



County Offices  
Newland  
Lincoln  
LN1 1YL

21 June 2023

**Overview and Scrutiny Management Board**

A meeting of the Overview and Scrutiny Management Board will be held on **Thursday, 29 June 2023 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

A handwritten signature in black ink that reads 'Debbie Barnes'.

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: Mr M Kyle

Parent Governor Representatives: Mrs M R Machin and 1 Parent Governor Vacancy



**OVERVIEW AND SCRUTINY MANAGEMENT BOARD AGENDA  
THURSDAY, 29 JUNE 2023**

<b>Item</b>	<b>Title</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence/Replacement Members</b>	
<b>2</b>	<b>Declarations of Interest</b>	
<b>3</b>	<b>Minutes of the meeting held on 25 May 2023</b>	5 - 10
<b>4</b>	<b>Announcements by the Chairman, Executive Councillors and Chief Officers</b>	
<b>5</b>	<b>Consideration of Call-Ins</b>	
<b>6</b>	<b>Consideration of Councillor Calls for Action</b>	
<b>7</b>	<b>Corporate Plan Success Framework 2022/23 - Quarter 4</b> <i>(To consider a report by Caroline Jackson, Head of Corporate Performance, which invites the Board to consider a report which will be considered by the Executive on 4 July 2023. The views of the Board will be passed on to the Executive as part of its consideration of this item)</i>	11 - 72
<b>8</b>	<b>Business World System Redesign Project Update</b> <i>(To receive a report by Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance, Louisa Harvey, Interim Head of Corporate Systems and Sadie Rossington, Senior Project Officer which provides an update on the progress of the Business World ERP System Re-design project)</i>	73 - 82
<b>9</b>	<b>Deepings School Leisure Centre</b> <i>(To receive a report by Jayne Sowerby Warrington, Assistant Director – Corporate Property, which invites the Board to consider a report which will be considered by the Executive on 4 July 2023. The views of the Board will be passed on to the Executive as part of its consideration this item)</i>	83 - 96
<b>10</b>	<b>Review of Financial Performance 2022/23</b> <i>(To consider a report by Michelle Grady, Assistant Director - Finance, which invites the Board to consider a report which will be considered by the Executive on 4 July 2023. The views of the Board will be passed on to the Executive as part of its consideration of this item)</i>	97 - 180

**11 Treasury Management Annual Report 2022/23** 181 - 220  
*(To receive a report by Sue Maycock, Strategic Finance Lead – Technical, which invites the Board to consider the Treasury Management Annual Report 2022/23)*

**12 Property Services Re-Commissioning** 221 - 256  
*(To receive a report by Jayne Sowerby Warrington, Assistant Director – Corporate Property, which invites the Board to consider a report which will be considered by the Executive on 4 July 2023. The views of the Board will be passed on to the Executive as part of its consideration this item)*

**ITEMS FOR INFORMATION ONLY**

**13 Overview and Scrutiny Management Board Work Programme** 257 - 268  
*(To receive a report which enables the Board to note the content of its work programme for the coming year)*

Democratic Services Officer Contact Details

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

- Business of the meeting
- Any special arrangements

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 June, 2023, 10.00 am \(moderngov.co.uk\)](#)

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



**OVERVIEW AND SCRUTINY MANAGEMENT  
BOARD  
25 MAY 2023**

**I'VEPRESENT: COUNCILLOR R B PARKER (CHAIRMAN)**

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

**Added Members**

Councillors: R D Butroid and M J Hill OBE attended the meeting as observers

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Andrew Crookham (Executive Director Resources), Tracy Johnson (Senior Scrutiny Officer), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), Emily Wilcox (Democratic Services Officer), Leanne Fotherby (Commercial & Procurement Manager), Tony Kavanagh (Assistant Director – Human Resources and Organisational Support) and Carl Newell (Commercial and Procurement Officer)

**1 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS**

Apologies for absence were received from Councillor I Carrington, Councillor R J Kendrick and Martin Kyle (Parent Governor Representative).

The Board also noted apologies for absence from Councillor M A Whittington (Executive Support Councillor for Resources, Communications and Commissioning).

**2 DECLARATIONS OF INTEREST**

None were declared.

**3 MINUTES OF THE MEETING HELD ON 27 APRIL 2023**

RESOLVED:

That minutes of the meeting held on 27 April 2023 be approved as a correct record and signed by the Chairman.

2

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD  
25 MAY 2023**

4 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

The Leader of the Council advised that the plans for a migrant base at RAF Scampton were ongoing and all the relevant authorities were doing their best to stay informed and plan accordingly. The County Council was meeting weekly with West Lindsey District Council and the City of Lincoln Council to discuss the consequences of the proposals and was working with the Home Office to understand Government plans.

In response to a question, the Leader of the Council advised that conversations around a Devolution deal for Greater Lincolnshire were progressing with the potential for an agreement between Councils in Greater Lincolnshire for a Mayoral Election in 2025. Proposals would be put to Government and be subject to a consultation period if agreed.

5 CONSIDERATION OF CALL-INS

None had been received.

6 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

7 APPROVAL TO PROCURE A CONTRACT FOR THE PRINT AND DISTRIBUTION OF THE COUNTY NEWS RESIDENTS' MAGAZINE

Consideration was given to a report by the Commercial and Procurement Manager, which invited the Board to consider a report for the Approval to procure a contract for the print and distribution of the County News residents' magazine which was due for decision by the Leader of the Council between 30 May 2023 and 13 June 2023. Key areas of the report were highlighted, as set out in Appendix A to the report.

The Board supported the recommendations to the Leader of the Council and during the discussion the following points were noted:

- In response to concerns raised that some areas of Lincolnshire were currently not receiving copies of County News, such as in Crowland, due to Royal Mail using postcode areas for distribution, it was confirmed that there would be service credits going into the new contract in regard to distribution rates. The Council would apply service credits for areas where County News had not been delivered to over 95% of households. The Chief Executive agreed to look into how many Lincolnshire

households were currently not receiving copies of County News to gauge the extent of the issue.

- In relation to the restricted tender process, this would be open to all companies and therefore local companies in Lincolnshire would be able to bid for the contract.

RESOLVED:

1. That the recommendations to the Leader of the Council be supported;
2. That a summary of the comments made, as detailed above, be passed on to the Leader of the Council as part of his consideration of this item.

## 8 PEOPLE MANAGEMENT UPDATE - QUARTER 4

Consideration was given to a report by the Assistant Director – HR and Organisational Support, which invited the Board to consider the People Management Update – Quarter 4, as set out within the report.

*During this item, Councillor Mrs J Brockway declared a personal interest as her family accessed support from Children's Services, which was referenced in the discussion.*

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

- Due to an increase in people working from home during the pandemic, less influenza type illnesses had been reported, which was thought to be the reason for a decrease in sickness absence during the period. Health issues usually attributed to the workplace, and other long term conditions may not have been diagnosed by the NHS due to a lack of routine appointments and surgeries.
- There was recognition that individuals would need to be performance managed in different ways, however it was the intention that management behaviour towards employees should be consistent. Officers were in the process of developing a leadership programme which would provide training to new managers and set a standard of best practice.
- Members commended lower than expected sickness levels within the Children's and Adult Social Care teams, given the pressures faced by support staff in these areas. The challenging circumstances of those in Children and Adult Care roles and Fire and Rescue Services were acknowledged. Research showed that the most effective way to support staff in these areas were effective supervision to understand welfare needs and ensure networks of support were in place for individuals, which was adopted by the Council.
- The improvements reported for involuntary turnover and sickness absence were welcomed.
- Assurance was provided that throughout the organisation, senior managers, Executive Councillors and Members of scrutiny committees regularly shadowed employees on the frontline to get an understanding of the challenges faced.

However, it was acknowledged that there were occasions in which work priorities needed to be balanced to meet individuals' welfare needs, leading to additional pressure on frontline workers.

- In comparison to other councils, agency spend was relatively low, however there were certain areas where recruitment difficulties meant that agency spend was essential to ensure the continuation of services. The Board welcomed the decrease in agency spend within Fire and Rescue.
- The Executive Director – Resources advised of the difficulties in recruiting Childcare Lawyers, however assurance was provided that there were measures in place to mitigate these issues and the position was improving, but there was still a need for agency workers in this area.
- Feedback received on the cultural stocktake survey was welcomed, however it was noted that this was intended to be an indicator of leadership and management behaviour rather analysing specific issues within the organisation. Assurance was provided that the Council was committed to ensuring a positive culture for the next generation of leaders in the Council.
- The Board highlighted the importance of investing in health and wellbeing initiatives, however it was acknowledged that health and wellbeing was also impacted by personal circumstances outside of the workplace.
- Members emphasised the potential career pathways for people working in adult care.
- The Council welcomed the consultation being undertaken by the Government to apply greater standards to children's social workers including a range of standards to address local authority pressures and ensure standards.
- It was clarified that the Council included retainer clauses in apprenticeship contracts where they were paying above apprenticeship rate for training. It was agreed that details on the retention of apprentices be circulated to the Board.

**RESOLVED:**

That assurance be given on the HR Management Information and the progress made on the 2021 – 24 People Strategy Projects.

**9 SCRUTINY COMMITTEE WORK PROGRAMMES**

Consideration was given to a report by the Chairman of the Adults and Community Wellbeing Scrutiny Committee, which highlighted the recent work of the Adults and Community Wellbeing Scrutiny Committee and its forward work programme.

In addition, three additional items had been added to the Committee's work programme for 2023:

- 28 June 2023 - the Lincolnshire Safeguarding Adults Board - Prevention Strategy



- 6 September 2023 - Outcomes of the Care Quality Commission's Assurance Programme.
- 29 November 2023 - the Recommissioning of the Lincolnshire Wellbeing Service.

Whilst the benefits of advanced technology were acknowledged, the Board reiterated the importance of ensuring that members of the public could make contact with the Council via telephone if needed and that contact details were clearly signposted on the Council's website.

Consideration was then given to a report by the Chairman of the Health Scrutiny Committee for Lincolnshire which highlighted the recent work of the Health Scrutiny Committee for Lincolnshire and its forward work programme.

In addition, the Quality Accounts Working Group had met to review the quality accounts of Northern Lincolnshire and Goole NHS Foundation Trust and the East Midlands Ambulance Service. At its next meeting on 1 June, the Working Group would be reviewing the quality accounts of Lincolnshire Community Health Services NHS Trust and United Lincolnshire Hospitals NHS Trust.

Consideration was given to the update and during the discussion the following points were recorded:

- The Health Scrutiny Committee for Lincolnshire had been reassured that the Hartsholme Centre – Lincolnshire's Male Psychiatric Intensive Care Unit had been closed only on a temporary basis until recruitment issues were resolved, which was thought to be within 12 months' time. The Committee had raised concerns that people needing specialist treatment were having to go out of County for care. The pressures of working in a high pressure, specialised role was acknowledged and therefore the Committee had welcomed a change in the contract to make the role more attractive.
- Members suggested that regular screening for prostate cancer be introduced. The Board was assured that the Health Scrutiny Committee for Lincolnshire had raised this issue previously but would seek further information on this issue.

RESOLVED:

1. That the Board was satisfied with activity undertaken since 23 February 2023 by:
  - a. The Adults and Community Wellbeing Scrutiny Committee; and
  - b. The Health Scrutiny Committee for Lincolnshire.
2. That the Board was satisfied with the planned work programmes of:
  - a. The Adults and Community Wellbeing Scrutiny Committee; and
  - b. The Health Scrutiny Committee for Lincolnshire.

**6**  
**OVERVIEW AND SCRUTINY MANAGEMENT BOARD**  
**25 MAY 2023**

10      OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

The work programme was noted.

The meeting closed at 11.54 am



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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Corporate Plan Success Framework 2022-23 - Quarter 4</b>

**Summary:**

This report invites the Overview and Scrutiny Management Board to consider a report on the 2022-23 Corporate Plan performance for Quarter 4 (Appendix A), which will be presented to the Executive on 4 July 2023. The views of the Board will be reported as part of its consideration of this item.

This report also sets out the performance of the service level performance indicator for 2022-23 Quarter 4 that is within the remit of the Board.

Appendix B details the proposed key performance indicators to be reported to the Overview and Scrutiny Management Board for 2023-24.

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

**Actions required:**

The Overview and Scrutiny Management Board is invited to:-

- 1) Consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.
- 2) Agree any additional comments to be passed on to the Executive in relation to this item.
- 3) Review and comment on the performance information that is within the remit of the Board and highlight any recommendations or further actions for consideration.
- 4) To review and agree the 2023/24 Performance Indicators for the Overview and Scrutiny Management Board as shown in Appendix B.

## 1. Background

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

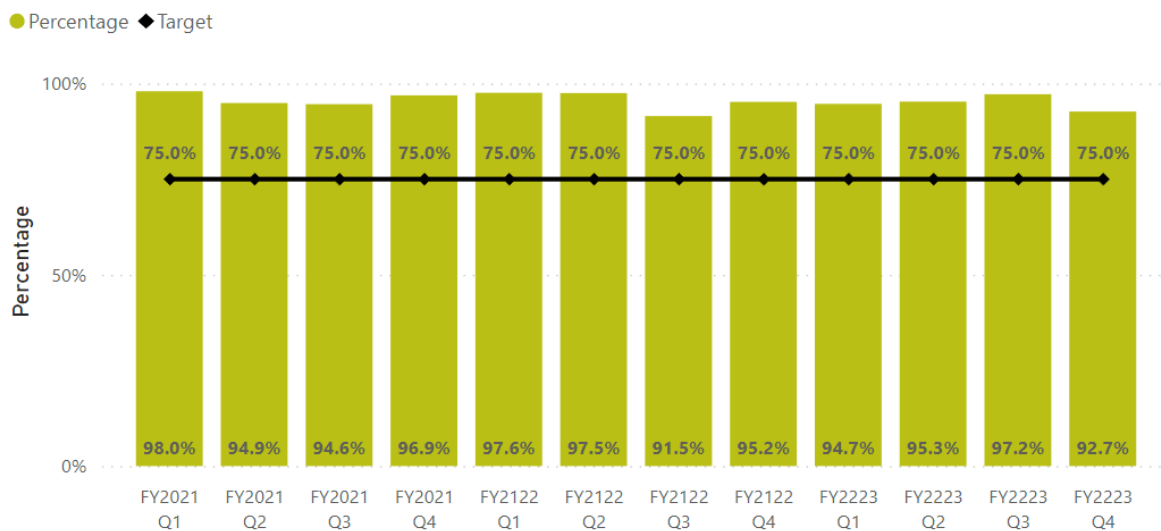
The Corporate Plan has been refreshed for 2023-24 and was approved by the County Council on 19 May 2023. In order to align with the Corporate Plan, a revised CPSF is shown in the attached report to the Executive (Appendix B of the attached report).

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

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

The service level performance indicator within the remit of the Overview and Scrutiny Management Board has achieved its target this quarter.

### PI 101 - Achievement of KPIs - VINCI Facilities Partnership Limited contract ✓



The contractor scored lower than the previous quarter due to four reactive tasks not completed within timescales and one missed planned task.

Appendix B to this report details performance indicators to be reported in 2023-24 to the Overview and Scrutiny Management Board.

## 2. Conclusion

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

Members of the Board are also invited to review and comment on the performance information that is within the remit of the Board and highlight any recommendations or further actions for consideration.

**3. Consultation**

**a) Risks and Impact Analysis**

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

**4. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Report on Performance reporting against the Corporate Plan Success Framework 2022-23 – Quarter 4, to be presented to the Executive at its meeting on 4 July 2023
Appendix B	Details of performance indicators to be reported in 2023-24 to the Overview and Scrutiny Management Board

**5. Background Papers**

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

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

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

Report to:	<b>Executive</b>
Date:	<b>4 July 2023</b>
Subject:	<b>Corporate Plan Success Framework 2022-23 - Quarter 4</b>
Decision Reference:	<b>I027728</b>
Key decision?	<b>No</b>

**Summary:**

This report presents an overview of performance against the Corporate Plan as at 31 March 2023. Detailed information on performance can be viewed on the Council's [website](#).

**Recommendation:**

1. That performance for Quarter 4 2022-23 as at 31<sup>st</sup> March 2023 be considered and noted.
2. That agreement is given to the success framework in Appendix B which sets out the key performance indicators and targets/ambitions, along with all the activities which will underpin the delivery of the Corporate Plan and will be reported on in 2023-24.

**Alternatives Considered:**

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

**Reasons for Recommendation:**

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

## 1. Background

1.1 The County Council's Corporate Plan (CP) 2020-2030 sets out our priorities for local residents and communities. The Corporate Leadership Team (CLT) and Assistant Directors (ADs) have developed the Corporate Plan Success Framework (CPSF) 2020-2023. This identified the developmental activities and Key Performance Indicators (KPIs) that would be undertaken during the first 3-year period of the 10 year CP in order to achieve the four ambitions outlined in the CP.

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

1.3 Lincolnshire and the UK has experienced significant change since the Corporate Plan was adopted and it was agreed at Full Council on 19<sup>th</sup> May 2023 that the refreshed Corporate Plan for 2023-24 onwards should reflect:

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

In order to align to the refresh of the Corporate Plan, a revised CPSF for 2023-24 is shown in **Appendix B**.

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

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

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

1.6 This report provides the Executive with highlights of performance of the revised CPSF. The full range of performance is hosted on the Council's [website](#).

## 2.0 Performance Reporting

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

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



Details of all activities reported in quarter 4, including those rated as **Green: “Progressing as planned”** are available in **Appendix A** and on the Council's [website](#).

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

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

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

- Ahead of comparators such as similar authorities or national.
- Not where we would expect to be in relation to previous year’s data, similar authorities or national comparators.
- Or where it is felt appropriate to raise it with the Executive.

A judgement has been agreed by the Executive Director on the measures to include in the covering report. All KPIs can be found on the Council’s [website](#).

### 3.0 **Headline performance – Key activities**

3.1 Services have provided key milestones for each activity for 2022/23. Progress is an objective judgement by the service against the milestones.

3.2 To summarise, of the **35 activities** with milestones due to be reported in quarter 4, **100%** are rated as **Progressing as planned**.

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

Progressing  
as planned  
**100%**



Activities  
**10**

Ambition  
**Progressing  
as planned**

Progressing  
as planned  
**100%**



Activities  
**4**

Ambition  
**Progressing  
as planned**

Progressing  
as planned  
**100%**



Activities  
**7**

Ambition  
**Progressing  
as planned**

Progressing  
as planned  
**100%**



Activities  
**14**

Ambition  
**Progressing  
as planned**

**3.3** There are no key activities that are rated Red or Amber (**Not progressing as planned** or **Progress is within agreed limits**) this quarter.

#### **4.0 Key Performance Indicators (KPIs)**

**4.1** Of those KPIs where an ambition (target) has been set, 31 can be compared with an updated position for quarter 4 reporting. It is important to recognise that the last 12 months have been extremely challenging and it is therefore very positive to see 71% of KPIs exceeding or achieving the ambition that was set:-

- **5 exceeded the ambition**
  - **PI 3** Percentage of pupils achieving grades 5 or above in English and Mathematics GCSEs ★
  - **PI 14** Rate of children in care (per 10,000) ★
  - **PI 36** Household waste collected (kg per household) ★
  - **PI 39** Household waste to landfill (percentage) ★
  - **PI 64** Customers' level of satisfaction ★
  
- **17 achieved the ambition**
  - **PI 4** Percentage of 16-17 year olds not in education, employment or training ✓
  - **PI 15** Percentage of children in care living within a family environment ✓
  - **PI 16** Percentage of social care providers in Lincolnshire with a CQC inspection rating of 'good' or 'outstanding' ✓
  - **PI 17** The percentage of adults aged 18 to 64 in receipt of an adult care service who are receiving these in the community ✓
  - **PI 18** The percentage of adults aged 65 and over in receipt of an adult care service who are receiving these in the community ✓
  - **PI 25** For adults discharged from hospital, the percentage who remain at home 91 days after discharge ✓
  - **PI 29** Percentage of roads where maintenance should be considered- *Principal* ✓
  - **PI 29** Percentage of roads where maintenance should be considered- *Non- principal* ✓
  - **PI 29** Percentage of roads where maintenance should be considered- *Unclassified* ✓
  - **PI 32** Percentage of superfast broadband coverage in residential & business premises ✓
  - **PI 62** Percentage of identified high and medium risk businesses premises inspected under Fire Safety Order ✓
  - **PI 67** Percentage of eligible 2-year-olds who are in receipt of their Early Years Entitlement ✓
  - **PI 68** Percentage of 3-4-year-olds who are taking up their universal entitlement ✓
  - **PI 70** Voluntary and community groups actively supported in Lincolnshire ✓
  - **PI 71** People supported who have accessed volunteer opportunities ✓
  - **PI 72** Safeguarding cases supported by an advocate (where appropriate) ✓
  - **PI 73** Concluded safeguarding enquiries where the desired outcomes were achieved ✓

- **9 did not achieve the ambition**

- **PI 1** Percentage of schools that are judged good or outstanding ✖
- **PI 2** Percentage of pupils in outstanding or good schools ✖
- **PI 9** Percentage of pupils reaching the expected standard in reading, writing and maths at key stage 2 ✖
- **PI 12** Percentage of children achieving a good level of development in Early Years ✖
- **PI 13** Percentage gap in achievement between Lincolnshire pupils eligible for Free School Meals and their non-FSM Eligible peers nationally achieving GLD ✖
- **PI 37** Recycling Rate (new national formula) ✖
- **PI 38** Recycling at County Council owned Household Waste Recycling Centres ✖
- **PI 43** Percentage of contacts resolved through early resolution ✖
- **PI 44** Days lost to sickness absence per FTE ✖

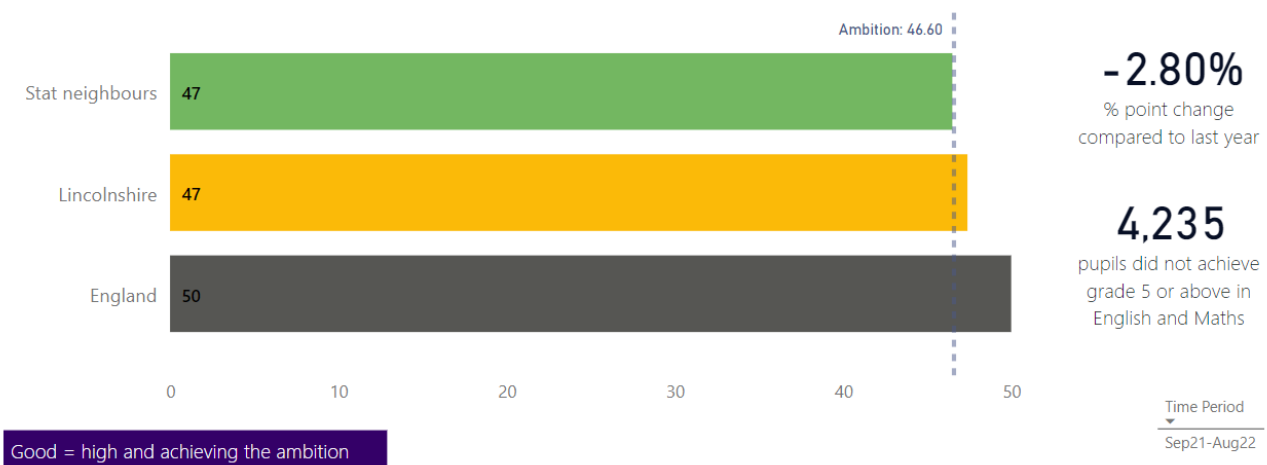
All academic achievement data included in this report relates to examinations/assessments in the summer of 2022. Results are delayed due to grading challenges and appeals, therefore final published data is released during the quarter 4 reporting period.

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

## 4.2 Exceeded ambition

### 4.2.1 Support high aspirations

#### PI 3 Percentage of pupils achieving grades 5 or above in English and Mathematics GCSEs ☆

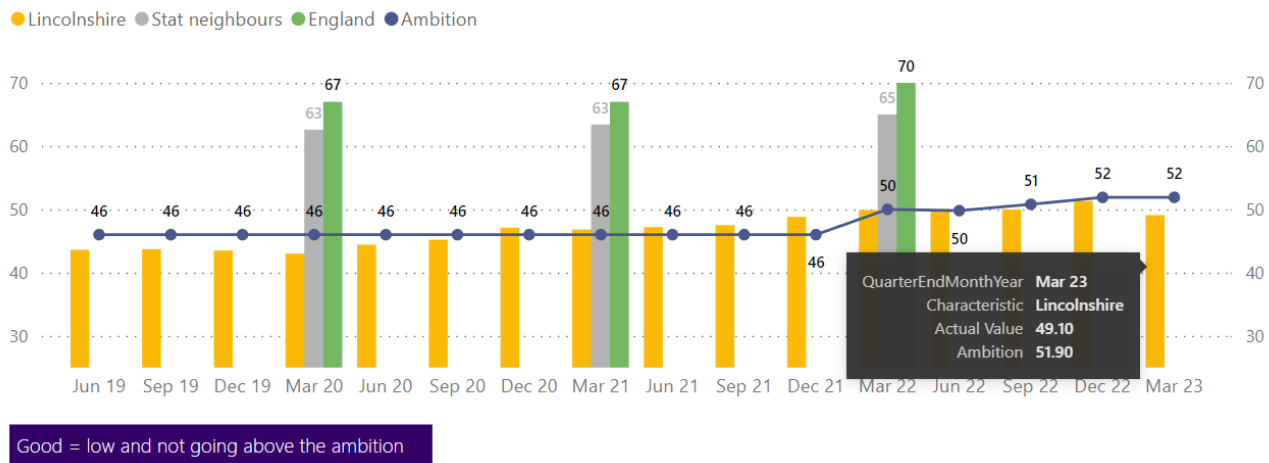


In 2021-22 Lincolnshire achieved 47.4%, which has exceeded the upper tolerance of the ambitious target. As expected, Lincolnshire and comparators saw a drop in attainment between 2021 and 2022 due to the impact of Ofqual’s grade distribution system for the 2021-22 academic year; where proportions of students being awarded each grade would be based on an average of 2019 (exam grades) and 2021 (centre assessed grades) distributions. Lincolnshire is approx. 2.6% behind national, broadly in line with the East Midlands, and 0.9% ahead of stat neighbours.

The service is developing a coordinated Education Strategic Plan with sector partners, this seeks to address the ambition and specifics of the Education and Levelling Up white papers. Strategy aims include integrated working with services areas beyond education so that all the factors affecting schools and settings within communities are addressed.

#### 4.2.2 Enable everyone to enjoy life to the full

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



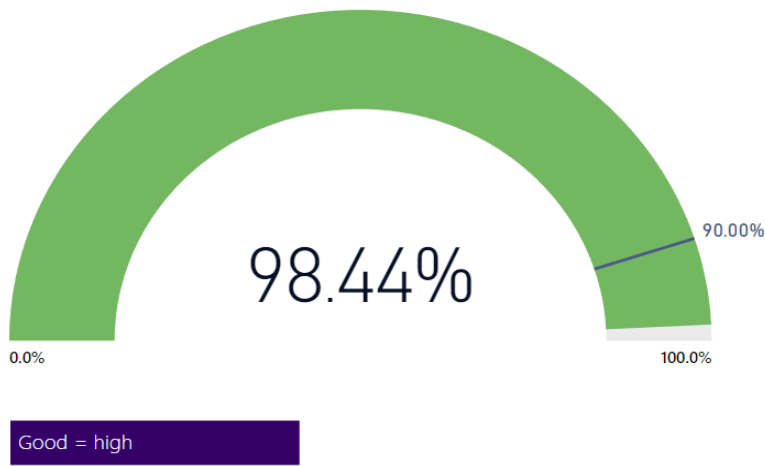
This measure has exceeded the target, however, this target has been revised upward in comparison to recent years to take into account the effects of the National Transfer Scheme and the number of children in care per 10,000 remains at a relatively high level compared to recent years. The recent growth in numbers is attributable to the Council's safeguarding responsibilities and is partly attributable to the number of unaccompanied asylum-seeking children that have arrived as part of the new temporary mandated National Transfer Scheme. The expectation is that Lincolnshire will take a maximum of 103 children which equates to 0.07% of the general child population and therefore there continues to be a likely impact of growth going forward. Despite the recent growth and the potential for future increase there continues to be an emphasis on prevention from children coming into care and exit planning from the care system where it can be achieved. However, even with the increase, the Lincolnshire number of Children in Care (CiC) per 10,000 remains significantly below the most recent published figures both nationally and by our statistical neighbours (70 per 10,000 and 65 per 10,000 respectively as of 31st March 2022).

#### 4.2.3 Create thriving environments

A summary of all Waste PIs is in section 4.5

#### 4.2.4 Provide good value council services

##### PI 64 Customers' level of satisfaction ☆



The Quarter 4 results highlight sustained achievement of the PI over the course of its first full year of Corporate reporting. This is testament to the approach of the staff at the Customer Service Centre and their desire to offer a consistently high quality service.

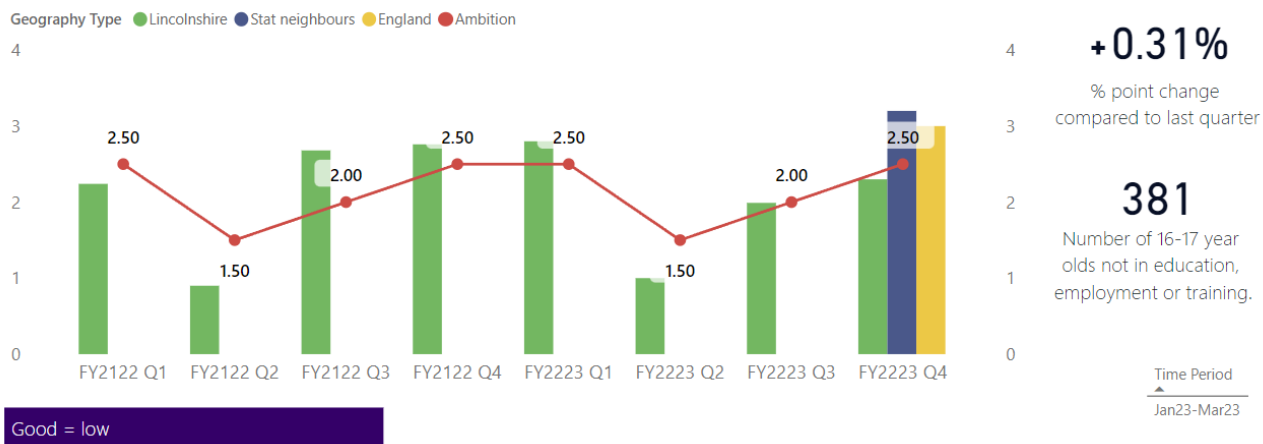
A particular highlight is the Carers service. Throughout the quarter they continued a challenging service transition towards the new Lincolnshire Carers model as well as incorporating a Strengths-based approach to their conversations. The Carers service has continued to contribute a good portion of customer experience surveys to the total quantity.

The slight reduction in the total number of surveys completed overall was reflective of reduced total demand across the Customer Service Centre in February and March, which is not unusual at this time of year.

### 4.3 Achieved ambition

#### 4.3.1 Support high aspirations

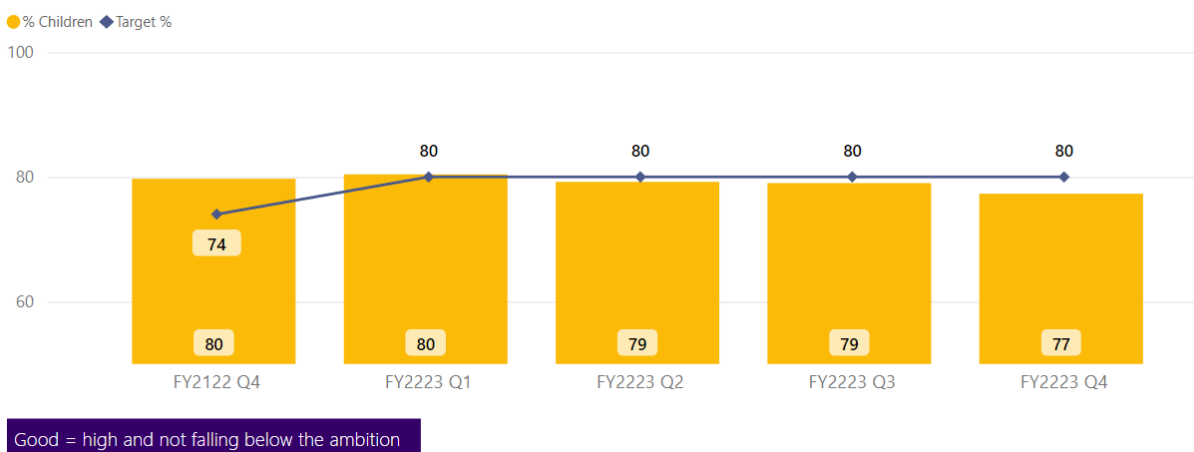
##### PI 4 Percentage of 16-17 year olds not in education, employment or training ✓



The end of the year (quarter 4) performance (2.3%) has achieved the target (2.5%) and has performed better than last year. As the situation of pupils is more stable at this time of year, due to registering on the courses of their choice, we would expect that the majority of pupils to be in education, employment or training.

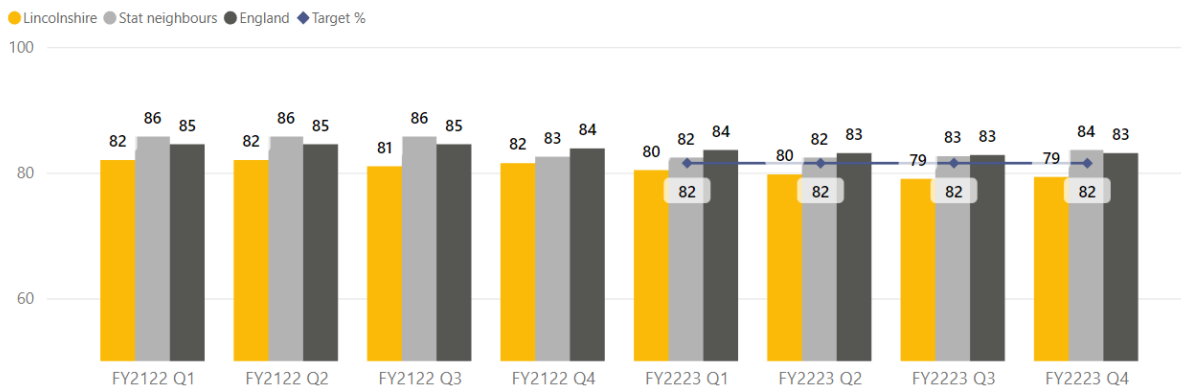
#### 4.3.2 Enable everyone to enjoy life to the full

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



The target for 2022-23 reporting has increased from 74% to 80% (with a tolerance range of 77%-82%), and therefore, at 77.3%, this PI has achieved the increased target range. For many children in care, a family placement is deemed the most suitable means of offering care and maintaining children within their family networks. The Council continue to explore enabling children and young people to remain within their family or extended network if they cannot, for whatever reason, live with their parents.

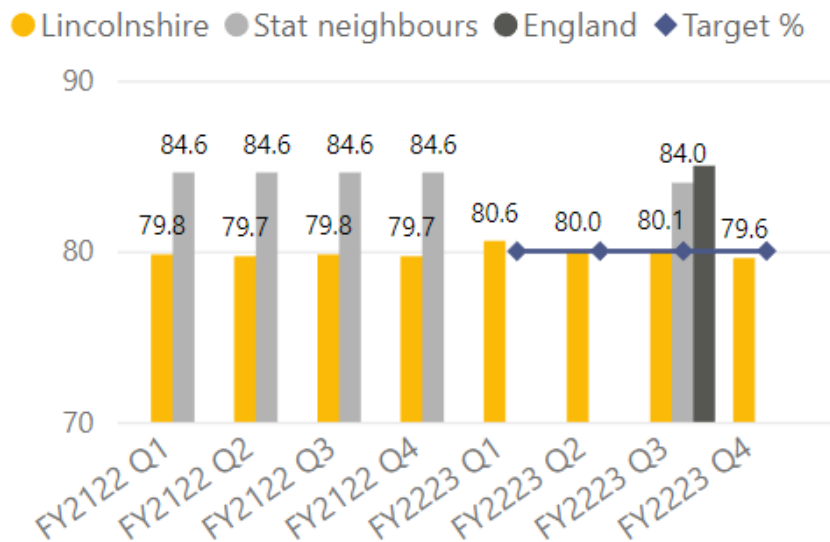
**PI 16 Percentage of social care providers in Lincolnshire with a CQC inspection rating of 'good' or 'outstanding' ✓**



Good = high

The percentage of social care providers in Lincolnshire with a CQC rating of good or outstanding has improved since December 2022 (Q4 79.3%) and remains within the target tolerance. The number of registrations has increased by 1 from the previous quarter and we have seen 2 providers achieve a good or outstanding rating. Performance across our CIPFA group has increased to 83.6% compared to 82.6% last quarter and England has increased to 83.1% from 82.8%.

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



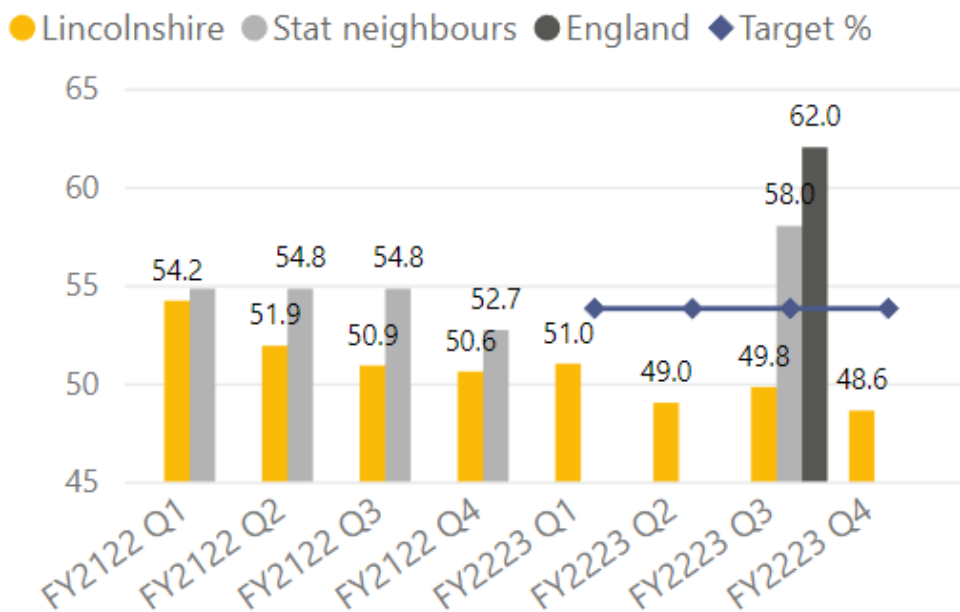
Good = high

The level of performance (79.6%) is in line with the previous quarter (80.1%) and the target (80%) has been achieved. Further improvement against this measure is largely dependent upon the



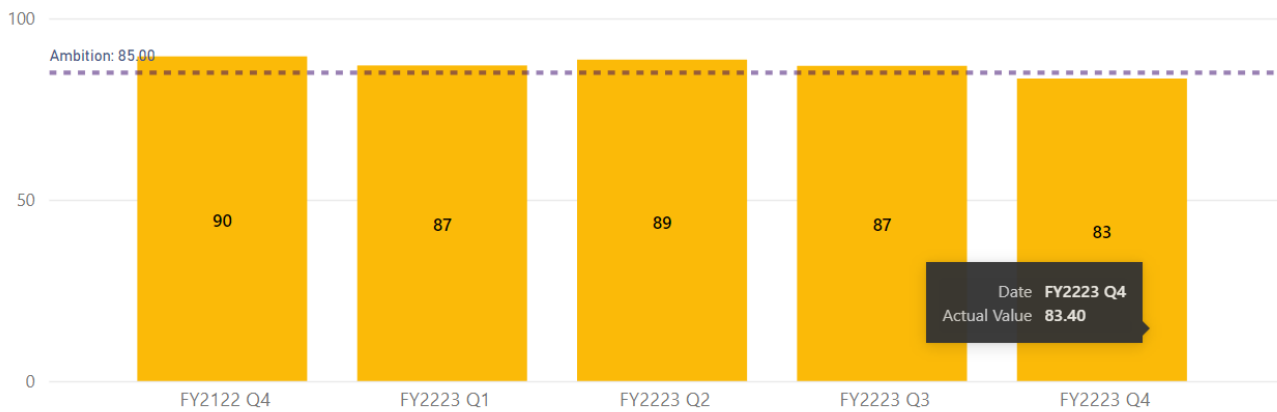
development of additional community-based accommodation options suitable for a diverse range of needs. Whilst there is a significant investment in Extra Care housing for older people it is also important that a similar programme of investment is progressed for working age adults. This will help to maximise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

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



Q4 performance is 48.6% against 51% target. There are a number of reasons why fewer people are receiving support in community settings. Those who do present are benefitting from Initial Conversation processes both at the Customer Service Centre and area teams with staff looking at other alternatives instead of council provided support at home, which include aids and technology. The strengths-based approach has also been adopted across adult social care and this has resulted in less care being provided. The reablement service continues to support and maximise independence for customers with many needing no long-term support at home. There have also been some issues with capacity within the prime provider market which has resulted in numbers of customers using an interim bed before going home often with reduced care and support.

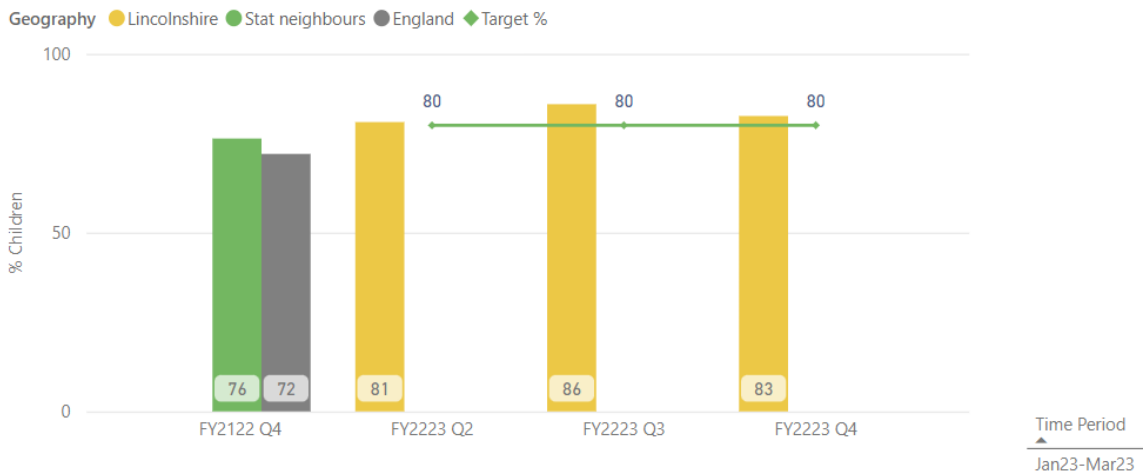
**PI 25 For adults discharged from hospital, the percentage who remain at home 91 days after discharge** ✓



Good = high and achieving the ambition

The target is being achieved which is positive, evidencing that people have received an appropriate assessment of their needs to ensure they remain at home following discharge from hospital. Of the 1,250 discharges that are at home after 91 days, 253 of these are at home receiving a long term support service (e.g. home care). Of the 249 clients not at home on the 91st day, 139 of these are now in residential care.

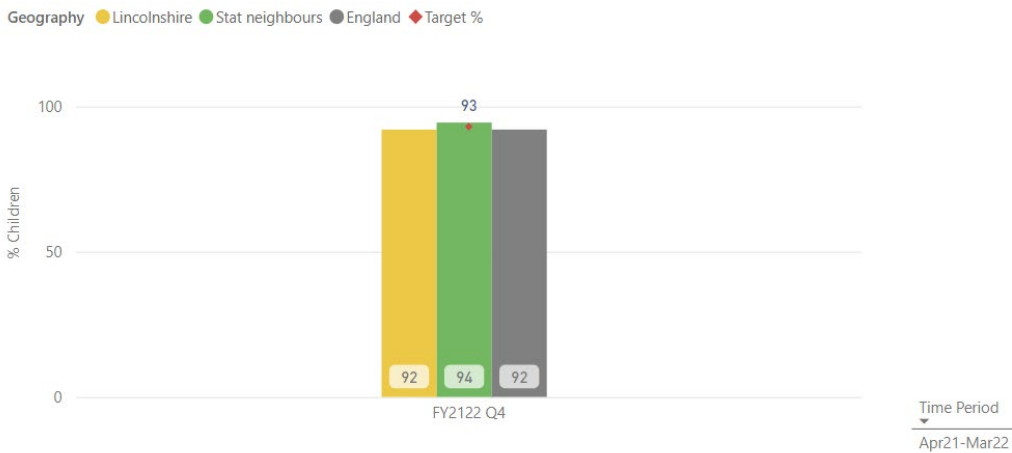
**PI 67 Percentage of eligible 2-year-olds who are in receipt of their Early Years Entitlement** ✓



Good = high

In quarter 4 the take up of those entitled to their 2-year-old early years entitlement was 82.6%, which achieved the target which is set at 80%. The Early Years and Childcare Support team continues to work in collaboration with locality teams, health visitors and a wide variety of partners to share data to encourage families to access their entitlement and improve take-up. Our appointed outreach officer is also having a positive impact on this target, and at 82.6% Lincolnshire performance is significantly better than the most recently published Statistical Neighbour and National comparator figures.

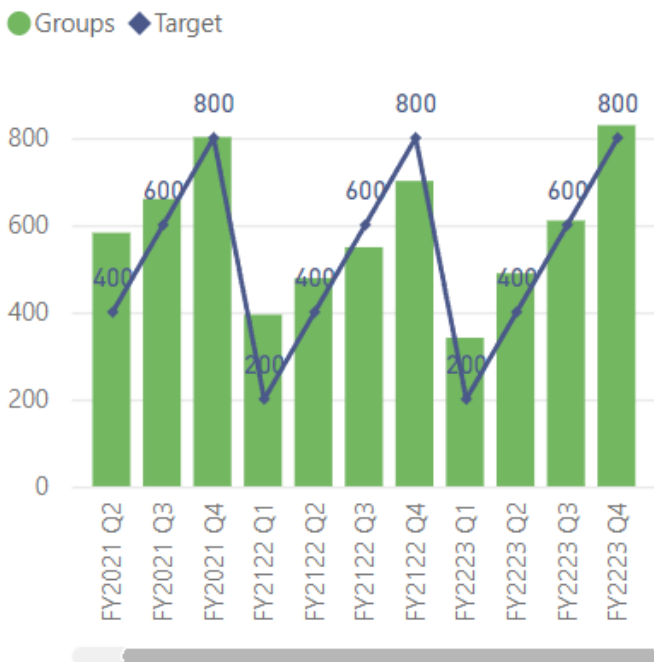
**PI 68 Percentage of 3–4-year-olds who are taking up their universal entitlement** ✓



92% of children in Lincolnshire take up their 3- and 4-year-old universal entitlement, therefore the target has been met and is in-line with the current National picture. The Early Years and Childcare Support team continues to work in collaboration with locality teams, health visitors and a wide variety of partners to encourage families to access their entitlement and improve take-up. Our appointed outreach officer is also supporting this target.

This is a new measure and relates to March 2022. For future reporting we will report in Q2 when published data first becomes available.

**PI 70 Voluntary and community groups actively supported in Lincolnshire** ✓



Q4 performance is 829 against target 800. The Volunteer Centre continues to support local groups and organisations with advice, information and resources to help in delivering their vital services

during these challenging times and providing support to their volunteers. During the quarter they have supported 437 (219 new) organisations across Lincolnshire with:

- practical advice and resources
- online forums and regular networking opportunities
- funding advice
- funding readiness online training and support
- support to develop new roles and recruit volunteers
- advice and support with DBS checks
- online training platform for their volunteers

Their websites, social media presence and weekly newsletters remain key mechanisms for current awareness and information sharing. Social media posts and interactions have over 2,000 subscribers to their e-bulletins across Lincolnshire.

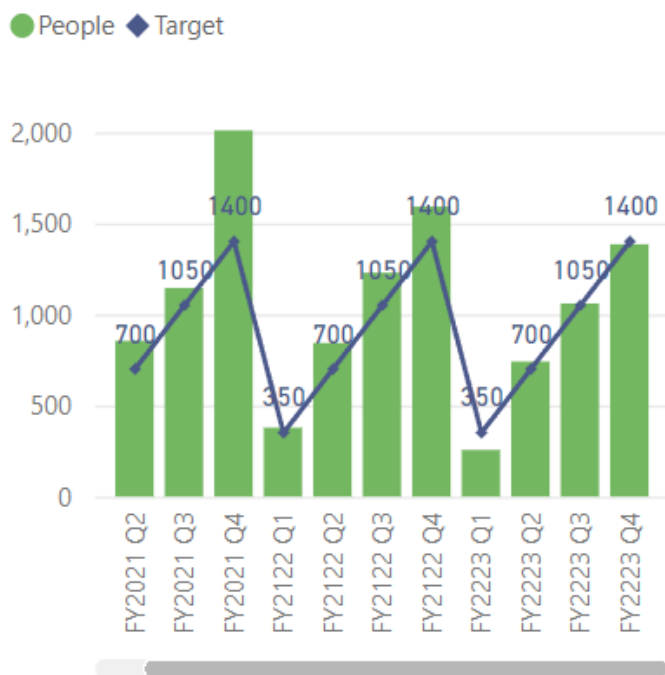
Voluntary sector forums continue to be very popular with a mix of area-based forums and topic-based forums facilitated during the quarter which were attended by over 100 groups and organisations.

Delivered 6 forums during quarter 4 which included presentations from The Centre for Reconciliation, Join Dementia Research, Lincolnshire Action Trust, Hearing Voices, Wellness Network Community interest Company (CIC), Midlands Railway and Connect2Support.

Funding advice and support continues to be most popular, and the Funding Ready training programme supported 36 organisations through workshops and one-to-one support. Organisations have also been offered follow-up support to assist them in applying for grants, develop project plans etc.

The Lincolnshire Funding Portal remains popular and is being continuously improved and developed <https://lincolnshirevolunteering.org.uk/find-funding/>

## PI 71 People supported who have accessed volunteer opportunities ✓



Supported 1,385 volunteers during the year to access a broad range of volunteering opportunities in Lincolnshire. There has been an increase in volunteers accessing face to face volunteer brokerage service and the online training platform as volunteering starts to return to settle following the Covid-19 pandemic.

There is huge demand for volunteers with over 450 live opportunities advertised across Lincolnshire. Volunteer befrienders and community transport volunteers remain sought after alongside the need for volunteers to support with warm spaces and night light cafes.

Volunteering outreach and promotion continues to be a priority area and it is anticipated that that volunteer numbers will increase further in the coming months.

The Volunteer Centres are keen to understand the ongoing needs of volunteer involving organisations across Lincolnshire and have therefore distributed an annual survey to explore this further. Initial planning has also commenced for a Lincolnshire Volunteering conference in 2024.

As part of their commitment to continuous improvement, Voluntary Centre Services (VCS) and Lincolnshire Community & Voluntary Services (LVCS) are currently undertaking the renewal of the Volunteer Centre Quality Award (VCQA) through the National Association for Voluntary & Community Action (NAVCA).

Continue to work with partners through the Lincolnshire Community Strategy to undertake a volunteering review and progress a range of actions to develop volunteer pathways and ensure synergy between statutory and voluntary sector partners.

Trends and emerging needs:

- an increase in referrals for volunteers with additional support needs such as language, disability and transport issues but are also seeing broader issues affecting volunteers such as the cost-of-living

- developing 'Step into Volunteering course' to provide the tools to become 'Volunteer Ready' (including confidence and communication skills)
- further developed relationships with Department for Work and Pensions (DWP) and now hold volunteer appointment sessions fortnightly in Louth, Skegness, Boston, Spalding, Grantham & Sleaford, alongside Volunteers Centre co-locations in Lincoln and Gainsborough

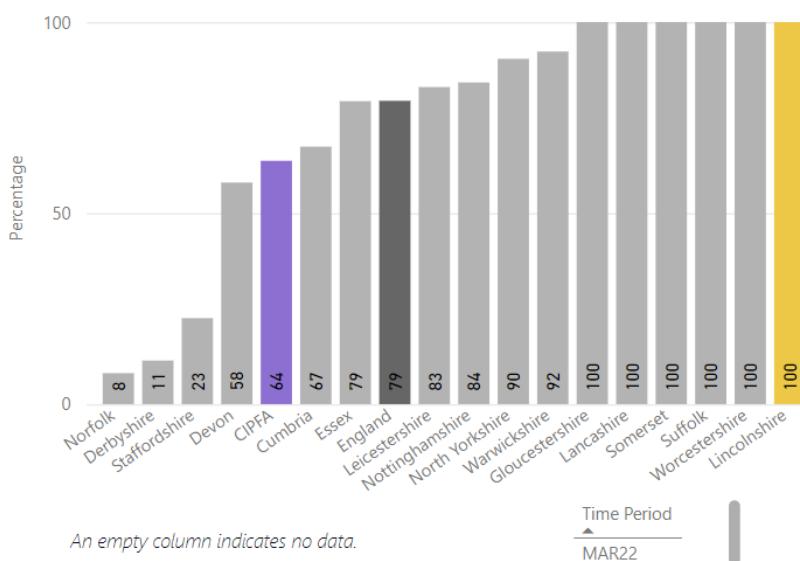
The online training platform continues to be popular with 54 volunteers utilising the platform during the quarter

- 438 courses were completed during the year and the most popular courses were Health & Safety, General Data Protection Regulation (GDPR), Equality & Diversity & Safeguarding

A breakdown of the volunteering demographics continues to demonstrate a relatively broad split of volunteers across Lincolnshire:

- peaks in Lincoln, West Lindsey and South Holland
- a large proportion of volunteers between the ages of 19 and 25
- this quarter has seen a slight increase in people volunteering to improve skills and knowledge and improve chances of paid work
- the largest proportion of volunteers being either unemployed or unable to work through ill health

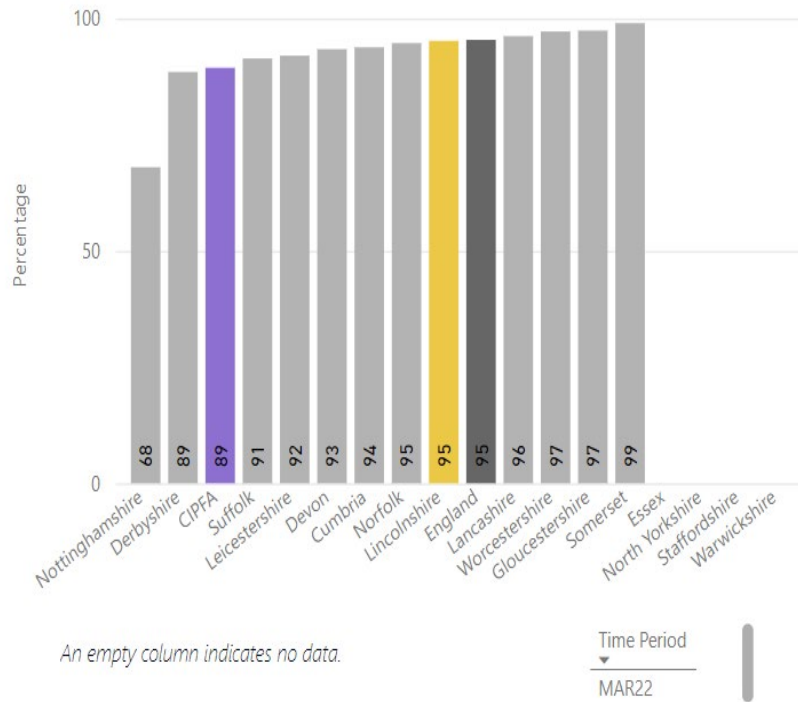
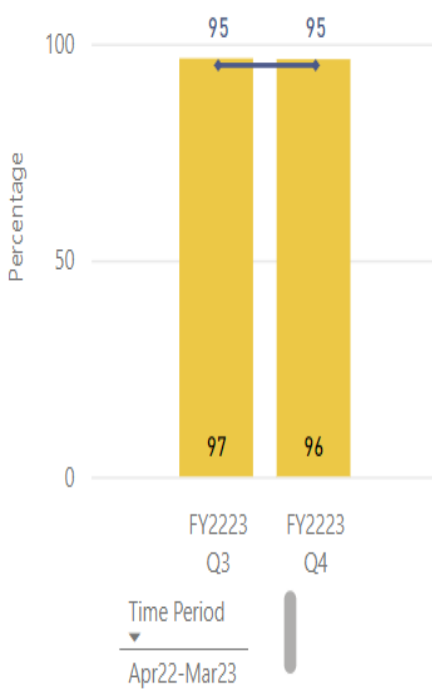
**PI 72 Safeguarding cases supported by an advocate (where appropriate) ✓**



'Making Safeguarding Personal' is the cornerstone of all safeguarding activity. It ensures that enquiries are led by the individual and focused on achieving their outcomes. This measure is consistently met and demonstrates that individuals are supported to share their views and wishes.

