspend, however the whole life forecast is an overspend (see below).
- 1.13 The balance is made up of smaller variances on a number of schemes, many of which are forecast underspends. Appendix B gives more detail on these.
- 1.14 The forecast whole life position on Capital Projects is a net overspend of £31.942m. The most significant variances within this figure are:
- 1.15 Place (Lincoln Eastern Bypass): forecast overspend of £8.755m. The forecast costs for this road scheme have increased considerably as a result of a number of extreme weather events and the need to modify working practices to comply with the Health Protection (Coronavirus) Regulations 2020. This forecast will be closely monitored and reported on throughout the year.
- 1.16 Place (Spalding Western Relief Road (section 5)): forecast overspend of £8.133m. The completion of detailed design for the embankments of the scheme has resulted in a significant increase in construction costs from that envisaged at the planning stage. The requirement for construction traffic access to further land has also caused increases in the forecast costs. However an additional grant allocation of £8.130m from the Housing Infrastructure Fund will be used to accommodate the forecast overspend.
- 1.17 Place (Grantham Southern Relief Road): forecast overspend of £12.551m for the whole life of the project. Work on the Grantham Southern Relief Road has similarly been affected by extreme weather events, exacerbated by technical issues and ecological considerations. Operation of the site has also been affected by the Covid-19 pandemic and although work has continued with appropriate social distancing measures implemented some activity, such as the diversion of high voltage power cables that are dependent on third party agencies, have been stopped. This is likely to impact the project's critical path and lead to delays in completion.



## **Impact of the Capital Position**

- 1.18 The current year forecast underspend is contributing to a forecast underspend on capital financing charges and this is reported in the Revenue Monitoring report for quarter one which is on the same agenda as this report. The forecast underspend will reduce our need to borrow this year and this will in turn reduce the cost of interest on borrowing. These will not be a permanent saving though if the underspends are simply re-phased into future years. Decisions on borrowing are taken in accordance with the Scheme of Delegation and the Treasury Management Strategy 2020/21.

## **Progress on Development Fund Initiatives**

- 1.19 Appendix D shows a list of initiatives where the capital costs are to be funded by the Development Fund earmarked reserve. Progress on each of these is reported in the appendix.

## **Assessment of Impact on Financial Resilience**

- 1.20 The forecast underspend in the current year on both Block Schemes and Capital Projects will not adversely impact on the Council's financial resilience. The forecast whole life overspend is a significant amount and will need to be considered as part of the forthcoming budget setting process. Our Capital Strategy 2020/21 requires the capital programme to be affordable over the longer term and this assessment of affordability will need to be made. If necessary the capital programme will need to be modified to ensure this affordability, thereby maintaining our financial resilience.

## **2. Legal Issues:**

### Equality Act 2010

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

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

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

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

- \* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.

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

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

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

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

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

As this report simply reports on performance against the 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 and Wellbeing Strategy (JHWS) in coming to a decision.

As this 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 this 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:**

This report sets out an update on spending to 30 June 2020 compared with the capital budget for the financial year starting on 1 April 2020 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 2020/21.

#### **5. Resource Comments:**

This 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 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. The forecast whole life overspend on Capital Projects will need to be managed as part of the budget setting process to ensure that the affordability of the capital programme over the longer term is maintained.

### **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 on 27 August 2020. Any comments of the Board will be reported to the Executive.

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

An assessment of the impact of the reported position on the Council's financial resilience has been made and is shown in paragraph 1.20.

#### **e) Risks and Impact Analysis**

See above.

## 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Capital Monitoring Report for Block Schemes as at 30 June 2020
Appendix B	Capital Monitoring Report for Projects as at 30 June 2020
Appendix C	Capital Programme Detail for Selected Projects and Blocks as at 30 June 2020
Appendix D	Monitoring of Development Fund Initiatives 2020/21

## 8. Background Papers

Document title	Where the document can be viewed
Budget Book 2020/21	This can be found in the Council's website by following this <a href="#">link</a> .

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**Capital Monitoring Report for Block Schemes as at 30 June 2020**

