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County Offices
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LN1 1YL

16 February 2022

Overview and Scrutiny Management Board

A meeting of the Overview and Scrutiny Management Board will be held on **Thursday, 24 February 2022 at 10.00 am in the Council Chamber, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

Debbie Barnes OBE
Chief Executive

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

Councillors R B Parker (Chairman), T J N Smith (Vice-Chairman), Mrs J Brockway, P M Dilks, A M Hall, R J Kendrick, C S Macey, C E H Marfleet, N H Pepper, E W Strengiel and R Wootten

Added Members

Church Representative: Reverend P A Johnson

Parent Governor Representatives: Mrs M R Machin and Miss A E I Sayer

OVERVIEW AND SCRUTINY MANAGEMENT BOARD AGENDA
THURSDAY, 24 FEBRUARY 2022

Democratic Services Officer Contact Details

Name: **Emily Wilcox**

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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.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing Agenda for Overview and Scrutiny Management Board on Thursday, 24th February, 2022, 10.00 am (moderngov.co.uk)

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

Lincolnshire COUNTY COUNCIL Working for a better future

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
27 JANUARY 2022

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors T J N Smith (Vice-Chairman), A M Hall, R J Kendrick, C E H Marfleet, N H Pepper, E W Strengiel, R Wootten and T R Ashton

Added Members

Parent Governor Representatives: Miss A E I Sayer

Councillors: M J Hill OBE attended the meeting as an observer

M A Whittington attended the meeting as an observer via Microsoft Teams

Officers in attendance:-

Kiara Chatziioannou (Scrutiny Officer), Andrew Crookham (Executive Director Resources), Michelle Grady (Assistant Director – Finance), Tracy Johnson (Senior Scrutiny Officer), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Emily Wilcox (Democratic Services Officer)

Officers in attendance via Microsoft Teams:-

Jason Copper (Transport and Growth Manager), Kevin Hales (Serco), Keith Noyland (Head of Finance - Communities) and Sophie Reeve (Assistant Director - Commercial)

96 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors Mrs J Brockway and C S Macey.

It was reported that, under Regulation 13 of the Local Government (Committee and Political Groups) Regulations 1990, Councillor T R Ashton had been appointed as a replacement for Councillor Mrs J Brockway, for this meeting only.

97 DECLARATIONS OF INTEREST

There were no declarations of interest at this point in the meeting.

98 MINUTES OF THE MEETING HELD ON 25 NOVEMBER 2021

The Democratic Services Officer clarified that the comments for the minute 74 did not accurately reflect the discussion that had taken place at the meeting. The Board was therefore being asked to approve the minutes of the meeting on the 25 November 2021, subject to the amendments which were highlighted within the agenda pack.

RESOLVED:

That the minutes of the meeting held on 25 November 2021 be approved as a correct record and signed by the Chairman, subject to the proposed amendments.

99 MINUTES OF THE MEETING HELD ON 16 DECEMBER 2021

RESOLVED:

That minutes of the meeting held on the 16 December 2021 be approved as a correct record and signed by the Chairman.

100 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

The Chairman highlighted that he would be presenting the comments made on the Council's budget at the meeting of the Executive at its meeting on the 8th February 2022.

The Executive Support Councillor for Resources, Communication and Commissioning advised Members that they were still able to register their attendance at the public budget consultation event that was taking place on the 28th January.

101 CONSIDERATION OF CALL-INS

None had been received.

102 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

103 SERVICE REVENUE AND CAPITAL BUDGET PROPOSALS 2022/23

Consideration was given to a report by the Head of Finance – Communities, which invited the Committee to consider a report on the Service Revenue and Capital Budget Proposals 2022/23 which were due to be considered by the Executive on the 8 February 2022.

The report presented the budget proposals for the next financial year for Commercial, Resources and Corporate services. Due to the uncertainty in the funding position for future years, the proposals had been set for a single year.

A number of new cost pressures had emerged in addition to the pressures identified for 2022/23 in the previous year's budget process. In some areas, savings which could be made through efficiencies with no or minimal impact on the level of service delivery had also been identified.

Some of the more significant cost pressures were information management technology; increased licensing and support costs; increased requirement for document storage; additional staffing resource required to support increased demand and maintain reliability and a need for telephony licensing.

The overall budget proposals had allowed for pay inflation of 2% in 2022/23. However, this was currently being held centrally pending agreement of any pay settlement, following which service budgets would be updated.

There were unavoidable service specific cost pressures for 2022/23 totalling £1.330m which would support the delivery of Council services. These cost pressures were offset by savings and efficiencies of £1.799m which did not negatively impact the level of service delivery. Further detail of the revenue budget for Commercial, Resources and Corporate services could be found at Table A and context was provided within the report.

Other than some re-phasing of existing project expenditure there had been no changes to the previously approved capital programme relating to Commercial, Resources and Corporate services, which could be found at Table B.

A consultation meeting with local business representatives, trade unions and partners was scheduled to take place on the 28th January 2022 and the proposals were now live on Lets talk Lincolnshire, with the opportunity for the public to comment.

The Executive Support Councillor for Resources, Communication and Commissioning hoped that by 2023 the government would have made progress on the levelling up agenda and the fairer funding review and was pleased to see that savings had been made to offset cost pressures within the budget.

Consideration was given to the report and during the discussion the following points were noted:

- The Board supported the Budget proposals, with the exception of Councillor R B Parker who advised that he would be abstaining from the vote on items related to the Council's budget.
- There were very few employees of the Council on the national living wage. Any increase to the national living wage was however likely to impact on the Council's contractors, such as those in the care worker sector which had a bigger proportion of staff on the national living wage. Contract rates were fixed in October 2021 so if the national living wage was increased, there would be a need to look at the contractual arrangements for the particular staff affected. This would result in ongoing recurring

costs either following the implementation of an increase or when the contract rates were fixed the following October. Any rise in national living wages would also have an impact on the pay scales for staff as it would raise the pay for the lowest grades resulting in smaller pay differentials for the grades above, which could lead to other grades needing to be re-evaluated.

- The Council was still waiting for confirmation of the Highways Maintenance settlement from the Department for Transport. In addition to the Council, the County Council Network and Lincolnshire MPs have been lobbying the government for the reinstatement of the Highways Maintenance funding, which was a national issue, but the current indications were not hopeful. If the government's response was not positive, then there would be a need to look at proposals to address the shortfall.
- The financial settlement included new burdens funding which could be used for cyber security but it was only for one year and it was unknown when it would become available.
- The focus for the savings strategy for the 2022/23 budget was through the smarter working programme. Savings varied for each area depending on the activity undertaken, the amount of travel and the size of the team. Therefore, smaller areas of the Council such as Corporate services were proposing smaller savings compared to some other areas due to having fewer staff and less staff travelling for meetings. The Executive Director – Resources agreed to circulate a breakdown of the efficiencies made, to the Board.
- The Transformation Programme saving was in relation to the specific team set up to deliver projects for delivering savings across the Council and related to the smarter working programme and reduced travelling costs.
- The underlying theme for the budget was to ensure that the Council continued to deliver services at a sufficient level and at a standard the public would like to receive. Within this, there were wider themes such as the smarter working programme, the green agenda, improved communications with the public, and the broader ambitions of the Council in terms of the Greater Lincolnshire devolution agenda.
- The Council had received a better settlement than expected, but there were still concerns with the highways maintenance funding. A lot of the savings in the budget had been previously agreed, and there would be further savings in terms of efficiencies. The smarter working agenda would release larger efficiencies, but there was a need for investment such as in IT to generate those efficiencies.
- The planned reduction in Executive and Management support posts was due to the greater use of technology such as Teams, and a change of model from 1:1 or 1:2 support to a hub model for supporting senior management. This would not have a significant impact on the operation of the Council.

RESOLVED:

1. That the budget proposals for the Commercial, Resources and Corporate services, as set out in the report, be supported.
2. That a summary of the above comments be passed on to the Executive as part of its consideration of this item.

104 COUNCIL BUDGET 2022/23

Consideration was given to a report by the Assistant Director – Finance, which invited the Board to consider a report on the Council Budget 2022/23 which was due to be considered by the Executive on 8 February 2022.

The Final Local Government Finance Settlement was expected to confirm the Provisional Settlement in February 2022, and at the end of January 2022 the Council would receive confirmation of Council Taxbase and Collection Fund balances from our local District Councils. Upon the receipt of this information, the budget proposals for 2022/23 will be confirmed at the meeting of the Executive on 8 February 2022.

Of the £1.6 billion that was granted to funding for local government that was announced for 2022-23, a large proportion - £822m - had been distributed through the new services grant for 2022-23 which would support inflation and uplifting the national living wage. £637 million had also been added into the existing social care grant to support children and adult social care.

The Board was informed that the local government in England would receive an additional £4.8bn in grant funding over the next three years which was described as "for social care and other services". There would also be additional funding of £3.6bn over three years for adult social care reform, to implement the cap on personal care costs and changes to the means test, which would be weighted towards later years as the costs of the changes grew over time.

Saving strategies were set out in the report with a view to delivering over £25 million worth of savings over the period, in the context of delivering £350 million worth of savings since the period of austerity over the last decade. Savings included capitalising on the Council's transformation programme and looking at process efficiency and smarter working with the aim of protecting frontline services.

Full details of revenue budget costs were detailed within the report and included total cost pressures including pay inflation of just over £41million with some key cost pressures being for adult care; price inflation; national living wage; and demands on services such as children in care and home to school transport.

The Council could increase its Council tax by up to 6% for 2022/23 and the proposed increase for the adult care precept of 3% would generate around £10 million from the current tax base for funding for the Council.

The Council's capital programme had been updated to ensure that the ten year programme was sustainable and affordable in terms of the revenue cost. No new schemes had been added to the programme but there had been updates to some of the terms of the major road schemes and school requirement schemes to reflect current costs.

Consideration was given to the report and during the discussion the following points were noted:

- It was unknown what the Fairer Funding review would involve and whether it would be a fundamental review including reviewing the localised business rates system, or just a reset of the data and formula used. There was a debate around the weighting of factors such as for deprivation and sparsity which still needed to be resolved.
- In relation to the rising energy costs, the Council used the ESPO framework for purchasing energy. The ESPO contract provided the Council with some certainty around the rates the Council was paying as the prices were fixed for a period of time.
- As a result of the review of the Executive and Management Support arrangements, 30 staff would be leaving the Council on voluntary terms. The remodelling might lead to a change in the delivery of certain services by utilising the technology now available. In addition, the smarter working programme meant that there was reduced mileage and overheads from less staff travelling to meetings.
- The financial volatility reserve was kept between £40million - £50million to enable the Council to continue delivering services. If the Fairer Funding review did not go in favour of the Council, then the Council could be looking at £5million - £10million of savings per year. The financial volatility reserve provided a buffer to enable the Council to transition from the current spending base to the future spending base over a three to four year period.
- The latest staff survey had recently been completed and the key headlines coming out of the data was that the employee wellbeing rating remained strong. There continued to be a lot of support for the smarter working agenda as it gave people the flexibility to deliver their job in the best possible way. The Council had heavily invested in supporting the wellbeing of staff and those support measures would mitigate the lone working issues which had been raised in the last staff survey. Staff were also now able to go into the office when they wanted to.
- The smarter working savings from reduced mileage costs were already included in the budget proposals. Some frontline staff, such as social workers, were still having to travel, plus some service areas did not need to travel as part of their roles, which would impact on the level of savings available.
- The smarter working programme would enable staff to come into service hubs which have been set up to bring staff together to share ideas and work collaboratively. Hybrid working would provide several benefits to staff while delivering savings through reduced travel and a reduced building estate.
- Predicting the business rates collection fund was difficult as each district council varied between having surpluses and deficits. As a result, the budget included an assumption that there would be no surplus or deficit.

RESOLVED:

1. That the Executive's budget proposals, as set out in the report, be supported.
2. That a summary of the above comments be passed on to the Executive as part of its consideration of this item.

105 PERFORMANCE OF THE CORPORATE SUPPORT SERVICES CONTRACT

Consideration was given to a report by the Assistant Director – Commercial which provided an update on the performance of the corporate support services contract for months 77 to 81 of the contract since its commencement in April 2015.

The Board was asked to note that following general suspension of service credits in the early stages of Covid-19 in 2020, there were now no remaining instances of Covid-related mitigation.

The Board was referred to the overall Key Performance Indicator (KPI) summary performance, which was set out at Table 1.

There had been no instances where KPIs failed to meet the Minimum Service Level (red status) during the review period. However, there were three KPIs which failed to meet target service level, of which details were provided within the report:

- CSC_KPI_04 % of total Calls that are Abandoned Calls
- CSC_KPI_11 - Portion of Light Touch Reviews, Annual Reviews, and Carer's Assessments started within agreed timescales
- PM_KPI_06 - Number of People Mgt. Records assessed in Spot Checks to contain errors, omissions or inaccuracies.

The Board was advised of the details of those KPI's which had been granted mitigation over the period.

KPI's were subject to a continuous process of review. During the review period, there had been one change which was the discontinuation of IMT_KPI_14 (windows end user devices patched within 21 days of release of critical operating system updates) as the responsibility now sat with Microsoft.

The Director of Services - Serco informed the Board that the previous period had been a challenging period for recruitment within the contact centre, with a higher turnover of staff than other areas. However, the service had managed well and was working hard on transformation activity across the whole contract and was committed to leaving the contract in a positive state.

The Children's and Adult services contact centre had recently changed their operating model to a triage system which had impacted positively on the service and had allowed for an increase in demand whilst not impacting on staff resources.

Within the IMT service, the move to the Cloud system had been a successful programme of collaborative work and had brought savings to the Council of £50,000 per month.

Serco continued to work with Barnardo's to mentor young care leavers and would be working with the University of Lincoln and the Council to research different technologies which may help the social care sector.

Consideration was given to the report and during the discussion the following points were noted:

- Serco had made significant progress on the carers set up within adult care. The reason for the reduction in the percentage of annual reviews and carers assessment starting within agreed time scale was due to absence within a highly skilled team and high volumes of work meaning levels were unable to be met. Serco was continuing to assess different operating models for the service and was working to review the KPI's moving forward to cover more of the service offering.
- 0.46% of the total number of calls abandoned equated to around 150 abandoned calls.

RESOLVED:

That the Board be assured about the performance of the corporate support services contract.

106 SCRUTINY COMMITTEE WORK PROGRAMMES

During this item, the Chairman of the Board, Councillor R B Parker, declared a non-pecuniary interest as the County Council's representative on the Usher Gallery Trust.

Consideration was given to a report by the Chairman of the Children and Young People Scrutiny Committee, which invited the Board to consider the future work programme of the Children and Young People Scrutiny Committee. The Board was advised of the following changes to the work programme since the publication of the agenda:

- For the meeting of the Committee on the 22nd of April, there were three additional pre-decision reports scheduled:
  - the Holiday Activities and Food (HAF) Programme
  - Welton Developer Contributions
  - Review of Closed Ordered List commissioning and procurement arrangements for Supported accommodation for Unaccompanied Asylum Seeking Children (UASC) and former-UASC care leavers from October 2022
- the SEND Learning Platform would now be considered on 17 June 2022
- an additional report on water fluoridation in Lincolnshire would be considered at the meeting on 17th June 2022 following concerns raised by the Committee regarding the lack of fluoridated water in some areas of the County

A detailed response to the concerns raised about SEND at the December meeting of the

Board had been provided and would be circulated to the members of the Board.

Consideration was given to the update, in which the following points were noted:

- The vacancy on the Children and Young People Scrutiny Committee was yet to be filled.
- Home to school transport was no longer under the remit of the Children and Young People Scrutiny Committee in terms of budgetary consideration. However, the Chairman of the Committee would consider a future report on the impact of the Local Transport Plan V, if the Committee felt it would be useful.

Consideration was then given to a report by the Chairman of the Public Protection and Communities Scrutiny Committee, which invited the Board to consider an update on the work programme of the Public Protection and Communities Scrutiny Committee as well as the work of the Committee since its last update to the Board.

Recent work of the Committee included:

- Receiving the Lincolnshire Registration and Celebratory Service Annual Report
- Receiving assurances that the Community Hub model was operating successfully
- Recording its unanimous support to the Adoption and Publication of the Domestic Abuse Strategy 2021-2024
- Recording support to the 2022-23 Revenue and Capital Budget Proposals as well as approval of the updated Registration Service Fee Setting for the years up to 2025
- Closely examining through live demonstration, various counterfeit items and unsafe products that have in the past been successfully removed from circulation, owed to the efforts of the Council’s dedicated Trading Standards Team
- Receiving a number of success stories of the team supporting local businesses to adapt to the changes in conducting business throughout the pandemic and agreed to promoting and enforcing a positive message to the public about the support offer of the team

The Board was advised of the following additions to the work programme of the Public Protection and Communities Scrutiny Committee:

- Outcomes from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services inspection of Lincolnshire Fire and Rescue Services which would be considered in April 2022
- Adult Education and Community Engagement and Development, the date of which was yet to be confirmed
- Community Trigger Strategy, the date of which was yet to be confirmed

Consideration was given to the update in which the following points were noted:

- Following a request from a member of the Board, the Chairman of the Public Protection and Communities Scrutiny Committee would schedule an update report on

the measures in place to combat modern day slavery within Lincolnshire.
- An update from Fire and Rescue had been provided to the Committee at the end of 2021 and a report was scheduled for April 2022.
- The Board was encouraged to hear that an agreement had been signed in partnership with City of Lincoln Council for the Usher Gallery to remain open, with more flexible arrangements including the opportunity for weddings to take place. It was noted that the artwork would be preserved and the Council was working with the Usher Gallery Trust to move forward with upgrading the gallery whilst protecting the wishes of the benefactor and the trust.
- It was suggested that there was a need for clearer signposting and more advertisement to the Usher Gallery and the Collection.

RESOLVED:

1. That the Board's satisfaction be recorded with the activity undertaken since October 2021 by:

   (a) the Children and Young People Scrutiny Committee; and
   (b) the Public Protection and Communities Scrutiny Committee.

2. That the Board's satisfaction be recorded with the planned work programme of:

   (a) the Children and Young People Scrutiny Committee; and
   (b) the Public Protection and Communities Scrutiny Committee.

107 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

The Board was reminded that the work programme was for information only, however the Head of Democratic Services and Statutory Scrutiny Officer highlighted one amendment to the work programme which was that the Insurance Strategy would now be considered at the meeting of the Board in March.

A member of the Board suggested that a report be scheduled, when appropriate, to identify possible learning from the Covid-19 pandemic.

108 LOCAL TRANSPORT PLAN

Members of the Board were invited to receive the Local Transport Plan, for information only.

The Board received an update from the Vice-Chairman of the Highways and Transport Scrutiny Committee following the Committee’s consideration of the item, in which the following points were noted:
- The Committee was satisfied that the consultation exercise that took place as part of the Plan was highly representative with overall figures in excess of 3000 website visitors and with around 750 actual responses to the online survey. This rate of response was above and beyond expectations and it was positive to hear that a wider

audience of the younger population – the under 25's - of the County had engaged with the process.

- The Committee was pleased to hear about ideas and approaches that could be adopted across Lincolnshire, particularly around areas like active travel supporting improvements at the rail network, electric vehicle charging points and consideration to bus usage that was still a critical means of transportation particularly in urban areas across the county.
- Members made some very important and detailed observations and suggested areas of improvements to Officers to be incorporated at the final version.
- It was understood that the Local Transport Plan was a living document and was still being developed and the Committee expressed its wish to see more developments on roads and public transport across the County.

The Board welcomed the inclusion of the defence industry as a strategic opportunity however highlighted the importance of the significant investment in digital infrastructure to make it a viable option.

It was confirmed that an electric vehicle and alternative fuel strategy had been created which had identified a number of locations across the County where the national grid was at its capacity point, meaning if there was an extreme growth in electric vehicles or a major shift towards ground and air source heat pumps as part of new developments, it could cause significant problems. It was agreed that further details be provided and circulated to the Board.

The meeting closed at 12.09 pm
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Lincolnshire COUNTY COUNCIL Working for a better future

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**People Management Update – Quarter 3**

Summary:

The purpose of this report is to provide an update on the HR Management Information (HRMI) and on corporate HR projects.

Actions Required:

The Overview and Scrutiny Management Board is asked to seek assurance on HR Management Information and note the progress on 2021 - 24 People Strategy projects.

1. Background

This report provides a summary of the HR management information data from 2021 Quarter 3 (Q3) which can be seen in the summary data dashboard in Appendix A.

The report also includes a high-level summary of the 2021 - 24 people strategy projects.

2. HR Management Information

a. Employments

The number of employments increased by 47 in Quarter 3 (5586) and by 107 in total over the last four quarters.

While some areas are still seeing greater turnover and are experiencing difficulties recruiting, other areas have had successful recruitment drives and have been able to increase their staffing where needed. In Q3 the biggest increase in employments was in Place (+38); this was due to successful recruitment to fill vacancies in highways and communities. There were also 14 additional employments in Children's services; this has included employment of relief employees to help provide cover for vacancies and absences.

In Quarter 3, all remaining directorates (other than Children's Services and Place as outlined above) have had only minor fluctuations in numbers overall.

b. Voluntary turnover

Prior to the Covid-19 pandemic, voluntary turnover levels had remained stable between 8% and 10%. In Quarter 4 2020 this had reduced to 6.18%.

Current figures are returning to pre-pandemic levels and are increasing quarter on quarter reaching 8.77% at the end of Q3. The rate of increase appears to be slowing but continues to cause concern particularly where the national competition for recruiting skilled professionals is greater such as social work and care, legal, IMT and procurement. This has led to a need to increase agency usage and relief contracts in some areas and alternative methods to increase capacity such as increasing the number of posts at a lower level where recruitment is less competitive. The Attraction and Retention Framework outlined in Paragraph 3 sets out more detail on steps being taken to address these issues.

c. Agency spend

Services within the Council use agency workers to provide flexibility on a short-term basis. This may be to cover a role pending permanent recruitment; to cover a secondment; for peaks in demand; specialist skills; or to cover absences such as paternity leave, holiday or sickness. Therefore, the current situation in skill shortages is a typical reason to take advantage of agency resources to help maintain services.

The total agency spend in 2020-2021 was £4.89 million and was £2.2 million less than the previous year. So far in 2021-2022, due to the turnover and recruitment challenges, the total agency spend is £4.26 million. There has been an increase in spend each quarter. If Quarter 4 is to require the same level of agency, the end of year figure is likely to be £5.77 million, a £880k increase on last year. If the upward trend continues, this increase may be closer to £1 million.

The greatest increase in agency spend this year was during October where a number of areas have used additional agency to cover vacancies. This includes Adult Care, Children's Services and Legal Services (Resources). The greatest increase in Quarter 3 has been in Resources which along with the vacancies in Legal Services, agency staff have been required by Business Support to cover additional work for Children's Services.

d. Sickness absence

The information presented on sickness absence does not currently include complete data for Lincolnshire Fire and Rescue. This will be updated in the next report.

At the end of Quarter 3, the Lincolnshire County Council (LCC) days lost per FTE figure for Directorates excluding Fire and Rescue stands at 7.63. This has now exceeded the sickness target of 7.5 days per FTE.

The number of absences attributed to Cold, Flu and viruses rose steeply from September to November where the seasonal illness were further increased by Covid-19 cases and chest infections.

As the Sickness absence measure takes into account all absence over the previous 12 months, the current figure has been affected by the number of Covid-19 cases over the summer months when absences due to colds and viruses would usually be low. There has also been a consistently high level of mental health related absence since the summer months attributed to the difficulties experienced by staff in the current environment and where people are stretched due to staff vacancies.

In Quarter 3 the highest levels of absence have been in Adult Care and Community Wellbeing and Children's Services.

In Adult Care and Community Wellbeing (ACCW) and Children's Services (CS) the sickness level reduced below the 7.5 target during Quarter 1, however both directorates have seen an upward trend in absences since then (ACCW 10.62, CS 9.04).

In both areas the majority of absences are for cold and flu viruses (including Covid-19), however across the whole Council, mental health related reasons are the cause of most days' sickness.

Support for employee mental health continues to increase. We are monitoring the use of the new mental health first aider provision which launched in October. We are running resilience workshops and mindfulness sessions for staff to attend. In addition to their usual service, the Employee Support and Counselling team are providing 'wellbeing check ins' for staff and are developing peer support groups to help colleagues experiencing grief and loss.

There is a new offer of assessment, priority referral to mainstream services and trauma support in development by specialist mental health practitioners; and we have launched a fitness challenge with One You Lincolnshire for individuals or teams to sign up to increase their activity levels.

e. Benchmarking

As part of the next report, it is planned that we will include reference to Local Government Association (LGA) benchmarking data for the above data sets (excluding agency spend and usage).

3. People Strategy

a) Attracting and Retaining Talent

The main area of focus at the present time is the County Council's ability to manage the challenges around attraction and retention.

In discussion with the Corporate Leadership Team (CLT), the new People Strategy Board and the Assistant Directors forum with CLT, a new Attraction and Retention framework has been developed to support the Executive Priority on Organisational Resilience.

The framework has been agreed with CLT and Directorates. It offers services different interventions that they can consider on a short, medium and long term basis to aid attraction and retention. Discussions are now in place on what particular options services desire, enabling the flexibility of Directorate decisions rather than any 'corporate centre' approval.

b) Apprenticeships

Apprenticeships are an important aspect of the Attraction and Retention strategy whereby levy funding can be utilised to fund training, targeted to the hard to recruit and retain skill areas. There continues to be healthy take up across maintained schools and corporate areas.

The Council continues to support apprenticeships through the levy transfer scheme through which we support 28 apprentices.

As of 1 January 2022, the total number of apprentices is 269 on roll, with a levy allocation of £ 2.8m. 69.5% of apprenticeship training provision is being delivered by local providers.

c) Performance and Development Appraisal

Consultation has been completed on a new appraisal policy which reflects a simpler and more flexible process to monitor performance and support employees as appropriate. The new policy will be launched from April 2022 and will enable performance monitoring monthly, including appraisal, allowing objectives to be added / amended in line with service need (rather than wait for a traditional 'annual appraisal').

d) Employee Survey 2021

The employee survey was completed in November and December 2021 and had a response rate of 44%.

The overall engagement score was 4.06 on a scale of 1-6 with 6 being highly engaged this is an increase from 2019.

There were positive responses about line managers being available and approachable, promoting health and wellbeing, recognising and supporting employees.

Comparison was undertaken with the 2019 results and areas that had not improved were:

- the feeling that they had a fair opportunity to progress and develop their career
- opportunities to use their strengths and talents in their role
- the Council's values providing a clear framework for a team to operate in

- LCC taking a pro-active and preventative approach to support health and wellbeing
- maintaining a good level of resilience and wellbeing most of the time

The implementation of the other projects within the People Strategy will support with these areas.

The areas that had improved compared with 2019 were

- employee's involvement in decisions and processes
- their freedom and empowerment to organise work
- that we operate as 'One Council'
- that employees are taking regular breaks and are less likely to skip lunch breaks
- less employees working when they should be taking sick leave

This is positive for our move towards distributed leadership and action taken to support the taking of breaks in the last 12 months.

More detailed results will be discussed at directorate leadership team meetings during February and March.

e) Smarter Working Policy

As of 31 January, due to the lifting of government restrictions, we are now able to implement the Smarter Working Policy and apply hybrid working through the opening of Service and Leadership Hubs and managed workspace on Newland Campus, as well as locality working. All contractual work bases remain for employees and individuals will be required to attend work in line with service need.

4. Conclusion

The Board is invited to review the HRMI data from 2020 Quarter 4 to 2021 Quarter 3 and seek assurance on HR Management Information and the progress on People Strategy projects.

5. Consultation

a) Risks and Impact Analysis

Not Applicable

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Quarterly HRMI data 2020 Quarter 4 to 2021 Quarter 3

7. Background Papers

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

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

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

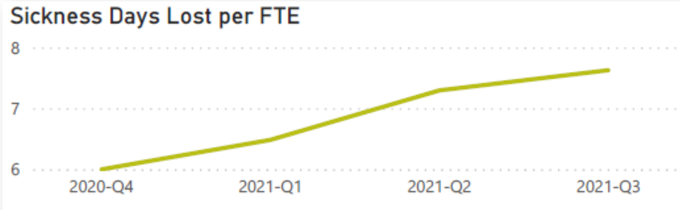
HRMI for LCC by quarter from 2020-Q4

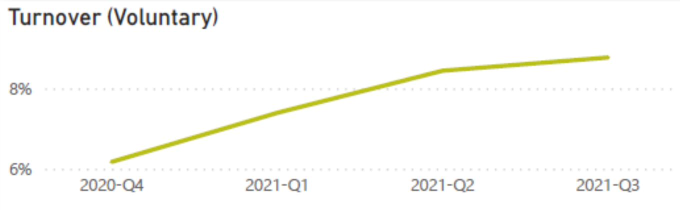
Financial Year - Quarter	Employments
2020-Q4	5479
2021-Q1	5447
2021-Q2	5539
2021-Q3	5586

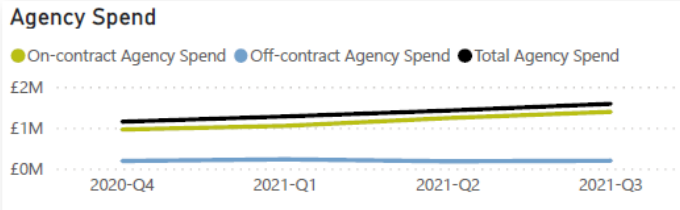
Financial Year - Quarter	Sickness Days Lost per FTE
2020-Q4	6.00
2021-Q1	6.48
2021-Q2	7.30
2021-Q3	7.63

Financial Year - Quarter	Turnover (Voluntary)
2020-Q4	6.18%
2021-Q1	7.39%
2021-Q2	8.44%
2021-Q3	8.77%

Financial Year - Quarter	On-contract Agency Spend	Off-contract Agency Spend	Total Agency Spend
2020-Q4	£958,030	£190,229.0	£1,148,259
2021-Q1	£1,047,064	£229,914.2	£1,276,978
2021-Q2	£1,237,652	£182,698.3	£1,420,351
2021-Q3	£1,389,820	£196,219.6	£1,586,040







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Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of James Drury, Executive Director – Commercial

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Corporate Plan Success Framework 2021/22 - Quarter 3**

Summary:

This report invites the Overview and Scrutiny Management Board (OSMB) to consider a report on the 2021/22 Corporate Plan performance for Quarter 3, which will be presented to the Executive on 01 March 2022. The views of the Board will be reported to the Executive as part of its consideration of this item.

This report also sets out the performance of the service level performance indicator for the 2021/22 Quarter 3 that is within the remit of the Board.

Actions Required:

The Overview and Scrutiny Management Board is invited to:-

1) Consider the attached report and to determine whether the Board supports the recommendations to the Executive as set out in the report.
2) Agree any additional comments to be passed on to the Executive in relation to this item.
3) Review and comment on the performance information that is within the remit of the Board and highlight any recommendations or further actions for consideration.

1. Background

The Corporate Plan was approved by the County Council on 11 December 2019 and the Executive approved the Corporate Plan Success Framework 2020/21 on 6 October 2020. The Framework contains performance indicators and key activities against which performance and progress will be reported in order to demonstrate whether the Council is achieving the four ambitions for Lincolnshire as set out in the Corporate Plan.

The accompanying appendices detail the report to the Executive and performance in Quarter 3 for the service level performance in relation to Corporate Property set out in the Performance Framework 2021/22. Service level performance for each of the scrutiny committees is published on the website.

2. Conclusion

Following consideration of the attached report to the Executive, the Board is requested to consider whether it supports the recommendations in the report and whether it wishes to make any additional comments to the Executive. Comments from the Board will be reported to the Executive. Members of the Board are also invited to review and comment on the performance information that is within the remit of the Board and highlight any recommendations or further actions for consideration.

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 01 March 2022.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Report on Corporate Plan Success Framework 2021/22 - Quarter 3 to be presented to the Executive at its meeting on 01 March 2022
Appendix 2	Performance Indicator that is within the remit of OSMB and reported in Quarter 3

5. Background Papers

No background papers within Section100D of the Local Government Act 1972 were used in the preparation of this report.

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

APPENDIX 1

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of James Drury, Executive Director - Commercial

Report to:	**Executive**
Date:	**1 March 2022**
Subject:	**Corporate Plan Success Framework 2021/22 - Quarter 3**
Decision Reference:	**I025501**
Key decision?	**No**

Summary:

This report presents an overview of performance against the Corporate Plan as at 31 December 2021. Detailed information on performance can be viewed on the Council's website.

Recommendation:

1. That performance for 2021/22 as at 31st December 2021 be considered and noted.
2. That agreement is given to the setting of a Lincolnshire ambition for those contextual measures outlined in section 4.6.

Alternatives Considered:

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

Reasons for Recommendation:

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

1. Background

1.1 The County Council's Corporate Plan (CP) 2020-2030 sets out our priorities for local residents and communities. The Corporate Leadership Team (CLT) and Assistant Directors (ADs) have developed the Corporate Plan Success Framework (CPSF) 2020-

2023. This identifies the developmental activities and Key Performance Indicators (KPIs) that would be undertaken during the first 3year period of the 10 year CP in order to achieve the four ambitions outlined in the CP.

1.2 The CPSF was then further refined and agreed in late 2021 in light of the impact of COVID-19, to reflect emerging priorities; be more streamlined and focussed; demonstrate outcomes we are working to influence and enable strategic conversations in a broader strategic context. We also sought to improve the visualisation of the information.

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

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

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

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

2.0 **Performance is reported by exception**.

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

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

Details of all activities including those rated as **Green: "Progressing as planned"** are available in Appendix A and on the Council's website.

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

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

2.3 The report also included **KPIs** where there is not an ambition set but performance is either:

- Ahead of comparators such as similar authorities or national.

- Not where we would expect to be in relation to similar authorities or national comparators.

A judgement has been made by the Executive Director on the measures to include in the covering report. All KPIs can be found on the Council's website.

3.0 **Headline performance – Key activities**

3.1 Services have provided key milestones for each activity for 2021/2022. Progress is an objective judgement by the service against the milestones.

3.2 To summarise, of the **32 activities** with milestones due to be reported, **100%** are rated as either **Progress is within agreed limits** or **Progressing as planned**.

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

Progressing as planned
100%

Activities
5

Ambition
Progressing as planned

Progressing as planned
100%

Activities
6

Ambition
Progressing as planned

Progress is within agreed limits
16.7%

Progressing as planned
83.3%

Activities
12

Ambition
Progressing as planned

Progress is within agreed limits
22.2%

Progressing as planned
77.8%

Activities
9

Ambition
Progressing as planned

3.3 Those key activities that are Amber rated are still progressing within agreed limits however, one of the milestones may have not been achieved but the overall activity is still on track and therefore there is no cause for serious concern at this stage. These are:

3.3.1 Support high aspirations

A10 - We will achieve net zero carbon emissions as a council by 2050 or earlier through the development of the Green Masterplan. We will provide climate leadership in Lincolnshire and beyond. We will define our 10 year climate change plan with the new executive.

- ***Holding the first Lincolnshire Climate Summit in October 2021 – engagement on the next steps for the Green Masterplan and promoting local actions to tackle climate change. Launch of the Lincolnshire Climate Partnership to encourage zero carbon projects within the county.***

  The Climate Summit was successfully delivered, generating great interest and momentum. The launch of the Climate Partnership has been delayed because Government Community Resilience Funding was not forthcoming. Alternative funding sources are now being explored.

A12 - We will maximise the reuse and recycling potential of the county's waste, treating it as a resource. This will include exploring the opportunity for anaerobic digestion facilities across the County.

- ***Information gathering to establish requirements of separate food waste collections by establishing needs of District Councils through workshops. To complete the roll out of separate paper and card collections in North Kesteven District.***

  Workshops have been completed with district council partners and discussions taken place with neighbouring authorities. Paper and card bin roll out now finishing in North Kesteven and discussions taking place with West Lindsey for the next phase in April.

3.3.2 Provide good value Council services

A42 - We will refresh our Corporate People Strategy, reviewing culture, values and behaviours, and enabling our staff to be healthy and resilient so we can improve how we support our customers. Structures will be fit for purpose and facilitate our One Council approach.

- ***Commencing actions against revised workplan in discussion with Corporate Leadership Team (CLT) and the People Strategy Board***

  The People Strategy workplan is in place and in discussion with CLT. Some aspects paused until 22/23 to enable actions around staff attraction and retention to take precedence.

A47 - We will transform the way we engage with customers through the implementation of a customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. In year 2 our emerging digital strategy will enable us to be innovative so our customers can access us through multiple channels.

- ***Business cases for CSC priority areas to be aligned to Customer and Digital Strategies. Select Customer Advocates and commence training by Dec 2021. Commence engagement for Customer Charter by Dec 2021.***
  Work continues to align the customer and digital transformation work across the Council. Recommendations on both were considered by the Corporate Leadership Team on 17th December. The Customer Digital Delivery activities are in the process of being programme planned, with resource options being considered during quarter 4. Once the work programme has been approved, the Customer Digital Delivery activities will increase the range of self-service solutions available to customers, reducing demand on our contact centre and ultimately reducing costs. During quarter 4, work will commence on selecting customer advocates who will as part of their role support the development of the Customer Charter. These are now targeted for completion within quarter 1 2022/23.

4.0 Key Performance Indicators (KPIs)

4.0.1 Further to the reporting in quarter 2 we now have 2 types of KPIs being reported in this report, those where an ambition (target) has been set and those where a judgement around performance has been made (contextual).

4.1 Of those KPIs where an ambition (target) has been set, 8 can be compared with an updated position for quarter 3 progress reporting. Of those, 75% (6) met their ambition (target):-

- 1 exceeded the ambition
- 5 achieved the ambition
- 2 did not achieve the ambition

These are set out below under each of the relevant ambitions.

4.2 Exceeding ambition

4.2.1 Enable everyone to enjoy life to the full

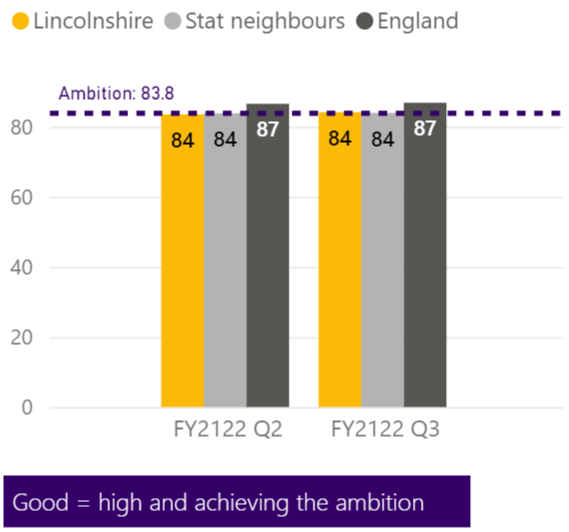
PI 15: Percentage of children in care living within a family environment ✓

Performance continues to remain above target and has improved slightly on last quarter (80% in Q3 2021/22 compared to 79.65% in Q2 2021/22). It confirms that, for many children in care, a family placement is deemed the most suitable means of offering care and maintaining children within their family networks. The Council continue to explore enabling children and young people to remain within their family or extended network if they cannot, for whatever reason, live with their parents.

4.3 Achieving ambition

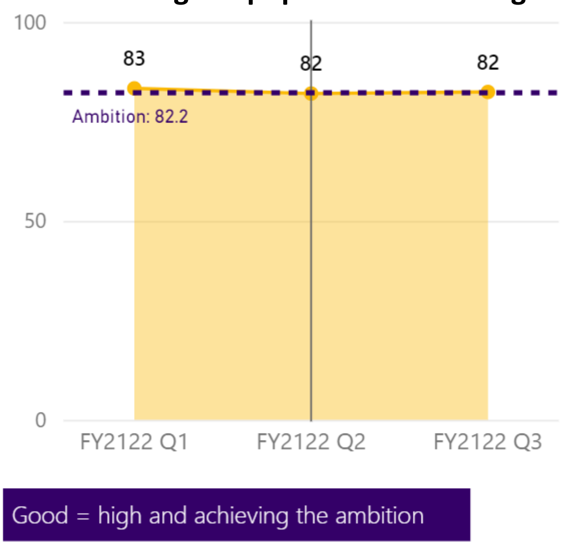
4.3.1 Support High Aspirations

PI 1: Percentage of schools that are judged good or outstanding ✓



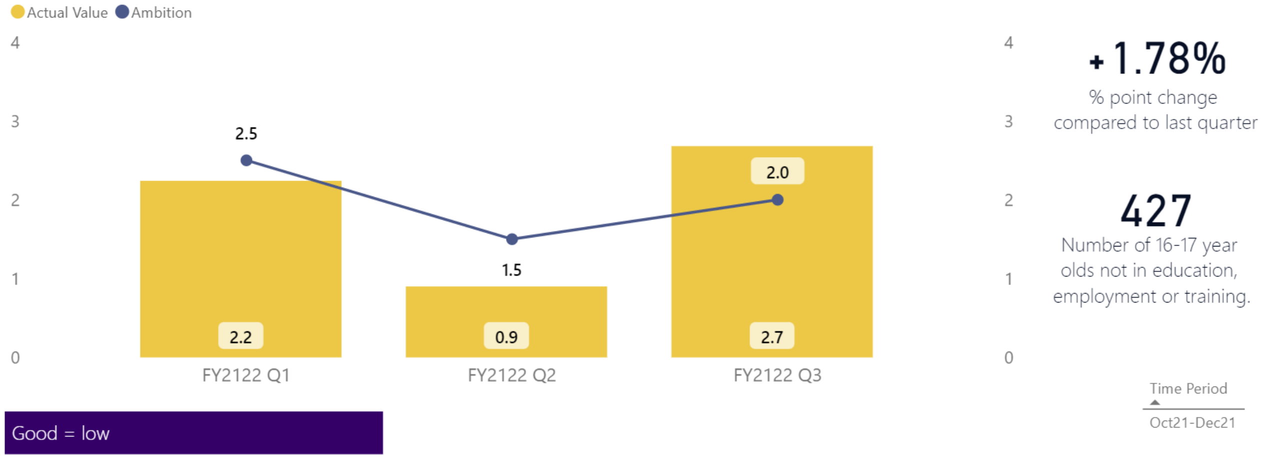
The proportion of schools judged as good or outstanding has improved this quarter and is now 84.1%. From this period last year, this is a 0.9% increase. This is now above statistical neighbours by 0.2% although remains below national by 2.7%.

PI 2: Percentage of pupils in outstanding or good schools ✓



The proportion of pupils in good or outstanding pupils has improved by 0.4% and meets the target set. This is a positive outcome and demonstrates the improvements schools have continued to make during the pandemic in addition to dealing with the additional challenges in dealing with Covid 19.

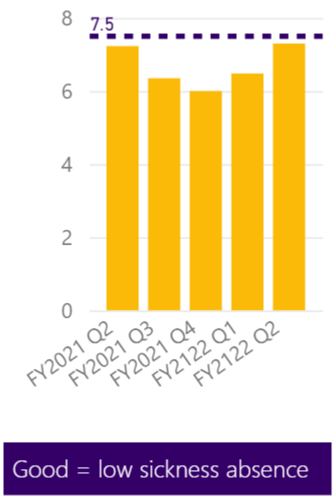
PI 4: Percentage of 16-17 year olds not in education, employment or training ✓



As anticipated through this quarter's target the percentage of 16-17 year olds not in education employment or training is higher than last quarter but still within the tolerance of the target. Quarter 3 is the start of the new academic year and the situation of many young people has not been resolved or confirmed at this point in time. The work of our trackers continues to be very productive in making contact with young people.