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

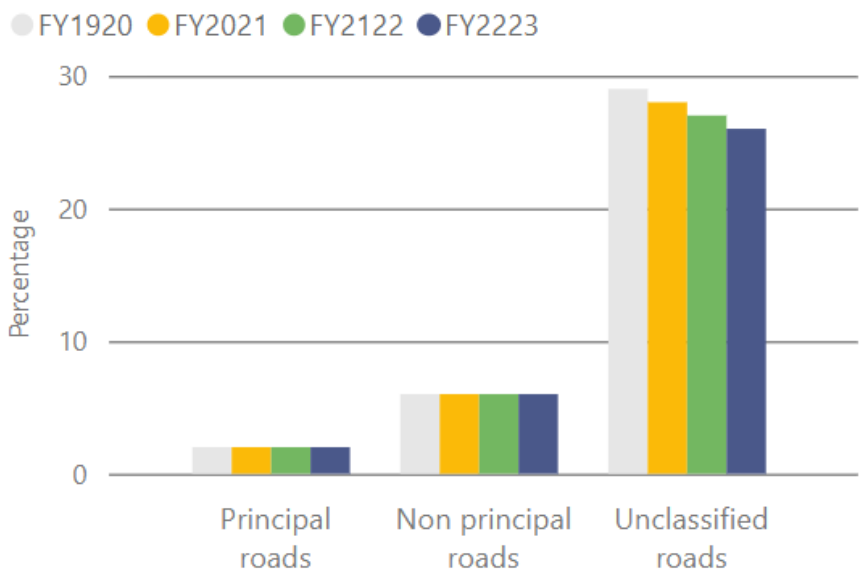
● Percentage ◆ Target %



This target (95%) has been achieved (96.4%) and remains consistent. We continue to ensure that the person’s views and wishes are central to the process and work with them to achieve their desired outcomes.

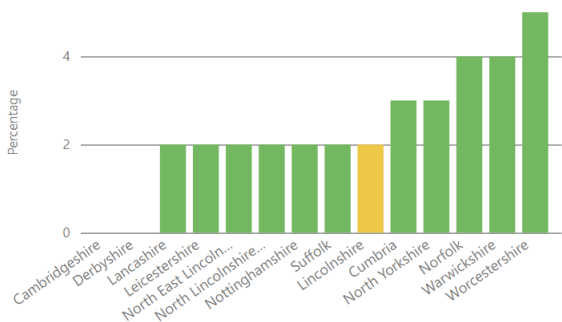
### 4.3.3 Create thriving environments

- PI 29 Percentage of roads where maintenance should be considered- *Principal* ✓
- PI 29 Percentage of roads where maintenance should be considered- *Non- Principal* ✓
- PI 29 Percentage of roads where maintenance should be considered- *Unclassified* ✓

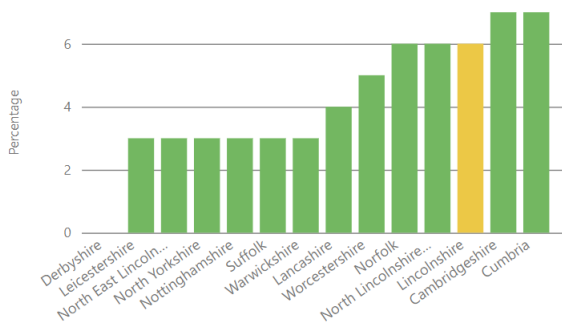


Good = low

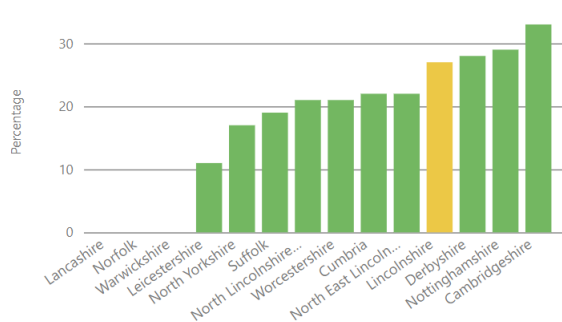
Benchmarking - Principal Roads



Benchmarking - Non Principal Roads



Benchmarking - Unclassified Roads



Note: Empty columns indicates no data.

Benchmarking Time Period  
Apr21-Mar22

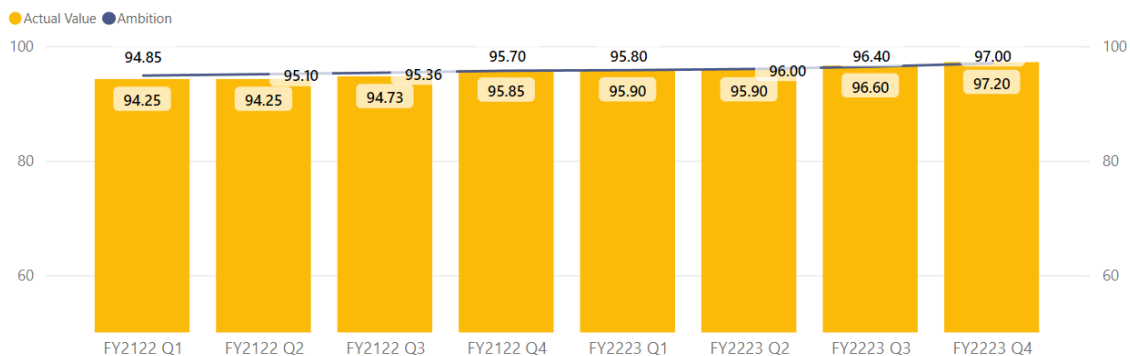
The percentage of the A class (Principal) road network where maintenance should be considered has remained consistent across the last 4 years. This PI has achieved with a value of 2% against a target of 3%.



The percentage of the B and C (Non-Principal) class road network where maintenance should be considered has remained consistent across the last 4 years. This PI has achieved with a value of 6% against a target of 7%.

The percentage of the unclassified road network where maintenance should be considered has reduced across the last 4 years. This PI has achieved with a value of 26% against a target of 27%.

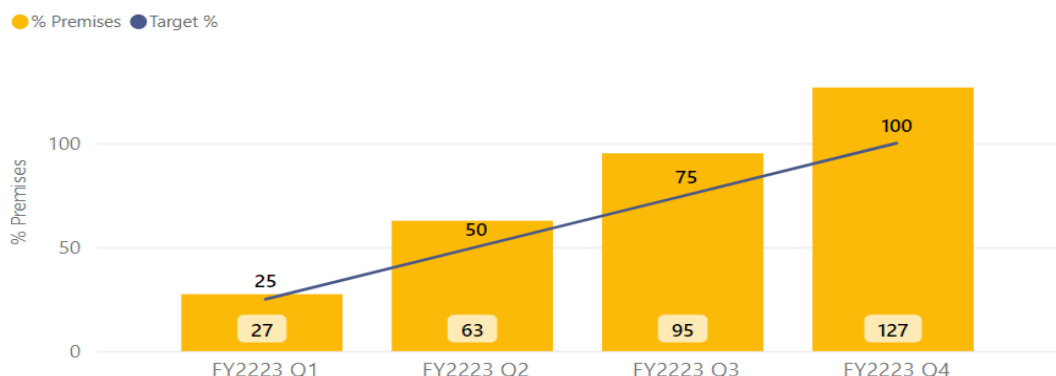
**PI 32 Percentage of superfast broadband coverage in residential & business premises** ✓



Good = high and achieving the ambition

Superfast Broadband coverage continues to move positively as a combination of our BDUK Contract 3 and the activities of commercial operators deliver upgraded broadband across the county. However, we expect Superfast Broadband delivery to be overtaken by Ultrafast Broadband (download speeds >100Mb/s) and gigabit capability, both of which are the new Government priorities. We will deliver more Superfast over the coming year, but similar to all other Local Bodies, the emphasis has shifted to much faster broadband speeds. To that end, we expect to see circa 85% gigabit capability across the county by 2025 and up to 99% by 2030, both these figures align with current Government targets.

**PI 62 Percentage of identified high and medium risk businesses premises inspected under Fire Safety Order** ✓



Good = high

High risk premises (sleeping risk) - 151  
 High risk premises (non sleeping risk/other) - 77

Medium risk premises (sleeping risk) - 331

Medium risk premises (non sleeping risk/other) - 302

The total target number of audits for the year was 679, with the breakdown of risk category above. We have achieved 861 audits for the financial year. Local dashboards currently have a slight discrepancy in the numbers showing. This is due to the way audits were initially recorded, e.g. audits completed and having their relative risk rating reduce from high to medium, and therefore not showing when running reports. This has been remedied for 2023/24 and we are confident of a more robust recording and reporting process going forward.

Audits were prioritised, with priority given to those premises that were furthest out of inspection date, followed by high risk premises with a sleeping risk, other high risk premises, medium risk premises with a sleeping risk, other medium risk premises - in that order. We continue to prioritise those buildings that are furthest overdue as we progress into 2023/24. This may result in priority being given to lower risk premises, but this will only be for a defined period until all overdue audits have been completed.

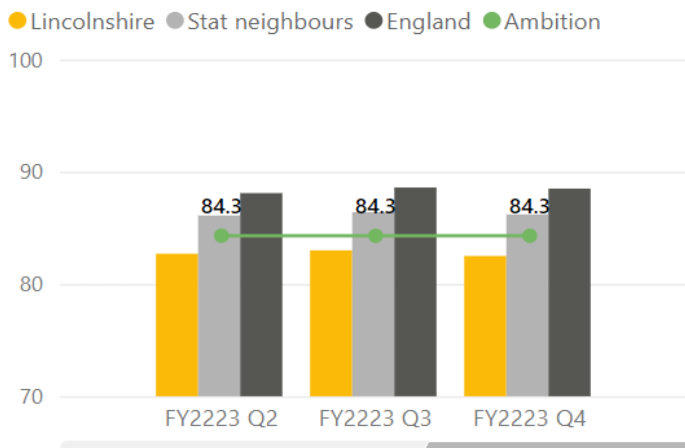
A number of fire safety audits completed to date have been carried out following intelligence received, e.g. a complaint from a member of the public or a post fire follow up, and are captured in the overall total. These additional audits are categorised as per the risk of the building involved and contribute to the delivery of the risk based inspection programme (RBIP). Due to the nature of the risk based inspection programme and to support the completion of the additional audits, we continue to review and re-prioritise work as required.

Work to continue to develop and enhance the RBIP methodology to ensure local risk drives activity is being carried out. Partner datasets are being explored to support further understanding and identification of risk. In addition to this we will be using the National Fire Chiefs Council 'Other Buildings' fire risk methodology to enhance our profiling process.

## 4.4 Did not achieve ambition

### 4.4.1 Support high aspirations

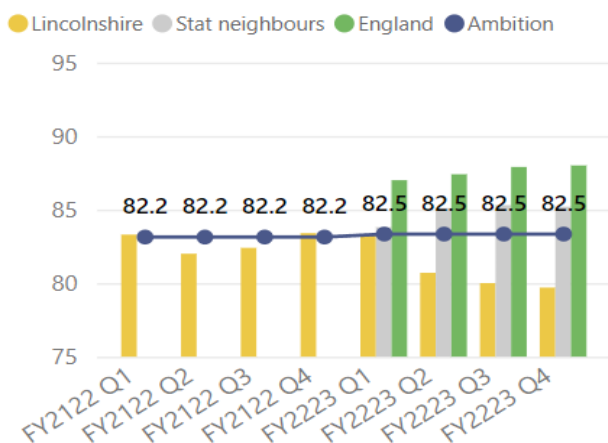
#### PI 1 Percentage of schools that are judged good or outstanding ✖



Good = high and achieving the ambition

At 82.5% the number of schools judged as good or outstanding has remained below target (84.3%) and declined slightly on previous quarter (83%). Two schools previously rated inadequate are now graded as good and requiring improvement. One academy previously ungraded is now graded as good. The data recognises the positive inspection outcomes in a growing number of our smaller maintained schools.

#### PI 2 Percentage of pupils in outstanding or good schools ✖



Good = high and achieving the ambition

The percentage of pupils in good and outstanding schools has declined slightly (79.7%) and remained below target (82.5%) this quarter. This is because although the Ofsted judgements for 1

primary and 1 secondary academy have raised to good, 3 primary maintained schools and one primary academy have fallen below good, which equates to 1,123 additional pupils this quarter.

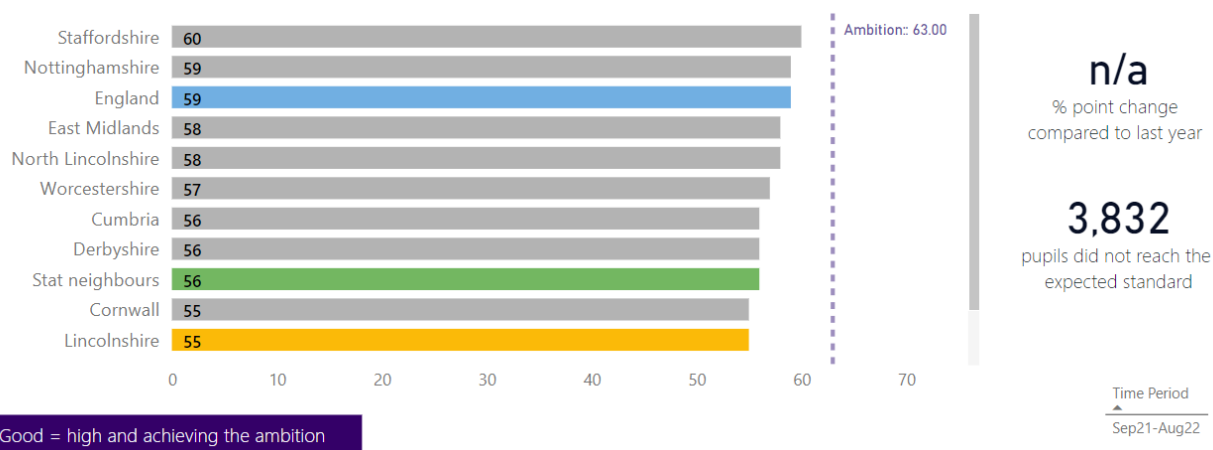
To summarise, in relation to percentage of good and outstanding schools (and number of pupils on roll) we support their improvement through a number of different avenues:

We support all schools by targeting their engagement in relevant programmes funded by the Department for Education via the Teaching School Hub and we also support the co-ordination of the DFE School Improvement Offer. All schools also have the connection with a Locality Lead and the opportunity to engage in Leadership briefings.

For maintained schools, they have a termly visit to support, monitor and challenge progress to ensure they remain good based on a number of set agenda items. Should schools look to be at risk of a less than good inspection, we escalate them as per the School Improvement Strategy where they may be called in for strategy meetings. These are formally recorded and can lead to a formal warning notice, should improvement not be good enough to reassure the Local Authority.

For academies, we maintain contact with the Regional Directors (RD) office to ensure that intervention and improvement is supported, or that we champion children through the identification of new Trusts to take over the running and improvement of the schools. This happens regularly each week and formally through our RD meeting each term. We signpost them to opportunities relevant to their needs.

**PI 9 Percentage of pupils reaching the expected standard in reading, writing and maths at key stage 2 \***

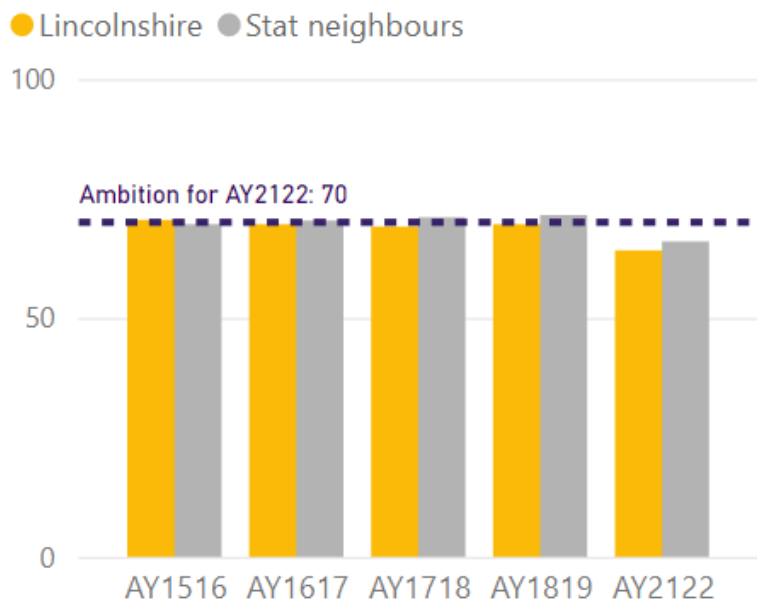


No data available for 2019-20 or 2020-21 due to cancellation of assessments due to COVID-19 pandemic. While the 2021-22 target (63%) was not achieved, it was highly ambitious, given that it was set with the hope that there is little to no lasting negative impact of potential learning loss during the pandemic. However, the impact of the pandemic and the disruption to children’s learning is clearly seen in the 2022 outcomes across England compared to 2019: National dropped by approx. 6 percentage points (pp), as did Lincolnshire, the East Midlands dropped by approx. 5pp, and Stat Neighbour average dropped by approx. 8pp.

Lincolnshire is approx. 4 percentage points below National, 3pp below East Midlands, and 1pp below Stat Neighbours. While Lincolnshire is below each comparator in this measure, part of this will be a reflection of the uneven impact of the pandemic across the country.

#### 4.4.2 Enable everyone to enjoy life to the full

##### PI 12 Percentage of children achieving a good level of development in Early Years \*

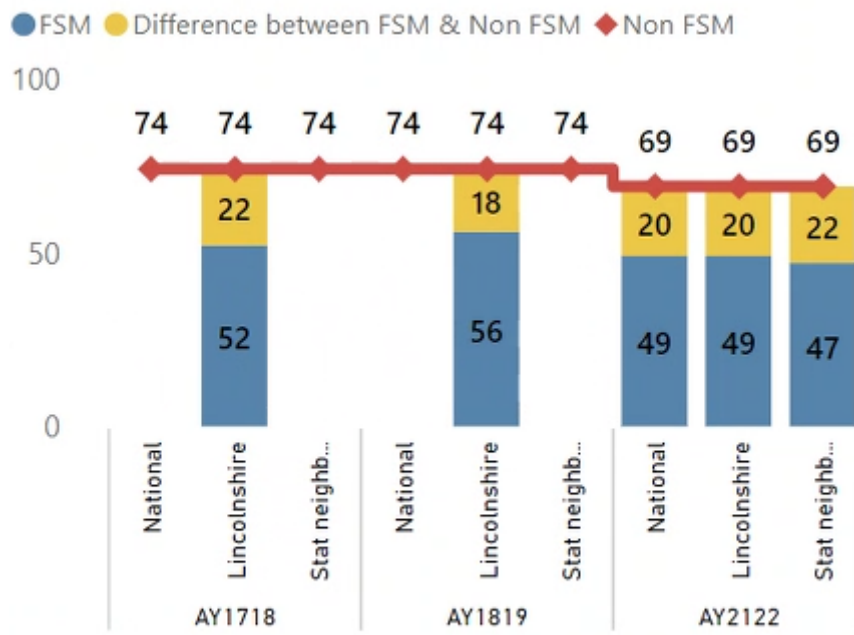


Good = high and achieving the ambition

In 2021-22 nationally the good level of development (GLD) dipped to 65.2% and Lincolnshire’s GLD was 64.1%. This is potentially due to loss of learning and development children may have experienced during the previous year owing to lockdown, closure of nursery provision and children being required to self-isolate.

The Early Years Foundation Stage (EYFS) Profile was disapplied for 2 years and in September 2021 the EYFS reforms were implemented with revised Early Learning Goals, the effect of this may also have impacted on 2021-22 results. This was the first year of the new assessment. From 2019 to 2022 Lincolnshire narrowed the Gap in outcomes with the National average. Please note: Assessments were cancelled in 2019-20 and 2020-21 due to Covid-19.

**PI 13 Percentage gap in achievement between Lincolnshire pupils eligible for Free School Meals and their on-FSM Eligible peers nationally achieving GLD ✖**



Good = small gap between FSM and non FSM

In 2018-19 Lincolnshire's gap narrowed by 4% which reversed the previous 3 years of widening. Last year the gap widened to 20% which is the same gap as in 2016-17 but not as wide as 2017-18 (22%). It should also be noted that the proportion of Lincolnshire FSM pupils in Reception increased during the pandemic from 12.9% in 2018-19 (Spring Census) to 19.9% in 2021-22 (Autumn Census), a 7% increase compared to an increase nationally of just 2.6%.

The Early Years Foundation Stage (EYFS) Profile was disappplied for 2 years and in September 2021 the EYFS reforms were implemented with revised Early Learning Goals, the effect of this may also have impacted on 2021-22 results. This was the first year of the new assessment. Target for 2021-22 is 18%.

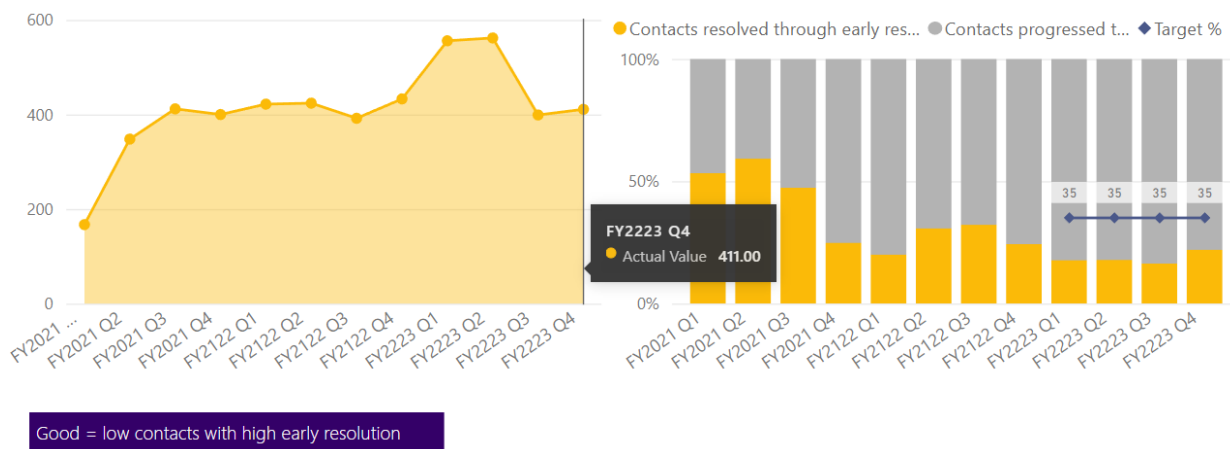
Please note: Assessments were cancelled in 2019-20 and 2020-21 due to Covid-19.

**4.4.3 Create thriving environments**

A summary of all Waste PIs is in section 4.5

#### 4.4.4 Provide good value council services

##### PI 43 Percentage of contacts resolved through early resolution \*



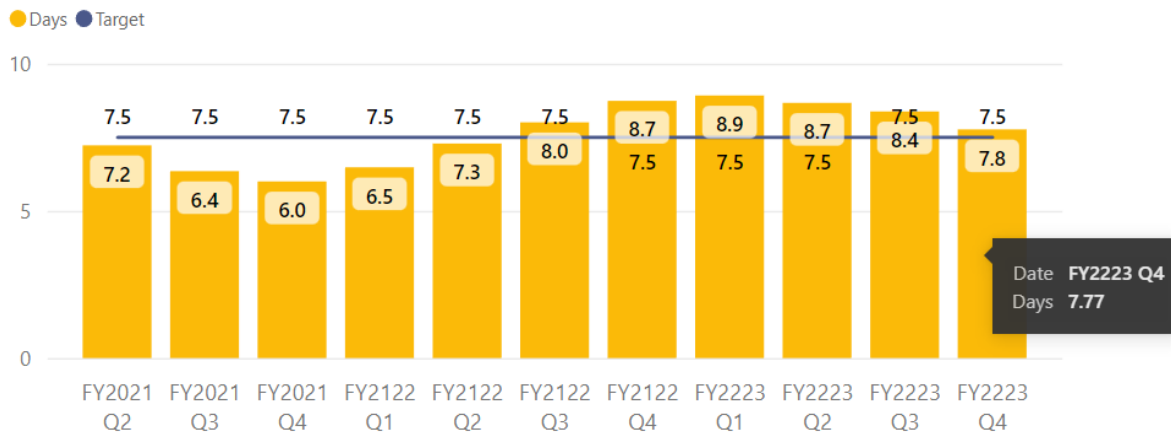
Percentage of contacts resolved through early resolution was 21.9% against a target of 35%. Increases in the number of complaints were seen in both Children’s and Adults services, with a decline in the number of complaints received around Highways issues. Additionally a very small number of complaints were received in relation to Household Waste Recycling Centre’s in comparison to previous quarters; reflective of the work in improving this service and ensuring clear information is available to customers attending site.

Similarly a significant decline was seen in the number of complaints raised in relation to Home to School Transport. This is similar to what has been seen in previous years during quarter 4, as at this stage a vast majority of issues around this have been resolved.

The increases seen around Adult care relate in the main to end of year audits and financial assessments. Similarly the increase in cases relating to Children’s services relate to EHCP assessments. Whilst the number of cases in these areas has increased there has been no reflective increase in the number of cases where fault has been identified.

The quarter has also seen a decline of 36% in the number of cases where the customer has remained dissatisfied with the response and requested an escalation of their complaint.

**PI 44 Days lost to sickness absence per FTE ✖**



Good = low sickness absence

At the end of Quarter 4, the LCC (Lincolnshire County Council) days lost per FTE (Full Time Equivalent) figure for Directorates stands at 7.77 days. The figure has been reducing over this financial year and is nearing the 7.5 days target.

The three areas with the highest levels of sickness have each had reductions in the last quarter: Adult Care and Community Wellbeing (from 11.40 in Q3 to 10.01 in Q4) and Children’s Services (from 9.62 in Q3 to 8.94 in Q4). These areas remain above the 7.5 target. Since the last report, the sickness level in Lincolnshire Fire and Rescue (LFR) has reduced below the target and is now 6.85 days lost per FTE.

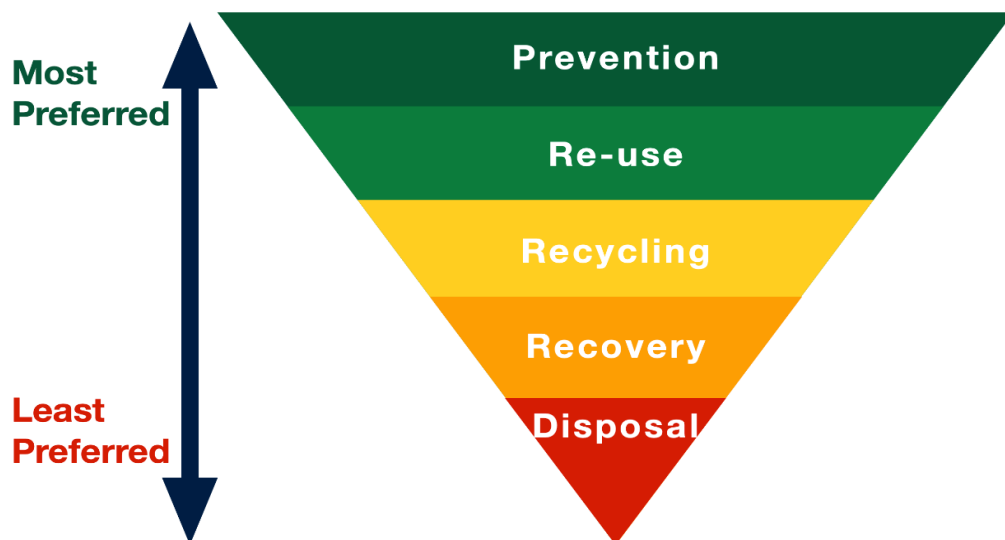
**4.5 Waste PIs**

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

**4.5.1 Glossary of terms of the waste hierarchy**

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





### **Prevention**

Reducing the amount of waste which is produced in the first place is the highest priority as it helps sustain raw materials for longer which is a major objective of a Circular Economy. This can be achieved by using less material in design and manufacture and keeping products for longer. We have a KPI for the amount of “Household Waste Collected” in kilograms per household which has an annual target of 1000kg/HH. This can be affected by economic factors as people produce less waste if they spend less money but overall and is difficult to influence. However, it does show the trends in how much waste we produce.

### **Re-use**

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

### **Recycling**

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

### **Recovery**

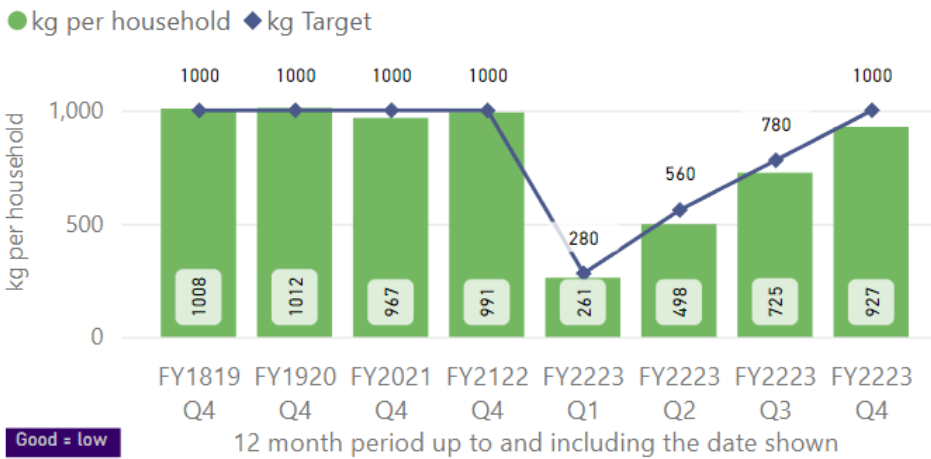
When further recycling is not practical or possible, waste can be treated through such processes as incineration or anaerobic digestion which recover energy. In Lincolnshire we operate an Energy from Waste facility which turned 57% of our waste into energy in 2020/21 which was sold as electricity to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

**Disposal**

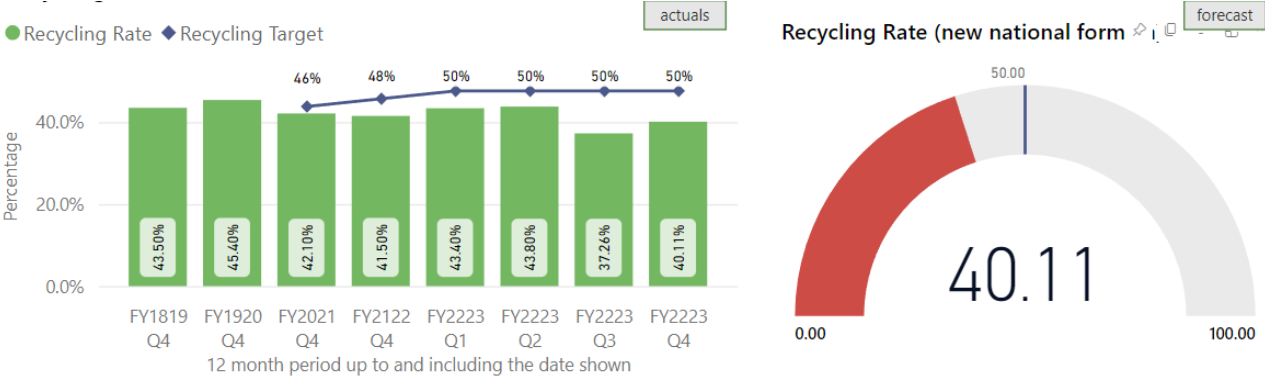
When all else fails, materials that cannot be reused, recycled or recovered for energy will be landfilled. This is an unsustainable method of waste management because waste that sits in landfills can continue to have a damaging environmental impact as such sites continuously release large amounts of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

**4.5.2 Waste Performance as at Quarter 4**

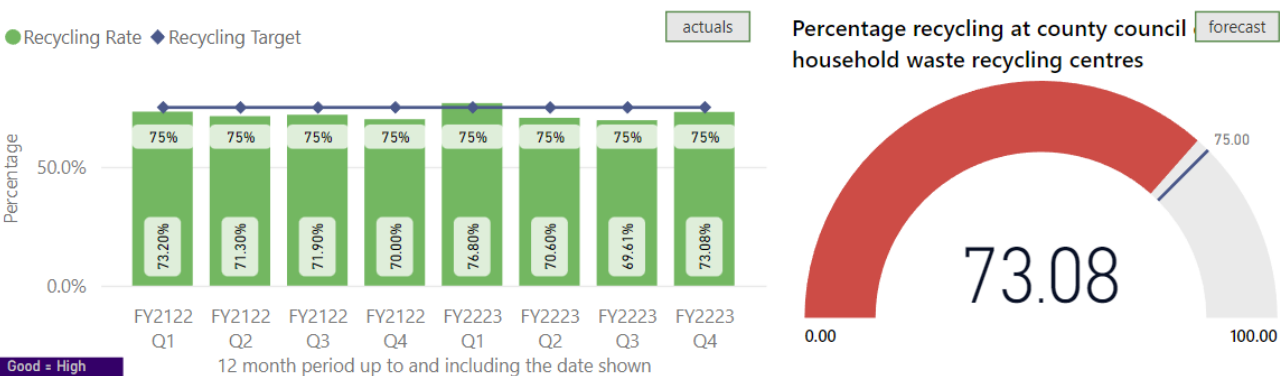
**PI 36 Household waste collected (kg per household) ☆**



**PI 37 Recycling Rate (new national formula) ✖**

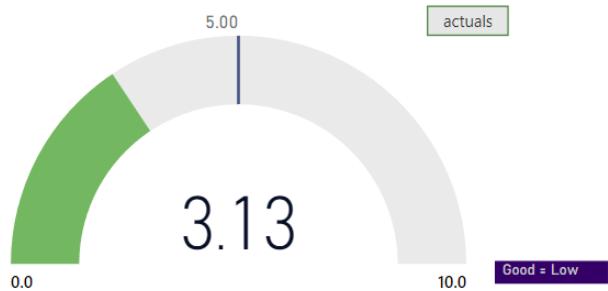


**PI 38 Recycling at County Council Household Waste Recycling Centres ✖**

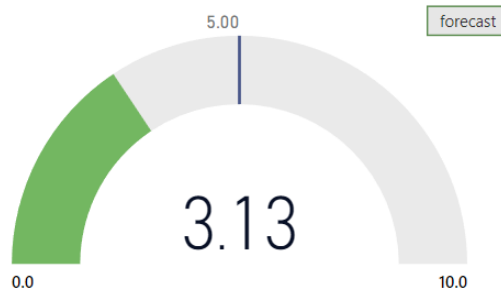


### PI 39 Percentage of household waste to landfill ☆

Percentage of household waste to landfill



Percentage of household waste to landfill



#### 4.5.3 Summary of Quarter 4 Waste performance

Quarter 4 data for PI 36 shows that less material is being produced by households which is excellent news as it meets the highest priority of the Waste Hierarchy which is to Reduce waste.

The amount of material recycled is represented by PIs 37 and 38 and these show an increase from the previous quarter which is good news. Overall for the year the recycling rates are below the target but this is due to the low recycling rates earlier in the year when less garden waste was produced, but they are heading in the right direction.

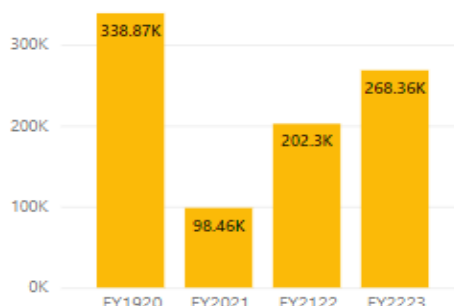
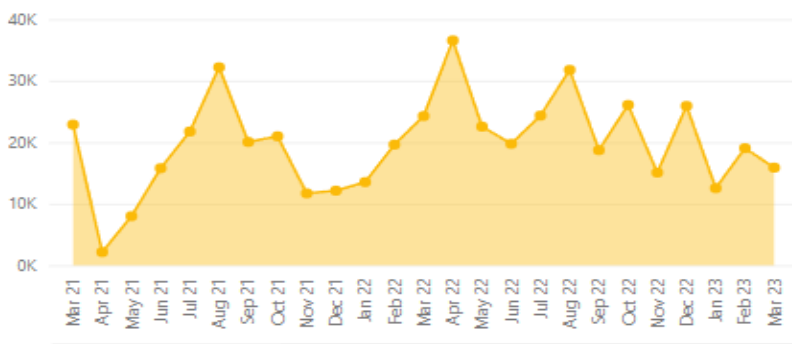
The amount of waste being sent to landfill is represented by PI 39 and is still below target which is excellent news as we have strong aspirations to reduce further to 0%. We now have a separate agreement in place for accepting residual waste when the Energy from Waste facility is not operational to help us with this target.

#### 4.6 Contextual KPIs

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

##### 4.6.1 Support high aspirations

### PI 8 Visitors to heritage attractions ✓

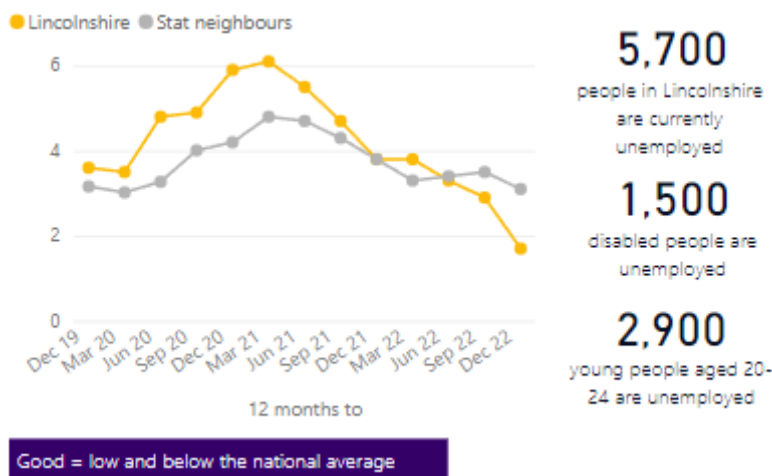


Good = high

Quarter 4 has recorded the highest number of visitors for the same period across our heritage sites since 2019, welcoming 47,508 visitors between January and March, with an additional 71,310 visits to our Castle grounds. The success of this quarter has enabled us to report an annual total of 268,361 visitors across our heritage sites, an increase of 70,000 on last year, highlighting how our events programme has provided the community with varied opportunities to engage with our cultural offer.

This new year will provide plenty of opportunities for the community to enjoy Lincolnshire’s heritage, from the celebration of Earth Day across our venues, including interactive activities, exhibitions and workshops, to the highly anticipated return of the Grand Medieval Joust, bringing together some of the best jousters in the country. Whether it is relaxing Sunday morning yoga sessions at Lincoln Museum, or the largest Steampunk festival in the world at the Castle, there is plenty of enjoyment to have across our heritage offer this year, providing more reasons for more people to visit, more often.

**PI 11 Percentage of people who are unemployed ✓**



The number of people in unemployment in Lincolnshire reduced by 39%, or 3,800 people between September and December 2022. The current unemployment rate of 1.7% is well below the national average of 3.7%. Statistical neighbours are 3.1%.

It should be noted that one of the drivers of the low unemployment rate in Lincolnshire is an increase in those of working age who are not seeking work (i.e. retiring early, long term sick, studying), which has increased over the past year and remains above the national average.

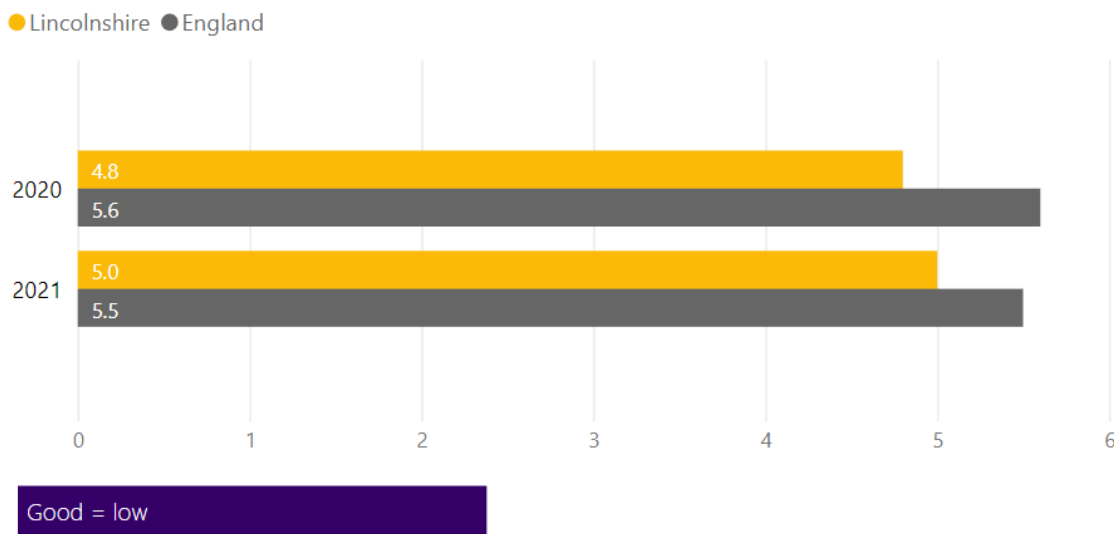
The unemployment rate of those who are classed as Economically Active (EA) Core or work limiting disabled was estimated to be 2% in the year to December 2022. This is below the national rate of 6.3%. However, recent data on economic inactivity shows that Lincolnshire has a high rate of people who are not seeking work (and therefore won't be classed as unemployed) due to long term ill health.

Around 7% of 16-24 year olds in Lincolnshire are unemployed, which is below the national average of 10.7%. This indicates improvement in unemployment rates for this age group, however it should be noted that this metric tends to fluctuate significantly due to the survey nature of the data.

#### 4.6.2 Create thriving environments

##### PI 28 Percentage of deaths of those aged 30+ associated with air pollution ✓

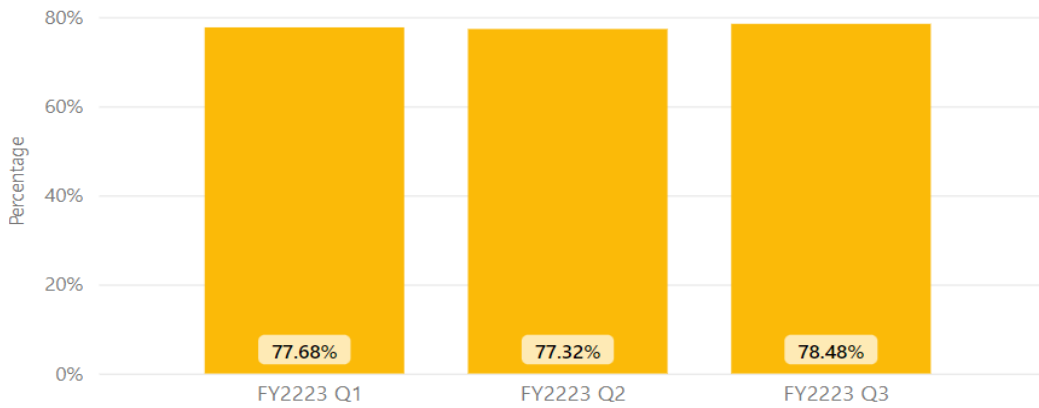
During Quarter 3 reporting, there was a request by Members to provide an update when this performance indicator would next be reported. The dataset has been released and therefore we are able to include 2021 data in Quarter 4. This PI will next be reported in Quarter 4 2023-24.



Based on 2021 data - the fraction of mortality attributable to fine particulate air pollution is lower in Lincolnshire at 5.0% than England at 5.5%. It has increased in Lincolnshire from 4.8% in 2020 when traffic levels and associated emissions had been lower due to the COVID-19 pandemic lockdowns whereas England rates have reduced from 5.6%.

Boston is closer to England with a higher proportion of 5.4% whereas East and West Lindsey are both at 4.7%. However, little is known about particulate air pollution levels across Lincolnshire's urban or rural areas, but new data based on modelling of fine particulate concentrations suggests a direct correlation between fraction of mortality and concentrations. Lincolnshire is comparable to rural statistical neighbour counties such as Staffordshire, with the extremes being Leicestershire higher at 5.8% and Cumbria that is lowest at 3.8%.

**PI 69 Overall Highway Service combined measure** ✓

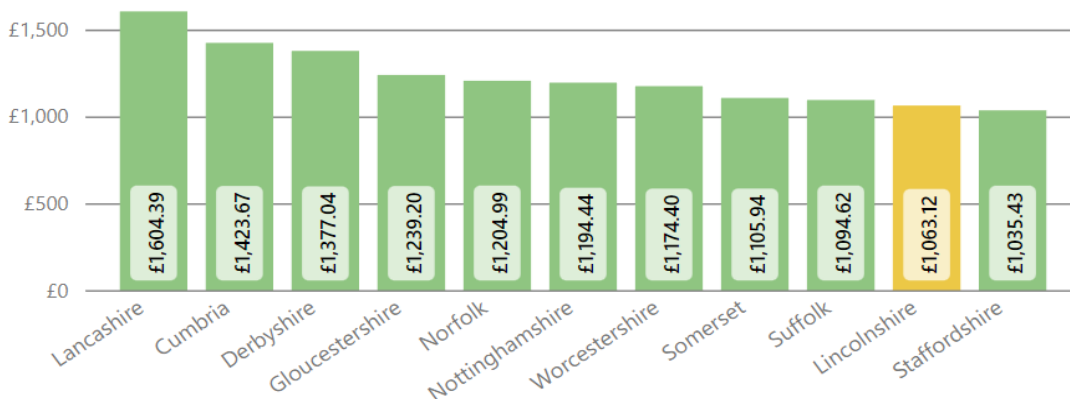


Good = high

In Q3 (October - December 2022) the combined measure score was 78.48%. The overall performance metrics for the Highway Service has increased slightly from 77.32% in Q2 (July - September 2022). Significant gains have continued to be made in relation to delivery of reactive and planned repairs to faults on the network - a high percentage of timeframe targets have been met. Contractual notification timescales have also improved with all the partners performance indicators. Points decreased due to changes to the programme of works and a slight increase in enquiry response times. Focus groups are being maintained to look for service improvements.

**4.6.3 Provide good value council services**

**PI 48 Total service expenditure per person** ✓

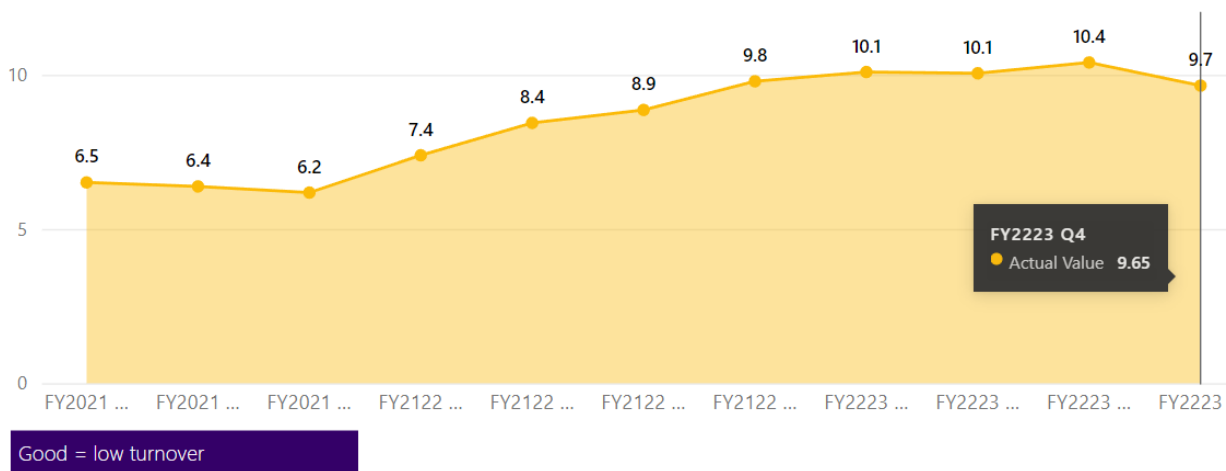


Good = low

Time Period  
Apr21-Mar22

Lincolnshire County’s Council’s total service expenditure per person in 2021-22 (excluding fire and rescue services) is the second lowest of those councils reported here, which indicates good performance in that services are delivered at a lower cost than is the case for most of our statistical near neighbour county councils. The annual net service cost per person of £1,063 for 2021-22 is the same as it was in 2020/21.

## PI 58 Percentage of staff who voluntarily left LCC ✓



The 12-month voluntary turnover percentage has decreased in Quarter 4 and is now at the lowest level for the last 12 months. The Q4 2022-23 figure is 9.65%. Although turnover at around 10% is considered to be a 'healthy' level of turnover, there are some areas experiencing higher levels. These include Children's social work and care, legal services and IMT.

## 2. Legal Issues:

### Equality Act 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Crime and Disorder

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



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

### **3. Conclusion**

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

### **4. Legal Comments**

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

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

### **5. Resource Comments**

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

### **6. Consultation**

#### **a) Has Local Member Been Consulted?**

N/A

#### **b) Has Executive Councillor Been Consulted?**

N/A

#### **c) Scrutiny Comments**

The Overview and Scrutiny Management Board (OSMB) is due to consider this report on 29<sup>th</sup> June 2023. Any comments of the Board will be reported to the Executive.

#### **d) Risks and Impact Analysis**

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

## 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Full list of 2022-23 Quarter 4 Corporate Plan Activities
Appendix B	Full 2023-24 CPSF with Q4 Outturn and 2023-24 targets

## 8. Background Papers

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

Document title	Where the document can be viewed
Council report: Corporate Plan 11 December 2019	<a href="https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&amp;MId=5661&amp;Ver=4">https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=120&amp;MId=5661&amp;Ver=4</a>
Council report: Refresh of the Corporate Plan 19 May 2023	<a href="#">Agenda for Council on Friday, 19th May, 2023, 10.30 am (moderngov.co.uk)</a>
Executive report: Corporate Plan Performance Framework 6 October 2020	<a href="https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&amp;MId=5522&amp;Ver=4">https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&amp;MId=5522&amp;Ver=4</a>
Executive report: Performance Reporting Against the Corporate Plan Success Framework 2022-2023 - Quarter 2	<a href="#">Agenda for Executive on Tuesday, 6th December, 2022, 10.30 am (moderngov.co.uk)</a>
Executive report: Performance Reporting Against the Corporate Plan Success Framework 2022-2023 - Quarter 3	<a href="#">(Public Pack)Agenda Document for Executive, 07/03/2023 10:30 (moderngov.co.uk)</a>

This report was written by Caroline Jackson, who can be contacted on [caroline.jackson@lincolnshire.gov.uk](mailto:caroline.jackson@lincolnshire.gov.uk).