	2020/21					
	Actuals £'000	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Forecast £'000	Forecast Variance £'000
Adult Care	5	0	0	0	0	0
Adult Frailty & Long Term Conditions	5	0	0	0	0	0
Better Care Fund - Disabled Facility Grants	-6,149	0	0	0	0	0
Better Care Fund	-6,149	0	0	0	0	0
Public Health	0	0	0	0	0	0
Public Health	0	0	0	0	0	0
Adult Care and Community Wellbeing	-6,143	0	0	0	0	0
Infrastructure and Refresh Programme	105	3,908	526	4,434	3,908	-526
Replacement ERP Finance System	10	0	322	322	0	-322
ICT Development Fund	46	0	421	421	0	-421
Chief Technology Officer	161	3,908	1,269	5,177	3,908	-1,269
Property	2,444	6,201	1,061	7,262	5,776	-1,486
Property Rationalisation Programme	0	0	0	0	0	0
County Property Officer	2,444	6,201	1,061	7,262	5,776	-1,486
Commercial	2,605	10,109	2,329	12,439	9,684	-2,755
Fire & Rescue and Emergency Planning	93	858	609	1,467	1,228	-239
Fire Fleet & Equipment	1,296	7,210	36	7,246	3,047	-4,199
Fire and Rescue	1,389	8,068	645	8,713	4,275	-4,438
Registration Celebratory & Coroners Services	2	0	82	82	0	-82
Safer Communities	0	0	25	25	0	-25
Public Protection	2	0	107	107	0	-107
Fire and Rescue & Public Protection	1,390	8,068	752	8,820	4,275	-4,545
Devolved Capital	-943	0	0	0	0	0
Provision of School Places - Basic Need	-7	0	80	80	-41	-121
School Modernisation Condition	-88	0	0	0	0	0
Schools Access Initiative	0	0	0	0	0	0
Other Academies	0	0	-8	-8	0	8
Other Learn & Achieve	468	464	152	616	35	-581
Provision of School Places (Basic Needs - Deepings)	0	0	0	0	50	50
Provision of School Places (Basic Needs - Sleaford)	0	0	0	0	50	50
Universal Infant Free School Meals Capital	-8	0	0	0	0	0
Short Breaks for Disabled Children	0	0	20	20	0	-20
Children's IT	0	0	-9	-9	0	9
Early Years Sufficiency / Extended Provision	0	0	71	71	71	0
Other Readiness for School	75	0	0	0	0	0
Education	-503	464	307	772	165	-606
Foster Capital	4	50	114	164	25	-139
Lincolnshire Secure Unit	0	0	2	2	0	-2
Social Care	4	50	116	166	25	-141
Children's Services	-499	514	423	937	190	-747

	2020/21					
	Actuals £'000	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Forecast £'000	Forecast Variance £'000
Libraries	13	0	521	521	0	-521
Flood Defence	-325	0	0	0	0	0
Other Environment and Planning	0	135	43	179	135	-43
Energy from Waste	0	0	0	0	0	0
Flood & Water Risk Management	10	0	572	572	0	-572
Equipment & Vehicles at Waste Transfer Stations	0	465	0	465	465	0
Fire Suppression at Waste Transfer Stations	2	794	27	821	794	-27
Local Flood Defence Schemes	0	1,300	0	1,300	1,300	0
Historic Lincoln	200	0	-50	-50	0	50
Other Transport Initiatives	90	655	458	1,113	655	-458
Countryside Rights of Way	0	0	0	0	0	0
Communities	-10	3,349	1,572	4,921	3,349	-1,572
Lincoln Growth Point	13	159	-400	-240	63	304
Lincolnshire Waterways	0	0	-144	-144	0	144
Other Sustaining and Growing Business and the Economy	35	0	293	293	356	63
Teal Park, Lincoln	0	0	-1	-1	0	1
LEP Skills Investment Programme	232	0	232	232	0	-232
Economic Development - Business Unit Development	0	500	1,000	1,500	500	-1,000
Growth	280	659	980	1,640	919	-721
Highways Asset Protection	-10,201	0	-11,277	-11,277	-11,277	0
Integrated Transport	-434	100	1,138	1,238	100	-1,138
A16/A1073 Spalding to Eye Road Improvement	1	0	0	0	0	0
Other Sustaining and Developing Prosperity Through Infrastructure	0	0	-19	-19	0	19
Network Resilience	0	120	61	181	120	-61
Holdingham Roundabout (Sleaford Growth Schemes)	69	2,115	258	2,373	2,115	-258
A46 Roundabouts	225	0	435	435	0	-435
A18 Safer Road Fund	0	0	162	162	0	-162
Energy Efficiency Street Lighting Schemes	0	179	0	179	179	0
Local Highways Improvements (pinchpoints) to support coastal	1	3,000	0	3,000	3,000	0
Highways	-10,338	5,514	-9,242	-3,728	-5,763	-2,035
Lincolnshire Enterprise Partnership Contribution	0	14,001	-45	13,956	14,001	45
LEP	0	14,001	-45	13,956	14,001	45
Place	-10,068	23,524	-6,735	16,789	12,507	-4,282
New Developments Capital Fund	0	11,638	7,905	19,542	19,542	0
Chief Finance Officer	0	11,638	7,905	19,542	19,542	0
Other Budgets	0	11,638	7,905	19,542	19,542	0
	-12,714	53,853	4,673	58,526	46,198	-12,328