4.3.2 Provide good value council services

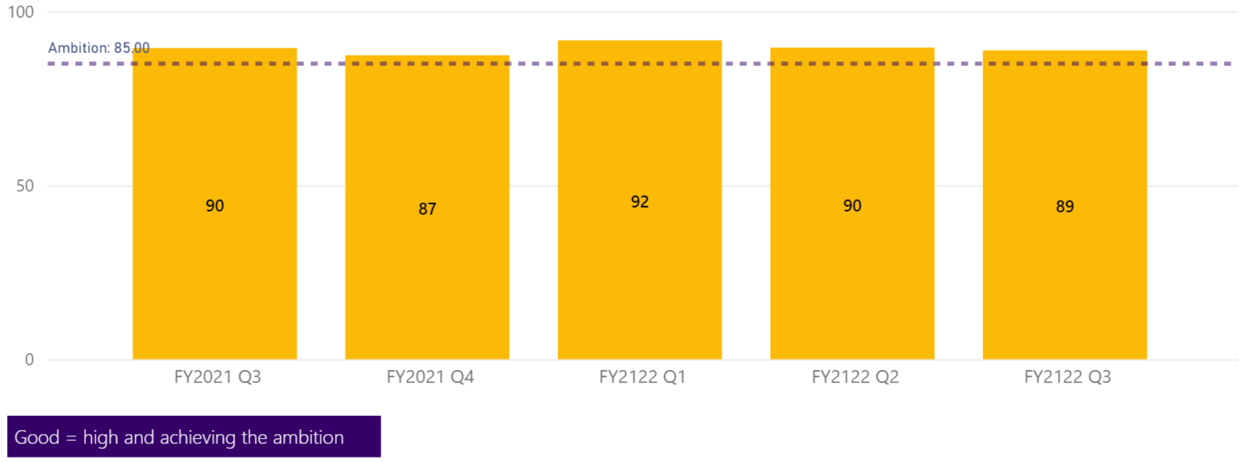
PI 44: Days lost to sickness absence per FTE ✓



The sickness days lost per FTE has increased from Q1 (6.48) to Q2 (7.3) (data lags by one quarter). This upward trend is as a result of lower sickness levels in 2020 due to extended periods of homeworking and reduced contact between workers. An increase of COVID-19 absences during the summer months when Cold and Flu is normally less prevalent has impacted the Q2 figures.

4.3.3 Enable everyone to enjoy life to the full

PI 25: Percentage of people who remain at home 91 days after discharge ✓

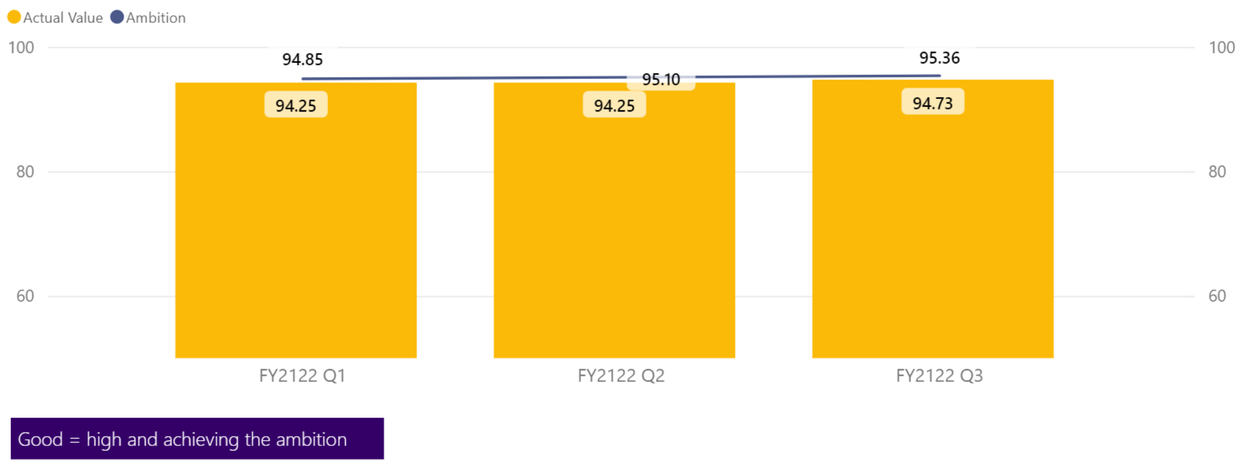


Discharges from hospital leading to the client being at home 91 days after has achieved its target in quarter 2. 88.8% of people remained at home 91 days after discharge, this equates to 1712 people out of the 1928 people actually discharged. In part this is due to the work of the hospital teams to help clients stay in their own homes longer if that is the best option and the work of the reablement team to offer short and intense support to help clients after they are discharged.

4.4 Not achieving ambition

4.4.1 Create thriving environments

PI 32: Percentage of superfast broadband coverage in residential & business premises ✗

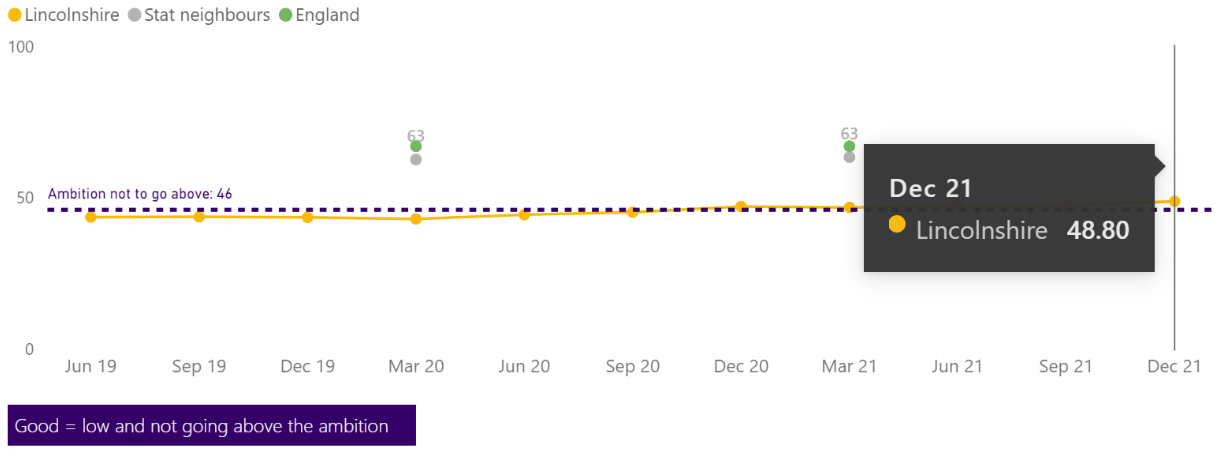


The broadband Superfast target is slightly behind where we projected and there are a number of reasons for this. First and foremost is the continuing growth in premises count seen across the county since the original targets were aspired to as far back as March 2013. At that point, we had a premises count in the county of circa 315K (based upon 2011 Census) which subsequently increased to 343K in 2015. With the continued growth in premises numbers since then, the numerator/denominator we use is an ever-changing set of numbers. Secondly, we have experienced some equipment delays in the current contract that has adversely affected delivery dates. The worldwide semi-conductor shortage has delayed the availability of radio equipment needed in the work being carried. It is pleasing to note that this has largely been resolved and we now expect to hit 97% Superfast coverage by late July 2022.

At this stage, it is worth mentioning that the current broadband environment in the UK is being driven by a need to deliver much higher speeds than 'Superfast' broadband. Current Government aspirations are that the UK will realise 85% of all premises being able to achieve gigabit levels of download speeds by 2025 and the emphasis by all organisations in the broadband market, is to achieve this target. The current contract we have with Quickline Communications ltd focusses on the delivery of 'Ultrafast' broadband (download speeds in excess of 100Mb/s) as an absolute minimum in the rural areas being targeted, with gigabit levels of broadband being achieved in many of these areas as we move through 2022. The proposed 'Project Gigabit' being run by BDUK (DCMS) will seek to deliver gigabit capability to most of the rural areas over the coming 4 years. This sits on the back of the current huge investment in full fibre connectivity by private investors that is ongoing in many of the larger urban clusters in the county. Going forward, we fully expect to hit at least 85% gigabit capability by the target date of 2025.

4.4.2 Enable everyone to enjoy life to the full

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



This measure has not achieved the target of 46 per 10,000, moving slightly above the upper target tolerance of 48 per 10,000. The number of Children in Care starters over Quarter 3 2021/22 has increased by around 39% compared to Quarter 2, whilst the number of care leavers has remained reasonably static. The increase in new entrants to care has pushed the Children in Care per 10,000 figure further up over the past quarter. The growth in numbers is partly attributable to the number of unaccompanied asylum seeking children that have arrived as part of the new temporary mandated scheme for all Local Authorities in relation to the National Transfer Scheme. The expectation is that Lincolnshire will take a maximum of 103 children which equates to 0.07% of the general child population and therefore there continues to be a likely impact of growth going forward.

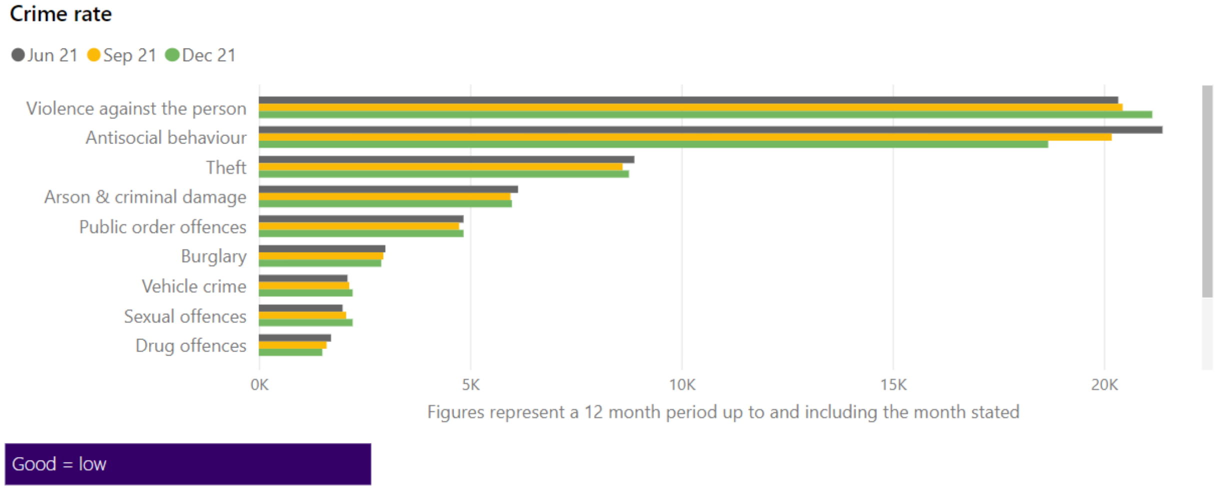
Despite the growth this quarter and the potential for future increase there continues to be an emphasis on prevention from children going into care and exit planning from the care system where it can be achieved. However, despite the increase, the Lincolnshire number of Children in Care per 10,000 remains significantly below the most recent published figures both nationally and by our statistical neighbours (67 per 10,000 and 63.4 per 10,000 respectively as at 31st March 2021).

4.5 Contextual KPIs

These are KPIs which do not have an ambition set but have been given a rating by the Executive Director. This rating therefore does not show on the Council website but instead shows as a contextual measure.

4.5.1 Create Thriving Environments

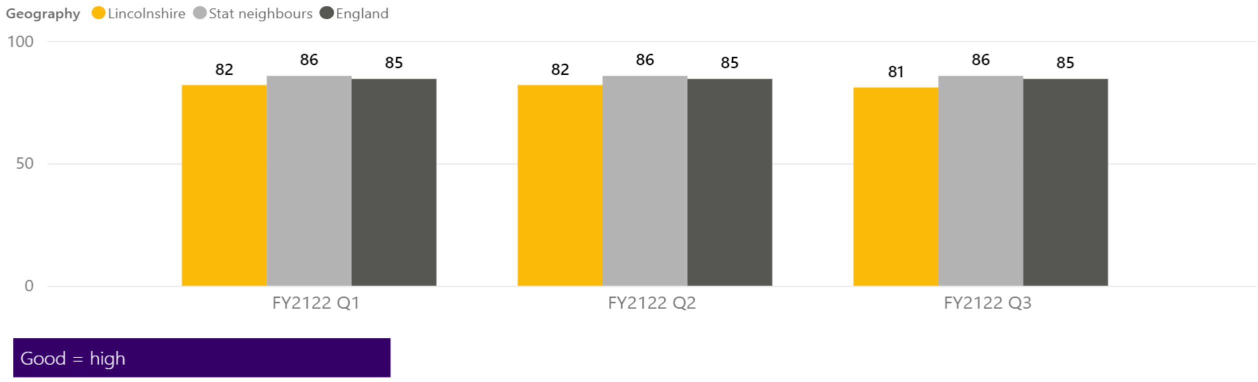
PIs 30 and 31: Crime Rate ✓



Overall crime was down 0.3% in the 12 months to December 2021 compared to the same period in 2020. Antisocial behaviour had decreased 11.21% in the 12 months to December 2021 compared to the same period in 2020. The crime data provided is for the purposes of context setting, and in contribution to building a current picture of Lincolnshire, only. Existing mechanisms are already in place to scrutinise police data. Please note: the data was correct at the time of extraction by Lincolnshire Police and, as such, may differ from other sources of information.

4.5.2 Enable everyone to enjoy life to the full

PI 16: Percentage of facilities rated as good or outstanding by CQC: Adult Social Care



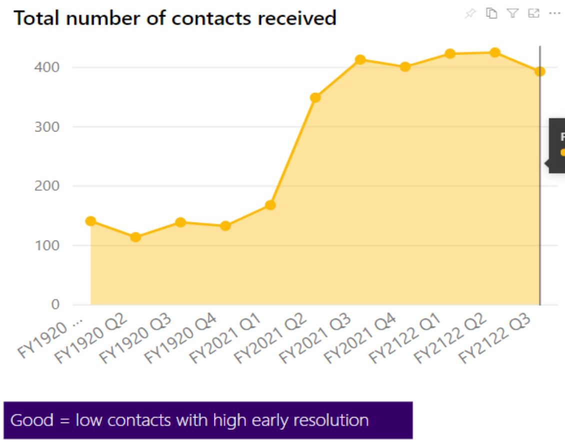
Prior to the pandemic, Lincolnshire had been very effective in reducing the number of homes rated as requires improvement or inadequate. Between February 2017 and February 2020, the number of homes with a poor rating fell from 81 to 46. This was achieved through proactively working across the sector implementing our Maximising Support, Minimising Risk intervention work programme working closely with those homes requiring improvement to meet and sustain the required standards. This work programme had to be put on hold due to the pandemic and all services operating in response mode. However, during this period close monitoring and oversight of high-risk services was maintained via the multi-agency Service Quality Review board to ensure that safety was maintained and quality improved where risks were identified. A partnership working approach was adopted with CQC during the pandemic with increased information sharing and joint decision making around most appropriate interventions with Providers causing concern.

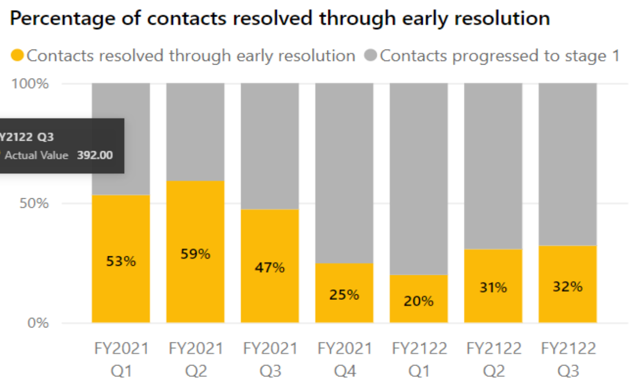
Now in recovery phase, over threshold contract visits have resumed allowing full assessments to be completed to gain a full picture of the quality of services. Where issues are identified, formal improvement plans are being implemented and appropriate multi-agency support being put in place to enable Providers to meet the requirements. In addition, investment is being made for the provision of targeted support for those Providers most in need to mentor service managers in their roles to empower them to improve services and reduce reliance on Council support. The Maximising Support, Minimising Risk intervention work programme has also been reinstated.

Throughout the pandemic the sector has been supported financially via a number of grants to help bolster workforces to uphold service provision through challenging times. Further work is currently underway with the launch of a workforce attraction campaign for homecare, funded by the Council, due to launch imminently to assist in filling the gaps in workforces many Providers are finding challenging to fill.

4.5.3 Provide good value council services

PI 43: Total number of complaints received



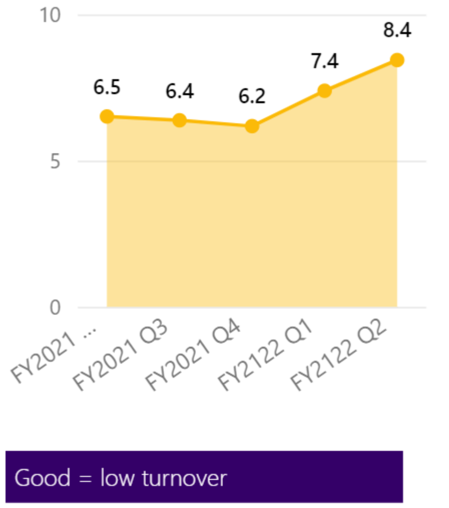


Quarter 3 saw a slight reduction in the total number of contacts being received from individuals expressing dissatisfaction with a total of 392. The percentage able to be resolved through Early Resolution increased slightly to 32%. These figures reflect the current types of contacts being dealt with and whilst we have seen a reduction in complaints in respect of Home to School transport, there have been fluctuating peaks in other areas including Special Educational Needs and Disabilities, Street Parking and Lighting, Waste and Adult Care. Highways remains the highest area for contacts. We continue to monitor trends in volumes and feed these back direct to Directorates.

The percentage of complaints being resolved through early resolution decreased from 53% in FY2021 Q1 although the success rate has increased but remains relatively stable for the last 2 quarters at around 32%. Additional resource has been put into the Customer Relations team with training provided on promoting early resolution alongside service areas for a positive customer outcome.

The trend in number of contacts to the Council increased significantly in 2020/2021 and remain at levels of 400 to 450 per quarter. The percentage of contacts progressing to stage 1 has also increased over this period but over the last 2 quarters has reduced with the numbers now balancing out at around 68%.

PI 58 Percentage of staff who voluntarily left LCC ✘

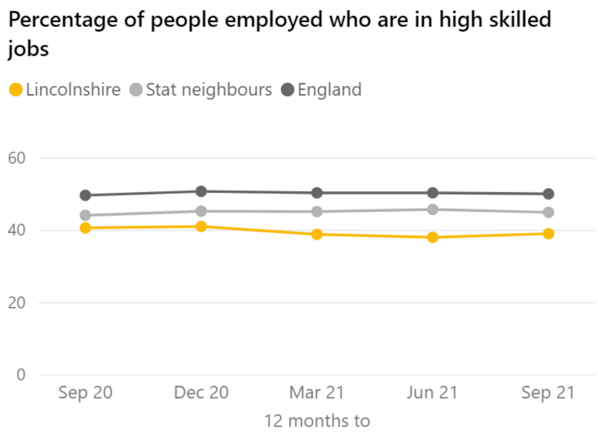


A current workforce risk is the upward trend in turnover. Whilst this is not unexpected, due to the lifting of Covid-19 restrictions, given the national shortages in supply for key roles, the issue is more pressing. The implementation of the People Strategy Work Plan has a specific focus on Attraction and Retention (A&R). In Autumn 2021, an A&R framework was co-produced with services and launched in January 2022. This provides short, medium and long term interventions that offer variety for Directorates, as well as an opportunity for corporate transformation so that there are positive effects on time to hire.

In addition to the recent employee survey results, a culture and leadership ‘stocktake’ will be undertaken in the Spring 2022 involving a large number of employees from LCC to get underneath the areas for development to make the authority an ‘employer of choice'.

4.5.4 Support High Aspirations

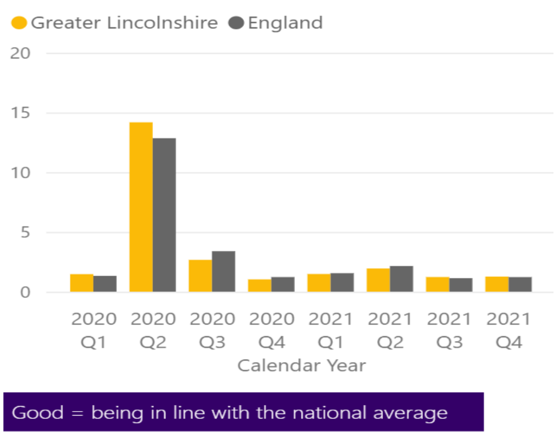
PI 5: Percentage of people in employment by occupational skills category and Percentage of people employed who are in high skilled jobs ✘



Note that there are higher fluctuations in the Lincolnshire data due to sample size. In Q3, 38.9% of the working population in Lincolnshire were classed as in 'high skill' occupations (SOC 1-3). This is slightly higher than Q2, where 37.9% of the working population were in this bracket. In England, 49.9% of the working population were classed as in 'high skill' occupations. The discrepancy between Lincolnshire and National proportions is largely down to the sectoral makeup of Lincolnshire, which is slowly transitioning to through progress in relatively traditional sectors which make up a large proportion of the workforce, such as food production and manufacturing.

This is recognised by LCC, who are working in partnership with Greater Lincolnshire LEP Employment and Skills Advisory Panel (ESAP), a panel which brings together employers, skills providers and local stakeholders to better understand and resolve skills mismatches across Lincolnshire. The ESAP has recently produced a Local Skills Report for the Department for Education (more information here) that sets out the local strengths, needs and local priorities across the area.

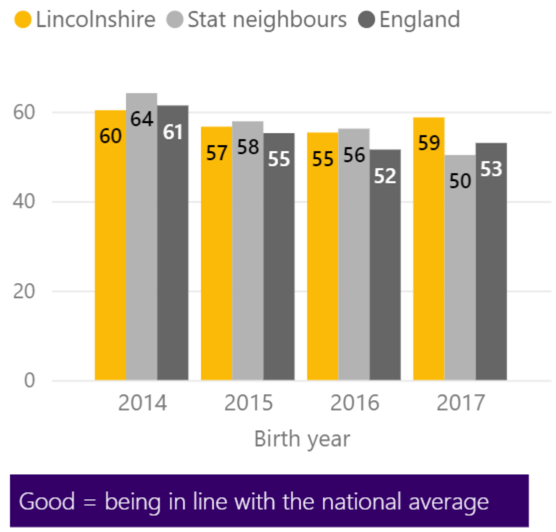
PI 6: Ratio of business births to deaths ✓



In Q4 2021 (calendar year) there were 1.26 business starts for every business cessation. In total in 2021 there were 2,094 more business starts than business cessations in

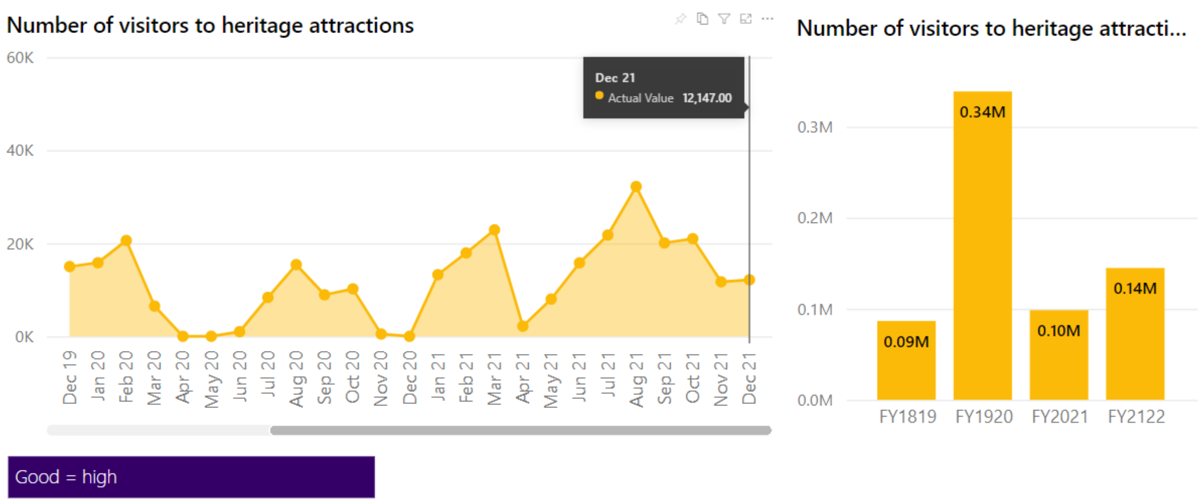
Lincolnshire. This indicates a healthy creation of businesses and increasing net change in businesses. During 2021 there was a more consistent pattern, following a volatile 2020 cause predominantly by Covid-19.

PI 7: Percentage of businesses born each year that have survived for 3 years ✓



58.7% of businesses started in 2017 were still operating in 2020 in Lincolnshire. This is a slight improvement on 3 year survival rates for 2018 and 2019. It also puts the 3 year survival rate above the national average for the period (53% in England) and also above the regional average (54.9% in the East Midlands). This indicates that Lincolnshire has a relatively resilient business base. However, it should also be noted that business churn is important for thriving economies.

PI 8: Visitors to heritage attractions ✓



Despite operating on a reduced capacity, we are reporting above average visitors for the region and nationally with 44,853 for Q3. This is almost twice as many visitors reported in Q1 when we first began reopening sites, suggesting an increase in visitor confidence in choosing to engage with our heritage sites. Q3 also saw an additional 87,168 free grounds visits to Lincoln Castle.

The monthly breakdown of visitors to heritage sites has been gradually increasing since reopening in May as the service continues its covid recovery, and by December 2021 levels were similar to pre-covid levels for December 2019. It is expected that planned events at our heritage sites for 22/23 will increase our visitors further, including Gaia, the Queen's Platinum Jubilee, and the return of Steampunk.

4.6 Further development of targets for KPIs

4.6.1 Further to the agreement at the last meeting the Corporate Leadership Team are proposing that ambitions are set for the following KPIs in readiness for reporting in 2022/23.

4.6.2 Create thriving environments

All communities are benefitting from 'clean' economic and social growth

- PI 26 Lincolnshire County Council's CO_2 emissions
- PI 27 CO_2 emissions within Lincolnshire County Council's influence
- PI 36 Waste & recycling by destination – *Landfill*
- PI 37 Waste & recycling by destination – *Energy recovery*
- PI 38 Waste & recycling by destination – *Recycling*
- PI 39 Percentage of waste being recycled or the energy is being recovered

Roads and transport infrastructure continue to improve, with better maintenance and connectivity

- PI 29 Percentage of roads where maintenance should be considered- Principal; Non principal & Unclassified roads

4.6.3 Enable everyone to enjoy life to the full

Good-quality, accessible services, including for those in need and their carers, that make a real and lasting difference

- PI 16 Percentage of facilities rated as good or outstanding by CQC: Adult Social Care

More people are able to live independently and positively contribute to their local community

- PI 17 Percentage of working aged adults living in the community
- PI 18 Percentage of older adults living in the community

Everyone enjoys a safe and secure home and is protected from harm

- Measure relating to making adult safeguarding personal (develop measure and set an ambition).

4.6.4 Provide good value council services

People's needs are met in a timely, responsive and efficient way

- Customers' level of satisfaction (develop measure and set an ambition).
- PI 43 Percentage of complaints resolved through early resolution

4.6.5 Support high aspirations

No additional KPIs to have an ambition set.

4.6.6 In advance of quarter 1 reporting we will bring a complete version of the Corporate Plan Success Framework for 2022/23 to a future Executive meeting for approval. This will detail the ambitions that have been set for those KPIs outlined above, along with the proposed Activities for 2022/23 reporting.

4.7 Changes made to KPIs in quarter 3 reporting from that reported in quarter 2 include:

- PI 14 Children in Care - has changed from a number to a rate per 10,000 population in order to assist in more meaningful comparisons with similar authorities or the national average.

- PI 11 Unemployment - was reported with an ambition when in fact no ambition had been set and is therefore a contextual measure.

4.8 Further information for each of the KPIs reported is published on the website.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

The report presents performance against the ambitions and objectives set out in the Corporate Plan, many of which relate to people with a protected characteristic including young people, older people and people with a disability. It is the responsibility of each service when it is considering making a change, stopping, or starting a new service to make sure equality considerations are taken into account and an equality impact analysis completed.

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

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

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

Crime and Disorder

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

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

3. Conclusion

This report presents an overview of performance against the Corporate Plan as at 31st December 2021 There is positive performance overall across all 4 corporate ambitions with both activities and KPIs performing well.

4. Legal Comments

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

The Executive has power to amend the way in which performance is reported by setting ambition against contextual measures as set out in recommendation 2.

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

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

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

N/A

c) Scrutiny Comments

The Overview and Scrutiny Management Board (OSMB) is due to consider this report on 24th February 2022. Any comments of the Board will be reported to the Executive.

d) Risks and Impact Analysis

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

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Full list of Quarter 3 Corporate Plan Activities

8. Background Papers

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

Document title	Where the document can be viewed
Council report: Corporate Plan 11 December 2019	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5661&Ver=4
Executive report: Corporate Plan Performance Framework 6 October 2020	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5522&Ver=4

Executive report: Performance Reporting Against the Corporate Plan Performance Framework 2021-2022 - Quarter 2	https://lincolnshire.moderngov.co.uk/documents/s43570/Corporate Plan Success Framework - 2021-22.pdf

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

Corporate Plan – Full table of Activities for Quarter 3

<u>Ambition: Support high aspirations</u>

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A2	Grow the workforce by retaining and attracting more highly-skilled 18-40 year olds	We will develop effective county-wide relationships between the education and business sectors to attract and retain graduates in the county.	Create and implement a PR and Communication plan, in collaboration with Greater Lincolnshire Local Enterprise Partnership (GLLEP), to promote post-16 county wide provision via the 2aspire and GLLEP websites - November 2021.	GREEN (Progressing as planned)
A3	Grow the workforce by retaining and attracting more highly-skilled 18-40 year olds	We will increase the number of apprenticeships across priority sectors working with employers and education providers to increase availability and attractiveness.	Set up a task and finish group with training providers, universities and the business community to devise a Lincolnshire Graduate retention plan December 2021.	GREEN (Progressing as planned)
A4	Promote healthy, inclusive and accessible employment and learning opportunities	We will produce sustainable transport strategies which promote alternative modes of transport, through collaborative working with our district and local partners which will include the creation of local transport boards.	Local Transport Plan Consultation (including modal strategies) to have been completed Q3 21/22.	GREEN (Progressing as planned)
A5	Promote healthy, inclusive and accessible employment and learning opportunities	We will complete a comprehensive workforce strategy for all commissioned services (in part with the ICS) to inform future skills and determine further resources required to deliver it.	Will review the Strategic Market Support Service specification to align with the strategy and plan.	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A6	Champion educational excellence so every child/young person has a high quality education to succeed in life	We will help schools to be skilled at supporting children with special education needs in mainstream settings, through developing and delivering strategies and where an education, health and care plan is required, undertaking this assessment in a timely and creative way. Our SEND High Needs transformation programme will support improvement and delivery in this area.	We will launch a new Inclusion Toolkit to support education settings in meeting the needs of children and young people with Special Educational Needs and Disabilities (SEND).	GREEN (Progressing as planned)
A7	Champion educational excellence so every child/young person has a high quality education to succeed in life	We will continue to encourage schools to work through collaborations in order to maximise expertise and best practice, enhancing our strategy for school improvement within the school-led self-improving system.	We will have delivered support, monitoring and challenge to all maintained schools through the work of our Locality Lead Team.	GREEN (Progressing as planned)
A9	Deliver economic growth to create and sustain vibrant communities	We will support our market towns to thrive, delivering regeneration with our partners.	Deliver Huttoft Boat Shed Cafe. December 2021	GREEN (Progressing as planned)
A10	Manage the risks to our environment from climate change to protect our natural and built resources for future generations	We will achieve net zero carbon emissions as a council by 2050 or earlier through the development of the Green Masterplan. We will provide climate leadership in Lincolnshire and beyond. We will define our 10 year climate change plan with the new executive.	Holding the first Lincolnshire Climate Summit in October 2021 – engagement on the next steps for the Green Masterplan and promoting local actions to tackle climate change. Launch of the Lincolnshire Climate Partnership to encourage zero carbon projects within the county. **Explanation:** The Climate Summit was successfully delivered, generating great interest and momentum. The launch of the Climate Partnership	AMBER (Progress is within agreed limits)

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Activity No.	Objective	Activity Name	Activity Milestone	RAG
			has been delayed because Government Community Resilience Funding was not forthcoming. Alternative funding sources are now being explored.	
A12	Manage the risks to our environment from climate change to protect our natural and built resources for future generations	We will maximise the reuse and recycling potential of the county's waste, treating it as a resource. This will include exploring the opportunity for anaerobic digestion facilities across the County.	Information gathering to establish requirements of separate food waste collections by establishing needs of District Councils through workshops. To complete the roll out of separate paper and card collections in North Kesteven District. **Explanation:** Workshops have been completed with district council partners and discussions taken place with neighbouring authorities. Paper and card bin roll out now finishing in North Kesteven and discussions taking place with West Lindsey for the next phase in April.	AMBER (Progress is within agreed limits)

Ambition: Enable everyone to enjoy life to the full

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A14	Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities	We will provide intensive and tailored support for young people who have complex multiple needs, maintaining them within their family where it is safe to do so and increasing locally available provision. Improvement in this area is underway via our Children in Care Transformation Programme.	Sites to be gifted in principle. Viability of land to be verified and site surveys to be completed. Architect drawing to be agreed and considered by portfolio holder, Children Services Directors team and in consultation with young people and Care Leavers.	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A15	Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities	We will continue to improve how we support children in care and care leavers to thrive through the delivery of the children in care transformation programme.	RIBA (Royal Institute of British Architects) Stage 3 report to be finalised in October for first Children's Home. Business case and Capital Appraisal Scheme report to be presented to the Executive Councillor in November 21. Progression to RIBA Stage 4 subject to Capital Appraisal Scheme decision. Valuing Care approach evaluation of Edge of Care pilot October 21. Early Help formal Launch November 21.	GREEN (Progressing as planned)
A16	Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities	We will work with the LSAB to develop a multi-agency Prevention strategy to protect people from harm and to promote community wellbeing. This will include the development and implementation of a 'team around the adult approach'" to help improve engagement with Adults with complex needs.	We will have agreed the need to expand the prevention strategy to cover the other relevant Safeguarding Boards in Lincolnshire.	GREEN (Progressing as planned)
A18	Deliver quality children centres, which are at the heart of our communities supporting families so their children thrive	We will support families in their parenting role through continuing to deliver the healthy child programme, also evaluating the benefits of maternity hubs and extending these to other communities where appropriate.	Recovery and restoration of the Healthy Child Programme in response to National Guidance on Covid-19 prioritisation of Community Health Services. Progress plans in respect of key activities in regard to updated guidance on the health visiting delivery model.	GREEN (Progressing as planned)
A19	Promote and enable better mental health for all	We will develop Joint Commissioning arrangements with NHS partners that facilitate the Transformation of Community Mental Health Services for Adults in Lincolnshire.	We will have agreed high level operating principles for the complex case pooled budget.	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A20	Promote the support offer to our communities to enable them to be self-sufficient and thriving	We will support people to make healthy choices across all aspects of their lives, through continuing to commission and deliver effective preventative services, which also provide quality information so people are better informed. Our development of our ICS will continue and develop this approach.	Implement Public Health Information Programme for 2021/22. Implement Public Health Commissioning Programme for 2021/22. Implement Public Health Priority Work Programme for 2021/22. Implement Public Health Protection Programme for 2021/22.	GREEN (Progressing as planned)

Ambition: Create thriving environments

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A26	Deliver 'clean' growth in the right place and at the right time	We will use our planning responsibilities to increase the benefits, and reduce the disbenefits, of new residential and commercial growth to our communities.	That the council establishes a strategic approach to requesting, co-ordinating, and monitoring Developer Contributions by April 2022.	GREEN (Progressing as planned)
A27	Champion Lincolnshire as a destination of choice to visit, live, relax, work and do business	We will work with partners to attract tourists to Lincolnshire, leading the way in raising the profile of the county and enhancing collaboration across our councils to maximise what Lincolnshire has to offer.	1. Skills, Business Development, employment and recruitment toolkits will be produced to support the VE sector by November 2021 2. Complete content on www.visitlincolnshire.com and use its data to understand our visitors better – December 2021.	GREEN (Progressing as planned)
A29	Plan growth to benefit the whole community through connecting people, housing, employment, businesses and the natural environment	We will attract all sectors to make a major contribution to the planning and delivery of growth in the county, through being a leading partner in the Greater Lincolnshire LEP.	Local Transport Plan consultation will enable communities and stakeholders to comment of growth and connectivity. Use the county Infrastructure Group to further develop the Infrastructure Prospectus based on feedback from partners.	GREEN (Progressing as planned)
A30	Plan growth to benefit the whole community through connecting people, housing, employment, businesses and the natural environment	We will accelerate considered housing growth in Lincolnshire and maximise opportunities and investment in infrastructure work through working across all Councils and partners in Lincolnshire on "Planning for Growth."	Local Transport Plan consultation will enable communities and stakeholders to comment of growth and connectivity. Use the county Infrastructure Group to further develop the Infrastructure Prospectus based on feedback from partners.	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A31	Provide sufficient, high quality and inclusive education places locally	We will aim to deliver 695 more places by September 2022 across mainstream primary and secondary schools to meet local demand through implementing our 3 year Basic Need capital programme.	Capital paper to the Executive to agree the procurement of new school places.	GREEN (Progressing as planned)

Ambition: Provide good-value council services

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A35	Design our processes and services to meet customers' needs	We will focus now on the implementation of our digital blueprint and customer services strategy to ensure these opportunities are maximised. We will transform how we engage with communities, listening and acting on what they say and supporting them to be resilient and self-sufficient. This will be articulated through the refresh of our community strategy.	Delivery against the customer strategy action plan	GREEN (Progressing as planned)
A36	Shout loud and proud for Lincolnshire to achieve our ambitions	We will target further benefits for the county through working towards a Greater Lincolnshire devolution deal that increases central government investment.	Development of devolution asks and engagement in accordance with government timelines.	GREEN (Progressing as planned)
A37	Shout loud and proud for Lincolnshire to achieve our ambitions	We will seek to maximise government investment into the county, raise the profile of the county and the Council, through investing in local and national partnerships, including being part of Midlands Engine. We will champion Lincolnshire, including through lobbying our local MPs and the government.	Develop Infrastructure Prospectus in partnership with the Infrastructure Group and following the feedback from Leader's and Chief Executive's meeting. Consult on the Local Transport Plan. Respond to government committee calls for information. Establish a UKSPF working group create an intelligence repository to support the evidence base for bids. Engage in the review of key strategic plans and documents to ensure project prioritisation aligns with need and funding opportunities Q3 ongoing.	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A38	Shout loud and proud for Lincolnshire to achieve our ambitions	We will raise the county's profile nationally and internationally through the delivery of a focused investor promotion strategy and relationship-building, attracting business investment and using our partnership brand, Team Lincolnshire, to do this.	Team Lincolnshire inward investment website will be developed by October 2021.	GREEN (Progressing as planned)
A39	Shout loud and proud for Lincolnshire to achieve our ambitions	We will continue to raise the profile of Council Services through a range of strategies including national recruitment campaigns, national conferences and awards, continuing to support improvement in other Councils and advising government on national policy innovation. We will articulate a clear Lincolnshire pride narrative via our Joint Committee to support this activity.	The development and implementation of short, medium and long term actions in conjunction with attraction and retention priorities.	GREEN (Progressing as planned)
A40	Engage, listen and respond to our communities	We will place the individual, their family and friends at the heart of their care plan through introducing and implementing strength based practice in Adult Care and Community Wellbeing, as well as Signs of Safety within Children's services.	Integrated Delivery Team to support a Technology Enabled Care (TEC) Service pilot, a focus on enhanced performance monitoring and a complete roll out of the strengths-based approaches and behavioural science training to 6 teams across Adult Frailty and Long-Term Conditions Teams, Lincolnshire Partnership Foundation Trust (LPFT), Safeguarding teams, Hospital and Learning Disability teams by October 21. Begin strengths-based approaches and	GREEN (Progressing as planned)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
			behavioural science training with a further 6 teams by November 21. Evaluation report outlining impact and recommendations to be completed by November 2021.	
A41	Maximise opportunities to work with others and improve service delivery	We will improve service delivery through shifting our culture to focus on outcomes. With the Business Intelligence strategy working to deliver improved use of data and insight to understand our customers' needs, we will then be able to shape our services and those that we commission accordingly. This will also enable better measurement of the impact of internal and commissioned activity.	We will develop a delivery plan which sets out how we will implement our business intelligence strategy. We will undertake a staff skills audit to better understand the skills we need to develop to improve the use of data and intelligence across the organisation. .	GREEN (Progressing as planned)
A42	Nurture and celebrate a forward-looking, high-performing, skilled and empowered workforce	We will refresh our Corporate People Strategy, reviewing culture, values and behaviours, and enabling our staff to be healthy and resilient so we can improve how we support our customers. Structures will be fit for purpose and facilitate our One Council approach.	Commencing actions against revised workplan in discussion with Corporate Leadership Team (CLT) and the People Strategy Board. **Explanation:** The People Strategy workplan is in place and in discussion with CLT some aspects paused until 22/23 to enable actions around attraction and retention to take precedence.	AMBER (Progress is within agreed limits)

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A43	Nurture and celebrate a forward-looking, high-performing, skilled and empowered workforce	We will keep and attract talented people through implementing improved recruitment processes, increasing the number and range of apprenticeships, and developing graduate and work experience placements across the Council.	Agree and launch a number of interventions at People Strategy Board and provide short, medium and long term options to Corporate Leadership Team (CLT).	GREEN (Progressing as planned)
A44	Continue to innovate and make best use of our assets	We will protect and enhance our heritage assets and we will maximise the use of our sites for customers, through delivering proposals for the iconic investment in The Collection Museum and Gallery and other heritage sites.	Progress of cultural recovery against the future ambitions for the transformation of heritage service.	GREEN (Progressing as planned)
A47	Put our customers first, so we respond with one voice, working effectively across teams	We will transform the way we engage with customers through the implementation of a customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. In year 2 our emerging digital strategy will enable us to be innovative so our customers can access us through multiple channels.	Business cases for CSC priority areas to be aligned to Customer and Digital Strategies. Select Customer Advocates and commence training by Dec 2021. Commence engagement for Customer Charter by Dec 2021 **Explanation:** Work continues to align the customer and digital transformation work across the Council. Recommendations on both were considered by the Corporate Leadership Team on 17th December. The Customer Digital Delivery activities are in the process of being programme planned, with resource options being considered during quarter 4. Once the work programme has been approved, the Customer Digital	AMBER (Progress is within agreed limits)

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Activity No.	Objective	Activity Name	Activity Milestone	RAG
			Delivery activities will increase the range of self-service solutions available to customers, reducing demand on our contact centre and ultimately reducing costs. During quarter 4, work will commence on selecting customer advocates who will as part of their role support the development of the Customer Charter. These are now targeted for completion within quarter 1 2022/23.	
A48	Be there when communities need us most, responding collaboratively to emergencies	We will effectively plan for a sustained recovery from COVID 19.	Achieve the Covid recovery road-map targets	GREEN (Progressing as planned)

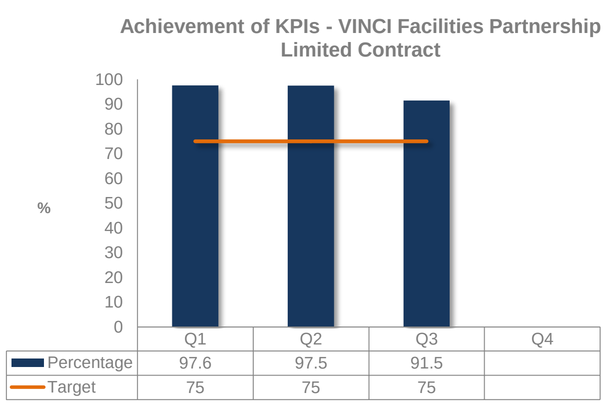
Achievement of KPIs - VINCI Facilities Partnership Limited contract

An overall score of over 75% is required for the contractor to benefit from financial incentives gained by performing lower than their target costs.
At the start of the next year the Employer reviews the targets and weightings for Key Performance Indicators. The Council reserves the right to suspend the application of any gain share which the Contractor may be entitled to in the event of any occurrence of an investigation of Regulatory Body e.g. Health and Safety Executive, Environment Agency, and in the event of a successful prosecution and/or claim disallow the application of the gain share.
Key performance indicators provide percentage scores against baseline performance for the overall service and for each individual service area of the VINCI Facilities Partnership Limited contract.
The contractor's performance is incentivised to stimulate continuous improvement in providing the service.
The contractors score determines their access to any financial gain accrued through performing below their target costs submitted at tender.
Services measured and their percentage weighting are:-
Project services – 22.5%;
Managed services – 15%;
Hard FM Services – 22.5%;
Soft FM services – 22.5%;
Other property services – 12.5%; and
General service – 5%.
A higher percentage of KPIs achieved indicates a better performance.