<b>Ambition: Support high aspirations</b>				
<b>Activity No.</b>	<b>Objective</b>	<b>Activity Name</b>	<b>Activity Milestone</b>	<b>RAG</b>
A1	Enhance the skills of our communities to meet the needs of our businesses and the economy	We will transform how we raise skills levels, productivity, employability and apprenticeship numbers through developing and implementing an updated skills plan, taking a lead role in the LEP review and future delivery model. We will support and encourage initiatives to recruit and retain older adults, to keep people in employment for longer.	Develop the Multiply Numeracy Programme and undertake phase 1 rollout across Lincolnshire, Sept 2022 to March 2023, working with community groups, local employers and training providers.	GREEN (Progressing as planned)
A2	Grow the workforce by retaining and attracting more highly-skilled 18-40 year olds	We will develop effective county-wide relationships between the education and business sectors to attract and retain graduates in the county.	Review effectiveness of the Lincolnshire Graduate retention plan by March 2023. Explore different data sources to provide a benchmark for sector analysis.	GREEN (Progressing as planned)
A3	Grow the workforce by retaining and attracting more highly-skilled 18-40 year olds	We will increase the number of apprenticeships across priority sectors working with employers and education providers to increase availability and attractiveness.	In collaboration with the Greater Lincolnshire Local Enterprise Partnership (GLLEP), plan a wider National Apprenticeship Week series of sector-based activities, feeding into local employer needs and delivered in schools to help increase attractiveness and interest.	GREEN (Progressing as planned)
A6	Champion educational excellence so every child/young person has a high quality education to succeed in life	We will help schools to be skilled at supporting children with special education needs and disabilities (SEND) in mainstream settings, through developing and delivering strategies and where an education, health and care plan is required, undertaking this assessment in a timely and creative way. Our SEND High	By the end of March 2023 we will have launched and embedded the new Autism and Learning Difficulties (ALD) Service and the new Behaviour Outreach Support Service (BOSS). We will have six months data to begin to consider the impact of the new services in assisting mainstream schools to meet the needs of young people with autism and/or distressed behaviours.	GREEN (Progressing as planned)

<b>Ambition: Support high aspirations</b>				
<b>Activity No.</b>	<b>Objective</b>	<b>Activity Name</b>	<b>Activity Milestone</b>	<b>RAG</b>
		Needs transformation programme will support improvement and delivery in this area.		
A7	Champion educational excellence so every child/young person has a high quality education to succeed in life	We will continue to encourage schools to work through collaborations in order to maximise expertise and best practice, enhancing our strategy for school improvement within the school-led self-improving system.	The strategy for school improvement will be revised to reflect the importance of collaborative working in line with LCC objectives and the expectation that all schools will have increased or maintained their partnership working with the support of LCC Education Team.	GREEN (Progressing as planned)
A8	Deliver economic growth to create and sustain vibrant communities	We will support new and existing businesses to thrive, through delivering a strong, flexible and responsive Business Lincolnshire growth hub.	Evaluate and review the business support services delivered by the Business Lincolnshire Growth Hub by March 2023. Devise a delivery plan for 2023/24.	GREEN (Progressing as planned)
A10	Manage the risks to our environment from climate change to protect our natural and built resources for future generations	We will achieve net zero carbon emissions as a council by 2050 or earlier through the development of the Green Masterplan. We will provide climate leadership in Lincolnshire and beyond. We will define our 10 year climate change plan with the new executive.	We will demonstrate declining carbon emissions for both Lincolnshire County Council and the local economy across the year - setting out a carbon emission baseline and progress towards meeting the 2050 zero carbon targets. This will involve improved reporting on both direct and indirect carbon dioxide emissions. We will demonstrate progress against a targeted increase in tree canopy across the county - we will work with land owners and other public sector bodies to develop tree planting sites across the county. We will develop a tree strategy for the	GREEN (Progressing as planned)

**Ambition: Support high aspirations**

Activity No.	Objective	Activity Name	Activity Milestone	RAG
			county including a policy on trees along the highways and will continue to monitor the extent of ash die back disease across the county and the associated risks and costs.	
A11	Manage the risks to our environment from climate change to protect our natural and built resources for future generations	We will respond to our communities in a joined up way and we will proactively coordinate with partners to develop and deliver the flood risk action plan.	The number of Section 19 investigations instigated following severe flooding in 2019 & 2020 will be concluded and recommendations published.	GREEN (Progressing as planned)
A12	Manage the risks to our environment from climate change to protect our natural and built resources for future generations	We will maximise the reuse and recycling potential of the county's waste, treating it as a resource. This will include exploring the opportunity for anaerobic digestion facilities across the County.	Commence procurement exercise to secure anaerobic digestion (AD) food waste capacity.	GREEN (Progressing as planned)
A54	Local employers have the skills they need in a diverse and successful environment	We will make connections between businesses and training providers whenever they need them to support the ongoing development of skills within the workforce.	Where opportunities arise, we will engage and support the sector on an ongoing basis.	GREEN (Progressing as planned)

<b>Ambition: Enable everyone to enjoy life to the full</b>				
<b>Activity No.</b>	<b>Objective</b>	<b>Activity Name</b>	<b>Activity Milestone</b>	<b>RAG</b>
A15	Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities	We will continue to improve how we support children in care and care leavers to thrive through the delivery of the children in care transformation programme.	Robin House to be completed and handed over to service March 2023. Ofsted change of purpose for Robin House registration visit April 2023, Robin House opening April 2023 and first placement. Commence recruitment for Louth home and name of the new home confirmed.	GREEN (Progressing as planned)
A51	Deliver quality children centres, which are at the heart of our communities supporting families so their children thrive	Implementing a family hub approach. This is a system-wide model of providing joined-up, high quality, whole-family support services from pregnancy, through the child's early years and later childhood, and into early adulthood.	Complete all local needs assessments to determine Family Hub sites	GREEN (Progressing as planned)
A53	Promote and enable better mental health for all	Working with strategic partners we will develop a Lincolnshire Prevention Alliance for Better Mental Health	We will commence implementation of the agreed prevention approach.	GREEN (Progressing as planned)
A20	Promote the support offer to our communities to enable them to be self-sufficient and thriving	We will support people to make healthy choices across all aspects of their lives, through continuing to commission and deliver effective preventative services, which also provide quality information so people are better informed. Our development of our ICS will continue and develop this approach.	Implement Public Health Commissioning Programme for 2022/23: 1. Award new contracts for sexual health and substance misuse services Implement Public Health Priority Work Programme for 2022/23: 1. Joint Strategic Needs Assessment republished 2. Greater Lincolnshire Public Health Pilot Evaluation report and recommendations published	GREEN (Progressing as planned)

<b>Ambition: Enable everyone to enjoy life to the full</b>				
<b>Activity No.</b>	<b>Objective</b>	<b>Activity Name</b>	<b>Activity Milestone</b>	<b>RAG</b>
			Implement Public Health Protection Programme for 2022/23: 1. Implement a health promotion strategy to reduce health inequalities 2. Develop plans to support resilience across the Integrated Care System (ICS)	

<b>Ambition: Create thriving environments</b>				
<b>Activity No.</b>	<b>Objective</b>	<b>Activity Name</b>	<b>Activity Milestone</b>	<b>RAG</b>
A49	Advocate for investment in our transport and energy infrastructure, digital connectivity and schools, championing active, sustainable travel	Long term investment strategy for highways infrastructure	Ensure that the Strategy is clearly communicated and briefed. Pursue additional funding opportunities and ensure the long-term needs of the service are communicated with stakeholders. Implement Strategy and report against the objectives set.	GREEN (Progressing as planned)
A25	Deliver 'clean' growth in the right place and at the right time	We will maximise the use and provision of our water as a valuable resource by working with our partners and researching to better understand how we balance over and under supply. Once we have solutions, we will develop an action plan.	As part of the development of the Greater Lincolnshire Groundwater Project we will have commenced Community Engagement activities and began to refine existing modelling data to better understand the effects of groundwater in Lincolnshire.	GREEN (Progressing as planned)
A26	Deliver 'clean' growth in the right place and at the right time	We will use our planning responsibilities to increase the benefits, and reduce the disbenefits, of new residential and commercial growth to our communities.	Prepare policies for an updated Lincolnshire Minerals and Waste Local Plan.	GREEN (Progressing as planned)
A27	Champion Lincolnshire as a destination of choice to visit, live, relax, work and do business	We will work with partners to attract tourists to Lincolnshire, leading the way in raising the profile of the county and enhancing collaboration across our councils to maximise what Lincolnshire has to offer.	Review the Greater Lincolnshire Business Tourism pilot work and plan phase 2 activity.	GREEN (Progressing as planned)



**Ambition: Create thriving environments**

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A32	Provide sufficient, high quality and inclusive education places locally	We will create more than 500 new special school places by 2024 as part of delivering the Building Communities of Specialist Support Strategy. We will work towards making 300 of those places available by September 2022.	By the end of April 2023 we will have created 274 new Special School places for children and young people who require a higher level of specialist support.	GREEN (Progressing as planned)
A34	Improve the safety of local communities	We will continue to work with partners to enhance community safety, with a particular focus on prevention and early intervention. We will improve the effectiveness and efficiency of service delivery through building a sustainable financial and operating model for the Public Protection function, pooling budgets and undertaking joint commissioning activity.	1) Evidence impact and outcomes of Public Protection department activities through performance reporting and evaluations. Complete review of DA perpetrator provision ready for commissioning of perpetrator interventions for county. Introduce Online Safety Curriculum for primary school pupils. Work to transition to new Domestic Abuse Support Service provision. 2) Review joint funding opportunities with partners, particularly the Office of the Police and Crime Commissioner (OPCC).	GREEN (Progressing as planned)
A55	Lincolnshire secures more investment for a prosperous future	We will provide trained and committed staff to help businesses and government invest in Lincolnshire.	Where opportunities arise, we will engage and support the sector on an ongoing basis	GREEN (Progressing as planned)

**Ambition: Provide good-value council services**

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A35	Design our processes and services to meet customers' needs	We will focus now on the implementation of our digital blueprint and customer services strategy to ensure these opportunities are maximised. We will transform how we engage with communities, listening and acting on what they say and supporting them to be resilient and self-sufficient. This will be articulated through the refresh of our community strategy.	Delivery of improvements to customer processes against the customer digital delivery project plan. Delivery of projects contained within the digital strategy against the agreed project plans.	GREEN (Progressing as planned)
A50	Design our processes and services to meet customers' needs	We will implement the recommendations of the corporate support services review	Dialogue with Customer Service Centre (CSC) suppliers undertaken and final amendments to tenders received. Tenders for Information Management & Technology (IMT) Service Towers received and evaluation commenced.	GREEN (Progressing as planned)
A36	Shout loud and proud for Lincolnshire to achieve our ambitions	We will target further benefits for the county through working towards a Greater Lincolnshire devolution deal that increases central government investment.	Engage with officials as per government timelines with the development of the devolution ask for Greater Lincolnshire.	GREEN (Progressing as planned)

## Ambition: Provide good-value council services

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A38	Shout loud and proud for Lincolnshire to achieve our ambitions	We will raise the county's profile nationally and internationally through the delivery of a focused investor promotion strategy and relationship-building, attracting business investment and using our partnership brand, Team Lincolnshire, to do this.	Refine the Greater Lincolnshire Investment Plan and agree the delivery plan for 2023.	GREEN (Progressing as planned)
A39	Shout loud and proud for Lincolnshire to achieve our ambitions	We will continue to raise the profile of Council Services through a range of strategies including national recruitment campaigns, national conferences and awards, continuing to support improvement in other Councils and advising government on national policy innovation. We will articulate a clear Lincolnshire pride narrative via our Joint Committee to support this activity.	Reporting on Directorates and Corporate Functions of the particular aspects of the Attraction & Retention Framework that they have implemented	GREEN (Progressing as planned)
A40	Engage, listen and respond to our communities	We will place the individual, their family and friends at the heart of their care plan through introducing and implementing strength based practice in Adult Care and Community Wellbeing, as well as Signs of Safety within Children's services.	Integrated Delivery Team to complete Strengths-Based Approach roll out with Carers Services. We will continue to implement our delivery plan which sets out how we will sustain progress.	GREEN (Progressing as planned)
A41	Maximise opportunities to work with others and improve service delivery	We will improve service delivery through shifting our culture to focus on outcomes. With the Business Intelligence strategy working to deliver improved use of data and insight to understand our	Agreement to a new operating model for the corporate performance team which will enable the team to be fit for purpose for the effective delivery of a business intelligence function for the next 3-5 years. To have a fully functioning data store which is the	GREEN (Progressing as planned)

## Ambition: Provide good-value council services

Activity No.	Objective	Activity Name	Activity Milestone	RAG
		customers' needs, we will then be able to shape our services and those that we commission accordingly. This will also enable better measurement of the impact of internal and commissioned activity.	central repository for the Council's key data sources, enabling the effective delivery of Business Intelligence from a single data source.	
A52	Maximise opportunities to work with others and improve service delivery	Implementation of the One Council commissioning priorities and outcomes.	Produce the Council's first draft statement to tackle modern slavery and human trafficking. Supplement the Council's sustainable commissioning statement with a practice guide and measures to enable a consistent, appropriate and proportionate approach across the Council to achieving our sustainable commissioning outcomes. Work across the Council to embed the roles and responsibilities outlined in our commissioning framework.	GREEN (Progressing as planned)
A42	Nurture and celebrate a forward-looking, high-performing, skilled and empowered workforce	We will refresh our Corporate People Strategy, reviewing culture, values and behaviours, and enabling our staff to be healthy and resilient so we can improve how we support our customers. Structures will be fit for purpose and facilitate our One Council approach.	Reporting on progress of the outcomes of the Year 2 People Strategy (2021-2024) Workplan.	GREEN (Progressing as planned)
A43	Nurture and celebrate a forward-looking, high-performing, skilled and empowered workforce	We will keep and attract talented people through implementing improved recruitment processes, increasing the number and range of apprenticeships, and developing graduate and work experience placements across the Council.	Reporting on Directorates and Corporate Functions of the particular aspects of the Attraction & Retention Framework that they have implemented (link with A39).	GREEN (Progressing as planned)

**Ambition: Provide good-value council services**

Activity No.	Objective	Activity Name	Activity Milestone	RAG
A44	Continue to innovate and make best use of our assets	We will protect and enhance our heritage assets and we will maximise the use of our sites for customers, through delivering proposals for the iconic investment in The Collection Museum and Gallery and other heritage sites.	Progress of cultural development against the future ambitions for the transformation of heritage service.	GREEN (Progressing as planned)
A45	Continue to innovate and make best use of our assets	We will plan and manage our financial resources effectively through refreshing our Medium Term Financial Strategy and through delivering comprehensive reviews of specific areas.	Medium Term Financial Strategy approved by council agreeing the strategy to manage the council's resources including service reviews and a savings strategy.	GREEN (Progressing as planned)
A46	Get the most out of our shared public estate, to provide more community opportunities, housing, employment and accessible services	Develop and approve a new Land and Property Asset Management Plan, Land and Property Governance Structure and Accommodation Strategy.	Draft Land and Property Strategy and Accommodation Strategy agreed.	GREEN (Progressing as planned)

Ambition: Provide good-value council services				
Activity No.	Objective	Activity Name	Activity Milestone	RAG
A47	Put our customers first, so we respond with one voice, working effectively across teams	We will transform the way we engage with customers through the implementation of a customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. In year 2 our emerging digital strategy will enable us to be innovative so our customers can access us through multiple channels.	<ol style="list-style-type: none"> <li>1. Recommendation for future management of customer insight data.</li> <li>2. Pilot customer service training package.</li> </ol>	GREEN (Progressing as planned)

## Corporate Plan Success Framework 2023-24

Support high aspirations							
Success looks like:				Further actions:			
PI Number	Performance Indicator Name	2023-24 Q4 Outturn  Trajectory is 'bigger is better' unless stated	2023-24 Target  Targets have been approved unless stated otherwise	Activity Number	Activity Name	2023-24 Q4 Outturn  Trajectory is 'bigger is better' unless stated	2023-24 Target  Targets have been approved unless stated otherwise
Every child/young person has a high-quality education to succeed in life [1]				Champion educational excellence across Lincolnshire [7]			
PI 1	Percentage of schools that are judged good or outstanding ( <i>Contextual</i> )	82.5 % (Target 84.3%)	Contextual WEF 2023/24 reporting	A6	We will help schools to be skilled at supporting children with special education needs and disabilities (SEND) in mainstream settings, through developing and delivering strategies and where an education, health and care plan is required, undertaking this assessment in a timely and creative way. Our SEND High Needs transformation programme will support improvement and delivery in this area.	n/a Activity	n/a Activity
PI 2	Percentage of pupils in outstanding or good schools ( <i>Contextual</i> )	79.7% (Target 82.5%)	Contextual WEF 2023/24 reporting	A32	We will create more than 500 new special school places by 2024 as part of delivering the Building Communities of Specialist Support Strategy.	n/a Activity	n/a Activity
PI 3	Percentage of pupils achieving grades 5 or above in English and Mathematics GCSEs (Targeted)	47.4 (Target 46.6%)	45%	A7	We will continue to support schools to work effectively with a wide range of services and establish robust collaborative arrangements, in order to maximise expertise, and improve opportunities for all children - enhancing our Education Improvement Strategy within the Sector-led self-improving system of maintained schools and trusts.	n/a Activity	n/a Activity
PI 4	Percentage of 16-17 year olds not in education, employment or training (Targeted)	2.3% (Target 2.5%) Smaller Is better	2.5%	Enhance the skills of our communities to meet the needs of our businesses and the economy [8]			
PI 10	Percentage of children with EHCPs in a mainstream setting (Targeted)	61.4% (Q2) (Target 60%)	57%	A1	We will transform how we raise skills levels, productivity, employability and apprenticeship numbers through developing and implementing an updated skills plan.	n/a Activity	n/a Activity
PI 12	Percentage of children achieving a good level of development in Early Years (Targeted)	64.1% (Target 70%)	65.1%	Have high aspirations for our county, promote Greater Lincolnshire on the national stage and secure greater devolution of powers [11]			
PI 13	Percentage gap in achievement between Lincolnshire pupils eligible for Free School Meals and their non-FSM Eligible peers nationally achieving GLD (Targeted)	20% (Target 18%) Smaller Is better	19%	New! A56	We will work with officials to secure a devolution deal for Greater Lincolnshire.	n/a Activity	n/a Activity
PI 67	Percentage of eligible 2-year-olds who are in receipt of their Early Years Entitlement (Targeted)	82.6% (Target 80%)	80%	Promote thriving voluntary community groups that enable active lifestyles, drive collaboration and community innovation [13]			
PI 68	Percentage of 3–4-year-olds who are taking up their universal entitlement (Targeted)	92% (Target 93%)	93%	New! A63	Work proactively with our strategic partners and commissioned services to create an environment across the county in which voluntary community groups are sustainable and able to thrive in line with the Stronger Communities – Lincolnshire Community Strategy.	n/a Activity	n/a Activity
People have the skills and attributes for good quality careers in the County's economy [2]				Enhance the safety of local communities by working collaboratively with the police and ambulance services, sharing buildings and response arrangements [14]			
PI 11	Percentage of people who are unemployed	1.7% Smaller is better	Contextual	A34	We will continue to work with partners to enhance community safety, with a particular focus on prevention and early intervention. We will improve the effectiveness and efficiency of service delivery through building a sustainable financial and operating model for the Public Protection function, pooling budgets and undertaking joint commissioning activity.	n/a Activity	n/a Activity
PI 11	Number of people who are unemployed	5,700 Smaller is better	Contextual	PI 31	Crime count (ASB data)	11,905	Contextual
PI 11	Number of young people aged 20-24 who are unemployed	2,900 Smaller is better	Contextual	New! PI 86	Neighbourhood Crimes – volume of Robberies (personal), Burglaries (residential), vehicle crime and theft from person recorded in the last 12 months (Contextual/Targeted)	n/a	Contextual

**Support high aspirations**

<b>Lincolnshire attracts and retains highly-skilled 18-40 year olds and older people continue in work [4]</b>				<b>New!</b>	<b>PI 87</b>	Violence and Serious Harm crimes – volume of homicides and violence crimes with and without injury recorded in the last 12 months compared to our most similar police force areas (Contextual/Targeted)	n/a	Contextual
<b>PI 5</b>	Percentage of people in employment by occupational skills category /	<b>39.4%</b>	Contextual		<b>PI 88</b>	Violence Against women and girls – volume of Domestic abuse, sexual offences and stalking and harassment crimes in the last 12 months compared to our most similar force areas (Contextual/Targeted)	n/a	Contextual
	Percentage of people employed who are in high skilled jobs				<b>PI 92</b>	Volume of Fraud Offences recorded within the last 12 months (Contextual/Targeted)	n/a	Contextual
<b>New! PI 74</b>	Number of people accessing learning & skills (Targeted)	n/a	7,200 people					
<b>New! PI 75</b>	Number of qualifications delivered (Targeted)	n/a	1,400 qualifications					
<b>Residents have rewarding, active and healthy lifestyles [5]</b>								
<b>PI 71</b>	People supported who have accessed volunteer opportunities <i>(Contextual)</i>	<b>1,385 Supported</b> (Target 1,400)	Contextual WEF 2023/24 reporting					
<b>Residents participate in locally led, prosperous and safe communities [12]</b>								
<b>PI 70</b>	Voluntary and community groups actively supported in Lincolnshire <i>(Contextual)</i>	<b>829 Supported</b> (Target 800)	Contextual WEF 2023/24 reporting					



## Enable everyone to enjoy life to the full

### Success looks like:

PI Number	PI Name	2023-24 Q4 Outturn  Trajectory is 'bigger is better' unless stated	2023-24 Target  Targets have been approved unless stated otherwise
All children have a caring home [1]			
PI 14	Rate of children in care (per 10,000) (Targeted)	<b>49.1 per 10,000</b> (Target 51.9) Smaller is better	51.9 per 10,000
PI 15	Percentage of children in care living within a family environment (Targeted)	<b>77.3%</b> (Target 80%)	80%
People are able to live independently in their own home for longer, and positively contribute to their local community [2]			
PI 17	The percentage of adults aged 18 to 64 in receipt of an adult care service who are receiving these in the community. (Targeted)	<b>79.6%</b> (Target 80%)	80% <i>Approval pending</i>
PI 18	The percentage of adults aged 65 and over in receipt of an adult care service who are receiving these in the community. (Targeted)	<b>48.6%</b> (Target 51%)	49% <i>Approval pending</i>
PI 25	For adults discharged from hospital, the percentage who remain at home 91 days after discharge. (Targeted)	<b>83.4%</b> (Target 85%)	85% <i>Approval pending</i>
All residents have an equal chance of living a healthy life, regardless of socioeconomic status, or background (3)			
PI 19	Personal wellbeing estimates – <i>life satisfaction; happy; worthwhile</i>	<b>Worthwhile 7.78 (Q3)</b> <b>Life satisfaction 7.65 (Q3)</b> <b>Happy 7.62 (Q3)</b>	Contextual
PI 20	% of physically inactive – adults	<b>26.5%</b> Smaller is better	Contextual
PI 21	Percentage of physically active children and young people	<b>45.2%</b>	Contextual
PI 22	Excess weight – adults	<b>67.6%</b> Smaller is better	Contextual
PI 23	Excess weight – children	<b>38.3%</b> Smaller is better	Contextual
PI 24	% of adults who smoke	<b>13.3%</b> Smaller is better	Contextual

### Further actions:

Activity Number	Activity Name	2023-24 Q4 Outturn  Trajectory is 'bigger is better' unless stated	2023-24 Target  Targets have been approved unless stated otherwise
Deliver good quality children's centres, which are at the heart of our communities supporting families, so their children thrive [7]			
A18	We will support families in their parenting role through continuing to deliver the healthy child programme, also evaluating the benefits of the Family Hub model with a specific focus on prevention and early intervention specifically around parental and infant mental health, breastfeeding and an enhanced antenatal offer.	n/a Activity	n/a Activity
A51	Implementing a family hub approach. This is a system-wide model of providing joined-up, high-quality, whole-family support services from pregnancy, through the child's early years and later childhood, and into early adulthood.	n/a Activity	n/a Activity
Intervene effectively to keep vulnerable people safe, making sure children in care and care leavers get the best opportunities [8]			
A15	We will continue to improve how we support children in care and care leavers to thrive through the delivery of the children in care transformation programme. This will include the development of two new children homes catering for children with more complex needs and enhancing housing solutions for care leavers.	n/a Activity	n/a Activity
PI 72	Safeguarding cases supported by an advocate (where appropriate) (Targeted)	<b>100%</b> (Target 100%)	100%
PI 73	Concluded safeguarding enquiries where the desired outcomes were achieved (Targeted)	<b>96.4%</b> (Target 95%)	95%
Create further accommodation options for greater independence and wellbeing [9]			
A13	We will work with our districts and other partners in implementing the housing for independence strategy, to increase accommodation options for those wanting Extra Care, those with learning disabilities, mental illness or autism. We will also collaborate to deliver easy access to equipment / adaptations to homes that enable greater independence.	n/a Activity	n/a Activity
A17	We will continue to deliver our maximising independence programme across adult care, focused on developing strengths and innovating support including assistive technology and digital support, tracking impact monthly through forward trajectories.	n/a Activity	n/a Activity
Enhance support for carers [10]			
New! A58	We will support unpaid carers to maintain their caring role by providing access to good quality information, advice and guidance using strength-based conversations which consider whole family needs.	n/a Activity	n/a Activity
New! A59	We will provide information through a variety of channels, including digital options, to fit around the needs of busy carers.	n/a Activity	n/a Activity
New! A60	We will ensure that carers who have an eligible need have access to personalised carers budgets to help them achieve their identified outcomes following assessment.	n/a Activity	n/a Activity

**Enable everyone to enjoy life to the full**

<b>PI 28</b>	Percentage of deaths of those aged 30+ associated with air pollution	<b>5%</b> Smaller is better	Contextual	<table border="1"> <tr> <td><b>New! A61</b></td> <td>We will proactively support unpaid carers to maintain or access employment, working with employers in local government, health and other sectors.</td> <td>n/a Activity</td> <td>n/a Activity</td> </tr> <tr> <td colspan="4"><b>Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents [11]</b></td> </tr> <tr> <td><b>A20</b></td> <td>We will support people to make healthy choices across all aspects of their lives, through continuing to commission and deliver effective preventative services, which also provide quality information so people are better informed. Our development of our ICS will continue and develop this approach.</td> <td>n/a Activity</td> <td>n/a Activity</td> </tr> <tr> <td><b>A40</b></td> <td>We will place the individual, their family and friends at the heart of their care plan through introducing and implementing strength based practice in Adult Care and Community Wellbeing.</td> <td>n/a Activity</td> <td>n/a Activity</td> </tr> <tr> <td><b>A21</b></td> <td>We will now work with partners to roll out our new ICS, setting clear priorities for the next 3 years to improve health and wellbeing across Lincolnshire.</td> <td>n/a Activity</td> <td>n/a Activity</td> </tr> <tr> <td><b>A53</b></td> <td>Working with strategic partners, we will support the delivery of Lincolnshire’s Mental Health, Learning Disability and Autism Alliance priorities. This includes joint ownership of the <a href="#">Prevention Concordat for Better Mental Health</a> Action Plan, which takes a prevention-focused approach to mental health and wellbeing.</td> <td>n/a Activity</td> <td>n/a Activity</td> </tr> </table>	<b>New! A61</b>	We will proactively support unpaid carers to maintain or access employment, working with employers in local government, health and other sectors.	n/a Activity	n/a Activity	<b>Develop mature partnerships for the integration of care and health that tackle pressure on the system and improve outcomes for our residents [11]</b>				<b>A20</b>	We will support people to make healthy choices across all aspects of their lives, through continuing to commission and deliver effective preventative services, which also provide quality information so people are better informed. Our development of our ICS will continue and develop this approach.	n/a Activity	n/a Activity	<b>A40</b>	We will place the individual, their family and friends at the heart of their care plan through introducing and implementing strength based practice in Adult Care and Community Wellbeing.	n/a Activity	n/a Activity	<b>A21</b>	We will now work with partners to roll out our new ICS, setting clear priorities for the next 3 years to improve health and wellbeing across Lincolnshire.	n/a Activity	n/a Activity	<b>A53</b>	Working with strategic partners, we will support the delivery of Lincolnshire’s Mental Health, Learning Disability and Autism Alliance priorities. This includes joint ownership of the <a href="#">Prevention Concordat for Better Mental Health</a> Action Plan, which takes a prevention-focused approach to mental health and wellbeing.	n/a Activity	n/a Activity
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<b>PI 40</b>	Percentage of households in an area that experience fuel poverty	<b>14.2% (Q3)</b> Smaller is better	Contextual																									
<b>There are enough homes for the elderly or vulnerable, which are affordable to them and dignified to live in [4]</b>																												
<b>PI 16</b>	Percentage of social care providers in Lincolnshire with a CQC inspection rating of ‘good’ or ‘outstanding’. (Targeted)	<b>79.3%</b> (Target 81.5%)	81.5% <i>Approval pending</i>																									
<b>Those who help care or look after others are supported [5]</b>																												
<b>New! PI 76</b>	Carers supported in the last 12 months (Targeted)	n/a	1,730 supported																									
<b>New! PI 77</b>	Carers who said they had as much social contact as they would like (Targeted)	n/a	36%																									
<b>New! PI 78</b>	Carers who have received a review of their needs (Targeted)	n/a	85%																									
<b>Disabled adults can participate in meaningful employment [6]</b>																												
<b>New! PI 79</b>	Proportion of Adults with a learning disability in paid employment (Targeted)	n/a	4.5% <i>Approval pending</i>																									
<b>New! PI 80</b>	Proportion of Adults with a learning disability in paid employment and volunteering (Targeted)	n/a	12% <i>Approval pending</i>																									

## Create thriving environments

Success looks like:				Further actions:	
PI Number	Performance Indicator Name	2023-24 Q4 Outturn  Trajectory is 'bigger is better' unless stated	2023-24 Target  Targets have been approved unless stated otherwise	Activity Number	Activity Name
Roads and transport infrastructure that meet the needs of residents, businesses and visitors [2]				Champion strategic road and rail improvements to improve local and regional travel and support economic growth [8]	
PI 29	Percentage of roads where maintenance should be considered- <i>Principal; Non principal &amp; Unclassified roads</i> (Targeted)	<b>Principal 2%</b> (Target 3%) <b>Non-principal 6%</b> (Target 7%) <b>Unclassified 26%</b> (Target 27%) Smaller is better for all	<b>Principal Target 3%</b> <b>Non-principal Target 7%</b> <b>Unclassified Target 26%</b>	A49	Long term investment strategy for highways infrastructure.
PI 69	Overall Highway Service combined measure	<b>78.48%</b> <b>(1 Qtr lag)</b>	Contextual	A4	We will produce local transport strategies which promote alternative modes of transport, through collaborative working with our district and local partners which will include the creation of local transport boards.
New! PI 81	Number of Electric Vehicle (EV) charging points	n/a	Contextual	Continue the successful rollout of broadband to deliver 100% superfast coverage countywide by 2025 [9]	
Connected communities where the digital infrastructure is as important as any basic utility [3]				Recently, national targets have shifted to ultrafast broadband instead of superfast. We are therefore including <b>PI 93 Percentage of ultrafast broadband coverage in residential &amp; business premises</b> to report against ultrafast in order to align with the national priorities.	
New! PI 93	Percentage of ultrafast broadband coverage in residential & business premises (Targeted)	n/a	63% <i>Approval pending</i>	Promote Lincolnshire as a destination of choice and deliver the recommendations of the Greater Lincolnshire Tourism Plan [10]	
Thriving businesses creating high skilled jobs and investing in technology [4]				Plan growth to benefit the whole community by connecting people, housing, employment, businesses, green spaces and the natural environment [11]	
New! PI 82	Number of businesses supported (Targeted)	n/a	1,700 supported	A27	We will work with partners to attract tourists to Lincolnshire, leading the way in raising the profile of the county and enhancing collaboration across our councils to maximise what Lincolnshire has to offer.
A8	We will support new and existing businesses to thrive, through delivering a strong, flexible and responsive Business Lincolnshire growth hub.	n/a Activity	n/a Activity	A25	We will maximise the use and provision of our water as a valuable resource by working with our partners and researching to better understand how we balance over and under supply. Once we have solutions, we will develop an action plan.
A23	We will improve utility infrastructure in order to enhance growth through exploring and implementing plans to maximise the development of energy, water and sewage, and digital infrastructure.	n/a Activity	n/a Activity	A26	We will use our planning responsibilities to influence new residential and commercial growth so that it contributes to the community in which it is located.
Tourism destinations that are prosperous and attractive to visitors [5]				A30 We will prepare and manage an action plan arising from the strategic infrastructure delivery framework.	
PI 8	Visitors to heritage attractions	<b>47,508</b>	Contextual	Seek devolution from the Government to unlock infrastructure investment needed to support local growth [13]	

### Create thriving environments

PI 35	Visitor numbers and their economic impact – <i>Economic impact</i>	1,357 (£m) (Q3)	Contextual	New! A56	We will work with officials to secure a devolution deal for Greater Lincolnshire.
New! PI 83	Number of people using Visit Lincolnshire's website	n/a	Contextual	Manage local risks to our environment to protect our communities' natural and built resources for future generations [15]	
Innovative water management that meets supply needs and protects our coast and areas at risk of flooding [6]				A10	We will achieve net zero carbon emissions as a council by 2050 or earlier through the development of the Green Masterplan. We will provide climate leadership in Lincolnshire and beyond. We will revise and update our Carbon Management Plan in 2023.
New! PI 84	Flooding incidents investigated	n/a	Contextual	A11	We will respond to our communities in a joined-up way and we will proactively coordinate with partners to develop and deliver better flood risk protection within the County.
New! PI 85	Properties protected from flooding	n/a	Contextual	A12	We will maximise the reuse and recycling potential of the county's waste, treating it as a resource. This will include exploring the opportunity for anaerobic digestion facilities across the County.
Our green spaces, natural and built environment are protected for the future [14]					
PI 26	Lincolnshire County Council's CO <sub>2</sub> emissions	<b>16,938 tonnes (Q2)</b>	Contextual		
PI 27	Lincolnshire CO <sub>2</sub> Reductions	<b>4.1 tonnes CO<sub>2</sub> per capita (Q2)</b> Smaller is better	Contextual		
PI 36	Household waste collected (kg per household) (Targeted)	<b>927kg</b> (Target 1000kg) Smaller is better	1000kg		
PI 37	Recycling Rate (new national formula) (Targeted)	<b>40.11%</b> (Target 50%)	50%		
PI 38	Recycling at County Council owned Household Waste Recycling Centres (Targeted)	<b>73.08%</b> (Target 75%)	75%		
PI 39	Household waste to landfill (Targeted)	<b>3.13%</b> (Target 5%) Smaller is better	5%		
New! A62	We will seek to support communities through grant funding or professional advice on how best to access and engage with the natural environment and on its protection and enhancement and in line with the aims and ambitions of the Green Master Plan and the emerging Local Nature Recovery Strategy.	n/a Activity	n/a Activity		

<b>Provide good value council services</b>					
<b>Success looks like:</b>				<b>Further actions:</b>	
<b>PI Number</b>	<b>Performance Indicator Name</b>	<b>2023-24 Q4 Outturn</b>  <b>Trajectory is 'bigger is better' unless stated</b>	<b>2023-24 Target</b>  <b>Targets have been approved unless stated otherwise</b>	<b>Activity Number</b>	<b>Activity Name</b>
<b>High-quality public services that are delivered in a cost effective way [1]</b>				<b>Implement our digital blueprint and customer services strategy to transform how we engage with communities and enable residents to pay for and access more services online [6]</b>	
<b>PI 44</b>	Days lost to sickness absence per FTE (Targeted)	<b>7.77days</b> (Target 7.5 days) Smaller is better	7.5 days	<b>A35</b>	Focus is on the first phase of the digital programme of work by encouraging greater use of online systems and greater take up of virtual engagement, by our customers. Opportunities for digitalisation or automation will be identified where appropriate following process review and optimisation.
<b>PI 58</b>	Percentage of staff who voluntarily left LCC	<b>9.65%</b>	Contextual	<b>A47</b>	We will continue to transform the way we engage with customers through the implementation of our customer strategy. We will maximise technology solutions in the Customer Service Centre (CSC) to enable customers to do more online, including paying for services. Through our digital strategy we will be able to be more innovative so our customers can access us through multiple channels.
<b>PI 48</b>	Total service expenditure per person	<b>£1063.12</b>	Contextual	<b>Ensure that public sector buildings and our shared public estate can be used flexibly to benefit communities as new ways of working and lifestyles develop post pandemic [7]</b>	
<b>A45</b>	We will plan and manage our financial resources effectively through refreshing our Medium Term Financial Strategy and through delivering comprehensive reviews of specific areas.	n/a Activity	n/a Activity	<b>A44</b>	We will protect and enhance our heritage assets and we will maximise the use of our sites for customers, through delivering proposals for the iconic investment in The Collection Museum and Gallery and other heritage sites.
<b>Innovative services that use technology to become more efficient and accessible to the public.[2]</b>				<b>A46</b>	Develop and approve a new Property Strategy.
	<b>A35 &amp; A47</b> provide updates for this Outcome			<b>Work in partnership across the public sector in Greater Lincolnshire to exploit opportunities to join up services where they can improve outcomes for residents [8]</b>	
<b>Efficient use of buildings, land, assets and funding [3]</b>				<b>A38</b>	We will raise the county's profile nationally and internationally through the delivery of a focused investor promotion strategy and relationship-building, attracting business investment and using our partnership brand, Team Lincolnshire, to do this.
<b>New! PI 91</b>	Number of tenants in Economic Development portfolio	n/a	Contextual	<b>A39</b>	We will continue to raise the profile of Council Services through a range of strategies including national recruitment campaigns, national conferences and awards, continuing to support improvement in other Councils and advising government on national policy innovation. We will articulate a clear Lincolnshire pride narrative via our Joint Committee to support this activity.
<b>Coordinated service delivery through a one council approach [4]</b>				<b>Review our contracted services and recommission them to be fit for the future [9]</b>	
<b>PI 43</b>	Total number of contacts received	<b>411</b>	Contextual	<b>A50</b>	We will implement the recommendations of the corporate support services review.
<b>PI 43</b>	Percentage of contacts resolved through early resolution (Targeted)	<b>21.9%</b> (Target 35%)	25%	<b>A52</b>	Implementation of the One Council commissioning priorities and outcomes.
<b>PI 64</b>	Customers' level of satisfaction (Targeted)	<b>98.44</b> (Target 90%)	90%	<b>Maximise opportunities from new technology to transform our services [10]</b>	
<b>New! PI 89</b>	Number of complaints progressed to formal investigation by the Local Government Ombudsman	n/a	Contextual	<b>A41</b>	We will continue to deliver the priorities of our BI Strategy to ensure we have the right systems and processes in place to capture, store and visualise business intelligence in the most efficient way.
<b>New! PI 90</b>	Number of those formal investigations upheld by the Local Government Ombudsman	n/a	Contextual	<b>New! A57</b>	To implement quality assurance controls to monitor and report on the effective use of the Business World system in order to embed best practice adoption and ensure the Council is able to realise the full benefits of the system.
<b>Effective partnerships operate across Lincolnshire and are responsive to emerging opportunities [5]</b>					
	<b>A21</b> provides updates for this Outcome				
<b>The Council is regarded by its workforce as a good employer, attracting and retaining the best [11]</b>					

<b>Provide good value council services</b>				
<b>A42</b>	We will refresh our Corporate People Strategy, reviewing culture, values and behaviours, and enabling our staff to be healthy and resilient so we can improve how we support our customers. Structures will be fit for purpose and facilitate our One Council approach.	n/a Activity	n/a Activity	
<b>A43</b>	We will keep and attract talented people through implementing improved recruitment processes, increasing the number and range of apprenticeships, and developing graduate and work experience placements across the Council.	n/a Activity	n/a Activity	

## Appendix B: Performance indicators to be reported in 2023-24 to Overview Scrutiny and Management Board

<b>Scrutiny Committee: Overview Scrutiny and Management Board (1)</b>					
PI Number	Performance Indicator	Directorate	If this PI is reported in Corporate Plan, PI number is given	Targets	
				2022-23 Q4 Outturn Trajectory is 'Bigger is better' unless stated otherwise	2023-24 target Targets have been approved unless stated otherwise
<b>Service Area: N/A</b>					
PI 95	Capital receipts ( <b>Contextual</b> )	Resources	no	2021-22 but reported in 2022-23 Q1 due to 1 Qtr lag £12,685,222	Contextual but aim is to generate £14m in total capital receipts over two years from 2022-23 - 2023-24

### Removed from future reporting

PI number	PI name	Reason for removal
PI 101	Achievement of KPIs - VINCI Facilities Partnership Limited contract ( <b>Targeted</b> )	This is reported formally through the periodic contract report which gives it greater context. This is therefore duplicate reporting and has therefore been removed.

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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Business World System Redesign Project Update</b>

**Summary:**

This report provides an update to the Overview and Scrutiny Management Board on the delivery of the re-design of the Council's Business World (BW) Enterprise Resource Planning (ERP) system following approval from the Executive on 17 December 2019 to move to the Hoople Ltd platform.

**Actions Required:**

The Overview and Scrutiny Management Board is invited to review the report and seek assurance on the implementation of the new Business World system.

## 1. Background

### Project recap

The project mobilisation, design, build and implementation phases of the project are now complete, and the system formally went live on 6 April 2023. The project is now in a period of stabilisation before being closed in July 2023 and ongoing oversight being moved into business as usual (BAU).

The Council officially became a shareholder in Hoople on the 27 July 2021 and officers have signed a formal service level agreement for the delivery of the services, which commenced 6 April 2023. Following formal consultation, five Council staff have TUPE transferred to Hoople, effective from 1 April 2023.

## Go-live

In the lead up to going live a number of controls/ measures were in place and regularly reviewed by all involved. Project Board meetings were weekly throughout March with up-to-date Situation Reports shared for discussion and challenge.

These weekly Project Boards were supplemented with further exceptional board meetings at critical go/ no go decision points. The two most significant were:

- **31 March 2023**, where a culmination of Situation Reports were presented in a go live checklist and the board were asked to support the progression to the next step, the final migration of data and sample testing. The go ahead here enabled some users to start processing in the new system. Over the weekend of the 1/2 April 2023 the HR Admin team, with support from Lincolnshire County Council (LCC) and Hoople, started to process forms/ data. No significant issues were reported over the weekend and early feedback was positive.
- **5 April 2023**, an updated checklist was presented with all activity delivered since the last board and a full run through of all controls/ measures in place. Used as a final opportunity to raise any concerns, the board agreed to move to the final step. This included removing edit access to the old system, implementing the overnight roll out of desktop icons, and updating users to the new system, meaning from 12am on 6 April 2023 all users could log into the system.

From this point, daily meetings were in place across a number of areas to monitor progress, performance and any issues highlighted.

## Project Assurance

### 1. Paying suppliers

On day one of go live, the payment process was tested early to ensure the files progressed and payments were successfully made. This was successful, and payments continue to be paid in line with normal processing practices.

As expected, there were some issues raised as teams continued to work through the backlog of orders and invoices from when processing had to be halted over the cutover period. Some suppliers did miss the deadline for submitting invoices and despite communications did not realise this would not be paid in time. This has continued to be monitored on a daily basis and we are now operating in normal volumes.

A separate issue was identified that VAT was not being correctly selected by operators in the system. This has been picked up from a training and guidance perspective and specific messages have been issued, including schools, but this has created a backlog of errors that need to be cleared by the Accounts Payable team. Again, this matter was monitored and a system/ data solution agreed. As a result, a data load was completed by Hoople on the evening of 30 May 2023 which reduced the backlog and the issue has now become more manageable and continues to be monitored.

## **2. Receiving income**

Income is primarily taken through the sales and invoicing processes in the system. Since January 2022, the Council has been working with Unit 4 to identify a replacement solution for the Cash and Income Manager module which is no longer being developed by Unit 4. Without replacement of this module, the Council would face pending significant disruption to the existing 'Card Holder Not Present' payment collections due to Mastercard no longer supporting this arrangement, as well as operating a module which the supplier was no longer developing and no longer had the expertise to maintain.

In our discussions, it was identified that an alternative, Unit 4 supported, product delivered by HeyCentric, would be a suitable replacement. This has now been fully implemented alongside Business World with a go live date of 6 April 2023 and remains fully operational, with no issues reported.

The move to HeyCentric has also provided demonstratable benefits in resolving some of the existing PCI-DSS (Payment Card Industry – Data Security Standards) compliance issues within the Council.

## **3. Paying staff**

Paying staff over all four payrolls (Corporate, Fire, Schools, Teacher Top Up) was monitored closely with on-site support and guidance provided to Serco by LCC and Hoople throughout April. Due to the staggered nature of each payroll, it was possible to monitor each payroll through a number of critical steps until the payroll was confirmed and payment file created and sent. No significant issues were found, and each payroll was completed on schedule and as planned.

A similar approach was taken in May with similar levels of on-site support and additional remote backup. Again, all payrolls were monitored through each step of the process and were again completed on schedule and as planned.

As expected, during both payrolls some minor issues were reported, however these were found to be user related issues rather than the system configuration. An example of this was when several expense claims were not paid as expected, and on further investigation this was found to be user error, in that the user had selected April 2024 as the claim period. Controls have now been put in place to ensure such errors do not occur in the future.

Bank Holidays in April/ May have affected processing times with deadlines often earlier in the month. Although this is standard practice this has meant catching up from the system downtime during March has been more challenging and the payroll team are still working through a backlog in forms (starters, changes, leavers etc.). The Council has been supporting Serco with the management and prioritisation of these payments and processes continue to be reviewed into June 2023 as we continue to embed the change.

Historically there have been issues across the Council and Schools in the late submission of forms which is a practice the Council, Schools and Serco need to continue to work on and embed good practice through further communication and training. Without realising the

required improvements in this area, it will make it more difficult to manage the work coming into the People Services team and managing the changes in priorities.

June payroll will continue to be monitored by the Council, Serco and Hoople with early escalation of any issues if they arise. Project resource remains in position to review processes to ensure they are effective and efficient as the project transitions into BAU in July 2023.

#### **4. Schools Access**

Historically schools have accessed Business World via a physical token. This process has been in place since 2015 and has never been updated. Through the Hoople solution, access is now achieved via Microsoft multi factor authentication through a mobile app. This was not without its challenges as it requires consistent use of email addresses within the system and use of a mobile device, coupled with the difficulty of each school having its own independent IT set-up and configuration.

As this was a known shift in process, dedicated resource was allocated in the period up to go live and throughout April/ into May to work through the authentication process with each school. Overall, this approach has been highly successful, with excellent engagement from schools and 100% success rate of schools' users going through the multifactor authentication and logging into Business World.

Schools remain able to access and use the system with no specific issues. New users will gain access through the Council's in-house systems admin team who will oversee all future training, guidance, and support. Schools continue to receive regular updates regarding the system, including targeted communication regarding processing practices as set out previously in this report.

#### **5. Expected issues at go-live**

With an implementation of this nature, it was always anticipated that there would be issues to deal with at the point of go live. Due to the timing for extracting and migrating data, and the desire to methodically shut down processes before restarting in the new system, this has resulted in some backlogs in processing forms and documents, specifically affecting high volume administrators in Business Support and People Services/ Exchequer functions.

These volumes have been and continue to be closely monitored on a daily basis through calls with the relevant service leads, along with regular updates to Assistant Directors.

Anything flagged as an issue in the post implementation phase has been captured, reviewed, and action taken accordingly. In the majority of cases, these issues can be attributed to business processes, training, and guidance rather than an issue with the system itself. For those that have required some form of system configuration, fixes have either been applied or arrangements are in place for future development with Hoople.

## **6. Delivery of Strategic Reports**

In January 2022, the project started a Strategic Reports Review. The purpose of this review was to assess the Hoople standard catalogue of reports and identify areas where there may be gaps or opportunities to enhance this standard offering. In total, 41 change requests were identified, which were a combination of amendments to existing reports and entirely new reports and each change request was detailed in a specification for development by Hoople.

Due to capacity and the focus on getting the new system live, these reports were prioritised into a must have list (one HR report and five Finance reports) which went live alongside the system on 6 April 2023. The remaining reports are currently in test and any defects identified under review with Hoople, with a view to getting these reports live during June 2023.

The development of these reports has not been a great success to date. There have been issues with getting appropriately skilled report writing specialists, coupled with not having enough data in the test system to robustly test the outputs and a lack of resource availability to carry out the testing. This remains a key focus and priority for the project and Hoople to be able to deliver the remaining reports by the end of June.

Once implemented, these reports will bring a greater level of reporting and local insight to our line managers, budget managers and spend managers, and will help drive improvements in the accuracy and data quality of the system overall. As part of the roll-out of the new reports, there will be dedicated communication to managers about the reports, when to run them, how to interpret and act upon them and channels will be set up to share best practice.

## **7. Data Quality**

Throughout the project there have been various iterations of data migration which have flagged issues with the quality of data, resulting in c40,000 lines of data being updated before being migrated to the new system. At each iteration, a detailed data cleanse plan has been produced and monitored to ensure that the quality of our data is improved.

In addition to these records being updated, we identified:

- Over 35,000 open purchase orders in our system dating back to 2015 - it would not be possible to review and correct these and therefore it was agreed they should not be migrated to the new system.
- 12,500 open positions that should have been disestablished between 2015-2023 - it was felt the effort and risk to change these records was too significant, therefore after careful analysis these records were also not migrated to the new system.

It is important that as an organisation we continue to review, correct, and report on the quality of our data. To support this our HR, Finance and System services, led by information asset owners, will receive a detailed handover of all known issues from the project. In addition, the Systems team will lead the development of a data quality framework which will utilise existing system functionality such as alerts and regular reporting, supported by ongoing monitoring by service leads and the corporate performance team to maintain the

integrity of our data. This will also form part of routine reporting into the Corporate Leadership Team (CLT).

## **8. Legacy Data Solution**

Contingency planning for this project was vital and as such an agreement was put in place with Unit 4 for access to the legacy system for a period of one year from April 2023, allowing staff access to historic records and documents, and in particular individuals payslips and P60's. The majority of the Council have read-only access to the legacy system however, the finance team will use this system to complete their closure of accounts and have the required read/ write access to do so effectively.

Within the scope of the project is the development of a new Legacy Data Solution. This solution is already in place for other Hoople clients and allows the legacy data from the old BW system to be held in one place and can be used to report on previous years activity. The approach to this mirrors the wider implementation and principle of 'adapt and adopt' to ensure this does not become over complex or onerous.

This solution is necessary to enable the Council to decommission the old BW system and all costs associated with it. The plan for the development and testing of the legacy solution is underway and includes the transfer of all data and associated reporting. It is expected this solution will be ready for use in September 2023.

Colleagues in IT and Information Assurance have been engaged in the development and planning of this solution to ensure it is fit for purpose and that our data is securely transferred and stored.

## **9. Benefits**

The new system includes new and improved functionality that has delivered a range of benefits to the end user. Some of these benefits include:

- System alerts that remind staff that actions need to be taken. This can be matters such as outstanding approvals for requisitioning, staff hitting sickness absence triggers, approval for leave or tasks that have work flowed to a manager to provide the necessary approvals. Alerts are also used to inform Line Managers if an employee's temporary contact is ending so action can be taken in a timely manner. A daily alert is also sent to all users who have outstanding tasks they need to action.
- Staff now have the ability to record their annual leave on Business World, whereas previously staff used a range of methods to record annual leave including spreadsheets, paper leave cards and Business World, in some cases multiple methods of recording were used. This change removes duplication and means this information is being held in one place and can be monitored accordingly.
- Commitment accounting is now incorporated into the Business World build as standard. This helps ensure financial and budgetary control as amounts committed against purchase orders are shown for budget monitoring and forecasting.

A detailed plan and record of all benefits to be realised has been captured as part of the project. This will continue to be monitored and reviewed once the project formally closes to ensure these have been realised and to understand any issues where this has not been successful, so that appropriate action can be taken.

## **10. System Development**

A full governance and system development structure has been agreed and put in place to ensure continuous system development is delivered, including:

- Key stakeholder input through an internal Governance and Development Board and Hoople User Groups.
- Holistic prioritising for the Council and all Hoople Clients.
- Impacts and Resources considered and agreed.
- Roadmap for the coming years to keep sighted for medium to long term planning.
- Seat at the Hoople BW Programme Board.

Small to medium developments will be driven by analysis of support calls and feedback received, quality assurance control results based on system usage and data, changes to legislative requirements, and system optimisation opportunities.

An extensive library of training and guidance material is available to all staff including schools. This includes step by step guides and short videos showing staff how to complete tasks. The BW team will continuously review and update guidance based on user feedback and system changes. Finance and HR services are also developing e-learning for new employees, budget managers and spend managers.

### **Project closedown**

Project closedown has now commenced with a detailed plan of key activity and scheduled handovers to the respective service areas. This includes activities such as:

- Schools access support
- Data quality management
- Support for payroll processing and backlog
- Training and guidance material management and delivery

Each handover gives the new owner an understanding of what the project has delivered, any risks associated with this work, and a project recommendation for next steps to support and embed the change.

Handovers have been scheduled from 15 May 2023 to 7 July 2023 to ensure a gradual approach and ongoing support where it is still required.

Lessons learned have been collated throughout the process, but it is important that all of those involved have the opportunity to reflect and share their thoughts on what went well,

what could be done differently and how, and importantly an opportunity to recognise individuals involved in the project overall.

A survey has been produced and shared to gather feedback from all involved in the project. This includes colleagues from across the Council, Hoople and Serco and asks a range of questions including areas of project planning, communication, training, and overall successes. This survey is planned to close on 16 June 2023 and results will be collated and shared within the project.

Senior officers at the Council will meet with the Council's Project Manager to talk through their specific feedback to ensure there is a collective understanding of feedback. All agreed suggestions for the future which will be shared with the Corporate Project Management Office for shared learning in future projects.

## **2. Conclusion**

Overall, the final implementation and go-live of the new system has been a success; the system is carrying out its core functionality and operating as expected.

The issues that have been encountered are in the main user related, coupled with individuals getting used to new processes that have been implemented. Daily service meetings continue to operate to address these. Further communication and engagement is planned to reiterate key processes to help promote good practice, and the development of a quality assurance framework will be monitored as an activity within the quarterly corporate plan reporting. The implementation of the suite of management reports will continue to be monitored and reported on by the project team.

Whilst the project deliverable to implement the new system will come to a point of closure in July, ongoing tracking of benefits will remain in place to ensure these are being realised. In addition, a dedicated project manager with specific expertise in the BW payroll system will remain in place to monitor activity and will bridge the transition of the payroll service from Serco to Hoople in April 2024, helping to assure a seamless transition.

## **3. Consultation**

### **a) Risks and Impact Analysis**

Risks and Issues have been monitored in detail throughout the project and have been developed alongside reports and recommendations following the previous implementation. In most cases, the identified risks/issues could be closed down at the point of go-live or shortly after. Prior to go-live, the Council's internal audit service carried out a review of the project's approach to risk management and found overall that there are high levels of engagement throughout the project on managing risks and issues and regular and effective reporting of risks and issues to the project board and other stakeholders.

While the project closes down there are the following open risks we continue to monitor and update:



Legacy Data Solution – there was a risk that a Legacy Data solution would not be in place before access to our legacy system was removed. This was mitigated by the agreed read-only access for one year post go-live and is planned to be ready in September 2023. Management of this plan will be delivered by Hoople and assured by the Council’s Systems team, with engagement from IT, Finance, HR, and Information Assurance.

Data Quality – there is a risk that data quality management is not given the focus it needs to ensure the integrity of the data is maintained going forward. This has been handed over to the information asset owners who have already started to work on a framework to maintain and monitor this going forward.

Strategic Reports Review – there is a risk that all reports are not delivered by the required deadlines. Additional resource has been agreed by Hoople and more regular meetings in place to progress these reports through test into live. Testing reports has been challenging due to the amount of data in the system. Therefore, to address this, a copy of the database has been taken as of 31 May 2023 to ensure reports are as close to real life as they can be.

Payroll processing, volumes and backlogs – there is a risk that due to the data cut being taken on 17 March 2023 and no further input possible until the new system went live, that key changes affecting pay would not be in the Hoople solution ahead of April pay. Although this was well managed, there does continue to be a high volume of forms carried over from April to May and May to June. To mitigate this, colleagues in HR are working closely with the Serco People Services team to put in place the necessary controls and to reiterate the need for timely and accurate forms submission to Council and schools staff.

#### **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 Sadie Rossington, who can be contacted at [sadie.rossington@lincolnshire.gov.uk](mailto:sadie.rossington@lincolnshire.gov.uk).

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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Deepings School Leisure Centre</b>

**Summary:**

This report invites the Overview and Scrutiny Management Board to consider a report on the Deepings Leisure Centre, which is due to be considered by the Executive on 4 July 2023. The views of the Board will be reported to the Executive as part of its consideration of this item.

**Actions Required:**

The Overview and Scrutiny Management Board is invited to:-

- 1) consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.
- 2) agree any additional comments to be passed on to the Executive in relation to this item.

## **1. Background**

The Executive is due to consider a report on the Deepings Leisure Centre on 4 July 2023. The full report to the Executive is attached at Appendix A to this report.

## **2. Conclusion**

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

## **3. Consultation**

The Board is being consulted on the proposed decision of the Executive on 4 July 2023.

#### 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Report to the Executive on Deepings Leisure Centre

#### 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 Jayne Sowerby-Warrington, Assistant Director - Corporate Property, who can be contacted on [jayne.sowerby-warrington@lincolnshire.gov.uk](mailto:jayne.sowerby-warrington@lincolnshire.gov.uk)



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

Report to:	<b>Executive</b>
Date:	<b>04 July 2023</b>
Subject:	<b>Deepings School Leisure Centre</b>
Decision Reference:	<b>I029668</b>
Key decision?	<b>Yes</b>

**Summary:**

The Deepings School is an Academy managed by the Anthem Schools Trust (AT). The Anthem Trust currently occupy the entire site via a Tenancy at Will from Lincolnshire County Council (LCC) which includes the Deepings Leisure Centre. The Tenancy at Will was granted as a precursor to the standard 125-year Academy lease. To finalise and formalise AT's occupation, it is important that this 125 year lease is now completed and signed.

The Leisure Centre was operated by South Kesteven District Council (SKDC) from 1974 until SKDC ceased its operation in July 2021. A formal decision was made by SKDC in November 2022 to return the asset to LCC.

In January 2023, the premises were returned to LCC in a very poor state of repair. An options appraisal has since been undertaken to determine the future of the Leisure Centre, which will enable LCC to fulfil its obligation of formally granting the Academy lease to the AT. These options are detailed within this report and a recommendation provided.

**Recommendation(s):**

That the Executive:

1. Approves the seeking of Expressions of interest (EOI) for a third-party purchaser of the Leisure Centre building having a sustainable and viable business case for the refurbishment and operation of the building as a Leisure Centre.
2. Delegates to the Executive Director for Resources in consultation with the Leader of the Council and the Executive Councillor for People Management, Legal and Corporate Property the authority to take all necessary decisions and steps to (i) determine and progress the process for seeking EOIs set out in 1 above, (ii) determine whether any viable business case has been received for the refurbishment and operation of the building as a Leisure Centre as a result of the

said process (iii) approve the making of any contribution of Council funding and (iv) if a viable business case is received and subject to approval from the Anthem Trust and Department for Education, dispose of the freehold of the building.

3. Should a successful third party fail to be found, following an Expression of Interest exercise, approves the Council proceeding forthwith to demolish the Leisure Centre building.
4. Delegates to the Executive Director for Resources in consultation with the Leader of the Council and the Executive Councillor for People Management, Legal and Corporate Property the authority to take all necessary decisions and steps to give effect to the decision in recommendation 3 including determining the terms and approving the award of any contracts associated with such works
5. Approves, following a disposal as set out in paragraphs 1 and 2 above, the granting of a 125 year Academy Lease to Anthem Trust excluding the Leisure Centre building land on terms otherwise agreed with the Anthem Trust and Department for Education and in fulfilment of the statutory obligation to transfer the site of the school to the Anthem Trust
6. Approves, following the demolition of the Leisure Centre building pursuant to paragraphs 3 and 4 above, the granting of a 125 year Academy lease to Anthem Trust which includes the Leisure Centre building land on terms otherwise agreed with the Anthem Trust and Department for Education and in fulfilment of the statutory obligation to transfer the site of the school to the Anthem Trust

#### **Alternatives Considered:**

This report outlines several alternative options (Section 2.1) and explores these options from a financial, reputational and risk-based perspective.

#### **Reasons for Recommendation:**

1. The recommendation to seek expressions of interest around a disposal provides an opportunity for LCC to test the market, and establish the availability of suitable third parties to take a freehold transfer of the Leisure Centre building with a view to bringing the Leisure Centre back into use whilst removing all liabilities from LCC.
2. Any further delay in determining the direction of travel for the Deepings Leisure Centre would result in potential health and safety liabilities, reputational damage for LCC and additional revenue cost to the Council from a repairs and maintenance perspective.
3. The delay in the transfer of the Academy lease to the Academy Trust further protracts the short-term measures which include their provision of the “temporary” hall. The AT require a permanent solution to fulfil Physical Education curriculum requirements and statutory obligations around examinations.
4. The Council is obliged to complete the 125-year Academy lease to formalise the Academy Trust’s occupation. LCC has no statutory responsibilities to provide Leisure Centre facilities, therefore the freehold disposal and the demolition options would absolve LCC from its responsibilities and liabilities regarding the Leisure Centre.