## APPENDIX B

### Capital Monitoring Report for Projects as at 30 June 2020

	2020/21					
	Actuals £'000	Original Budget £'000	In Year Changes £'000	Revised Budget £'000	Forecast £'000	Forecast Variance £'000
Extra Care Housing	0	0	0	0	0	0
Adult Frailty & Long Term Conditions	0	0	0	0	0	0
Adult Care and Community Wellbeing	0	0	0	0	0	0
Broadband	35	2,500	1,187	3,687	640	-3,047
Care Management System (CMPP)	0	0	14	14	0	-14
IMT (Cloud Navigator/Windows 10)	30	0	1,034	1,034	0	-1,034
Azure Data Migration Project	20	0	-283	-283	0	283
Chief Technology Officer	85	2,500	1,951	4,451	640	-3,811
Blue Light South Park	19	0	284	284	0	-284
Lexicon House	0	1,000	0	1,000	1,000	0
Children's Services – Children's Homes	0	0	0	0	0	0
County Emergency Centre	30	0	87	87	0	-87
Property Area Review	0	390	37	427	390	-37
School Mobile Classroom Replacement	0	390	0	390	390	0
County Farms Grain Stores	0	-80	80	0	-80	-80
Property Improvement	192	320	-14	306	306	0
County Farms Private Roads	0	20	-3	17	20	3
County Property Officer	241	2,040	472	2,512	2,026	-486
<b>Commercial</b>	<b>326</b>	<b>4,540</b>	<b>2,423</b>	<b>6,963</b>	<b>2,666</b>	<b>4,297</b>
SEND capital funding with pupils with EHC	1,450	1,085	5,000	6,085	6,085	0
<b>Education</b>	<b>1,450</b>	<b>1,085</b>	<b>5,000</b>	<b>6,085</b>	<b>6,085</b>	<b>0</b>
Children's Homes	0	375	0	375	375	0
Social Care	0	375	0	375	375	0
<b>Children's Services</b>	<b>1,450</b>	<b>1,460</b>	<b>5,000</b>	<b>6,460</b>	<b>6,460</b>	<b>0</b>
Boston Household Waste Recycling Centre	0	0	0	0	0	0
New HWRCs	0	2,000	0	2,000	50	-1,950
Lincoln Castle Revealed phase 2	0	0	281	281	0	-281
Heritage / Archives	0	2,500	0	2,500	2,500	0
Boston Barrier	0	0	0	0	0	0
<b>Communities</b>	<b>0</b>	<b>4,500</b>	<b>281</b>	<b>4,781</b>	<b>2,550</b>	<b>-2,231</b>
Holbeach Food Enterprise Zone	247	0	0	0	362	362
Economic Development – Horncastle Industrial Estate Extension	0	500	0	500	500	0
Skegness Countryside Business Park 2	17	0	9	9	0	-9
<b>Growth</b>	<b>264</b>	<b>500</b>	<b>9</b>	<b>509</b>	<b>862</b>	<b>353</b>
Lincoln Eastern Bypass	6,152	20,707	3,936	24,643	20,707	-3,936
Lincoln East-West Link	0	0	-2	-2	0	2
Spalding Western Relief Road (Section 5)	2,001	10,000	-12	9,988	10,000	12
Grantham Southern Relief Road	2,825	40,163	-389	39,775	40,163	389
Street Lighting Transformation	84	150	78	228	150	-78
A46 Welton Roundabout (Integrated)	-1	1,304	1,000	2,304	1,304	-1,000
A1084 Safer Road Fund	0	0	0	0	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	0	0	0	0	0	0
Gainsborough Corringham Road (Dev with Sleaford Rugby Club (Sleaford Growth Scheme)	65	716	89	804	716	-89
A631 Louth to Middle Rasen Safer Road Fund	181	0	247	247	0	-247
A631 Louth to Middle Rasen Safer Road Fund	1	0	-99	-99	0	99
A52 Skegness Roman Bank Reconstruction	11	0	0	0	0	0
<b>Highways</b>	<b>11,319</b>	<b>73,041</b>	<b>4,848</b>	<b>77,889</b>	<b>73,041</b>	<b>-4,848</b>
<b>Place</b>	<b>11,583</b>	<b>78,041</b>	<b>5,138</b>	<b>83,179</b>	<b>76,452</b>	<b>-6,727</b>
<b>Project Total</b>	<b>22,902</b>	<b>81,041</b>	<b>12,561</b>	<b>96,602</b>	<b>85,578</b>	<b>-11,024</b>



