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County Offices
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LN1 1YL

21 September 2022

Overview and Scrutiny Management Board

A meeting of the Overview and Scrutiny Management Board will be held on **Thursday, 29 September 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, M Brookes, I D Carrington, P M Dilks, R J Kendrick, C S Macey, C E H Marfleet, N H Pepper and E W Strengiel

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, 29 SEPTEMBER 2022

Item	Title	Pages
1	**Apologies for Absence/Replacement Members**	
2	**Declarations of Interest**	
3	**Minutes of the meeting held on 25 August 2022**	5 - 12
4	**Announcements by the Chairman, Executive Councillors and Chief Officers**	
5	**Consideration of Call-Ins**	
6	**Consideration of Councillor Calls for Action**	
7	**Insurance Strategy** *(To receive a report by Mandy Knowlton-Rayner, Insurance and Risk Lead, which invites the Board to consider a report on the Council's Insurance Strategy which is due to be considered by the Leader of the Council between 3 – 7 October 2022. The views of the Board will be reported to the Executive as part of its consideration of this item)*	13 - 34
8	**Update on IMT Services - Serco Contract Performance and Project Portfolio** *(To receive a report by John Wickens, Assistant Director - IMT and Enterprise Architecture, Paul Elverstone, Lead IT Contract & Vendor Relationship Officer and Donna Fryer, Head of Portfolio and Resources, which provides an update on Serco contract performance and progress on highlighted projects being commissioned through IMT)*	35 - 62
9	**Treasury Management Annual Report 2021/22** *(To receive a report by Karen Tonge, Treasury Manager and Chris Scott, Link Asset Services, which invites the Board to consider the Treasury Management Annual Report 2021/22)*	63 - 102
10	**Treasury Management Performance 2022/23 - Quarter 1 to 30 June 2022** *(To receive a report by Karen Tonge, Treasury Manager, which invites the Board to consider the Treasury Management Performance for Quarter 1 of 2022/23)*	103 - 132
11	**Review of the Scrutiny Function** *(To receive a report by Nigel West, Head of Democratic Services and Statutory Scrutiny Officer, which invites the Board to consider the findings and action plan of the review of the scrutiny function led by the Centre for Governance and Scrutiny)*	133 - 140

ITEMS FOR INFORMATION ONLY

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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, 29th September, 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
25 AUGUST 2022

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors T J N Smith (Vice-Chairman), Mrs J Brockway, M Brookes, I D Carrington, C S Macey, C E H Marfleet and E W Strengiel

Added Members

Church Representative:

Parent Governor Representatives: Miss A E I Sayer

Councillors: M J Hill OBE, H Spratt, M A Whittington and Mrs S Woolley attended the meeting as observers

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Nicola Calver (Member Services Manager), Pam Clipson (Head of Finance, Adult Care and Community Wellbeing), Simon Evans (Health Scrutiny Officer), Glen Garrod (Executive Director - Adult Care and Community Wellbeing), Michelle Grady (Assistant Director – Finance), Andy Gutherson (Executive Director Place), Tony Kavanagh (Assistant Director – Human Resources and Organisational Support), Natasha Langford (Corporate Project Support Officer, Resources), Andrew McLean (Assistant Director - Transformation), Mark Popplewell (Head of Finance (Children's Services)) and Rachel Wilson (Democratic Services Officer)

26 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillor R J Kendrick and Councillor N H Pepper.

Apologies for absence were also noted from Andrew Crookham, Executive Director – Resources.

27 DECLARATIONS OF INTEREST

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

28 MINUTES OF THE MEETING HELD ON 30 JUNE 2022

RESOLVED:

That minutes of the meeting held on 30 June 2022 be approved as a correct record and signed by the Chairman.

29 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

The Chairman announced that he had attended the last meeting of the executive on 5 July 2022 and presented the Boards comments on the Integrated Care Partnership, procurement of LCC telephony system, review of financial performance for 2021/22, and the Corporate Plan Success Framework for 2021/22 Quarter 4.

In relation to the Board's comments on the financial performance and the suggestion about using the ring-fenced funding for civil parking enforcement to recruit additional parking attendants, it was highlighted at the Executive that this was a difficult role to recruit to and the important factor was to ensure that enforcement officers were deployed to the right areas. It was also highlighted that there would be some changes coming to civil parking enforcement, including civil parking officers being able to enforce more, such as yellow boxes and obstructions.

With regards to the Board's comments on the LCC telephony system procurement and the concerns raised about the use of AI bots, it was highlighted at the Executive that there was a concern about not using AI bots to the detriment of the service. The Council provided a range of services, some of which were transactional and could be supported by AI, such as renewing library books. AI could also be used to assist in providing information to the call handlers. However, it was acknowledged that fir some areas of work, such as Adults or Children's Services, there would still be a need to speak to someone in person.

30 CONSIDERATION OF CALL-INS

No call-ins had been received.

31 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

No Councillor Calls for Action had been received.

32 CORPORATE PLAN SUCCESS FRAMEWORK 2022/23 - QUARTER 1

Consideration was given to a report by the Assistant Director – Corporate Transformation, programmes and Performance, which invited the Board to consider a report on the Corporate Plan Success Framework 2021/22 – Quarter 1, which was due to be reported to the Executive on 6 September 2022.

It was reported that all of the four ambitions were progressing as planned, based on both the key activities and Key Performance Indicators (KPI's). the full range of performance information could be found on the Council's website.

It was noted that, of the 39 activities with milestones due to be reported in quarter 1, 100% were rated as either Progress within agreed limits or Progressing as planned.

In relation to Key Performance Indicators (KPI's) reported for quarter 1, it was reported that four had exceeded the ambition, 10 had achieved the ambition and six had not achieved the ambition. It was also noted that there was a delay in the release of ONS data which meant that two performance indicators could not be reported in this quarter, although updates were provided in the report.

During discussion of the report, the following points were noted:

- Staff absences - this indicator was above target, however, it was commented that due to the disruption which had taken place over the past two years, the performance was not too bad.
- There were concerns about the long-term effects of isolation on mental health issues, and tit was thought that some of the damage caused was just starting to emerge. It was queried what the Council could do to help its staff more.
- It was noted that there was a lot of sickness in terms of colds and flu, but the days lost did focus more on mental health. A number of initiatives had been launched to support staff including mental health first aiders, the Wellbeing Service, and a fitness challenge with One You Lincolnshire.
- In relation to benchmarking for sickness absence, Lincolnshire was performing well, and for Q4 was one of the best performing authorities in the area.
- It was noted that there were still mental health challenges related to Covid-19 and lockdown, as well the recruitment challenges as more demands were being placed on existing staff. Workplaces were also seeing more over 50's retiring early, as an unintended consequence of the pandemic as people reassessed their work-life balance.
- It was noted that the position in relation to staff turnover was starting to stabilise.
- A query was raised regarding the measure relating to "Percentage of adults where source of risk was provider" which had been removed from the previous corporate plan. Officers advised that this was something which had been discussed by the Adults and Community Wellbeing Scrutiny Committee and largely related to the number of contacts that were received where the outcome was "no further action" as they related to quality issues rather than safeguarding issues.
- It was clarified that the drop in the graph relating to PI 60 – "percentage of people who were asked what outcomes they wanted to achieve during an adult safeguarding enquiry" was due to a data capture issue and it was expected that this would be corrected for quarter 2.
- It was confirmed that PI 60 was the only measure on the Corporate Plan related to adult safeguarding, however, the area of adult safeguarding was much more complex, as there was an Adult Safeguarding Panel, and there was a huge amount of work which went into safeguarding and it needed to be acknowledged that this was something that the authority took very seriously.
- In terms of the waste performance, it was queried whether there was more which could be done, particularly in relation to recycling, such as providing recycling bins in

car parks etc. It was suggested that simpler messaging around recycling would be beneficial for residents.

- An announcement was still awaited from government in relation to separate food waste collections.
- East Lindsey was the next district to roll out the twin stream collection of paper and card. This would then be four out of the seven districts collecting paper and card separately.

RESOLVED

1. That the Board supports the recommendation to the Executive as set out in the report.
2. That a summary of the comments made be passed onto the Executive as part of its consideration of this item

33 PEOPLE MANAGEMENT UPDATE - QUARTER 1

Consideration was given to a report which updated the Board on the HR Management Information (HRMI) and on corporate People Strategy projects for Quarter 1.

The report highlighted information from a number of key areas within the HR directorate, including that quarter 4 had seen the highest staff turnover, however, the Board was assured that this would not be case for quarter 1 as turnover was stabilising (it was noted that that there was a time lag on the reporting of this information). It was also highlighted that the Attraction and Retention framework had been introduced earlier this year.

Some of the pressure points in relation to recruitment were in legal roles, IMT and social work. To address this, a retention payment had been introduced in legal services, and Commercial team were also looking to introduce this. so far this was having a positive impact.

The Council was also introducing and investing in a “grow our own” model, which was having success in training social workers in Children’s Services. There was also an increase in the number of apprentices on roll.

It was highlighted that a new annual report was being developed which would cover the Council’s statutory public sector equality duty.

During discussion of the report, the following points were noted:

- The “grow our model” was fully supported by members.
- As people re-evaluated their work-life balance, it was believed that this would have a major impact on employers around the country, and it was commented it could also have further consequences for the economy as a whole. Officers advised that it was

estimated that there were at least 500,000 people that were no longer available in the job market due to the pandemic, and it would have an impact across the whole country.

- A query was raised regarding whether the council had considered having a policy allowing refugees applying for jobs with the council to be able to reach the interview stage. It was noted that working with social care providers, the first Ukrainian refugee had been employed in Lincolnshire. However, it was noted that one of the biggest issues had been obtaining references, but the DWP were now agreeing to provide references.
- In terms of equality and diversity, it was commented that more focus on equality of access would like to be seen.
- Members were pleased to see that an Equality and Inclusion lead had been recruited.
- It was expected that the Equality and Diversity Annual report would be available in November 2022 and would form part of the next People Management update.

RESOLVED

1. That assurance be provided on the HR Management Information
2. That the progress made on the 2021-2024 People Strategy projects be noted.

34 REVENUE BUDGET MONITORING REPORT 2022/23 - QUARTER 1

Consideration was given to a report by the Assistant Director – Finance, which invited the Board to consider a report on the Review of Financial Performance 2022/23 – Quarter 1 which would be presented to the Executive on 6 September 2022.

It was highlighted that there was a forecasted overspend of £0.705m, which was a minor variance of 0.13% of the net revenue budget.

It was noted that further work had been carried out since 30 June on the impacts of inflationary increases on the Council. The report also included an early warning that inflationary impacts were likely to be significant.

During discussion of the report, the following points were noted:

- It was confirmed that the staff pay offer was over and above what the Council had budgeted for. There had been an assumption when the budget was set that there would be a 2% pay increase. However, the offer which had been made was for a fixed amount which is an approximate 6% increase. It was confirmed that this offer would have an increased benefit for those staff on lower wages.
- There would be an ongoing impact based on the offer that had been made, and the Council was working with the Society of County Treasurers, as there would be variances across the board, for example construction inflation was very high, and the impact of the national living wage

- It was noted that the staff budget was around £183m, and contracts made up a high proportion of that, including those contracts impacted by inflation, and different contracts would be impacted differently.
- A forecast for the rest of the year would be provided in the quarter 2 report.
- The Leader of the Council advised that local government leaders had been lobbying government on the financial issues facing councils, and there had been a suggestion that the cap on council tax and the adult social care levy may be increased.
- The contingency budget had been increased to cover pay increases and utilities, and the Leader of the Council advised that he had asked the Chief Executive and treasurer to look at how this could be mitigated. It was confirmed that the Council did have a healthy level of reserves. Work was ongoing as part of the budget setting exercise, and plans would come forward later in the year.
- The Board was reassured that the executive directors were working on in year and longer term strategies.

RESOLVED

1. That the Board supports the recommendation to the Executive as set out in the report.
2. That a summary of the comments made be passed on to the Executive as part of its consideration of this item.

35 CAPITAL BUDGET MONITORING REPORT 2022/23 - QUARTER 1 TO 30 JUNE 2022

Consideration was given to a report by the Assistant Director – Finance, which invited the Board to consider a report on Capital Budget Monitoring, which was due to be presented to the executive as part of its consideration of this item.

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

It was reported that the current 2022/23 position forecasted position was a net underspend of £1.001m (Block Schemes £0.756m, Project Schemes £0.245m). It was also noted that there were small variances in social care programmes. A lot of work was taking place around programme inflation.

During discussion of the report, the following points were noted:

- In terms of impacts of inflation, the Board was advised that all programmes had an element of contingency set within them, and there was also the corporate contingency fund. In terms of school builds, the grants were reflecting these impacts as well. There would be a need to work through each project. It was acknowledged that highways projects would be a challenge.

- In terms of whether the contingency for each project would be sufficient, officers advised that some activities could be re-phased. This meant that some schemes may need to be pushed back.
- The main priority would be to finish those schemes that had already commenced, such as the Grantham Relief road, North Hykeham Relief Road, as DfT funding had been received for this, and the SEND schools.
- It was suggested whether the prioritisation process could involve the scrutiny committees.
- It was confirmed that all those projects that were ongoing at this time would be delivered, as they will be part of the budget setting process going forward.

RESOLVED

1. That the recommendation to the Executive be supported by the Board.
2. That a summary of the comments made be passed on to the Executive as part of its consideration of this item.

36 SCRUTINY COMMITTEE WORK PROGRAMMES

Consideration was given to a report by the Chairman of the Adults and Community Wellbeing Scrutiny Committee, which provided an update on recent work and planned work programme of the Adults and Community Wellbeing Scrutiny Committee.

Two items of previous work – the Recruitment and Retention of Adult Social Care staff and Budget Monitoring and Financial Outturn 2021/22 - were highlighted to the Board, as well as future work in relation to All Age Obesity and Market Sustainability and Fair Cost of Care.

In relation to All Age Obesity, it was queried how children's services were involved with this, as data suggested that 80% of overweight adults were overweight as children. It was noted that the Committee would try to work with the Children and Young People Scrutiny Committee on this, and it was commented that there was more that could be done around raising awareness, increasing activity levels and also time management.

Consideration was then given to a report by the Chairman of the Health Scrutiny Committee for Lincolnshire which provided an update on recent work and planned work programme for the Committee.

It was highlighted to the Board, that since the last report, there had been some changes to NHS organisation. Clinical Commissioning Groups were abolished on 30 June 2022, and from 1 July 2022 the Lincolnshire Integrated Care Board was established.

Previous work which was highlighted to the Board included GP services, Reconfiguration of Four Services (orthopaedics; urgent and emergency care in Grantham; acute medicine also in Grantham; and stroke services) and dental services. Future work included items on Consultation on Mental Health Rehabilitation Service and Consultation on Spalding GP Service, which were both scheduled to be considered at the meeting on 14 September 2022.

Members commented that they were pleased to see that there would be an emphasis on dental services, due to the impact dental pain can have on people. However, it was noted that this was a separate issue as the advice to residents was to ring 111 as there was still emergency access to dentists.

It was also commented that there was a need for a conversation about GP appointments, as it was becoming very difficult to get a doctor's appointment, and it was usually only possible to book one for that day, there was then pressure on A&E services as people could not access their GP. The Chairman of the Health Scrutiny Committee for Lincolnshire advised that one of the biggest complaints was in relation to GP appointments and stated that he would ask to see what could be done to improve the service.

As both Children's and Adult's social services could potentially be impacted by access to NHS services, it was queried whether this could increase demand on Adult Social Care and Children's Services.

One member highlighted that access to GP's could be subjective, as not every surgery was the same.

RESOLVED

1. That the Board was satisfied with the activity undertaken since 24 March 2022 by:
    a. The Adults and Community Wellbeing Scrutiny Committee
    b. The Health Scrutiny Committee for Lincolnshire

2. That the Board was satisfied with the planned work programme of:
    a. The Adults and Community Wellbeing Scrutiny Committee
    b. The Health Scrutiny Committee for Lincolnshire

3. That the Board note the activity of the Health Scrutiny Committee for Lincolnshire's three working groups:
    i. Pharmaceutical Needs Assessment
    ii. Quality Accounts; and
    iii. Suicide Prevention and Mental Health

37 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

This item was for information only.

The meeting closed at 11.59 am

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 September 2022**
Subject:	**Insurance Strategy**

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on the Insurance Strategy, which is being presented to the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) between 03 and 07 October 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 recommendations to the Leader of the Council 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: Resources, Communications and Commissioning) is due to consider a report on the Insurance Strategy between 03 and 07 October 2022.

2. Conclusion

Following consideration of the attached report, 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 Leader of the Council. Comments from the Board will be reported to the Leader of the Council.

3. Consultation
The Board is being consulted on the proposed decision of the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) between 03 and 07 October 2022.

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Report on Insurance Strategy to be presented to the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) between 03 and 07 October 2022

5. Background Papers

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

This report was written by Mandy Knowlton-Rayner, who can be contacted on 07920 183651 or mandy.knowlton-rayner@lincolnshire.gov.uk.

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

Report to:	**Councillor M J Hill, OBE, Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)**
Date:	**3 – 7 October 2022**
Subject:	**Insurance Strategy**
Decision Reference:	**I022815**
Key decision?	**Yes**

Summary:

This Report seeks approval for the proposed Insurance Strategy which sets out the approach for the retention and transfer of risk for Lincolnshire County Council in line with the Council's risk appetite in line with the Risk Management Strategy 2022 and which will underpin the retendering of the Council's insurance requirements so that new insurance arrangements are in place from 1st April 2023.

Recommendation(s):

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

1. approves the Insurance Strategy at Appendix A as the basis for retendering of the Council's insurance requirements for the period 1st April 2023 to 31st March 2028.

2. approves maintaining the Council's current self-retention limits for all risks except General Properties.

3. approves increasing the self-retention level for General properties from £10,000 to £150,000.

4. approves having a separate Lot for schools' risk.

5. delegates to the Executive Director - Resources in consultation with the Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) authority to determine the final form of the tender documents and to take all decisions necessary to progress the procurement up to and including the decision to award the contract or contracts.

Alternatives Considered:	
1.	No change to current arrangements - the report expands on why at least the option to explore an alternative for schools should be considered and why an increase on General properties is required.
2.	Greater self-retention across all policies - from market engagement the current levels, except for General property would invite affordable responses without exposing the insurance fund to greater financial burden.
3.	Recommend Schools move to Government risk pooling scheme - potential risk exposure for schools on legal advice, claims support and costs coverage. Risk to LCC on having to renegotiate awards without schools.

Reasons for Recommendation:

The approach recommended takes account of the current market conditons and the risk appetite of Lincolnshire County Council. It provides an opportunity to invite realistic responses to the tender whilst ensuring our ability to finance any claims arising from the self-retention levels proposed.

1. Background

The Council's insurance programme was last tendered in 2016. In order to obtain some consistency, stability and to maximise value for money, previous insurance contracts were procured on a 3 year + 2 year long term agreement. Due to the state of the external market in 2020/21 agreement was sought and approval given for the 2016 arrangements to be extended for a further 2 years through to 31st March 2023.

As part of the next tender an Insurance Strategy has been written to set out the current arrangements between risk retention and risk transfer and ensure these align to the Councils risk appetite and ensuring the provision of good-value council services.

It is important to ensure a balance between risk retention and transfer to protect the Council's assets and potential liabilities.

The strategy is attached at Appendix A.

The overall programme of insurance has performed well since 2016.The strategy proposes that there are only 2 areas where changes to the current arrangements need to be made.

General Property Insurance
Since 2016 the claims experience for general properties has been very poor with at least one major loss each year. Currently the self-retention level is £10,000. It is proposed to increase this to £150,000 to match the current arrangements for non-general properties.

The claims experience has already impacted our external premiums each year of the current arrangement despite strong negotiating at annual renewals. The proposed increase is based on the experience of the recent renewals, market engagement feedback around risk appetite and capacity in the market and our broker's knowledge. The increase in the self-retained level should encourage more responses at an affordable level.

Schools

School risks are currently part of the whole Council insurance arrangement. As schools continue to convert to Academy status the economies of scale for this risk have become less tenable. In addition, the market appetite and capacity for this area of risk have reduced. This is further being driven by the Government's offering of a risk pooling protection scheme which originally was only open to Academies but is now open to all schools. It charges a greatly reduced per pupil rate as there are no historic liabilities to fund and as it is a protection scheme not an insurance policy there is no insurance premium tax, currently 12%, to pay on the per pupil rate.

By taking the schools risk out of the main insurance programme it may be possible to access different market providers who specialise in this area. This is based on recent market engagement with providers which might provide a realistic alternative.

The proposal is to have this as additional Lot in the tender to explore if this is viable alternative.

In addition, the schools would be included within the overall insurance programme to provide a comparison.

In arriving at the proposal to recommend only these two changes to the current position the following alternative options were considered but are not recommended.

Alternative Option 1 - No change to current arrangements

The market has feedback that current self-insurance levels on General properties with the claims history over the last 7 years is not a risk that would attract responses. The risk is premiums at an unaffordable level or no responses at all which would expose the Council to non-protection of assets and a further cost in re-engaging with the market.

The option not to explore a stand-alone schools Lot could result in unaffordable premiums for schools. This could lead to an immediate transfer to the government pooling scheme impacting the overall insurance programme requiring either a retender or negotiations to reduce impact with successful bidders.

Alternative Option 2 - Greater self- retention across all policies

The market feedback is that the existing level of self-insurance levels on all but the General properties policy would be appealing to the market. Increases beyond the General Property proposal could lead to financial instability within the Insurance fund making it unable to meet current and future liabilities.

Alternative Option 3 - Recommend Schools move to Government risk pooling scheme

This alternative option is to recommend schools move to the Government's pooling arrangement with effect from 1st April 2023 and not include them in the tender at all. This would impact the Insurance and Risk Team and Legal Services Lincolnshire (LSL) from a resource perspective as both teams provided support to schools both in terms of day to day enquiries and through claims. It would also impact the legal advice that schools can currently access as part of their insurance arrangements. This advice covers a range of legal issues, not just insurance claims and includes advice on employment processes and tribunals. Provision of this advice by LSL ensures, whilst obviously being legally compliant, gives the Council confidence that advice is informed by a knowledge of the local authority context and the particular legal rules applying to schools.

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 provision of insurance services to protect the Council's assets and potential liabilities does not have a direct impact on the Equality Act 2010.

Joint Strategic Needs Assessment (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 provision of insurance services to protect the Council's assets and potential liabilities does not have a direct impact on the JSNA and JHWS.

Crime and Disorder

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

The provision of insurance services to protect the Council's assets and potential liabilities does not have a direct impact on the Crime and Disorder Act 1998 outside of ensuring all prospective responders to the tender have reached minimum financial requirements as set out in the invitation to tender.

3. Conclusion

An Insurance Strategy has been developed to inform the basis on which the Council should approach the market to procure its insurance arrangements from 1st April 2023 onwards.

The only changes proposed in the Strategy are increase the General Property self-insurance from £10,000 to £150,000 and to include schools risk as a separate Lot as well as combined with the LCC insurance programme

Approval is sought from the Leader of the Council for the proposed strategy with a delegation for the conduct of the procurement and the decision to award a contract to the various successful bidders to be given to the Executive Director for Resources in consultation with the Leader of the Council.

4. Legal Comments:

The Council has the power to pursue the strategy and enter into the contracts proposed.

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

5. Resource Comments:

The options recommended within the report seek to offer best value to the council whilst managing the risk exposure in line with our risk strategy. The council has an existing approved budget for our insurance premiums, and an insurance fund reserve. In conjunction, these are considered to be sufficient to meet the cost of the proposals recommended

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision will be considered by the Overview and Scrutiny Management Board at its meeting on 29 September 2022 and the comments of the Board will be presented to the Leader of the Council in addition to any further comments received from Corporate Leadership Team.

d) Risks and Impact Analysis

The Insurance Strategy has been drawn up to reflect the Council's current risk appetite, as seen in the risk Management Strategy 2022.. It is intended to ensure suifficent and suitable protection of the Council's assets by identfiying those risks the Council is prepared to self-retain and those it is transfering.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Insurance Strategy
Appendix B	Table of Cover

8. Background Papers

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

This report was written by Mandy Knowlton-Rayner, who can be contacted on 07920 183 651 or mandy.knowlton-rayner@lincolnshire.gov.uk.

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Insurance Strategy

April 2023 – March 2028

1 Introduction and background

1.1 The purpose of this insurance strategy is to set out the Council's future requirements to manage those risks that could be controlled through either self-insurance or external insurance and to support the successful delivery of the Medium-Term Financial Plan. It is designed to

- Set out the risk appetite for the Council for internal and external insurance.
- Set out how decisions are taken on the options to either insure or retain risk.
- Provide a process for the governance arrangements of insurance and the use of any insurance fund to pay for retained risks.
- Be considered in line with the Council's financial regulations.
- Support the Council's Vision of 'working for a better future' through the provision of good-value council services.

1.2 The Council's approach aims to continue to self -insure for some risks to reflect

- Improved risk management.
- A gradual hardening of the external insurance markets causing premiums to increase.
- More restrictions being placed on the cover available.
- The increase in Insurance Premium Tax (IPT) as unlike VAT, IPT is not recoverable.

2 Strategic vision

To ensure a balance between risk retention and transfer to protect the Council's assets and potential liabilities delivering a value for money option and reflecting the risk appetite as set out in the Risk Management Strategy 2022.

2.1 Our strategic insurance priorities include

- Identifying those risks which can be controlled through self-insurance or external insurance policies based on the risk appetite of the Council.
- Working with services on risk intelligence and how changing risk profiles impact external insurance provision.
- Identifying the objectives of any external insurance arrangements.

- Placing external insurance through an appropriate procurement route utilising the services of an appointed Broker.
- Working with the insurance market to develop strong working relationships to promote the profile of Lincolnshire.
- Having suitable financial protection in place, in the form of an insurance fund, to cover those risks insured internally or for which an external excess is applied.
- Reviewing the insurance reserve annually using an external actuary to provide a level of assurance on the appropriateness of insurance provisions and reserves for self-insured claims.
- Maintaining appropriate operational policies for the handling of insurance claims that take account of the legal requirements and impacts on people. These would also include authority and handling limits.
- Having transparent arrangements in place for internal charging of insurable risks.
- Having clear guidance in place for minimum levels of insurance required for services that are contracted.
- Providing an annual report to Audit Committee as part of risk reporting giving a level of assurance on insurable risks.
- Protect the reputation of the Council.

2.2 Supported by

- A clear structure of roles and responsibilities.
- Services providing details of new risks and changes to existing risks.
- Services adhering to the requirement for prompt claim notification.
- The corporate Insurance and Risk Team providing advice, guidance, and claims management.
- Legal Services Lincolnshire liability team for claims handling.
- The appointed broker for underwriting advice and expertise. To assist with market engagement for the benefit of renewal and tender processes.
- Regular budget monitoring in conjunction with Corporate Finance.

3 Insurance Procurement

3.1 The Insurance Act 2015 is the most significant reform of UK insurance contract law since the Marine Insurance Act 1906, and it came into force on 12th August 2016. One of the main provisions of the Act is the duty of fair presentation which requires policyholders to undertake a reasonable search of information available to them and defines what a policy holder knows or ought to know. It is vital that when the decision to purchase insurance is taken that all relevant information relating to the risk being insured are provided.

3.2 To assist with accessing the insurance market the Council uses the services of an appointed broker. The contract provides support for annual renewal and tendering of the whole programme along with specific cover placement for one-off risks.

3.3 The Insurance Broker appointment was procured through a framework ahead of the tender for insurances in April 2023. The contract will run from 1st October 2022 through to 31st October 2025.

3.4 The current insurance programme was tendered in 2016 in accordance with the Council's procurement guidance and due to the aggregated value of the insurance contracts, all insurance procurement complied with the relevant EU procurement rules.

3.5 In order to obtain some consistency, stability and to maximise value for money, previous insurance contracts were procured on a 3 + 2 year long term agreement. Due to factors impacting the external market in 2020/21 agreement was sought and approval given for the 2016 arrangements to be extended for a further 2 years.

3.6 The next tender will take place in April 2023 and will be let on a 3 + 2 basis using an OPEN tender.

3.7 Prior to the tender being published a market engagement day is held to set out the risk profile of Lincolnshire County Council and to obtain feedback from the market on capacity and appetite for the various risk areas. Information acquired from this is fed into the tender documentation.

4 Roles and Responsibilities

4.1 Executive and CLT – approval of Insurance Strategy ensuring suitable risk transfer, aligned to the Council's risk appetite as set out in the Risk Management Strategy 2022. through procurement of appropriate insurance.