## **1. Background**

1.1 The Deepings Leisure Centre (outlined in red on the attached plan in Appendix A) is owned by Lincolnshire County Council (LCC) and has been operated by South Kesteven District Council (SKDC) since 1974. The centre was closed by SKDC in July 2021 and a formal decision was made by SKDC in November 2022 to return the asset to LCC in January 2023. LCC took responsibility for the building on 16<sup>th</sup> January 2023. The building is currently in a very poor state of repair.

1.2 The Leisure Centre building forms part of a Tenancy at Will (a short-term agreement pending a 125-year lease agreement) for the entire site (outlined in white on attached plan in Appendix B), let from LCC to The Anthem Schools Trust (AT). The school have occupied the entire site on this basis for over 10 years, whilst the Leisure Centre building has been occupied and operated by SKDC.

1.3 LCC have an obligation to complete a 125 year Academy lease with the AT and positive discussions have concluded in both parties expressing an interest to complete the lease agreement and find a mutual solution for the future of the Leisure Centre building. LCC, as the freehold owner of the entire school site is obliged to receive approval of any proposal from the Department for Education (DfE).

1.4 As a result of the closure of the Leisure Centre, AT have constructed a temporary school hall within the school site. AT now require a longer term sustainable solution to fulfil Physical Education curriculum requirements and statutory obligations around examinations.

1.5 To ensure the unoccupied building remains safe and secure, and to mitigate the risks and liabilities associated with holding a vacant property, the Leisure Centre building is currently being monitored by an LCC contractor. This is currently an unfunded revenue pressure and there is a high likelihood that the property will require further financial investment the longer it remains unoccupied.

1.6 A firm direction of travel is required regarding the future of the Leisure Centre to enable the lease to be formalised between LCC and AT. Several options have been considered and are detailed in Section Two of this report.

## **2. Options Appraisal**

### **2.1 Principles and Approach**

A comprehensive option appraisal has been undertaken using the following principles to guide the development of a recommendation.

(a) The preferred option must result in the termination of the existing Tenancy at Will and the successful granting of the 125-year Academy Lease.

(b) The preferred option must ensure no ongoing liability for LCC once the recommended option is implemented. LCC has no statutory obligation to provide leisure facilities

therefore all ongoing financial liability for LCC must be removed.

(c) Due to the existing Tenancy at Will and the requirement for DfE agreement, the AT will need to be supportive of any recommendation. Discussions have been ongoing with the AT and the selected options (Section 2.2) would provide a mutually acceptable position.

The following options have therefore been discarded from this option appraisal, as they do not meet all of the above principles.

**(i) LCC exclude the Leisure Centre building from the 125 year lease, complete the Lease with AT and maintain the Leisure Centre in its existing state**

This option would require LCC to complete the 125-year Academy lease with the AT and exclude the Leisure Centre building from the lease. LCC would continue to retain all ongoing responsibilities and liabilities of the building in its non-operational state. A long-term vacant property plan would increase both revenue and capital expenditure to keep the premises safe and secure. The longer the premises are kept in their current state, the higher the likelihood health and safety risks will emerge and increase.

**(ii) LCC exclude the Leisure Centre building from the 125 year lease, complete the 125-year Academy Lease with the AT and enter into a separate long leasehold with a third-party operator**

This option would result in LCC acting as landlord for both the 125-year Academy lease and a lease to a Leisure Centre operator. If the Leisure Centre operator was to fail or the lease with the operator otherwise came to an end all responsibilities and liabilities would again fall back to LCC.

**(iii) LCC transfer the whole site, including the Leisure Centre building, to the AT as part of the Academy lease, based on the premiss that AT offer a separate lease to a third party operator**

This option has been discounted as the AT have no appetite to take on responsibility and liability for the Leisure Centre building and act as Landlord to a third party.

**(iv) LCC exclude the Leisure Centre building from the 125 year lease, complete the 125-year Academy Lease with the AT and refurbish and operate the Leisure Centre itself or procure a third party to operate it**

LCC has a power under section 19 of the Local Government (Miscellaneous Provisions) Act 1976 to operate leisure facilities. This is not recommended, however, as LCC has no capacity or experience of operating leisure centres or commissioning third parties to operate them. In addition, this option would require significant capital expenditure in the region of £10-11m (based on work undertaken by SKDC as at April 2022 (see Background Papers)) given the current poor condition of the Leisure Centre building. Such capital expenditure would require an annual revenue charge in the region of £800k to £1m, depending on interest rates and the determined useful life of the asset once refurbished. Given the uncertain medium to longer term outlook for the council's finances, this isn't deemed to be an



affordable or value for money option given operating leisure facilities isn't core council business.

## **2.2 Remaining Options**

This section of the report outlines the remaining options available to meet all of the criteria as described in section 2.1.

### **2.2.1 Option One: LCC exclude the Leisure Centre building from the 125 year lease, complete the lease with AT and dispose of the Leisure Centre including to a third party operator**

This option would require LCC to complete the 125-year Academy Lease with the AT and dispose of the Leisure Centre by freehold. This is the only option under which the Council would relinquish all future liability for the Leisure Centre building.

At the same time the Council recognises the loss of facilities that would affect the local community if the building ceases to be operated as a Leisure Centre.

Therefore, this option could be combined with efforts to dispose of the building to a purchaser with sustainable plans to operate the building as a Leisure Centre.

Under this option an Expression of Interest (EOI) exercise would be undertaken to encourage bids from third parties to purchase the freehold with an intention to use the building to provide a Leisure Centre.

It should be noted that Sports and Leisure facilities require highly specialised management in terms of their repair and operation. Whilst a freehold disposal will absolve LCC of ongoing liabilities for the land, the Council must have regard to the land's location with a school site. Any solution needs to be sustainable so that disruption is not introduced into the running of the school. If a sustainable leisure solution cannot be identified, then demolition would be preferable to a simple freehold transfer. The EOI process and evaluation criteria will therefore need to be rigorous and robust.

LCC would therefore need to fully test any proposals and ensure any third party has suitable experience to deliver. Any approval would be subject to the submission of a viable business plan from a competent and experienced third-party operator. This would not entail the Council assessing detailed proposals for the way the Centre would be run. It would however require rigorous testing of refurbishment plan (including evidence of necessary levels of capital funding) and proposals for its future operation (including revenue funding). Any applicant, through the EOI exercise would be encouraged to consider potential shared use with the AT to support their requirement for a permanent sports hall provision.

It should also be noted that the freehold disposal option will mean that the Council not only relinquishes liability for the building but also control over it. Therefore, although LCC can assess the business cases for operation of the building and dispose to an entity that has expressed an intention in operating such a facility it cannot enforce such operation once the disposal is complete. That would be a matter for the entity that acquires the freehold.

Although this option would result in LCC having no further liability for the Leisure Centre in the medium/long term, it would require LCC to invest in the building whilst waiting for a DFE decision. Given the current state of the building and the liabilities the Council is incurring the Council has an interest in achieving a resolution as soon as possible. It is estimated that this option could be completed within 12-24 months after Council decision.

It is understood that the electrical supply to the building is currently metered therefore can be billed separately. Previous quotes to separate the supplies some years ago of circa £150,000 had been provided. Given current market conditions this anticipated to be significantly inflated.

The site of the Leisure Centre building is located adjacent the site of buildings forming the Deepings school run by the Anthem Trust. Therefore, the potential disposal extent will need concurrence by the Anthem Trust and the Department for Education to agree the exact disposal boundary and the terms of any cross-rights sought to be included and reserved facilitating use of the Leisure Centre and the Deepings school respectively.

The Council may consider providing a grant to support any successful third party's business case to support the refurbishment of the Leisure Centre. This would be subject to negotiation and separate decision-making at the time which would need to take account of legal considerations such as subsidy control. If a grant were to be provided it would be secured through a Grant Agreement which would entail some degree of requirement on the third party to operate the building in accordance with the purpose for which the grant had been given.

Any disposal would be subject to the Council obtaining Best Consideration in accordance with S123 of local Government Act 1972. As any disposal limited to third parties who intended to use the building for the specified purposes would be a restricted sale and because s123 requires unrestricted valuation any such disposal will be at an undervalue.

Such a disposal will require Secretary of State's consent or be brought within the terms of the General Disposal Consent (England) 2003. This requires the amount of the undervalue to be less than £2m and for the disposal to promote or improve the economic, social or environmental wellbeing of the whole or any part of the Council's area, or of all or any persons resident or present in its area.

In this case there would be clear social benefits of maintaining access for the local community to leisure facilities close to the community. No work has yet been done to determine the amount of any undervalue and this will not be clear until expressions of interest have been received.

This assessment will therefore need to be done prior to any disposal decision being made under the delegation at recommendation 2.

Further a disposal at an undervalue is capable of amounting to a subsidy and therefore prior to any disposal a subsidy control assessment will also need to be conducted.

Before moving on to Option 2 it should be noted that if a viable disposal to a third party to operate a Leisure Centre cannot be achieved, this option would also encompass a freehold disposal of the existing building without any restrictions.

### **2.2.2 Option Two: LCC Demolishes the Building**

This option would result in LCC demolishing the leisure centre, making good the site, and transferring the whole site to the AT as part of the 125-year Academy lease. This would facilitate LCC to fulfil their primary obligation of formalising the lease agreement.

This option would remove any ongoing liability and responsibility from LCC and following the demolition would not attribute any further revenue or capital funding. In addition, unlike the option above, there is no DfE approval required as the site remains within the control of the AT.

It is estimated that demolition could be completed over the summer holidays of 2024 and it is anticipated that associated costs could be up to £1.4m.

### **3. Conclusion**

Taking all available options into consideration, it is recommended that Option One (disposal) is adopted. This recommendation will enable LCC to rigorously canvas the Leisure market and within the limitations of a freehold sale seek to influence the outcome so that suitable third parties bring the Leisure Centre back into use. It will also allow the Council to finalise the Academy lease and relinquish all associated liabilities associated with holding the existing Leisure Centre building. This option, as set out in Section 2.2.1 would be subject to a sustainable and viable business case, section 123 and subsidy control compliance and DfE approval.

It should be noted that anything less than this, and in particular, a lease to a third party, is going to lead to the building reverting to the Council at the end of the lease along with the liabilities for its upkeep. The end of any lease has the potential to be earlier than the expiry of the contracted lease term upon any dissolution of the tenant.

Should the Expression of Interest exercise fail to provide the required outcome in Option One it is recommended that demolition (Option Two) is undertaken. This option will require a Capital sum however, it will remove all associated risks and liabilities of holding the leisure centre building and will result in the formalisation of the 125-year lease with AT.

### **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 Public Sector Equality Duty has been taken into account.

It will be a condition of any disposal that any business case for the operation of a Leisure Centre ensures appropriate access to the facilities for people with a protected characteristic.

Demolition of the leisure centre building will permanently reduce opportunities in the local area and affect accessibility as local people will need to continue to travel to other areas to access leisure services. This is likely to be more difficult for certain groups with a protected characteristic such as the elderly or the disabled.

However there is currently no facility which can be accessed and the demolition will only occur once a reasonable opportunity has been afforded to third parties to present a business case for bringing the existing building back into use.

#### 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.

Consideration has been given to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) and the recommendations to explore the continuation of leisure centre services on the site has benefits for both the health and wellbeing of the people of the local area.

#### 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.

Consideration has been given to crime and disorder and there are not considered to be any implications arising out of this report.

### **3. Conclusion**

The Executive is invited to determine the future of the Deepings Leisure Centre building in accordance with the recommendations in the Report

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

The Council has the power to adopt the recommended options.

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

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

The recommendation seeks to explore remaining viable options for maintaining leisure provision in the Deepings whilst also minimising financial exposure to LCC, which is unaffordable in the context of the council's financial outlook and not its core business.

The alternative valid option of demolition would require a call against the revenue contingency budget of up to £1.4m.

## 6. Consultation

### a) Has Local Member Been Consulted?

Yes

### 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 June 2023 and the comments of the Board will be reported to the Executive

### d) Risks and Impact Analysis

See the body of the Report

## 7. Appendices

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

Appendix A	Leisure Centre Footprint 1
Appendix B	Leisure Centre Footprint 2

## 8. Background Papers

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

Background Paper	Where it can be viewed
South Kesteven District Council Report to full Council on 24 November 2022 Agenda Item 7 entitled "Deepings Leisure Centre"	South Kesteven District Council website

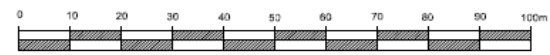
This report was written by Juliet Slater, who can be contacted on 07768 443294 or [juliet.slater@lincolnshire.gov.uk](mailto:juliet.slater@lincolnshire.gov.uk).




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- ACCESS & PATHS  
8,662m<sup>2</sup>
- CAR-PARKING  
5,489m<sup>2</sup>
- G.I.A.  
14,291m<sup>2</sup>
- SITE AREA  
40,270m<sup>2</sup>
- TEAM GAME  
HARD PLAY  
6,132m<sup>2</sup>
- SOFT LANDSCAPE  
7,099m<sup>2</sup>

SR1



	
Client: Lincolnshire County Council	
Client Ref Number:	
Project: Deeping St James The Deepings School	
Site Ref \ UPRN:	SD154
Mouchel Project No.:	925/4010
Drawing Title: AMP Plan 1	
Design:	Drawn: SH
Checked:	Approved:
Date: November 2021	Scale: N.T.S
Drawing No.:	Rev. No.:



Deeping St James The Deepings School



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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Review of Financial Performance 2022/23</b>

**Summary:**

This report invites the Overview and Scrutiny Management Board to consider a report on the Review of Financial Performance 2022/23 which is being presented to the Executive on 4 July 2023. The views of the Board will be reported to the Executive as part of its 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 Executive as set out in the report.
- 2) agree any additional comments to be passed to the Executive in relation to this item.

**1. Background**

- 1.1 The Executive is due to consider the Review of Financial Performance Report 2022/23 at its meeting on 4 July 2023.
- 1.2 The Executive report attached at Appendix A sets out the Council's financial performance in 2022/23. It identifies and explains variances from the revenue and capital budget, and makes proposals for use of the carry forward of under and over spends into the current financial year 2023/24. It also summarises the proposals on the use of the Council's underspend from 2022/23.

**2. Conclusion**

- 2.1 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 Executive. Comments from the Board will be reported to the Executive.

### 3. Consultation

3.1 The Board is being consulted on the proposed decision of the Executive on 4 July 2023.

### 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Report on Review of Financial Performance 2022/23, including Appendices A to D, to be presented to the Executive at its meeting on 4 July 2023

### 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 Michelle Grady, who can be contacted on 01522 553235 or [Michelle.Grady@lincolnshire.gov.uk](mailto:Michelle.Grady@lincolnshire.gov.uk).

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

Report to:	<b>Executive</b>
Date:	<b>04 July 2023</b>
Subject:	<b>Review of Financial Performance 2022/23</b>
Decision Reference:	<b>I029559</b>
Key decision?	<b>Yes</b>

**Summary:**

This report:

- describes the Council's financial performance in 2022/23 and reports on the underspends of £12.749m on Council budgets and £17.076m on Schools budgets;
- identifies and explains variances from the Council's revenue and capital budgets;
- makes proposals on the carry forward of over and under spends into the current financial year 2023/24; and
- reports Prudential and Financial Performance Indicators for 2022/23.

**Recommendation(s):**

That the Executive:

1. Notes the carry forwards and transfers to reserves set out in paragraphs 1.53 and 1.54 of this report, which are made in line with the Council's Financial Regulations,
2. Recommends to the County Council that
  - (a) the overspends under 1% in Place (£0.170m) and Fire and Rescue (£0.028m) are not carried forward but instead funded from the underspend above 1%; and
  - (b) that the proposals in paragraphs 1.55 and 1.56 and Table E, relating to the treatment of the underspend remaining after the carry forwards referred to in recommendation 1 and the funding of overspend referred to in recommendation 2(a), be approved,
3. Notes the transfers to and from reserves carried out in 2022/23 as set out in Table G,

4. Notes the financial performance in 2022/23 as set out in Table B (Key Financial Performance Measures), Table C (Revenue Budget Final Outturn), Table D (Net Capital Programme Summary Outturn) and Appendix D (Prudential Indicators),
5. Approves the use of the £8.7m transferred to the development fund as part of the 2023/24 budget setting process generally for the purposes as set out in paragraph 1.45.

**Alternatives Considered:**

- |    |  |
|----|--|
| 1. | <p>This report describes the actual position for the 2022/23 financial year and is factual in content and follows current Council policy. No alternatives are being considered in relation to this aspect.</p> <p>In relation to the treatment of underspends as set out at the bottom of Table E, there are a number of different ways these could be used. The Council's financial resilience is already supported by General Reserves and by the Financial Volatility earmarked reserve, which together are considered sufficient to help the Council withstand future financial shocks.</p> <p>It is proposed that the residual underspend of £10.045m be allocated to the Development Fund which will then be available to support investment in emergent Council priorities.</p> |
|----|--|

**Reasons for Recommendation:**

Financial governance requires that the Executive reviews the financial performance of each year. This report facilitates this.

The treatment of underspends and overspends are considered appropriate and prudent for supporting the Council's future budgets.

**1. Background**

- 1.1 The Council set its spending plans for 2022/23 within a challenging operating context, which included the continuation of uncertainty around longer term government funding, growing cost pressures from demand led services such as adult and children's social care, and the Council's responsibility to pay the National Living Wage. In developing the financial plan for the year the Council considered all areas of current spending, levels of income and council tax to set a balanced budget. The budget proposals included an increase in council tax of 4.99%, which incorporated 3% for adult social care.

- 1.2 It is important to recognise that the change to the rate of inflation during 2022/23 amounts to a material change of circumstances to which the Council has had to react. In September 2021, the period when many of the financial planning assumptions for 2022/23 were fixed, the rate of consumer price inflation was 3.1%. By February 2022, the month when the Council set its budget for 2022/23, the rate had doubled to 6.2%. By October 2022, the rate had peaked at 11.1% which is the highest level ever recorded.
- 1.3 This has had a lasting impact on the cost base, with inflationary pressures being higher than initially planned for within service budgets. In addition, the pay award was agreed at a level in excess of the budgeted assumption. The Council reflected the emerging and increasing risk of higher inflation during the late stages of the 2022/23 financial planning process, and increased the corporate contingency to £6.500m in direct response to the excessive inflationary increases around our supplies and services costs and utility costs. In addition, and as part of continued prudent financial management, the Council allocated a further £2.392m to help deal with wider inflationary pressures. Together, these measures have enabled the Council to more-than withstand inflationary pressures during 2022/23.

### **Annual Revenue Spending and Funding**

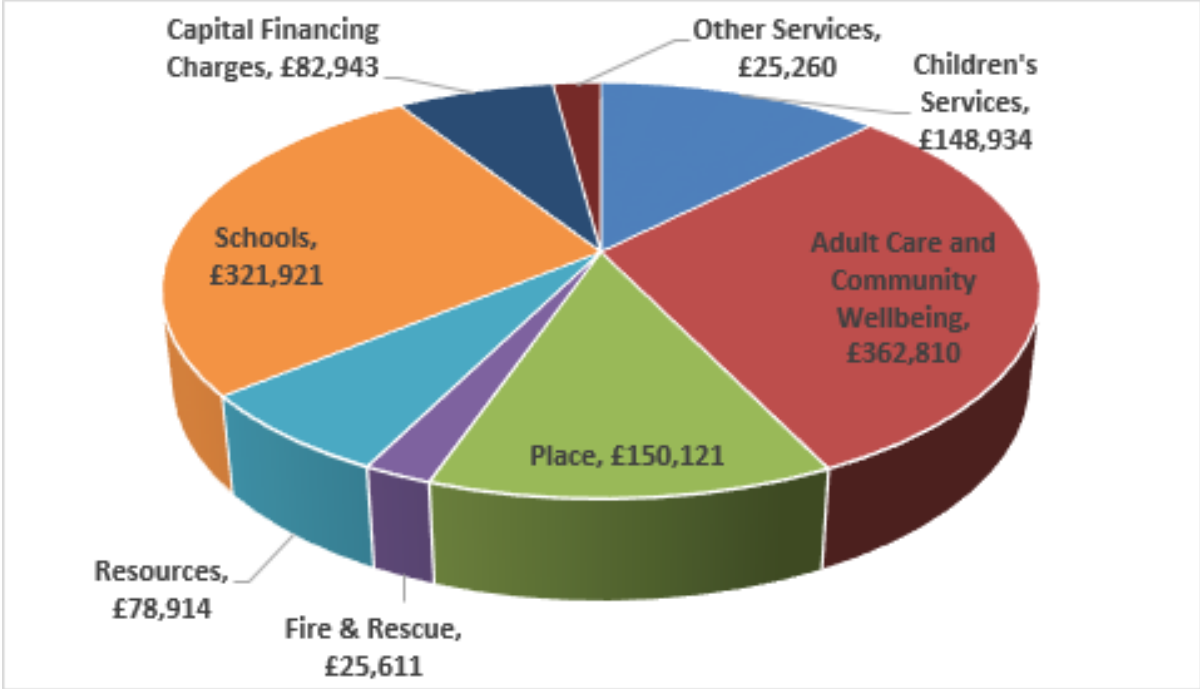
- 1.4 The Council spent £1,196m in 2022/23 on providing public services. This equated to approximately £1,555 for every person in Lincolnshire.
- 1.5 The Council's budget has had to accommodate a number of cost pressures, amounting to £53.609m in budgetary terms. These included:
- Pay inflation
  - Pressures associated with the increase in the national living wage
  - growth in the number of children in care
  - demographic growth
  - inflation affecting adult social care services (homecare, direct payments, community-based services, residential placements etc)
  - Wider inflationary pressures (e.g. energy)
  - Increased cost arising from the introduction of the health and social care national insurance levy, which has since been reversed
  - Increased cost of capital financing
  - Increased cost of education transport, reflecting activity and price increases

- 1.6 To help ensure the cost base remains sustainable, the Council planned and implemented a range of efficiency savings and leveraged additional income from service user contributions, totalling £9.543m. These included:
- Agile working
  - The continued roll-out of separated waste paper and card collections
  - The review of Executive and Management Support arrangements and the continued implementation of the revised printing strategy
  - Smarter working
  - Cloud technology
  - Home to school transformation programme
  - Maximising independence within adult social care
- 1.7 When the Council set its budget for 2022/23, it was for one year only because of continued longer-term funding uncertainty. This partly reflects the longer-term national financing position, which is heavily influenced by changes in national spending and taxation receipts, and how this relates to the size of the economy. It's important to note that all three of these elements have been materially impacted by the current economic landscape. Longer-term funding uncertainty also reflects the Government plans to implement two key funding reforms – the review of relative needs and resources, and increased business rates retention – which have since been deferred again with no certainty on when or if they will be introduced.
- 1.8 Despite the significant change in economic circumstances and consequential increase in cost and demand for services, the Council has achieved an overall underspend of £12.749m. This has been aided by the £3.500m increase to the revenue contingency as well as the £2.392m additional contingency allocation during the 2021/22 financial outturn process. Without these interventions, the Council would have underspent by £5.879m. Excluding the receipt of additional funding considered later in this report, the Council would have reported a modest overspend.
- 1.9 In addition, schools collectively underspent by £17.076m which is broadly similar to the £17.241m of maintained schools brought forward balances from prior years and the 2022/23 financial performance. These amounts will be carried forward automatically for schools to use in 2023/24).
- 1.10 As a result of continuous sound financial management across the Council – enabled by the provision of high quality and well run services – the Council has achieved a favourable financial outturn position despite the economic environment. This

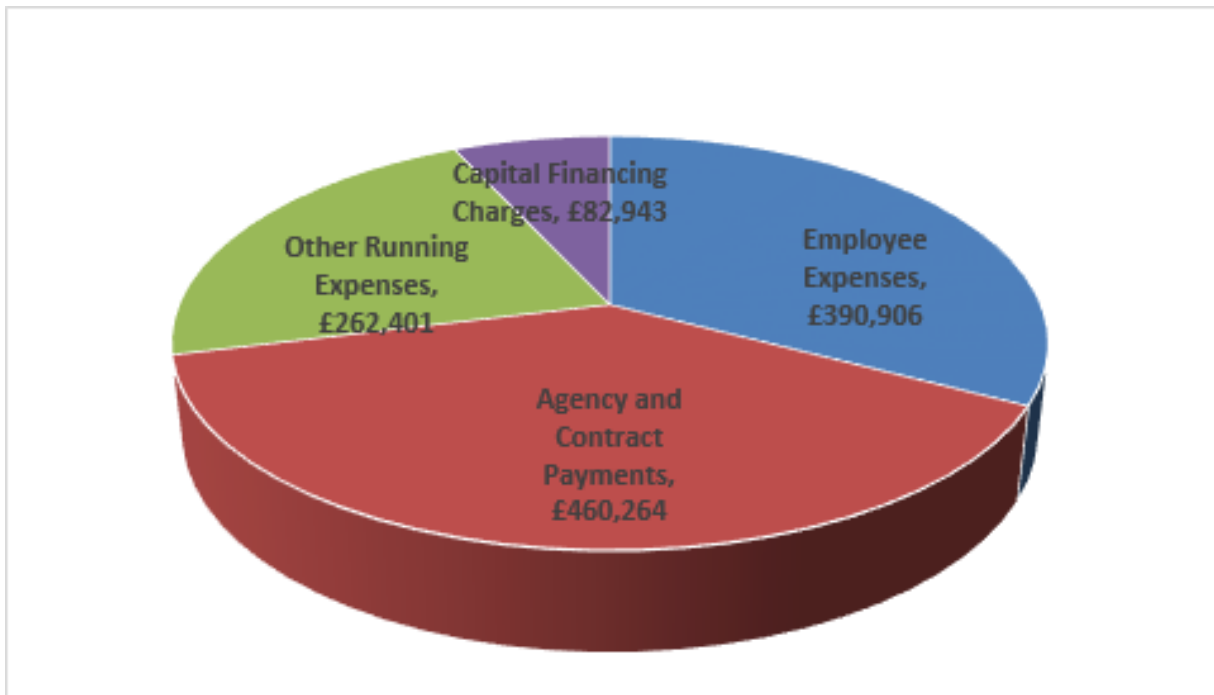
means the Council continues to have a solid platform to navigate the continuous financial challenges and future risk.

1.11 The Council's annual spending on providing public services is set out in the charts below and analyses expenditure both by type of service provided and by type of expenditure.

**Gross Expenditure Service Analysis 2022/23 £1,196,514 (£000's)**

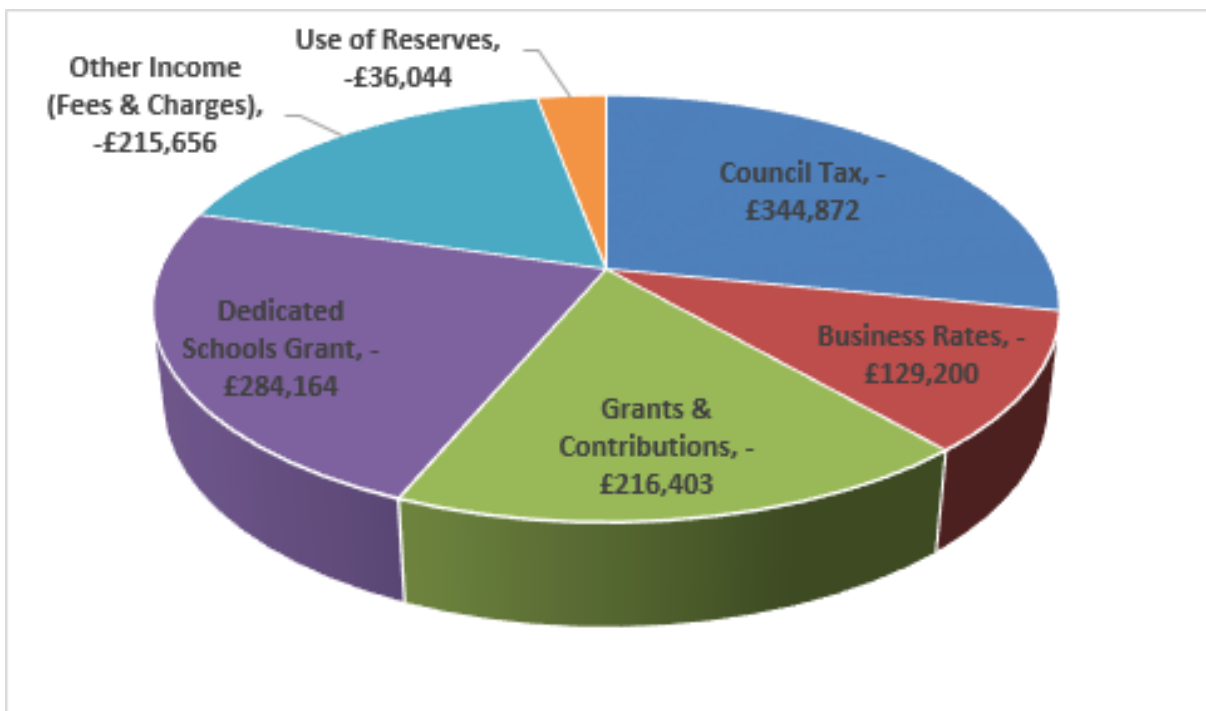


**Gross Expenditure Subjective Analysis 2022/23 £1,196,514 (£000's)**



The Council's revenue spending was funded by:

**Sources of Income Analysis 2022/23 £1,196,514 (£000's)**



1.12 In 2022/23, Council Tax was increased by 4.99%, which included an additional 3% adult social care precept. Furthermore, the collective taxbase set by the Lincolnshire



District Council's in 2022/23 reflected a 2.05% increase in the number of band D equivalent properties in Lincolnshire compared to 2021/22. This in total generated additional income for the Council of £15.901m. The Council Tax collection funds in Lincolnshire also generated an overall surplus in 2022/23, a further £3.167m for the County Council.

1.13 The Council expected and planned to generate £122.595m income from business rates, comprising:

- Top up grant funding from Government (£91.302m)
- Income collected from businesses in Lincolnshire (£19.526m)
- Section 31 grant funding, including multiplier cap funding (£16.358m)
- Gain from pooling (£1.800m)
- The Council's planned share of the collection fund deficit (£6.392m)

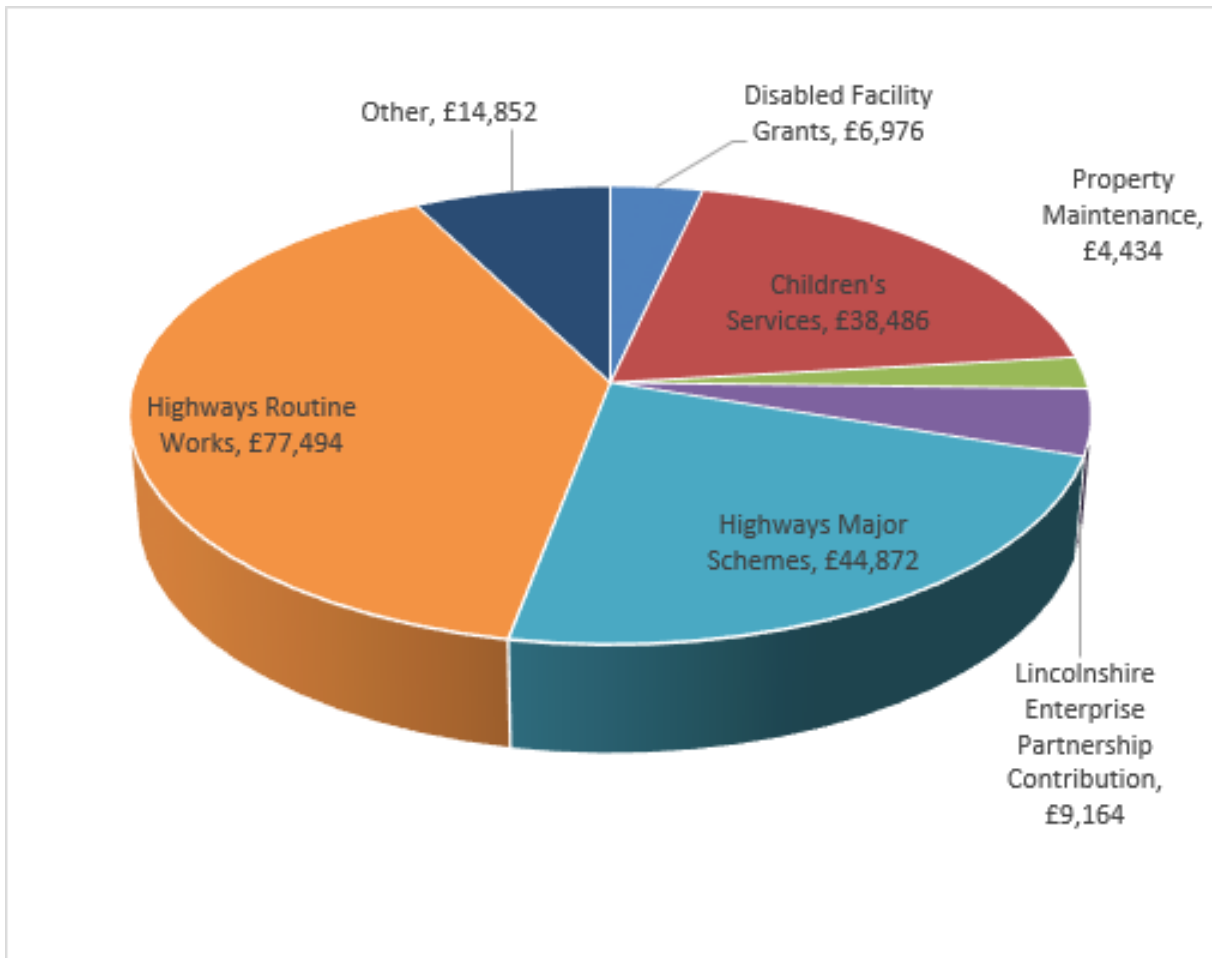
Actual income from business rates during 2022/23 amounted to £129.200m, an improvement of £6.605m. The majority of the difference relates to additional section 31 grant funding being received in respect of the expanded retail discount scheme announced in March 2021, after the 2021/22 taxbase had been set.

1.14 The Council received a Revenue Support Grant (RSG) of £21.220m in 2022/23. In addition, a number of specific government grants were received in the year, the most significant of these being £284.164m Dedicated Schools Grant, which is used for funding education, £54.302m Better Care Fund Grant which is used for adult social care, and £34.847m Public Health Grant.

### **Capital Spending and Funding**

1.15 The Council invested £196.279m on the County's major assets, in particular on road schemes and schools. The net capital spend was £101.566m, which was £49.819m less than planned. The main reasons for this position are shown in the section below on Capital Programme Outturn. The following pie chart sets out the spending on major investment projects by service area:

**Gross Expenditure on Major Investment Projects 2022/23 £196,279 (£000's)**



Other includes: Children's services non-school schemes, waste, flood defences, fire and rescue vehicles and equipment.

1.16 During 2022/23 the Council planned to invest £247.666m gross on capital and £151.386m net after grants and contributions. The major assets which have been progressed during the year are:

- Completion of the new, short break Children's Home facility on the St Francis Special School site.
- New builds, expansion and remodelling work in other Lincolnshire special schools through the Building Communities of Specialist Provision Strategy, which will deliver over 500 additional special school places and access to all complex needs provision upon completion of the strategy.
- Continuing construction of the Grantham Southern Relief Road scheme.
- Continuing construction of the Spalding Western Relief Road (section 5) scheme.
- Expanded facilities for businesses as the Market Deeping Eventus centre and at the South Lincolnshire Food Enterprise Zone.
- A programme of works to address condition issues of school buildings

1.17 The Council has utilised grants from central government and other bodies of £97.232m in the year to fund: road maintenance and building work, the provision of additional school places, addressing the condition of school buildings, the provision of broadband in the community and the provision of grants for adaptations in the homes of disabled people. The amount of capital grants and contributions actually used to fund the capital programme this year includes grants and contributions from previous years and is shown in the table below, which summarises how the capital programme has been financed in 2022/23:

**TABLE A - Capital Financing 2022/23**

<b>Sources of Capital Financing 2022/23</b>	<b>£'000</b>
Revenue Contributions	16,063
Use of Reserves	18,843
Grants and Contributions	97,232
Capital Receipts	4,332
Borrowing	59,809
<b>Total</b>	<b>196,279</b>

1.18 The Council sets a voluntary limit on its total borrowing to ensure that it remains prudent and affordable over the longer term. This target is to ensure that the annual minimum revenue provision (MRP) charge plus interest on loans amount to no more than 10% of the Council's annual income. The MRP charge is the amount set aside by the Council each year as a provision to repay debt over the period when the assets purchased and built provide a benefit to the communities of Lincolnshire. The total cost of these capital financing charges for 2022/23 amounted to 4.58% of total income, however when the voluntary revenue provision (VRP) charge is included this total charge was 5.69% of total income.

**The Council's Financial Health and Performance Measures**

1.19 The County Council has identified a number of key indicators to monitor its Financial Health and Performance. The Council's actual performance against these key indicators for 2022/23 is shown in **TABLE B**.

**TABLE B – Key Financial Health and Performance Measures**

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2022/23 Estimate	2022/23 Actual
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 26 county councils)	Yes	Yes
2	Government grants	Lobby for annual increases in general government grants to be above the county average	N/A	N/A
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.16%	5.67%
4	Accounting	Unqualified external audit opinion	Yes	Yes
5	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
6	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes
7	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90%	97%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark 0.27%	Weighted Benchmark 0.26%

1.20 The revenue budget outturn for 2022/23 is summarised below:

- a) Total service spending, excluding schools, was underspent by £4.043m or 0.9%.
- b) There was an underspend of £1.336m on other budgets or 1.3%.
- c) The Council received £7.370m (or 1.4%) more general funding income than originally budgeted for

This gives the Council (excluding schools) an overall underspend of £12.749m.

1.21 In addition, there was an underspend of £17.076m relating to the Dedicated Schools Grant. Of this underspend, £17.214m relates to maintained schools' balances from the prior year, and the remainder relates to the 2022/23 financial performance. The Dedicated Schools Grant is a ring-fenced amount and will be automatically carried forward to use in 2023/24.

The revenue outturn position for 2022/23 is shown in TABLE C:

**TABLE C – Revenue Budget Final Outturn 2022/23**

	Revised Net Revenue Budget	Net Expenditure	Year End Variance	Actual Variance
	£m	£m	£m	%
<b>SERVICE DELIVERY</b>				
Children's Social Care	83.423	82.885	(0.538)	(0.6)
Children's Education	13.369	12.412	(0.957)	(7.2)
<b>Children's Services</b>	<b>96.792</b>	<b>95.297</b>	<b>(1.494)</b>	<b>(1.5)</b>
Adult Frailty & Long Term Conditions	127.147	127.797	0.651	0.5
Adult Specialities	94.728	94.689	(0.039)	(0.0)
Public Health and Community Wellbeing	19.864	18.445	(1.419)	(7.1)
Public Health Grant Income	(34.847)	(34.847)	0.000	0.0
Better Care Funding	(54.336)	(54.303)	0.033	(0.1)
Public Protection	4.220	4.278	0.059	1.4
<b>Adult Care and Community Wellbeing</b>	<b>156.774</b>	<b>156.059</b>	<b>(0.715)</b>	<b>(0.5)</b>
Communities	87.153	86.988	(0.165)	(0.2)
Lincolnshire Local Enterprise Partnership	0.507	0.544	0.037	7.3
Growth	2.361	2.324	(0.037)	(1.6)
Highways	26.543	26.878	0.335	1.3
<b>Place</b>	<b>116.563</b>	<b>116.733</b>	<b>0.170</b>	<b>0.1</b>
Fire & Rescue	23.552	23.580	0.028	0.1
<b>Fire and Rescue</b>	<b>23.552</b>	<b>23.580</b>	<b>0.028</b>	<b>0.1</b>
Corporate Property	13.759	14.210	0.451	3.3
Commercial	8.844	8.469	(0.375)	(4.2)
Finance	8.300	7.503	(0.798)	(9.6)
Information Management Technology	15.609	15.677	0.068	0.4
Governance Services	2.036	1.981	(0.055)	(2.7)
Organisational Support	16.524	15.431	(1.093)	(6.6)
Transformation	7.631	7.611	(0.020)	(0.3)
<b>Resources</b>	<b>72.703</b>	<b>70.882</b>	<b>(1.821)</b>	<b>(2.5)</b>
Corporate Services	3.125	2.914	(0.211)	(6.8)
<b>Corporate Services</b>	<b>3.125</b>	<b>2.914</b>	<b>(0.211)</b>	<b>(6.8)</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>469.509</b>	<b>465.465</b>	<b>(4.043)</b>	<b>(0.9)</b>
<b>OTHER BUDGETS</b>				
Contingency	0.000	0.000	0.000	0.0
Capital Financing Charges	76.563	76.563	(0.000)	(0.0)
Other	22.663	21.328	(1.336)	(5.9)
<b>TOTAL OTHER BUDGETS</b>	<b>99.227</b>	<b>97.891</b>	<b>(1.336)</b>	<b>(1.3)</b>
<b>TOTAL NET EXPENDITURE (EXC SCHOOLS)</b>	<b>568.735</b>	<b>563.356</b>	<b>(5.379)</b>	<b>(0.9)</b>
<b>MOVEMENT OF RESERVES</b>				
Transfer to/from Earmarked Reserves	(8.132)	(8.132)	0.000	0.0
Contribution to/from School Reserves	(15.183)	(15.183)	0.000	0.0
Contribution to Development Fund	(12.729)	(12.729)	0.000	0.0
Transfer to/from General Reserves	0.000	0.000	0.000	0.0
<b>TOTAL MOVEMENT OF RESERVES</b>	<b>(36.044)</b>	<b>(36.044)</b>	<b>0.000</b>	<b>0.0</b>
<b>MET FROM:</b>				
Business Rates Local Retention	(122.595)	(129.200)	(6.605)	5.4
Revenue Support Grant	(21.220)	(21.220)	(0.000)	0.0
Other Non Specific Grants	(56.324)	(57.088)	(0.765)	1.4
County Precept	(344.872)	(344.872)	(0.000)	0.0
<b>TOTAL MET FROM</b>	<b>(545.010)</b>	<b>(552.380)</b>	<b>(7.370)</b>	<b>1.4</b>
<b>TOTAL (EXCLUDING SCHOOLS)</b>	<b>(12.319)</b>	<b>(25.068)</b>	<b>(12.749)</b>	
<b>SCHOOL BUDGETS</b>				
Schools Block	153.433	140.910	(12.523)	(8.2)
High Needs Block	98.223	94.762	(3.462)	(3.5)
Central School Services Block	3.132	3.013	(0.119)	(3.8)
Early Years Block	41.384	40.412	(0.973)	(2.4)
Dedicated Schools Grant	(284.164)	(284.164)	0.000	(0.0)
Schools Budget (Other Funding)	0.311	0.311	(0.000)	(0.0)
<b>TOTAL SCHOOLS BUDGETS</b>	<b>12.319</b>	<b>(4.757)</b>	<b>(17.076)</b>	<b>(138.6)</b>
<b>TOTAL (INCLUDING SCHOOLS)</b>	<b>0.000</b>	<b>(29.825)</b>	<b>(29.825)</b>	

#### Children's Services – underspend of £1.494m

- 1.22 In the year, there were overspends on known areas of social care legal costs due to the complexity of cases, and additional costs in transporting children and families for family time. These overspends were more than offset by underspends across Children's Services including the utilisation of grant funding; staffing underspends across county-wide services of 0-19 health and early help services, and the fostering and adoption service. More details on variances in this area are reported in Appendix A.

#### Adult Care and Community Wellbeing – underspend of £0.715m

- 1.23 ACCW experienced a higher than planned increase in demand for residential care during 2022-23. An additional 150 people were placed in residential care following a needs assessment. The overall number of placements remains lower than before Covid-19. Other volume-based services within Public Health and Wellbeing services delivered under budget. This performance coupled with the continued maximisation of grant income received resulted in the overall underspend for ACCW.

#### Place – overspend of £0.170m

- 1.24 Place ended the year with an overspend of just £0.170m (0.1%) against a budget of £116.563m. Significantly more passengers were eligible for educational travel provision than was budgeted, this, combined with wider market impacts including national living wage rises, inflationary challenges, a national drivers' shortage and rising fuel prices were mitigated by cost avoidance delivered by the ongoing transformational programme, savings in public transport and an allocation from the corporate contingency fund. Higher than budgeted income from electricity generated at the Energy from Waste plant and staffing vacancies also contributed to the overall underspend reported for Communities. Increased energy costs were not as large as forecast and were largely offset by savings in street lighting maintenance, however, high levels of inflation experienced in the construction sector and the demand led nature of winter maintenance resulted in an overspend in Highways. More details on variances in this area are reported in Appendix A.

#### Fire and Rescue – overspend of £0.028m

- 1.25 Fire and Rescue also ended the year with a 0.1% (£0.028m) variance. The Home Office grant to support the FireLink communication platform is being phased-out over the next five years and resulted in the service receiving £0.065m less grant

income to provide control services during the year, but during the same period the cost of the service increased by £0.038m. Most of this was offset by savings in payroll costs due to vacancies. An overspend caused by fuel inflation, compounded by an increase in the number of incidents was funded from corporate contingency and the previously forecast cost pressure for wholetime Fire Fighter recruitment and training was absorbed within the overall training budget. More details on variances in this area are reported in Appendix A.

#### Resources – underspend of £1.821m

1.26 Since the budget was set, the directorate has incorporated commercial elements of the Council to bring all professional services together. It was reported during the financial year that an overall underspend had been forecast. The main contributing factors to the outturn position are as follows:

- The 2023/24 budget approved savings in respect of the cost of business support functions. The reality is that the service started to work towards achievement of this during 2022/23, and therefore the cost reduced at a faster pace than originally assumed.
- There were other vacancy savings reflected across the directorate. This has impacts for the workforce and outputs, and in recent months there has been significant attempts to reduce the number of vacancies.
- There were lower volumes within externally provided services (e.g. customer services) than had been budgeted.
- Energy inflation was a pressure throughout the year, however the pressure was lower than initially expected in part due to the energy support scheme.

More details on variances in this area are reported in Appendix A.

#### Corporate Services – underspend of £0.211m

1.27 This underspend is primarily attributable to staff vacancies. More details on variances in this area are reported in Appendix A.

#### Other Budgets – underspend of £1.336m

1.28 The cost of capital financing during the year was underspent due to slippage on the capital programme in both 2021/22 and in 2022/23. In line with the Council's policy on minimum revenue provision, the Council has made a voluntary revenue provision using the underspend on capital financing charges, which has resulted in no overall variance against the budget. There was a residual balance within pay related

contingencies, in part due to the reversal of the health and social care levy, and there were underspends on insurance, the redundancy budget and pension enhancements. More details on variances in this area are reported in Appendix A.

#### Dedicated Schools Grant – underspend of £17.076m

- 1.29 This underspend mainly relates to the school's delegated budgets for maintained schools (£13.787m). This includes the brought forward balances from prior years and the 2022/23 financial performance and other school-related funding streams. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24. The financial position on the Dedicated School Grant blocks (excluding school balances) is an underspend of £3.289m, which is reported in in Appendix A.

#### Council's General Funding – £7.370m income than budgeted

- 1.30 The Council's general funding was higher than the revenue budget approved at full Council in February 2022. The most significant reasons for this increase in funding were as follows:

- Business rates – additional section 31 grant funding (£5.311m)  
The majority of the over-achievement of income relates to the expanded retail discount scheme, which was announced in March 2021 after submission of the 2021/22 NNDR1 forms. As a result of the additional business rate relief, the collectable amount from businesses gave rise to a collection fund deficit which had been budgeted for. The Government compensated Council's for this through additional section 31 grant funding, which had not been planned for within the funding base. This has prompted a change to the approach to business rates forecasting to support the Council's financial planning aspirations.
- Business rates – pooling with districts (£1.294m)  
The Council assumed that it's gain from pooling would amount to £1.8m, however the actual gain was higher. This is an inherently volatile area of funding which is difficult to predict. That said, the current forecasting approach is being reviewed as part of the financial services continuous improvement programme.
- Additional grant income (£0.764m)  
The Council received more income than expected from the extended rights to free travel grant (£0.602m) in addition to additional independent living



fund grant (£0.117m). It is important to note that while the grant is accounted for within funding, the cost offsets are held within services.

### **Capital Programme Outturn**

1.31 The capital outturn for 2022/23 is summarised below:

- Net capital expenditure was £101.566m; and
- This was £49.819m or 33% less than planned.

1.32 TABLE D shows the summary of the year end position against the budget funded by the Council. Appendix Bi provides further detailed information on projects and schemes highlighted in this report. The reasons for significant capital budget over or underspends are explained in the following paragraphs and in more detail in Appendix Bii.

**TABLE D – Capital Programme Summary Outturn 2022/23**

	Gross Programme			Net Programme		
	Actuals £'000	Revised budget £'000	Gross Outturn Variance £'000	Actuals £'000	Revised budget £'000	Net Outturn Variance £'000
Adult Care & Community Wellbeing	7,270	8,294	(1,024)	293	1,317	(1,024)
Children's Services	38,863	39,926	(1,063)	13,777	14,840	(1,063)
Place	143,202	168,402	(25,200)	81,568	106,769	(25,200)
Fire and Rescue	636	1,566	(930)	546	1,476	(930)
Resources	6,308	9,575	(3,267)	6,290	9,557	(3,267)
Other Programmes	0	19,903	(19,903)	-908	17,427	(18,335)
	<b>196,279</b>	<b>247,666</b>	<b>(51,387)</b>	<b>101,566</b>	<b>151,386</b>	<b>(49,819)</b>

1.33 The capital programme comprises a series of schemes/projects which often span a number of years. Hence over/underspends cannot be related to time periods such as this financial year. Where a scheme/project is known to be exhibiting a material variance to its spending profile this will be described in the narrative associated with that service area.

1.34 Schemes can receive funding from both the County Council and from external bodies (through grants and contributions). The timing of this external funding may also have an impact on the spending profile of schemes annually within the capital programme. All underspends and overspends on the capital programme are automatically carried forward to the next financial year.

#### Children's Services - £1.063m under net budget

- 1.35 Children's Services spent £38.863m on capital expenditure in 2022/23. The main areas of capital spend have been the Building Communities of Specialist Provision Strategy supporting individual special school schemes £25.476m; the provision of school places £4.909m; the replacement of end-of-life building components in schools £3.595m and the building of new Children's Homes £2.220m. The programme is mostly funded by capital grants and contributions.
- 1.36 The Children's Services capital schemes have been forecast to be broadly on target during the year. The majority of the underspend (£0.876m) relates to Building Communities of Specialist Provision Strategy where delays have been experienced due to procurement challenges which have caused some minor slippage in the project. The complexity and magnitude of this particular project should not be understated and it has been impacted by unprecedented supply chain issues affecting major construction schemes. Inflation caused by economic and market conditions has been managed by increased grant funding and the overall cost of the project will continue to be closely monitored. As this is the most significant project in Children's Services, a summary of the position is shown in Appendix A.

#### Adult Care and Community Wellbeing (AC&CW) - £1.024 under net budget

- 1.37 AC&CW passed through £6.976m of disabled facility grants to District Councils to enable essential housing adaptations to help disabled people live independently and safely in their own homes.

#### Place - £25.200m under net budget

- 1.38 The in-year underspend arises from delays to projects but expenditure is expected to be in line with budget over their full life. The most significant variance in the year was a £19.000m underspend on the Grantham Southern Relief Road scheme due to the poor ground conditions requiring the re-design of a bridge which has delayed the project. The Lincoln Eastern Bypass scheme is fundamentally complete, with a budget remaining to deal with any land compensation claims as and when they arise. The unpredictable nature of these claims resulted in an underspend for the year of £2.596m which will be carried-forward. During the year feasibility, design and enabling works were also undertaken on the A16 corridor schemes funded by the Levelling Up Fund. The receipt of funding in advance for the subsequent construction works caused an underspend of £2.595m which will be carried-forward. The Highways Asset Protection block budget overspent in year by £11.571m as the relatively mild weather enabled the programme to be delivered in

full, incorporating increases in contract and materials prices. This overspend will be carried forward to 2023/24 and managed within next year’s budget and has been offset in the current year by a number of smaller underspends on various schemes and block budgets. More details on all of these schemes are included in Appendix Bi.

Fire and Rescue - £0.930m under net budget

1.39 Delays in the delivery of equipment resulted in Fire and Rescue under spending by £0.930m on capital expenditure in the year. This underspend will be carried forward to 2023/24 to fund the purchases that are then expected to be delivered.

Resources - £3.267m under net budget

1.40 The Resources Directorate invested £6.3m during 2022/23, with investments primarily relating to maintaining and enhancing the Council’s technology and physical asset base in IT and property. Property maintenance and IT refresh investment accounted for a significant proportion of this spend, with investment in key projects including Grantham Fire and Waddington Training Facility.

New Developments Capital Contingency Fund - £19.903m under net budget

1.41 For 2022/23 the Council set aside £8.570m in a New Developments Capital Contingency Fund for schemes which emerge during the financial year. The movement during the financial year is explained below:

<b>New Developments Capital Contingency</b>	<b>£000's</b>
2022/23 Original Budget	8,570
Carry Forward from 2021/22	11,661
Distribution to approved schemes	(2,374)
Transfers back to contingency	2,046
<b>To be carried forward to 2023/24</b>	<b>19,903</b>

1.42 There have been a series of adjustments, incorporating:

- The carry forward of unspent and unallocated budget from 2021/22
- Funding distributions for approved schemes in year, including for Waddington Training Centre, Grantham Fire Stations works and Lincolnshire secure children’s home.

- Some funding reallocations back to the contingency, reflecting situations whereby the initial scope has since changed and will need to go back through the approval process.

1.43 Capital investment is a key enabler of successful delivery of the objectives set out in the Corporate plan. It can also drive forward service objectives. The uncertain financial environment beyond 2024/25 impacts the Council's ability to determine appropriate capital investment affordability limits over the long-term. Despite this, there remains a requirement to identify capital investment need so that the capital programme contains all necessary schemes, and to the right financial level. The Council also needs to capture intelligence on other investment opportunities which may not meet the definition of need, but may lead to other potential benefits which need to be captured.

#### Development Fund

1.44 The Development Fund is used to support investment across a range of Council priority areas. This ensures dedicated investment in key areas like transformation and infrastructure, encompassing both revenue and capital elements. An update on the development fund can be seen in Appendix C.

1.45 During the budget setting process for 2023/24, the Council identified £8.7m of reserve balances which were re-allocated to the development fund following a comprehensive review of earmarked reserves. It is proposed that this be utilised to support investment in local highways schemes (£7m), highways lines and signage works (£1m) as well as investment in a series of smaller schemes incorporating minor infrastructure works, skills development and public rights of way. Where any specific expenditure proposals require formal decision-making they will go through the appropriate constitutional procedures.

1.46 The residual 2022/23 outturn underspend is proposed to be allocated to the development fund, with usage to be determined according to prioritisation in accordance with the Council plan.

#### Financial Resilience

1.47 A further iteration of the local authority Financial Resilience Index was published by the Chartered Institute of Public Finance and Accountancy (CIPFA) during the year. This is a measure of councils' ability to withstand unexpected financial shocks. The updated index once again demonstrates a positive position for the Council. This reflects a relatively high level of reserves, and it must be noted that the areas which

are considered to be higher risk by CIPFA through the formulaic process (e.g. ratio of fees and charges to net revenue expenditure) are not considered to represent a threat to the Council's financial resilience.

- 1.48 In addition, the Council commissioned an external and independent assessment of its financial management arrangements against the standards published by CIPFA. This review has confirmed that the Council is operating in line with the requirements across all the criteria regarding the substance of the arrangements and the spirit in which they are intended. The review also identified areas of good practice and confirmed our own assessment of areas for continued improvement, which will be implemented over the next period.
- 1.49 The Council remains generally in a sound financial position relative to many other councils over the short term. This is because of continued sound financial management, the provision of well led services and adequate earmarked reserves to support the continued volatility of funding, emerging cost pressures and demand on our services. The Council constantly monitors its longer-term financial position and the medium-term Financial Strategy includes a Medium-Term Financial Plan (MTFP) which forecasts the Council's financial position over four years to March 2027. Inflationary, and other cost increases in the capital programmes, may impact on how much can be delivered or the speed of delivery. Future years of the plan consider known cost pressures, planned savings and use of reserves to produce a balanced budget. The MTFP predicts a budget shortfall and modest use of reserves over the period of the MTFP.