Achieved

91.5
%
Quarter 3 December 2021

75
%
Target for December 2021

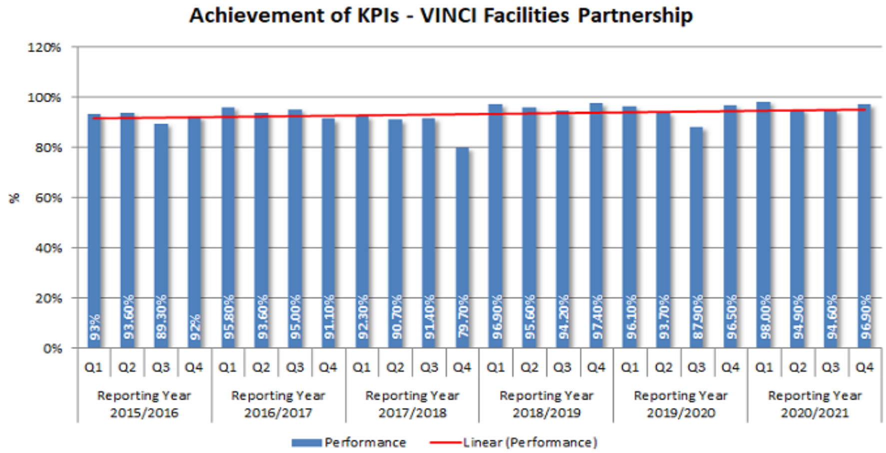


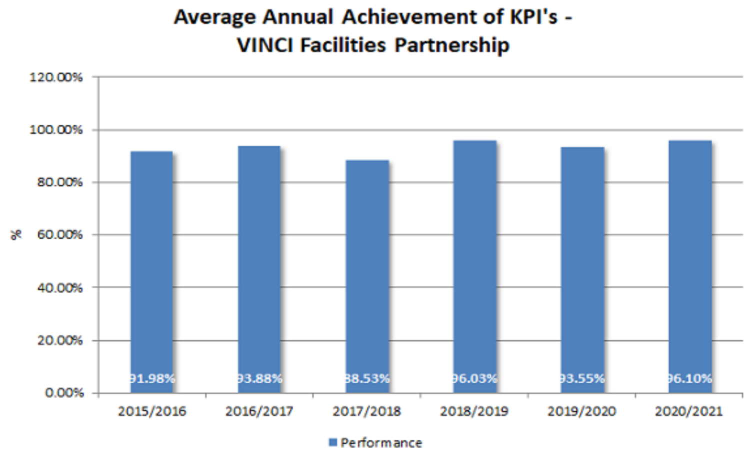
About the latest performance

There were eight failures within non-statutory and reactive maintenance work, examples include fixing a fault on a electrical control panel. Furthermore, there were two failures for planned maintenance, one example was work requiring an annual lighting inspection. Both reactive and planned work are required to be completed within timescales set out by LCC.

There was however an improvement in the score for key stakeholder feedback, which is showing a positive increase. Every other indicator hit 100 score.

Further details





About the target

A score of 75% was set at tender stage. It is deemed to be commercially appealing whilst still ensuring high standards. In order for the Contractor to be eligible to any gain share they must achieve an overall performance of 75% and 75% for each Service Category. Lincolnshire County Council has set a aspirational internal target of 90% to influence target outcomes based on continuous improvement.

About the target range

No target range has been set for this measure.

About benchmarking

There is an aspiration to benchmark performance in the future.

Lincolnshire COUNTY COUNCIL *Working for a better future*

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Treasury Management Performance 2021/22 - Quarter 3 to 31 December 2021**

Summary:

This report details the treasury management activities and performance for Quarter 3 of 2021/22 to 31 December 2021, comparing this to the Treasury Management Strategy and Annual Investment Strategy 2021/22 that was approved by the Executive Councillor for Resources, Communications and Commissioning on 11 March 2021. This report meets the reporting requirements as detailed in the CIPFA Code of Practice for Treasury Management that the Council follows.

Actions Required:

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

1. Background

1.1. The Treasury Management Strategy and Annual Investment Strategy 2021/22 sets the framework for how we manage the cashflow, borrowing and treasury investments of the Council and the risks involved.

1.2. Actual activity and performance compared to this strategy is reported quarterly, this report being the third quarter report for 2021/22 covering the period up to 31 December 2021.

1.3. Activity and performance up to 31 December 2021 compared to the strategy is detailed in the Conclusion in Section 2 below. Supporting information is detailed in the attached appendices.

2. Conclusion

Comparison of Activity and Performance to Strategy for Period up to 31 December 2021

Interest Rate Forecast:

***Strategy*:**

At the time of writing the Strategy:

- *Short term rates were forecast to remain exceptionally low (Bank Rate at 0.10%) for the next three years.*
- *Long term rates were expected to have little upward movement over the next three years by no more than 0.10% per year; however, a sell-off in the gilt market around the start of the financial year caused opening rates to be 0.50% higher.*
- *This forecast was based on the backdrop of the Covid-19 pandemic and its effect on the Economy and the subsequent success of the UK vaccine programme leading to an improved economic outlook.*

Activity and Performance to 31 December 2021:

Short term Rates.	The Monetary Policy Committee (MPC) surprised markets by raising Bank Rate by 0.15%, back to 0.25%, on 16 December. This was despite the emergence of Omicron in November, introduction of Plan B Covid measures and weak Growth of 0.1% for October, announced on 10 December. The MPC cited persistent domestic costs and price pressures as the reason for the increase with CPI Inflation rising to 5.1% for November with expectations of it peaking to 6% by April 2022. Forecasts of a further two to three 0.25% increases in Bank Rate over the next two years is expected but inflation spikes are still thought to be transitory, and growth may be weak in this period. The timing of these rises is therefore difficult to predict.
Long Term Rates.	Long term rates fell in November with the announcement of Omicron and Covid measures and continued to fall in December as demand for gilts by Pension funds increased at this time. Rates have risen again over January to levels at which they started from at the start of the year. The overall balance of movement in long term rates is still for a gradual increase over the next three years by around 0.10% per annum, albeit from a lower base than previously forecast.

Economic Review.	Economic growth had already slowed to a crawl, (0.1% rise for October), before the Omicron variant was discovered in late November. Plan B Covid Measures may have led to a contraction of GDP for December but hopes for recovery again with the recent lifting of these measures are on the horizon. Inflation is set to peak in April 2022 at 6%, but it is still thought that most of this will be transitory with CPI expected to fall sharply in the second half of 2022. The fallout after the furlough scheme ended on 30 September was smaller and shorter than feared: unemployment did not increase hugely in October and vacancies rose to a record 1.219m in the three months to November, showing there were acute shortages of labour.

Appendix A shows a graph of key interest rate movements in 2021/22 to date together with the latest interest rate forecast and economic commentary from Link Asset Services dated 20 December 2021.

Investments:

Strategy:

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

Activity and Performance to 31 December 2021:

Investment Position and Performance.	Uncertainty of cash flows caused by Covid measures have improved in 2021/22, however cash balances have remained high, with investments outstanding on 31 December 2021 at £353.663m (previous year £368.550m). Investment return has continued to exceed benchmark returns and benchmark comparators, for the level of risk taken, by some margin. Whilst the weighted average maturity of investments fell to 116 days from 144 days at the previous quarter, as is in line with the strategy for an increasing yield curve. The use of liquid investments yielding the lowest returns has also been minimised. For further investment detail, see **Appendix B.**
Lending List Changes.	Nearly all credit rating outlooks for Counterparties have changed to Stable from Negative as Covid impact pressures have eased. The limit of French bank CIC was increased to

£30m/1 Year from £25m/6 months as their outlooks/ratings improved. There has been no change or breach of lending limits during the period or changes to the Annual Investment Strategy that sets the Council's investment risk appetite.

The Lending List as of 31 December 2021 is shown in **Appendix C** and a full list of investments held on 31 December 2021, combined with the creditworthiness list provided by Link Asset Services (TM Advisor) is shown in **Appendix D**.

Borrowing:

***Strategy*:**

- *Long term external borrowing at start of year was £487.2m, costing 3.743%.*
- *New borrowing requirement for 2021/22 to finance capital programme was set at £111.2m.*
- *Due to increased surplus cash balances, it was agreed that internal borrowing would be increased to around 20%-25% of the capital financing requirement for 2021/22 which is around £165m. (Internal borrowing is using the Council's own internal cash balance to meet borrowing requirement).*
- *Any external long-term borrowing would be taken with the aim to reduce the overall cost of debt and for periods to ensure an even debt maturity profile.*

Activity and Performance to 31 December 2021:

Revised Borrowing Requirement.

Considering carry forward of underspend from the previous year, the borrowing requirement was revised to £173.4m. Estimated rephasing, internal borrowing and estimated underspend to 31 December 2021 brings the borrowing requirement down to £0.00m and internal borrowing estimated to be £190.0m.

Borrowing Position and Performance.

No external borrowing has been undertaken in the period to date and will not now be undertaken in 2021/22, as the borrowing requirement has been revised to zero. The effect will be to reduce capital finance charges and bring down cash balances held by the Council and is in line with recent work on analysis of the Council's Balance Sheet and Treasury Indicators, such as the new Liability Benchmark. The cost of the Council's borrowing has fallen to 3.733%, due to maturing debt to date and external debt is forecast to close at £476.122m at the year end.

Temporary Borrowing.

A total of £34.5m of temporary borrowing was undertaken in the period at an average rate of 0.0387%

	to cover liquidity requirements. It is expected that no temporary borrowing will remain outstanding on 31 March 2022.
Debt Rescheduling.	No debt rescheduling was undertaken in the period.
Prudential Indicator Limits 2021/22.	All prudential limits were met with no breaches during the period.

Appendix E shows borrowing detail and latest maturity profile on 31 December 2021.

Other Treasury Issues:

New CIPFA Prudential and Treasury Management Codes – Issued 21 December 2021.

CIPFA issued revised Prudential and Treasury Management Codes on 21 December 2021. CIPFA expects the core tenets of the new Codes to be adhered to with immediate effect, such as not borrowing from the PWLB for Commercial reasons held purely for return but have allowed a soft launch for the reporting requirements which require full compliance from 2023/24.

Key areas of change include:

Treasury Management Code of Practice:

- clear definition of Treasury, Service and Commercial Investments.
- requirement for strengthening skills and training, particularly regarding emphasis on non-treasury management investments.
- Investment Management Practices required for non-treasury management investments.
- requirement to define the purposes, objectives and management arrangements for the holding of non-treasury management investments and the inclusion of these within the Treasury Management Policy.
- inclusion of Service and Commercial investments within investment objectives and investment criteria.
- new Treasury Indicator ‘Liability Benchmark’ which introduces a ‘Gross Loans Requirement’ for external borrowing based on the net cash position required for liquid purposes.

Prudential Code:

- Quarterly reporting of Prudential Indicators from 2023/24.
- New Prudential Indicator for Service and Commercial Investments.
- Separate Commercial and Service Investment strategies desirable.

Changes from the revised codes will be implemented within the Treasury Management Strategy for 2022/23 where possible, and it is intended to refine and develop any changes over 2022/23 in readiness for full implementation in 2023/24.

MRP Review - Link Asset Services

Link Asset Services was engaged to review the Council's current MRP policy and calculations with the aim of finding savings for future MRP charges to the Revenue Account. Link has concluded their review and we are currently assessing their findings to see if any savings can be implemented. Approriate action taken will be reported in the Treasury Management Annual Report which will be presented to the Board in June 2022.

3. Consultation

a) Risks and Impact Analysis

Risk and impact analysis for treasury management forms TMP1 of the Treasury Management Practices that are required by the CIPFA Code of Practice 2017. A treasury management risk register details the main risks for treasury management and this is reviewed annually. Both the TMPs and the risk register are held in the Corporate Section of Financial Strategy at County Offices.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Movement of Key Interest Rates for 2021/22 to date and Latest Interest Rate Forecast and Economic Outlook from Link Asset Services Ltd
Appendix B	Investments: Activity and Performance at 31 December 2021
Appendix C	Authorised Lending List at 31 December 2021 and Credit Rating Key
Appendix D	Investment Analysis Review at December - Link Asset Services Ltd
Appendix E	Borrowing: Activity and Performance and Long Term Maturity Profile at 31 December 2021

5. Background Papers

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

Document title	Where the document can be viewed
Treasury Management Strategy Statement and Annual Investment Strategy 2021/22 11/3/2021	https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=687
Council Budget 2021/22 19/2/2021	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=5729

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

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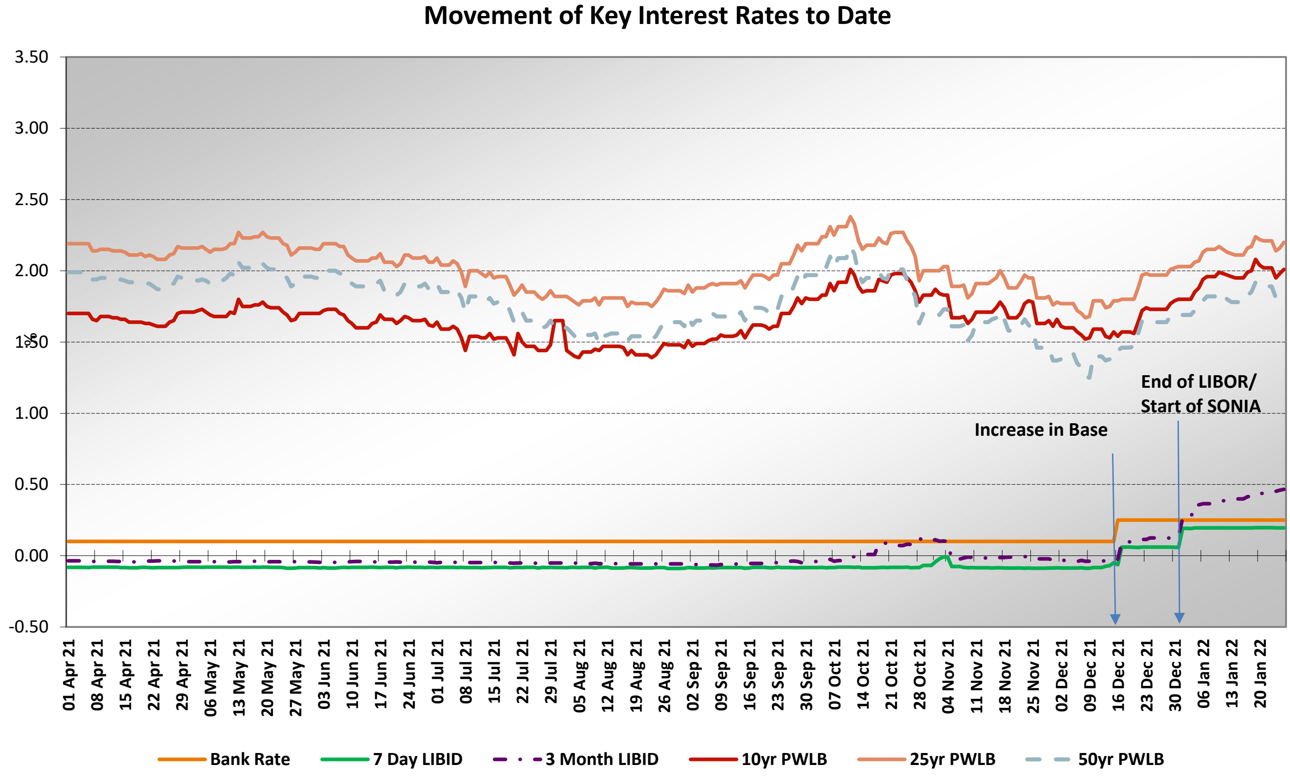


Interest Rate Forecast – Link Asset Services Ltd (20th December 2021)

The latest forecast on 20th December is compared below to the last forecast (29th September) in the previous quarter. A comparison of these forecasts shows that PWLB rates have fallen, more so in the longer maturities, and show a speed up in the rate of increase in Bank Rate as inflation is now posing a greater risk. Some of the fall in PWLB rates during December was probably due to window dressing by pension and investment funds preparing their finances for the year and quarter end position for 2021 on 31st December: it was therefore expected that part of those falls would be unwound in the new year.

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Link Group Interest Rate View	29.9.21									
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

Additional notes by Link on this forecast table: -

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until it raised it from 0.10% to 0.25% at the MPC meeting of 16th December 2021.

A summary overview of the future path of Bank Rate

- In December 2021, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak between 5 and 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- However, rising gas and electricity prices last October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflationary pressures.
- On the other hand, consumers are sitting on around £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next downturn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid mutations remain a major potential downside threat in all three years as we ARE likely to get further mutations. How quickly can science come up with a mutation proof vaccine, or other treatment, and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December 2021. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with whatever the new news is.

Economic Update – Link Asset Services Ltd - 31st December 2021

MPC meeting 16th December 2021

1. The Monetary Policy Committee (MPC) voted 8-1 to **raise Bank Rate by 0.15% from 0.10% to 0.25%** and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
2. The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over **the end of the furlough scheme on 30th September** without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
3. **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.
4. **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme ended on 30th September, (about one million people were still on furlough), was smaller and shorter than the Bank of England had feared: unemployment did not increase hugely in October. Indeed, vacancies rose to a record 1.219m in the three months to November showing there were acute shortages of labour.

5. These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron in late November potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

6. **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

7. **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues have reduced during the second half of 2021 and are likely to clear during 2022 when prices would be expected to subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

8. The Government has stepped in with some **fiscal support for the economy**, targeted mainly at the hospitality sector. Due to the huge cost of such support to date, it is likely to remain being limited and targeted on narrow sectors. The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

9. This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

10. On the other hand, it did also comment that **"the Omicron variant is likely to weigh on near-term activity".** But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

11. On top of that, there were no references in December to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

12. These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank

retained its guidance that only **a "modest tightening"** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about **raising interest rates two or three times in 2022 to 0.75% or 1.00%.**

13. In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.
14. As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).
15. **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

COVID-19 vaccines. These have been the game changer which had enormously boosted confidence that **life in the UK could largely return to normal during the second half of 2021** after a third wave of the virus threatened to overwhelm hospitals in the spring. The bursting onto the scene of **the Omicron mutation** at the end of November had threatened to cancel the Christmas holidays, but the Government decided not to impose more severe restrictions in the hope that this mild, but highly contagious variant, would not overwhelm hospitals. The big question is whether further mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

US. During 2020, US President Biden and the Democratic party pushed through a huge programme of fiscal stimulus and are still trying to get another major package approved – the American Families Plan; this is still caught up in political haggling. Financial markets were alarmed that all this stimulus was happening at a time when:-

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023.

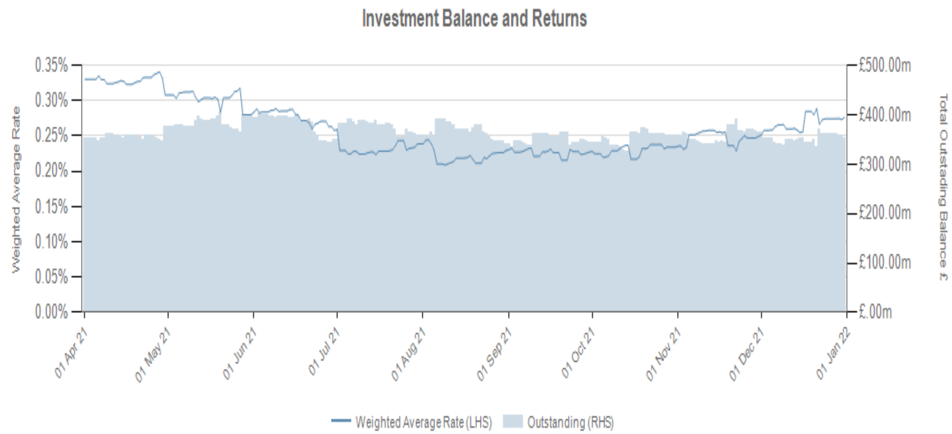
EU. The ECB joined with the Fed by also announcing on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases during the first half of 2022. Although headline inflation reached 4.9% in November, over half of that was due to energy but oil and gas prices are expected to fall sharply after the winter. As overall inflation will fall back sharply during 2022, it is likely that the ECB will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below its target rate of 2% despite all the ECB's major programmes of monetary easing by cutting rates into negative territory and providing QE support.

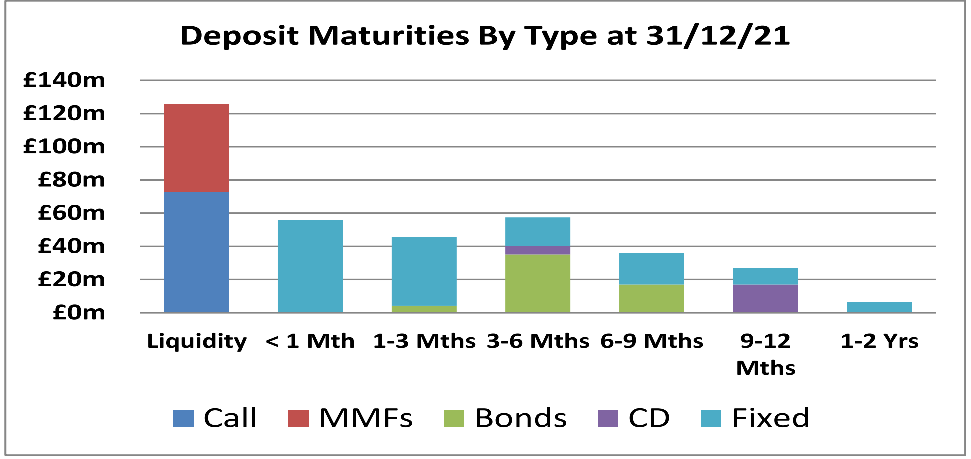
China. The pace of economic growth has now fallen back after the initial surge of recovery from the pandemic and China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. However, with Omicron having now spread to China and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future; this strategy poses a potential renewed threat to world supply chains. The People's Bank of China made a start in December 2021 on cutting its key interest rate to encourage flagging economic growth.

Japan. 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy is rebounding rapidly now that the bulk of the population is fully vaccinated, and new virus cases have plunged. However, Omicron could reverse the success of 2021 in combating Covid. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

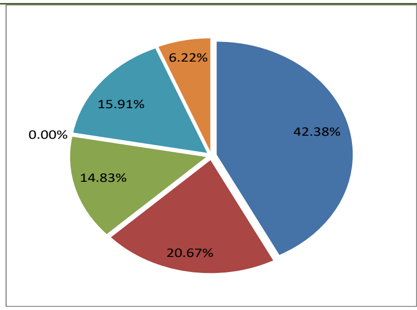
Investment Position on 31st December 2021			
Investments Outstanding 31.12.21	**Weighted Average Maturity (WAM)**	**Benchmark Return (7Day/3 Month LIBID) Annualised**	**Council Performance Annualised**
£353.663m	**116 Days**	**0.002%**	**0.258%**

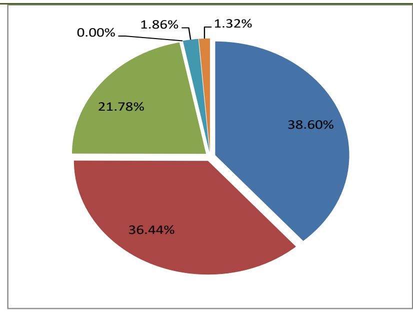


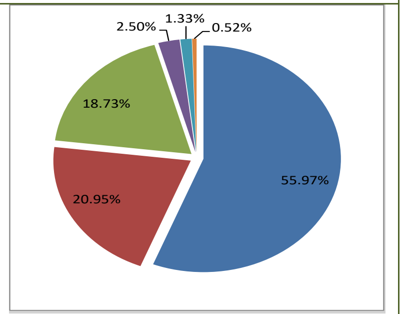


Link Benchmarking Analysis of Investments on 31st December 2021			
	LCC	**Benchmark Group (12)**	**English Counties(12)**
Return at 31.12.21	**0.28%**	**0.17%**	**0.26%**
WAM	**116**	**74**	**138**
Risk Weighted Score (Duration & Credit Quality)	**3.48**	**3.39**	**3.04**
Model Banding- Expected Return for Risk Taken	**0.21% - 0.30%**	**0.11% - 0.19%**	**0.22% - 0.30%**

0.291%	**Fixed Deposits**
0.414%	**Call & O/N**
0.486%	**CDs**
0.166%	**Bonds**
0.074%	**MMFs**
0.000%	**Enhanced MMFs**







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Appendix C

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

Country			Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	Sovere	For Trea CDS Overlay
	1	**Other Local Authorities**	30 each	24 Months					
	2	**Debt Management Account Deposit Facility**	50	6 Month					
	3	**UK Banks :**							
		# HSBC Group	**30**	**365 Day**					
UK		HSBC Bank Plc (RFB)	30	365 Day	365 Day	NO	AA-	AA-	365 Day
		HSBC 31 Day Notice Account	30	365 Day					
		HSBC Evergreen Notice Account	30	365 Day					
		# RBS Group - Part Nationalised	**50**	**365 Day**					
UK		National Westminster BankPlc (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	AA-	365 Day
UK		**# LloydsHBOS Group**	**25**	**365 Day**					
		Lloyds TSB Bank Plc (RFB)	25	6 Months	6 Months	SB	A+	AA-	6 Months
		Bank of Scotland PLC (RFB)	25	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Barclays Bank PLC (NRFB)	25	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Close Brothers Ltd	25	6 Months	6 Months	SB	A-	AA-	6 Months
UK		Nationwide Building Society	25	6 Months	6 Months	SB	A	AA-	6 Months
UK		Santander Uk PLC	25	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Standard Chartered Bank	25	6 Months	6 Months	NO	A+	AA-	6 Months
	4	**Other Banks**							
AUS		Australia & New Zealand Banking Group	30	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Commonwealth Bank of Australia	30	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		National Australia Bank	30	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Macquarie Bank Ltd.	25	6 Months	6 Months	SB	A	AAA	6 Months
AUS		Westpac Banking Corporation	30	365 Day	365 Day	SB	A+	AAA	365 Day
		# BNP Paribas Group	**30**	**365 Day**					
BEL		BNP Paribas Fortis	25	6 Months	6 Months	NO	A+	AA-	6 Months
FRA		BNP Paribas	30	365 Day	365 Day	SB	A+	AA	365 Day
CAN		Bank of Montreal	30	365 Day	365 Day	NO	AA-	AA+	365 Day
CAN		Bank of Nova Scotia	30	365 Day	365 Day	NO	AA-	AA+	365 Day
CAN		Canadian Imperial Bank Commerce	30	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		National Bank of Canada	25	6 Months	6 Months	SB	A+	AA+	6 Months
CAN		Royal Bank of Canada	30	365 Day	365 Day	SB	AA	AA+	365 Day
CAN		Toronto Dominion Bank	30	365 Day	365 Day	SB	AA-	AA+	365 Day
DEN		Danske A/S	25	6 Months	6 Months	SB	A	AAA	6 Months
FRA		Credit Industriel et Commercial	30	365 Day	365 Day	SB	A+	AA	365 Day
FRA		Societe Generale	25	6 Months	6 Months	SB	A-	AA	6 Months
FIN		Nordea Bank Abp	30	365 Day	365 Day	SB	AA-	AA+	365 Day
FIN		OP Corporate Bank	30	365 Day	365 Day	SB	AA-	AA+	365 Day
GER		DZ Bank AG	30	365 Day	365 Day	SB	AA-	AAA	365 Day
GER		Landesbank Hessen-Thueringen Girozentrale (Heleba)	25	6 Months	6 Months	SB	A+	AAA	6 Months
NETH		Bank Nederlande Gemeenten	30	24 Months	24 Months	SB	AAA	AAA	24 Months
NETH		Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	30	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		ING Bank NV	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		DBS Bank Ltd	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		Oversea Chinese Banking Corporation Ltd	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		United Overseas Bank	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SWITZ		UBS AG	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SWITZ		Credit Suisse AG	25	6 Months	6 Months	NO	A	AAA	6 Months
SWE		Skandinaviska Enskilda Banken AB	30	365 Day	365 Day	SB	AA-	AAA	365 Day
SWE		Swedbank AB	30	365 Day	365 Day	PO	A+	AAA	365 Day
		# Svenska Group	**30**	**365 Day**					
SWE		Svenska Handelsbanken AB	30	365 Day	365 Day	SB	AA	AAA	365 Day
UK		Handelsbanken Plc	30	365 Day	365 Day	SB	AA	AA-	365 Day
		Svenska Handelsbanken - 35 Day Notice Account	30	365 Day	365 Day				365 Day
		Svenska Handelsbanken- 10 Day Notice Account	30	365 Day	365 Day				365 Day
		Svenska Handelsbanken- Call Account	30	365 Day	365 Day				365 Day
USA		Bank of New York Mellon	30	24 Months	24 Months	SB	AA	AAA	24 Months
USA		Bank of America NA	30	365 Day	365 Day	SB	AA	AAA	365 Day
USA		JP Morgan Chase Bank NA	30	365 Day	365 Day	SB	AA	AAA	365 Day
	5	**AAA Money Market Funds**							
		# MMF Group	**200**	**24 Months**					
		HSBC Global Liquidity Fund	30	24 Months			AAA		
		Morgan Stanley Sterling Liquidity Fund	30	24 Months			AAA		
		Deutsche Managed Sterling Fund	30	24 Months			AAA		
		Insight GBP Liquidity Fund	30	24 Months			AAA		
		Aberdeen Standard Liquidity Fund	30	24 Months			AAA		

 # Group Limit of applies where indicated.

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

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

Any adverse press comments concerning borrowers/potential borrowers should be referred to M Grady / S Maycock / K Tonge / N Kay / B Abioye

Revised: 31st Dec 2021

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

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

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

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

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

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

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

Sovereign Ratings (Fitch)

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

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

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

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

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

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

Money Market Fund Rating (Moodys)

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

Credit Default Swap (CDS) Spreads

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

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

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LINK Group

Lincolnshire County Council

Monthly Investment Analysis Review

December 2021

Monthly Economic Summary

General Economy

The Flash (i.e. provisional) Manufacturing PMI dropped to a 3-month low of 57.6 in December from 58.1 in November, in line with market expectations. Notably, the Backlogs of Work sub-index dipped from 58.6 to 51.8 in December, signalling the slowest accumulation of work-in-hand since February. This was helped by reduced pressure on supply chains, as signalled by the least marked lengthening of delivery times for 12 months. The Flash Services PMI, meanwhile, fell more sharply to 53.2 in December, down from 58.5 in November, missing market forecasts of 57.0. This reading signalled a sharp slowdown in service sector growth to the lowest since February, amid reports of a negative impact on customer demand from Omicron variant restrictions. However, underlying components did suggest that rising employment levels contributed to the slowest accumulation of unfinished work since March while input cost inflation also eased from record highs. As a result of the fall in the Services PMI, the Flash Composite PMI (which incorporates both sectors), dropped to 53.2 in December from 57.6 in November, missing market expectations of 56.4. Meanwhile, the Construction PMI (which is released one month behind), rose to 55.5 in November from 54.6 in October and well ahead of market expectations of 54.2. This indicated a robust and accelerated expansion of overall construction activity.

By expanding just 0.1% m/m compared to expectations of a 0.4% gain, GDP data for October suggested that economic growth was anaemic even before the contemplation of COVID restrictions being re-introduced following the discovery of the Omicron variant in November. For the second month in a row, this weakness was evident in the breakdown of GDP, which confirmed that the biggest contributor to growth came from a 2.6% rise in health output as more people visited their GP. Absent this growth, GDP would have contracted during the month. Foreign trade continued to drag on GDP, although the UK's trade deficit did narrow to £2.03 billion in October from September's eight-month high of GBP 2.78 billion. Both exporters and importers reported challenges emanating from Brexit, the pandemic, rising energy prices and supply chain disruption.

Whilst employment rose by 149,000 in the three months to October, more notable was that employment fell by 143,000 during the single month of October, following the end of the furlough scheme. Combined with the rise of 78,000 in unemployment reported in the month (which left the unemployment rate at 4.2%), this suggests that there was some modest deterioration in the labour market following the scheme's end. However, the fall of 49,800 in the number of people claiming unemployment benefits and the 275,000 rise in the PAYE measure of company payrolls both observed in November suggests that the deterioration was short-lived. The rise in the number of vacancies from 1.18m to a record 1.22m in the three months to November also suggests that the supply of labour struggled to keep pace with demand during the period. Against this backdrop, average weekly earnings including bonuses increased 4.9% y/y in the three months to October, the smallest gain in seven months but above market forecasts of 4.6%.

UK inflation, as measured by the Consumer Price Index (CPI), jumped to 5.1% y/y in November from 4.2% in October, reaching its highest rate since December 2011. In the process, the CPI exceeded both market forecasts of 4.7% and the Bank of England's own forecast of 4.5% made in November's Monetary Policy Report. Much of the increase was driven by rising energy prices, supply chain disruptions and a low base effect from last year. Whilst some of these effects were due to one-off factors, rises in food prices, housing rents and second hand car prices provided evidence of more persistent price pressures. Ultimately, these signs of "greater persistence in domestic costs and price pressures" saw the Monetary Policy Committee (MPC) raise Bank Rate to 0.25% during the month. Although this move was in keeping with Link's forecasts, it surprised the market, which had expected the MPC to delay raising rates until it had greater clarity surrounding the impact of the Omicron variant on economic growth.

Retail sales, meanwhile, rose 1.4% m/m in November, exceeding forecasts of a 0.8% increase, with retailers noting strong trading related to “Black Friday”. Reports also suggested that worries about shortages and shipping delays prompted some households to do their Christmas shopping early. Despite this rise, sales remained 0.7% lower than a year ago. The outsized monthly gain in retail sales was followed by a 1 point fall in the GFK Consumer Confidence index to -15 in December amid concerns over the Omicron variant.

Although public sector net borrowing fell to £17.4bn in November from £18.8bn in October, it exceeded both market forecasts of £16.0bn and the OBR’s forecast of £14.2bn. This was reportedly due to an increase in debt interest costs and additional spending on both the NHS Test and Trace and vaccine booster programmes. As a result, borrowing reached £136.0 billion in the financial year-to-November, £115.8 billion less than in the same period in 2020 but almost triple three times its level during April-November 2019.

The US economy added just 210,000 jobs in November, well below market expectations of 550,000, as employers continued to report difficulties in hiring and retaining workers amid a strong economic recovery. This saw the unemployment rate fall to 4.2% in November, the lowest since February 2020 and well below market expectations of 4.5%. The US economy grew by an annualised 2.3% during Q3 2021, slightly higher than 2.1% according to the second estimate and following a 6.7% expansion in Q2. Against this backdrop, price growth (as measured by the Federal Reserve’s preferred Personal Consumption Expenditure deflator) reached 5.7%y/y in November, well ahead of the Fed’s 2% target. These "inflation developments and the further improvement in the labour market" saw the Federal Reserve signal during its December meeting (via its “dot plot” chart outlining individual member expectations) that it may raise rates (from 0-0.25% currently) three times in 2022 and 2023 and twice more in 2024. The Fed also announced plans to accelerate its QE taper, which would see the current programme of bond purchases end in March.

The Eurozone economy advanced 2.2% q/q in Q3 2021, following upwardly revised 2.2% growth in Q2, matching initial estimates. The final reading of inflation for November confirmed an increase to 4.9% y/y from 4.1% in October, representing the highest reading since July 1991 but in line with preliminary estimates. While energy prices (which rose 27.5% y/y) accounted for much of the rise, core inflation (which excludes energy, food, alcohol and tobacco) also reached a record high 2.6% rate. Although the ECB reiterated at its December meeting that the rise in inflation was expected to be transitory, the central bank announced that it would reduce the pace of its asset purchases under its €1.85 trillion PEPP next quarter and wind down the scheme in March 2022, citing progress on economic recovery and towards its medium-term inflation target.

Housing

The Halifax reported that house prices rose 1% m/m in November whilst Nationwide reported the same monthly gain in December. This left prices 8.2% and 10.4% higher than a year ago respectively.

Currency

The MPC’s unexpected Bank Rate rise helped Sterling gain ground against both the US Dollar and the Euro this month.

December	Start	End	High	Low
GBP/USD	$1.3318	$1.3497	$1.3497	$1.3208
GBP/EUR	€1.1750	€1.1911	€1.1911	€1.1663

Forecast

Link Group left its forecast for Bank Rate unchanged in December.