4.2 Audit Committee – receive and consider risk management reports which will include insurance updates as appropriate.

4.3 Deputy Chief Executive and Executive Director of Resources - overall responsibility for the adequacy of the Council's insurance provisions, approving the Council's insurers, the level of cover provided and the level of excesses, determining the level of reserves held by the Council.

4.4 Directorates and Services – to be aware of emerging insurance risks and relay these to the Corporate Team, to be briefed on high value claims and/or those which could impact on the reputation of the Directorate/Service.

4.5 Insurance and Risk Lead – to procure suitable and sufficient insurance cover, appoint brokers, provide settlement agreement within the handling authority across all lines of claims.

4.6 Insurance and Risk Team - support the placing of suitable insurance cover in conjunction with services, support the claims process and provide the interface between insurers and services on claim issues.

5 Insurance Fund/Reserve

5.1 The insurance reserve enables the Council to meet its unpaid retained insurance liabilities. These are made up of the settlement costs of known and future (unknown) claims from current and past policy years. It currently stands at £12.9m as of 30th June 2022.

5.2 The known claims are those that have already been reported or made against the Council.

5.3 The unknown claims are those incidents that have occurred but have not yet been reported to the Council.

5.4 The insurance reserve is reviewed by an external actuary annually. There is regular oversight of claims expenditure and regular monitoring of the fund with Corporate Finance. A key aspect of the insurance strategy is to remain solvent and maintain sufficient reserves to do this.

6 Risk Appetite – self-insurance

6.1 Not all risks are appropriate to transfer through the purchase of an insurance policy. The risks that are accepted by the Council are 'self -insured' meaning that any losses that occur within the excess are settled in full by the Council. One of the main drivers in deciding to self-insure is cost versus risk.

6.2 The internal factors which need consideration include –

- Past behaviour on risk taking.
- Claims experience/risk exposures.
- Maturity of risk management arrangements.
- Risk ability, the financial capacity for assuming risk reflected in the insurance fund.
- The Council's financial regulations.

6.3 In addition there are external factors which include –

- Market capacity and appetite.
- The cost of Insurance Premium Tax, currently at 12% which unlike VAT is not recoverable.

6.4 The overall programme of insurance has performed well since 2016 and with 2 exceptions, detailed below, it is not proposed to make any significant changes to the current arrangements to achieve a successful outcome to the tender in April 2023.

6.5 The 2 exceptions to this are:

1. Property insurance for General Properties which is expanded on below.
2. Schools' insurance where due to market appetite and capacity a different approach is recommended as expanded on in section 11.

6.6 Attached at Appendix B is a table showing current arrangements with proposed changes. Below is an overview of the current rationale for self-insurance or procuring external insurance.

7 Liability Risks

7.1 There are several liability risks that the Council faces such as claims for negligence made against us by customers, residents, and employees.

7.2 The current programme includes schools and Lincolnshire Fire and Rescue within the programme. As the number of schools is reducing the ability to continue to offer economically viable insurance cover is reducing. As such additional options for risks covering all schools is proposed at section 11.

7.3 The Insurance market has less capacity and appetite for blue light risks but by including these within the main insurance programme it is still considered this will offer the best value for money option. This is based on recent market engagement.

7.4 For Public and Employers' Liability the Council takes out insurance to protect against the occasional high value claims. As a reflection of the Council's strong risk management, previous claims experience, actuarial review, and cost of external premiums the Council retains the first £500,000 of each and every claim. Our current arrangements combine public liability, employer's liability, and the listed lines of cover 1-8 at 7.9. Lines of cover 9 and 10 of 7.9 are specialist lines requiring stand along policies.

7.5 Public Liability (PL) insurance provides cover for accidental events that give rise to claims for:

- Damage or bodily injury to a third party
- Damage or loss to third party property

7.6 These types of claims tend to be high in volume and can be medium in value depending upon the nature of the claim such as injury.

7.7 Employer's Liability (EL) insurance is one of the few compulsory insurance requirements in the UK and it provides cover for any damages or compensation that as an employer the Council may be legally liable to pay for an injury to an employee which occurs or arises in the course of their employment.

7.8 Claims tend to be low in volume and medium in value, however an occasional serious injury or disease claim can result in a high value claim. This means that there can be variations in numbers of claims from year to year which is due to random chance rather than any underlying claims or risk management trends.

7.9 In addition to these main areas of liability insurance there are other insurances we also acquire which are for the whole Council or service specific:

1. Products Liability - provides cover for products and property which has been manufactured, designed, or sold, distributed, or constructed by the insured and comes as part of most PL policies.
2. Pollution Liability – provides cover for pollution which is caused by the insured, and which is sudden, unintended (accidental) and identifiable.

3. Hirer’s Liability - this is a contingency insurance for hirers of our buildings who do not have their own public liability insurance.
4. Libel and Slander – provides cover for claims which arises from a libel or slanderous comment committed by an employee.
5. Public Health – provides very specific cover under the terms of the Public Health Act 1984.
6. Officials’ Indemnity – this provides cover for any financial loss incurred by a third party because of an error or emission on the part of an employee.
7. Land Charges – provides cover for errors arising from land searches.
8. Professional Indemnity Insurance – this provides cover for financial loss only to a third party in a similar way to Official’s Indemnity but where the loss has arisen because of a negligent performance of a professional duty or service for which a fee has been paid.
9. Medical Malpractice – this provides cover for specific areas of our Children’s Services/Public Health activities which are excluded under standard PL policies.
10. Drone – provides cover for injury or loss suffered by a third party because of the use of a drone (currently for Chalk Streams project only).

7.10 Claims handling within the self-retention level is delivered by a service level agreement with Legal Services Lincolnshire. When claims exceed the self-retention limit the insurers will appoint claims handlers. No settlement decision is made without reference through either the delegated handling authority and where claims exceed £25 000, the Insurance and Risk Lead. Services are kept updated on claims settlement decisions.

7.11 By retaining our claims handling in- house we can have a strong ethos of collaboration ensuring all parties are involved and invested in the decision- making process. As we understand the organisation we have the right contacts, access to the relevant systems and can make decisions based on best outcomes. We also have the support of an experienced and qualified legal team. For claims where additional expertise is needed, we utilise the services of external solicitors and Counsel with whom we have built up business relationships, so they understand our approach and processes.

7.12 The current arrangements provide a good balance between self-insurance and external insurance at an affordable level and there is no indication this should be changed. The insurance fund can sustain the current level of self-insurance for the proposed period the next tender covers. The exception to this is to explore an additional option for schools as outlined in section 11. There is also no proposal to change the current claims handling arrangements.

8 Property Risks

8.1 The Council owns a diverse and extensive property portfolio including office accommodation, commercial properties, farms, schools, and fire stations as well as specific one-off historic buildings such as the Castle. Individual property values (rebuilding costs) can be significant, reaching into the millions for some buildings.

8.2 General property damage incidents historically were low in frequency and low in value. Unfortunately, the period covered by the last tender has seen some significant claims which while there is no trend have negatively impacted the claims experience.

Year	High Claims	Claim Value	Cause	Excess Values	Insurer	Property
2015	Nil			£ 10,000.00	Zurich	
2016	1 x high claim	£482,000	FIRE	£ 10,000.00	AIG	St Giles
2017	1 x high claim	£165,000	FIRE	£ 10,000.00	AIG	Barrowby
2018	1 x high claim	£102,500	ELECTRICAL	£ 10,000.00	AIG	Vicarage Farm
2019	1 x high claim	£722,000	STORM	£ 10,000.00	AIG	Burgh Le Marsh
2020	3 x high claim	£215,000	MIXED	£ 10,000.00	AIG	x3 Claims
2021	1 x high claim	£50,000	FIRE	£ 10,000.00	AIG	Huttoft Café
2022	1 x high claim	£50,000	FIRE	£ 10,000.00	AIG	Wainfleet Fire Station

8.3 Educational property damage incidents historically were high in frequency and medium value. For this Council over the last tender period the experience has been low volume and low cost.

8.4 In addition to these main areas of property insurance there are other insurances we also acquire which are for the whole Council or service specific:

1. Contract Works – for planned capital projects
2. Computer – cover for IT related equipment
3. Contractors Plant – where we plant is hired in
4. Collection and Archives – cover for Heritage service on permanent items
5. Temporary Loans and Exhibitions – cover for Heritage Services
6. Engineering – this provides cover for plant, machinery, hoists and boilers for unforeseen, sudden loss or damage

8.5 The current arrangement is to self-insure £10,000 for general properties. By increasing this to £150 000, which can be supported by the insurance fund, the premium charges are likely to be more affordable. The increased acceptance of self-insurance has the potential to attract more bids. It also aligns the self-insurance level across property risks.

8.6 Within the claims handling delegated authority claims are handled by the Insurance and Risk Team who will also utilise the services of external loss adjusters and Corporate Property. For claims that exceed the delegated limits insurers will appoint claims handlers/loss adjusters. No settlement decision is made without reference to either the delegated handling authority and/or the Insurance and Risk Lead. Services are kept updated on claims settlement decisions. There is also no proposal to change the current claims handling arrangements.

8.7 Cyber insurance is not purchased following consideration of cover available, and the cost involved. Any losses relating to this risk are self-insured. No change is proposed.

8.8 Terrorism cover is not purchased due to the change this risk now presents being less focused on properties. Any losses would be self-insured. No change is proposed.

9 Motor Risks

9.1 The Council operates a significant fleet across all services.

9.2 Historically own damage claims are high in volume and medium in cost. Third party claims are low in volume and low in value and over the period of the last tender enabled us to recover a low claim rebate for almost every year it was on offer.

9.3 All the risk for own damage to the whole fleet is self-insured except for specialist vehicles supplied to Lincolnshire Fire and Rescue which the government require to have insured on a comprehensive basis.

9.4 The accident management for all own damage is shared between an external procurement service and specialist local suppliers for key items such as fire tenders. This enables access to 24/7 support for drivers in the event of incidents as well as replacement vehicles when required and recovery of losses where the third party is responsible. It is not possible to offer a similar service through in-house claims handling.

9.5 All third-party risks are insured through an external insurance provider who also handles the claims associated with these risks. There is no self-retention element.

9.6 The current arrangements provide a good balance between self-insurance and external insurance at an affordable level and there is no indication this should be changed. The insurance fund can sustain the current level of self-insurance for the proposed period the next tender covers. There is also no proposal to change the current claims handling arrangements.

10 Other Risks

10.1 There are other risks either for the whole Council or for individual services. For these risks, an assessment is taken to identify the best approach to achieve the aims of the insurance strategy, a balance between benefit, risk, and cost. The main examples are listed below but in addition there will be requests for specific cover throughout any insurance year.

- Fidelity guarantee – provides cover for loss of money as result of dishonest or fraudulent acts of employees. Currently £50 000 self-retention.
- Airside – provides cover for loss because of attending airside (currently for Lincolnshire Fire and Rescue only). Currently £1 000 self-retention, this is set by the market.

- Marine – provides cover arising from the use of vessels on in- land water - (currently for Lincolnshire Fire and Rescue and Economic Development only) Currently £1 000 self-retention, this is set by the market.
- Court of Protection – cover for property damage on properties subject to a court of protection order. Currently £150 000 self-insured.
- Travel – provides cover for school trips and business travel. Currently no self-insurance level as this is set by the market.
- Foster carers – cover for property damage caused by placements. Currently no self-insurance level as this is set by the market.
- Money – for loss of cash/cheques. £5 000 self-insured.

10.2 The current arrangements provide a good balance between self-insurance and external insurance at an affordable level and there is no indication this should be changed. The insurance fund can sustain the current level of self-insurance for the proposed period the next tender covers.

11 School Risks

11.1 Locally managed schools are insured through the Council's arrangements with slight differences on policy cover. As schools transfer to Academy status, they are no longer covered by the Council's arrangements.

11.2 As more schools transfer the spread of risk is becoming less and less attractive to insurers and the external appetite for this area of risk has significantly decreased leading to higher premiums. The government have developed a risk pooling arrangement (RPA) for schools which offers a very attractive per pupil charge which is not subject to IPT as it is not a premium but a pooling charge.

11.3 Currently the RPA does not offer the full remit of risk transfer that the Council offers but each year the offering is improving.

11.4 Market engagement has identified there are providers who would offer a standalone schools insurance package to cover all requirements.

11.5 As well as including school's risks as part of the Council's overall insurance programme this element will be separated out for a ground up offering from a single provider as a separate Lot within the procurement.

12 Premium Re-Charging

12.1 Premium charging is managed through corporate budgets except for motor insurance and service specific insurance cover which is charged directly to the services.

12.2 Schools' premiums are charged directly to each school.

12.3 The charging mechanism was approved in 2019 which takes account of external premiums, internal premiums, claims costs and service costs.

13 Definition of Terms

Broker - an insurance intermediary who gives advice on insurance and associated matters, arranges insurance and places them with authorised insurance companies or underwriters.

Claim is a request for payment under the terms of a policy for a loss that has been sustained.

Deductible/self-retention/self-insurance is the amount the insured is responsible for in the event of a loss or claim. Often referred to as excess or self-insured retention limit

Excess – the amount the Council is required to pay on each and every claim that is made. This will vary depending on the policy

Indemnity is protection or security against damage or loss. It is also used to refer to the financial compensation sufficient to place the Insured in the same financial position after a loss as they enjoyed immediately before the loss

Insurance – is a financial product sold by an insurance company to provide a level of protection against specific risks in exchange for a premium

Insurance Market – the companies that are involved in the buying and selling of insurance

Insurance Premium Tax – a tax on general insurance premiums, currently at 12%

Insurance policy is contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. In exchange for an initial payment, known as the premium, the insurer promises to pay for loss caused by perils covered under the policy language.

Long Term Agreement (LTA) is an agreement whereby in return for the insured agreeing to continue an insurance for a fixed number of years, they receive a beneficial premium rate, usually by way of a LTA discount. The insurer usually retains the right to vary the terms of the insurance during the agreed term but if this right is exercised, the insured may withdraw from the agreement without forfeiture of premium discounts already received. Whilst the agreement may run for several years, policies will be renewable on an annual basis.

Renewal is a term used for the continuance of insurance from the expiry of the existing insurance policy.

Reserve – represents the amount of money to be held to meet future claims. For the Council this will include the claims which fall into the excess and any claims where insurance has not been purchased

Risk Appetite refers to the "amount and type of risk that an organisation is prepared to pursue, retain or take".

Insurance Programme

General Programme		Current Position	Proposed Position
Policy	**Line of Cover**	**Self- Retention**	**Self- retention**
Liability Insurance including:			
Employer's Liaiblity	Liability	£500,000.00	No Change
Public Liability	Liability	£500,000.00	No Change
Products Liability	Liability	£500,000.00	No Change
Pollution Liability	Liability	£500,000.00	No Change
Hirer's Liability	Liability	£500.00	No Change
Libel and Slander	Liability	£500,000.0	No Change
Public Health	Liability	£250,000.00	No Change
Officials Indemnity	Liability	£250,000.00	No Change
Land Charges	Liability	£250,000.00	No Change
Professional Indemnity	Liability	£250,000.00	No Change
Service Specific Liability Insurance			
Medical Malpractice	Liability	£25,000.00	No Change
UAS Drone	Liability	£250.00	No Change
Fidelity Guarantee	Liability	£50,000.00	No Change
Property related insurances:	Property		
General Properties - Material Damage	Property	£10,000.00	Increase to £150,000
Education Properties - Material Damage	Property	£150,000.00	No Change
Fine Art & Collections	Property	£10,000.00	No Change
Fine Art Exhibition programme	Property	£10,000.00	No Change
Computers	Property	£10,000.00	No Change
Contract Works	Property	£500.00	No Change
Contractor Own Plant	Property	£2,500.00	No Change
Engineering Insurance	Property	£100.00	No Change
Court of Protection	Property	£150,000.00	No Change
Travel	Property	Nil	No Change
Foster Carers	Property	£150.00	No Change
Money	Property	£5,000.00	No Change

Motor related insurances			
Own damage	Motor	100% self-retained	No Change
Third party	Motor	Nil	No Change
Airside	Motor	£1,000.00	No Change
Marine	Motor	£10,000.00	No Change
Schools	All risk areas	as per above by each policy	current combined programme and separate stand alone Lot with nil self-retention

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 September 2022**
Subject:	**Update on IMT Services – Serco Contract Performance and Project Portfolio**

Summary:

This report serves to inform the Board on the Serco contract performance, and give a high-level view to show progress on highlighted projects being commissioned through IMT.

Actions Required:

The Board is requested to review and comment on the Serco contract performance, and progress on highlighted projects currently being commissioned through IMT.

1. Background

This report provides an update to the Overview and Scrutiny Management Board regarding the Serco contract performance, and a high-level view on a number of key projects, providing dashboard information as a snapshot in time. This report aims to repeat the exercise undertaken for previous meetings of the Board, most recently March 2022, to show progress of highlighted projects being commissioned through IMT.

2. Conclusion

The IMT Department has responded to the request of the Board to update it on all aspects of the IMT function and on this occasion, this report serves to enable the Board to scrutinise two of them. Appendix A updates the Board on the Serco contract performance, last reported December 2021. Appendix B serves as a further update to the Board on progress against highlighted projects currently being commissioned through IMT since its previous report in March 2022.

3. Consultation

a) Risks and Impact Analysis

The service is carrying a number of vacancies which is exasperating the effect of uplift in demand. The recruitment environment remains challenging particularly for technical skills.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Serco Contract Performance
Appendix B	Project Portfolio

5. Background Papers

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

This report was written by Paul Elverstone, Lead IT Contract & Vendor Relationship Officer and Donna Fryer, IMT Head of Portfolio and Resources who can be contacted via e-mail paul.elverstone@lincolnshire.gov.uk and donna.fryer@lincolnshire.gov.uk respectively.

APPENDIX A

SERCO CONTRACT PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS NOVEMBER 2021 – JULY 2022

Summary

This report provides an update of Serco's performance against IMT contractual Key Performance Indicators specified in the Corporate Support Services Contract between November 2021 and July 2022 and provides an update on the continuing work to ensure KPI's continue to be met.

Background

This report provides an update on Serco's performance against the IMT contract key performance indicators (KPIs) between November 2021 and July 2022 (months 80 to 88 since the service commencement date 1 April 2015). Please note this report relates only to the IMT Service KPIs. The report was originally scheduled for presentation at the June meeting of the Board but was postponed at the Chairman's request due to the high number of agenda items. Consequently, this report covers a longer period than normal.

Performance

Table 1 below provides summary red/amber/green (RAG) status of the IMT Service Key Performance Indicator (KPI) results for the seven months of service delivery between November 2021 and July 2022.

Red status indicates that Serco's performance against the KPI has failed to meet the Minimum Service Level (MSL). Amber indicates a failure to meet the Target Service Level (TSL) but has achieved MSL. Green indicates that Serco's performance as measured against the KPI has either met or exceeded the TSL as set out under the Corporate Support Services Contract. The table gives the "Raw" outcome without any agreed mitigation. Where mitigation was agreed this is shown separately.

Table 1: Overall IMT-KPI Summary Performance

Overall IMT Contract Performance	Yr 7 Nov-21	Yr 7 Dec-21	Yr 7 Jan-22	Yr 7 Feb-22	Yr 7 Mar-22	Yr 8 Apr-22	Yr 8 May-22	Yr 8 Jun-22	Yr 8 Jul-22
TSL achieved	**12**	**11**	**11**	**11**	**12**	**12**	**13**	**13**	**13**
MSL achieved	**2**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**
Below MSL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
KPI12 Suspended until May 2022	**0**	**1**	**1**	**1**	**1**	**1**	**0**	**0**	**0**
TOTAL	**14**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**
Mitigation Agreed	**2**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**

Exceptions

The exceptions in the current reporting period relate to one suspended KPI and to one mitigated KPI.

It was agreed in November that due to the increased pressure on the Service Desk caused by the Modern Device Management (MDM) rollout that KPI12 (Percentage of user’s surveys in any month who score the IT Service as 'good' or above) should be suspended.

Table 2 shows the background and rationale for the Council granting mitigation where a dependency outside Serco's control (e.g. implementation of Mosaic) prevents agreed targets from being fully met. Granting mitigation relieves Serco from the application of Service Credits (deductions).

Table 2: Details of KPI Suspension and Mitigation November 21 – May 22

KPI Ref No	Short Description	Reason for granting Mitigation	Impact	Path to Green
IMT_KPI_12 Suspension (December 2021 to April 2022)	Percentage of user's surveys in any month who score the IT Service as 'good' or above	The rollout of Modern Device Management (MDM) created significant additional pressure on the service desk. It was agreed that KPI12 would be temporarily suspended during the rollout with an expectation that the KPI would be measured again from May 2022. This enabled the available personnel to concentrate on completion of the rollout.	No material impact to service users. During the suspension period users were not sent an invitation to complete a survey.	Surveys were recommenced in May as expected and the KPI has been consistently above TSL since.
IMT_KPI_14 (November)	% of Windows end user devices patched within 21 days of release of critical operating system updates.	The rollout of Modern Device Management (MDM) means that Microsoft patches are downloaded and installed in a different way thus rendering this KPI obsolete on completion of the project. It was agreed in principle with Serco in September 2021 that this KPI should be retired. A CCN has now been agreed to retire this KPI and redistribute the points.	This had a very limited impact to service users. We have observed a very small increase in the quantity of patches applied in a given period, but users can defer until the evening if they choose. NB. Any remaining devices that have not yet undergone MDM continue to be patched.	A Contract Change was agreed between LCC and Serco commercial teams to retire this obsolete KPI from December 2021 and distribute the points evenly among the remaining KPIs.

IMT_KPI_18 (November, December, January)	The percentage of Incidents (P3 & P4) in any month notified to the Service Desk achieving Incident resolution within the Incident resolution target as detailed in the Specified Services Description or the Service Catalogue.	The rollout of Modern Device Management (MDM) created significant additional pressure on the service desk and a significantly higher volume of "Incident" type tickets.	Significant impact to corporate service users. Long delays in support tickets being addressed and sheer quantity of tickets overwhelmed the IMT service's ability to answer chasing emails and telephone calls. High ticket volumes meant that Incidents could not all be resolved within KPI. Significant time and effort was put into managing the queues and ensuring resources were utilised as efficiently as possible to control the ticket backlog.	The KPI returned to green in February and has consistently met TSL since. July marks the sixth consecutive month when TSL has been met which has triggered an increase of TSL from 90% to 91%, and MSL from 80% to 81%.

IMT_KPI_19 (February)	The percentage of Service Requests in any month notified to the Service Desk achieving Service Request Fulfillment within the Service Request Fulfillment Time as detailed in the Specified Services Description or the Service Catalogue.	In the six months from August 2021 this KPI exceeded TSL which triggered a 1% increase in both TSL and MSL. This coincided with a period of exceptionally high activity triggered by MDM which led to Incidents (something is not working) to be prioritised over Service Requests (e.g. I would like something new). Consequently the KPI fell below the new level although it still exceeded the previous TSL.	No service impact, this KPI result is the outcome of a clause which raises the target in the event the KPI is exceeded for a period of time. Service requests continued to be fulfilled at the same rate as before, but not at the new more challenging target.	The KPI returned to green in March and has consistently met TSL for five consecutive months. Assuming Serco meet TSL in August this will trigger a 1% increase of the target and minimum levels in September.

Trend Analysis

This section aims to note any significant changing trends in those KPIs that have met the TSL but may be showing signs of significant performance change - deterioration or improvement. This 'green' KPI trend data has been reviewed for the period from November 2021 to July 2022.

All of the 'green' KPIs are currently stable or improving and none look likely to fail their TSL limit before the contract ends. The two newest KPIs (KPI18 and KPI19) have been written so that when TSL is met every month for the previous six months the TSL and MSL will increase by 1% to a maximum TSL of 93% and MSL of 83%.

Conclusion

The long running fault condition with remote access (aka AlwaysOnVPN) that gave rise to a longer than expected period of KPI relief is now largely eradicated but not entirely eliminated. There were a number of contributory factors rather than a single root cause and many of these have now been addressed including a Microsoft patch that has improved the stability of the product. Consequently, the general user experience has improved and the number of tickets raised with the service desk has fallen. There have been investigations into alternative products for use in specific circumstances but it has been determined that these are not needed at present. The situation is being closely monitored to ensure any changes to stability are swiftly picked up and reacted to.

The backlog of tickets previously reported has been the subject of much focus. A new PI (PI31, No more than 10% open tickets older than 30 days) was agreed at the same time as KPI18 and KPI19. It was previously reported that we anticipated the consequence of MDM could negatively affect this PI and in December, January and February the PI fell below MSL. The PI met MSL in March and has been green since April.

The general picture is one of good performance overall. The level of activity during MDM rollout was high and this was reflected in the performance of some KPIs. This activity has reduced with the completion of MDM. The number of Incidents are slightly above pre-pandemic levels while the volume of Service Requests is slightly lower than previously. However, the tickets are generally more complex than previously so resolution is taking longer than before. There has also been a change in ticket pattern during school holiday periods. Historically the number of service desk contacts fell during school holidays but this has not happened this year. The scheduled project to migrate Lincolnshire Fire and Rescue may have an effect on Serco’s ability to meet KPIs so demand management and allocation of resources remain under constant review.

APPENDIX B

PROJECT PORTFOLIO

1. Summary of Performance for KPI-11 and RAG Status

The report reflects the project status based on Serco's responsibility. We intend to review this to reflect a wider corporate status in future reports.

For context, the table below provides the history of the KPI 11 indicator which is in place for monitoring Serco's performance in project delivery. They have achieved the following for the IMT_KPI_11 (% of milestones achieved each month) score. The target is >85%.

KPI Report Month	Jan-21	Feb-21	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Actual Month	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
	100%	100%	100%	85.7%	100%	100%	100%	100%	100%

2. Red/Amber Status – Path to Green Summary

The following table shows the summary of the project next milestones RAG status for this month (and the previous reporting periods for comparison):

	Nov 2018	March 2019	Aug 2019	Nov 2019	Mar 2020	Sept 2020	Mar 2021	Sept 2021	Mar 2022	Sept 2022
Red	2	1	0	1	1	1	2	0	0	0
Amber	8	6	7	2	3	3	2	1	4	4
Green/Complete	10	13	13	17	16	11	12	16	12	12

Please note that milestone RAG ratings can be impacted by both internal and external factors, and is not a direct reflection on the performance of the outsourced providers.

3. A summary of the projects which have a red or amber status are listed below.

Project Ref and Name	Path to Green	Impact
IMT-354 PSN Compliance	Amber - Path to Green: Close monitoring of dependencies.	The project is continually reviewing the dependencies on other projects to ensure that the plan is reviewed and as appropriate re-baselined through formal change control. However, progress on the Windows 2003 Cyber Security Risk continues to be made.
IMT-503-2009 LFR Environment Migration and Onboarding	Amber - Path to Green: Successful pilot, and baselining of plan for the rest of the LFR staff.	The project is now gathering pace to start the migrations of the staff, starting with Emergency Planning. Subject to this being successful the plan will be agreed with the service area for the rest of the LFR staff.
IMT-559-2204 Legal Services Case Management System	Amber - Path to Green: Baseline the plan for the upgrade which detail of the required prerequisites, and ensure a clear roadmap is in place for the long term solution.	Whilst the project has been reviewing the marketplace and investigating the options available, the existing provider has offered an upgrade path for the existing solution, which is being progressed. A long term plan for the service area's applications needs will be developed.
IMT-561-2205 STAMP Replacement (MTC)	Amber - Path to Green: Review of issues to agree path forward	The project is reviewing the current issues, but there are options available to mitigate them to enable the proposed go live date to take place. It is expected that an agreed approach will be in place w/c 19 September 2022.