#### Prudential indicators

- 1.50 The Local Government Act 2003 gave authorities freedom to borrow what they need to fund their capital programmes. The Act requires Local Authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code provides a framework to ensure that Local Authorities' capital programmes are affordable, prudent and sustainable and that treasury management decisions are taken to support this.
- 1.51 In complying with the Code, the indicators for 2022/23 were approved by the Council on 18 February 2022 along with the budget and council tax for that year. In accordance with the Code, the Executive Director has been monitoring the actual performance against the targets set and there have been no issues of concern to be reported to members. The Council should also be informed of the actual position compared with that estimated for any given year after the year end. Appendix D provides details of this comparison for 2022/23. It shows that Prudential Indicators

have not been exceeded during the year and there have been no breach of limits set by the Authority.

#### Flexible Use of Capital Receipts

- 1.52 For 2022/23, the Council opted not to utilise the flexibility to use capital receipts to fund revenue transformation projects in the year. Instead capital receipts in 2022/23 have been used to fund capital schemes within the capital programme.

#### Carry forward of over and underspends

- 1.53 The Council's policy as set out in its Financial Regulations is:

All under and overspends on service revenue budgets of up to 1% will be carried forward without exception. In 2022/23, the net service underspend was £4.0m. Of this underspend, £2.4m is eligible to be carried forward. In respect of service carry forwards, planned usage and implementation in 2023/24 will be determined by the Executive Director in conjunction with portfolio holders.

There are modest overspends below 1% of budget within Place (£0.170m) and Fire & Rescue (£0.028m), which are attributable to increased cost as a result of high levels of inflation considered elsewhere within this report. It is proposed that rather than the minor overspends being carried forward they are funded from underspends over 1% and recommendation 2(a) invites Executive to recommend this to full Council. This is assumed to be the case in Table E (see 1.53).

All under and overspends on the dedicated schools budget will be carried forward. In 2022/23 this net underspend totalled £17.076m.

- 1.54 In addition to the carry forward of up to 1% of budget underspends, there are two reserve transfers for "business as usual" items to note, totalling £0.314m:

- a) Civil parking enforcement and permitting income is ring-fenced for spending on specific works defined by legislation. This budget underspent by £0.221m in the year.
- b) School sickness insurance income is ring-fenced to the activity it relates to, which presents as a modest £0.093m underspend.

- 1.55 The Council is required to consider the use of underspends above the level of 1% and outside of the "business as usual" transfers to reserves. Table E below sets out the total underspend, confirms the transfers to reserves as set out above, and a proposal for how the remainder could be allocated.

**TABLE E – Allocation of 2022/23 Underspend**

	£000's
<b>Total Underspend for 2022/23</b>	-29,825
Amount to transfer to Schools reserves	17,076
<b>Council Underspend for 2022/23 (excluding Schools)</b>	<b>-12,749</b>
<b><u>Service Net Underspends up to 1% Carried Forward</u></b>	
- Adult Care and Community Wellbeing	663
- Children's Services	968
- Place	0
- Fire and Rescue	0
- Resources	727
- Corporate Services	31
	2,390
<b><u>Business As Usual Ringfenced items</u></b>	
- School Sickness Insurance	93
- Civil Parking Enforcement & Permitting	221
	314
<b>Balance remaining for consideration</b>	<b>-10,045</b>
<b><u>Proposed Allocation of remaining balance</u></b>	
- Development Fund	10,045
<b>Total</b>	<b>10,045</b>

- 1.56 As set out in Table E, the residual balance of the underspend is proposed to be allocated to the Development Fund so that it can be made available to support investment in emergent Council priorities.

#### General Reserve

- 1.57 It is the Council's policy on general reserves that these will be maintained within a range of 2.5% to 3.5% of the annual budget requirement. The General Reserve at 31 March 2023 stands at £16.400m or 3% of the budget requirement (**TABLE F**), and therefore does not need to be adjusted.

**TABLE F – General Reserves**

<b>GENERAL RESERVES</b>	<b>Balance at 31 March 2023 £'000</b>
Balance at 1 April 2022	16,400
Contribution to / use in year	0
Proposed contribution to / use of reserves	0
<b>Balance as at 31 March 2023</b>	<b>16,400</b>
Balance as a percentage of total budget	3.00%

**TABLE G – Transfers to and from Reserves in Year 2022/23**

<b>Balance as at 31 March 2022</b>		<b>Restated Balance at 1 April 2022</b>	<b>Additions in Year</b>	<b>Used in Year</b>	<b>Balance at 31 March 2023</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
12,894	<b>Balances from dedicated schools budget</b>	12,894	3,974	(840)	16,028
13,659	<b>Balances for schools under a scheme of delegation</b>	13,659	13,605	(14,144)	13,120
<b>26,553</b>	<b>Total Schools</b>	<b>26,553</b>	<b>17,579</b>	<b>(14,984)</b>	<b>29,148</b>
	<b>Other Earmarked Reserves:</b>				
0	Other Services	4,791	4,782	(7,183)	2,390
13,582	Reserves requiring Council approval in September	8,791	10,359	(8,791)	10,359
6,775	Insurance	6,775	0	0	6,775
773	Schools Sickness Insurance	773	93	0	866
2,056	Shared Services (Legal and Procurement)	2,056	438	(326)	2,168
0	Financial Volatility - Budget Shortfall	0	0	0	0
46,922	Financial Volatility	46,922	0	0	46,922
1,957	CSSC Transformation Including BW Rebuild and Developmer	1,957	0	(1,394)	563
4,721	Energy from Waste Lifecycles	4,721	1,286	(2,130)	3,877
23,451	Development Fund	23,451	5,000	(12,729)	15,722
6,152	Business Rates Volatility Reserve	6,152	0	0	6,152
3,303	Support To Businesses	3,303	0	(841)	2,462
7,956	Other Service Earmarked Reserves	7,956	2,281	(4,663)	5,574
<b>117,648</b>	<b>Total Other Earmarked Reserves</b>	<b>117,648</b>	<b>24,239</b>	<b>(38,057)</b>	<b>103,830</b>
	<b>Revenue Grants and Contributions Unapplied Reserves:</b>				
8,893	Schools	8,893	7,980	(8,737)	8,135
9,687	Childrens Services	9,687	3,353	(1,446)	11,594
64,534	Adult Care and Community Wellbeing	65,140	14,450	(5,373)	74,217
14,122	Place	14,122	1,460	(6,610)	8,972
1,628	Other Budgets	1,628	0	0	1,628
0	Corporate Services	0	0	0	0
818	Resources	212	0	0	212
384	Fire & Rescue	384	0	0	384
<b>100,066</b>	<b>Total Revenue Grants and Contributions Reserves:</b>	<b>100,066</b>	<b>27,243</b>	<b>(22,166)</b>	<b>105,142</b>
<b>244,267</b>	<b>Total</b>	<b>244,267</b>	<b>69,060</b>	<b>(75,207)</b>	<b>238,120</b>



## 2. Legal Issues:

### Equality Act 2010

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

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

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

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

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

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

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

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

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

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this report on the Equality Act duty. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to Equality Act obligations as they are taken. This includes decisions on the use of carried forward underspends.

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

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

The JSNA and JHWS have been considered and there is not considered to be any direct impact of the decisions called for by this report on either the JSNA or JHWS. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to the JSNA and JHWS as they are taken. This includes decisions on the use of carried forward underspends.

## 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.

Section 17 of the Crime and Disorder Act 1998 has been considered and there is not considered to be any direct impact of the decisions called for by this report on the obligations arising from this Act. The Council set its budget for 2022/23 in February 2022 having had regard to these matters. The treatment of underspends and overspends in this report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to Section 17 of the Crime and Disorder Act 1998 obligations as they are taken. This includes decisions on the use of carried forward underspends.

## **3. Conclusion**

- 3.1 The report provides details of the Council's financial performance for 2022/23. Net revenue spending amounted to £563.356m, excluding Schools Budgets. Net capital spending totalled £101.566m.
- 3.2 Existing policies allow all over and underspends on capital, schools budgets and shared services to be automatically carried forward. The carry forwards and transfers to and from earmarked reserves have been proposed in accordance with existing policy, or highlighted where the proposal is to take a different approach in respect of revenue overspends. General reserves currently stand at £16.400m with a further £46.922m in the Financial Volatility earmarked reserve which remain adequate relative to need.

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

Recommendation 1 is compliant with the Council's Financial Regulations.

With regard to recommendation 2(a), the Council's Financial Regulations provide that the use of all overspending on service budgets below 1% will be automatically carried forward. The proposal not to carry forward overspends below 1% in Place and Fire and Rescue must therefore be approved by full Council

With regard to recommendation 2(a) and (b), the Council's Financial Regulations provide that the use of all underspending on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.

Recommendations 3 and 4 enable the Executive to monitor performance against the Council's approved budget. Under Section 3 of the Local Government Act 2003 the Authority must determine and keep under review how much money it can afford to borrow. Reporting on the Prudential Indicators assists the Council in discharging this function.

Recommendation 5 relates to the expenditure of monies within the Development Fund which is a decision for the Executive.

The recommendations are lawful in accordance with the Constitution and the Policy Framework and within the remit of the Executive.

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

This end of year financial performance report confirms that overall spending has been within budget. This continues the Council's record of strong financial management, which supports future financial resilience.

#### **6. Consultation**

##### **a) Has Local Member Been Consulted?**

n/a

##### **b) Has Executive Councillor Been Consulted?**

Yes

##### **c) Scrutiny Comments**

On 29<sup>th</sup> June 2023 Overview and Scrutiny Management Board will consider this report on the Review of Financial Performance 2022/23. Comments made by the Board will be tabled at the meeting.

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

No

**7. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Revenue Outturn 2022/23
Appendix Bi	Capital Outturn 2022/23
Appendix Bii	Capital Scheme Outturn Variances (>£0.5m)
Appendix C	Development Fund
Appendix D	Prudential Indicators 2022/23

**8. Background Papers**

Document title	Where the document can be viewed
Council Budget 2022/23	<a href="https://www.lincolnshire.gov.uk/council-budget-book-2022-23">Council Budget Book 2022-23 (lincolnshire.gov.uk)</a>

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	Revised Net Revenue Budget	Net Expenditure	Year End Variance	Actual Variance
	£m	£m	£m	%
<b>SERVICE DELIVERY</b>				
Children's Social Care	83.423	82.885	(0.538)	(0.6)
Children's Education	13.369	12.412	(0.957)	(7.2)
<b>Children's Services</b>	<b>96.792</b>	<b>95.297</b>	<b>(1.494)</b>	<b>(1.5)</b>
Adult Frailty & Long Term Conditions	127.147	127.797	0.651	0.5
Adult Specialities	94.728	94.689	(0.039)	(0.0)
Public Health and Community Wellbeing	19.864	18.445	(1.419)	(7.1)
Public Health Grant Income	(34.847)	(34.847)	0.000	0.0
Better Care Funding	(54.336)	(54.303)	0.033	(0.1)
Public Protection	4.220	4.278	0.059	1.4
<b>Adult Care and Community Wellbeing</b>	<b>156.774</b>	<b>156.059</b>	<b>(0.715)</b>	<b>(0.5)</b>
Communities	87.153	86.988	(0.165)	(0.2)
Lincolnshire Local Enterprise Partnership	0.507	0.544	0.037	7.3
Growth	2.361	2.324	(0.037)	(1.6)
Highways	26.543	26.878	0.335	1.3
<b>Place</b>	<b>116.563</b>	<b>116.733</b>	<b>0.170</b>	<b>0.1</b>
Fire & Rescue	23.552	23.580	0.028	0.1
<b>Fire and Rescue</b>	<b>23.552</b>	<b>23.580</b>	<b>0.028</b>	<b>0.1</b>
Corporate Property	13.759	14.210	0.451	3.3
Commercial	8.844	8.469	(0.375)	(4.2)
Finance	8.300	7.503	(0.798)	(9.6)
Information Management Technology	15.609	15.677	0.068	0.4
Governance Services	2.036	1.981	(0.055)	(2.7)
Organisational Support	16.524	15.431	(1.093)	(6.6)
Transformation	7.631	7.611	(0.020)	(0.3)
<b>Resources</b>	<b>72.703</b>	<b>70.882</b>	<b>(1.821)</b>	<b>(2.5)</b>
Corporate Services	3.125	2.914	(0.211)	(6.8)
<b>Corporate Services</b>	<b>3.125</b>	<b>2.914</b>	<b>(0.211)</b>	<b>(6.8)</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>469.509</b>	<b>465.465</b>	<b>(4.043)</b>	<b>(0.9)</b>
<b>OTHER BUDGETS</b>				
Contingency	0.000	0.000	0.000	0.0
Capital Financing Charges	76.563	76.563	(0.000)	(0.0)
Other	22.663	21.328	(1.336)	(5.9)
<b>TOTAL OTHER BUDGETS</b>	<b>99.227</b>	<b>97.891</b>	<b>(1.336)</b>	<b>(1.3)</b>
<b>TOTAL NET EXPENDITURE (EXC SCHOOLS)</b>	<b>568.735</b>	<b>563.356</b>	<b>(5.379)</b>	<b>(0.9)</b>
<b>MOVEMENT OF RESERVES</b>				
Transfer to/from Earmarked Reserves	(8.132)	(8.132)	0.000	0.0
Contribution to/from School Reserves	(15.183)	(15.183)	0.000	0.0
Contribution to Development Fund	(12.729)	(12.729)	0.000	0.0
Transfer to/from General Reserves	0.000	0.000	0.000	0.0
<b>TOTAL MOVEMENT OF RESERVES</b>	<b>(36.044)</b>	<b>(36.044)</b>	<b>0.000</b>	<b>0.0</b>
<b>MET FROM:</b>				
Business Rates Local Retention	(122.595)	(129.200)	(6.605)	5.4
Revenue Support Grant	(21.220)	(21.220)	(0.000)	0.0
Other Non Specific Grants	(56.324)	(57.088)	(0.765)	1.4
County Precept	(344.872)	(344.872)	(0.000)	0.0
<b>TOTAL MET FROM</b>	<b>(545.010)</b>	<b>(552.380)</b>	<b>(7.370)</b>	<b>1.4</b>
<b>TOTAL (EXCLUDING SCHOOLS)</b>	<b>(12.319)</b>	<b>(25.068)</b>	<b>(12.749)</b>	
<b>SCHOOL BUDGETS</b>				
Schools Block	153.433	140.910	(12.523)	(8.2)
High Needs Block	98.223	94.762	(3.462)	(3.5)
Central School Services Block	3.132	3.013	(0.119)	(3.8)
Early Years Block	41.384	40.412	(0.973)	(2.4)
Dedicated Schools Grant	(284.164)	(284.164)	0.000	(0.0)
Schools Budget (Other Funding)	0.311	0.311	(0.000)	(0.0)
<b>TOTAL SCHOOLS BUDGETS</b>	<b>12.319</b>	<b>(4.757)</b>	<b>(17.076)</b>	<b>(138.6)</b>
<b>TOTAL (INCLUDING SCHOOLS)</b>	<b>0.000</b>	<b>(29.825)</b>	<b>(29.825)</b>	

## **Analysis of Revenue Position**

1. The revenue outturn position by budget book line is shown in the table on the previous page. This shows that the Council has underspent by £12.749m with a further £17.076m underspent within school budgets. The variance by directorate or budget area is set out in this appendix on the following pages.
2. During the 2022/23 budget setting process, the Council planned to make savings amounting to £4.818m. This forms part of the Council's conscious and constant attempts to ensure an efficient cost base. All savings have been achieved in full, which is also evidenced by the outturn position.
3. The overall position reflects an extremely positive outcome considering the high levels of inflation to which the Council and its residents have been exposed. It confirms that the Council remains in a strong financial position, and is recognition that the Council's well run services continue to lead to positive financial outcomes.
4. The overall underspend gives rise to a series of carry forwards which will be used to continue investment in Council priorities and transformation. This in turn will lead to ongoing positive financial and non-financial benefits.
5. The outturn position also means the Council is able to fully focus on forward financial planning as it starts to prepare the foundations for its 2024/25 budget.

## Children's Services

6. Children's Services has spent £95.297m against a budget of £96.792m. This is an underspend of £1.494m.
7. The position for children's education is as follows:
  - The underspend remained within Special Educational Needs & Disabilities of £0.491m (or 6.1%). This related to the Domiciliary Care contract underspend (£0.243m or 52.0%), which has been unable to access care resources and packages of support due to the limited availability within the marketplace. Further underspends in this area relate to staffing vacancies (£0.229m or 4.9%) due to recruitment challenges, and use of the Outbreak Management Grant to support costs on specialist equipment (£0.1m or 0.12%).
  - Other variances have also taken place across the areas of School Improvement services (£0.152m underspend) due to a reduction in the costs in the delivery of the service, and Education Support Services (£0.204m) mainly due to additional income received from schools and parents for services such as free school meals and educational visits (£0.070m), a reduction in legal attendance costs (£0.054m) and the use of government grant funding (£0.055m); along with other smaller variances
8. The position for children's social care is as follows:
  - The overall position for Children's Social Care has seen minimal change since the quarter 3 reporting. Several budgets within this area are demand-led and high risk and whilst there are variances in individual areas, careful management and transformational strategies has meant that this has been contained within the overall envelope of funding.
  - Social care legal costs has been a known cost pressure and continued to be higher than the budget due to the complexity of cases, reliance on expert advice and the use of counsel. However, the final outturn position showed a £1.264m overspend (or 47.5%), a £0.252m reduction in spending. This is mainly due to legal cases being concluded sooner as judicial availability and capacity has been improved with the appointment of district / circuit judges and more concise reporting to the courts. Children's Services continue to apply the statutory threshold to initiating care proceeding and pre-proceedings.
  - Additional costs associated with the transport of children and families for family time (£0.584m or 38.7%), which was reported in quarter 3 reporting. Increases experienced in other areas of transport (e.g. Home to School transport) have also been impacted, plus children having extended periods of support to have time with their families and an increased reliance on taxis, have led to the overspend position.
  - The number of Children in Care (CiC) has reduced to 727 at the end of March 2023 compared to 759 reported at the end of December 2022 although this total is not significantly different to the previous year's March number of 731. Whilst the number of

residential placements and costs have remained stable, there has been a £0.595m (or 3.8%) underspend in the Fostering and Adoption Service.

- The 0-19 health service underspent by £0.716m (or 8.4%) which is the same as that reported in quarter 3. This is mainly due to county-wide Health Visitor vacancies which are at a similar level to that experienced in 2022/23 and additional NHS funding relating to the Children's Continence Service. The service continues to encounter recruitment challenges and on-going recruitment remains a key priority for the service.
- Early Help Services underspent by £0.472m (or 6.1%) due to a high number of vacancies for this county-wide service. This reflects the high turnover of staff and the recruitment difficulties that have been experienced in certain locality areas.
- Other variances include the expected Unaccompanied Asylum Seekers grant (£0.423m underspend); additional funding received for Supporting Families as the service achieved their payments by results target (£0.462m) and in order to maximise the Public Health grant allocation, part of the Outbreak Management grant has been used to offset the Healthy Minds delivery within the High Needs Block



## **Adult Care & Community Wellbeing**

9. For the financial year 1 April 2022 – 31 March 2023, ACCW spent £0.715m less than plan. The two key variations from plan include:

- an increasing demand for older people's long term residential care. ACCW provided 150 more people than planned with a residential placement. The number of people within residential care remains lower than before Covid-19.
- volume based services within Public Health delivered under budget, namely health checks and sexual health services.

With the growing demand following hospital discharge, residential care in particular remains a key financial risk going into 2023-24 and a focus of the new Discharge Funding.

## Place

10. Place has spent £116.733m against a budget of £116.600m. This is an overspend of £0.133m (0.1%).

## Communities

11. Increased demand, continuing inflation and challenging market conditions in the delivery of educational transport to meet statutory and policy requirements led to an overspend of £5.94m.
12. Significantly more passengers were eligible for travel provision than was budgeted, this combined with wider market impacts including national living wage rises, inflationary challenges, a national drivers' shortage and rising fuel prices were partially mitigated by cost avoidance arising from the ongoing transformational programme. New procurement approaches, route optimisation, the establishment of new personal transport budgets and a reduction in single occupancy routes all contributed.
13. The overspend on educational transport was further offset by:
  - An allocation from the contingency fund of £2.820m.
  - Short-term savings in Public Transport of £1.698m, with reduced patronage providing savings in concessionary fares and further savings generated by staff vacancies.
  - A £1.637m underspend in Waste Management, resulting from higher than budgeted income from the Energy from Waste plant, despite managing contract pricing pressures.
  - Staffing vacancies and additional income creating underspends in Environmental Services (£0.133m) and Planning Services (£0.117m).

This resulted in an overall underspend in Communities of £0.165m

14. As the high level of direct government support for bus operators put in place during the Covid pandemic is progressively withdrawn, public transport expenditure is likely to come under renewed pressure and the savings are therefore not expected to continue in the current financial year. Similarly, the potential impacts of the Electricity Generator Levy and contract price pressures in waste management make the savings made in 2022/23 unsustainable and consequently provision has been made in the 2023/24 budget for the continuation of budget pressures in educational transport.

## Growth

15. The increased utility costs and maintenance demands in the business centres previously forecast were funded by an allocation from the contingency fund, which combined with better than budgeted income levels and savings due to vacancies, enabled Growth to deliver an overall underspend of £0.037m.

## Highways

16. The £1.174m overspend forecast at quarter 3 was primarily due to increased energy costs for street lighting. However, increases in energy prices were not as large as forecast and, coupled with savings in street lighting maintenance, resulted in a £0.475m underspend in this area.
17. The exceptionally high levels of inflation being experienced in the construction sector resulted in unprecedented increases in the cost of plant, labour and materials in the highways maintenance contract. The budget for the mobile maintenance teams had a managed overspend of £1.958m. This was mitigated by better-than-expected income levels for Traffic Regulation Orders and Permitting together with a number of staff vacancies.
18. The winter maintenance budget remains a volatile, high-risk area with demand determined by weather conditions resulting in an overspend for the year of £0.574m.
19. The net effect of these variances was an overall overspend of £0.338m for the Highways service.

## **Fire and Rescue**

20. Fire and Rescue has spent £23.580m against a budget of £22.552m, an overspend of £0.028m (0.1%).
21. Fuel (diesel) costs increased by almost 70% over budgeted levels during the year. This inflationary pressure was compounded by a continued increase in the number of incidents causing an overspend of £0.180m, which was funded from corporate contingency. The expected impact of this pressure in 2023/24 and beyond was addressed during the budget setting process.
22. A VAT adjustment for operational response vehicles of £0.077m was highlighted through an audit that encompassed 4 years returns to HMRC that had not included the full VAT liability. This one-off pressure for the back payments was also funded from contingency and future budget assumptions have been amended to include the increased cost.
23. The previously forecast cost pressure for wholetime Fire Fighter recruitment and training that is required to ensure minimum staffing at wholetime stations was absorbed within the overall training budget. The costs for these courses are not included in the base budget as they are not consistently required on a year-to-year basis and it was agreed to review the overall budget during the year to identify any opportunities for the cost to be absorbed within any underspend that may arise. Savings, particularly in BA training, driver training and on-call courses mitigated the cost for 2022/23.
24. The grant to support the FireLink communication platform is being phased out over the next five years. This resulted in the service receiving £0.065m less grant income to provide control services but during the same period, the cost of the service has increased by £0.038m. This progressive grant reduction, along with the increased costs, are reflected in the medium-term financial plan.
25. Savings in payroll costs due to vacancies largely offset the pressures detailed above, enabling the overspend to be constrained to the reported figure.

## **Resources and Corporate Services**

26. Resources has spent £70.882m against a budget of £72.703m, which is an underspend of £1.821m.

### Commercial

27. Commercial services are £0.375m underspent due to a combination of staffing vacancies, the receipt of additional income from adult social care and a reduction in customer service centre volumes when compared to the budgeted expectation. The value of underspend has reduced from Q3 due to different assumptions in respect of reserve utilisation.

### Property

28. The cost of energy had been reported as a significant pressure during the financial year, with it being an inherently volatile area to forecast due to price fluctuations and variable activity levels. The outturn cost was lower than had been forecast, but £0.430m higher than budget which reflects increased prices offset partially by support through the Government energy support scheme.

29. The contract cost of the Vinci property contract was in excess of budget due to Inflationary pressures incorporating the impact of the national living wage and construction industry cost increases, over and above those identified during the budget setting exercise.

30. There are some partially mitigating underspends within property, reflecting additional income from the County Farms estate (£0.140m) and an amalgamation of insurance premiums, staffing vacancies and other minor variations (£0.249m).

### Finance

31. The service has underspent due to a combination of three key elements:

- The cost of the Serco contract was £0.320m lower than the budgeted expectation primarily due to the implementation and ongoing costs of moving Adult Social Care payments from being paid net to gross being deferred to during 2023/24.
- There have been vacancy savings within corporate audit and risk management amounting to £0.240m, which reflects recruitment challenges within the service. The service are undertaking additional recruitment exercises during 2023.
- The carry forward from 2021/22 has been used to support transformation across the service, with a residual balance contributing to the overall service underspend.

### Information Technology

32. There have been a series of over and underspends across the service which cancel each other out, leaving a minor overall overspend for the service. There have been overspends within the cost of the broadband network (£0.268m), data storage due to a combination of inflation and

higher storage activity than assumed (£0.196m), and other software packages in part due to dual running. These overspends have been offset in the main through vacancy savings, which reflect the recruitment challenges that have been experienced by the service.

#### Organisational Support

33. As part of the 2023/24 financial planning process, the Council confirmed its intention to progress changes to the business support model to increase efficiency and reduce the cost to the Council. The service took a pro-active approach to achieve these savings, and effectively made the necessary structural changes during 2022/23 to ensure their delivery. This means the overall vacancy rate ended up being in excess of 13%, well in excess of the budget expectation. The 13% vacancy rate incorporated those staff that left the council through voluntary redundancy and a recruitment freeze until early February. In addition, pay award inflation was provided based on a full establishment, exacerbating the staffing based underspend.
34. In addition, human resources achieved an overall underspend which reflects a combination of talent & learning savings, increased advertising revenue and lower job board costs.

#### Corporate

35. Corporate Services has spent £2.914m against a budget of £3.125m, an underspend of £0.211m which primarily reflects staffing vacancies within the service.

## Other Budgets

36. Other Budgets has spent £97.891m spend, against a £99.227m budget, an underspend of £1.336m.
37. The Council increased the contingency budget for 2022/23 to reflect the heightened inflation risk. This has been fully utilised to cover inflationary impacts as well as pay awards above the level budgeted for.
38. Capital financing charges has underspent by £9.168m this year. This comprises of an underspend on interest payable on loans and on the minimum revenue provision (MRP) of £5.667m in total, and a surplus of investment income of £3.501m. The underspend on interest and MRP has arisen due to slippage in the 2022/23 capital programme, and because no borrowing has been required in the current year. The surplus on investment income has arisen because of the increase in investment interest rates this year, triggered by the increase in the bank base rate. This underspend has been used to fund a Voluntary Revenue Provision charge, which can be used subsequently to reduce the impact of capital financing charges in future years; and this has resulted in no overall variance against the budget.
39. The remaining budget areas within Other Budgets have produced an underspend in total by £1.336m in the current year. The main variances within this are:
- Insurance have underspent by £1.014m because our budget assumption was that premium increases would be higher than they were for the current year. In addition, our average 3-year claim history has reduced.
  - Pension Liabilities have underspent by £0.441m mainly because the budget has not been reduced to allow for attrition over the past two years. This will not be a saving for 2023/24 as next years' pension amounts will be increased by inflation which is currently high, and this is likely to more than offset any attrition saving next year.
  - ESPO dividend has underspent by £0.192m as the dividend income for 2022/23 has been received and is 25% higher than what we originally budgeted for.
  - Apprenticeship Levy has overspent by £0.165m due to a prepayment processed in March 2023 as part of the new BW system cut off deadlines.

## **Schools**

40. The Dedicated Schools Budget have a net spend of (£4.758m) against a net budget of £12.319m. This is an underspend of £17.077m.

### Schools Block

41. Schools' delegated budgets for maintained primary and secondary schools have underspent by £11.939m (or 8.0%) at the end of March 2023. This includes the brought forward balances from prior years and the 2022/23 financial performance. This monetary sum represents 164 Lincolnshire mainstream maintained schools. A schools' carry forward policy is in place and monitored by Local Authority officers. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24.
42. De-delegated budgets are funds that are passed back from primary maintained schools' delegated budgets to the Local Authority and used to fund the following services: supporting schools in financial difficulties with school intervention and improvement; support for termination of employment costs, and the Inclusion and Attendance Service. These services underspent by £0.520m (or 54.3%) and will be moved to the primary maintained schools earmarked reserve for 2023/24.
43. Other smaller variances have occurred on central budgets within the Schools block, the largest of which relates to Admissions and Exclusions (£0.048m).

### Central School Services Block

44. Part of the overall £0.119m underspend on the Central School Services block relates to formulaic funding received from central Government for ongoing responsibilities for maintained schools and academies (£0.084m). The remaining underspend relates to historical budgets of PFI funding and Broadband costs (£0.035m). The Government is reducing these budget allocations of Local Authorities annually by 20% to remove the perceived unfairness in funding across authorities. The budgets had been set prudently to respond to this future funding implication.

### Early Years Block

45. Schools' delegated budgets for maintained nursery schools have underspent by £0.123m. This includes the brought forward balances from prior years and the 2022/23 financial performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24. Early Years pupil premium underspends (£0.050m) across maintained nursery schools and classes will be automatically carried forward into the new financial year.
46. The financial position on the Early Years block is an underspend of £0.800m if nursery schools carry forwards are excluded.



47. An underspend on the Early Years participation budgets of £0.401m (or 1.2%) which is a £0.180m reduction in the underspend reported in quarter 3 (£0.580m). This is a volatile, demand-led budget relating to participation numbers and hours. Funding from the Government to Local Authorities has now reverted to being based on January census data following a change in funding mechanisms during the pandemic.
48. An underspend in the 2-year-old provision of £0.320m (or 6.8%) has occurred due to a reduction in pupil participation levels after the census dates of Local Authority funding.
49. Other variances include an underspend on central staffing budgets of £0.076m (or 3.1%) mainly due to a reduction in demand for allocations from the Disability Access Fund of £0.081m (or 34.1%) plus other smaller variances.

#### High Needs Block

50. Schools' delegated budgets for maintained special schools have underspent by £1.155m (or 14.8%). This includes the brought forward balances from prior years and the 2022/23 financial performance. School delegated budget underspends are automatically transferred to the schools' reserves for use in 2023/24.
51. The financial position on the High Needs block is an underspend of £2.307m.
52. The Alternative Provision (AP) free school place funding has underspent by £1.630m. This is a temporary underspend following Department for Education (DfE) confirmation that funding is only being recouped from the Local Authority for 89 places for this financial year.
53. There has been an underspend on post-16 Learners with Learning Difficulties and Disabilities (LLDD). The service has underspent by £0.436m (or 12.7%) due to colleges only claiming element 2 and 3 high needs where required, in accordance with the DfE guidance.
54. There are several demand-led and volatile areas within the High Needs Block which have overspent. One of those areas relates to top up and targeted funding to mainstream schools for Lincolnshire children and young people with Education and Health Care (EHC) plans which has overspent by £2.760m (or 10.4%). This is due, once again, to increased demand. The SEND transformation programme continues to have a positive impact in supporting children and young people and is reducing the upward trajectory of EHC plans against the do-nothing line, however like nationally, the number of EHC plans are increasing.
55. Non-Maintained Schools placements and independent mainstream placements have overspent by £2.185m (or 15.0%), reduction of £0.210m from that previously reported. The overspend is due to increased demand for those pupils with more complex needs, along with insufficient places within Lincolnshire special schools. This is being addressed through the Building Communities of Specialist Provision Strategy by delivering an increase in the number of places within Lincolnshire special schools to support the forecast trajectory of growth.

56. These two areas of overspend have been partly offset by uncommitted funds within the High Needs Block (£4.110m). Local Authorities 2022/23 High Needs block funding was increased in recognition of these challenges and inflationary increases. £1.202m of this additional funding was provided to Lincolnshire special schools.
57. The apportionment of costs for the Healthy Minds contract costs met by Outbreak Management grant (£0.860m) to support the utilisation of Council grants.
58. Other variances include overspends on Home Tuition (£0.188m) and Pilgrim Home Tutoring (£0.146m), and an underspend on Social Emotional and Mental Health placements (SEMH) (£0.517m).

Net Expenditure Position 2022/23 Capital Blocks (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	(5.286)	(5.215)	(0.071)
⊕ Adult Care and Community Wellbeing	0.016	0.545	(0.529)
⊕ Place	48.792	43.984	4.808
⊕ Fire and Rescue	0.546	1.476	(0.930)
⊕ Resources	4.505	7.691	(3.186)
⊕ Other Budgets	(0.908)	17.427	(18.335)
<b>Total</b>	<b>47.665</b>	<b>65.907</b>	<b>(18.243)</b>

Net Expenditure Position 2022/23 Capital Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	19.064	20.055	(0.992)
⊕ Adult Care and Community Wellbeing	0.277	0.772	(0.495)
⊕ Place	32.776	62.785	(30.009)
⊕ Resources	1.785	1.866	(0.081)
<b>Total</b>	<b>53.902</b>	<b>85.478</b>	<b>(31.577)</b>

Net Expenditure Position 2022/23 Capital Blocks and Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	13.777	14.840	(1.063)
⊕ Adult Care and Community Wellbeing	0.293	1.317	(1.024)
⊕ Place	81.568	106.769	(25.200)
⊕ Fire and Rescue	0.546	1.476	(0.930)
⊕ Resources	6.290	9.557	(3.267)
⊕ Other Budgets	(0.908)	17.427	(18.335)
<b>Total</b>	<b>101.566</b>	<b>151.386</b>	<b>(49.819)</b>

Net Expenditure Position Whole Life Capital Projects (Summary)

Directorate	Whole Life Budget £m	Whole Life Forecast £m	Whole Life Variance £m
⊕ Children's Services	28.985	28.401	(0.584)
⊕ Adult Care and Community Wellbeing	7.484	7.483	(0.000)
⊕ Place	370.082	375.263	5.180
⊕ Resources	20.805	20.630	(0.175)
<b>Total</b>	<b>427.356</b>	<b>431.777</b>	<b>4.421</b>

### Net Expenditure Position 2022/23 Capital Blocks (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
<b>Children's Services</b>	<b>(5.286)</b>	<b>(5.215)</b>	<b>(0.071)</b>
Connect the Classroom	(0.022)	(0.029)	0.007
Devolved Capital	(2.005)	(2.005)	(0.000)
Digital Education Platform Grant	0.000	0.000	0.000
Early Years and Childcare	(0.007)	(0.007)	(0.000)
Foster Care	0.159	0.228	(0.070)
Full Fibre Broadband Capital	0.242	0.242	0.000
Lincolnshire Secure Unit	0.000	0.000	0.000
Other Children's Social care	0.007	0.016	(0.009)
Provision of School Places (Basic Need)	(2.368)	(2.368)	0.000
Schools Access Improvements	0.026	0.026	(0.000)
Schools Maintenance Programme	(1.319)	(1.319)	(0.000)
<b>Adult Care and Community Wellbeing</b>	<b>0.016</b>	<b>0.545</b>	<b>(0.529)</b>
Adult Care	0.016	0.500	(0.484)
Better Care Fund	0.000	(0.000)	0.000
Registration Celebratory & Coroners Services		0.020	(0.020)
Safer Communities		0.025	(0.025)
<b>Place</b>	<b>48.792</b>	<b>43.984</b>	<b>4.808</b>
A16/A1073 Spalding to Eye Road Improvement	0.008		0.008
A18 Safer Road Fund	0.007		0.007
A46 Roundabouts	0.000	0.019	(0.019)
Boston Development Schemes	(0.041)	0.550	(0.591)
Countryside Rights of Way	0.003	0.048	(0.045)
Drainage Investigation and Flood Repairs	0.890	0.890	0.000
Economic Development- Business Unit Development	0.905	1.096	(0.191)
Energy Efficiency Street Lighting	0.224	0.224	0.000
Energy from Waste	2.130	2.130	0.000
Equipment & Vehicles at Waste Transfer	0.508	0.512	(0.004)
Exec £10m additional funding. B class roads and lower	8.287	8.287	0.000
Fire Supression at Waste Transfer Stations	0.571	0.760	(0.189)
Flood & Water Risk Management	(0.397)	1.109	(1.506)
Highways Asset Protection	21.459	9.888	11.571
Holdingham Roundabout (Sleaford Growth Schemes)	(0.052)	0.091	(0.142)
Integrated Transport	(2.148)	(0.588)	(1.561)
LEP Skills Investment Fund		(0.000)	0.000
Libraries	0.182	0.504	(0.323)
Lincoln Growth Point	0.000	(0.256)	0.256

Lincolnshire Enterprise Partnership	9.164	10.700	(1.536)
Lincolnshire Waterways	0.380	0.236	0.144
Local Flood Defence Schemes	0.037	0.578	(0.541)
Local Highways Improvements (pinchpoints) to support Coastal Routes	0.000	0.665	(0.664)
Network Resilience	1.507	1.614	(0.107)
Other Environment & Planning	0.002	0.007	(0.006)
Other Growth and the Economy - Economic Infrastructure	0.005	0.049	(0.044)
Other Highways	0.083	0.957	(0.874)
Other Transport Initiatives	0.574	0.977	(0.403)
Rural Roads Fund	2.760	1.834	0.926
Teal Park Lincoln	0.000	(0.001)	0.001
Waste		0.035	(0.035)
Waste - Separated Paper and Card Scheme	1.746	1.069	0.676
<b>Fire and Rescue</b>	<b>0.546</b>	<b>1.476</b>	<b>(0.930)</b>
Fire & Rescue and Emergency Planning	0.051	0.081	(0.030)
Fire Fleet and Equipment	0.495	1.395	(0.901)
<b>Resources</b>	<b>4.505</b>	<b>7.691</b>	<b>(3.186)</b>
County Farm Block	0.508	0.650	(0.141)
ICT Development Fund	0.015	0.028	(0.013)
Improvement Transformation		2.000	(2.000)
Infrastructure and Refresh Programme	1.590	2.323	(0.733)
Orchard House Repairs	0.004	0.002	0.002
Property	2.275	2.449	(0.174)
Property Rationalisation Programme		0.000	0.000
Replacement ERP Finance System	0.112	0.240	(0.127)
<b>Other Budgets</b>	<b>(0.908)</b>	<b>17.427</b>	<b>(18.335)</b>
Capital Fund	(0.908)	(2.476)	1.568
New Developments Contingency Fund		19.903	(19.903)
<b>Total</b>	<b>47.665</b>	<b>65.907</b>	<b>(18.243)</b>

### Net Expenditure Position 2022/23 Capital Projects (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
<b>Children's Services</b>	<b>19.064</b>	<b>20.055</b>	<b>(0.992)</b>
Children's Homes	0.777	0.881	(0.104)
Lincs Secure Unit	0.377	0.390	(0.013)
School Mobile Classroom Replacement		0.000	0.000
SEND Reorganisation	17.909	18.785	(0.876)
<b>Adult Care and Community Wellbeing</b>	<b>0.277</b>	<b>0.772</b>	<b>(0.495)</b>
De Wint Court - Extra Care Housing	0.007	0.007	(0.000)
Digitising Social Care	0.260	0.260	0.000
Hoplands - Extra Care Housing	0.005	0.005	(0.000)
Welton - Extra Care Housing	0.005	0.500	(0.495)
<b>Place</b>	<b>32.776</b>	<b>62.785</b>	<b>(30.009)</b>
A1084 Safer Road Fund	0.007	(0.003)	0.011
A16 Levelling Up Fund (LUF)	(2.754)	(0.159)	(2.595)
A46 Welton Roundabouts (Integrated Transport/NPIF)	0.000	0.225	(0.225)
A52 Skegness Roman Bank Reconstruction	0.655	1.558	(0.903)
A631 Louth to Middle Rasen Safer Road Fund	1.023	1.723	(0.700)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.007	0.020	(0.013)
Broadband	1.211	2.027	(0.817)
Economic Development - Horncastle Industrial Estate Extension		0.000	0.000
Electronic Ticket Machines	0.004	0.000	0.004
Gainsborough Corringham Road (Phase 1-5)	0.016	0.016	0.000
Grantham Southern Relief Road	21.584	40.584	(19.000)
Heritage/archives	0.027	1.151	(1.125)
Holbeach Food Enterprise Zone	(0.154)	(0.492)	0.337
HWRC Skegness		0.000	0.000
HWRC Tattershall	0.911	0.900	0.011
Lincoln Eastern Bypass	0.515	3.110	(2.596)
Local Electric Vehicle Infrastructure	(0.948)	(0.948)	(0.000)
North Hykeham Relief Road	0.721	2.213	(1.492)
Skegness Countryside Business Park 2	0.000	0.040	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	(0.004)	(0.004)	0.000
Spalding Western Relief Road (Section 5)	9.875	10.653	(0.778)
Spalding Western Relief Road Section 1	0.010	0.100	(0.090)
Spalding Western Relief Road Section 1 S106		0.000	0.000
Street Lighting Transformation	0.071	0.071	0.000
Sutton Bridge Place Marking		0.000	0.000

<b>Resources</b>	<b>1.785</b>	<b>1.866</b>	<b>(0.081)</b>
Azure Data Migration Project	0.122	0.051	0.072
Blue Light South Park	0.000	0.000	(0.000)
Care Management System (CMPP)		0.014	(0.014)
Castle Motte Repairs	0.022	0.022	(0.000)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.824	0.824	0.000
IMT (Cloud Navigator/Windows 10)	0.010	0.088	(0.077)
Leverton Fire Station	0.005		0.005
Lexicon House		0.000	0.000
Property Area Review	0.010	0.077	(0.067)
Waddington Training Facility - Capital	0.768	0.768	(0.000)
<b>Total</b>	<b>53.902</b>	<b>85.478</b>	<b>(31.577)</b>

### Net Expenditure Position Whole Life Capital Projects (Detail)

Directorate	Whole Life Budget £m	Whole Life Forecast £m	Whole Life Variance £m
<input type="checkbox"/> Children's Services	28.985	28.401	(0.584)
Children's Homes	2.325	2.131	(0.194)
Lincs Secure Unit	0.390		(0.390)
School Mobile Classroom Replacement	3.900	3.900	0.000
SEND Reorganisation	22.370	22.370	(0.000)
<input type="checkbox"/> Adult Care and Community Wellbeing	7.484	7.483	(0.000)
De Wint Court - Extra Care Housing	2.812	2.812	(0.000)
Digitising Social Care	0.000	0.000	0.000
Hoplands - Extra Care Housing	2.560	2.560	(0.000)
Linelands – Extra Care Housing	0.011	0.011	(0.000)
Welton - Extra Care Housing	2.100	2.100	(0.000)
<input type="checkbox"/> Place	370.082	375.263	5.180
A1084 Safer Road Fund	0.000	0.000	0.000
A16 Levelling Up Fund (LUF)	2.595	2.197	(0.398)
A46 Welton Roundabouts (Integrated Transport/NPIF)	3.783	3.729	(0.054)
A52 Skegness Roman Bank Reconstruction	0.700	0.700	(0.000)
A631 Louth to Middle Rasen Safer Road Fund	0.700	0.700	(0.000)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.175	0.000	(0.175)
Broadband	13.042	13.042	(0.000)
Economic Development - Horncastle Industrial Estate Extension	1.500	1.500	0.000
Electronic Ticket Machines	0.377	0.250	(0.127)
Gainsborough Corringham Road (Phase 1-5)	1.121	1.082	(0.039)
Grantham Southern Relief Road	111.878	117.436	5.559
Heritage/archives	5.156	5.000	(0.156)
Holbeach Food Enterprise Zone	7.895	7.840	(0.055)
HWRC Skegness	2.000	2.000	0.000
HWRC Tattershall	2.000	2.000	(0.000)
Lincoln Castle Revealed phase 2	0.146	0.480	0.334
Lincoln Eastern Bypass	83.107	83.125	0.018
Local Electric Vehicle Infrastructure	0.000		(0.000)
North Hykeham Relief Road	84.066	84.066	0.000
Skegness Countryside Business Park 2	0.909	0.869	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	1.063	1.376	0.313
Spalding Western Relief Road (Section 5)	28.458	28.458	0.000
Spalding Western Relief Road Section 1	27.800	27.800	0.000
Spalding Western Relief Road Section 1 S106	(5.520)	(5.520)	0.000
Spalding WRR Section 5 S106	(4.200)	(4.200)	0.000
Street Lighting Transformation	1.332	1.332	0.000
Sutton Bridge Place Marking	0.000		0.000



<input type="checkbox"/> Resources	20.805	20.630	(0.175)
Azure Data Migration Project	1.348	1.274	(0.073)
Blue Light South Park	6.725	6.724	(0.000)
Care Management System (CMPP)	4.648	4.648	0.000
Castle Motte Repairs	0.618	0.618	(0.000)
County Emergency Centre	0.582	0.574	(0.008)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.831	0.824	(0.007)
IMT (Cloud Navigator/Windows 10)	3.196	3.182	(0.014)
Leverton Fire Station	0.000		(0.000)
Lexicon House	0.975	0.975	0.000
Property Area Review	0.520	0.520	0.000
Property Improvement	0.571	0.500	(0.071)
Waddington Training Facility - Capital	0.768	0.768	0.000
<b>Total</b>	<b>427.356</b>	<b>431.777</b>	<b>4.421</b>

### Gross Expenditure Position 2022/23 Capital Blocks (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	10.790	10.861	(0.071)
⊕ Adult Care and Community Wellbeing	6.993	7.521	(0.529)
⊕ Place	90.981	86.173	4.808
⊕ Fire and Rescue	0.636	1.566	(0.930)
⊕ Resources	4.523	7.709	(3.186)
⊕ Other Budgets		19.903	(19.903)
<b>Total</b>	<b>113.923</b>	<b>133.733</b>	<b>(19.811)</b>

### Gross Expenditure Position 2022/23 Capital Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	28.073	29.065	(0.992)
⊕ Adult Care and Community Wellbeing	0.277	0.772	(0.495)
⊕ Place	52.221	82.229	(30.008)
⊕ Resources	1.785	1.866	(0.081)
<b>Total</b>	<b>82.356</b>	<b>113.933</b>	<b>(31.577)</b>

### Gross Expenditure Position 2022/23 Capital Blocks and Projects (Summary)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
▲			
⊕ Children's Services	38.863	39.926	(1.063)
⊕ Adult Care and Community Wellbeing	7.270	8.294	(1.024)
⊕ Place	143.202	168.402	(25.200)
⊕ Fire and Rescue	0.636	1.566	(0.930)
⊕ Resources	6.308	9.575	(3.267)
⊕ Other Budgets		19.903	(19.903)
<b>Total</b>	<b>196.279</b>	<b>247.666</b>	<b>(51.387)</b>


### Gross Expenditure Position 2022/23 Capital Blocks (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
<b>Children's Services</b>	<b>10.790</b>	<b>10.861</b>	<b>(0.071)</b>
Connect the Classroom	0.643	0.637	0.007
Devolved Capital	1.125	1.125	0.000
Digital Education Platform Grant	0.002	0.002	0.000
Early Years and Childcare	(0.007)	(0.007)	(0.000)
Foster Care	0.159	0.228	(0.070)
Full Fibre Broadband Capital	0.264	0.264	0.000
Lincolnshire Secure Unit	0.068	0.068	0.000
Other Children's Social care	0.007	0.016	(0.009)
Provision of School Places (Basic Need)	4.909	4.909	0.000
Schools Access Improvements	0.026	0.026	(0.000)
Schools Maintenance Programme	3.595	3.595	(0.000)
<b>Adult Care and Community Wellbeing</b>	<b>6.993</b>	<b>7.521</b>	<b>(0.529)</b>
Adult Care	0.016	0.500	(0.484)
Better Care Fund	6.976	6.976	0.000
Registration Celebratory & Coroners Services		0.020	(0.020)
Safer Communities		0.025	(0.025)
<b>Place</b>	<b>90.981</b>	<b>86.173</b>	<b>4.808</b>
A16/A1073 Spalding to Eye Road Improvement	0.008		0.008
A18 Safer Road Fund	0.007		0.007
A46 Roundabouts	0.000	0.019	(0.019)
Boston Development Schemes	0.082	0.674	(0.591)
Countryside Rights of Way	0.104	0.149	(0.045)
Drainage Investigation and Flood Repairs	0.890	0.890	0.000
Economic Development- Business Unit Development	0.905	1.096	(0.191)
Energy Efficiency Street Lighting	0.224	0.224	0.000
Energy from Waste	2.130	2.130	0.000
Equipment & Vehicles at Waste Transfer	0.508	0.512	(0.004)
Exec £10m additional funding. B class roads and lower	8.287	8.287	0.000
Fire Suppression at Waste Transfer Stations	0.571	0.760	(0.189)
Flood & Water Risk Management	0.288	1.794	(1.506)
Highways Asset Protection	58.911	47.341	11.571
Holdingham Roundabout (Sleaford Growth Schemes)	(0.052)	0.091	(0.142)
Integrated Transport	1.189	2.749	(1.561)
LEP Skills Investment Fund		(0.000)	0.000
Libraries	0.266	0.589	(0.323)
Lincoln Growth Point	0.000	(0.256)	0.256

Lincolnshire Enterprise Partnership	9.164	10.700	(1.536)
Lincolnshire Waterways	0.000	(0.144)	0.144
Local Flood Defence Schemes	0.493	1.034	(0.541)
Local Highways Improvements (pinchpoints) to support Coastal Routes	0.000	0.665	(0.664)
Network Resilience	1.507	1.614	(0.107)
Other Environment & Planning	0.002	0.007	(0.006)
Other Growth and the Economy - Economic Infrastructure	0.005	0.049	(0.044)
Other Highways	0.413	1.287	(0.874)
Other Transport Initiatives	0.574	0.977	(0.403)
Rural Roads Fund	2.760	1.834	0.926
Teal Park Lincoln	0.000	(0.001)	0.001
Waste		0.035	(0.035)
Waste - Separated Paper and Card Scheme	1.746	1.069	0.676
<b>Fire and Rescue</b>	<b>0.636</b>	<b>1.566</b>	<b>(0.930)</b>
Fire & Rescue and Emergency Planning	0.051	0.081	(0.030)
Fire Fleet and Equipment	0.585	1.485	(0.901)
<b>Resources</b>	<b>4.523</b>	<b>7.709</b>	<b>(3.186)</b>
County Farm Block	0.508	0.650	(0.141)
ICT Development Fund	0.015	0.028	(0.013)
Improvement Transformation		2.000	(2.000)
Infrastructure and Refresh Programme	1.608	2.341	(0.733)
Orchard House Repairs	0.004	0.002	0.002
Property	2.275	2.449	(0.174)
Replacement ERP Finance System	0.112	0.240	(0.127)
<b>Other Budgets</b>		<b>19.903</b>	<b>(19.903)</b>
New Developments Contingency Fund		19.903	(19.903)
<b>Total</b>	<b>113.923</b>	<b>133.733</b>	<b>(19.811)</b>


Gross Expenditure Position 2022/23 Capital Projects (Detail)

Directorate	Actuals £m	Budget £m	Outturn Variance £m
<b>Children's Services</b>	<b>28.073</b>	<b>29.065</b>	<b>(0.992)</b>
Children's Homes	2.220	2.324	(0.104)
Lincs Secure Unit	0.377	0.390	(0.013)
School Mobile Classroom Replacement		0.000	0.000
SEND Reorganisation	25.476	26.351	(0.876)
<b>Adult Care and Community Wellbeing</b>	<b>0.277</b>	<b>0.772</b>	<b>(0.495)</b>
De Wint Court - Extra Care Housing	0.007	0.007	(0.000)
Digitising Social Care	0.260	0.260	0.000
Hoplands - Extra Care Housing	0.005	0.005	(0.000)
Welton - Extra Care Housing	0.005	0.500	(0.495)
<b>Place</b>	<b>52.221</b>	<b>82.229</b>	<b>(30.008)</b>
A1084 Safer Road Fund	0.007	(0.003)	0.011
A16 Levelling Up Fund (LUF)	1.294	3.889	(2.595)
A46 Welton Roundabouts (Integrated Transport/NPIF)	0.000	0.225	(0.225)
A52 Skegness Roman Bank Reconstruction	0.655	1.558	(0.903)
A631 Louth to Middle Rasen Safer Road Fund	1.023	1.723	(0.700)
A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.007	0.020	(0.013)
Broadband	0.734	1.550	(0.817)
Economic Development - Horncastle Industrial Estate Extension		0.000	0.000
Electronic Ticket Machines	0.004	0.000	0.004
Gainsborough Corringham Road (Phase 1-5)	0.016	0.016	0.000
Grantham Southern Relief Road	21.584	40.584	(19.000)
Heritage/archives	0.027	1.151	(1.125)
Holbeach Food Enterprise Zone	2.089	1.751	0.337
HWRC Skegness		0.000	0.000
HWRC Tattershall	0.911	0.900	0.011
Lincoln Eastern Bypass	0.515	3.110	(2.596)
North Hykeham Relief Road	5.532	7.023	(1.492)
Skegness Countryside Business Park 2	0.000	0.040	(0.040)
Sleaford Rugby Club (Sleaford Growth Schemes)	(0.004)	(0.004)	0.000
Spalding Western Relief Road (Section 5)	17.747	18.525	(0.778)
Spalding Western Relief Road Section 1	0.010	0.100	(0.090)
Spalding Western Relief Road Section 1 S106		0.000	0.000
Street Lighting Transformation	0.071	0.071	0.000
Sutton Bridge Place Marking		0.000	0.000

 Resources	1.785	1.866	(0.081)
Azure Data Migration Project	0.122	0.051	0.072
Blue Light South Park	0.000	0.000	(0.000)
Care Management System (CMPP)		0.014	(0.014)
Castle Motte Repairs	0.022	0.022	(0.000)
Fire Door Replacement	0.023	0.023	0.000
Grantham Fire Project	0.824	0.824	0.000
IMT (Cloud Navigator/Windows 10)	0.010	0.088	(0.077)
Leverton Fire Station	0.005		0.005
Lexicon House		0.000	0.000
Property Area Review	0.010	0.077	(0.067)
Waddington Training Facility - Capital	0.768	0.768	(0.000)
<b>Total</b>	<b>82.356</b>	<b>113.933</b>	<b>(31.577)</b>

**Capital Scheme Outturn Variances (>£0.5m)**

**Appendix Bii**

 <p>Lincolnshire COUNTY COUNCIL <i>Working for a better future</i></p>	<p><b>Scheme Name</b></p> <p>SEND Reorganisation</p>	<p><b>Gross in year position</b></p>																
<p><b>Financial Year</b></p> <p>2022/23</p>	<p><b>Net Whole Life position</b></p>					<table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Outturn Variance £m</th> <th colspan="2">Difference between outturn and Q3 forecast £m</th> </tr> </thead> <tbody> <tr> <td>25.476</td> <td>26.351</td> <td>32.151</td> <td>(0.876)</td> <td colspan="2">(0.876)</td> </tr> </tbody> </table>	Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m		25.476	26.351	32.151	(0.876)	(0.876)	
Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m														
25.476	26.351	32.151	(0.876)	(0.876)														
<p><b>Period</b></p> <p>12</p>	<table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Variance £m</th> <th colspan="2">Change in Variance from last period £m</th> </tr> </thead> <tbody> <tr> <td>53.447</td> <td>22.370</td> <td>22.370</td> <td>(0.000)</td> <td colspan="2">(0.000)</td> </tr> </tbody> </table>	Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m		53.447	22.370	22.370	(0.000)	(0.000)		<p><b>Net in year position</b></p>				
Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m														
53.447	22.370	22.370	(0.000)	(0.000)														
<p><b>Purpose of Scheme</b></p> <p>Capital funding to create communities of specialist education across the county for pupils with SEND, in both special and mainstream schools, through collaboration and collective responsibility ensuring all pupils' needs can be met at their nearest schools. When fully implemented, pupils will no longer have to travel considerable distances to a school to have their needs met, nor will pupils need to be educated away from home, unless a very specific need dictates. This includes Department of Education grant funding to improve the special provision for children and young people with education, health &amp; care (EHC) plans.</p>		<table border="1"> <thead> <tr> <th>Actuals £m</th> <th>Budget £m</th> <th>Forecast £m</th> <th>Outturn Variance £m</th> <th colspan="2">Difference between outturn and Q3 forecast £m</th> </tr> </thead> <tbody> <tr> <td>17.909</td> <td>18.785</td> <td>8.785</td> <td>(0.876)</td> <td colspan="2">(0.876)</td> </tr> </tbody> </table>					Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m		17.909	18.785	8.785	(0.876)	(0.876)	
Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m														
17.909	18.785	8.785	(0.876)	(0.876)														
<p><b>Whole Life Performance of Scheme</b></p> <p>The current programme budget of £87.093m will increase to £101.837m through the 2023-2024 budget setting exercise. The budget increase relates to the Department for Education SEND capital grant funding allocation for Lincolnshire for the financial years 2022/23 and 2023/24 to support the increase in places within special schools and improve existing provision. This increase in budget is in response to design solutions for Horncastle St Lawrence new build (£2.935m) and the inflationary pressures that are impacting the delivery of the programme. Overall, it has been estimated that the overall programme is to be impacted by £11.758m of inflationary costs.</p>		<p><b>In Year Performance of Scheme</b></p> <p>Key milestones have been met including : • Completion of new block and remodelling of The Eresby School, Spilsby &amp; St Bernard's School, Louth and Tulip Academy plus completion of the new St Christopher's Primary School.</p> <ul style="list-style-type: none"> <li>• Construction commenced for St Christopher's Secondary School, Lincoln and St Lawrence School, Horncastle</li> <li>• Self-delivery project including remodelling and a new hydrotherapy pool for The Sandon School, Grantham and agreement to develop a solution for site constraint at Ambergate/Sandon</li> <li>• Feasibility and design process commenced for Lincoln St Francis School and Gosberton House Academy (delayed due to procurement challenges)</li> </ul>																
		<p><b>Mitigating actions for issues identified</b></p> <p>It is important to note the complexity and magnitude of this programme. Overall, inflation caused by economic and market conditions are anticipated to see the SEND programme costs increase by £11.758m overall, however this is being managed through increased grant funding. The position will continue to be monitored through the SEND Programme Management Board and SEND Strategy Governance Board.</p>																

**Scheme Name**

Fire Fleet and Equipment

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

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

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.585	1.485	0.889	(0.901)	(0.901)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.495	1.395	0.799	(0.901)	(0.901)

**In Year Performance of Scheme**

This is due to delays in the supply of raw materials and parts with delivery due in the new financial year

**Mitigating actions for issues identified**



**Scheme Name**

Infrastructure and Refresh Programme

**Financial Year**

2022/23

**Period**

12

Purpose of Scheme

General ICT programmes including :

- IT developmets
- Replacement of PCs
- Other IT equipment
- ICT Infrastructure

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.608	2.341	1.807	(0.733)	(0.675)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.590	2.323	1.811	(0.733)	(0.679)

In Year Performance of Scheme

New projects were put on hold during the year pending a review of priorities. Spend during the year reflects the position of schemes already in progress.

