Public Document Pack

West Lindsey District Council

Guildhall Gainsborough
Lincolnshire DN21 2NA
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AGENDA

This meeting will be recorded and the video archive published on our website

Corporate Policy and Resources Committee
Thursday, 14th June, 2018 at 6.30 pm
Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA

Members: Councillor Jeff Summers (Chairman)
Councillor Owen Bierley (Vice-Chairman)
Councillor Mrs Sheila Bibb
Councillor Matthew Boles
Councillor David Cotton
Councillor Michael Devine
Councillor Ian Fleetwood
Councillor Stuart Kinch
Councillor John McNeill
Councillor Mrs Maureen Palmer
Councillor Tom Regis
Councillor Trevor Young

1. **Apologies for Absence**

2. **Public Participation Period**
   Up to 15 minutes are allowed for public participation. Participants are restricted to 3 minutes each.

3. **Minutes of Previous Meeting/s**
   To confirm as a correct record the Minutes of the previous meetings.
   i) From the meeting held on 10 May 2018 (PAGES 3 - 9)
   ii) From the Annual meeting held on 14 May 2018 (PAGES 10 - 11)

4. **Declarations of Interest**
   Members may make declarations of Interest at this point or may make them at any point in the meeting.

Agendas, Reports and Minutes will be provided upon request in the following formats:

Large Clear Print: Braille: Audio: Native Language

5. **Matters Arising Schedule**

6. **Public Reports for Approval:**

7. **Committee Work Plan**

8. **Exclusion of Public and Press**

To resolve that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

9. **Exempt Reports**

Mark Sturgess
Head of Paid Service
The Guildhall
Gainsborough

Wednesday, 6 June 2018

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Corporate Policy and Resources Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 10 May 2018 commencing at 6.30 pm.

Present: Councillor Jeff Summers (Chairman)
Councillor Owen Bierley (Vice-Chairman)

Councillor Mrs Sheila Bibb
Councillor Michael Devine
Councillor Steve England
Councillor Stuart Kinch
Councillor John McNeill
Councillor Tom Regis

In Attendance:

Cllr Maureen Palmer	
Eve Fawcett-Moralee	Executive Director of Economic and Commercial Growth
Ian Knowles	Executive Director of Resources and S151 Officer
Tracey Bircumshaw	Finance & Business Support Manager
Andy Gray	Housing and Enforcement Manager
Angela Matthews	Benefits Manager
Gary Reevell	Property & Assets Manager

Apologies: Councillor Matthew Boles
Councillor David Cotton
Councillor Trevor Young

119 PUBLIC PARTICIPATION PERIOD

There was no public participation.

120 MINUTES OF PREVIOUS MEETING/S FOR APPROVAL

The minutes from the previous meeting of the Corporate Policy and Resources Committee held on 12 April 2018 were agreed as a true record.

The minutes from the Concurrent Meeting of the Prosperous Communities and Corporate Policy and Resources Committees held on 25 April 2018 were also agreed as a true record.

121 DECLARATIONS OF INTEREST

There were no declarations at this point of the meeting.

122 MATTERS ARISING SCHEDULE

RESOLVED that progress on the Matters Arising Schedule, as set out in the report be received and noted.

123 DISCRETIONARY HOUSING PAYMENTS (DHP) POLICY REVIEW

Members considered a report on the policy review of Discretionary Housing Payments (DHP). The West Lindsey DHP policy had been updated to take account of Full Service Universal Credit.

The Benefits Manager introduced the report to Members, and outlined that the funding received over the last seven years was growing, although in the last year this funding had remained relatively static.

Following a question from a Member, the Benefits Manager provided the Committee with the following information:

- There was no actual right of appeal or the right for a claimant to take an appeal to tribunal; however, there was a reconsideration process which would be dealt with by another senior member of the benefits team;

- Individuals that were refused DHP during a reconsideration usually have their own means of paying the shortfall between rent and housing benefit;

- West Lindsey District Council (WLDC) recover overpayments and it goes back into the overall pot. It can be spent out on a different claimant;

- There were not many overpayments on DHP; it only occurs when there was a delay in stopping housing benefit.

RESOLVED to adopt the new Discretionary Housing Payment Policy, listed as option 2 in the report.

Note: Councillor Stuart Kinch arrived during the discussion on this item.

124 HOUSING ASSISTANCE POLICY 2018 - 2022

Members considered a report on an updated Housing Assistance Policy that had already been to Prosperous Communities Committee on 1 May for prior approval. At Prosperous Communities, there had been one slight amendment to the policy - all references to the First Time Buyer initiative were amended to read ‘Empty Property Buyer initiative’.

The Housing and Enforcement Manager gave an introduction to Members, and highlighted the following points:

- The available budget in terms of reserves was £825,000. Additional money on top of this would be made up of receipts from the £825,000, and would fund later years of the programme;

- The scheme would not include anyone buying a second home, and was aimed at someone gaining a primary dwelling;

- The disabled facilities grant would apply throughout West Lindsey, but the private sector renewal grant would only apply in Gainsborough.

RESOLVED to approve that the earmarked reserve allocated for private sector renewal is released to fund the housing assistance policy, as recommended and amended by Prosperous Communities Committee on the 1st of May 2018.

125 WEST LINDSEY COMMERCIAL LOAN POLICY AND FRAMEWORK

Members considered a report on the viability and implications of a West Lindsey Commercial Loan Policy and framework that would allow the Council to lend money to third party organisations.

The framework proposed that companies would be directed to other funders in the first instance, such as the Midlands Engine Fund. The policy would not be actively promoted, but it was something the growth team can work with the entice people to the West Lindsey area.

All loans would require approval from the Corporate Policy and Resources Committee, and would need to comply with state aid rules.

RESOLVED to approve the Commercial Loan Policy for West Lindsey that would allow the Council to award discretionary commercial loans to third party organisations in support of local growth and economic development.

126 BUDGET CONSULTATION PROPOSAL 2018

Members considered a budget consultation proposal for the 2019/20 budget. The Executive Director for Resources introduced the item, and highlighted the following points for Members:

- 2017 was the first year that the dedicated budget consultation software had been used. The same software was due to be used in 2018, but with more detail included;

- It would be of particular interest to see which areas citizens would look to reduce the budget spend;

- The Citizens' Panel had doubled in size since it last provided an opinion on this software;

- The Budget Consultation would be promoted through a number of mediums, including in paper form;

- Response rates to the budget in 2017 were down on previous years.

RESOLVED to agree the proposal for consulting on the 2019/20 budget.

127 BUDGET AND TREASURY MANAGEMENT MONITORING - PERIOD 4 2017/18

Members considered a report on the Budget and Treasury Management Monitoring for Period 4 2017/18.

The Finance and Business Support Manager introduced the report, highlighting the following points:

- The revenue outturn position at 31 March 2018 was £150,000 return to the general fund balance. Since that date, the accounts were closed and the actual return was £431,000; the difference of £281,000 was notified at the beginning of April as the Government had miscalculated the business rate relief grant.

- The capital outturn had resulted in £6.534 million being spent; there had been a request to carry forward £5.977 million, mainly for commercial investment;

- In terms of treasury management, an average interest rate of 1.25% had been achieved, that generated £263,000 of revenue income. There had been no external borrowing;

- It had previously been reported that there had been a breach of the counterparty limit. There followed a thorough investigation; the procedures were found to be robust;

- £384,000 of commercial income had been generated.

Following questions from Members, further information was provided;

- The function of Corporate Fraud now comes under the Finance directorate, and the fraud reports will come through the Governance and Audit Committee;

- There had been some health and safety issues with the Market Rasen depot. A portakabin forms the office and work area for staff; it was dangerous to have people and vehicles in the same space. There were only two years left on the lease; alongside the current depot, other facilities were being considered;

- The additional £500,000 being invested had no detriment on interest rates;

- The commercial income that the Council had generated was equivalent to a 9.9% Council Tax precept;

- Paragraph 1.2.2 on the former Lidl building was out of date and should not have been included in the report;

- West Lindsey District Council was able to lend to other councils in the form of short-term funding. They were AA rated investments;

- £3 million had been invested in a property bond with Churches, Communities and Local Authorities Investment Management (CCLA), which generated around 4.6%;

- The Debt Recovery Team had a process of chasing debts. Most of the debt related to housing benefit overpayments; the debt was not reducing swiftly, but it was being recovered. Services that had outstanding debts were proactively chasing them.

RESOLVED to:

(1) Accept the draft out-turn position of a £150k net contribution to reserves as at 31 March 2018;

(2) Note the Revenue budget carry forwards of £806k approved in year;

(3) Agree that any further surplus variances be transferred to the Business Rates Volatility Reserve or General Fund Balance;

(4) Approve the 2017/18 use of Earmarked Reserves of £118,900;

(5) Note the 2017/18 use of Earmarked Reserves during the quarter approved by the Executive Director of Resources using delegated powers;

(6) Note the 2018/19 use of Earmarked Reserves approved by the Executive Director of Resources using delegated powers;

(7) Approve the Capital budget carry forwards of £6.010 million and accept the Capital out-turn position of £6.534 million;

(8) Accept the Commercial Income position;

(9) Approve the amendments to fees and charges detailed within Appendix C;

(10) Accept the Treasury Management and Prudential Indicators to 31 March 2018.

128 BUSINESS RATE GROWTH POLICY

Note: Councillor Stuart Kinch left the chamber at the start of this item.

Members considered a report on the Business Rate Growth Policy, which had the idea of attracting new and expanding businesses to locate in West Lindsey and specifically, to locate on the Strategic Employment Sites and the Central Lincolnshire Food Enterprise Zone and Somerby Park.

Note: Councillor Tom Regis declared a non-pecuniary interest on the basis that he owned a commercial property in Hemswell. He did not take part in, or vote on the item.

RESOLVED to:

(1) Approve the Business Rate Growth Policy for West Lindsey's Strategic Employment Areas as detailed in the report;

(2) Approve that the scheme enables a maximum of £300,000 in reliefs to be awarded with a maximum award of 100% over a 3 year period.

129 PROGRESS AND DELIVERY REPORT - QUARTER 4 (2017/18)

Members considered a report on Progress and Delivery for Quarter 4 of 2017/2018.

The following points were highlighted:

- Licensing continued to give customer satisfaction;

- The Customer Experience Officer was having a positive effect on the complaints coming into the Council;

- Enforcement had seen increased demand; the new resource in that area had been made permanent;

- Street cleansing had not generated the expected income; officers are working to see how this service can be promoted;

- Markets were still underperforming;

- There was ongoing concern in the home choices section about nights spent in bed and breakfast accommodation;

- A new system for the allocation of homes had been implemented to support a reduction in homelessness.

RESOLVED to note the report.

130 COMMITTEE WORK PLAN

The Executive Director for Resource reminded Members that the April 2019 meeting could be in a period of purdah.

Following this, the committee workplan was noted.

131 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

132 PURCHASE OF SITE FOR LEISURE IN MARKET RASEN

Members considered a report on the purchase of a site for leisure in Market Rasen.

Note: Councillor John McNeill declared an interest as he had friends in a property adjacent to the site in question. This did not preclude him from taking part, or voting on this item.

RESOLVED to approve the recommendations as written in the report.

133 INVESTMENT PROPERTY PORTFOLIO - INITIAL PROGRESS REPORT

Members considered a progress report on the investment property portfolio.

Note: Councillor Stuart Kinch re-joined the meeting midway through this item at 1954.

RESOLVED to approve the recommendations as set out in the report.

134 EXEMPT RECORD FROM APRIL'S CONCURRENT MEETING

Members received a copy of the minutes from the Concurrent Meeting of the Prosperous Communities and Corporate Policy and Resources Committees which contained the recommendations in full.

RESOLVED to note the exempt record.

The meeting concluded at 8.03 pm.

Chairman

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Corporate Policy and Resources Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 14 May 2018 commencing at 7.59 pm.

Present:	Councillor Mrs Pat Mewis (Chairman of Council - In the Chair)
	Councillor Jeff Summers Councillor Owen Bierley Councillor Mrs Sheila Bibb Councillor Matthew Boles Councillor David Cotton Councillor Michael Devine Councillor Steve England Councillor Ian Fleetwood Councillor Giles McNeill Councillor Stuart Kinch Councillor John McNeill Councillor Trevor Young
In Attendance:	
Alan Robinson	Strategic Lead Governance and People/Monitoring Officer
Katie Coughlan	Senior Democratic & Civic Officer
Apologies:	Councillor Tom Regis
Membership:	Councillor Giles McNeill substituting for Councillor Tom Regis

1 TO ELECT A CHAIRMAN FOR THE CIVIC YEAR

RESOLVED that Councillor Jeff Summers be appointed Chairman of the Committee for the 2018/19 civic year.

Councillor Jeff Summers took the Chair for the remainder of the meeting.

2 TO ELECT A VICE CHAIRMAN FOR THE CIVIC YEAR

RESOLVED that Councillor Owen Bierley be appointed Vice-Chairman of the Committee for the 2018/19 civic year.

3 TO DETERMINE THE NORMAL COMMENCEMENT TIMES OF MEETINGS

RESOLVED that the meetings of the Committee would normally commence at 6.30 pm.

The meeting concluded at 8.03 pm.

Chairman

Agenda Item 6a

West Lindsey District Council
The Entrepreneurial Council

Corporate Policy and Resources Committee	
Date 14 June 2018	

Subject: Non-Domestic Rate (NNDR) – Government New Discretionary Rate Relief Scheme

Report by:	Ian Knowles, Executive Director of Resources
Contact Officer:	Alison McCulloch Revenues Team Manager 01427 676508 Alison.mcculloch@west-lindsey.gov.uk
Purpose / Summary:	This report seeks to clarify the Council's position with regard to the new Government Discretionary Business Rate Relief Scheme for the financial year 1 April 2018 to 31 March 2019.

RECOMMENDATION(S):

1. To agree Option 1 as the preference for the new Discretionary Rate Relief Scheme for West Lindsey District Council for 2018/19

2. To agree that in the event of any surplus during the year 2018/19, decisions to award any additional relief be delegated to the Executive Director of Resources;

3. To agree that as the funding available for a Discretionary Rate Relief Scheme will continue to reduce that the agreed Option for 2018/19 be applied to future years using the methodology outlined in this report, but with a reduction in the percentage of relief granted, in line with Government allocation. The decision for the award of 2019/20 and 2020/21 to be delegated to the Executive Director of Resources in his capacity as Section 151 Officer.