4. Project Dashboards

a. Closed since last report

Project ID	IMT-427-1903		Project Sponsor	Ashley Hildred
Project Name	**MDT Refresh**		Project Manager	David Betts
Project Status	Closed		Forecast Project Closure Date	01 August 2022
Project Summary	To have a fully functional MDT solution that meets the needs of LFR. (A Mobile Data Terminal (MDT) is a ruggedised computer system mounted on nearly all front line response vehicles i.e Fire Engines, Command Support Units, Training Appliances, Specialist Vehicles and Kitted Spares, which has touchscreen capabilities and usually has a printer attached.)			
Business Benefit	Fire crews have information on hand that they need when attending an incident Devices will be portable and used at the scene of an incident. Enhanced solution would potentially assist with not needing a second device for home visits			
Citizen Outcome	LFR more efficient, information on hand, providing better service to the public			
Position update	Project is complete			
Next Milestone Name	Milestone Baseline Delivery Date	Forecast/Actual Delivery Date	RAG Status and Commentary	
Project Closure	01 August 2022	01 August 2022	Green - Project Complete	

Project ID	IMT-452-1909	**Project Sponsor**	John Wickens
Project Name	**Web Streaming Council Chamber**	**Project Manager**	Sarah Bojko
Project Status	Closed	**Forecast Project Closure Date**	21 April 2022
Project Summary	Replacement of the Council Chamber Web Streaming solution to replace an obsolete system		
Business Benefit	Transparency of political process Promote an understanding of Local Politics		
Citizen Outcome	Insight into local politics and the policies it brings into being. Visibility on issues of interest		
Position update	Project is complete		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project closure	21 April 2022	21 April 2022	Green - Project Complete

Project ID	IMT-462-1912	**Project Sponsor**	Verity Druce
Project Name	**SEATs Contracts/Tendering Software**	**Project Manager**	Sarah Bojko
Project Status	Closed	**Forecast Project Closure Date**	19 May 2022
Project Summary	The SEATS software and contracts and Tendering software are used to manage Public Passenger Transport, Adults, Social Care and Home to School Transport arrangements. The IT architecture supporting these applications is unsupported and the application functionality no longer meets the demands and requirements of the Transport service. The applications are actively causing the service issues in performing their duties		
Business Benefit	To provide a more user friendly, integrated solution, which has better support		
Citizen Outcome	Stable and resilient IT service for the Home to School/Public/Social Care/Adults Transport teams /services Improved efficiency and reliability of processing Home to School, Public/Social Care/Adults transport arrangements Removal of security and public services threats posed by aged software platforms		
Position update	Project Completed		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	19 May 2022	19 May 2022	Green - Project Complete

Project ID	IMT-485-2006	**Project Sponsor**	Miles Winterburn
Project Name	**Civica CRM Integration**	**Project Manager**	James Papaefthymiou
Project Status	In Progress	**Forecast Project Closure Date**	31 March 2022
Project Summary	To replace/upgrade the Norwell (Civica) system for Legal. Civica iCaseWorker has been successfully implemented for HR and Business Support, and this solution is to be configured to manage Legal Services cases.		
Business Benefit	To remove the risk associated with the legacy system which is currently used by the service.		
Citizen Outcome	Indirect		
Position update	As reported in the last report, a review of the configuration of iCaseworker for Legal Services has been carried out and a decision was taken to explore alternative options to ensure that the best solution is implemented to support the service. IMT-559-2204 has been commissioned to undertake the analysis work to explore alternative solutions.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	31 March 2022	31 March 2022	Green – Project Closed

Project ID	IMT-527-2105		Project Sponsor	Mark Rainey
Project Name	**STAMP Replacement**		Project Manager	Jo Marsden
Project Status	In Progress		Forecast Project Closure Date	29 April 2022
Project Summary	LCC has two potential options for transport eligibility administration systems, one within the Admissions Team (Synergy) and the other in the Transport Services Group (Mobisoft Transport Centre), but neither will provide the functionality currently available in the legacy STAMP application without further product development. The Transformation Programme commissioned Methods to undertake a School Admissions and Transport Service Discovery and Design Project to assess the options for moving forward the replacement of STAMP. The outcome of this work has led to the creation of this project to support the implementation of the resulting Methods design.			
Business Benefit	• Stable and resilient system for the School Transport Team. • Improved efficiency and reliability of processing transport entitlements. • Removal of security and public services threats posed by aged software platforms.			
Citizen Outcome	• More efficient process for the management of transport entitlement. • Citizen more aware of the process and their progress along it.			
Position update	As reported in the last update, this project was closed after a review of the proposed solution identified that an alternative solution which better meets the needs of the service. IMT-561-2205 has been commissioned to undertake the implementation of that solution.			
Next Milestone Name	Milestone Baseline Delivery Date	Forecast/Actual Delivery Date	RAG Status and Commentary	
Project Closure	29 April 2022	29 April 2022	Green – Project Closed	

Project ID	IMT-512-2012	**Project Sponsor**	Donna Fryer
Project Name	**Modern Desktop Management**	**Project Manager**	Jo Marsden
Project Status	Closed	**Forecast Project Closure Date**	15 June 2022
Project Summary	To implement modern desktop management across the LCC estate, removing the reliance for on premise access for updates, and to improve supportability for remote working devices		
Business Benefit	All LCC laptops and computers are managed through Microsoft Device Management, and all staff able to access and leverage the features of Microsoft 365.		
Citizen Outcome	Indirect		
Position update	Project is complete		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	15 June 2022	15 June 2022	Green - Project Complete

b. Projects in flight

Project ID	IMT-345	**Project Sponsor**	John Wickens
Project Name	**PSN Compliance**	**Project Manager**	Gil Crisp
Project Status	Implement	**Forecast Project Closure Date**	31 October 2022
Project Summary	This project coordinates a number of remediation projects to remove legacy server operating systems. The removal of these legacy operating systems is a prerequisite to regaining PSN compliance. Anything 2003 and older is an automatic non compliance		
Business Benefit	LCC regain PSN compliance		
Citizen Outcome	Indirect		
Position update	86% of the servers are turned off/decommissioned		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	31 October 2022	31 October 2022	Amber - Path to Green: Close monitoring of dependencies.

Project ID	IMT-503-2009	**Project Sponsor**	Darren Peatfield
Project Name	**LFR Environment Migration and Onboarding**	**Project Manager**	Adam Bainbridge
Project Status	Implement	**Forecast Project Closure Date**	08 February 2023
Project Summary	To provide LFR with LCC domain and email accounts, to enable LFR to access the Microsoft 365 resources and be supported in line with LCC. The project will ensure that LFR staff can access the line of business systems and are accessible from the new LCC accounts		
Business Benefit	To enable LFR to gain maximum benefits from the Microsoft 365 subscription, and to align LFR with the standard LCC IMT Provision.		
Citizen Outcome	Indirect		
Position update	Further work has been undertaken to ensure that staff can be migrated from the LFR domain to the LCC domain with minimal impact. The first batch of users is due to migrate in the next couple of weeks and further to this being successful the plan will be baselined with the service area to migrate the rest of the service.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Initial 10 Emergency Planning users migrated	30 September 2022	30 September 2022	Amber - Path to Green: Successful pilot, and baselining of plan for the rest of the LFR staff.

Project ID	IMT-559-2204	**Project Sponsor**	David Coleman
Project Name	**Legal Services Case Management System**	**Project Manager**	Michael Meadows
Project Status	Mandate	**Forecast Project Closure Date**	31 March 2023
Project Summary	Upgrade of Legal Services Case Management System		
Business Benefit	To remove the risk associated with the legacy system which is currently used by the service.		
Citizen Outcome	Indirect		
Position update	The service area has investigated Legal Services system options available in the marketplace. Additionally discussions with the vendor of the existing system has resulted in an option to upgrade the existing system, which is in planning to implement before the end of 2022. IMT has also been undertaking some additional work to improve the stability of the existing solution.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Upgrade Norwel	31 December 2022	31 December 2022	Amber - Path to Green: Baseline the plan for the upgrade with detail of the required prerequisites, and ensure a clear roadmap is in place for the long term solution.

Project ID	IMT-561-2205	**Project Sponsor**	Verity Druce
Project Name	**STAMP Replacement (MTC)**	**Project Manager**	Adam Bainbridge
Project Status	Design	**Forecast Project Closure Date**	31 December 2022
Project Summary	Implement the MTC Eligibility module as a replacement for STAMP		
Business Benefit	Integrated module with fewer 3rd party dependencies. Solution can be implemented at minimum cost to LCC		
Citizen Outcome	More streamlined process for users with less data entry duplication		
Position update	The current project has highlighted some risks to the project in terms of some technical aspects, but the project team are working through these and options to mitigate or remove these risks are in progress.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
System Go Live	28 October 2022	28 October 2022	Amber - Path to Green: Review of issues to agree path forward

Project ID	IMT-117-2004	**Project Sponsor**	John Wickens
Project Name	**Telephony Enablement**	**Project Manager**	David Betts
Project Status	Implement	**Forecast Project Closure Date**	31 October 2022
Project Summary	The purpose of the Avaya upgrade project is to upgrade the LCC Avaya fixed corporate & CSC telephone system software		
Business Benefit	Mitigate significant business risk due to the existing version having reached its end of support life. To update the current system software and provide additional features for the CSC and to address a number of bugs with the old version. To extend the operating life for the sunk investment in Avaya telephone hardware for a number of years allowing the market for light infrastructure cloud based telephony to mature		
Citizen Outcome	Call centre leveraged new and improved features to optimise and streamline the call handling service		
Position update	The Avaya telephony upgrade has now gone live, with Branch Offices migrating to the new system on 22/07/2022 and Contact Centres on 29/07/2022. The project is now in its post implementation warranty stage while go live issues are being resolved and additional configuration work is completed. Following this, the project will move toward decommissioning of the old environment, final transition to support and project closure.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	02 September 2022	31 October 2022	Green - On Track

Project ID	IMT-418-1902	Project Sponsor	Andrew Jordan
Project Name	**Azure Phase 1/Phase 2**	Project Manager	David Betts
Project Status	Complete	Forecast Project Closure Date	04 September 2022
Project Summary	The extension of the Serco contract was progressed upon the assumption that there would be a migration from the Sungard ITUS & ECS environments to Microsoft Azure hosting for many of LCC's application services. This project is that work which is funded by LCC. NB Cost of ECS element should be funded from Transformation		
Business Benefit	To realise the savings from migrated to cloud hosting in Azure		
Citizen Outcome	Indirect		
Position update	A change request was accepted to bring into scope some additional activities which have been completed and the project is now in closure.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	04 September 2022	04 September 2022	Green - On Track

Project ID	IMT-447-1907	**Project Sponsor**	Andrew Jordan
Project Name	**Upgrade Domain Services**	**Project Manager**	Jo Marsden
Project Status	Build	**Forecast Project Closure Date**	09 December 2022
Project Summary	LCC's current active directory structure and Domain controller solution has a number of issues that require resolution to ensure best practice, and efficient operation of the current AD and infrastructure environment		
Business Benefit	Ensures best practice is reflected and provides efficient operation of the current Active Directory and infrastructure environment		
Citizen Outcome	Indirect		
Position update	Work is progressing to plan the upgrade, and the HLD is due to be released on the 9th September 2022 for review and signoff.		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Submission of HLD	09 September 2022	09 September 2022	Green - On Track

Project ID	IMT-515-2102		Project Sponsor	Donna Fryer
Project Name	**SWP Desktop to Laptop Swap Out**		Project Manager	Claire Wickens
Project Status	Implement		Forecast Project Closure Date	31 October 2022
Project Summary	To enable staff to swap out their desktop computers for a laptop form, which will contain all the applications that they require to do their job			
Business Benefit	To enable all staff to leverage the benefits of working from anywhere.			
Citizen Outcome	Indirect			
Position update	The final batch of devices are due to be issued in the next couple of weeks, and the users will be supported in setting them up before this project moves into closure.			
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**	
Project Closure	31 October 2022	31 October 2022	Green - On Track	

Project ID	IMT-526-2105	**Project Sponsor**	Eleanor Baumber
Project Name	**LTTP Redevelopment Stage 2: Platform migration**	**Project Manager**	Jo Marsden
Project Status	Design	**Forecast Project Closure Date**	25 November 2022
Project Summary	Lincs to the Past Replacement Phase 2: migration to stable and up-to-date platforms		
Business Benefit	Platform will be in support, and hosted on an in-support version of Windows Storage costs will be reduced Platform stable for future developments – automated and offline data analysis, integration with payment gateway to allow revenue generation through online purchase of images/prints Visible change and improvements in the underlying platform to improve Archives' reputation with the public Archives meets its statutory requirements Public better able to perform searches for themselves freeing up Archive staff time to perform core duties		
Citizen Outcome	In general, accessibility to archived data and images becomes much faster and easier Search function becomes easier to perform and will use catalogue IDs rather than requiring staff to help visitors. The public will find it easier to search from home, and on their own Home searching forestalls future restrictions on public movement due to COVID 19 Better cataloguing of collection data and visibility of images will drive public engagement (and future revenue) Platform will have zoom functionality restored No more worrying certificate errors		
Position update	Planned activities for the next period are for the high level proposal for alternative to RDP access to be progressed by Serco Technical Architect, in discussions with IMT, transfer of JPEGs proposal to be agreed, Axiell's trial of script for data migration process to be confirmed, proposal for storage of files to be re-visited and option one expanded and re-planning on technical change requests to open connectivity for file transfer, if required		
Next Milestone Name	**Milestone Baseline Delivery Date**	**Forecast/Actual Delivery Date**	**RAG Status and Commentary**
Project Closure	25 November 2022	25 November 2022	Green - On Track

Project ID	IMT-562-2204		Project Sponsor	Andrew Jordan
Project Name	**Oracle Database Server Upgrade**		Project Manager	Claire Wickens
Project Status	Design		Forecast Project Closure Date	31 March 2023
Project Summary	Procure replacement servers for the oracle service for MTC/Mobirouter Replace the Linux/Application servers that are unsupported / out of date			
Business Benefit	Highly critical public facing services have a resilient and supported IT infrastructure for their key applications			
Citizen Outcome	Public facing transport services have a resilient and supported IT infrastructure to maintain availability of systems/service delivery			
Position update	The project is in the design phase, assessing the requirements and the approach.			
Next Milestone Name	Milestone Baseline Delivery Date	Forecast/Actual Delivery Date	RAG Status and Commentary	
Options Appraisal	23 September 2022	23 September 2022	Green - On Track	

5. Conclusion

Since the last report there has been the continued high volume of work being undertaken by the IMT support service and we are reviewing incoming work and the inflight portfolio to ensure prioritisation of work to safeguard that the most critical pieces are given priority.

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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:	**29 September 2022**
Subject:	**Treasury Management Annual Report 2021/22**

Summary:

This report has been prepared in accordance with the reporting recommendations of the CIPFA Code of Practice for Treasury Management and details the results of the Council's treasury management activities for the financial year 2021/22. The report compares this activity to the Treasury Management Strategy for 2021/22, approved by the Executive Councillor for Resources, Communications, and Commissioning on 11 March 2021. It will also detail any issues arising in treasury management during this period.

Actions Required:

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

1. Background

1. Introduction and Background

1.1. Treasury Management relates to the policies, strategies and processes associated with managing the cash and debt of the Council through appropriate borrowing and lending activity. It includes the effective control of the risks associated with the lending and borrowing activity and the pursuit of optimum performance consistent with the risks.

1.2. This Annual Treasury Report will cover the following matters for the year 2021/22:

- **Economic overview and interest rate review**.
- **Treasury Investments** - Treasury investment policy, risk appetite, treasury activity and return, comparing this with treasury strategy.
- **Long Term Borrowing** - Capital expenditure plans, borrowing requirement and activity, control of interest rate risk, debt rescheduling activity and internal borrowing position, comparing this with treasury strategy.
- **Other treasury issues** arising during 2021/22.

1.3. For reference, a **Key Points Summary** arising from this report has been included in the Conclusion in Section 6 of this report.

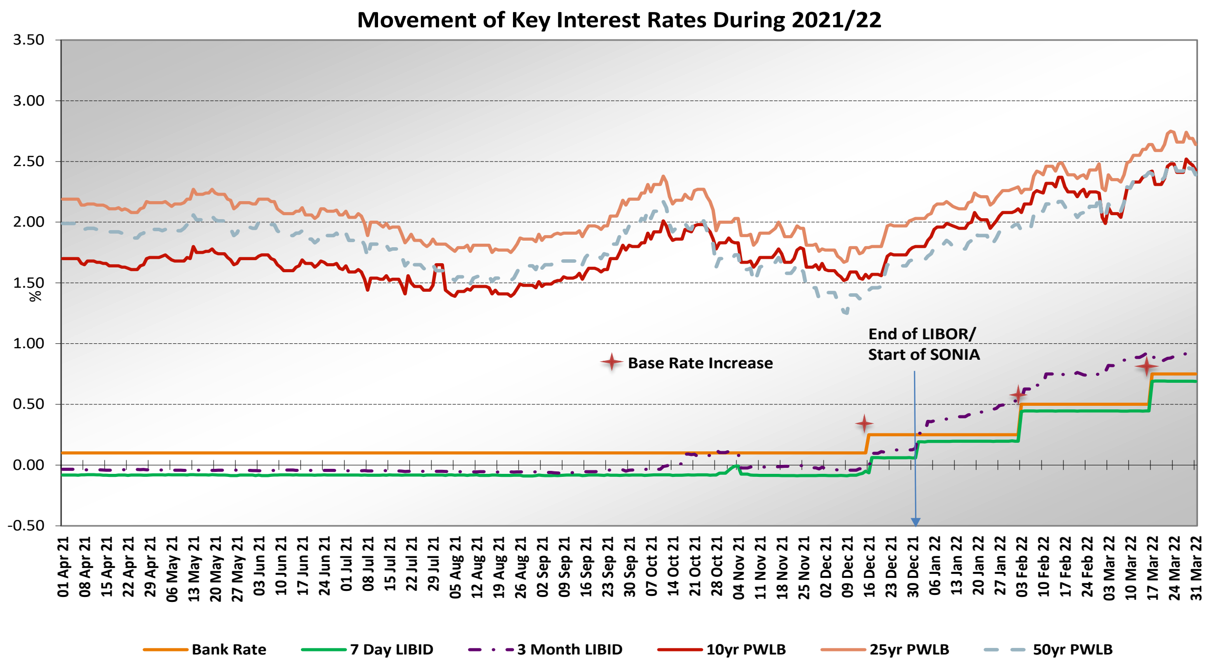
1.4. For further reference, a list of abbreviations used throughout this report is shown in **Appendix A**.

2. Economic Overview and Interest Rate Review 2021/22

2.1. At the time of setting the Strategy in March 2021, both short term bank rate and long-term rates were forecast to rise only moderately by **no more than 0.10% per year for the following 3 years.** This was based on a backdrop of the Covid-19 pandemic and its impact on the economy and the subsequent success of the UK vaccine program leading to an improved economic outlook.

2.2. The graph below shows actual movement in rates during the year as follows:

- **Short Term Rates**: Due to measures to tackle the Covid-19 pandemic, the Bank of England took emergency action in March 2020 to cut Base Rate to 0.10% and left this unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting on 4th February 2022 and then to 0.75% in March 2022. The graph shows that short term rates mirrored this pattern during the year until the start of SONIA on 1st January 2022 at which point 3 Month rates started to exceed the Base Rate.
- **Long term rates**: Rates have been volatile over the period but generally flat until falling back at the end of 2021. Since this time, long term rates have risen in early 2022 to mirror the Base Rate increases, despite the war in Ukraine. These rises have been part of a global trend, as central banks have suggested they will continue to raise interest rates as a measure to contain inflation.



2.3. **UK Economy:** The UK economy endured several false dawns through 2021/22, but with most of the economy opened up by March 2022, and nearly back to business-as-usual, the **GDP** numbers were robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation**. CPI** reached 6.2% in February 2022 and was predicted to exceed 8.3% in April 2022. A further rise in US Treasury yields was predicted to drag UK gilt yields higher as there is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, were strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees were also set to pay 1.25% more in National Insurance tax. Consequently, inflation was predicted to be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

2.4. **Average Inflation targeting:** This was adopted by the Bank of England in 2020, in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "**it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably***". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

2.5. **USA:** Markets priced in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5% and in addition the Fed was expected to start to run down its balance sheet as soon as May 2022. The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argued for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty pointed in the opposite direction. Quarter 1 (Q1) GDP growth was predicted to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment was only 3.8%.

2.6. **Eurozone:** Inflation jumped to 7.5% in March leading to the tightening of monetary policy by the ECB and the end to net asset purchases. Markets were anticipating possibly three 25bp rate hikes later in 2022 followed by more in 2023. Policymakers also hinted strongly that they would re-start asset purchases if required. While inflation hit the headlines, the risk of recession was also rising. Among the bigger countries, Germany was most likely to experience a "technical" recession because its GDP contracted in Q4 2021, and its performance was subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone was expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February 2022.

2.7. **World Growth**: World growth was estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

2.8. **Deglobalisation:** Until recent years, world growth has been boosted by increasing globalisation i.e., countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a **sharp retrenchment of economies into two blocs of western democracies v. autocracies**. It is, therefore, 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 (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

2.9. **Central banks' monetary policy**: During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

3. Treasury Investments 2021/22

Treasury Investment Policy

3.1. The Council's treasury investment policy, governed by the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance, renamed the Department for Levelling Up, Housing and Communities (DLUHC), is implemented in the Council's Annual Investment Strategy for Treasury Investments 2021/22, that was approved by the Executive Councillor for Resources, Communications and Commissioning on 11 March 2021, after being scrutinised by the Overview and Scrutiny Management Board on 24 February 2021.

3.2. The policy sets out the Council's approach for choosing authorised investment counterparties with appropriate limits (amount and maturity) that meet the risk appetite set by the Council. This selection is based on credit ratings issued by the three main credit rating agencies, supplemented by additional market data such as rating outlooks, credit default swaps and bank share prices. The Council's treasury advisors, Link Asset Services (LAS), provide the Council this data in the form of a creditworthiness matrix of suggested counterparties and limits, which the Council follows. **Appendix B** shows the Council's Authorised Lending List on 31 March 2022, based on this creditworthiness approach, together with a key explaining the credit rating scores.

3.3. **Note**: **The treasury investment policy relates to treasury investments only. The policy relating to non-treasury investments, held for service or commercial reasons, is covered in the Council's Capital Strategy.**

Treasury Investment Risk Appetite

3.4. The Council prioritises the **security of capital** and the **liquidity of investments**, over and above the **return** achieved on its treasury investments and hence the risk appetite set for its treasury investments is **low.**

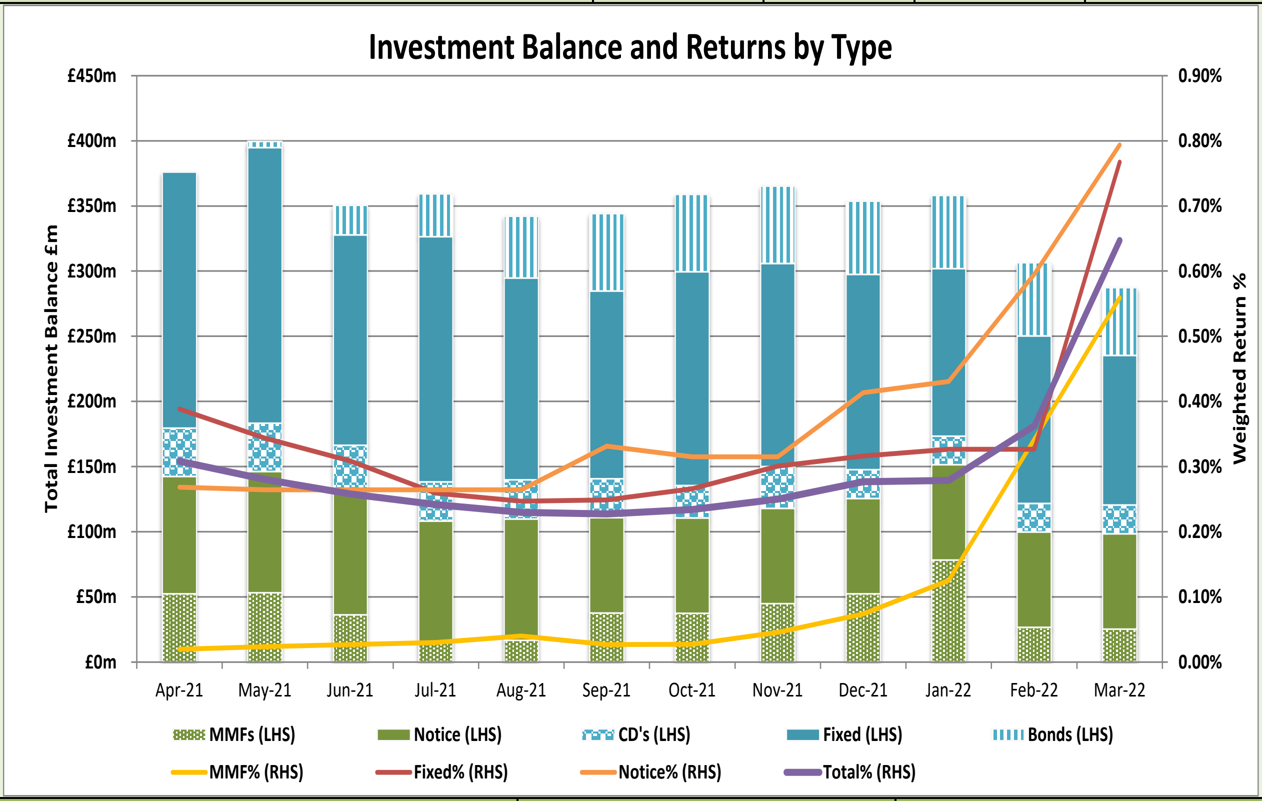
3.5. As such, in addition to LAS's credit methodology, the Council also maintains a minimum limit of **A+ Long Term Rating (two out of three agencies)** for all its Counterparties, excluding part-nationalised UK banks and a **minimum limit AA- Sovereign Rating (two out of three agencies)** for any Country in which a Counterparty is based to ensure investments are only placed with highly credit rated financial institutions and hence the return achieved is commensurate with this level of risk taken. For information, the UK Sovereign Rating is currently AA-.

3.6. The Covid-19 pandemic has not resulted in increased Credit Risk as Central Banks across the world have supported both their economies and banking sectors during the year. As such there have been no significant credit rating changes to Counterparties on the Authorise Lending List during the year.

Treasury Investment Activity 2021/22

3.7. The Council's treasury investment position and movement in activity during 2021/22 is shown as follows:

INVESTMENT PORTFOLIO	31.3.2021 £m	Annual Return %	31.3.2022 £m	Annual Return %
Treasury Investments:				
Money Market Liquidity Funds	38.225	0.10%	25.325	0.09%
Notice Accounts	80.000	0.35%	73.100	0.35%
Fixed Deposits, CD's & Bonds	241.450	0.68%	189.011	0.32%
Total Treasury Investments	**359.675**	**0.52%**	**287.436**	**0.28%**



Maturity Structure	31.3.2021		31.3.2022	
Weighted Average Maturity (WAM)	**114 Days**		**119 Days**	
Liquidity	£118.225m	32.87%	£98.425m	34.24%
< 1 Month	£20.000m	5.56%	£5.000m	1.74%
1-3 Months	£82.950m	23.06%	£62.458m	21.73%
3-6 Months	£91.500m	25.44%	£78.053m	27.15%
6-9 Months	£20.000m	5.56%	£37.000m	12.87%
9-12 Months	£22.000m	6.12%	£0.000m	0..00%
1-2 Years	£5.000m	1.39%	£6.500m	2.26%
Total	**£359.675m**	**100.00%**	**£287.436m**	**100.00%**

3.8. The investment balances shown above are made up of general and earmarked reserves, Pension Fund cash (£67.7m - 31st March 2022/ £74.1m - 31st March 2021), income received but not yet used/spent and general movement of working capital. The data shows that the investment balance on 31st March 2022 was some £72.2m lower than the previous year. This is predominantly due to internal cash balances being used to fund capital expenditure in 2021/22, as no external borrowing was undertaken, and due to the Pension Fund Balance held within the total balance dropping over the year by £6.4m.

3.9. The average value of investments during 2021/22 was £356m, some £8m higher than the previous year. The graph at 3.7 above shows that the balance of investments (bars on graph) remained fairly constant but then fell in the last two months of the year as capital expenditure peaked at this time.

3.10. The graph at 3.7 also shows how these funds were invested by type of investment, split between investments held for liquidity (Money Market Funds and Notice accounts) (green bars) as opposed to fixed term investments (blue bars) held for return. It shows that Notice Account returns were the highest during the year (orange line) so Notice Account balances were kept high (solid green bars). The graph also shows that all returns increased from January 2022, as Base Rate increased, including Money Market Fund returns that got close to zero during the early part of the year (yellow line).

3.11. All investments made during the year were in line with the strategy, including making some 1- and 2-year investments where possible to lock into higher rates above benchmark levels at the time taken and lengthen the Weighted Average Maturity (WAM) of the fund which ended the year at 119 days, close to the previous year. The table above shows the maturity profile of the investments made in light of this strategy which is very similar to the previous year.

3.12. Temporary borrowing of £34.5m was taken when required during the year to cover liquidity shortfalls at an average cost of 0.04%, below money market fund yield levels. This was in line with strategy and as an alternative to drawing on higher yielding Notice Accounts. No temporary borrowing remained outstanding on 31 March 2022.