Mitigating actions for issues identified

**Scheme Name**

Improvement Transformation

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

To support the Transformation Programme by delivering enabling strategies in line with the Council's IMT strategy.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
	2.000	0.000	(2.000)	(2.185)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
	2.000	0.000	(2.000)	(2.185)

**In Year Performance of Scheme**

A review of this funding is being undertaken (total £4.0m over two years) to ensure the Council maximises its use effectively to deliver transformational benefits.

**Mitigating actions for issues identified**

**Scheme Name**

New Developments Contingency Fund

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

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

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
19.903		9.720	(19.903)	(7.419)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
19.903		9.720	(19.903)	(7.419)

**In Year Performance of Scheme**

The Council holds a new development capital contingency which acts as a mitigation against emerging financial risk within schemes already committed to across the Council, and also provides some capacity to support additional targeted investment in accordance with the capital investment strategy. The underspend in 2022/23 reflects a combination of deferred delivery timescales for those schemes already planned, with a residual available balance which will be allocated in accordance with the new bid process during the summer, aligned to Council priorities.

**Mitigating actions for issues identified**

The residual balance of the new developments capital contingency will be distributed to fund emerging Council priorities during 2023/24.

**Scheme Name**

Heritage/archives

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.031	5.156	5.000	(0.156)	0.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.027	1.151	1.151	(1.125)	(1.125)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.027	1.151	1.151	(1.125)	(1.125)

**Purpose of Scheme**

Development of the Heritage and Archive service to enhance our core offer, provide the statutory archive service to nationally recognised standards, improve the overall visitor experience, ensure Lincoln Museum is financially sustainable long-term and refresh the areas that receive the least engagement.

**In Year Performance of Scheme**

Redevelopment work on the Lincoln Museum (formerly The Collection), including a visual refresh, work to the café, auditorium and rail and gate courtyard has begun although the majority of expenditure is expected to be incurred in 2023/24. Further feasibility work in preparation for the Archives development is underway.

**Whole Life Performance of Scheme**

Future work includes creatively redesigning the central, orientation zone to provide a flexible space for spotlight exhibitions and routes through to specific areas within the museum. Two exciting and significant finds have been discovered from the Bronze Age, a coffin and log boat, both found locally. Following extensive treatment of these artefacts, these will be joining our collections in 2024 and will strengthen and re-energise the stories we tell to provide more reasons to visit, more often. The redevelopment will also see the reinvigoration of Muse Coffee Bar into a community engagement area, housing a carefully curated selection of some of our most exciting and perhaps unseen Collections from across our heritage sites, bringing local stories to life, with 'find out more' features that transport our visitors' attention to our other sites and what they have to offer.

**Mitigating actions for issues identified**



Scheme Name

Flood & Water Risk Management

Financial Year

2022/23

Period

12

Gross in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.288	1.794	0.475	(1.506)	(1.516)

Net in year position

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(0.397)	1.109	0.475	(1.506)	(1.516)

Purpose of Scheme

A range of projects to alleviate flood risk, generally on a matched funding basis with national government agencies.

In Year Performance of Scheme

Delays to some projects

Mitigating actions for issues identified

**Scheme Name**

Local Flood Defence Schemes

**Financial Year**

2022/23

**Period**

12

Purpose of Scheme

Development of flood elevation schemes.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.493	1.034	0.353	(0.541)	(0.560)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.037	0.578	0.320	(0.541)	(0.560)

In Year Performance of Scheme

Delays to some projects

Mitigating actions for issues identified

**Scheme Name**

Waste - Separated Paper and Card Scheme

**Financial Year**

2022/23

**Period**

12

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.746	1.069	1.745	0.676	0.676

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.746	1.069	1.745	0.676	0.676

**Purpose of Scheme**

The implementation of separated collections of paper and cardboard for households across Lincolnshire in order to realise economic and environmental benefits by reducing transportation and the degradation that occurs in mixed recycling collections.

**In Year Performance of Scheme**

The phased implementation of separated collections has continued across the County's collection districts as planned and has significantly improved the volume and quality of the material collected and recycled.

**Mitigating actions for issues identified**



**Scheme Name**

Lincolnshire Enterprise Partnership Contribution

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

This Single Local Growth Fund block is administered on behalf of GLLEP to provide support for local businesses, creating and safeguarding jobs, delivering strategic infrastructure schemes, developing new homes, and investing in education through a range of local government and other partners.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
9.164	10.700	10.700	(1.536)	(1.536)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
9.164	10.700	10.700	(1.536)	(1.536)

**In Year Performance of Scheme**

This funding is administered by the Council as the accountable body for Greater Lincolnshire Local Enterprise Partnership (GLLEP). Approval and management of these county-wide projects is undertaken by the GLLEP Board and staff.

**Mitigating actions for issues identified**



**Scheme Name**

Broadband

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
6.674	13.042	13.042	(0.000)	0.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.734	1.550	2.027	(0.817)	(0.817)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.211	2.027	2.027	(0.817)	(0.817)

**Purpose of Scheme**

To improve access to high speed Broadband across Lincolnshire.

**In Year Performance of Scheme**

Contract 3 to deliver the provision of ultrafast broadband to around 8,000 premises in areas with postcodes prefixed by LN and DN is now complete, with these premises able to opt for download speeds up to 100Mb/s (Ultrafast Broadband), moving up to 1Gb/s over the coming months as a result of equipment upgrades.  
The apparent underspend is affected by funding rebates based on contractor performance and will be carried forward for use in future years.

**Whole Life Performance of Scheme**

Delivery of the overall Broadband project is currently progressing in line with the revised contractual milestones, having experienced some delays due to Covid and the worldwide shortage of semi-conductors that affected equipment availability.

**Mitigating actions for issues identified**

**Scheme Name**

Spalding Western Relief Road (Section 5) ▼

**Financial Year**

2022/23 ▼

**Period**

12 ▼

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
9.548	28.458	28.458	0.000	1.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
17.747	18.525	18.492	(0.778)	(6.009)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
9.875	10.653	10.631	(0.778)	(0.778)

**Purpose of Scheme**

The Spalding Western Relief Road (SWRR) will be a 6.5km road linking the A1175 and A16 to the south and east of Spalding, to the B1356 Spalding Road to the north of Spalding, via the B1172 Spalding Common. It is a strategic infrastructure project essential to delivering the growth of Spalding and required to address the strategic transport connectivity around the town as well as addressing specific transport problems within Spalding. Section 5 of the scheme is funded by £20.130m from the Housing Infrastructure Fund (HIF), £1.000m from South Holland District Council (SHDC), £4.500m from the Department for Transport Integrated Transport Block (ITB) with the balance being met from LCC borrowing.

**In Year Performance of Scheme**

Work has progressed well, however, recent rail strikes have impacted the ability to complete work across the railway line. Poor weather conditions during the Autumn also resulted in some delay. The underspend in year will be carried forward to 2023/24. The main risks continue to be materials price inflation, weather, ground conditions and sub-contractor supply and pricing.

**Whole Life Performance of Scheme**

The completion of the detailed design for the scheme resulted in an increase in forecast construction costs from that envisaged at the planning stage, however additional grant of £8.130m from the Housing Infrastructure Fund was secured to fund these additional costs. All the required land has now been acquired and work undertaken to divert overhead power lines. Final design work has been completed and construction started on 10 January 2022. Although work was undertaken to value engineer the design, whole-life costs have increased due to the inflationary impacts of global material supply and price issues. This was addressed as part of the 2022/23 budget process, with additional LCC funds being committed to the project. However, inflationary risks remain and are being closely monitored.

**Mitigating actions for issues identified**

Risks are mitigated by ongoing project management and financial monitoring. The contractor has also committed additional resources to the project in order to address programme slippage.

**Scheme Name**

Other Highways

**Financial Year**

2022/23

**Period**

12

Purpose of Scheme

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.413	1.287	1.422	(0.874)	(1.120)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.083	0.957	0.892	(0.874)	(0.598)

In Year Performance of Scheme

Budget to be spent on puffin crossings in the new year

Mitigating actions for issues identified

**Scheme Name**

Integrated Transport

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

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

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.189	2.749	2.814	(1.561)	(1.665)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(2.148)	(0.588)	(0.491)	(1.561)	(1.636)

**In Year Performance of Scheme**

This funding enabled completion of a number of projects during the year including; Resurfacing Red Lion Square, Stamford; the A158 North Greetwell Pedestrian Crossing; Mablethorpe High Street Zebra Crossing Upgrade and Great Gonerby Puffin Crossing. The underspend is committed to future projects and will be carried forward to 2023/24.

**Mitigating actions for issues identified**

**Scheme Name**

Highways Asset Protection

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

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

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
58.911	47.341	50.862	11.571	10.230

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.459	9.888	12.099	11.571	10.340

**In Year Performance of Scheme**

The in-year programme was fully delivered leading to over allocation of £7.9m on surface treatments and minor works budgets. Pressure on contract and material pricing was a challenge as the programme of work is managed between years. A carry forward of funding pressure (DfT) of £3.0m has been accommodated going forward to the new year.

**Mitigating actions for issues identified**

**Scheme Name**

A631 Louth to Middle Rasen Safer Road Fund

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
1.023	1.723	0.700		(0.700)	(0.700)

**Financial Year**

2022/23

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
(0.012)	0.700	0.700	(0.000)	0.000

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
1.023	1.723	0.700		(0.700)	(0.700)

**Period**

12

**Purpose of Scheme**

To improve safety of sections of the A631 between Louth and Middle Rasen.

**In Year Performance of Scheme**

Project slippage into 2023/24

**Whole Life Performance of Scheme**

**Mitigating actions for issues identified**

**Scheme Name**

Lincoln Eastern Bypass

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
70.498	83.107	83.125	0.018	0.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.515	3.110	3.110		(2.596)	(2.596)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.515	3.110	3.110		(2.596)	(2.596)

**Purpose of Scheme**

Construction of 7.5km highway scheme to the east of Lincoln, connecting sections of the A15 to the north and south of Lincoln.  
This scheme is funded by a £49.950m grant from the Department for Transport with the balance, including the advance funding of expected Community Infrastructure Levy contributions, being met from LCC borrowing.

**In Year Performance of Scheme**

This scheme is now fundamentally complete with the remaining budget being used to address land compensation claims as they arise.

**Whole Life Performance of Scheme**

The forecast costs for the Lincoln Eastern Bypass increased as a result of a number of extreme weather events and the need to modify working practices to comply with The Health Protection (Coronavirus) Regulations 2020. Although construction is now complete and the bypass open, there remains a risk of land compensation claims, however current expectation is that the scheme will remain within budget.

**Mitigating actions for issues identified**

Budget allowance for land compensation included in overall project costs.

**Scheme Name**

Grantham Southern Relief Road

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
64.531	111.878	117.436	5.559	6.559

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.584	40.584	40.584	(19.000)	(19.000)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
21.584	40.584	40.584	(19.000)	(19.000)

**Purpose of Scheme**

The Grantham Southern Relief Road aims to improve the town's infrastructure and growth by the construction of a 3.5km relief road in three phases:  
 Phase One - creation of a roundabout off the B1174.  
 Phase Two - the B1174 will join the A1 trunk road.  
 Phase Three - link the A52 at Somerby Hill to the new roundabout.  
 The scheme is funded by £28m from Greater Lincolnshire Local Enterprise Partnership (GLLEP) and £5m from Highways England with the balance, including the advance funding of expected Developer contributions, being met from LCC borrowing.

**In Year Performance of Scheme**

Phase 2 of the project, the junction between the B1174 and the A1, is complete and opened to traffic in December 2022.  
 The focus is now on completing the third and final section to complete the link to the A52 at Somerby Hill.  
 The re-design of the bridge which resulted from the poor ground conditions has delayed progress and led to the in-year underspend which will be carried forward to 2023/24.  
 Once the new bridge design is complete the full impact of this issue in terms of timescales and costs will be clearer and the forecasts updated accordingly.

**Whole Life Performance of Scheme**

In common with other major schemes, work on the Grantham Southern Relief Road has been affected by extreme weather events, exacerbated by technical issues and ecological considerations. Operation of the site was further affected by the COVID-19 pandemic and although work continued with appropriate social distancing measures implemented, some activity such as the diversion of high voltage power cables, that were dependent on third party agencies, was delayed. Phase 2 of the project is now complete and open, work on the third and final phase is underway. Although the contractor is attempting to mitigate the global materials supply and price issues by placing early orders and holding stocks of materials, there is now limited scope to absorb further impacts within the project risk allocation. The site team identified an area of unstable ground resulting in engineering issues for the construction of the bridge to span the East Coast Mainline and River Witham. This has necessitated the re-design of the bridge, which has delayed progress and resulted in increased cost.

**Mitigating actions for issues identified**

Risks are mitigated by ongoing project management and financial monitoring.



**Scheme Name**

A52 Skegness Roman Bank Reconstruction

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.213	0.700	0.700	(0.000)	0.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.655	1.558	0.654	(0.903)	(0.707)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.655	1.558	0.654	(0.903)	(0.707)

**Purpose of Scheme**

To fully reconstruct a total of 550m of the A52 Roman Bank in Skegness.

**In Year Performance of Scheme**

Project was completed within budget with the underspend to be returned to the Local Highways Improvements (pinchpoints) to Support Coastal Routes programme.

**Whole Life Performance of Scheme**

Delays were experienced in the diversion of utilities but the scheme completed within budget over the full life of the project. Any remaining underspend on completion, will be returned to the Coastal Highways Programme budget.  
Phase 4 (out of 6) was completed in May 2021 in order to allow for the suspension of work and temporarily open the road back up to vehicular traffic for the Summer period.  
Works recommenced on site in September 2021 and were completed on 11 April 2022.

**Mitigating actions for issues identified**

**Scheme Name**

Local Highways Improvements (pinchpoints) to support Coastal Ro...

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

A range of projects to alleviate traffic issues in support of coastal routes.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.000	0.665	0.665	(0.664)	(0.664)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.000	0.665	0.665	(0.664)	(0.664)

**In Year Performance of Scheme**

The Coastal Highways budget has enabled a number of projects to be completed to improve the coastal routes including the A52, A158 and A631. Although funding was provided during the period to other coastal routes schemes such as the A52 Roman Bank, Skegness, no further projects were undertaken during the year and the funding has been carried forward to future years.

**Mitigating actions for issues identified**

**Scheme Name**

North Hykeham Relief Road

**Financial Year**

2022/23

**Period**

12

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
0.538	84.066	84.066	0.000	0.000

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
5.532	7.023	6.144		(1.492)	(1.492)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn	Variance £m	Difference between outturn and Q3 forecast £m
0.721	2.213	1.333		(1.492)	(1.492)

**Purpose of Scheme**

Highway construction to join the newly opened Lincoln Eastern Bypass (LEB) from the A15 to the A46 south of Lincoln

**In Year Performance of Scheme**

Preliminary work continues with budget to be carried forward to future years

**Whole Life Performance of Scheme**

On 5 April 2022 the Executive approved proceeding with all stage one (pre-construction) elements of a two-stage design and build contract for the scheme including surveys, outline design & planning application, detailed design & full business case preparation, and advanced works.

**Mitigating actions for issues identified**

**Scheme Name**

Rural Roads Fund

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

A targeted investment in the maintenance and improvement of minor and unclassified rural roads across the County.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
2.760	1.834	2.694	0.926	0.792

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
2.760	1.834	2.694	0.926	0.792

**In Year Performance of Scheme**

Carry forward to be managed in accordance with the Highways Infrastructure Asset Management Plan alongside the Highways Asset Protection Block budget in 2023/24

**Mitigating actions for issues identified**

**Scheme Name**

A16 Levelling Up Fund (LUF) ▼

**Financial Year**

2022/23 ▼

**Period**

12 ▼

**Net Whole Life position**

Actuals £m	Budget £m	Forecast £m	Variance £m	Change in Variance from last period £m
(4.864)	2.595	2.197	(0.398)	(0.398)

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
1.294	3.889	1.531	(2.595)	(2.970)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(2.754)	(0.159)	0.000	(2.595)	(2.595)

**Purpose of Scheme**

- Improvements to be made to the A16 corridor in the area around Boston and South Holland.
- Reduce congestion along the A16 corridor between Boston and Spalding
  - Address the major connectivity issues impacting the A16.
  - Provide improved walking and cycling facilities along the corridor.
  - Open the area for further investment opportunities.
  - Complement other local transport and renewal projects underway or planned in Lincolnshire

**In Year Performance of Scheme**

Work to date has been to complete feasibility, design and enabling works. The net in-year position reflects funding received in advance for use in future years.

**Whole Life Performance of Scheme**

- There are five schemes that are included as part of the overall Levelling Up Fund (LUF) programme:
- A16/Marsh Lane Boston Roundabout improvements scheme.
  - Boston Active Travel improvements scheme.
  - A16/B1180 Pinchbeck Greencell Roundabout improvements scheme.
  - A16/A151 Spalding Springfields Roundabout improvements scheme.
  - Spalding Camel Gate Active Travel improvements scheme.
- Feasibility and design work has been progressed and enabling works completed. Construction is expected to commence in October 2023 with the programme continuing into 2024/25.

**Mitigating actions for issues identified**

**Scheme Name**

Boston Development Schemes

**Financial Year**

2022/23

**Period**

12

**Purpose of Scheme**

A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.

**Gross in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
0.082	0.674	0.027	(0.591)	(0.159)

**Net in year position**

Actuals £m	Budget £m	Forecast £m	Outturn Variance £m	Difference between outturn and Q3 forecast £m
(0.041)	0.550	0.027	(0.591)	(0.159)

**In Year Performance of Scheme**

A public realm scheme in Dolphin Lane, in conjunction with Boston Borough Council is now underway and is expected to be completed within budget in 2023/24.

**Mitigating actions for issues identified**

Development Fund

Appendix C

Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
<b>REVENUE</b>						
Place - Environment	Green Masterplan	350	203	147	0	<p>The Green Masterplan budget has been used to support the delivery of the sustainability programme in 2022/23. The budget supported the <b>Zero Carbon Parishes project</b> - which developed small scale carbon reduction projects in parishes around the county. Examples include – supporting the installation of solar PV panels at Nettleham Cricket Pavilion, a cycle repair project in Holbeach and a wildlife area in Corringham. In the 2023/24 Budget Year further parishes will be supported to deliver small scale environmental projects in their areas.</p> <p>An <b>assessment of energy infrastructure</b> in the Central Lincolnshire Local Plan area was funded through the budget. This research was conducted by the Energy Catapult consultancy and looked at opportunities for roof-top solar and electric vehicle charging points in the area.</p> <p>As part of the <b>engagement work with schools</b> the Sustainability Team linked up with Zest Theatre and Rhubarb Theatre to deliver a series of events to collect the thoughts of pupils on climate change. This then led to a touring exhibition that went around the county over the summer months.</p> <p>For the next phase of the Green Masterplan the 2023/24 budget will be used to deliver projects such as a rooftop solar PV installation on one of the County Farms grain dryer sites. This will reduce costs for the tenant and will generate an income for LCC, whilst reducing carbon emissions. Any surplus electricity will be fed back to the grid. The funding will support the delivery of the new Carbon Management Plan for the Council- which will set out the next round of projects to be delivered to reduce the Council's own carbon emissions.</p> <p>The Sustainability Team is working with the GLLEP to look at the Cold Chain sector in the county. This is an important and growing sector in the local economy and there is a wide scope to reduce carbon emissions. The report will examine options for switching to new refrigerant gases and will identify the most suitable places for new cold store developments.</p> <p>The final part of the budget will help to deliver the remaining Zero Carbon Parishes projects – by working with a small number of parish councils to examine their local carbon emissions and then to develop small scale environmental projects.</p>
Place - Communities	Anaerobic digestion Facilities - Business Case Viability	150	75	75	0	<p>The Environment Act 2021 places statutory responsibility on Waste Disposal Authorities such as LCC for the separate disposal of food waste. The specific requirements of the Act are still awaited but all indications are that separate weekly food waste collections will be a priority, which is likely to necessitate significant investment in the county's waste infrastructure.</p> <p>A study has been commissioned to examine whether Anaerobic Digestion is the preferred solution to treat municipal food waste but is delayed due to the continuing delay in the announcement of the specific requirements. The report will enable a detailed Technical Options Appraisal to be undertaken and if appropriate, development of an Outline Business Case. In the meanwhile, work continues in planning the necessary changes to the waste infrastructure and it is now expected that this funding will be utilised in 2023/24.</p>

Directorate / Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
<b>REVENUE contd.</b>						
Place - Highways and Growth	Highways Advance Design/Economic Development Pipeline Projects	2,713	1,282	500	931	This funding is being utilised to supplement the Advance Design Block budget to accelerate development of Traffic Models, Transport Strategies and Feasibility Studies while still investing the previous level of revenue funding into developing detailed designs for highway based projects and capital funding bids to third parties (e.g. DfT, DLUHC, etc). In addition, it has enabled the development of a pipeline of Economic Infrastructure schemes to bid against emerging government, LCC and other funding opportunities. During 2022/23, 26 Transport Strategies, Models, Feasibilities and Highway Designs were progressed with oversight from the Capital Programme Steering Group. In 2020/21 and 2021/22, 7 Economic Infrastructure feasibility studies were completed and a further 4 progressed during 2022/23 including proposals at Sutton Bridge and Kirton Business Park.
Place -Highways	Traffic signals - Wireless communications	5	5	0	0	Small revenue element for ducting surveys on-track with maintenance duties carried out in 2022/2023.
Place -Highways	Drainage Investigation and Flood Repairs	200	165	35	0	Revenue cost is for technical staff to undertake investigations. A full update on the overall project is provided in the Capital section below.
Fire and Rescue	Research study - LFR prevention work	10	8	0	0	This project is now complete. Although the expected start date of the evaluation was initially delayed by Covid, close liaison with the University of Lincoln allowed the team to develop alternative methods for collecting data to support the study. The period of data collection was reduced to ensure progress and discussions held to ensure the outcomes as outlined in the scoping document were met. The project was delivered within budget and the £2k funding remaining is no longer required.
Resources - Transformation	Digital	280	167	113	0	During 2022/23 a key focus of this work has been the Customer Digital Delivery project. The scope of this project is to review how our customers contact and interact with our Customer Service Centre in order to improve their experience whilst reducing the volume and costs of calls. This has involved improvements to our website, the use of online forms and the facility of online bookings for appointments (e.g. within our registration service). The latest development is the implementation of Smart Chat that will sit on the LCC website and Smart Voice that will respond to incoming telephone calls to the CSC. This solution uses technology to generate relevant response to enquiries and is scheduled for rollout in 2023/24.



Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
<b>REVENUE contd.</b>						
Resources - Transformation	Transformation Programme	7,384	1,879	2,746	2,759	<p>The Transformation Programme is made up of highly complex programmes of change which require a new way of working. Our current projects and programmes help drive financial savings, consider opportunities from optimisation and digitalisation within processes and systems, deliver good value services, improved outcomes for all, whilst demonstrating a return on investment made.</p> <p>To date, investment has been spent on the delivery of the: Digital Programme, Smarter Working, Children in Care Transformation, Educational Travel, People Strategy, and Corporate Support Optimisation. Each project within the programme delivers a range of budget and cash savings, cost avoidance and non-cashable benefits.</p> <p>Over the past 3 years, recurrent budget savings of £4,371m have been delivered through a review of Business Support Services, enabling services to reduce spending through the implementation of our smarter working policies and the reprocurement and routing of transport services.</p> <p>Through improving our customer journey with our customer service centre, the building of 2 children's homes within the county, disposal of buildings and optimising our processes, further recurrent budget savings of £7.236m are planned to be delivered over the next 2 years.</p> <p>The achievements and impact of the programme are regularly reviewed by the Overview and Scrutiny Management Board. The latest report can be viewed at: Transformation Programme (<a href="http://modern.gov.co.uk">modern.gov.co.uk</a>)</p>
Place - Growth	Broadband - 4G	135	0	0	135	This revenue funding for additional project management resource to enable the capital element of this project has not yet been required. A more detailed update on the overall project is reported in the Capital section below.
Councilwide	Emergent council priorities	10,045	0	10,045	0	The residual balance of the 2022/23 underspend is proposed to be allocated to the Development Fund, to support investment in Council priorities.
		<b>21,272</b>	<b>3,785</b>	<b>13,661</b>	<b>3,825</b>	

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
<b>CAPITAL</b>						
Place - Communities	Education Transport links to School (Route sustainability)	440	0	100	340	<p>The Sustainable Travel Group has been focused on enabling more pupils to walk and cycle to and from school. There were initially, three priority schemes, with work originally planned to commence in 2022/23. However, further work was needed to analyse the cost vs benefit of these schemes, alongside other potential schemes. A joint approach between the Sustainability Team and Transport Services Group is now seeking to establish the potential for modal shift. The current priority schemes are:</p> <ul style="list-style-type: none"> <li>•<b>Fishtoft</b> - A project lead has been assigned the work and costs currently being scoped. This is an improvement to an existing suitable walking route, but where there is no footpath, and further supports the removal of previously existing transport entitlements to specific students and safeguards against future applications/appeals. Estimated cost c. £60k. Annual savings estimate c. £12-18 p.a.</li> <li>•<b>Toynton All Saints</b> – There has been an objection to the planned works and the Public Rights of Way (PROW) team have submitted a case to the Planning Inspectorate, which is expected to delay progress by more than 12 months. Estimated cost c. £100k. Annual savings estimate £7k.</li> <li>•<b>Greenfields, Grantham</b> – headline cost versus benefit analysis demonstrated that this should not be a priority. As such, this scheme is on hold. The walking route to the school has been deemed unsafe and this will likely have an increase on the cost of educational travel as more pupils will be eligible. However, all transport for this school has been optimised and re-tendered, likely generating a saving on the current costs irrespective of the increase in the number of eligible pupils.</li> </ul> <p>Expenditure incurred to date has been in existing officer time and no drawdown of the Development Fund has yet taken place for the scheme. It is expected that expenditure incurred in the short-term will relate to the review needing to be undertaken, which will require some of the Development funding currently identified as capital, re-allocating to revenue.</p>
Place - Highways	Traffic signals - Wireless communications	80	80	0	0	Two regions have been fully commissioned and are utilising the wireless facilities. All the equipment has been installed into the additional regions by the contractor. The network settings have been changed for these additional regions which allowed the contractor to test the wireless links and complete the project.
Place - Highways	Community Maintenance Gangs	3,981	3,981	0	0	The allocation was fully committed in 2020/21 to deliver a variety of community maintenance gangs throughout the financial year. This additional resource was well received by local members and the general public in solving a variety of minor maintenance improvements and repairs.
Councilwide	Emergent council priorities	8,658	0	8,658	0	A decision was taken at the budget setting meeting of Full Council to drawdown £8.7m from available earmarked reserves to be added to the development fund, to be drawn down during the 2023/24 financial year to be utilised on emergent Council priorities.

Service Area	Project	Amount Approved from Development Fund £000's	Funding Utilised up to 31/03/23 £000's	Forecast Use of Funding Current Year and Future		Update on Progress
				2023/24 £000's	Future Years £000's	
<b>CAPITAL contd.</b>						
Place - Highways	Drainage Investigation and Flood Repairs	3,444	2,097	1,347	0	Schemes totalling £700k were commissioned in 2020/21 with an in-year spend of £646k. A further £561k was spent in 2021/22 with the remaining budget from the original £2m funding allocation spent in 2022/23 on schemes at Scothern and Kirton. Following the successful interventions made utilising this funding, Council approved a further allocation of £1.444m as part of the 2022/23 Budget to continue the programme for a further two years. £97k of this additional funding was used in 2022/23 to complete delivery of the Scothern and Kirton schemes. The remaining £1.347m is planned to be utilised in 2023/24 to deliver a larger scheme of flood alleviation works at Cherry Willingham and a programme of approximately 33 localised schemes / works packages to address localised flooding issues that have emerged as a result of recent rainfall events. Our contractors, Balfour Beatty, have identified additional resources to deliver these works and we have also employed additional specialist drainage engineers to complete all investigation and design work on the more complex schemes that our Technical Services Partnership design team is overseeing.
Place - Highways	Works on B class roads and lower	10,000	10,000	0	0	Expenditure of £1.7m was incurred during 2021/22 on patching sites in preparation for the surface dressing 2022/23 programme, reactive patching to deal with pothole clusters, additional maintenance drainage gangs for jetting and CCTV and ironwork adjustments across various sites in the county. The remaining £8.3m was committed to a programme of work on residential and terraced streets and a village road improvement programme, completed in 2022/23. In total, £10m was drawn down from the Development Fund in the 2022/23 financial year.
Fire and Rescue	Flood Management Pumps	116	116	0	0	Project completed in terms of asset purchase and auxiliary equipment added. Stations equipped with necessary charging systems to ensure 24/7 response. Driver training was undertaken at Holbeach & Alford stations however other stations have necessary training to mobilise if required. Project now complete.
ACCW - Public Protection - Trading Standards	replacement Trading standards Metrology equipment	50	0	50	0	New software and licences have been delivered for 3 out of 5 machines and these are installed and working. Remote installation was carried out with a remote training session due to pandemic. 2 more licences are on order and due to be delivered and installed with support.
Place - Growth	Broadband - 4G	800	0	0	800	We are working with Building Digital UK (BDUK) to understand the specific details of where they will invest in the next stage of the rural broadband programme. Once we fully understand that detail, which should be no later than autumn 2023, then we will assess whether there is the need for 4G and 5G fixed wireless access enabled broadband to augment BDUK's own investment or whether this expenditure should be adapted to meet the same objectives but through a different route. Our priorities are to foster business growth and to tackle the viability gap which deters communities and businesses from having the best possible digital services. This is a particular problem for our rural, farming, and tourism businesses.
		<b>27,569</b>	<b>16,274</b>	<b>10,155</b>	<b>1,140</b>	
		<b>48,841</b>	<b>20,059</b>	<b>23,816</b>	<b>4,965</b>	

Prudential Indicators 2022/23

Appendix D

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2022/2023			
	2022/23		2022/23
Original Estimate	£000	Actuals	£000
<b>Prudence Indicators:</b>			
<b>1) Capital Expenditure &amp; Financing</b>			
Net Capital Expenditure	114,552	Actual Net Capital Expenditure (Excl Sch RCCO & Leasing)	101,566
<b>2) Capital Financing Requirement</b>			
Capital Financing Requirement 31/3/2023	773,165	Actual Capital Financing Requirement 31/3/2023	677,199
Capital Financing Requirement Estimate at 31/3/2025	780,931	Capital Financing Requirement Estimate 31/3/2025	684,965
<b>3) Authorised Limit for External Debt</b>			
		<b>Actual external debt at 31/3/2023</b>	
Borrowing	659,512	Long Term LCC	467,768
Other Long Term Liabilities	11,017	Long Term Schools	567
<b>Total Authorised Limit</b>	<b>670,529</b>	Salix	696
		Temporary(Home Office)	0
<b>4) Operational Boundary for External Debt</b>			
Borrowing	644,521	Other Long Term Liabilities (Credit Arrangements)	6,932
Other Long Term Liabilities	9,017	<b>Total Debt</b>	<b>475,963</b>
<b>Total Operational Boundary</b>	<b>653,538</b>		
<b>5) Gross Borrowing and the Capital Financing Requirement</b>			
Gross External Borrowing	575,719	Actual Gross External Borrowing	469,031
Headroom Over CFR at 31/3/2025	205,212	Actual Headroom Over CFR at 31/3/2025	215,934
<b>Affordability Indicators:</b>			
<b>6) Financing Costs &amp; Net Revenue Stream</b>			
Estimated Ratio of Financing Costs To Net Revenue Stream	5.05%	Actual Ratio of Financing Costs To Net Revenue Stream	5.26%
Estimated Ratio of MRP & Interest Costs To Net Revenue Stream	5.16%	Actual Ratio MRP & Interest Costs To Net Revenue Stream	5.69%
Limit 10%		Limit 10%	
<b>Proportionality Indicators</b>			
<b>7) Income from Non Treasury Investments &amp; Net Service Expenditure</b>			
Estimated Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.27%	Actual Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.26%
<b>8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments</b>			
Estimated Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.41%	Actual Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.18%
<b>Treasury Indicators:</b>			
<b>9) Liability Benchmark</b>			
Investment Liquidity Benchmark	100,000	Investment Liquidity Benchmark	100,000
Debt Liability Benchmark	386,360	Debt Liability Benchmark	325,406
Existing External Borrowing	469,030	Existing External Borrowing	469,030
Under / Over (-) Borrowed Position	-82,670	Under / Over (-) Borrowed Position	-143,624
<b>10) Maturity Structure of borrowing</b>			
<b>Upper Limit for maturity structure of borrowing</b>		<b>Actual maturity structure of borrowing at 31 March 2023</b>	
Under 12 months	25%	Under 12 months	2.30%
12 months and within 24 months	25%	12 months and within 24 months	1.80%
24 months and within 5 years	50%	24 months and within 5 years	9.50%
5 years and within 10 years	75%	5 years and within 10 years	5.70%
10 years and above	100%	10 years and above	80.70%
<b>11) Total Principal Sums Invested</b>			
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.	1,260
<b>12) Interest Rate Exposures (Variable)</b>			
<b>Upper limit for variable interest rate exposures</b>		<b>Actual variable interest rate exposure at 31 March 2023</b>	
Borrowing	30%	Borrowing	0%
Investments	100%	Investments	26%
<b>13) Borrowing in Advance of Need</b>			
Estimated borrowing in advance of need limit equal to 25% of the expected increase in CFR over 3 year budget period	1,942	Actual borrowing taken in advance of need in 2022/23	0

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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Treasury Management Annual Report 2022/23</b>

**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 2022/23. The report compares this activity to the Treasury Management Strategy for 2022/23, approved by the Executive Councillor for Resources, Communications, and Commissioning on 14 March 2022. It will also detail any issues arising in treasury management during this period.

**Actions Required:**

The Board is invited to review and endorse the Treasury Management Annual Report for 2022/23.

## **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 2022/23:

- **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.

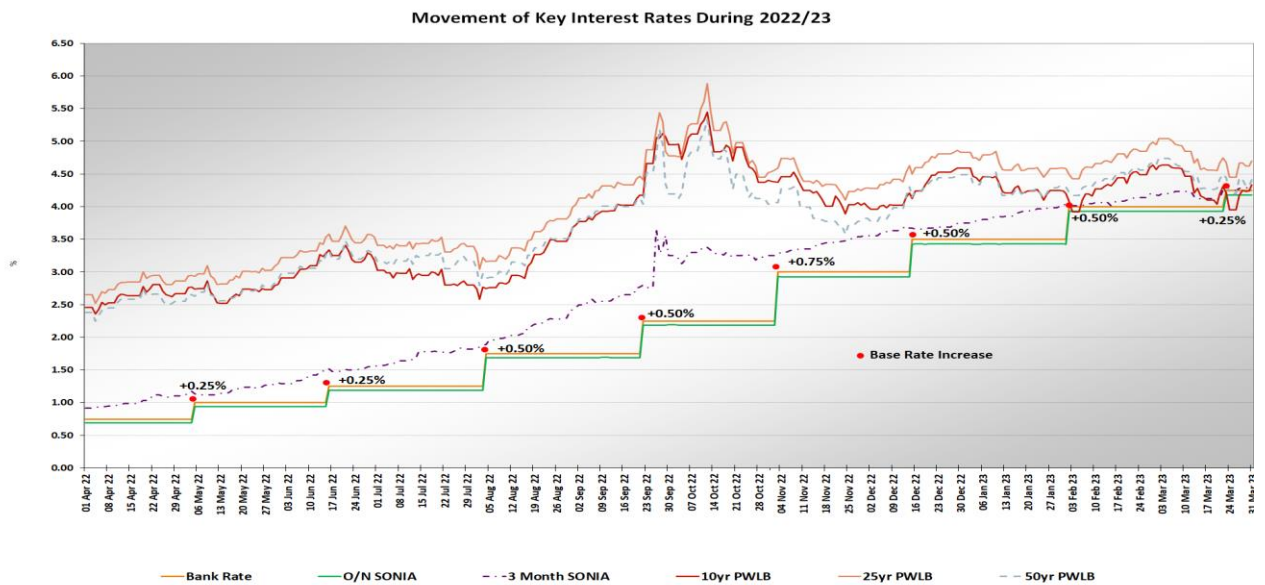
1.3. For reference, a **Key Points Summary** arising from this report has been included in the Conclusion in Section 5 of this report.

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 2022/23

2.1. At the time of setting the Strategy in March 2022, Base Rate had already been increased from the ultra-low base of 0.10% to 0.75% and markets expected further increases over the year to 1.25% as the Monetary Policy Committee (MPC) started to focus on combating the spike in inflation which was predicted to peak at 7.25% at this time. Long term rates had already increased to around 2.50% across all periods as a consequence of the increase in Base Rate, inflation expectations and movements in US Treasury yields, but little further increase was expected over the year.

2.2. The graph below shows the actual movement in rates during the year and shows that 2022/23 was a year dominated by the high inflation phenomenon caused by various factors such as the war in Ukraine leading to a spike in energy costs, Brexit induced supply side shortages leading to spikes in food inflation and a general cost of living crisis. Inflation peaked at 11.1% during the year and resulted in a series of increases in Base Rate by the MPC to attempt to bring inflation down. Base Rate ended the year at 4.25% and was predicted to peak at 4.50% in 2023, however this forecast peak has now also risen to 5.5% as inflation, although reduced, remains stubbornly higher than expected. Long term rates increased in line with the increases in Base Rate over the year but spiked in September/October 2022 as markets reacted with uncertainty to changing Government policy. Long term rates fell again following further changes in Government policy and ended the year around 4.50%, some 2% higher than the start of the year.



2.3. **UK Economy:** GDP has been tepid throughout 2022/23 starting Quarter (Qtr) 2 2022 (Apr-Jun) at +0.1% which was reversed in the following Qtr 3 2022 (Jul-Sep). Qtr 4 2022 (Oct-Dec) saw a +0.1% increase in GDP again. The UK avoided recession and this resilience was in part due to a rise in real household disposable income as a consequence of the £5.7bn payments received by households from Government in the Energy Bills Support Scheme. Recent indicators worldwide have indicated a mild expansion of economies. The MPC will want to see material evidence of a reduction in inflationary pressures and loosening in labour markets before it relaxes monetary measures. Some economic analysts are expecting Qtr 1 2023 GDP to contract by -0.2% and are forecasting a recession in 2023/24.

2.4. **USA:** Markets are pricing in further interest rate increases of 0.25% to 0.50%, on top of the current interest rate range of 4.75% to 5%. The Federal Reserve is also expected to run down its balance sheet during the year. Inflation is currently around 6% but the economy is expected to weaken during 2023 and wage data is falling back. There is scope for rate cuts at the back end of 2023 should the US economy slide into recession.

2.5. **Eurozone:** Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely.

### 3. Treasury Investments 2022/23

#### Treasury Investment Policy

3.1. The Council's treasury investment policy, governed by the Department for Levelling Up, Housing and Communities (DLUHC), is implemented in the Council's

Annual Investment Strategy for Treasury Investments 2022/23, that was approved by the Executive Councillor for Resources, Communications and Commissioning on 14 March 2022, after being scrutinised by the Overview and Scrutiny Management Board on 24 February 2022.

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 2023, 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 (for two out of three agencies)** for all its Counterparties, excluding part-nationalised UK banks and a **minimum limit AA-Sovereign Rating (for 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. There have been no significant credit rating changes to Counterparties on the Authorised Lending List during the year and no breaches of lending policy.

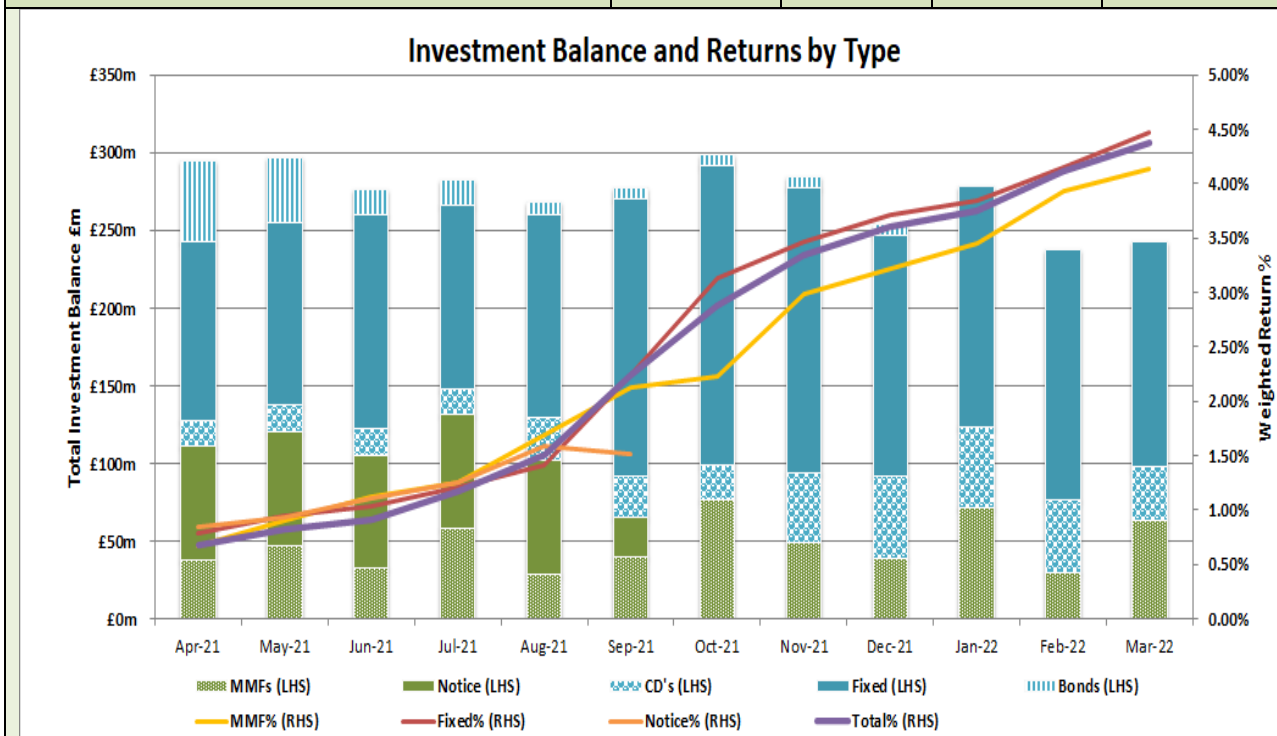
Treasury Investment Activity 2022/23

3.7. The Council's treasury investment position and movement in activity during 2022/23 is shown as follows:

INVESTMENT PORTFOLIO	31.3.2022 £m	Annual Return %	31.3.2023 £m	Annual Return %
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Treasury Investments:				
Money Market Liquidity Funds	25.325	0.09%	62.850	2.26%
Notice Accounts	73.100	0.35%	0.000	1.22%
Fixed Deposits, CD's & Bonds	189.011	0.32%	179.930	2.32%
<b>Total Treasury Investments</b>	<b>287.436</b>	<b>0.28%</b>	<b>242.780</b>	<b>2.32%</b>



Maturity Structure	31.3.2022		31.3.2023	
<b>Weighted Average Maturity (WAM)</b>	<b>119 Days</b>		<b>145 Days</b>	
Liquidity < 1 Month	£103.425m	35.98%	£92.850m	38.24%
1-6 Months	£140.511m	48.88%	£84.930m	22.63%
6-12 Months	£37.000m	12.87%	£95.000m	39.13%
1-2 Years	£6.500m	2.26%	£0.000m	0.00%
<b>Total</b>	<b>£287.436m</b>	<b>100.00%</b>	<b>£242.780m</b>	<b>100.00%</b>

3.8. The investment balances shown above are made up of general and earmarked reserves, Pension Fund cash (£80.4m – 31 March 2023 / £67.7m - 31 March 2022), income received but not yet used/spent and general movement of working capital. The data shows that the investment balance on 31 March 2023 fell by £44.7m from the previous year. This is predominantly due to internal cash balances being used to fund capital expenditure in 2022/23, as no external borrowing was undertaken, and is despite the Pension Fund Balance held within the total balance increasing over the year by £12.7m.

3.9. The average value of investments during 2022/23 was £281m, some £75m lower than the average in the previous year. The graph at 3.7 above shows that the

balance of investments (bars on graph) shows this gradual fall over the year, especially 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. In a reversal from the previous year, Notice Account returns failed to keep pace with the rapid increase in market investment rates and hence Notice Account balances (solid green bars), were withdrawn by September 2022 in favour of Fixed Deposits and Certificates of Deposit (CDs) (blue bars). The graph also shows the rapid increase in investment returns over the year (RHS lines all colours), in line with the increases in Base Rate and the Table at 3.7 shows the average annual return for 2022/23 was 2.32% compared to 0.28% the previous year.
- 3.11. All investments made during the year were in line with the strategy, including making some one year investments where possible to lock into higher rates above benchmark levels at the time taken when yields were close to the forecast peak, lengthening the Weighted Average Maturity (WAM) of the fund which ended the year at 145 days. The table above shows the maturity profile of the investments made in light of this strategy and shows that the proportion of investments over six months have increased resulting in the increased WAM.
- 3.12. No temporary borrowing was required during the year to cover liquidity shortfalls and hence the balance was nil at 31 March 2023.
- 3.13. A full list of the investments held on 31 March 2023, compared to Link's creditworthiness list, and changes to credit rating of counterparties during March 2023 are shown in **Appendix C**.

#### Treasury Investment Return and Benchmarking Results

- 3.14. The table below shows the Council's annualised investment return for 2022/23 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.

	2021/22	2022/23
Annualised Investment Return	0.28%	2.32%
Annualised Benchmark Rate	0.13%	2.50%
<b>Outperformance</b>	<b>0.15%</b>	<b>-0.18%</b>
Total Investment Return Income	£0.65m	£3.80m
Budgeted Investment Return Income	£0.50m	£0.30m

<b>Surplus Investment Return Income</b>	<b>£0.15m</b>	<b>£3.50m</b>
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3.15. The table highlights how the investment return has increased rapidly in 2022/23 following the increase in Short Term Rates resulting in £3.5m compared to only £0.15m the previous year. The investment benchmark was not exceeded this year by -0.18%. This was because we moved to the Overnight/3Month SONIA (Sterling Overnight Index Average) as our benchmark in 2022/23 from LIBID which was withdrawn on 31 December 2021.

3.16. 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 more relevant benchmark, we used **SONIA less 0.10% in 2022/23**, but this is still a higher rate to benchmark against than LIBID, hence the underperformance in 2022/23 of -0.18%. The result mainly reflected the time lag effect that it took existing investments in the portfolio at lower rates to drop out of the return compared to the immediate change in SONIA as Base Rate was increased this year. In 2023/24, to account for this time lag we will be adjusting the SONIA rate by the difference in our MMF return compared to SONIA. MMF's performance is also affected by this time lag problem, so by adjusting for their difference we are hopefully discounting this when looking at the performance. This will be reviewed over 2023/24.

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 31 March 2023, provided by LAS, which comprised a mixture of 13 other Councils in the East Midlands area and 17 English Counties. The results of this benchmarking are detailed below.

<b>Link Benchmarking – Position at 31/3/2023</b>			
	<b>LCC</b>	<b>Benchmark Group(13)</b>	<b>English Counties (17)</b>
<b>31 March Return %</b>	4.42%	3.93%	3.68%
<b>Risk Banding</b>	3.37% -3.80%	3.44% - 3.87%	3.36% -3.78%
<b>Performance</b>	Above	Above	Inline
<b>Risk Weighted Score (Duration/Credit Quality)</b>	2.90	2.89	2.36
<b>WAM (days)</b>	145	68	102

3.19. The benchmarking results show that the Council has outperformed the investment returns achieved by its LAS comparators in 2022/23, 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 the 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 also performed above this banding for a second year.

#### 4. Long-Term Borrowing 2022/23

##### Capital Expenditure Plans and Borrowing Requirement 2022/23

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 2022/23, compared to those estimated and approved by the County Council at its meeting on 18 February 2022, along with the Council Budget 2022/23. It can be confirmed that no Prudential Indicators were breached during 2022/23.

4.4. Extracted from these Prudential Indicators, shown in the table below, is the Council's **net capital expenditure** for 2022/23 (PI 1) and the resulting **borrowing requirement** for 2022/23 (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 2022/23 from that agreed by the County Council and both actual spending and borrowing requirement were under budget for the year.

	Original Budget at 1/4/2022 £m	Final Budget at 31/3/2023 £m	Actual at 31/3/2023 £m	Underspend £m
Net Capital Expenditure Programme 2022/23	114.437	151.385	<b>101.566</b>	49.819
Borrowing Requirement	114.612	115.467	<b>61.316</b>	54.151

Capital Financing Requirement, Borrowing Strategy and Control of Interest Rate Risk  
2022/23

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 and any **Voluntary Revenue Provision (VRP)** made over and above the MRP level.

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 31 March 2023 was £201.8m or 29.8% of CFR**. This was increased from the previous year by £40.6m 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 5) 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 2022/23 and how this is split between External and Internal Borrowing.

<b>CFR 2022/23</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Opening CFR Balance at 1.4.2022		645.920	
Net Capital Expenditure 2022/23	101.566		
Financed by Cash Resource:			
Grants	(2.519)		
Capital Receipts	(4.332)		
Reserves	(18.843)		
Revenue	(14.556)		
Add: Borrowing Requirement 2022/23		61.316	
Less: Minimum Revenue Provision 2022/23		(20.694)	
Less: Voluntary Revenue Provision 2022/23		(9.343)	
<b>Closing CFR Balance at 31.3.2023</b>		<b>677.199</b>	<b>100.0%</b>
<b>Represented By:</b>			
<b>External Borrowing (Including Credit Arrangements)</b>		<b>475.396</b>	<b>70.2%</b>
<b>Internal Borrowing</b>		<b>201.803</b>	<b>29.8%</b>

#### Voluntary Revenue Provision

4.10. In 2022/23, the table 4.9 above shows that the Council made a Voluntary Revenue Provision (VRP) of £9.343m, in addition to its Minimum Revenue Provision of £20.694m for the year. Both these amounts had the effect of reducing the Council's CFR. A VRP was also made in 2021/22 and the Council can offset the total amount of VRP it has made against any future amount of MRP should it be deemed necessary to do so, allowing some flexibility to Capital Financing Budget levels in future years. The total amount of VRP held at 31 March 2023 is shown in the table below.

	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Voluntary Revenue Provision	26.177	9.343	<b>35.520</b>

#### External Borrowing Activity 2022/23

4.11. The Strategy for 2022/23 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.'*

4.12. The Council's actual borrowing position on 31 March 2023 and activity during 2022/23, is detailed in the table below:

Borrowing Activity 2022/23	Market Debt (LOBO) £m	PWLB Debt £m	Total £m	% Cost
Opening Balance at 1.4.2022	20.000	456.122	476.122	3.733%
New Borrowing in 2022/23	0.000	0.000	0.000	
Borrowing Matured/Repaid in 2022/23	0.000	(8.354)	(8.354)	
Debt Rescheduling: -				
Borrowing Repaid in 2022/23	(0.000)	0.000	(0.000)	
Borrowing Replaced in 2022/23	0.000	0.000	0.000	
<b>Closing Balance at 31.3.2023</b>	<b>20.000</b>	<b>447.768</b>	<b>467.768</b>	<b>3.725%</b>
<b>Authorised Limit For External Debt 2022/23</b>			<b>670.529</b>	

4.13. The table above shows that no new external borrowing was taken during the year with the Borrowing Requirement for 2022/23 met in full, from internal borrowing, to reduce surplus cash balances held in the year and to save on borrowing costs (see 4.17). This Strategy was also in line with the **Debt Liability Benchmark**, a new Prudential Indicator for 2022/23 (PI 9). **Appendix E** shows that the Debt Liability Benchmark showed the Council in an overborrowed position in 2022/23 by £143.6m indicating that there was no need to borrow externally to leave cash at a target level of around £100.0m. The level of cash/investments and internal borrowing at 31 March 2023 has validated the strategy of no external borrowing in 2022/23, as has the increase in long terms rates over the year.

4.14. **Appendix F** shows the external borrowing maturity profile on 31 March 2023, including the variability effect of the £20m LOBO debt held. The graph shows that no debt maturing in any one year exceeds 10.24% of the total debt portfolio.

4.15. The table also shows that no debt rescheduling was undertaken in 2022/23 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 £46.8m). A limit is set on this type of borrowing to limit the amount of variability within the debt portfolio for debt repayment.

4.16. Total long-term debt outstanding at 31 March 2023 fell to £467.7682m and is well within the Council's Authorised Limit for External Debt of £670.529m. 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 3).

#### External Borrowing Cost and Benchmarking Position

4.17. 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 2022/23 and the reduction in the % Cost of the total borrowing portfolio was due to the debt repayment in the year.

	2021/22		2022/23	
	% Cost	£m	% Cost	£m
Long-Term Borrowing Outstanding at 31 March.	-	476.122	-	467.768
Actual Interest Cost of External Debt	3.733%	17.886	3.725%	17.566
Budgeted Cost of External Debt	-	17.745	-	19.632
<b>(Underspend)/Overspend</b>		<b>£0.140m</b>		<b>(£2.066m)</b>
New Borrowing Taken and Average Cost	-	0.000	-	0.000
Benchmark Cost of Borrowing Available in Year (50 Year PWLB)	1.850%	-	3.740%	-
<b>Outperformance/(Underperformance)</b>	<b>0.000%</b>	<b>£0.000m</b>	<b>0.0%</b>	<b>£0.000m</b>

#### Internal Borrowing Activity 2022/23

4.18. 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 31 March 2023 stood at £201.8035m and the table below shows how this balance has been derived.

<b>Internal Borrowing 2022/23</b>	<b>£m</b>	<b>£m</b>
<b>Internal Borrowing Balance BF</b>		161.395
<b>Original Borrowing Requirement 2022/23</b>	115.467	
<b>Less Underspend Carried Forward</b>	(54.151)	
<b>Adjustment for Voluntary /Maturing Debt/VRP</b>	(20.684)	
<b>Final Borrowing Requirement 2022/23</b>		40.632
<b>Actual External Borrowing Undertaken (Salix)</b>		(0.224)



Internal Borrowing Balance CF		201.803
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4.19. The £54.151m carry forward of internal borrowing for 2022/23 will be carried forward to 2023/24, along with the Capital Programme and Borrowing Requirement underspends. The Council will take external borrowing in 2023/24, after adjusting for debt repayments and underspends, to ensure the level of debt remains within the new **Debt Liability Benchmark Indicator** and at a time appropriate to market conditions in accordance with the Borrowing Strategy agreed. This strategy will be monitored throughout 2023/24.