IMPLICATIONS

Legal:

Section 47 of the Local Government Finance Act 1988 gives billing authorities the discretion to reduce or remit the payment of rates.

Ratepayers who disagree with a refusal to grant relief or by the amount of relief awarded may challenge the decision via Judicial Review, on the grounds that the Council has failed to act reasonably in exercising its discretion.

Financial Implications FIN 44/19/CC

The measures introduced in the Spring Budget 2017 are all fully funded by Government. Outside of these measures, the cost of awarding discretionary rate relief changed on 1 April 2013, with the introduction of 50% business rate retention. Other than where Government has agreed to fund any discretionary relief, the cost is split between Government, billing authorities and major preceptors on a fixed percentage basis. The implications of granting Discretionary Rate Relief are set out below:

Type of Relief	Maximum relief	Cost to WLDC Collection Fund	Cost to Lincolnshire County Council	Cost to Central Government
Discretionary	Up to 100%	40%	10%	50%

The scheme is fully funded by Government in the form of Grant funding with £76,000 being available for the proposed 2018/19 scheme.

Based on the preferred Option 1, it is estimated that there is likely to be a surplus of £236, however, there is no provision for end of year flexibility and any unallocated funds cannot be rolled over into the next financial year.

Future schemes will require approval and be set to match the reducing level of government funding awarded for each financial year.

Staffing :

None directly resulting from this report

Equality and Diversity including Human Rights :

The equality implications have been considered within this report.

Risk Assessment :

Any new policy or decisions made based on such a policy would be open to legal challenge however failing to adopt a policy could damage the Council’s reputation.

Climate Related Risks and Opportunities : None arising from this report.
Title and Location of any Background Papers used in the preparation of this report:
Local Government Finance Act 1988 – Section 47 - http://www.legislation.gov.uk/ukpga/1988/41/section/47 The Spring Budget 2017 - the Government announced the establishment of a £300m discretionary fund payable over 4 years from 2017/18, to support businesses following the revaluation - https://www.gov.uk/government/news/spring-budget-2017-21-things-you-need-to-know (item 19 refers) 20 June 2017 – Guidance regarding the administration of the scheme was issued by the Department for Communities and Local Government in a Business Information Letter (4/2017) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/680938/BRIL__4-2017__-_BUDGET_SCHEMES_UPDATE_rev.pdf 22 December 2017 – Business Rates Information Letter (9/2017) issued confirming there is no provision for end year flexibility and unallocated funds cannot be rolled over into the next financial year - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/670600/BRIL_9_-_2017_-_Admin_-_19_Dec_cm.pdf

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes ☐ **No** X

Key Decision:

Yes ☐ **No** X

Executive Summary

This report provides details for implementing a Discretionary Business Rate Relief Scheme for the financial year 1 April 2018 to 31 March 2019.

At the Spring Budget 2017, the Government announced the establishment of a £300m discretionary fund over four years from 2017/18, to support those businesses that face the steepest increases in their business rate bills as a result of the 2017 revaluation.

All billing authorities were notified that they were required to design a discretionary relief scheme and determine the eligibility of ratepayers for support. The scheme should drive economic growth both in terms of content and application and it should ensure that relief is targeted at those ratepayers that have faced the largest increase in their rate bills. The schemes are required to clearly set out the criteria that ratepayers across the local authority area, or within specific locations within their areas, need to meet in order to qualify for discretionary relief.

The scheme and recommendation has been designed with customer first principals in mind and in line with the Corporate Plan principals of 'people first' and 'open for business'.

The three options proposed for implementing a Non-Domestic Rate Discretionary Relief Scheme for the financial year 1 April 2018 to 31 March 2019 are set out in the report and consideration was given to the above and to the Corporate Priority of being open for business and being able to retain, support and facilitate the growth of business in the District.

The scheme has been designed not to exclude any particular sectors, unless specified by Government and, in an effort to be as inclusive as possible across the whole of the West Lindsey district, has not been limited to specific locations.

The recommendation for the non-domestic rate discretionary relief scheme is option 1 which includes all the businesses who have experienced an increase in the amount of rates payable in 2018/19 and who received an award of this relief during 2017/18.

1 Background

Discretionary Relief Scheme

1.1 A £300m discretionary fund over four years from 2017/18, to support those businesses that faced the steepest increases in their business rate bills as a result of the recent revaluation, was established in 2017. Every billing authority will be provided with a share of the £300 million to support their local businesses over the four years and they are expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers.

1.2 The £300 million covers the four years from 2017/18 the breakdown being:-

- £175m in 2017/18
- £85m in 2018/19
- £35m in 2019/20
- £5m in 2020/21

1.3 Under the terms of the grant determinations, all the compensation is being paid to billing authorities in the first instance. The sum will be shared between billing and major precepting authorities in the normal way.

1.4 Letters were sent to the Chief Financial Officers of each Billing Authority on the 28 April 2017 to confirm the grant distributions for the four years.

1.5 The total grant distributions for all 4 years of the scheme for West Lindsey District Council are as follows:-

2017/18	2018/19	2019/20	2020/21
£157,000	**£76,000**	**£31,000**	**£4,000**

1.6 The Ministry of Housing, Communities and Local Government confirmed that the design and administration of schemes is for authorities to decide and it is therefore, for each billing authority to agree its Discretionary Relief Scheme, having discussed options with their precepting authorities.

1.7 All reliefs awarded at the discretion of a billing authority amount to state aid. European legislation provides that an undertaking is entitled to receive up to €200,000 of de-minimis state aid in a three year period (consisting of the current financial year and the two previous financial years). As a result, a billing authority must establish if the award of discretionary relief would exceed the €200,000 of de-minimis state aid for any undertaking. This is achieved by requesting potential recipients of any relief to sign a declaration, stating the award of any relief would not exceed the state aid limit.

1.8 The Ministry of Housing, Communities and Local Government has determined that there can be no virement of monies between financial years so there will be no flexibility to spread relief over different years.

2. New Discretionary Relief Scheme

2.1 The 3 options proposed by officers on implementing a Business Rate Discretionary Relief Scheme for the financial year 1 April 2018 to 31 March 2019 are set out below.

2.2 Government expect billing authorities to discuss options with their major precepting authorities and to consult with them before adopting any scheme. They were advised a Section 31 grant would only be payable to those billing authorities that had consulted with their major precepting authorities.

2.3 A consultation has been undertaken for the 2018/19 scheme and both the Lincolnshire County Council and the Lincolnshire Police Authority have agreed to the options suggested.

2.4 Billing authorities are not obliged to consult with local ratepayers or to adopt any scheme based on the feedback they receive and therefore being mindful of the cost of a formal consultation it has been decided not to undertake a consultation.

2.5 The options suggested have sought to adopt the fairest way of distributing the authority's allocation of Government funding and to ensure that relief is paid to those most in need of support.

2.6 The number of hereditaments in the local rating list as at 1 April 2018 for the West Lindsey District Council was 2,905 and of those 197 properties were entitled to relief under this scheme in 2017/18.

2.7 The Ministry of Housing, Communities and Local Government has determined that there can be no virement of monies between financial years so there will be no flexibility to spread relief over different years and therefore it is important for the Council to make full use of the budget available.

2.8 The scheme has been designed to pay relief to those ratepayers who have experienced an increase in the rates payable during 2017/18 and 2018/19 and who received some support under this scheme during 2017/18.

2.9 Once the scheme for 2018/19 has been agreed officers will automatically award relief to those ratepayers who qualify. Each ratepayer will be advised of the amount of relief they have received via a new business rate bill.

2.10 Where a ratepayer has already vacated prior to the adoption of this scheme no calculation to entitlement will be made and no award will be paid.

2.11 The Council will not recalculate eligibility for revaluation support in the event of a change to the rating list that effects an eligible property whether retrospective or otherwise.

2.12 Relief is calculated on a daily basis based on true liability and therefore where a ratepayer is awarded this relief but vacates during the year an apportionment will be made to this relief.

2.13 Relief will be awarded after all other reliefs have been considered and awarded.

3. Options for 2018/19

Option 1

- To award relief to those properties that have experienced an increase in the rates payable from 2017/18 to 2018/19 and who received discretionary rate relief under this scheme in 2017/18.

No of properties in receipt of 2017/18 relief	% relief awarded in respect of the increase between 2017/18 and 2018/19	Amount payable	Difference
197	50%	£75,764	Underspend of £236

Option 2

- To award relief to those properties that have experienced an increase in the rates payable from 2017/18 to 2018/19 and who received discretionary rate relief under this scheme in 2017/18.

No of properties in receipt of 2017/18 relief	% relief awarded in respect of the increase between 2017/18 and 2018/19	Amount payable	Difference
197	25%	£37,882	Underspend of £38,118

Option 3

- To award relief to those properties that have experienced an increase in the rates payable from 2017/18 to 2018/19 and who received discretionary rate relief under this scheme in 2017/18.

No of properties	% relief awarded in	Amount	Difference

in receipt of 2017/18 relief	**respect of the increase between 2017/18 and 2018/19**	**payable**	
197	**75%**	**£113,646**	**Overspend of £37,646**

4. Recommendations

The recommendation is for Option 1 to be agreed as the preference for the new Discretionary Rate Relief Scheme for West Lindsey District Council for 2018/19.

This option spends almost all of the award entitlement for 2018/19 and as any surplus cannot be retained to use in future years this would ensure the optimum spend. Option 2 would result in a surplus which would not be beneficial to the ratepayers of this district and option 3 results in an over spend of £37,646.

In the event of any surplus during the year 2018/19, that any decisions to award additional relief be delegated to the Director of Resources.

5. Discretionary Rate Relief Scheme 2019/20

It is recognised that whatever decision is reached this would only be a scheme for 2018/19. A review of the scheme will be undertaken annually and the agreed Option for 2018/19 will be applied to future years using the methodology outlined in this report but with a reduction in the percentage of relief granted, in line with Government allocation.

West Lindsey District Council
The Entrepreneurial Council

Committee: Corporate Policy and Resources	
Date: 14th June 2018	

Subject: ICT & Digital Strategy

Report by:	Executive Director of Resources
Contact Officer:	Michelle Carrington Strategic Lead – Customer First 01427 675134 Michelle.carrington@west-lindsey.gov.uk
Purpose / Summary:	To advise and seek approval of the Council's ICT Strategy for the future.

RECOMMENDATION(S):

1. **To approve the adoption and rollout of the ICT & Digital Strategy**

IMPLICATIONS

Legal:

None

Financial : FIN/46/19/TJB

The Strategy recommends the following –

1. Procurement of an ERP system. (Soft market testing is being undertaken to inform of potential costs)

OR

2. Procurement of a CRM system
3. Specify and procure a number of replacement business applications compatible with any ERP system.

It is therefore evident that significant investment will be required to deliver the proposed strategy.

Existing budgets in the Capital Programme include;
- Finance £150k
- Customer First Programme has £181k
- Channel Optimisation £50k

In addition there are base revenue budgets for current system licences/maintenance and support, which can be offset against any ongoing revenue costs of new systems.

Business cases with full financial implications will need to be developed for any new acquisition and prior to reporting to the Corporate Policy and Resources Committee for approval.

Staffing :

No direct implications for staff, although staff resource will be required to support the various implementation projects.

Equality and Diversity including Human Rights :

Each individual business case for projects within the strategy will be assessed as part of its implementation for E&D implications

Risk Assessment :

The Strategy contains a significant number of changes to the future of ICT in the Council. As such a business case will be undertaken for each significant change to ensure that all risks associated with the strategy have been understood and mitigated. The overall risk is that integrating a significant number of systems may be more complex and costly than anticipated.

Climate Related Risks and Opportunities :

Use of Cloud technology will reduce the Councils overall electricity consumption

Title and Location of any Background Papers used in the preparation of this report:
None.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)	**Yes**		**No**	**x**

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**		**No**	**x**

Executive Summary

1. Introduction

1.1 The use of ICT is a key component of the Councils Service Delivery capabilities; and the ability to deliver services is now highly reliant on technology and business systems.

1.2 Technology, particularly digital technology, continues to develop at a staggering rate and consumers, residents and business are constantly offered new and emerging technological solutions; in the wider corporate and retail world. These quickly become adopted; and customers expect that technology to be offered as the norm.

1.3 Whilst the Council is heavily reliant on technology, it can be considered outmoded in the ICT solutions it uses; which are designed for traditional Council operations. In particular, in the case of digital capabilities, our Customers can find that the Council lacks interaction capabilities that are the norm in the wider commercial world.

1.4 As such, the Council has developed a future ICT and Digital Strategy to address this situation, and to move the Council to a more modern fit for purpose ICT architecture, which supports our Corporate Plan, and key aspirations for future service development. In particular, the Councils Customer First Transformation Programme is heavily dependent on enabling technology to achieve the ambitions and outcomes to deliver our vision of 'putting the Customer at the centre of everything we do'.

2. Strategy Timeline

2.1 The ICT & Digital Strategy provides a framework for the management and improvement of WLDC's ICT over the next three years. It outlines the key areas to be focused upon and details the priorities in terms of planned projects and deliverables. The clearly defined plan provides a means to track and monitor progress as the Council develops their services over the life of the strategy.

2.2 The strategy extends to a three-year programme for the ongoing use of technology and information as looking any further forward than this provides limited value (predicting technology advancements that far ahead is difficult in a rapidly developing market). Having said that, any IT decisions made in the short term will consider the likely future developments at the Council to ensure that they are not taking the organisation down a route which may have short term benefits but are not fit for purpose in the longer term.

3. Strategy Scope

3.1 Within this strategy, the focus is on six key areas which are fundamental to the strategic direction of ICT at West Lindsey. These are:

- Application Improvements;
- Agile Working;
- Omni-channel Service Delivery;
- Excellent Customer Services;
- ICT Governance; and
- Technology Changes

Although there are many projects identified in this strategy, and all are important to the improvement of services at WLDC, these six headlines are the catalyst for bringing the most significant business change.