3.13. A full list of the investments held on 31 March 2022, compared to Link's creditworthiness list, and changes to credit rating of counterparties during March 2022 are shown in **Appendix C**.

<u>Treasury Investment Return and Benchmarking Results</u>

3.14. The table below shows the Council's annualised investment return for 2021/22 based on the above activity against the benchmark return for internal investments (weighted market rate to reflect low risk appetite taken), compared to the previous year, and the actual versus budgeted investment income earned as a result.

	2020/21	2021/22
Annualised Investment Return	0.52%	0.28%
Annualised Benchmark Rate	0.07%	0.13%
Outperformance	**0.45%**	**0.15%**
Total Investment Return Income	£1.78m	£0.65m
Budgeted Investment Return Income	£1.30m	£0.50m
Surplus Investment Return Income	**£0.48m**	**£0.15m**

3.15. The table highlights how the investment return and income fell sharply in 2021/22 as the impact of Covid-19 on the economy and interest rates continued to be felt. Despite this the investment benchmark was exceeded by 0.15% and the budgeted investment return was exceeded by £150k. The significant underspend in both the Capital and Revenue budgets in 2021/22 was a contributory factor to the surplus investment income achieved over that budgeted.

3.16. The Annualised Benchmark Rate used moved from 7 Day/3 Month LIBID rates to Overnight/3 Month SONIA rates in the last quarter of the year, as LIBID ceased on 31st December 2021. SONIA is the risk-free rate for sterling markets administered by the Bank of England. It represents the average overnight rate that banks and financial institutions will lend overnight to each other during Sterling Clearing Operations. This is a relative benchmark which moves with the markets, however the rate is not representative of what general Money Market participants, such as the Council, can achieve, due to size and available counterparties. It is also just an average rate with no Bid/Offer spread. (The LIBOR/LIBID spread was around 0.12%). To make the SONIA rate into a relevant benchmark to use therefore will require some adjustment. The initial benchmark rate that is being used therefore is **SONIA less 0.10%,** but this is still a higher rate to benchmark against than LIBID, as reflected by the lower outperformance in 2021/22 of 0.15%. The SONIA benchmark will be reviewed for appropriateness during 2022/23, as more data becomes available with help from Link Asset Services (LAS).

3.17. The level of return achieved directly correlates with the level of risk taken with investments. To demonstrate this, Appendix D shows the performance of a variety of major asset classes over several years ranked by riskier assets first (risk to capital loss). The Council has set its risk appetite at the bottom of this spectrum, including Money Market Funds held for liquidity and 3 – 12-month money market deposits.

3.18. The Council's investment return was also benchmarked against analysis as at 31st March 2022, provided by LAS, which comprised a mixture of 13 other Councils in the East Midlands area and 14 English Counties. The results of this benchmarking are detailed below.

Link Benchmarking – Position at 31/3/2022			
	LCC	Benchmark Group(14)	English Counties (13)
31st March Return %	0.65%	0.51%	0.50%
Risk Banding	0.40% -0.60%	0.36% - 0.56%	0.39% -0.58%
Performance	Above	Inline	Inline
Risk Weighted Score (Duration/Credit Quality)	3.73	2.88	2.73
WAM (days)	119	98	109

3.19. The benchmarking results show that the Council is above par with the investment returns achieved by its LAS comparators in 2021/22, mainly because of having a slightly longer WAM (duration of investments). This is a good result given the low-risk nature of the Counterparties allowed on the Council's Lending List (restricted to a Long-Term minimum rating of A+), which does not apply to other comparators. LAS calculate a risk banding return that should be achievable for the level of risk being taken on investments and the Council has performed above this banding.

4. Long-Term Borrowing 2021/22

Capital Expenditure Plans and Borrowing Requirement 2021/22

4.1. The Council's capital expenditure plans are the key driver of treasury management activity, as they set the long-term borrowing requirement plans for the Council.

4.2. The Council is required by regulation to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the **affordability**, **prudence** and **sustainability** of its capital investment plans. It does this by setting a series of **Prudential Indicators** that ensure and demonstrate the Council's capital expenditure plans remain affordable, prudent, and sustainable.

4.3. **Appendix E** shows a summary of the actual Prudential Indicators for 2021/22, compared to those estimated and approved by the County Council at its meeting on 19 February 2021, along with the Council Budget 2021/22. It can be confirmed that no Prudential Indicators were breached during 2021/22.

4.4. Extracted from these Prudential Indicators, shown in the table below, is the Council's **net capital expenditure** for 2021/22 (PI 1) and the resulting **borrowing requirement** for 2021/22 (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). Plans were revised during 2021/22 from that agreed by the County Council and both actual spending and borrowing requirement were under budget for the year.

	Original Budget at 1/4/2021 £m	Final Budget at 31/3/2022 £m	Actual at 31/3/2022 £m	Underspend £m
Net Capital Expenditure Programme 2021/22	111.283	150.449	**100.400**	50.049
Borrowing Requirement 2021/22	111.213	121.594	**60.339**	61.225

Capital Financing Requirement, Borrowing Strategy and Control of Interest Rate Risk 2021/22

4.5. **The Capital Financing Requirement** (CFR) is another Prudential Indicator shown in Appendix E (PI 2). It is a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources or the Council's total indebtedness or **need to borrow for capital financing purposes**. Credit arrangements (finance leases and PFI) 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)**, a provision the Council must set aside to repay its debt each year.

4.6. In fulfilling the underlying need to borrow to finance its capital expenditure plans, the Council has flexibility when it takes external borrowing to ensure borrowing is taken at a time when interest rates are at their lowest (thereby controlling interest rate risk) and to minimise cost of carry (where borrowing costs exceed investment return, until utilised by capital expenditure). The Council can also utilise its own internal cash resource to finance borrowing requirement not taken externally and this is known as **Internal Borrowing**.

4.7. A benefit of internal borrowing is the reduction of Counterparty risk as a reduced cash balance leads to reduced investments made and in times when investment returns are low this is a prudent strategy. Cash resource is depleted by internal borrowing and therefore there is an ultimate limit as to how much internal borrowing can be done before cash resource is put at risk. The **level of internal borrowing on 31st March 2022 was £161.3m or 25% of CFR.** This was increased from the previous year by £34m to lower the excess cash balance held in the year as explained in 3.8 and 3.9 above.

4.8. Another Prudential Limit, (PI 3), states that external borrowing should not exceed the CFR two years hence in order to ensure that borrowing remains prudent and affordable and not undertaken for revenue purposes. Appendix E shows that the Council has maintained this limit.

4.9. The table below shows the final CFR position for 2021/22 and how this is split between External and Internal Borrowing.

CFR 2021/22		£m	£m	%
Opening CFR Balance at 1.4.2021			624.298	
Net Capital Expenditure 2021/22		100.400		
Financed by Cash Resource:	Grants	(14.937)		
	Capital Receipts	(11.206)		
	Reserves	(4.299)		
	Revenue	(9.519)		
Add: Borrowing Requirement 2021/22			60.339	
Less: Minimum Revenue Provision 2021/22			(12.540)	
Less: Voluntary Revenue Provision 2021/22			(26.177)	
Closing CFR Balance at 31.3.2022			**645.920**	**100.0%**
Represented By:				
External Borrowing (Including Credit Arrangements)			**484.525**	**75.0%**
Internal Borrowing			**161.395**	**25.0%**

External Borrowing Activity 2021/22

4.10. The Strategy for 2021/22 stated that new external borrowing would be undertaken 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. Borrowing would be undertaken at a time appropriate to coincide with an identified dip in borrowing rates available.

4.11. The Council's actual borrowing position on 31st March 2022 and activity during 2021/22, is detailed in the table below:

Borrowing Activity 2021/22	Market Debt (LOBO) £m	PWLB Debt £m	Total £m	% Cost
Opening Balance at 1.4.2021	20.000	467.186	487.186	3.743%
New Borrowing in 2021/22	0.000	0.000	0.000	
Borrowing Matured/Repaid in 2021/22	0.000	(11.064)	(11.064)	
Debt Rescheduling: - Borrowing Repaid in 2021/22 Borrowing Replaced in 2021/22	 (0.000) 0.000	 0.000 0.000	 (0.000) 0.000	
Closing Balance at 31.3.2022	**20.000**	**456.122**	**476.122**	**3.733%**
Authorised Limit For External Debt 2021/22			**691.748**	

4.12. The table above shows that no new external borrowing was taken during the year with the Borrowing Requirement for 2021/22 met in full, from internal borrowing, to reduce surplus cash balances held in the year and to save on borrowing costs, (see 4.17).

4.13. **Appendix F** shows the external borrowing maturity profile on 31st March 2022, including the variability effect of the £20m LOBO debt held. The graph shows that no debt maturing in any one year exceeds 10.7% of the total debt portfolio.

4.14. The table also shows that no debt rescheduling was undertaken in 2021/22 and the balance of LOBO debt remains at £20m, all held with BAE Systems Pension Fund. This is well within the LOBO limit set in the Strategy of 10% of total external debt (equating to £47.6m). A limit is set on this type of borrowing to limit the amount of variability within the debt portfolio for debt repayment.

4.15. Total long-term debt outstanding at 31st March 2022 fell to £476.122m and is well within the Council's Authorised Limit for External Debt of £691.748m. This is the Council's statutory 'Affordable Borrowing Limit' as per the Local Government Act 2003, which should not be breached and is also another Prudential Indicator, (PI 4).

External Borrowing Cost and Benchmarking Position

4.16. The table below shows the interest cost of the Council's total external debt. New borrowing is benchmarked against the average cost of debt that was available from the PWLB in the year. No new borrowing was undertaken in 2021/22 and the reduction in the % Cost of the total borrowing portfolio was due to the debt repayment in the year.

	2020/21		2021/22	
	% Cost	£m	% Cost	£m
Long-Term Borrowing Outstanding at 31st March.	-	487.186	-	476.122
Actual Interest Cost of External Debt	3.743%	18.484	3.733%	17.886
Budgeted Cost of External Debt	-	22.093	-	17.746
(Underspend)/Overspend		**(£3.609m)**		**£0.140m**
New Borrowing Taken and Average Cost	-	0.000	-	0.000
Benchmark Cost of Borrowing Available in Year (50 Year PWLB)	2.140%	-	1.850%	-
Outperformance/(Underperformance)	**0.000%**	**£0.000m**	**0.0%**	**£0.000m**

Internal Borrowing Activity 2021/22

4.17. The borrowing requirement (CFR) not taken externally is known as 'internal borrowing' and this utilises the internal balances of the Council to finance the capital spend. The level of internal borrowing is adjusted for amounts carried forward along with any capital programme underspends each year and for adjustment to borrowing taken for any voluntary repayment of debt or excess borrowing taken for maturing debt more than the MRP level. The balance of internal borrowing on 31st March 2022 stood at £161.345m and the table below shows how this balance has been derived.

Internal Borrowing 2021/22	£m	£m
Internal Borrowing Balance BF		128.002
Original Borrowing Requirement 2021/22	121.594	
Less Underspend Carried Forward	(61.255)	
Adjustment for Voluntary /Maturing Debt/VRP	(26.712)	
Final Borrowing Requirement 2021/22		33.627
Actual External Borrowing Undertaken (Salix)		(0.234)
Internal Borrowing Balance CF		**161.395**

4.18. The £61.225m carry forward of internal borrowing for 2021/22 will be carried forward to 2022/23, along with the Capital Programme and Borrowing Requirement underspends. The Council will take external borrowing in 2022/23, after adjusting for debt repayments and underspends, to ensure the level of debt remains within the new **Debt Liability Benchmark**. This is a new Prudential Indicator introduced in the revised CIPFA Code of Practice for Treasury Management issued in December 2021 and focuses on taking external debt to maintain a level of cash balance needed for liquidity rather than focusing on level of internal borrowing. This strategy will be developed during 2022/23 and will be applicable for the following year.

5. Other Treasury Management Issues Arising During the Year

5.1. Revised CIPFA Codes of Practices for Treasury Management and the Prudential Code Published in December 2021

CIPFA published revised Treasury Management and Prudential Codes on 20th 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:

- Investments and investment income to be classified as having one of the following three purposes: **Treasury Management**, **Service Delivery** and **Commercial Return.**

- Requirement to set a **proportionate approach to commercial and service capital investment** by setting approriate Prudential Indicators;
- Creation of new **Investment Practices** to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- Implementation of a policy to review **commercial property**, with a view to divest where appropriate;
- Requirement to clarify **reporting requirements for service and commercial investment**, (especially where supported by borrowing/leverage).
- Requirement for the Council to adopt a new **debt liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement;
- Ensuring that any **long term treasury investment** is supported by a business model;
- Requirement to **effectively manage liquidity and longer term cash flow requirements**;
- Address **Environmental, Social and Governance (ESG) issues** within the Capital Strategy;
- An amendment to TMP1 to address **ESG policy** within the treasury management risk framework;
- An 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 are being developed throughout 2022/23 and will be reported on fully within the 2023/24 Treasury Management and Capital Strategies.

5.2. Review of Minimum Revenue Provision (MRP) -Link Asset Services

The Council is required to determine a level of MRP it considers to be prudent, whilst having regard to the MRP Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), renamed the Department for Levelling Up, Housing and Communities (DLUHC).

As reported in the Treasury Management Strategy 2021/22, Link Asset Services was asked to undertake a review of the Council's Minimum Revenue Provision policy in 2021/22, with the aim to identify any savings that could be made in the calculation of the MRP level whilst maintaining a prudent level.

Following this review undertaken in November 2021, Link Asset Services identified significant potential reductions in MRP in the following areas:

- **Correction to Historic CFR** – Link identified an overstatement of the calculation of MRP going back to 2009/10, resulting from the use of an incorrect CFR balance. This historic overstatement was corrected in the MRP charge for 2020/21 which was reduced by £7.659m. Future MRP will also reduce by £0.367m per annum from this correction.

- **Change to Annuity Method -** The Council's existing MRP policy uses the Asset Life method calculation when calculating MRP for different asset life classes within the capital programme for its unsupported borrowing. MRP for supported borrowing is calculated on a straight-line basis consistent with previous regulations of 4% of CFR. Within the Asset Life calculations at present, only the MRP for Infrastructure Assets is currently charged on an Annuity basis. This means that the MRP charge is higher in the later life of the asset, which is consistent to when the benefit of longer life assets is received for future residents. Link has suggested that the Annuity Method is used for all asset life calculations and for the Supported Borrowing charge. This would have the benefit of reducing the total MRP charge in earlier years and increasing the MRP charge to later years. Link has estimated that the potential total MRP saving in Net Present Value terms of this move could be £26m. Work is underway to cost this proposal in 2022/23 and if adopted this will require a change to MRP Policy for the 2023/24 MRP charge.

- **Voluntary Revenue Provision (VRP) –** The reduction of MRP charge in 2021/22 of £7.659m has allowed the Council to make a VRP charge in 2021/22. VRP charged can be redeemed to reduce future years MRP requirement and therefore gives the Council more flexibility over its MRP charge for future years. For this reason, a VRP charge of £26.177m was made in 2021/22 also making use of a reduction in the Capital Financing Charges Reserve.

5.3. Review of Enhanced Money Market Funds

It was reported in the Treasury Management Strategy 2021/22 that a review of Enhanced Money Market Funds (VNAV) would be undertaken during 2021/22. 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.

This review did not take place as it was superseded by the proposed requirements of the new CIPFA Treasury Management Code to be implemented in 2023/24.

6. Conclusion

Key Points Summary:

- This report relates to Treasury Investments only. Non-Treasury Investments made for service reasons are covered in the Council's Capital Strategy.

- Bank Base rate was increased three times in the last quarter of the year to reach 0.75% at the year end, as the Economy looked set to recover from the impact of Covid-19 and the MPC started to focus on tackling the increase in inflation. Long term rates fell back at the end of 2021, but as part of the general global trend to tackle inflation, started to increase in the last quarter of the year.

- The economy was starting to open up after enduring the impacts of the pandemic in the previous year, with GDP improving and labour markets returning to normal. However, the last quarter of the year saw the emergence of inflationary pressures from increasing commodity and food price increases, supply side shortages and the impact of the Ukrainian invasion by Russia. At the end of March 2022, CPI was expected to reach 8%, however this was a global problem affecting countries all around the world.

- The Council’s cashflow returned to normal patterns during 2021/22, after the Covid-19 disruption of the previous year, with balances remaining relatively constant throughout the year, then dropping by around £70m to £287m at the year end as internal balances were used to fund capital expenditure. (Internal borrowing).

- The Council's risk appetite for its treasury investments remains low, as it prioritises security of capital and liquidity over return. Although investment return fell in the year because of the record low interest rate environment, the Council outperformed the benchmark set for this low risk level, by 0.15%, which equated to £150k in monetary terms. It also outperformed benchmarking comparators whilst having a lower risk profile, primarily by having a slightly longer weighted average maturity of investments.

- The Council’s benchmark investment rate has moved to SONIA less 10%, as LIBID ceased at the end of December 2021. This is an average overnight rate from banks sterling clearing operations and is not really a comparable rate to benchmark against, hence further work is being done in 2022/23 with Link to look at how this benchmark can be revised to be more suitable.

- Short-term borrowing at less than investment rate levels was taken during the year to support predicted liquidity shortfalls, in line with the Strategy.

- The Council adheres to the CIPFA Prudential Code for Capital Finance by setting Prudential Indicators to ensure its capital plans are affordable, prudent and sustainable. All prudential limits have been adhered to with no breaches in 2021/22.

- Both capital expenditure and hence its borrowing requirement for 2021/22 were significantly underspent in the region of £50m. This will be carried forward into 2022/23.

- The Council's CFR on 31 March 2022 (or underlying need to finance its capital expenditure plans by borrowing) has been met by a combination of both external and internal borrowing as follows:

External Borrowing	£484.5m	75.0%
Internal Borrowing	£161.4m	25.0%
CFR	£645.9m	

- No new external borrowing was taken in 2021/22, £11.1m of debt was repaid which has reduced the total cost of the Council's external debt to 3.733%, equating to £17.9m borrowing interest paid in 2021/22.

- No debt rescheduling was undertaken in 2021/22.

- Internal borrowing was increased in 2021/22 by £33.4m leaving the balance of internal borrowing at £161.4m which is considered in line with the Council's general level of cash balance available.

- The Council will focus on the Debt Liability Benchmark in 2022/33 in determining the level of external borrowing to take. This is a new Prudential Indicator introduced in the revised CIPFA Code of Practice and Prudential Code in December 2021.

- A revised CIPFA Code of Practice for Treasury Management and Prudential Code were published in December 2021 and will be applicable for 2023/24. They include new requirements for commercial investments, the introduction of a 'knowledge and skills framework' and a Debt Liability Benchmark, restrictions to longer term treasury investments and amendments to TMP1 (Risk) to include an ESG policy.

- Significant savings to MRP were identified by a review in November 2021, undertaken by Link Asset Services. MRP in 2021/22 was reduced by £7.659m because of a historic correction to CFR in 2009/10 that was identified. This will also result in a reduction of £367k per year going forward for future years. A change to the Annuity Method to calculate MRP going forward would result in potential savings in Net Present Value terms of £26m. Any changes to this method of calculation will require a change to the existing MRP Policy approved along with the Annual Budget.

7. Consultation

a) 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	Glossary of Abbreviations Used in this Report
Appendix B	Authorised Lending List on 31st March 2022 and Credit Rating Key
Appendix C	Investment Analysis Review on 31st March 2022 - Link Asset Services Ltd
Appendix D	Risk and Reward per Asset Class 2021/22 and Comparative Years
Appendix E	Prudential Indicators - Actuals Compared to Estimate 2021/22
Appendix F	LCC Long-Term Borrowing Maturity Profile as at 31st March 2021

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
Treasury Management Strategy Statement and Annual Investment Strategy 2021/22 - 11/3/2021	Decision - Treasury Management Strategy Statement & Annual Investment Strategy 2021/22 (moderngov.co.uk)
Council Budget 2021/22 - 19/2/2021	Agenda for Council on Friday, 19th February, 2021, 10.00 am (moderngov.co.uk)

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GLOSSARY OF ABBREVIATIONS USED IN THIS REPORT

CFR: capital financing requirement - the Council's annual underlying borrowing need to finance capital expenditure and a measure of the Council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

ECB: European Central Bank - the central bank for the Eurozone

EU: European Union

EZ: Eurozone -those countries in the EU which use the euro as their currency

Fed: the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

IMF: International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

LAS: Link Asset Services, Treasury solutions – the council's treasury management advisers.

LIBID: the London Interbank Bid Rate is the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). These benchmarks ceased on 31st December 2021 and have, generally, been replaced by SONIA, the Sterling Overnight Index Average.

LOBO: a 'Lenders 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.

MHCLG: the Ministry of Housing, Communities and Local Government -the Government department that directs local authorities in England.

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MRP: minimum revenue provision -a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main difference between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

SONIA: the Sterling Overnight Index Average. Generally, a placement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

WAM: Weighted Average Maturity (Duration) of investment portfolio.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge. (see above definition for MRP).

Appendix B

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES

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

 # Group Limit of applies where indicated.

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

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

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

Revised: 31st March 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 five 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, 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

March 2022

Monthly Economic Summary

General Economy

The Flash (i.e. provisional) Manufacturing PMI edged down to 55.2 in March, from 58.0 the previous month. However, the Flash Services PMI increased to 61.0 in March of 2022 from 60.5 in February and above forecasts of a decline to 58. The Services PMI rate of expansion was fastest expansion in the services sector in nine months, amid the further reopening of the economy from COVID-19 containment measures. The Flash Composite PMI eased to 59.7 in March from 59.9 in February, above market forecasts of 57.8. The Construction PMI, meanwhile, registered 59.1 in February, up from 56.3 in January to signal the strongest rise in output since mid-2021.

UK GDP expanded 1.1% in the three months to January, better than forecasts of 0.8%. Figures came slightly better than market forecasts of a 1% rise. Services was the main contributor (0.8 percentage points), while production and construction both also contributed positively (0.1 and 0.2 percentage points respectively). The UK trade deficit widened to a record £16.159bn in January from £2.337bn in December. Exports tumbled 8.3% as good sales fell 15.8%, dragged down by a 22.2% fall in exports to EU countries and a 9.6% decrease in those to non-EU countries. Meanwhile, imports rose 16% as good purchases surged 21.8% amid increases from both EU countries and non-EU countries.

The UK's unemployment rate declined to 3.9% in the 3-months to January, the lowest in two years and below market expectations of 4%. The labour market report also showed the number of employees on payroll was up 275,324 to an all-time high of 29.67 million in February, while job vacancies hit a new record of 1.318 million. Average weekly earnings including bonuses in the UK increased 4.8% y/y in the three months to January, above 4.6% in the previous period and market forecasts of an unchanged rate. Similarly, average weekly earnings excluding bonuses rose 3.8%, also above 3.7% in the three months to December, and expectations also of 3.7%.

UK inflation, as measured by the Consumer Price Index, increased to 6.2% y/y in February from 5.5% in January and above market forecasts of 5.9%. This represents the highest inflation rate since 1992, as the rising cost of energy and food continues to squeeze household incomes. Against this backdrop, the Monetary Policy Committee voted by a majority of 8-1 to raise Bank Rate by 25bps to 0.75% at its March 2022 meeting, in line with expectations. The Committee judged that some further modest tightening in monetary policy may be appropriate in the coming months, in particular as the invasion of Ukraine by Russia is likely to accentuate both the peak and longevity of above target inflation and the expected adverse impact on activity.

Meanwhile, retail sales unexpectedly fell 0.3% m/m in February, partly reversing a 1.9% rise in January and compared to market forecasts of a 0.6% increase. Compared to pre-pandemic levels of February 2020, retail sales have increased 3.7%. Meanwhile, the GfK Consumer Confidence index dropped to its lowest level in 16 months at -31 in March, amid mounting concerns about surging inflation, higher interest rates and the Ukraine conflict. This followed a reading of -26 in February and was slightly lower than expectations of -30.

The UK government recorded a £13.1 billion deficit in its public finances in February, much higher than market expectations of £8.1 billion. This represented the second-highest February borrowing since monthly records began in 1993. As a result, borrowing reached £138.4 billion in the financial year-to-February. This was the third-highest financial year-to-February borrowing since monthly records began in 1993 but less than half of the £290.9 billion borrowed in the same period last year.

The US economy added 678,000 payrolls in February, the most in seven months and well above market forecasts of 400,000. As a result, the US unemployment rate edged down to 3.8% from 4% previously, representing a new pandemic low and below market expectations of 3.9%. The US economy expanded an annualised 6.9% on quarter in the last three months of 2021, 0.1% lower than in the second estimate. Against this backdrop, price growth (as measured by the Federal Reserve’s preferred Personal Consumption Expenditure deflator) accelerated to 7.9% in February, the highest since January 1982, matching market expectations. Following its February decision to make no policy change, the Fed raised the target for its Fed Funds rate by a quarter-point to 0.25%-0.5% at its March meeting. This was the first hike for three years with the following press conference and associated “dot plot” of Fed member expectations signalling that this was likely the first of a series of policy tightening measures. While the Fed stated that conditions at the time of meetings would determine any action, the forecasts now sees rate hikes at each of the six remaining meetings this year.
The Eurozone economy advanced 0.3% on quarter in the last three months of 2021, matching flash estimates, as the Omicron variant’s spread across the continent later in the year brought about restrictions which hurt the services sector, as well as labour shortages. The annual inflation rate in the Euro Area rose to a fresh record high of 5.9% y/y in February from 5.1% in January. Energy continued to record the biggest source of price increases. Core inflation, which excludes prices of energy, food, alcohol and tobacco, accelerated to 2.7% in February from 2.3% in January. The ECB voted to maintain interest rates at its March meeting. However, the ECB surprisingly sped up the asset purchase schedule for the coming months and said that the asset purchase program could end in the third quarter if the medium-term inflation outlook did not weaken. The Bank also confirmed that monthly net asset purchases would amount to €40 billion in Q2, €30 billion in Q3 and €20 billion from October onwards and for as long as necessary to reinforce the accommodative impact of its policy rates.

Housing

The Nationwide House Price Index jumped 14.3% y/y in March, the strongest increase since November 2004, and above forecasts of 13.5%. On a monthly basis, prices increased 1.1%, also above forecasts of 0.8%, the eighth consecutive monthly increase. The price of a typical UK home climbed to a new record high. According to Nationwide, prices are now 21% higher than before the pandemic struck in early 2020.

Currency

Sterling depreciated against both the US dollar and Euro this month amid the ongoing war in Ukraine and surging commodity prices, which raised the prospect of slowing growth and high inflation in the UK.