Bank Rate	Now	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Link Group	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
Capital Economics	0.25%	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	-	-

Lincolnshire County Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Deutsche	30,000,000	0.02%		MMF	AAAm	
MMF Morgan Stanley	22,435,000	0.05%		MMF	AAAm	
Close Brothers Ltd	10,000,000	0.25%	02/07/2021	04/01/2022	A-	0.001%
DBS Bank Ltd	5,000,000	0.12%	25/06/2021	04/01/2022	AA-	0.000%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	11,650,000	0.10%	05/07/2021	05/01/2022	A-	0.001%
Northumberland County Council	5,000,000	0.45%	06/01/2021	05/01/2022	AA-	0.000%
Kingston Upon Hull City Council	5,000,000	0.45%	08/01/2021	07/01/2022	AA-	0.000%
Cardiff City Council	2,000,000	1.55%	10/01/2020	10/01/2022	AA-	0.001%
Cambridgeshire County Council	5,000,000	0.40%	18/01/2021	17/01/2022	AA-	0.001%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	7,050,000	0.11%	16/04/2021	17/01/2022	A-	0.002%
Close Brothers Ltd	5,000,000	0.25%	30/07/2021	31/01/2022	A-	0.004%
HSBC UK Bank Plc (RFB)	20,000,000	0.30%		Call31	A+	0.004%
Australia and New Zealand Banking Group Ltd	10,000,000	0.13%	02/07/2021	02/03/2022	A+	0.008%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	6,300,000	0.11%	06/09/2021	07/03/2022	A-	0.009%
DBS Bank Ltd	10,000,000	0.11%	15/09/2021	15/03/2022	AA-	0.005%
Cooperatieve Rabobank U.A.	2,926,274	0.17%	18/05/2021	23/03/2022	A+	0.011%
Cooperatieve Rabobank U.A.	1,290,845	0.16%	23/06/2021	23/03/2022	A+	0.011%
West Dunbartonshire Council	5,000,000	0.42%	24/03/2021	23/03/2022	AA-	0.005%
Close Brothers Ltd	5,000,000	0.25%	27/09/2021	28/03/2022	A-	0.011%
DBS Bank Ltd	5,000,000	0.13%	30/09/2021	30/03/2022	AA-	0.006%
Barclays Bank UK PLC (RFB)	18,100,000	0.30%		Call95	A	0.012%
National Westminster Bank Plc (RFB)	5,000,000	0.16%	29/04/2021	29/04/2022	A	0.015%
DBS Bank Ltd	5,000,000	0.36%	04/11/2021	04/05/2022	AA-	0.008%
Cambridgeshire County Council	5,000,000	0.62%	16/10/2020	16/05/2022	AA-	0.009%
National Bank of Canada	2,370,000	0.26%	19/11/2021	19/05/2022	A	0.018%
OP Corporate Bank plc	10,232,731	0.17%	02/06/2021	20/05/2022	AA-	0.009%
Close Brothers Ltd	5,000,000	0.40%	25/11/2021	25/05/2022	A-	0.019%
Nordea Bank Abp	3,067,511	0.15%	11/08/2021	02/06/2022	AA-	0.010%
Nordea Bank Abp	5,026,991	0.16%	19/07/2021	02/06/2022	AA-	0.010%
Nordea Bank Abp	5,111,675	0.15%	02/07/2021	02/06/2022	AA-	0.010%
Bank of Nova Scotia	2,466,771	0.13%	05/08/2021	08/06/2022	A+	0.021%
Bank of Nova Scotia	2,590,160	0.13%	05/08/2021	08/06/2022	A+	0.021%
Bank of Montreal	1,014,545	0.17%	23/06/2021	21/06/2022	A+	0.022%
Bank of Montreal	4,058,966	0.15%	23/06/2021	21/06/2022	A+	0.022%
National Australia Bank Ltd	1,518,618	0.16%	19/08/2021	27/06/2022	A+	0.023%
Santander UK PLC	25,000,000	0.58%		Call180	A	0.023%
Australia and New Zealand Banking Group Ltd	10,000,000	0.43%		Call185	A+	0.024%
BNP Paribas	7,067,614	0.17%	10/09/2021	16/08/2022	A+	0.029%

Lincolnshire County Council

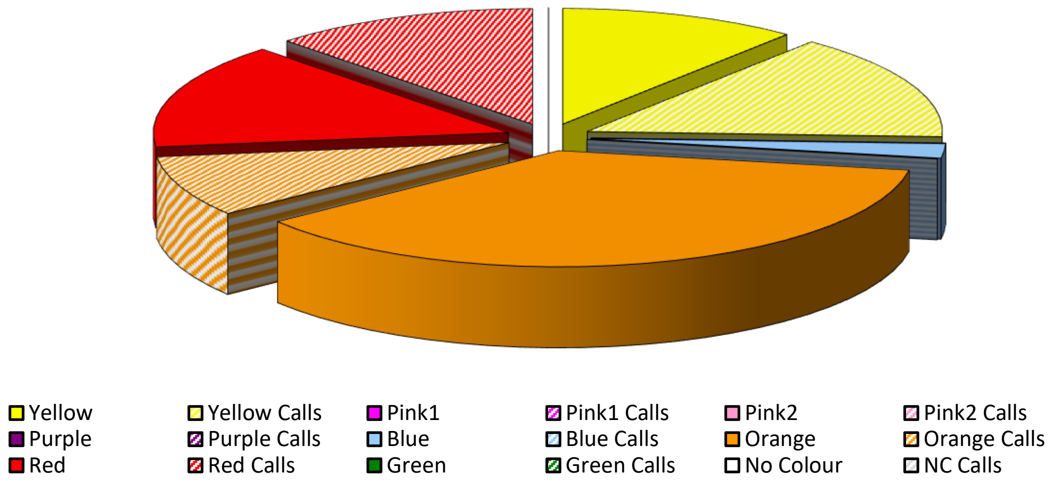
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
BNP Paribas	4,837,185	0.22%	06/08/2021	16/08/2022	A+	0.029%
BNP Paribas	5,047,992	0.18%	15/09/2021	16/08/2022	A+	0.029%
Toronto Dominion Bank	10,000,000	0.21%	13/09/2021	13/09/2022	AA-	0.016%
Australia and New Zealand Banking Group Ltd	4,000,000	0.25%	20/09/2021	19/09/2022	A+	0.034%
Broxbourne Borough Council	5,000,000	0.18%	05/10/2021	04/10/2022	AA-	0.018%
Toronto Dominion Bank	10,000,000	0.51%	15/10/2021	14/10/2022	AA-	0.018%
Toronto Dominion Bank	10,000,000	0.70%	19/10/2021	18/10/2022	AA-	0.019%
Bank of Montreal	5,000,000	0.70%	05/11/2021	04/11/2022	A+	0.040%
National Westminster Bank Plc (RFB)	2,000,000	0.65%	24/11/2021	23/11/2022	A	0.042%
Slough Borough Council	6,500,000	0.33%	05/05/2021	04/05/2023	AA-	0.029%
Total Investments	**£353,662,875**	**0.27%**				0.013%

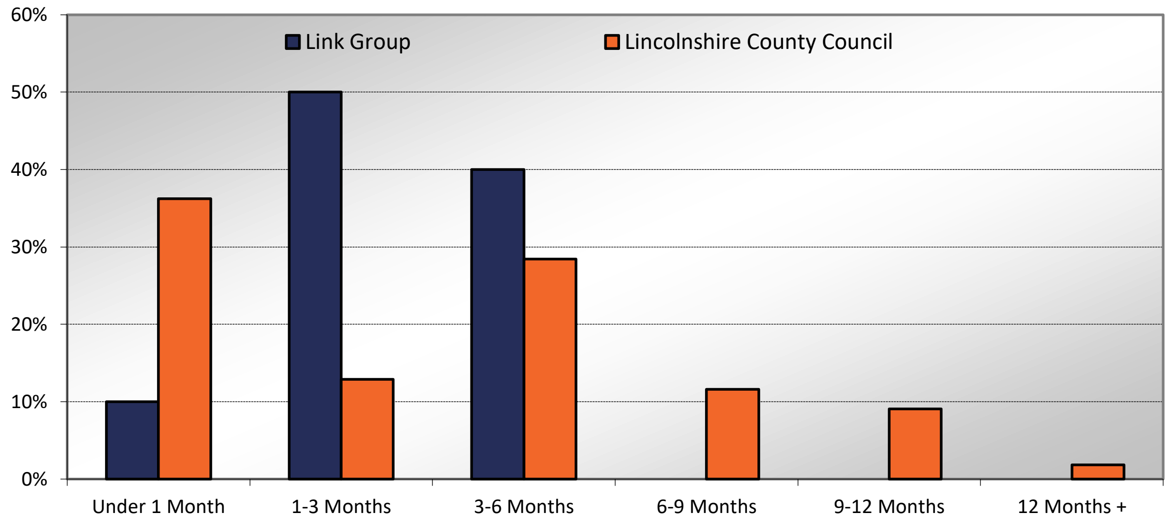
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to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

Lincolnshire County Council

Portfolio Composition by Link Group's Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



Portfolios weighted average risk number = 3.48

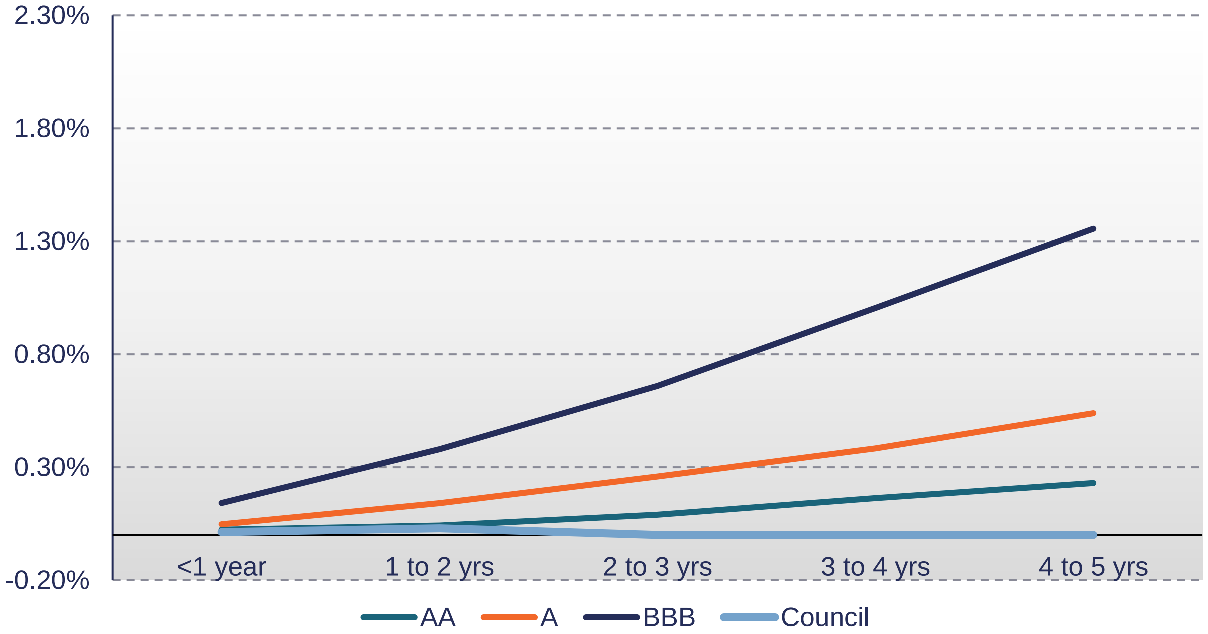
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	25.71%	£90,935,000	57.66%	£52,435,000	14.83%	0.22%	64	200	151	472
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	1.98%	£7,000,000	0.00%	£0	0.00%	0.30%	178	365	178	365
Orange	45.31%	£160,257,875	18.72%	£30,000,000	8.48%	0.27%	159	265	176	308
Red	26.99%	£95,470,000	45.15%	£43,100,000	12.19%	0.32%	89	173	44	196
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£353,662,875**	**35.50%**	**£125,535,000**	**35.50%**	**0.27%**	**116**	**226**	**142**	**312**

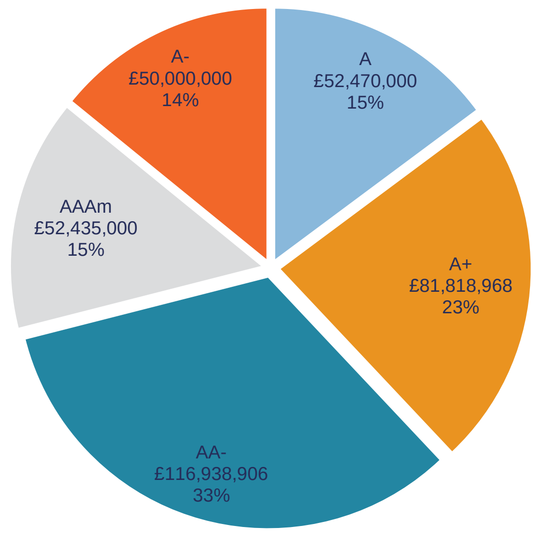
Lincolnshire County Council

Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.23%
A	0.05%	0.14%	0.26%	0.38%	0.54%
BBB	0.14%	0.38%	0.66%	1.01%	1.36%
Council	0.01%	0.03%	0.00%	0.00%	0.00%

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

Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

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

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

Lincolnshire County Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
03/12/2021	1862	Norddeutsche Landesbank Girozentrale	Germany	The Support Rating was withdrawn. At the same time all other ratings were affirmed.
22/12/2021	1867	Bank of Montreal	Canada	The Support Rating was withdrawn. At the same time all other ratings were affirmed.

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
10/12/2021	1863	Co-operative Bank PLC (The)	United Kingdom	The Long Term Rating was upgraded to 'Ba3' from 'B2'.

Lincolnshire County Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
15/12/2021	1864	Standard Chartered Bank	United Kingdom	The Long Term Rating was upgraded to 'A+' from 'A'. At the same time all other ratings were affirmed.
16/12/2021	1865	Danske A/S	Denmark	The Long Term Rating was upgraded to 'A+' from 'A'. At the same time the Outlook on the Long Term Rating was changed to Negative from Stable and all other ratings were affirmed.
16/12/2021	1866	Credit Industriel et Commercial	France	The Long Term Rating was upgraded to 'A+' from 'A'. At the same time the Short Term Rating was affirmed.

Whilst Link Group makes every effort to ensure that all the information it provides is accurate and complete, it does not guarantee the correctness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. All information supplied by Link Group should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision. The Client should not regard the advice or information as a substitute for the exercise by the Client of its own judgement.

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Appendix E

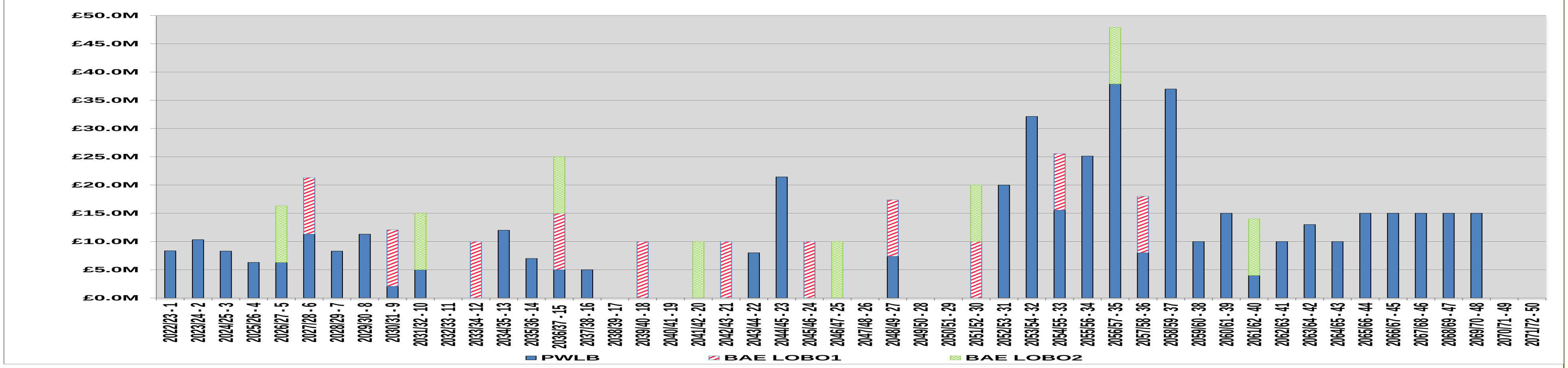
Borrowing: Activity & Performance and Long-Term Maturity Profile on 31st December 2021

Long Term Borrowing Position at 31st December 2021

External Borrowing Position 31/12/2021 and Forecast for 2021/22		
Borrowing Position1/4/2021	£487.186m	3.743%
New Borrowing Taken to 31/12/21	£0.000m	
Debt Repaid to 31/12/2021	-£11.064m	
Borrowing Position 31/12/2021	**£476.122m**	**3.733%**
Further action required in 2021/22:		
Remaining Borrowing Requirement 2021/22	£0.000m	
Further Debt Repayments Due	-£0.000m	
Projected Borrowing at 31/3/2022	**£476.122m**	**3.733%**

Borrowing Requirement Position at 31/12/2021	
Borrowing Requirement 2021/22	£111.213m
Plus Carry Forward from 2020/21	£62.224m
	£173.437m
Less adjustment for Internal Borrowing, Projected Underspends/Rephasing & Voluntary Repayments. (Estimate)	(£173.437m)
	£0.000m
Less Borrowing Taken- to 31/12/2021	(£0.000m)
Remaining Borrowing Requirement 2021/22 at 31.12.2021	**£0.000m**

Long Term Borrowing Maturity Profile At 31st December 2021 (External Borrowing)



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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2022/23**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on the Treasury Management Strategy Statement 2022/23, including the Annual Investment Strategy for Treasury Investments 2022/23, which is due to be considered by the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) between 14 and 18 March 2022. The views of the Board will be reported to the Leader of the Council as part of his consideration of this item.

Actions Required:

The Overview and Scrutiny Management Board is invited to:-

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

2) agree any additional comments to be passed on to the Leader of the Council in relation to this item.

1. Background

The Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) is due to consider the Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2022/23 between 14 and 18 March 2022. The full report to the Leader of the Council is attached at Appendix 1 to this report. The key points of the report are highlighted below.

Key Points Summary

- The Treasury Management Strategy and Annual Investment Strategy set the framework for how we manage cash flows, borrowings, treasury investments and risk. The sums involved are significant. Non-treasury investments made for service reasons have a different risk profile and are covered in a separate Capital Strategy that is included along with the County Council Budget 2022/23.

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

- CIPFA published revised Treasury Management and Prudential Codes in December 2021 and stated that formal adoption is not required until the 2023/24 financial year. The main implications of the new codes revolve around setting new policy and procedures for non-treasury investments, but also includes a requirement for a new Skills and Knowledge framework and the introduction of a Debt Liability Benchmark Indicator for setting external borrowing/liquidity investment levels.

- The Council pools the cash of the Pension Fund within the surplus Council cash balances for investment in line with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. This cash can include both the day-to-day cash balances of the Pension Fund and also its Strategic Asset Allocation of cash from time to time. Pension Fund cash is forecast to be around £60m at the year end.

- The MPC increased Bank Rate to 0.50% on 3 February 2022 and a further three 0.25% increases are expected by November 2022 to control the spike in inflation. Rates are then expected to level out after this to 2025 as the MPC will switch its focus to supporting growth, once inflation is back to its 2% target. The yield curve for long term interest rates has flattened with little between yields available in any periods. After a period of increase in long term rates in December 2021, there is little further increase expected out to 2025, albeit with significant volatility expected over this period.

- The Covid-19 pandemic impacts appears to be subsiding. Predictions for Economic Growth have been revised down to 3.25% from 3.75% as Consumer demand will take a hit when real incomes are affected by higher inflation. CPI inflation is forecast to peak in April to 7.25% and the MPC are taking measures to bring this down in the near term. Once inflation returns to target levels, there is forecast to be a period of stagnation again with interest rates forecast to remain flat as measures are taken to support Economic Growth.

- The Council has a significant borrowing requirement over the next three years to meet its capital expenditure plans. In accordance with the requirements of the new revised CIPFA Code 2021, the Debt Liability Benchmark has been calculated, (shown in Annex C of the attached Report). This benchmark focuses on what level of borrowing is required in order to keep investments at a level of £100m to meet liquidity needs. The graph indicates that no external borrowing is needed in 2022/23 which should bring investment balances down, but further work will be done during the year to refine this benchmark before any action is followed.

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

- The Council's Minimum Revenue Provision (MRP) policy is covered in Annex D and details how the Council will set aside cash resource from Revenue each year to repay borrowing. The level of MRP forms Prudential Indicator Number 6 as shown in Annex C. A review of the Council's current MRP policy was undertaken in 2021/22 with Link Asset Services, and this review has identified a £7.6m correction to MRP from errors in accounting going back to 2009/10. This correction will be made to the 2021/22 MRP and the resulting underspend in Capital Financing Charges carried forward to 2022/23. Further findings from the Link review will be pursued in the forthcoming year.

- Prudential Indicator Number 6 also shows that the Council’s cost of borrowing plans remain well within the limit set of 10% of Net Revenue. See Annex C for the forecasting period to 2023/24.

- Giving consideration to current borrowing and investment factors highlighted the key elements of the Council’s borrowing and investment strategies for 2022/23 and are highlighted in the green sections of the report. (See paras 2.3.6 and 2.4.6).

- Cash balances of the Council are returning to pre-Covid levels and are forecast to be around £250m net of Pension Fund cash for 2022/23. If no external borrowing is undertaken in 2022/23 as per the Debt Liability Forecast, then cash balances should come down to around £100m needed for liquidity purposes only.

- The Council's risk appetite for treasury investments remains low, its priorities will remain security first; liquidity second then finally yield. There will be a review of Enhanced Money Market Funds during 2022/23. These funds offer slightly higher yields than existing funds but have different risk parameters and access restrictions. Approval will be sought from the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) prior to opening any new funds or changing the risk profile of treasury investments.

2. Conclusion

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

3. Consultation

The Board is being consulted on the proposed decision of the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) between 14 and 18 March 2022.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Report to the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) on the Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2022/23.

5. Background Papers

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

Document title	Where the document can be viewed
County Council Budget 2022/23 - 18 February 2022	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=6140
LCC Treasury Management Policy Statement and Treasury Management Practices	Lincolnshire County Council, Resources

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

APPENDIX 1

Lincolnshire COUNTY COUNCIL Working for a better future

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

Report to:	**Councillor M J Hill, OBE, Leader of the Council (Executive Councillor for Resources, Communications and Commissioning)**
Date:	**Between 14 and 18 March 2022**
Subject:	**Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2022/23**
Decision Reference:	**I025456**
Key decision?	**No**

Summary:

The Treasury Management Strategy Statement is an annual statement that sets out the expected treasury activities for the forthcoming year 2022/23. These activities include the Council's expected borrowing and treasury investments, cashflows and banking.

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

This report meets the requirements of the 2017 CIPFA Code of Practice for Treasury Management in the Public Sector, (adopted in the Council's Financial Regulations), and also the Local Governement Act 2003 and MHCLG Government Guidance. Elements of the 2021 CIPFA Code of Practice and Prudential Code, issued in December 2021, have been introduced in this report, but full adoption of these Code revisions will be included in the Strategy for 2023/24.

Approval for this Strategy Statement and Annual Investment Stategy is required by the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning).

Recommendation:

That the Leader of the Council Leader of the Council (Executive Councillor for Resources, Communications and Commissioning):

Approves the Treasury Management Strategy Statement for 2022/23, including the Annual Investment Strategy Statement for Treasury Investments 2022/23 and the Minimum Reveunue Provision Policy Statement contained within the Statement for the year ahead.

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

Reasons for Recommendation:

The Council's Financial Regulations require the Council to prepare annually a Treasury Management Strategy Statement (including an Annual Investment Strategy Statement for Treasury Investments and a Minimum Revenue Provision Policy Statement).

The strategies proposed in this Report have been developed with regard to relevant Guidance and in accordance with the Council's financial policies. They are aligned to the Council's Prudential Indicators. The advice of the Council's Treasury Management advisor has been taken during the course of developing the strategy and the proposals in this report are considered to be the most appropriate approach for the Council to adopt.

1. INTRODUCTION / BACKGROUND

1.1. Background

1.1.1. CIPFA defines treasury management as:

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

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

• Cash Flow	Cash raised during the year meets cash expenditure as part of a balanced budget. This cash flow is planned and managed to ensure cash is available when needed. (Investing surplus cash or short-term borrowing for predicted shortfalls).
• Investing Surplus Monies	Surplus monies are invested in accordance with the Council's low risk appetite and in line with its liquidity requirements. The Council outlines its investment policy and investment risk appetite within its **Annual Investment Strategy**. Risk appetite is low as security of investments is paramount over any returns made.

• Borrowing (Long Term) to fund Capital Plans.	The Council's capital plans provide a guide to the longer-term borrowing need of the Council; essentially longer term cash flow planning. Both external and internal borrowing, (using long term cash surpluses), is done to manage this long-term cash flow requirement.

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

1.2. Relevant Treasury Management Regulation / Legislation

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

- The Local Government Act 2003.
- CIPFA Prudential Code 2017/2021.
- MHCLG MRP Guidance 2018.
- CIPFA Treasury Management Code 2017/2021.
- MHCLG Investment Guidance 2018.

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

CIPFA published revised Treasury Management and Prudential Codes on 20 December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The revised Codes will have the following implications:

- attribute all investments and investment income to one of the following three purposes: **Treasury Management**, **Service Delivery** and **Commercial Return**;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a **proportionate approach to commercial and service capital investment** by setting appropriate Prudential Indicators;
- create new **Investment Practices** to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- require implementation of a policy to review **commercial property**, with a view to divest where appropriate;
- a new requirement to clarify **reporting requirements for service and commercial investment**, (especially where supported by borrowing/leverage);
- a requirement for the Council to adopt a new **debt liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement;

- ensure that any **long term treasury investment** is supported by a business model;
- a requirement to **effectively manage liquidity and longer term cash flow requirements**;
- address **Environmental, Social and Governance (ESG) issues** within the Capital Strategy;
- amendment to TMP1 to address **ESG policy** within the treasury management risk framework;
- amendment to the **knowledge and skills register** for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council.

These new implications will be developed throughout the year and reported on fully within the 2023/24 Treasury Management and Capital Strategies. The debt liability benchmark for 2022/23 will be reported in this Report for reference but developed and adhered to fully in the 2023/24 financial year.

1.3. Reporting Requirements: Treasury Management

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

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

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

1.4. Treasury Management Training

1.4.1. The importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them are recognised by the Council and it is the responsibility of the Section 151 Officer to implement the necessary arrangements to ensure this takes place.

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

1.4.3. All treasury management staff are encouraged to take any suitable training in treasury management provided by CIPFA, Link Asset Services Ltd or other relevant market participant. The Treasury Manager, Treasury Officer and Corporate Head of Finance for the Council have all successfully gained the CIPFA/ACT qualification in International Treasury Management (Public Finance) (Cert ITM-PF).

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

1.5. External Service Providers: Treasury Management

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

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

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

1.6. Pension Fund Cash

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

1.7. Non-Treasury Investments

1.7.1. The CIPFA Codes and Government Guidance were revised in 2017/2018 to include requirements for **non-treasury investments**. In the 2021 Code non-treasury investments have been further split into investments for **Service Delivery** and investments for **Commercial Return**.

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

1.7.3. Non-treasury investments held by the Council are therefore not covered within this Treasury Strategy but are reported within the Council's **Capital Strategy 2022/23**, which will be presented to Full Council for approval on 18 February 2022 along with the County Council Budget for 2022/23. The risks of holding these types of investment and how the Council manages these risks are fully explained within the Capital Strategy as they differ to the risks relating to Treasury Investments as outlined in this document.

2. TREASURY MANAGEMENT STRATEGY STATEMENT 2022/2023

2.1. Introduction

2.1.1. The Treasury Management Strategy for 2022/23 is based upon the capital and revenue expenditure plans of the Council and the Treasury Officers' current views on interest rates for the year ahead.

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

1- Prospect For Interest Rates 2022 to 2025 and Economic Commentary	
2- Borrowing	
- Borrowing Requirement 2021/22 to 2024/25	
- Associated Prudential Indicators (PI), including:	
▪ Capital Expenditure and Financing Plans.	PI 1
▪ Capital Financing Requirement & Debt Liability Benchmark.	PI 2,9
▪ Affordable Borrowing Limit 2022/23 to 2024/25.	PI 3
▪ **Minimum Revenue Provision (MRP) Policy.**	**PI 6**
▪ Borrowing in Advance of Need Policy.	PI 13
▪ Interest Rate Exposure Re Borrowing.	PI 12
- Debt Rescheduling.	
- Borrowing Performance Benchmark.	
- Long Term Borrowing –Factors for Consideration 2022/23.	
- **Long Term Borrowing Strategy for 2022/23.**	
3- Investments	
- Annual Investment Strategy for Treasury Investments 2022/23	
- Interest Rate Exposure re Investments.	PI 12
- Short Term and Long-Term Cash Flow Management.	
▪ Liquidity of Investments.	PI 11
- Treasury Investment Performance Benchmark.	
- Treasury Investments – Factors for Consideration 2022/23.	
- Treasury Investment Strategy for 2022/23.	

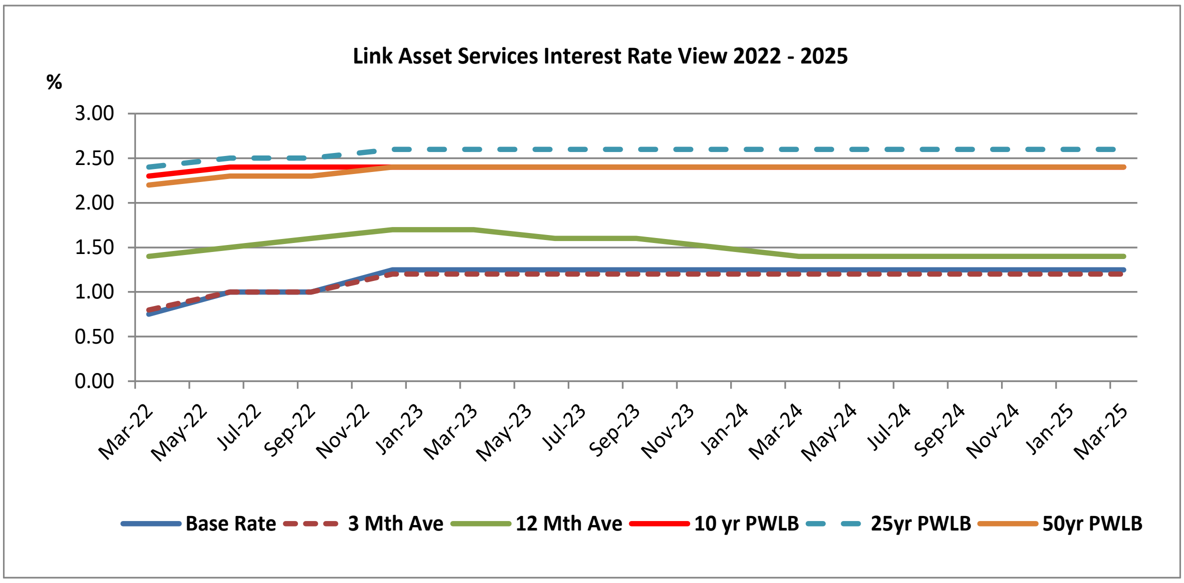
2.1.3. To place this Treasury Management Strategy in context, the table below shows the Council's net treasury portfolio position on 31 December 2021 compared to the start of the year, with associated average percentage costs/returns. It shows the net borrowing position of the Council as follows:

	1 Apr 2021		31 Dec 2021	
	Principal £m	Ave Rate %	Principal £m	Ave Rate %
PWLB Debt	**(467.186)**	**3.75%**	**(456.122)**	**3.72%**
LOBO Debt	**(20.000)**	**4.00%**	**(20.000)**	**4.00%**
Long Term Borrowing	**(487.186)**	**3.74%**	**(476.122)**	**3.73%**
Fixed Deposits	**214.450**	**0.43%**	**149.870**	**0.29%**
Bonds	**0.000**	**0.00%**	**56.258**	**0.17%**
Certificates of Deposit	**27.000**	**0.20%**	**22.000**	**0.49%**
Call & O/N	**80.000**	**0.35%**	**73.100**	**0.41%**
Money Market Funds	**38.225**	**0.10%**	**52.435**	**0.07%**
Treasury Investments*	**359.675**	**0.52%**	**353.663**	**0.28%**
Net Borrowing	**(127.511)**		**(122.459)**	

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

2.2. <u>Prospect for Interest Rates 2022 to 2025 and Economic Commentary</u>

2.2.1. Link Asset Services provided their view for both short term and longer-term interest rates for the following three years to March 2025 on 7 February 2022, considering the current outlook for the UK Economy. This is summarised in the graph below.



2.2.2. The Monetary Policy Committee (MPC) increased Bank Rate on 16 December 2021 to 0.25% and then again to 0.50% on 3 February 2022, showing that they are more focused on combating the spike in inflation than on protecting economic growth. This latter increase was nearly 0.50% but voted down to 0.25% by a narrow margin of 5 to 4. Markets are now expecting that further increases in Bank Rate will come faster now than previously forecast and the graph above shows that Link expect **further 0.25% increases in Bank Rate in March, May and November 2022 to end at 1.25% during the forecast period**. Link believe that Bank Rate will then remain flat at 1.25% to 2025, as the MPC will switch its focus to supporting economic growth, once inflation is controlled.

2.2.3. Long term rates have been highly volatile since October 2021 and rose sharply in mid-December following the increase in Bank Rate by the MPC to tackle the inflation concerns. In addition, inflation increases in the US and subsequent rise in US treasury yields have exerted upward pressure on gilt yields. Shorter dated gilts have increased with the increase in Bank Rate, whilst medium/longer dated gilts have been impacted by inflation concerns. The result is a flattening of the yield curve, as shown in the graph above. (i.e., little difference in yield for any period, long or short). Link show little overall increase in gilt yields during the forecast period out to 2025, from this recent increase, however there is a lot of unpredictable volatility during the forecast period. As part of its forward guidance on its intended monetary policy, the MPC will stop reinvesting maturing gilts as part of quantitative easing program now that Bank Rate is 0.50% and will start selling its holdings once bank rate hits 1.00%. It is yet to be seen what effect this will have on gilt prices.

2.2.4. A more detailed forecast for interest rates is shown in **Annex A** that also includes a view from Capital Economics, a leading city institution. A more detailed commentary of the path of future interest rates and economic outlook, from Link Asset Services, can be found in **Annex B**.

2.2.5. A summary of this economic outlook, that will set the backdrop to the Council's treasury management activity in 2022/23, is detailed below:

- **GDP growth** – The MPC revised down its GDP growth forecast for 2022 from 3.75% to 3.25% due to the hit to households' real incomes from higher inflation, that will impact on Consumer spending.

- **CPI inflation** – The MPC increased its forecast for inflation to reach a peak of 7.25% in April, well above its 2% target. The current energy contribution to CPI inflation of 2% to 3% is thought will fade over the next year. The MPC forecast inflation to be only 1.6% in three years' time, maybe 1.25% if energy price increases fall out sooner. This indicates therefore that the MPC's 2% target for inflation will be reached again without having to increase Bank Rate beyond 1.50% at current forecasts.
- **Labour Market/Wage Growth** – The MPC is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers. New claims for pay increases may also help to entrench wage inflation, which is another concern.

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

- **Investment returns are expected to increase in 2022/23 to around 1.25% by the financial year end.** It is advantageous to keep investments short in duration in an increasing interest rate environment to take advantage of increasing yields.
- Liquid investments such as Money Market Funds will see yields improve but there may be a time lag compared to market yield increases.
- **Borrowing interest rates** fell to historically low rates as a result of Covid and Quantitative Easing (QE) operations and have increased recently, but remain at relatively low levels with little further increase in yields expected for the following year. Yields in all periods are relatively the same with value to be found at the short end of the curve or the long end. Due to unpredictability rates will remain volatile as markets react to events as they occur.
- **There is still a gap of around 1% to 1.5%** between short term rates and long-term rates and so any external borrowing undertaken will therefore incur a **cost of carry,** i.e.) a revenue loss between borrowing costs and investment returns, in the medium term.

2.3. Borrowing

2.3.1. **Borrowing Requirement Estimates 2021/22 to 2024/25**

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

The **affordability, prudence and sustainability** of the capital expenditure and financing plans are assessed / demonstrated by setting a series of **Prudential Indicators and Limits** each year, as required by the CIPFA Prudential Code. **Annex C** shows these Prudential Indicators, actuals for 2020/21 and estimated for 2021/22 through to 2024/25. These are submitted with the Council Budget 2022/23 Report, due to be considered at the meeting of the County Council on 18 February 2022. A more detailed explanation of the Prudential Indicators linked to borrowing is provided in 2.3.2 below.

2.3.2. **Prudential Indicators Associated with Borrowing**

PI 1 -Capital Expenditure and Financing Plans

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

	Estimate 2021/22 £m	Estimate 2022/23 £m	Estimate 2023/24 £m	Estimate 2024/25 £m	Total £m
Capital Expenditure Plans (Gross)	229.688	150.364	56.042	18.154	**454.248**
New Borrowing Requirement	87.153	114.436	52.888	17.954	**272.431**
Maturing Borrowing Requirement	11.064	8.354	10.329	8.304	**38.051**

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

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

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

As indicated on the graph, the areas covered by the red boxes indicate where the level of the Council's external debt exceeds the Liability Benchmark and hence the Code is advising that no further external borrowing is needed in these periods. This should have the effect of bringing cash resources down to the £100m investment benchmark, by increasing the internal borrowing level.

The above outcome bears similarities to the existing plans for external borrowing in 2021/22, where it has been decided that no external borrowing is required, and internal borrowing is forecast to rise to £198m for the year.

It is worth noting that this new Debt Liability Benchmark will be developed and refined over the forthcoming year, including development of cashflow and reserves information that the benchmark relies on. For this initial year therefore the Debt Liability Benchmark is shown for reporting purposes only.

PI 3 - Affordable Borrowing Limit for 2022/2023 to 2024/2025

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

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

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

The Council's **Authorised Limit for External Debt for 2022/23 to 2024/25** is shown in the table below. The Council's actual external debt forecast, as shown in the graph in **Annex E**, falls well within these limits set.

	2022/23 £million	2023/24 £million	2024/25 £million
Borrowing	659.512	676.682	671.335
Other Long Term Liabilities	11.017	9.718	8.543
TOTAL	**670.529**	**686.400**	**679.878**

PI 6 – Minimum Revenue Provision (MRP) Policy

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

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

The Council's MRP Policy Statement for 2022/23 is detailed in **Annex D**. This policy uses the **average life** and **straight-line repayment methods** to calculate the MRP charge, in accordance with the latest Guidance.

Following this policy, the MRP and VRP charge calculated for 2021/22 to 2024/25, based on the borrowing requirement above, is shown in the table below:

	Estimate 2021/22 £m	Estimate 2022/23 £m	Estimate 2023/24 £m	Estimate 2024/25 £m
Minimum Revenue Provision (MRP)	12.854*	25.009	30.107	32.969
Voluntary Revenue Provision (VRP)	0.000	0.000	0.000	0.000

**Note: Following a review of the current MRP Policy undertaken by Link Asset Services in 2021/22, the MRP provision in 2021/22 has been corrected by £7.6m to account for some MRP calculation errors dating back to 2009/10. This saving will be taken in the 2021/22 year.*

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

MRP and Interest as a percentage of the Council's Income will not exceed 10%

Annex C shows that projected MRP and Interest to 2024/25 is well under this 10% limit – see PI 6.

In future this policy may have to change to adapt to the new Liability Benchmark as a method of managing future debt levels.

PI 13 – Policy for Borrowing in Advance of Need

The Council has set a Voluntary Prudential Indicator (No 13) which sets an upper limit for borrowing in advance of need to 25% of the expected increase in CFR over a three year budget period as shown in Annex C.

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

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need, including adherence to the Debt Liability Benchmark indicator.
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered.
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.
- consider the merits and demerits of alternative forms of funding.
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

PI 12 - Interest Rate Exposure –Borrowing

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

2.3.3. **Debt Rescheduling**

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

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

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

- The timing of any rescheduling during the year will take place to minimise premium or maximise the discount available. This is achieved by repaying loans at a peak in current interest rate levels to reduce the amount of premium due and locking into replacement loans at a trough in current interest rates. This strategy can incur an interest cost due to the delay in replacing debt repaid or interest can be made by borrowing in advance of repaying debt. There is also a level of interest rate risk of any timing decision.
- Suitable loans will be selected for rescheduling that match out both premium and discounts, thereby eliminating the cash impact to the Council.
- Any positions taken via rescheduling will be in accordance with the borrowing strategy position outlined in 2.3.6 below.
- The appropriate timing of any rescheduling will be monitored throughout 2022/23 by the Council and Link Asset Services Ltd.

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

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

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[1] A premium is incurred on repaying a loan early when the interest rate of the loan to be repaid is higher than the current rate available for the remaining duration of the existing loan.
[2] A discount is incurred on repaying a loan early when the interest rate of the loan to be repaid is lower than the current rate available for the remaining duration of the existing loan.
[3] With EIP loans, an equal amount of principal is repaid on a half yearly basis throughout the term of the loan with interest calculated on the reducing balance, hence total payments reduce over the lifetime of the loan.
[4] With Maturity loans, only interest repayments are made during the life of the loan and repayment of principal is made in full at the end of the loan period.
[5] A LOBO is a 'Lender's Option, Borrowers Option' money market loan, whereby the Lender has the option to change the rate of a loan after a designated fixed period of time and the Borrower (LCC) has the option to accept this new rate or repay the loan. The fixed period of time is typically for 1 to 20 years and the total length of the LOBO is typically for 50 to 70 years.

2.3.4. **Borrowing Performance Benchmarks**

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

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

2.3.5. **Long Term Borrowing – Factors for Consideration for 2022/23**

- **Forecast for Long Term Interest Rates during 2022/23** – Very little increase in long term rates (of no more than 0.20%) is expected out to 2025 with a flat yield curve over all periods. Significant volatility over the period is expected. (See 2.2.3 and **Annex A and B**).

- **Target Rates for Borrowing (Source: Link Asset Services Ltd 8/2/2022) –** see below:

Period	Target Rate
50 Years	2.20%
25 Years	2.40%
10 Years	2.30%
5 Years	2.20%

- **The Council's Debt Liability Benchmark for 2022/23** can be seen at **Annex E**. This indicates that existing debt in 2022/23 already exceeds the Debt Liability Benchmark, where the Investment Liquidity benchmark is set at £100m. This will be taken into consideration as the Liability Benchmark is refined during the year. If any external borrowing is taken during 2022/23, this will fill gaps in the Council's existing maturity profile at prevailing rates of interest.

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

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

2.3.6. **Long Term Borrowing Strategy 2022/23**

Given the factors detailed above, the following **borrowing strategy** will be adopted for 2022/23:

- **Regard will be made to the Debt Liability Benchmark, as it is refined during 2022/23, before any new borrowing is undertaken, taking into consideration the cash balance of the Council.**
- **Any new borrowing taken from the PWLB will be taken in all periods with the aim of achieving an even spread of maturity profile and keeping an increase in the average cost of the Council's debt to a minimum.**
- **Target levels will be monitored, and timing of borrowing taken will coincide with any reduced rate opportunity below the target levels identified.**
- **Consideration will be given to borrowing market loans or LOBOs, to fit into the above maturity strategy and limits, in order to take advantage of the lower rates offered on these loans.**
- **Short-term borrowing from the money markets or other local authorities will be considered if appropriate.**
- **Borrowing in advance of need will be undertaken during the year if considered appropriate in accordance with the Council's policy as detailed in 2.3.2, PI 13 above.**

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

2.4. Investments

2.4.1. Annual Investment Strategy for Treasury Investments 2022/23

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

(Note: The Investment Strategy for Non-Treasury Investments is reported separately within the Capital Strategy Report 2022/23, as Non-Treasury Investments have a different risk profile to that of Treasury Investments).

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

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

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

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

2.4.2. Interest Rate Exposure re Investments PI 12

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

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

Liquidity of Investments – PI 11

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

The Council's investment level is forecast to be around **£250 million** net of Pension Fund cash in 2022/23, of which around **£150 million** can be identified as 'core' balances which will be available to invest for longer periods of investment. The remaining balance of cash is cash-flow driven.

If no external borrowing is undertaken in 2022/23 in accordance with the new Debt Liability Benchmark, then the level of investment should drop to the cash flow driven level of around £100 million.

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

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

2.4.4. **Treasury Investment Performance Benchmark**

The target investment return for investments for 2022/23 is the Sterling Overnight Index Average or SONIA rate. This rate has replaced the LIBOR/LIBID reference rate that ceased on 31 December 2021. SONIA is the risk-free rate for sterling markets administered by the Bank of England. It represents the average overnight rate that banks and financial institutions will lend overnight to each other during Sterling Clearing Operations. This is a relative benchmark which moves with the markets, however the rate is not representative of what general Money Market participants, such as the Council, can achieve, due to size and available counterparties. It is also just an average rate with no Bid/Offer spread. (The LIBOR/LIBID spread was around 0.12%).

To make the SONIA rate into a relevant benchmark to use therefore will require some adjustment. The initial benchmark rate that will be used therefore will be **SONIA less 0.10%,** but this will be reviewed during the year as more data becomes available with help from Link Asset Services.

Investment performance will also be compared against **benchmarking data provided by both CIPFA and Link Asset Services.**

2.4.5. **Investments –Factors for Consideration for 2022/23**

- **Forecast for Short Term Interest Rates during 2022/23** - A series of 0.25% increases in Bank Rate are expected in the year to reach 1.25% by November 2022, at which point Bank Rate is expected to remain flat to 2025. (**See 2.21 and Annex A and B**).
- **Reduced Investment Level -** Cash available for Investment may be reduced to the target Investment Benchmark of £100m, if the Debt Liability Benchmark is followed during the year and no external borrowing is undertaken.
- **Enhanced Money Market Funds** – A review of Enhanced Money Market Funds (VNAV) will be undertaken during 2022/23. These funds are Non-Specified Investments within our Annual Investment Strategy and offer slightly higher yields than existing funds but have different risk parameters and access restrictions. The results of the review will be reported to members during the year accordingly, with approval sought from the Executive Councillor for Resources, Communications and Commissioning to open any new Funds if appropriate.
- **Annual Investment Strategy for Treasury Investments** – permitted counterparties, types of investments and all limits, as detailed in the Annual Investment Strategy, and amended, when necessary, should be adhered to throughout the year.
- **ESG Investments** – Any Economic, Social and Governance (ESG) Investments will be considered, provided they meet the counterparty criteria and risk parameters as set out in the Annual Investment Strategy.

2.4.6. **Treasury Investment Strategy for 2022/23**

Given these factors above, the following **investment strategy** will be adopted for 2022/23:

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

- **The Council will avoid locking into longer term deals (beyond one year) while investment rates are down at historically low levels and forecast to rise, unless exceptionally attractive rates are available which make longer term deals worthwhile.**

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

- **Investment in Certificates of Deposit[7], Treasury/LA Bills[8], Dated Bonds held to maturity[9] and Repo[10] will also be considered where appropriate.**

- **Short dated deposits (overnight to one month) will also be made for the Council's cash-flow generated balances in order to benefit from compounding of interest.**

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

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[6] Pooled investment vehicles offering returns equivalent of up to 1 month cash deposits whose assets comprise of cash type investments such as Certificates of Deposit, Commercial Paper and Cash Deposits.