## 5. 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 eight times over 2022/23 to reach 4.25% at the year end, as part of the MPC strategy to combat the increase in inflation. Both short term and long term rates increased in line with this rapid increase in Base Rate. Increase in rates is set to continue in 2023/24, with a peak of 5.50% the latest forecast in Short Term Rates by markets as inflation continues to be sticky in coming down from peaks of 11.1% during the year.
- GDP has suffered in 2022/23 as a consequence of the rising interest rate environment, Growth being tepid at best, and whilst avoiding a recession in 2022/23, some market analysts are forecasting a recession in 2023/24. This economic environment is the same worldwide as countries are struggling to come out of the effects of the Covid pandemic and War.
- Investment balances have fallen over 2022/23, the average balance being £281m, some £75m lower than the average in the previous year. This was predominantly due to internal cash balances being used to fund capital expenditure in 2022/23, as no external borrowing was undertaken.
- The Council's risk appetite for its treasury investments remains low, as it prioritises security of capital and liquidity over return. The investment return rose to £3.5m in 2022/23 as a consequence of the rapid increase in market rates available, in contrast to £0.15m in the previous year. The Council underperformed against the SONIA benchmark set for this low risk level, by -0.18% due to the time lag factor of investments in the portfolio dropping out of the return compared to benchmark rates rising immediately when Base Rate was increased. The methodology for the benchmark is being reviewed in 2023/24 to compensate for this issue. The Council did however outperformed benchmarking comparators by some margin, whilst having a lower risk profile, primarily by having a slightly longer weighted average maturity of investments.

- No short-term borrowing was necessary during 2022/23 to support predicted liquidity shortfalls.
- 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 2022/23.
- Both capital expenditure and hence its borrowing requirement for 2022/23 were significantly underspent in the region of £50/55m. This will be carried forward into 2023/24.
- The Council's CFR on 31 March 2023 (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	£475.4m	70.2%
Internal Borrowing	<u>£201.8m</u>	29.8%
CFR	£677.2m	

- Voluntary Revenue Provision (VRP) was made in addition to MRP for the second time in 2022/23. This has the result of lowering the CFR balance. Total VRP now stands at £35.5m and this can be used to offset MRP in future years if required.
- No new external borrowing was taken in 2022/23. £8.4m of debt was repaid which has reduced the total cost of the Council's external debt to 3.725%, equating to £17.6m borrowing interest paid in 2022/23.
- No debt rescheduling was undertaken in 2022/23.
- Internal borrowing was increased in 2022/23 by £40.6m leaving the balance of internal borrowing at £201.8m which is considered in line with the Council's borrowing strategy, general level of cash balance available and the Debt Liability Benchmark Prudential Indicator for 2022/23.

## 6. 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.

## 7. 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 31 March 2023 and Credit Rating Key
Appendix C	Investment Analysis Review on 31 March 2023 - Link Asset Services Ltd
Appendix D	Risk and Reward per Asset Class 2022/23 and Comparative Years
Appendix E	Prudential Indicators - Actuals Compared to Estimate 2022/23
Appendix F	LCC Long-Term Borrowing Maturity Profile as at 31 March 2022

## 8. Background Papers

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

Document title	Where the document can be viewed
Treasury Management Strategy Statement and Annual Investment Strategy 2022/23 - 14/3/2022	<a href="#">Decision - Treasury Management Strategy Statement and Annual Investment Strategy 2022/23 (modern.gov.co.uk)</a>
Council Budget 2022/23 - 18/2/2022	<a href="#">Agenda for Council on Friday, 18th February, 2022, 10.00 am (modern.gov.co.uk)</a>

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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 31 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).

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# Appendix B

Appendix B

LINCOLNSHIRE COUNTY COUNCIL		LENDING OF TEMPORARY SURPLUSES			FITCH IBCA		For Treas	
Country		Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted	Long Term	Credit Rating Sovereign	CDS Overlay	
	1	<b>Other Local Authorities</b>	25 each	24 Months				
	2	<b>Debt Management Account Deposit Facility</b>	50	6 Month				
	3	<b>UK Banks :</b>						
		<b># HSBC Group</b>	25	365 Day				
UK		HSBC Bank Plc (RFB)	25	365 Day	365 Day	SB	AA-	
		HSBC 31 Day Notice Account	25	365 Day			AA-	
		HSBC Evergreen Notice Account	25	365 Day			365 Day	
		<b># RBS Group - Part Nationalised</b>	50	365 Day				
UK		National Westminster Bank Plc (RFB)	50	365 Day	365 Day	SB	A+	
UK		Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	
		<b># LloydsHBOS Group</b>	20	365 Day				
		Lloyds TSB Bank Plc (RFB)	20	6 Months	6 Months	SB	A+	
		Bank of Scotland PLC (RFB)	20	6 Months	6 Months	SB	A+	
		Barclays Bank PLC (NRFB)	15	6 Months	6 Months	SB	A+	
UK		Close Brothers Ltd	20	6 Months	6 Months	NO	A-	
UK		Nationwide Building Society	20	6 Months	6 Months	SB	A	
UK		Santander UK PLC	20	6 Months	6 Months	SB	A+	
		Standard Chartered Bank	20	6 Months	6 Months	SB	A+	
	4	<b>Other Banks</b>						
AUS		Australia & New Zealand Banking Group	25	365 Day	365 Day	SB	A+	
AUS		Commonwealth Bank of Australia	25	365 Day	365 Day	SB	A+	
AUS		National Australia Bank	25	365 Day	365 Day	SB	A+	
AUS		Macquarie Bank Ltd.	20	6 Months	6 Months	SB	A	
AUS		Westpac Banking Corporation	25	365 Day	365 Day	SB	A+	
		<b># BNP Paribas Group</b>	25	365 Day				
BEL		BNP Paribas Fortis	20	6 Months	6 Months	SB	A+	
FRA		BNP Paribas	25	365 Day	365 Day	SB	A+	
		Bank of Montreal	25	365 Day	365 Day	NO	AA-	
CAN		Bank of Nova Scotia	25	365 Day	365 Day	SB	AA-	
CAN		Canadian Imperial Bank Commerce	25	365 Day	365 Day	SB	AA-	
CAN		National Bank of Canada	20	6 Months	6 Months	SB	A+	
CAN		Royal Bank of Canada	25	365 Day	365 Day	SB	AA-	
CAN		Toronto Dominion Bank	25	365 Day	365 Day	SB	AA-	
		Danske A/S	20	6 Months	6 Months	SB	A	
		Credit Industriel et Commercial	25	365 Day	365 Day	SB	A+	
FRA		Societe Generale	20	6 Months	6 Months	SB	A-	
		Nordea Bank Abp	25	365 Day	365 Day	SB	AA-	
FIN		OP Corporate Bank	25	365 Day	365 Day	SB	AA-	
		DZ Bank AG	25	365 Day	365 Day	SB	AA-	
GER		Landesbank Hessen-Thuringen Girozentrale (Heleba)	25	365 Day	365 Day	SB	A+	
		Bank Nederlande Gemeenten	25	24 Months	24 Months	SB	AAA	
NETH		Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	25	365 Day	365 Day	SB	A+	
NETH		ING Bank NV	25	365 Day	365 Day	SB	AA-	
		DBS Bank Ltd	25	365 Day	365 Day	SB	AA-	
SING		Oversea Chinese Banking Corporation Ltd	25	365 Day	365 Day	SB	AA-	
SING		United Overseas Bank	25	365 Day	365 Day	NO	AA-	
		UBS AG	20	365 Day	365 Day	NW	AA-	
		Skandinaviska Enskilda Banken AB	25	365 Day	365 Day	SB	AA-	
SWE		Swedbank AB	25	365 Day	365 Day	SB	AA-	
		<b># Svenska Group</b>	25	365 Day				
SWE		Svenska Handelsbanken AB	25	365 Day	365 Day	SB	AA	
UK		Handelsbanken Plc	25	365 Day	365 Day	SB	AA	
		Svenska Handelsbanken - 35 Day Notice Account	25	365 Day	365 Day		AAA	
		Svenska Handelsbanken- 10 Day Notice Account	25	365 Day	365 Day		AAA	
		Svenska Handelsbanken- Call Account	25	365 Day	365 Day		AAA	
		Bank of New York Mellon	25	24 Months	24 Months	SB	AA	
USA		Bank of America NA	25	365 Day	365 Day	SB	AA	
USA		JP Morgan Chase Bank NA	25	365 Day	365 Day	SB	AA	
	5	<b>AAA Money Market Funds</b>						
		<b># MMF Group</b>	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 2023		

## **Definition of Credit Ratings and Credit Default Swap Spreads**

### **Credit Ratings:**

#### **Long Term Rating (Fitch)**

The Long-Term rating assesses the borrowing characteristics of banks and the capacity for the timely repayment of debt obligations which apply to instruments of up to 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 (Moody's)

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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# Lincolnshire County Council

## Monthly Investment Analysis Review

March 2023

## Monthly Economic Summary

**General Economy**

The UK manufacturing PMI fell to 48 in March 2023 from 49.3 in February. This pointed to an eighth straight month of falling factory activity. In addition, the UK Services PMI fell to 52.8 in March 2023 from 53.5 in February, below market expectations of 53. New orders growth accelerated due to improved client confidence, resilient demand for consumer services and a boost to spending from falling inflationary pressures. Overall, while still comfortably in “expansion” territory (ie a reading above 50) the UK Composite PMI fell to 52.2 in March 2023 from the 8-month high of 53.1 in February. Elsewhere, UK Construction PMI rose to 54.6 in February 2023 from 48.4 in January, easily beating market expectations of 49.1. The latest reading pointed to the fastest pace of expansion in the construction sector since last May, as commercial construction increased the most in nine months and civil engineering works returned to growth.

The UK economy expanded by 0.1% on quarter in the final three months of 2022, revised from a first estimate of no growth and following a 0.1% contraction in the previous period. Household consumption grew by 0.2%, driven by higher spending on net tourism, transport, and housing and despite the stubbornly high inflation and rising borrowing costs. There was also higher investment spending and higher government consumption, which was partially offset by businesses de-stocking their levels of inventories and a decline in the volume of net trade.

The UK trade deficit narrowed to £5.86 billion in January 2023, down from £7.15 billion in the previous month, as imports tumbled 6.3% and exports fell at a softer 5.1%. Goods imports were down 8.7%, as purchases from the EU fell by 8.8% and those from non-EU countries declined by 8.7%. The decrease in imports from the EU was mainly the result of falling purchases of machinery and transport equipment, chemicals, and fuels.

UK employment rose by 65k in the three months to January 2023, above market forecasts of a 52k rise and following a 74k growth in the previous period. The unemployment rate in the UK came in at 3.7% in November 2022 to January 2023, largely unchanged compared with the previous three-month period and slightly below market consensus of 3.8%. The number of unemployed people rose by 5k to 1250k, while employment levels increased by 65k to 32840k, driven by part-time employees and self-employed workers. UK average weekly earnings, including bonuses, rose 5.7% y/y to £630 in the three months to January, the smallest increase since July, following an upwardly revised 6% rise in the last three months of 2022. In addition, regular pay which excludes bonus payment, went up 6.5% to £589, with the pace of growth slowing for the first time since late 2021. Adjusted for inflation, total pay declined 3.2%, the most since 2009 and regular pay was down 2.4%, as inflation continues to squeeze UK living standards. Meanwhile, retail sales in the UK unexpectedly rose 1.2% m/m in February, following an upwardly revised 0.9% rise in January. It is the biggest increase in four months.

The annual consumer inflation rate in the UK unexpectedly rose to 10.4% in February from 10.1% in January, the first increase in four months and compared to forecasts of a decline to 9.9%. The biggest upward pressure came from cost of food and non-alcoholic beverages. On the other hand, a slowdown was seen in prices for transport, particularly motor fuels; furniture; housing and utilities; and recreation and culture. Elsewhere, the GfK Consumer Confidence indicator rose to -36 in March 2023 from -38 in February, pointing to the highest reading in a year amid better economic forecasts.

The public sector net borrowing (PSNB ex) in February 2023 was £16.7 billion, £9.7 billion more than February 2022 and the highest February borrowing since monthly records began in 1993, largely because of substantial spending on energy support schemes. The Bank of England raised Bank Rate by 25bps to 4.25% during the March meeting, in line with expectations, and pushing borrowing costs to fresh 2008-highs, aiming to bring inflation back to the 2% target.

In the US the unemployment rate edged up to 3.6% in February up from a 50-year low of 3.4% seen in January. The number of unemployed people increased by 242k to 5940k, and employment levels rose by 177k to 160320k. The US economy expanded an annualised 2.6% on quarter in the last three months of 2022, slightly less than initial estimate of 2.7%. The annual inflation rate in the US slowed to 6% in February, the lowest since September 2021, in line with market forecasts. The Fed raised the Fed Funds Rate by 25bps to 4.75%-5% in March, matching the February increase, and pushing borrowing costs to new highs since 2007.

The Eurozone economies failed to grow in the final quarter of 2022, compared with preliminary estimates of 0.1% growth and an upwardly revised 0.4% expansion in the previous three-month period. GDP grew in the Netherlands, Spain, and France, but contracted in Germany and Italy. The annual inflation rate in the Euro area eased to 6.9% year-on-year in March, its lowest level since February 2022 and slightly below market consensus of 7.1%. The European Central Bank raised interest rates by another 50 bps to 3.5% at its March meeting, as previously promised, further pushing borrowing costs to the highest level since late 2008, to help temper the region's stubbornly high inflation.

### Housing

The Nationwide House Price Index in the UK declined by 3.1% y/y in March, the biggest annual drop since July of 2009. Compared to the previous month, house prices in the UK were down 0.8%, a seventh consecutive fall and compared to forecasts of a 0.3% decrease. The Halifax house price index rose by 2.1% from a year earlier in February 2023, the same pace as in the previous two months.

### Currency

Stronger than expected GDP and inflation data saw Sterling appreciate slightly against the US dollar and the Euro during March.

March	Start	End	High	Low
GBP/USD	\$1.2007	\$1.2365	\$1.2381	\$1.1838
GBP/EUR	€1.1251	€1.1381	€1.1432	€1.1217

### Forecast

Bank Rate was raised to 4.25% at the Monetary Policy Committee's meeting in March, with both Link and Capital Economics pencilling in rates to peak at 4.50% by Q2 2023.

Bank Rate													
	Now	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Link Group	4.25%	4.50%	4.50%	4.25%	4.00%	3.50%	3.25%	3.00%	2.75%	2.75%	2.50%	2.50%	2.50%
Capital Economics	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%	-	-	-	-	-

# 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 HSBC	25,000,000	4.02%		MMF	AAAm		
MMF Deutsche	25,000,000	3.95%		MMF	AAAm		
MMF Morgan Stanley	12,850,000	3.97%		MMF	AAAm		
London Borough of Barking & Dagenham	10,000,000	3.95%	31/01/2023	03/04/2023	AA-	0.000%	0
Surrey County Council	5,000,000	4.05%	09/02/2023	04/04/2023	AA-	0.000%	0
Standard Chartered Bank	5,000,000	4.32%	14/10/2022	14/04/2023	A+	0.002%	87
Oversea Chinese Banking Corporation Ltd	5,000,000	4.40%	14/10/2022	14/04/2023	AA-	0.001%	43
Close Brothers Ltd	5,000,000	4.20%	25/10/2022	25/04/2023	A-	0.003%	155
Slough Borough Council	6,500,000	3.30%	05/05/2021	04/05/2023	AA-	0.002%	0
Close Brothers Ltd	5,000,000	4.10%	31/01/2023	31/07/2023	A-	0.015%	755
Colchester Borough Council	5,000,000	4.35%	23/02/2023	23/08/2023	AA-	0.009%	0
National Australia Bank Ltd	5,000,000	4.54%	09/03/2023	31/08/2023	A+	0.019%	946
Toronto Dominion Bank	10,000,000	4.05%	13/09/2022	13/09/2023	AA-	0.010%	1024
Australia and New Zealand Banking Group Ltd	8,750,000	4.25%	20/09/2022	19/09/2023	A+	0.021%	1862
Australia and New Zealand Banking Group Ltd	4,580,000	5.24%	26/09/2022	25/09/2023	A+	0.022%	1008
Oversea Chinese Banking Corporation Ltd	10,100,000	5.10%	30/09/2022	29/09/2023	AA-	0.011%	1134
Toronto Dominion Bank	5,000,000	5.50%	14/10/2022	13/10/2023	AA-	0.012%	604
Bank of Montreal	10,000,000	5.36%	14/10/2022	13/10/2023	A+	0.024%	2424
Toronto Dominion Bank	10,000,000	5.13%	18/10/2022	18/10/2023	AA-	0.012%	1240
Bank of Montreal	10,000,000	4.80%	07/11/2022	06/11/2023	A+	0.027%	2721
Bank of Montreal	5,000,000	4.85%	18/11/2022	17/11/2023	A+	0.029%	1429
Nordea Bank Abp	10,000,000	4.64%	03/02/2023	05/02/2024	AA-	0.019%	1918
DBS Bank Ltd	10,000,000	4.45%	07/02/2023	07/02/2024	AA-	0.019%	1931
Landesbank Hessen-Thueringen Girozentrale (Helaba)	5,000,000	4.55%	23/02/2023	23/02/2024	A+	0.041%	2035
Australia and New Zealand Banking Group Ltd	10,000,000	4.72%	02/03/2023	29/02/2024	A+	0.041%	4144
London Borough of Southwark	5,000,000	4.40%	20/03/2023	18/03/2024	AA-	0.022%	0
DBS Bank Ltd	15,000,000	4.75%	31/03/2023	28/03/2024	AA-	0.022%	3359
<b>Total Investments</b>	<b>£242,780,000</b>	<b>4.42%</b>				<b>0.017%</b>	<b>£28,818</b>

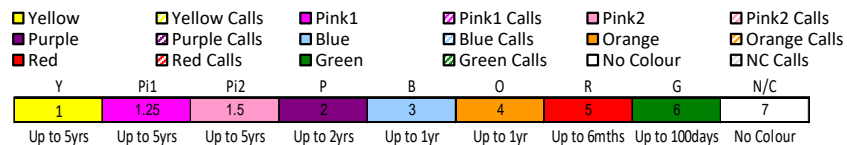
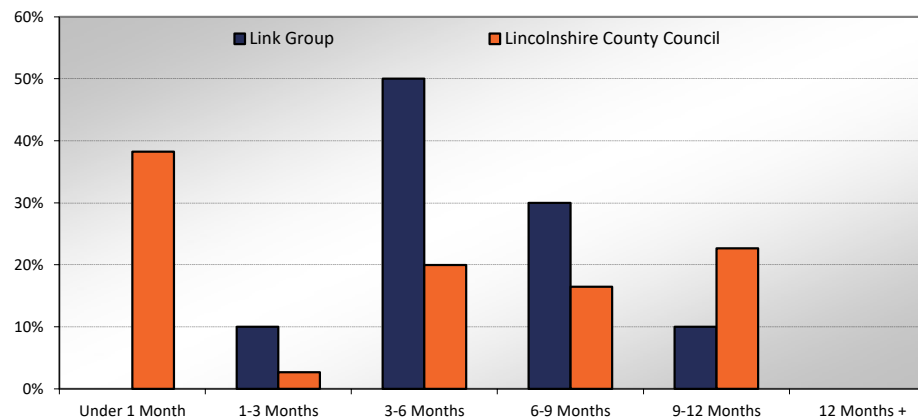
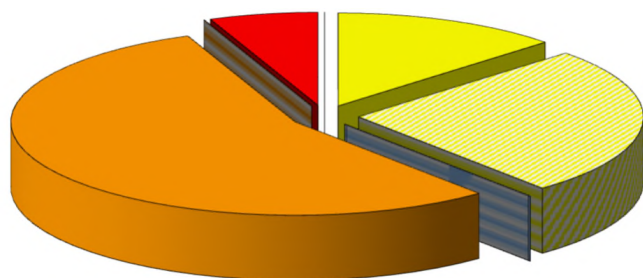
Note: An historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default and expected credit loss therefore measure 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 1990-2022 for Fitch, 1983-2022 for Moody's and 1981-2022 for S&P.

Where Link Group have provided a return for a property fund, that return covers the 12 months to December 2022, which are the latest returns currently available.



Portfolio Composition by Link Group's Suggested Lending Criteria



Portfolios weighted average risk number = **2.90**

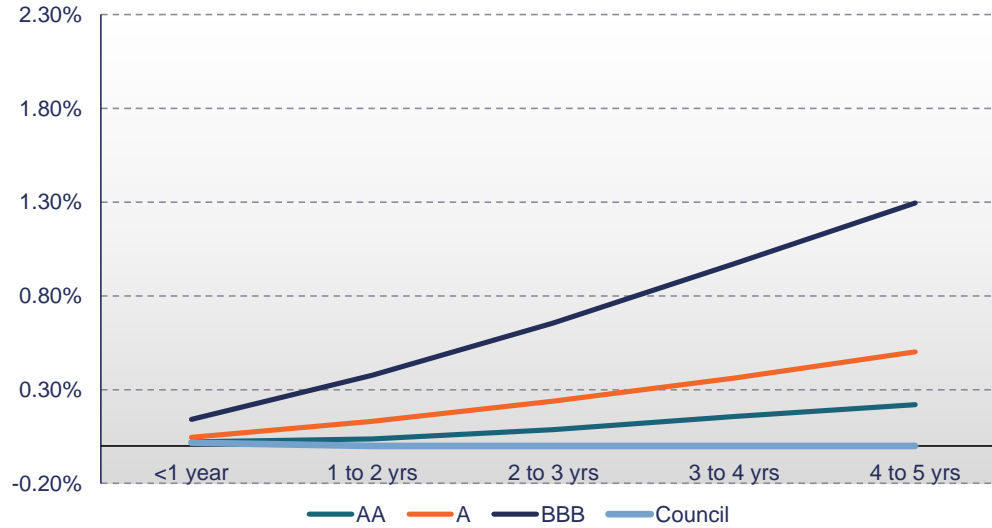
WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

	% 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	WAM at Execution
Yellow	38.86%	£94,350,000	66.61%	£62,850,000	25.89%	3.98%	29	89	88	265
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	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	54.96%	£133,430,000	0.00%	£0	0.00%	4.76%	237	350	237	350
Red	6.18%	£15,000,000	0.00%	£0	0.00%	4.21%	54	182	54	182
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
<b>Total</b>	<b>100.00%</b>	<b>£242,780,000</b>	<b>25.89%</b>	<b>£62,850,000</b>	<b>25.89%</b>	<b>4.42%</b>	<b>145</b>	<b>238</b>	<b>196</b>	<b>321</b>

# Lincolnshire County Council

## Investment Risk and Rating Exposure

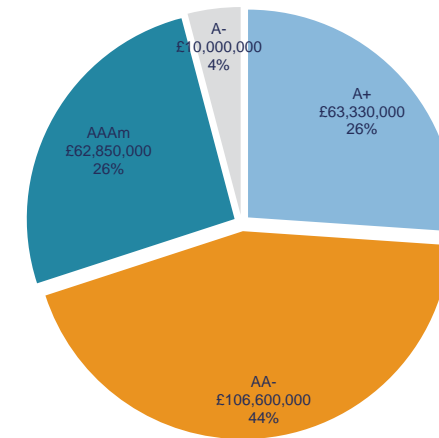
Investment Risk Vs. Rating Categories



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%	0.22%
A	0.05%	0.13%	0.24%	0.36%	0.50%
BBB	0.14%	0.38%	0.65%	0.97%	1.29%
Council	0.017%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



### Historic Risk of Default

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

### Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

### Rating Exposures

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

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

## Lincolnshire County Council

### Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
02/03/2023	1952	Close Brothers Ltd	United Kingdom	The Outlook on the Long Term Rating was changed to Negative from Stable.
07/03/2023	1953	Bayerische Landesbank	Germany	The Viability Rating was upgraded to 'bbb+' from 'bbb'.
07/03/2023	1954	Landesbank Baden-Wuerttemberg	Germany	The Viability Rating was upgraded to 'bbb+' from 'bbb'.
13/03/2023	1955	Belgium Sovereign Rating	Belgium	The Outlook on the Sovereign Rating was changed to Negative from Stable.
21/03/2023	1958	UBS AG	Switzerland	The Outlook on the Long Term Rating was removed and placed on Negative Watch. At the same time the Short Term Rating and Viability Rating were placed on Negative Watch
28/03/2023	1962	Qatar Sovereign Rating	Qatar	The Outlook on the Sovereign Rating was changed to Positive from Stable.

Monthly Credit Rating Changes  
MOODY'S

Date	Update Number	Institution	Country	Rating Action
13/03/2023	1956	Barclays Bank PLC (NRFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
21/03/2023	1957	UBS AG	Switzerland	The Outlook on the Long Term Rating was changed to Negative from Stable.
24/03/2023	1960	Swedbank AB	Sweden	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/03/2023	1961	Norddeutsche Landesbank Girozentrale	Germany	The Outlook on the Long Term Rating was changed to Positive from Stable.

Lincolnshire County Council

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
23/03/2023	1959	Commerzbank AG	Germany	The Long Term Rating was upgraded to 'A-' from 'BBB+'.

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

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## Risk and Reward per Asset Class 2022/23 and Comparative Years.

Asset Class (Local Authority Sector unless stated)	2021	2022	YTD-May 2023	Average Annual Return (Since 2005)
UK All Companies	17.12%	-9.28%	2.31%	7.79%
UK Equity Income	18.42%	-1.93%	0.91%	7.35%
Mixed Investments 40-85% Shares	11.16%	-10.06%	2.13%	6.43%
UK Property (IPD/AREF, UK PFI Other Balanced Funds)	18.00%	-8.70%	-0.20%	5.03%
UK Index Linked Gilts	3.95%	-35.32%	-6.07%	4.94%
Mixed Investments 20-60% Shares	7.45%	-9.76%	1.16%	4.70%
£ Corporate Bond	-1.90%	-16.39%	0.40%	3.83%
RPI	7.50%	13.40%	11.40%	3.65%
Mixed Investments 0-35% Shares	2.93%	-10.93%	0.79%	3.56%
UK Gilts	-5.28%	-24.29%	-3.11%	3.23%
Bloomberg Barclays £ 0-5yr Corporate Bond Index	-0.50%	-5.71%	1.16%	3.20%
FT\$E Conventional Gilt up to 5yr Index	-1.63%	-4.50%	-0.27%	2.16%
Money Market Funds	0.08%	1.42%	3.88%	1.64%
3 month SONIA	0.05%	1.04%	3.60%	0.54%
12 month SONIA	0.06%	0.47%	2.12%	0.27%

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

Source: Link Asset Services Ltd

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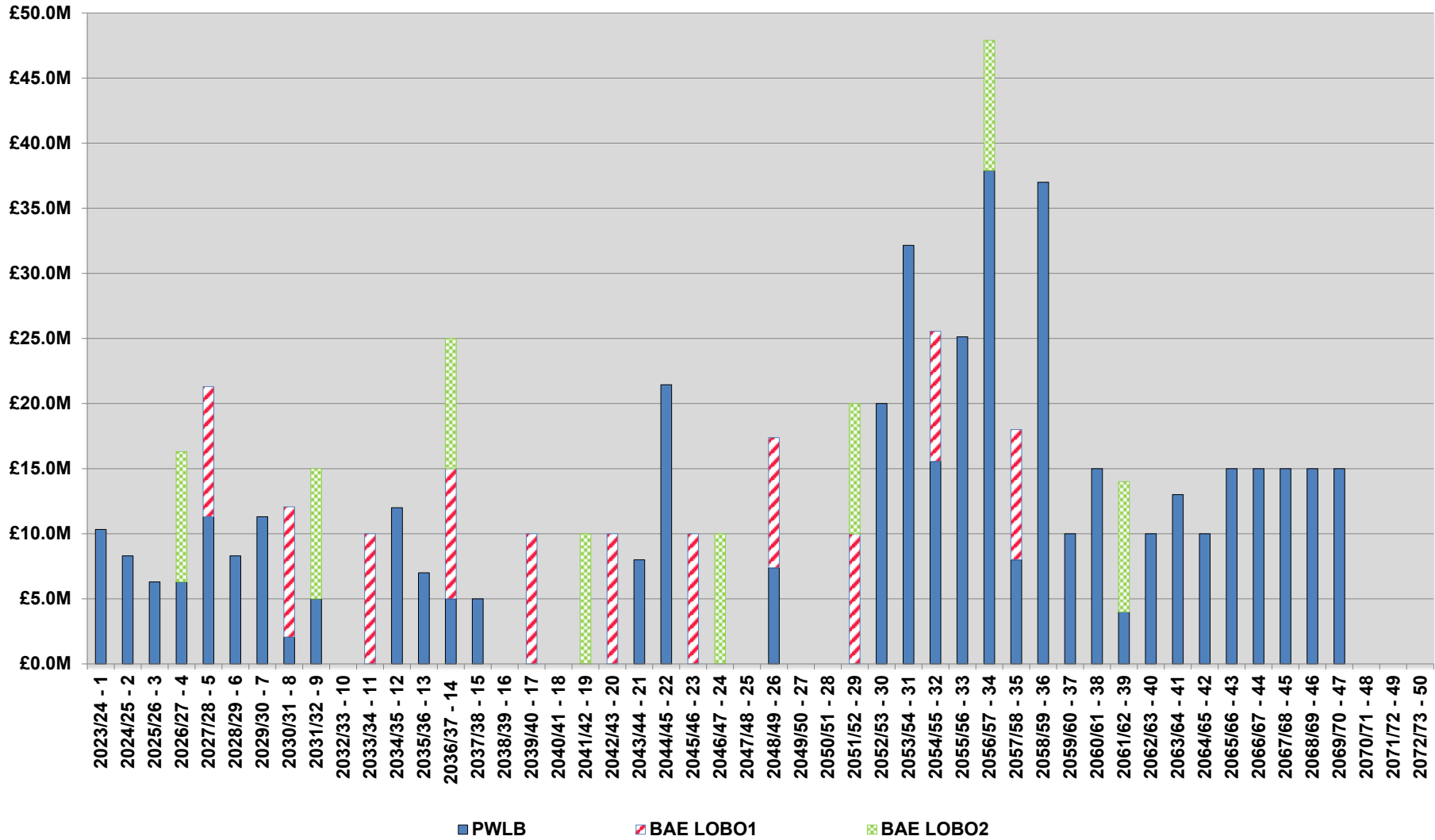
# Appendix E

## APPENDIX E

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2022/2023			
	2022/23		2022/23
Original Estimate	£000	Actuals	£000
<b>Prudence Indicators:</b>			
<b>1) Capital Expenditure &amp; Financing</b>			
Net Capital Expenditure	114,552	Actual Net Capital Expenditure (Excl Sch RCCO & Leasing)	101,566
<b>2) Capital Financing Requirement</b>			
Capital Financing Requirement 31/3/2023	773,165	Actual Capital Financing Requirement 31/3/2023	677,199
Capital Financing Requirement Estimate at 31/3/2025	780,931	Capital Financing Requirement Estimate 31/3/2025	684,965
<b>3) Authorised Limit for External Debt</b>			
		<b>Actual external debt at 31/3/2023</b>	
Borrowing	659,512	Long Term LCC	467,768
Other Long Term Liabilities	11,017	Long Term Schools	567
<b>Total Authorised Limit</b>	<b>670,529</b>	Salix	696
		Temporary(Home Office)	0
<b>4) Operational Boundary for External Debt</b>			
		Borrowing	469,031
Borrowing	644,521	Other Long Term Liabilities (Credit Arrangements)	6,932
Other Long Term Liabilities	9,017	<b>Total Debt</b>	<b>475,963</b>
<b>Total Operational Boundary</b>	<b>653,538</b>		
<b>5) Gross Borrowing and the Capital Financing Requirement</b>			
Gross External Borrowing	575,719	Actual Gross External Borrowing	469,031
Headroom Over CFR at 31/3/2025	205,212	Actual Headroom Over CFR at 31/3/2025	215,934
<b>Affordability Indicators:</b>			
<b>6) Financing Costs &amp; Net Revenue Stream</b>			
Estimated Ratio of Financing Costs To Net Revenue Stream	5.05%	Actual Ratio of Financing Costs To Net Revenue Stream	5.26%
Estimated Ratio of MRP & Interest Costs To Net Revenue Stream Limit 10%	5.16%	Actual Ratio MRP & Interest Costs To Net Revenue Stream Limit 10%	5.69%
<b>Proportionality Indicators</b>			
<b>7) Income from Non Treasury Investments &amp; Net Service Expenditure</b>			
Estimated Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.27%	Actual Proportion of Non-Treasury Investment Income to Net Revenue Stream -Limit 3%	0.26%
<b>8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments</b>			
Estimated Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.41%	Actual Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	0.18%
<b>Treasury Indicators:</b>			
<b>9) Liability Benchmark</b>			
Investment Liquidity Benchmark	100,000	Investment Liquidity Benchmark	100,000
Debt Liability Benchmark	386,360	Debt Liability Benchmark	325,406
Existing External Borrowing	469,030	Existing External Borrowing	469,030
Under / Over (-) Borrowed Position	-82,670	Under / Over (-) Borrowed Position	-143,624
<b>10) Maturity Structure of borrowing</b>			
<b>Upper Limit for maturity structure of borrowing</b>		<b>Actual maturity structure of borrowing at 31 March 2023</b>	
Under 12 months	25%	Under 12 months	2.30%
12 months and within 24 months	25%	12 months and within 24 months	1.80%
24 months and within 5 years	50%	24 months and within 5 years	9.50%
5 years and within 10 years	75%	5 years and within 10 years	5.70%
10 years and above	100%	10 years and above	80.70%
<b>11) Total Principal Sums Invested</b>			
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.	1,260
<b>12) Interest Rate Exposures (Variable)</b>			
<b>Upper limit for variable interest rate exposures</b>		<b>Actual variable interest rate exposure at 31 March 2023</b>	
Borrowing	30%	Borrowing	0%
Investments	100%	Investments	26%
<b>13) Borrowing in Advance of Need</b>			
Estimated borrowing in advance of need limit equal to 25% of the expected increase in CFR over 3 year budget period	1,942	Actual borrowing taken in advance of need in 2022/23	0

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Long Term Borrowing Maturity Profile at 31st March 2023 - Showing Impact of LOBO Variability



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

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Property Services Re-Commissioning</b>

**Summary:**

This report invites the Overview and Scrutiny Management Board to consider a report on Property Services Re-Commissioning, which is due to be considered by the Executive on 4 July 2023. The views of the Board will be reported to the Executive as part of its consideration of this item.

**Actions Required:**

The Overview and Scrutiny Management Board is invited to:-

- 1) consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.
- 2) agree any additional comments to be passed on to the Executive in relation to this item.

**1. Background**

The Executive is due to consider a report on Property Services Re-Commissioning on 4 July 2023. The full report to the Executive is attached at Appendix A to this report.

**2. Conclusion**

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

**3. Consultation**

The Board is being consulted on the proposed decision of the Executive on 4 July 2023.

#### 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Report to the Executive on Property Services Re-Commissioning

#### 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 Jayne Sowerby-Warrington, Assistant Director - Corporate Property, who can be contacted on [jayne.sowerby-warrington@lincolnshire.gov.uk](mailto:jayne.sowerby-warrington@lincolnshire.gov.uk)

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

Report to:	<b>Executive</b>
Date:	<b>04 July 2023</b>
Subject:	<b>Re-Commissioning of Property Services</b>
Decision Reference:	<b>I029605</b>
Key decision?	<b>Yes</b>

**Summary:**

This report outlines the re-commissioning recommendations for the various property services currently delivered under a contract with Vinci which expires on the 31 March 2025.

**Recommendation(s):**

**That the Executive**

- 1) approves the re-procurement of Property Services based upon two separate contracts for (i) Facilities Management (FM) and (ii) Professional Services respectively using the NEC4 form of contract.
- 2) approves the insourcing of
  - (a) the Estates and Property Data service
  - (b) FM – Energy and Environmental management services
  - (c) The FM Asbestos management services
  - (d) Professional Services Technical Support (Technical Project Managers, Clerk of Works, Quantity Surveyors)
- 3 Delegates to the Executive Director for Resources in consultation with the Leader of the Council and the Executive Councillor for People Management Legal and Corporate Property authority to take all decisions necessary to
  - (a) Conduct the procurement processes referred to in paragraph 1 up to and including the award of contracts; and
  - (b) Manage the transfer of services referred to in paragraph 2 back to the Council

**Alternatives Considered:**

- 1) Re-procure as one single contract (no change to existing arrangement)  
This does not meet the future needs of the Council, is overly complex with many sub and sub-subcontractor relationships and with key technical services and personnel remaining outsourced.
- 2) Insource all services.  
This is not a viable option due to the large volume of work with micro-transactions and specialisms within facilities management. Furthermore, the Council would have to manage a large supply chain which would be cumbersome and require significant resources.
- 3) Do nothing.  
This is not a viable option as the contract expires in March 2025. Key services are provided through property services which help the Council meet its statutory obligations.

**Reasons for Recommendation:**

The existing Property Services contract expires 31st March 2025 therefore a new innovative solution is required.

The current contract established in 2015 consists of 3 distinct service areas of Facilities Management, Professionals Services and Estates and Property Data and no longer meets the future requirements of LCC.

The Council has adopted a Corporate Landlord approach to the management of its land and property assets, therefore a stronger intelligent client team is required to drive the future property portfolio forward. Furthermore, it places an additional focus on compliance to ensure property is safe to occupy and use and meets current legislation.

The recommended insourcing of the various areas will add significant value to the Council in providing technical and professional assurance which will result in improved value for money.

**1. Background**

- 1.1 This report makes recommissioning recommendations for those property services currently delivered under the Vinci Facilities contract. It also includes proposals for insourcing, to further enable the Corporate Property Department to evolve into a professional, intelligent client and align itself with the Council's adopted Corporate Landlord model whilst subsequently reducing risks and costs to the Council.
- 1.2 A visual representation of the current contractual model is shown in Figure One below and the proposed new property model is shown in Figure Two below. More detail is available in Appendix A which includes the specific operations within each function for each model.



**The Current Commissioned Property Contract**

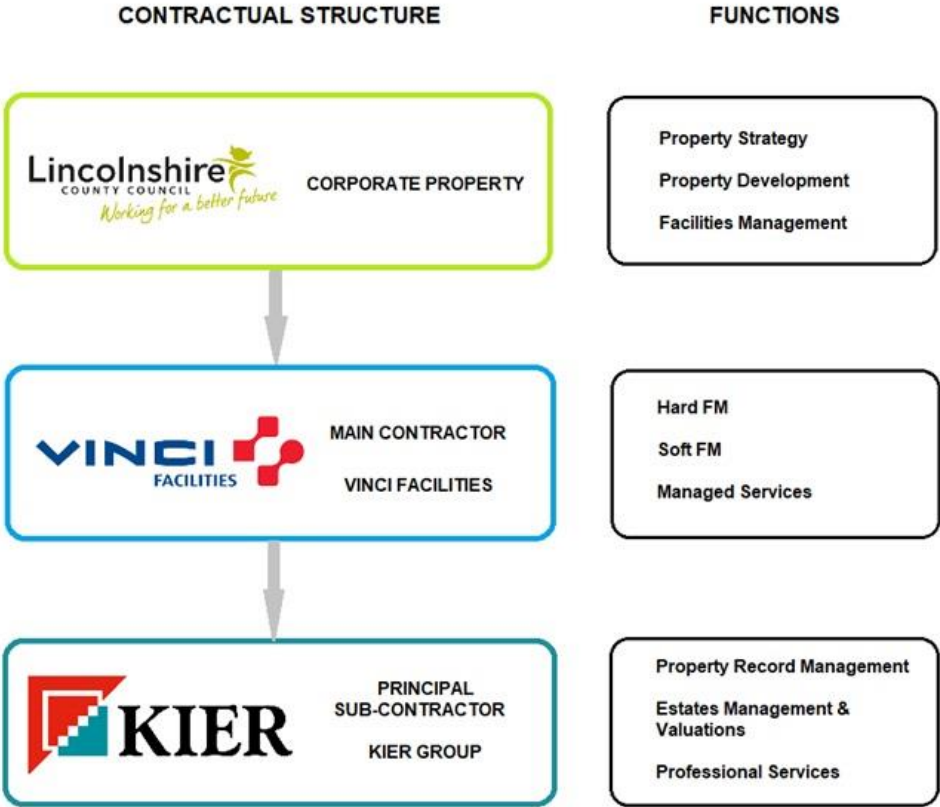


Figure 1: Current Commissioned Property Contract

**The Proposed Property Service Structure**

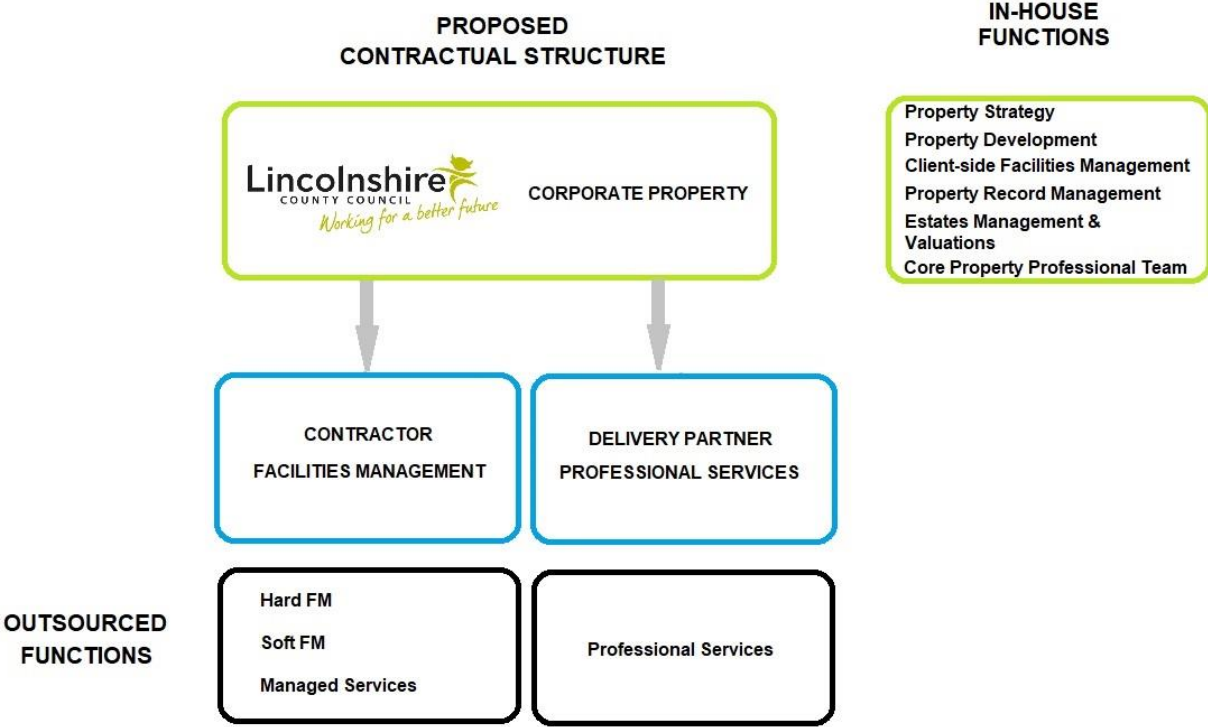


Figure 2: Proposed Contractual Structure

## **Section 2. Background and Current Arrangements**

2.1. The Corporate Property Department continues to evolve with its objective to deliver high quality, responsive and value for money property solutions for Lincolnshire County Council.

2.2. The Council has recently adopted a Corporate Landlord approach to the way it manages its property portfolio. Phase One is now complete with the transfer of circa 657 additional properties into the Corporate Centre. Phase Two, when developed will provide a comprehensive oversight and assurance of LCC's property estate and enable non-property colleagues to focus on effective service delivery from fit for purpose property assets.

2.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that a fully effective Corporate Landlord model should comprise several key areas of professionalism, these are:

- Property Strategy (currently delivered by LCC Corporate Property)
- Estates Management and Property Records Management (currently delivered by Kier)
- Facilities Management (including statutory compliance and repairs and maintenance - currently delivered by Vinci)
- Capital Project Delivery/Property Development (currently delivered by Vinci, Kier and LCC Corporate Property)

2.4. The next 12-18 months will focus on progressing the Corporate Landlord model from its infancy to developing and embedding the concept across the organisation. This fundamental task will be undertaken in conjunction with the development of a robust Corporate Property Strategy aligned with CIPFA best practice (as detailed in section 2.3).

### **Existing Property Services Contract**

2.5. The Corporate Property Department is responsible for overseeing the delivery of key property services via a commercial contract with Vinci (FM services), and Kier Group (under a sub-contract with Vinci) for the following: -

- Estates and Property Records Management
- Professional and Project Services
- Hard and Soft FM
- Managed services including Energy, Construction Design Management (CDM), Environmental Management and Asbestos Management.

- 2.6. The property services contract commenced in April 2015. Following an initial contract term of five years, and one yearly extensions for a further five years, the existing contract is due to terminate on 31 March 2025.
- 2.7 When the contractor started in 2015 it was a joint venture between Vinci Facilities and Mouchel Business Services called VinciMouchel, this contract replaced the previous 15 year back-office services contract including property services with Mouchel. In 2017, Vinci Facilities became the main contractor having bought out the Mouchel share of the contract with key elements of it subcontracted to Kier Group.
- 2.8 At the commencement of the contract, a client project team was established to manage the Property Services contract and ensure the contract meets the requirements of the organisation. This client team currently comprises the following key functions: -
- Property Strategy
    - Responsible for setting the strategy and direction of travel for Council land and property assets.
  - Facilities Management
    - Contract management of the outsourced Hard FM, Soft FM, and Managed Services.
  - The delivery of all Property Projects managed by Corporate Property

### **Section 3. Contract Review Overview**

3.1. A comprehensive review of the existing contract service delivery and associated contractual arrangements has been undertaken, in conjunction with internal/external stakeholders and external contract experts. In general terms the stakeholder view was that service delivery overall was reasonable with positive relationships and an amenable and responsive provider, although issues were raised about the speed of response to reactive work and ensuring staff are more visible (i.e., more site inspections). Member stakeholders expressed concerns regarding a lack of professionally qualified staff within the Corporate Property department, the level of scrutiny over costs and the lack of responsiveness in some areas. The key findings are highlighted below (with further detailed narrative in Section Four).

#### **3.2. Effectiveness of Existing Client Team and Alignment with Corporate Landlord**

A fully informed, intelligent client is fundamental to ensuring the Council manages its contract effectively and subsequently derives maximum value from it. An effective client team should add robustness and financial challenge to ensure value for money. The existing lean client team is deemed not robust/resilient enough to be fully effective for the reasons detailed below. Further, it should be noted that within the Corporate Property Department, the existing Assistant Director is the only professionally qualified Chartered Surveyor holding full membership of the Royal Institution of Chartered Surveyors (RICS), thus making the team vulnerable to a single point of service failure.

### **3.2.1. Strategy Service**

The Property Strategy Service currently oversees the transactional management of the outsourced Estates Management team and consequently is often diverted away from strategy related activities. An effective Corporate Landlord approach requires a fully functioning Property Strategy service that will consistently work with key stakeholders in a “business partnering” capacity to (i) establish service needs and (ii) use property resources, insight, and intelligence to provide property solutions. A robust Property Strategy will ensure the Council has suitable accommodation in optimum locations to enable effective service delivery.

### **3.2.2. Estates and Property Records**

The Estates and Property Records teams are both currently outsourced and the functions are managed and delivered by Kier. The lack of in-house property professional expertise (Chartered Surveyors) and internal control regarding both Estates and Property Records exacerbates the issues outlined in section 3.2.1 within the Strategy service.

### **3.2.3. Capital Delivery / Property Development**

There is currently a lack of client-side expertise to offer robust challenge around fee levels, both from Vinci-Kier and construction contractors in general. Furthermore, because the cost control /quantity surveyor elements are outsourced, the contractor is effectively checking their own fees. This is considered a ‘structural weakness’ within the existing arrangements for overseeing the significant programme of capital delivery projects.

### **3.2.4. Energy and Environment Team**

LCC’s property portfolio has a significant role to play in driving forward the organisation’s Green Agenda and Carbon Energy Plan as it continues its journey to reaching Net Zero. This is a key workstream that will be embedded within the new developing Corporate Property Strategy. Currently, key resource to assist in the development and implementation of the Green Agenda is managed via the outsourced provider Kier and consequently it is harder for the Council to dictate the pace of this work and opportunities to add value to this vital programme may not be realised.

### **3.3. Current Contract Form**

The current arrangement comprises of one overarching contract with three distinctive parts of FM, Professional Services and Estates and Property Records management. It consists of an NEC3 contract, which is now outdated having been established in 2015.

The “one contract” approach for all services has resulted in several challenges including:

- An overly complex client-contractor relationship,
- A contract that was not designed to fit the different categories of services,
- A contract that is past its “sell by date”,
- Difficulties in managing and deriving full value from the contract due to the scale and size leading in some instances to higher costs for services.

### 3.4. Financial Costs

Following a review of the Professional Services element of the contract by two independent external experts over the past twelve months, key areas have been identified where lack of expertise within the Council has hampered the Council’s ability to manage finances robustly and ensure value for money: -

3.4.1. There are some significant variances between some initial individual task order values compared to the final task order value. Variance might be down in part to compensation events where the scope of the project has been expanded, this is something construction projects are prone to. Comprehensive information is now being gathered on this; however, when setting the task order budgets and evaluating the impact of compensation events the Council in the absence of technical expertise is only able to take a high-level view using historical data primarily provided by the provider for previous task orders.

Similarly, the Council has insufficient expertise on a day-to-day basis to challenge the appropriateness of the grade of staff used to deliver the required professional services and the time charged for the work. To move forward on the above the Council needs direct access to technical expertise.

3.4.2. The existing rate card model has resulted in higher costs charged to the Council due to an increasing number of professionals at the highest possible rate per hour (Director / Partner). This is due to the annual review of the provider’s staff development against the rate card whether the relevant individuals have been promoted to that level within the provider organisation. This will be rectified in the new contract. It should be noted that negotiations are ongoing regarding the change in hourly professional service rates that Kier/Vinci are currently applying via the rate card model. It is proposed that, subject to agreement by all parties, the agreed cost-plus model will take immediate effect and be implemented until the end of the contract in 2025.

3.4.3. In addition, the contractor Vinci charges a 4% fee on top of the rates Kier charge for professional services (a common model often encountered with contractor and subcontractor relationships). This will also be rectified in the new contract.

## **Section 4. Proposed Changes and Future Delivery**

4.1 This section of the report incorporates the findings from Section Three and proposes various changes that will affect the main contract areas of Professional Services, Facilities Management and Estates and Property Records.

### **4.2. Overarching Commissioning Arrangements**

It is proposed that the existing contract will move away from one overarching contract of Facilities Management, Professional Services and Projects, and Estates Management and Property Record management and will be divided into two distinct contracts of (i) Facilities Management which will include soft and hard FM (for further details refer to section 4.3.1 below) and (ii) Professional Services.

The Professional Services covered by (ii) are required to support the outcomes of the Council's Property Strategy through the delivery of capital projects.

The Facilities Management contract will be based on the NEC4 Facilities Management Contract (FMC). The Professional and Project Services contract will be based on NEC4 Professional Service Contract (PSC).

These contracts are tailor-made for these types of services and offer ready-made payment mechanisms, performance criteria and terms and conditions. They are understood and endorsed by the market. This change will remedy the challenges outlined in section 3.2 and result in two simplified contracts that are easier to manage.

It will reduce the fee-on-fee approach often encountered with contractor and sub-contractor relationships, but it will mean that the Council will have an additional contractor to manage.

Moreover, using NEC4 contracts provides the following benefits: -

- Streamlined processes and updated definitions
- Improved contract administration
- Greater clarity and early sight of issues
- Improved risk management
- Internationally recognised form of contract within the construction industry
- Flexibility: the ability to include new properties and properties from other public sector bodies e.g. South Park Tri-Service Station

Market research undertaken with other public sector providers has been positive and both Leicestershire County Council and Lincoln University successfully use the NEC4 FMC for their respective outsourced Hard and Soft FM provision.

The proposal is to insource the Estates Management and Property Records services which therefore will be omitted from any outsourced contract (further detail is provided in section 5).

### **4.3. Professional Services**

Professional and Project Services currently use a call-off arrangement with the principal subcontractor Kier Group when the Council requires specific expertise to design and plan a property construction project using architects or procure and manage a construction contractor in line with the Royal Institution of British Architects (RIBA) Plan of Work stages. The types of professional roles typically used for this purpose include technical project managers, clerk of works, quantity surveyors, building and land surveyors and mechanical and electrical (M&E) Engineers.

The proposal is to use a stand-alone Professional Services Contract (Delivery Partner) via a Professional Service Framework. Selecting a single Delivery Partner will enable the Council to source the appropriate property professionals required on a project-by-project basis (where that work cannot be undertaken by the core in-house team detailed in section 5.2) without the need to go out to procure such resource for each new project. These services will include property professionals such as M&E engineers and surveyors to assist with the management of construction projects as well as supporting the Council with its Property Strategy outcomes.

Most construction contracts will be delivered using a Design and Build arrangement obliging the contractor to hold responsibility for undertaking all elements of the project. The benefit to this approach is that there is no possibility of a conflict between contractors. Currently, where Kier undertakes the design prior to managing the build with a different build contractor, liability can be contested as to whether there has been design or construction flaws. Under the Design and Build arrangement, one contractor carries liability for both types of flaws.

These construction contracts will be managed by the core Council team or via the Delivery Partner arrangement at the Council's discretion. There would be no minimum guarantee of work for the Delivery Partner and no exclusivity. The PSC contract is used routinely by professional services providers such as YORConsult, Pagabo and Crown Commercial Services as well as several Local Authorities including Sheffield City Council, East Riding Council and Lancashire County Council.

The Professional Services contract (subject to the rules of the Framework) would be for an initial term of 3 years, with a further 2 + 2 years extensions (7 years maximum term) at the Council's discretion. This would allow the Council to maintain service continuity if things are going well, be attractive to the market and reduce the resource demand on property and commercial services.

### **4.4. Facilities Management**

The Facilities Management contract will cover hard (general maintenance, health and safety related servicing) and soft FM (including grounds maintenance, cleaning and waste management), and managed services such as property compliance work, commissionaires, security service and catering provision. It will also continue to assist the Council in meeting its legal duties in respect to property management and health



and safety of the workforce (e.g., fire risk assessments, radon monitoring, legionella testing).

The proposed term for the FM outsourced contract will be an initial period of 5 years, plus opportunities to extend by up to a further 5 years as per the current contractual period at the Council's discretion. This is in line with industry standard for FM services, with the majority between 5-10 years.

The responses to the soft market testing and engagement were positive and indicates sufficient interest for a competitive tender. Both the contract form (NEC4 FMC) and duration 5+5 years is seen as positive.

The NEC4 contracts have financial options called main options. One is Option A: Priced Contract with Price List which is used most frequently within other outsourced FM contracts. Moreover, there was a favourable response to this through the recent market engagement exercise with no alternatives suggested. Another option under consideration is Option C: Target Cost with Price List, however the experience of using this within the current arrangement is that it is overly complex, but it does incentivise the contractor and can be linked to key performance indicators.

It is intended that the procurement exercise will be conducted as a Competitive Procedure with Negotiation. This procedure allows us to work with bidders to negotiate and refine their tenders so that there are no surprises and will enable improved value for money. LCC has used this procedure on several large value/complex procurements including the Highways Alliance Contract, Mixed Dry Recycling, and most recently on the Customer Service Centre.

## **Section 5. Insource Proposals**

5.1 This section of the report sets out the recommendations for insourcing various services from within the existing Property Services contract.

### **5.2 Estates Management and Property Records**

The Estates Management service is a professional transactional service currently provided by Vinci Facilities' principal subcontractor Kier Group. It is contracted to deliver: -

- Annual statutory Red Book valuations of LCC's fixed assets specifically for the balance sheet (of critical importance to the Council impacting on the Council's ability to borrow)
- Disposals Programme (to generate capital receipts in support of the Council's Capital Programme)
- Property Acquisitions
- Lease management services (including lease renewals, terminations, rent reviews)

The service is heavily supported by the Property Records Team ensuring property data is accurate and updated.