3.2 The details of each of these strands are found in the Strategy document itself which can be found in Appendix 1.

4. Expected Outcomes from the Strategy

4.1 The implementation of the ICT & Digital Strategy will revolutionise the way the Council delivers its services technologically. It will…

4.1.1 Provide a significant improvement in the way our Customers can access services and information, along with delivering advanced digital solutions for those that want to use them.

4.1.2 Create an enhanced integrated business systems core, allowing the Council to have rich data on its customers, its operational performance; and intelligence to improve our services for the future

4.1.3 Deliver efficiencies and cost reduction savings as the Council automates and digitalises processes and information, which can be readily accessed in digital ways by staff and customers alike.

4.1.4 Reduce infrastructure overheads as the Council moves to a Cloud First strategy and integrated core products, reducing support costs for ICT over time.

4.2 Some of the (many) key differences that the implementation of the Strategy will achieve are:

4.2.1 Greater self-service digital options for our Customers, including an Account and Service Management Portal, Automated Telephony Options (for out of hours servicing) and adoption of digital technologies such as webchat, virtual assistants and digital kiosks.

4.2.2 Integrated Access Channels, with shared data and processes, meaning that information on requested services and contacts will be available to Customers and Employees alike, irrespective of which channel they may have contacted us, or how often they have interacted.

4.2.3 That same information can be used by the frontline staff to resolve simple queries at the first point of contact, greatly increasing our first time resolution rates; and meaning that Customers get answer quicker and easier.

4.2.4 The use of Artificial Intelligence to help with automation and digitalisation both in terms of Customer interactions, and back-office processing, releasing staff to concentrate on the more complex processing.

4.2.5 A smaller set of integrated business applications, which will provide a more comprehensive corporate approach to operations, and reduce the cost of business applications for the Council

4.2.6 Adoption of a Cloud First Strategy, which will (overtime) decrease the cost of ICT support and infrastructure for the Council.

4.2.7 Improved field working technology, meaning that Employees can better serve our Customers when out in the field, access information and record their activity or decisions without need to return to the office; making them more productive and reducing travel time and cost.

5. Conclusions

5.1 The benefits that the ICT and Digital Strategy bring to both the Council and its Customers are significant and as such it is recommended that the content of this Strategy are noted; and that approval is given for its adoption; and rollout.

West Lindsey District Council

ICT Strategy Roadmap

April 2018

CONFIDENTIAL

1. Contents

2. ICT Strategy / Roadmap

2.1. ICT Vision

The vision within this ICT strategy summarises the overall purpose of our ICT service and is the reason it exists. It is a high-level statement which provides context and gives a constant reminder of what the ICT service is there to provide:

'To provide reliable and fit for purpose ICT facilities which enables the Council to deliver high quality services to customers and to provide modern and flexible working environment for the Council to exploit digital opportunities including those which support the commercial opportunities of the Council'

2.2. ICT Guiding Principles

It is important that we agree on a set of guiding principles or 'rules' which underpin the service and govern the direction our ICT facilities move in. These guiding principles help our ICT team understand the framework they are working within and give colleagues in business teams a clear idea of the expectations they can have about the service as the business moves forwards.

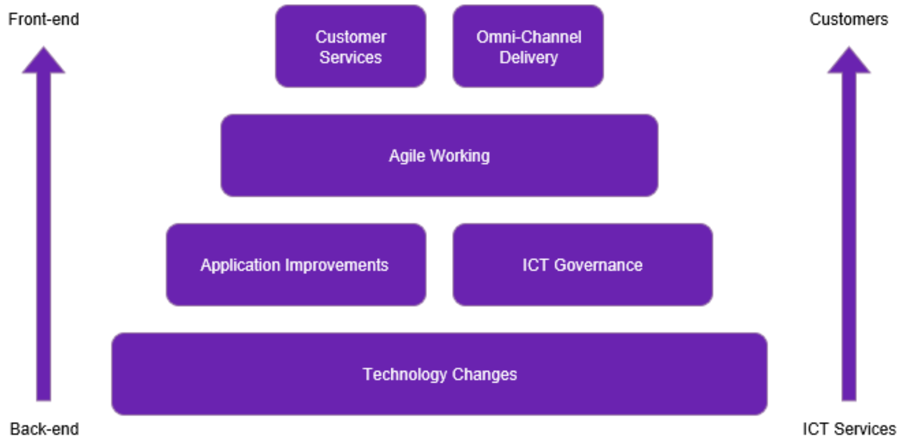
The Principles proposed for our ICT service, informed by staff consultation, are as follows:

- Our ICT service exists to support our strategic business objectives and Corporate Plan;
- Our ICT service and related projects will help ensure that we can deliver cost effective, efficient and excellent customer facing services;
- Our business requirements will drive the technical solutions we adopt, not the other way around;
- We will adopt Cloud and digital enabled solutions as a default position for all new investments in ICT;
- We will support business teams with up to date and reliable IT tools and facilities which will enable them to deliver excellent services, not constrain them;
- We will use technology to provide excellent communications, both internally and externally;
- We will process and secure customer data responsibly to ensure it being used in accordance with local policy and wider legislative requirements;

- We will use the data we hold in our core systems to drive our decision making through better use of analytics and business intelligence;
- All projects and technology investments will demonstrate a tangible business benefit and, where possible, a return on investment;
- We will make full use of our business systems' capability rather than buying bolt on systems or writing standalone spreadsheets or databases; and
- We will look to rationalise our business systems wherever possible, especially in the cases where there are significant similarities between the requirements of service teams.

2.3. ICT Project Deliverables

Sitting below the Guiding Principles are the more detailed deliverables which will form the ICT work plan over the life of this strategy. These strands have been identified through discussions with business users and the ICT team to understand where their efforts will be focussed over the coming years. For clarity, these projects have been grouped into six key components:



This model reflects the fact that there are technology, application and governance requirements which underpin any new change projects proposed in this strategy. This will allow the underlying foundations to be established before new functionality is developed to improve the services offered to staff and customers.

The following sections provide details of the specific project strands, including current issues and areas we will address to form the programme of work. A full list of these projects and estimated durations for their completion is shown in Appendix B. The specific timescales will be reviewed as more details of the scope of each individual project and the interdependence between them is agreed.

As a general point, to ensure that ICT implications are considered before projects are initiated and throughout their implementation, it is essential that our ICT team is consulted during the project approval process. This will allow the team to play a critical part in advising upon infrastructure, licencing, data, cost and resource aspects of a project.

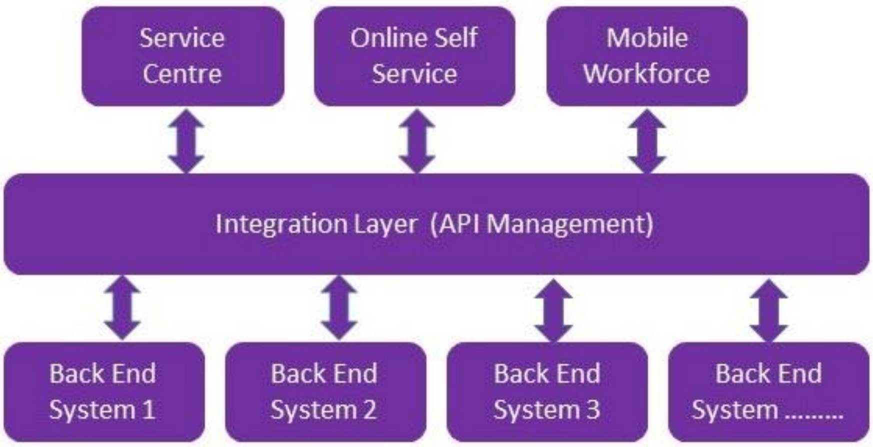
2.3.1. Applications Improvements

As a business, we currently rely on a portfolio of legacy systems, some of which need urgent replacement due to lack of modern functionality, end of contract term, high costs, inability to integrate, etc. Historically, our strategy for application procurement has been driven by the needs of the individual business units in order to deliver specific business functions. This now means that we have a complex matrix of systems, many of which are not integrated or have weak integration, which impacts the ability to provide a holistic view of customer engagement.

An example of this is the fact that we currently have two separate document management systems in place. One is used in the Revenues and Benefits service and the other is used across Planning, Building Control, Licencing, etc. Clearly, having two separate repositories of documents means that the ability for a member of staff to look for a single record of document history for a customer is not possible without searching multiple systems. Added to this is the fact that one of these document management systems has not been indexed effectively; resulting in our staff having to spend significant time searching for the document they need.

Through the consultation undertaken with staff and customers, it is clear that this environment causes inefficiencies, an inability to revise / streamline processes and frustration for all parties; the resulting impact being that our customers cannot easily get multiple issues resolved via a single engagement approach as we cannot achieve a true 360-degree view of the customer. As we continue to drive the digital agenda, the introduction of comprehensive self-service facilities which are fully integrated and can provide real-time end to end process realisation for customer will also be compromised.

However, the supplier market itself has exacerbated this predicament as many are niche solution providers and, whilst modern systems have a greater ability to integrate through standard definition APIs (Application Programme Interface), the age of our application portfolio cannot fully support this opportunity.



A review of the market has identified that there is no one single solution that can deliver all of our services and there will therefore remain a continued reliance on integration as the new 'digital environment' is established.

However, the deployment of an ERP/CRM solution will give us the capability to either utilise existing functionality within the product to replace some of our discreet systems and/or provide a development platform which, through a partnership approach, will provide an additional opportunity to bring functionality into the core product.

That said, there are some developments which have taken place over recent years which will address some of the issues faced but to be truly effective, the establishment of the new systems must force a cultural change which will seek to reduce the silo working which is currently prevalent across the business.

There is the opportunity to reduce the number of individual applications through the introduction of an appropriately sized ERP (Enterprise Resource Planning) system. Some larger Councils have previously procured products like SAP and Oracle which are likely to be too burdensome for us, but new entrants to the market like Unit 4 (Agresso), Technology One and Sage (along with others) could deliver a more fit-for-purpose solution for a Council of our size. These systems seek to address the core components of the 'back office' environment incorporating Finance, HR (and payroll), asset management, procurement, governance and compliance. ERP Systems will also be provisioned with a CRM (Customer Relationship Management) component as part of its core functionality. We have already identified the need for CRM, and benefits could be gained from procuring an ERP solution which has many of the core components that are required for the day to day administrative functions of the Council.

ERP systems will also give the ability to develop additional solutions within the structured environment, although this is often costly, requiring development skills which are often at a premium.

Therefore, many Councils who have adopted an ERP approach still utilise dedicated line of business applications to deliver the core functionality but through a combination of ERP and an API layer. Over time, our strategy will be to migrate (or at the very least integrate) all customer data which exists in the line of business applications into the CRM component so that a full 360-degree view of customer interactions can be more easily maintained. Further, the introduction of the self-serve facilities will become simpler as customers will only need to access one solution given the appropriate security regime. This will also provide a platform for customer self-service request management to be initiated and, in some instances, fulfilled without the need for staff intervention. The use of appropriate e-forms, workflows, authority parameters and timetables will ensure that processes are, where possible, automated and audited.

As part of the current development within our ICT environment, a commitment has been made to deploying the Microsoft Office 365 suite of products which is a cloud-based solution, and which can include Microsoft Dynamics CRM, so it may be that we extend our 365 strategy to incorporate this wider functionality subject to a wider market appraisal. Dynamics CRM is becoming a popular solution with Local Government but again this largely represents a development environment. In line with our Cloud First strategy, Dynamics 365 is a hosted version whereas Dynamics CRM could (if required) be hosted on site. There are examples where companies have invested heavily in development of Dynamics and have migrated all customer data to reside within the solution.

This can be a lengthy and costly development given the number of back office solutions we use.

A decision will be required on whether there are benefits to be gained by adopting the hosted Dynamics 365 solution (as part of the continuing commitment to Microsoft products) over and above a CRM which may be provided as part of an ERP solution. Similarly, Microsoft can offer both accounting and HR solutions although they do not purport this to be an ERP solution (at this time) although there are options already available on G-Cloud. As such, this can only be decided on a case by case basis and the decision will be informed through the development of a more detailed business case, development of a business focussed specification and a procurement process.

Therefore, it is recommended that any aged or redundant systems are replaced (see below) in line with the following principles:

- Specify and procure an ERP solution providing core back office functionality ensuring that the provider can demonstrate integration with other key line of business applications prevalent in the Local Government sector. Also consider if any of the proposed solutions already have fully developed ancillary systems which are embedded within the solution;
- Specify and procure a CRM solution either as part of the above procurement or as a separate procurement where additional benefits can be gained through integration to the ERP solution. In this instance, it is reasonable to expect that the business case for such a procurement will include costs of an established system integrator;
- Specify and procure a number of replacement line of business applications seeking to ensure that the architecture and integration capabilities are in alignment with those of the ERP and CRM solutions. Modern and Open standards such as API should be fundamental drivers when considering the underlying architecture.

The overall objectives of our approach to applications will be to:

- Provide a robust interface between existing component systems using a suitable middleware solution or APIs dependent upon supplier capability;
- Use defined information management processes to ensure data is accurate, up to date and consistent;
- Provide a future-proofed technology platform providing long-term support options;
- Deliver real-time information and a single view of the customer incorporating customer history and live activities;
- Support channel migration through a customer self-service interface and customer apps;
- Provide effective mobile working solutions to allow the delivery of services to customers when mobile and to support flexible working arrangements for staff;

- Provide easy access and consistent services for customers using different access methods (phone, web, social media, etc.); and
- Offer a dedicated front-end provided by the customer relationship management system to manage all requests, integrated with business systems to provide a ‘single 360° view of the customer’

The table below shows each of the key business applications we use and recommended actions for each:

System	Comments	Proposed Action
Civica App – Planning, BC, Land Charges, Environmental Health, Etc.	We have already determined that the current Civica solution is not meeting the needs of the business. The functionality requirements are expected to be provided by the introduction of the proposed ERP or CRM solution (depending upon route followed) We will therefore prepare a specification to meet current business needs and build those requirements in to the ERP / CRM procurement.	Remove and consolidate.
Civica Financials – Financial Management	This is a web-based, financial information management solution that provides a range of modules. Recent reviews identified that the solution was not considered to be a capable of supporting Commercial Operations for trading and, as a result, manual workarounds and spreadsheets had been introduced. Whilst we have not undertaken a review of the current requirements for finance, it would seem prudent to consider whether the functionality could be integrated into a more consolidated/integrated solution. We will therefore develop a detailed specification of requirements for this solution. If the corporate approach is the route of ERP, then these requirements will be factored into that solution. If the preferred route is for	Replace if CRM is the chosen solution for the business. Remove and consolidated if ERP is the preferred route.