	Whole Life total				
	Original Approved Budget £'000	Total Net Budget and CGU £'000	Total Net Expenditure to Date £'000	Scheme Total Forecast £'000	Variance £'000
Extra Care Housing	0	1,400	1,400	1,400	0
Adult Frailty & Long Term Conditions	0	1,400	1,400	1,400	0
Adult Care and Community Wellbeing	0	1,400	1,400	1,400	0
Broadband	10,000	13,042	8,686	13,042	0
Care Management System (CMPP)	2,500	4,648	4,634	4,648	0
IMT (Cloud Navigator/Windows 10)	16,500	12,079	3,075	12,079	0
Azure Data Migration Project	1,165	1,165	303	1,165	0
Chief Technology Officer	30,165	30,934	16,699	30,934	0
Blue Light South Park	7,140	6,910	6,645	6,910	0
Lexicon House	1,975	1,975	975	1,975	0
Children's Services – Children's Homes	500	0	0	0	0
County Emergency Centre	500	500	443	500	0
Property Area Review	550	550	123	550	0
School Mobile Classroom Replacement	600	2,400	210	2,400	0
County Farms Grain Stores	387	387	0	387	0
Property Improvement	500	465	350	500	35
County Farms Private Roads	239	115	58	239	124
County Property Officer	12,391	13,301	8,804	13,461	160
Commercial	42,556	44,235	25,502	44,395	160
SEND capital funding with pupils with EHC plans	0	7,069	2,217	7,069	0
Education	0	7,069	2,217	7,069	0
Children's Homes	1,500	1,500	0	1,500	0
Social Care	1,500	1,500	0	1,500	0
Children's Services	1,500	8,569	2,217	8,569	0
Boston Household Waste Recycling Centre	1,500	1,670	1,670	1,670	0
New HWRCs	4,000	4,000	0	4,000	0
Lincoln Castle Revealed phase 2	1,200	427	146	480	53
Heritage / Archives	5,000	5,000	0	5,000	0
Boston Barrier	11,000	0	0	0	0
Communities	22,700	11,097	1,815	11,150	53
Holbeach Food Enterprise Zone	6,025	3,350	-1,588	3,514	164
Economic Development – Horncastle Industrial Estate	1,500	1,500	0	1,500	0
Skegness Countryside Business Park 2	2,398	0	8	0	0
Growth	9,923	4,850	-1,581	5,014	164
Lincoln Eastern Bypass	47,640	73,731	55,240	82,486	8,755
Lincoln East-West Link	15,197	12,626	12,628	12,626	0
Spalding Western Relief Road (Section 5)	10,000	13,291	1,355	21,424	8,133
Grantham Southern Relief Road	64,000	68,630	6,864	81,181	12,551
Street Lighting Transformation	2,082	1,332	1,038	2,082	750
A46 Welton Roundabout (Integrated Transport/NPIF)	3,216	2,500	-1,338	3,200	700
A1084 Safer Road Fund	0	0	-1,018	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	0	0	-609	0	0
Gainsborough Corringham Road (Dev with WLDC)	1,500	804	65	505	-299
Sleaford Rugby Club (Sleaford Growth Scheme)	0	400	334	1,376	976
A631 Louth to Middle Rasen Safer Road Fund	0	0	100	0	0
A52 Skegness Roman Bank Reconstruction	0	0	-3,638	0	0
Highways	143,635	173,314	71,019	204,880	31,565
Place	176,258	189,261	71,254	221,044	31,782
Project Total	220,314	243,466	100,373	275,408	31,942

## Capital Programme Detail for Selected Projects and Blocks as at 30 June 2020

Type of Scheme Project  
 Directorate Adult Care and Community Wellbeing  
 Area Adult Frailty and Long Term Conditions  
**Scheme Name Extra Care Housing**      **Status of Project In progress**

Financial Information 2020/21 £m			
Gross Expenditure Budget	2.800	Net Expenditure Budget	0.000
Gross Income Budget	-2.800	Actual	0.000
Net Expenditure Budget	0.000	Forecast Net Outturn	0.000
Forecast Net Over/(Underspend)			0.000

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	2.800	Original Gross Income Budget 2020/21	-2.800
Budget b/f from Previous Yea	0.000	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>2.800</b>	<b>Gross Income Budget</b>	<b>-2.800</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	4.200	Net Expenditure budget	1.400
Gross Income Budget	-2.800	Scheme Total Forecast	1.400
Net Expenditure Budget	1.400	Whole Life Variance	0.000

Direction of Travel from previous forecast

Purpose of Scheme
<p>The De Wint Extra Care Housing scheme commenced development in November 2019. It is a partnership between the City of Lincoln Council (CoLC) and the County Council to provide Extra Care Housing (ECH) for anticipated demand in the City. It will provide a total of 70 units of accommodation for a minimum 30 year period enabling choice for residents and revenue savings by providing an alternative to expensive residential care. The total cost of the development is £12 million, with the CoLC contributing £6m, Homes England £3.2m and the County Council £2.8m. It provides Adult Care with nomination rights on 35 units for 30 years using a process of first right of refusal with no void risk. See report to the Executive 09/07/2019.</p>

Performance of Scheme
<p>On 16th January 2020 construction began on the 70 new apartments to replace sheltered housing accommodation at De Wint Court in Lincoln.</p> <p>Lincolnshire County Council transferred over the promised initial £1.4m funding to Lincoln City Council on 27th January 2020.</p> <p>The final £1.4m of funding will be transferred to Lincoln City Council on completion of the project. This is expected to be in the latter-half of 2021.</p> <p>The scheme is estimated to be on target, a drawdown from the reserve will be implemented in 2019-20 to put the budget in line with the planned expenditure.</p>

Type of Scheme Project  
 Directorate Children's Services  
 Area Education  
**Scheme Name SEND Capital Funding with pupils with EHC Plans Status of Project In progress**

Financial Information 2020/21 £m			
Gross Expenditure Budget	20.531	Net Expenditure Budget	6.085
Gross Income Budget	<u>-14.446</u>	Actual	1.450
Net Expenditure Budget	6.085	Forecast Net Outturn	6.085
<b>Forecast Net Over/(Underspend)</b>			<b>0.000</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	15.531	Original Gross Income Budget 2020/21	-14.446
Budget b/f from Previous Year	5.000	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>20.531</b>	<b>Gross Income Budget</b>	<b>-14.446</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	65.698	Net Expenditure budget	7.069
Gross Income Budget	<u>-58.629</u>	Scheme Total Forecast	7.069
Net Expenditure Budget	7.069	<b>Whole Life Variance</b>	<b>0.000</b>

Purpose of Scheme
Capital funding to create communities of specialist education across the county for pupils with 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.