[7] A bearer instrument which certifies that a sum of money has been deposited with the bank issuing the certificate at a fixed yield and on the stated maturity date the deposit is repaid with interest. The maturity length is typically from 1 month to 1 year.

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

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

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

3. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

The report details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2022/23. There are no equalities implications that need to be taken into account by the Executive Councillor.

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

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

The report details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2022/23. There are no JSNA or JHWS implications that need to be taken into account by the Executive Councillor.

Crime and Disorder

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

The report details the Treasury Management Strategy for treasury investments and borrowing and the Council's policy for investing surplus cash for the year 2022/23. There are no Crime and Disorder implications that need to be taken into account by the Executive Councillor.

4. Conclusion

The Treasury Management Strategy, determining appropriate borrowing and treasury investment decisions, and the Annual Investment Strategy, outlining the Council's policy for treasury investments, has been set for 2022/23 considering the anticipated economic environment and movement of interest rates for the year ahead. These strategies reflect the requirements of the CIPFA Code of Treasury Management, the CIPFA Prudential Code and the MHCLG Guidance on Local Government Investments. Some elements of the revised CIPFA Codes issued in December 2021 have been included in the Treasury Management Strategy under a soft launch, such as the Debt Liability Benchmark Indicator, and full adoption of the new requirements will be made in the 2023/24 Treasury Management Strategy, as advised by CIPFA. A review of the use of Enhanced Money Market Funds will be undertaken in 2022/23. Based on officer recommendation, this report is presented to the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) for approval in order to comply with Financial Regulations.

5. Legal Comments:

The Council's Financial Regulations require the Council to annually produce a Treasury Management Strategy setting out expected treasury activities in accordance with the requirements of the CIPFA Code of Practice. CIPFA published revised Treasury Management and Prudential Codes on 20 December 2021 and has stated that formal adoption is not required until the 2023/24 financial year, but the implications of these revisions have been set out in this report. The strategy statement must be submitted to the Leader of the Council (Executive Councillor for Resources, Communications and Commissioning) for approval prior to the commencement of each financial year.

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

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

6. Resource Comments:

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

7. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The Overview and Scrutiny Management Board is responsibile for monitoring and scrutiny of the operation of the treasury management policies and practices and as such will consider this report at its meeting on 24 February 2022 and pass any comments to the Executive Councillor for Resources, Communications and Commissioning prior to making a decision.

d) Risks and Impact Analysis

Risk and Impact Analysis for Treasury Management forms TMP1 of the Treasury Management Practices, as required by the CIPFA Code of Practice 2017. A Risk Register which details the main risks for Treasury Management has been completed and is reviewed annually. Both the TMPs and the Risk Register are held in the Treasury Files held on IMP at County Offices.

8. Appendices

These are listed below and attached at the back of the report	
Appendix A	Interest Rate Forecasts 2022/2025
Appendix B	Economic Background - Link Asset Services Ltd
Appendix C	Prudential Indicator Table 2020/21 to 2024/25
Appendix D	Minimum Revenue Provision Policy Statement for Repayment of Debt 2022/23
Appendix E	Liability Benchmark 2022/23
Appendix F	Annual Investment Strategy for Treasury Investments 2022/23
Appendix G	Authorised Lending List Effective 1 April 2022 and Definition of Credit Ratings and Credit Default Swaps

9. Background Papers

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

Document title	Where the document can be viewed
County Council Budget 2022/23 – 18 February 2022	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=6140&Ver=4
LCC Treasury Management Policy Statement and Treasury Management Practices.	Lincolnshire County Council, Resources

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Interest Rate Forecasts 2022-2025

ANNEX A

Link Group Interest Rate View 7.2.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Bank Rate													
Link	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Capital Economics	0.50	0.75	1.00	1.25	1.25	1.25	1.25	1.25	-	-	-	-	-
5yr PWLB Rate													
Link	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capital Economics	2.00	2.10	2.10	2.20	2.20	2.30	2.40	2.40	-	-	-	-	-
10yr PWLB Rate													
Link	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.20	2.20	2.20	2.30	2.30	2.40	2.50	2.50	-	-	-	-	-
25yr PWLB Rate													
Link	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Capital Economics	2.40	2.40	2.50	2.60	2.60	2.70	2.80	2.90	-	-	-	-	-
50yr PWLB Rate													
Link	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.90	-	-	-	-	-

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ANNEX B

ECONOMIC BACKGROUND – LINK ASSET SERVICES LTD

Covid-19 and vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This dashed such hopes and raised major concerns that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that although this mutation is very fast spreading, it does not cause severe illness in fully vaccinated people. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time focused on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection. It also placed restrictions on large indoor gatherings and hospitality venues over Christmas and into January and requested workers to work from home. This hit sectors like restaurants, travel, tourism and hotels hard which had already been hit hard during 2021. Economic growth will also have been lower due to people being ill and not working, like the 'pingdemic' in July. The economy, therefore, faces significant headwinds in early 2022 although some sectors have learned how to cope well with Covid. The big question remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- The threat from Omicron was a wild card causing huge national concern at the time of December's MPC meeting; now it is seen as a vanquished foe disappearing in the rear-view mirror.

- The MPC shifted up a gear last week in raising Bank Rate by another 0.25% and narrowly avoiding making it a 0.50% increase by a 5-4 voting margin.

- Our forecast now expects the MPC to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to get the job done and dusted.

- The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November.

- The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.

- However, 54% energy cap cost increases from April, together with 1.25% extra employee national insurance, food inflation around 5% and council tax likely to rise in the region of 5% too - these increases are going to hit lower income families hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.

- Consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. But most of those holdings are held by more affluent people whereas poorer people already spend nearly all their income before these increases hit and have few financial reserves.

- The increases are already highly disinflationary; inflation will also be on a gradual path down after April so that raises a question as to whether the MPC may shift into protecting economic growth by November, i.e., it is more debatable as to whether they will deliver another increase then.

- The BIG ISSUE – will the current spike in inflation lead to a second-round effect in terms of labour demanding higher wages, (and/or lots of people getting higher wages by changing job)?

- If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.

PWLB RATES

- The yield curve has flattened out considerably.

- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate.

- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields once Bank Rate rises to 1%: it is likely to act cautiously as it has already started on not refinancing maturing debt. A passive process of not refinancing maturing debt could begin in March when the 4% 2022 gilt matures; the Bank owns £25bn of this issuance. A pure roll-off of the £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding. Last August, the Bank said it would not actively sell gilts until the *"Bank Rate had risen to at least 1%"* and, *"depending on economic circumstances at the time."*

- It is possible that Bank Rate will not rise above 1% as the MPC could shift to relying on quantitative tightening (QT) to do the further work of taking steam out of the economy and reducing inflationary pressures.

- Increases in US treasury yields over the next few years could add upside pressure on gilt yields though, more recently, gilts have been much more correlated to movements in bund yields than treasury yields.

MPC MEETING 4 FEBRUARY 2022

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by another 0.25% rise to 0.50%, in the second of what is very likely to be a series of increases during 2022.

- The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% with the minority preferring to increase Bank Rate by 50bps to 0.75%. The Committee also voted unanimously for the following: -
  - to reduce the £875n stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets.
  - to begin to reduce the £20bn stock of sterling non-financial investment-grade corporate bond purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023.

- The Bank again sharply increased its forecast for inflation – to now reach a peak of 7.25% in April, well above its 2% target.

- The Bank estimated that UK GDP rose by 1.1% in quarter 4 of 2021 but, because of the effect of Omicron, GDP would be flat in quarter 1, but with the economy recovering during February and March. Due to the hit to households' real incomes from higher inflation, it revised down its GDP growth forecast for 2022 from 3.75% to 3.25%.

- The Bank is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers - who are in a very favourable position to increase earnings by changing job.

- As in the December 2021 MPC meeting, the MPC was more concerned with combating inflation over the medium term than supporting economic growth in the short term. However, what was notable was the Bank's forecast for inflation: based on the markets' expectations that Bank Rate will rise to 1.50% by mid-2023, it forecast inflation to be only 1.6% in three years' time. In addition, if energy prices beyond the next six months fell as the futures market suggests, the Bank said CPI inflation in three years' time would be even lower at 1.25%. With calculations of inflation, the key point to keep in mind is that it is the rate of change in prices – not the level – that matters. Accordingly, even if oil and natural gas prices remain flat at their current elevated level, energy's contribution to headline inflation will drop back over the course of this year. That means the current energy contribution to CPI inflation, of 2% to 3%, will gradually fade over the next year.

- So the message to take away from the Bank's forecast is that they do not expect Bank Rate to rise to 1.5% in order to hit their target of CPI inflation of 2%. The immediate issue is with four members having voted for a 0.50% increase in February, it would only take one member more for there to be another 0.25% increase at the March meeting.

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative tightening) holdings of bonds is as follows: -
    1. Raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

OUR FORECASTS

a. Bank Rate

- Covid remains a major potential downside threat as we are most likely to get further mutations. However, their severity and impact could vary widely, depending on vaccine effectiveness and how broadly it is administered.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

b. PWLB rates and gilt and treasury yields

Gilt yields. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on gilt yields. **As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

US treasury yields. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. This was in addition to the $900bn support package previously passed in December 2020. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme roll-out had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023.

- **At its 3rd November Fed meeting**, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its **15th December meeting** it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that treasury yields will rise over the taper period, all other things being equal.

- It also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024. This would take rates back above 2% to a neutral level for monetary policy. It also gave up on calling the sharp rise in inflation as being 'transitory'.

- At its **26th January meeting**, the Fed became even more hawkish following inflation rising sharply even further. It indicated that rates would begin to rise very soon, i.e., it implied at its March meeting it would increase rates and start to run down its holdings of QE purchases. It also appears likely that the Fed could take action to force longer term treasury yields up by prioritising selling holdings of its longer bonds as yields at this end have been stubbornly low despite rising inflation risks. The low level of longer dated yields is a particular concern for the Fed because it is a key channel through which tighter monetary policy is meant to transmit to broader financial conditions, particularly in the US where long rates are a key driver of household and corporate borrowing costs.

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

Globally, our views are as follows: -

- **EU.** The ECB joined with the Fed by announcing on **16th December** that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases during the first half of 2022. The ECB did not change its rate at its **3rd February** meeting, but it was clearly shocked by the increase in inflation to 5.1% in January. The President of the ECB, Christine Lagarde, hinted in the press conference after the meeting that the ECB may accelerate monetary tightening before long and she hinted that asset purchases could be reduced more quickly than implied by the previous guidance. She also refused to reaffirm officials' previous assessment that interest rate hikes in 2022 are "very unlikely". It, therefore, now looks likely that all three major western central banks will be raising rates this year in the face of sharp increases in inflation - which is looking increasingly likely to be stubbornly high and for much longer than the previous oft repeated 'transitory' descriptions implied.

- **China.** The pace of economic growth has now fallen back after the initial surge of recovery from the pandemic and China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. However, with Omicron having now spread to China, and being much more easily transmissible, lockdown strategies may not prove so successful in future. To boost flagging economic growth, The People's Bank of China cut its key interest rate in December 2021.

- **Japan.** 2021 was a patchy year in combating Covid. However, recent business surveys indicate that the economy is rebounding rapidly now that the bulk of the population is fully vaccinated, and new virus cases have plunged. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back towards its target of 2% any time soon.

- **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **Supply shortages**. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside.

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

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed or unable to be administered fast enough to stop the NHS being overwhelmed.

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **Bank of England** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- **The Government** acts too quickly to increase taxes and/or cut expenditure to balance the national budget.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks,** for example in Ukraine/Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows. If Russia were to invade Ukraine, this would be likely to cause short term volatility in financial markets, but it would not be expected to have a significant impact beyond that.

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

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.

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Prudential Indicator Table 2020/21 to 2024/25

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATORS		2020-21 Actual	*2021-2022 Original Estimate*	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
PRUDENCE INDICATORS:							
CAPITAL EXPENDITURE							
1) Capital Expenditure							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Gross Capital Expenditure	**£m**	**168.173**	***208.655***	**229.688**	**150.364**	**56.042**	**18.154**
Net Capital Expenditure	**£m**	**52.235**	***111.283***	**104.748**	**114.552**	**53.049**	**18.154**
Capital Financing							
Borrowing	**£m**	28.313	*111.213*	87.153	114.436	52.888	17.954
Grants & Contributions	**£m**	115.938	*97.372*	124.939	35.812	2.994	0.000
Capital Receipts, Reserves & Revenue	**£m**	23.922	*0.071*	17.595	0.115	0.161	0.201
Total Capital Financing	**£m**	**168.173**	***208.655***	**229.688**	**150.363**	**56.042**	**18.154**
2) Capital Financing Requirement							
The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years:							
Opening CFR	**£m**	616.220	*660.697*	624.298	683.738	773.165	795.946
Add Additional Borrowing	**£m**	28.313	*111.213*	70.681	114.436	52.888	17.954
Add Additional Credit Liabilities (PFI & Finance Leases)	**£m**	0.000	*1.613*	1.613	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	**£m**	20.235	*22.654*	12.854	25.009	30.107	32.969
Capital Financing Requirement	**£m**	**624.298**	***750.869***	**683.738**	**773.165**	**795.946**	**780.931**
EXTERNAL DEBT							
The Council will set for the forthcoming year and the following two financial years an authorised limit and operational boundary for its total gross external debt, gross of investments, separately identifying borrowing from other long term liabilities:							
3) Authorised Limit for External Debt							
Borrowing	**£m**	715.305	*681.075*	586.987	659.512	676.682	671.335
Other Long Term Liabilities	**£m**	11.488	*10.673*	10.688	11.017	9.718	8.543
Total Authorised Limit	**£m**	**726.793**	***691.748***	**597.675**	**670.529**	**686.400**	**679.878**
4) Operational Boundary for External Debt							
Borrowing	**£m**	700.305	*666.075*	571.987	644.521	661.682	656.335
Other Long Term Liabilities	**£m**	9.488	*8.673*	8.688	9.017	7.718	6.543
Total Operational Boundary	**£m**	**709.793**	***674.748***	**580.675**	**653.538**	**669.400**	**662.878**
5) Gross Borrowing and the Capital Financing Requirement							
The Council will ensure that gross long term borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years. This is to ensure that over the meduim term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	**£m**	697.327	*816.798*	795.946	780.931	809.935	831.490
Forecast of Long Term External Borrowing and Credit Arrangements	**£m**	497.052	*587.114*	486.386	575.719	598.408	583.308
Headroom	**£m**	**200.275**	***229.684***	**309.560**	**205.212**	**211.527**	**248.182**

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATORS		2020-21 Actual	*2021-2022 Original Estimate*	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
AFFORDIBILITY INDICATORS:							
6) Financing Costs & Net Revenue Stream							
The Council will estimate for the forthcoming year and the following two financial years the proportion of financing costs to net revenue stream (NRS), including dedicated schools grant (DSG). The Council will also set the following voluntary indicator limit: minimum revenue provision and interest not to exceed 10% of net reveunue stream (NRS) including dedicated schools grant (DSG).							
Proportion of Financing Costs to NRS (Incl DSG)	**%**	**4.88%**	***5.38%***	**3.94%**	**5.05%**	**5.73%**	**5.97%**
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10%	**%**	**4.98%**	***5.33%***	**3.98%**	**5.16%**	**5.86%**	**6.07%**
(Voluntary Indicator)							
PROPORTIONALITY INDICATORS:							
7) Net Income from Commerical and Service Investments to Net Revenue Stream							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Net Income from Commerical and Service investments as a proportion of Net Revenue Stream (NRS) including Dedicated School Grant (DSG). This is to manage financial exposure to the Council from potential loss of income from these investments.							
Net Income from Non-Treasury Investments (Including County Farms)	**£m**	2.447	*2.189*	2.367	2.238	2.123	2.015
Net Revenue Stream	**£m**	778.134	*775.368*	772.877	843.099	844.200	858.347
Proportion of Net Commerical and Service Investment Income to Net Revenue Stream -Limit 3%	**%**	**0.31%**	***0.28%***	**0.31%**	**0.27%**	**0.25%**	**0.23%**
8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	**£m**	**16.200**	***16.400***	**16.400**	**16.400**	**16.400**	**16.400**
Sums at Risk (Based on Expected Credit Loss Model)	**£m**	0.077	*0.326*	0.040	0.068	0.060	0.056
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	**%**	**0.48%**	***1.99%***	**0.25%**	**0.41%**	**0.36%**	**0.34%**
TREASURY INDICATORS:							
9) Liability Benchmark							
The Council will estimate and measure the liability benchmark (or Gross Loans Requirement) for the period that covers the debt maturity profile . This will include a chart showing the Net Loans Requirement, compared to Existing Debt outstanding and the Loans CFR. The liability benchmark will be analysed as part of the annual treasury management strategy and differences to actual debt outstanding will be explained and managed.							
10) Maturity Structure of borrowing							
The Council will set for the forthcoming financial year and the following two years both upper and lower limits with respect to the maturity structure of its borrowing: (Fixed & Variable Rate Borrowing).							
Upper limit							
Under 12 months	**%**	2.30%	*25.00%*	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	**%**	1.80%	*25.00%*	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	**%**	5.20%	*50.00%*	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	**%**	12.20%	*75.00%*	75.00%	75.00%	75.00%	75.00%
10 years and above	**%**	78.50%	*100.00%*	100.00%	100.00%	100.00%	100.00%
Lower limit							
All maturity periods	**%**	0.00%	*0.00%*	0.00%	0.00%	0.00%	0.00%
11) Long Term Treasury Management Investments							
The Council will set an upper limit for each forward year period for the maturing of long term treasury investments, longer than 365 days and including longer term instruments with no fixed maturity date.							
Upper limit for total principal sums invested for over 365 days and no fixed maturity (per maturity date)	**£m**	**6.419**	***40.000***	**40.000**	**40.000**	**40.000**	**40.000**
12) Interest Rate Exposures (Variable)							
The Council will set for the forthcoming year and the following two financial years,an upper limits to its exposure to effects of changes in interest rates on variable rate borrowing and investments. (Voluntary Indicator).							
Upper limit for variable interest rate exposures							
Borrowing	**%**	0.00%	*30.00%*	30.00%	30.00%	30.00%	30.00%
Investments	**%**	44.00%	*100.00%*	100.00%	100.00%	100.00%	100.00%
13) Borrowing in Advance of Need							
The Council will set for the forthcoming financial year and the following two years upper limits to any borrowing undertaken in advance of need.							
Borrowing in advance of need limited to percentage of the	**%**	**0.00%**	***25.00%***	**25.00%**	**25.00%**	**25.00%**	**25.00%**
expected increase in CFR over 3 year budget period	**£m**	**0.000**	***16.482***	**28.052**	**1.941**	**3.497**	**12.640**
(Voluntary Indicator)							

Minimum Revenue Provision Policy Statement for Repayment of Debt 2022/23

In accordance with the MHCLG requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit.

This is achieved by applying the following methodology:

Borrowing	MRP Repayment Basis
Pre 1st April 2008 Debt	This element of the Capital Financing Requirement is being repaid on a full repayment method based on a standard asset life of 50 years which equates to a flat rate of 2% per year until the debt is fully repaid over 50 years.
Unsupported Debt-2008/09 onwards	This element of the Capital Financing Requirement is being repaid using the **Asset Life EIP method**. Whereby equal instalments of principal debt repayment are repaid over the asset lives of the assets financed from borrowing.
Debt used to finance assets whose benefit increases as time passes (e.g.Infrastructure - Major New Road Schemes).	This element of the Capital Financing Requirement is being repaid using the **Asset Life Annuity method**. Whereby a fixed repayment of debt consists of primarily all interest in early years and principal repayment increases in later years. This method therefore has the advantage of linking MRP to the flow of benefits from as asset where the benefits of those assets are expected to increase in later years.
Credit Arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.
Assets financed by borrowing when if sold the income is classed as a capital receipt.	For capital expenditure incurred, financed by borrowing, that increased the CFR whose subsequent sale resulted in a capital receipt that reduced the CFR, Minimum revenue provision will be made on the capital expenditure over the life of the asset financed. (This includes loans made for capital purposes, investment properties and assets acquired for development/resale).
Capitalised Expenditure Under Regulation 16 (2)(b) & 25(1) of LGA 2003	The **Asset Life method** is used to calculate MRP on all **capitalised expenditure**, using maximum asset lives as stated in **Statutory Guidance on MRP**.

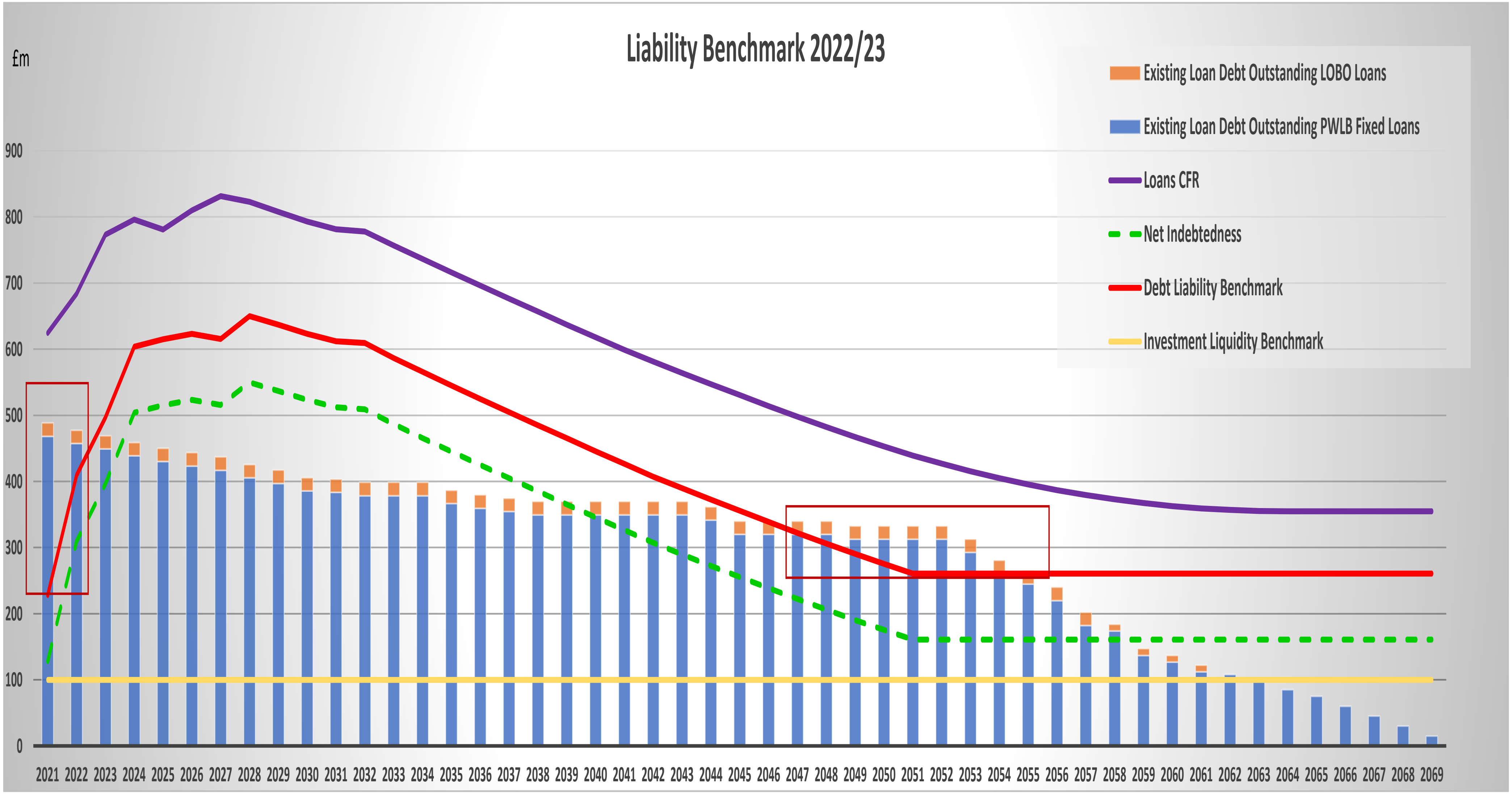
Revenue provision is chargeable in the **first financial year after the relevant capital expenditure is incurred**.

The guidance also allows Councils not to start charging MRP **until an asset becomes operational**.

Where it is practical or appropriate to do so, the Council may make **voluntary revenue provision (VRP)**, (Make more MRP than is calculated prudent in any given year), or **apply capital receipts** to reduce debt over a shorter period. Any VRP made can be used to offset MRP in following years.

The table below shows the estimates for asset lives per type of asset used under the Asset Life MRP policy detailed above. Professional guidance has been used to ascertain these asset lives.

Type of Asset	Estimated Asset Life in Years
Land	50
Construction	50
Matched Funding	25
Repair & Maintenance	20
Infrastructure (New Road Schemes)	120
Road Maintenance	20
Bridges	120
Integrated Transport	20
Waste Transfer Plant	40
Heavy Engineering Equipment	30
Vehicles	4
Long Life Specialist Vehicles	7
Equipment	5
IT	4
IT -Broadband	10
ERP Finance System	10
Mosaic	10
Investment Properties held for Commercial Reasons	50
Capitalised Expenditure:	
Loans & Grants Made for Capital Purposes	Useful life of assets which expenditure is incurred.
Share Capital	20



Liability Benchmark 2022/23
£m
900
800
700
600
500
400
300
200
100
0
2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069
Existing Loan Debt Outstanding LOBO Loans
Existing Loan Debt Outstanding PWLB Fixed Loans
Loans CFR
Net Indebtedness
Debt Liability Benchmark
Investment Liquidity Benchmark

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ANNEX F

Annual Investment Strategy for Treasury Investments 2022/23

This report details the Council's **Investment Policy** for its Treasury Investments for 2022/23 and has regard to the following:

- MHCLG's Guidance on Local Government Investments 2018.
- CIPFA Treasury Management Code of Practice and Guidance Notes 2017 and 2021.

The Government extended the meaning of 'investments' in their Guidance in 2018 to include both **financial (treasury related)** and **non-financial (non-treasury related)** investments. The revised CIPFA Treasury Management Code, issued in December 2021, further breaks down investments made into 3 purposes namely, treasury management, service delivery or commercial return. This Annual Investment Strategy applies to the Council's **treasury related investments only**. The investment strategy dealing with the Council's non-treasury related investments and loans is included in the Capital Strategy which is considered along with the Council Budget for 2022/2023.

The above guidance from MHCLG and CIPFA place a high priority on the management of risk when making investments. The **risk appetite** of the Council for its treasury investments is **low**, its priorities being **security first, liquidity second and then return.** The intention of the Treasury Strategy is to provide security of investment and minimisation of risk.

This prudent approach to risk is defined by the Council by using the following means:

- **Minimum acceptable credit criteria** – applied to generate a list of highly creditworthy investment counterparties. This also enables diversification and this avoidance of concentration risk. Key Ratings used to monitor counterparties are the **short term** and **long-term** ratings from credit rating agencies.

- **Other Information sources** – continual assessment of financial sector in relation to economic and political environments in which Counterparties operate using the following sources:

  ~ 'Credit default swap' pricing.

  ~ Financial press / Internet.

  ~ Share price websites.

The Secretary of State, within the MHCLG Guidance, has defined investments into two categories as follows:

- **Specified Investments -** Investments of no more than one year with a high level of credit quality.
- **Non-Specified investments - Investments** that are more complex, longer than one year, or with a lower credit quality that results in higher risk than Specified Investments.

The Council has determined its Specified and Non-Specified Investments for 2022/23 as shown in the table below:

Characteristics/Type	Counterparty Categories
Specified Investments	
• Sterling deposits. • Up to and including one year. • Offering high security / high yield. • Fixed, callable or forward term deposits as appropriate[1], Certificates of Deposit, Treasury/ Local Authority Bills, Dated Bonds and Repo.	• UK Government/ Supranational/ Multilateral Development Banks. • Local Authorities. • Bodies or Investment Schemes meeting the Councils **minimum acceptable credit rating criteria for Specified Investments** (Includes Banks, Building Societies, Corporates, and Money Market Funds CNAV, LVNAV).
Characteristics/Type	**Counterparty Categories**
Non-Specified Investments	
• Sterling deposits. • Period greater than 12 months up to a maximum of 2 years. • Higher risk than Specified Investments. • Fixed, callable or forward term deposits as appropriate, Certificates of Deposit, Treasury/ Local Authority Bills, Dated Bonds and Repo.	• UK Government/ Supranational/ Multilateral Development Banks. • Local Authorities. • Bodies or Investment Schemes meeting the Councils **minimum acceptable credit rating criteria for Non-Specified Investments** (Includes Banks, Building Societies, Corporates and Enhanced Money Market Funds VNAV).

<u>Creditworthiness Policy</u>

The Council uses the **creditworthiness service** provided by Link Asset Services Ltd, its treasury management advisor, to assess the risk level of its Counterparties. This service has been progressively enhanced and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

[1] Fixed Deposit : Investment fixed for specific term at specific rate.
Callable Deposit : Investment whereby borrower has option to pay back deposit at specific intervals.
Forward Deposit : Investment whereby period, rate and amount are agreed in advance of a future date. The forward period plus the deal period to be within the maturity limit allowed.

- Credit watches and credit outlooks from credit rating agencies.
- Credit default swap (CDS) spreads to give early warning of likely changes in credit ratings.

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a **weighted scoring system** for which the result is a series of **colour coded bands** which indicate the relative creditworthiness of counterparties.

Limits for amount and duration of investment are then assigned to each colour banding. Maximum amount limits have been assigned to different levels of balances which enable the Council to be more risk sensitive to both falling and increasing balances going forward. Details can be seen in the table below:

Link Weighted Colour Band	Maximum Duration	Maximum Amount Based on Average Cash Balance of Up To: £450m	£300m	£200m	£100m
Specified Investments					
Blue*	1 Year	£50m	£50m	£40m	£25m
Orange	1 Year	£30m	£25m	£20m	£15m
Red	6 Months	£25m	£20m	£15m	£10m
Green	100 Days	£20m	£15m	£10m	£5m
Non Specified Investments					
Purple	2 Years	£30m	£25m	£25m	£15m
Yellow**	2 Years	£30m	£25m	£20m	£15m

* Nationalised/ Part Nationalised UK Banks
** MMF's/ Government/ Local Government

Minimum Credit Rating Criteria			
Any Two of Three	**Fitch**	**Standard & Poors**	**Moodys**
Sovereign	AA-	AA-	Aa3
Long Term	A	A	A2
Money Market Funds	AAA	AAAm	Aaa/MR1

Additional Minimum Rating Criteria/Limits in Place

In addition to the Link's creditworthiness recommendations, the Council has also set **further minimum credit requirements** that restrict the number of acceptable counterparties further to meets its low risk appetite. (See previous table and below).

- **A minimum Sovereign (Country) Rating from a minimum of two rating agencies of AA-.***
- **A minimum Long Term Rating from a minimum of two rating agencies of A or equivalent. ****
- **A limit of a maximum of no more than 20% of total investments to be placed with any one bank/group, corporate or building society sector - to ensure diversification of investments. (With exception of Part UK Nationalised Banks*** which are deemed to bear same low risk as UK Government).**

<u>*****Sovereign Rating</u>
Credit Rating Agencies have removed the effect of Sovereign Support from an entities individual rating. This now makes it more important to focus solely on the ratings of an entity itself within an investment strategy. A minimum Sovereign limit of AA- is in line with Link's creditworthiness policy and will allows greater depth and diversification to the Council's Counterparty list, while still maintaining the tenets of security and liquidity.

<u>** Long Term Rating</u>
The definition of an A rating is 'High Credit quality with low expectation of credit risk, with a strong capacity for timely payment of financial commitments'. Ratings can also be assigned a "+" or "–" to denote the relative status within a rating category, but the category still has the same definition regardless of a "+" or "-". For reference, Link's credit worthiness matrix uses a minimum Long Term Rating level of A-.

***** <u>Nationalised or semi nationalised UK Banks</u>:-
As a result of the banking crisis which started in 2008, Governments across the world had to inject capital directly into banks to support their capital ratios and to avoid failure of financial institutions. Several banks were nationalised or part nationalised in this way.

These nationalised banks in the UK have credit ratings which do not conform to the credit criteria usually used by Councils to identify banks which are of high credit worthiness. As they are no longer separate institutions in their own right, their individual ratings, which assess their stand-alone financial strength, are impaired. However, it is considered that institutions that have been nationalised or part nationalised effectively take on the creditworthiness of the Government itself and as such UK nationalised or semi nationalised banks are included within the Council’s acceptable investment criteria and will continue to do so as long as they remain semi nationalised. At the time of writing, the only UK Bank falling into this category is now the Royal Bank of Scotland Group, which includes National Westminster Bank.

<u>Barclays Bank plc</u>

Barclays Bank plc is the Council’s banker at present and therefore the Council have an intra-day financial exposure to Barclays Bank on a daily basis. This intra-day exposure will not be included with limits set for Barclays as part of the Annual Investment Strategy. When it is not financially viable to make an investment, a cash balance will be left at the bank overnight, so long as Barclays Bank remains on Link's recommended Counterparty list.

Authorised Lending List

The Executive Director of Resources has delegated responsibility to produce an '**Approved Lending List**' of acceptable counterparties to whom the Council will lend its surplus cash and this is derived from the credit criteria above.

Annex G shows this Lending List as at 1st April 2022 together with definitions of credit ratings, watches and credit default swaps. The limits on the Lending List are set in ranges depending on the level of average cash investment balance.

Monitoring

The credit ratings of counterparties are monitored on an ongoing basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- In addition to the use of Credit Ratings, the Council will be advised of information in movements in CDS prices of Counterparties against the iTraxx benchmark[2] and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or suspension from the Council's lending list.

The Council is satisfied that this service gives an improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources. However sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and other market information, from various sources such as the internet, portals, brokers, government, CIPFA etc.

Additions to Non-Specified Investment List

Proposals to invest in any other non-specified investment will be referred to the Executive Director of Resources for approval after first seeking the advice of the Council's treasury advisors, Link Asset Services Ltd. If approved by the Executive Director, a recommendation for the change to the Annual Investment Strategy will be sought from the Executive Councillor for Resources, Communications and Commissioning.

Liquidity of Treasury Investments

Prudential Code Indicator (No 11) sets a voluntary total limit for investments over 365 days at any one time as **£40 million**, see Annex C. This limit reflects a prudent proportion of the Council's estimated level of core cash balances available to invest for longer periods. The Executive Councillor for Resources, Communications and Commissioning will be informed on any occasion when investments are lent for over 12 months.

[2] iTraxx Senior Financials Index that measures the "average" level of the most liquid financial CDS prices in the CDS market.

In determining the amount of funds that can prudently be committed for more than 12 months, consideration will be given to the following factors:

- Long Term Cash Flow Forecasts of the Council and Balance Sheet Review - 3 years ahead showing:

    - Projected core cash balances over the term of proposed investment.
    - Foreseeable spending needs over the term of proposed investment.
    - Level of provision for contingencies.
    - Acceptable level of reserves.

Annex G

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

Country			Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	Sovere
	1	**Other Local Authorities**	30 each	24 Months				
	2	**Debt Management Account Deposit Facility**	50	6 Month				
	3	**UK Banks :**						
		# HSBC Group	**30**	**365 Day**				
UK		HSBC Bank Plc (RFB)	30	365 Day	365 Day	NO	AA-	AA-
		HSBC 31 Day Notice Account	30	365 Day				
		HSBC Evergreen Notice Account	30	365 Day				
		# RBS Group - Part Nationalised	**50**	**365 Day**				
UK		National Westminster BankPlc (RFB)	50	365 Day	365 Day	SB	A+	AA-
UK		Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	AA-
UK		**# LloydsHBOS Group**	**25**	**365 Day**				
		Lloyds TSB Bank Plc (RFB)	25	6 Months	6 Months	SB	A+	AA-
		Bank of Scotland PLC (RFB)	25	6 Months	6 Months	SB	A+	AA-
UK		Barclays Bank PLC (NRFB)	25	6 Months	6 Months	SB	A+	AA-
UK		Close Brothers Ltd	25	6 Months	6 Months	SB	A-	AA-
UK		Nationwide Building Society	25	6 Months	6 Months	SB	A	AA-
UK		Santander Uk PLC	25	6 Months	6 Months	SB	A+	AA-
UK		Standard Chartered Bank	25	6 Months	6 Months	NO	A+	AA-
	4	**Other Banks**						
AUS		Australia & New Zealand Banking Group	30	365 Day	365 Day	SB	A+	AAA
AUS		Commonwealth Bank of Australia	30	365 Day	365 Day	SB	A+	AAA
AUS		National Australia Bank	30	365 Day	365 Day	SB	A+	AAA
AUS		Macquarie Bank Ltd.	25	6 Months	6 Months	SB	A	AAA
AUS		Westpac Banking Corporation	30	365 Day	365 Day	SB	A+	AAA
		# BNP Paribas Group	**30**	**365 Day**				
BEL		BNP Paribas Fortis	25	6 Months	6 Months	NO	A+	AA-
FRA		BNP Paribas	30	365 Day	365 Day	SB	A+	AA
CAN		Bank of Montreal	30	365 Day	365 Day	NO	AA-	AA+
CAN		Bank of Nova Scotia	30	365 Day	365 Day	NO	AA-	AA+
CAN		Canadian Imperial Bank Commerce	30	365 Day	365 Day	SB	AA-	AA+
CAN		National Bank of Canada	25	6 Months	6 Months	SB	A+	AA+
CAN		Royal Bank of Canada	30	365 Day	365 Day	SB	AA	AA+
CAN		Toronto Dominion Bank	30	365 Day	365 Day	SB	AA-	AA+
DEN		Danske A/S	25	6 Months	6 Months	SB	A	AAA
FRA		Credit Industriel et Commercial	30	365 Day	365 Day	SB	A+	AA
FRA		Societe Generale	25	6 Months	6 Months	SB	A-	AA
FIN		Nordea Bank Abp	30	365 Day	365 Day	SB	AA-	AA+
FIN		OP Corporate Bank	30	365 Day	365 Day	SB	AA-	AA+
GER		DZ Bank AG	30	365 Day	365 Day	SB	AA-	AAA
GER		Landesbank Hessen-Thueringen Girozentrale (Heleba)	25	6 Months	6 Months	SB	A+	AAA
NETH		Bank Nederlande Gemeenten	30	24 Months	24 Months	SB	AAA	AAA
NETH		Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	30	365 Day	365 Day	SB	A+	AAA
NETH		ING Bank NV	30	365 Day	365 Day	SB	AA-	AAA
SING		DBS Bank Ltd	30	365 Day	365 Day	SB	AA-	AAA
SING		Oversea Chinese Banking Corporation Ltd	30	365 Day	365 Day	SB	AA-	AAA
SING		United Overseas Bank	30	365 Day	365 Day	SB	AA-	AAA
SWITZ		UBS AG	30	365 Day	365 Day	SB	AA-	AAA
SWITZ		Credit Suisse AG	25	6 Months	6 Months	NO	A	AAA
SWE		Skandinaviska Enskilda Banken AB	30	365 Day	365 Day	SB	AA-	AAA
SWE		Swedbank AB	30	365 Day	365 Day	PO	A+	AAA
		# Svenska Group	**30**	**365 Day**				
SWE		Svenska Handelsbanken AB	30	365 Day	365 Day	SB	AA	AAA
UK		Handelsbanken Plc	30	365 Day	365 Day	SB	AA	AA-
		Svenska Handelsbanken - 35 Day Notice Account	30	365 Day	365 Day			
		Svenska Handelsbanken- 10 Day Notice Account	30	365 Day	365 Day			
		Svenska Handelsbanken- Call Account	30	365 Day	365 Day			
USA		Bank of New York Mellon	30	24 Months	24 Months	SB	AA	AAA
USA		Bank of America NA	30	365 Day	365 Day	SB	AA	AAA
USA		JP Morgan Chase Bank NA	30	365 Day	365 Day	SB	AA	AAA
	5	**AAA Money Market Funds**						
		# MMF Group	**200**	**24 Months**				
		HSBC Global Liquidity Fund	30	24 Months			AAA	
		Morgan Stanley Sterling Liquidity Fund	30	24 Months			AAA	
		Deutsche Managed Sterling Fund	30	24 Months			AAA	
		Insight GBP Liquidity Fund	30	24 Months			AAA	
		Aberdeen Standard Liquidity Fund	30	24 Months			AAA	

 # Group Limit of applies where indicated.

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

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

Any adverse press comments concerning borrowers/potential borrowers should be referred to M Grady / S Maycock / K Tonge / N Kay / B Abioye

Revised: 1st April 2022

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

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

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

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

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

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

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

Sovereign Ratings (Fitch)

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

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

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

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

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

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

Money Market Fund Rating (Moodys)

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

Credit Default Swap (CDS) Spreads

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

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

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Revenue Budget Monitoring Report 2021/22 - Quarter 3**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on Revenue Budget Monitoring, which is being presented to the Executive on 01 March 2022. The views of the Board will be reported to the Executive as part of its consideration of this item.

The Revenue Budget Monitoring Report compares the Council's projected expenditure with the approved budget for 2021/22 and provides explanations for any significant forecast over or under spending.

Actions Required:

The Overview and Scrutiny Management Board is invited to: -

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

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

1. Background

1.1 The Executive is due to consider the Revenue Budget Monitoring Report 2021/22 - Quarter 3 at its meeting on 01 March 2022.

1.2 The Executive report attached at Appendix 1 is the revenue budget monitoring report for the third quarter of financial year 2021/22 and has been prepared as at the end of 31 December 2021. It compares projected expenditure for the year with the approved budget and provides explanations for any significant forecast over or under-spending.

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

2. Conclusion

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

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 01 March 2022.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Revenue Budget Monitoring Report 2021/22 - Quarter 3 to be presented to the Executive at its meeting on 01 March 2022.

5. Background Papers

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

Document title	Where the document can be viewed
Budget Book 2021/22	The details of the budget set for financial year 2021/22 is within the document Budget Book 2021/22, which can be found on the Council's website. https://www.lincolnshire.gov.uk/downloads/file/5104/budget-book-2021-22

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

APPENDIX 1

Lincolnshire COUNTY COUNCIL Working for a better future

Open Report on behalf of Andrew Crookham Executive Director - Resources

Report to:	**Executive**
Date:	**1 March 2022**
Subject:	**Revenue Budget Monitoring Report 2021/22 - Quarter 3**
Decision Reference:	**I022179**
Key decision?	**No**

Summary:

- This report provides an update on revenue spending compared with budgets for the financial year which started on 01 April 2021.
- The tables in this report show the actual income and expenditure for the first nine months of this financial year to 31 December 2021, along with the forecasts for spending and a comparison of the forecasts against the approved budgets for the year.
- The report gives an overview of the financial position, with more detailed information on each budget area provided in Appendices B to J. The financial impacts of Covid-19 for each service area are included in these appendices but are not included in the overall financial position.
- The overall revenue position is that we are forecasting an underspend this year of **£7.366m** (excluding schools and Covid-19).
- We are currently estimating that our forecasted Covid-19 position will be slightly above the Government's emergency grant we have received. We are forecasting an overall deficit of **£0.041m.** We will continue to monitor our forecasted spend on Covid-19 for the remainder of the year, with the aim of containing it within the total grant available.
- We forecast that our general reserves at the end of the year will remain within the target range of 2.5% to 3.5%.
- The impact of this revenue budget forecast on the Council's resilience has been assessed and the conclusion is that our financial resilience remains strong. We have healthy reserve balances, and we will continue to strengthen our financial resilience as set out in paragraph 1.18.