System	Comments	Proposed Action
	CRM, then a new dedicated financials system will be procured. .	
Firmstep – Self-Service Forms and Portals	Firmstep is a cloud-based forms solution for online communication, providing the capability for integration with back office systems. It is predominantly modular based, and we have the following modules – 'Self', 'Dash', 'Forms' and 'Service' This provides a range of on-line forms which allow customers (or staff providing a supported service) to report and apply for services online and, with suitable integration, log these interactions against the customer's account. Several Councils have replaced legacy CRM solutions with Firmstep's Customer Experience Platform using the functionality of e-Forms (also supporting mobile workers), self-service portal and customer record development. However, there are now more agile options available since the previous traditional CRM solutions were deployed and therefore Firmstep should be considered as one of a number of possible contenders for a new CRM solution. Research has shown that some competing products have greater functionality built in, so it will depend on the business requirements as to how appropriate this solution would be. We will continue to exploit the existing solution in the short-term and incorporate our functionality requirements into a new CRM specification or CRM functionality within an ERP approach.	Remove and consolidate.
Civica Icon - Payments	This is a hosted solution providing the payment engine for WLDC. Based on	Remove and consolidate in

System	Comments	Proposed Action
	recent review information, this software is considered to be an expensive solution. If we consider a broader review of Civica Financials to provide a more consolidated approach to financial management, then payment handling requirements will either be included in the replacement financials system or the chosen ERP solution.	new financials system or ERP solution.
IDOX – Document Management	This product is currently used as the corporate EDRMS solution, except for within Revenues and Benefits, as detailed below. While it is considered to be limited by some business areas, our plan in the short term is to renew the current maintenance licence. During 2018, we will then begin the process of moving documents into Microsoft SharePoint. This is a strategic approach becoming more commonplace to deliver a cost effective, corporate EDRMS solution providing efficient mobile and field-based access to documentation and core information. This approach should be factored into the broader requirements for document management across the revenues and business functions too.	Retain until functional requirements for document management are matched against capabilities of SharePoint.
Information@Work – Document Management	The Revenues and Benefits service utilises this EDRMS solution solely within their service area rather than the corporately adopted IDOX EDRMS. The service is looking to migrate to the latest version of Information at Work, v5.10, once testing has been completed. As this is a closely integrated module to the Northgate Reviews and Benefits solution, any changes or strategic considerations for change to	Replace as part of Revenues and Benefits implementation project (assuming a new system is bought in).

System	Comments	Proposed Action
	that solution would need to incorporate Northgate Information@Work also. As such, this should be factored into the evaluation of alternative Revenues and Benefits solutions and consideration given to adopting a corporate EDRMS across the Council, where at all possible.	
I-Trent – Hr / Payroll	iTrent is a web-based payroll and HR solution that is shared with North Kesteven District Council. Recent reviews have suggested that when it was originally configured and introduced, the complete set of business requirements were either not fully considered or these requirements have evolved over time and is now not entirely fit for purpose. There are spreadsheets used outside the system alongside some manual processes which have created additional workloads. Recent reviews have concluded that iTrent should be comprehensively reviewed and/or re-implemented in order to meet current and known future business requirements. iTrent is commonly used as an HR and payroll solution across many similar organisations and does not have any major functionality limitations as a whole. However, based on the audit and assessment that we have already undertaken we recommend that iTrent undergoes a comprehensive review against current business requirements. If the corporate route chosen is for an ERP solution to be implemented, then these requirements can be incorporated. However, as the future of this system has implications on the existing	Remove and consolidate into ERP if chosen Re-implement or replace if CRM is chosen. To be advised following business assessment of implications for shared services arrangements.

System	Comments	Proposed Action
	shared service for HR with North Kesteven, further dialogue will be required before a decision is taken.	
Lalpac - Licencing	This product is used for licencing in the Council and is part of the Idox group of companies that also provides our corporate EDRMS solution. The requirements for this solution will be included as part of the specification and procurement process for the chosen CRM or ERP route.	Remove and consolidate into the chosen CRM or ERP solution.
Earthlight - GIS	The provision of GIS capability within the Council (and across the shared service more generally) is uncoordinated and a strategic plan for these services does not exist, even though it has the potential to become a key pillar in supporting the digital ambitions of the Council, who can take advantage of GIS to improve the management of corporate data, enhance services delivered to customers through the omni-channel approach and provide improved and accurate data to staff when working away from the office. The corporate GIS tool we use is Earthlight, which is browser/web-based. This software is hosted by WLDC and also shared with North Kesteven and the Central Planning Unit. Historically, this replaced the Civica GIS solution that was also used, although there is an embedded GIS in Civica APP which is also used and integrates with the public-facing GIS, Aurora, by connectors. Aurora is used as the corporate public-facing GIS tool, and is provided throughout the shared service with North Kesteven, the City	Retain until a corporate GIS strategy and requirements are fully known. May be able to incorporate the functionality into an ERP system if that is the chosen route.

System	Comments	Proposed Action
	of Lincoln and the Central Planning Unit. This is also hosted by WLDC. The provision of GIS capability within the Council and across the shared service appears unclear, and a more strategic approach to GIS across the business with a robust roadmap for consolidation and future integration needs to be developed to strengthen this capability and increase efficiencies. Further work will be undertaken to define GIS requirements from an operational and customer engagement perspective. Once that has been completed, we will be in a better position to evaluate requirements against Earthlight and other products in the market.	
Northgate – Revenues and Benefits	The core management solution used to deliver the Council Tax and Benefits service is Northgate Revenues and Benefits. The solution runs on an Oracle database platform; the current live version is v6.16.1.0 with v6.17.0.0 running in the test environment. We have kept up to date with Northgate releases and have upgraded on a regular basis. As a result, the solution is within the current Northgate support and maintenance window and there are no plans to relax the annual upgrade process. Based on our discussions to date, and review of previous documentation, there do not appear to be any major business issues with the Northgate solution, and a recent application audit demonstrated that it was performing well against business requirements.	Replace or repurpose through a formal procurement exercise.

System	Comments	Proposed Action
	However, it is considered a legacy system, with a contract renewal imminent and, as such, a recent recommendation was to undertake a procurement exercise to enable all shared service organisation to explore alternative systems. This recommendation is supported in order to evaluate other solutions and consider future cost savings.	
SharePoint	We are currently using SharePoint 2010 and have plans to move to 2016 early in 2018. In line with the recommendations re:Idox, SharePoint is ideally place to be considered as a potential replacement for delivering EDRMS capability across the organisation and becoming the 'go to place' for corporate information management requirements. We will define the corporate requirements for document management and test against the SharePoint capabilities.	Retain and enhance.
Symphony I-Manage - LLPG	Symphony iManage is used to provide up to date LLPG address information, allowing the maintenance of our property dataset, in accordance with the BS7666 national standard, and to submit regular updates to the Government's National Land and Property Gazetteer hub. This is a well-recognised and commonly used product throughout the sector, with WLDC using the client server version of the product. It is understood that there are cloud options for the provision of this capability from the supplier, which should be further explored in our	Retain and explore business case for cloud version and consider further integration with CRM or ERP as part of that procurement. Consider functionality requirements as GIS is reviewed and if ERP becomes the preferred corporate solution.

System	Comments	Proposed Action
	move to a Cloud First strategy for application deployment.	
Ideagen / Easysite – Web Content Management	This is a cloud Content Management (CM) solution provided by Ideagen, called Easysite, which allows the management of online information for our external website. The product is typically focused for public-sector organisations and appears to provide the functionality and capability required for a modern, fit for purpose CM solution. We will therefore continue to use the solution and give consideration to the functionality when looking at a new ERP/CRM solution.	Remove and consolidate into ERP / CRM solution.
CRM	No corporate CRM system currently exists although there are variants of traditional contact management solutions built in to some of the current systems we use. We will define the business and integration requirements for a corporate CRM solution and approach the market. Consideration will also be given in respect of the ERP procurement as a replacement for financials (and optionally HR) and also to the replacement of smaller systems which may provide general case management functionality.	New solution either as dedicated CRM or as part of a new ERP solution.
Project Office Governance	As part of the new governance arrangements, we will be introducing more structure to the management of projects through a defined programme office. The Council will require a solution which will embed standards and rigour in the management of projects which can be accessed by all project stakeholders.	New solution which may be provisioned through RP or a separate line of business application.

With a greater reliance on IT systems to deliver services, an increase in customer online transactions and more electronic dealings with third parties, a growth in the volume of data held by any local authority is inevitable.

As this growth of data happens, we must make the best use of the asset to assist with decision making and inform the direction of the business. The Systems Development team will continue to provide technical support to allow data extraction from systems and facilitate the use of the data for effective decision making across business teams. As mentioned elsewhere, we have identified the need to improve the human link between business users and the ICT / System Development team. This includes identifying business requirements for reporting and communicating these to technical colleagues to ensure the correct information is extracted. This role could sit within business teams or as part of a newly created Business Analyst role. The decision as to where in the organisation the role is placed will be taken when the review of the ICT service and its structure is undertaken.

The manipulation of data will be enhanced by the introduction of new Analytics tools across the business, which will provide the foundation for proactive service assessment (as opposed to merely reporting on historic information) enabling us to deliver intervention services which will reduce longer term costs overall.

Compliance with data management legislation (such as Data Protection and GDPR) is not an ICT responsibility as the requirements will touch all parts of the business. However, ICT will need to play a part in ensuring compliance by assisting with an organisation wide audit of the data processed and the path it takes through the organisation. Without this, the business cannot be sure it meets legislative requirements.

The task of effectively managing data becomes more important the more data a business has. The business will therefore become more disciplined in the data it retains to ensure it only holds and processes what is needed. Not only does this make reporting easier, it also helps to ensure compliance and reduces storage costs as more data is placed in the Cloud (Cloud First Strategy).

We will:

- Specify and procure an ERP solution providing core back office functionality ensuring that the provider can demonstrate integration with other key line of business applications;
- Specify and procure a CRM solution where additional benefits can be gained through integration to the ERP solution;
- Specify and procure the necessary replacement line of business applications seeking to ensure that the architecture and integration capabilities are in alignment with those of the ERP and CRM solutions;
- Ensure the DPA and Information Governance Officer has support from senior management and identified resources within service

teams to manage data in a coordinated way across the organisation; and

- Continue with a programme of data audit and cleansing to aid compliance with legislation.

2.3.2. Omni-Channel Service Delivery

An aspiration of many organisations is to adopt a model of omni-channel service delivery to support improvements in customer services. There are many examples in the private sector where transactions between customers and the business are seamless across multiple channels of delivery. It should not matter that a customer started their interaction through one form of contact, and then continued by using a different channel, perhaps initiating and managing multiple complex transactions. This is a growing expectation from customers as they experience this form of service excellence in their day to day lives.

It is important to recognise that **omni-channel** delivery is different from **multi-channel** delivery. Offering a service through a number of channels (web / telephone, app, etc.) may give the customer a choice for how they want to interact with the Council, but if the channels are not joined up to provide common data and a reliable contact history, then it is not omni-channel.

The achievement of omni-channel delivery will greatly enhance the service we are able to offer our customers. For example, a customer may register a change to their Council Tax circumstances via our website and then later in the day make a payment using a mobile phone app. They then might receive a receipt to their e-mail account. All these transaction details should be available to a frontline officer to view in the event of the customer calling because they are having difficulties or need to check progress. They should also be available to the customer via online access to their own secure customer record through a customer portal or other digital solution. Clearly, a fundamental part of being able to deliver an omni-channel experience is having suitable telephony solution and business applications in place, with an overarching customer relationship management system to tie together all points of contact.

We need to signpost customers to the correct service provider to reduce the amount of customer service requests which should be presented to other agents such as the County Council. Using technology, the telephony solution can introduce automated signposting which can be supported by the use of readily accessible web pages, mobile apps and social media, which as discreet channels can also signpost specific service delivery agents – County, District, partner, etc. An assessment of the tools available will be undertaken against the current telephony provision with a view to introducing automated 'bots' to provision easy to use sign posting features. This will allow customers to merely speak their request which will be directed via an English voice enabled 'bot'. In this way, we can almost fully eliminate the requests for services which are not part of our portfolio. Once this is addressed, the proposed omni-channel strategy will be much more effective and generate a significantly enhanced customer experience.

This form of omni-channel delivery is in its infancy in local government and many focus on a model of multi-channel delivery rather than omni-channel. However, as we strive to deliver excellent customer services to meet the growing expectations of customers, then this becomes an area which should be developed. In order gain the biggest benefit at the outset, services which are simple to implement, but which have a high volume of transactions should be treated as a priority with lower volume / more complex enquiries left until the end.

We will:

- Prioritise services which are high volume and simple to be delivered through an omni-channel approach as an initial roll-out, followed by more complex and low volume enquiries in subsequent phases;
- Review business processes for services identified as suitable for omni-channel delivery;
- Continue with the enhancement of the existing telephony solution (and licencing) against defined requirements for customer self-service and omni-channel service delivery;
- Research best practice omni-service delivery both within and outside the public sector to form a delivery model; and
- Form a cross-department project team to build the business case and deliver the resulting project

2.3.3. Agile working

As with many organisations, agile working is high on our agenda. Although the move to working this way is not solely an IT project, there are obvious IT implications that need to be considered in this strategy. Agile working does not only relate to being mobile when out and about visiting customers. It is also the intention that staff can work from other locations including their homes and be free to move between rooms and desks when working in the office (i.e. the flexibility to move around desk positions, in and out of meeting rooms, etc.)

Each desk position in our main Council offices is currently equipped with a screen, keyboard, Cisco telephone and mouse. Each member of staff is provided with a tablet, which they carry with them to an available desk and attach to a docking station for connection to the network and screen, etc. The tablets are not only used by staff who work remotely, but also those staff who work in a fixed desk-based role.

Although, in theory, the current desktop hardware provide flexibility by allowing staff to drop in at any desk, most staff do still gravitate back to ‘their’ desk to work within their service teams.