Performance of Scheme
The Department for Education has allocated grant funding to local authorities to improve the special provision for children and young people with education, health & care (EHC) plans. The relevant project timescales indicate that the funds will not be spent until future years and therefore the capital budget for 2020/21 will be re-phased to future years. The delivery of this project has not slipped, it was always intended to be delivered in a future year (2022).

Type of Scheme Block Scheme  
 Directorate Place  
 Area Highways  
**Scheme Name Highways Asset Protection**

Financial Information 2020/21 £m			
Gross Expenditure Budget	39.185	Net Expenditure Budget	-11.277
Gross Income Budget	<u>-50.462</u>	Actual	-10.201
Net Expenditure Budget	-11.277	Forecast Net Outturn	-11.277
<b>Forecast Net Over/(Underspend)</b>			<b>0.000</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	24.955	Original Gross Income Budget 2020/21	-24.955
Budget b/f from Previous Year	-11.876	Grants & Contributions Previous Years	0.599
Budget Allocated from Other Schemes	26.106	New Grants and Contributions	-26.106
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>39.185</b>	<b>Gross Income Budget</b>	<b>50.462</b>

Purpose of Scheme
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.

Performance of Scheme
Spend on the grant has been allocated including the over allocation brought forward from the previous year. Programme allocations for this year show that the grant will be fully utilised.

Type of Scheme Block Scheme  
 Directorate Place  
 Area Highways  
**Scheme Name Integrated Transport**

Financial Information 2020/21 £m			
Gross Expenditure Budget	4.511	Net Expenditure Budget	1.238
Gross Income Budget	<u>-3.272</u>	Actual	-0.434
Net Expenditure Budget	1.238	Forecast Net Outturn	0.100
Forecast Net Over/(Underspend)			<b>-1.138</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	3.412		
Budget b/f from Previous Year	1.099	Original Gross Income Budget 2020/21	-3.312
Budget Allocated from Other Schemes	0.000	Grants & Contributions Previous Years	0.040
Budget Re-phased into Future Years	0.000	New Grants and Contributions	0.000
<b>Gross Expenditure Budget</b>	<b>4.511</b>	<b>Gross Income Budget</b>	<b>3.272</b>

Purpose of Scheme
Annual grant from DfT with a flexibility to be used to fund (or part fund) a range of projects. The grant can be used across financial years as projects can be delayed

Performance of Scheme
There is flexibility to use this grant across years with £337k already allocated this year. Some of the remaining grant has been earmarked to other integrated transport initiatives in future years.

Area Growth

<b>Scheme Name</b>	<b>Economic Development- Business Unit Development</b>
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Financial Information 2020/21 £m			
Gross Expenditure Budget	1.500	Net Expenditure Budget	1.500
Gross Income Budget	<u>0.000</u>	Actual	0.000
Net Expenditure Budget	1.500	Forecast Net Outturn	0.500
		<b>Forecast Net Over/(Underspend)</b>	<b>-1.000</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	0.500	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	1.000	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>1.500</b>	<b>Gross Income Budget</b>	<b>0.000</b>

## Purpose of Scheme

Expansion of the Council's managed workspace provision

## Performance of Scheme

Latest forecast is for a spend of £500k in 2020/21 with the remainder re-phased as deliverables are reviewed

Type of Scheme Project  
 Directorate Place  
 Area Highways

**Scheme Name** Lincoln Eastern Bypass

**Status of Project** In progress

Financial Information 2020/21 £m			
Gross Expenditure Budget	24.643	Net Expenditure Budget	24.643
Gross Income Budget	0.000	Actual	6.152
Net Expenditure Budget	24.643	Forecast Net Outturn	20.707
Forecast Net Over/(Underspend)			3.936

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	20.707	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	3.936	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>24.643</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	124.228	Net Expenditure budget	73.731
Gross Income Budget	-50.497	Scheme Total Forecast	82.486
Net Expenditure Budget	73.731	<b>Whole Life Variance</b>	<b>8.755</b>

Purpose of Scheme
Construction of 7.5km highway scheme to the east of Lincoln, connecting sections of the A15 to the north and south of Lincoln.