March	Start	End	High	Low
GBP/USD	$1.3938	$1.3797	$1.3991	$1.3712
GBP/EUR	€1.1565	€1.1739	€1.1739	€1.1565

Forecast

The Bank of England 's Monetary Policy Committee increased the Bank Rate by 0.25% to 0.75% at its March meeting, which was in line

Bank Rate	Now	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Link Group	0.75%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%	-	-	-	-

Lincolnshire County Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
MMF Insight	25,325,000	0.56%		MMF	AAAm		
National Westminster Bank Plc (RFB)	5,000,000	0.16%	29/04/2021	29/04/2022	A	0.004%	183
HSBC UK Bank Plc (RFB)	20,000,000	0.80%		Call31	A+	0.004%	783
DBS Bank Ltd	5,000,000	0.36%	04/11/2021	04/05/2022	AA-	0.002%	107
Cambridgeshire County Council	5,000,000	0.62%	16/10/2020	16/05/2022	AA-	0.003%	0
National Bank of Canada	2,370,000	0.26%	19/11/2021	19/05/2022	A	0.006%	147
OP Corporate Bank plc	10,232,731	0.17%	02/06/2021	20/05/2022	AA-	0.003%	321
Close Brothers Ltd	5,000,000	0.40%	25/11/2021	25/05/2022	A-	0.007%	347
Nordea Bank Abp	5,111,675	0.15%	02/07/2021	02/06/2022	AA-	0.004%	202
Nordea Bank Abp	5,026,991	0.16%	19/07/2021	02/06/2022	AA-	0.004%	199
Nordea Bank Abp	3,067,511	0.15%	11/08/2021	02/06/2022	AA-	0.004%	121
Bank of Nova Scotia	2,466,771	0.13%	05/08/2021	08/06/2022	A+	0.009%	215
Bank of Nova Scotia	2,590,160	0.13%	05/08/2021	08/06/2022	A+	0.009%	226
DBS Bank Ltd	10,000,000	1.12%	18/03/2022	20/06/2022	AA-	0.005%	508
Bank of Montreal	1,014,545	0.17%	23/06/2021	21/06/2022	A+	0.010%	105
Bank of Montreal	4,058,966	0.15%	23/06/2021	21/06/2022	A+	0.010%	421
National Australia Bank Ltd	1,518,618	0.16%	19/08/2021	27/06/2022	A+	0.011%	169
Landesbank Hessen-Thueringen Girozentrale (Helaba)	10,000,000	0.89%	31/03/2022	30/06/2022	A	0.011%	1150
Barclays Bank UK PLC (RFB)	18,100,000	0.80%		Call95	A	0.012%	2172
Close Brothers Ltd	5,000,000	0.65%	31/01/2022	29/07/2022	A-	0.015%	758
BNP Paribas	4,837,185	0.22%	06/08/2021	16/08/2022	A+	0.017%	843
BNP Paribas	7,067,614	0.17%	10/09/2021	16/08/2022	A+	0.017%	1232
BNP Paribas	5,047,992	0.18%	15/09/2021	16/08/2022	A+	0.017%	880
Australia and New Zealand Banking Group Ltd	10,000,000	1.24%	02/03/2022	02/09/2022	A+	0.020%	1958
Landesbank Hessen-Thueringen Girozentrale (Helaba)	6,300,000	1.10%	07/03/2022	07/09/2022	A	0.020%	1274
Toronto Dominion Bank	10,000,000	0.21%	13/09/2021	13/09/2022	AA-	0.010%	1042
DBS Bank Ltd	10,000,000	1.56%	15/03/2022	15/09/2022	AA-	0.011%	1054
Australia and New Zealand Banking Group Ltd	4,000,000	0.25%	20/09/2021	19/09/2022	A+	0.022%	869
Australia and New Zealand Banking Group Ltd	5,800,000	1.43%	23/03/2022	23/09/2022	A+	0.022%	1290
Santander UK PLC	25,000,000	0.73%		Call180	A	0.023%	5685
DBS Bank Ltd	5,000,000	1.44%	30/03/2022	30/09/2022	AA-	0.011%	574
Australia and New Zealand Banking Group Ltd	10,000,000	0.93%		Call185	A+	0.023%	2337
Broxbourne Borough Council	5,000,000	0.18%	05/10/2021	04/10/2022	AA-	0.012%	0
Toronto Dominion Bank	10,000,000	0.51%	15/10/2021	14/10/2022	AA-	0.012%	1236
Toronto Dominion Bank	10,000,000	0.70%	19/10/2021	18/10/2022	AA-	0.013%	1261
Bank of Montreal	5,000,000	0.70%	05/11/2021	04/11/2022	A+	0.028%	1377
National Westminster Bank Plc (RFB)	2,000,000	0.65%	24/11/2021	23/11/2022	A	0.030%	599
Slough Borough Council	6,500,000	0.33%	05/05/2021	04/05/2023	AA-	0.025%	0
Total Investments	**£287,435,756**	**0.65%**				0.013%	£31,647

Note: An historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for an MMF or USDBF, for which the rating

Lincolnshire County Council

Current Investment List

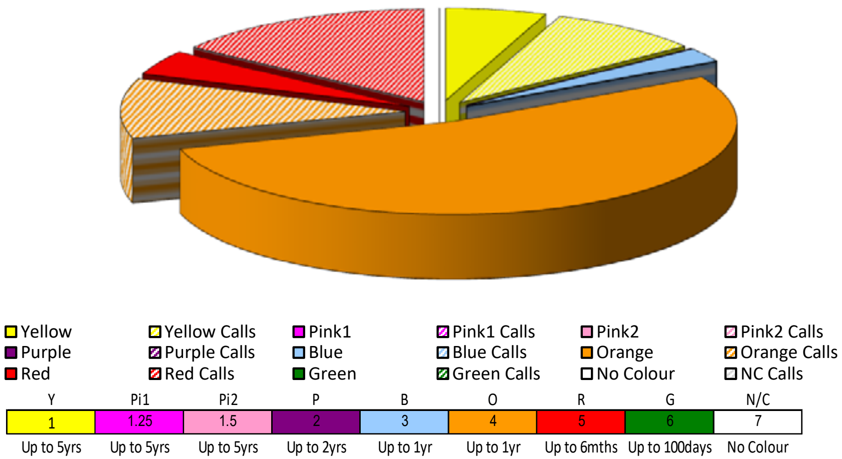
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)

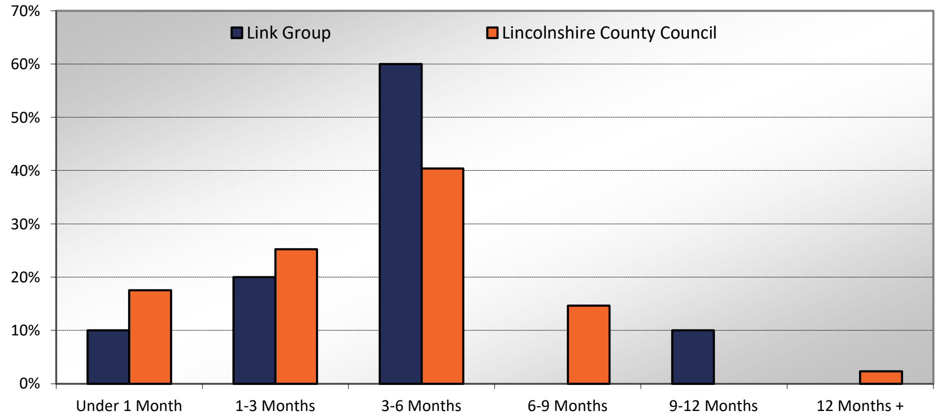
Note: An historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default and expected credit loss therefore measure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

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2021 for Fitch, 1983-2021 for Moody's and 1981-2021 for S&P.

Where Link Group have provided a return for a property fund, that return covers the 12 months to December 2021, which are the latest returns currently available.

Portfolio Composition by Link Group's Suggested Lending Criteria





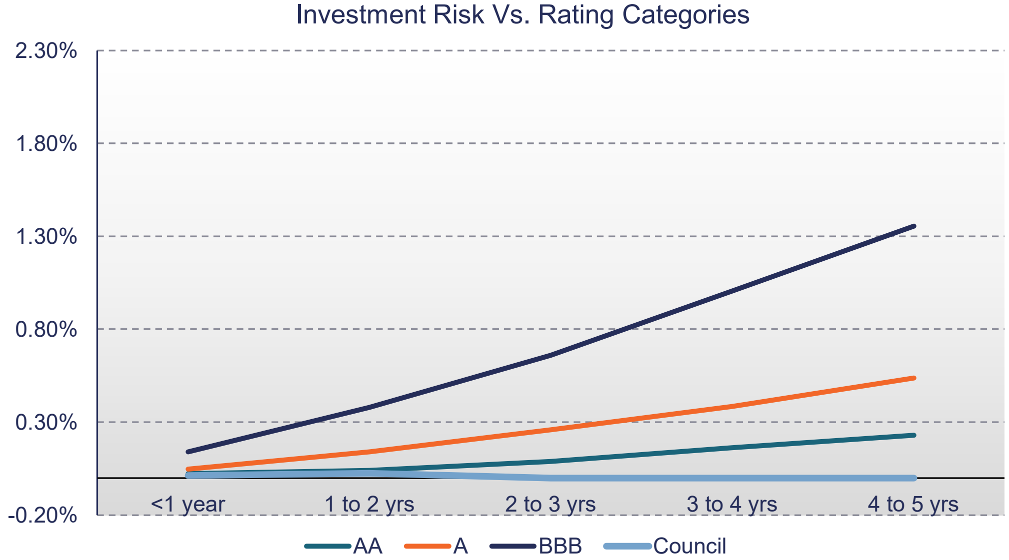
Portfolios weighted average risk number = 3.73

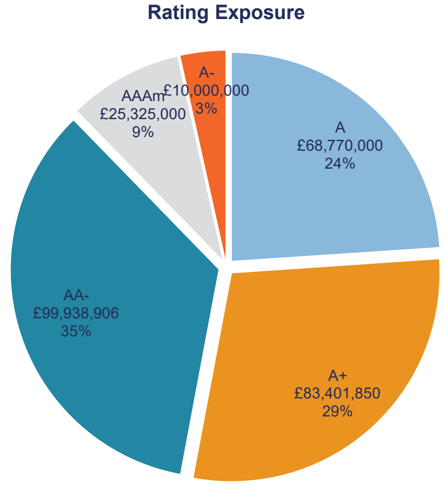
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% 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	14.55%	£41,825,000	60.55%	£25,325,000	8.81%	0.49%	90	226	228	572
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	2.44%	£7,000,000	0.00%	£0	0.00%	0.30%	88	365	88	365
Orange	63.72%	£183,140,756	16.38%	£30,000,000	10.44%	0.68%	123	239	131	270
Red	19.30%	£55,470,000	77.70%	£43,100,000	14.99%	0.70%	130	152	80	180
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%	**£287,435,756**	**34.24%**	**£98,425,000**	**34.24%**	**0.65%**	**119**	**224**	**135**	**294**

Lincolnshire County Council

Investment Risk and 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	0.013%	0.025%	0.000%	0.000%	0.000%

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.

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
17/03/2022	1884	Bayerische Landesbank	Germany	The Support Rating was withdrawn.
18/03/2022	1885	Landesbank Baden-Wuerttemberg	Germany	The Support Rating was withdrawn.
25/03/2022	1887	Co-operative Bank PLC (The)	United Kingdom	The Support Rating was withdrawn.
28/03/2022	1888	Australia and New Zealand Banking Group Ltd.	Australia	The Support Rating was withdrawn.
28/03/2022	1888	Commonwealth Bank of Australia	Australia	The Support Rating was withdrawn.
28/03/2022	1888	National Australia Bank Ltd	Australia	The Support Rating was withdrawn.
28/03/2022	1888	Westpac Banking Corp.	Australia	The Support Rating was withdrawn.

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
01/03/2022	1883	Swedbank AB	Sweden	The Long Term Rating was placed on Negative Outlook and removed from Negative Watch.

Lincolnshire County Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
22/03/2022	1886	Landesbank Hessen-Thueringen Girozentrale	Germany	The Long Term Rating was upgraded to 'A' from 'A-' and the Short Term Rating was upgraded to 'A-1' from 'A-2'.

APPENDIX D

Risk and Reward per Asset Class 2021/22 and Comparative Years.

Asset Class (Local Authority Sector unless stated)	2020	2021	YTD-July 2022	Average Annual Return (since 2005)
UK All Companies	-6.22%	17.12%	-7.91%	10.0%
UK Equity Income	-10.78%	18.42%	-2.03%	9.63%
Mixed Investments 40-85% Shares	5.16%	11.16%	-7.74%	7.58%
UK Property (IPD/AREF, UK PFI Other Balanced Funds)	-1.00%	18.00%	10.10%	6.64%
Mixed Investments 20-60% Shares	3.50%	7.45%	-7.34%	5.63%
UK Index Linked Gilts	12.04%	3.95%	-21.01%	4.98%
£ Corporate Bond	7.75%	-1.90%	-10.06%	4.21%
Mixed Investments 0-35% Shares	3.80%	2.93%	-7.49%	4.15%
RPI	1.20%	7.50%	12.30%	3.89%
Bloomberg Barclays £ 0-5yr Corporate Bond Index	3.52%	-0.50%	-3.23%	3.65%
UK Gilts	9.00%	-5.29%	-12.83%	3.07%
FT$E Conventional Gilt up to 5yr Index	1.52%	-1.63%	-1.50%	2.33%
Money Market Funds	0.36%	0.08%	0.73%	1.66%
3 month SONIA		0.05%	0.50%	0.03%
12 month SONIA		0.06%	0.19%	0.01%

Key :

Equity	Multi-Asset	Physical	Fixed Income	Money Market	Economic Data Index

Source: Link Asset Services Ltd

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APPENDIX E

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2021/2022			
	2021/22		2021/22
Original Estimate	**£000**	**Actuals**	**£000**
Prudence Indicators:			
1) Capital Expenditure & Financing			
Net Capital Expenditure	111,283	Actual Net Capital Expenditure (Excl Sch RCCO & Leasing)	100,400
2) Capital Financing Requirement			
Capital Financing Requirement 31/3/2022	750,869	Actual Capital Financing Requirement 31/3/2022	645,995
Capital Financing Requirement Estimate at 31/3/2024	816,798	Capital Financing Requirement Estimate 31/3/2024	711,924
3) Gross Borrowing and the Capital Financing Requirement			
Gross External Borrowing	587,114	Actual Gross External Borrowing	477,369
Headroom Over CFR at 31/3/2024	229,684	Actual Headroom Over CFR at 31/3/2024	234,555
4) External Debt			
Authorised Limit for External Debt		**Actual external debt at 31/3/2022**	
Borrowing	681,075	Long Term LCC	476,122
Other Long Term Liabilities	10,673	Long Term Schools	661
Total Authorised Limit	691,748	Salix	586
		Temporary(Home Office)	0
Operational Boundary for External Debt		Borrowing	477,369
Borrowing	666,075	Other Long Term Liabilities (Credit Arrangements)	7,817
Other Long Term Liabilities	8,673	**Total Debt**	485,186
Total Operational Boundary	674,748		
Affordability Indicators:			
5) Financing Costs & Net Revenue Stream			
Estimated Ratio of Financing Costs To Net Revenue Stream	5.38%	**Actual Ratio of Financing Costs To Net Revenue Stream**	7.16%
Estimated Ratio of MRP & Interest Costs To Net Revenue Stream	5.33%	**Actual Ratio MRP & Interest Costs To Net Revenue Stream**	7.17%
Limit 10%		**Limit 10%**	
Proportionality Indicators			
6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments			
Estimated Proportion of Usable Reserves at Risk from Potential	1.99%	**Actual Proportion of Usable Reserves at Risk from Potential**	0.26%
Loss of Investments -Limit 10%		**Loss of Investments -Limit 10%**	
7) Income from Non Treasury Investments & Net Service Expenditure			
Estimated Proportion of Non-Treasury Investment Income to	0.43%	**Actual Proportion of Non-Treasury Investment Income to**	0.40%
Net Service Expenditure -Limit 3%		**Net Service Expenditure -Limit 3%**	
Treasury Indicators:			
8) Interest Rate Exposures (Variable)			
Upper limit for variable interest rate exposures		**Actual variable interest rate exposure at 31 March 2022**	
Borrowing	30%	Borrowing	0%
Investments	100%	Investments	34%
9) Total Principal Sums Invested			
Upper limit for total principal sums invested for over 365 days (per maturity date). Treasury and Non Treasury Investments.	40,000	Actual principal sums invested > 365 Day. Treasury and Non Treasury Investments.	7,615
10) Maturity Structure of borrowing			
Upper Limit for maturity structure of borrowing		**Actual maturity structure of borrowing at 31 March 2022**	
Under 12 months	25%	Under 12 months	1.80%
12 months and within 24 months	25%	12 months and within 24 months	2.20%
24 months and within 5 years	50%	24 months and within 5 years	6.60%
5 years and within 10 years	75%	5 years and within 10 years	10.10%
10 years and above	100%	10 years and above	79.30%
11) Borrowing in Advance of Need			
Estimated borrowing in advance of need limit equal to 25% of the expected increase in CFR over 3 year budget period	16,482	Actual borrowing taken in advance of need in 2021/22	0

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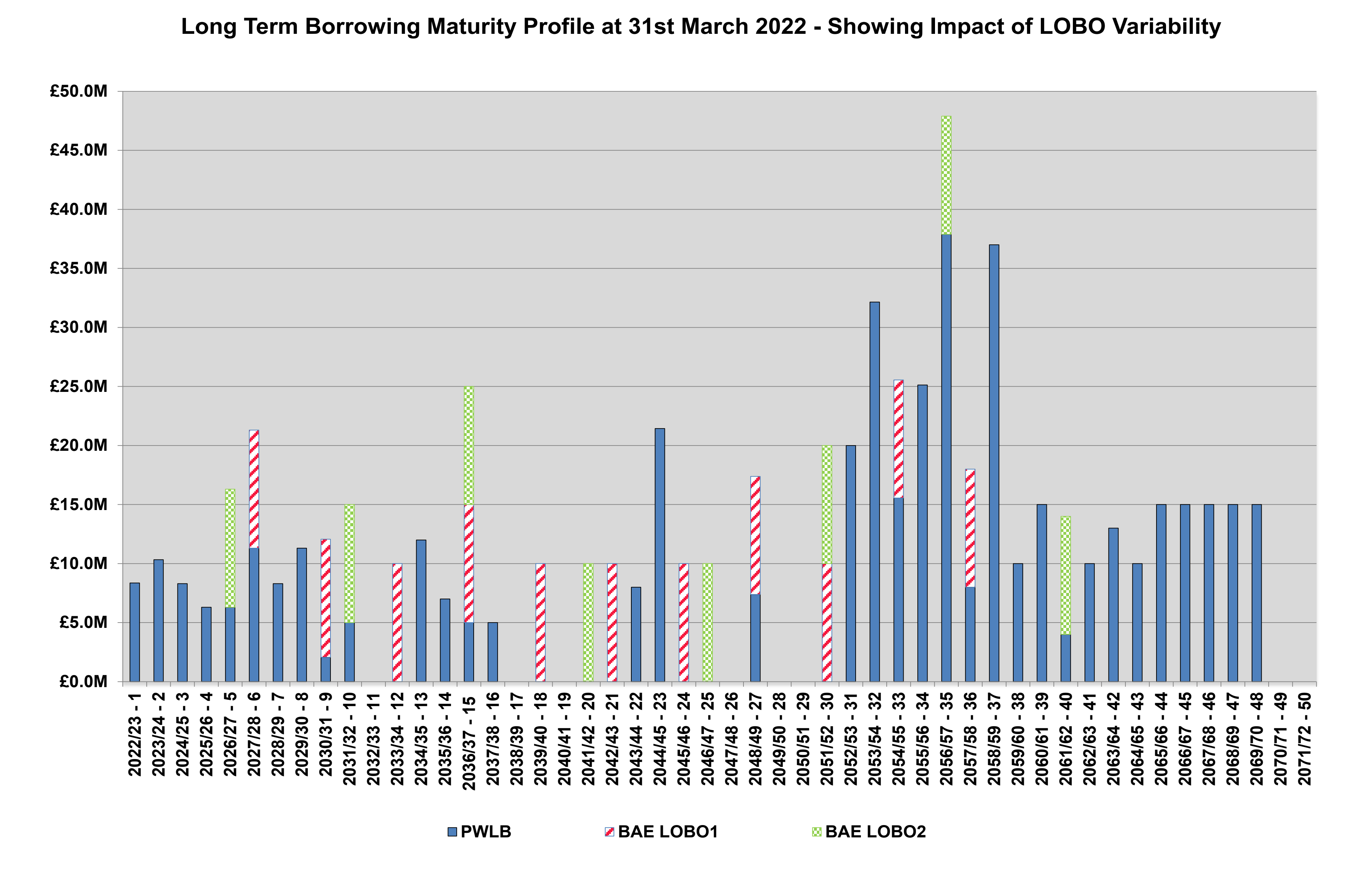
APPENDIX F



Long Term Borrowing Maturity Profile at 31st March 2022 - Showing Impact of LOBO Variability
£50.0M
£45.0M
£40.0M
£35.0M
£30.0M
£25.0M
£20.0M
£15.0M
£10.0M
£5.0M
£0.0M
2022/23 - 1
2023/24 - 2
2024/25 - 3
2025/26 - 4
2026/27 - 5
2027/28 - 6
2028/29 - 7
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2069/70 - 48
2070/71 - 49
2071/72 - 50
PWLB
BAE LOBO1
BAE LOBO2

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 September 2022**
Subject:	**Treasury Management Performance 2022/23 - Quarter 1 to 30 June 2022**

Summary:

This report details the treasury management activities and performance for Quarter 1 of 2022/23 to 30 June 2022, comparing this to the Treasury Management Strategy and Annual Investment Strategy 2022/23 that was approved by the Executive Councillor for Resources, Communications and Commissioning on 14 March 2022. 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 2022/23 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 first quarter report for 2022/23 covering the period up to 30th June 2022.

1.3. Activity and performance up to 30th June 2022 compared to the strategy is detailed in the Conclusion in Section 2 below. Supporting information is detailed in the attached appendices.

2. Conclusion

<u>Comparison of Activity and Performance to Strategy for Period up to 30th June 2022</u>

Interest Rate Forecast:

***Strategy*:**

At the time of writing the Strategy:

- *Short term rates had increased in the final quarter of 2021/22 as the MPC increased Base Rate to 0.50% from 0.10%, in a measure to tackle rising inflation. Further increases in Bank Rate were forecast for March, May, and November where it was expected to end the year at 1.25%.*
- *Long term rates were expected to remain flat over the year in all periods ranging from 2.30% to 2.60% with little difference between any period as short-term gilts increased with short term interest rates and longer dated gilts were impacted by inflation concerns.*
- *This forecast was based on the backdrop of a stronger economy after Covid, but with CPI inflation forecast to reach a peak of 7.25% in April amid concerns over supply side shortages, a tight labour market and demands for wage increases.*

Activity and Performance to 30th June 2022:

Short term Rates.	The MPC has increased Base Rate in their last five meetings, and at the end of June, Base Rate was at 1.25%, with further increases expected. This was in line with other countries across the world to combat rising inflation worldwide that continues to increase further than first forecast. Link Asset Services, the Council's Treasury Management Advisors, expect the Base Rate to peak at no more than 2.75%, which is lower than markets are forecasting, as they believe the impact of the cost-of-living squeeze on Consumers will contribute to bringing inflation down.
Long Term Rates.	Gilt yields, which impact long-term borrowing rates, have been caught up in the global surge in bond yields triggered by the strong rise in inflation the US in May, and have been on a march upwards since the start of the year. But rates have been volatile over this time, sometimes unexplainable and difficult to predict. This volatility can lead to opportunities for debt restructuring in the future. Link expect long term rates to peak only a little further in the year.
Economic Review.	Economies worldwide have been dominated by the emergence of rising inflation since the start of the year

brought about by increasing food, energy, and commodity prices because of supply side shortages, the Russian invasion of Ukraine and a tightening labour market. At the end of June 2022, CPI inflation reached 9.1% and was expected to peak at 11%. Central banks have a difficult balancing act to follow in getting inflation down without detriment to growth. The MPC stated they are expecting five quarters of recession starting in Quarter 4 (Q4) 2022 running to the end of 2023.

Appendix A shows a graph of key interest rate movements in 2022/23 to date together with the interest rate forecast and commentary from Link Asset Services Ltd (TM Advisor) dated 21st June 2022.

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 30th June 2022:

Investment Position and Performance.	Cash balances, in the main, have hovered just under £300m throughout the period dropping to £247m on 30th June 2022, some £100m lower than at the same time in the previous year. This fall in cash balance was predicted in the 2022/23 Strategy, following the planned use of cash to finance both the 2021/22 and 2022/23 capital programme to date. Investment return for the period has increased to 0.775%. This is below the new SONIA benchmark return of 1.058%. There are several reasons for this, namely the time lag of existing investments falling out at low rates following a rapid rise in interest rates, the planned reduction of the WAM of the portfolio which fell to 95 days at 30th June 2022 (by restricting investments to a maximum six months over the period) in preparation for following the debt liability benchmark and the questionable suitability of the SONIA rate as a comparable indicator (as outlined in the Strategy report). Note the Council's return on 30th June 2022 was in line with other Councils in the Link Benchmarking group with similar WAM levels. For more detail see **Appendix B.**
Lending List Changes.	In accordance with the Annual Investment Strategy, maximum amount limits have reduced as the average cash

balance drops below £300m. As such the position of three counterparties were in excess of the new limits on 30th June 2022, namely Toronto Dominion, Santander and Australia & New Zealand Banking Group. This situation will rectify itself by 31st October 2022, as investments mature. There have been no changes to credit ratings for Counterparties during the year or no changes to the Annual Investment Strategy that sets the Council's investment risk appetite. The Lending List as on 30th June 2022 is shown in **Appendix C**.

Appendix D shows a full list of investments held on 30th June 2022, combined with the creditworthiness list provided by Link Asset Services (TM Advisor).

Borrowing:

***Strategy*:**

- *Long term external borrowing at start of year was £476.1m, costing 3.733%.*
- *New borrowing requirement for 2022/23 to finance capital programme was set at £114.437m.*
- *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 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 30th June 2022:

Revised Borrowing Requirement.	After adjusting for internal borrowing carried forward, rephasing of the capital programme, estimated underspends and voluntary repayment of debt, the borrowing requirement at 30th June 2022 is £51.843m.
Borrowing Position and Performance.	No external borrowing has been undertaken in the period to date as long-term rates have risen and work is still being developed on the new Treasury Indicator known as the Debt Liability Benchmark which will determine the amount to borrow in 2022/23 based on the required level of cash required for liquidity and estimated use of reserves. The cost of the Council's borrowing has fallen to 3.718% due to maturing debt to date.
Temporary Borrowing.	No temporary borrowing was taken in the period.
Debt Rescheduling.	No debt rescheduling was undertaken in the period.
Prudential Indicator Limits	All prudential limits were met with no breaches during

2022/23. the period.

Appendix E shows borrowing detail and latest maturity profile on 30th June 2022.

Other Treasury Issues:

DLUHC – Local Authority Capital Finance Framework: Planned Improvements Amended Proposals Survey 2022

The DLUHC (Department for Leveling Up, Housing and Communities) announced in July 2021 its plans to change the current system of regulation of capital finance that has been in place since 2004 with a view to strengthen the current system while protecting the principles of local decision making. Emphasis is being placed on the risks associated with borrowing for commerical investments.

On 17th June 2022, DLUHC invited particpants of the first conultation to give a view on amended proposals. The deadline for this was 8th July 2022.

Key requirements of the amended proposal are:

<u>Requirement to provide MRP:</u>

- for all capital expenditure in the CFR, including Housing Revenue Account
- for capital loans that are made for a commercial purpose
- for expenditure on assets in the year they become operational

<u>Authorities can opt not to provide MRP for loans included in the CFR if they are</u>:

- capital expenditure
- not commercial loans
- do not have an expected/ actual credit loss on the loan

It has not yet been announced when the new regulations for MRP will be implemented by DLUHC on response to these proposed amendments.

Review of MRP Policy for Inclusion of Recommendations of Recent MRP Review by Link Asset Services - November 2021

Work is underway to cost a proposal to move to the Annuity Method for all Asset lives included in the Capital Programme Borrowing Requirement when calculating MRP, as per the recommendations of the Link review on MRP. This would have the benefit of reducing the total MRP charge in earlier years and increasing the MRP charge to later years. Link has estimated that the potential total MRP saving in Net Present Value terms of this move could be £26m.

Any change to the calculation of MRP will be reflected in a new MRP Policy for 2023/24 agreed at the time of the 2023/24 Budget.