Recommendation(s):

That the Executive notes the current position on the revenue budget and decide on any corrective action necessary.

Alternatives Considered:	
1.	This report shows the actual revenue expenditure to 31 December 2021, and projected outturns for 2021/22, therefore no alternatives have been considered.

Reasons for Recommendation:

To maintain the Council's financial resilience.

1. Background

Overall Financial Position

1.1 Table of Summary Position as at 31 December 2021.

	Revised Net Revenue Budget £m	Forecast Outturn £m	Forecast (Under) / Overspend £m
Children's Services	123.203	125.439	2.236
Adult Care and Community Wellbeing	150.762	148.965	-1.797
Place	75.146	74.801	-0.344
Fire and Rescue and Emergency Planning	22.415	22.350	-0.064
Resources	28.884	26.690	-2.195
Commercial	39.803	37.919	-1.884
Corporate Services	2.974	2.646	-0.329
Other Budgets	69.587	70.551	-0.966
Total movement of Reserves	-28.415	-23.517	0.000
Income	-505.474	-507.498	-2.024
Total Excluding schools	-21.115	-21.653	-7.366
School Budgets	21.115	20.288	-0.827
Total	0.000	-1.365	-8.193

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

1.3 This financial position assumes that the financial impacts of Covid-19 will be contained within the emergency grant funding we receive this year. However, if the currently reported deficit position for the Covid-19 related expenditure and losses continues, this will adversely affect the above position.

Key Issues Highlighted – "Business As Usual"

1.4 The overall revenue position is that we are forecasting an underspend of **£7.366m** (excluding schools and Covid-19). Within this figure the most significant variances are:

1.5 Within Children's Services there is a current forecast overspend of **£2.236m.** This has moved from an underspend of **(£0.428m)** which was reported to the end of quarter two. This is the result of combination of forecast variances. There is an increase in the overspend of £4.738m on Home to School Transport, which takes into account new academic year contractual commitments. The overspend is also driven by a number of external factors, such as inflationary challenges, national driver shortages, rising fuel prices and an increase in the numbers of pupils travelling to special schools. Compared to quarter two, other variances to note include: a net underspend variance in Children in Care across residential and fostering / adoption services (£0.326m); utilising of available grant funding for core services (£0.991m); a reduction in legal forecast spending (£0.182m) and a further underspend on 0-19 staffing (£0.210m) More detailed information can be found in Appendix B.

1.6 Within Adult Care and Community Wellbeing the forecast underspend is **£1.797m**, which has increased by **£0.637m** compared to the quarter two reported position. This mainly relates to the redeployment of existing workforce and commissioned services within Public Health and Wellbeing to meet needs of the clients after Covid-19. Within Adulty Frailty the recharging of additional costs resulting from increased hospital discharges to the NHS and lower homecare usage have contributed to the increased underspend. More detailed information can be found in Appendix C.

1.7 Resources Directorate is forecasting an underspend of **£2.195m**. This has increased by £0.375m since quarter two. The majority of this variance arises from an underspend in Public Protection – Safer Communities of £1.242m, where a ring-fenced grant has been received, part of which will be carried forward, as well as underspends due to vacancies. There are a number of other smaller underspends in the remaining areas of the Directorate and more details can be found in Appendix F.

1.8 The underspend within the Commercial directorate is forecast to be **£1.884m** and has increased by **£1.088m** compared to quarter two. This is mainly due to utility cost spend remaining lower than planned due to continued reduced usage of Council buildings. There is an increased underspend within Information Management Technology due to the continued support of Covid grants. There is an underspend in Transformation due to staffing vacancies and within the

Customer Service Centre due to reduced demand. More details can be found in Appendix G.

1.9 Within Other Budgets the forecast underspend is **£0.966m** and this has increased since the quarter two forecast by £1.312m due to pension enhancement payments being lower than budgeted for and a forecast underspend on the corporate redundancy budget. More detailed information can be found in Appendix J.

Key Issues Highlighted – Financial Impact of the Coronavirus Pandemic

1.10 Appendix K provides a table showing the forecast expenditure and losses of income arising from the impacts of the coronavirus (Covid-19) pandemic as at 31 December 2021.

1.11 The overall position is that we forecast an <u>overspend</u> of **£0.041m** against the general Covid-19 grant.

1.12 The Council is not expecting any further general Covid-19 grant nor Loss of Sales Fees and Charges Income grant from Government other than that received for quarter one expenditure.

1.13 Excluded from the £0.041m surplus is £7.720m allocated to the increased cost of capital schemes arising due to the pandemic. This amount will be managed within the proposed capital programme for 2022/23 onwards.

1.14 If applicable, further details of Covid-19 expenditure and losses for each service area can be found in Appendices B to J.

Progress on Achievement of Budget Savings

1.15 Appendix L shows the savings built into the 2021/22 budget as part of the last budget process and indicates, for each saving, whether or not it is expected to be achieved this year. The list includes both budgetary savings on costs and budgeted increases in income. Appendix L shows that all budget savings are on target to be delivered this year.

Progress on Development Fund Initiatives

1.16 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 initiatives is reported in the appendix. Expenditure on Development Fund initiatives was £5.691m in 2020/21 and £5.986m is planned to be spent in the current year.

Assessment of Impact on Financial Resilience

1.17 The impact of this revenue budget forecast on the Council's resilience has been assessed and it has been concluded that our financial resilience remains strong. In the current year we are forecasting an underspend and the forecast for Covid-19 expenditure is only slightly higher than the grant available and can be contained within the overall budgetary position.

1.18 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 we maintain the current forecast of an underspend, which is likely given the position currently forecasted, then there will be no requirement to draw down our Financial Volatility Reserve to support the 2021/22 budgetary position.

1.19 We will aim to strengthen our financial resilience by: continued monitoring of the financial position, undertaking work to address issues as they arise; continued reporting of the Covid-19 impacts to Government; refreshing and updating the Medium Term Financial Plan and Strategy; focusing on transformation work to reduce cost pressures and create budget savings.

Reporting of Budget Virements

1.20 The Council's Financial Regulations require us to report on any budget virements made during the year. A budget virement is where budget is moved from one service area to another and where the original purpose the budget was approved for has changed. A list of all such virements made in quarter three can be found Appendix N.

2. Legal Issues:

Equality Act 2010

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

Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

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

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

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

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

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

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

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

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

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

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

Crime and Disorder

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

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

3. Conclusion

3.1 The Council's overall forecast revenue position is an underspend of **£7.366m** (excluding Schools and forecast Covid-19 deficit).

3.2 Also excluded from the overall forecast is a **£4.660m** underspend in capital financing charges that is planned to be transferred to the Capital Financing Charges earmarked reserve to manage future fluctuations in the annual capital financing budget.

3.3 The Council's overall forecast position for Covid-19 related expenditure and losses is a **£0.041m** deficit, which is relatively small.

4. Legal Comments:

This report sets out an update on spending, including spending relating to Covid-19, as at 31 December 2021 compared with the revenue budget for the financial year starting on 1 April 2021 to assist the Executive in monitoring the financial performance of the Council.

5. Resource Comments:

This report indicates that the current year revenue budget is projected to be underspent and currently there is no requirement to use our Financial Volatility earmarked reserve to support the budgetary position. However continued effort in monitoring is essential to ensure that any additional cost pressure is identified and addressed as soon it occurs.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board on 24 February 2022. Any comments of the Board will be reported to the Executive.

d) Risks and Impact Analysis

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

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revenue Budget Monitoring Report 2021/22 as at 31 December 2021
Appendix B	Children's Services
Appendix C	Adult Care and Community Wellbeing
Appendix D	Place
Appendix E	Fire and Rescue
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 2021/22 as at 31 December 2021
Appendix L	Monitoring of Planned Savings 2021/22
Appendix M	Monitoring of Development Fund Initiatives 2021/22
Appendix N	Approved Budget Virements 2021/22 as at 31 December 2021
Appendix O	COVID-19 Grants and Forecast Expenditure – All Grants

8. Background Papers

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

Document title	Where the document can be viewed
Council Budget 2021/22	https://lincolnshire.moderngov.co.uk/documents/g5729/Public%20reports%20pack%2019th-Feb-2021%2010.00%20Council.pdf?T=10
Budget Book 2021/22	https://www.lincolnshire.gov.uk/downloads/file/5104/budget-book-2021-22

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

APPENDIX A

Revenue Budget Monitoring Report 2021/22 as at 31 December 2021

	Revised Net Revenue Budget £m	Net Expenditure £m	Forecast Outturn £m	Forecast Variance £m	Forecast Variance %
SERVICE DELIVERY					
Children's Social Care	77.939	58.127	76.266	(1.673)	(2.1)
Children's Education	45.264	30.141	49.173	3.909	8.6
Children's Services	**123.203**	**88.268**	**125.439**	**2.236**	**1.8**
Adult Frailty & Long Term Conditions	120.211	50.606	120.450	0.239	0.2
Adult Specialities	86.351	77.057	86.106	(0.245)	(0.3)
Public Health and Community Wellbeing	30.329	16.563	28.538	(1.791)	(5.9)
Public Health Grant Income	(33.895)	(25.421)	(33.895)	0.000	0.0
Better Care Funding	(52.233)	(24.936)	(52.233)	0.000	0.0
Adult Care and Community Wellbeing	**150.762**	**93.868**	**148.965**	**(1.797)**	**(1.2)**
Communities	48.347	30.587	47.447	(0.900)	(1.9)
Lincolnshire Local Enterprise Partnership	0.394	3.639	0.394	0.000	0.0
Growth	2.540	8.462	2.540	0.000	0.0
Highways	23.865	3.253	24.420	0.555	2.3
Place	**75.146**	**45.941**	**74.801**	**(0.344)**	**(0.5)**
Fire & Rescue	22.093	16.221	22.028	(0.065)	(0.3)
Emergency Planning	0.322	0.075	0.322	0.000	0.1
Fire and Rescue and Emergency Planning	**22.415**	**16.296**	**22.350**	**(0.064)**	**(0.3)**
Human Resources and Organisational Support	14.366	12.440	13.736	(0.630)	(4.4)
Finance	7.700	5.275	7.237	(0.463)	(6.0)
Legal and Governance Services	2.355	2.920	2.601	0.246	10.5
Public Protection	4.464	1.796	3.116	(1.348)	(30.2)
Resources	**28.884**	**22.431**	**26.690**	**(2.195)**	**(7.6)**
Property	11.148	8.661	11.077	(0.071)	(0.6)
Information Management Technology	14.610	13.247	14.230	(0.380)	(2.6)
Transformation	4.991	7.162	4.576	(0.415)	(8.3)
Commercial	9.053	6.405	8.036	(1.017)	(11.2)
Commercial	**39.803**	**35.475**	**37.919**	**(1.884)**	**(4.7)**
Corporate Services	2.974	1.870	2.646	(0.329)	(11.1)
Corporate Services	**2.974**	**1.870**	**2.646**	**(0.329)**	**(11.1)**
TOTAL SERVICE DELIVERY	**443.188**	**304.149**	**438.811**	**(4.376)**	**(1.0)**
OTHER BUDGETS					
Contingency	2.784	0.000	2.784	0.000	0.0
Capital Financing Charges	43.817	(0.399)	0.000	0.000	0.0
Other	22.987	8.343	22.020	(0.966)	(4.2)
TOTAL OTHER BUDGETS	**69.587**	**7.944**	**24.804**	**(0.966)**	**(1.4)**
TOTAL NET EXPENDITURE (EXC SCHOOLS)	**512.775**	**312.093**	**463.615**	**(5.343)**	**(1.0)**
MOVEMENT OF RESERVES					
Transfer to/from Earmarked Reserves	(4.775)	(2.315)	0.124	0.000	0.0
Contribution to/from School Reserves	(23.841)	(23.841)	(23.841)	0.000	0.0
Contribution to Development Fund	0.000	2.439	0.000	0.000	0.0
Transfer to/from General Reserves	0.200	0.200	0.200	0.000	0.0
TOTAL MOVEMENT OF RESERVES	**(28.415)**	**(23.517)**	**(23.517)**	**0.000**	**0.0**
MET FROM:					
Business Rates local Retention	(120.825)	(90.385)	(122.839)	(2.014)	1.7
Revenue Support Grant	(20.580)	(15.641)	(20.580)	0.000	0.0
Other Non Specific Grants	(44.443)	(49.050)	(44.452)	(0.010)	0.0
County Precept	(319.626)	(255.086)	(319.626)	0.000	(0.0)
TOTAL MET FROM	**(505.474)**	**(410.161)**	**(507.498)**	**(2.024)**	**0.4**
TOTAL (EXCLUDING SCHOOLS)	**(21.115)**	**(121.585)**	**(67.400)**	**(7.366)**	
SCHOOL BUDGETS					
Schools Block	151.021	95.862	151.180	0.159	0.1
High Needs Block	85.574	60.871	85.152	(0.423)	(0.5)
Central School Services Block	3.621	1.214	3.315	(0.306)	(8.5)
Early Years Block	42.731	27.992	42.474	(0.257)	(0.6)
Dedicated Schools Grant	(269.202)	(204.421)	(269.202)	0.000	0.0
Schools Budget (Other Funding)	7.369	(0.791)	7.369	(0.000)	(0.0)
TOTAL SCHOOLS BUDGETS	**21.115**	**(19.273)**	**20.288**	**(0.827)**	**96.1**
TOTAL (INCLUDING SCHOOLS)	**0.000**	**(140.859)**	**(47.112)**	**(8.193)**	

Appendix B

Children's Services

Financial Position 1st April – 31st December 2021

Children's Service Directorate

Forecast Financial Position as at 31 December 2021

Position

Children's Services is forecasting a 2021/22 spend of £125.440m against a budget of £123.203m. This is a forecast overspend of £2.236m, a movement of £2.664m from quarter two.

	Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 to Q3 £m
Children's Social Care	77.939	76.266	(1.673)	(2.227)
Children's Education	45.264	49.174	3.909	4.891
Children's Services	123.203	125.440	2.236	2.664

Children's Services

Education

- Home to School Transport is currently forecast to be overspent by £5.075m (or 15.7%). The forecast has been based on the spend to date and includes the new academic year contractual commitments up to 31 March 2022. This is an increase in the forecasted overspend of £4.738m from that reported in quarter 2. There are a number of external factors impacting on the cost of transport delivery: inflationary challenges, a national drivers' shortage (including more favourable pay rates in other delivery sectors) and a shortage of passenger assistants, rising fuel prices and higher operational costs for larger operators including requirements of the PSVAR legislation. These have all had an impact on re-procured contract prices which have shown significant increases (September 2021 costs were 11% higher than those in September 2020) and has had an impact on the current position. A transformational programme is underway which will have a focus on those external factors from 2022/23 onwards. The overspend also includes the full year impact of an increase in special educational needs and disabilities numbers attending non-maintained special schools supporting the primary need of Social, Emotional and Mental Health (SEMH) at a cost of £0.785m. The commissioned placements are as a result of insufficient place capacity within Lincolnshire special schools, which the capital programme is addressing. Further costs (£1.300m) are associated with an increase in the number of pupils travelling to special schools (an additional 75 children).

- An underspend within Special Educational Needs & Disabilities of £0.581m (or 7.6%), a £0.164m reduction compared to the underspend reported in quarter 2. The majority of the underspend relates to Children with Disabilities (CWD) staffing (£0.287m or 18.0%) as a result of staff vacancies and maternity leave, and the Domiciliary Care contract underspent (£0.248m or 53.0%) from parents not wanting carer support in their home due to the impact of Covid-19 in the first quarter also filtering into the second quarter. The majority of the variance this quarter has arisen due to updated costs relating to CWD equipment which is not now expecting to underspend (a variance of £0.200m).
- There are further underspends relating to central staffing costs (£0.275m) from vacancies and staff movement, and other general underspends across education services.
- The forecasts include a total of £0.422m of costs to be claimed from the general Covid-19 grant, and £0.313m of costs which will be claimed against the Outbreak Management Grant.

Social Care

The financial position is driven by:-

- The continuing need for children in care (CiC) requiring external placements identifies a material forecast overspend (£2.102m or 31.6%) relating to residential placements. This is a £0.573m increase in the overspend forecast in quarter 2. CiC numbers have increased (710 at the end of December 2021 compared with 688 at the end of September 2021). The main reason for the increased overspend relates to a further 7 external placements since quarter 2 at a cost of £0.471m. Children's Services 1% carry forward (£1.136m) from 2020/21 is being used to partly offset the CiC placements overspend. The financial position of this statutory requirement does fluctuate due to demand-led nature of the service. There continues to be a robust review of placements undertaken on a monthly basis with all additional costs under scrutiny. The forecast considers the transformational activity taking place within the service
- Social care legal costs continue to be higher than the budget due to the complexity of cases, the reliance on expert advice and the use of counsel. It is forecast to overspend by £1.122m (or 39.7%), a reduction of £0.182m from quarter 2. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings. There is on-going work to supporting progression with pre-proceedings and protocols are in place to support this.
- The 0-19 health service underspend has increased to £0.787m (or 9.3%), a £0.210m increase in the underspend from that reported in quarter 2. This overall position relates to county-wide Health Visitor and Children and Young People Nurse vacancies especially in the Lincoln and West Lindsey area. The service continues to encounter recruitment challenges, and this equates to approximately a 13% vacancy rate. On-going recruitment continues to take place including reviewing service delivery options.
- The Fostering and Adoption Service is forecasting a £1.053m (or 7.2%) underspend compared to £0.154m underspend in quarter 2. This is mainly due to continuation of reduced availability of foster care placements throughout the

pandemic, which has seen an increase in children and young people being placed in residential provision.

- There are continued underspends relating to staffing vacancies due to staff turnover for early help services (£0.490m or 5.7%); the use of one-off Outbreak Management grant to part fund the costs of the Healthy Minds delivery in schools following the pandemic (£0.518m); the use of Public Health reserves to part fund the cost of the Early Years contract (£0.573m) and other minor underspends on other service areas.
- The forecasts include a total of £4.306m of costs to be claimed from the general Covid-19 grant to meet additional legacy costs, and £0.795m of costs which will be claimed against the Outbreak Management Grant.

Appendix C

Adult Care and Community Wellbeing

Financial Position 1st April – 31st December 2021

Adult Care & Community Wellbeing

Forecast Financial Position as at 31 December 2021

Position

Adult Care and Community Wellbeing is forecasting a spend of £148.966m against a net budget of £150.763m, which is a £1.797m underspend, a movement of (£0.637m) since Quarter 2.

	Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 to Q3 £m
Adult Frailty	120.211	120.450	0.239	(0.241)
Adult Specialities	86.351	86.106	(0.245)	0.112
Public Health & Community Wellbeing	30.329	28.538	(1.791)	(0.508)
Public Health Grant	(33.895)	(33.895)	0.000	0.000
Better Care	(52.233)	(52.233)	0.000	0.000
Adult Care & Community Wellbeing	**150.763**	**148.966**	**(1.797)**	**(0.637)**

Public Health & Wellbeing

Public Health & Wellbeing is forecasting a £1.791m underspend at the end of Quarter 3, a change from £1.283m in Quarter 2, which is an increase in the underspend by (£0.508m). The underspend is largely delivered through the redeployment of existing workforce and commissioned services to meet the needs of the population as we both respond to and emerge from the Covid-19 pandemic. The costs incurred in responding to Covid-19, including the recent Omicron wave, are funded through Covid-19 grants. In addition, volume-based services continue to see reduced activity because of restrictions and services such a health checks as a result of the vaccine rollout.

Adult Frailty and Long Term Conditions (AF&LTC)

There has been a £0.241m improvement in the position from quarter 2. The short-term care spends across older people's care has increased due to continued capacity challenges in the home care market ultimately resulting in the increased need for more expensive interim beds. AF&LTC is delivering within its financial resources as we can recharge additional costs resulting from increased hospital discharges to the NHS coupled with an underspend, we are seeing due to lower than planned homecare usage given the capacity constraints.

Adult Specialties

This has shown a decrease in the underspend by £0.112m to (£0.245m) underspend. This is largely due to In House Day Opportunities budgets and a gradual return to pre pandemic service user volumes.

Appendix D

Place

Financial Position 1st April – 31st December 2021

Place

Forecast Revenue Financial Position 31 December 2021

Position

At the end of December 2021, Place is forecasting a 2021-22 spend of £74.801m against a budget of £75.146m. This is a forecast underspend of £0.344m and is a reduction of £0.600m from the previously reported overspend.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 To Q3 £m
Communities	48.347	47.447	(0.900)	(0.601)
Lincolnshire Local Enterprise Partnership	0.394	0.394	0.000	0.000
Growth	2.540	2.540	0.000	0.000
Highways	23.865	24.420	0.555	0.001
Place	**75.146**	**74.801**	**(0.344)**	**(0.600)**

Highways

Highways is forecasting an unchanged overspend of £0.555m.

This is largely due to a forecast pressure on winter maintenance of £0.695m based on an estimate of requiring 85 gritting runs covering 33% of the road network, against a budget based on providing coverage for an assumed "average winter" consisting of 63 gritting runs.

Offsetting this are smaller underspends due to income from Traffic Regulation Orders being better than budget and staff vacancies running slightly higher than the level assumed in the budget.

Communities

Communities is forecasting an underspend of £0.900m.

The main change to the previous forecast is in **Transport Services** resulting from a forecast underspend on concessionary travel of £0.510m due to reduced activity levels. A further underspend of £0.321m is forecast on supported bus services arising from disruption to the bus market caused by the pandemic and ongoing driver shortages which is limiting the number of services operators are able to contract to run.

Previous reports highlighted the considerable uncertainty remaining in the bus market, with the interaction between reduced patronage and the need to provide ongoing support to ensure the operation of socially necessary services and a number of inflationary pressures on operators making it difficult to forecast.

As previously reported a forecast saving of £0.077m on **Planning Services** is due to two junior posts that are currently vacant and the decision not to recruit to these posts over the last 18 months due to the difficulty in providing the necessary training whilst working from home.

An overspend of £0.088m in **Environment** arises from one-off costs this financial year associated with team restructuring. As a result the team will be better equipped to delivery against the Council's current priorities and to anticipate future challenges and pressures in the near future. This overspend can be funded from within the directorate overall underspend.

Grant support for the continuing Covid-19 impacts and higher than budgeted income from paper and card result in **Waste Services** now being forecast to be in line with budget for the year. Similarly, Culture and Environment (Countryside) are expected to be in line with budget following receipt of Covid-19 grant.

Growth

The use of reserves and surplus Developer income has enabled Growth to be managed broadly in line with budget for the year.

Greater Lincolnshire LEP

As previously reported the Greater Lincolnshire LEP budget, which represents the Council's annual revenue contribution to the LEP, is currently forecast to be in line with budget.

Appendix E

Fire and Rescue and Emergency Planning

Financial Position 1st April – 31st December 2021

Fire & Rescue and Emergency Planning

Forecast Financial Position 31 December 2021

Position

At the end of the third quarter, Fire and Rescue and Emergency Planning is forecasting a 2021/22 spend of £22.350m against a budget of £22.415m. This is a forecast underspend of £0.065m

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 To Q3 £m
Fire & Rescue	22.093	22.028	(0.065)	(0.204)
Emergency Planning	0.322	0.322	0.000	0.000
Fire and Rescue and Emergency Planning	**22.415**	**22.350**	**(0.065)**	**(0.204)**

Fire and Rescue

Fire and Rescue are forecasting an underspend of £0.065m.

This compares with a previously reported overspend of £0.139m in Q2.

Since Quarter 2 we have had the results of our Wholetime recruitment process which resulted in a far higher number of personnel being selected from On Call background. This has enabled us to revise our training course and reduce the 12 weeks down to 5 weeks. We have also reviewed the need for accommodation during the recruit's course that has been a direct impact of Covid-19 which has also reduced costs.

In addition, the timing of planned trauma and other training will be delayed into next financial year due to availability caused by the pandemic. This has resulted in costs £0.204m lower than budgeted for.

The service is projecting an annual increase in call volumes from the planning assumptions used to set budget by 400 incidents for this year. This equates to approximately £0.085m in cost.

The service is also supporting the costs of covering long term absence (£0.054m). Lincolnshire Fire and Rescue have a trend of longer term muscular skeletal absences due to the nature of employment, but also due to the challenges of getting personnel signed back fit for work.
There is a higher level of medical evaluation required to bring personnel back to operational duties. This has also been a challenge due to the limited availability of Occupational Health resources and a period where there has not been a doctor available.

Appendix F

Resources

Financial Position 1st April – 31st December 2021

Resources

Forecast Financial Position 31 December 2021

Position

At the end of the third quarter, Resources is forecasting a 2021/22 spend of £26.690m against a budget of £28.884m. This is a forecast underspend of £2.195m, which is an increase of £0.374m from the underspend reported at the half-year point.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 To Q3 £m
Human Resources and Organisational Support	14.366	13.736	(0.630)	(0.171)
Finance	7.700	7.237	(0.463)	(0.151)
Legal and Governance Services	2.355	2.601	0.246	0.126
Public Protection	4.464	3.116	(1.348)	(0.178)
Resources	**28.884**	**26.690**	**(2.195)**	**(0.374)**

Organisational Support (£0.630m underspend)

Business Support are forecasting an underspend of £0.440m.

The projected underspend has increased from £0.354m to £0.440m over the last quarter. The level of staff turnover across business support is currently higher than planned at just under 10% (Q2 8%) and although recent recruitment exercises have secured a good response, there remain several staff vacancies across the service that have not yet been filled.

In addition, an increasing number of Management Support Officer posts have become vacant and have been held as part of the recently completed consultation. This inevitably creates some pressures in maintaining normal service levels.

The underspend also includes covering council-wide Home Working costs forecast to be £52k. From 2022/23 onwards these costs are expected to reduce but as there will be no central budget provision, any ongoing cost will revert to service budgets

Human Resources are forecasting to underspend by £0.190m.

This is due to core staff being re-directed to work on Covid activity and thus being funded via Covid-19 grant (£0.102m).

Occupational Health contracts are also underspent by £0.055m with lower demand during the pandemic.

We reported in Q2 that the expected cost of supporting the "McCloud" pension judgement may be £0.012m. This remains unchanged and can be managed within the directorate.

The remaining underspend relates to a reduction of costs such as mileage and external training and conferences in line with smarter working principles.

Finance (£0.463m underspend)

The overall forecast variance on the Serco finance contract is an underspend of £0.299m.

As reported at Q2, most of this (£0.273m) is due to the budget for the implementation and ongoing costs for moving Adult Social Care payments from being paid net to gross, no longer being required this year as it is currently planned to be implemented from July 2022.

In addition, the period to December has seen slightly lower transaction volumes than budgeted for resulting in a forecast underspend of £0.026m.

A surplus in year of £0.015m on Schools Finance Service income is now forecast.
This arises from a combination of a higher level of income received plus lower costs due to savings in travel costs resulting from current working arrangements. A savings target of £15k is being proposed in the draft 2022/23 budget.

There is an underspend (£0.016m) on external audit fees due to a refund from Public Sector Appointments Ltd – this is the not-for-profit organisation that procures and manages public sector auditor appointments. From time to time surpluses are distributed to those authorities that use their services.

In addition, due to some slippage in planned project work, the underspend carried forward from 2020/21 is unlikely to be fully utilised in the current year and consequently an underspend of £0.123m is forecast alongside other minor variances (£0.010m).

Governance (£0.246m overspend)

The total cost of the recent local elections was £0.720m.

A base budget of £0.300m per annum was introduced in 2020/21 as part of a rolling budget that, over a four-year cycle, will cover the expected total cost of elections.
Council approved the £0.300m that was not required in 2020/21 to be added to an earmarked reserve making the total funding currently available £0. 600m.
The remaining shortfall (£0.120m) can be funded from overall underspends within the Resources Directorate.

There is also an overall underspend across democratic services and information assurance due to staff vacancies and lower mileage costs (£0.149m).

Legal Lincolnshire is also forecasting a shortfall on its surplus target of £0.275m which represents a significant increase since the report in Q2 (£0.046m).

Continuing recruitment difficulties and the increasing cost of locum lawyers has led to greater than anticipated agency staffing spend while reductions in demand have also been experienced from both the County Council and partners across several different areas of legal work.

Any shortfall at year end will be funded from the Legal Services earmarked reserve.

Public Protection (£1.348m underspend)

Safer Communities

Safer Communities, incorporating Community Safety and Trading Standards, are forecasting an underspend of £1.242m.

An additional ring-fenced grant of £1.445m was received following the passing of the Domestic Abuse Act 2021, for this and future years.

In order to plan its deployment most effectively, £0.878m of this will remain unspent at the year-end, however the grant conditions stipulate that it can only be spent on specific criteria and therefore creation of a new earmarked reserve will be proposed at year-end to allow the service to utilise unspent grant in future years but in the meanwhile, this appears as an underspend.

This overall underspend is offset by a forecast overspend in one area of the service; An element of the Council's domestic abuse provision was piloted and funded by the Better Care Fund. This funding was superseded by the recently announced domestic abuse grant and the Council is in the process of reviewing all committed spend against grant conditions.

Some of the services put in place prior to the publication of grant conditions cannot now be funded by the grant and this has created a forecast overspend of £290k. Commissioning plans are currently being developed to rectify this situation.

The remaining underspend is primarily attributable to staff vacancies across Community Safety and Trading Standards services.

Coroners, Celebratory & Registration Services

The service is forecasting an underspend of £0.106m having previously reported an overspend in Q2. This is due to the allocation of additional costs to clear service backlogs and the administration of excess deaths experienced in recent months, to covid grant.

The coroners service is expected to be £0.064m overspent.

Following a review of pricing for post-mortems there is an overspend of £0.085m as more expensive options have needed to be utilised during the year due to excess pressures on the service.

There has also been an increase in coroner staff costs due to replacing part time hours with full time hours, which had not been written into the budget assumptions. This, alongside additional support provided by our business support colleagues during an extremely busy time, has resulted in extra staffing costs of £0.059m.

Registration services are forecast to be on £0.146m underspent.

This is due to previous staffing shortages as income levels are expected to return in line with budget assumptions.

The service has, however, been able to further allocate spend to Covid-19 grant whilst utilising loss of income due to the pandemic against a specific Covid-19 grant.
The appointment of a new Head of Service part way through the year has resulted in an additional underspend of £0.025m.

Appendix G

Commercial

Financial Position 1st April – 31st December 2021

Commercial

Forecast Financial Position 31 December 2021

Position

At the end of the third quarter, Commercial is forecasting a 2021/22 spend of £37.919m against a budget of £39.803m. This is a forecast underspend of £1.884m, which is an increase of £1.087m from the underspend reported at the half-year point.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 To Q3 £m
Property	11.148	11.077	(0.071)	0.100
Information Management Technology	14.610	14.230	(0.380)	(0.356)
Transformation	4.991	4.576	(0.415)	(0.252)
Commercial	9.053	8.036	(1.017)	(0.579)
Commercial	**39.803**	**37.919**	**(1.884)**	**(1.087)**

Corporate Property (£0.071m underspend)

As reported at Q2, projected utility costs are estimated to be £0.100m below budget based on current usage and expected occupation levels at council sites. This figure is subject to change depending on occupation levels as the council returns to a blended working approach and will remain under review through the remaining winter months. Utility purchasing arrangements through ESPO protects the Council from market fluctuations, the national increases in utility prices will therefore not impact on budgets this financial year.

County Farms will underspend by £0.100m following the removal of the remaining Crown estate rents initiated in the previous financial year and a small increase in rental income. This saving has been identified in the service review as part of the medium-term plan. County Farm income levels are also slightly higher (£0.030m) than expected and there are a number of small underspends across the wider services.

These are offset by overspends relating to the additional costs for reactive repairs (£0.130m) due to increases in material prices in conjunction with a peak in tasks because of lack of access during the pandemic.

Increases in Insurance costs have also occurred across the portfolio (£0.040m) as well as management costs for the Grantham Traveller site recently transferred from SKDC to LCC. (£0.020m).

Information Management Technology (£0.380m underspend)

Supporting an agile, predominantly home working organisation, during the pandemic, has been successful, although this has led to additional technology cost. Most of this has been funded by central government's Covid-19 grant and support from reserves, but ongoing delivery costs are being considered within the MTFP.

Without this support the service would be reporting an overspend of c£0.700m.
There are currently seven unfilled vacancies to which the service is experiencing challenges in the recruitment market, resulting in an underspend against budget of £0.340m.

Lower contract costs based on Q1 to Q3 data volumes on our outsourced contract are partially offset by costs on Azure Storage, leaving a £0.100m underspend
In addition, costs totalling £0.140m for the Avaya Telephony upgrade have been allocated to the capital programme thus reducing revenue spend accordingly.

These underspends are offset by an increase in cost of £0.200m relating to the Council's arrangements with Microsoft in supporting the wider Office 365 portfolio as we enable more flexible and smarter working arrangements.

These and other pressures have been considered as part of a zero-based budget review during the summer to determine the future IMT revenue budgetary requirement as the overall IMT strategy considers how to deliver services for the council into the medium term.

This analysis is being used to inform discussions for the Council's 2022/23 budget and MTFP.

Transformation (£0.415m underspend)

The underspend is in relation to current and known future staffing vacancies across the service and through charging staff time to the Covid-19 grant to deal with appropriate Covid related pressures.

Commercial (£1.018m underspend)

The Customer Service Centre (CSC) is forecasting an underspend of £0.628m based on known performance to November and an estimate for the remainder of the financial year.

This comprises core costs, where demand has continued to fall (£0.328m) and from the effects of grant funding for Covid-19 related activity from both general and Adult Care specific grants (£0.300m). Costs will continue to be monitored and may be subject to change in this demand driven service.

Commissioning staffing is forecast to be £0.105m underspent due to vacancies and an allocation from Adult Care covid grants.

Appendix H

Corporate Services

Financial Position 1st April – 31st December 2021

Corporate Services

Forecast Financial Position 31 December 2021

Position

At the end of the third quarter, Corporate Services is forecasting a 2021/22 spend of £2.646m against a budget of £2.974m. This is a forecast underspend of £0.329m.

	Annual Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 To Q3 £m
Corporate Services	2.974	2.646	(0.329)	(0.111)
Corporate Services	**2.974**	**2.646**	**(0.329)**	**(0.111)**

There have been a number of staff vacancies resulting in an underspend of £0.304m.

The 2021 Lincolnshire Show was cancelled resulting in reduced costs of £0.038m.

This is offset by a forecasted £0.007m overspend for the Monitoring Officer's legal costs and £0.007m overspend for increased paper costs for the County News.

Appendix I

Schools

Financial Position 1st April – 31st December 2021

Schools

Financial Position as 31 December 2021

Position

Schools are forecasting a 2021/22 spend of £20.288m against a net budget of £21.115m. This is a forecast underspend of £0.827m.

	Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 to Q3 £m
Schools Block	151.021	151.180	0.159	(0.145)
High Needs Block	85.574	85.151	(0.423)	(0.792)
Central School Services Block	3.621	3.315	(0.306)	0.317
Early Years Block	42.731	42.474	(0.257)	(0.216)
Dedicated Schools Grant	(269.202)	(269.202)	0.000	0.000
Schools Budget (Other Funding)	7.369	7.369	0.000	0.000
Schools	**21.115**	**20.288**	**(0.827)**	**(0.836)**

Schools

Central School Services Block

The financial position is driven by:-

- A significant element of the underspend relates to formulaic funding received from central government for ongoing responsibilities for maintained schools and academies. This forecast underspend is £0.365m less than that reported in quarter 2 due to the allocation of funding for the increase costs of teachers' pensions (mainly a cost attributable to the High Needs Block). Further underspends relate to historical budgets such as PFI funding and Broadband costs. These budgets have been set prudently this year as the Department of Education (DfE) will be reducing these budgets by 20% in 2022/23.

Early Years Block
The financial position is driven by:-

- Minor underspends on central staffing (£0.180m) due to delays in the recruitment process and recent Head of Service changes plus an underspend on the Disability Access Fund (£0.086m).

- The participation budgets are currently shown as being on target. This is a volatile, demand-led budget that has been significantly impacted by covid-19. The DfE has recognised that this year's census data might not be representative of attendance using January census data and as a result are funding Local Authorities using termly data, which will reduce the overall financial risk.

High Needs Block

The financial position is driven by:-

- The most significant area of overspend relates to top up payments to mainstream schools for children and young people with Education and Health Care (EHC) plans (£2.273m or 11.6%) which is line with that forecast in quarter 2 and builds in current and future commitments. The SEND transformation programme is however making a difference to the number of new EHC plans (i.e. do nothing trajectory), however like nationally, number of EHC plans are increasing. These pressures have been partly offset by underspends on Alternative Provision (AP) Free school place funding (£1.661m) following DfE confirmation that funding is only being recouped from the Local Authority for 89 places from September 2021.
- Forecast overspends for Independent Non-Maintained Schools placements (£0.490m overspend), independent mainstream placements (£0.116m overspend) and mainstream placements with SEN in other local authority schools (£0.887m overspend) continue to increase. These increases are £0.264m more than that identified in quarter 2. As at January 2022, there are 185 placements in Independent Non-Maintained Schools, 88 placements in independent mainstream and a further 172 placements for mainstream placements with SEN in other local authority schools.
- Other underspends include: the use of one-off grants to fund the costs of the Healthy Minds delivery in schools following the pandemic and the portage service (£1.317m); reduction in Home Tuition (£0.233m); Alternative Provision Places (£0.321m); Social, Emotional & Mental Health (SEMH) placements (£0.267m) and other smaller underspends on various central SEN support services (£0.390m).

Schools Block

The financial position is driven by:-

- It has been assumed that School budgets will be fully spent for the purposes of this report. School delegated budgets (under and overspends) are automatically carried forward in accordance with grant conditions and the Local Authority's school carry forward policy.

- Pupil growth is forecasting a £0.350m overspend, a slight increase from that reported in quarter 2. This relates to later agreements and allocations in accordance with the policy for planned school reorganisations to provide sufficient school places for Lincolnshire pupils. This has been partly offset by income on the Admissions and Exclusions budget (£0.180m).

Appendix J

Other Budgets

Financial Position 1st April – 31st December 2021

Other Budgets

Financial Position as at 31 December 2021

Position

Other Budgets is forecasting a 2021/22 spend of £63.962m against a budget of £69.587m. This is a forecast underspend of £5.626m.

	Budget £m	Forecast Outturn £m	Forecast Variance £m	Variance Change Q2 to Q3 £m
Contingency	2.784	2.784	0.00	(0.216)
Capital Financing Charges	43.817	39.157	(4.660)	(2.505)
Other	22.987	22.021	(0.966)	(0.964)
Other Budgets	**69.587**	**63.962**	**(5.626)**	**(3.685)**

Capital Financing

The Capital Financing forecast variance (underspend) of £4.660m is driven by:

Part of this underspend (£2.588m) relates to the Minimum Revenue Provision part of capital financing charges, which is the amount set aside annually to finance the capital programme. The forecast underspend is a result of the capital programme outturn position in 2020/21, which was an underspend against the programme. There is also a forecast underspend of (£1.746m) on interest on borrowing due to re-phasing of the current year capital programme as well as a forecast underspend in the current year. The remaining underspend of (£0.325) is due to interest receipts being higher than budgeted.

It is planned that the capital financing underspend will be used to manage future fluctuations in the annual capital financing budget by transferring it to the capital financing earmarked reserve at the end of the year. This variance is therefore not included in the overall position for the Council shown in the main body of this report.

Other Budgets

Within Other Budgets there is a total forecast variance (under spend) of -£0.966m which is driven by:

- Redundancies and Pension Enhancements. Section 24 pension enhancement payments are lower this year than budgeted resulting in an underspend of -£0.337m, the Corporate redundancy budget is also forecast to be underspent by -£0.974m

- Council Tax Discount for Special Constables. The new budget set aside to pay for our share of Special Constables council tax discount scheme is not likely to be required this year as the scheme will be implemented retrospectively after the end of the financial year i.e. for the first time in 2022/23. This has led to an underspend this year of -£0.025m.

- Insurance. Increasing insurance premium costs are likely to lead to an overspend of £0.371m this year. Early indications are that this position is likely to continue into future years when the insurance contract is retendered.