Performance of Scheme
The forecasts costs for the Lincoln Eastern Bypass have increased considerably as a result of a number of extreme weather events and the need to modify working practices to comply with The Health Protection (Coronavirus) Regulations 2020. A substantial Compensation Event (CE) recently submitted by the contractor is disputed and Highways senior management are confident that it will be resolved at a considerably lower value but the forecast overspend for the project, including the full effect of this CE, is currently up to £8.755m. Highways senior management are currently developing plans for the management of this overspend from within the existing capital programme



Type of Scheme Project  
 Directorate Place  
 Area Highways

**Scheme Name** Grantham Southern Relief Road

**Status of Project** In progress

Financial Information 2020/21 £m			
Gross Expenditure Budget	45.466	Net Expenditure Budget	39.775
Gross Income Budget	-5.692	Actual	2.825
Net Expenditure Budget	39.775	Forecast Net Outturn	40.163
<b>Forecast Net Over/(Underspend)</b>			<b>0.389</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	45.855	Original Gross Income Budget 2020/21	-5.692
Budget b/f from Previous Yea	-0.389	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>45.466</b>	<b>Gross Income Budget</b>	<b>-5.692</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	101.630	Net Expenditure budget	68.630
Gross Income Budget	-33.000	Scheme Total Forecast	81.181
Net Expenditure Budget	68.630	<b>Whole Life Variance</b>	<b>12.551</b>

#### Purpose of Scheme

The Grantham Southern Relief Road aims to improve the town's infrastructure and growth. By the construction of a 3.5km relief road in three phases:  
 Phase One - creation of a roundabout off the B1174.  
 Phase Two - the B1174 will join the A1 trunk road.  
 Phase Three - link the A52 at Somerby Hill to the new roundabout.

#### Performance of Scheme

Work on the Grantham Southern Relief Road has similarly been affected by extreme weather events, exacerbated by technical issues and ecological considerations. Operation of the site has also been affected by the COVID-19 pandemic and although work has continued with appropriate social distancing measures implemented, some activity such as the diversion of high voltage power cables, that are dependent on third party agencies, have been stopped. This is likely to impact the project's critical path and lead to delays in completion. Consequently the whole-life project is currently forecast to be £12.551m over budget. Highways senior management are currently developing plans for the management of this overspend from within the existing capital programme

Type of Scheme Project  
 Directorate Place  
 Area Highways  
**Scheme Name** Spalding Western Relief Road **Status of Project** In progress  
**(Section 5)**

Financial Information 2020/21 £m			
Gross Expenditure Budget	20.488	Net Expenditure Budget	9.988
Gross Income Budget	-10.500	Actual	2.001
Net Expenditure Budget	9.988	Forecast Net Outturn	10.000
Forecast Net Over/(Underspend)			0.012

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	20.500	Original Gross Income Budget 2020/21	-10.500
Budget b/f from Previous Year	-0.012	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>20.488</b>	<b>Gross Income Budget</b>	<b>-10.500</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	26.291	Net Expenditure budget	13.291
Gross Income Budget	-13.000	Scheme Total Forecast	21.424
Net Expenditure Budget	13.291	<b>Whole Life Variance</b>	<b>8.133</b>

Purpose of Scheme
<p>The Spalding Western Relief Road (SWRR) will be a 6.5km road linking the A1175 and A16 to the south and east of Spalding, to the B1356 Spalding Road to the north of Spalding, via the B1172 Spalding Common.</p> <p>The SWRR is a strategic infrastructure project essential to delivering the growth of Spalding and required to address the strategic transport connectivity around the town as well as addressing specific transport problems within Spalding</p>

Performance of Scheme
<p>The completion of detailed design for the embankments of the scheme has resulted in a significant increase in construction costs from that envisaged at the planning stage. The requirement for construction traffic access to further land have also caused increases in the forecast costs. However an additional grant allocation of £8.130m from the Housing Infrastructure Fund will be used to accommodate these additional costs and cover the forecast overspend.</p>

Type of Scheme Project  
 Directorate Place  
 Area Highways  
 Scheme Name **A46 Welton Roundabout** Status of Project In progress  
 (Integrated Transport/NPIF)

Financial Information 2020/21 £m			
Gross Expenditure Budget	3.104	Net Expenditure Budget	2.304
Gross Income Budget	<u>-0.800</u>	Actual	-0.001
Net Expenditure Budget	2.304	Forecast Net Outturn	1.304
Forecast Net Over/(Underspend)			<b>-1.000</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	1.304	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	1.800	Grants & Contributions Previous Years	-0.800
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000	Gross Income Budget	<b>-0.800</b>
<b>Gross Expenditure Budget</b>	<b>3.104</b>		

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	5.300	Net Expenditure budget	2.500
Gross Income Budget	<u>-2.800</u>	Scheme Total Forecast	3.200
Net Expenditure Budget	2.500	Whole Life Variance	<b>0.700</b>

Purpose of Scheme
Construction of a new roundabout on the A46 with the junction to the village of Welton to increase safety and the flow of traffic.

Performance of Scheme
The project has started with the vast majority of the expenditure due in 2020/21. The project is funded by an NPIF (£2m), allocation from the Integrated Transport Grant (£2.9m) and forward funding from LCC (£1.1m). The project is currently forecasting an overspend of c£0.7m, which will be funded from other parts of the Highways' capital programme.