3. Consultation

a) Risks and Impact Analysis

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

4. Appendices

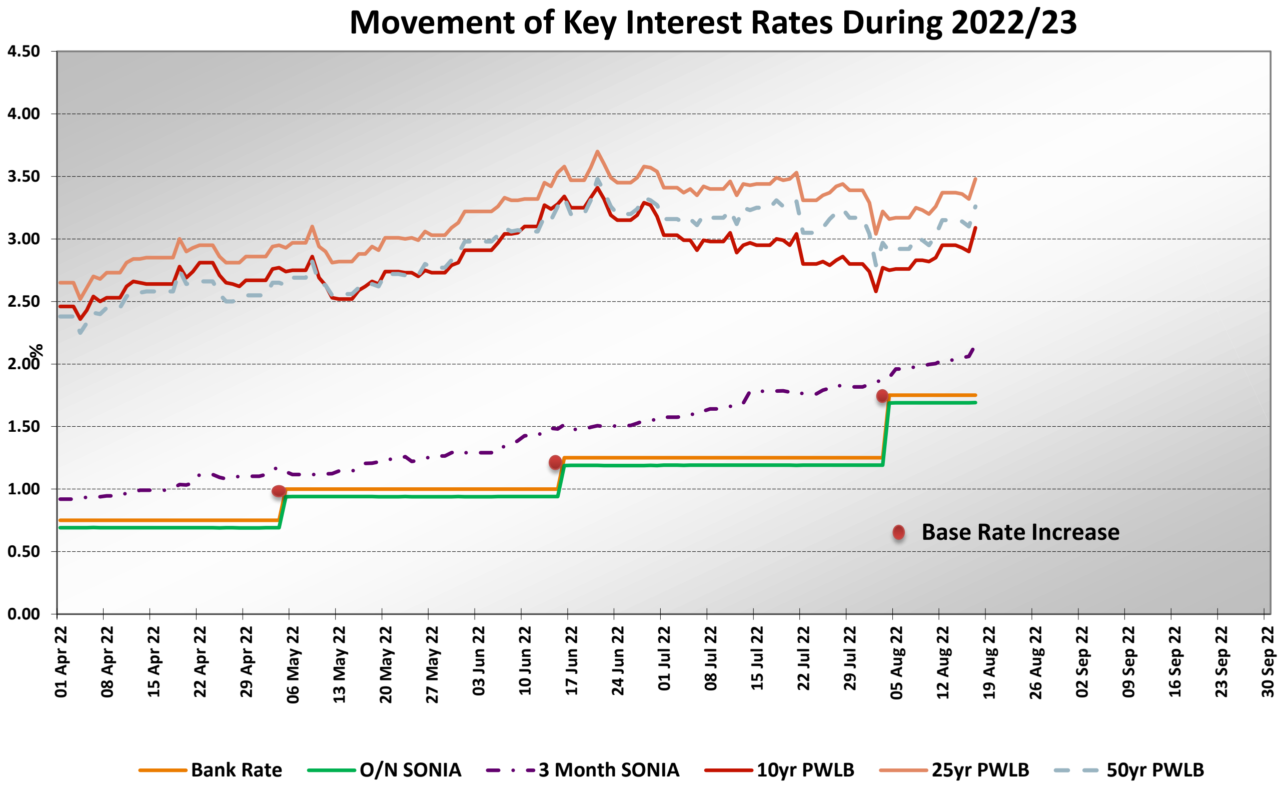
These are listed below and attached at the back of the report	
Appendix A	Movement of Key Interest Rates for 2022/23 to date and Latest Interest Rate Forecast and Commentary from Link Asset Services Ltd
Appendix B	Investments: Activity and Performance on 30th June 2022
Appendix C	Authorised Lending List on 30th June 2022 and Credit Rating Key
Appendix D	Investment Analysis Review on 30th June 2022 - Link Asset Services Ltd
Appendix E	Borrowing: Activity and Performance and Long-Term Maturity Profile on 30th June 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
Treasury Management Strategy Statement and Annual Investment Strategy 2022/23 - 14/3/2022	Decision - Treasury Management Strategy Statement and Annual Investment Strategy 2022/23 (moderngov.co.uk)
Council Budget 2022/23 - 18/2/2022	Agenda for Council on Friday, 18th February, 2022, 10.00 am (moderngov.co.uk)

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



Interest Rate Forecast – Link Asset Services Ltd (21 June 2022)

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

Economic and Interest Rate Commentary– Link Asset Services Ltd- Quarter Ended 30th June 2022

- The second quarter of 2022 saw:

  - GDP fall by 0.1% m/m in March and by 0.3% m/m in April.
  - An easing rather than a collapse in the composite Purchasing Managers Index (PMI).
  - A further rise in Consumer Price Index (CPI) inflation to a new 40-year high of 9.1% in May.
  - The first signs that the weakening in economic activity is filtering into a slightly looser labour market.
  - Bank Rate rise to 1.25%, taking it to its highest level since the Global Financial Crisis.
  - Gilt yields caught up in the global surge in bond yields triggered by May's strong rise in US inflation.
  - Rising global bond yields and concerns over growth drive a global sell-off in equity markets.

- Following the 0.1% m/m fall in GDP in March and the 0.3% m/m contraction in April, the economy is now moving towards a recession (two quarters of falling output in a row). Indeed, GDP would need to rise by 0.4-0.5% m/m in both May and June to prevent the economy from contracting in Q2 as a whole. That said, without the joint wind down of the COVID-19 Test and Trace and vaccination programme, GDP would have risen by 0.2% m/m and 0.1% m/m in March and April respectively. That is hardly strong, but it suggests the underlying momentum is not quite as weak as the headline figures imply.

- There is not much evidence that higher inflation and higher interest rates have yet become a big drag on activity. Services output did fall by 0.3% m/m in April. But output in consumer-facing services, conversely, rose by a solid 2.3% m/m in April. And although the Office for National Statistics (ONS) said that some of the 1.0% m/m fall in manufacturing output was linked to the drag on activity from higher prices, it also said that some of the 0.4% m/m drop in construction output in April was a drop back after the boost in the wake of February's Storm Eunice.

- The fact that the composite PMI didn't fall in June also suggests that in Q2 (Apr – June) real GDP has softened rather than collapsed. The S&P Global/CIPS all-sector PMI for June was unchanged from its level of 53.1 in May, signalling tepid but positive growth. According to the Lloyd's barometer, business confidence in May also remained remarkably resilient.

- Despite the fall in the GfK composite measure of consumer confidence to a new record low of -41 in June, April's £1.4bn rise in consumer credit suggests households appear to have turned to credit to support their spending as the cost-of-living squeeze has intensified. Meanwhile, the household saving rate held steady at 6.8% in Q1 in line with its long-term average and we expect households to lower their saving rate further when the bigger falls in real incomes come in Q2 and Q3 to cushion the blow to spending.

- The Chancellor's latest fiscal support of £10.3bn (0.5% of GDP), which comprised £15.3bn of handouts to households, partly funded by a £5bn tax on the profits of oil and gas producers, will help support GDP in the second half of the year. And with the Prime Minister and the Chancellor desperately needing to boost their popularity, some tax cuts may be announced in the Autumn Budget.

- There have been early signs that the recent weakening in economic activity is filtering through into a slightly looser labour market. The unemployment rate edged up from 3.7% in the three months to March to 3.8%. The single-month data showed that employment fell by 254,000 in April and the unemployment rate rose from 3.5% to 4.2%. And the upward march in the number of job vacancies slowed, with the three-month average only rising from 1.296m in April to 1.300m in May. A seasonal adjustment of the single-month data implies that vacancies fell in May for the first time since COVID-19 was rife in December.

- At the same time, a 1.8% m/m fall back in average earnings in April meant that the 3myy rate of earnings eased from 7.0% in March to 6.8% in April. And a lot of the 0.5% m/m rise in earnings excluding bonuses was probably due to the 6.6% rise in the National Living Wage on 1st April. The 3myy rate of earnings excluding bonuses stayed at 4.2%.

- That said, conditions in the labour market remain exceptionally tight. The unemployment rate is still close to its recent 47-year low, and there is the same number of unemployed people as job vacancies and at 6.8% in April, the 3myy rate of average earnings is at a 10-year high (although it is still falling in real terms) and is well above the 3.0-3.5% that is broadly consistent with the 2.0% inflation target (assuming that productivity growth is 1.0-1.5%).

- CPI inflation rose from 9.0% in April to a new 40-year high of 9.1% in May and it is not yet close to its peak. The increase in CPI inflation in May was mainly due to a further leap in food price inflation from 6.7% to a 13-year high of 8.5%. With the influence of increases in agricultural commodity prices yet to fully feed into prices on the supermarket shelves, we think that food price inflation will rise above 10% in September. And with two-thirds of the observation period for the Ofgem price cap having now passed, something like a 40% rise in utility prices is pretty much baked in the cake for October. The further rise in core producer price inflation, from 13.9% to 14.8%, suggests that core goods CPI inflation will probably rise to 14% before long. We think that will take CPI inflation to a peak of around 10.5% in October.

- The rise in services CPI inflation from 4.7% in April to 4.9% in May suggests that domestic price pressures are still strengthening.

- There now seems to be an even greater likelihood that second-round effects, whereby high inflation feeds back into higher price and wage expectations, keep inflation higher for longer. For some time, the Monetary Policy Committee (MPC) has placed a lot of weight on the results of the Bank of England's monthly Decision Maker Panel which asks businesses how they expect to change their prices and wages over the next year. May's survey revealed that businesses still expect to raise their selling prices by 6.0% and their wages by 4.8% over the next year. Meanwhile, XpertHR said that pay settlements across the economy stayed at a 30-year high of 4.0% in May. The government appears to be contemplating raising public sector pay by up to 5%. And the 7.1% pay rise granted to some railway workers sets a high bar for the negotiations that led to train strikes across large parts of the country in mid-June.

- The MPC has now increased interest rates five times in as many meetings and raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed raised rates by 75 basis points (bps) in June and a handful of other central banks have recently raised rates by 50bps, the Bank of England's action is relatively dovish. The MPC's decision not to follow the Fed and raise rates by more makes some sense. The UK's status as a larger importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

- But the MPC's new guidance is that if there are signs of "more persistent inflationary pressures" it will, "if necessary, act forcefully in response". We expect the MPC to continue to raise rates in steps of 25bps rather than 50bps. We think the MPC will raise rates from 1.25% now to a peak of 2.75% next year. That is higher than the peak of 2.00% forecast by economists, but lower than the peak priced into the financial markets.

- Gilt yields have been caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014, respectively. And in response to signs that central banks (particularly the US Fed) are going to raise interest rates faster to get on top of inflation, we now think that 10-year gilt yields will reach a peak of 2.70% (up from 2.39% currently) this year and into 2023.

- While the S&P 500 is 8.4% below its level a month ago, the FTSE 100 is 5.7% below it. Part of the sell-off has been driven by the rapid rise in global bond yields and the resulting downward pressure on equity valuations as well as concerns over economic growth.

- Finally, the pound has already weakened from $1.37 and €1.21 earlier this year to $1.21 and €1.16. A lot of these moves have been driven by concerns over the outlook for the global economy and the resulting poor performance of risky assets, which has increased the demand for the dollar relative to sterling. If interest rates rise faster and further in the US than in the UK, rate differentials and a worsening in risk appetite will push the pound even lower, from $1.21 now to $1.18 by the end of 2022. We do not expect the pound to fall by as much against the euro (from €1.16 to €1.14 next year). But once global inflation and global interest rates peak, the pound will probably benefit from the return of risk appetite. It may rise to $1.25 by the end of 2023 and to $1.30 by the end of 2024.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was last updated on 21st June and reflected a view that the MPC will be keen to further demonstrate its anti-inflation credentials by delivering a 0.25% increase in Bank Rate in August, September, November, December, February and March i.e., the next six MPC meetings.

- The CPI measure of inflation is now forecast to rise to close to 11% in Q4 2022 and the MPC will be keen to stifle the prospect of average earnings data (6.8% y/y currently including bonuses) providing further upside risk to inflationary factors that are primarily being driven by supply-side shortages.

- When Bank Rate reached 1% in May, the MPC indicated (no earlier than August) that it will also consider the extent to which it implements Quantitative Tightening (QT), primarily the selling of its gilt holdings. However, they are likely to take any such decision cautiously as they are already not refinancing maturing debt.

- Notwithstanding the MPC's clear desire to increase Bank Rate throughout 2022, negative real earnings, the 54% hike in the Ofgem energy price cap from April (to be followed by a potential

40%+ further increase from October), at the same time as employees (and employers) have incurred a 1.25% Health & Social Care Levy, growing commodity, and food inflation plus council tax rises - all these factors will hit households' finances hard. However, lower income families will be hit disproportionately hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.

- Given the above outlook, it poses a question as to whether the MPC may shift into protecting economic growth if it flatlines or contracts through 2022. Accordingly, we remain tentative about whether the MPC will increase Bank Rate as far as the market is currently pricing in (3.25% in April 2023).

- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies, but the on-going conflict between Russia and Ukraine, including the way the West and NATO respond through sanctions and/or military intervention. Currently, oil, gas, wheat, and other mainstream commodities have risen significantly in price and central banks will have to balance whether they prioritise economic growth or try to counter supply-side shock induced inflation.

- On the positive side, 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. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income before these increases hit and have few financial reserves.

PWLB RATES

- The yield curve has steepened considerably through the quarter and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 2.75% to 3.75%.

- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook (although we thought that in May and markets went much further than expected in respect of the gilt market sell-off).

- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields now that Bank Rate has gone to above 1%. Nothing will be decided before August, however, but the Bank is likely to act cautiously as it has already started on not refinancing maturing debt. A pure roll-off of the peak £875bn gilt portfolio by not refinancing bonds as they mature, would see holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding.

- Increases in US treasury yields over the next few months could add further upside pressure on gilt yields as they have done since the turn of the year.

The balance of risks to the UK economy: -

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

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

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

- **The 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.

- **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.

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 an even more rapid series of increases in Bank Rate faster than we currently expect.

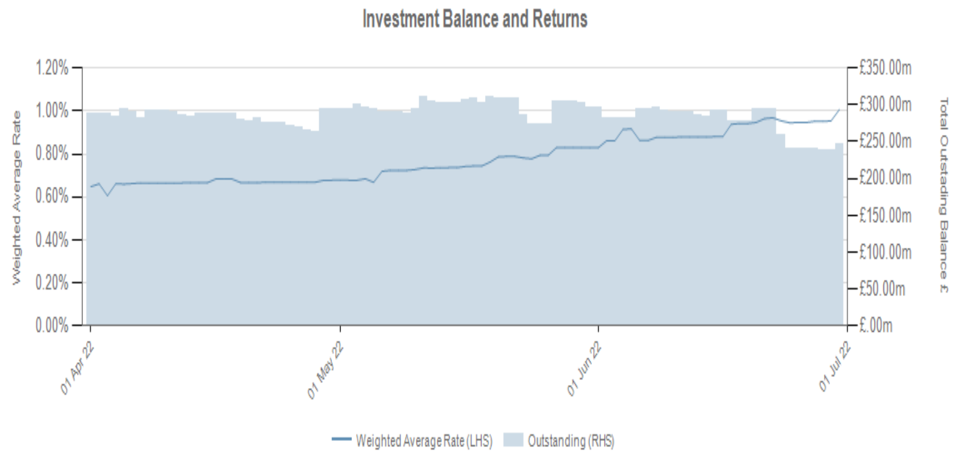
- **The Government** acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.

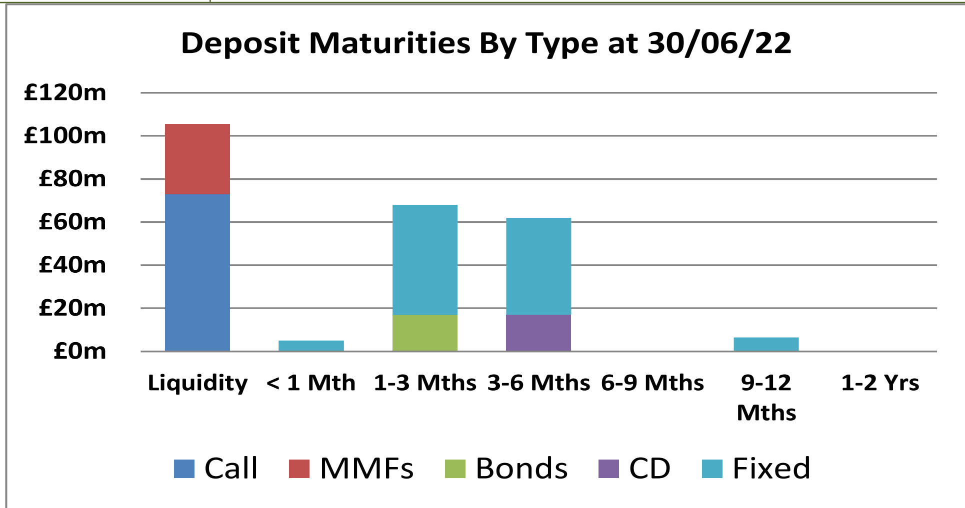
- **The pound weakens on the back of UK/EU trade friction** resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer term **US treasury yields** continue to rise strongly and pull gilt yields up higher than forecast.

Investments: Activity and Performance on 30th June 2022 **Appendix B**

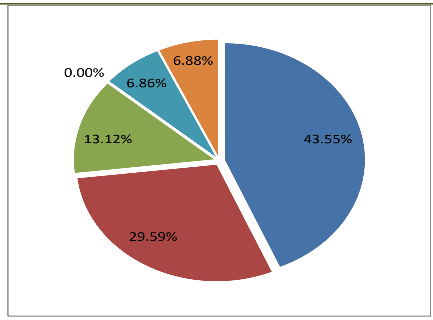
Investment Position at 30th June 2022			
Investments Outstanding 30.6.2022	**Weighted Average Maturity (WAM)**	**Benchmark Return (ON/3 Month SONIA) Annualised**	**Council Performance Annualised**
£247.070m	**95 Days**	**1.058%**	**0.775%**

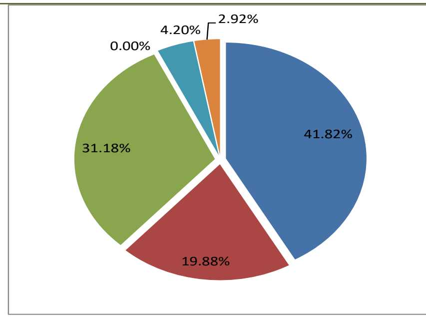


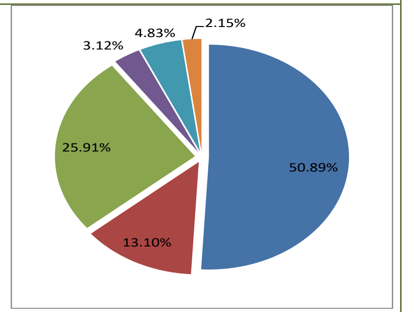


Link Benchmarking Analysis of Investments on 30th June 2022			
	LCC	**Benchmark Group (12)**	**English Counties (14)**
Return at 30.6.22	**0.98%**	**0.97%**	**0.97%**
WAM	**95**	**68**	**110**
Risk Weighted Score (Duration & Credit Quality)	**3.73**	**2.83**	**2.82**
Model Banding- Expected Return for Risk Taken	**0.83% - 1.09%**	**0.78% - 1.05%**	**0.83% - 1.10%**

1.100%	Fixed Deposits
1.100%	Call & O/N
0.582%	CDs
0.188%	Bonds
1.126%	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	Sovereign	For Trea CDS Overlay
	1	**Other Local Authorities**	25 each	24 Months					
	2	**Debt Management Account Deposit Facility**	50	6 Month					
	3	**UK Banks :**							
		# HSBC Group	**25**	**365 Day**					
UK		HSBC Bank Plc (RFB)	25	365 Day	365 Day	NO	AA-	AA-	365 Day
		HSBC 31 Day Notice Account	25	365 Day					
		HSBC Evergreen Notice Account	25	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**	**20**	**365 Day**					
		Lloyds TSB Bank Plc (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
		Bank of Scotland PLC (RFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Barclays Bank PLC (NRFB)	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Close Brothers Ltd	20	6 Months	6 Months	SB	A-	AA-	6 Months
UK		Nationwide Building Society	20	6 Months	6 Months	SB	A	AA-	6 Months
UK		Santander Uk PLC	20	6 Months	6 Months	SB	A+	AA-	6 Months
UK		Standard Chartered Bank	20	6 Months	6 Months	NO	A+	AA-	6 Months
	4	**Other Banks**							
AUS		Australia & New Zealand Banking Group	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Commonwealth Bank of Australia	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		National Australia Bank	25	365 Day	365 Day	SB	A+	AAA	365 Day
AUS		Macquarie Bank Ltd.	20	6 Months	6 Months	SB	A	AAA	6 Months
AUS		Westpac Banking Corporation	25	365 Day	365 Day	SB	A+	AAA	365 Day
		# BNP Paribas Group	**25**	**365 Day**					
BEL		BNP Paribas Fortis	20	6 Months	6 Months	SB	A+	AA-	6 Months
FRA		BNP Paribas	25	365 Day	365 Day	SB	A+	AA	365 Day
CAN		Bank of Montreal	25	365 Day	365 Day	NO	AA-	AA+	365 Day
CAN		Bank of Nova Scotia	25	365 Day	365 Day	NO	AA-	AA+	365 Day
CAN		Canadian Imperial Bank Commerce	25	365 Day	365 Day	SB	AA-	AA+	365 Day
CAN		National Bank of Canada	20	6 Months	6 Months	SB	A+	AA+	6 Months
CAN		Royal Bank of Canada	25	365 Day	365 Day	SB	AA	AA+	365 Day
CAN		Toronto Dominion Bank	25	365 Day	365 Day	SB	AA-	AA+	365 Day
DEN		Danske A/S	20	6 Months	6 Months	SB	A	AAA	6 Months
FRA		Credit Industriel et Commercial	25	365 Day	365 Day	SB	A+	AA	365 Day
FRA		Societe Generale	20	6 Months	6 Months	SB	A-	AA	6 Months
FIN		Nordea Bank Abp	25	365 Day	365 Day	SB	AA-	AA+	365 Day
FIN		OP Corporate Bank	25	365 Day	365 Day	SB	AA-	AA+	365 Day
GER		DZ Bank AG	25	365 Day	365 Day	SB	AA-	AAA	365 Day
GER		Landesbank Hessen-Thueringen Girozentrale (Heleba)	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		Bank Nederlande Gemeenten	25	24 Months	24 Months	SB	AAA	AAA	24 Months
NETH		Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	25	365 Day	365 Day	SB	A+	AAA	365 Day
NETH		ING Bank NV	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		DBS Bank Ltd	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		Oversea Chinese Banking Corporation Ltd	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SING		United Overseas Bank	25	365 Day	365 Day	NO	AA-	AAA	365 Day
SWITZ		UBS AG	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWITZ		Credit Suisse AG	20	6 Months	6 Months	SB	A	AAA	0 Months
SWE		Skandinaviska Enskilda Banken AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
SWE		Swedbank AB	25	365 Day	365 Day	SB	AA-	AAA	365 Day
		# Svenska Group	**25**	**365 Day**					
SWE		Svenska Handelsbanken AB	25	365 Day	365 Day	SB	AA	AAA	365 Day
UK		Handelsbanken Plc	25	365 Day	365 Day	SB	AA	AA-	365 Day
		Svenska Handelsbanken - 35 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- 10 Day Notice Account	25	365 Day	365 Day				365 Day
		Svenska Handelsbanken- Call Account	25	365 Day	365 Day				365 Day
USA		Bank of New York Mellon	25	24 Months	24 Months	SB	AA	AAA	24 Months
USA		Bank of America NA	25	365 Day	365 Day	SB	AA	AAA	365 Day
USA		JP Morgan Chase Bank NA	25	365 Day	365 Day	SB	AA	AAA	365 Day
	5	**AAA Money Market Funds**							
		# MMF Group	**200**	**24 Months**					
		HSBC Global Liquidity Fund	25	24 Months			AAA		
		Morgan Stanley Sterling Liquidity Fund	25	24 Months			AAA		
		Deutsche Managed Sterling Fund	25	24 Months			AAA		
		Insight GBP Liquidity Fund	25	24 Months			AAA		
		Aberdeen Standard Liquidity Fund	25	24 Months			AAA		

 # Group Limit of applies where indicated.

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

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

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

Revised: 30th June 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 five 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

June 2022

Monthly Economic Summary

General Economy

The Flash (i.e. provisional) Manufacturing PMI tumbled to a 23-month low of 53.4 in June, below May's reading of 54.6 and market forecasts of 54.2. Conversely, the Flash Services PMI held steady at 53.4, the same as May's reading but beating forecasts of 52.8. Whilst manufacturing production growth eased further across the month, resilient business activity trends were seen across the service sector despite the slowing new order growth. Taken together, the Flash Composite remained unchanged on the month at 53.1 but beat market forecasts of 52.6. Finally, the Construction PMI was hit by a combination of a loss of momentum in residential building growth and rising input prices, dragging down June's reading to a 4-month low of 56.4.

UK GDP expanded 0.2% in the three months to April, below forecasts of 0.4% and slowing from 0.8% seen the previous month. Services and production were broadly flat across the month with construction contributing towards the 0.2% growth. The UK trade deficit narrowed to £8.503bn in April, from a revised reading of £11.552bn in the previous month. Exports rose 4.1% as good sales advanced 7.4%, pushed up by a 6.5% jump in exports to non-EU countries. Meanwhile, imports fell 1.1% as good purchases slumped 1.6% amid lower imports from non-EU countries.

UK employment rose to 177,000 in the 3 months to April, well above market expectations of 105,000. This trend continued with those in payroll employment reaching an all-time high, whilst the claimant count fell by 19,700 in the same month. In spite of the tight conditions, the unemployment rate actually edged up to 3.8% in the three months to April, below the previous period's reading of 3.7% although higher than forecasts of 3.6%. Meanwhile, average weekly earnings including bonuses rose 6.8% y/y in the three months to April, compared to 7.0% previously, and lower than market forecasts of 7.6%. Similarly, average weekly earnings excluding bonuses went up 4.2%, matching the figure seen the previous period and beating market expectations of 4.0%.

UK inflation, as measured by the Consumer Price Index, edged higher to 9.1% in May from 9.0% in April, matching market forecasts. It is the highest inflation rate since 1992, driving further pressure on households amid the cost-of-living crisis with further policymakers voicing concerns that price rises well over the 2% inflation target are now embedded into corporate pricing policies and wage settlements. These concerns were somewhat reflected in the June Monetary Policy Committee meeting, which saw a majority of 6-3 vote to raise the key Bank Rate by 25bps to 1.25%. This was the 5th consecutive rate hike, pushing the rate to its highest since early 2009. The decision was in line with market expectations, although three members voted for a bigger 50bps increase.

Meanwhile, with affordability continuing to play a greater weight on the mind of consumers amid a cost-of-living crisis, retail sales dropped to -0.5% m/m in May, after a downwardly revised 0.4% increase in April and compared to market expectations of a 0.7% fall. Continuing this trend, the Gfk Consumer Confidence index dropped to a new low at -41 in June, adding to concerns of a pullback in consumer spending amid rising prices and adding to concerns over sluggish economic growth. This followed a reading of -40 in May but was a touch higher than consensus forecasts of -42.

The UK government recorded a £14.0 billion deficit in its public finances for May, £3.7 billion more than the Office for Budget Responsibility's forecast. This was also higher than market expectations of £13.4 billion, and the third-highest May borrowing since monthly records began in 1993. Public sector net debt excluding public sector banks was £2,363.2 billion, or around 95.8% of GDP, an increase of £170.1 billion compared with May 2021.

The US economy added 390,000 jobs in May 2022, the least since April last year but above market forecasts of 325,000. Despite this, the US unemployment rate was unchanged at 3.6% in May 2022, compared with market expectations of a modest decline to 3.5%. The US economy contracted at an annualised rate of 1.6% on quarter in the first three months of 2022, slightly worse than second estimates of a 1.5% decline.

Against this backdrop, price growth (as measured by the Federal Reserve's preferred Personal Consumption Expenditure deflator) eased further to 4.7% in May from 4.9% in the prior month, the lowest in five months and slightly lower than market expectations of 4.8%. Nevertheless, the Federal Reserve raised the target for the Fed Funds rate by 75bps to 1.5%-1.75% during its June meeting, the biggest rate increase since 1994. Fed Chair Powell signalled a similar move could come at the next meeting as policymakers look to bring inflation back in line with their 2% target.
Flash estimates showed the Eurozone economy expanded 0.6% on the quarter in Q1 2022, above both market expectations of 0.3% and the previous quarter's downwardly revised reading of 0.2%. However, the economic outlook for the bloc remains subdued as the war in Ukraine continues, putting further upward pressure on commodity and fuel prices. The annual inflation rate in the Eurozone increased to 8.6% in June 2022, a fresh record high, from 8.1% seen the previous month and above market forecasts of 8.4%. Core inflation, which excludes prices of energy, food, alcohol and tobacco, edged down from a record high of 3.8% in May of 2022 to 3.7% in June. During the June 2022 meeting, the ECB left interest rates at record low levels but confirmed its intentions to raise the key interest rate by 25bps in July. Policymakers have also committed to ending net asset purchases under its APP as of 1st July 2022.

Housing

The Nationwide House Price Index eased to 10.1% y/y in June, coming below both May's reading of 11.2% and expectations of 10.8%. On a monthly basis, prices increased 0.3%, below forecasts of 0.6% but maintaining eleven months of consecutive increases. In a similar vein, the Halifax house price index edged down to 10.5% y/y in May following the previous month's reading of 10.8%.

Currency

Sterling depreciated against both the US dollar and Euro across June amid the ongoing conflict in Ukraine and surging commodity prices, which raised the prospect of stagflation.

June	Start	End	High	Low
GBP/USD	\$1.2497	\$1.2145	\$1.2582	\$1.2005
GBP/EUR	€1.1715	€1.1617	€1.1775	€1.1531

Forecast

Bank Rate was raised to 1.25% at the Monetary Policy Committee's meeting in June, with Capital Economics still pencilling in rates to peak at 3.00% by Q3 2023.