The vision for the future is to not have the flexibility of staff constrained by technology or culture; someone who starts a piece of work at one desk should be able to pick up that piece of work and head to a colleague or meeting room and seamlessly continue where they left off. If someone choses to work from another office, café or home, then they will be able to do so without technical issues and have full access to their corporate tools and data as if they were sat in the office. To achieve this, the majority of our staff will continue to have mobile friendly equipment (such as a tablet or hybrid laptop), which is suitable for use when they are working at a desk position in the office but is also portable and allows access to all the IT systems, telephony and data they require. Recognising the fact that, some staff will have limited direct customer contact (finance, HR, etc.) and be largely desk based, we could, with a consideration to cost, use traditional devices for some fixed desk positions. Therefore, prior to the imminent desktop replacement programme being undertaken, we will complete a profiling exercise to understand the different working profiles of our staff. The necessary tools can then be provided to match their requirements. Rather than providing a wide range of devices, which could increase the support overhead, we will offer a discreet range of devices which staff / managers can chose from for their teams.

It is recommended that the majority of our staff continue to be equipped with a tablet / laptop and have the addition of a softphone (with headset) which could be used for making calls on the tablet via 3G / 4G or Wi-Fi connection. When in the office, this equipment will be docked to an attached screen, keyboard and mouse to ensure a comfortable working position and to satisfy any special requirements such as large or dual monitors. Variations to this standard approach would be adopted by staff who have special requirements (such as needing to be permanently desk based or fully field based). An assessment of the split of staff between the different worker types will be completed before the equipment is rolled out.

Another requirement for mobile working is to ensure effective and reliable communication tools for our staff when they are working remotely. Skype For Business (SfB) is used for limited purposes currently, providing staff with an instant messaging tool and visibility of colleagues when away from the office by using Presence facilities. The planned use of SfB as our unified communications tool will provide staff with softphone capability, improved collaboration tools, options to share documents, sharing screens from any device, video conferencing, etc. Arrangements for IM and presence are especially important when flexible working is implemented as they help to remove any burden on staff left in the office who could potentially see a rise in the number of calls they are taking if ‘covering’ for colleagues who are working flexibly.

Finally, we will also continue the implementation of Microsoft SharePoint as part of the Office 365 project. This tool will allow the use of a corporate Cloud based store of documents, which would be accessible from any device from any location with a wi-fi or 3/4G signal; supporting the aspiration for 'anytime, anywhere' access – location independent working. Because of the model of centralised storage using SharePoint, staff will be confident that the document they are accessing is the most up to date and authorised version. This also assists with effective data management and version control for compliance.

With the potential growth in flexible working, consideration should be given to a facility to keep staff in contact with colleagues regardless of where they are working, including instant messaging to provide a quick informal information exchange. This could be provided by commercial tools such as Yammer or Facebook Workplace, which can be implemented at relatively low cost and with little technology or support overhead. The features these tools bring include:

- Internal chat groups;
- Following colleagues or project teams to receive instant updates;
- Informal messaging feature;
- Live streams of events;
- Video and photo content to enhance messaging;
- Consultation on topics;
- Event management; and
- Office integration

An internal communication tool will deliver more immediate messaging, particularly from the senior management when a message needs to reach all staff quickly. It will also significantly reduce informal e-mail traffic and the storage associated with the saving of multiple attachments sent to multiple staff and the return of multiple updated versions. With a more mobile workforce, our staff will inevitably spend less time in the office and with that comes an increased need to be able to get key messaging to them quickly and to ensure they don't feel isolated or become unaware of corporate messaging. The use of a corporate tool with forums, chat, comments, etc. will help to keep field staff, part-time staff or those absent, updated with news.

An important consideration of agile working is that as more data and applications are stored in the cloud, we become more reliant on internet connectivity. In the majority of locations, our staff will either have wi-fi or 3G / 4G access and will therefore have full connectivity. However, there may be occasions, in the more remote areas of our district, where coverage is poor and live systems cannot be accessed. Most application providers recognise the importance of this issue and have factored in off-line access into their applications. This allows access to cached data and the temporary local recording of updates until connectivity is achieved and the live systems can be updated. We will ensure that the specifications for any new software procurements include the requirement for offline system access.

The implementation of remote working facilities will be a corporate project, as it touches upon many aspects of the business, including HR, organisational cultural, accommodation changes as well as ICT issues. It is therefore imperative that each of these areas is represented on the project team and ICT is fully consulted to ensure technical issues are fully evaluated.

We will:

- Form a new agile working project team to commence the project with the involvement of all areas of the business and ICT;
- Continue with the implementation of Microsoft Office 365; including the use of Skype for business and SharePoint to support agile working / corporate softphone rollout;
- Complete a profile analysis of our staff to ensure each is provided with suitable IT equipment to support the way they deliver their role (fixed, flexible, field, etc.); and
- Implement an internal social media tool to maintain communication within a more flexible workforce

2.3.4. Customer Services

Many of the actions in this strategy are designed to help us deliver excellent customer services. This includes offering advanced on-line facilities which customers can choose to use at times convenient to them, and delivering services through a variety of methods, including in customers' homes, in the field, through social media, etc. At present, the self-service facilities offered to our customers via the website are provided through either the use of on-line forms (Achieve Forms) or through third party websites (such as Civica to take customer payments).

The development of excellent customer services is clearly linked to the delivery of omni-channel services and agile working covered earlier in this strategy.

Although a refresh of the corporate website has recently been completed, we will review the services available on the website to ensure the Internet becomes the preferred contact method for customers to use (as seen recently with the shift in delivery approach to charging for the collection of green waste). As our customers' familiarity with web services grows, a fully functional and smooth-running website is a fundamental service offering they would expect, having enjoyed the benefits in other aspects of their lives such as banking, insurance, retail, etc.

We will ensure that any new services offered on the website will meet the existing 'mobile-responsive' standards adopted by the organisation, meaning that they display correctly on small screen mobile devices.

Moving more contact to on-line transactions brings benefits for us as a business and for our customers. Customers will be able to access speedy, reliable and consistent services which are available at times of the day to suit them. The benefit to us is that we can reduce our transaction costs and improve customer satisfaction rates through the delivery of reliable and consistent services.

If we shift services into a more commercial framework, it introduces even greater reliance on information and technology as customers will rightly expect an enhanced level of service where they are paying for it separately. All new services which are being considered in this way should be established as an on-line service by default allowing customers to commission the service, pay for it, manage it and cease it all without staff intervention. This will be a key decision to ensure that customers receive cost-effective and efficient services and that resistance is minimised. Alternate channels for those who are IT excluded will need to be supported by exception.

Feedback from staff interviews shows that we currently manage enquiries from customers requesting or reporting on services which are in fact provisioned by the County Council or other third-party agents. Improvements should be made to digital channels (website, app, social media, etc.) which make it clear what the responsibilities are for each party and, where possible, effective signposting of services should exist between sites. Arrangements can also be implemented using enhanced contact centre facilities which signposts customers for core services prior to an agent acknowledging the contact.

As well as providing improved on-line facilities, we will complete a project to understand what the barriers are which are preventing more customers from using on-line facilities. These barriers will need to be removed to allow greater volumes of access through digital channels. We cannot leave those customers who cannot use e-services behind and we do all we can to help improve customers' on-line skills as this not only benefits the organisation but will also give these people new skills to enhance their everyday lives. This does not mean that we need to invest in the skills uplift, but rather be able to sign-post our customers to other services readily available in the community provided by third-party (often Government funded) agencies.

Customer digital access segmentation

Initially we will focus on promoting and incentivising customers who can be defined as being in segments 1 and 2 above and sign post those in segment 3 to increase the flow of customers through 2 and 3 into segment 1. Customers in segment 4 will require a different level of service which will often be non-digital and we will be able to enhance the service to these customers by redistributing resources which have been released by customers adopting self-service channels.

The national picture shows that as well as a general increase in internet usage, there has been a change in the method the public use to access digital services away from PCs to the use of smartphones and tablets. To respond to this, we will consider the creation of a new mobile app to sit alongside the corporate website, which will give access to services from smartphone and tablet devices in a true omni-channel approach. The app will be available across the most common platforms and will allow customers to access key services in a simple, user friendly way and at times convenient to them. Although our website is mobile responsive and will resize to suit the device being used, there is still the potential to develop a mobile app alongside this. An app will be able to exploit a device's hardware, to make full use of location-based information, or to provide functionality that doesn't rely on a permanent web connection. However, we are aware that an app has to have a clear and defined use and needs to provide services that people would come back to use multiple times (to justify the time for a customer to download the app and to retain it on their device). We will not build an app which simply mirrors our website's functionality – serving up static information. That functionality will be provided by our mobile responsive web page.

Examples of app usage include details of waste collections, news, reporting (street lights, graffiti, etc.), parking, bookings, updates of applications, etc. Whilst the continues to be a debate on the benefits of apps versus responsive mobile websites, research shows that user behaviours lean towards mobile apps (in particular on smaller screen devices) and most digital leaders – Amazon, eBay, PayPal, Facebook, Twitter, etc. – report a continued uptake in app usage. This familiarisation for customers may increase the speed of take up of our digital offering.

Longer term, customer will start to use new technologies such as artificial intelligence (AI) and virtual reality (VR) to access services. Whilst new to the market, products such as Amazon Alexa, Google Home and Apple HomePod are gaining adoption at a customer level and application developers are diverting significant investment into developing integration for these products. These will further breakdown customer barriers as they will be able to speak their request as opposed to having to access technology and use traditional keyboard input. We will start to future-proof the investment in ICT by building in these forms of future requirements and testing suppliers' roadmaps to determine the opportunities that will become available during the lifetime of this strategy.

To further support plans for improved on-line facilities, we will also consider more self-help tools for customers, such as publishing short videos for some of the most common questions asked. As customers are becoming more familiar with this facility in other walks of life, they will expect it from their local authority. Again, the benefit of this will be that customers have immediate access to advice at a time that suits them, and the volume of routine calls handled via phone, e-mail and face to face would reduce.

We will:

- Continually review on-line services to ensure facilities exist for the highest demand services;
- Ensure the ICT facilities we provide support our corporate approach to delivering excellent customer services, by allowing enquiries to be answered at first point of contact and supporting customer self-service;
- Develop and launch a new customer app to provide a more accessible channel for customers;
- Provide short instructional videos for customers to ‘self-help’ in suitable areas; and
- Work with the business and customers to identify barriers to on-line take-up and progress actions which are IT related.

2.3.5. ICT Governance

Part of the work completed to research this strategy has been to evaluate the ICT service and its effectiveness in providing and supporting ICT facilities. The conclusion is that the team is helpful, friendly and supportive; dedicated to keeping ICT services available for colleagues. However, day to day support of ICT facilities is not the only important aspect to the business. Equal importance needs to be placed on the future development of ICT to ensure it continues to be fit for purpose and keeps pace with business requirements. We have traditionally lacked strategic thinking within the service, which presents a danger that the business will stand still and fall behind with technology, resulting in an unplanned and irregular investment in the service, which would be inefficient in the long run.

As part of having a more ‘planned’ approach to service delivery, our ICT team must have regular and effective contact with the service areas they support. The picture gained through staff consultation is that, the organisation has not fully developed that relationship, which has resulted in neither understanding the pressures or priorities of the other, causing uncoordinated effort and at worse, conflict. We will look to improve the business liaison aspect of the ICT team to provide effective links to service teams to help both parties have a better understanding of the context they are working within. Consideration will be given to a defined role(s) of ‘business analysis’ which will act as the vehicle to deliver a business partnering model.

The way projects are managed within ICT and more widely across the business will be significantly improved by the introduction of the new project management processes. This new approach will undoubtedly improve how effectively the ICT team are able to support or deliver projects by addressing the following issues:

- Lack of understanding of project progress by stakeholders;

- No strategic approach to implementing projects – unclear links to corporate priorities and between individual projects;
- Lack of liaison with ICT and project initiation;
- Changing / conflicting priorities within the overall programme of projects;
- Lack of formal project management disciplines;
- Lack of formal / coordinated business case sign-off or project closure process;
- Unclear ownership of projects; and
- No process for measuring the business benefits

Our ICT service must be fully involved with the strategic decision making across the Council. Without this involvement, there is the danger that ICT aspects of a business led project will be an after-thought and the team will only be consulted about the technical and ICT resource implications of planned projects when it is too late. With regular involvement, the success of projects and the integration of ICT into wider business developments is more likely.

A formal review of our ICT team was not included within the scope of this strategy. However, we will undertake an independent appraisal of the service and structure to ensure it is fit for purpose in terms of supporting effective services and for developing the projects identified. It is expected that any new structure will formally distinguish between strategic project development work and day to day support roles and will also build improved links with business teams to make sure those teams are aware of the ICT context and vice versa.

The review will need to ensure there is a business analyst role within ICT to work closely with business teams to make sure new technologies are being considered. A key responsibility will be to have an external view of the ICT market and be able to identify best practice from within or outside the sector and to consider new proposals from software suppliers.

As well as a review of the ICT structure, further changes will be made to the way the ICT team operates. These changes will make sure ICT is an efficient and professional service comparable to other high performing providers and commercial ICT service suppliers. Examples of the improved measures to be considered will include:

- Wider adoption of formal service standards, which the business can monitor progress against and report on;
- Introduction of a greater number of automated tools for business users to use (such as password resets, incident reporting self-service, equipment ordering, etc.);
- Formalised change management processes to ensure rigorous control over proposed and approved change;
- Implementation of a configuration management database (CMDB) to give an accurate picture of the IT assets used; and

- More disciplined approach to IT procurement to provide a consistent approach which will ensure value for money is being achieved

Our ICT staff have recently completed ITIL Foundation training qualifications and we are using this as an opportunity to begin to compare the ‘as is’ processes with ‘to be’ process models in order to update the existing data flow models. ITIL service management terminology is planned to be introduced across the organisation.

An overall training plan for our ICT service is being developed to cover the next 18 months. The teams’ current level of capability will be mapped back to the SFIA model (‘Skills Framework for the Information Age’) and appropriate training for the ‘to be’ roles will be delivered based on the proposed model of support.