Type of Scheme Project

Directorate Place

Area Growth

**Scheme Name** Holbeach Food Enterprise Zone **Status of Project** In progress

Financial Information 2020/21 £m			
Gross Expenditure Budget	0.000	Net Expenditure Budget	0.000
Gross Income Budget	0.000	Actual	0.247
Net Expenditure Budget	0.000	Forecast Net Outturn	0.362
Forecast Net Over/(Underspend)			0.362

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	0.000	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	0.000	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>0.000</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	6.385	Net Expenditure budget	3.350
Gross Income Budget	-3.035	Scheme Total Forecast	3.514
Net Expenditure Budget	3.350	Whole Life Variance	0.164

#### Purpose of Scheme

To facilitate the development of purpose built employment space in order to grow the agri-food sector, with particular emphasis on small to medium sized enterprises developing cutting edge technology and techniques (agri-tech)

#### Performance of Scheme

This is forecast to complete this financial year. Latest forecast is for a £164k over spend that is likely to be accommodated by savings on other Growth projects

Type of Scheme Project

Directorate Place

Area Communities

Scheme Name New HWRCs

Status of Project

Approved in principle

Financial Information 2020/21 £m			
Gross Expenditure Budget	2.000	Net Expenditure Budget	2.000
Gross Income Budget	0.000	Actual	0.000
Net Expenditure Budget	2.000	Forecast Net Outturn	0.050
Forecast Net Over/(Underspend)			-1.950

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	2.000	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	0.000	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
Gross Expenditure Budget	2.000	Gross Income Budget	0.000

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	4.000	Net Expenditure budget	4.000
Gross Income Budget	0.000	Scheme Total Forecast	4.000
Net Expenditure Budget	4.000	Whole Life Variance	0.000

Purpose of Scheme
Replacement programme for 2 Household Waste Recycling Centres at Skegness and Kirby on Bain

Performance of Scheme
Some financial re-phasing of this work is being considered due to delays influenced by Covid-19

Type of Scheme Block Scheme  
 Directorate Fire and Rescue & Public Protection  
 Area Fire and Rescue  
**Scheme Name Fire Fleet & Equipment**

Financial Information 2020/21 £m			
Gross Expenditure Budget	7.246	Net Expenditure Budget	7.246
Gross Income Budget	<u>0.000</u>	Actual	1.296
Net Expenditure Budget	7.246	Forecast Net Outturn	3.047
Forecast Net Over/(Underspend)			<b>-4.199</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	7.210	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	0.036	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>7.246</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Purpose of Scheme
To deliver a rolling programme for fire fleet assets in line with operational replacement cycles.

Performance of Scheme
The original budget for 20/21 was £7.210m
This was increased by £0.036 from underspends on the 19/20 final in year budget.
Following a review of the planned profile, LFR expect to delay/ re-phase spend on the current position based on the cumulative approved budget up to and including 24/25.
This suggests an underspend on the current year budget of £4.200m

Type of Scheme Block Scheme  
 Directorate Commercial  
 Area County Property Officer  
**Scheme Name Property**

Financial Information 2020/21 £m			
Gross Expenditure Budget	7.262	Net Expenditure Budget	7.262
Gross Income Budget	<u>0.000</u>	Actual	2.444
Net Expenditure Budget	7.262	Forecast Net Outturn	5.776
Forecast Net Over/(Underspend)			<b>-1.486</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	6.201	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	1.061	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>7.262</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Purpose of Scheme
To fund the maintenance and improvement programme for council properties, asbestos work and improvements to the county farms estates.
This is allocated to:
£3.500m for repairs and maintenance (including £1.4m for orchard house)
£0.298m to maintain the County Farms estate
£2.403m for property refurbishment / development.

Performance of Scheme
The original budget for 20/21 was £6.201m
This was increased by £1.201m from underspends on the 19/20 final in year budget.
£1.400m budget will be transferred to fund the project for repairs to Orchard House.
The current forecast is an underspend on the current year budget of £0.086m after the transfer of budget for Orchard House repairs.



Type of Scheme      Project  
 Directorate        Commercial  
 Area                Chief Technology Officer

**Scheme Name**      **Broadband**                      **Status of Project**                      **In progress**

Financial Information 2020/21 £m			
Gross Expenditure Budget	3.687	Net Expenditure Budget	3.687
Gross Income Budget	0.000	Actual	0.035
Net Expenditure Budget	3.687	Forecast Net Outturn	0.640
Forecast Net Over/(Underspend)			-3.047

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	2.500	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	1.187	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>3.687</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	40.482	Net Expenditure budget	13.042
Gross Income Budget	-27.440	Scheme Total Forecast	13.042
Net Expenditure Budget	13.042	<b>Whole Life Variance</b>	<b>0.000</b>

Purpose of Scheme
To improve access to Broadband across Lincolnshire

Performance of Scheme
The original budget for 20/21 is £2.500m.
This was increased by £1.187m due to underspend caused by BT being in non-contractual non-compliance.
Spend for 20/21 is expected to be £1.840m with refund income due from BT estimated at £1.200m resulting in an LCC contribution of £0.640m
The remaining underspend will be re-phased into future years to support the new contract.