Bank Rate	Now	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Link Group	1.25%	1.75%	2.25%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%
Capital Economics	1.25%	1.75%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	2.75%	2.50%	-	

Lincolnshire County Council

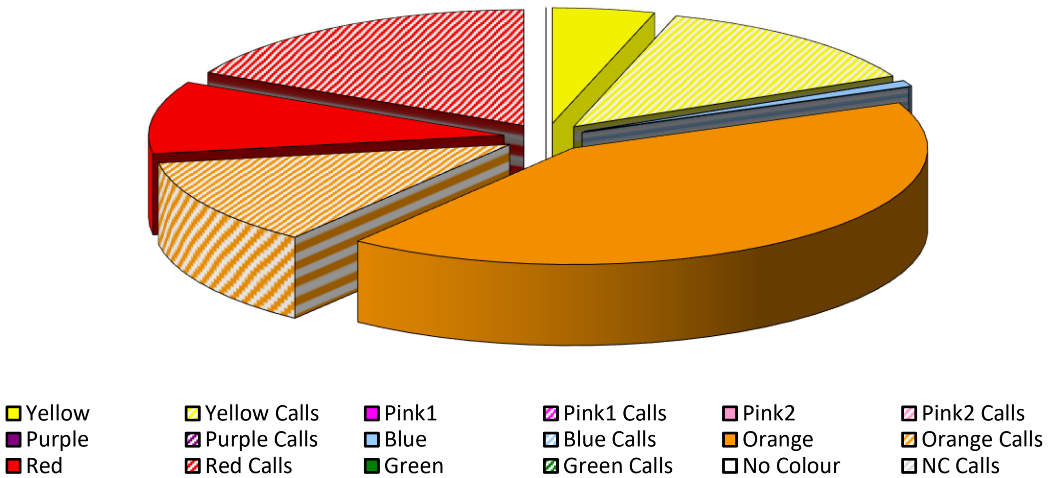
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Deutsche	17,855,000	0.93%		MMF	AAAm	
MMF HSBC	14,430,000	0.99%		MMF	AAAm	
MMF Insight	132,000	0.95%		MMF	AAAm	
Close Brothers Ltd	5,000,000	0.65%	31/01/2022	29/07/2022	A-	0.004%
HSBC UK Bank Plc (RFB)	20,000,000	1.30%		Call31	A+	0.004%
BNP Paribas	5,047,992	0.18%	15/09/2021	16/08/2022	A+	0.006%
BNP Paribas	4,837,185	0.22%	06/08/2021	16/08/2022	A+	0.006%
BNP Paribas	7,067,614	0.17%	10/09/2021	16/08/2022	A+	0.006%
Australia and New Zealand Banking Group Ltd	10,000,000	1.24%	02/03/2022	02/09/2022	A+	0.008%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	6,300,000	1.10%	07/03/2022	07/09/2022	A	0.009%
Toronto Dominion Bank	10,000,000	0.21%	13/09/2021	13/09/2022	AA-	0.005%
DBS Bank Ltd	10,000,000	1.56%	15/03/2022	15/09/2022	AA-	0.005%
Australia and New Zealand Banking Group Ltd	4,000,000	0.25%	20/09/2021	19/09/2022	A+	0.010%
Australia and New Zealand Banking Group Ltd	5,800,000	1.43%	23/03/2022	23/09/2022	A+	0.011%
DBS Bank Ltd	5,000,000	1.44%	30/03/2022	30/09/2022	AA-	0.006%
Barclays Bank Plc (NRFB)	18,100,000	1.30%		Call95	A	0.012%
Broxbourne Borough Council	5,000,000	0.18%	05/10/2021	04/10/2022	AA-	0.006%
Toronto Dominion Bank	10,000,000	0.51%	15/10/2021	14/10/2022	AA-	0.007%
Toronto Dominion Bank	10,000,000	0.70%	19/10/2021	18/10/2022	AA-	0.007%
National Bank of Canada	5,000,000	1.55%	19/05/2022	21/10/2022	A	0.014%
Close Brothers Ltd	5,000,000	1.25%	25/05/2022	25/10/2022	A-	0.015%
Bank of Montreal	5,000,000	0.70%	05/11/2021	04/11/2022	A+	0.016%
National Bank of Canada	10,000,000	1.70%	27/05/2022	23/11/2022	A	0.018%
National Westminster Bank Plc (RFB)	2,000,000	0.65%	24/11/2021	23/11/2022	A	0.018%
Santander UK PLC	25,000,000	0.67%		Call180	A	0.023%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	10,000,000	2.08%	30/06/2022	30/12/2022	A	0.023%
Australia and New Zealand Banking Group Ltd	10,000,000	1.43%		Call185	A+	0.023%
Slough Borough Council	6,500,000	0.33%	05/05/2021	04/05/2023	AA-	0.019%
Total Investments	**£247,069,790**	**0.98%**				0.012%

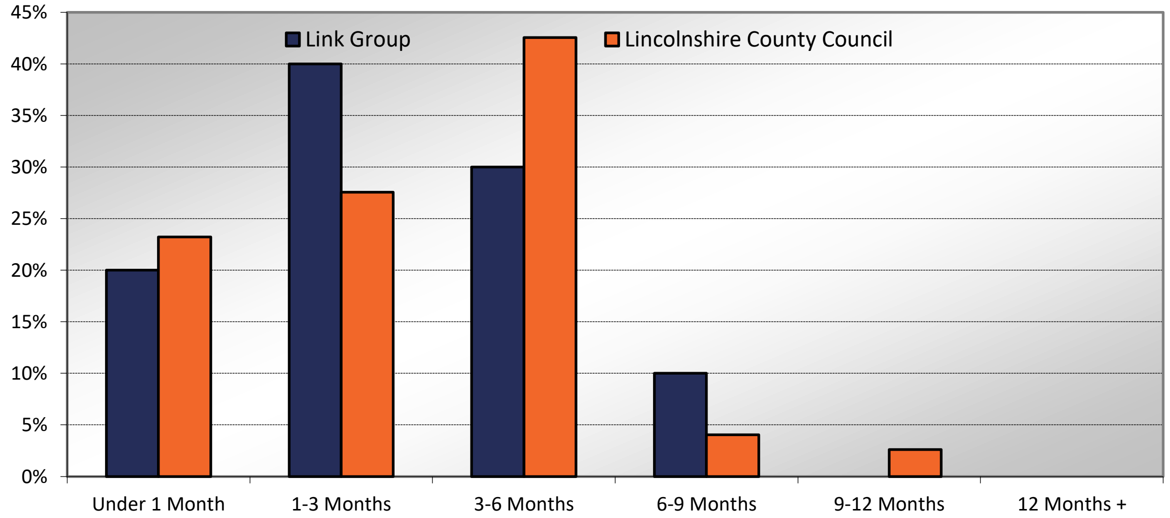
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to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



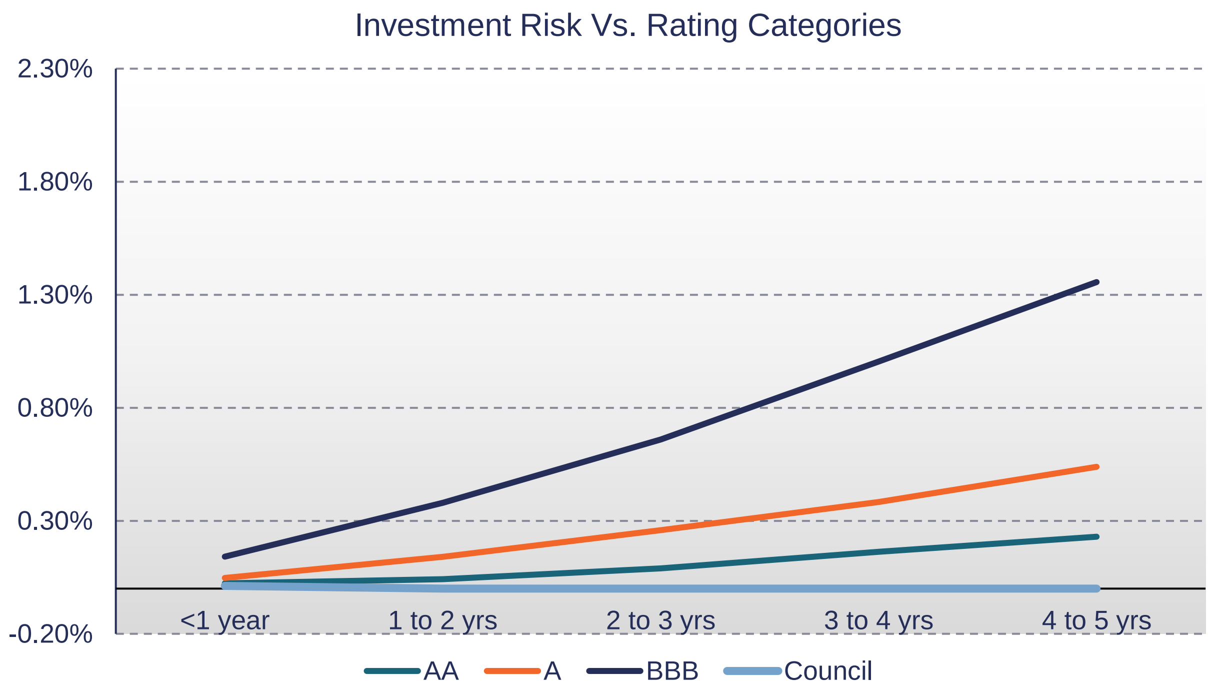
Portfolios weighted average risk number = 3.73

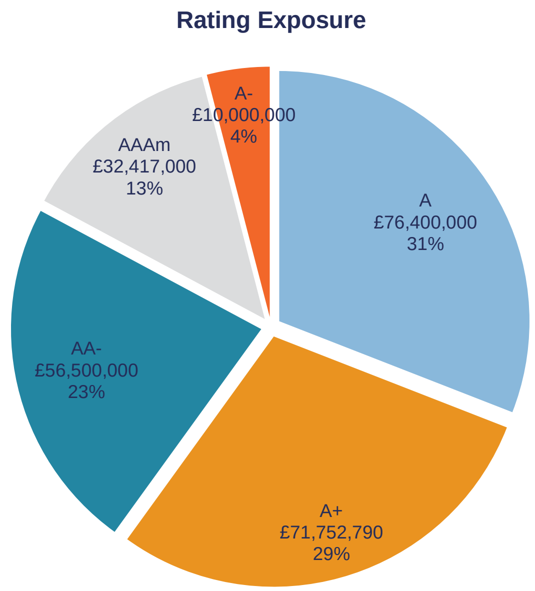
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% 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	17.78%	£43,917,000	73.81%	£32,417,000	13.12%	0.78%	57	149	216	570
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	0.81%	£2,000,000	0.00%	£0	0.00%	0.65%	146	364	146	364
Orange	53.85%	£133,052,790	22.55%	£30,000,000	12.14%	1.00%	88	235	90	279
Red	27.56%	£68,100,000	63.29%	£43,100,000	17.44%	1.09%	132	154	110	169
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%	**£247,069,790**	**42.71%**	**£105,517,000**	**42.71%**	**0.98%**	**95**	**198**	**105**	**285**

Lincolnshire County Council

Investment Risk and 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%	0.00%	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
MOODY'S

Date	Update Number	Institution	Country	Rating Action
28/06/2022	1900	Clydesdale Bank PLC	United Kingdom	The Long Term Rating was upgraded to 'A3' from 'Baa1'.
29/06/2022	1901	KBC Bank N.V.	Belgium	The Outlook on the Long Term Rating was changed to Positive from Stable.

Lincolnshire County Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
07/06/2022	1897	Wells Fargo Bank, NA	United States	The Outlook on the Long Term Rating was changed to Stable from Negative. At the same time, the Support Rating was withdrawn.
10/06/2022	1898	DBS Bank Ltd.	Singapore	The Support Rating was withdrawn.
10/06/2022	1899	Oversea-Chinese Banking Corp. Ltd.	Singapore	The Support Rating was withdrawn.
29/06/2022	1902	Clydesdale Bank PLC	United Kingdom	The Support Rating was withdrawn.

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action

Appendix E

Borrowing: Activity and Performance and Long-Term Maturity Profile on 30th June 2022

Long-Term Borrowing Position on 30th June 2022

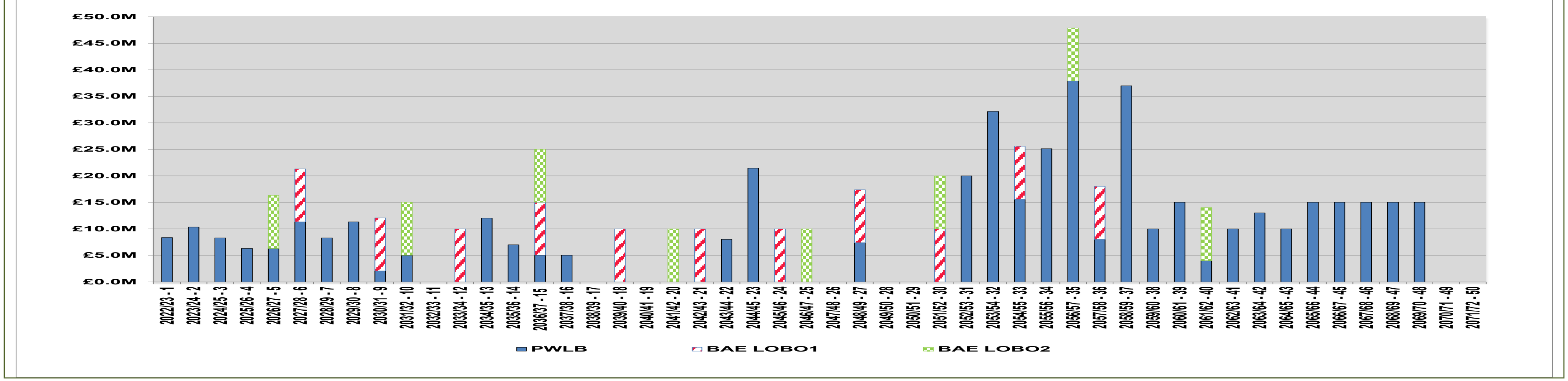
External Borrowing Position 30/6/2022 and Forecast for 2022/23

Borrowing Position1/4/2022	£476.122m	3.743%
New Borrowing Taken to 30/6/22 **Debt Repaid to 30/6/2022**	£0.000m -£5.677m	
Borrowing Position 30/6/2022	**£470.445m**	**3.718%**
Further action required in 2022/23:		
Remaining Borrowing Requirement 2022/23 **Further Debt Repayments Due**	£51.843m -£2.677m	
Projected Borrowing at 31/3/2023	**£519.611m**	

Borrowing Requirement Position at 30/6/2022

Borrowing Requirement 2022/23	£114.437m
Plus Carry Forward from 2021/22	<u>£50.049m</u>
	£164.486m
Less adjustment for Internal Borrowing, Projected Underspends/Rephasing & Voluntary Repayments. (Estimate)	<u>(£112.643m)</u>
	£51.843m
Less Borrowing Taken- to 30/6/2022	<u>(£0.000m)</u>
Remaining Borrowing Requirement 2022/23 At 30.6.2022	**£51.843m**

Long Term Borrowing Maturity Profile At 30th June 2022 (External Borrowing)



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

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 September 2022**
Subject:	**Review of the Scrutiny Function**

Summary:

This report presents the findings and action plan as a result of the review into the scrutiny function by the Centre for Governance and Scrutiny.

Actions Required:

The Overview and Scrutiny Management Board is invited to: -

1) consider the findings of the Scrutiny Review; and
2) endorse the action plan arising from the Review.

1. Background

1.1 Lincolnshire County Council utilises the specialist model of scrutiny support, employing three specialist scrutiny officers to cover a range of committees, panels and working groups.

1.2 Following some high-level discussions with Group Leaders on the effectiveness of scrutiny, a review of the scrutiny function was commissioned. The Centre for Governance and Scrutiny (CfGS) undertook this work during March 2022.

1.3 CfGS was given the remit to:

- explore the relationship between democratic services and scrutiny in providing expertise and support to the scrutiny function;
- test the service's ability to meet the expectations of Executive and Opposition Members in regard to democratic accountability;
- health-check the transparency, impact and effectiveness of decision-making;
- assure the Council that it is taking an innovative approach; and
- examine whether its framework maximised the impact of scrutiny within its governance arrangements.

1.4 The review was conducted by seeking feedback from a number of stakeholders including elected Members, and senior officers; observing meetings; and reviewing reports. A common theme from interviews with officers and Councillors was the desire to see scrutiny provide robust, constructive challenge, which is key to giving the public confidence in the Council's decision-making.

2. Details

2.1 The feedback from the review was essentially very positive with a general view that Lincolnshire performs well when compared with other local authorities – particularly excelling in:

- preparation and dedication of scrutiny councillors;
- execution of Pre-Decision scrutiny;
- profile and importance of the scrutiny function amongst officers;
- cross-party working; and
- capable and professional team members.

2.2 The remit of the review asked for commentary on the effectiveness of our support model for the Scrutiny Function which was provided as well as identifying three areas for development:

- Clear Separation between the Executive and Scrutiny;
- Strategic Questioning; and
- Scrutiny Ownership of the Scrutiny Work Programme.

Each of these areas are addressed in turn below and detailed with suggested remedies within the associated Action Plan attached at Appendix 1.

PERFORMANCE OF SUPPORT MODEL

2.3 Our specialist model of scrutiny is one that the CfGS endorses. In their annual scrutiny survey, they found that the specialist model was more likely to be associated with effective scrutiny and that: "*Although effective scrutiny is possible under a range of models (…), CfGS considers that the specialist model provides the best opportunity for robust, constructive, high-quality support to councillors*." However, the reviewer observed that there was often confusion from those looking in, about the differences between the roles of Scrutiny Officers and Democratic Services Officers, particularly at meetings.

The Action Plan seeks to address this through a series of remedies to help avoid future duplication of effort and inhibited capacity through overlap between the roles of Democratic Services Officers and Scrutiny Officers and having clearer demarcation between the two.

SEPARATION BETWEEN THE EXECUTIVE AND SCRUTINY

2.4 The Council's current Executive/Scrutiny protocol encourages communication between Executive Councillors and Scrutiny Committees. Executive Councillors are invited to all scrutiny meetings and scrutiny chairmen are expected to present the scrutiny comments at meetings of the Executive. However, the review recommends consideration of a different relationship for items of policy development and pre-decision scrutiny.

To provide a more strategic approach to questioning, it is recommended that Executive Councillors present policy development reports at scrutiny meetings and participate in Q&As with chief officers. However, it is recommended that Executive Councillors attend as observers for pre-decision items and that feedback from those meetings is provided in the form of recommendations, rather than simply comments.

STRATEGIC QUESTIONING

2.5 The Action Plan suggests ways to improve the effectiveness of questioning to provide robust constructive challenge. These include Scrutiny Officers playing a proactive role in supporting lines of enquiry for the committee. This is dependent on the ability to free up the capacity of Scrutiny Officers to carry out this role.

SCRUTINY OWNERSHIP OF WORK PROGRAMME

2.6 A common theme of the various reviews of scrutiny undertaken in recent years has centred on scrutiny's ownership of the scrutiny work programme and the Action Plan seeks to address this point. There is likely to be a need for capacity within the system to cater for last minute scrutiny items, but an annual scrutiny conference/workshop, informed by the Council's forward plan, can go a long way to giving scrutiny councillors clearer direction. Key to the success of this approach is the engagement in the process of scrutiny members.

3. Conclusion

3.1 Group Leaders have considered the comments made by the reviewers and it is believed that in delivering the Action Plan it will address each area of the scrutiny function identified for improvement.

3.2 The impact of delivery will be that the capacity of the scrutiny team to meet this demand will be increased through the clear role definition between Democratic Services Officers and Scrutiny Officers. This will have a small capacity impact on the Democratic Team which is currently being considered.

3.3 The overall impact will be that a stronger challenge and dialogue between scrutineers and the Executive will be created which will, in turn, enhance decision-making.

4. Consultation

a) Risks and Impact Analysis

There are no risks arising from this report.

5. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Scrutiny Review Action Plan

6. 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
Correspondence from CfGS	Democratic Services, LCC, County Offices, Newland, Lincoln

This report was written by Nicola Calver, who can be contacted on 07387 133755 or nicola.calver@lincolnshire.gov.uk.

APPENDIX 1

SCRUTINY REVIEW ACTION PLAN

AIM	REMEDY	EXPECTED OUTCOMES	ACTIONED BY	DEADLINE
1 Avoid the duplication of effort and inhibited capacity through overlap between the roles of Democratic Services Officers and Scrutiny Officers BY: Greater demarcation between the roles.	Democratic Officers to be responsible for reports, meeting governance and chair support as per regulatory meetings.	Increased scrutiny capacity to focus on new areas of development. A clearer understanding of the remit of each post.	Member Services Manager	December 2022
	Review the governance arrangements of Scrutiny Panels and Scrutiny Working Groups to ensure they are robust.	Meeting management to be owned by Democratic Services Officers, thus creating additional scrutiny capacity.	Member Services Manager	December 2022
	Better communication methods on forthcoming decisions.	Safeguarding the governance of decision making through the demarcation of roles.	Member Services Manager	October 2022
2 Increase the influence of pre-decision scrutiny on executive decision-making BY: Improving the level of challenge; and Adapting feedback techniques to executive councillors	Provide robust and constructive challenge through strategic questioning (addressed later).	Ensure public confidence in decision making. Challenge becomes a powerful tool to assist the Executive.	Scrutiny Officers	As per each task (addressed later)
	Executive Cllrs to present policy development reports at scrutiny meetings and participate in Q&A with their chief officers.	A strategic exchange during debate. Good quality recommendations to the Executive.	Executive Councillors	January 2023
	Executive Cllrs to attend scrutiny meetings for Pre-decision items as observers only. Enhanced Scrutiny feedback to be presented in the form of recommendations.	A more robust independent debate. Challenge is sharpened and more focussed. Executive Cllrs witness the richness and flavour of the debate.	Executive Councillors Scrutiny Officers	January 2023

AIM	REMEDY	EXPECTED OUTCOMES	ACTIONED BY	DEADLINE
3 Improve the effectiveness of questioning to provide robust, constructive challenge BY: Introducing questioning strategies. Introducing more evidence and expertise.	Review and enhance pre-meetings for each Committee.	Closer working amongst committee members to identify lines of enquiry.	Member Services Manager / Scrutiny Officers	January 2023
	Seeding lines of enquiry for the committee, including meeting support to questioning.	Ability for the committee to dig deeper in a more expedient manner.	Scrutiny Officers	March 2023
	Additional witnesses to attend meetings (experts / academics).	Increase of evidence on which to base recommendations, and improved triangulation.	Scrutiny Chairs	January 2023
	Visit facilities and attend public engagement events as a Committee.	Engagement with residents and service users.	Member Services Manager	January 2023
	Facilitate development sessions on questioning for Members and report presentation for Officers.	Increased confidence and more effective questioning and answering.	Member Services Manager	January 2023
	Revise the report template.	A comprehensive template which meets the needs of all users. Consider Alternative Options as part of scrutinising proposals.	Member Services Manager	January 2023
4 Increased scrutiny ownership of the scrutiny work programme BY: developing understanding of the purpose of reports. introducing a greater variety of scrutiny methods. encouraging greater oversight of the forward plan.	Selection of reports for scrutiny rather than default consideration decided through presentation of forward plans and a revised model of pre-meetings.	Earlier and greater opportunities for impact on decision-making. Avoid unnecessary time on reports to note. Greater ownership of work programme by both chairs and scrutineers.	Scrutiny Chairs	January 2023
	Scripts to be developed in consultation with Scrutiny Chairs.	To provide Chairs with personalised tools.	Scrutiny Chairs / DSOs	December 2022
	Explanatory notes on agendas of how scrutiny can add value.	Avoid wasted committee time. Clear direction for Members therefore improved focus during debate.	Scrutiny Officers	December 2022

	Scrutiny conference at commencement of year to choose topics and methods of scrutiny including spotlights, working groups, and task and finish groups.	Member-led selection of topics. Cross-cutting themes can have oversight / input from more than one committee. More topics can be covered more expediently. More even spread of topics over service areas to avoid overload.	Scrutiny Officers / Scrutiny Chairs	May 2023

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

Report to:	**Overview and Scrutiny Management Board**
Date:	**29 September 2022**
Subject:	**Scrutiny Committee Work Programmes: -** • **Children and Young People Scrutiny Committee** • **Public Protection and Communities Scrutiny Committee**

Summary:

As set out in the Council's constitution, a key role for this Board is monitoring the 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 Children and Young People Scrutiny Committee and the Public Protection and Communities Scrutiny Committee and includes information on activity since 28 April 2022, when reports on these two committees were last considered by the Board.

Actions Required:

(1) The Board is requested to determine whether it is satisfied with the activity undertaken since 28 April 2022 by:

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

(2) The Board is requested to determine whether it is satisfied with the planned work programme of:

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

1. Background

The Council's constitution includes in this Board's terms of reference the following two clauses: -

- To agree and monitor the ongoing overview and scrutiny work programme, in particular holding the chairmen and/or vice chairmen to account for their committee's work programme on a quarterly basis.

- To monitor and guide the activities of the other overview and scrutiny committees.

Children and Young People Scrutiny Committee and Public Protection and Communities Scrutiny Committee

Since 28 April 2022, when a report was last submitted, the Children and Young People Scrutiny Committee has met on 17 June 2022 and 22 July 2022, and was due to meet on 9 September 2022 but the meeting was adjourned following the passing of Her Majesty the Queen. The September meeting will now be reconvened on 21 October 2022, which is the date of the next meeting. The Public Protection and Communities Scrutiny Committee has met on 31 May 2022, 19 July 2022 and 20 September 2022. The key activities since April 2022 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.

Committee Reporting Timetable

The table below sets out the planned reporting timetable until April 2023: -

<table>
<tr><th>Scrutiny Committee</th><th>Monitoring Date</th><th>Monitoring Date</th><th>Monitoring Date</th></tr>
<tr><td>Adults and Community Wellbeing</td><td rowspan="2">25 Aug 22</td><td rowspan="2">24 Nov 22</td><td rowspan="2">23 Feb 23</td></tr>
<tr><td>Health</td></tr>
<tr><td>Children and Young People</td><td rowspan="2">29 Sept 22</td><td rowspan="2">15 Dec 22</td><td rowspan="2">30 Mar 23</td></tr>
<tr><td>Public Protection and Communities</td></tr>
<tr><td>Environment and Economy</td><td rowspan="2">27 Oct 22</td><td rowspan="3">26 Jan 23</td><td rowspan="2">27 Apr 23</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 Children and Young People Scrutiny Committee, and the Public Protection and Communities Scrutiny Committee.

3. Appendices – These are listed below: -

Appendix A	Children and Young People Scrutiny Committee – Activity and Planned Work
Appendix B	Public Protection and Communities Scrutiny Committee – Activity and Planned Work

4. Background Papers

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

This report was written by Tracy Johnson, Senior Scrutiny Officer, who can be contacted on 07552 253814, or via tracy.johnson@lincolnshire.gov.uk and Kiara Chatziioannou, Scrutiny Officer, who can be contacted on 07500 571868, or via kiara.chatziioannou@lincolnshire.gov.uk.

APPENDIX A

CHILDREN AND YOUNG PEOPLE SCRUTINY COMMITTEE

ACTIVITY REPORT

Since its last report to the Board, the Committee has met on 17 June 2022 and 22 July 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=124

Set out below is a summary of the outcomes since the last update in April 2022:

17 June 2022	
Item	*Summary of Outcomes*
Family Hubs Feasibility and the refreshed Supporting Families Programme (formerly Troubled Families)	The Committee supported the recommendations, which were approved by the Executive Councillor for Children's Services, Community Safety and Procurement on 8 July 2022, to commence early planning through self-evaluation and progression to a full Business Case to design a Family Hub Model for Lincolnshire. The Family Hubs model would be based around the 48 children's centres across the localities with an outreach provision for interacting with 'seldom reachable or heard' families by utilising resources in communities.
Re-commissioning of Best Start Lincolnshire Services: Early Years and Family Service and Inclusion Service, for children in their early years and their families within Lincolnshire	The Committee supported the recommendations, which were approved by the Executive on 5 July 2022, to re-commission the Best Start Lincolnshire Services: Early Years and Family Service and Inclusion Service to commence 1 April 2023. The Committee explored how the pandemic had affected young children's development in communication and language skills and social skills, as the lockdowns had limited their exposure to other people. The Committee requested that a report be brought to a future meeting on the impact of the pandemic and post pandemic recovery including detailed information on progress data, immunisations, and health visiting. This has been scheduled for the meeting on 2 December 2022.