Appendix K

SUMMARY OF FINANCIAL IMPACT OF COVID-19 2021/22 AS AT 31 December 2021

Covid-19 Costs and Losses - Actual To Date and Forecast Against Emergency Grant	Actual for Q1 2021/22 £000's	Actual for Q2 2021/22 £000's	Actual for Q3 2021/22 £000's	Estimate for Q4 2021/22 £000's	Estimate for FY 2021/22 £000's
Adult Care and Community Wellbeing					
Adult Frailty & Long Term Conditions	746	1,067	-41	487	2,260
Adult Specialties	0	0	0	0	0
Public Health	0	0	0	0	0
Total ACCW	**746**	**1,067**	**-41**	**487**	**2,260**
Children's Services					
Children's Social Care	935	1,508	665	1,199	4,306
Children's Education	132	289	557	612	1,590
Total Children's	**1,067**	**1,796**	**1,222**	**1,811**	**5,896**
Place					
Communities	303	0	934	163	1,400
Lincolnshire LEP	0	0	0	0	0
Growth	0	0	0	60	60
Highways	75	47	253	207	581
Total Place	**378**	**47**	**1,187**	**430**	**2,041**
Fire and Rescue & Emergency Planning	**85**	**20**	**33**	**188**	**327**
Resources	101	136	130	322	689
Public Protection	0	0	45	246	291
Resources	**101**	**136**	**175**	**568**	**980**
Commercial					
Commercial	**1,077**	**1,081**	**1,084**	**2,544**	**5,787**
Corporate Services					
Corporate Services	**2**	**0**	**0**	**0**	**2**
Other Budgets					
Other Budgets	**0**	**0**	**0**	**0**	**0**
Total Costs and Losses (excl Schools)	**3,457**	**4,148**	**3,659**	**6,028**	**17,292**
Schools					
Schools	**0**	**0**	**0**	**0**	**0**
Total Costs and Losses (Incl Schools)	**3,457**	**4,148**	**3,659**	**6,028**	**17,292**
Covid-19 Emergency Grant					-15,159
Lost SFC income grant (estimated)					-53
SFC reconciliation 20/21 clawback (estimated)					33
Carry forwards					-2,072
Total estimated income					**-17,251**
Surplus / (Deficit)					**-41**

Appendix L

Monitoring of Planned Savings 2021/22

Directorate	Service Area	Saving Information *	Reported Position: Planned Saving £000's	Reported Position: Delivery Y / N	Reported Position: If N, Shortfall £000's	Explanation of any Shortfall and/or Covid19 Grant Support
BUDGET SAVINGS						
Children's Services	Education Support Services	Budget Reductions to meet service requirements	1	Y		
Children's Services	Early Help Services	Budget Reductions to meet service requirements	1	Y		
Adult Care and Community Wellbeing	Budget 2020 - Three year savings programme	Cost reduction following online financial assessments and reduction of staffing as part of corporate transformation programme	100	Y		
Adult Care and Community Wellbeing	Adult Charging	Growth in Service user contributions which net off cost pressures in Homecare, Direct Payments and Daycare	1,801	Y		
Adult Care and Community Wellbeing	Residential/Nursing Placements	Investment in Extra Care Housing to reduce Long Term Placements	160	Y		
Adult Care and Community Wellbeing	Direct Payments	Improvement in Direct Payments reclaim of surplus funds from 88% to 94%	300	Y		
Adult Care and Community Wellbeing	Debt Collection Efficiencies	Reduction In Legal fees due to improved Debt Collection	100	Y		
Adult Care and Community Wellbeing	Peak Demand Efficiencies	Re-direction for funding to support services in core and mandatory services	400	Y		
Adult Care and Community Wellbeing	Review of Better Care Funded Schemes	Redirect funding to support services pressures in core, mandatory services	490	Y		
Adult Care and Community Wellbeing	Savings following contract reprocurement	Budget Reductions to meet service requirements	500	Y		
Adult Care and Community Wellbeing	Review of BCF Schemes	Review of BCF schemes redirecting funding to support service	192	Y		
Place	Highways Services	Saving on the lease cost of winter gritters	159	Y		
Resources	Community Safety	In anticipation of central government funding for new burden activities relating to Domestic Abuse	98	Y		
Resources	Reduction in printing	A reduction in costs following a contractual review	57	Y		
Commercial	Reduction in outgoing rents	A reduction in county farms rents payable	150	Y		

			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						
Commercial	Reduction in general property costs	A general reduction in property costs	85	Y		
Other Budgets		Implementation of capital financing savings	4,362	Y		
Other Budgets		Removal of revenue contribution in financing the capital programme	1,100	Y		
Other Budgets		Reduction in pension liabilities due to attrition rate	100	Y		
TOTAL BUDGET SAVINGS			**10,157**	**0**	**0**	

			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**
GROWTH IN INCOME						
Adult Care and Community Wellbeing	Adult Charging	Additional Service user income Residential	1,500	Y		Service User income Savings - Currently at end of Qtr 3 - all are deliverable, however ACCW have rated Service user Income as high risk budgets, and have implemented additional monitoring as a result. This is highlighting a potential for income levels to fall below the 2021/22 budget, the Debttor Review Programme is continuing and all debts over £25k have been reviewed as at 31st December 2021. The review is continuing with debts now 15K-25K being appraised as to whether they are recoverable or at risk which will inform the bad debt provision work completed as part of the closedown process.
Resources	Registration Income	The realignment of target income to the level achieved in 19/20	108	Y		
Resources	Audit Services Income	Planned additional income from the continued development of Audit services to partner organisations	15	Y		
Resources	Finance services to Schools	An increase in the level of income from Schools	20	Y		
Resources	HR Services to Schools	Proposed income from the continued development of a suite of HR services to Schools	91	Y		
Other Budgets		Increase in dividend relating to investment	6	Y		
TOTAL GROWTH IN INCOME			**1,740**	**0**	**0**	
TOTAL REDUCTIONS TO BUDGET			**11,897**	**0**	**0**	

Appendix M

Monitoring of Development Fund Initiatives 2021/22

Directorate	Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised in 2020/21 £000's	Planned Use of Funding		Update on Progress
					2021/22 £000's	Future Years £000's	
REVENUE							
Place	Environment	Green Masterplan	350	55	255	40	Green Masterplan approved, GMP Website developed, Lincolnshire Carbon Tool – with Bio Regional and Etude developed (this measures the carbon emissions from the whole economy in Lincolnshire). Zero Carbon Castle project commenced with the Castle and Delta Simons to examine how a zero carbon tourist attraction can be developed (this can then provide a model for other tourism sites in the county). LED Street-Lighting – on going process of conversion of street lights to LED lamps funded through the Salix Fund. Lincolnshire Climate Summit held in October 2021.
Place	Communities	Anaerobic digestion Facilities - Business Case Viability	150	30	120		Study has been commissioned to examine whether Anaerobic Digestion is the preferred solution to treat municipal food waste. The report will enable a detailed Technical Options Appraisal to be undertaken and development of an Outline Business Case. NOTE: A government consultation hasrecently taken place to look at separate waste collections, including food waste. The outcome of this is expected soon and should state requirements and how service expansion should be financed.
Place	Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	576	800	1,337	This funding is being utilised in addition to the annual budget of c£580k (which is utilised in developing majors projects to a point where capital funds are secured) to enable the delivery of Highways traffic models and transport strategies and a pipeline of Economic Development schemes to bid against emerging government funding opportunities . In 2020/21 all the planned traffic models and transport strategies were completed and in the current year the delivery of transport strategies for Grantham, Skegness, Sleaford and Gainsborough care progressing. Overall progress is in line to complete within the timescale planned in the project bid. Other major projects may be progressed using revenue funding, for example those recently submitted in the Levelling Up Fund.
Place	Highways	Traffic signals - Wireless communications	5	0	5		Small revenue element for ducting surveys on-track.
Place	Highways	Drainage Investigation and Flood Repairs	200	32	118	50	Revenue cost is for technical staff to undertake investigations.
Fire and Rescue and Public Protection	Fire and Rescue	Research study - LFR prevention work	10	8	2		Although the expected start date of the evaluation was initially delayed by Covid, close liaison with the University of Lincoln has allowed the team to develop alternative methods for collecting data to support the evaluation. The period of data collection has been reduced to ensure progress is made, with discussions held to ensure the outcomes as outlined in the scoping document can still be met. The University have confirmed they are confident that the report will provide the details and recommendations required.
Commercial	Transformation	Business Process re-engineering	280	167	113		Prioritised opportunities from the discovery phase have been translated into a Digital Delivery Blueprint. Further work has been completed to link all digital work underway or planned into this piece of work (CSC project, Adults digital projects and future plans within IMT). The blueprint has been created to support the development of the Council's Digital Strategy. The top six opportunities for cashable / non cashable benefits have now been identified and agreement on the roadmap for this delivery is to be agreed by CLT over the summer. Work has now concluded on the School Admissions and Transport Discovery & Service Design with several opportunities for efficiencies and cashable benefits. This will form part of the Digital Delivery Blueprint and help inform decisions on the replacement of the education transport entitlement software (STAMP).
Commercial	IMT	Broadband - 4G	135	0	45	90	Revenue funding for project management resource has not yet been utilised. Further update on the project is reported below in the Capital section below.
TOTAL DEVELOPMENT INITIATIVES REVENUE			**3,843**	**868**	**1,458**	**1,517**	

CAPITAL							
Children's Services	Strategic Commissioning	Education Transport links to School (Route sustainability)	440	0	100	340	The Sustainable Travel Group (STG) has focused on two specific routes for improvement as a priority with work to commence this financial year. A third route is subject to further cost-benefit analysis work. · Fishtoft- A project lead has been assigned the work. Technical Services Partnership is currently scoping costs and this has been scheduled into the timetable. It is envisaged this will be completed late 2021 or early 2022. This is an improvement to an existing suitable route but where there is no footpath and further supports the removal of previously existing transport entitlements to specific students and safeguards against future applications/appeals. Estimated cost c. £60k. Annual savings estimate c. £12-18 p.a. · Toynton All Saints- All landowners are in agreement with proposals for the new track. The owner of part of the track is unknown and so we are awaiting dispensation from the Secretary of State to post legal notices of the proposal on the land. The Public Rights of Way (PROW) team is undertaking informal consultation with relevant stakeholders before progressing to the design stage. Depending on any objections raised, this may take 3-12m to progress. Estimated cost c. £100k. Annual savings estimate £7k. Whilst expenditure was expected in 2021/22, only £4k has been spent to date and it is unlikely that further spend will incur in this financial year.
Place	Highways	Traffic signals - Wireless communications	80	80			Two regions have been fully commissioned and are utilising the wireless facilities. All the equipment has been installed into the additional regions by the contractor. The network settings require changing for these additional regions to allow the contractor to test the wireless links and complete the project.
Place	Highways	Community Maintenance Gangs	3,981	3,981			The full allocation was fully committed in 2020/21 to deliver a variety of community maintenance gangs throughout the financial year. This additional resource was well received by local members and the general public in solving a variety of minor maintenance improvements and repairs.
Place	Highways	Drainage Investigation and Flood Repairs	2,000	646	1,204	150	Schemes totalling £700k were commissioned in 2020/21 with an in year spend of £646k; most of the remaining budget is expected to be spent in 2021/22 with £150k expected to be spent in 2022/23. Our contractors, Balfour Beatty, identified additional resources for delivering these works and we have also employed additional specialist drainage engineers to complete all investigation and design work on the more complex schemes that our Technical Services Partnership design team is overseeing.
Place	Highways	Works on B class roads and lower	10,000	0	3,000	7,000	Approved as part of the LCC carry forward in summer 2021. Various works are progressiong with the majority of the spend expected in 2022/23
Fire and Rescue and Public Protection	Fire and Rescue	Flood Management Pumps	116	116			Project completed in terms of asset purchase and auxiliary equipment added. Stations equipped with necessary charging systems to ensure 24/7 response. Driver training to be under taken at Holbeach & Alford stations however other stations have necessary training to mobilise if required. Project now complete.
Fire and Rescue and Public Protection	Fire and Rescue	Replacement Trading standards Metrology equipment	50	0	24	26	New software and licences have been delivered for 3 out of 5 machines and these are installed and working. Remote installation was carried out with a remote training session due to pandemic. 2 more licences are on order and due to be delivered and installed with support.
Commercial	IMT	Broadband - 4G	800	0	200	600	Delivery of the overall Broadband project is currently on track and in line with the contractual milestones. The need for funding 4G development as a means of providing wider, mobile broadband access is being reviewed and consequently the scope and funding for the project is currently being re-assessed.
TOTAL DEVELOPMENT INITIATIVES CAPITAL			**17,467**	**4,823**	**4,528**	**8,116**	
TOTAL Revenue and Capital Development Initiatives			**21,310**	**5,691**	**5,986**	**9,633**	

Appendix N

Target Changes October - December 2021

Revenue

Nothing to report

Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
Lexicon House	Development Fund	Return unused budget originally for Lexicon House back into the Development Fund	Assistant Director, Corporate Property	£0.050m
Property	Development Fund	Return unused budget originally for Leverton & Grantham Fire stations back into the Development Fund	Assistant Director, Corporate Property	£0.730m

Revenue to Capital

SERVICE FROM	SERVICE TO	REASON	Approved by	AMOUNT
(Revenue) Highways (Capital) Revenue Funding	Capital Financing Charges Lincs Lab Vehicles	Movement of Lincs lab trading account surplus to fund Lincs lab capital purchases (replacement of coring rigs)	Highways Assessment & Laboratory Manager S151 Officer	£0.040m
(Revenue) Adult Frailty & Long Term Conditions (Capital) Revenue Funding	Capital Financing Charges Adult Care	Move budget to fund the costs of relocating Grantham Day Service to another site	Assistant Director – Specialist Adult Services & Safeguarding S151 Officer	£0.960m

Appendix O

Covid-19 Grants and Forecast Expenditure – All Grants

	2020/21 Grant c/f £	New 2021/22 Grant Allocation £	Grant Available in 2021/22 £	Forecast Spend £
General Emergency Covid 19 - Tranche 5 (April 21)	2,072,000	15,158,732	17,230,732	17,292,429
SFC - Loss of Income Grant (claim made, not yet approved)		52,917	52,917	
SFC - Loss of Income Grant 20/21 Reconciliation (claim made, not yet approved)		- 33,233	- 33,233	
DEFRA Hardship fund (majority to be utilised by AUG)	294,925		294,925	294,925
Infection Control Phase 2 Oct20-Mar21	669,956		669,956	669,956
Infection Control Phase 3 Apr21-Jun21		3,383,872	3,383,872	3,383,872
Infection Control Phase 4 Jul21-Sept21		2,396,453	2,396,453	2,396,453
Infection Control Phase 5? Oct21-Mar22		4,036,217	4,036,217	4,036,217
Test and Trace	1,496,047	-	1,496,047	1,227,585
Clinically extremely Vulnerable support	1,741,011	-	1,741,011	1,638,713
Additional Home to School Transport	414,683	765,350	861,949	771,208
Covid Winter Grant Support for Families	- 510,962	1,211,130	700,168	700,168
Extended Contain Outbreak Management Fund	7,013,522	9,823,656	16,837,178	16,837,178
Care Home Testing Grant Phase 1	62,230		62,230	62,230
Rapid Testing Grant Phase 2 Apr21-Jun21		2,248,775	2,248,775	2,248,775
Rapid Testing Grant Phase 3 Jul21-Sept21		1,809,083	1,809,083	1,809,083
Adult Social Care Workforce Grant	122,421		122,421	122,421
Workforce Recruitment & Retention Round 1		2,280,000	2,280,000	2,280,000
Workforce Recruitment & Retention Round 2		4,209,000	4,209,000	4,209,000
Covid 19 Increasing Bus Service Provision	310,444		310,444	175,000
(CBSSG and CBSSG restart)				
NHS Discharge Model Recharge		2,665,131	2,665,131	2,665,131
Community Testing to 30Jun22		646,263	646,263	646,263
Community Testing Ringfenced Grant		482,707	482,707	482,707
Testing Oct21-Mar22		2,125,875	2,125,875	2,125,875
Vaccine Oct21-Mar22		400,947	400,947	400,947
Practical Support Grant		1,713,830	1,713,830	1,713,830
Local Covid Support Grant	-	2,615,824	2,615,824	2,615,824
Household Support Grant		5,464,685	5,464,685	5,464,685
Local Resilience Fund Covid Grant		200,000	200,000	
ASC Omicron Support Fund ~ New		841,987	841,987	841,987
Holiday Activities and Food Programme Grant (HAF)	253,930	2,271,100	2,525,030	2,525,030
TOTAL	13,940,207	66,770,301	80,392,424	79,637,492

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Capital Budget Monitoring Report 2021/22 - Quarter 3 to 31 December 2021**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on Capital Budget Monitoring, which is being presented to the Executive on 01 March 2022. The views of the Board will be reported to the Executive as part of its consideration of this item.

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

Actions Required:

The Overview and Scrutiny Management Board is invited to: -

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

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

1. Background

1.1 The Executive is due to consider the Capital Budget Monitoring Report 2021/22 - Quarter 3 to 31 December 2021 at its meeting on 01 March 2022.

1.2 The Executive report attached at Appendix 1 is the capital budget monitoring report for the third quarter of financial year 2021/22 and has been prepared as at the end of 31 December 2021. It compares projected expenditure for the year with the approved Capital Programme and provides explanations for any significant forecast over or under-spending.

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

2. Conclusion

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

3. Consultation

The Board is being consulted on the proposed decision of the Executive on 01 March 2022.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Capital Budget Monitoring Report 2021/22 - Quarter 3 to 31 December 2021 to be presented to the Executive at its meeting on 01 March 2022

5. Background Papers

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

Document title	Where the document can be viewed
Budget Book 2021/22	The details of the Capital Programme set for the financial year 2021/22 and beyond is within the document Budget Book 2021/22, which can be found on the Council's website. https://www.lincolnshire.gov.uk/downloads/file/5104/budget-book-2021-22

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

Lincolnshire COUNTY COUNCIL
Working for a better future

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

Report to:	**Executive**
Date:	**1 March 2022**
Subject:	**Capital Budget Monitoring Report 2021/22 - Quarter 3 to 31 December 2021**
Decision Reference:	**I022178**
Key decision?	**No**

Summary:

- This report provides an update on capital spending compared with budgets for the financial year which started on 1 April 2021.
- The tables in this report show the net expenditure for the first nine months of this financial year to 31st December 2021, 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 D.
- The current 2021/22 forecasted position is an underspend of **£23.689m** (Block schemes **£15.607m**, Project schemes **£8.082m**). For the project schemes, the whole life budget is forecast to be overspent by **£0.117m.**

Recommendation(s):

That the Executive notes the position on the capital programme and decide on any corrective action necessary.

Alternatives Considered:

1.	This report shows the actual capital financial performance to 31 December 2021,

	and forecast outturns for 2021/22, therefore no alternatives have been considered.

Reasons for Recommendation:

To maintain the Council's financial resilience.

1. Background

Overall Financial Position

1.1 The table below shows the forecast net summary position for Block schemes as at 31 December 2021.

	2021/22					
	Original Budget £m	In Year Changes £m	Revised Budget £m	Net Expenditure £m	Forecast £m	Forecast Variance £m
Blocks						
Adult Care	-	0.960	0.960	-	0.285	-0.675
Children's Services	0.818	1.427	2.244	-3.950	2.145	-0.099
Commercial	12.372	-6.820	5.553	1.284	4.533	-1.019
Fire and Rescue	4.203	-2.949	1.253	0.793	1.257	0.003
Place	20.542	29.777	50.319	41.305	47.367	-2.952
Resources	-	0.025	0.025	-	-	-0.025
Other Budgets	5.200	6.276	11.476	-1.077	0.636	-10.840
Total Block	43.135	28.695	71.830	38.354	56.223	-15.607

1.2 The table below shows the forecast net summary position for Project schemes as at 31 December 2021.

	2021/22					
	Original Budget £m	In Year Changes £m	Revised Budget £m	Net Expenditure £m	Forecast £m	Forecast Variance £m
Projects						
Adult Care	-	-	-	0.014	-	-
Children's Services	1.075	-0.725	0.350	14.253	0.350	-
Commercial	2.007	1.375	3.382	2.930	3.172	-0.210
Place	64.996	-9.010	55.985	38.423	48.113	-7.872
Total Project	68.078	-8.360	59.718	55.620	51.635	-8.082

1.3 The capital programme comprises a series of schemes/projects which often span a number of years. The table below shows the forecast whole life net summary position for projects.

	Whole Life total				
	Original Approved Budget £m	Total Budget and CGU £m	Total Net Expenditure to Date £m	Scheme Total Forecast £m	Variance £m
Projects					
Adult Care	1.990	5.571	1.430	5.571	0.001
Children's Services	1.500	2.585	28.766	2.585	--
Commercial	41.430	45.431	25.944	44.405	-1.026
Place	163.758	296.258	137.593	297.401	1.142
Total Project	208.678	349.845	193.734	349.962	0.117

1.4 The detailed listing for both Block and Project schemes including whole life costs can be found in Appendix A, B and C, respectively.

1.5 Where a scheme/project is known to be exhibiting a material variance to its spending profile this will be explained in Appendix D. This also shows further detail for selected Block Schemes and Projects.

1.6 There are additional costs to capital schemes of **£7.827m** arising from the impact of Covid-19. Any cost increases identified in future years have been built into the latest capital programme for 2022/23 onwards.

1.7 The forecast position for this year on the Block Schemes is a net underspend of **£15.607m**. Appendix A breaks this underspend down into more detail and Appendix D provides the explanation of significant variances.

1.8 The forecast position for this year on Capital Projects is a net underspend of **£23.689m,** however, the whole life cost of these projects is an overspend of **£0.117m**. Appendix B and C breaks these positions down into more detail and Appendix D provides the explanation of significant variances.

Impact of the Capital Position

1.9 The current year's forecast underspend of £23.689m means that our borrowing requirement is reduced compared to our estimate of this at the start of the year. This position also leads to a forecast underspend on capital financing charges which is reported in the Revenue Monitoring report for quarter two on the same agenda as this report.

1.10 The whole life cost of projects is forecast to be overspent by £0.917m. This position will need to be addressed as part of the 2022/23 budget setting process to ensure the capital programme is affordable over the longer term.

Progress on Development Fund Initiatives

1.10 Appendix E 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. Expenditure in 2020/21 was £4.823m and £4.528m is forecast to be spent in the current year.

Assessment of Impact on Financial Resilience

1.11 The forecast whole life position is an overspend and this will need to be addressed, however it is a relatively small overspend so unlikely to adversely impact on the Council's long term financial resilience. The capital programme was modified to take into consideration the current and future capital programme as a whole to ensure affordability, thereby maintaining our financial resilience. Our Capital Strategy 2021/22 requires the capital programme to be affordable over the longer term and the next iteration of the capital programme will need to remain affordable.

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 & Well Being 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 highlighted in this report for the Executive to note.

4. Legal Comments:

This report sets out an update on spending to 31 December 2021 compared with the capital budget for the financial year starting on 1 April 2021 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 2021/22.

5. Resource Comments:

This report indicates that the current year capital budget is projected to be underspent by £23.689m, therefore, no other call on reserves is expected to be required within the current financial year.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board on 24 February 2022. Any comments of the Board will be reported to the Executive.

d) Risks and Impact Analysis

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

7. Background Papers

These are listed below and attached at the back of the report	
Appendix A	Capital Monitoring Report for Block Schemes as at 30 December 2021
Appendix B	Capital Monitoring Report for Projects as at 30 December 2021
Appendix C	Capital Monitoring Report for Projects Whole Life Cost
Appendix D	Capital Programme Detail for Selected Projects and Blocks as at 30 December 2021.
Appendix E	Monitoring of Development Fund Initiatives 2021/22

8. Background Papers

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

Document title	Where the document can be viewed
Budget Book 2021/22	Budget and financial strategy – Lincolnshire County Council.

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

Capital Monitoring Report for Block Schemes as at 31 December 2021 Appendix A

	2021/22					
	Actuals £m	Original Budget £m	In Year Changes £m	Revised Budget £m	Forecast £m	Forecast Variance £m
Adult Care	-	-	0.960	0.960	0.285	-0.675
Adult Frailty & Long Term Conditions	-	-	0.960	0.960	0.285	-0.675
Adult Care and Community Wellbeing	-	-	0.960	0.960	0.285	-0.675
Infrastructure and Refresh Programme	0.586	3.539	-2.236	1.303	1.343	0.040
Replacement ERP Finance System	0.045	0.312	-0.028	0.284	0.051	-0.233
ICT Development Fund	0.044	0.121	0.024	0.145	0.065	-0.080
Improvement Transformation	-	2.000	-2.000	-	-	-
Information Management Technology	0.674	5.972	-4.240	1.732	1.459	-0.273
Property	0.476	6.125	-2.726	3.399	2.653	-0.746
County Farms Block	0.134	0.275	0.147	0.422	0.422	-
Property	0.610	6.400	-2.579	3.821	3.075	-0.746
Commercial	1.284	12.372	-6.820	5.553	4.533	-1.019
Fire & Rescue and Emergency Planning	0.106	1.074	-0.822	0.252	0.268	0.016
Fire Fleet & Equipment	0.687	3.128	-2.127	1.001	0.989	-0.012
Fire and Rescue	0.793	4.203	-2.949	1.253	1.257	0.003
Fire and Rescue	0.793	4.203	-2.949	1.253	1.257	0.003
Devolved Capital	-0.210	-	-	-	-	-
Provision of School Places - Basic Need	-3.563	-	-	-	-	-
School Modernisation Condition	-1.708	-	-	-	-	-
Schools Access Initiative	0.003	-	-	-	-	-
Provision of School Places (Basic Needs - Sleaford)	1.107	-	1.107	1.107	1.107	-
Early Years Sufficiency / Extended Provision	0.500	-	0.559	0.559	0.559	-
Healthy Pupils	0.024	-	-0.002	-0.002	-0.002	-
Full Fibre Broadband Capital	-0.196	-	0.347	0.347	0.348	0.001
Connect the Classroom	-0.001	-	-	-	-	-
Education	-4.045	-	2.011	2.011	2.013	0.001
Foster Capital	0.065	0.189	-0.005	0.185	0.090	-0.095
Other Children's Social care	0.030	0.628	-0.580	0.048	0.042	-0.006
Social Care	0.095	0.818	-0.585	0.233	0.132	-0.101
Children's Services	-3.950	0.818	1.427	2.244	2.145	-0.099
Libraries	-	-	0.399	0.399	0.399	-
Other Environment and Planning	0.006	-	0.018	0.018	0.018	-
Flood & Water Risk Management	0.167	-	0.866	0.866	0.866	-
Equipment & Vehicles at Waste Transfer Stations	0.024	0.252	0.048	0.300	0.300	-
Fire Suppression at Waste Transfer Stations	0.003	0.421	-0.321	0.100	0.100	-
Local Flood Defence Schemes	-0.035	1.350	-0.750	0.600	0.600	-
Other Transport Initiatives	0.071	-	0.679	0.679	0.679	-
Countryside Rights of Way	0.026	-	0.049	0.049	0.049	-
Waste	-	0.100	-	0.100	0.100	-
Drainage Investigation and Flood Repairs	0.207	-	-	-	-	-
Waste - Separated Paper and Card Scheme	0.935	1.206	0.459	1.664	1.664	-
Communities	1.405	3.329	1.448	4.777	4.777	-
Lincoln Growth Point	-	-	-0.256	-0.256	-0.256	-
Lincolnshire Waterways	0.001	-	-0.144	-0.144	-0.144	-
Teal Park, Lincoln	-	-	-0.001	-0.001	-	0.001
LEP Skills Investment Programme	1.545	-	1.545	1.545	0.105	-1.440
Economic Development - Business Unit Development	0.365	1.500	0.017	1.517	0.833	-0.683
Other Growth and the Economy - Economic Infrastucture	0.288	-	0.160	0.160	0.160	-
Growth	2.199	1.500	1.322	2.822	0.700	-2.122
Highways Asset Protection	26.943	-3.657	11.039	7.382	12.032	4.650
Integrated Transport	-2.262	-	1.569	1.569	-2.441	-4.010
A16/A1073 Spalding to Eye Road Improvement	0.007	-	-	-	0.008	0.008
Network Resilience	0.842	0.723	0.141	0.864	0.911	0.046
Holdingham Roundabout (Sleaford Growth Schemes)	6.621	3.839	2.871	6.710	6.706	-0.003
A46 Roundabouts	0.080	-	0.286	0.286	0.087	-0.199
A18 Safer Road Fund	0.140	-	-	-	-	-
Energy Efficiency Street Lighting Schemes	0.234	0.164	0.071	0.234	0.234	-
Local Highways Improvements (pinchpoints) to support coastal route:	0.060	1.705	-1.436	0.269	0.234	-0.035
Other Highways	0.027	-	0.525	0.525	0.413	-0.113
Boston Development Schemes	0.066	0.641	-0.373	0.268	0.093	-0.175
Rural Roads Fund	4.734	12.300	-4.800	7.500	6.500	-1.000
Highways	37.491	15.714	9.893	25.607	24.777	-0.830
Lincolnshire Enterprise Partnership Contribution	0.210	-	17.114	17.114	17.114	-
LEP	0.210	-	17.114	17.114	17.114	-
Place	41.305	20.542	29.777	50.319	47.367	-2.952
Safer Communities	-	-	0.025	0.025	-	-0.025
Public Protection	-	-	0.025	0.025	-	-0.025
Resources	-	-	0.025	0.025	-	-0.025
New Developments Capital Fund	-	5.200	6.276	11.476	0.636	-10.840
Capital Fund	-1.077	-	--	--	-	-
Finance	-1.077	5.200	6.276	11.476	0.636	-10.840
Other Budgets	-1.077	5.200	6.276	11.476	0.636	-10.840
	38.354	43.135	28.695	71.830	56.223	-15.607

Appendix B

Capital Monitoring Report for Projects as at 31 December 2021

	2021/22					
	Actuals £m	Original Budget £m	In Year Changes £m	Revised Budget £m	Forecast £m	Forecast Variance £m
De Wint Court - Extra Care Housing	0.003	-	-	-	-	-
Linelands – Extra Care Housing	0.001	-	-	-	-	-
Hoplands - Extra Care Housing	0.010	-	-	-	-	-
Welton - Extra Care Housing	0.001	-	-	-	-	-
Adult Frailty & Long Term Conditions	0.014	-	-	-	-	-
Adult Care and Community Wellbeing	0.014	-	-	-	-	-
Broadband	1.537	-	1.223	1.223	1.223	-
Care Management System (CMPP)	-	0.005	0.009	0.014	0.014	-
IMT (Cloud Navigator/Windows 10)	0.014	-	0.035	0.035	0.035	-
Azure Data Migration Project	0.636	0.460	0.351	0.811	0.781	-0.030
Information Management Technology	2.187	0.465	1.618	2.083	2.053	-0.030
Blue Light South Park	0.034	-	0.208	0.208	0.021	-0.187
Lexicon House	-	0.950	-0.950	-	-	-
County Emergency Centre	-	-	-	-	-	-
Property Area Review	0.026	0.202	-0.102	0.100	0.100	-
School Mobile Classroom Replacement	-	0.390	0.026	0.416	0.416	-
Property Improvement	-	-	-	-	-	-
Orchard House Repairs	0.073	-	0.072	0.072	0.072	-
Horncastle Estate	-	-	-	-	-	-
Castle Motte Repairs	0.577	-	0.510	0.510	0.510	-
Grantham Fire	0.011	-	-0.007	-0.007	-	0.007
Leverton Fire Station	0.022	-	-	-	-	-
Property	0.744	1.542	-0.243	1.299	1.119	-0.180
Commercial	2.930	2.007	1.375	3.382	3.172	-0.210
SEND capital funding with pupils with EHC plans	14.092	-	-	-	-	-
Educaton	14.092	-	-	-	-	-
Children's Homes	0.162	1.075	-0.725	0.350	0.350	-
Social Care	0.162	1.075	-0.725	0.350	0.350	-
Children's Services	14.253	1.075	-0.725	0.350	0.350	-
HWRC Tattershall	0.093	3.950	-2.650	1.300	1.300	-
Lincoln Castle Revealed phase 2	-	-	-	-	-	-
Heritage / Archives	-	2.500	2.500	5.000	0.074	-4.926
Electronic Ticket Machines	0.143	-	0.130	0.130	0.130	-
HWRC Skegness	-	-	-	-	-	-
Communities	0.236	6.450	-0.020	6.430	1.504	-4.926
Holbeach Food Enterprise Zone	0.971	-	0.011	0.011	0.605	0.594
Economic Development – Horncastle Industrial Estate Exte	-	1.000	-1.000	-	-	-
Skegness Countryside Business Park 2	0.054	-	0.092	0.092	0.051	-0.040
Growth	1.025	1.000	-0.897	0.103	0.656	0.553
Lincoln Eastern Bypass	4.879	5.847	-2.127	3.720	2.523	-1.197
Spalding Western Relief Road (Section 5)	0.259	11.547	-11.642	-0.095	-	0.095
Grantham Southern Relief Road	28.154	29.703	13.347	43.049	41.378	-1.672
Street Lighting Transformation	0.006	0.150	0.020	0.170	0.100	-0.070
A46 Welton Roundabout (Integrated Transport/NPIF)	1.511	0.361	1.790	2.151	1.751	-0.400
A1084 Safer Road Fund	0.867	-	-	-	-	-
A631 Middle Rasen to Bishops Bridge Safer Road Fund	0.680	-	0.175	0.175	0.175	-
Gainsborough Corringham Road (Dev with WLDC)	-0.041	-	0.221	0.221	0.135	-0.086
Sleaford Rugby Club (Sleaford Growth Scheme)	-0.150	1.014	-0.994	0.020	-0.150	-0.170
A631 Louth to Middle Rasen Safer Road Fund	0.025	-	0.700	0.700	0.700	-
A52 Skegness Roman Bank Reconstruction	1.286	0.325	0.716	1.041	1.041	-
North Hykeham Relief Road	-0.315	-	-	-	-	-
Spalding Western Relief Road Section 1	-	10.400	-10.300	0.100	0.100	-
Spalding Western Relief Road Section 1 S106	-	-1.800	-	-1.800	-1.800	-
Lincoln East-West Link	-	-	-	-	-	-
Highways	37.162	57.546	-8.093	49.452	45.953	-3.499
Place	38.423	64.996	-9.010	55.985	48.113	-7.872
Project Total	55.620	68.078	-8.360	59.718	51.635	-8.082

Appendix C

Capital Monitoring Report for Projects Whole Life Cost

	Whole Life total				
	Original Approved Budget £m	Total Net Budget and CGU £m	Total Net Expenditure to Date £m	Scheme Total Forecast £m	Variance £m
De Wint Court - Extra Care Housing	-	1.400	1.409	1.400	--
Linelands – Extra Care Housing	1.990	0.011	0.011	0.011	0.001
Hoplands - Extra Care Housing	-	2.560	0.010	2.560	-
Welton - Extra Care Housing	-	1.600	0.001	1.600	-
Adult Frailty & Long Term Conditions	1.990	5.571	1.430	5.571	0.001
Adult Care and Community Wellbeing	1.990	5.571	1.430	5.571	0.001
Broadband	10.000	13.042	5.318	13.042	--
Care Management System (CMPP)	2.500	4.648	4.634	4.648	--
IMT (Cloud Navigator/Windows 10)	16.500	11.196	3.108	11.182	-0.014
Azure Data Migration Project	1.165	1.348	1.148	1.274	-0.073
Information Management Technology	30.165	30.233	14.209	30.146	-0.088
Blue Light South Park	7.140	6.910	6.736	6.910	-
Lexicon House	1.975	1.925	0.975	1.925	-
County Emergency Centre	0.500	0.582	0.582	0.574	-0.008
Property Area Review	0.550	0.550	0.133	0.550	-
School Mobile Classroom Replacement	0.600	2.400	0.484	2.400	-
Property Improvement	0.500	0.541	0.541	0.500	-0.041
Orchard House Repairs	-	1.496	1.497	1.400	-0.096
Horncastle Estate	-	0.114	0.114	-	-0.114
Castle Motte Repairs	-	0.679	0.633	-	-0.679
Grantham Fire	-	--	0.019	-	-
Leverton Fire Station	-	-	0.022	-	-
Property	11.265	15.198	11.735	14.259	-0.939
Commercial	41.430	45.431	25.944	44.405	-1.026
SEND capital funding with pupils with EHC plans	-	1.085	28.600	1.085	--
Educaton	-	1.085	28.600	1.085	--
Children's Homes	1.500	1.500	0.167	1.500	--
Social Care	1.500	1.500	0.167	1.500	--
Children's Services	1.500	2.585	28.766	2.585	--
HWRC Tattershall	4.000	2.000	0.095	2.000	--
Lincoln Castle Revealed phase 2	1.200	0.146	0.146	0.480	0.334
Heritage / Archives	5.000	5.000	-	5.000	-
Electronic Ticket Machines	-	0.365	0.377	0.250	-0.115
HWRC Skegness	-	2.000	-	2.000	-
Communities	10.200	9.511	0.618	9.730	0.219
Holbeach Food Enterprise Zone	6.025	7.840	4.399	7.840	--
Economic Development – Horncastle Industrial Estate Exte	1.500	1.500	-	1.500	-
Skegness Countryside Business Park 2	2.398	0.909	0.871	-	-0.909
Growth	9.923	10.249	5.270	9.340	-0.909
Lincoln Eastern Bypass	47.640	85.107	73.103	85.107	--
Spalding Western Relief Road (Section 5)	10.000	18.458	-0.046	18.458	-
Grantham Southern Relief Road	64.000	80.179	41.141	81.092	0.913
Street Lighting Transformation	2.082	1.332	1.168	2.082	0.750
A46 Welton Roundabout (Integrated Transport/NPIF)	3.216	4.133	3.493	4.728	0.595
A1084 Safer Road Fund	-	--	-0.027	-	-
A631 Middle Rasen to Bishops Bridge Safer Road Fund	-	0.175	0.137	-	-0.175
Gainsborough Corringham Road (Dev with WLDC)	1.500	1.154	0.893	1.082	-0.072
Sleaford Rugby Club (Sleaford Growth Scheme)	-	1.236	1.067	1.376	0.140
A631 Louth to Middle Rasen Safer Road Fund	-	0.700	-1.040	0.700	--
A52 Skegness Roman Bank Reconstruction	-	1.116	-0.495	0.800	-0.316
North Hykeham Relief Road	-	48.000	-0.315	48.000	-
Spalding Western Relief Road Section 1	-	27.800	-	27.800	-
Spalding Western Relief Road Section 1 S106	-	-5.520	-	-5.520	-
Lincoln East-West Link	15.197	12.628	12.628	12.626	-0.002
Highways	143.635	276.499	131.705	278.331	1.832
Place	163.758	296.258	137.593	297.401	1.142
Project Total	208.678	349.845	193.734	349.962	0.117

Appendix D

Capital Programme Further Detail of Selected Schemes

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 2021/22 £m			
Gross Expenditure Budget	32.696	Net Expenditure Budget	0.000
Gross Income Budget	-32.696	Actual to date	14.092
Net Expenditure Budget	0.000	Forecast Net Outturn	0.000
		Forecast Net Over/(Underspend)	**0.000**

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	86.945	Net Expenditure budget	1.085
Gross Income Budget	-85.860	Scheme Total Forecast	1.085
Net Expenditure Budget	1.085	**Whole Life Variance**	**0.000**

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. This includes Department of Education grant funding to improve the special provision for children and young people with education, health & care (EHC) plans.

Performance of Scheme

The budgets reflect the revised project timescales. It should be noted that the forecasts are based on the current project plan and its delivery timetable. As the entire SEND strategy is subject to a continuing decision making process, projects may be re-prioritised over the coming months. Work has been completed on the Boston Endeavour Academy, which has space for 140 pupils. Other projects are on schedule to complete according to plan.

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

Financial Information 2021/22 £m			
Gross Expenditure Budget	49.410	Net Expenditure Budget	7.382
Gross Income Budget	-42.029	Actual to date	26.943
Net Expenditure Budget	7.382	Forecast Net Outturn	12.032
		Forecast Net Over/(Underspend)	**4.650**

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

Highways Asset Protection is primarily funded by a DfT grant and as such the programme can vary from year to year with the flexibility to carry forward any under or over spending. For 2021/22 the Council committed a further £12.3m of its own resources which are reported separately. This is to offset the year on year reduction in DfT grant and preserve the current level of the maintenance programme. In September 2021, the Council also approved an additional £10m of prior year revenue underspend to be added to the Development Fund for Highways Initiatives. This funding will help to meet a demanding programme of rural roads maintenance whilst balancing the available resources. Projects are overallocated during the year as slippage can often occur due to resource and winter weather. The current forecast is for an overallocation based on the milder winter and any balance on the grant will be carried forward.

Type of Scheme	Project
Directorate	Place
Area	Highways
Scheme Name	**Lincoln Eastern Bypass**

Status of Project **In progress**

Financial Information 2021/22 £m			
Gross Expenditure Budget	3.720	Net Expenditure Budget	3.720
Gross Income Budget	0.000	Actual to date	4.879
Net Expenditure Budget	3.720	Forecast Net Outturn	2.523
		Forecast Net Over/(Underspend)	**-1.197**

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	135.604	Net Expenditure budget	85.107
Gross Income Budget	-50.497	Scheme Total Forecast	85.107
Net Expenditure Budget	85.107	**Whole Life Variance**	**0.000**

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.
This scheme is funded by a £49.950m grant from the Department for Transport with the balance, including the advance funding of expected Community Infrastructure Levy contributions, being met from LCC borrowing.

Performance of Scheme

The forecast costs for the Lincoln Eastern Bypass increased 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. The forecast expenditure is based on the contractor's forecast costs and the Council's assessment of the other costs associated with the project but contain a number of uncertainties and are therefore still subject to change. Although construction is now substantially complete, several Compensation Events (CEs) are yet to be resolved but progress is looking favourable to enable the project to come back on budget.

Type of Scheme	Project
Directorate	Place
Area	Highways
Scheme Name	**Grantham Southern Relief Road**

Status of Project **In progress**

Financial Information 2021/22 £m			
Gross Expenditure Budget	43.049	Net Expenditure Budget	43.049
Gross Income Budget	0.000	Actual to date	28.154
Net Expenditure Budget	43.049	Forecast Net Outturn	41.378
		Forecast Net Over/(Underspend)	**-1.672**

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	113.179	Net Expenditure budget	80.179
Gross Income Budget	-33.000	Scheme Total Forecast	81.092
Net Expenditure Budget	80.179	**Whole Life Variance**	**0.913**

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.
The scheme is funded by £28m from Greater Lincolnshire Local Enterprise Partnership (GLLEP) and £5m from Highways England with the balance, including the advance funding of expected Developer contributions, being met from LCC borrowing.

Performance of Scheme

In common with other major schemes, work on the Grantham Southern Relief Road has been affected by extreme weather events, exacerbated by technical issues and ecological considerations. Operation of the site was further affected by the COVID-19 pandemic and although work continued with appropriate social distancing measures implemented, some activity such as the diversion of high voltage power cables, that were dependent on third party agencies, was delayed.
Final finishing work on Phase 2 of the project is ongoing and work on the Phase 3 is underway.
Forecast expenditure is based on the contractor's forecast costs but still contains a number of risks and uncertainties. Although the contractor is attempting to mitigate the global material supply and price issues by placing early orders and holding stocks of materials, there is now limited scope to absorb further impacts within the project risk allocation. Consequently, on the basis of current cost estimates, the whole-life project cost may eventually rise further than the forecasts stated above.

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

Financial Information 2021/22 £m			
Gross Expenditure Budget	12.660	Net Expenditure Budget	-0.095
Gross Income Budget	-12.755	Actual to date	0.259
Net Expenditure Budget	-0.095	Forecast Net Outturn	0.000
		Forecast Net Over/(Underspend)	**0.095**

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	39.588	Net Expenditure budget	18.458
Gross Income Budget	-21.130	Scheme Total Forecast	18.458
Net Expenditure Budget	18.458	**Whole Life Variance**	**0.000**

Purpose of Scheme

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.

It 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.

Section 5 of the scheme is funded by £20.130m from the Housing Infrastructure Fund (HIF), £1.000m from South Holland District Council (SHDC), £4.500m from the Department for Transport Integrated Transport Block (ITB) with the balance being met from LCC borrowing.

Performance of Scheme

The completion of detailed design for the scheme resulted in an increase in forecast construction costs from that envisaged at the planning stage, however additional grant of £8.130m from the Housing Infrastructure Fund has been secured to fund these additional costs. All the required land has now been acquired and work undertaken to divert overhead power lines. Final design work has been completed and construction started on 10 January 2022. Although work has been undertaken to value engineer the design, whole-life costs are expected to exceed the current budget due to the inflationary impacts of the global material supply and price issues. This is being addressed as part of the 2022/23 budget process.

Type of Scheme	Project
Directorate	Place
Area	Highways
Scheme Name	**A52 Skegness Roman Bank Reconstruction**
Status of Project	**In progress**

Financial Information 2021/22 £m			
Gross Expenditure Budget	1.041	Net Expenditure Budget	1.041
Gross Income Budget	0.000	Actual to date	1.286
Net Expenditure Budget	1.041	Forecast Net Outturn	1.041
		Forecast Net Over/(Underspend)	**0.000**

Whole Lifetime Financial Information £m			
Gross Expenditure Budget	4.765	Net Expenditure budget	1.116
Gross Income Budget	-3.649	Scheme Total Forecast	0.800
Net Expenditure Budget	1.116	Whole Life Variance	**0.316**

Purpose of Scheme

To fully reconstruct a total of 550m of the A52 Roman Bank in Skegness.
This project is funded from the Local Highways Improvements (Pinchpoints) to support Coastal Route Programme and a Department for Transport Highways Maintenance Challenge Fund grant of £3.649m.