We will:

- Ensure ICT Management review and approve all project proposals before authorisation;
- Complete an independent review of the ICT team roles, skills and responsibilities to ensure it is fit for purpose as this strategy is implemented including a skills audit;
- Introduce an effective business/ICT governance structure;
- Implement a more disciplined approach to ICT service delivery in line with industry best practice; and
- Continue with the development of the training plan for the ICT service

2.3.6. Technology Changes

A high-level review of our technology environment has been broken into the component parts below, to show the existing arrangements and the issues identified. A more detailed assessment of cloud computing and the potential benefits has also been completed and is shown separately.

Overall, our current infrastructure is becoming aged, with several components approaching ‘end of life’. It is already recognised that renewal of equipment is required to provide on-going protection to malware attacks and provide the infrastructure to support both digital development and business as usual activities.

Below is a summary of the key technology areas considered as part of this review:

Servers

The current server deployment is working well but is approaching capacity. We currently use a combination of Dell M620 and M630 blade servers in a Dell chassis as the main server infrastructure, hosting over 130 virtual servers deployed over six physical/host servers. It has been identified that we need to increase the server farm by at least three additional servers to allow for anticipated growth and development. However, this will potentially impact licencing and application requirements and will have to be further considered in line with future requirements and the commitment to our Cloud First Strategy. A full IaaS review will be undertaken to determine the extent of financial and efficiency benefits that may be achieved prior to any further investment in the on-premise solution, especially given the likely changes to the applications portfolio and delivery methodology – Cloud First.

From a capacity point of view, it is likely that this increase will address known and expected requirements for the next two to three years, although our expectation is that this may deliver for up to five years which needs further consideration given the ambitions of this strategy.

Five years would be the maximum life, as from this time the chassis will be out of support and will therefore represent an avoidable risk for the Council. This is a shared environment and it is expected that North Kesteven District Council will be provisioning equipment on a joint basis.

In line with the recommendation for a cloud-first strategy, the Council will continue to explore suitable Cloud based alternatives.

Storage

We have three EqualLogic SANs used for the storage of data and file stores. The current SAN deployment is reliable and is delivering against requirements but is at capacity and is oversubscribed. This will limit creation of new servers and growth of existing file stores. As with the servers, we are looking to increase the number of SANs by two for additional capacity and growth, with similar benefits accruing to those related to the servers as detailed above. As mentioned above, this will be considered as part of the business case for a full IaaS solution.

Cloud

Our vision is to continue to adopt Cloud solutions as the default option and have recognised that this will have a significant impact on the current server and storage infrastructure.

A detailed analysis of Cloud computing, including the risks and opportunities is covered earlier in this report.

End User Devices

We have adopted a ‘one device fits all’ user device policy based on a five-year device refresh cycle. The last hardware refresh was undertaken in 2013, with the next refresh of devices due to be implemented from 2018/19 onwards.

Our policy supports the recommendation to have a flexible working environment where staff can work from any device; secure in the knowledge that each work station is set up in exactly the same way. This gives staff a consistent approach to docking and using their device. Additionally, it minimises the number of different devices that require support.

Our estate currently comprises Samsung laptops and a small number of Microsoft Surface devices. All Samsung devices were purchased in 2013 with the Surface tablets bought more recently. The Samsung devices are now showing signs of age and some have had to be replaced with in-house stock. However, that stock is now depleted; and we are going to have to consider a re-stock of 'new' technology very shortly to replace broken kit.

Email and Microsoft

We have commenced a programme to deploy Office365 and SharePoint Online across the user base of approximately 260 staff for email and file sharing/collaboration. This is in line with the Cloud First strategy and is commonplace amongst Local Authorities and is supported as a strategic direction.

Telephony

We utilise the Cisco Call Manager platform which is licensed for approximately 450 named users. The maintenance contract for this expires in February 2018 and new licence arrangements are in the process of being procured to satisfy immediate support and maintenance requirements and give the potential to improve contact centre functionality, omni-channel contact and agile working developments.

We currently use Microsoft Skype for Business (SfB) for Instant Messaging and Presence. As part of the programme mentioned in 4.3.3 we are migrating this to Office 365. Traditionally SfB and Cisco have not worked well together despite both Microsoft and Cisco reassurances. We will therefore identify an experienced and reliable system integration partner who can properly integrate these products.

We currently utilise a Cisco Contact Centre Express platform for Customer Service and this is licensed for 40 concurrent agents. The maintenance contract for this also expires in February 2018.

External telephony network services are provided by a single ISDN30 circuit, which carries incoming and outgoing calls. We are planning the implementation of SIP trunks as a replacement to the existing ISDN30 circuit in May 2018 This is expected SIP to save us 40-60% compared to ISDN and will provide greater resilience.

Mobiles – 168 mobiles are mainly provided by KCOM on the EE network, these currently have limited data connectivity. The contract for these mobiles expires in February 2018 and a procurement has therefore been undertaken to select an alternative provider on the EE network.

Management and Support – We have adopted an in-house model for the management and support of our telephony, UC telephony and Contact Centre, with enhanced support, where required, available from the maintenance supplier.

In line with our cloud-first policy, in the medium term, we will be developing a telephony strategy, business case and subsequent procurement process to move both telephony and contact centre facilities to the cloud. The requirements specification will be based upon our changing requirements for telephony / mobility and customer services as detailed in this Strategy.

Work is currently underway to develop our existing telephony contact centre solution into one which is more attuned to our omni-channel objective. This will introduce a number of new channels including webchat, SMS, email, etc. and will enable us to establish an understanding of customer uptake and preferences to inform our longer-term telephony, contact centre and channel strategy. Alongside of this development, we will be further deploying Skype for Business introducing softphone access for desktop usage extending out to mobile users supporting agile working processes.

Until the details of the future telephony strategy are agreed, we will only commit to what is deemed essential expenditure on existing services and equipment which may have a limited life.

Cloud Approach

We have already established a 'cloud consideration approach' and we endorse an approach which tactically deploys cloud services where these are justified through business cases. For example, the decision to move key components of Microsoft Office 365 and providing some security services such as e-mail scanning and wireless access point management in the cloud is a future proof solution.

However, not every cloud solution is right for every situation, and although we will be adopting a 'cloud first' strategy, we consider it sensible to construct a comprehensive business case which considers ongoing costs and risks and the appropriateness of the service to the business before embarking on a 100% cloud service strategy.

The IT marketplace is constantly evolving both in terms of technologies and their relative costs. It is usual to verify assumptions for the optimum architecture through a soft market test that will provide more detailed analysis of the technology alignment, cost and associated risks of the various options which could be available to us.

Soft Market Testing

Prior to any large-scale future infrastructure refresh and investment, and to test value for money and ensure that other new technologies have been fully considered, we will undertake a soft market test exercise. This should consider a five-year TCO model to provide a true comparison of upgrade and replace options, including alternative delivery models. It will consider which technologies will provide the most reliable and resilient services and will allow us to future-proof its IT infrastructure for the short to medium term.

This soft market testing is an initial investigative exercise which would then inform a formal tender procedure for the components and professional services required for a broader infrastructure refresh programme. The tender process would also be simplified as the evidence from the soft market test would allow us to be very prescriptive about our requirements with good evidence for the rationale should the assumptions for the tender specification be challenged.

Whilst the current Cloud policy is serving a purpose, it is still a tactical approach which is understandable given the infancy of the available solutions when the last Strategy was written. It is now time to make the Cloud First Strategy a true strategic approach in line with a number of application reviews and procurements so that we can ensure that our investment in Cloud is coherent and joined up. This would provide the foundation and building blocks for all future Cloud provisioned services.

We will:

- Adopt a 'cloud first' policy for the replacement or upgrade of any servers, storage or applications as the opportunity arises;
- Prior to procurement, construct business cases for cloud / hosted / hybrid solutions when we replace an existing or implement a new application. This would take into account cost benefits as well as requirements for high availability / support;
- Consider the effects of moving to cloud and the need for predominantly OpEx funding when developing future budgeting and financial modelling for our IT services;
- Complete a fully costed appraisal / soft market test of a Private Cloud model as an alternative to an infrastructure refresh;
- Continue with the on-going deployment of Office 365 / SharePoint in line with the Cloud First Strategy;
- Develop a telephony strategy in line with increases in customer self-service and omni-channel delivery requirements and test the market for suitable cloud-based solutions*; and
- Deploy end user devices which supports the requirements for agile working detailed elsewhere in this document

**The telephony strategy will be developed early on in the strategy to ensure all other projects have a reference point. This strategy will be reviewed in 2020 prior to the procurement of a new solution at the end of the current contract.*

3. Appendix A - Background to Cloud Computing

3.1. WLDC – Cloud First

WLDC already has a Cloud Strategy which has established the principles of migrating solutions and services to the Cloud in a tactical manner rather than making a wholesale shift to the Cloud. This is a sensible approach based upon the current IT environment at WLDC but the recommendations of this strategy will put more emphasis on the pace of migration to Cloud services.

Below are a series of considerations that WLDC will continue to consider when making additional investment in ICT services in particular, those which may be customer facing or deployed to enable an agile working environment.

3.2. Definition

The concept of Cloud solutions is derived from multi-tenanted platforms which can be shared by multiple organisations with diverse IT requirements. Typically, these may be:

- Infrastructure as a Service (IaaS), sometimes called Platform as a Service, which is a replacement of the organisation's core servers and storage by a shared Cloud system located in a supplier's managed data centre. In this case the customer's business applications are contracted as normal and then loaded onto the Cloud service rather than the customer's own infrastructure;
- Software as a Service (SaaS), or Application as a Service, where both the application and the infrastructure on which it resides is provided by the supplier and the customer "consumes" the application without any requirement to purchase or support the infrastructure separately.

3.3. Discrete Services

Within these general categories there are a number of other Cloud services such as:

- Backup as a Service where backups are pushed down an Internet connection to the supplier and the customer has no responsibility for the maintenance of the backup media.
- DR as a Service where the customer owns a minimal number of assets for DR and the full service is then commissioned (and paid for) when DR is invoked. Typically, a customer will replicate to a customer-owned SAN in a remote data centre and will then commission servers using an IaaS model when required.
- Security as a Service where various security services are provided by the supplier on shared infrastructure; these may include firewall,

intrusion detection, threat management, web filtering, mail scanning, etc.

- Desktop as a Service: Provision of thin desktop (e.g. Citrix) services within the Cloud.
- Email as a Service: Provides the management of the corporate Exchange server with ancillary services such as email scanning.
- Telephone and/or Contact Centre as a Service: Cloud based telephone and contact centre solutions. An example of the telephone service is Microsoft Skype for Business which can be licensed as part of Office 365.

3.4. Public Cloud Services

"Public" Cloud services are so called because they are services which are commercially available to any organisation and on any multi-tenanted platform there will be small and large organisations across all market sectors.

3.5. Infrastructure as a Service (IaaS)

IaaS is typically provisioned using "Public Cloud" services which are widely available in the commercial marketplace such as Microsoft Azure and Amazon Web Services (AWS). Typically, the charging model for these services is typically based on consumption, i.e. server/processor capacity used and disk storage consumed.

3.6. Software as a Service (SaaS)

SaaS services are gaining very considerable momentum for the delivery of specific applications. Driving this is the rapidly increasing popularity of Microsoft Office 365 for both business and personal use.

A wide range of applications are available through the SaaS model and in many cases (such as Microsoft Office) cloud-based licensing is becoming the standard commercial model. Some organisations are deploying SaaS for financial accounting systems, Customer Relationship Management (CRM) and a number of niche products, particularly around customer profiling, are specifically provided as cloud services.

Care needs to be taken when commissioning SaaS services that solutions can integrate, particularly where applications may be provided by different SaaS cloud providers of SaaS solutions and need to integrate with applications which are hosted internally.

Agenda Item 6c

Corporate Policy and Resources Committee
14 June 2018

Subject: Annual Report on the Treasury Management Service and Actual Prudential and Treasury Indicators 2017/18

Report by:	Strategic Finance and Business Support Manager (Deputy S151) Tracey Bircumshaw
Contact Officer:	Tracey Bircumshaw Strategic Finance and Business Support Manager (Deputy S151) 01427 676560 tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	This annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity during 2017/18 and the actual Prudential Indicators for 2017/18.

RECOMMENDATION(S):

1 - To accept the Annual Treasury Management Report for 2017/18 along with the actual Prudential and Treasury Indicators;

2 - To recommend the above to Council for approval.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial: FIN/54/18/TJB None arising from this report.

Staffing: None arising as a result of this report.

Equality and Diversity including Human Rights: None arising as a result of this report.

Risk Assessment: This is a monitoring report only.

Climate Related Risks and Opportunities: This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report: **None.**

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)	**Yes**		**No**	**x**

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**		**No**	**x**

Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council - March2017)
- a mid-year, (minimum), treasury update report (Corporate Policy and Resources Committee - November 2017)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

In addition, the Corporate Policy and Resources Committee has received quarterly treasury management update reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee for the annual Treasury strategy and the Mid-Year and Annual Review by the Corporate Policy and Resources Committee before they were reported to the full Council. Member training on treasury management issues was undertaken during the year in January 2018 in order to support members' scrutiny role.

Executive Summary

During 2017/18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2016/17 Actual £000	2017/18 Original Budget £000	2017/18 Actual £000
Capital expenditure	2,584	20,130	6,534
Capital Financing Requirement:	1,219	18,632	4,714
Gross borrowing (External)	0	14,527	0
Finance Lease	128	122	32
Investments			
• Longer than 1 year	2,000	2,000	3,000
• Under 1 year	16,600	7,533	12,200
• Total	18,600	9,533	15,200
Net borrowing	(18,472)	5,116	(15,168)

The capital programme saw a significant re-profiling of the 2017/18 budgets to future years for schemes which are being delivered over the medium term.

Other prudential and treasury indicators are to be found in the main body of this report.
The Director of Resources also confirms that prudential borrowing was only undertaken for a capital purpose, however no external borrowing has been undertaken, as the Council utilises available cash balances at this time, and the statutory borrowing limit, (the Authorised Limit), was not breached.

The financial year 2017/18 continued the challenging investment environment of previous years, namely low investment returns.