17 June 2022	
Item	*Summary of Outcomes*
Government Green Paper on Special Educational Needs and Disabilities (SEND) and Alternative Provision	The Committee reviewed the Government's proposals in the Green Paper 'SEND Review: Right support, right place, right time' which was open to public consultation until 22 July 2022. The Green Paper proposed a single national SEND and alternative provision system, which set nationally consistent standards for how needs were identified. The Committee highlighted that the Council's response to the consultation should contextualise concerns in terms of Lincolnshire's particularities, and recognised that without further review demand would outstrip supply for SEND places. Additional funding was being released by the Department for Education, but it fell short of the Council's ambitions. Children's Services has provided a response to the Green Paper consultation and the comments made by Members were taken into consideration when completing the Council's response.
Building Communities of Specialist Provision; Together in Lincolnshire - Update on Workforce Development Strategy	The Committee reviewed the implementation of the SEND workforce development learning platform within the Building Communities of Specialist Provision Strategy and was pleased with the progress made so far. The Committee explored the costs of using the learning platform and how it would become a self-funding model in the future. A further update on the learning platform would be included as part of the annual review of the Building Communities of Specialist Provision Strategy in October 2022.

22 July 2022	
Item	*Summary of Outcomes*
Government White Papers on Levelling Up the United Kingdom and Opportunity for all: strong schools with great teachers for your child	The Committee explored the impact that these two White Papers would have on education in Lincolnshire. The Schools White Paper sets out the expectation that all schools will become part of a Multi Academy Trust by 2030. The Committee raised concerns about this approach and felt that academisation was a one size fits all approach which did not necessarily prioritise outcomes for children. The Council was looking into how to ensure that no school was left behind in the academisation process, with a focus on small rural schools. A further report would be brought to a future meeting of the Committee once more information is released and the implications for Lincolnshire are known.
Schools' Standards in Lincolnshire	The Committee requested this report at its meeting on 3 March 2022 when Members considered a report on Schools' Standards and asked for further information on attainment and progress for pupils with SEND, pupils with English as an additional language (EAL), boys versus girls, and a breakdown by type of schools and disadvantaged areas. The Committee felt that the performance of male working-class children was an area that needed closer attention to ensure that the correct type of support was in place. The impact of academisation on school improvement was also explored and it was highlighted that local authorities were to become champions rather than drivers regarding school improvements under academisation, and the school improvements grant was to be cut to zero.
Service Level Performance against the Corporate Performance Framework – Quarter 4	As part of its consideration, the Committee explored the two-year lag in the juvenile reoffending data. The Council continued to make representations to the Youth Justice Board to make reporting more timely.
Expansion of St Lawrence School, Horncastle (EXEMPT)	The Committee supported the recommendations, which were approved by the Leader of the Council on 29 July 2022, and passed on its comments in relation to this decision.

22 July 2022	
Item	*Summary of Outcomes*
Residential Estates Expansion Programme – Children's Home Louth (EXEMPT)	The Committee supported the recommendations to the Leader of the Council and passed on its comments in relation to this decision. The Leader of the Council is due to make the decision between 1 September and 22 September 2022.

PLANNED WORK

Set out below are the items planned for future meetings of the Committee, up to April 2023:

9 September 2022 (Adjourned - To be Reconvened on 21 October 2022)		
Item	*Contributor*	*Notes*
Update on the Special Educational Needs and Disabilities (SEND) Transformation Programme	Sheridan Dodsworth, Head of Special Educational Needs and Disability (SEND)	This is an update on the progress of the SEND transformation work and what impact it is having.
Service Level Performance Reporting against the Success Framework 2022-23 – Quarter 1	Jo Kavanagh, Assistant Director – Early Help	This is the quarterly performance report.
Children's Services Annual Statutory Complaints Report 2021-22	Carolyn Knight, Head of Service Quality and Standards and Principal Social Worker	This is an annual report which sets out the complaints received by Children's Services in relation to Children's Social Care.
Education Provision Planning (EXEMPT)	Matthew Clayton, Admissions and Education Provision Manager	This item is for pre-decision scrutiny prior to an Executive Councillor decision between TBC 2022.

21 October 2022		
Item	*Contributor*	*Notes*
Children In Care and Care Leavers Strategy	Andrew Morris, Corporate Parenting Manager	This item is for pre-decision scrutiny prior to an Executive decision on 1 November 2022.
Update on the Building Communities of Specialist Provision Strategy	Sheridan Dodsworth, Head of Special Educational Needs and Disability Eileen McMorrow, Programme Manager, Special Schools Strategy Dave Pennington, Head of Property Development	This is the yearly update and will consider the progress made in Year 4 of implementation of the Strategy to enable all special schools to cater for all needs.

2 December 2022		
Item	*Contributor*	*Notes*
Joint Diversionary Panel – Update against Recommendations from University of Lincoln Evaluation	Andy Cook, Service Manager - Future4Me/ Youth Offending Chief Inspector Daryl Pearce, Lincolnshire Police Tony Pryce, JDP Coordinator	The key findings of the evaluation undertaken by the University of Lincoln of the Joint Diversionary Panel was presented in November 2021 and this item will provide an update on the progress made against the recommendations.
Impact of the Covid-19 Pandemic and Post Pandemic Recovery	Linda Dennett, Assistant Director – Children's Health and Commissioning	This item was requested by the Committee in June 2022 and will provide an update on how the pandemic has impacted children and young people and the services available to support them. It will include updates on progress data and immunisations for children and young people and the health visiting service.

2 December 2022		
Item	*Contributor*	*Notes*
Service Level Performance Reporting against the Success Framework 2022-23 – Quarter 2	Jo Kavanagh, Assistant Director – Early Help	This is the quarterly performance report.
Review of the Summer Holiday Activities and Food (HAF) Programme	Nicky Myers, Interim Head of Service – Early Years and Childcare Support	The commissioning arrangements for the HAF Programme were approved by the Executive on 4 May 2022. This item will review the offer and take up of the Summer HAF Programme, and include a comparison with neighbouring authorities, to help inform future HAF Programmes.
Childcare Sufficiency Update	Nicky Myers, Interim Head of Service – Early Years and Childcare Support Geraldine O'Neill, Sustainability and Development Manager, Children's Education	The Childcare Act (2006) places a duty on Local Authorities to take reasonable steps to secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment. This item will set out the availability and sufficiency of childcare in Lincolnshire.
The Lincolnshire Secure Children's Home - New Build (EXEMPT)	Tara Jones, Head of Service – Children in Care Transformation Matthew Stapleton, Senior Project Manager, Corporate Property	This item is for pre-decision scrutiny prior to an Executive Councillor decision between 26 October and 31 October 2022.

13 January 2023		
Item	*Contributor*	*Notes*
Children's Services Budget Proposals 2023/24	Heather Sandy, Executive Director – Children's Services	The views of the Committee will be sought on the budget proposals for Children's Services for 2023/24.
Attendance in Schools, Elective Home Education and Children Missing Education Annual Report 2021/22	Jill Chandar-Nair, Inclusion and Attendance Manager	This is the annual report on school attendance, elective home education and children missing out on education.
Recommissioning of Children with Disabilities services	Rosemary Akrill, Senior Commissioning Officer	This item is for pre-decision scrutiny prior to an Executive decision on 7 February 2023.
Alternative Provision Key Stage 4 (APKS4) Interim Commissioning Arrangements	Charlotte Gray, Head of Service – Children's Strategic Commissioning	This item is for pre-decision scrutiny prior to an Executive Councillor decision on 7 February 2023.

3 March 2023		
Item	*Contributor*	*Notes*
Lincolnshire Local Authority School Performance 2021 - 22	Martin Smith, Assistant Director - Education	This is the annual update report on school performance and Ofsted outcomes.
Service Level Performance Reporting against the Success Framework 2022-23 – Quarter 3	Jo Kavanagh, Assistant Director – Early Help	This is the quarterly performance report.

3 March 2023		
Item	*Contributor*	*Notes*
Response to the removal of the Local Authorities School Improvement Monitoring and Brokering Grant	TBC	When considering the Budget proposals in January 2022, the Committee was informed of the removal of the funding for Local Authorities School Improvement Monitoring and Brokering Grant for school improvement activities supporting maintained schools. This has been managed by the Council since April 2022 while a review was undertaken. This item will outline some options and recommendations for responding to the removal of this funding.

21 April 2023		
Item	*Contributor*	*Notes*
Lincolnshire Safeguarding Children Partnership (LSCP) Annual Update	Chris Cook, Chair of LSCP Stacey Waller, LSCP Manager	This is the annual update report from the Partnership.

<u>Items to be scheduled</u>

- Review of Children and Young People Mental Health Services

APPENDIX B

PUBLIC PROTECTION AND COMMUNITIES SCRUTINY COMMITTEE

ACTIVITY

Since its last report to the Board, the Committee has met on 31 May 2022, 19 July 2022, and 20 September 2022. Full detail on these items is available on the County Council's website:

https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=551

Set out below is a summary of the outcomes since the last update in April 2022:

31 May 2022		
	Item	*Summary of Outcomes*
1.	Multiply Adult Numeracy Programme in Lincolnshire	The Committee received assurance that every upper tier council across England had received an allocation for the programme based on need. Therefore, officers had liaised with peers across East Midlands, and had participated in several webinars that the Department for Education had organised for Local Authorities to keep informed of developing and innovative activity and to share best practice. Future plans took into consideration engaging individuals furthest from the labour market and those who were expected to be reluctant to step forward and engage, due to negative social perceptions relevant to the lack of numeracy skills. Engagement was also being considered through Citizens Advice Bureau and other community organisations, as well as creative ways of reaching out to different groups and communities such as a bus.
2.	Citizens Advice Annual Report	The Committee received a report on the overall performance of Citizens Advice Lincolnshire (CAL). Thanks were extended for the work being carried out. Reassurance was given that the grant provided to CAL was reassessed to ensure that CAL had as much flexibility as possible. Reassurance was given that staff/volunteers had access to wellbeing services.
3.	A review of work to tackle Fraud, including its impact on vulnerable individuals during the Pandemic	Members of the Committee received an update on the work taking place within Lincolnshire County Council to reduce the impact of fraud, as a host and contributing partner to the Safer Lincolnshire Partnership Crime and Disorder Priority Group. Members received assurance that areas of criminal activity such as phone spoofing, cold calling and other scams were being closely monitored and messages on avoiding being scammed and protecting those close were being communicated to the public.

<table>
<tr><th colspan="3">19 July 2022</th></tr>
<tr><th colspan="2">Item</th><th>Summary of Outcomes</th></tr>
<tr><td>1.</td><td>Service Level Performance Reporting Against the Performance Framework 2021-2022 - Quarter 4</td><td>The Committee received a report on Quarter 4 performance. Key messages:
the number of domestic abuse reports were increasing;
delay of Ermine Community Hub re-opening was due to factors beyond the Council's control;
the positive work of trading standards officers removing counterfeit goods from a local market;
speed cameras on the A52 and the A1 had been successful in reducing the number of accidents;
there was a profile which was used in arson reduction activities, which tended to be younger nuisance type fires; and,
Food Standards Agency extended deadline for inspections (June 2022) had been achieved.</td></tr>
<tr><td>2.</td><td>National Flood Rescue Assurance Inspection</td><td>The Committee was advised of the outcomes of the assurance visit on 28 January 2022 from the National Resilience Assurance Team (NRAT) to assess Lincolnshire Fire and Rescue's flood response against two national standards documents: Department for Environment, Food and Rural Affairs Flood Rescue Concept of Operations (DEFRA FRCO); and the National Fire Chiefs Council Rescue Boat Code (NFCC RBS). The Committee was advised that once the outstanding actions were completed, LFR would be able to confirm its status as Type B compliant with NRAT.</td></tr>
<tr><td>3.</td><td>Integrated Risk Management Plan (IRMP) 2020-2024 – Yearly Update</td><td>The Committee was advised of the proposed reporting areas for scrutiny as well as the proposed changes to the attendance standard, to make them clearer to communities (the measures would be going out for public consultation for the remainder of the 2020/2024 IRMP).</td></tr>
</table>

19 July 2022		
Item		*Summary of Outcomes*
4.	Lincolnshire Fire and Rescue Service - Lincolnshire Crewing Arrangements	The Committee received assurance that minimal impact was expected regarding response times/standards following implementation of the proposed crewing arrangements. Potential savings would enable more core personnel to be recruited that might live closer to the station, to ensure that the response standard was maintained in Sleaford. Assurance was also sought by Members that steps were then taken to ensure the service became an employer of choice for all people within local communities and to ensure that the service represented the diverse nature of Lincolnshire.
5.	Performance of the Library Service Contract - Six Year Review Report	The Committee was advised that Greenwich Leisure Ltd (GLL) had brought vast improvements to the library service across the region, and that the performance for year six had been no different. The Committee received assurance that GLL would continue to focus on the recovery of the service during year seven, which included encouraging people back to the service to make the most of the facilities within their communities.
6.	Domestic Abuse Support Services Re-Commissioning	The Committee supported the recommendations unanimously, which were approved by the Executive on 6 September 2022, to commence the re-commissioning of a countywide DASS which supported the priorities and delivery of: the Council's Corporate Plan, the Safer Lincolnshire Partnership, Lincolnshire Preventing Domestic Abuse Strategy 2021/24; and the Councils' statutory duties under the Domestic Abuse Act 2021. The Committee was pleased to receive the detailed report and were supportive of the proposals set out in the report, which aimed at tightening support measures around vulnerable individuals. Comments from the discussion were passed on to the Executive in support to its decision.

20 September 2022		
Item		*Summary of Outcomes*
1.	**Coroners Service Update Report**	To be advised

20 September 2022		
Item		*Summary of Outcomes*
2.	**Service Level Performance Reporting against the Success Framework 2022-2023 – Quarter 1**	To be advised
3.	**Registration & Celebratory Services Annual Report**	To be advised
4.	**Trading Standards Annual Report**	To be advised
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE		
5.	**Stay Safe**	To be advised
6.	**Violence Reduction**	To be advised
CONSIDERATION OF EXEMPT INFORMATION		
7.	**Grantham Fire Station Refurbishment**	To be advised

PLANNED WORK

Set out below are the items planned for future meetings of the Committee, up to March 2023:

8 NOVEMBER 2022			
Item		*Contributor*	*Notes*
1.	**Lincs Fire and Rescue – Progress on Response to Inspection Outcomes from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services**	Mark Baxter, Chief Fire Officer	This is an update report on the progress made on implementing the actions identified in the HMICFRS inspection.
2.	**FRS Attendance at Flooding Incidents – Annual Report on Performance**	Mark Baxter, Chief Fire Officer	This is the annual performance report on flooding incidents.
3.	**Lincolnshire Fire and Rescue Service- Proposed changes of duty arrangements- Follow up Report**	Mark Baxter, Chief Fire Officer	This is a follow up report from the Fire and Rescue Service (FRS).
4.	**Update on Lincolnshire's Response to Ukraine Humanitarian Crisis**	Semantha Neal, Assistant Director of Prevention and Early Intervention	This is a six-monthly report on our response to the Ukraine Humanitarian Crisis.

13 DECEMBER 2022			
Item		*Contributor*	*Notes*
1.	**Service Level Performance Reporting against the Success Framework 2022-2023 – Quarter 2**	Martyn Parker, Assistant Director - Public Protection Nicole Hilton, Assistant Director - Communities Lee Sirdifield, Assistant Director - Corporate Mark Baxter, Chief Fire Officer Steven Batchelor, Lincolnshire Road Safety Partnership Senior Manager	This is a quarterly report on performance of services.
2.	**Fire and Rescue Statement of Assurance 2021-22**	Mark Baxter, Chief Fire Officer	This is the FRS annual statement of assurance.
3.	**Multiply – numeracy programme update**	Thea Croxall, Adult Learning & Skills Manager - Economic Development	This report updates on the Numeracy Programme that was previously supported by this Committee.
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
4.	**Reducing Offending – The Work of the Safer Lincolnshire Partnership**	Zoe Walters, Community Safety Strategy Co-ordinator	This report provides an update on the works of SLP in reducing offending in Lincolnshire.

24 JANUARY 2023			
Item		*Contributor*	*Notes*
1.	**Trading Standards Food Update (Inc. Sources of intelligence used by Trading Standards)**	Mark Keal, Trading Standards Manager	This is an annual update by Trading Standards.
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
2.	**Safer Lincolnshire Partnership Update**	Claire Seabourn, Safer Lincolnshire Partnership Business Manager	This is the annual SLP update.

14 MARCH 2023			
Item		*Contributor*	*Notes*
1.	**Service Level Performance Reporting against the Success Framework 2022-2023 – Quarter 3**	Martyn Parker, Assistant Director - Public Protection Nicole Hilton, Assistant Director - Communities Lee Sirdifield, Assistant Director - Corporate Mark Baxter, Chief Fire Officer Steven Batchelor, Lincolnshire Road Safety Partnership Senior Manager	This is a quarterly report on performance of services.
SITTING AS THE CRIME AND DISORDER SCRUTINY COMMITTEE			
2.	**Prevent Annual Report**	Clare Newborn, Interim Head of Service - Community Safety Manager	This is an annual report on Prevent Programme.
3.	**Substance Misuse**	Jemma Clarke, Community Safety Strategy Coordinator	This report offers an overview of efforts to tackle substance misuse and the current picture in Lincolnshire.

<u>Potential Items to be Scheduled</u>

- Anti-social Behaviour (Inc. Community Trigger Strategy)
- Citizen’s Advice- Annual Report (May 2023)
- Community Safety and Public Trust in Police
- Domestic Abuse Strategy – Update Report 2023
- Safer Together Update

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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:	**29 September 2022**
Subject:	**Overview and Scrutiny Management Board Work Programme**

Summary:

This item informs the Board of its current work programme for 2022/23.

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 2022/23, 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)**

29 September 2022			
Item		**Contributor**	**Purpose**
1.	Insurance Strategy	Mandy Knowlton-Rayner, Insurance and Risk Lead	Pre-Decision Scrutiny (Leader Decision between 3 – 7 October 2022)
2.	Update on IMT Services • Serco Contract Performance • Project Portfolio	Paul Elverstone, Lead IT Contract & Vendor Relationship Officer Donna Fryer, Head of Portfolio and Resources	Performance Scrutiny
3.	Treasury Management Annual Report 2021/22	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Performance Scrutiny
4.	Treasury Management Performance 2022/23 - Quarter 1 to 30 June 2022	Karen Tonge, Treasury Manager	Performance Scrutiny
5.	Scrutiny Review – Findings and Action Plan	Nigel West, Head of Democratic Services and Statutory Scrutiny Officer	Performance Scrutiny

29 September 2022			
Item		Contributor	Purpose
6.	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

27 October 2022			
Item		Contributor	Purpose
1.	Transformation Programme Update *(with focussed overview on the Children in Care project)*	Clare Rowley, Head of Transformation Tara Jones, Head of Service – Children in Care Transformation Janice Spencer, Assistant Director – Children's Safeguarding Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance	Performance Scrutiny
2.	Performance of the Corporate Support Services Contract	Sophie Reeve, Assistant Director - Commercial Arnd Hobohm, Serco Contract Manager	Performance Scrutiny
3.	Health and Safety Annual Report 2021/22	Fraser Shooter, Health and Safety Team Leader	Performance Scrutiny

27 October 2022			
Item		Contributor	Purpose
4.	Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee	Cllr Ian Carrington, Chairman of Environment and Economy Scrutiny Committee Cllr Mike Brookes, Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

24 November 2022			
Item		Contributor	Purpose
1.	Corporate Plan Success Framework 2022/23 – Quarter 2	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
2.	Draft Infrastructure Funding Statement 2021/22	Brendan Gallagher, Principal Planning Officer – Infrastructure	Pre-Decision Scrutiny (Executive decision on 6 December 2022)
3.	People Management Update - Quarter 2	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
4.	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)
5.	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)
6.	Treasury Management Performance 2022/23 - Quarter 2 to 30 September 2022	Karen Tonge, Treasury Manager	Performance Scrutiny

24 November 2022			
Item		**Contributor**	**Purpose**
7.	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

15 December 2022			
Item		**Contributor**	**Purpose**
1.	Business World ERP System Re-Design Update	Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance Louisa Harvey, ERP System Delivery Manager, Business World Sadie Rossington, Senior Project Officer	Performance Scrutiny
2.	Update on IMT Services • Data Services • Service KPI's & Service Issues	Sue Cline, Head of Data Services and Business Intelligence Paul Elverstone, Lead IT Contract & Vendor Relationship Officer	Performance Scrutiny
3.	Developer Contributions Scrutiny Review – Third Monitoring Update of Action Plan	Justin Brown, Assistant Director – Growth Warren Peppard, Head of Development Management	Scrutiny Review Activity

15 December 2022			
Item		Contributor	Purpose
4.	Establishment of the Legal Services Company – Progress Report	David Coleman, Chief Legal Officer	Performance Scrutiny
5.	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

26 January 2023			
Item		Contributor	Purpose
1.	Service Revenue and Capital Budget Proposals 2023/24	Keith Noyland, Strategic Finance Lead - Communities	Budget Scrutiny (Executive decision on 7 February 2023) (Council decision on 17 February 2023)
2.	Council Budget 2023/24	Michelle Grady, Assistant Director - Finance	Budget Scrutiny (Executive decision on 7 February 2023) (Council decision on 17 February 2023)

26 January 2023			
Item		**Contributor**	**Purpose**
3.	Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Flood and Water Management Scrutiny Committee • Highways and Transport Scrutiny Committee	Cllr Ian Carrington, Chairman of Environment and Economy Scrutiny Committee Cllr Robert Reid, Chairman of Flood and Water Management Scrutiny Committee Cllr Mike Brookes, Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

23 February 2023			
Item		**Contributor**	**Purpose**
1.	Corporate Plan Success Framework 2022/23 – Quarter 3	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 7 March 2023)
2.	People Management Update Quarter 3	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
3.	Revenue Budget Monitoring Report 2022/23 – Quarter 3 to 31 December 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 7 March 2023)
4.	Capital Budget Monitoring Report 2022/23 – Quarter 3 to 31 December 2022	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 7 March 2023)
5.	Treasury Management Performance Quarter 3 to 31 December 2022	Karen Tonge, Treasury Manager	Performance Scrutiny

23 February 2023			
Item		**Contributor**	**Purpose**
6.	Treasury Management Strategy Statement and Annual Investment Strategy 2023/24	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Pre-Decision Scrutiny (Executive Councillor Decision TBC)
7.	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

30 March 2023			
Item		**Contributor**	**Purpose**
1.	Transformation Programme Update	Clare Rowley, Head of Transformation Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance	Performance Scrutiny
2.	Property Services Contract Year Seven Report	Stuart Wright, Contract Manager - Corporate Property	Performance Scrutiny
3.	Update on IMT Services - User Engagement and Project Portfolio	Donna Fryer, Head of Portfolio and Resources Allison Kapethanasis, Head of Service Delivery and User Engagement	Performance Scrutiny

30 March 2023			
Item		Contributor	Purpose
4.	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

27 April 2023			
Item		Contributor	Purpose
1.	Performance of the Corporate Support Services Contract	Sophie Reeve, Assistant Director – Commercial Arnd Hobohm, Serco Contract Manager	Performance Scrutiny
2.	Overview and Scrutiny Annual Report 2022-23	Nigel West, Head of Democratic Services and Statutory Scrutiny Officer	Performance Scrutiny
3.	Overview and Scrutiny Work Programmes • Environment and Economy Scrutiny Committee • Highways and Transport Scrutiny Committee	Cllr Ian Carrington, Chairman of Environment and Economy Scrutiny Committee Cllr Mike Brookes, Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

25 May 2023			
Item		**Contributor**	**Purpose**
1.	Developer Contributions Scrutiny Review – Fourth Monitoring Update of Action Plan	Justin Brown, Assistant Director – Growth Warren Peppard, Head of Development Management	Scrutiny Review Activity
2.	People Management Update Quarter 4	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
3.	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

29 June 2023			
Item		**Contributor**	**Purpose**
1.	Corporate Plan Success Framework 2022/23 – Quarter 4	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 4 July 2023)
2.	Review of Financial Performance 2022/23	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 4 July 2023)
3.	Treasury Management Annual Report 2022/23	Karen Tonge, Treasury Manager Chris Scott, Link Asset Services	Performance Scrutiny

29 June 2023			
Item		**Contributor**	**Purpose**
4.	Update on IMT Service Plan and Serco Contract Performance	John Wickens, Assistant Director - IMT and Enterprise Architecture Paul Elverstone, Lead IT Contract & Vendor Relationship Officer	Performance Scrutiny
5.	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
6.	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

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 SEPTEMBER 2022

PUBLISH DATE 1 AUGUST 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
I026328	Grantham Fire Station Refurbishment	Exempt	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning) Executive Councillor: Fire & Rescue and Cultural Services Between 26 Sep 2022 and 30 Sep 2022 Between 26 Sep 2022 and 30 Sep 2022	Public Protection and Communities Scrutiny Committee	Reports	Head of Property Development E-mail: dave.pennington@lincolnshire.gov.uk	Grantham Barrowby
I026240	Surplus Land Disposal	Open	Executive Councillor: People Management, Legal and Corporate Property Between 26 Sep 2022 and 30 Sep 2022	Leader of the Council, Executive Councillor for People Management, Legal and Corporate Property, Executive Director – Resources, Property Board	Reports	Interim Assistant Director - Corporate Property e-mail: paulm.smith@lincolnshire.gov.uk	Bourne North and Morton
I026605	Highways Infrastructure Asset Management Strategy 2022 - 2026	Open	Executive Councillor: Highways, Transport and IT Between 31 Oct 2022 and 8 Nov 2022	Highways and Transport Scrutiny Committee – 12 September 2022 Place DLT Place CLT Informal Executive	Reports	Head of Highways Client and Contractual Management Services E-mail: jonathan.evans@lincolnshire.gov.uk	All Divisions

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I026604	Highways Infrastructure Asset Management Plan 2022	Open	Executive Councillor: Highways, Transport and IT Between 31 Oct 2022 and 8 Nov 2022	Highways and Transport Scrutiny Committee – 12 September 2022 Place DLT	Reports	Policy and Strategic Asset Manager E-mail: clair.dixon@lincolnshire.gov.uk	All Divisions
I027826 New!	Horncastle Industrial Estate Expansion	Open	Executive 4 Oct 2022	Executive Director – Place, Economic Development Capital Programme Board (Governance), Development Management, Corporate Property Services, East Lindsey District Council.	Reports	Project Officer - Economic Infrastructure E-mail: hayley.redford@lincolnshire.gov.uk	Horncastle and the Keals
I027868 New!	Extension of the Substance Misuse Treatment Contract	Open	Executive 4 Oct 2022	Adults and Community Wellbeing Scrutiny Committee	Reports	Commercial & Procurement Manager E-mail: carl.miller@lincolnshire.gov.uk	All Divisions
I027867 New!	Expansion of the Lincolnshire Integrated Sexual Health Service Contract	Open	Executive 4 Oct 2022	Adults and Community Wellbeing Scrutiny Committee	Reports	Commercial & Procurement Manager E-mail: carl.miller@lincolnshire.gov.uk	All Divisions
I026118	The Lincolnshire Secure Children's Home - New Build	Exempt	Executive Councillor: Children's Services, Community Safety and Procurement Between 26 Oct 2022 and 31 Oct 2022	DLT/Executive DLT/Children and Young People Scrutiny Committee	Reports	Head of Service - Children in Care Transformation E-mail: tara.jones@lincolnshire.gov.uk	All Divisions
I026178	Specialist Adults Accommodation at Grange Farm, Market Rasen	Open	Executive 6 Dec 2022	Adults and Community Wellbeing Scrutiny Committee	Reports	Senior Project Manager - Corporate Property E-mail: emma.rowitt@lincolnshire.gov.uk	Market Rasen Wolds

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I026109	Household Waste Recycling Centre Operational Contract Procurement	Open	Executive 6 Dec 2022	Environment and Economy Scrutiny Committee	Reports	Head of Waste E-mail: mike.reed@lincolnshire.gov.uk	All Divisions
I025746	Recommissioning of Children with Disabilities services	Open	Executive 7 Feb 2023	Children and Young People Scrutiny Committee	Reports	Strategic Commissioning Manager E-mail: mark.rainey@lincolnshire.gov.uk Strategic Commissioning Head of Service E-mail: charlotte.grey@lincolnshire.gov.uk	All Divisions
I026273	Langrick Road, Boston – Extra Care Housing and Working Aged Adults Accommodation	Open	Executive 7 Mar 2023	Adults and Community Wellbeing Scrutiny Committee	Reports	Senior Project Manager - Corporate Property e-mail: Emma.rowitt@lincolnshire.gov.uk	Boston North; Boston South; Boston West

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