Type of Scheme      Project  
 Directorate      Commercial  
 Area      Chief Technology Officer  
**Scheme Name**      **IMT (Cloud Navigator/Windows 10)**      **Status of Project**      **In progress**

Financial Information 2020/21 £m			
Gross Expenditure Budget	1.034	Net Expenditure Budget	1.034
Gross Income Budget	0.000	Actual	0.030
Net Expenditure Budget	1.034	Forecast Net Outturn	0.000
Forecast Net Over/(Underspend)			-1.034

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	0.000	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Year	1.034	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000	<b>Gross Income Budget</b>	<b>0.000</b>
<b>Gross Expenditure Budget</b>	<b>1.034</b>		

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	12.079	Net Expenditure budget	12.079
Gross Income Budget	0.000	Scheme Total Forecast	12.079
Net Expenditure Budget	12.079	<b>Whole Life Variance</b>	<b>0.000</b>

Purpose of Scheme
To develop a fit for purpose, secure and resilient IMT platform to support the Council's future requirements.

Performance of Scheme
The original budget for 2020/21 was £0.000m on Cloud Navigator and £0.000m on Windows 10. The Windows 10 budget was increased by £1.033m following an underspend on the 19/20 allocation.
The Windows10 project is broadly completed and remaining budget is planned to be transferred to fund the Azure Migration project in line with identified priorities from the original £14.000m allocation for the Cloud Navigator project.
The reminder of the £14.000m total net budget on Cloud Navigator was reallocated during the 19/20 year to other approved IMT projects to develop a fit for purpose, secure and resilient IMT platform to support the Council's future requirements.

Type of Scheme	Block Scheme
Directorate	Centralised
Area	Chief Technology Officer
<b>Scheme Name</b>	<b>New Developments Capital Fund</b>

Financial Information 2020/21 £m			
Gross Expenditure Budget	19.542	Net Expenditure Budget	19.542
Gross Income Budget	<u>0.000</u>	Actual	0.000
Net Expenditure Budget	19.542	Forecast Net Outturn	19.542
Forecast Net Over/(Underspend)			<b>0.000</b>

Movement of Budget in 2020/21 £m			
Gross Expenditure		Gross Income	
Original Gross Expend. Budget 2020/21	11.638	Original Gross Income Budget 2020/21	0.000
Budget b/f from Previous Yea	7.905	Grants & Contributions Previous Years	0.000
Budget Allocated from Other Schemes	0.000	New Grants and Contributions	0.000
Budget Re-phased into Future Years	0.000		
<b>Gross Expenditure Budget</b>	<b>19.542</b>	<b>Gross Income Budget</b>	<b>0.000</b>

Purpose of Scheme
Funds set aside for capital schemes which emerge throughout the year.

Performance of Scheme
The original budget set for 2020/21 was for £7.500m. This was increased by £4.138m from last year's re-phasing and £7.905m underspend from 2019/20 outturn, making the total budget this year to be £19.542m.
Funds for £6.046m was set aside for emerging schemes and this will be allocated as soon as further information becomes available.
Therefore, £13.497m is still available for future use. The balance of this fund will be reviewed during the budget setting whether it is appropriate to re-phase some funds to future years.

Directorate	Service Area	Development Initiative	Planned One-Off Investment £000's	Progress to date *
Children's Services	Strategic Commissioning	Education Transport links to School (Route sustainability)	440	<p>This project is still at design stage in order to identify the most cost effective routes for improvement. Progress has been limited by the impact of Covid-19 on the day-to-day workload of the transport entitlement team.</p> <p>No monies have been spent to date, and it is expected that work will not be complete until at least 2022.</p>
Place	Highways	Traffic signals - Wireless communications	80	Successfully installed and operated trial site, roll-out being planned and decommissioning of broadband connections being progressed.
Place	Highways	Community Maintenance Gangs	3,981	The resource allocation and works type was agreed with Executive Members and Executive Director in April 2020. Balfour Beatty started on site in May 2020 and will continue delivering the works until April 2021. Spend to date is £1.013m. Updated reports on budget spend and productivity are presented on a monthly basis. These are shared with the Assistant Director, Executive member and Scrutiny Committee
Place	Highways	Drainage Investigation and Flood Repairs	2,000	A draft programme of works is being drawn up and will be presented to the Executive Members and Executive Director at the end of August, date currently being arranged.
Fire and Rescue and Public Protection	Fire and Rescue	Flood Management Pumps	116	Planning / specification completed, no spend to date due to delay on ordering the vehicles due to COVID, but we expect this to be moved forward in quarter 2 for orders to be placed.
Fire and Rescue and Public Protection	Fire and Rescue	Replacement Trading standards Metrology equipment	50	Specification and quote provided but upgrade delayed due to COVID, now expected to be progressed during quarter 2.
Commercial	IMT	Broadband - 4G	800	Not yet commenced.
	Reserves	Addition to Development Fund Reserve balance (not yet allocated to initiatives) subject to Council approval September 2020	7,394	
<b>TOTAL DEVELOPMENT INITIATIVES</b>			<b>14,861</b>	

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