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. **The Council's Capital Expenditure and Financing 2017/18**

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m General Fund	2016/17 Actual £000's	2017/18 Revised Budget £000's	2017/18 Actual £000's
Capital expenditure	**2,584**	**12,719**	**6,534**
Financed in year by:			
Capital Receipts	405	905	344
Capital grants/Contributions	660	1,786	634
Revenue	1,484	2,095	1,786
Leases	0	0	0
S106	0	158	160
Prudential Borrowing	35	7,775	3,610

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2017/18 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2017/18 MRP Policy, (as required by MHCLG Guidance), was approved as part of the Treasury Management Strategy Report for 2017/18 in March 2017.

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

CFR General Fund	31 March 2017 Actual £000's	31 March 2018 Revised Budget £000's	31 March 2018 Actual £000's

CFR General Fund	31 March 2017 Actual £000's	31 March 2018 Revised Budget £000's	31 March 2018 Actual £000's
Opening balance	1,407	1,219	1,219
Add adjustment for the inclusion of on-balance sheet leasing arrangements and Prudential Borrowing	35	7,775	3,610
Less MRP/Finance Lease Repayments	(223)	(221)	(114)
Closing balance	**1,219**	**8,773**	**4,715**

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2017/18. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2017 Actual £000's	31 March 2018 Budget £000's	31 March 2018 Actual £000's
Prudential borrowing position	£350	£7,775	£3,610
CFR	£1,219	£8,773m	£4,715

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2017/18 £000's
Authorised limit	£31,680
Maximum gross borrowing position	£46,011
Operational boundary	£9,000
Average gross external borrowing position	£0
Financing costs as a proportion of net revenue stream	0.06%

- Treasury Position as at 31 March 2018

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2017/18 the Council's treasury, (excluding borrowing by finance leases), position was as follows:

TABLE 1	31 March 2017 Principal £000's	Rate/ Return	Average Life yrs	31 March 2018 Principal £000's	Rate/ Return	Average Life yrs
Total debt	**0**	**0%**			**0%**	
CFR	**1,224**			**4,715**		
Finance Lease Liabilities	**128**			**32**		
Over / (-)under borrowing	**-1,096**			**-4,683**		
Investments:						
- in house	18,600	1.59%		15,200	1.21%	
Total investments	**18,600**			**15,200**	**1.21%**	

	31 March 2017 Actual	2017/18 Original Limits	31 March 2018 Actual
Ratio of Financing Costs to Net revenue Stream	**1.27%**	**5.99%**	**0.06%**
Increase/Reduction (-) in Council Tax (band change per annum)	**-£1.44**	**-£10.62**	**£1.96**

The maturity structure of the investment portfolio was as follows:

	2016/17 Actual £000's	2017/18 Budget £000's	31 March 2018 Actual £000's
Investments			
Less than 1 year	16,635	9,533	12,207
More than 5 years	2,183	3,000	3,272
Total	**18,818**	**12,933**	**15,479**

Investment and borrowing rates

- Investment returns remained low during 2017/18 but were on a gently rising trend in the second half of the year.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the year. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure.
- A cost of carry remained during the year on any new long-term borrowing as it would have caused a temporary increase in cash balances which would have incurred a revenue cost – the difference between borrowing costs and investment returns.

Borrowing strategy

The Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure. This strategy was prudent as investment returns were low and counterparty risk was still an issue that needed to be considered.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Resources therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks.

- As it was not felt that there would be a significant risk of a sharp rise in long and short term rates, long term borrowings have been postponed however the situation is appraised as we incur more capital expenditure.

The exposure to fixed and variable rates was as follows:

	31 March 2017 Actual	2017/18 Original Limits	31 March 2018 Actual
Fixed rate (principal or interest) based on net debt	**100%**	**100%**	**100%**
Variable rate (principal or interest) based on net debt	**75%**	**75%**	**75%**

3. The Strategy for 2017/18

The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31.3.2020. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

4. The Economy and Interest Rates

UK. The outcome of the EU referendum in June 2016 resulted in a gloomy outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. This gloom was overdone as the UK economy turned in a G7 leading growth rate of **1.8% in 2016**, (actually joint equal with Germany), and followed it up with another **1.8% in 2017**, (although this was a comparatively weak result compared to the US and EZ).

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The **MPC meeting of 14 September** provided a shock to the markets with a sharp increase in tone in the minutes where the MPC considerably hardened their wording in terms of needing to raise Bank Rate very soon. The **2 November MPC quarterly Inflation Report meeting** duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. Market debate then moved on as to whether this would be a one and done move for maybe a year or more by the MPC, or the first of a series of increases in Bank Rate over the next 2-3 years. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the two to three year time horizon. So this all seemed to add up to cooling expectations of much further action to raise Bank Rate over the next two years.

However, GDP growth in the second half of 2017 came in stronger than expected, while in the new year there was evidence that wage increases had started to rise. The **8 February MPC meeting** minutes therefore revealed another sharp hardening in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%. (CPI inflation ended the year at 2.7% but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for **equity markets**, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, replicating similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets. However, **sterling** did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The **manufacturing sector** has been the bright spot in the economy, seeing stronger growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

EU. Economic growth in the EU, (the UK's biggest trading partner), was lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of quantitative easing to stimulate growth. However, growth eventually picked up in 2016 and subsequently gathered further momentum to produce an overall GDP figure for 2017 of 2.3%. Nevertheless, despite providing this massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in March, inflation was still only 1.4%. It is, therefore, unlikely to start an upswing in rates until possibly towards the end of 2019.

USA. Growth in the American economy was volatile in 2015 and 2016. 2017 followed that path again with quarter 1 at 1.2%, quarter 2 3.1%, quarter 3 3.2% and quarter 4 2.9%. The annual rate of GDP growth for 2017 was 2.3%, up from 1.6% in 2016. Unemployment in the US also fell to the lowest level for 17 years, reaching 4.1% in October to February, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has been the first major western central bank to start on an upswing in rates with six increases since the first one in December 2015 to lift the central rate to 1.50 – 1.75% in March 2018. There could be a further two or three increases in 2018 as the Fed faces a challenging situation with GDP growth trending upwards at a time when the recent Trump fiscal stimulus is likely to increase growth further, consequently increasing inflationary pressures in an economy which is already operating at near full capacity. In October 2017, the Fed also became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in reinvesting maturing debt.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan. GDP growth has been improving to reach an annual figure of 2.1% in quarter 4 of 2017. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, although inflation has risen in 2018 to reach 1.5% in February. It is also making little progress on fundamental reform of the economy.

Graphs showing growth and inflation are contained at appendix 1.

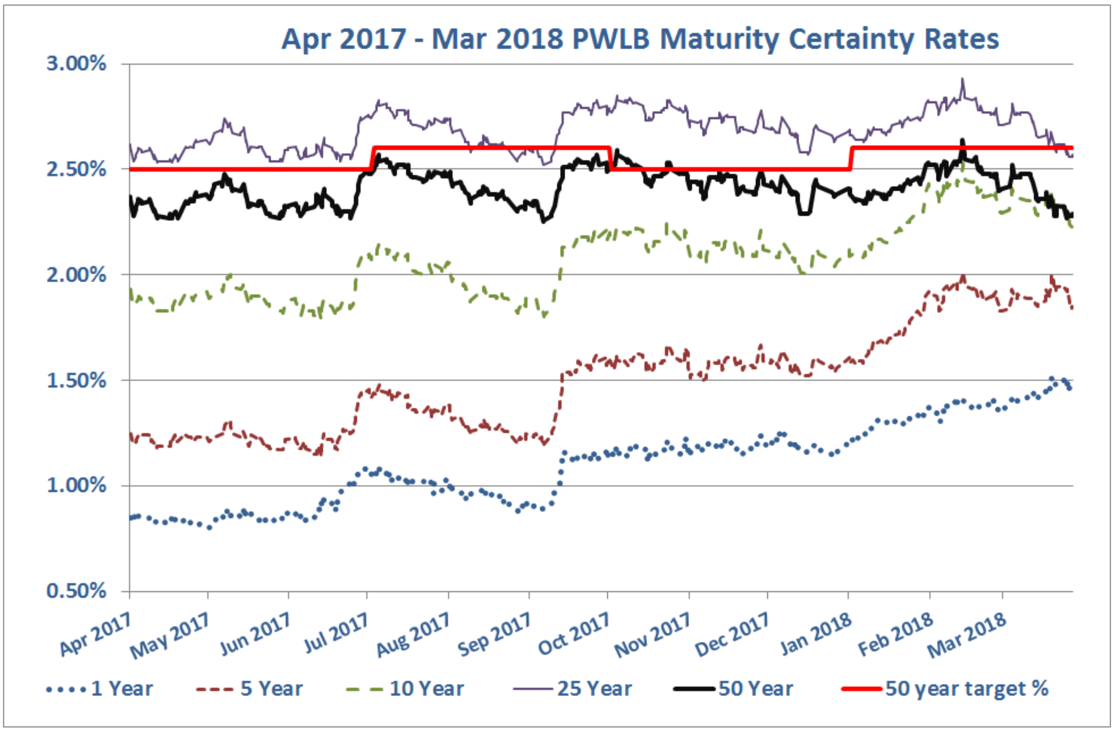
5. Borrowing Rates in 2017/18

PWLB certainty maturity borrowing rates

As depicted in the graph and tables below and in appendix 2, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

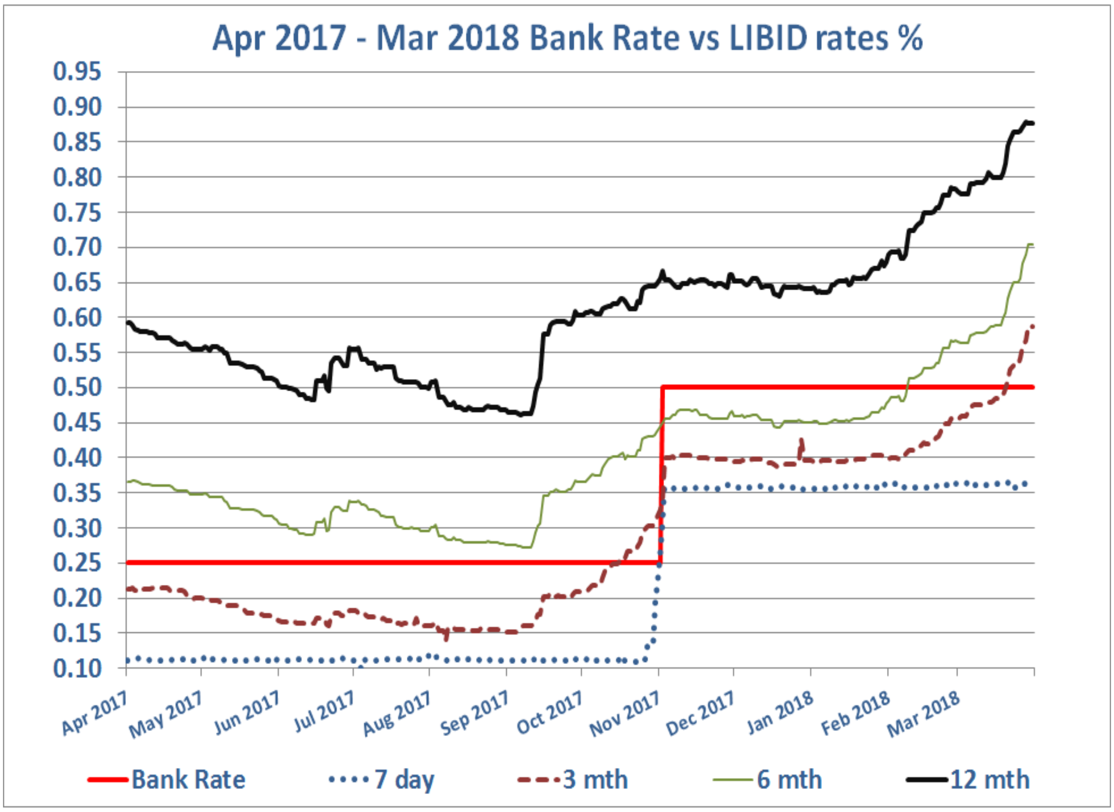
During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graphs and tables for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



6. Investment Rates in 2017/18

Investment rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March.
Bank Rate was duly raised from 0.25% to 0.50% on 2.11.17 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28.2.18.



7. Investment Outturn for 2017/18

Investment Policy – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council in March 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, there was one breach where the approved maximum amount invested (£2m) was exceeded by £0.5m. Funds were not considered at risk and have been returned including interest earned.

Resources – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources	31 March 2017 £000's	31 March 2018 £000's
Balances	**4,838**	**3,914**
Earmarked reserves	**13,334**	**12,635**
Provisions	**928**	**935**
Usable capital receipts	**2,896**	**3,016**
Total	**21,996**	**20,500**

Investments held by the Council - the Council maintained an average balance of £21.288m of internally managed funds. The internally managed funds earned an average rate of return of 1.215%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.21%. This compares with a budget assumption of £21m investment balances earning an average rate of 1%.

8. Other Issues

1. Revised CIPFA Codes

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. One recommendation was that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury investments.