There are 5.8 FTEs in the existing Estates Management service of which five are full Members of the Royal Institution of Chartered Surveyors (MRICS) and Registered Valuers (ability to undertake Red Book Valuations). There are two FTEs within the Property Records team. A business case has been compiled to analyse the potential insourcing of the Estates Management and Property Records service, on the basis that it would equate to 7.8 FTEs with similar professional qualifications as the existing arrangement. This insource would:-

- Create greater synergies between client service areas to develop an effective Corporate Landlord function (aligned to CIPFA best practice in section 2.3) enabling: -
- accurate and robust property data to contribute to an effective Property Strategy and;
- an effective property strategy to drive the transactional Estates function FM and Property Delivery (as outlined in section 3.2.1)
- Strengthen the client team (and fill a current void), with much needed professional expertise (Chartered Surveyors) to provide responsive property advice more quickly in accordance with Council priorities.
- Enable the internal Strategy service to focus on the Corporate Landlord and Property Strategy development as opposed to managing the Estates / Property records function (as outlined in section 3.2.1)
- Enhance control over and improve performance (e.g., drive the disposals programme to ensure increased Capital Receipts to support the Council's Capital Programme)
- Better use of current insight and data to influence effective property decision making.

#### **5.2.1. Financial Modelling**

The costs paid under the contract can be broken down by staff salaries, on-costs (including pensions), IT and other support/overhead costs and profit. Using the cost breakdown of the respective areas taken from year eight of the contract, it is estimated that the insourcing of these two services would result in an overall saving to the Council of circa £34k per annum having accounted for the Local Government Pension scheme contributions and the Council's overheads.

### **5.3 Professional Services Core Team Proposal**

#### **Corporate Property Development Team Background**

- 5.3.1 The Council's Corporate Property Development Team delivers a diverse range of projects and programmes which support the delivery of Council services through improved property solutions as well as achieve ambitions defined within the Council's Corporate Plan.

- 5.3.2 The Development Team has delivered projects and programmes accumulating to approximately £290million since 2015. Currently, these include the SEND (Special Educational Needs and Disability) Programme, Lincolnshire Secure Childrens Home, Property Rationalisation to support the Medium-Term Financial Plan (MFTP), Children in Care (CiC) Programme, Basic Need Programme, and the Extra Care Housing and Supported Living Programme. The team manage approximately sixty live projects concurrently, from minor projects costing approximately £100,000, through to major projects with construction costs totalling more than £60million.
- 5.3.3 The Development Team consists of Project Managers who are responsible for the overall delivery of capital projects and programmes. Professional Services are currently provided via the Vinci Facilities Property Services Contract which enables the Council to access the required technical expertise to manage chosen contractors effectively to ensure projects are delivered successfully in accordance with required legislation and regulations and the contract.
- 5.3.4 A review of the Vinci Facilities Property Services Contract completed by an independent Quantity Surveyor highlighted the Council's lack of independent challenge as a weakness within the existing Corporate Property Team (see section 3.4). To challenge and benchmark effectively LCC must have the appropriate skills and expertise to manage construction contractors, monitor quality, and achieve value for money. To address this, it is proposed that a core team of technical expertise is added to the Council's Corporate Property Development Team.

### **Strategic Case**

#### **Successful Project Delivery**

- 5.3.5 Each capital construction project that LCC undertake must:
- Represent value for money and ensure costs are meticulously scrutinised and managed to deliver within agreed budget.
  - Meet the desired scope/requirements set out by the service.
  - Deliver in line with the specified timescale or programme.
  - Ensure building regulations, health and safety, legal and ecological requirements are met.
  - Establish the quality of both materials and workmanship are in accordance with the design information and specification and meet the recognised quality standards and legislation.
- 5.3.6 There are three fundamental principles/constraints of project management, in conjunction with the Scope, that are applied to every project no matter its size:
- Time
  - Quality
  - Cost/Budget
- 5.3.7 These factors determine both the limits of a project and the basic criteria for measuring the success of a project throughout, and at completion. Introducing any changes to any of the three factors needs to be managed carefully. Ignoring any one

constraint brings the risk of making bad decisions which impact adversely on the Council's desired outcomes.

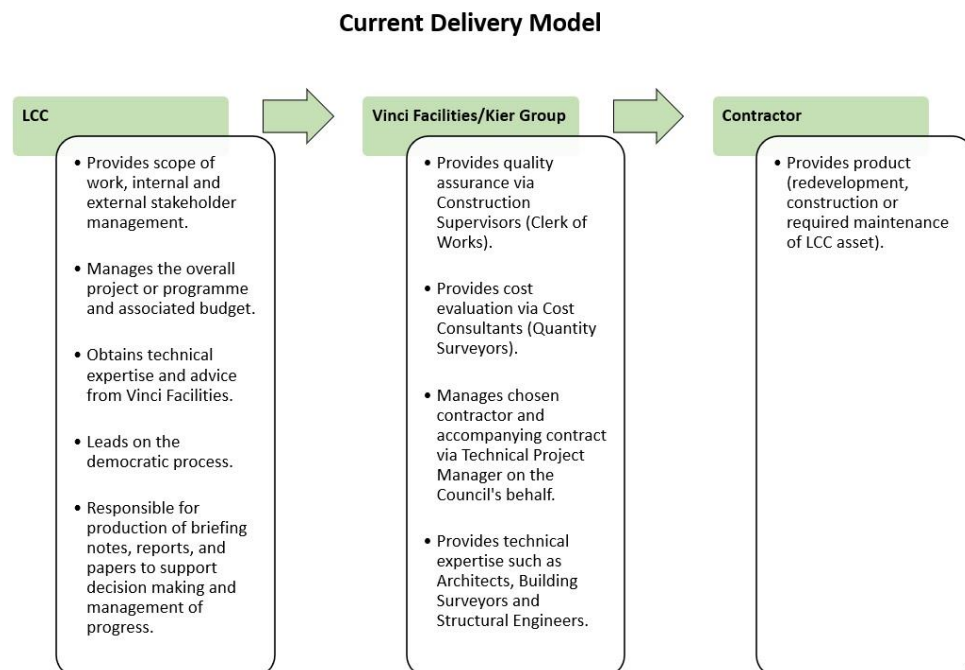
5.3.8 Currently, the Council does not have the necessary capability to carry out effective management and meticulous monitoring and control.

**Current Delivery Model**

5.3.9 The types of professional services required by LCC to ensure the principles in section 5.2.6 are met are identified below. These technical functions are currently outsourced to Kier Group as the main subcontractor for Vinci Facilities. They support the development of construction works, develop the project scope and in addition manage the chosen contractor and oversee the specified works on the Council's behalf against the three principles. The technical functions are:

- Architects
- Construction Supervisors (Clerk of Works)
- Building Surveyors
- Cost Consultants (Quantity Surveyors)
- Mechanical and Electrical Service Engineers
- Structural Engineers
- Technical Project Managers

5.3.10 The diagram below in Figure Three demonstrates the current delivery model for each project and Appendix A outlines key responsibilities of the key technical roles Technical Project Managers, Cost Consultants and Construction Supervisors (see Table A1).



*Figure 3: Current Delivery Model*

- 5.3.11 Benchmarking of construction costs and the challenging of fees by technically qualified staff is provided by Kier employees. The Council has no expertise in this regard. This poses a potential conflict of interest and weakness within the current delivery model, as in addition to monitoring and challenging costs incurred from the construction contractor, Kier Group are also self-policing the setting of their own technical expertise fees and any changes to their costs throughout a project's lifecycle. Kier fees are subject to high-level review by LCC's Project Manager (based largely on previous Kier charges), however there is no formal benchmarking or qualified resource internally within the Council to intelligently challenge or ensure value for money for technical expertise as this role is outsourced to Vinci Facilities/Kier Group. Consequently, there can be no assurance that professional services deliver value for money.
- 5.3.12 Quality and Time are the other key principles in successfully managing any project. The monitoring, management, and control of both factors is also carried out by Kier.
- 5.3.13 In the future, to ensure and have confidence that the Council can successfully manage construction projects, and manage its repairs and maintenance programme against time, quality and cost whilst achieving its desired outcomes and value for money the Council needs to develop their resources and cost and commercial knowledge internally to become an intelligent client with the ability to challenge effectively and hold to account all delivery partners. This will equip the Council to deliver cost-effective, high-quality property solutions to meet the needs of service users and is proportionate to the scale of the Council's development programme of £290 million since 2015.

#### **Proposed Future Delivery Model**

- 5.3.14 The diagram below in Figure Four shows the proposed delivery model and Appendix A sets out the key responsibilities (see Table A1).

## Proposed Delivery Model

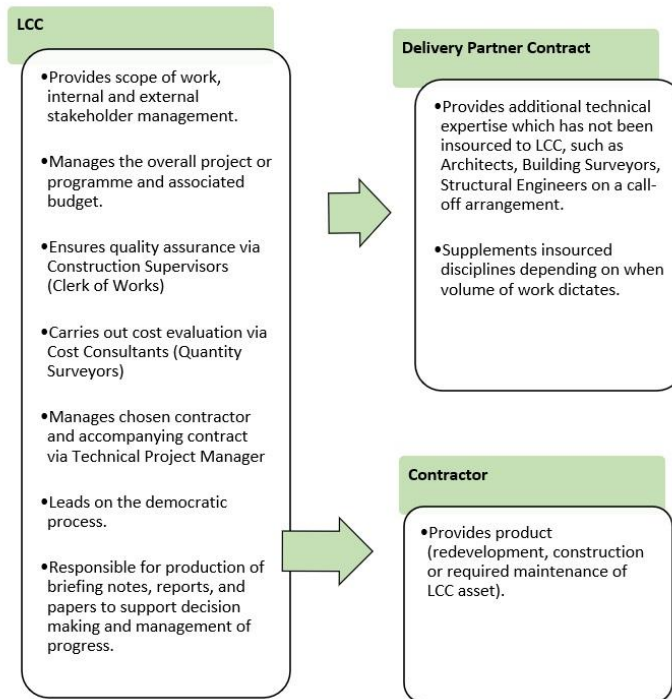


Figure 4: Proposed Professional Services Model

5.3.15 To achieve the proposed delivery model it is recommended a core team of technical expertise is insourced to focus on the management of Cost, Quality, Time, and Scope, across the capital construction projects and the Repairs and Maintenance Programme.

5.3.16 In addition to the core technical team, the Council will need to supplement this with a Delivery Partner Contract via a Professional Services Framework for those areas of technical expertise (set out in paragraph 5.2.9) which will not be insourced and for when work demand peaks. This will enable the Council to access the required services such as Architects, Building Surveyors, Mechanical and Electrical Engineers, and Structural Engineers.

#### **Proposed Core Team of Technical Expertise**

5.3.17 It is recommended that the following professional disciplines would be insourced to form part of a new core team of technical expertise (the numbers of staff reflect the numbers in those services as of May 2023 who spend 70% or more of their time on these activities for the Council):

- 3 Technical Project Managers
- 2 Cost Consultants (Quantity Surveyors)
- 2 Construction Supervisors (Clerk of Works)

5.3.18 The roles identified above are crucial to helping the Council regain its control of the fundamental elements of a project and ensure successful delivery and achieve value for money in terms of professional services. Table A1 (shown in Appendix A) is an indication of some of the key responsibilities the roles would conduct to support this.

#### **Benefits of Insourcing to the Council**

5.3.19 Insourcing of these roles and adding a core team of technical expertise will:

- Ensure LCC has the ability internally to benchmark and offer robust challenge around fee levels incurred from professional services and construction contractors.
- Furnish the Council with greater oversight and control to ensure that appointed contractors conduct high quality work in accordance with the contract whether that be in terms of materials, workmanship, construction standards or building regulation statutory compliance.
- Protect the Council and its interest and provide greater scrutiny and assurance on high-cost activity.
- As mentioned within section 4.2.1; removes conflict of interest currently experienced when Vinci Facilities/Kier Group act as designers and a contractor is procured through a framework.
- Place greater control in the hands of the Council in relation to the delivery of construction work.

- Build a team which is commercially intelligent and has professional and technical capability, helping to fill an identified skills gap and weakness and currently a single point of failure.
- Re-sets the Council's in house team investing in capability so that it is fit for purpose and able to attract apprentices.
- Enables the Council to be more agile through the ability to access resources directly and to flex that resource against changing priorities.
- Deliver savings in professional services costs see below.

### **Financial Case**

5.3.20 Between 1 April 2022 and 31 March 2023, the Council has spent over £1.25m accessing the services of Technical Project Managers, Cost Consultants, and Construction Supervisors through the Vinci Facilities Property Services Contract. It is these disciplines that the Council uses most. This expenditure is in relation to capital construction projects and any support required to deliver the Repairs and Maintenance programme.

5.3.21 Based on the expenditure between 1 April 2022 and 31 March 2023, and the total number of hours purchased and the assumption that each member of staff works 1650 hours per annum it is possible to compare the fees paid under the contract against the likely costs of employing those 7 staff referred to in paragraph 5.3.17 above which indicates a potential saving of £350,000 p.a. though detailed TUPE information is still awaited. Further savings or cost avoidance are also likely as we would be able to robustly challenge the professional services fees charged by the new Delivery Partner.

### **5.4. Facilities Management**

It is proposed that Facilities Management will remain a mainly outsourced provision except for Energy and Environmental Management and Asbestos Management as detailed below.

5.4.1 To provide enhanced capacity and assurance on its journey to meet its targets for carbon reduction and deliver the green masterplan, it is proposed that the environmental services currently outsourced are insourced into the Facilities Management Team. This equates to 2 FTE. This will generate a saving of circa £9k per annum.

### **Statutory Legislation and Property Compliance**

5.4.2 The Health and Safety at Work etc Act 1974 (HASAWA) states that employers must protect the 'health safety and welfare' at work of all their employees, as well as others on their premises. The HASAWA is an absolute duty and, LCC as the employer is the responsible body. Other pertinent legislation includes: -

- Regulatory Reform Fire Safety Order 2005.
- Building Safety Act 2022.



- 5.4.3 Property compliance has undergone significant scrutiny in recent years due to the Grenfell Tower tragedy, in which 72 people lost their lives and has resulted in the development of new legislation (coming into force from 1<sup>st</sup> October 2023). This legislation places an increased onus on building owners and employers to manage fire risk more effectively.
- 5.4.4 Legionella responsibilities have come to the fore with several high-profile prosecutions for failure to manage Legionella risk effectively. These factors, coupled with general health and safety of staff, visitors and the public while on Council premises further highlights the need to manage and monitor this effectively.
- 5.4.5 The new legislation is placing more responsibility on accountable bodies and individuals that must now be identified as the “Responsible Person” under the legislation. It should be noted that such responsibilities cannot be passed onto contractors. The duty and responsibility sit with LCC as the accountable body and the individual responsibility sits with the identified responsible person in LCC, usually at Assistant Director or Executive Director level.
- 5.4.6 Employers are required to appoint one or more competent persons (dependant on the size of the organisation and preferably from within the organisation) to oversee, supervise and assist in all matters of property legislation compliance.

#### **Compliance at Lincolnshire County Council**

- 5.4.7 Phase One of the Corporate Landlord project has brought 358 additional properties under the direct responsibility of the client-side FM team in the last two years, doubling the number of properties managed by the FM Team. This has significantly increased the workload and responsibilities in the team. To ensure LCC is fulfilling its statutory duties extra resource is required to monitor and enforce statutory legislation to reduce the risk of prosecution for LCC and individual officers.
- 5.4.8 As a result of previous prosecutions, most Local Authorities have recognised the legislative requirement for ‘Responsible Persons’ and have subsequently reviewed their structures to include the main compliance roles, with particular focus on the three highest property risk areas, Fire, Legionella and Asbestos.

#### **Asbestos Management**

- 5.4.9 Asbestos legislation places a duty on employers and building owners to manage asbestos effectively to reduce risk of exposure. This includes updating asbestos registers and management plans, carrying out surveys where required and monitoring contractors.
- 5.4.10 Asbestos is present in circa 300 Council properties; therefore, the condition of the asbestos must be actively managed to ensure it does not deteriorate. Asbestos may be present in hidden areas of any building constructed before the year 2000, therefore surveys must be implemented prior to any intrusive work carried out by contractors. Corporate Property holds a budget for asbestos removal or

management work; this budget and the overall condition work must be managed by the Council and requires a suitably qualified and experienced person. This person must hold an independent/objective point of view as their work may include enforcement actions against the contractors. This role would be free to monitor contractors and stop any work that contravenes Asbestos legislation. This will mitigate the risk of the Council facing prosecution in the future.

5.4.11 If this service was insourced it would provide the Council with extra resilience, transparency and control under the Control of Asbestos Regulations 2012 as highlighted within section 5.3.9. Based on the size of the existing resource carrying out this work it would involve 2 FTEs.

#### 5.4.12 **Construction Design Management (CDM) Advisors**

All construction work must comply with CDM Regulations, including maintenance work, repairs, minor works, and construction projects. CDM advice is managed through the existing property contract via 2FTE posts. Consideration has been given to insourcing this service, however the salary level for the two CDM advisors currently conducting this work is such that it would undermine the current LCC staffing and payment structure making a TUPE transfer impractical and unaffordable. Therefore, the recommendation is to retain the CDM Advisor role(s) as an outsourced function, but ensure it is independent from the overarching FM contract to provide the necessary assurance to the Council's property related activities.

#### 5.4.13 **Fire and Legionella Management**

Several findings and learning have emerged from previous incidents of Legionella outbreaks, including:

- The requirement for top-level commitment for clear and relevant management systems, coupled with effective training.
- A lack of leadership meant that people did not understand the risks associated with legionella.
- The lack of a 'responsible person' to take control for water treatment and preventative controls.
- Senior management failed to define the responsibilities of everyone along the chain of command.
- The lack of systems to support effective monitoring and reporting to ensure leaders are being kept informed about any significant health and safety failures.

#### 5.4.14 **Fire: Grenfell Tower 2017**

On 14 June 2017, the Grenfell Tower fire broke out in the 24-storey Grenfell Tower block of flats in North Kensington, West London, it caused 72 deaths. More than 70 others were injured. It was the deadliest structural fire in the United Kingdom since the 1988 Piper Alpha disaster.

The subsequent Hackitt Review, highlighted the following:

- In too many cases people who should be accountable for fire safety have failed in their duties.
- In future, the Government will ensure that those responsible for a building must demonstrate they have taken decisive action to reduce building safety risks and will be held to account.

The report reiterated that although contractors can be appointed to carry out work, the responsibility still falls with the accountable body and their 'responsible person' to monitor contractors and ensure that compliance work is being undertaken correctly, and that resources should be made available to achieve assurance.

#### 5.4.15 LCC Position and Proposal

As highlighted in 5.3.14, the Grenfell tragedy has put the emphasis on building owners and employers to manage fire risk more effectively.

Currently, the existing Compliance Officer within the client-side FM team manages and monitors the fire and legionella risk areas in addition to their usual workload. There are currently no identifiable roles within the existing contract to directly manage these risks. This lack of resource and expertise therefore creates a significant risk to the Council potentially leading to fines and legal prosecution if not managed effectively.

As responsibility cannot be passed to the contractor, it is proposed to create two new positions within the client-side FM team to directly manage these risk areas, comprising of one Fire Management Officer and one Legionella Compliance Officer. These posts are required to ensure the work undertaken by the contractor is fulfilling the County Councils Statutory responsibilities and duties. As these are both technical areas the post holders will need to have relevant experience, expertise, and qualifications to carry out the duties.

The creation of these posts does not impact the existing contract as they are not currently included.

#### 5.4.16 Minor Works Projects

Minor works are small projects, generally below £50k in spend or where no design work is needed e.g., replacing a boiler, upgrading insulation, drainage repairs, refurbishing toilets etc. During the 2022/23 financial year, the Council spent circa £1.6m on minor works tasks (159 tasks in total) at an average cost of circa £10k per task.

The new NEC4 Facilities Management contract will have a 'call off' section called service orders which will enable contractors to be more responsive to minor works requests (this will resolve concerns around the timeliness of tasks and control of costs previously raised via the stakeholder engagement work).

This function will need to be directly managed by the client-side FM team, and will include producing service orders, developing outline specifications, managing the

programme, acting as spend manager and ensuring work complies with CDM and other construction and procurement regulation. A Minor Works manager role is therefore required within the client-side FM Team. This is not currently provided through the existing contract and leaves the Council vulnerable to the risks associated with a thin client model. This role will assist the Council become more of an intelligent client, deliver better value for money from the £1.6million programme, improve quality control and enforce action against non-compliant contractors. The management of the programme will be undertaken by the client-side FM team and the actual work will be undertaken through the outsourced Facilities Management contract. Work is ongoing to facilitate the use of local contractors within this role to ensure improved responsiveness which in turn will assist in meeting the Council's Corporate Social Responsibility.

5.4.17 The indicative financial implications of the three client-side FM roles are circa £166k.

#### 5.4.18 **Summary of Recommendations**

It is recommended that 4 FTE posts associated with asbestos management and energy and environmental management transfer are included within the client-side FM team. There are currently posts within the contract arrangements that would be covered by TUPE on the re-procurement.

To provide robust compliance management a Fire Management Officer, Legionella Compliance Officer and Minor Works manager are required, these will be new posts created within the client-side FM team which are not currently covered within the contract and therefore have no impact on potential insource recommendations. These posts will be critical to adding robustness and challenge to the intelligent client model. These roles are also required to effectively manage the extra properties that that are now the full responsibility of Corporate Property (see point 5.3.7). The number of properties that Corporate Property are responsible for has doubled in the last two years because of the corporate landlord project.

It should be noted that day-to-day operations including, fire risk assessment reviews, legionella risk assessments, legionella monthly testing and CDM advice will still sit within the outsourced Facilities Management contract model.

5.4.19 The responsibility for ensuring contractors are performing their duties under the contract and are fulfilling Council's statutory requirements, cannot be passed on to the contractor, it is the legal responsibility of the Council.

#### 5.5. **Financial Summary – Insource**

The proposed insourcing of services would equate to 19 FTE which represents 13% of the overall FTE (146) employed by Vinci (94) and Kier (52). Insourcing 19 property professionals will help to strengthen the intelligent client model proposed above and at the same time generate significant annual savings of circa £383k per annum.

## 5.6. Insourcing Risks

The approach outlined above will bring considerable benefits to the organisation regarding the quality of the delivery of property related activities. It is the preferred and recommended approach. It must however be noted, that due to a shortage of qualified Chartered Surveyors within the marketplace, this approach does bring a high risk associated with recruiting and retaining property professionals. However, Local Authorities 'grow their own' property professionals through apprenticeship schemes such as those adopted by Rotherham & Lancashire respectively. Furthermore, following a market analysis exercise the Council should be able to offer competitive salaries within current pay structures and with attractive pension options which helps mitigate the risk.

## Section 6 – Outcomes and Benefits

6.1. Re-commissioning the property services will support the Council in fulfilling its statutory and regulatory duties in respect to property, such as:

- Health and Safety at Work Act 1974
- The Workplace (Health, Safety and Welfare) Regulations 1992
- Regulatory Reform (Fire Safety) Order 2005
- Construction (Design and Management) Regulations 2015
- Electrical (Equipment) Safety Regulations 2016
- Gas Safety (Installation and Use) Regulations 1998
- Control of Substance Hazardous to Health Regulations 2002 (COSHH)
- HSE (Health and Safety Executive) Codes of Practice

6.2. Facilities Management services, especially soft FM helps promote good staff productivity i.e., clean, hygienic, and safe workspaces. This was essential during the pandemic crisis. The property contract played a key role in assisting with facilitating staff returning to office bases.

6.3. Furthermore, it will be key to the Council achieving its Green Masterplan and UK Government targets to become carbon neutral by 2050. Examples include optimising energy usage on existing sites and identifying and implementing a strategy to reduce energy usage and opportunities to generate green energy and reduce or offset carbon emissions.

6.4. A front-facing support service would be achieved by utilising the Property Service Centre offering prompt reactive maintenance and emergency callouts to properties and property-related assets 24 hours a day, 7 days a week.

6.5. Direct control of LCC's own property records will help to maintain data integrity and to better manage data loss risk. The Council also proposes to purchase the licence for the Computer-Aided Facilities Management (CAFM) system named Concerto. This is to reduce the risks of data loss when transferring the data to a new provider, to minimise transition work, to prevent a new provider providing a new system which will result in additional work and cost for the Council and the provider, and the need to retrain staff who are already familiar with the system. The client-side

property records team will manage the data quality and continuous improvement and development of the system.

- 6.6. The proposals should lead to increased financial, quality and project scrutiny including further enhancement of day-to-day monitoring of Council's outsourced provisions.

### **Section 7 Cost Implications**

- 7.1. Using the historic financial information from contractual spend for Hard FM, the Council will need to identify a budget of circa £4.8m for planned and reactive Hard FM across the estate for 25/26 financial year to achieve comparable levels of activity. This calculation is based on the existing contractual inflation rate.
- 7.2. Using the same methodology for Soft FM; a budget of circa £3m for planned and reactive tasks will be required for 25/26 financial year.
- 7.3. The tender process will test the deliverability of service expectations within the constraints of the available budget, and competitive tension will ensure value for money is maximised.
- 7.4. Purchase of the existing Computer Aided Facility Management (CAFM) system, Concerto, would cost circa £40k per year in licencing costs but that cost would then fall out of the contract payments required.

### **Section 8 Risks and Dependencies**

- 8.1. A failure to maintain the existing services could result in a failure by the Council to meet its property statutory and legislative obligations which could lead to significant financial penalties if a member of staff, visitor or end user were to become ill or suffer injury or death as a result.
- 8.2. Ensuring the continuation of critical facilities management services such as Hard FM reactive callouts to remedy issues and compliance management helps protect the Council from business continuity threats such as office or building closures.
- 8.3. There is a risk that tasks are not completed during handover, this can be mitigated with robust mobilisation/exit meetings and through the early commissioning of Concerto.
- 8.4. There will be a need to ensure projects undertaken through the NEC Task order process are managed effectively if they go beyond the contract end date and/or in transition to the new contractor.
- 8.5. There will be a need to ensure that Serco and the new contractor(s) work closely in respect to IT support for contractor staff. Examples include contractor Wifi access does not interfere with LCC Wifi. Working together to have shared access to diaries.
- 8.6. Ensuring the contractor and principal sub-contractor retain staff in the lead up to the expiry of the contract is a critical risk and will need to ensure effective communication by all parties.

8.7. Service specific requirements have dependencies on property management undertaken through the property services contract.

## **9. Legal Issues:**

### Public Services Social Value Act

In January 2013, the Public Services (Social Value) Act 2013 came into force. Under the Act the Council must before starting the process of procuring a contract for services consider two things. Firstly, how what is proposed to be procured might improve the economic social and environmental wellbeing of its area. Secondly, how in conducting the process of procurement it might act with a view to securing that improvement. The Council must only consider matters that are relevant to the services being procured and must consider the extent to which it is proportionate in all the circumstances to take those matters into account. In considering this issue the Council must be aware that it remains bound by the PCR 2015 which itself through its requirement for transparency, fairness and non-discrimination places limits on what can be done to achieve these outcomes through a procurement.

The proposals in this Report will improve wellbeing through the provision of safe spaces for employees and public and by improving the focus on delivery of the Green Masterplan

Ways will be explored of securing social value through the way the procurement is structured. The competitive procedure with negotiation process enables the potential for social value to be explored with bidders whether that be the use of local supply chains or employment and training opportunities.

Under section 1(7) of the Public Services (Social Value) Act 2013 the Council must consider whether to undertake any consultation as to the matters referred to above. The service and the value it delivers is well understood. Best practice recently adopted elsewhere has been reviewed. This and the market consultation carried out is considered to be sufficient to inform the procurement. It is unlikely that any wider consultation would be proportionate to the scope of the procurement.

### 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, 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.

There are not considered to be any Equality Act implications arising out of the choice of recommended commissioning models for future services for Facilities Management, Estates and Property Records and Professional and Project Services.

There are however potential impacts on those staff with protected characteristics resulting from any change in the delivery model and the transition to that change. The impacts are a consideration with the mitigations which include effective staff engagement and consultation, the requirement for any new providers to comply with TUPE regulations and the Equality Act, and the availability of local Council accommodation and Smarter Working for any services insourced and depending on the decisions made for any services externalised reducing any requirement to relocate.



## 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.

There are not considered to be any direct JSNA or JHWS impacts of the decisions required by this Report. Indirectly, the Council's support services underpin the work of the Council and the way it interacts with its customers and communities. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of services that fully support the aspirations of the Corporate Plan which directly contribute to the achievement of JHWS objectives.

## Crime and Disorder

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

There are not considered to be any direct impacts of the decisions required by this Report on the considerations. Indirectly, the Council's support services underpin the work of the Council in fulfilling its crime and disorder functions. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of services that fully supports the Council and its partners in that work.

## **10. Conclusion**

It is recommended that the Council reprocures Property Services based upon two separate outsourced contracts for Facilities Management using the NEC4 FMC contract and Professional Services using NEC4 PSC contract as detailed within section 4 of this report.

Insourcing of the Estates and Property Data Team, the Energy and Environmental, Asbestos management and Core Professional Services team (total 19 FTE) will generate circa £383k saving p.a. as detailed within section 5 of this report.

Creation of three new posts within the Facilities Management team is recommended to further strength the management of the Council's regulatory duties.

These recommendations will add significant value to the Council in providing technical and professional assurance which will result in improved value for money.

**11. Legal Comments:**

The Council has the power to procure the contracts proposed. The proposed procurement methodology is compliant with the Council's procurement obligations.

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

**12. Resource Comments:**

The recommendations set out in the report are expected to lead to an improvement in service performance, a reduction in the cost base (both directly and indirectly), enable areas to be addressed which have been identified as not being managed sufficiently tightly to ensure value for money, and provide greater scrutiny and assurance on high-cost activity. Whilst there are risks associated with the proposal, these are well identified and are far outweighed by the potential benefits that could be realised through the change in service delivery model.

**13. 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 June 2023 and the comments of the Committee will be reported to the Executive

**d) Risks and Impact Analysis**

See Section 8 within main body of report.

**14. Appendices**

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

Appendix A	Supporting Information
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## 15. Background Papers

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

Background Paper	Where it can be viewed
Executive Report – Property Services Contract Award – 29 July 2014	<a href="#">Property Services - Contract Award.pdf (moderngov.co.uk)</a>

This report was written by Jayne Sowerby-Warrington, who can be contacted on 07436845557 or [jayne.sowerby-warrington@lincolnshire.gov.uk](mailto:jayne.sowerby-warrington@lincolnshire.gov.uk).

### APPENDIX A Supporting Information

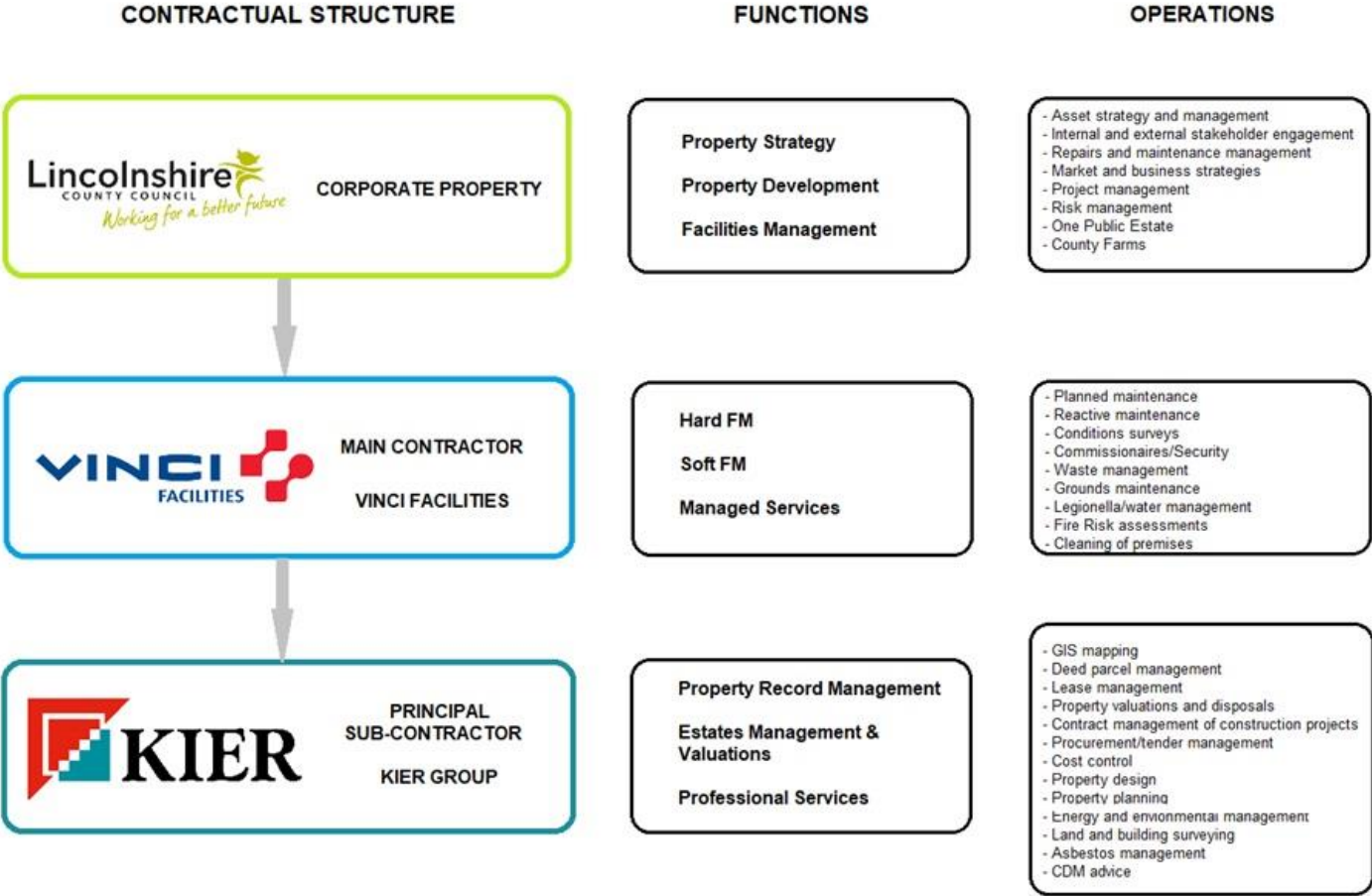


Figure 3: Current Structure with Detailed Operations

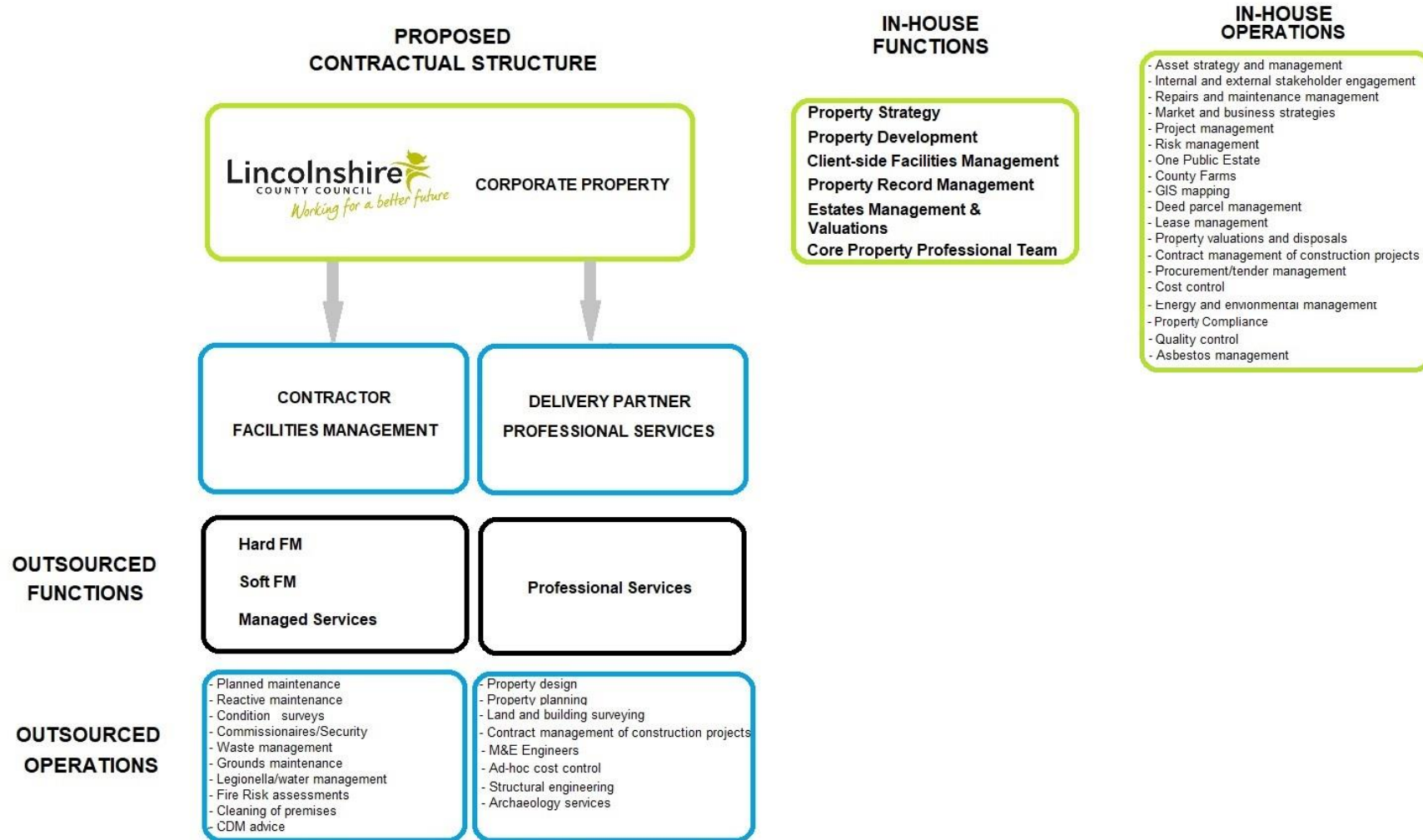


Figure 4: Proposed Model Detailed Operations

**Table A1**

<p><b>Technical Project Manager</b></p>	<ul style="list-style-type: none"> <li>• Function as Contract Manager between contractor and the Council.</li> <li>• Lead all technical and design team meetings with the contractor on behalf of the Council.</li> <li>• Coordinate all technical and design services and function as main point of liaison for technical and design teams.</li> <li>• Lead all site meetings with contractor and ensure construction programme is being delivered as specified through effective management and challenge.</li> <li>• Hold LCC’s chosen contractor to account at every stage of construction.</li> <li>• Provide guidance on time, cost, and quality and advise LCC Project Manager where tolerances are likely to be exceeded.</li> <li>• NEC accredited and able to interpret the contract and ensure the contractor is adhering to the relevant contract in place.</li> <li>• Interpret technical information from the contractor to support the LCC Project Manager in providing updates and reports to the service.</li> <li>• Accountable for accepting and rejecting contractor construction programme and consulting with LCC Project Manager where projects could overrun.</li> <li>• Review identified risk and issues and apply calculations, ensuring the Council’s risk pot is sufficient.</li> <li>• Raise Compensation Events and Early Warnings from the contractor.</li> <li>• Collate all documentation for pre-construction and main work agreements.</li> <li>• Linchpin for all technical services surrounding the project.</li> <li>• Identify, analyse, and develop responses to commercial risks.</li> </ul>
<p><b>Cost Consultant (Quantity Surveyor)</b></p>	<ul style="list-style-type: none"> <li>• Minimise the cost and risk of a construction project through effective management and challenge.</li> <li>• Enhance value for money while still achieving the required legal standards and quality.</li> <li>• Ensure statutory building regulations are met.</li> <li>• Analyse and challenge contractor estimates and fees.</li> <li>• Keep track of any variations to the contract that may affect costs.</li> <li>• Assist in establishing requirements and undertake or assist with feasibility studies to ensure proposals will work.</li> <li>• Perform risk, value management and cost control during construction projects.</li> <li>• Detailed examination of contractor’s tender packages, allowances and compliance with framework if used.</li> <li>• Analyse project costings for tenders, such as materials, quantities, labour, and time.</li> <li>• Undertake cost analysis for repair and maintenance project work.</li> </ul>
<p><b>Construction Supervisor (Clerk)</b></p>	<ul style="list-style-type: none"> <li>• Conduct independent inspections and compare construction work with drawings and specifications.</li> </ul>

<b>of Works)</b>	<ul style="list-style-type: none"><li>• Ensure projects are achieved at the best value for money.</li><li>• Identify defects and suggest cost effective ways to correct them.</li><li>• Monitor progress and help to reduce risks or issues.</li><li>• Inspect the building's structural integrity and keep detailed records of work.</li><li>• Ensure that the most appropriate materials and components are being implemented and will identify their use and any limitations or alternatives that should be considered.</li><li>• Check that building regulations, health and safety, legal and ecological requirements are met.</li><li>• Ensure LCC's interests are protected throughout the construction process.</li><li>• Ensure the quality of both materials and workmanship are in accordance with the design information and specification.</li><li>• Ensure the quality of both materials and workmanship meet the recognised quality standards and legislations.</li><li>• Will use their experience to interpret, record, inspect, and guide the construction process.</li></ul>
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**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 June 2023</b>
Subject:	<b>Overview and Scrutiny Management Board Work Programme</b>

**Summary:**

This item informs the Board of its current work programme for 2023.

**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 2023, which is attached at Appendix A to this report.

## **3. Consultation**

### **a) Risks and Impact Analysis**

Not Applicable

#### 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Overview and Scrutiny Management Board – Work Programme
Appendix B	Forward Plan of Key Decisions

#### 5. Background Papers

No background papers as defined in section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

This report was written by Nigel West, Head of Democratic Services and Statutory Scrutiny Officer, who can be contacted by e-mail at [nigel.west@lincolnshire.gov.uk](mailto:nigel.west@lincolnshire.gov.uk)

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD**

Each agenda includes the following standard items:

- Call-in (if required)
- Councillor Call for Action (if required)

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.	Business World ERP System Re-Design – Progress Report	Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance Louisa Harvey, Interim Head of Corporate Systems Sadie Rossington, Senior Project Officer	Performance Scrutiny
3.	Deepings Leisure Centre	Jayne Sowerby-Warrington, Assistant Director - Corporate Property	Pre-Decision Scrutiny (Executive decision on 4 July 2023)
4.	Review of Financial Performance 2022/23	Michelle Grady, Assistant Director – Finance	Pre-Decision Scrutiny (Executive decision on 4 July 2023)
5.	Treasury Management Annual Report 2022/23	Karen Tonge, Treasury Manager Sue Maycock, Strategic Finance Lead - Technical Robert Baxter, Link Asset Services	Performance Scrutiny

<b>29 June 2023</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
<b>6.</b>	Property Services Re-Commissioning	Jayne Sowerby-Warrington, Assistant Director - Corporate Property  Pre-Decision Scrutiny (Executive decision on 4 July 2023)

<b>24 August 2023</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
<b>1.</b>	Corporate Plan Success Framework 2023/24 – Quarter 1	Caroline Jackson, Head of Corporate Performance  Pre-Decision Scrutiny (Executive decision on 5 September 2023)
<b>2.</b>	Entering into a Section 113 Agreement for the continuous rolling review of single person discount for council tax collection/recovery	Michelle Grady, Assistant Director - Finance  Pre-Decision Scrutiny (Executive decision on 5 September 2023)
<b>3.</b>	Revenue Budget Monitoring Report 2023/24 – Quarter 1 to 30 June 2023	Michelle Grady, Assistant Director - Finance  Pre-Decision Scrutiny (Executive decision on 5 September 2023)
<b>4.</b>	Capital Budget Monitoring Report 2023/24 – Quarter 1	Michelle Grady, Assistant Director - Finance  Pre-Decision Scrutiny (Executive decision on 5 September 2023)
<b>5.</b>	Overview and Scrutiny Annual Report 2022-23	Nigel West, Head of Democratic Services and Statutory Scrutiny Officer  Performance Scrutiny

24 August 2023		
Item	Contributor	Purpose
<p>6. Overview and Scrutiny Work Programmes</p> <ul style="list-style-type: none"> <li>• Children and Young People Scrutiny Committee</li> <li>• Public Protection and Communities Scrutiny Committee</li> </ul>	<p>CLlr Rob Kendrick, Chairman of Children and Young People Scrutiny Committee</p> <p>CLlr Nigel Pepper, Chairman of Public Protection and Communities Scrutiny Committee</p>	Performance Scrutiny

28 September 2023		
Item	Contributor	Purpose
<p>1. Transformation Programme Update (with a focussed overview on Smarter Working)</p>	<p>Clare Rowley, Head of Transformation</p> <p>Andrew McLean, Assistant Director – Corporate Transformation, Programmes and Performance</p> <p>Karen Cassar, Assistant Director – Highways</p> <p>Tony Kavanagh, Assistant Director – Human Resources and Organisational Support</p> <p>Jayne Sowerby-Warrington, Assistant Director - Corporate Property</p>	Performance Scrutiny
<p>2. People Management Update - Quarter 1</p>	<p>Tony Kavanagh, Assistant Director – HR and Organisational Support</p>	Performance Scrutiny
<p>3. Update on IMT Services - Project Portfolio</p>	<p>Donna Fryer, Head of Portfolio and Resources</p>	Performance Scrutiny

<b>28 September 2023</b>			
<b>Item</b>		<b>Contributor</b>	<b>Purpose</b>
<b>4.</b>	Treasury Management Performance 2023/24 - Quarter 1 to 30 June 2023	Karen Tonge, Treasury Manager	Performance Scrutiny
<b>5.</b>	Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> <li>• Environment and Economy Scrutiny Committee</li> <li>• Highways and Transport Scrutiny Committee</li> <li>• Flood and Water Management Scrutiny Committee</li> </ul>	Cllr Ian Carrington, Chairman of Environment and Economy Scrutiny Committee  Cllr Mike Brookes, Chairman of Highways and Transport Scrutiny Committee  Cllr Tom Ashton, Chairman of Flood and Water Management Scrutiny Committee	Performance Scrutiny

<b>26 October 2023</b>			
<b>Item</b>		<b>Contributor</b>	<b>Purpose</b>
<b>1.</b>	Publication of Infrastructure Funding Statement	Brendan Gallagher, Principal Planning Officer – Infrastructure	Pre-Decision Scrutiny (Leader decision between 6 and 10 November 2023)
<b>2.</b>	Performance of the Corporate Support Services Contract	Sophie Reeve, Assistant Director - Commercial  Arnd Hobohm, Serco Contract Manager	Performance Scrutiny
<b>3.</b>	Health and Safety Annual Report 2022/23	Fraser Shooter, Health and Safety Team Leader	Performance Scrutiny

<b>26 October 2023</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
<b>4.</b> Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> <li>Adults and Community Wellbeing Scrutiny Committee</li> <li>Health Scrutiny Committee</li> </ul>	Cllr Hugo Marfleet, Chairman of Adults and Community Wellbeing Scrutiny Committee  Cllr Carl Macey, Chairman of Health Scrutiny Committee	Performance Scrutiny

<b>30 November 2023</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
<b>1.</b> Corporate Plan Success Framework 2023/24 – Quarter 2	Caroline Jackson, Head of Corporate Performance	Pre-Decision Scrutiny (Executive decision on 5 December 2023)
<b>2.</b> People Management Update - Quarter 2	Tony Kavanagh, Assistant Director – HR and Organisational Support	Performance Scrutiny
<b>3.</b> Revenue Budget Monitoring Report 2023/24 – Quarter 2 to 30 September 2023	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 5 December 2023)
<b>4.</b> Capital Budget Monitoring Report 2023/24 – Quarter 2 to 30 September 2023	Michelle Grady, Assistant Director - Finance	Pre-Decision Scrutiny (Executive decision on 5 December 2023)
<b>5.</b> Treasury Management Performance 2023/24 - Quarter 2 to 30 September 2023	Karen Tonge, Treasury Manager	Performance Scrutiny

30 November 2023		
Item	Contributor	Purpose
<b>6.</b> Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> <li>• Children and Young People Scrutiny Committee</li> <li>• Public Protection and Communities Scrutiny Committee</li> </ul>	Cllr Rob Kendrick, Chairman of Children and Young People Scrutiny Committee  Cllr Nigel Pepper, Chairman of Public Protection and Communities Scrutiny Committee	Performance Scrutiny

21 December 2023		
Item	Contributor	Purpose
<b>1.</b> Overview and Scrutiny Work Programmes <ul style="list-style-type: none"> <li>• Environment and Economy Scrutiny Committee</li> <li>• Highways and Transport Scrutiny Committee</li> </ul>	Cllr Ian Carrington, Chairman of Environment and Economy Scrutiny Committee  Cllr Mike Brookes, Chairman of Highways and Transport Scrutiny Committee	Performance Scrutiny

**To be Scheduled**

- Legal Services Company Update (Sept/Oct)

**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](mailto:Tracy.Johnson@lincolnshire.gov.uk)**



**FORWARD PLAN OF KEY DECISIONS FROM 03 JULY 2023**

PUBLISH DATE 1 JUNE 2023

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
I029284	Substance Misuse Recommissioning	Open	Executive 4 Jul 2023	To be considered by the Adults and Communities Scrutiny Committee.	Reports	Senior Commercial and Procurement Officer Tel: 07876545811 Email: <a href="mailto:reena.fehnert@lincolnshire.gov.uk">reena.fehnert@lincolnshire.gov.uk</a>	All divisions
I029559	Review of Financial Performance 2022-23	Open	Executive 4 Jul 2023	Overview and Scrutiny Management Board	Reports	Strategic Finance Lead (Corporate) E-mail: <a href="mailto:adam.hopley@lincolnshire.gov.uk">adam.hopley@lincolnshire.gov.uk</a>	N/A
I029605	Property Services Re-Commissioning	Open	Executive 4 Jul 2023	Overview and Scrutiny Management Board, CLT, Relevant stakeholders including Procurement, Finance and Legal	Reports	Assistant Director of Corporate Property E-mail: <a href="mailto:jayne.sowerby-warrington@lincolnshire.gov.uk">jayne.sowerby-warrington@lincolnshire.gov.uk</a>	All Divisions
I029668	Deepings Leisure Centre	Open	Executive 4 Jul 2023	Overview and Scrutiny Management Board – 29 June 2023	Reports	Head of Property Strategy and Business Operations Tel: 07768 443294 Email: <a href="mailto:juliet.slater@lincolnshire.gov.uk">juliet.slater@lincolnshire.gov.uk</a>	Market Deeping
I029610	Skegness PRN Package	Open	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)  Between 10 Jul 2023 and 14 Jul 2023	Highways colleagues and utility companies	Reports	Senior Project Leader E-mail: <a href="mailto:steve.brooks@lincolnshire.gov.uk">steve.brooks@lincolnshire.gov.uk</a>	Skegness North; Skegness South
I029250	Winter Service Plan 2023	Open	Executive Councillor: Highways, Transport and IT  Between 24 Jul 2023 and 31 Jul 2023	Place DLT Highways and Transport Scrutiny Committee (17 July 2023)	Reports	Head of Highways, Client and Contract Management E-mail: <a href="mailto:jonathan.evans@lincolnshire.gov.uk">jonathan.evans@lincolnshire.gov.uk</a>	All Divisions

I029609	Approval to procure contracts for Post-Mortem and Mortuary Facilities	Open	Executive Councillor: NHS Liaison, Integrated Care System, Registration and Coroners  Between 31 Jul 2023 and 4 Aug 2023	Public Protection and Communities Scrutiny Committee	Reports	Senior Commercial and Procurement Officer E-mail: <a href="mailto:fiona.fielding@lincolnshire.gov.uk">fiona.fielding@lincolnshire.gov.uk</a>	All Divisions
I029669	New Lincolnshire Secure Children's Home Build	Exempt	Executive  5 Sep 2023	Directorate Leadership Team Corporate Leadership Team Legal Services Finance Children and Young People Scrutiny Committee	Reports	Interim Head of Capital Reform & Education Sufficiency E-mail: <a href="mailto:matthew.clayton@lincolnshire.gov.uk">matthew.clayton@lincolnshire.gov.uk</a>	
I029262	Holbeach William Stukeley Primary School - Single Class Extension, Hall and Staffroom Extension	Exempt	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)  Between 18 Sep 2023 and 22 Sep 2023	Children and Young People Scrutiny Committee (21 July 2023)	Reports	Head of Property Development E-mail: <a href="mailto:dave.pennington@lincolnshire.gov.uk">dave.pennington@lincolnshire.gov.uk</a>	Holbeach
I029533	The Maples Short Breaks Provision - Re-commissioning	Open	Executive Councillor: Children's Services, Community Safety, Procurement and Migration  Between 18 Sep 2023 and 22 Sep 2023	Parents and Carers, and service users Children and Young People Scrutiny Committee	Reports	Programme Manager - Children's Services (SEND) E-mail: <a href="mailto:eileen.mcmorrow@lincolnshire.gov.uk">eileen.mcmorrow@lincolnshire.gov.uk</a>	All Divisions
I029446	Food Waste Disposal Contract Procurement	Open	Executive Councillor: Waste and Trading Standards  Between 18 Sep 2023 and 22 Sep 2023	Environment and Economy Scrutiny Committee	Reports	Head of Waste E-mail: <a href="mailto:mike.reed@lincolnshire.gov.uk">mike.reed@lincolnshire.gov.uk</a>	All Divisions

I029445	Waste Transfer Station Improvements	Open	Executive Councillor: Waste and Trading Standards  Between 18 Sep 2023 and 22 Sep 2023	Environment and Economy Scrutiny Committee	Reports	Head of Waste E-mail: <a href="mailto:mike.reed@lincolnshire.gov.uk">mike.reed@lincolnshire.gov.uk</a>	All Divisions
I029251	Highway Works, Professional Services and Traffic Signals Contract Extension	Open	Executive Councillor: Highways, Transport and IT  Between 18 Sep 2023 and 25 Sep 2023	Place DLT Highways and Transport Scrutiny Committee (11 September 2023)	Reports	Head of Highways, Client and Contract Management E-mail: <a href="mailto:jonathan.evans@lincolnshire.gov.uk">jonathan.evans@lincolnshire.gov.uk</a>	All Divisions
I027897	Grantham Future High Street Fund - Station Approach	Open	Executive Councillor: Highways, Transport and IT  Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)  Between 18 Sep 2023 and 22 Sep 2023  Between 18 Sep 2023 and 22 Sep 2023	Highways and Transport Scrutiny Committee	Reports	Senior Project Leader (Major Schemes) E-mail: <a href="mailto:teresa.james@lincolnshire.gov.uk">teresa.james@lincolnshire.gov.uk</a>	Grantham Barrowby; Grantham East; Grantham North; Grantham South; Grantham West
I029285	North Hykeham Relief Road - Planning Application	Open	Executive 3 Oct 2023	Local Councillors and appropriate statutory bodies Highways and Transport Scrutiny Committee	Reports	Head of Highways Infrastructure E-mail: <a href="mailto:Sam.edwards@lincolnshire.gov.uk">Sam.edwards@lincolnshire.gov.uk</a>	Eagle and Hykeham West
I029249	Highways Infrastructure Asset Management Plan 2023	Open	Executive Councillor: Highways, Transport and IT  Between 30 Oct 2023 and 6 Nov 2023	Place LT Highways and Transport Scrutiny Committee (23 October 2023)	Reports	Head of Highways, Client and Contract Management E-mail: <a href="mailto:jonathan.evans@lincolnshire.gov.uk">jonathan.evans@lincolnshire.gov.uk</a>	All Divisions

I029248	Highways Infrastructure Asset Management Policy	Open	Executive Councillor: Highways, Transport and IT  Between 30 Oct 2023 and 6 Nov 2023	Place DLT Highways and Transport Scrutiny Committee (23 October 2023)	Reports	Head of Highways, Client and Contract Management E-mail: <a href="mailto:jonathan.evans@lincolnshire.gov.uk">jonathan.evans@lincolnshire.gov.uk</a>	All Divisions
I029631	Wellbeing Service Recommissioning	Open	Executive  5 Dec 2023	Adults and Community Wellbeing Scrutiny Committee	Reports	Programme Manager E-mail: <a href="mailto:sean.johnson@lincolnshire.gov.uk">sean.johnson@lincolnshire.gov.uk</a>	All Divisions
I028654	Gosberton House Academy - New Block Extension and External Works as part of the SEND Building Communities of Specialist Provision Strategy	Exempt	Leader of the Council (Executive Councillor: Resources, Communications and Commissioning)  Between 22 Jan 2024 and 26 Jan 2024	Children and Young People Scrutiny Committee	Reports	Head of Property Development E-mail: <a href="mailto:dave.pennington@lincolnshire.gov.uk">dave.pennington@lincolnshire.gov.uk</a>	