Performance of Scheme

Delays have been experienced in the diversion of utilities but current forecasts for the scheme show it to be within budget over the full life of the project. Any remaining underspend on completion, will be returned to the Coastal Highways Programme budget.
Phase 4 (out of 6) was completed in May 2021 in order to allow for the suspension of work and temporarily open the road back up to vehicular traffic for the Summer period.
Phase 5 works recommenced on site in September 2021 and are currently progressing in line with the planned programme.

Type of Scheme	Block Scheme
Directorate	Centralised
Area	
Scheme Name	**New Developments Capital Fund**

Financial Information 2021/22 £m			
Gross Expenditure Budget	11.476	Net Expenditure Budget	11.476
Gross Income Budget	0.000	Actual to date	0.000
Net Expenditure Budget	11.476	Forecast Net Outturn	0.636
		Forecast Net Over/(Underspend)	**-10.840**

Purpose of Scheme

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

Performance of Scheme

The amount of New Developments Capital Fund available for use this year has been increased by funds being returned to the contingency totalling £2.350m from the Public Protection and Corporate Property areas of the capital programme. This sum will not be spent. Of the remaining budget of £9.126m the sum of £0.636m has been earmarked for projects this year. With only one quarter to go, it is unlikely that any significant capital sums will be spent in this year so an underspend of £10.840m is forecast at this stage.

Appendix E

DEVELOPMENT FUND PROJECTS							
CAPITAL							
Children's Services	Strategic Commissioning	Education Transport links to School (Route sustainability)	440	0	100	340	The Sustainable Travel Group (STG) has focused on two specific routes for improvement as a priority with work to commence this financial year. A third route is subject to further cost-benefit analysis work. · Fishtoft- A project lead has been assigned the work. Technical Services Partnership is currently scoping costs and this has been scheduled into the timetable. It is envisaged this will be completed late 2021 or early 2022. This is an improvement to an existing suitable route but where there is no footpath and further supports the removal of previously existing transport entitlements to specific students and safeguards against future applications/appeals. Estimated cost c. £60k. Annual savings estimate c. £12-18 p.a. · Toynton All Saints- All landowners are in agreement with proposals for the new track. The owner of part of the track is unknown and so we are awaiting dispensation from the Secretary of State to post legal notices of the proposal on the land. The Public Rights of Way (PROW) team is undertaking informal consultation with relevant stakeholders before progressing to the design stage. Depending on any objections raised, this may take 3-12m to progress. Estimated cost c. £100k. Annual savings estimate £7k. Whilst expenditure was expected in 2021/22, only £4k has been spent to date and it is unlikely that further spend will incur in this financial year.
Place	Highways	Traffic signals - Wireless communications	80	80			Two regions have been fully commissioned and are utilising the wireless facilities. All the equipment has been installed into the additional regions by the contractor. The network settings require changing for these additional regions to allow the contractor to test the wireless links and complete the project.
Place	Highways	Community Maintenance Gangs	3,981	3,981			The full allocation was fully committed in 2020/21 to deliver a variety of community maintenance gangs throughout the financial year. This additional resource was well received by local members and the general public in solving a variety of minor maintenance improvements and repairs.
Place	Highways	Drainage Investigation and Flood Repairs	2,000	646	1,204	150	Schemes totalling £700k were commissioned in 2020/21 with an in year spend of £646k; most of the remaining budget is expected to be spent in 2021/22 with £150k expected to be spent in 2022/23. Our contractors, Balfour Beatty, identified additional resources for delivering these works and we have also employed additional specialist drainage engineers to complete all investigation and design work on the more complex schemes that our Technical Services Partnership design team is overseeing.
Place	Highways	Works on B class roads and lower	10,000	0	3,000	7,000	Approved as part of the LCC carry forward in summer 2021. Various works are progressiong with the majority of the spend expected in 2022/23
Fire and Rescue and Public Protection	Fire and Rescue	Flood Management Pumps	116	116			Project completed in terms of asset purchase and auxiliary equipment added. Stations equipped with necessary charging systems to ensure 24/7 response. Driver training to be under taken at Holbeach & Alford stations however other stations have necessary training to mobilise if required. Project now complete.
Fire and Rescue and Public Protection	Fire and Rescue	Replacement Trading standards Metrology equipment	50	0	24	26	New software and licences have been delivered for 3 out of 5 machines and these are installed and working. Remote installation was carried out with a remote training session due to pandemic. 2 more licences are on order and due to be delivered and installed with support.
Commercial	IMT	Broadband - 4G	800	0	200	600	Delivery of the overall Broadband project is currently on track and in line with the contractual milestones. The need for funding 4G development as a means of providing wider, mobile broadband access is being reviewed and consequently the scope and funding for the project is currently being re-assessed.
TOTAL DEVELOPMENT INITIATIVES CAPITAL			**17,467**	**4,823**	**4,528**	**8,116**	

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Lincolnshire COUNTY COUNCIL Working for a better future

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Scrutiny Committee Work Programmes: -** • **Environment and Economy Scrutiny Committee** • **Highways and Transport Scrutiny Committee**

Summary:

As set out in the Council's constitution, a key role for this Board is monitoring the future work programmes of the other scrutiny committees. The role of the Board is to satisfy itself that it is content with each committee's work programme, rather than to discuss the detail of particular items listed in the work programme, as these discussions are appropriately held at the relevant meeting of the scrutiny committee.

This report focuses on the Environment and Economy Scrutiny Committee and the Highways and Transport Scrutiny Committee and includes information on activity since November 2021.

Actions Required:

(1) The Board is requested to determine whether it is satisfied with the activity undertaken since November 2021 by:

(a) the Environment and Economy Scrutiny Committee; and
(b) the Highways and Transport Scrutiny Committee.

(2) The Board is requested to determine whether it is satisfied with the planned work programme of:

(a) the Environment and Economy Scrutiny Committee; and
(b) the Highways and Transport Scrutiny Committee.

1. Background

The Council's constitution includes in this Board's terms of reference the following two clauses: -

- To agree and monitor the ongoing overview and scrutiny work programme, in particular holding the chairmen and/or vice chairmen to account for their committee's work programme on a quarterly basis.

- To monitor and guide the activities of the other overview and scrutiny committees.

<u>Environment and Economy Scrutiny Committee and Highways and Transport Scrutiny Committee</u>

So far in the new council term, the Environment and Economy Scrutiny Committee and the Highways and Transport Scrutiny Committee have held six meetings respectively. The key activities since November 2021 and the planned work programme of each committee are set out in Appendices A and B respectively. If members of the Board require further details on any item of previous activity, the full reports can be found on the County Council's website.

<u>Committee Reporting Timetable</u>

The table below sets out the planned reporting timetable until September 2022: -

<table>
<tr><th>Scrutiny Committee</th><th>Monitoring Date</th><th>Monitoring Date</th><th>Monitoring Date</th></tr>
<tr><td>Adults and Community Wellbeing</td><td rowspan="2">16 Dec 2021</td><td rowspan="2">24 Mar 2022</td><td rowspan="2">30 June 2022</td></tr>
<tr><td>Health</td></tr>
<tr><td>Environment and Economy</td><td rowspan="2">27 Jan 2022</td><td rowspan="2">28 Apr 2022</td><td rowspan="2">25 Aug 2022</td></tr>
<tr><td>Highways and Transport</td></tr>
<tr><td>Environment and Economy</td><td rowspan="2">24 Feb 2022</td><td rowspan="3">26 May 2022</td><td rowspan="2">29 Sept 2022</td></tr>
<tr><td>Highways and Transport</td></tr>
<tr><td>Flood and Water Management</td><td></td><td></td></tr>
</table>

2. Conclusion

The Board is asked to consider whether it is satisfied with the previous activity and the planned work programmes of the Environment and Economy Scrutiny Committee, and the Highways and Transport Scrutiny Committee.

3. Appendices – These are listed below: -

Appendix A	Environment and Economy Scrutiny Committee – Activity and Planned Work
Appendix B	Highways and Transport Scrutiny Committee – Activity and Planned Work

4. Background Papers

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

This report was written by Kiara Chatziioannou, Scrutiny Officer, who can be contacted on 07500 571868, or via kiara.chatziioannou@lincolnshire.gov.uk.

APPENDIX A

ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE

ACTIVITY REPORT

The Committee has met on six occasions in the new Council term: 22 June, 13 July, 14 September, 19 October (a summary of the outcomes of which was provided at the October 2021 meeting), 30 November 2021, and 18 January 2022. Full details on all the items considered at these meetings are available on the County Council's website:

https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=548

Set out below is a summary of the outcomes since the last update in November 2021:

<table>
<tr><th colspan="2">30 November 2021</th></tr>
<tr><th>Item</th><th>Summary of Outcomes</th></tr>
<tr><td>Service Level Performance Reporting Against the Performance Framework 2021 - 2022 - Quarter 2</td><td>The Committee welcomed an update on key performance indicators by the Head of Economic Development, the Head of Waste and the Head of Environment.

As part of its consideration, the Committee explored:

• 13 new formal investigations that had been launched as a result of flooding during the previous quarter.
• The review of targets for waste and recycling collection as these services continue to develop.
• The improvements to be made to positively engage with certain groups in order to improve recycling rates in certain areas.</td></tr>
<tr><td>Flood and Coastal Innovation Programme - The Greater Lincolnshire Groundwater Project</td><td>The Committee received an update from the Senior Commissioning Officer – Flood Risk.

As part of its consideration, the Committee explored:

• The Flood Risk Management Partnership's objectives, amongst which was: the aim to develop community resilience and enhance the resilience of Lincolnshire's natural capital.
• The programme would provide the opportunity to develop an understanding of a broad range of groundwater risks and opportunities across Greater Lincolnshire.</td></tr>
</table>

30 November 2021	
Item	*Summary of Outcomes*
The Levelling Up Agenda for Lincolnshire	The Committee received an update report on the Levelling up Agenda for Lincolnshire by the Head of Infrastructure and Investment, which aimed to reduce inequality between communities to deliver sustainable, inclusive on our plans for growth in Lincolnshire, whilst addressing the challenges for Lincolnshire's communities, individuals and businesses. As part of its consideration, the Committee: • Raised concerns that the principles behind the 'levelling up' fund did not accurately represent the wealth inequality of some of the poorer divisions within the County. • Commended the use of funding being spent in an appropriate way which would stimulate local economic growth. • Discussed that the Midlands Engine looked at the economic activity across the whole of the Midlands. • Explored investments in Gainsborough which would be highly beneficial for the economy.
Planning For Strategic Infrastructure in Greater Lincolnshire	The Committee received a report by the Principal Planning Officer on the priorities for officers to develop an up-to-date evidence base on infrastructure matters. As part of its consideration, the Committee: • Welcomed investment for infrastructure projects in Grantham and supported partnership working between the County and District on the development of projects. • Suggested that a second bridge for Gainsborough be considered as a possible project due to congestion and poor traffic flow throughout the town. • Considered that the plan was a prioritised pipeline in which some projects had been prioritised for the short term as they had demonstrated a strong degree of strategic fit and deliverability. • Raised concerns with broadband issues not being considered as a priority.

30 November 2021	
Item	*Summary of Outcomes*
Tree Strategy: "The Right Tree in The Right Place"	The Committee received a report by the Sustainability Manager on the Green Masterplan and the initial progress towards the County Council's target to reach net zero carbon by 2050. As part of its consideration, the Committee explored: • The introduction of a tree strategy and the progress that was being made in the planting of more trees across the County, for environmental and aesthetic reasons. • Confirmation that the Council would be taking part in the Jubilee Tree Planting Celebrations that were planned for 2022. • There were plans to add to existing woodland through improving hedgerows. • The Council was working closely with District Councils to analyse any existing strategies and have a joined-up approach. • The Council would be working with the Woodland Trust on the tree strategy project. The Committee supported the proposal to submit an application to the Trees all for Action Fund.

18 January 2022	
Item	*Summary of Outcomes*
Council Budget 2022/23	The Committee recorded its unanimous support for the Economic and Environmental Services budget proposals. The Committee also recorded additional comments for the Executive.
Lincolnshire Carbon Tool	The Committee received a report by the Sustainability Manager – Environment on the work that has been done to quantify the carbon dioxide emissions across the county and seeks support for the work underway to reduce emissions. As part of its consideration, the Committee explored: • Working in partnership with District Councils and on the installation of electric vehicle charging points in suitable locations across the County.

<table>
<tr><th colspan="2">18 January 2022</th></tr>
<tr><th>Item</th><th>Summary of Outcomes</th></tr>
<tr><td></td><td>
The importance of addressing the issue of domestic energy efficiency and upgrades to housing in a timely manner was emphasised.
The opportunity to reduce emissions by encouraging children to walk or cycle to school.
The Council would continue to consider alternative fuels for their transport fleet, including the possibility of using hydrogen.
Concerns over the capacity of the national grid to cope with the increase in electric cars on the road.
The Council had invested a significant amount of money on making energy efficiently improvements at County Council operated buildings across the County.
</td></tr>
<tr><td>Lincolnshire Homeowner Property Flood Resilience Assistance Scheme Update</td><td>The Committee received a report by the Flood and Water Manager on the Lincolnshire Homeowner Property Flood Resilience Assistance Scheme.
As part of its consideration, the Committee explored:
The devastating effects flooding could have for residents of the County and welcomed the scheme.
The project would run alongside the Innovation Resilience Fund.
£2.9m had been invested by the Government to support projects elsewhere in the UK.
£5000 of financial assistance offered by the Council had been predominantly used to support the 12-month pilot and of which 10 properties were signed up to.
Sustainable drainage systems were prioritised within new developments, as well as recommending retrofitting.
Officers were working to better promote the scheme and its benefits to ensure residents were better protected against future flooding events.
</td></tr>
<tr><td>Green Masterplan: 2021 Progress Report</td><td>The Committee received a report by the Sustainability Manager on the progress that has been made in initiating delivery of the green masterplan.
As part of its consideration, the Committee explored:
The process of biodiversity net gain.
</td></tr>
</table>

18 January 2022	
Item	*Summary of Outcomes*
	• The schools project that would engage children through theatre groups. • A project to carry out a study on the energy from waste plant and suitable nearby heat sources that could utilise the energy produced by heat at the plant.

PLANNED WORK

Set out below are the items planned for future meetings of the Committee, up to July 2022.

22 February 2022		
Item	*Contributor*	*Notes*
Service Level Performance Reporting Against the Performance Framework 2021 - 2022 – Quarter 3: • Economy • Flooding • Waste	Samantha Harrison, Head of Economic Development David Hickman, Head of Environment / Chris Miller, Deputy Head of Environment Mike Reed, Head of Waste	This is the quarterly performance report.
Theddlethorpe Geological Disposal Facility Working Group - Update	Justin Brown, Assistant Director Growth	This item enables the Committee to consider an update on the Theddlethorpe Geological Disposal Facility Working Group activity.
Lincolnshire Wolds AONB Partnership – Responses to the recommendation of the Glover Review	Chris Miller, Deputy Head of Environment	This item enables the Committee to consider the responses to the recommendation of the Glover Review.

22 February 2022		
Item	*Contributor*	*Notes*
Local Transport Plan V *[Information only Item]*	Vanessa Strange, Head of Infrastructure Investment Jason Cooper, Transport and Growth Manager	This item informs the Committee on the pre-decision scrutiny that took place at the January Highways and Transport Scrutiny Committee, the comments from which were shared with the Executive for a decision made in February 2022.

12 April 2022		
Item	*Contributor*	*Notes*
Flood and Coastal Resilience and Innovation Programme - Submission of Outline Business Case	David Hickman, Head of Environment / Chris Miller, Deputy Head of Environment Matthew Harrison, Flood and Water Manager	This is a pre-decision report on the submitted business case for the Flood and Coastal Resilience and Innovation Programme. A decision will be taken by the Executive on this matter on 4 May 2022.
Lincolnshire Minerals and Waste Local Plan: Issues and Options for updating the plan	Adrian Winkley, Minerals and Waste Policy and Compliance Manager	This is a pre-decision report on the proposed updates to the Minerals and Waste Local Plan. A decision will be taken by the Executive on 4 May 2022.
Property Green Agenda	Chris Miller, Deputy Head of Environment	This is a report and presentation by Countryside Services on the Council's green agenda for environmentally friendly and sustainable properties.
UK Share Prosperity Fund	Mandy Ramm, Funding and Investment Manager	The Committee will receive a report on the UK government's post-Brexit UK Shared Prosperity Fund (UKSPF) – replacing EU 'structural funds', to be launched in April 2022.

12 April 2022		
Item	*Contributor*	*Notes*
Internationalisation Strategy	Samantha Harrison, Head of Economic Development	This is an update on the Council's Strategy on preparing businesses for the international markets in the post-EU Exit era.
Greater Lincolnshire Nature Partnership Presentation (TBC)	Chris Miller, Deputy Head of Environment	The Committee will receive a presentation from the Greater Lincolnshire Nature Partnership.

24 May 2022		
Item	*Contributor*	*Notes*
Study Visit to Gibraltar Point	Chris Miller, Deputy Head of Environment	This is a report on a site study visit.
Sustainable Transport	Dan Clayton, Sustainability Manager - Environment	This is a report on Sustainable Transport.
Joint presentation on Local Transport Plan focusing on the Green Agenda	Dan Clayton, Sustainability Manager - Environment	This is an update on LTP with a focus on the Council's Green Agenda.
Infrastructure Planning – 6-month Progress Update	Vanessa Strange, Head of Infrastructure Investment	This item enables the Committee to consider progress updates over a 6-month period.

12 July 2022		
Item	*Contributor*	*Notes*
Service Level Performance Reporting Against the Performance Framework 2021 - 2022 – Quarter 4: • Economy • Flooding • Waste	Samantha Harrison, Head of Economic Development David Hickman, Head of Environment / Chris Miller, Deputy Head of Environment Mike Reed, Head of Waste	This is the quarterly performance report.

Other Potential Items

- Historic Places Team Strategy
- Verge Biomass
- Humber and East Coast Strategies

- Review of Land Sales Policy – Regeneration
- Skegness Business Park
- Planning White Paper
- Green Technology Grant
- Coastal Car Park Strategy

APPENDIX B

HIGHWAYS AND TRANSPORT SCRUTINY COMMITTEE

ACTIVITY

The Highways and Transport Scrutiny Committee has met on six occasions in the new Council term: 28 June, 19 July, 13 September, (a summary of the outcomes of which was provided at the October 2021 meeting), 25 October, 13 December 2021 and 24 January 2022. Full detail on these items is available on the County Council's website:

https://lincolnshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=492

Set out below is a summary of the outcomes since the last update in November 2021:

13 December 2021	
Item	*Summary of Outcomes*
Rail Recovery and Strategic Role in Providing Connectivity, Supporting Lincolnshire Communities and Economy	The Committee received a report by the Rail Policy Officer on the changes to the rail industry, forward strategy and the Department for Transport and Transport for East Midlands rail collaborative agreement. As part of this, presentations were received by: • The Senior Strategic Planner – Network Rail, who gave an overview of Network Rail's strategic advice process. • The Head of Train Planning and Access – East Midlands Railway (EMR), who gave an overview of EMR's recovery from the Covid-19 Pandemic. • The Head of Rail Improvement – East Midlands Councils, who offered an introduction to the Transport for the East Midlands (TfEM) Board and its Strategic Statement for Rail. As part of its consideration, the Committee explored: • In addition to infrastructure proposals for the coastal area, land would also benefit from rail investments including new platforms. • The value Network Rail identified in network centres which benefitted from plentiful parking spaces. • Work being done to improve connectivity and journeys between towns. • Consultation of local groups such as forums or community groups to contribute to reviews.

13 December 2021	
Item	*Summary of Outcomes*
Service Level Performance Reporting against the Performance Framework 2021-2022 – Quarter 2	The Committee welcomed an update on key performance indicators by the Client and Contract Manager. As part of its consideration, the Committee explored: • Kerbing jobs were not subject to a performance measure. • Delays in the North Hykeham Relief Road and exercise undertaken with Anglian Water to identify why the latter delayed attendance to leaks. • Traffic flow improvements as a result of the North Hykeham Relief Road. • Highways App functionality - bugs and glitches. • Potholes- maintenance teams presenting to fill only pre-reported potholes. • Support in offering apprenticeships for Children in Care. • Appreciation of the completed A17/A15 Holdingham Roundabout works. • Budgetary arrangements for tree works.
Highways - Gully Cleansing, Drainage Repair Schemes and Surface Water Flooding	The Committee received the annual report from the County Highways Manager. As part of its consideration, the Committee explored: • Development Drainage Funding - overview of the broad nature of schemes currently under consideration. • Working closely with District Councils to encourage leaf clearing on streets before a flooding problem was caused. • Delays in the availability of CCTV equipment to investigate blocked gullies, going onto ask what was considered reasonably acceptable by officers in delays.
Transport Connect Ltd - Teckal Company Update Report (1 May - 31 October 2021)	The Committee received an update report from the Head of Transport Services on activities and performance of the Council's Teckal Company, Transport Connect Ltd (TCL), over the period May-October 2021. As part of its consideration, the Committee explored: • TCL's governance and resilience to be assessed encompassing the resilience of both the Board's governance and the resilience of its finances. • Fuel spikes likely to decline in the future.

13 December 2021	
Item	*Summary of Outcomes*
	• Credit agreement- a capital loan, to finance assets.

24 January 2022	
Item	*Summary of Outcomes*
Revenue and Capital Budget Proposals 2022/23	The Committee recorded its unanimous support for the Highways and Transport Services budget proposals. The Committee also recorded additional comments for the Executive.
Local Transport Plan V	The Committee recorded its unanimous support for the adoption of the recommendations of the 5th Local Transport Plan. The Committee also recorded additional comments for the Executive.
Civil Parking Enforcement Annual Report 2020/21	The Committee received an annual report from the Parking Services Manager on activities, performance and various statistics related to enforcement and appeals and contains financial information on the cost of the service. As part of its consideration, the Committee explored: • The reconsidered approach to parking violation mitigation outside schools. • The significant number in parking waivers issued in Lincoln compared to the other District Councils. • Parking provision in Boston Marketplace. • Enforcement activity against Police vehicles. • Civil Parking Enforcement reserves. • Increase in parking restriction breaches.

PLANNED WORK

Set out below are the items planned for future meetings of the Committee, up to June 2022.

7 March 2022		
Item	*Contributor*	*Notes*
North Hykeham Relief Road – Design and Build Contract Procurement	Sam Edwards, Head of Highways Infrastructure	The views of the Committee will be sought on the design and build contract procurement for North Hykeham Relief Road as part of the decision to be taken by the Executive on 5 April 2022.
Adoption and Implementation of the Advanced Payment Code Exemptions Policy	Liz Burnley, County Manager for Development	The views of the Committee will be sought on the proposed Advanced Payment Code Exemptions Policy as part of the decision to be taken by the Executive Councillor between 14 March 2022 and 18 March 2022.
Bikeability Training Across Lincolnshire	Chris Miller, Deputy Head of Environment Philip Watt, TSG Project Officer	The views of the Committee will be sought on the proposed Bikeability Training Across Lincolnshire as part of the decision to be taken (date and decision maker tbc.).
Road Safety Partnership Update	Steven Batchelor, Lincolnshire Road Safety Partnership	This is an annual update report.
Highways – Gully Cleansing/Repair and Surface Water Flooding	Richard Fenwick, County Highways Manager Shaun Butcher, County Programme Manager	This is the six-monthly update on Highways Gully Cleansing/Repair and Surface Water Flooding.

25 April 2022		
Item	*Contributor*	*Notes*
Street Lighting – Policy Updates	Karen Cassar, Assistant Director Highways John Monk, Head of Design Services	The Committee will receive a report on street lighting policy updates.
Highways Quarter 3 Performance Report (1 October to 31 March 2022)	Karen Cassar, Assistant Director - Highways Tom Gifford, Client and Contract Manager – Highways Nicole Hilton, Assistant Director - Communities Verity Druce, Head of Transformation Services	This is a quarterly performance report.
Process for the adoption of Private Streets	Liz Burnley, County Manager for Development	The views of the Committee will be sought on the proposed process for the adoption of Private Streets as part of the decision to be taken (date and decision maker tbc.).

30 May 2022		
Item	*Contributor*	*Notes*
Speed Limits Review	Mick Phoenix, Traffic Manager	This is a review of Speed Limits and opportunities for adopting the 20-is-plenty campaign in Lincolnshire.

18 June 2022		
Item	*Contributor*	*Notes*
Highways Quarter 4 Performance Report (1 January to 31 April 2022)	Karen Cassar, Assistant Director - Highways Tom Gifford, Client and Contract Manager – Highways Nicole Hilton, Assistant Director - Communities Verity Druce, Head of Transformation Services	This is a quarterly performance report.

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**24 February 2022**
Subject:	**Overview and Scrutiny Management Board Work Programme**

Summary:

This item informs the Board of its current work programme for 2022.

Actions Required:

This item is for information only.

1. Background

Work Programme

The current version of the work programme for the Overview and Scrutiny Management Board is set out in Appendix A.

Executive Forward Plan

The Executive Forward Plan of key decisions is set out at Appendix B. This is background information for the Board to ensure that all key decisions are scrutinised by the relevant scrutiny committee.

2. Conclusion

This item is to inform the Overview and Scrutiny Management Board of its current work programme for 2022, which is attached at Appendix A to this report.

3. Consultation

a) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Overview and Scrutiny Management Board – Work Programme
Appendix B	Forward Plan of Decisions

5. Background Papers

No background papers as defined in section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

This report was written by Nigel West, Head of Democratic Services and Statutory Scrutiny Officer, who can be contacted by e-mail at nigel.west@lincolnshire.gov.uk

APPENDIX A

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Each agenda includes the following standard items:

- **Call-in (if required)**
- **Councillor Call for Action (if required)**

24 February 2022		
Item	**Contributor**	**Purpose**
People Management Update - Quarter 3	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
Corporate Plan Success Framework 2021/22 – Quarter 3	Caroline Jackson, Head of Corporate Performance Jasmine Sodhi, Performance and Equalities Manager	Pre-Decision Scrutiny (Executive decision on 1 March 2022)
Treasury Management Performance 2021/22 - Quarter 3 to 31 December 2021	Karen Tonge, Treasury Manager	Performance Scrutiny
Treasury Management Strategy Statement and Annual Investment Strategy for Treasury Investments 2022/23	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Pre-Decision Scrutiny (Executive Councillor Decision between 14 and 18 March 2022)
Revenue Budget Monitoring Report 2021/22 – Quarter 3	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 1 March 2022)
Capital Budget Monitoring Report 2021/22 – Quarter 3 to 31 December 2021	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 1 March 2022)

24 February 2022		
Item	**Contributor**	**Purpose**
Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee	Cllr Ray Wootten, Chairman of Environment and Economy Scrutiny Committee Cllr Alex Hall, Vice Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

24 March 2022		
Item	**Contributor**	**Purpose**
Insurance Strategy	Mandy Knowlton-Rayner, Insurance and Risk Lead	Pre-Decision Scrutiny (Leader Decision between 4 – 8 April 2022)
Transformation Programme Update	Clare Rowley, Head of Transformation Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance	Performance Scrutiny
Property Services Contract Year Six Report	Stuart Wright, Contract Manager - Corporate Property	Performance Scrutiny
Update on IMT Services - User Engagement and Project Portfolio	Donna Fryer, Head of Portfolio and Resources Allison Kapethanasis, ICT Business Relationship and User Engagement Manager	Performance Scrutiny

24 March 2022		
Item	**Contributor**	**Purpose**
Overview and Scrutiny Work Programmes • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee	Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing Scrutiny Committee Cllr Carl Macey, Chairman of Health Scrutiny Committee	Performance Scrutiny

28 April 2022		
Item	**Contributor**	**Purpose**
Performance of the Corporate Support Services Contract	Sophie Reeve, Assistant Director – Commercial Arnd Hobohm, Serco Contract Manager	Performance Scrutiny
Establishment of the Legal Services Company – Progress Report	David Coleman, Chief Legal Officer	Performance Scrutiny
Overview and Scrutiny Annual Report 2021-22	Nigel West, Head of Democratic Services and Statutory Scrutiny Officer	Performance Scrutiny
Overview and Scrutiny Work Programmes • Children and Young People Scrutiny Committee • Public Protection and Communities Scrutiny Committee	Cllr Rob Kendrick, Chairman of Children and Young People Scrutiny Committee Cllr Nigel Pepper, Chairman of Public Protection and Communities Scrutiny Committee	Performance Scrutiny
Options for the Future Delivery of IMT Services (EXEMPT)	John Wickens, Assistant Director - IMT and Enterprise Architecture	Pre-Decision Scrutiny (Executive decision on 4 May 2022)

26 May 2022		
Item	**Contributor**	**Purpose**
Developer Contributions Scrutiny Review – Second Monitoring Update of Action Plan	Justin Brown, Assistant Director – Growth Warren Peppard, Head of Development Management	Scrutiny Review Activity
Business World ERP System Re-Design – Progress Report	Louisa Harvey, ERP System Delivery Manager, Business World Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance	Performance Scrutiny
People Management Update Quarter 4	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee • Flood and Water Management Scrutiny Committee	Cllr Ray Wootten, Chairman of Environment and Economy Scrutiny Committee Cllr Alex Hall, Vice Chairman of Highways and Transport Scrutiny Committee Cllr Paul Skinner, Chairman of the Flood and Water Management Scrutiny Committee	Performance Scrutiny
Options for the Future Delivery of HR Admin, Payroll, Exchequer, ASC Finance and the Customer Service Centre (EXEMPT)	Sophie Reeve, Assistant Director – Commercial	Pre-Decision Scrutiny (Executive decision on 7 June 2022)

30 June 2022		
Item	**Contributor**	**Purpose**
Corporate Plan Success Framework 2021/22 – Quarter 4	Caroline Jackson, Head of Corporate Performance Jasmine Sodhi, Performance and Equalities Manager	Pre-Decision Scrutiny (Executive decision on 5 July 2022)
Review of Financial Performance 2021/22	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 5 July 2022)
Treasury Management Annual Report 2021/22	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Performance Scrutiny
Update on IMT Service Plan and Serco Contract Performance	John Wickens, Assistant Director - IMT and Enterprise Architecture Paul Elverstone, ICT Contracts and Licensing Officer	Performance Scrutiny
Overview and Scrutiny Work Programmes • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee	Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing Scrutiny Committee Cllr Carl Macey, Chairman of Health Scrutiny Committee	Performance Scrutiny

25 August 2022		
Item	**Contributor**	**Purpose**
Revenue Budget Monitoring Report 2022/23 – Quarter 1 to 30 June 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 6 September 2022)

25 August 2022		
Item	**Contributor**	**Purpose**
Capital Budget Monitoring Report 2022/23 – Quarter 1 to 30 June 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 6 September 2022)
Corporate Plan Success Framework 2022/23 – Quarter 1	Caroline Jackson, Head of Corporate Performance Jasmine Sodhi, Performance and Equalities Manager	Pre-Decision Scrutiny (Executive decision on 6 September 2022)
People Management Update Quarter 1	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
Overview and Scrutiny Work Programmes • Children and Young People Scrutiny Committee • Public Protection and Communities Scrutiny Committee	Cllr Rob Kendrick, Chairman of Children and Young People Scrutiny Committee Cllr Nigel Pepper, Chairman of Public Protection and Communities Scrutiny Committee	Performance Scrutiny

29 September 2022		
Item	**Contributor**	**Purpose**
Transformation Programme Update	Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance Clare Rowley, Head of Transformation	Performance Scrutiny
Update on IMT Services • Project Portfolio	Donna Fryer, Head of Portfolio and Resources	Performance Scrutiny

29 September 2022		
Item	**Contributor**	**Purpose**
Treasury Management Performance 2022/23 - Quarter 1 to 30 June 2022	Karen Tonge, Treasury Manager	Performance Scrutiny
Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee	Cllr Ray Wootten, Chairman of Environment and Economy Scrutiny Committee Cllr Alex Hall, Vice Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

27 October 2022		
Item	**Contributor**	**Purpose**
Performance of the Corporate Support Services Contract	Sophie Reeve, Assistant Director - Commercial Arnd Hobohm, Serco Contract Manager	Performance Scrutiny
Health and Safety Annual Report 2021/22	Fraser Shooter, Health and Safety Team Leader	Performance Scrutiny
Overview and Scrutiny Work Programmes • Adults and Community Wellbeing Scrutiny Committee • Health Scrutiny Committee	Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing Scrutiny Committee Cllr Carl Macey, Chairman of Health Scrutiny Committee	Performance Scrutiny

24 November 2022		
Item	**Contributor**	**Purpose**
Corporate Plan Success Framework 2022/23 – Quarter 2	Caroline Jackson, Head of Corporate Performance Jasmine Sodhi, Performance and Equalities Manager	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
Draft Infrastructure Funding Statement 2021/22	Brendan Gallagher, Principal Planning Officer – Infrastructure	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
People Management Update Quarter 2	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
Revenue Budget Monitoring Report 2022/23 – Quarter 2 to 30 September 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
Capital Budget Monitoring Report 2022/23 – Quarter 2 to 30 September 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
Treasury Management Performance 2022/23 - Quarter 2 to 30 September 2022	Karen Tonge, Treasury Manager	Performance Scrutiny
Overview and Scrutiny Work Programmes • Children and Young People Scrutiny Committee • Public Protection and Communities Scrutiny Committee	Cllr Rob Kendrick, Chairman of Children and Young People Scrutiny Committee Cllr Nigel Pepper, Chairman of Public Protection and Communities Scrutiny Committee	Performance Scrutiny

15 December 2022		
Item	**Contributor**	**Purpose**
Update on IMT Services • Data Services • Service KPI's & Service Issues	Sue Cline, Head of Data Services and Business Intelligence Paul Elverstone, ICT Contracts and Licensing Officer	Performance Scrutiny
Developer Contributions Scrutiny Review – Third Monitoring Update of Action Plan	Justin Brown, Assistant Director – Growth Warren Peppard, Head of Development Management	Scrutiny Review Activity
Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee • Flood and Water Management Scrutiny Committee	Cllr Ray Wootten, Chairman of Environment and Economy Scrutiny Committee Cllr Alex Hall, Vice Chairman of Highways and Transport Scrutiny Committee Cllr Paul Skinner, Chairman of the Flood and Water Management Scrutiny Committee	Performance Scrutiny

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

APPENDIX B

FORWARD PLAN OF KEY DECISIONS FROM 01 MARCH 2022

PUBLISH DATE 31 JANUARY 2022

DEC REF	MATTERS FOR DECISION	REPORT STATUS	DECISION MAKER AND DATE OF DECISION	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE CONSIDERED	OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated)	DIVISIONS AFFECTED
I025459	To agree a Section 75 agreement between LCC and Lincolnshire CCG to allow continuation of existing pooled budget and lead commissioner arrangements	Open	Executive 1 Mar 2022	Learning Disability Partnership Board Adults and Community Wellbeing Scrutiny Committee	Reports	Assistant Director - Specialist Adult Services and Safeguarding E-mail: justin.hackney@lincolnshire.gov.uk	All Divisions
I023033	Residential and Nursing Framework and Usual Costs	Open	Executive 1 Mar 2022	Survey and analysis of the local provider market for residential and nursing care. Adults and Community Wellbeing Scrutiny Committee	Reports	Commercial and Procurement Manager E-mail: alexander.craig@lincolnshire.gov.uk	All Divisions
I022179	Revenue Budget Monitoring Report 2021/22	Open	Executive 1 Mar 2022	Overview and Scrutiny Management Board	Reports	Assistant Director - Finance Tel: 01522 553235 E-mail: Michelle.Grady@lincolnshire.gov.uk	All
I022178	Capital Budget Monitoring Report 2021/22	Open	Executive 1 Mar 2022	Overview and Scrutiny Management Board	Reports	Assistant Director - Finance Tel: 01522 553235 E-mail: Michelle.Grady@lincolnshire.gov.uk	All
I025505	Single Section 75 Agreement for Children and Young People's Mental Health Services	Open	Executive 5 Apr 2022	Children and Young People Scrutiny Committee – 4 March 2022	Reports	Programme Manager, Children's Integrated Commissioning E-mail: kevin.johnson@lincolnshire.gov.uk	All Divisions

DEC REF	MATTERS FOR DECISION	REPORT STATUS	DECISION MAKER AND DATE OF DECISION	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE CONSIDERED	OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated)	DIVISIONS AFFECTED
I025137	North Hykeham Relief Road - Design and Build Contract Procurement	Open	Executive 5 Apr 2022	Highways and Transport Scrutiny Committee	Reports	Head of Highways Infrastructure E-mail: sam.edwards@lincolnshire.gov.uk	Bassingham and Welbourn; Eagle and Hykeham West; Hykeham Forum; Potterhanworth and Coleby; Swallow Beck and Witham; Waddington and Hykeham East; Washingborough
I022487	Flood and Coastal Resilience and Innovation Programme - submission of business case	Open	Executive 5 Apr 2022	Flood and Water Management Scrutiny Committee; Environment and Economy Scrutiny Committee; partner organisations; local communities	Reports	Head of Environment e-mail: david.hickman@lincolnshire.gov.uk	Louth Wolds; Market Rasen Wolds; Metheringham Rural; North Wolds
I025710 New!	Welton Developer Contributions	Exempt	Executive Councillor: Children's Services, Community Safety and Procurement Between 25 Apr 2022 and 3 May 2022	Children and Young People Scrutiny Committee, local Councillor, local secondary school	Reports	Admissions and Education Provision Manager E-mail: matthew.clayton@lincolnshire.gov.uk	Welton Rural
I025739 New!	Proposal to expand The Fourfields Church of England School, Sutterton (Final Decision)	Open	Executive Councillor: Children's Services, Community Safety and Procurement 29 Apr 2022	Interested parties as DfE guidance including school staff, schools, County, parish and Directrict Councils, MP's, Trade Unions and Diocese.	Reports	Admissions and Education Provision Manager E-mail: matthew.clayton@lincolnshire.gov.uk	Boston Rural

DEC REF	MATTERS FOR DECISION	REPORT STATUS	DECISION MAKER AND DATE OF DECISION	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE CONSIDERED	OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated)	DIVISIONS AFFECTED
I025709 New!	Review of Open Select List procurement arrangements for children's independent placements and recommendations from September 2022	Open	Executive Councillor: Children's Services, Community Safety and Procurement Between 3 May 2022 and 6 May 2022	LCC Commercial Team, social care and commissioning colleagues, external commissioned suppliers, Children and Young People Scrutiny Committee	Reports	Senior Commissioning Officer - Children's Strategic Commissioning E-mail: bridie.fletcher@lincolnshire.gov.uk Tel: 07848 181381 Commissioning Manager - Children's Strategic Commissioning E-mail: amy.allcock@lincolnshire.gov.uk Tel: 07769 991349	All Divisions
I025729 New!	Review of Closed Ordered List commissioning and procurement arrangements for Supported Accommodation for Unaccompanied Asylum Seeking Children (UASC) and former UASC care leavers from October 2022	Open	Executive Councillor: Children's Services, Community Safety and Procurement Between 3 May 2022 and 6 May 2022	LCC Commercial Team, social care and commissioning colleagues, external commissioned suppliers. Children and Young People Scrutiny Committee.	Reports	Senior Commissioning Officer E-mail: Bridie.fletcher@lincolnshire.gov.uk Commissioning Manager E-mail: amy.allcock@lincolnshire.gov.uk	All Divisions
I025181	The re-commissioning of Lincolnshire Community Equipment Services	Open	Executive 4 May 2022	The Leader of the Council, Adult Care and Community Wellbeing Executive DLT, LCES Programme Board Adults and Community Wellbeing Scrutiny Committee	Reports	Senior Commercial and Procurement Officer E-mail: marie.kaempfe-rice@lincolnshire.gov.uk	All Divisions
I025179	Options for the Future Delivery of IMT Services	Exempt	Executive 4 May 2022	Internal Consultation with CLT, IMT Board, Commissioning Board and Overview and Scrutiny Management Board.	Reports	Assistant Director - IMT & Enterprise Partnership E-mail: john.wickens@lincolnshire.gov.uk	n/a

DEC REF	MATTERS FOR DECISION	REPORT STATUS	DECISION MAKER AND DATE OF DECISION	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE CONSIDERED	OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated)	DIVISIONS AFFECTED
I025704 New!	Family Hub Feasibility Study - decision to progress to development stage	Open	Executive 4 May 2022	Internal SLT, CSTM's, Early Help Governance Group, LSCP, Children and Young People Scrutiny Committee	Reports	Head of Service - Boston/South Holland Locality Area E-mail: tara.jones@lincolnshire.gov.uk	All Divisions
I025705 New!	Holiday Activities and Food (HAF) Programme	Open	Executive 4 May 2022	Children and Young People Scrutiny Committee	Reports	Commissioning Manager - Children's Strategic Commissioning E-mail: saraj.gregory@lincolnshire.gov.uk	All Divisions
I025180	Options for the Future Delivery of HR Admin, Payroll, Exchequer, ASC Finance and the Customer Service Centre (CSC)	Exempt	Executive 7 Jun 2022	Internal consultation with CLT, Commissioning Board and Overview and Scrutiny Management Board	Reports	Assistant Director - Commercial E-mail: sophie.reeve@lincolnshire.gov.uk	n/a
I025544	Review of Financial Performance 2021/22	Open	Executive 5 Jul 2022	Overview and Scrutiny Management Board	Reports	Assistant Director - Finance e-mail: michelle.grady@lincolnshire.gov.uk	All Divisions
I025706 New!	Re-commissioning of Best Start Lincolnshire services	Open	Executive 5 Jul 2022	Children and Young People Scrutiny Committee	Reports	Commissioning Manager - Children's Strategic Commissioning E-mail: saraj.gregory@lincolnshire.gov.uk	All Divisions
I025685 New!	Re-Commissioning of Domestic Abuse Services	Open	Executive 6 Sep 2022	Public Protection and Communities Scrutiny Committee	Reports	Commercial and Procurement Manager E-mail: carl.miller@lincolnshire.gov.uk	All Divisions

DEC REF	MATTERS FOR DECISION	REPORT STATUS	DECISION MAKER AND DATE OF DECISION	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE CONSIDERED	OFFICER(S) FROM WHOM FURTHER INFORMATION CAN BE OBTAINED AND REPRESENTATIONS MADE (All officers are based at County Offices, Newland, Lincoln LN1 1YL unless otherwise stated)	DIVISIONS AFFECTED
I021049	The Expansion of St Lawrence's School, Horncastle	Exempt	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) Between 14 Sep 2022 and 21 Sep 2022	Children and Young People Scrutiny Committee	Reports	Head of Property Development Email: Dave.Pennington@lincolnshire.gov.uk Programme Manager, Special Schools Strategy Email: Eileen.McMorrow@lincolnshire.gov.uk	Horncastle and the Keals
I025746 New!	Recommissioning of Children with Disabilities services	Open	Executive 1 Nov 2022	Children and Young People Scrutiny Committee	Reports	Rosemary Akrill, Senior Commissioning Officer Rosemary.akrill@lincolnshire.gov.uk	All Divisions