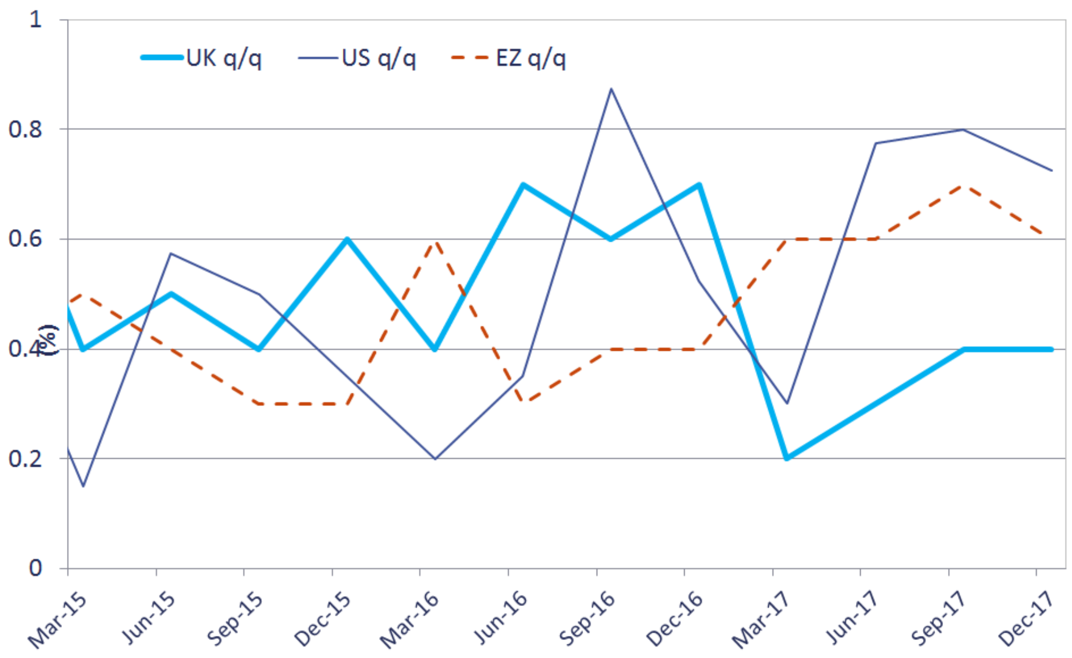
Based on the latest guidance and new Codes, officers reported to members in March 2018, as part of the Medium Term Financial Plan which contained within the Capital Investment Strategy the strategy for Non-Treasury Investments, ie investments in Commercial Properties, in addition reference was made in the Treasury Management Strategy and MRP Policy for 2018/19 onwards

2. Markets in Financial Instruments Directive II (MiFID II)

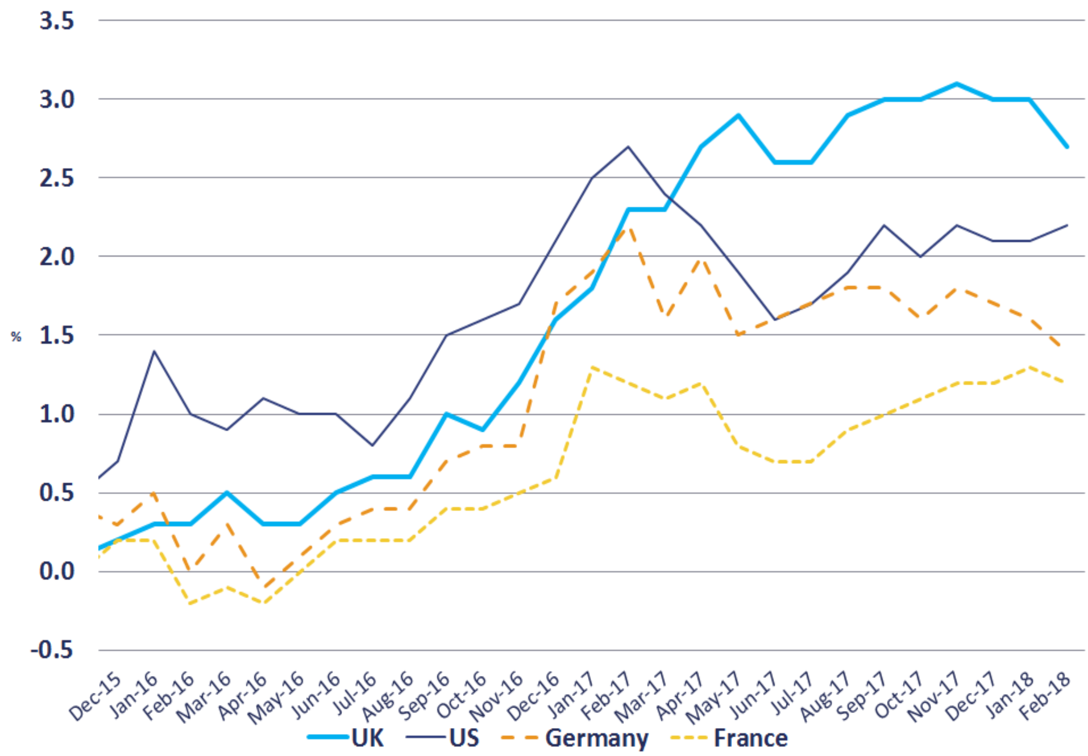
The EU set the date of 3 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This has had little effect on this Authority apart from having to fill in forms sent by each institution dealing with this Authority and for each type of investment instrument we use, apart from for cash deposits with banks and building societies.

Appendix 1: Graphs

UK, US and EZ GDP growth

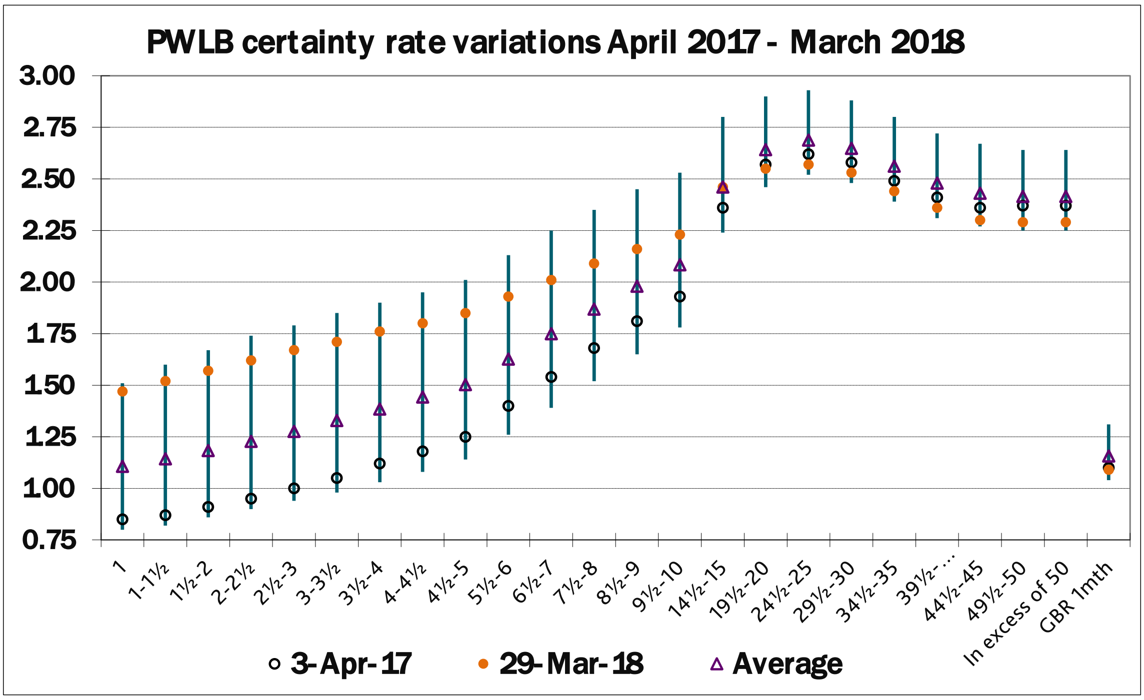


Inflation UK, US, Germany and France



Appendix 2: Borrowing and investment rates

Please find below supplementary graphs and tables which clients may wish to use. The PWLB rates are based on the maturity debt certainty rate.



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
3/4/17	0.850%	0.870%	1.000%	1.120%	1.250%	1.930%	2.620%	2.370%	1.100%
29/3/18	1.470%	1.520%	1.670%	1.760%	1.850%	2.230%	2.570%	2.290%	1.090%
High	1.510%	1.600%	1.790%	1.900%	2.010%	2.530%	2.930%	2.640%	1.310%
Low	0.800%	0.820%	0.940%	1.030%	1.140%	1.780%	2.520%	2.250%	1.040%
Average	1.107%	1.143%	1.276%	1.384%	1.503%	2.083%	2.688%	2.415%	1.157%
Spread	0.710%	0.780%	0.850%	0.870%	0.870%	0.750%	0.410%	0.390%	0.270%
High date	21/03/2018	21/03/2018	21/03/2018	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018	21/03/2018
Low date	03/05/2017	03/05/2017	30/05/2017	15/06/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017	04/04/2017

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/17	0.85%	1.25%	1.93%	2.62%	2.37%
31/3/18	1.47%	1.85%	2.23%	2.57%	2.29%
Low	0.80%	1.14%	1.78%	2.52%	2.25%
Date	03/05/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017
High	1.51%	2.01%	2.53%	2.93%	2.64%
Date	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018
Average	1.11%	1.50%	2.08%	2.69%	2.41%

Money market investment rates 2017/18

	7 day	1 month	3 month	6 month	1 year
1/4/17	0.111	0.132	0.212	0.366	0.593
31/3/18	0.364	0.386	0.587	0.704	0.878
High	0.366	0.390	0.587	0.704	0.879
Low	0.099	0.122	0.140	0.273	0.461
Average	0.215	0.233	0.286	0.401	0.606
Spread	0.267	0.268	0.447	0.432	0.418
High date	27/2/18	22/3/18	29/3/18	29/3/18	28/3/18
Low date	4/7/17	10/8/17	7/8/17	7/9/17	6/9/17

APPENDIX 3 - ABBREVIATIONS USED IN THIS REPORT

This is an optional area which clients may wish to include in their report if they feel that members would appreciate having this list of abbreviations and definitions.

ALMO: an Arm's Length Management Organisation is a not-for-profit company that provides housing services on behalf of a local authority. Usually an ALMO is set up by the authority to manage and improve all or part of its housing stock.

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

CE: Capital Economics - is the economics consultancy that provides Link Asset Services, Treasury solutions, with independent economic forecasts, briefings and research.

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 inflation – 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, 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 yield and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); yields therefore change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

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

LIBID: the London Interbank Bid Rate is a bid rate; 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).

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, like 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. RPI is often higher than CPI for that reason.

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

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

Corporate Policy & Resources Committee Work Plan

Purpose:
This report provides a summary of reports that are due on the Forward Plan over the next 12 months for the Corporate Policy & Resources Committee.

Recommendation:

1. That members note the schedule of reports.

Date	Title	Lead Officer	Purpose of the report
19/07/2018	**Review of Equality Policy**	Emma Redwood	To review the Equality Policy
	Review of Recruitment & Selection Policy	Emma Redwood	Review of the recruitment and selection policy
	Community Lottery	Grant White	To propose the introduction of a community lottery in West Lindsey
	Mobile Phone Usage Policy	Jeannette Anderson	Update the existing Mobile Phone Usage Policy to bring into line current legislative changes and trends.
	Business Plan update for Market St Renewal	Wendy Osgodby	To bring the next steps for Market Street Renewal to CPR committee.
	Budget and Treasury Monitoring 1	Tracey Bircumshaw	To set out the revenue, capital and treasury management activity from Period 1
	2017/18 Financial Review	Tracey Bircumshaw	This report provides Members with a financial review of 2017/18
	Budget consultation 2018	Ian Knowles	To provide Members with the draft system for the budget consultation for 2018

	Market Rasen 3 Year Strategy	Eve Fawcett-Moralee	1. Approve an "in principle" allocation of £200k funding from the Capital Programme towards the delivery of growth projects detailed within the strategy subject to: • Consultation and support for the strategy • Setting up of an agreed implementation mechanism i.e. CIO • Suitable financial regulation 2. Approve the recommendation to conclude disposal/transfer of the Area Office to Festival Hall.
	Under 25 Carer Leavers Council Tax Relief	Alison McCulloch	To approve the award of 100% council tax relief to any care leavers under the age of 25
	Desktop Refresh, Infrastructure Refresh & Licences	Cliff Dean	To draw down funds from Reserves Budget
	Caistor Southdale Development	Karen Whitfield	To agree development of Caistor Southdale site to include new GP surgery and homes in conjunction with Lace Housing
	P&D Period 1 2018/19	Mark Sturgess	To consider the Progress and Delivery report for Period 1 2018/19
20/09/2018	**Annual Health and Safety Report**	Emma Redwood	To provide an update on the Corporate Health and Safety

	Gainsborough Growth Fund Review	Marina Di Salvatore	to present a Review of the GGF Scheme, its performance over the last 3 years and any recommendations going forward
	Review of Discipline at Work Procedure	Emma Redwood	To review and update the discipline at work procedure
	Review of Career Break Scheme	Emma Redwood	To review the Career Break Scheme
	Joint Working with ACIS - Japan Road	Eve Fawcett-Moralee	Recommendation 3 of the Japan Road paper that went to committee on 06/02/18 stated that a further report would be brought to the Committee in April with a proposed Business Plan of the JVCo and the financial investment implications for West Lindsey District Council.
	Made in Gainsborough - update paper	Amanda Bouttell	Members requested an update to the paper taken to CPR in April to see how the project was going.
	Health & Safety Policy Review	Emma Redwood	To update the council's Health and Safety Policy
08/11/2018	**Market Rasen Car Parking Charges - 12month Review**	Eve Fawcett-Moralee	To review the car parking charges in Market Rasen to come into effect April 2019, as resolved by Prosperous Communities in October 2017
	Garden Waste Review	Ady Selby	A report on the first year of charging for Garden waste, as requested by CPR committee in December 2017

	Councillor Initiative Fund	Grant White	To present Members with an update on the Councillor Initiative Fund and give options for it's continued delivery after March 2019.
	Budget and Treasury Monitoring 2	Tracey Bircumshaw	To set out the revenue, capital and treasury management activity from Period 2
	Committee Timetable 19/20 and beyond	Katie Coughlan	To look at dates for committee for 2019/20, and 2020/21.
13/12/2018	**Write Offs**	Alison McCulloch	This report details debts which are irrecoverable
	Council Tax Support Scheme	Alison McCulloch	For Council to agree the Local Council Tax Support Scheme for West Lindsey DC for 2019/20.
	P&D Period 2 Report 2018/19	Mark Sturgess	To consider the Progress and Delivery report for period 2 2018/19
07/02/2019	**Medium Term Financial Plan**	Tracey Bircumshaw	The MTFP for 19/20
	Budget and Treasury Monitoring 3	Tracey Bircumshaw	To set out the revenue, capital and treasury management activity from Period 3
	Base Budget 19/20	Tracey Bircumshaw	To set the budget for 2019/20
11/04/2019	**Budget and Treasury Monitoring 4**	Tracey Bircumshaw	To set out the revenue, capital and treasury management activity from Period 4
	P&D Period 3 Report 2018/19	Mark Sturgess	To consider the Progress and Delivery report for period 3 of 2018/19

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 9a

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